



*PUNCAK NIAGA HOLDINGS BERHAD*  
(416087-U)

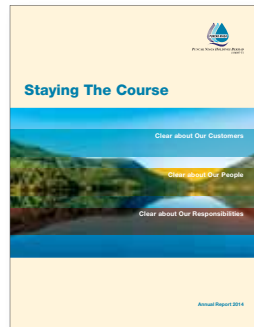
# Staying The Course

Clear about Our Customers

Clear about Our People

Clear about Our Responsibilities

# COVER RATIONALE



The cover design of our 2014 Annual Report expresses our absolute commitment to our customers, our people and our responsibilities.

The underlying image reflects the nature of our business, which is based in the earth's natural resources whereas, the motif of coloured stripes used both on the cover and throughout the annual report symbolises the diversity of talents that our people bring together. Simultaneously, it expresses the solidarity and team spirit that enable us all to work together in harmony in our quest to deliver sustainable, long term stakeholder value.

## 18th ANNUAL GENERAL MEETING

### DATE

16 June 2015 (Tuesday)

### 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.



Water &  
Waste Water



Oil & Gas



Construction



Environment



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## Vision & Mission

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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:

**P**

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

**U**

**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.

**N**

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

**C**

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

**A**

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

**K**

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



## ABOUT THIS REPORT

**This report provides our stakeholders with information about our business approach and performance, both financial and non-financial. It presents a holistic overview of our operations as well as setting out our objectives, mission and vision present and for the future. It aims to give a clear and comprehensive account of our organisation, and to demonstrate our ongoing transition to an ever more sustainable business model.**

In the conduct of its business, Puncak Niaga Holdings Bhd (“PNHB”) Group is committed to uphold the principles of good corporate governance and to practise its core values of quality, value, service, innovation and trust which have been an integral to its success over the years.

In line with our Corporate Vision and Mission, we seek to be environmentally responsible by protecting, conserving and enhancing our natural environment in all aspects of our business operations.

The Sustainability section of this report has been prepared in accordance with the guidelines of the Global Reporting Initiative (“GRI”), G3.1 application level A. The GRI indicator index at the end of the report shows how comprehensively we have adopted the GRI G3.1.

Where Group-wide information is not available, we have provided performance data representative of our general approach. In this report, we have also tracked performance data and statistics to date and evaluated our progress towards achieving our targets.

Corporate governance and adherence to ethical values have always been a priority for PNHB. We are aware that sincere and honest communication adds value to the Group. We are committed to expanding our reporting over time so as to provide our stakeholders with more details and transparency about our aspirations, goals, challenges and achievements.

In line with our commitment to good governance, we believe in the value of transparency and its power to build confidence among all those who benefit from our services. We therefore continue to provide public information about the ways in which our business benefits both the society and the nation.

The GRI G3.1 Content Index which can be found on pages 331 to 338 of this Annual Report serves as a navigation tool and our disclosure on each indicator is reflected in this table. We will continue to improve the level of disclosure in our future Reports.

### Coverage

This report covers PNHB and its subsidiaries. Underpinning this report is a discussion of risks and material issues.

### Reporting Scope

The report refers to the period from 1 January 2014 to 31 December 2014 (unless indicated otherwise at certain points), and:

- refers to all activities of the PNHB Group (including principal subsidiaries)
- addresses all operations of the PNHB Group
- contains quantitative and qualitative results for reported indicators

### Feedback

This report is available to all stakeholders in hard copy on request and can be downloaded from our website. All comments, thoughts and remarks can be directed to:-

### PUNCAK NIAGA HOLDINGS BERHAD

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Selangor Darul Ehsan

Telephone : +603 5522 8589

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# LETTER TO SHAREHOLDERS

**DEAR VALUED SHAREHOLDERS,**

**2014 MARKED A TURNING POINT IN THE ANNALS OF THE HISTORY OF PUNCAK NIAGA HOLDINGS BHD (“PNHB” OR “THE COMPANY”) GROUP’S CORPORATE JOURNEY, WITH AN AMICABLE RESOLUTION FINALLY REACHED ON THE PROPOSED RESTRUCTURING OF THE WATER SERVICES SECTOR IN THE STATE OF SELANGOR AND THE FEDERAL TERRITORIES OF KUALA LUMPUR AND PUTRAJAYA (“PROPOSED WATER SERVICES RESTRUCTURING”).**

On 11 November 2014, the Company signed the conditional sale and purchase agreement (“SPA”) with Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) (“Air Selangor”), a wholly owned subsidiary of Kumpulan Darul Ehsan Berhad (“KDEB”), which is owned by the Selangor State Government for the proposed disposal by the Company of its entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd (“PNSB”) and its 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”) to Air Selangor for a total cash consideration of RM1,555.3 million (“Proposed Disposals”).

The Company supports the Proposed Disposals as an amicable conclusion to the protracted negotiations with the Selangor State Government and the Federal Government on the Proposed Water Services Restructuring. It also augurs well for the Group, which can now focus on expanding its existing oil and gas (“O&G”) business, further developing its construction business and exploring opportunities in other sectors. The Company’s shareholders had at

the Extraordinary General Meeting (“EGM”) held on 7 January 2015 approved the Proposed Disposals. At the EGM, the shareholders also approved the Special Dividend of a minimum amount of RM1.00 per ordinary share of RM1.00 each (excluding the treasury shares of the Company) up to a maximum distribution amount of RM534.3 million (“Special Dividend”) which was proposed by the Board of Directors to reward its shareholders for their support and loyalty to the Company over the years.

On PNHB’s part, all Conditions Precedent (“CPs”) which are to be fulfilled by PNHB under the SPA had been met as announced by the Company on 10 March 2015. We hope to complete the Proposed Disposals by mid 2015 as both the Company and Air Selangor had on 10 April 2015 mutually agreed to a further extension until 11 May 2015 for the fulfilment of the CPs as stated in the SPA.

This is also good news for consumers in Selangor and the Federal Territory of Kuala Lumpur as it paves the way for the smooth implementation of the Langat 2 water treatment plant (“WTP”) which will provide additional treated water supply capacity of 1130 MLD. With the completion of the new WTP, water shortage problem can be avoided or mitigated such as the water shortage problem which caused the water rationing in the Klang Valley from 27 February 2014 to 30 April 2014. The water shortage was attributed to an inadequate supply of treated water to meet the increase in water demand, resulting from both raw water pollution and a drastic decline in dam storage levels at several major dams in Selangor and the Federal Territory of Kuala Lumpur which in turn was caused by the drastic reduction in rainfall at the water catchment areas and dams.





In 2014, Puncak Oil & Gas Sdn Bhd, via its subsidiary GOM Resources Sdn Bhd (“GOM Resources”), continued its work as an Offshore Installation Contractor for PETRONAS under the three-year Pan Malaysia Contract. As a result, the Group’s oil and gas segment was able to generate higher revenue of RM476.5 million in 2014 as compared to RM454.9 million in 2013 in spite of PETRONAS’ cost reduction programme implemented since 2013.

The Group’s Construction Division made progress with both ongoing and new infrastructure construction projects in Sarawak, Selangor and Kuala Lumpur.

The existing China Projects’ businesses operated as usual during the year. The construction works on the second phase of Binzhou wastewater treatment plant are expected to commence in 2018.

In essence, our water business in 2014 was very challenging given the Proposed Water Services Restructuring, a difficult operating environment and the adverse impact of the SYABAS capital expenditure (“CAPEX”) freeze, whilst our O&G business faced up to the impact on the O&G sector of a sharp decline in crude oil prices in the second half of 2014. Our Construction Division, however, benefited from relatively benign conditions.

Against this difficult background, the Group successfully stayed the course during the year, doing everything possible to provide our ever-growing water consumer base with an efficient management of the water distribution network and a high quality water supply; ensuring high scores for our Key Performance Indicators (“KPIs”); meeting our client’s demands; pursuing growth across our other existing businesses; and fulfilling our commitment to our various stakeholders. We remain clear at all times about our responsibilities to our stakeholders, shareholders, customers and our people.

On behalf of the Board of Directors of PNHB, it is my pleasure 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 2014.

### ECONOMIC CLIMATE

Despite setbacks, an uneven global recovery continues. Largely due to weaker-than-expected global activity in the first half of 2014, the growth forecast for the world economy has been revised downward to 3.3% for the year. The global growth projection for 2015 was lowered to 3.8%.

*(Source: IMF, World Economic Outlook, October 2014)*

For the year 2014, the Malaysian economy grew by 6.0%. The Malaysian economy was on a stronger growth trajectory in 2014, supported by resilient domestic demand and improved export performance following the global recovery. Domestic economic activity strengthened, supported mainly by vibrant private investment and steady consumption spending. During the first half of 2014, Malaysia benefited from the pickup in advanced economies, particularly the US and UK, and improvements in the euro area. The steady growth of the Asian economies including China, India and major countries of the Association of Southeast Asian Nations (ASEAN) boosted intra-regional trade, which led to the better performance of Malaysian exports.

*(Sources: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2014, and Ministry of Finance, Malaysia Economic Report 2014/2015)*

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014, the Group revenue increased by 17.9% to RM606.6 million from RM514.3 million the previous year. The rise in revenue was mainly attributable to higher revenue contributions by the O&G and construction segments.

Meanwhile, the Group recorded a lower loss before tax ("LBT") of RM8.9 million compared to RM79.5 million in the preceding year, a favourable variance of 88.8%. This reflected a growth in revenue contributions by the O&G and construction segments and lower operating costs. Correspondently, the Group recorded loss after tax ("LAT") of RM7.2 million from continuing operations, compared to LAT of RM74.6 million in 2013.

After incorporating a profit after tax ("PAT") of RM255.1 million from discontinued operations, the Group reported a higher PAT of RM247.9 million for the financial year ended 31 December 2014 as compared to RM199.8 million in the preceding year, a favourable variance of 24.1%. The Group PAT of RM199.8 million in 2013 was contributed from LAT of RM74.6 million from continuing operations and PAT of RM274.4 million from discontinued operations.

The water and wastewater segment in China reported a loss before interest and tax ("LBIT") of RM8.2 million in the year under review from RM5.3 million the year before. The increase in LBIT was mainly due to the result of impairment loss on service concession assets.

The O&G segment registered a profit before interest and tax ("PBIT") of RM24.3 million compared to a LBIT of RM30.4 million in the preceding year, representing a favourable variance of RM179.9%. This was chiefly due to a higher value of work done for Transportation and Installation works and lower operating costs.



The construction segment reported a PBIT of RM8.6 million compared to a LBIT of RM16.8 million in 2013, representing a favourable variance of 151.2%. This encouraging performance reflects the higher profit contribution from new construction projects secured in 2014.

For the year under review, the water treatment segment in Malaysia was separately disclosed as discontinued operations in view of the Proposed Disposals. The water treatment segment reported a lower PBIT of RM433.9 million as compared to RM442.2 million in the previous year, a 1.9% dip in PBIT, owing to lower revenue and higher operating expenses.

Overall, in the face of exceptionally difficult circumstances, in 2014 PNHB achieved a healthy increase in revenue and a major reduction in loss before tax. In particular, the strong advance in revenue recorded by our O&G and construction divisions bodes well for the future of the Group.

## Dividend

Following the signing of the SPA, the Company obtained the shareholders' approval at the EGM held on 7 January 2015 for the Proposed Disposals and for the declaration and payment of the Special Dividend. The entitlement date and payment date of the Special Dividend will be announced in due course upon the completion of the Proposed Disposals.

Given the need to conserve financial resources for future expansion and for new businesses, coupled with the pending payment of the Special Dividend arising from the Proposed Disposals, the Board of Directors does not recommend any dividend for the financial year ended 31 December 2014.

## CHALLENGES AND ACHIEVEMENTS

### Water Treatment And Water Distribution

2014 was indeed challenging as the Group steadfastly handled various water issues whilst negotiating with the Federal Government and the Selangor State Government on the Proposed Disposals which culminated in the agreement-in-principle reached with KDEB on the Proposed Disposals on 10 June 2014 and the signing of the SPA with Air Selangor on 11 November 2014.

Prior to the offer made by KDEB to the Company on 10 June 2014 which eventually led to the signing of the SPA for the Proposed Disposals on 11 November 2014, the Group was confronted with the issue of the conduct of raw water abstraction activities until the expiry of the existing raw water abstraction licence on 31 May 2014, following which there will be no renewal of the licence unless a further directive is issued by the Selangor State Government. The issue resulted in a legal suit initiated by PNSB against Lembaga Urus Air Selangor (“LUAS”) and the Selangor State Government, for which the court proceedings are still ongoing. The same issue in relation to New Bernam River Headworks WTP whereby KDEB had granted PNSB the rights under KDEB’s licence for abstraction of water issued by LUAS, to abstract water from the water source at the New Bernam River Headworks WTP until 31 July 2015.

Another issue the Group confronted in early 2014 prior to the Proposed Disposals was the intention of the Federal Government 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 on the basis of national interest within two weeks from 21 March 2014 as widely reported in the newspapers at that time.

The Group also successfully handled the 2014 water crisis, with water rationing as instructed by the Selangor State Government and approved by SPAN which affected 6.7 million residents in the Klang Valley from 27 February 2014 until 30 April 2014. During the water crisis, PNSB and SYABAS provided their best services to the public, working in close collaboration with various government agencies at the Federal and State levels as well as with the regulatory authorities and ministries such as SPAN, Kementerian Tenaga, Teknologi Hijau Dan Air (“KeTTHA”) and the Ministry of Defence Malaysia. The Group also, as part of its Corporate Social Responsibility programme, donated JERNIH units, the portable water purification system which is a Research & Development invention by PNHB in collaboration with the Malaysian Armed Forces. The Group also sent water tankers to the flood stricken states namely, Kelantan and Pahang to provide clean water to these affected communities.

In spite of all these challenges, our water treatment operations exceeded its KPIs for water quality and production. The WTPs and dams both performed above their design specifications, while new and ongoing plant improvement works approved by Pengurusan Aset Air Berhad further boosted operational efficiency and reliability. Advances were also made in maintaining sound environmental sustainability practices.

In the face of tariff adjustment not implemented by the Selangor State Government nor any compensation made, our water distribution company, SYABAS remained unable to make full payment for water purchases from the four water treatment operators, PNSB, Konsortium ABASS Sdn Bhd, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”) and Konsortium Air Selangor Sdn Bhd.

SYABAS also continued to face major obstacles resulting from the capital expenditure (“CAPEX”) freeze imposed by the Selangor State Government except for very critical works pending resolution of the Proposed Water Services Restructuring. These included critical projects designed to reduce Non-Revenue Water (“NRW”) and rehabilitate or replace old distributions assets which led to unnecessary water losses and frequent water interruption.

Nevertheless, SYABAS maintained its exceptional record for delivering excellent quality drinking water exceeding its KPIs while its call centre, Pusat Perkhidmatan Pelanggan (“PUSPEL”) continued to provide an outstanding level of customer service to the public.



### Oil and Gas

The scope of work of the Group's O&G Division for its Transportation and Installation ("T&I") contracts for offshore facilities continued into 2014. GOM Resources was awarded the 2014 works for the EVA-NMB Gas Delivery System Project which entails the installation of a pipeline from onshore Kerteh in Terengganu towards the border of the Malaysia-Thailand Joint Development Area. The Group's O&G Division achieved a revenue of RM476.5 million for the financial year ended 31 December 2014, an improvement of 4.7% from the revenue recorded of RM454.9 million for the financial year ended 31 December 2013.

The Group's O&G Division is refocusing its efforts to strengthen its position in view of the current global O&G crisis. At home, it will concentrate on its T&I operations in line with our PAN Malaysia contract 2014 to 2016.

### Construction

The Group is also involved in constructing water-related facilities such as WTPs and pipelines. Its current major projects include the capacity upgrading of the Bayong WTP in Sarikei, Sarawak; the supply, joining and laying of pipelines and the construction of three water reservoirs and booster stations in Pakan, Sarawak; and the construction of new sewer pipe networks and pumping stations and the rationalisation of the existing sewage infrastructure in Bunus, Kuala Lumpur. The Group's water-related construction projects have an estimated total contract value of RM544.4 million spanning over the next three years.

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

At PNHB, we are fully committed to good corporate citizenship. Throughout the year, PNHB and its subsidiaries continued not only to support a variety of worthwhile causes but to integrate our community initiatives into our business operations in order to make our efforts more sustainable. We recognise the importance of structuring our initiatives and applying criteria to them so as to maximise their effectiveness.

We believe in environmental and social responsibility and in giving back to the society, to our communities and to the nation. We support programmes and services that build strong communities by creating economic vitality. These included the "Turun Ke Padang" Programme, donations of JERNIH units to the flood stricken states namely, Kelantan and Pahang to provide clean drinking water, donations to charitable bodies and sponsorship of community events as well as educational programmes and events organised for the Group's own employees.

We recognise that our success depends on the skills and dedication of our employees Group-wide. Employees will continue to drive our progress towards becoming an ever more sustainable business. We continue to promote diversity in the workplace and any form of discrimination, including discrimination based on age, gender, ethnicity or background, is not tolerated.



Our commitment to the environment focuses on delivering the highest quality services and meeting all environmental regulations. It also contributes to environmental protection and sustainability. Proactive steps are taken to conserve the environment for future generations to enjoy. Our coordinated approach minimises the consumption of materials and energy while simultaneously reducing waste, effluents and GHG emissions. Our businesses thus operate in ways that foster sustainable use of the world's natural resources.

In the marketplace, compliance with our quality processes and safety requirements is essential to maintain PNHB's reputation. Commitments made to customers must be honoured, where possible.

Our Emergency Response Plan ("ERP") is an action plan developed by SYABAS to handle a crisis or emergency situation that may affect water supply to consumers. ERP is activated in the event of a water supply disruption of various scale demarcated by green, yellow and red codes. SYABAS activated a Red Code ERP once in 2014 due to the implementation of water rationing from 27 February 2014 to 30 April 2014, as instructed by the Selangor State Government with the approval of SPAN.

A top priority is to provide our customers with speedy, courteous and excellent services. Throughout 2014, our Customer Service Department made further strides in enhancing our services by providing alternative channels to enable consumers to communicate with PUSPEL using smartphones. One of the smartphone-based products is the mobile application "MySYABAS" which allows customers to lodge complaints, check on scheduled or unscheduled water disruptions, view media releases and access our website with ease and promptness. There was also introduction of 'one stop centre' counter services where consumers can now perform various types of counter services at the same counter.

At PNHB, we regard sound Corporate Responsibility practices as an integral part of our business. We believe that the progressive alignment of our values and strategy with responsible and ethical business policies and practices helps enhance engagement with our stakeholders as well as providing a driver for sustainable growth and success.

## CORPORATE GOVERNANCE

In 2014, PNHB continued to abide by the principles outlined in the Malaysian Code on Corporate Governance 2012. The Group is committed to maintaining a rigorous corporate governance regime by demonstrating integrity, transparency, accountability and the highest ethical standards in everything we do.

We are likewise dedicated to building a sustainable business that contributes to wealth creation, environmental protection and nation building as well as delivering a fair deal for all our stakeholders – be they shareholders, investors, customers, staff, business associates or the public at large. We seek at all times to safeguard the Group's reputation and to merit shareholder, investor and customer confidence and trust.

Our corporate governance efforts are set out in the Statement on Corporate Governance on pages 122 to 149 of this Annual Report.

## AWARDS AND ACCOLADES

In 2014, the Group once more received various awards and accolades, illustrating our commitment to excellence in every aspect of our work.

On 23 January 2014, PNHB won the “Best-Equity Linked Deal Of The Year in Southeast Asia” award at the 7<sup>th</sup> Annual Alpha Southeast Asia Deal & Solution Awards 2013, granted by ALPHA Southeast Asia magazine for the issuance of the RM165 Million Nominal Value Redeemable Convertible Secured Sukuk Ijarah which was arranged by Hong Leong Investment Bank Berhad.

PNHB and the Malaysian Armed Forces were jointly awarded an international SGA Kaizen Competition Gold Award in Tokyo, Japan in October 2014 for the invention of a portable water purification system. The JERNIH water system, described as “novel, efficient, robust, innovative and handy”, can be packed in a bag and produces 3,000 litres of treated water at any one time.

The Employees’ Provident Fund recognised PNSB as the “Best Employer at the Branch Level” in September 2014. PNSB was also awarded the Silver Award in Employer of Choice Category at the Malaysia HR Awards 2014 in November 2014.

PNSB’s operational excellence was also acknowledged in 2014 when SSP2 WTP was the winner in National level for category of water utilities in the National Council for Occupational Safety and Health award competition in 2014. In addition, the SSP2 WTP secured an Energy Management One Star Gold Award from the Association of ASEAN Energy Manager Accreditation Scheme.

Both PNSB and SYABAS attained recognition for their outstanding safety records from the Malaysian Society for Occupational Safety and Health (“MSOSH”). On 4 November 2014, MSOSH honoured 10 SYABAS districts with six Gold (Class I), three Gold (Class II) and one Gold Merit; and 20 PNSB WTPs with 20 awards, namely, three Gold Merit, 11 Gold (Class I) and six Gold (Class II).

PNSB competed successfully in the Conventions on Team Excellence 2014 organised by the Malaysian Productivity Corporation in April to June 2014, winning an outstanding total of 20 gold and five silver awards overall. To cap off a successful Team Excellence year, PNSB emerged as a Three Star Gold Award & Champion for the Service Sector and bagging a Three Star Gold Award & Top 10 Service Sector, seven Three Star Gold Awards and three Two Star Gold Awards at the National Team Excellence on ICC Convention held from 24 to 26 November 2014.

For the third consecutive year, the Central Laboratory received the 2014 IKM Laboratory Excellence Award. The award is granted to laboratories that achieve international quality standards, as well as laboratory safety and health standards.

More recently, on 22 March 2015, PNHB secured the Century International Quality ERA (CQE) Award in the Gold Category at the Century International Quality ERA Convention 2015 held in Geneva, Switzerland. The award recognised PNHB’s commitment to best practices in Total Quality Management and its ability to demonstrate practices of quality and excellence in its business operations and in protecting the environment.

## OUTLOOK

The Malaysian economy is expected to remain on a steady growth path. The gradual recovery in global growth will lend support to manufactured export performance, although overall export growth would likely remain modest amid lower commodity prices. Domestic demand is expected to remain favourable amidst the lower oil prices. Investment activity is projected to remain resilient, with broad-based capital spending by both the private and public sectors cushioning the lower oil and gas-related investment activity. While private consumption is expected to moderate, the steady rise in income and employment, and the additional disposable income from the lower oil prices would support household spending.

*(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2014)*

## FUTURE PLANS

On completion of the Proposed Disposals, the Group's water treatment business will mainly consist of its projects in the People's Republic of China, comprising two water treatment concessions (expiring in 2038 and 2039) and one wastewater treatment concession (expiring in 2035). Both at home and abroad, the Group will continue to explore opportunities to leverage on the expertise and experience it has garnered over the years in the water and wastewater related businesses.

Meanwhile, the Board believes that future prospects for the O&G business remain positive given the longer term industry outlook, the Group's existing projects and its potential contracts. The Group will therefore intensify its efforts to clinch more O&G projects locally and overseas in accordance with its vision of becoming a significant player in this segment. Looking ahead, we expect the earnings contribution from the O&G Division or a new business to become the Group's main revenue and profit contributor.

Going forward, we will look into expanding our construction operations in areas related to our existing core businesses both at home and overseas, particularly in ASEAN.

The Company is also exploring opportunities in business segments unrelated to its current business operations.



## LEADERSHIP REORGANISATION

To facilitate the transitional period leading to the completion of the Proposed Disposals and in line with the leadership reorganisation and revamp of PNHB Board, several changes were made at PNHB Board level whereby I will concurrently hold the position of Executive Chairman and Managing Director of PNHB and YBhg Dato' Syed Danial Syed Ariffin, the Chief Operating Officer of the Company has been redesignated as Executive Director, Operations Division. These changes which also include changes within the Boards of PNHB Group are necessary to ensure that PNHB and the Group continue to function efficiently.

## APPRECIATION

Despite yet another tough year, the Group and our people have demonstrated exceptional resilience and determination. Today, with a resolution to the Proposed Water Services Restructuring finally achieved, on behalf of the Board, I would like to sincerely record my gratitude and profound appreciation of the skill, team spirit and sheer dedication so unfailingly displayed by our Management and staff in 2014 and in recent years which have enabled us to navigate the stormy waters in 2014 and the years before.

I also wish to extend my heartfelt gratitude to our shareholders, investors, customers, financiers, business partners and all our stakeholders. Not only has your support been invaluable but your faith in the Group has once again been a source of real inspiration. My thanks also go to both the Government and the various government authorities, agencies and non-governmental organisations that constantly assisted us with advice and counsel during the year.

As we chart the journey ahead for the Group, we renew afresh our commitment to building sustainable businesses with long-term value for our shareholders and stakeholders, that enhances the lives of the communities we serve, and safeguards the environment for the benefit of future generations.

Thank you.

## TAN SRI ROZALI ISMAIL

Executive Chairman/Managing Director

20 April 2015



# 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, construction works 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 2014, PNHB’s market capitalisation stood at RM1.23 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 1,956 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 2.01 million consumer accounts as at 31 December 2014. SYABAS also undertakes the maintenance of 27,479 km of water pipes, 1,561 service reservoirs, elevated water tanks and suction tanks and 632 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. 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. PNHB’s current equity stake in Sino Water is 98.65%.

To facilitate PNHB Group’s overseas expansion plans in water and new business sectors in the Asian countries, in mid 2010, PNHB formed a wholly-owned Singapore subsidiary, Puncak Niaga Overseas Capital Pte Ltd.

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 28 September 2011, Puncak Oil & Gas Sdn Bhd (“POG”) completed the equity acquisitions of 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 resulting in both GOM Resources and KGL becoming wholly-owned subsidiaries of POG. The acquisitions enabled Puncak Group to be an emerging significant player in the oil & gas sector.

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. The Liaison Office was closed on 28 February 2015 since there is no potential business opportunity in Sichuan Province.

On 23 August 2013, PNHB acquired a 100% wholly-owned subsidiary, namely Puncak Niaga Construction Sdn Bhd which is the construction arm of PNHB undertaking several construction projects for the Group.

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-subsiidiary of the Company via Sino Water ceased to be a subsidiary of Sino Water.

On 14 March 2014, PNHB 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.

On 10 June 2014, the Company’s wholly-owned subsidiary, NS Water System Sdn Bhd changed its name to Puncak Niaga Management Services Sdn Bhd.



# CORPORATE PROFILE

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 9,427 school children, 478 University students and 475 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.

The Group also as part of its Corporate Social Responsibility programme donated JERNIH units, a portable water purification system which is a Research & Development invention by PNHB in collaboration with the Malaysian Armed Forces and sent eleven (11) water tankers to the flood stricken states namely, Kelantan and Pahang in 2014 to provide clean water to these affected communities.

## 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 sector such as oil & gas sector, within Malaysia and abroad.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Yang Berbahagia  
Tan Sri Rozali Ismail**  
Executive Chairman/  
Managing Director

**Yang Berbahagia  
Dato' Ruslan Hassan**  
Non-Independent  
Non-Executive Director

**Yang Berbahagia  
Dato' Ir Lee Miang Koi**  
Non-Independent  
Non-Executive Director

**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

**Yang Berbahagia  
Dato' Syed Danial Syed Ariffin**  
Executive Director  
Operations Division

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

## CHIEF FINANCIAL OFFICER

Madam Wong Ley Chan

## 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  
Tel : +603-5522 8428  
Fax : +603-5512 0220

## PRINCIPAL OFFICE

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  
Seksyen 64, KTLD  
Jalan Mendu  
93200 Kuching, Sarawak  
Tel : +6082-332 589  
Fax : +6082-337 589

## Sarikei Site Office

1st Floor, No. 82C  
Wisma CS 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

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

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's ("SYABAS") Office

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  
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  
Etiqa 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'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

## **Puncak Niaga Management Services Sdn Bhd (formerly known as NS Water System Sdn Bhd)'s Office**

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

## **KGL Ltd.'s Office**

c/o Level 15(A1)  
Main Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87000 Federal Territory  
of Labuan  
Tel : +6087-443118  
Fax : +6087-441288  
e-mail : info@gomresources.com

## **SINGAPORE**

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

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

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

No. 6, ShunCheng Road (East)  
Lushan County  
Henan Province  
467300  
People's Republic of China  
Tel / Fax : +86-375-589 1036

### **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 : +86-543-898 3008

## **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 : +86-311-8463 8813

## **INDIA**

### **Puncak Niaga Infrastructures & Projects Private Limited**

No. 12, 7th Main Road  
First Floor  
Kasturibai Nagar  
Adyar  
Chennai 600020  
Tamil Nadu, India  
Tel : +91-44-4210 2058  
Fax : +91-44-4210 2028

## **MYANMAR**

### **GOM Resources Limited**

c/o Building C 1  
Room No. 005, Ground Floor  
Hninnsi Street  
Yuzana Highway Complex  
Kamayut Township  
Yangon, Myanmar  
Tel : +951 701 225 /  
+951 700 659  
Fax : +951 524 828

## **OVERSEAS BRANCHES**

### **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 Pemancha  
Bandar Seri Begawan BS 8811  
Negara Brunei Darussalam  
Tel : +673-223 2780/1/2  
Fax : +673-223 2783

**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

**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  
Fax : +603-2282 1886

**STOCK EXCHANGE LISTING**

Main Market  
Bursa Malaysia Securities Berhad  
Infrastructure Project  
Companies Sector

**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

**Secretary:**

Madam Johty Priyatharashani  
D/O Tiagarajah



# 2014 PNHB GROUP FACT SHEET

## PNHB Fact Sheet

Authorised Share Capital as at 31 December 2014 <b>RM1,300,000,000</b> <i>comprising 1,300,000,000 ordinary shares of RM1.00 each</i>	Paid-Up Share Capital as at 31 December 2014 <b>RM415,959,777</b> <i>comprising 415,959,777 ordinary shares of RM1.00 each</i>	Number of Shares Issued as at 31 December 2014 <b>415,959,777</b>	Number of Warrants Issued as at 31 December 2014 <b>37,843,727</b>	Warrants Maturity Date <b>20 July 2018</b>
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## SYABAS Fact Sheet

Number of SYABAS' Consumer Accounts <b>2.01 million</b>	Number of service reservoirs, elevated water tanks and suction tanks <b>1,561</b>
Maintenance of water pipes <b>27,479 km</b>	Number of pumping stations <b>632</b>
Revenue <b>RM2,911.7 million</b>	

## PNSB Fact Sheet

Number of PNSB's Water Treatment Plants <b>29</b>	Number of Water Treatment Plants with ISO Certifications <b>26</b>
Revenue <b>RM564.7 million</b>	

## GOM Resources Fact Sheet

Number of Barge vessel <b>1</b>	Revenue <b>RM476.5 million</b>
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## PNC Fact Sheet

Number of Project locations <b>3</b>	Revenue <b>RM121.5 million</b>
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**LIST OF CORPORATE MEMBERSHIPS****MEMBER SINCE**

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



# MILESTONES



8 JUL

**8 JUL 1997**

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.

**1997**



14 MAR

**14 MAR 1998**

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

**1998**

**4 JAN 1999**

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



9 APR

**9 APR 1999**

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

**1999**



**12 OCT 2000**

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 2000**

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

**2000**

**6 NOV 2001**

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

**10 NOV 2001**

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

**2001**

**26 MAR 2002**

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 2002**

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

**2002**

**20 FEB 2003**

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

**2003**

**15 DEC 2004**

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

**31 DEC 2004**

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

**2004**



1 JAN

**1 JAN 2005**

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

**2005**

**16 OCT 2006**

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

**2006**

**30 MAR 2007**

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

**15 MAY 2007**

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



14 NOV

**14 NOV 2007**

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

**2007**



**22 MAY 2008**

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].

**19 NOV 2008**

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

**2008****10 JAN 2009**

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.

**13 AUG 2009**

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

**2009****14 JAN 2010**

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

**8 OCT 2010**

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 2010**

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

**8 NOV 2010**

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

**2010****28 SEP 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.

**4 OCT 2011**

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

**13 OCT 2011**

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

**2011****23 FEB 2012**

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

**19 JUN 2012**

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.

**11 OCT 2012**

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

**27 OCT 2012**

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

**30 NOV 2012**

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

**2012****29 AUG 2013**

Official launching of the 'Projek Naiktaraf Sistem Agihan Air Dari Bernam River Headworks (BRH) Ke Sabak Bernam'.

**6 SEP 2013**

Opening Ceremony of the Luwei (Pingdingshan) Water Co Ltd's Water Treatment Plant in Lushan, China.

**24 OCT 2013**

PNSB was awarded the Malaysia HR Awards 2013 (Employer of Choice) - Silver Award.

**22-25 OCT 2013**

PNSB the Excellence Award at the International Convention on Quality Control Circle 2013 (ICQCC) held in Taipei, Taiwan.

**2013**



# PUNCAK NEWS

## Hantar bantuan air bersih



### Inventors of Jernih water system win gold award

**KUALA LUMPUR:** The armed forces and Puncak Niaga Holdings Bhd won an international gold award for jointly inventing a potable water purification system for the needy in war-torn Afghanistan.

A Defence Ministry spokesman said the Jointly-developed, Efficient, Robust, Novel, Innovative and Jery (Jernih) system bagged the JA Kaizen Competition Stream award at the International Conference on Quality in Tokyo on Oct 21. The system can be packed in a bag to provide 3,500 litres of treated water for up to 600 people in disaster-stricken interiors. Jernih was developed as part of humanitarian efforts undertaken by the Malaysian Contingent serving under the International Security Assistance Force, which served in the Afghan region of Afghanistan in 2011. The system was also deployed

## 雪水供再推出2手机应用程序

(吉隆坡 29 日讯) 雪州水务局 (SUA) 再次推出两款手机应用程序，方便用户查询及报修。这两款应用程序分别为“mySUAAS”及“mySUAAS”。“mySUAAS”应用程序可让用户查询水费、报修及投诉。而“mySUAAS”应用程序则可让用户查询水表的读数及报修。

## Water great filter system

Armed Forces team wins global award for clean water project

BY IRISAWATI AND KHAIRUL ANAM

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Armed Forces team wins global award for clean water project

## Puncak Niaga up on water deal

BOO TEE CHING

**KUALA LUMPUR:** Puncak Niaga Holdings Ltd's shares closed 13.65c, or four per cent, higher at RM5.00 yesterday after it agreed to sell its stake in Puncak Niaga Sdn Bhd (PNSB) and Syabas Bekalan Air Selangor Sdn Bhd (Syabas) to Pengurusan Air Selangor Sdn Bhd (PAS) for RM1.5 billion.

The deal was signed by Puncak Niaga director and Syabas chief executive officer Datuk Basim Hassan and Puncak Niaga chief operating officer Datuk Syed Danish Syed Arif.

PAS was represented by its chief executive officer Isahary Kamarudin.



## Lanjut lagi sebulan

Caluan perintis pertama, ketga akan berakhir 30 April

BY IRISAWATI AND KHAIRUL ANAM

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Syabas uses new technology to detect leaks

Syabas uses new technology to detect leaks

Syabas uses new technology to detect leaks

Syabas uses new technology to detect leaks

Syabas uses new technology to detect leaks

Syabas uses new technology to detect leaks

## Selangor water asset takeover in final stage

Selangor water asset takeover in final stage

Selangor water asset takeover in final stage

Selangor water asset takeover in final stage

Selangor water asset takeover in final stage

Selangor water asset takeover in final stage



Syabas pupuk sifat patriotik

Syabas pupuk sifat patriotik

Syabas pupuk sifat patriotik

Syabas pupuk sifat patriotik

## Syabas lancar perkhidmatan baharu untuk pelanggan

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O&G switch a positive for Puncak-WB

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O&G switch a positive for Puncak-WB



ABOUT US  
OUR STRUCTURE  
OUR LEADERSHIP  
OUR PERFORMANCE  
OPERATIONS REVIEW  
SUSTAINABILITY REPORTING  
ACCOUNTABILITY  
FINANCIAL STATEMENTS  
OTHER INFORMATION  
NOTICE OF AGM

# Syabas registration for developers goes online

*Our Heartiest*  
**APPRECIATION & CONGRATULATIONS**

**Central Lab**  
held at Sime

Pembinaan Kejuruteraan  
Sistem (PUSPEL)

**Puncak Niaga terima anugerah ekuiti terbaik**  
SHAH ALAM 29 Jan. - Puncak Niaga Holdings Berhad (PNHB) baru-baru ini menerima Anugerah Transaksi Ekuiti Terbaik di Asia Tenggara untuk Sukuk Ijarah Nilai Nominal Boleh

...said Syabas receives 400 applications each month and the documents are difficult to manage and retrieval difficult and slow. The department worked on the system since 2012. Even a few modules in the system were under construction, the department can start using the online system. The system will inform developers of their application status through email or the short messaging service (SMS) and application information will be secure.

The eDPLAS system covers four elements — registration, de-registration, submission tracking and requisition of discussion (future function). Developers, who need help accessing the system, can visit Syabas's website where they will be guided. The system will inform developers of their application status through email or the short messaging service (SMS) and application information will be secure.

**"Now, with eDPLAS, developers can apply online, anywhere and anytime."**

**Puncak Niaga on track to secure RM600 million jobs with Sarawak job**

**KUCHING:** With its second water-related project in Sarawak this year, Puncak Niaga is on track to secure RM600 million worth of water-related construction jobs this year to boost its revenue. Puncak Niaga in an agreement to build a water supply project. The contract will have a construction period of 21 months and is projected to be completed by September 2015.

**Package B (Pipe Laying) for Transportation and Installation of Offshore Facilities for Year 2014-2016**

18 January 2014 : GOM Resources had received the 2014 Work Scope for the EVA-NMS Gas Delivery System (EAGDS) Project Contract from PETRONAS Carigali Sdn Bhd 2013 which was received by GOM Resources.

... Besides that, the company also needs to supply and provide installation of mechanical and electrical equipment including testing and commissioning of the water supply project. The contract will have a construction period of 21 months and is projected to be completed by September 2015.

The 2014 Work Scope is for an extension of the gas delivery system from offshore Kerteh, Terengganu to the pre-commissioning pipeline post lay to the onshore facilities.

**KUALIITI bekalan air bersih terjamin – Puncak Niaga**

Oleh AQMAR ALLADAD  
aqmar.alladad@kosmo.com.my

**KUALA LUMPUR** - Puncak Niaga (M) Sdn. Bhd. (PNHB) tau lebih kerap dan ketat. "Tahap kualiti air dipantau secara berterusan melalui pelbagai kaedah seperti stesen analisis secara automatik dan manual setiap dua minggu. Air Minuman Murni (AMM) oleh Puncak Niaga adalah meyakinkan kepada pelanggan. Kualiti air bersih terjamin."

**Optimistic that Puncak Niaga will gain from more contracts award**

From Page 11

On another note, the research arm of MIDF Amanah Investment Bank Bhd (MIDF Research) said the company's orderbook is expected to keep the company busy for the next two to four years.

Additionally, MIDF Research observed that Puncak Niaga's oil and gas business remains supportive of the company's financial performance. Puncak Niaga's oil and gas business orderbook of approximately 1 billion from Petronas Nasional and installation jobs. Together with Puncak Niaga's water-related construction business, both are expected to drive the company's growth.

**INFO Paras takungan air empangan di Selangor semalam**

Empangan	Takungan
Empangan Sungai Selangor	32.10 peratus
Empangan Sungai Linggi	45.2 peratus
Empangan Batu	81.44 peratus
Empangan Klang Gates	69.53 peratus
Kolam Takungan Sungai Lela	56.51 peratus
	62.12 peratus
	75.02 peratus
	65.10 peratus

**Syabas does its best to spare hospitals**

SYARIKAT Bekalan Air Selangor Sdn Bhd (Syabas) will do its best to ensure hospitals within the Klang Valley will not have water supply cut off.

household per day, even during water shortage. "Everyone must play their part. Store adequate amount of water at home."

**SYABAS selesai 817,302 aduan**

» Talian bebas tol PUSPEL saluran penting tingkat mutu bekalan air

Oleh Mohd Azron Sarabatin  
azron@oh.com.my

**S**ubang Jaya

Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) berjaya menyelesaikan 817,302 aduan pengguna sepanjang April hingga Disember lalu. Puncak Niaga Holdings Berhad (PNHB) dan Thanasek menyempurnakan perjanjian persefahaman.

**Air Selangor inks accord with Puncak Niaga**

By ZUHRIN AZAM AHMAD  
zuhrinazam@thestar.com.my

**PUTRAJAYA:** Selangor's new water entity, Pengurusan Air Selangor Sdn Bhd (Air Selangor), has signed the share sale and purchase agreement with Puncak Niaga Holdings Bhd, marking the start of the takeover of the operations and maintenance of water treatment plants and water supply services in the state.

Following the agreement, Air Selangor is now the new owner of Puncak Niaga (M) Sdn Bhd and Syarikat Bekalan Air Selangor (Syabas).

Puncak Niaga Holdings owns 100% of Puncak Niaga (M) Sdn Bhd and a 70% stake in Syabas.

The agreement was signed in Putrajaya yesterday by Air Selangor chief executive officer Suhaimi Kamaruzaman while Puncak Niaga Holdings was represented by its non-executive director Datuk Ruslan Hassan, who is also Syabas CEO. The event was witnessed by Energy, Water and Infrastructure Minister Datuk Seri Liow Jie Lian.

**Kerjasama industri air**

**Puncak Niaga meterei perjanjian persefahaman dengan syarikat Thailand**

ROZALI (kiri) dan Thanasek menyempurnakan perjanjian persefahaman.

**D**alam usaha mengukuhkan kerjasama dalam industri air, Puncak Niaga Holdings Bhd (Puncak Niaga) memeterai perjanjian persefahaman (MoU) dengan Metropolitan Waterworks Authority (MWA) yang berpangkalan di Thailand.

Perjanjian yang disempurnakan oleh Pengerusi Eksekutif Puncak Niaga, Tan Sri Rozali Ramli dan Naib Pengerusi MWA, Manakala MWA pula diwakili oleh Gabenor Thanasek Chuan.

Puncak Niaga dalam satu kenyataan media berkata, perjanjian ini bertujuan memperkukuh hubungan antara dua pihak membolehkan kedua-dua pihak bertukar maklumat, selain mengorganisasikan program pembangunan sumber manusia dan latihan teknikal. Perjanjian ini akan meningkatkan interaksi dan kerjasama dalam industri air.

**PNHB sumbang RM108,500 konvokesyen PSIS**

SHAH ALAM 1 Sept. - Puncak Niaga Holdings Berhad (PNHB) menyumbangkan RM108,500 kepada Politeknik Sultan Idris Shah (PSIS), Sungai Lang, Sabak Bernam sebagai inisiatif konvokesyen kemahasiswaan institusi pendidikan tinggi awam ini.

Kecua Pengarah Jabatan Perhubungan Masyarakat, Datuk Mohd Hafiz berkata, sumbangan tersebut bertujuan untuk meningkatkan kualiti pendidikan dan latihan teknikal. Sumbangan ini merupakan salah satu komitmen PNHB dalam menyokong pembangunan industri air dan tenaga manusia.

Persefahaman (MoU) antara syarikat tersebut dalam industri air sedemikian sebagai sebuah punca pertumbuhan.

"Kita berharap kerjasama antara

**POLITEKNIK SULTAN IDRIS SHAH**  
Sumbangan RM108,500  
Suhu Razlan Lajon (kiri) Lima Ratus Sahaja

dalam bidang industri kejuruteraan alam sekitar. Puncak Niaga akan menyokong PSIS dalam mempromosikan program-program pembangunan sumber manusia dan latihan teknikal. Sumbangan ini merupakan salah satu komitmen PNHB dalam menyokong pembangunan industri air dan tenaga manusia.

menterai itu, PNHB juga berkerjasama strategik itu untuk memunculkan lebih banyak projek projek infrastruktur air. "Puncak Niaga akan berkerjasama dengan syarikat-syarikat lain untuk meningkatkan kualiti perkhidmatan kepada pelanggan. Kami akan meningkatkan kualiti perkhidmatan kepada pelanggan."



# CORPORATE ACHIEVEMENTS



## 7TH ANNUAL ALPHA SOUTHEAST ASIA DEAL & SOLUTION AWARDS 2013

- Best-Equity Linked Deal Of The Year in Southeast Asia Award for PNHB's RM165.0 million Nominal Value Redeemable Convertible Secured Sukuk Ijarah awarded to PNHB on 23 January 2014



## THE EASTERN REGIONAL CONVENTION ON TEAM EXCELLENCE 2014

awarded to PNSB on 18 – 19 June 2014

### Gold Award

- Sg Batu WTP
- Sg Sireh WTP
- SSP2 WTP
- Cheras Mile 11 WTP
- Northern Region Office



## MINI CONVENTION ON TEAM EXCELLENCE 2014 SOUTHERN REGION

awarded to PNSB on 10 April 2014

### Gold Award & The Most Promising Circle

- Sg Sireh WTP

### Gold Award

- Internal Audit
- Batang Kali WTP
- Southern Region Office

### Silver Award

- HRAD



## THE NORTHERN REGIONAL CONVENTION ON TEAM EXCELLENCE 2014

awarded to PNSB on 4 – 5 June 2014

### Gold Award

- Wangsa Maju WTP
- SSP2 WTP (2 awards)

### Silver Award

- Salak Tinggi WTP



## THE CENTRAL REGIONAL CONVENTION ON TEAM EXCELLENCE 2014

awarded to PNSB on 28 – 29 May 2014

### Gold Award

- Internal Audit
- Sg Gombak WTP

### Silver Award

- HRAD
- Sg Langat WTP
- Southern Region Office



## THE SOUTHERN REGIONAL CONVENTION ON TEAM EXCELLENCE 2014

awarded to PNSB on 11 – 12 June 2014

### Gold Award

- Batang Kali WTP
- BRH WTP
- Central Region Office
- SSP2 WTP
- Bukit Nanas WTP
- Central Laboratory



**BEST EMPLOYER AWARD (SHAH ALAM BRANCH) BY EMPLOYEES PROVIDENT FUND**  
awarded to PNSB in September 2014



**SGA KAIZEN COMPETITION STREAM AT INTERNATIONAL CONFERENCE ON QUALITY 2014 – GOLD AWARD**  
awarded to PNHB jointly with the Malaysian Armed Forces on 19 – 22 October 2014



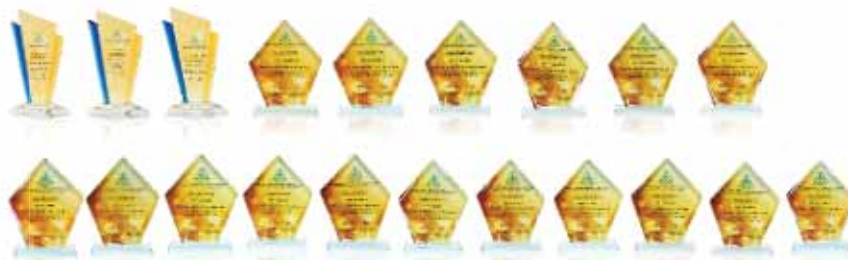
**2014 INSTITUT KIMIA MALAYSIA LABORATORY EXCELLENCE AWARD**  
awarded to PNSB's Central Laboratory on 5 December 2014



**MALAYSIA HR AWARDS 2014 (EMPLOYER OF CHOICE CATEGORY) – SILVER AWARD**  
awarded to PNSB on 13 November 2014



**NATIONAL COUNCIL FOR OCCUPATIONAL SAFETY & HEALTH (“NCOSH”) AWARD – WINNER UNDER WATER UTILITY CATEGORY**  
awarded to PNSB's SSP2 WTP on 17 December 2014



**MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (“MSOSH”) 2013 AWARD**  
awarded to PNSB on 4 November 2014

**Gold (Class I) Award**

- Bukit Nanas WTP
- Gombak WTP
- Kepong WTP
- Sg Batu WTP
- Sg Serai WTP
- North Hummock WTP

- Cheras Batu 11 WTP
- Sg Dusun WTP
- Kuala Kubu Bahru WTP
- Ampang Intake WTP
- Sg Selisek WTP

**Gold Merit Award**

- Wangsa Maju WTP
- SSP2 WTP
- Sg Langat WTP

**Gold (Class II) Award**

- Salak Tinggi WTP
- Bukit Tampo WTP
- Sg Sireh WTP
- Sg Buaya WTP

- Bernam River Headworks WTP
- Rantau Panjang WTP

**NATIONAL CONVENTION ON TEAM EXCELLENCE**  
awarded to PNSB on 24-26 November 2014

**3 Star Gold Award & Champion for Service Sector**  
- BRH WTP

**3 Star Gold Award & Top 10 Service Sector**  
- SSP2 WTP

**3 Star Gold Award**  
- SSP2 WTP (2 awards)  
- Sg Sireh WTP  
- Central Laboratory  
- Central Regional Office  
- Cheras Mile 11 WTP  
- Bukit Nanas WTP

**2 Star Gold Award**  
- Sg Batu WTP  
- SSP2 WTP  
- Internal Audit



**MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (“MSOSH”) 2013 AWARD**  
awarded to SYABAS on 4 November 2014

**Gold Merit Award**

- Kuala Lumpur District

**Gold (Class I) Award**

- Hulu Langat District
- Klang/Shah Alam District
- Petaling District

- Gombak District
- Kuala Selangor District
- Sabak Bernam District

**Gold (Class II) Award**

- Hulu Selangor District
- Sepang District
- Kuala Langat District



# 2014 KEY HIGHLIGHTS

SYABAS is the leading water operator for water quality for the **3rd** consecutive year

The Group achieved a profit after tax of **RM247.9 MILLION**

Daily average of **4,593 MILLION** litres per day of treated water was distributed to **7.5 MILLION** consumers

On **11 NOVEMBER 2014** PNHB signed the SPA with Air Selangor to dispose PNSB & SYABAS

SYABAS maintained **99.7%** compliance with MOH's National Standard for Drinking Water (2004) for water supply

SYABAS achieved collection efficiency of **99.6%**

PNSB's WTPs achieved **99.9%** compliance with treated water quality standards

SYABAS achieved **96.1%** compliance with the ½ hour response time benchmark

The Group's Oil & Gas Division generated higher revenue of **RM476.5 MILLION**

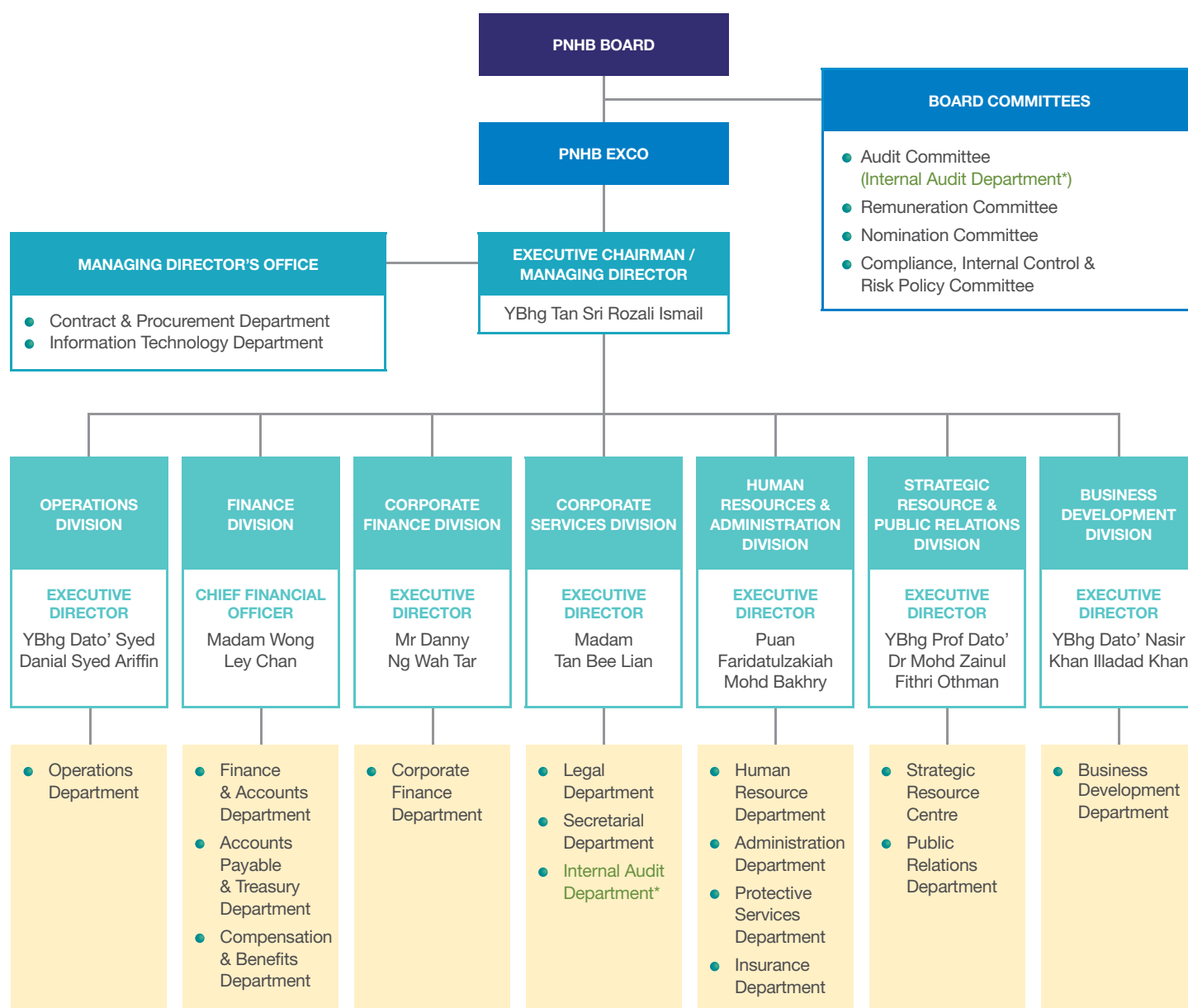


# ORGANISATION STRUCTURE

## PNHB



PUNCAK NIAGA HOLDINGS BERHAD  
(416087-U)



Note:

\* Internal Audit Department has a direct reporting line to the Audit Committee and administratively falls under Corporate Services Division.

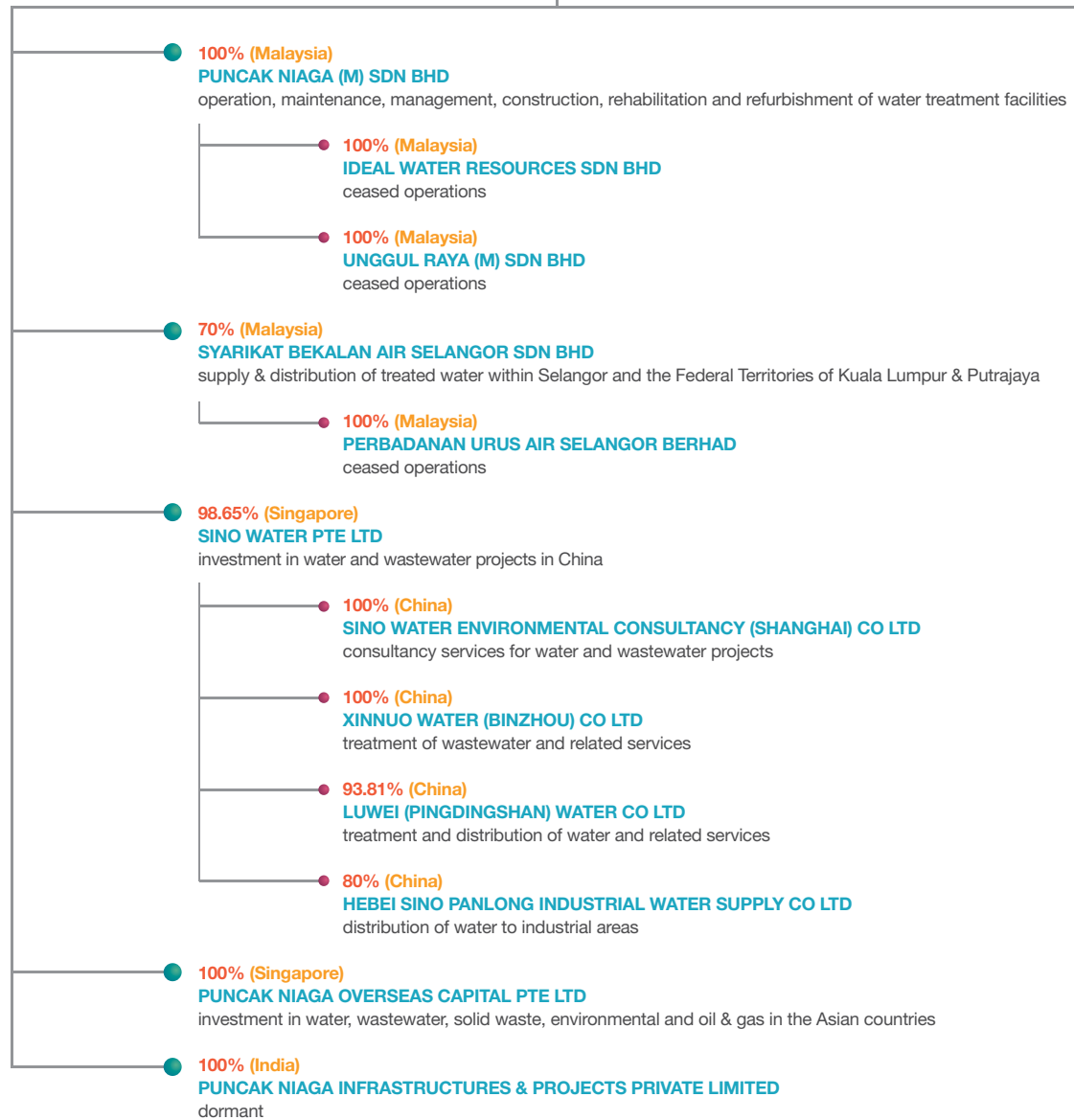


# CORPORATE STRUCTURE

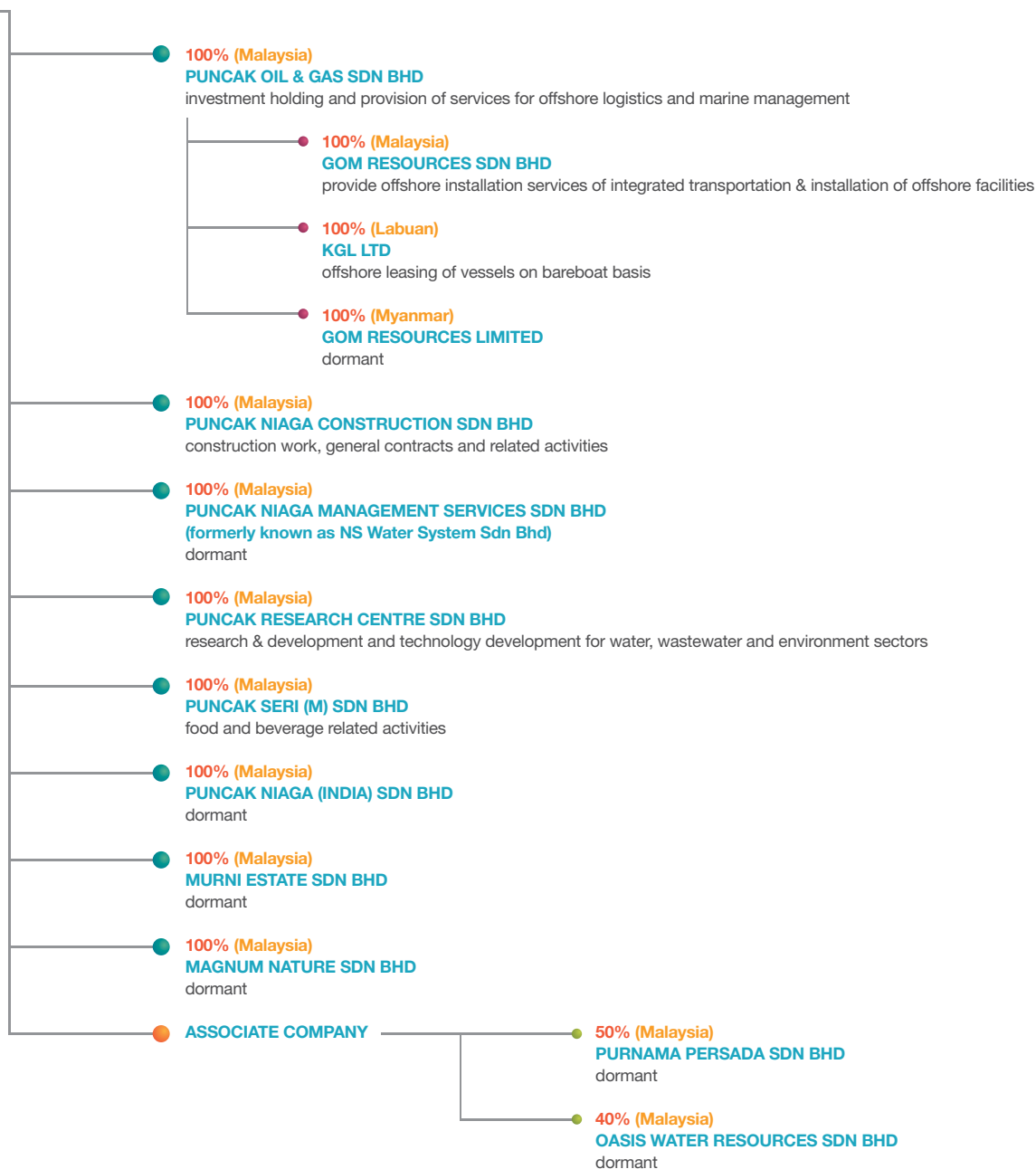


**PUNCAK NIAGA HOLDINGS BERHAD**  
(416087-U)

## INVESTMENT HOLDING









## BOARD OF **DIRECTORS**



- 1. YBHG TAN SRI ROZALI ISMAIL**  
EXECUTIVE CHAIRMAN  
OF PNHB GROUP/  
MANAGING DIRECTOR
- 2. YBHG DATO' RUSLAN HASSAN**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR OF  
PNHB AND CHIEF EXECUTIVE  
OFFICER OF SYABAS
- 3. YBHG DATO' IR LEE MIANG KOI**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR OF  
PNHB AND CHIEF OPERATING  
OFFICER OF SYABAS



4



5



6



7



8



9

**4. YBHG TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

**5. YBHG TAN SRI DATO' SERI DR TING CHEW PEH**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

**6. YAM TENGKU DATO' RAHIMAH ALMARHUM SULTAN MAHMUD**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR  
OF PNHB

**7. YBHG TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

**8. YBHG DATO' SYED DANIAL SYED ARIFFIN**  
EXECUTIVE DIRECTOR,  
OPERATIONS DIVISION OF PNHB

**9. MR NG WAH TAR**  
EXECUTIVE DIRECTOR,  
CORPORATE FINANCE DIVISION  
OF PNHB



## BOARD OF DIRECTORS' PROFILE



### **YBHG TAN SRI ROZALI BIN ISMAIL**

AGED 58, MALAYSIAN

EXECUTIVE CHAIRMAN OF PNHB GROUP/  
MANAGING DIRECTOR

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. He is also the Managing Director of PNHB and PNSB and the Executive Vice Chairman of PNHB’s Oil & Gas Division.

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 72nd birthday of the Yang di-Pertua Negeri Melaka on 9 October 2010.



On 30 November 2007, YBhg 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 YBhg 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, YBhg 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, YBhg 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 the Anugerah Perdana (Kepimpinan), a Premier Award for Leadership at the 'Anugerah Usahawan Bumiputera 2010' organised by Gagasan Badan Ekonomi Melayu (GABEM). On 20 June 2010, YBhg 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, YBhg 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 Quality ("ISQ") Award 2011. On 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, YBhg Tan Sri Rozali was awarded the Special Individual Achievement Category at the 1<sup>st</sup> Malaysia Achievement Awards 2012. On 10 February 2015, YBhg Tan Sri Rozali was awarded the "Utility Man Of The Year" at the Brandlaureate Brand Leadership Awards 2014-2015. On 27 March 2015, YBhg Tan Sri Rozali was awarded the "Munisaraphoin Medal" by the Prime Minister of Cambodia, H.E Hun Sen.

YBhg Tan Sri Rozali is a member of various influential governmental and non-governmental associations such as Malaysian Industry-Government Group for High Technology, Malaysian Institute of Directors, Malaysian-British Business Council, Malaysia-Indonesia Business Council, Corporate Malaysia Roundtable, Malaysia-Russia Business Council, Malaysia India Business Council, Commonwealth Partnership for Technology Management, FELDA Community Social Development Committee, Yayasan Budi Penyayang Malaysia, Malaysian Institute of Management 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 Foundation, Advisor of "Gabungan Persatuan Usahawan Melayu Selangor/ Wilayah Persekutuan" (GAPUMS) and Advisor of "Persatuan Bola Sepak Melayu Malaysia". He is also the Chairman of Gabungan Wawasan Generasi Felda Berhad and Chairman of Majlis Perundingan Ekonomi Melayu.

YBhg Tan Sri Rozali was the past Deputy President of the Malaysian Water Association (MWA) (2003/2005 Session), former Board Member of 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 (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 9 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.



## BOARD OF **DIRECTORS' PROFILE**



### **YBHG DATO' RUSLAN BIN HASSAN**

AGED 59, MALAYSIAN

NON-INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB AND  
CHIEF EXECUTIVE OFFICER OF SYABAS

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. 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.

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 Pemas 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 9 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.

**YBHG DATO' IR LEE MIANG KOI**

AGED 61, MALAYSIAN

NON-INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB AND  
CHIEF OPERATING OFFICER OF SYABAS

YBhg Dato' Ir Lee Miang Koi joined Puncak Niaga (M) Sdn Bhd ("PNSB") in 1995 as General Manager, Business Development.

YBhg 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 on 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, Malaysian Institute of Directors and the Institute of Marketing Malaysia.

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 37 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 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 10 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.



## BOARD OF **DIRECTORS' PROFILE**



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 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 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.

### **YBHG TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY**

AGED 65, MALAYSIAN

INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB



**YBHG TAN SRI DATO' SERI  
DR TING CHEW PEH**

AGED 72, MALAYSIAN  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

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 Chew Peh 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, Sycal Ventures Berhad, UTAR Education Foundation and also serves as a director of several private companies.

YBhg Tan Sri Dato' Seri Dr Ting attended 10 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.



## BOARD OF **DIRECTORS' PROFILE**



**YAM TENGGU DATO' RAHIMAH BINTI  
ALMARHUM SULTAN MAHMUD**

AGED 49, MALAYSIAN

NON-INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

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 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.

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 including PNHB's wholly owned subsidiary, Puncak Research Centre Sdn Bhd.

YAM Tengku Dato' Rahimah attended 9 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.

**YBHG TAN SRI DATO' AHMAD FUZI BIN  
HAJI ABDUL RAZAK**

AGED 66, MALAYSIAN

INDEPENDENT NON-EXECUTIVE  
DIRECTOR OF PNHB

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), the PSM (2003) and the DLSJ Brunei (2014).

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") and F3 Strategies Bhd.

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, Ranhill Energy and Resources Berhad, Sofgen (Malaysia) Sdn Bhd, ACE Holdings Sdn Bhd and ACE Asset Management Bhd.

He is also Director of Maybank Islamic Berhad, Maybank Islamic Asset Management Sdn Bhd, Weros Technology Sdn Bhd, Alstar Solutions Sdn Bhd, Lejadi Medimax Sdn Bhd, Management Development Institute of Singapore (MDIS) Malaysia Sdn Bhd and MDIS Unicampus Malaysia Sdn Bhd.

YBhg Tan Sri Dato' Ahmad Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies; Distinguished Fellow, Institute of Diplomacy and Foreign Relations; Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific; Member, Institute of Advanced Islamic Studies; Member, Advisory Board, Asia Pacific Entrepreneurship Award.

He is also Advisor, Xadarcorp Sdn Bhd, High School Bukit Mertajam Alumni Malaysia and Malaysia-Myanmar Chamber of Commerce.

YBhg Tan Sri Dato' Ahmad Fuzi attended 10 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.



## BOARD OF **DIRECTORS' PROFILE**



### **YBHG DATO' SYED DANIAL BIN SYED ARIFFIN**

AGED 57, MALAYSIAN  
EXECUTIVE DIRECTOR,  
OPERATIONS DIVISION OF PNHB

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. On 15 April 2015, YBhg Dato' Syed Danial has been redesignated from Chief Operating Officer to Executive Director, Operations Division of PNHB and he has also ceased to be the Managing Director of PNSB. He has been appointed as the Acting Managing Director of Puncak Niaga Construction Sdn Bhd with effect from 15 April 2015.

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 non-profit 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 10 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.

**MR NG WAH TAR**

AGED 51, MALAYSIAN  
EXECUTIVE DIRECTOR,  
CORPORATE FINANCE DIVISION OF PNHB

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 non-profit 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.

Mr Ng has more than 31 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 10 out of the 10 Board Meetings of PNHB held in the financial year ended 31 December 2014.



## KEY PERSONNEL PROFILE – PNHB GROUP

### **MADAM WONG LEY CHAN**

**Aged 55, Malaysian  
Chief Financial Officer**

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 31 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 diligently in several companies at senior management level, including a 6-year stint in UEM Land Group of Companies, five years in TRIpIc Bhd and three years in SYABAS. 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 PNSB. 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. She also sits on the Board of Puncak Niaga Management Services Sdn Bhd (formerly known as NS Water System Sdn Bhd) and Murni Estate Sdn Bhd.

On 15 April 2015, she was appointed as the Chief Financial Officer of Puncak Niaga Holdings Berhad.

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### **YBHG DATO’ NASIR KHAN ILLADAD KHAN**

**Aged 62, Malaysian  
Executive Director, Business Development Division**

YBhg 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 35 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 was also appointed as a member of the Malaysian Cambodia Business Council.

On 27 March 2015, he was awarded the Munisaraphoin Medal by H.E. Hun Sen, Prime Minister of the Kingdom of Cambodia.

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**MADAM TAN BEE LIAN****Aged 49, Malaysian****Executive Director, Corporate Services Division and Group Company Secretary**

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 is a Director of Sino Water Pte Ltd, Puncak Niaga Overseas Capital Pte Ltd and Puncak Niaga Management Services Sdn Bhd (formerly known as NS Water System Sdn Bhd), all of which are Puncak Niaga Holdings Berhad's subsidiaries. Madam Tan is a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") and has more than 27 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.

**PUAN FARIDATULZAKIAH MOHD BAKHRY****Aged 39, 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 was promoted to Manager of Industrial Relations a year later before being promoted as Senior Manager in 2010. She continued leading the department 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, Human Resources & Administration Division of PNSB. She is a member of Utility Services Sectorial Training Committee ("STC") established by Pembangunan Sumber Manusia Berhad ("PSMB"), Ministry of Human Resources.



## KEY PERSONNEL PROFILE – **PNHB GROUP**

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

**Aged 50, Malaysian**

**Executive Director, Strategic Resource And Public Relations Division**

YBhg Professor Dato' Dr Mohd Zainul Fithri Othman was appointed as an Executive Director, Strategic Resource and Public Relations Division of PNSB on 4 March 2014.

His passion in the field of education was evident since the early days of his career. YBhg Professor Dato' Dr Mohd Zainul Fithri started his profession as a lecturer at the 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.

YBhg Professor Dato' Dr Mohd Zainul Fithri 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.

YBhg Professor Dato' Dr Mohd Zainul Fithri holds a Bachelor of Science in Political Science and International Relations from the Oregon State University, Corvallis, United States in 1988 and a Master of Arts in International Relations (Security and International Political Economy) from the University of Hull, United Kingdom in 1990. He also holds a Doctor of Philosophy in Global Political Economy from the University of Sheffield, United Kingdom since 1994.

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### **IR TAN HUI KUAN**

**Aged 61, Malaysian**

**PNSB's Chief Operating Officer/Sino Water Pte Ltd's Managing Director**

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 for a period 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.

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## **ENCIK ABD RASHID ABD SATAR**

**Aged 55, Malaysian**

**PNSB's Executive Director, Operation & Maintenance Division**

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

Encik 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 33 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.

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## **IR V SUBRAMANIAM**

**Aged 65, Malaysian**

**SYABAS' Executive Director, Technical Development Division**

Ir V Subramaniam is presently the Executive Director, Technical Development of SYABAS. He has worked with the Selangor Water Works Department ("JBAS") since 1991 and continued his service with the Selangor Water Management Corporation ("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 41 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.

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## KEY PERSONNEL PROFILE – **PNHB GROUP**

### **TUAN HAJI SANUSI SULIEMAN**

**Aged 54, Malaysian**

**SYABAS' 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. He 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 Privatization Scheme. In 1994, he joined 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 WWE Holdings Bhd as the Executive Director before joining PNSB in the same year. He was involved in the task force for the privatization of PUAS to 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 Server Network Project in the Kingdom of Saudi Arabia in 2006. He was then promoted to be the Executive Director of Projects in SYABAS in 2007 and then became the Executive Director for the Planning Division in 2011 and assumes the responsibility till today.

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### **TUAN HAJI YUSOF SAROJI**

**Aged 49, Malaysian**

**SYABAS' Executive Director, Operation Division**

Tuan Haji Yusof Saroji has 25 years of working experience with 17 years' deep and hands-on experience in water supply and distribution ranging from District water operations to revenue and collection management. Prior to his appointment as the Executive Director, Operations Division, he was the Senior General Manager, District Department where he is responsible and accountable for overseeing the operations and management of SYABAS' ten district offices.

Tuan Haji Yusof Saroji is an Engineer by qualification and graduated with a Diploma and Advanced Diploma of Civil Engineering from the 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 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 from 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 water fraternity which includes Secretary and later as the Chairman of the Jawatan Tindakan Jurutera Air Daerah Se Malaysia ("JTJAD") for the 2011/2013 term. He is also the Commandant of the Regimen Pakar Pengendalian Air Ke-60 Rejimen Askar Jurutera DiRaja ("RAJD") (Askar Wataniah) for the State of Selangor with the rank of Major since 2011 and SYABAS' Integrity Officer since 2013.

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### **MADAM KAREN CHAN YIT HWA**

**Aged 51, Malaysian**

**SYABAS' Executive Director, Finance Division**

Madam Karen Chan holds a Bachelor of Accounting (Hons) 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 27 years in various areas covering Auditing, Accounting, Finance and Corporate Finance.

Prior to joining SYABAS, Madam Karen Chan was the Senior General Manager with the Scomi Group of Companies for a total of six and a half years with two 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.

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## KEY PERSONNEL PROFILE – **PNHB GROUP**

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

**Aged 56, Malaysian**

**SYABAS' 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 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), PNSB (1994 - 2000) as a Special Assistant to Executive Chairman, Puncak Alam Housing Sdn Bhd as General Manager (2000 - 2004) and Haluan Prisma Sdn Bhd as Managing Director (2004 - 2007).

In SYABAS, he is in charge of developing SYABAS' contractors registered with the Bumiputera Entrepreneur Participation and Development Section (2007 - 2013). He 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 Skills in Matsushita Electric 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.

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**ENCIK ABDUL HALEM MAT SOM****Aged 49, Malaysian****SYABAS' Acting Executive Director, Human Resource & Administration 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 and Executive Director, Corporate Affairs Division on 1 January 2010 and is currently the Acting Executive Director, Human Resource & Administration Division of SYABAS since 15 April 2015. 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 joining 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.

**MADAM PRISCILLA ALFRED****Aged 36, Malaysian****SYABAS' Executive Director, Corporate Affairs Division**

Madam Priscilla Alfred joined SYABAS on 3 October 2011 as the Assistant General Manager, Corporate Communication & Public Affairs Department. She assumed the role of Executive Director, Corporate Affairs Division since 15 April 2015.

She holds a Master of Science in Corporate Communications & Public Affairs from the Robert Gordon University, United Kingdom. She also possesses a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom and a Bachelor Degree in Law from the University of London, United Kingdom.

With vast experience in the areas of Communications, Public Relations and Corporate Positioning, she is appointed a member of the Chartered Institute of Public Relations, United Kingdom of which only two Malaysians possess this distinctive membership which gives the title of Chartered Public Relations Practitioner since 2005. She is also a council member for the Malaysian Chapter of the Chartered Institute of Marketing, United Kingdom and was inaugurated the Chartered Marketer status in 2003. In addition, she is also a member of the Chartered Institute of Journalism, United Kingdom and was inaugurated the title; Chartered Journalist in 2006. Besides that, Madam Priscilla Alfred is also an active member of the University of London Alumni and a contributor to several magazines which include the "Marketer UK" and several other international communication journals.

Prior to joining SYABAS, Madam Priscilla Alfred was the Director of Member Services, Country Heights Group which overseas 6,000 corporate members and the Head of Corporate Affairs, Petronas (Prince Court Medical Centre) heading the corporate communications, media relations, advertising, production, CSR, creative multimedia and branding section.



## KEY PERSONNEL PROFILE – **PNHB GROUP**

### **IR AUSAMAH DARWISH MOHD DAUD**

**Aged 55, Malaysian**

**SYABAS' Executive Director, Project & NRW Division**

Ir Ausamah Darwish Mohd Daud joined PNSB on 9 January 2013 as Executive Director Engineering/Project Development Division and was appointed as SYABAS' Executive Director, Project & NRW Division on 15 April 2015. 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 30 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 where he gained vast working experiences in fields related to mechanical, water and wastewater engineering.

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### **ENCIK MAT SAMAN MAT SOOM**

**Aged 48, Malaysian**

**SYABAS' Executive Director, Water Quality Division**

Encik Mat Saman Mat Soom obtained his Diploma in Accountancy from the University Technology MARA in 1987 and is currently pursuing Master of Management at Asia E University ("AEU"). He has vast working experience in human resources, administration and internal audit from his previous employment in Majlis Amanah Rakyat ("MARA") and CIMB Bank. He joined PNSB in June 1997 as a Manager in the Administration Department before his assignment to SYABAS in June 2007 as a Secretary of Work (SOW) for the District of Hulu Selangor for three years and was transferred to Gombak District as its SOW in 2009.

He was promoted to Senior Manager to head the Gombak District for three years in 2009 prior to his transfer to SYABAS Head Office as a Head of District Department in 2012. He was appointed as Executive Director, Water Quality Division of SYABAS on 15 April 2015.

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

**Aged 63, 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, United Kingdom and obtained a Doctor of Philosophy (Economics) from the School of Business and Economic Studies, University of Leeds, United Kingdom. He also attended the Advanced Management Program at the Harvard Business School, Harvard University, Boston USA.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz has spent more than 38 years in the Public Service with vast experience 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, YBhg 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. He also served as an Executive Director at the Islamic Development Bank based in Jeddah representing South East Asian countries from 2011 to 2013.

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 & Group and Bank Pembangunan Malaysia Berhad. He is also a Board Member of Sime Darby Berhad & Group, Permodalan Nasional Berhad and RAM Holdings Berhad.

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## **YBHG DATO' HASHIM MAHFAR**

**Aged 55, Malaysian**

**GOM Resources' Acting Chief Executive Officer**

YBhg Dato' Hashim is currently the Acting Chief Executive Officer. 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 corporate services which includes legal and secretarial, contract administration, marketing and corporate finance in the service sector.

His experience as a CEO also brings him into the operations in various industries including Property, Construction, Manufacturing and Oil & Gas Upstream activities.

YBhg Dato' Hashim Mahfar was Executive Director/CEO of Bridgecon Holdings in 1996. In 2002, he was appointed as the Managing Director of TRPlc Berhad. In 2010, he was appointed as Managing Director of Puncak Niaga Holdings Berhad.

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## KEY PERSONNEL PROFILE – **PNHB GROUP**

### **YBHG DATO' MAT HAIRI ISMAIL**

**Aged 53, Malaysian**

**GOM Resources' Director and Vice President, Human Resources, Administration, Information Technology, Business Development & Special Function Division**

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, YBhg Tan Sri Rozali Ismail and YBhg Dato' Shaari Ismail to set up 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 PNH 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, Information Technology, Business Development & Special Function Division for POG and Group. He was appointed as Director of GOM Resources Sdn Bhd on 2 January 2013 and Director of KGL Ltd. on 7 March 2013.

YBhg Dato' Mat Hairi bring with him an extensive 30 years of experience in strategic planning, corporate finance and business management to help build POG and Group to become a significant player in the Oil & Gas sector, both locally and internationally.

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### **ENCIK MOHAMAD RAFI SHAHZADA**

**Aged 49, Malaysian**

**GOM Resources' Senior Vice President, Offshore Construction Division/Tender & Contract Division**

Encik Mohamad Rafi Shahzada joined PNSB on 2 June 2014 as the Special Assistant to the Executive Chairman/Senior General Manager, Special Function Division before he was transferred to GOM Resources Sdn Bhd on 15 April 2015 as Senior Vice President, Offshore Construction Division/Tender & Contract Division. He is responsible and accountable to oversee contract, procurement, compliance and operation.

He studied at the London School of Accounting and Emile Wolfe, UK in Chartered Institute Management Accountants ("CIMA"). He also graduated with a Bachelor of Arts Degree in Accounting & Finance and Master of Accounting & Finance from the University of Wales, UK. He is a member of the Global Internal Auditor, the Institute of Internal Auditors Malaysia (IIAM) and the Malaysian Insurance Institute.

Encik Mohamad Rafi started his career as a management trainee with the Bank of America, Kuala Lumpur in 1986. Prior to PNSB, he was the Head Group Financial Controller/Project Committee with Saudi Arabia Basic Industries Corporation ("SABIC") affiliates IBN SINA in Jubail, KSA in which he leads the finance, accounts and planning team to manage the day-to-day operation and perform management accounting activities in the company principally involved in petrochemicals.

He has 25 years of experience in management, financial, banking, hire-purchase, oil & gas, petrochemicals, insurance, legal, audit, marketing, retailing, manufacturing, consulting, information technology and accounting at various levels including senior management and board levels.





### **TUAN HAJI SONARI SOLOR**

**Aged 59, 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 from 1 September 2006 to 15 February 2012. He re-joined PNSB on 16 February 2012 as the Senior General Manager, Internal Audit Department.

Tuan Haji 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 26 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 Berhad.

### **PUAN HAFIZAH AHMAT**

**Aged 46, 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 23 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. She is also a Director of Puncak Niaga Construction Sdn Bhd.

### **ENCIK AZLAN SHAH TAN SRI ROZALI**

**Aged 29, 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 the 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 management of 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 JENNY LIM YEW HEANG**

**Aged 48, Malaysian**

**Company Secretary/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 of Chartered Secretaries and Administrators (“MAICSA”). She has 26 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.



# FIVE-YEAR FINANCIAL HIGHLIGHTS

	31-Dec-14	31-Dec-13	31-Dec-12 (Restated) #	31-Dec-11 (Restated) #	31-Dec-10 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>KEY RESULTS</b>					
<b>Revenue</b>					
- Continuing Operations	606,635	514,348 @	1,563,032	1,015,668	524,587
- Discontinued Operations	562,734	632,356 @	-	-	-
<b>Total</b>	<b>1,169,369</b>	<b>1,146,704</b>	<b>1,563,032</b>	<b>1,015,668</b>	<b>524,587</b>
<b>(Loss)/Profit Before Tax</b>					
- Continuing Operations	(8,884)	(79,501)@	325,372	365,935	251,485
- Discontinued Operations	302,354	315,865 @	-	-	-
<b>Total</b>	<b>293,470</b>	<b>236,364</b>	<b>325,372</b>	<b>365,935</b>	<b>251,485</b>
Net Profit attributable to owners of the parent	248,383	200,551	259,389	243,907	187,002
<b>STATEMENTS OF FINANCIAL POSITION</b>					
Property, plant and equipment	244,414	426,219	419,799	412,671	197,723
Investment properties	181,495	-	-	-	-
Operating financial assets	-	743,771	813,812	890,959	1,049,423
Service concession assets	64,512	84,562	67,880	65,908	64,878
Other non-current assets	45,438	1,883,573	1,632,326	1,285,905	534,209
Current assets	703,944	1,508,230	1,313,581	1,081,715	1,397,687
Assets classified as held for sale	3,618,098 **	-	-	-	-
<b>Total assets</b>	<b>4,857,901</b>	<b>4,646,355</b>	<b>4,247,398</b>	<b>3,737,158</b>	<b>3,243,920</b>
<b>ISSUED AND PAID-UP CAPITAL</b>					
Share capital	415,960	411,261	411,143	411,143	411,143
Reserves	1,659,988	1,365,495	1,173,304	916,337	621,118
Equity attributable to owners of the parent	2,075,948	1,776,756	1,584,447	1,327,480	1,032,261
Net assets per share attributable to owners of the parent (RM)	5.02	4.34	3.87	3.24	2.52
<b>RATIOS AND STATISTIC</b>					
Net profit margin attributable to owners of the parent (%)	21.24	17.49	16.60	24.01	35.65
Basic earnings per share attributable to owners of the parent (sen)	60.51	49.02	63.40	59.62	45.71
Loans and borrowings (RM'000)	221,361 *	2,053,751	1,935,717	1,837,840	1,609,746
Gearing ratio (%)	2	49	54	56	53
Current ratio (times)	1.68	3.31	1.21	1.40	1.53
** Assets classified as held for sale are comprised of the following items: -					
Property, plant and equipment	2,596				
Operating financial assets	780,058				
Service concession assets	14,329				
Trade and other receivables	2,567,324				
Inventories	5,857				
Tax recoverable	80,173				
Cash and bank balance	167,761				
	<b>3,618,098</b>				
* Loans and borrowings included in liabilities classified as held for sale	1,725,899				

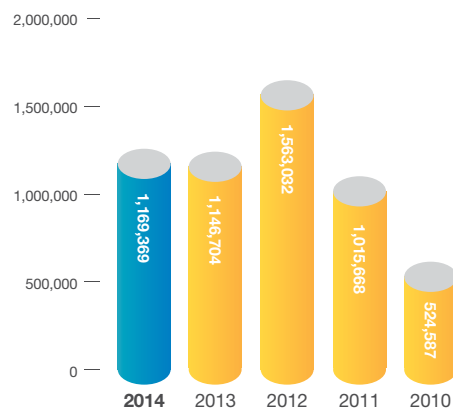
# These comparatives have been restated to take into account the effects of the adoption of MFRS 10 & 11 on Equity account of SYABAS

@ These comparatives have been restated to take into account the effects of the adoption of MFRS 5 arising from the Proposed Disposals of PNSB and SYABAS

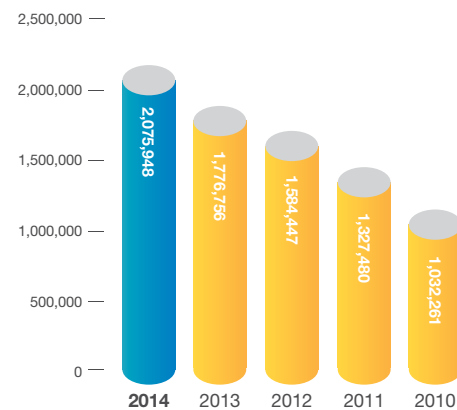


# FIVE-YEAR GROUP PERFORMANCE

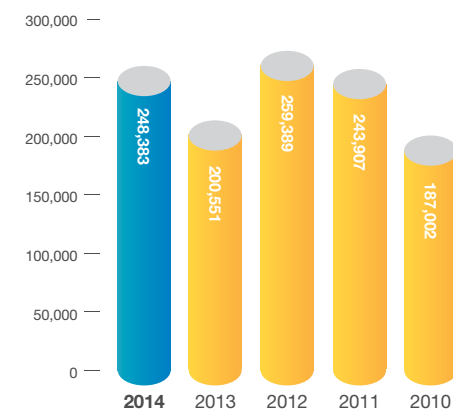
REVENUE (RM'000)



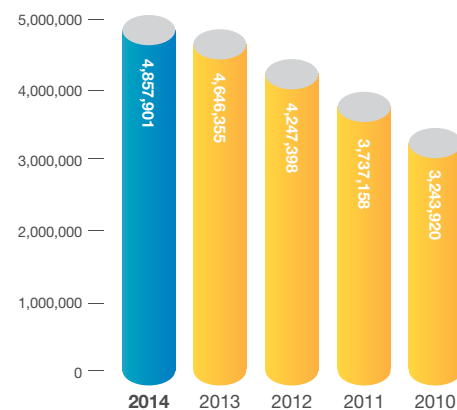
EQUITY ATTRIBUTABLE  
TO OWNERS OF THE PARENT (RM'000)



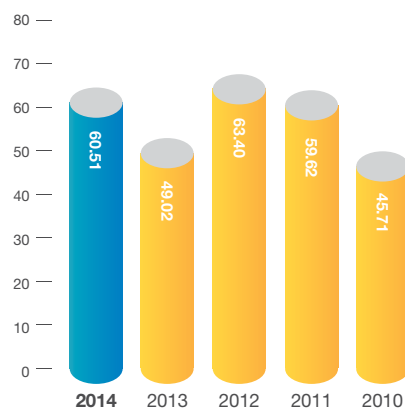
NET PROFIT ATTRIBUTABLE  
TO OWNERS OF THE PARENT (RM'000)



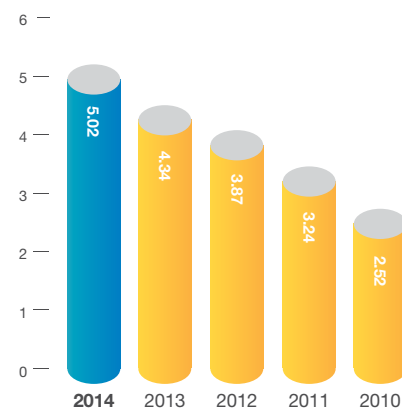
TOTAL ASSETS (RM'000)



BASIC EARNINGS PER SHARE ATTRIBUTABLE  
TO OWNERS OF THE PARENT (sen)



NET ASSETS PER SHARE ATTRIBUTABLE  
TO OWNERS OF THE PARENT (RM)





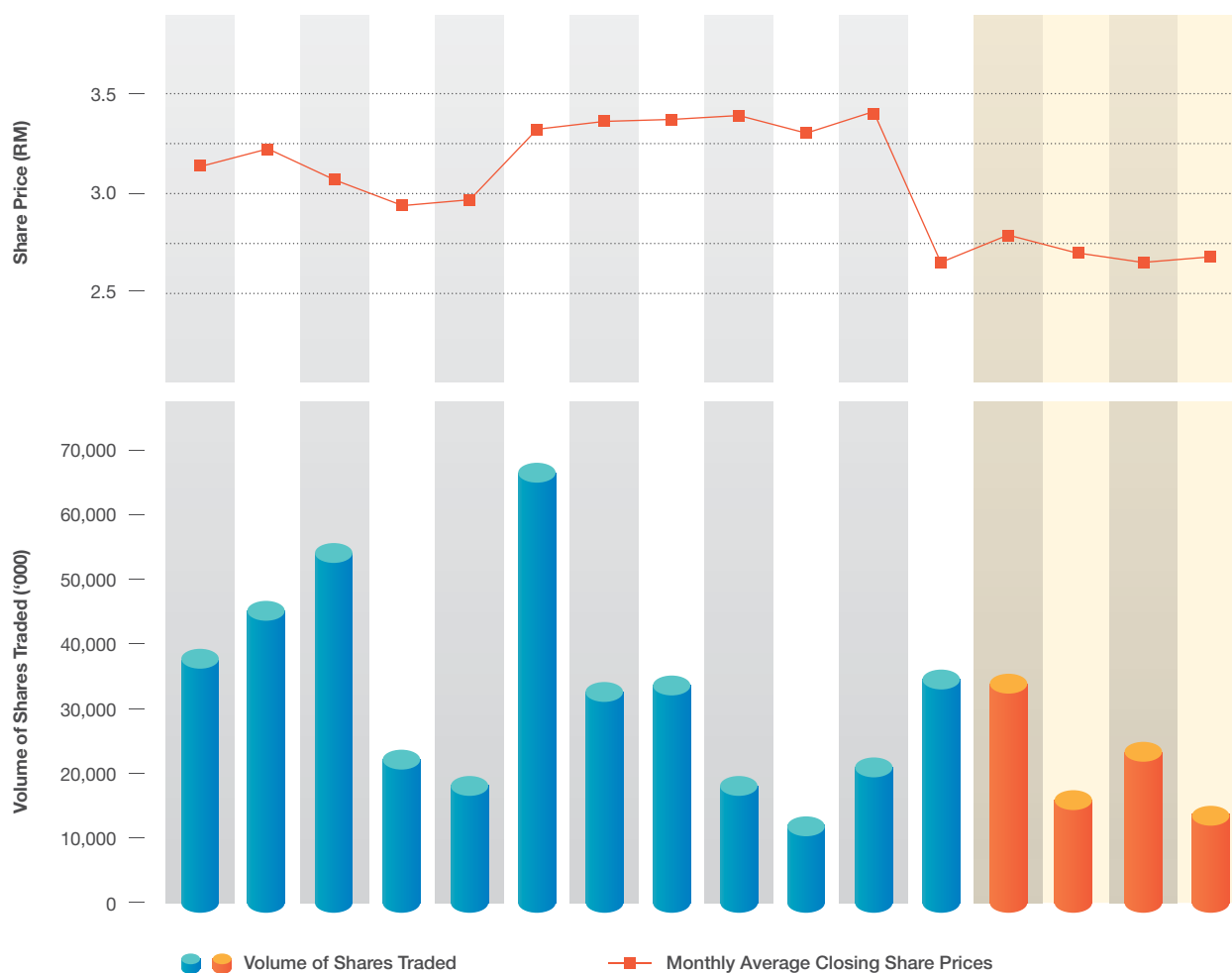
# SHARE PRICE & VOLUME TRADED

## SHARE PRICE MOVEMENT

STOCK NAME: PUNCAK

STOCK CODE: 6807

	2014												2015			
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Volume of Shares Traded ('000)	37,888	45,711	53,044	22,430	18,465	67,311	33,015	34,029	18,315	12,240	21,214	34,963	34,310	16,507	23,966	12,870
Monthly Average Closing Share Prices (RM)	3.13	3.22	3.06	2.93	2.96	3.32	3.36	3.37	3.39	3.30	3.41	2.64	2.78	2.69	2.64	2.66





# FINANCIAL CALENDAR

## 2014

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### 29 MAY 2014 THURSDAY

First Quarter Results  
ended 31 March 2014

### 21 AUGUST 2014 THURSDAY

Second Quarter Results  
ended 30 June 2014

### 27 NOVEMBER 2014 THURSDAY

Third Quarter Results  
ended 30 September 2014

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## 2015

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### 26 FEBRUARY 2015 THURSDAY

Fourth Quarter Results  
ended 31 December 2014

### 6 APRIL 2015 MONDAY

Audited Financial Statements  
for the financial year  
ended 31 December 2014

### 25 MAY 2015 MONDAY

Published Annual Report 2014

### 16 JUNE 2015 TUESDAY

Eighteenth  
Annual General Meeting

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## OPERATIONS REVIEW: **PUNCAK NIAGA (M) SDN BHD**

In 2014, Puncak Niaga (M) Sdn Bhd (“PNSB”) successfully weathered the hazards of a difficult operating environment. Throughout the year, the company remained resolute, turning in a solid performance despite challenges such as raw water violations, reduced raw water released from dams due to drastic decline in dam levels following many months of dry weather which resulted in the closure of two water treatment plants (“WTP”) and water rationing in Selangor and the Federal Territory of Kuala Lumpur from 27 February 2014 to 30 April 2014 (“Water Rationing Exercise”) as directed by the Selangor State Government (“SSG”).

During the year, PNSB also completed a number of plant improvement works and initiated further projects in its quest to enhance operational reliability and efficiency, thus enabling the company to achieve some of its key performance indicators for water quality and production.

### **WATER TREATMENT PLANT OPERATIONS**

PNSB operates, manages and maintains 29 WTPs with a combined capacity of 1,956 million litres per day (“MLD”). In 2014, PNSB delivered 716.23 million cubic metres (“m<sup>3</sup>”) of treated water, a decrease of 1.49% from the 727.05 million m<sup>3</sup> of treated water produced in 2013. The decrease was attributed to major raw water violations due to high ammonia levels that forced our WTPs to shut down at the end of January 2014.

For 2014, despite the challenges, as of December 2014 the WTPs achieved an impressive 99.9% compliance with the stipulated treated water quality standards, based on 33,424 samples tested by both the Independent Laboratory and our Central Laboratory. This demonstrates PNSB’s dedication to maintaining the highest standards of quality throughout its operations.



To ensure that consumers can rely on a constant supply of treated water, PNSB's teams work hard to minimise unscheduled WTP shutdowns. In 2014, PNSB's WTPs experienced 3,064.24 hours of shutdowns due to external factors and reasons beyond our control.

Cause of Shutdown	Hours of Shutdown
Raw water violation	2,820.14
TNB power supply interruption	74.95
Pipe leak/burst	116.65
Flooding	52.5
<b>TOTAL HOURS</b>	<b>3,064.24</b>

*Causes and number of hours of WTPs shutdown in 2014*

The performances of PNSB's WTPs in 2014 were as follows:

- The Sg Selangor Phase 2 ("SSP2") WTP produced 346.62 million m<sup>3</sup> of treated water, 0.5% down on the 348.37 million m<sup>3</sup> recorded in 2013. Average daily production decreased to 948.56 million litres from 961.33 million litres in 2013. The plant's daily design capacity is 950.00 million litres. The drop in production was due to the reduced amount of raw water released from the Sungai Selangor Dam following the directive issued by the SSG after the dam's water level became critical in March and April 2014 due to dry weather.
- The Wangsa Maju WTP produced 14.68 million m<sup>3</sup> of treated water, a decrease of 10.92% from the 16.48 million m<sup>3</sup> recorded the preceding year. Average daily production fell to 40.21 million litres from 45.73 million litres in 2013. The plant has a daily design capacity of 45.00 million litres. Production of treated water in 2014 was affected by the reduced raw water release from the Klang Gates Dam during March and April 2014, following the SSG directive as a result of the critically low dam level.

- The Sg Sireh WTP produced 8.01 million m<sup>3</sup> of treated water, a 3.8% increase over the 7.72 million m<sup>3</sup> produced in 2013. The average daily production for 2014 was 21.98 million litres as compared to 21.33 million litres in 2013. 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 346.92 million m<sup>3</sup> of treated water, a 2.13% decrease from 354.48 million m<sup>3</sup> in 2013. The average monthly treated water production for 2014 was 28.91 million litres as against 29.54 million litres in 2013. The decrease in production was mainly due to raw water pollution because of high ammonia levels at the Bukit Tampoi and Cheras Mile 11 WTPs since 29 January 2014, and the reduced raw water release from the Klang Gates Dam to Bukit Nanas WTP as a result of the Water Rationing Exercise.
- The new Sg Lolo WTP produced 1.09 million m<sup>3</sup> of treated water, 9.56% up on the 998,097 m<sup>3</sup> produced in 2013. Average daily production was 2.99 million litres compared to 2.70 million litres in 2013. The Sg Lolo WTP's design capacity is 2.50 million litres daily.

In 2014, 15 WTPs operated over their design capacity with the approval of the authorities so as to meet an increased demand for treated water.

The following table summarises the amount of raw water drawn from the various rivers and dams for treatment at PNSB's WTPs in 2014:

Source	Volume Withdrawn (m <sup>3</sup> )
Sg Selangor	388,624,558
Sg Bernam	25,091,041
Sg Dusun	508,962
Sg Tenggi	731,054
Sg Batang Kali	4,112,756
Sg Darah	180,428
Sg Gerachi	2,710,118
Sg Inki	2,542,986
Sg Ampang	5,592,085
Sg Gombak	17,755,404
Sg Rumput	353,417
Sg Rangkap	4,008,374
Sg Kepong	863,704
Sg Langat	197,454,304
Sg Labu	1,720,574
Sg Pangsoon	1,672,970
Sg Lolo	1,555,570
Sg Serai	555,883
Sg Terusan Besar	9,172,403
Klang Gates Dam	54,423,251
Tasik Subang Dam	5,519,513
Batu Dam	49,093,340
<b>TOTAL</b>	<b>774,242,695</b>

## PLANT IMPROVEMENT WORKS

As part of its commitment to deliver a stable and efficient water supply, including meeting treated water quality requirements, PNSB carried out a number of plant improvement works in 2014.

### SSP2 WTP

Major improvement works included rehabilitating knife valves at Actiflo Plant Stream C and Stream D, rehabilitating hydrocyclone pipes at Actiflo Plant Stream C and Stream D, fabricating and installing new residue pumping facilities, and desludging lagoons.

Ongoing works include upgrading the filter to improve filter performance at Filtration Plant Stream C; rehabilitating and upgrading Siemens S5 Programmable Logic Control ("PLC") to S7-300 PLC; and rehabilitating the local control panel for Filtration Plant Stream D.

Other ongoing works involve rehabilitating the flushing valve actuator and pneumatic valve at Actiflo; rehabilitating and upgrading the generator synchronising system; rehabilitating the existing actuator at Filter Stream C; rehabilitating the existing inlet penstock with a sand ejector actuator at the intake plant; upgrading a 40 tonne steel weighbridge weighing system at the storehouse; installing an online Water Quality Index monitoring system; and upgrading the ethernet SCADA (Supervisory Control And Data Acquisition) fibre optic network.

### Sg Langat WTP

Major improvement works included replacing 20 actuator units for the plant's air scour valves and rehabilitating its six filters. Ongoing works involve installing a submersible mixer at mixing channel wings C and D and an auto shut-off system for the chlorine gas system, refurbishing bandscreen no. 1, installing a carbon dioxide ("CO<sub>2</sub>") system for transformer 6.6kV/415V no. 1 and no. 2 (2.5MVA), and a new fluoride dosing system.

### Ampang Intake WTP

Improvement works included replacing and refurbishing the pressure filter, work on riverbank protection and a culvert project, and replacing a chengal wooden baffle. Ongoing works involve refurbishing slow sand filter no. 2, elevating the existing main switchboard, laying underground cable, and rehabilitating the existing bridge to the chemical house.



**Cheras Mile 11 WTP**

Improvement works included upgrading transformer no. 2 from 750 kVA to 1250 kVA and replacing overhead bare conductor cable with aerial bundle cable. Ongoing work involves refurbishing the river water surveillance system.

**Sg Gombak WTP**

Improvement works included upgrading a washwater pump, refurbishing filters, and upgrading street lighting. Ongoing works involve refurbishing a damaged monsoon drain and a damaged raw water intake, and desludging the lagoon.

**Bukit Nanas WTP**

Improvement works involved replacing submersible desludging pumps, upgrading the chlorine scrubber plant and slope rehabilitation works. Ongoing works involve replacing the air pipe, filter media, nozzle, rehabilitating and upgrading the automation system for the filtration plant, and upgrading the lightning protection system.

**Wangsa Maju WTP**

Improvement works included upgrading the sludge treatment facilities ("STF") decanter unit, installing a CO<sub>2</sub> firefighting system, CCTV and an online analyser, upgrading filter auto backwashing, and upgrading the chlorine drum area concrete support. Ongoing works involve upgrading the inlet chamber control valve complete with actuator, refurbishing the filter, replacing the filter actuator and penstock, constructing an STF room for laboratory use, and enhancing a Dissolved Air Floatation System.

**Sg Batu WTP**

Improvement works involved refurbishing filters and upgrading chlorine auto shutoff at the chlorinator system. Ongoing works involve refurbishing the filter penstock including actuators, upgrading the maintenance workshop, and replacing the auxiliary pump.

**Rantau Panjang WTP**

Improvement works included installing slope protection. Ongoing works involve replacing fluoride tanks, replacing a polyaluminium chloride tank with a poly tank, and replacing the chengal baffle at the mixing channel.

**Dam Improvement Works**

Ongoing works involve constructing a horizontal drain system for Sg Langat Dam, a surface drain system at Tasik Subang Dam, and new proper access for the existing boat house at Klang Gates Dam.

**OTHER ONGOING PROJECTS**

In 2014, PNSB also carried out the following plant improvement works:

- Replacing 66 membrane modules at Kepong WTP
- Replacing the LV incoming main switchboard at Bukit Tampoi WTP
- Replacing the raw water pipeline at Kalumpang WTP
- Refurbishing the filters at Bernam River Headworks, Bukit Tampoi and North Hummock WTPs
- Upgrading the flocculation tank baffle at Batang Kali WTP
- Replacing the baffle channel at Sg Selisek WTP
- Upgrading the pre-treatment system at the raw water sump and replacing two micro strainers at Sg Rumpit WTP
- Upgrading the outflowmeter at Kuala Kubu Bharu WTP
- Replacing the existing chlorination system at Kepong, North Hummock and Kuala Kubu Bharu WTPs
- Installing a new chemical dosing system for aluminium chloro hydrate complete with streaming current detector as an alternative coagulant at Sg Sireh WTP

## DAM OPERATIONS

PNSB operates and maintains the Sungai Langat, Klang Gates and Tasik Subang dams in accordance with the Malaysian Inter-Departmental Committee's Dam Safety Guidelines for Operation, Maintenance and Surveillance of Dams, October 1989. The operation of the dams is also guided by the Reservoir Operation Rule-Curves in order to meet the demand for raw water release from the dams while conserving dam water as much as possible.

The Sg Langat Dam and Klang Gates Dam reservoir water levels dropped from the start of the year until April 2014, falling to their lowest at 48% and 50% capacity respectively. Whilst Tasik Subang Dam had full reservoir capacity in early 2014, it decreased during the year, falling to 56% capacity in mid-October. A drop in dam reservoir capacity was also experienced by other dams in Selangor due to less rainfall in their catchment areas at the end of 2013 and the first quarter of 2014.

As the dam operator, PNSB consistently updates the relevant authorities on the dam status to enable them to take any necessary action. During the 2014 drought, the authorities, with assistance from the company, where applicable, took various initiatives to address the dams' declining water levels, such as cloud seeding and reducing the amount of water released from all three dams, as well as utilising the existing mining ponds at Bestari Jaya as an alternative raw water source for the relevant WTPs. By the end of December 2014, all three dams' water levels had increased to almost 100% capacity due to high rainfall in their catchment areas from September 2014 onwards.

The total annual rainfall at the three dam catchments areas in 2014 against the average rainfall from 1998 to 2013 is tabulated below.

Dam	Annual Rainfall 2014 (mm)	Mean Average Rainfall 1998 – 2013 (mm)	Variance against Average (%)
Sungai Langat	2,705.20	2,411.35	12.19
Klang Gates	2,735.80	2,746.91	-0.40
Tasik Subang	2,446.00	2,469.68	-0.96
<b>TOTAL</b>	<b>7,887.00</b>	<b>7,627.94</b>	

To ensure the safety and stability of the dams, PNSB undertakes monthly visual safety inspections of the three dams, including field inspections of all major dam structures and monitoring of all mechanical and electrical ("M&E") equipment and instrumentation works. PNSB also carries out preventive and maintenance works at the dams for civil, M&E and instrumentation equipment as per a predetermined schedule. In addition, dam settlement and movement surveys were completed by a licensed surveyor in June and December 2014, and indicated that the dams structure are stable.

Safety and health management is practised and enforced at the dams. As in previous years, PNSB conducted a regular Site Safety Inspection, a daily Permit to Works, the 5S (Sort, Straighten, Shine, Standardise, Sustain) Programme, a U-See U-Act Programme, and four mock drills. There was zero Lost Time Injury at the three dams in 2014.

PNSB also works with Lembaga Urus Air Selangor ("LUAS"), Jabatan Bomba dan Penyelamat Malaysia, Majlis Keselamatan Negara ("MKN"), Polis Diraja Malaysia, Jabatan Pertahanan Awam Malaysia, Jabatan Hutan and Pihak Berkuasa Tempatan in carrying out enforcement via Operasi Tindakan Bersepadu to protect the dams from illegal encroachment and to conserve the environment.

In line with our commitment to following good corporate social responsibility practices, PNSB, in collaboration with MKN, LUAS and Unit Perancang Ekonomi Negeri Selangor, welcomed various visits to the dams by stakeholders, members of the public, schools, universities, NGOs and government agencies.

In 2014, the dams' raw water quality was within the Recommended Raw Water Quality Criteria set by the Ministry of Health.



Jar testing to determine optimum coagulant dosage at Central Laboratory

## CERTIFICATION

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

PNSB's three Regional Offices and 26 WTPs successfully maintained their ISO9001:2008 certification, reflecting high quality management standards.

An ISO 9001:2008 Quality Management System Surveillance Audit was conducted by Lloyd's Register Quality Assurance, which recommended continuing the certification based upon the ISO 9001:2008 Standard requirements for the following facilities: Wangsa Maju WTP, Rantau Panjang WTP, Bernam River Headworks WTP, Sg Dusun WTP, North Region Office, South Region Office, Sg Lolo WTP and Salak Tinggi WTP. An ISO 9001:2008 Surveillance Audit was carried out for Sg Batu WTP, Bukit Nanas WTP and Sg Rangkap WTP on 4 to 5 December 2014.

### Occupational Health and Safety Management Systems ("OHSAS") 18001:2007

A re-certification audit was conducted in July 2014 to renew the OHSAS 18001:2007 certificate. Re-certifications were recommended for PNSB HQ, three Regional Offices and 27 WTPs until 17 October 2017.

**Integrated Management System ("IMS"): ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007**  
SSP2 WTP successfully kept its ISO 14001 status, which enabled it to maintain its IMS certification, including the ISO 9001:2008 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 standards.

### ISO 17025:2005 (Competence of Testing and Calibration Laboratories)

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 were certified for ISO 22000:2005, Food Safety Management System, Hazard Analysis & Critical Control Point and Good Manufacturing Practice. The first Surveillance Audit for ISO 22000:2005, HACCP & GMP was conducted on 7 to 10 July 2014 by SGS (Malaysia) Sdn Bhd, which recommended continuing the certification in accordance with the ISO 22000:2005, HACCP & GMP Standard requirements.

## INFORMATION AND COMMUNICATION TECHNOLOGY

PNSB's IT Department continues to improve the existing business applications and to introduce new systems to maximise the benefits of new technology.

In preparation for Malaysia's Goods and Services Tax ("GST") implementation, the IT staff have been bringing the SAP system into GST-compliance, including reporting automation. The SAP system functionality is also expanding to include cost planning, cost budgeting and work planning for current and future PNSB projects. In-house applications for audit, plant operation and human resources were also enhanced to support increased user demand.

To verify corporate data security, the IT Department appointed CyberSecurity Malaysia to perform a vulnerability assessment of the PNSB data centre this year. For more effective data protection, IT staff also installed a new backup solution that enables online data replication and offsite data storage. Email archiving was also implemented to enhance both security and regulatory compliance.

## PREVENTIVE MAINTENANCE

PNSB undertakes rigorous monitoring and maintenance of its plants 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, and performance is closely monitored by two maintenance software systems, Maximo and Maintpro. In 2014, the WTPs conducted some 28,223 preventive maintenance activities as compared to 28,200 activities in 2013.



Testing of chemical dosage by WTP staff

## INNOVATIVE AND COST-CUTTING MEASURES

Every year, PNSB conducts the Innovative and Creative Circle (“ICC”) Programme to encourage employees to generate innovative inventions or measures. Among the cost-cutting projects undertaken under this programme are as follows:

- Installing a carbon filter to remove chlorine in treated water for polymer preparation
- Upgrading the Human Machine Interface to Protocol at Actiflo Plant C and D to enhance ease of handling
- Rehabilitating sludge plant to reduce maintenance costs
- Enhancing polymer dosing to optimise the formation of floc
- Improving the flocculation process by introducing inter-lime
- Optimising micro sand utilisation by installing metal netting to remove debris

These projects delivered cost savings of some RM8.45 million.

## KEY ACHIEVEMENTS

The awards and accolades that PNSB achieved in 2014 reflect its commitment to upholding high standards throughout its water treatment operations.

SSP2 WTP was the winner in National level for category of water utilities in the National Council for Occupational Safety and Health award competition in 2014.

In 2014, three of PNSB’s WTPs achieved a Gold Merit award (Excellent OSH Performance), 11 WTPs achieved a Gold (Class I) award and six WTPs achieved a Gold (Class II) award from the Malaysia Society for Occupational Safety and Health.

The Central Laboratory was awarded the 2014 IKM Laboratory Excellence Award for the third time since it began participation in 2012. This award recognises laboratories that achieve international quality standards, as well as laboratory safety and health standards.

In 2014, PNSB’s team won the following awards during the ICC Programmes held at regional and national level:

- 1) Four gold awards and one silver award at the Mini Convention on Team Excellence 2014 Southern Region held on 10 April 2014
- 2) Two gold awards and three silver awards at the Central Regional Convention on Team Excellence 2014 (“Regional Convention”) held from 28 to 29 May 2014
- 3) Three gold awards and one silver award at the Northern Regional Convention held from 4 to 5 June 2014
- 4) Six gold awards at the Southern Regional Convention held from 11 to 12 June 2014
- 5) Five gold awards at the Eastern Regional Convention held from 18 to 19 June 2014
- 6) A Three Star Gold Award & Champion for the Service Sector at the National Team Excellence on ICC Convention held from 24 to 26 November 2014 (“National Convention”)
- 7) A Three Star Gold Award & Top 10 Service Sector at the National Convention
- 8) Seven Three Star Gold Awards and three Two Star Gold Awards at the National Convention

The Employees’ Provident Fund recognised PNSB as the “Best Employer at the Branch Level” in September 2014. PNSB was also awarded the Silver Award in Employer of Choice Category at the Malaysia HR Awards 2014 in November 2014.



## OPERATIONS REVIEW: **SYARIKAT BEKALAN AIR SELANGOR SDN BHD**

2014 was another difficult year for Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”). The biggest challenge was the shortage of raw water, which resulted in a sharp fall in the production of treated water by the treatment operators. This necessitated a massive water rationing exercise which SYABAS was obliged to manage during the months of February to April 2014.

The other major challenge continued to be the Selangor State Government’s insistence on putting most of the Company’s planned capital expenditure (“CAPEX”) programmes on hold for many years, including both our Non-Revenue Water (“NRW”) and pipe replacement programmes. This inevitably led to numerous and frequent pipe bursts and water supply interruptions as well as preventing SYABAS from achieving its planned reduction in NRW.

During the year, the treated water supply continued to be hardly adequate, with no additional treated water supply sources being developed by the Selangor State Government, and the supply capacity being unable to meet increasing consumer demand and operating with a very low reserve capacity. Meanwhile, the Selangor State Government has refused either to approve any water tariff adjustment for the last two consecutive scheduled tariff reviews or to pay any compensation in lieu thereof. Inevitably, this led to serious cashflow problems and the accumulation of huge debts including large interest payments to the water treatment plant operators for the purchase of treated water.

Despite this, providing excellent quality drinking water remained SYABAS’ primary goal, and the challenges of 2014 did not impede the company’s high level of service. The company was even able to meet most of the stringent Key Performance Indicators (“KPI”) set for 2014, in some cases far exceeding the targets.



## CHALLENGES AND ACHIEVEMENTS

The Concession Agreement (“CA”) between SYABAS, the Federal Government and the Selangor State Government stipulates that the water supplied must meet the Ministry of Health’s (“MOH”) National Standard for Drinking Water (2004), and SYABAS maintained 99.7% compliance (January till December 2014), exceeding the CA’s requirements. Drawing samples from over 1,112 stations and with continual testing by the MOH, SYABAS consistently reported zero microbiological violations, and was certified as the leading water operator in terms of water quality for the third consecutive year, based on the National Water Services Commission (Suruhanjaya Perkhidmatan Air Negara) (“SPAN”) report on water quality nationwide.

On the other hand, the Selangor State Government’s decision in 2008 to freeze the SYABAS’ CAPEX programme continued into 2014. The freeze includes all except for the most critical works and is expected to remain in place until the consolidation and restructuring of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya by the Selangor State Government and the Federal Government is accepted and implemented.

As in the previous year, 2014 saw SYABAS-being appointed as an agent to SPAN and as endorsed by SPAN to process water supply applications for new housing, commercial and industrial development projects-again having to defer its support for projects that involve 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 because of anticipated insufficient treated water supply and as there has not been any certainty of new additional water supply capacity. As of 31 December 2014, 912 projects were affected and all these have been endorsed by the regulator, SPAN.

Following a decision by the Selangor State Government to reduce the supply of raw water, SYABAS was instructed by the Selangor State Government, with the approval of SPAN, to devise a water rationing schedule. Water rationing was implemented in stages from 27 February 2014 to 30 April 2014 (two days with water supply, followed by two days without water supply) and affected 6.7 million Klang Valley residents. The need for water rationing resulted from a combination of factors,

namely an inadequate supply of treated water to meet increasing demand; raw water pollution caused by high ammonia content found at Sg Langat, which forced the Cheras Batu 11 and Bukit Tampo water treatment plants (“WTP”) to stop operation; and reduced raw water released from dams due to a drastic decline in dam storage levels at the Sg Selangor, Sg Tinggi and Klang Gates dams following many months of dry weather. Consequently, there was insufficient raw water for full operation of the WTPs.

In the face of these challenges, SYABAS remained totally committed to serving its customers. Not only did it mobilise all its manpower resources, water tankers and static tanks, it also collaborated with government agencies at the Federal and State levels as well as with regulatory authorities and ministries such as SPAN, the Federal Government’s Ministry of Energy, Green Technology and Water (Kementerian Tenaga, Teknologi Hijau Dan Air) (“KeTTHA”) and the Ministry of Defence Malaysia (“MOD”) and local government to handle the water crisis.

Although CAPEX funding was constrained to the most critical projects, the completion of the Wangsa Maju pump house upgrade was an important milestone in early 2014. The facility had been forced to shut down in 2012, when its overloaded and deteriorating condition left it unable to meet rising water demand and frequent breakdowns.

Meanwhile, with SPAN approving under the CAPEX programme only limited and piecemeal initiatives classified as extremely critical, SYABAS was only able to contain the NRW losses not creeping up but unable to further reduce the NRW losses significantly. Efforts to reduce NRW were further hampered by delays in approval from regulatory agencies, the frequent need to activate the Emergency Response Plan (“ERP”) due to major unscheduled water supply interruptions, and inadequate enforcement actions taken by SPAN to curb water theft cases which is also a cause of NRW losses.

SYABAS achieved admirable response time to reports of burst and leaking pipes in 2014. As in previous years, all of the 5,722 reported pipe bursts and 79,510 pipe leaks were attended to and repaired well within the time set by our internal standards, which are much shorter than those stipulated under the CA. The average repair time for burst pipes up to 200 mm diameter was two hours.

SYABAS Consumer Support also maintained the same high standards as in previous years. The Call Centre received an average of 98,100 calls monthly during 2014; support personnel achieved 96.10% compliance with the half-hour benchmark for an initial response time to consumer complaints.

The Malaysian Society for Occupational Safety and Health (“MSOSH”) recognised the continuous strides SYABAS has made to improve workplace safety. Following two audits of all ten SYABAS districts, MSOSH awarded the Kuala Lumpur district the Gold Merit Award. Six districts namely, Hulu Langat, Klang, Petaling, Gombak, Kuala Selangor and Sabak Bernam districts obtained Gold Class I Awards, and the remaining three districts namely, Hulu Selangor, Sepang and Kuala Langat districts won Gold Class II Awards.

### WATER DISTRIBUTION SERVICES

During the year, SYABAS distributed a daily average of 4,593 million litres per day (“MLD”) of treated water to about 7.5 million residential and commercial consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. However, as mentioned above, SYABAS was compelled to carry out a water rationing exercise from late February to April 2014.



Launching by PNHB Group Executive Chairman of SYABAS' consumer services portal and mySYABAS, the smart phone application

### NON-REVENUE WATER

Aggressive NRW reduction efforts by SYABAS since signing the CA on 1 January 2005 have produced consistent results. This achievement can be summarised as follows:

Period	Water Input	Billed Consumption	NRW (Average for the year)	
	MLD	MLD	MLD	%
(A) 2005	3,766	2,155	1,611	42.78
(B) 2014	4,593	3,048	1,545	33.65

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

Over the period of 1 January 2005 to 31 December 2014, the water input increased by over 827 MLD, or 22.2%. The corresponding rise in billed consumption over the same ten-year time span was 893 MLD, or 41.4%.

### Ongoing Programmes

Despite critical budget limitations and lack of CAPEX approval, SYABAS managed to carry out several NRW reduction works with loans from KeTTHA as follows:

- KeTTHA Mitigation 1 Programme: the continuation of the 210 km pipe replacement programme at 30 critical areas is on target to be completed by the end of 2015. 172 km of new pipes have been laid thus far, with estimated savings of 22.5 MLD at a cost of RM102.0 million.
- KeTTHA Mitigation 2 Programme: The programme was completed in February 2015 as scheduled at a project cost of RM76.0 million. The NRW savings up to 31 December 2014 were 122 MLD, higher than the scheduled NRW savings of 110 MLD.

In addition, SYABAS was granted approval by SPAN to push ahead with NRW reduction by using its own internal funding to continue work on the NRW Phase 3 Contract in 2014, comprising 573 District Metering Zones. At the end of contract in June 2014, NRW savings continued to be maintained at 305 MLD.



### NRW Master Plan 2014 to 2018

This programme was designed for more aggressive NRW reduction of both physical and commercial water losses, aiming to achieve savings of 913 MLD and reduce overall NRW to 26.2% by the end of 2018.

To reduce physical losses, the plan proposes to extend NRW zone management coverage across the whole of the SYABAS water distribution network. Active leak detection works using advanced technology will also be carried out at trunk and distribution mains. SPAN approved the implementation plan for the first two years in September 2014. In response to the critical need to reduce NRW and to mitigate the water shortage, physical work commenced immediately, with expected savings of 154 MLD on completion in September 2016.

In order to control and further reduce commercial losses, SPAN approved the implementation of a meter change programme in May 2014. This project, which commenced in June 2014, includes replacing stuck meters, stuck bulk meters, aged meters and aged bulk meters. The NRW savings from the meter replacements is 94.6 MLD, which is higher than expected. This programme was 92.82% complete as at 31 December 2014.

### CAPEX WORKS

Under the privatisation of water supply services in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, SYABAS devised a CAPEX programme for the upgrading and rehabilitation of its water distribution assets. The cumulative amount of CAPEX expenditure from 1 January 2005 to 31 December 2014 amounted to RM2,961.56 million.

The total CAPEX for 2014 was RM362.87 million, principally funded by SYABAS' internal funding of RM189.87 million. The CAPEX was invested to upgrade and rehabilitate the distribution infrastructure, including replacement or repair of leaking water tanks; repair of failed reservoir slopes; improvements to water quality and to low pressure areas; upgrades to pump houses and ICT services; and replacement of old pipes.

With regard to the additional funding from the KeTTHA Mitigation Programmes, approximately RM170.0 million was used for pipe replacement efforts, and RM76.0 million was dedicated to the NRW programme.

SYABAS successfully completed the upgrading of the Wangsa Maju pump house in early 2014. Its highly publicised shut-down in 2012 was principally the result of overloaded and aging equipment as well as insufficient capacity to cope with increasing demand, but the facility is now back in operation with new and upgraded motors, pumps and control panel. The pump house is also equipped with a plunger valve for inlet control into the suction tank, the first to be used by SYABAS. This inlet control valve facilitates and regulates the inflow rate and prevents overflow, greatly reducing water loss.

### WATER QUALITY ENHANCEMENT

Drinking water quality has always been SYABAS' top priority. Since 2008, SYABAS has been aggressively implementing a Water Quality Improvement Master ("WQIM") Plan, which includes continuous monitoring at 1,112 water sampling stations and also at the distribution network, balancing reservoir outlets and service reservoirs. As a result, in 2014 water quality violations and corresponding consumer complaints were both significantly lower than in previous years.

In 2014, 99.7% (January to December 2014) of water quality analyses carried out by SYABAS and the MOH complied with the National Standard for Drinking Water Quality, with zero violation in the microbiological parameters. The analyses also indicated that SYABAS had continued to excel and significantly exceed the high standards set out in the MOH's Quality Assurance Programme as well as the requirements of the Mandatory Level of Service specified under the CA with the Federal Government and the Selangor State Government.



Speech by SYABAS' CEO at SYABAS' monthly staff assembly

### OPERATION COMMAND CENTRE AND THE GEOGRAPHICAL INFORMATION SYSTEM

The SYABAS Operation Command Centre (“OCC”), established in 2010, continued to invest in maintaining and improving its facilities and applications in response to ever challenging operational needs. The OCC hosts three core applications: the Supervisory, Control and Data Acquisition System (“SCADA”), Hydraulic Modelling (“HM”) and the Geospatial/ Geographical Information System (“GIS”).

In 2014, SYABAS further developed SCADA, HM and GIS to support the ERP and planned shutdowns for repair or upgrading works. Enhancements also improved operational efficiency, NRW management and crisis handling. Additionally, further OCC developments enabled personnel from the districts and other departments to monitor reservoir levels directly and online.

SYABAS also used a hydraulic model to model pipeline flow and pressure, thus reducing pipe bursts in conjunction with pressure control works and enabling staff to estimate the duration of the water supply disruption and recovery period. Meanwhile, SYABAS developed a specific application for the water rationing exercise in early 2014. The application helps to identify the affected areas, affected consumers, critical facilities such as hospitals and dialysis centres, and the required static tanks, tankers and tanker trips to optimally support them.

### INFORMATION AND COMMUNICATION TECHNOLOGY (“ICT”)

In 2014, SYABAS ICT provided secure and reliable services to all its users by various departments. Effective maintenance practices ensured high availability with no major disruptions, maintaining average monthly service availability for all systems at 99.97%.

ICT projects launched in 2014 included the development and implementation of applications to benefit consumers as well as internal end users. The one-stop counter services now provide a single point of contact for consumer enquiries, while, the consumer online service portal and MySYABAS mobile application inform consumers about scheduled and unscheduled water interruptions via their mobile smart phones.

SYABAS ICT has also initiated a major project to bring 15 internal systems into Goods and Services Tax (“GST”) compliance. The development of a new invoicing application is part of this project, which is to be completed in February 2015. The 6% GST is scheduled to take effect on 1 April 2015.

To boost operational efficiency, SYABAS ICT has developed a new application, SYABAS Audit and Management Directive Information System, to track meeting results and audit findings and to ensure that business decisions are delivered effectively. Meanwhile, a new Human Resource Management Information System is being developed which will enhance human resource operations which enables staff access to critical information via a web interface and thus reduces paper usage. Overall, ICT staff continued implementation of 48 system enhancements in 2014.

### BILLING AND COLLECTION

As at 31 December 2014, the total number of active water supply accounts stood at 2,012,241, representing a growth of 3.8% from the 1,938,938 accounts recorded as at 31 December 2013.

Total billing during the year under review stood at RM1.662 billion, a decrease of 0.3% from the billing recorded in 2013 of RM1.667 billion. Lower billing was principally due to water rationing in late February, March and April 2014.

Total billings for the last seven years are summarised below:

Year	YTD December						
	2008	2009	2010	2011	2012	2013	2014
Billing (RM Million)	1,395.2	1,437.7	1,502.0	1,529.5	1,601.9	1,666.6	1,661.5

Total collection for the year stood at RM1.654 billion, which is 0.2% lower than the RM1.658 billion reported in 2013.

Total overall collection efficiency in 2014 was 99.6%, with total receivables as at 31 December 2014 amounting to RM189.6 million. This represents a 4.5% increase as compared to RM181.4 million as at 31 December 2013. The higher amount recorded was primarily due to the increased consumer accounts, lower disconnection rate, and the increased amount of water rebates owed by the Selangor State Government.

Debtors' day levels (accounts receivable), excluding that of the Selangor State Government, stood at an average of 37 days. SYABAS' Management continually monitored and made concerted efforts to recover all outstanding debts.

Disconnections to enforce bill collection decreased by 15.7%, dropping from 207,264 in 2013 to 174,743 in 2014, mainly owing to the need to mobilise manpower to assist with the massive water rationing exercise. Meanwhile, the reconnection ratio was slightly down from 87.8% in 2013 to 87.5% in 2014 mainly because of the water rationing exercise.

### MIGRATION

The migration from bulk to individual meter water supply for high-rise residential buildings continued apace in 2014.

During the financial year ended 31 December 2014, SYABAS received 117 bulk meter migration applications, involving 40,645 individual meter accounts. 71 bulk meter accounts had been successfully migrated by the end of the year, and 42 more migration applications had been approved.

Since the migration programme commenced in 2007, SYABAS has received a total of 1,493 bulk meter migration applications involving 319,384 individual accounts. This represents 71.7% of the 2,082 bulk meter accounts to be migrated. 641 bulk meter applications had been approved as at the end of December 2014, and of those, 460 had been migrated, representing 22.1% of the total bulk meter accounts to be migrated.

Regulatory changes that came into effect on 1 February 2014 have made migration of all bulk meter accounts mandatory and subject to enforcement by the authorities.

### CONSUMER AWARENESS AND EDUCATION PROGRAMME

The Consumer Awareness and Education Programme ("CAEP") was initiated in 2007 to raise consumer awareness on water quality issues and to advocate consumer responsibility in preserving that quality by maintaining the facilities on their own premises. At CAEP sessions, SYABAS staff members interact with consumers by means of educational talks, dialogues, exhibitions, and demonstrations. In 2014, SYABAS conducted 260 CAEP events.

### IMMEDIATE RESPONSE TO CONSUMER COMPLAINTS

SYABAS aims to provide an initial response to all consumer complaints received at the Call Centre within a half hour, and in 2014, compliance was 96.10%. The Call Centre received a total of 1,177,395 calls in 2014, an average of 98,100 calls monthly.

Consumers also used email, facsimile, Facebook, Twitter, SMS, the new MySYABAS app and our Online Consumer Portal ("OCSP") as non-voice support channels. A total of 88,392 interactions were recorded in 2014 via these channels.

Throughout 2014, the Consumer Service Department expanded the ways in which customers can communicate with SYABAS, including a dedicated smart phone app, MySYABAS, and the OCSP. In addition, ten new one-stop counter service locations throughout Kuala Lumpur and Selangor are now providing a single point of contact for consumer enquiries, including billing, service, and all water supply-related matters.



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

The Puncak Oil & Gas Sdn Bhd (“POG”) Group is involved in the provision of services for offshore logistics and marine management, via POG’s wholly-owned subsidiaries, GOM Resources Sdn Bhd (“GOM Resources”) and KGL Ltd. (“KGL”).

Now in its third full year of operation, PNHB’s Oil & Gas (“O&G”) Division is an evolving player in the domestic Transportation and Installation (“T&I”) market having earned its credibility through effective and efficient project delivery for PETRONAS and its Production Sharing Contract (PSC) partners.



## BACKGROUND

Primary energy demand is projected to increase by 41% between 2012 and 2035, with growth averaging 1.7% per annum from 2015 to 2025. Some 95% of the increase is expected to come from non-OECD (Organisation for Economic Co-operation and Development) countries, where energy consumption is forecast to grow by 2.3% p.a. between 2012 and 2035.

*(Source: BP Energy Outlook 2035)*

The oil, gas and energy industry has contributed 20% of Malaysia's GDP over the past decade. Collectively, the Entry Point Projects for Malaysia's Oil, Gas and Energy NKEA (National Key Economic Area) are predicted to generate a gross national income of RM131.4 billion and create 52,300 new jobs by 2020. The Oil, Gas and Energy NKEA focuses on boosting the nation's services and manufacturing sector and moving into alternative forms of energy while preserving incentives that will ensure constant production levels.

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

## GOM RESOURCES

GOM Resources is currently undertaking its second Contract Period (2014 to 2016) as an Offshore Installation Contractor under the PETRONAS Pan Malaysia Contract ("PMC") for T&I with an option of one further year in 2017. Under this contract, in 2014, GOM Resources completed the 28" diameter X 280KM EVA-NMB Gas Pipeline Installation ("Energy Project") from Terengganu Gas Terminal to Pipeline Tie-in Skids ("PLTS") for PETRONAS Carigali Sdn Bhd ("PCSB"). This was the longest pipeline installation out of the five work packages awarded by PCSB under the PMC. GOM Resources had earlier successfully executed the first contract between 2010 and 2013.

The Energy Project consists of the following works: pipeline transportation, gas pipeline installation and crossing, installation of PLTS and Pre-Commissioning Phase I and Phase II.

GOM Resources commenced the pipeline and pre-commissioning for Phase I of the Energy Project from Johor Port in April 2014 utilising its Derrick Lay Barge ("DLB") 264 and marine spread and the works were completed in November 2014. The pre-commissioning for Phase II is expected to complete in mid-April 2015.

## KGL

KGL owns the DLB 264 and its principal activity is offshore leasing of vessels on a bareboat basis.

## CHALLENGES

Crude oil prices have plunged more than 55% since last June when Brent traded above USD115 per barrel and US above USD107 per barrel. As at March 2015, the Brent crude oil price is trading at below USD55 per barrel (USD50.57) for the first time since May 2009 because of the global supply glut.

*(Source : NASDAQ.com)*

In 2014, despite the PETRONAS cost reduction programme initiated in 2013, PNHB's O&G Division managed to generate a higher revenue than in 2013. The scenario for the O&G industry became more challenging at the end of 2014 due the sharp decline in crude oil prices.

Due to the fall in crude oil prices in the second half of 2014, there has been ongoing pressure on upstream companies to cut capital expenditure ("CAPEX"). PETRONAS has already announced plans to reduce operating expenditure by up to 30% and CAPEX by up to 20% in 2015. The potential impact and risks of such cuts may result in lower utilization and day rates or contract cancellations to service providers like GOM Resources.

Accordingly, PNHB's O&G Division is currently refocusing its efforts to strengthen its position.

## ACHIEVEMENTS

PNHB's O&G Division continues to follow stringent Health Safety Environment ("HSE") practices throughout its operations as HSE is a business KPI in offshore installation. Throughout our operations, we ensure that all safety standards and measures are strictly adhered to and monitored. This is in line with the HSE goal performance agreed between GOM Resources and PCSB for the implementation of the HSE plan in 2014. As at 10 April 2014, GOM Resources had successfully clocked five million man hours without lost time injury, conforming to our strong commitment to maintaining safe operations at all times.

In 2014, GOM Resources achieved its leading HSE KPI despite having one Lost Work Case. GOM Resources has also identified six key HSE risks and has put in place plans to address them.



Pipe jointing works in progress

PCSB has publicly recognised GOM's commitment to the Zero Tolerance ("ZETO") Rules that PCSB enforced throughout the 2014 campaign by bestowing on GOM Resources its "Best ZETO Rules Compliance 2014 for T&I Contractor" award.

In 2014, GOM Resources' Integrated Management System ("IMS") was audited and certified by DNV Business Assurance Malaysia. The IMS comprises the ISO 9001-2008 (Quality), ISO 4001-2004 (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 continuity in implementing quality management systems throughout the length and breadth of its operations.

## INFORMATION TECHNOLOGY

In 2014, the Information Technology Department ("ITD") continued to find innovative ways to enhance our technology while lowering our overall costs. The dedicated members of ITD worked diligently to understand and address the ever-changing technology needs of the POG Group.

ITD overcame many challenges in 2014, the challenges involving data security, changes in the management structure, system disruptions and outages, the rising cost of maintaining and improving existing systems, and the implementation of policies and Standard Operating Procedures.

As well as responding rapidly to user requests for IT services and support in 2014, ITD developed in-house and launched a Support Centre System (a web based portal to capture all requests and support issues from POG Group users) and a Document Log System (a web based portal to capture communication and perform online approval of documents).

ITD also assisted with the POG Group's preparation for Goods and Services Tax implementation in April 2015.



Pipe installation works in progress

### PROSPECTS

In the immediate future, the POG Group will initiate a more stringent selection process to ensure that we work with only the best sub-contractors and vendors. This will directly benefit our clients in terms of both cost and quality.

Domestically, GOM Resources' immediate focus is on shallow water developments. As more than 70% of Malaysia's existing pipelines lie in shallow water, this positions us as a strong contender to undertake brownfield pipe replacement work as well as new pipeline developments.

Although GOM Resources' main focus will remain the Pan Malaysia Contract for T&I, we also hope to make inroads in the T&I business in neighbouring ASEAN countries. Leveraging on our experience in the previous Pan Malaysia Contract, GOM Resources aims to participate and procure more T&I project work under Engineering Procurement Installation Commissioning ("EPIC") and Engineering Procurement Construction Installation Commissioning ("EPCIC") type contracts.



## OPERATIONS REVIEW: **PUNCAK NIAGA CONSTRUCTION SDN BHD**

2014 marked the second full year of operation for Puncak Niaga Construction Sdn Bhd (“PNC”), a wholly-owned subsidiary of Puncak Niaga Holdings Berhad (“PNHB”). As the construction arm of PNHB, PNC currently manages two projects in Sarawak and one in Kuala Lumpur.

### **BACKGROUND**

The construction industry reported the strongest growth across sectors in the first six months of the year, registering 14.3%. The government expected the momentum to continue into the second half and next year, fuelled by government projects and investments from the private sector.

*(Source: Bernama, 20 December 2014)*

### **CHALLENGES**

Being an infant in the construction industry, PNC faced many challenges in 2014 such as a price war, recognition and assessment of qualifications during tender processes, and competition with other construction companies. It gained confidence, however, from its potential partners and from having access to the latest construction technology.

### **ACHIEVEMENTS**

#### **Sarawak**

In 2010, under the Federal Government’s initiative to upgrade the living standards of the rural population of Sarawak, PNC was awarded a contract worth RM422.6 million by Konsortium Puncak Niaga Holdings Berhad–Quality Concrete under the Rural Water Supply Project in Sarawak. The contract comprised four water delivery pipe laying works; three water treatment plants (“WTP”) at Serian, Stumbin and Lubau; and eight special projects involving pipe laying, construction and the commissioning of booster pumping stations and reservoirs. Work was completed on 11 February 2014, benefitting 23,650 homes across six divisions in Sarawak.

These projects have contributed partly to the supply of clean piped water to some 91,356 homes in Sarawak, thus increasing the water coverage of the whole Sarawak state from 59% to 90%.





In May 2014, the Ministry of Rural and Regional Development or Kementerian Kemajuan Luar Bandar dan Wilayah (“KKLW”) appointed PNHB as the contractor for a project to upgrade the Bayong WTP at Sarikei, including the construction, testing and commissioning of a new 30 MLD WTP, a five million litres reservoir at Kim San, upgrading the existing raw water intake and laying 14 kilometres of new pipeline. This RM97.0 million project is expected to be completed in October 2015.

In June 2014, KKLW awarded PNHB a rural water development project in Pakan at Sarikei. The contract includes the supply, jointing and delivery of pumping and gravity pipelines; the construction, testing and commissioning of three water reservoirs and booster stations at Pakan, Wuak and Engkamup; and the supply and installation of mechanical and electrical equipment. This RM53.4 million contract is scheduled for completion by September 2015.

#### Kuala Lumpur

In 2014, the Sewerage Division of the Ministry of Energy, Green Technology and Water selected PNHB as the contractor for Package D44 – construction of sewer pipe networks at Bunus, Kuala Lumpur (Design and Build), a component of its Greater KL Initiative. This project includes designing and constructing sewerage works at the Bunus catchment area; upgrading two existing sewage pumping stations; constructing seven new sewage pumping stations; decommissioning 73 or more existing sewerage treatment plants; constructing 600 new manholes; and constructing new and extending existing sewerage lines. The construction area is approximately 72 square kilometres, covering much of Kuala Lumpur and Ampang Jaya. This RM394.0 million project is slated for completion in February 2018.

#### Kelana Jaya Line LRT

In 2010, Prasarana Malaysia Berhad (“Prasarana”) awarded Puncak Niaga (M) Sdn Bhd (“PNSB”) the Kelana Jaya Line LRT contract for the construction, completion and commissioning of water and sewer pipe relocation works for the Kelana Jaya Line LRT extension project for a contract sum of RM15.3 million. This project was novated by PNSB to the Company on 1 April 2014. The project was scheduled for completion by September 2011. However, as the local and utility authorities imposed additional requirements, the completion date was extended with the issuance by Prasarana of 45 Employer Representative’s Instructions (“ERI”) worth RM62.1 million. These additional works were completed in May 2014.

#### Jernih Field Water Purification System

During the year, PNC collaborated with the Malaysian Armed Forces on a Research & Development project that led to the invention of JERNIH units, a portable field water purification system. Capable of producing 3,000 litres per day of treated water, the system can be packed in a bag and has been described as “novel, efficient, robust, innovative and handy”. During the recent floods, the Company deployed five JERNIH units to the flood-stricken states, namely Kelantan and Pahang, to provide clean drinking water. PNHB and the Malaysian Armed Forces were jointly awarded an international SGA Kaizen Competition Gold Award in Tokyo, Japan in October 2014 for the invention of a portable water purification system.

#### PROSPECTS

The start of several oil-and-gas related projects is expected to help drive the construction sector’s growth rate of 10.7% (2014: 12.7%) supported by O&G-related projects such as the Refinery And Petrochemical Integrated Development (RAPID) and ongoing transportation-related infrastructure projects.

Demand for affordable housing will support the industry while the non-residential sub-sector is also expected to remain stable.

*(Source: The Star Online, 10 October 2014)*

Looking ahead, PNC will continue to submit tenders and proposals both to the government bodies and the private sector, especially in areas related to the environment, green technology, and the O&G business. PNC is working hard to raise quality standards in order to win more tenders and proposals.



Mobilising JERNIH for Flood Missions to Kelantan and Pahang



# SUSTAINABILITY IN THE MARKETPLACE

## DELIVERING QUALITY

Compliance with water quality standards and safety requirements is essential to achieve our vision to be a Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider. Puncak Niaga Holdings Bhd (“PNHB”) focuses on technological advancement, research and development (“R&D”) and innovation to provide a clean and safe water supply. We continue to meet the high standards set by the Ministry of Health (“MOH”) in the MOH National Standard for Drinking Water Quality (“NSDWQ”) and its Quality Assurance Programme (“QAP”).

### PUNCAK NIAGA (M) SDN BHD (“PNSB”)

#### QUALITY OF RAW AND TREATED WATER

PNSB’s Central Laboratory (“CL”) is a certified laboratory for ISO/IEC17025 and is responsible for conducting water quality surveillance for both raw and treated water at all Water Treatment Plants (“WTP”) operated by PNSB in accordance with the MOH’s NSDWQ.

The CL has been equipped with an Inductively Coupled Plasma-Mass Spectrometer and a Gas Chromatography-Mass Spectrometer, which increase the laboratory’s ability to test for heavy metals and organic chemicals in line with the MOH’s NSDWQ.

In 2014, the CL conducted test on a total of 1,428 raw water and 1,821 treated water samples collected from all the WTPs operated by PNSB. The Independent Laboratory test on a total of 324 raw water and 559 treated water samples.

The water quality analysis breakdown conducted for PNSB’s WTPs by the CL and the appointed Independent Laboratory as at 31 December 2014 is as shown in Table A:

Based on the results of the water quality monitoring carried out by the CL, treated water compliance was 99.9% and raw water compliance was 91.6%. Out of the 33,424 analyses conducted for treated water, 48 analyses (0.14%) of non-compliance were detected. Non-compliance was mainly due to the levels of aluminium, manganese and fluoride in the treated water, exceeding permissible limits.

The main cause of violations was raw water quality problems such as those at the Bukit Tampoi WTP and the Cheras Mile 11 WTP which were both required to operate at a raw water ammonia level exceeding the MOH Recommended Raw Water Criterion of 1.5 mg/L. Other causes of violation were a fluctuation in raw water quality and low quality testing reagent.

Proficiency Testing (“PT”) is a programme of inter-laboratory comparisons organised by Jabatan Kimia Malaysia to determine whether laboratory testing and measurement performance meets the requirements of Malaysia Standard MS ISO/IEC 17025:2005 for an accredited laboratory. The PT programme is supported by the accreditation body, the Department of Standards Malaysia (“DSM”), which states that an accredited laboratory shall participate in at least one PT activity every four years.

The CL has participated in the environment and water field of the PT programme since 2005. The positive outcome of the 2014 PT programme once again demonstrated the CL’s ability to generate accurate and reliable results, as well as its very high standard of water quality controls.

	Number of analysis conducted for PNSB’s WTPs		Total analysis conducted in 2014
	By Central Laboratory	By Appointed Independent Laboratory	
Raw water	6,954	7,506	14,460
Treated water	20,451	12,973	33,424
<b>TOTAL</b>	<b>27,405</b>	<b>20,479</b>	<b>47,884</b>

**Table A:** The Water Quality Analyses Conducted for PNSB’s WTPs as at 31 December 2014



## PROCESS IMPROVEMENT

In 2014, PNSB conducted process improvements at the North Hummock and Bukit Nanas WTPs to improve its treatment process so as to enhance water quality and optimise production costs.

- Process Improvement at North Hummock WTP**  
 At the North Hummock WTP, high levels of iron and manganese were detected in both raw and treated water especially during the drought encountered at the beginning of 2014. During the drought, the level of raw water at the Tasik Subang Dam drops, causing the North Hummock WTP to abstract raw water from a lower dam level where there are high levels of iron and manganese. With the assistance from R&D, in 2014 Operation & Maintenance Division (“OMD”) started plant trials using intermediate chlorination to remove iron and manganese. This process is expected to be completed in early 2015 and will improve treated water quality against NSDWQ, particularly in respect of iron and manganese content.
- Process Improvement at Bukit Nanas WTP**  
 Bukit Nanas WTP’s liquid alum for coagulation process was dosed at two separate dosing points at the north and south wings using gravity dosers and its dosage was estimated based on equal division of raw water flow into the north and south wings since there is no measurement of actual flow of raw water in the separate wings.

To enhance the treatment process by optimising the coagulation process, for two months starting 26 June 2014, OMD conducted a plant trial to dose liquid alum into the main raw water pipe entering the WTP using metering pumps.

The evaluation showed that it is feasible to dose liquid alum for the coagulation process through a single dosing point. OMD is now considering installing a Streaming Current Detector that will enable liquid alum to be dosed at its optimum level continuously.

## PERFORMANCE MONITORING

### 1. Filtration Process

The filtration process is the final step in the water treatment process, removing the fine suspended solids remaining after the clarification process, and further cleansing and polishing the treated water. Most of PNSB’s filtration processes use the rapid sand gravity filtration process.

The Water Quality Unit constantly monitors filter performance by tracking each filter’s running hours to ensure the filters are operated effectively. Based on the monthly monitoring of a total of 171 filters from 29 WTPs, the breakdown of filter running hours is as shown in Table B:

Filter Run Length Category (hours)	As of December 2013		As of December 2014	
	Nos of filter	%	Nos of filter	%
60 - 72	54	31.6	<b>72</b>	<b>42.1</b>
40 - 60	39	22.8	<b>35</b>	<b>20.5</b>
30 - 40	31	18.1	<b>9</b>	<b>5.2</b>
≤ 30	47	27.5	<b>55</b>	<b>32.2</b>
<b>Total</b>	<b>171</b>	<b>100</b>	<b>171</b>	<b>100</b>

**Table B:** Breakdown of Filter Running Hours

Overall filter performance improved in 2014, with a number of filters operating for 40 hours or more, although the number of filters with running hours of less than 30 hours increased from 47 in 2013 to 55 in 2014.

### 2. Water Quality Surveillance Monitoring Programme

In 2014, the water quality surveillance monitoring programme was carried out by the CL, as well as by an independent accredited laboratory appointed by PNSB. This is one of PNSB’s initiatives to improve water treatment efficiency and ensure a high quality water supply by all the 29 WTPs pursuant to the requirements set out in the Concession Agreements and the MOH’s NSDWQ.



# SUSTAINABILITY IN THE MARKETPLACE

Based on the water quality surveillance monitoring programme carried out for January to December 2014, treated water compliance achieved was 99.9% as against the MOH's NSDWQ, as shown in Table C:

Period	Nos of analysis	Nos of compliance	% Compliance
January to December 2014	33,424	33,376	99.9

**Table C:** Treated Water Compliance as against the MOH's NSDWQ

### 3. Quality Assurance Programme

Treated water quality performance was also gauged using the MOH's Quality Assurance Programme ("QAP") indicators. Based on monitoring conducted from January to December 2014 by the CL and the Independent Laboratory, the quality of the treated water produced by all the 29 WTPs complied with the MOH's requirements as shown in Table D:

Parameter	QAP (% violation)	2013	2014
E. Coli	< 0.35	0	0
Free residual chlorine (FRC)	< 1.85	0.003	0.004
E. Coli & FRC	< 0.1	0	0
Turbidity	< 2.0	0	0.0005
Aluminium	< 10.2	0.077	0.058

Note: The above is computed based on analyses conducted by the WTP, the CL and the Independent Laboratory.

**Table D:** Treated Water Quality Compliance with MOH's QAP



Sample preparation for Trihalomethane analysis using Gas Chromatography-Mass Spectrometer

### 4. Water Quality Index ("WQI") Programme

The WQI Programme is conducted monthly at all WTPs to determine the cleanliness and suitability of raw water for the drinking water supply. The WQI is computed based on six parameters, namely Dissolved Oxygen, 5-day Biochemical Oxygen Demand, Chemical Oxygen Demand, Ammoniacal Nitrogen, Total Suspended Solids and pH.

Based on the WQI value, the rivers are classified as Class I, II, III, IV or V, with Class I indicating the best river water quality. The categorisation and designation of classes according to the possible usage of water are done in relation to the pollution load at the respective watercourses.



The WQI value determines the cleanliness and availability of raw water for the drinking water supply as well as for aquaculture and irrigation purposes as shown in Table E:

WQI Class	Range	Water Usage Description
I	>92.7	Conservation of natural environment Water supply I – Practically no treatment necessary (except disinfection or boiling) only Fishery I – Very sensitive aquatic species
II	76.5 - 92.7	Water supply II – Conventional treatment required Fishery II – Sensitive aquatic species Recreational use with body contact
III	51.9 – 76.5	Water supply III – Extensive treatment required Fishery III – Common, of economic value and tolerant species
IV	31.0 – 51.9	Irrigation only
V	<31.0	Water unsuitable for any of the above uses

**Table E:** Water Quality Index Classification According to the Department of Environment Malaysia

(Source: Department of Environment Malaysia)

WQI Class	Nos of WTPs 2013	Nos of WTPs 2014	WTP for 2014
I	4	5	Sg Pangsoon, Sg Lolo, Sg Gombak, Ampang Intake and Sg Rumpit
II	18	14	BRH, KKB, North Hummock, Batang Kali, Kalumpang, Sg Selisek, Sg Dusun, Sg Tenggi, Sg Buaya, Sg Langat, Sg Serai, Sg Batu, Sg Rangkap and Kepong
III	5	8	SSP2, Rantau Panjang, Sg Sireh, Bukit Tampoi, Cheras Batu 11, Bukit Nanas, Salak Tinggi and Wangsa Maju
IV	0	0	None
V	0	0	None
<b>Total</b>	<b>27</b>	<b>27</b>	

Note: Sg Keroh WTP has been shutdown

**Table F:** WQI Record at the Intakes for 2013 and 2014

For 2014, the average WQI readings showed that most of the raw water at the intakes was Class II. Generally, raw water quality in 2014 was lower than in 2013 as the number of WTPs in Class III had increased by three while the number of WTPs in Class I had only increased by one.

Raw water quality at the Sg Pangsoon WTP had improved from Class II to Class I. Conversely, raw water quality at the Rantau Panjang and Sg Sireh WTPs had deteriorated from Class II to Class III.



# SUSTAINABILITY IN THE MARKETPLACE

## 5. Ammonia Level Monitoring

Ammonia levels at four critical WTPs along the Sungai Langat Basin – namely the Sungai Langat, Cheras Mile 11, Bukit Tampo and Salak Tinggi WTPs – are monitored on an hourly basis to enable early preparation and necessary action to be taken should the plant need to shut down due to high ammonia levels.

Table G summarises the ammonia levels in both the raw and treated water at the four WTPs based on monitoring conducted in 2014:-

No.	WTP	Ammonia level (mg/L)	
		Raw Water Min – Max (Average)	Treated water Min – Max (Average)
1.	Sungai Langat	0.00 – 0.64 (0.08)	0.00 – 0.22 (0.01)
2.	Cheras Mile 11	0.00 – 9.20 (1.44)	0.00 – 1.50 (0.16)
3.	Salak Tinggi	0.01 – 4.98 (0.82)	0.00 – 1.28 (0.11)
4.	Bukit Tampo	0.10 – 7.30 (1.69)	0.00 – 1.48 (0.25)

Note: MOH's Standard is 1.50 mg/L for both raw and treated water

**Table G:** 2014 Summary of the Daily Ammonia Level at the Four WTPs within Sg Langat Basin

PNSB has highlighted the high raw water ammonia levels issue to the Selangor Water Management Authority (Lembaga Urus Air Selangor) (“LUAS”) so that the necessary action can be taken to reduce the pollution and prevent further raw water quality deterioration.

As a result of the monitoring conducted from January to December 2014, nine reservoirs were cleaned, namely those at the Bernam River Headworks (Old), Sg Dusun, Salak Tinggi, Sg Lolo (Old), Batang Kali (two reservoirs), Sg Buaya, North Hummock and Sg Langat WTPs.

### TREATED WATER RESERVOIR MONITORING

Treated water from the WTPs is stored in balancing reservoirs before being distributed to consumers by Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”).

In order to ensure that high quality water is continuously supplied to consumers, routine treated water reservoir water quality monitoring at different depths is conducted on a quarterly basis. Water quality in the reservoirs is monitored by analysing water quality parameters such as pH, turbidity, colour, aluminium, iron and manganese. The results are used to determine whether the reservoir requires flushing or cleaning.

### VALUE ADDED WATER QUALITY IMPROVEMENT PROJECTS

Some of the value-added projects carried out by the Research and Process Unit in 2014 include:

#### (a) Determining the acceptable difference between Online Analyzers (“OLA”) and Manual Lab Testing at WTP

With assistance from R&D, OMD had conducted studies at SSP2 WTP. Based on the data gathered, the acceptable difference between the OLA and the manual laboratory testing for chlorine was 15%: fluoride 10% and pH 5%. These differences, however, could not be applied to the rest of the WTPs as they are dependent on the type of OLA used.

**(b) Evaluation of Organofloc as an alternative to an aluminium-based coagulant**

A study of Organofloc, a natural coagulant, was conducted by R&D to determine its feasibility as a substitute for aluminium-based coagulants. A series of jar tests conducted at the Bukit Tampoi, Sg Sireh and Cheras Mile 11 WTPs found that Organofloc required 90% less dosage than aluminium-based coagulants to achieve the same quality of treated water. Subsequent trials using the pilot plant at the Sg Langat WTP showed that Organofloc required 85% less dosage than aluminium-based coagulants to obtain the same quality of treated water.

Although Organofloc was observed to be effective in the water treatment process, its application at WTPs will require registration and approval by the relevant agencies such as SIRIM or the National Water Services Commission (Suruhanjaya Perkhidmatan Air Negara) (“SPAN”) as well as increased availability in Malaysia.

**(c) Monitoring raw and treated water from the SSP2 and Rantau Panjang WTPs due to abstraction of pond water as an alternative raw water source at Sg Selangor by the Selangor State Government**

The drought encountered at the beginning of 2014 and the consequent fall in the Sg Selangor Dam level induced the State Government to use disused mining pond water as an alternative raw water source. Monitoring confirmed that the treated water from the SSP2 and Rantau Panjang WTPs complied with the MOH NSDWQ, although the raw water had occasionally contained very high levels of iron, exceeding the MOH Recommended Raw Water Criterion of 1.0 mg/L.

**(d) Databank on technology/solutions providers for water, wastewater and the environment**

To support other Divisions within the PNHB Group, R&D has established a databank of technology/solutions providers for water, wastewater and the environment. The databank contains details on various technologies and the contact details of the technology providers.

**RAW WATER QUALITY AND VIOLATIONS**

Raw water pollution is one of the leading causes of WTP shutdowns and operational interruptions. When such incidences occur, an environmental investigation is conducted together with the authorities to identify the source of the raw water pollution. As soon as the source is identified, authorities such as SPAN, Jabatan Alam Sekitar Selangor and LUAS will take the necessary action to eliminate the pollution source. 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 to put in place measures to avoid future pollution incidents.

***Raw Water Pollution Cases Leading to WTP Shutdown***

There were 40 cases of plant shutdown due to various types of raw water pollution in 2014, leading to a production loss of 2,820.14 hour, as summarised in Table H:

WTP	Nos of Shutdown	Type of Pollution	Total Shutdown
Cheras Mile 11	1	High pH	19.75 hrs
	3	Diesel Pollution	24.42 hrs
	6	High Ammonia	1,233.50 hrs
Bukit Tampoi	2	High Ammonia	1,270.75 hrs
Ampang Intake	5	High Turbidity	13.5 hrs
Wangsa Maju	20	High Turbidity	211.42 hrs
BRH	1	Oil Pollution	28.80 hrs
Sg Selangor Phase 2	1	Oil Pollution	9.00 hrs
Rantau Panjang	1	Oil Pollution	9.00 hrs
<b>TOTAL</b>	<b>40</b>		<b>2,820.14 hrs</b>

**Table H:** Raw Water Pollution Cases Leading to WTP Shutdown in 2014



# SUSTAINABILITY IN THE MARKETPLACE

As shown in Table H, ammonia pollution was the main cause of plant shutdown and contributed 88.8% of the total shutdown duration, followed by turbidity at 8% and oil pollution at 2.5%.

In addition to the raw water pollution cases that caused plant shutdown, there were cases of raw water pollution – especially high raw water turbidity and ammonia levels – that disrupted plant operations and affected both production and water quality.

Occasion	WTP	Type of pollution	Probable source of pollution	Interruption of WTP operation
During or after heavy rainfall	Sg Langat	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
During or after heavy rainfall	Wangsa Maju	High raw water turbidity	Earth Works at Kg. Sg Salak, Gombak	Reduced raw water abstraction and production
During low river water level	Salak Tinggi	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations
During low river water level	Bukit Tampoi	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations
During low river water level	Cheras Mile 11	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations

**Table I :** Record of WTP Operation Disruption due to Raw Water Pollution in 2014

## OUR COMPLIANCE TO LOCAL AND INTERNATIONAL STANDARDS

### Food Safety Management System ISO 22000

The Food Safety Management System (“FSMS”), ISO 22000:2005 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.

PNSB HQ and three sites, namely the SSP2, Wangsa Maju and Sg Langat WTPs, were certified as Food Safety Management System (“FSMS”), ISO 22000:2005 compliant by SAS (Swiss Accreditation Services) and DSM accreditation, HACCP-Codex Alimentarius and GMP-Codex Alimentarius in 2013. Certification is valid until 2016.





Water quality inspection at Central Laboratory

### Water Safety Plan

In 2014, a Water Safety Plan (“WSP”) was developed for 14 WTPs, namely the SSP2, Sg Langat, Wangsa Maju, Sg Sireh, North Hummock, Sg Batu, Bukit Nanas, Cheras Mile 11, Bukit Tampo, Gombak, Rantau Panjang, Ampang Intake, Salak Tinggi and BRH WTPs. WSPs for the remaining 15 WTPs will be developed progressively.

### ACCREDITATION AND CERTIFICATIONS

On 3 April 2006, the CL became the first laboratory to gain ISO/IEC 17025 accreditation from the DSM under the Ministry of Science, Technology and Innovation. The accreditation certificate has since been renewed every three years after a reassessment audit conducted by the DSM. The latest certificate was issued after the CL was granted accreditation for its extension of scope using the Inductively Coupled Plasma-Mass Spectrometer on 12 July 2013. The accreditation is valid until 27 July 2015.

The CL also won the 2014 IKM Laboratory Excellence Award on 5 December 2014 for the third time running since it first participated in 2012. The award was introduced by Institute Kimia Malaysia (“IKM”) in 1986 and was designed to recognise laboratories which achieve International Standard MS ISO/IEC 17025 quality standards as well as laboratory safety and health standards.

### SYARIKAT BEKALAN AIR SELANGOR SDN BHD (“SYABAS”)

#### SYABAS WATER QUALITY IMPROVEMENT MASTER PLAN

Drinking water quality has always been SYABAS’ top priority. Water quality results reported during January until December 2014 indicated that SYABAS has continued to meet the high standards set out in the MOH’s NSDWQ and its QAP. It also complies with the requirement of the Mandatory Level of Service specified under the Concession Agreement with the Federal Government and the State Government of Selangor.

Of the total water quality analyses carried out by SYABAS and the MOH, SYABAS recorded 99.7% compliance (January to December 2014) with MOH NSDWQ. There was also zero violation in the microbiological parameters. Where minor non-compliances have arisen, there would have been no adverse impact on health. It should be noted that 62.68% of the non-compliance is from the parameter fluoride which originates from the dosing of the chemical at the water treatment stage. Any non-compliance with the standards is taken seriously and SYABAS investigates it thoroughly and, where necessary, does everything possible to remedy the violation immediately.

#### WATER QUALITY SURVEILLANCE PROGRAMME

The Concession Agreement stipulates that the quality of water supplied to consumers must comply with the limits stipulated in the NSDWQ issued by the MOH.

The water quality supplied from WTPs to the SYABAS distribution system is both systematically and randomly monitored by the MOH, being sampled, tested and tracked by its QAP. Violations recorded by the MOH involving residual chlorine, Total Coliform, E. Coli and aluminium show that the percentage violation for each parameter has always been within the QAP limit.



## SUSTAINABILITY IN THE MARKETPLACE

A monthly average of 2,821 water samples was taken and 8,751 tests or analyses were carried out by MOH in 2014. Water was sampled from designated water sampling stations located at the various treatment plant outlets, balancing reservoir outlets, service reservoir outlets and at the distribution pipelines in the concession area.

In 2014, SYABAS was certified as the leading water operator with respect to compliance with water quality standards for the third consecutive year based on a SPAN report on water quality nationwide.

Year	2011	2012	2013	2014
No. of samples	32,408	32,350	33,212	<b>33,857</b>
No. of analysis	100,282	100,522	103,006	<b>105,010</b>
No. of violations	650	780	443	<b>520</b>
% violations	0.65	0.78	0.42	<b>0.50</b>
% compliance	99.35	99.22	99.58	<b>99.50</b>

**Table J:** Summary of MOH Water Quality Assessment

### RAW WATER QUALITY AND VIOLATIONS

In 2014, SYABAS carried out 11 investigations following severe raw water pollution and WTP shutdown incidents. Some of the investigations were carried out together with authorities such as LUAS and the Department of Environment.

To determine pollutant levels in raw water sources, we monitor raw water quality violations at the WTPs operated by PNSB. The water quality data is compiled from the monthly Water Quality Reports. 1,222 raw water quality violations were detected in 2014 and a breakdown of types of violation is shown in Table K below:

Parameter group	Total Raw Water Quality Violations Recorded	
	2013	2014
Microbiological	509	<b>538</b>
Group I – Physical	407	<b>429</b>
Group II – Inorganic matter	204	<b>255</b>
Group III – Heavy metals	1	<b>0</b>
Group V – Radioactivity	0	<b>0</b>
<b>TOTAL</b>	<b>1,121</b>	<b>1,222</b>

**Table K:** Raw Water Quality Violations



### In-House Water Quality Assessment

Implemented in 2006, SYABAS' in-house Water Quality Sampling and Testing Programme is based on the same frequency of sampling and the same parameters as those of the MOH's NSDWQ.

Based on the existing number of sampling stations and a frequency of sampling in accordance with the MOH's NSDWQ, a monthly average of 1,761 samples were taken and 6,280 analyses carried out.

The results show that the water quality is within the requirements of the MOH and the Mandatory Level of Service. For 2014, 99.98% of the 75,360 analyses complied with the MOH's NSDWQ.

Year	2011	2012	2013	2014
Total Samples	21,211	22,092	21,975	<b>21,126</b>
Total Analyses	75,926	77,746	78,366	<b>75,360</b>
Total Violations	407	147	22	<b>13</b>
% Violations	0.54	0.19	0.03	<b>0.02</b>
% Compliance	99.46	99.81	99.97	<b>99.98</b>

**Table L:** Summary of In-House Water Quality Assessment

### UPGRADING WORKS TO WANGSA MAJU PUMP HOUSE

2014 saw a major milestone for SYABAS when we successfully completed the upgrading of the Wangsa Maju Pump House that caused a stir in late 2012. The shutdown in 2012 was caused by the deteriorating condition of the Wangsa Maju Pump House and its inability to cope with rising water demand. The upgraded pump house is now furnished with new, higher capacity motors, pumps and control panel.

In addition to these upgrades, the Wangsa Maju Pump House is equipped with a plunger valve for inlet control into the suction tank – the first to be used by SYABAS. This inlet control valve facilitates and regulates the inflow rate and prevents overflow, greatly reducing water loss.

### CLEANING OF WATER RETICULATION PIPELINE

#### Air Scouring and Scheduled Manual Flushing Programme

The treated water distribution system within the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya comprises 12,524.99 km of reticulation pipes of sizes 200 mm diameter and below that need to be cleaned regularly. Currently, two methods are used to clean the reticulation pipes, namely air scouring and manual flushing.

To enable reticulation pipeline cleaning using the air scouring method, SYABAS has installed valves and fittings at 8,248.84 km or 6,987 workable Air Scouring Programme ("ASP") zones. The remaining 4,276.93 km or 3,758 non-workable ASP Zones that are yet to be installed with valves and fittings are cleaned under a Scheduled Manual Flushing Programme.



## SUSTAINABILITY IN THE MARKETPLACE



SYABAS' operation on illegal water connections

### Air Scouring Programme ("ASP")

In 2007, SYABAS took the initiative to adopt air scouring technology to clean the reticulation pipes as the method is both fast and cost-effective. As at 2014, 29 portable air scouring machines had been purchased for this purpose.

Air scouring in workable ASP zones is carried out once a year in response to water quality complaints and to improve consumers' perception of the quality of the water supply.

In 2014, 8,215 km or 6,964 ASP workable ASP zones were targeted for cleaning. As at December 2014, air scouring works had been performed at 7,296.81 km or 5,203 workable ASP zones, i.e. 88.8% of the yearly target.

### Scheduled Manual Flushing Programme

As at 2014, 4,276.93 km or 3,758 non-workable ASP zones (34.1% of the total main reticulation pipeline) could not be cleaned by ASP due to the unavailability of fixtures in the system. In 2014, 1,271 non-workable ASP zones (34.8% of the total non-workable ASP zones) in critical areas receiving a high number of consumer complaints were scheduled for cleaning under the Manual Flushing Programme. As at December 2014, manual flushing works had been performed at 1,989 km or 1,700 non-workable ASP zones, i.e. 80.9% of the yearly target.

### RESERVOIR CLEANING AND INSPECTION PROGRAMME ("RCP")

SYABAS' distribution system had 1,135 active service reservoirs as at 31 December 2014. All these reservoirs have either been cleaned since 2005 or newly brought into service.

In 2014, 33 reservoirs were cleaned manually and 4 reservoirs were cleaned robotically so as to remove sediment from the bottom of the reservoirs. Since the beginning of 2015, 49 reservoirs have been cleaned manually and 5 robotically. Where possible, SYABAS minimises water supply interruptions during the cleaning programme by using bypass pipes at the reservoirs.



## CRISIS MANAGEMENT

The Emergency Response Plan (“ERP”) is an action plan developed by SYABAS to handle a crisis or emergency situation that may affect water supply for consumers. ERP development is also in line with the provisions of the Concession Agreement between SYABAS and the Government. It is required to be activated in the event of water supply disruption to users exceeding 24 hours and involving more than 100,000 connections.

At the beginning of 2014, SYABAS activated Code Red ERP due to the implementation of the Water Rationing Plan from 27 February 2014 to 30 April 2014 in line with the instructions issued by the State Government with the approval of SPAN.

The Rationing Plan involved all districts except Sabak Bernam.

The Water Rationing Plan was implemented to facilitate the reduction of raw water release from the Sg Selangor and Klang Gates dams whereby at one point the raw water storage at Sg Selangor Dam dropped to a critical level of 36.39%. Another reason for the Water Rationing Plan was due to the shutdown of the Bukit Tampoi and Cheras Batu 11 WTPs during the same period due to high ammonia content in the river which was the sole raw water source of the two WTPs.

## PUNCAK NIAGA CONSTRUCTION SDN BHD (“PNC”)

### Continuous Improvement

PNC has taken the initiative to purchase construction assets one of which the Tunnel Boring Machines (“TBM”) to support PNC’s works with the view to expand its expertise and reinforce its position in the construction industry.

TBM is a method widely used by the construction industry, especially in infrastructure works such as road works, sewerage networks, pipelines and storm water drains.

## DELIVERING SERVICE EXCELLENCE

### SYARIKAT BEKALAN AIR SELANGOR SDN BHD (“SYABAS”)

SYABAS’ motto, ‘Courteous, Committed and Reliable’ speaks of our relentless efforts and ongoing commitment to consumer communication via channels such as our Pusat Perkhidmatan Pelanggan (“PUSPEL”) contact centre, our Call Centre Unit, our Correspondence Unit and our Customer Experience Management Unit. The Customer Relationship Management Section comprises an Industrial Consumer Unit (“ICU”), Unit Kerjasama Informasi Pelanggan (“YAKIN”), a Counter Service Unit and a Customer Database Management Unit.

### PUSPEL

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 is responsible for managing two main Interaction Channels known as the Voice Interaction Channel and the Non-voice Interaction Channel. In 2014, PUSPEL maintained the same high standards as in previous years. The Call Centre attended to an average of 98,000 calls a month with average call abandonment rate of 7.6%.



# SUSTAINABILITY IN THE MARKETPLACE

## Voice Interaction Channel

The Voice Interaction Channel is managed by the Call Centre Unit by telephone via the toll free number 1800-88-5252. The Call Centre attended to an average of 98,000 calls a month. Of the total calls attended to, an average of 46% required case creation and action, while the other 54% were resolved immediately.

In 2014, PUSPEL attended to 1,177,395 calls and created 541,257 cases.

## Non-Voice Interactions Channel

The Non-Voice Interaction Channel is managed by the Correspondence Unit via email, facsimile, Facebook, Twitter, SMS, 'MySYABAS' and our Online Consumer Service Portal ("OCSP") with a total of 88,392 interactions recorded in 2014. A summary of Non-Voice interaction channels from January to December 2014 is shown in Table M:

Channel	Email	Letter	Facsimile	SMS	Facebook/ Twitter	MySYABAS	OCSP
<b>Total</b>	56,431	64	10,532	17,141	3,485	719	20

**Table M:** Summary on Non-Voice Interaction Channels in 2014

## COMPLAINT CATEGORY

In 2014, PUSPEL recorded 541,257 complaint cases and a breakdown of the categories of complaint is shown in Table N:

Category	Total Cases	Percentage
Water Complaint	422,929	78
Billing Complaint	31,977	6
Meter Complaint	26,270	5
Disconnection Complaint	21,242	4
Others (duplicate case, etc)	38,839	7
<b>Total</b>	<b>541,257</b>	<b>100</b>

**Table N:** Total Cases by Complaint Category

In 2014, the highest number of complaints was in the water category and related to pipe bursts, pipe leaks, WTP shutdowns, ERPs and pump house problems.



## NEW VALUE ADDED SERVICE

Throughout 2014, SYABAS further enhanced its services by providing alternative channels for consumers to communicate with PUSPEL using smartphones via the mobile application 'MySYABAS'. MySYABAS is a facility allowing our consumers to lodge complaints, check on scheduled and unscheduled water disruptions, read the latest news and media releases, and quickly access our website.

On 28 November 2014, SYABAS launched a new service for consumers, the OCSP which provides services relating to applications for water supply, changes of ownership, closing of accounts, refund of deposits and online bill checking. Consumers only need to register online so as to access these services.

For greater operational efficiency, SYABAS ICT has also developed a new application called the Audit and Management Directive Information System ("iAMD"). iAMD is used for tracking meeting decisions and audit findings. Meanwhile, a new HR system called HRMIS was deployed to enhance human resource operations. Employee self service through the web interface featured in HRMIS enables staff to immediately access critical information and in the long run will also reduce paper usage.

Moving forward, SYABAS' ICT has also initiated major enhancements to 15 systems to make them Goods and Services Tax compliant. Development of a new application iINVOICE was included in this project and was completed in February 2015.

### Counter Service

SYABAS successfully implemented One Stop Counter Service ("OSCS") at all District Counters in Selangor and Kuala Lumpur in April 2014. OSCS provides consumers with a one stop facilities service for all transactions offered by SYABAS Counter relating to water supply services. Consumers get to enjoy standard services offered at all ten SYABAS District Counters.

## YAKIN & ICU

In line with our efforts to improve efficiency, ICU and YAKIN have been tasked to play a key role in disseminating information to their contacts by consistently sending notices via phone, SMS and email especially to top consumers, critical consumers, community leaders and resident associations at areas affected by disruption whenever there are scheduled or unscheduled water supply interruptions. This strategy is implemented so as to assist consumers and to prevent a surge of calls to the PUSPEL Call Centre.

A summary of advance notices and notifications by YAKIN and ICU In 2014 is given in Table O:

Channel	ICSIS		Follow Up/ Courtesy Calls
	SMS	Email	
<b>Total</b>	15,400	3,729	8,654

**Table O:** Summary of Advance Notices and Notifications by YAKIN and ICU In 2014

In 2014, 15,400 SMS and 3,729 emails were sent to consumers to alert them of scheduled and unscheduled water disruptions. These notices were consistently followed up by courtesy calls and visits especially to community leaders, critical consumers, high rise condominiums and apartments, hospitals and resident associations to brief them on any major disruptions and to distribute notices.

We also utilise social media platforms by creating a group for Council Members of DBKL, MPKJ, MBSA, MBPJ, MPS, MPK, MPAJ, MPSJ, Hulu Langat and Gombak Dialysis Centres, Bangi Industrial Administration Association members and Free Trade Zone Ulu Klang consumers. The advantage of this application is that it enables two-way communications, is easy, reliable and personal, offers better features and complements the ICSIS System in terms of sending scheduled and unscheduled water disruptions notices. ICU and YAKIN further enhance their rapport with their respective consumers.

In 2014, YAKIN and ICU conducted 2,699 programmes.



# SUSTAINABILITY IN THE MARKETPLACE

## EDUCATING OUR CONSUMERS

Our Consumer Awareness Programme (“CAP”) is an education campaign that was initiated in 2007 to create consumer awareness of water quality issues and to change perceptions of the water quality supplied by SYABAS.

The aim of the programme is to instil consumer confidence in the water quality provided by SYABAS by demonstrating that it is clean and safe for consumption direct from the tap due to the stringent water quality monitoring activities carried out by the MOH and SYABAS.

The programme also educates the consumers to play their part in preserving the quality of water supplied to their premises by inspecting and maintaining their internal plumbing systems and internal storage tanks regularly. It also counters misconceptions about installing household water filters that can in fact sometimes lead to a deterioration in water quality at the consumers’ premises due to a lack of maintenance etc. Comments and suggestions received from consumers during the programme help SYABAS to further enhance its efforts to ensure that the treated water supply is always clean and safe for consumption.

Year	2007	2008	2009	2010	2011	2012	2013	2014
CAP events organized by SYABAS	5	548	960	200	199	313	309	260

**Table P:** CAPs organised from 2007 - 2014

Note: Since 2010, CAPs have been carried out on a bigger scale than in previous years.

## QUICK RESPONSE TO CONSUMERS' COMPLAINTS

Our objective is to achieve a quick initial response time to all water quality complaints from consumers, followed by a rapid resolution of the complaints. Beginning March 2009, the initial response time for water quality complaints was set at half an hour and, as at 31 December 2014, compliance with this half hour response time was 96.10%.

All complaints received are recorded and investigated to enable improvements to be made. The most significant area of consumer complaints is when sediment in the water mains arising from long-term settlement in the treated water has been disturbed and has caused the water to become discoloured, especially after pipe repairs.

The number of consumer complaints received from 1 January 2014 to 31 December 2014 was 2,222 of which 44.60% was due to internal plumbing problems and poor water quality from WTPs.

Table Q shows the number of water quality complaints from 1 January 2014 to 31 December 2014 and the half hour response time achievement.





## Water Quality Complaints 2014

Item	2014											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of complaints (excluding complaints due to Internal Plumbing)	200	192	107	154	69	91	104	86	69	352	82	74
½ hour Reponse Time (%)	97.37	95.16	95.42	97.14	98.36	96.55	95.83	94.63	98.48	95.17	98.16	96.83
<b>Total Nos. of Complaints</b>	<b>265</b>	<b>248</b>	<b>131</b>	<b>175</b>	<b>122</b>	<b>145</b>	<b>152</b>	<b>149</b>	<b>132</b>	<b>414</b>	<b>163</b>	<b>126</b>

Table Q: Water Quality Complaints 2014

Customers who made complaints about pipe leakage or pipe bursts through PUSPEL are rewarded for their care and initiative by monthly lucky draws. Rewards have included 42-inch LED TVs, Samsung Galaxy Tabs, Samsung Galaxy Grand Quattros and Samsung Cores.

### COMBATTING THEFT

We continue to work with various stakeholders to prevent cases of break-in and theft which have resulted in millions of Ringgit losses to the Company. Eight theft cases were reported in 2014 covering areas such as Sepang, Petaling Jaya, Hulu Langat and Klang. Among the items stolen were cables, valves, chamber plates and drain covers.



## SUSTAINABILITY IN THE **WORKPLACE**



The success of the Puncak Niaga Holdings Bhd (“PNHB”) Group is based on our employees and we recognise them as our most important asset. We value their loyalty and dedication to the Company and Group through thick and thin as well as their commitment to delivering good service at all times and to the best of their abilities.

Our success is enhanced by the diversity of our people in terms of gender, ethnicity and age. We take pride in the diverse mix of backgrounds, beliefs, cultures, skills and knowledge that come together to spur our business success and performance.

### **EMPLOYEE BREAKDOWN**

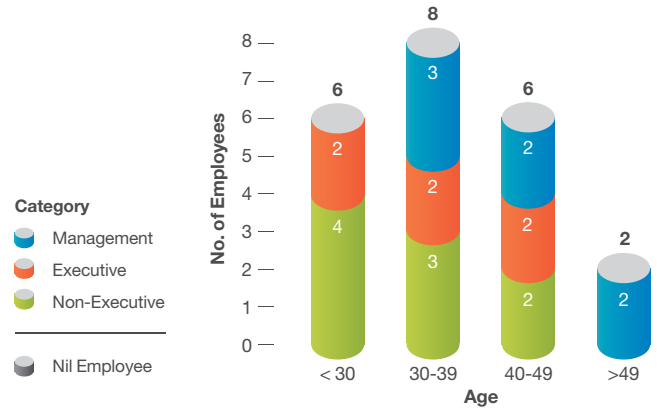
We support national aspirations by providing equal opportunities for both male and female employees and by ensuring that the Group is free from discrimination based on gender, age, ethnicity or background. We believe in creating a working environment with equal opportunity in hiring, training and career advancement.

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 opportunities are given to all employees in respect of career development. The Group supports participation of female employees in the Group’s Board and Senior Management as encouraged by the Government for increased female Board representation by 2016.



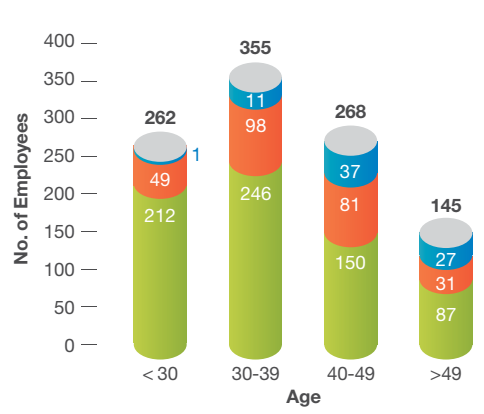
**PUNCAK NIAGA HOLDINGS BERHAD (“PNHB”)**  
TOTAL EMPLOYEES: 22

**PNHB Age Group by Category**

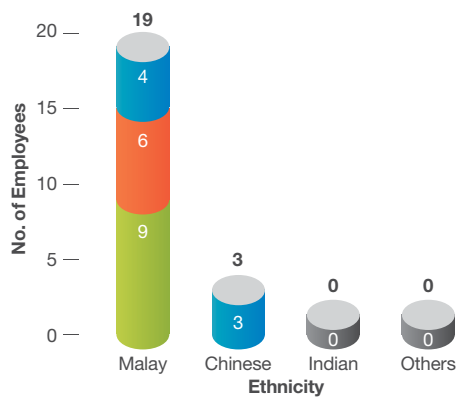


**PUNCAK NIAGA (M) SDN BHD (“PNSB”)**  
TOTAL EMPLOYEES: 1,030

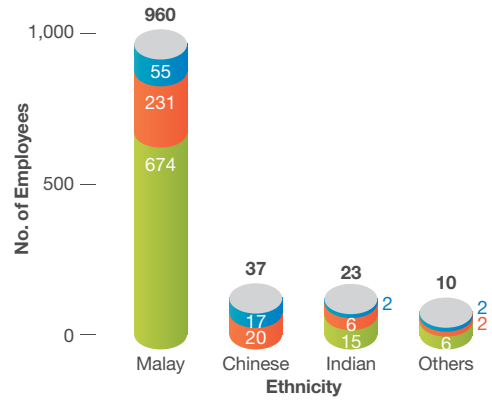
**PNSB Age Group by Category**



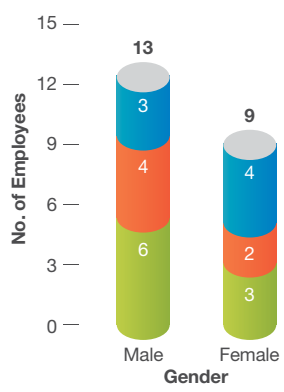
**PNHB Ethnicity by Category**



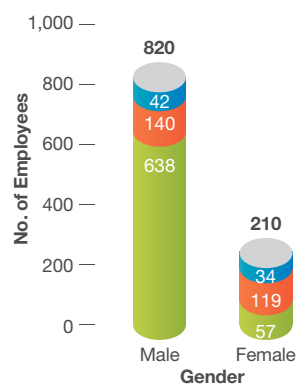
**PNSB Ethnicity by Category**



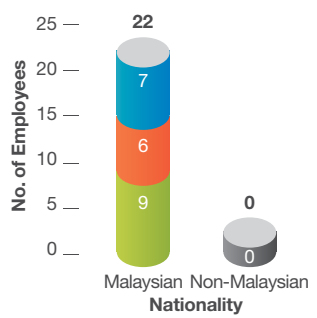
**PNHB Gender by Category**



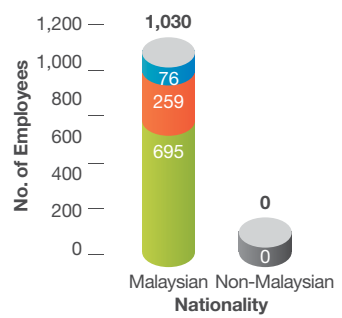
**PNSB Gender by Category**



**PNHB Nationality by Category**



**PNSB Nationality by Category**

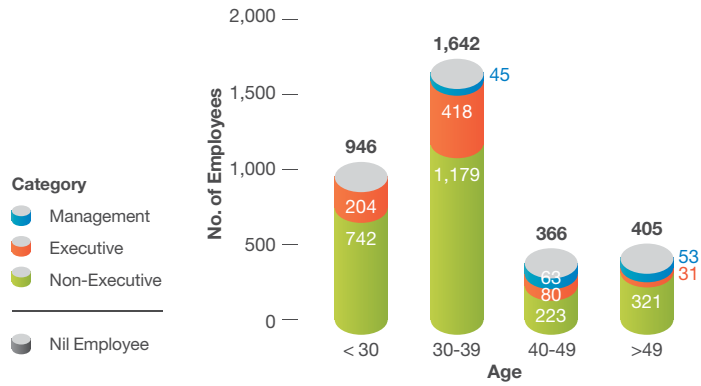




**SYARIKAT BEKALAN AIR SELANGOR SDN BHD (“SYABAS”)**

**TOTAL EMPLOYEES: 3,359**

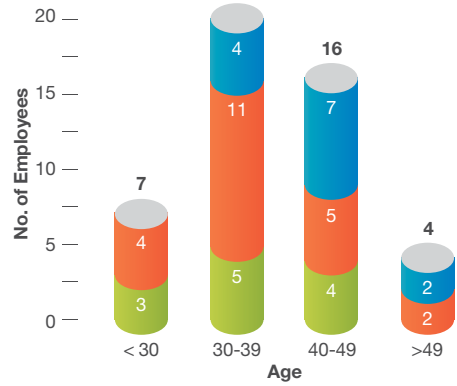
**SYABAS Age Group by Category**



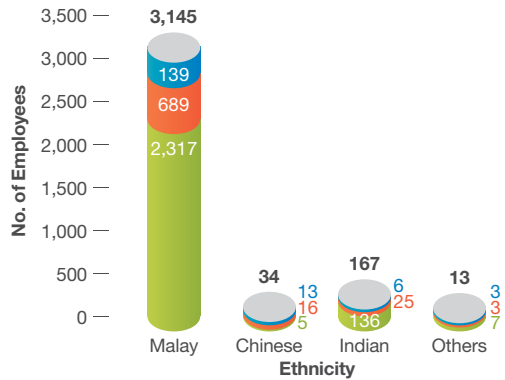
**PUNCAK NIAGA CONSTRUCTION SDN BHD (“PNC”)**

**TOTAL EMPLOYEES: 47**

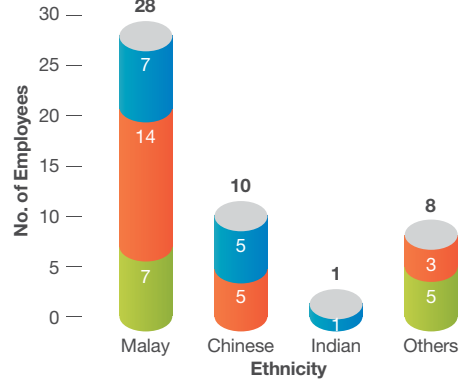
**PNC Age Group by Category**



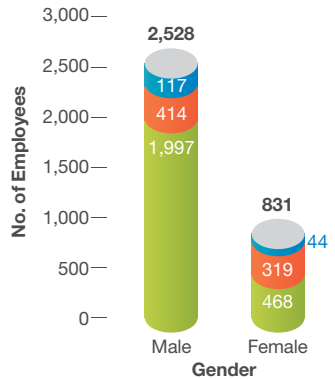
**SYABAS Ethnicity by Category**



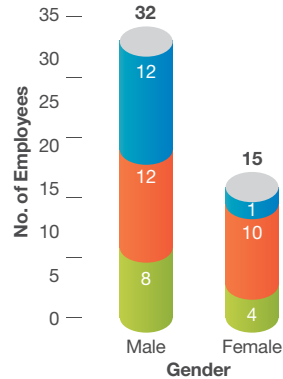
**PNC Ethnicity by Category**



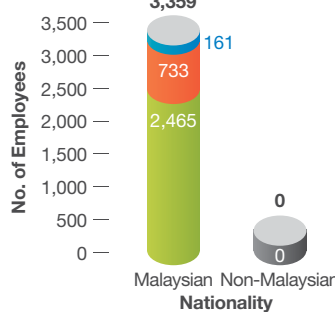
**SYABAS Gender by Category**



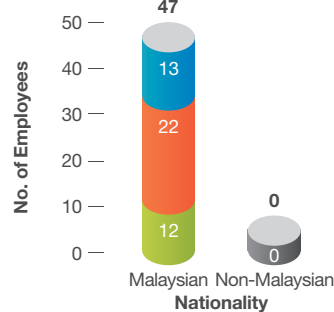
**PNC Gender by Category**



**SYABAS Nationality by Category**



**PNC Nationality by Category**



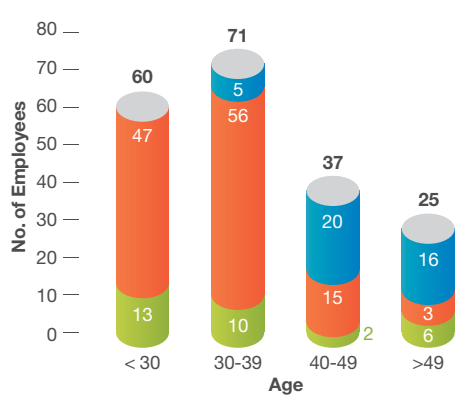


**POG GROUP (“POG”)**  
TOTAL EMPLOYEES: 193

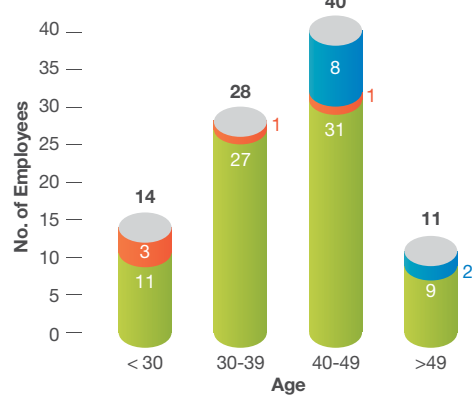
**THE PEOPLE’S REPUBLIC OF CHINA (“PRC”) COMPANIES**  
TOTAL EMPLOYEES: 93



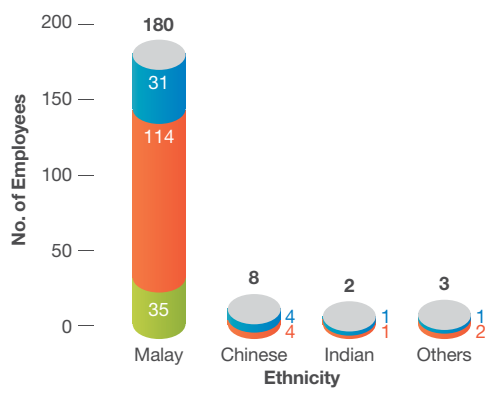
**POG Age Group by Category**



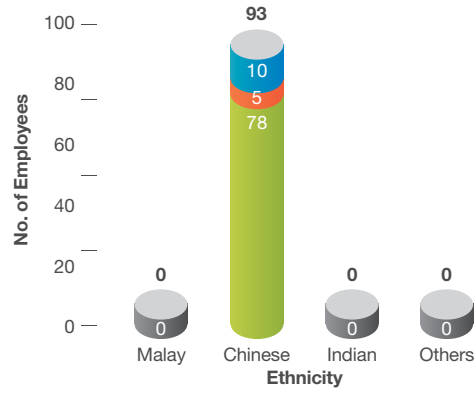
**PRC Age Group by Category**



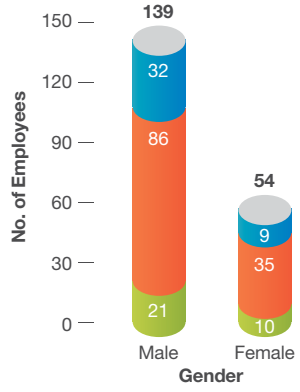
**POG Ethnicity by Category**



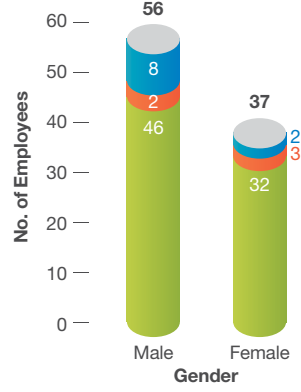
**PRC Ethnicity by Category**



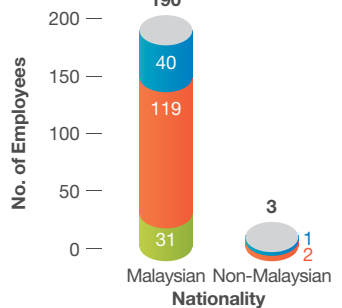
**POG Gender by Category**



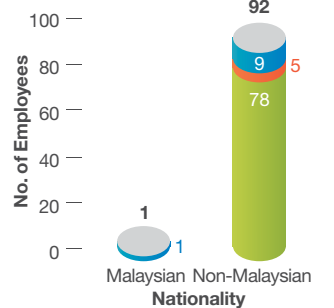
**PRC Gender by Category**



**POG Nationality by Category**



**PRC Nationality by Category**





# SUSTAINABILITY IN THE WORKPLACE

## TURNOVER RATE

We track turnover for the purpose of determining the reasons for turnover and to develop strategies for employee career development and welfare.

	Age			Gender		Ethnic Group				Total
	<30 (%)	30-50 (%)	>50 (%)	Male (%)	Female (%)	Malay (%)	Chinese (%)	Indian (%)	Others (%)	
PNHB	0	0	0	0	0	0	0	0	0	0
PNSB	2.81	4.27	1.26	6.50	1.84	7.37	0.48	0.39	0.10	8.34
SYABAS	0.36	0.15	0.03	0.33	0.21	0.45	0.06	0.03	0	0.54
PNC	10.64	6.38	0	12.76	4.26	17.02	0	0	0	17.02
POG Group*	6.73	19.69	8.29	23.31	11.4	33.15	0.52	1.04	0	34.71
PRC	2	2	3	4	3	0	7	0	0	7

**Table A : 2014 Group Turnover**

Note:

\* The high turnover rate recorded at POG Group in 2014 was due to resignations, transfers and contracts maturity.

## Benefits and Compensation

We always stay a step ahead in terms of staff benefits and compensation so as to be competitive in our industries and to remunerate our loyal, dedicated and committed employees appropriately. Our compensation packages include salary scheme tailored to reward high performers. We invest in the success of our employees and their families by offering a variety of benefits programmes that meet their health, wealth, living and career needs.

Through the Malaysian Employers Federation and other external sources, we constantly review and benchmark our benefit packages to help us recruit and retain some of the best talent in the market.

Our compensation packages include, but are not limited to:

- Competitive salary packages
- Comprehensive 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 computer 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.

In the Oil & Gas ("O&G") Division, attracting the best in the market is a high priority and our comprehensive benefits packages serve as a retention strategy as well as being an aid to recruitment.



60 RAJD (AW) Annual Training Camp Parade held on 19 June 2014

In our operations in the People's Republic of China ("PRC"), to ensure that our PRC 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, welfare allowances, leave in lieu, a subsistence allowance, social contributions and various types of insurance such as pension fund contribution, unemployment fund contribution, medical insurance and work injury insurance.

### Human Rights

PNHB recognises that it has a responsibility to protect employees' human rights and ensure that proper human rights practices are followed throughout all operations. These include policies and procedures for non-discrimination, freedom of association, ethical behaviour and employee grievances. Human rights have been included in our Human Resources practices.

We are pleased to report that there have been no incidents of discrimination or risk to freedom of association and collective bargaining. There have been no reported incidents of child forced or compulsory labour. There have been no violations of human rights involving the rights of indigenous people at any time in the Company's history.

The Management recognises employees' rights to join a union and the Management works closely with the unions in ensuring employees welfare.

Although PRC Labour Laws allow the forming of a union, no unions have been formed by our PRC employees. We do not hire anyone below the age of 18, which is the minimum age to commence working under PRC Labour Laws. None of our operations in PRC has been identified as having a significant risk of incidents of forced labour.

### Performance and Appraisal

Performance evaluation is an enhanced method of measuring employees' performance within the Company. It is a continuous process which develops and coaches people for ongoing success through day-to-day processes.

Employees across the Group are evaluated regularly on their past performance. There is also emphasis on employees' future development and continuous improvement. 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 our PRC operations which conducts 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 assessments and scores 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 action for any employees whose performances are not up to the Company's requirements.

Non-performing employees will undergo a Performance Improvement Programme ("PIP") with counselling by the Head of Division and Executive Director, Human Resources and Administration Division to improve their performances. Review of their performances is conducted for six months on a monthly basis.



## SUSTAINABILITY IN THE WORKPLACE

At SYABAS, performance appraisals of all employees are conducted twice annually. Every division, department and district is also required to achieve a set of Key Performance Indicators (“KPI”) set for the respective division, department and district which is taken into account in the performance appraisals. That apart, performance appraisals involve a discussion session on performance which is called the challenge session. Through the challenge session, the divisions, departments and districts are given the opportunity to present their achievements and performance so as to facilitate a fair and objective evaluation.

At Puncak Oil & Gas Sdn Bhd and GOM Resources Sdn Bhd, the performance of all employees is also appraised twice a year, and challenge sessions are conducted to assess the scores allocated by Supervisors and Head of Divisions/Head of Departments. The final recommendations are submitted to the EXCO for approval and decisions on appropriate rewards based on both individual and Company performances. Appropriate actions such as PIP with counselling are taken against non-performing staff.

### A Commitment to Training

The Group has a Human Capital Retention policy to retain the best talents and provide career growth opportunities for all its employees. Our training programmes are designed to equip employees with the necessary skills as they grow within the Group. We ensure that our employees have extensive knowledge about our industries.

Across the Group, we are committed to equipping our employees with the best available resources and training to enable them to carry out their responsibilities and prepare them for the challenges of demanding knowledge-based industries, as well as to enhance the productivity and competitiveness of the Group. Table B presents the staff attendance record in 2014 training. Table C presents the training expenses in 2014.

	No of Staff			Total
	Management	Executive	Non-Executive	
PNSB	87	275	649	1,011
SYABAS	224	695	2,207	3,126
PNC	14	22	10	46
POG Group	37	57	10	104
PRC	3	3	1	7

**Table B :** Staff attendance record in 2014 training

	PNSB (RM)	SYABAS (RM)	PNC (RM)	POG Group (RM)	PRC (RM)
Internal Training	197,926.00	743,890.98	16,360.00	86,130.00	0
External Training / Public Programme	295,368.00	378,966.39	19,068.00	121,600.80	2,448.00
Innovative and Creative Circle Programme	276,662.75	–	–	–	–
<b>TOTAL</b>	<b>769,956.75</b>	<b>1,122,857.37</b>	<b>35,428.00</b>	<b>207,730.80</b>	<b>2,448.00</b>

**Table C :** 2014 training expenses





In addition to investing in internal and external training programmes, in 2014, PNHB spent 13% of its training budget on the Innovative and Creative Circle Programme (“ICC”). This year saw employees participating at ICC competitions at the Mini Convention on Team Excellence 2014, the Regional Convention on Team Excellence 2014, the National Convention on Team Excellence 2014 and the International Conference on Quality ICQ. The International Conference on Quality ICQ was held from 19 to 22 October 2014 in Tokyo, Japan. The Company’s performance at the ICC competitions was excellent, garnering many awards both locally and internationally.

Jointly developed with the Malaysian Armed Forces as part of our corporate social responsibility programme, in 2014, the JERNIH, a portable water purification system was showcased at the International Conference on Quality. JERNIH went on to receive international recognition by winning a Gold Award at an international SGA Kaizen Competition ICQ in Tokyo, Japan.

Types of training programmes conducted for staff in 2014 included:-



### INCLUSIVITY IN THE WORKPLACE

We believe that employee engagement is a key factor in driving sustainability at PNHB. Engaged employees are much more involved in their work and are more likely to innovate to make PNHB a better environmental steward and contributor to society. By engaging employees, we are able to advance our sustainability practices and make sustainable practices the Group’s norm.

We continue to build various communication channels and networks to reach out to our employees. These include the sharing of information and knowledge, meet the-CEO sessions and employee town-hall meetings as well as a “*Satu Hari Bersama Pengurusan PNSB*” programme at the Water Treatment Plants (“WTP”) to foster engagement and to help build a better team spirit between the Management and staff. We also recognise staff commitment via words of appreciation, the awarding of certificates, and monetary/non-monetary rewards.



# SUSTAINABILITY IN THE WORKPLACE

Other employee engagement programmes held in 2014 included “*Program Taklimat Perancangan dan Pengurusan Pewarisan*”, “*Majlis Minum Petang bersama Sekretariat dan Petugas Pelan Tindakan*”, “*Majlis Perhimpunan Kakitangan di Pejabat Wilayah*”, the “*HR Meeting HR Programme*” and “*Program Hari bersama HRAD 2014*”.

## PEKA

PNHB fully supports employee involvement, especially in areas geared towards the development of society and the country. We believe that a responsible corporate organisation should not be concerned solely with profits, but must contribute to the communities it serves, and that employee volunteerism supports this philosophy. Activities held by PEKA in 2014 include amazing hunt, golf, white water rafting and badminton as well as religious events such as *Qurban* and ‘*Majlis Berkhatan*’.

## UNITY AT THE WORKPLACE

### Emergency Response Plan (ERP) 2014

PNSB deployed its staff to assist SYABAS during water rationing in the Klang Valley from 27 February 2014 until 30 April 2014. With strong support from the Divisional Heads, 116 staff from the Group volunteered in the ERP 2014.

### Programme “Ziarah Kakitangan during Ramadhan”

In collaboration with PEKA and the Compensation & Benefits Department, PNSB’s Industrial Relations Department visited staff who were hospitalised or on prolonged medical leave during the month of Ramadhan.

## Occupational Safety and Health

It is stipulated in the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations, Occupational Safety and Health Act 1994, that an employer must notify the Department of Occupational Safety and Health in the event of any accident which causes either death of employee or serious bodily injuries. 29 accidents involving SYABAS employees were recorded in 2014. All accidents recorded were categorised under three types, namely commuting accident, medical treatment injury and lost time injury (“LTI”).

Table D indicates the number of days of SYABAS’ absenteeism resulting from the 29 accidents:-

No	Category	No. of Accident Cases
1	No absenteeism	10
2	Only 1 day absenteeism	9
3	>1 day ≤4 days absenteeism	8
4	More than 4 days absenteeism	2
5	Fatality	0
<b>Total</b>		<b>29</b>

**Table D:** SYABAS’ absenteeism records resulting from accidents in 2014

As long term mitigation plan, the Health, Safety and Environment (“HSE”) Section organised a ‘Behavioural Based Safety’ Programme to counter behavioural problems among SYABAS employees. This could effectively reduce occupational risk accidents in SYABAS.



## HEALTH, SAFETY, ENVIRONMENT & QUALITY MANAGEMENT DEPARTMENT (“HSEQM”) CERTIFICATIONS AWARDED IN 2014

### 1. ISO 9001: 2008

#### (Quality Management System)

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 throughout its operations.

An ISO 9001:2008 Quality Management System Surveillance Audit was successfully conducted by Lloyd's Register Quality Assurance, which officially recommended continuing certification against ISO 9001:2008 Standard requirements.

### 2. Occupational Health and Safety Management Systems (“OHSAS”) 18001: 2007

#### (Safety Management System)

PNSB HQ, three Regional Offices and 27 WTPs have been maintaining their OHSAS 18001:2007 certification.

### 3. Integrated Management System (IMS): ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

SSP2 WTP successfully maintained its ISO 14001:2004 certification which enabled it to maintain its IMS certification which encompasses the ISO 9001:2008 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems) standards. SSP2 WTP has been maintaining the OHSAS 18001:2007 and ISO 14001:2004 certification since 2004.

### 4. ISO 17025: 2005

#### (Competence of Testing And Calibration Laboratories)

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

### 5. ISO 22000: 2005

#### (Food Safety Management System), Hazard Analysis & Critical Control Points (“HACCP”) and Good Manufacturing Practice (“GMP”)

In 2014, Sg Langat WTP, Wangsa Maju WTP and SSP2 WTP maintained their ISO 22000:2005, Food Safety Management System certification including for HACCP and GMP.

### 6. Quality Environment Management System – QE/5S Certification (First Project)

In January 2014, three WTPs namely, Sg Dusun, Cheras Mile 11 and Wangsa Maju WTPs were granted the Quality Environment Management System - QE/5S Certification.

In December 2014, two Regional Offices and two WTPs namely, the Southern and Central Regional Offices and the Sg Langat and Sg Batu WTPs were granted the Quality Environment Management System – QE/5S Certification.

## HSEQM KEY ACHIEVEMENTS

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

### 1. Malaysia Society Occupational Safety and Health Award (MSOSH Award)

Both PNSB and SYABAS attained recognition for their outstanding safety records from the MSOSH. On 4 November 2014, the MSOSH honoured ten SYABAS districts with six Gold Class I, three Gold Class II and one Gold Merit awards, and 20 PNSB's WTPs with 20 awards, namely, three Gold Merit, 11 Gold Class I and six Gold Class II awards.

### 2. National Council on Occupational Safety and Health Award (NCOSH Award)

SSP2 WTP was the winner in National level for category of water utilities in the NCOSH award competition in 2014.

## PNSB SAFETY AND HEALTH CAMPAIGN 2014

The Corporate Safety and Health Committee in conjunction with HSEQM and Wisma Rozali Safety and Health Committee have arranged the PNSB Safety and Health Campaign 2014 with 'Kawal Risiko Kemalangan Sifar' as the slogan as PNSB achieved zero accidents for year 2014. Safety and health talks were held during the event by professionals and experienced trainers.



# SUSTAINABILITY IN THE WORKPLACE

## LOSS TIME INJURY' ("LTI")

LTI is one of the significant safety index used to measure and gauge effectiveness of safety and health at workplace. As at 31 December 2014, 18 WTPs out of the 27 WTPs managed by PNSB achieved either 5 million man-hours or 5,000 man-days each as significant milestones achievement, as shown in Table E.

No.	WTP	LTI (man-days/ man-hours)	
1	SSP2	5,000,000 man-hours	
2	Ampang Intake		
3	Sg Rangkap		
4	Kepong		
5	Sg Batu		
6	Sg Dusun		
7	Cheras Mile 11		
8	Sg Serai		
9	Sg Pangsoon		5,000
10	Sg Lolo		man-days
11	Sg Tenggi		each
12	Bernam River Headworks		
13	Kalumpang		
14	Kuala Kubu Bahru		
15	Batang Kali		
16	Sg Gombak		
17	Bukit Nanas		
18	Sg Buaya		

**Table E:** PNSB's WTP LTI achievement in 2014

	Total Man-hours achieved with zero LTI
<b>SSP2*</b>	5,127,944.59
<b>Central Region</b>	5,021,796.04
<b>Southern Region</b>	3,936,074.32
<b>Northern Region</b>	9,845,609.02
<b>PNSB HQ</b>	6,004,756.00

Note:

\* SSP2 WTP has had zero LTI since its commissioning on 17 July 1998

**Table F:** Total man-hours achieved with zero LTI

Safety and health management is rigorously enforced and practised at the dams and in 2014, zero LTI was recorded for the dams. The total LTI hours achieved at each dam for 2014 is as shown in Table G.

Dam	Total hours achieved with zero LTI
Sungai Langat	365,219.90 (since 1995)
Klang Gates	288,483.00 (since 2000)
Tasik Subang	243,148.80 (since 1999)

**Table G:** Total hours of zero LTI achieved at the dams in 2014



2014 Health & Safety Campaign at Wisma Rozali

### OCCUPATIONAL HEALTH AND SAFETY (“OHS”) TRAINING

For proper implementation of OHS procedures, PNSB’s employees and the permanent contractors are trained in three categories namely, statutory requirements, competency training and 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 2014, HSE induction training, mock drills and ERP trainings were carried out at 28 WTPs and the three dams to ensure readiness of staff in the event of any emergency or crisis. ERP drills were conducted to familiarise staff with the procedures and to measure their level of readiness to respond to unforeseeable crises. During the year, our Safety and Health Officers conducted 31 site safety inspections at the WTPs and dams.

These programmes ensure that all our WTPs and dams comply with safety regulations and adhere to the safety management system established within PNSB. During this annual process, various safety points are reviewed, such as adequate signage, proper storage of chemicals and usage of personal protective equipment.

### Fire Safety Training for ERP Team

PNSB conducted four fire safety training sessions in 2014, attended by 90 employees from various WTPs, dams and headquarters whereas SYABAS conducted two fire safety training sessions in 2014, attended by 50 employees from various SYABAS districts and Headquarters, both at the Akademi Bomba dan Penyelamat Kuala Kubu Bahru.

The objectives of the fire safety training were to expose the staff to fire safety equipment, to enhance their knowledge of fire safety, and to educate them on how to deal with fire during an emergency.

### SYABAS Forklift Driving Training

20 employees from the headquarters and districts were involved in forklift driving training conducted at the operations office of the Hulu Selangor district on 20 and 21 October 2014. Among those present were store supervisors and those in charge of the operations and management of forklifts.

The objectives of this programme are to train participants in the safe operation of forklifts and to ensure that they are aware of the proper techniques and skills needed to operate forklifts.

### SYABAS Fire Evacuation Drill

A fire evacuation drill has been set up as one of the KPIs to be achieved by ten SYABAS districts. The purpose of this programme is to ensure staff are properly prepared to handle a fire situation and to test the effectiveness of the emergency preparedness procedures developed by SYABAS. The programme is conducted twice a year, in accordance with OHSAS 18001:2007 requirements.

### QE/5S Training

QE/5S training together with workshop were conducted internally. In 2014, the conduct of the training internally delivered a cost saving of RM11,000.00.



# SUSTAINABILITY IN THE WORKPLACE

## **SYABAS Basic Occupational First Aid and Cardiopulmonary Resuscitation (“CPR”) Training Course**

SYABAS’ basic occupational first aid and CPR training course assesses the trainees’ health and ability to respond during an emergency. The objectives of the programme are to:-

- Ensure adequate trained staff who are competent to administer first aid.
- Prepare employees for any emergency situation.
- Prevent the occurrence of fatal consequences due to mistakes made during an emergency situation.

The programme targeted employees at both executive and non-executive levels at SYABAS headquarters who will be appointed as first aiders in the fire fighting team.

## **SYABAS Safety and Health Briefings for Contractors**

A regulation relating to Occupational Safety and Health (Classification, Labelling and Safety Data Sheets of Hazardous Chemicals) (“CLASS Regulation”) 2013 was gazetted on 11 October 2013. This regulation clarifies the responsibilities of principal and subsidiary suppliers of chemicals to the workplace in terms of classification, packaging, labelling, and the delivery of a safety data sheet inventory. An Industry Code of Practice on Chemical Classification and Hazard Communication is also available to help suppliers classify and communicate hazard information effectively as required by the legislation.

The CLASS Regulation is a regulation under the Occupational Health and Safety Act 1994 (Act 514) and replaces the Occupational Safety and Health (Classification, Packaging and Labelling of Hazardous Chemicals) Regulations 1997.

Implementation of safety and health briefing for all SYABAS’ contractors aims to enhance knowledge and understanding of safety and health in the workplace.



“Majlis Berkhatan Anak-anak Ahli PEKA 2014” held on 29 November 2014

## **SYABAS National Institute of Occupational Safety and Health (“NIOSH”) Safety Card (“SNSC”)**

The SNSC programme was conducted by NIOSH to enhance compliance with the provisions of Section 15(2)(c) of the Occupational Safety and Health Act (“OSHA”) 1994 which require employers to provide information, instruction, training and supervision to ensure the safety and health of the contractors who work at SYABAS premises.

Based on the information provided by NIOSH, in 2014, 1,729 contractors attended the SNSC programme for renewal of their safety cards.



## SECURITY SERVICES

The PNHB Auxiliary Police force was formed on 9 June 2006. The team is fully trained by the Royal Malaysia Police (“PDRM”) which grants the authority to enforce law, rules and regulations.

The objectives of forming the PNHB Auxiliary Police were to enhance PNHB’s security services, protect the Group’s assets, and create and maintain a safe working environment for employees and customers. The PNHB Auxiliary Police project a positive image by overseeing security. With a staff strength of 333, the Auxiliary Police are stationed at the PNHB Group’s offices, stores, residences, billing counters, WTPs, pump houses, balancing reservoirs and all other critical sites belonging to the Group.

The Auxiliary Police perform the following tasks:-

- Preventing crime
- Detecting and apprehending offenders
- Controlling crowds and inspecting people and vehicles
- Protecting and escorting Group property
- Undertaking beat, patrol and static duties
- Assisting PDRM in carrying out joint patrols in specified areas under the National Key Results Area programme



PNHB Auxiliary Police attended the Auxiliary Police Basic Course Series 3/2014



Mock drill conducted for chlorine leak at Wangsa Maju WTP

In 2014, our Auxiliary Police team maintained its strong commitment to the PNHB Group and continued to deliver an outstanding level of service. The Auxiliary Police also worked in tandem with PDRM and the local authorities to resolve any security issues. We constantly monitor the training provided to the team so as to reinforce human rights awareness.

## HR AWARDS

The Malaysia HR Awards is an annual event run by the Malaysian Institute of Human Resource Management (“MIHRM”) since 1999 and in partnership with JobStreet.com since 2009. The awards are strongly supported and endorsed by the human resource community, and the patron of the awards is the Honourable Minister of Human Resources Malaysia. The objective of the event is to promote the recognition of HR and the role of HR strategies and management in achieving business excellence.

In 2014, in recognition of PNSB’s success in fulfilling the criteria set by MIHRM, PNSB has been awarded the “Silver Award” in Employer of Choice category at the Malaysia HR Awards.

In September 2014, the EPF also recognised PNSB as the “Best Employer at the Branch Level”.



## SUSTAINABILITY IN THE ENVIRONMENT



The Puncak Niaga Holdings Berhad (“PNHB”) Group is committed to delivering the highest quality of services in all of its business areas, strictly complying with all environmental protection laws and regulations and contributing to environmental protection and sustainability. Our coordinated approach to environmental sustainability focuses on minimising our consumption of materials and energy and reducing our waste, effluents and Greenhouse Gas (“GHG”) emissions.

Climate change awareness and efforts to mitigate its adverse effects are gaining momentum internationally as well as in Malaysia. During the United Nations Climate Change Conference (“COP 15”) held in December 2009 in Copenhagen, Denmark, the Prime Minister of Malaysia announced the country’s voluntary initiative to achieve up to 40% reduction in the GHG emissions by 2020 based on the 2005 level, on condition that technology transfer and financial support are provided by developed nations.

*(Source: National Corporate GHG Reporting Programme for Malaysia)*

### BIODIVERSITY

Maintaining biodiversity is extremely important as it often results in wider benefits for ecosystems such as improved water and landscape quality. Puncak Niaga (M) Sdn Bhd (“PNSB”) works closely with Lembaga Urus Air Selangor and the Forestry Department to conduct joint monitoring at the catchment areas to prevent raw water deterioration. PNSB has successfully rehabilitated the slope area at the Sg Dusun Water Treatment Plant (“WTP”) and the Ampang Intake WTP. The repair work at the Ampang Intake WTP involved riverbank protection and culvert rectification works on the damaged slope. Meanwhile, slope protection at Rantau Panjang WTP is a precautionary safety measure to protect the reservoir and other structures standing at the top of the slope.





## WATER MANAGEMENT

Water is used by PNSB 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. Plant water losses are kept at minimal level by adopting wash water recovery and by increasing the filter backwash cycle to 72 hours. In addition, since 2007, Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”) has used air scouring technology to clean pipelines instead of the conventional flushing, which has significantly reduced water usage.



Program Santai BPS held on 25 June 2014

## WASTE MANAGEMENT

Waste generated by our activities generally comprises the 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 arises from the generation of residue by our WTPs.

Various types of scheduled waste are generated at the WTPs. Scheduled waste requires proper management and disposal in accordance to the Environmental Quality Act, 1974 (“EQA”). Reporting of scheduled waste generated by WTPs to the Department of Environment (“DOE”) is carried out via e-consignment, an electronic web application by the DOE.

Table A provides a summary of PNSB’s 2014 Scheduled Waste Inventory, setting out information on the quantity of waste generated and disposed of in metric tonnes (“MT”) to Kualiti Alam Sdn Bhd, the waste contractor.

SW Code	Scheduled Waste	Inventory as at 31 December 2014	
		Quantity of Waste Generated (MT)	Quantity of Waste Disposed of (MT)
SW102	Battery Acids Plumbum	0.0025	1.8335
SW103	Battery Containing Nickel	1.7540	1.7540
SW109	Laboratory Waste - Ammonia	0.4368	0.1812
SW110	Electronic Components	0.1859	0.2505
SW110	Contaminated Glass	0.0872	0.3952
SW305	Used Lubricating Oil	0.1340	0.4580
SW306	Used Hydraulic Oil	0.0000	0.2210
SW409	Waste Fluoride Bag	9.5480	12.6179
SW410	Contaminated Paper, Gloves and Cotton Rags	0.7364	0.6213
SW414	Laboratory Waste - Manganese	0.1507	0.0630
SW421	Laboratory Waste	0.5923	3.0895
<b>TOTAL</b>		<b>13.6278</b>	<b>21.4851</b>

**Table A:** Summary of PNSB’s 2014 Scheduled Waste Inventory

For the Special Management of Scheduled Waste, only SSP2 and Wangsa Maju WTPs have been approved by the DOE under Regulation 7 (Special Management of Scheduled Waste) of Environmental Quality (Scheduled Wastes) Regulations 2005 to dispose of their waste in an approved landfill located in Kuala Selangor. The quantity of waste disposed of in 2014 by the SSP2 and Wangsa Maju WTPs to the approved landfill, classified under code SW204, amounted to 41,367.4 MT.



# SUSTAINABILITY IN THE ENVIRONMENT

## ENERGY MANAGEMENT

The water industry is electricity-intensive. At PNSB, the WTPs' pumping systems account for the highest electricity consumption, while SYABAS requires electricity to operate all its pumping stations.

At our headquarters at Wisma Rozali, electricity consumption has been decreasing for the last three years. In 2014, 1,768,619 kWh were consumed as compared to 1,817,009 kWh in 2013. A reduction trend was also observed at SYABAS where its electricity consumption in 2014 was 9.06% lower compared to the previous year. The decrease at these companies was attributable to a more efficient use of resources and the inculcation of an energy-saving culture among our employees.

PNHB strives to reduce our carbon and environmental footprint, to reduce our energy consumption and to minimise our carbon emissions by using natural resources more efficiently.

For energy savings wherever possible, in 2014, SYABAS conducted the following energy efficiency initiatives:

1. Equipping the Wangsa Maju Pump House with a plunger valve, the first to be used in SYABAS as an inlet control valve to enhance the efficiency of inlet control into the suction tank and to avoid water wastage by overflows.
2. Reviewing all pumping operations in terms of pumping efficiencies and controls to optimise electricity consumption.

Various energy saving initiatives were introduced and implemented by PNSB Operations & Maintenance Department (OMD). These include:

1. Identifying and refurbishing low efficient pumps at SSP2 WTP as well as embarking in the utilisation of peak and off-peak period in addition to implementing online condition base monitoring for pump set.

2. Replacing conventional bulbs with energy saving bulbs as well as installing power meters at the first and Ground Floor, Admin Building at SSP2 WTP.
3. The following energy savings initiatives were introduced at Sg Langat WTP:
  - Implemented operation of flocculation mixer only during off-peak hour (night shift) as well as reduced raw water pumps operation during high raw water turbidity
  - Reduced operation of raw water and treated water pumps when the balancing level is high
  - Installed Maximum Demand alert system for Process Technician's awareness
  - Maximised pumps usage during off-peak hours specifically for treated water pumps
  - Monitoring pumps vibration and overheat using thermal image portable device
  - Utilising low speed band screen rotation frequency instead of high speed especially during low season

## MATERIALS MANAGEMENT

We continue to strive to reduce paper consumption at our offices by recycling paper and using double-sided printing. We have also set up a special committee to monitor and control paper usage as one of our initiatives aimed at achieving a paperless office.

In a major move towards a paperless office, SYABAS has embarked on a new office application, Human Resource Management Information System which will be fully implemented throughout SYABAS by the first quarter of 2015.

In view of participation in bids/tenders, which involve many Puncak Niaga Construction Sdn Bhd's ("PNC") Divisions/Departments, the consumption of papers are high in volume. Due to this, PNC's project team and the Information Technology Department had recommended shared folder in the server which will save printing cost. All copies of submission will be stored in soft copy via server for future reference.



Sg Selangor Phase 2 Water Treatment Plant

### NATIONAL CORPORATE GREEN HOUSE GAS (“GHG”) REPORTING PROGRAMME FOR MALAYSIA (MYCARBON)

MYCarbon is a programme implemented by the Ministry of Natural Resources and Environment Malaysia (“MNRE”) in partnership with the United Nations Development Programme Malaysia (“UNDP”). It was launched on 3 December 2013 following YAB Dato’ Sri Mohd Najib bin Tun Haji Abdul Razak’s pledge at COP 15 that by 2020, Malaysia would reduce the GHG emissions intensity of its Gross Domestic Product by 40% from its 2005 levels.

Following the first MYCarbon pilot training on 21 January 2014, Suruhanjaya Perkhidmatan Air Negara (“SPAN”) followed the initiative of the National Blue Ocean Strategy by collaborating with MNRE to promote the MYCarbon programme to the water sector in order to help conserve the environment.

In view of the growing importance of carbon accounting and reporting, on 4 December 2014 PNSB participated in a two-year MYCarbon Reporting programme initiated by MNRE and UNDP. Such reporting allows the ministry to measure progress towards achieving the emissions reduction indicator as announced by the Prime Minister of Malaysia.

In 2010, SYABAS initiated a Carbon Footprint Monitoring Programme, setting a baseline for carbon emissions arising from SYABAS’ operations. To play its part in reducing environmental stress, SYABAS is also looking to set the company on a low-carbon path, in line with our vision to ensure the preservation of the environment.

### EMPOWERING OUR CONSUMERS

In order to promote the habit of water conservation among the general public, we have established a programme to educate the public about the importance of this vital natural resources and to promote responsible water usage by our customers. We encourage everyone to save water at home and at their workplace. We also continue to engage with the communities through various environmental awareness campaigns and activities in an effort to highlight the importance of preserving water resources and minimising the risk of environmental pollution.

### SANITARY SURVEYS

We use sanitary surveys to assess the impact human activities have on raw water resources and their quality. They are also used to assess both the efficiency of the WTPs’ processing of raw water and the quality of the treated water in the distribution lines.

In 2014, seven sanitary surveys were jointly conducted by SYABAS, the Ministry of Health (“MOH”) and the WTP operators at the water catchment areas, the WTPs and the distribution areas.

### EDUCATING OUR CONSUMERS

Our Consumer Awareness Programme is an educational campaign initiated in 2007 to create immediate consumer awareness on water quality issues and to change their perception of the quality of the water supplied by SYABAS. The programme also educates the consumers to play an active and responsible role in preserving the quality of water supplied to their premises by inspecting and maintaining their own internal plumbing systems and storage tanks regularly.

### WATER QUALITY SURVEILLANCE MONITORING PROGRAMME

Water quality surveillance monitoring is carried out in accordance with the requirements as set out in the Concession Agreements and the MOH’s National Standard for Drinking Water Quality, 2004 (“NSDWQ”).

The Concession Agreement stipulates that the quality of water supplied to the consumers must comply with the specifications provided by the NSDWQ issued by the MOH. The quality of the water supplied by WTPs to the SYABAS distribution network is monitored both regularly and randomly by the MOH, and is sampled, tested and tracked by its Quality Assurance Programme.



## SUSTAINABILITY IN THE **COMMUNITY**



At PNHB, we are fully committed to the principles of Corporate Social Responsibility (“CSR”) as a sustainable and ethical way of doing business. PNHB and its subsidiaries once again supported a variety of worthwhile causes throughout the year. We continue integrating our community initiatives into our business to make our efforts more sustainable. We believe it is important to structure our initiatives and apply criteria in order to maximise the effectiveness of our contributions.

At PNHB, we believe in helping our neighbours and giving back to society, to communities and to the nation. Our Company supports programmes and services that build strong communities by creating economic vitality. As a caring organisation, PNHB contributes to community initiatives each year. In 2014, the PNHB Group – excluding Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”) – contributed RM3,556,389.00 while SYABAS contributed RM757,663.25 to various causes, via sponsorship and community care. Some of these initiatives included the “Turun Ke Padang” Programme, donations to charitable organisations and sponsorship of community events as well as educational programmes and events organised for the Group’s employees.



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.

#### RIVER RESCUE BRIGADE ("BRIGED PENYELAMAT SUNGAI") ("BPS")

Founded in March 1998 by our Executive Chairman, YBhg Tan Sri Rozali Ismail himself, BPS has greatly progressed by way of recruiting members and educating the public especially children and youths on the significance in preserving our environment. In 2014, BPS held various events involving educational and entertainment activities to continue aiming at educating the public and students at primary, secondary including tertiary levels on water in general and on the importance of conserving and protecting our water resources in particular. As at 31 December 2014, there were 9,905 BPS club members comprising students from 480 primary, secondary and tertiary schools in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, an increase of 2,465 students on the 2013 figure.

BPS events held in 2014 included:

1. **BPS Bowling Competition on 27 May 2014**  
The competition was held in conjunction with National Teachers Day. School teachers, the District Education Officer and representatives from the Education Ministry participated in the event.
2. **"Program Santai BPS: Hayati, Hargai dan Pulihara Alam Sekitar" on 25 June 2014**  
In conjunction with World Environment Day 2014, SYABAS and Puncak Niaga (M) Sdn Bhd ("PNSB"), via BPS, hosted this programme.
3. **Innovation Contest on 14 July 2014**  
The contest was held in conjunction with World Earth Day 2014 and was attended by BPS club members, ten primary school students and ten secondary school students. Participants were judged on their creativity in inventing an item using recycled materials.
4. **BPS' Sixth Annual General Meeting ("AGM") on 26 August 2014**  
BPS' Sixth AGM was held at Hotel Dorsett Grand Subang, Subang Jaya.
5. **Aidilfitri celebration on 26 August 2014**  
In conjunction with the month of Syawal, BPS held an Aidilfitri celebration with its members at Hotel Dorsett Grand Subang, Subang Jaya.
6. **Education 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 programmes. We conducted seven 3P Programmes in 2014 involving schools in Kuala Selangor, Bandar Baru Bangi, Hulu Langat, Ampang, Batu Caves and Sabak Bernam.
7. **"Program Jelajah BPS"**  
"Program Jelajah BPS" was run 15 times in 2014 in schools around Shah Alam, Petaling Jaya, Puchong, Ampang and Gombak. The programme aims to build mutual relationships among school teachers and members of the BPS club.



## SUSTAINABILITY IN THE **COMMUNITY**

### 8. BPS River Fun Day on 22 December 2014

BPS River Fun Day was held at Institut Penyelidikan Perhutanan Malaysia (FRIM), Kepong on 22 December 2014 in conjunction with World Rivers Day 2014. 800 people comprising students, teachers, parents, staff from PNHB Group, environmental Non-Governmental Organisations, the public and the media were amongst those who attended the event.

The objective of this event was to educate the students and the public on the importance of preserving and conserving the river ecosystems in order to secure a balance and healthy life for every living thing. In addition, the event aimed to enhance the students' sense of responsibilities in protecting and conserving the river from pollution.

The programme was officiated by the Templer Park State Assemblyman, on behalf of the Chief Minister of Selangor, YAB Tuan Mohamed Azmin Ali in the presence of the Director of SPAN Central Region, President of FOMCA, FRIM Director General and PNHB's Executive Chairman, YBhg Tan Sri Rozali Ismail.

### **TABUNG BUDI**

Tabung Budi was founded on 24 August 2010 by the employees of SYABAS and 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 aid. To-date, 2,956 individuals including PEKA members, employees of SYABAS and PNSB as well as members of the public have supported Tabung Budi.



BPS River Fun Day held on 22 December 2014

The Tabung Budi team has introduced "Aktiviti Turun Padang Tabung Budi" in which a presentation ceremony is held at the recipient's residence. In 2014, Tabung Budi held five events covering five districts, namely Klang, Petaling, Kuala Selangor, Hulu Langat and Sabak Bernam. 16 families benefited from the Tabung Budi programme in 2014.

Throughout 2014, the Tabung Budi programmes continued to reach out to various communities in need of financial aid due to various water-related issues such as inability to pay water bills or a request for connection. RM469,008.26 has been contributed for Tabung Budi Programmes since its inception. Tabung Budi programmes help the poor and the needy by way of payment of: monthly bills; water bill arrears; water connection charges; the cost of repairs to water pipes and meter stands; the installation of the water supply for new water accounts; and residential water supply installation and reconnection charges.



## OTHER CSR EVENTS

PNHB is a socially responsible company which aims at contributing towards the uplifting of the poor and underprivileged living in its areas of operation, as well as focusing on rewarding its investors and shareholders and meeting the high expectations of its customers. The Group is aware of its duties towards society and the environment in which it operates and recognises its role in managing the social, economic and environmental challenges involved.

These are some of our CSR events held during the year:-

1. On 25 January 2014, PEKA members from SYABAS and GOM Resources Sdn Bhd (“GOM Resources”) visited an old folks home in Ampang, Selangor in conjunction with Chinese New Year celebration.
2. On 12 June 2014, SYABAS organised a visit to Petrosains KLCC with underprivileged children from “Projek Perumahan Rakyat Seri Pantai, Kuala Lumpur”.
3. On 10 July 2014 and 18 July 2014, in conjunction with the month of Ramadhan, PEKA members from PNSB, SYABAS and GOM Resources organised “Program Bubur Lambuk PEKA 2014” and shared bubur lambuk with orphans and congregations at surrounding mosques.
4. On 21 July 2014, SYABAS and PNSB organised a “Majlis Berbuka Puasa” with the orphans from Rumah Kebajikan & Bimbingan At-Taqwa, Taman Putra Perdana, Puchong, Selangor.



YBhg Puan Sri Faridah Idris, spouse of our Executive Chairman attended SYABAS' Hari Raya Aidilfitri CSR Programme for 30 underprivileged children

5. On 23 July 2014, SYABAS organised a “Ramadhan Al-Mubarak” celebration with orphans and disabled children at SYABAS headquarters.
6. On 24 July 2014, in conjunction with the Ramadhan celebration, SYABAS made donations to low-income families from Projek Perumahan Rakyat Seri Pantai, Kuala Lumpur.
7. On 24 July 2014, SYABAS organised a Ramadhan celebration with five underprivileged families from Perumahan Rakyat Seri Pantai, Kuala Lumpur who were treated to shopping vouchers at AEON Mid Valley.
8. On 27 July 2014, SYABAS organised a CSR programme for 30 underprivileged children in conjunction with Hari Raya Aidilfitri 1435 Hijrah.
9. On 8 November 2014, SYABAS conducted an entertainment programme for children with elocution difficulties from Sekolah Pendidikan Khas Kiu, Kuala Lumpur.
10. 260 Consumer Awareness Programmes (CAP) events organised by SYABAS were held throughout 2014 to raise awareness on water issues, water supply and maintenance of water quality.
11. On 23 December 2014 and 27 December 2014, the Group showed solidarity in coming to the aid of flood victims, particularly in the worst-hit states, namely Kelantan and Pahang, when the Group responded in relief missions whereby, Puncak Niaga Construction Sdn Bhd donated five JERNIH units to provide clean drinking water, coupled with PNSB and SYABAS participated in “Misi Bantuan Kemanusiaan dan Bekalan Air Bersih” (OPS MURNI) organised by Rejimen Pakar Pengendalian Air Di Raja (RAJD) and by Gabungan Wawasan Generasi Felda Malaysia in helping flood victims in Kelantan and Pahang, respectively.
12. In 2014, PNSB and SYABAS hosted visits by various agencies, both local and overseas, such as the Minister and the Deputy Minister from the Ministry of Energy, Green Technology and Water (KeTTHA), Japan Water Research Centre, Kumpulan Darul Ehsan Berhad (KDEB), the Ministry of Finance (MoF) and the Malaysian Water Association (MWA) & the Korean Water & Waste Water Association.



## CORPORATE EVENTS

### 13 FEBRUARY 2014

Visit by the Deputy Minister of KeTTHA to the Klang Gates Dam

### 4 MARCH 2014

Visit by the Minister of KeTTHA to the Klang Gates Dam

### 18 MARCH 2014

Visit by the Japan Water Research Centre to SYABAS' Headquarters

### 16 JUNE 2014

Visit by students from the Faculty of Geoinformation and Real Estate, Universiti Teknologi Malaysia to SYABAS' Headquarters

### 17 JUNE 2014

Technical visit by Kumpulan Darul Ehsan Berhad and Ministry of Finance to SSP2 WTP

### 25 JUNE 2014

'Program Santai BPS – Hayati, Hargai, Pulihara Alam Sekitar', organised by BPS at Taman Botani Negara, Shah Alam

### 26 JUNE 2014

PNHB's 17th Annual General Meeting

### 22 JULY 2014

Visit by MWA and Korean Water & Wastewater Association to SSP2 WTP

### 26 AUGUST 2014

BPS Annual General Meeting and 'Majlis Warna-Warni Aidilfitri BPS', organised by BPS at Dorsett Grand Subang Hotel

### 11 SEPTEMBER 2014

Visit by students from Infrastructure University Kuala Lumpur to Klang Gates Dam



13 FEBRUARY 2014



18 MARCH 2014



16 JUNE 2014



22 JULY 2014



26 JUNE 2014



26 AUGUST 2014



**9 OCTOBER 2014**

PNSB's Safety & Health Campaign 2014 was launched by the Deputy Minister of KeTTHA at Wisma Rozali

**19 – 22 OCTOBER 2014**

PNHB and the Malaysian Armed Forces were jointly awarded a Gold Award at an international SGA Kaizen Competition held in Tokyo, Japan for the invention of a portable water purification system

**11 NOVEMBER 2014**

Signing of Share Sale Agreement between PNHB and Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor") for PNHB to dispose PNSB and SYABAS to Air Selangor

**13 NOVEMBER 2014**

PNSB was awarded the Silver Award in Employer of Choice Category at the Malaysia HR Awards 2014

**25 NOVEMBER 2014**

SYABAS launched the 'One Stop Centre' counter services at Gombak District Office

**28 NOVEMBER 2014**

SYABAS launched the mySYABAS and Consumers Online Portal at Grand Bluewave Hotel, Shah Alam

**22 DECEMBER 2014**

'BPS River Fun Day', organised by BPS at Institut Penyelidikan Perhutanan Malaysia (FRIM), Gombak

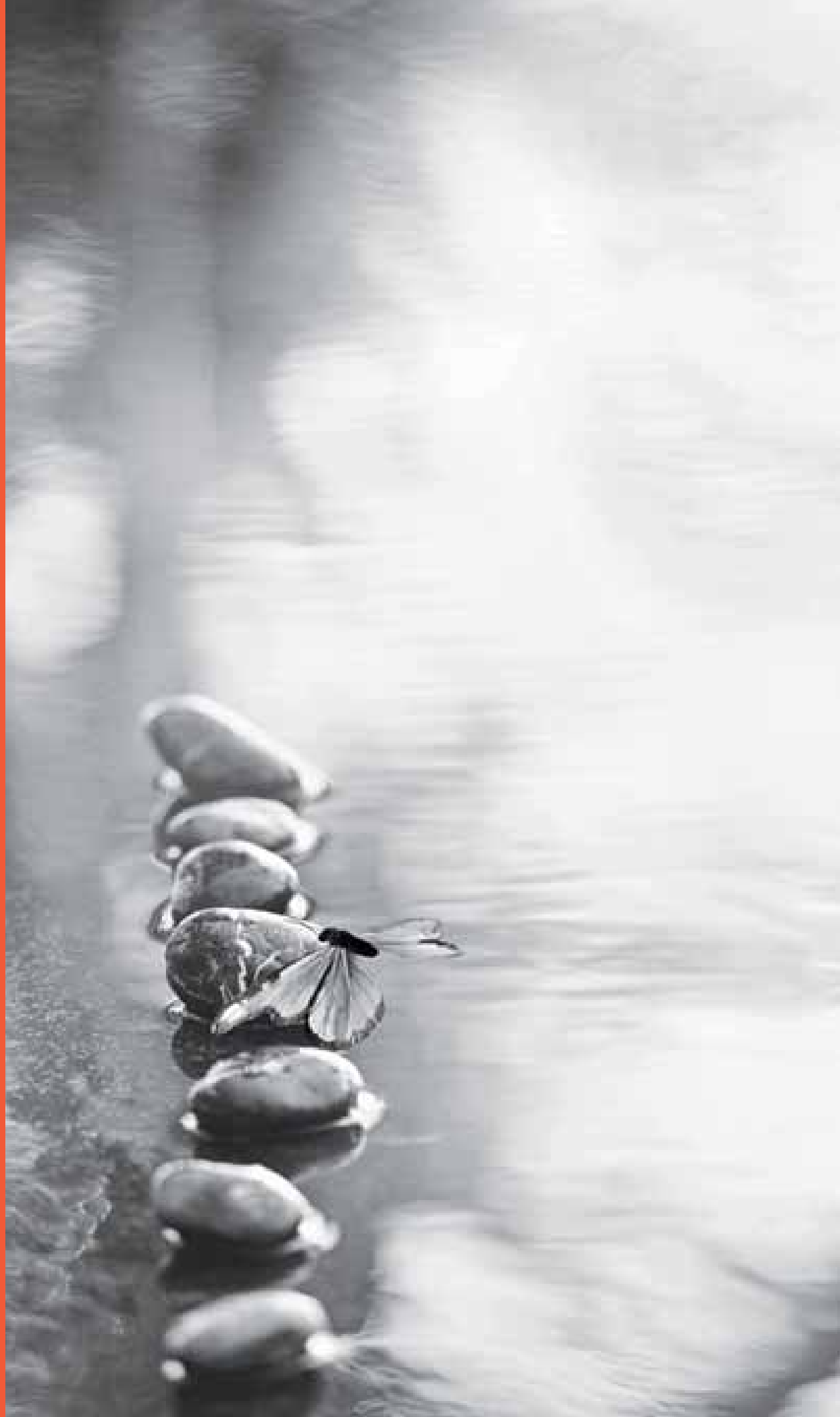
**23 DECEMBER 2014**

PNHB Group participated in the 'Ops Murni I' flood relief mission organised by Rejimen Pakar Pengendalian Air RAJD to assist flood victims in Kelantan

**27 DECEMBER 2014**

PNHB Group participated in the 'Ops Murni II' flood relief mission organised by Gabungan Wawasan Generasi Felda Malaysia to assist flood victims in Pahang







# ACCOUNTABILITY

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# STATEMENT ON CORPORATE GOVERNANCE

## COMPLIANCE STATEMENT

The Board is committed to maintain high standards of corporate governance in Puncak Niaga. This statement demonstrates the Board's 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.

In 2014, Puncak Niaga complied with the principles of the Malaysian Code On Corporate Governance 2012 ("MCCG 2012"), save for the recommendations on the tenure of Independent Directors 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 roles 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 2014.

## 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 Director 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 in Paragraph 4.4 of the Board Charter is distinct and separate from that of the Managing Director as set out in Paragraph 4.5 of the Board Charter. This allocation of responsibilities reflect the dynamic nature of the relationship necessary for the Company to adapt to the changing business environment.

In November 2014, the Board reviewed its Board Charter in line with changes in the regulations. The Board Charter is posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

At each operating subsidiary level, there is a Managing Director/Chief Executive Officer/Acting Managing Director/Acting Chief Executive Officer 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"), Puncak Oil & Gas Sdn Bhd ("POG")/GOM Resources Sdn Bhd ("GOM Resources") and Puncak Niaga Construction Sdn Bhd ("PNC").

*Notwithstanding that 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.*

The Board is satisfied that the Independent Directors namely, YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan a/l Govindasamy who had served more than nine (9) years on the Board remain fully independent as they do not hold executive positions in the Company/Group nor are they officers of the Company/Group, nor are they adviser or consultant, etc before their Board appointment and they are not major shareholder, not a family member of any Executive Director, officer or major shareholders of the Company/Group, as set out in Paragraph 5.4 of the Board Charter.

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 39 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 34 to 43 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.

# STATEMENT ON CORPORATE GOVERNANCE

For compliances with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities and the MCGG 2012, the Company, through the Nomination Committee and the Board of the Company, annually reviewed the required mix of skills, characters, experiences, competencies, commitment, integrity, contribution, performance, gender, ethnicity, age 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. The Nomination Committee and the Board developed the criteria to specifically assess the independence of the Independent Directors as recommended by the MCGG 2012 and the Board is satisfied that its Independent Directors fulfill Paragraph 5.4 of the Board Charter and Paragraph 1.01 (Definitions) of the Main Market Listing Requirements of Bursa Securities.

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 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 can continue to devote their time to their affairs of the Company and bring independent and objective judgment to the Audit Committee, Remuneration Committee, Compliance, Internal Control and Risk Policy Committee, Nomination Committee and Board deliberations.

*One of the recommendations of the MCGG 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 are satisfied 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. Furthermore, they fulfill the criterias for Independent Directors as set out in Paragraph 5.4 of the Board Charter and Paragraph 1.01 (Definition) of the Main Market Listing Requirements of Bursa Securities.

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 assessment made, the Nomination Committee and the Board of the Company had unanimously resolved to recommend to the shareholders of the Company at the forthcoming Eighteenth Annual General Meeting (“18th AGM”) 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 18th AGM of the Company on page 340 of this Annual Report.

### (c) BOARD MEETINGS

The Board met ten (10) times in 2014, all at the Board Room on 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, details of which are as follows:-

Day	Date	Time
Thursday	27 February 2014	12.40 p.m.
Monday	10 March 2014	10.20 a.m.
Monday	28 April 2014	12.45 p.m.
Friday	9 May 2014	10.25 a.m.
Thursday	29 May 2014	12.20 p.m.
Tuesday	10 June 2014	9.35 a.m.
Thursday	21 August 2014	4.00 p.m.
Tuesday	23 September 2014	10.30 a.m.
Tuesday	11 November 2014	12.10 p.m.
Thursday	27 November 2014	12.25 p.m.

The details of the respective Director’s attendance at the above Board Meetings held in 2014 are as follows:-

Name of Director	Designation	No. of Meetings attended	%
Tan Sri Rozali Ismail	Executive Chairman	9 out of 10	90
Dato’ Ruslan Hassan	Non-Independent Non-Executive Director	9 out of 10	90
Dato’ Ir Lee Miang Koi	Non-Independent Non-Executive Director	10 out of 10	100
Tan Sri Dato’ Hari Narayanan Govindasamy	Independent Non-Executive Director	9 out of 10	90
Tan Sri Dato’ Seri Dr Ting Chew Peh	Independent Non-Executive Director	10 out of 10	100
Dato’ Syed Danial Syed Ariffin	Chief Operating Officer	10 out of 10	100
Tengku Dato’ Rahimah Almarhum Sultan Mahmud	Non-Independent Non-Executive Director	9 out of 10	90
Tan Sri Dato’ Ahmad Fuji Haji Abdul Razak	Independent Non-Executive Director	10 out of 10	100
Ng Wah Tar	Executive Director, Corporate Finance Division	10 out of 10	100

# STATEMENT ON CORPORATE GOVERNANCE

The Company's Board Meetings are scheduled annually in advance, at least five times in a financial year with sufficient notice for all Board Meetings to be issued. The tentative dates for the Board Meetings for the ensuing financial year are issued out in November/December of the preceding year by the Company Secretaries. The Board has a 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 deliberation, review or decision. In 2014, the number of Board Meeting increased double fold due to deliberations on the restructuring of the water services industry by the Federal Government and the Selangor State Government and the proposed disposals of PNSB and SYABAS to Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor"), the Selangor State Government's wholly owned entity.

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 at the Board Meeting and at the General Meeting and will ensure that persons connected to them also abstain from voting on the proposal at the General Meeting.

## **(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 a Director and an Employee Code of Ethics & Conduct that set out the principles and standards of good practice, which are observed by the Executive Directors and employees of the Group, respectively.

These Code of Ethics and Conduct for the Directors and employees together with the Group's Whistle Blowing Policy are posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

## **(e) SUPPLY OF INFORMATION AND ACCESS TO ADVICE**

Each Board member is supplied with accurate, complete, adequate, unrestricted and quality information on a 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.

In 2014, KAF Investment Bank Berhad ("KAF") and Messrs Moore Stephens Associates PLT ("Moore Stephens") were appointed as Independent Adviser and Independent Valuer, respectively, to advise the Company and the shareholders of the Company on the proposed disposals of PNSB and SYABAS to Air Selangor and the valuation and the appointment were negotiated and handled by the Management of the Company, on behalf of the Board. Other than KAF and Moore Stephens, the Directors did not seek for any other external and independent principal adviser.

#### **(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 in consultation with the Senior Management and the Chairman of those committees, has established a formal and transparent procedure in relation to the assessment and recommendation of candidates for Board and Board Committees' 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 Managing Director.

The review process by the Nomination Committee and the Board on annual basis was based on the competencies, commitment, contribution, integrity and performance of the candidates, Board and members, Board committees and members as well as the required mix of character, professional background and culture, skills, experiences, gender, ethnicity, age, integrity 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.

# STATEMENT ON CORPORATE GOVERNANCE

## 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 follows:-

- (i) To annually review the overall composition of the Board in terms of required mix of the expertise, skills, knowledge and experience and other qualities, including core competencies and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.
- (ii) To annually review the overall composition of the Board to achieve the best composition for diversity in terms of gender, ethnicity, nationality, age, professional background and culture to meet the needs of the Company.
- (iii) To assess and recommend to the Board, candidates for all directorships to be filled and to annually evaluate and appraise the Board taking into consideration the time required of the directors to fulfill their duties.
- (iv) To assess and recommend to the Board, candidates for the re-election of directors under the annual re-election provisions or retirement, as the case may be.
- (v) To assess and recommend to the Board, Directors to fill the seats on Board Committees, in consultation with the Chairman of those committees or with the Board, in the case of the Chairman's position.
- (vi) 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.
- (vii) To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.
- (viii) In the case of persons for the position of Independent Non-Executive Director, to evaluate the persons' ability to spend sufficient time to fulfill their duties to discharge such responsibilities/functions as expected from Independent Non-Executive Directors, in particular, for those who have served on the Board beyond nine years, to assess and evaluate whether the Independent Non-Executive Director should remain independent or be re-designated or be replaced.
- (ix) To determine annually whether a Director is independent as may be defined in the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and to recommend suitable Independent Non-Executive Director for the role of Senior Independent Non-Executive Director.
- (x) To review matters relating to the continuation in office of any director at any time.
- (xi) To ensure that all Directors receive appropriate induction and 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.
- (xii) To periodically assess and recommend to the Board on succession planning for the board, chairman, directors and key management personnel.

(xiii) To recommend to the Board the removal of a Director if he is ineffective, errant or negligent in discharging his responsibilities.

(xiv) To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committee.

With respect to nomination and election process of new Directors, the responsibilities of the Nomination Committee shall include:-

- Gathering the nomination and selection of Directors as members of the Board.
- Reviewing the competencies, commitment, contribution, integrity and performance of the Board candidates/Board members/Board committees' members and the required mix of skills, character, experiences, gender, age, ethnicity and other qualities of the Directors.
- Making recommendations to the Board on candidates for Board appointments.
- Facilitate the relevant orientation and education 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.

The policy is posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://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 2014 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, qualities and integrity to lead the Company and each of the Director including the Independent Directors, in their capacities as Independent Directors, and had fulfilled their responsibilities and obligations and have carried out their duties as required and in accordance with the Board Charter of the Company.

# STATEMENT ON CORPORATE GOVERNANCE

In 2014, 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)
<b>Tan Sri Rozali Ismail</b> Executive Chairman				
<b>Dato' Ruslan Hassan</b> Non-Independent Non-Executive Director				
<b>Dato' Ir Lee Miang Koi</b> Non-Independent Non-Executive Director				
<b>Dato' Syed Danial Syed Ariffin</b> Chief Operating Officer				
<b>Tan Sri Dato' Hari Narayanan Govindasamy</b> Independent Non-Executive Director	Member	Member	Member	
<b>Tan Sri Dato' Seri Dr Ting Chew Peh</b> Independent Non-Executive Director	Chairman	Member	Member	Chairman
<b>Tengku Dato' Rahimah Almarhum Sultan Mahmud</b> Non-Independent Non-Executive Director	Member			
<b>Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak</b> Independent Non-Executive Director	Member	Chairman	Chairman	
<b>Mr Ng Wah Tar</b> Executive Director, Corporate Finance Division		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, GOM Resources and PNC. PNSB's, POG's and GOM Resources' EXCO comprise of Executive Directors and Senior Management whereas SYABAS' and PNC's 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 156 to 163 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 pages 128 to 129 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 2014 are as follows:-

1. Re-election, retirement and continuing in office of Directors at Annual General Meetings;
2. Review of the Terms of Reference of the Nomination Committee;
3. Annual Board Assessment;
4. Annual Audit Committee Assessment;
5. Annual Independent Directors Assessment;
6. Employment contracts of the Group's key management staff;
7. Review of Board Charter;
8. Assessment on Directors' Training; and
9. Review of Gender Diversity Policy.

#### **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.

# STATEMENT ON CORPORATE GOVERNANCE

The primary objectives of the Remuneration Committee are as follows:-

- (i) To establish and annually review the remuneration packages for each individual Executive Director 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 experience, 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 18th AGM of the Company and being eligible, had offered themselves for re-election:-

- i. YBhg Dato' Ruslan Hassan, retiring pursuant to Article 98 of the Articles;
- ii. YBhg Dato' Ir Lee Miang Koi, retiring pursuant to Article 98 of the Articles; and
- iii. Mr Ng Wah Tar, retiring pursuant to Article 98 of the Articles.

The information on the Directors standing for re-election at the forthcoming 18th 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 18th 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 18th AGM of the Company. Kindly refer to Agenda 3 of the Notice of the 18th AGM on page 339 of this Annual Report.

The recommendations by the Nomination Committee and the Board of the Company were 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 and Members of the Nomination Committee and Remuneration Committee 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 2014 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	-	-	-	80	20	-	100
Dato' Ir Lee Miang Koi	-	-	-	70	22	-	92
Dato' Syed Danial Syed Ariffin	-	-	-	-	-	-	-
Tan Sri Dato' Hari Narayanan Govindasamy	-	-	-	60	100	-	160
Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	-	60	144	-	204
Tengku Dato' Rahimah Almarhum Sultan Mahmud	-	-	-	-	28	-	28
Tan Sri Dato' Ahmad Fuji Haji Abdul Razak	-	-	-	60	120	-	180
Ng Wah Tar	-	-	-	-	-	-	-

# STATEMENT ON CORPORATE GOVERNANCE

The remuneration packages of the Directors of the Company received and receivable from the Group for the financial year ended 31 December 2014 are categorised into the appropriate components as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries	8,852	194
Bonuses	3,898	17
Benefits-in-kind	161	13
Allowances	1,141	434
Employees Provident Fund	2,771	25
Leave Passage	390	390
<b>Total</b>	<b>17,213</b>	<b>1,073</b>

Details of the Directors' Remuneration at Company and Group levels for the financial year ended 31 December 2014, in bands of RM50,000 are tabulated as follows:-

Range of Remuneration per annum	Company Level		Group Level
	No. of Executive Directors	No. of Non-Executive Directors	No. of Directors
RM1 to RM50,000	–	1	–
RM50,001 to RM100,000	–	2	2
RM150,001 to RM200,000	–	2	2
RM200,001 to RM250,000	–	1	1
RM300,001 to RM350,000	–	–	1
RM1,050,001 to RM1,100,000	–	–	1
RM1,450,001 to RM1,500,000	–	–	1
RM14,450,001 to RM14,500,000	–	–	1

## (c) DIRECTORS' SHARE OPTIONS

There is no Directors' Share Options Scheme in the Company during the financial year ended 31 December 2014.

## (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 2014, the Directors have attended training programmes, seminars and conferences organised by the Company and the various training providers covering areas such as:-

- Singapore International Water Week 2014
- Detecting, Preventing & Reporting Financial Irregularities & Fraud
- Managing In Uncertainty: Surviving The Turbulence
- Failed Business: Deriving Sound Strategic Insights
- The Art of Leadership



- Advocacy session on corporate disclosure for directors
- Director's In House Training on "Business Ethics – Insider Trading"
- Audit Committee Breakfast Series – "Enhancing Internal Audit Practice"
- Corporate Seminar 2014 – Global Market Outlook
- Personal Talk on GST Awareness
- The 9th Asia Economic Summit
- Personal Data Protection Act 2010
- Construction Industry Payment and Adjudication Act 2012
- Competition Act 2010
- Great Companies deserve Great Boards

The Board via the Nomination Committee with the assistance of the Human Resources and Administration Division had undertaken an assessment of the training programme attended by the Directors for the financial year ended 31 December 2014 and future training needs of each Director.

## 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 for a poll vote to enable them to exercise their rights.

The Notice for the Company's Annual General Meeting is posted at the Investor Relations link - Annual Report at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

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, [www.puncakniaga.com.my](http://www.puncakniaga.com.my) with a direct link to SYABAS' website, [www.syabas.com.my](http://www.syabas.com.my), POG's website, [www.puncakoil.com](http://www.puncakoil.com), GOM Resources' website, [www.gomresources.com](http://www.gomresources.com) and Sino Water Pte Ltd's website, [www.sino-water.com](http://www.sino-water.com) 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 167 to 169 of this Annual Report and the Investor Relations Policy is posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

# STATEMENT ON CORPORATE GOVERNANCE

## 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 172 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 audit 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 156 to 163 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 150 to 155 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 150 to 155 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 Marketplace, Social Accountability, Environmental Issues and Sustainability Report are set out in "Sustainability In The Marketplace" section on pages 80 to 95 of this Annual Report, in "Sustainability In The Workplace" section on pages 96 to 109 of this Annual Report, in "Sustainability In The Environment" section on pages 110 to 113 of this Annual Report and in "Sustainability In The Community" section on pages 114 to 117 of this Annual Report, respectively.

The Corporate Disclosure Policy and the Quality Policy are set out on pages 164 and 170 of this Annual Report, respectively and these policies are also posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

#### 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.

# STATEMENT ON CORPORATE GOVERNANCE

## (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 2014. As at 31 December 2014, 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

### 1. Warrants

In 2013, a total of 40,910,609 Warrants were issued, listed and quoted 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 2014, a total of 2,948,939 Warrants were exercised and 2,948,939 new ordinary shares of RM1.00 each in the capital of the Company were issued pursuant to the conversion of warrants. As at 31 December 2014, the issued and paid-up share capital of the Company stood at RM415,959,777.00 divided into 415,959,777 ordinary shares of RM1.00 each.

### 2. Convertible Sukuk Ijarah

In 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 of RM1.00 each 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	:	17 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.

During the financial year ended 31 December 2014, an amount of RM3,500,000.00 Convertible Sukuk Ijarah were exercised and 1,750,000 new ordinary shares of RM1.00 each in the capital of the Company were issued pursuant to the conversion of the Convertible Sukuk Ijarah.

As at 31 December 2014, the issued and paid-up share capital of the Company stood at RM415,959,777.00 divided into 415,959,777 ordinary shares of RM1.00 each.

There were no redemption, purchase or cancellation of the Conversion Sukuk Ijarah by the Company during the financial year ended 31 December 2014.

**(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 2014.

**(f) NON-AUDIT FEES**

During the financial year ended 31 December 2014, the Group paid RM1,178,000.00 for non-audit related service fees to the External Auditors, Messrs KPMG.

The non-audit fees payable to the External Auditors, 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 2014 contained in this Annual Report as compared with the unaudited consolidated results of the Group for the financial year ended 31 December 2014 which was announced to Bursa Securities on 26 February 2015.

**(h) PROFIT GUARANTEE**

The Company does not provide any profit guarantee to any parties for the financial year ended 31 December 2014.

**(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 2014.

# STATEMENT ON CORPORATE GOVERNANCE

## (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 material contracts which are still subsisting at the end of the financial year ended 31 December 2014, 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 PNSB	Not Applicable	YBhg Tan Sri Rozali Ismail ("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 Central Plus (M) Sdn Bhd ("CPlus") and Corporate Line (M) Sdn Bhd ("CLine"). PNHB in turn, holds 100% equity interests in PNSB at the end of the financial year ended ("FYE") 31 December 2014 ("31/12/2014").
23 May 1996	Supplemental Agreement (PCCA)			
31 December 2004	Supplemental Agreement (PCCA)			
31 December 2004	Novation Agreement (PCCA)	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 at the end of the FYE 31/12/2014.
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 held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB at the end of the FYE 31/12/2014.
31 December 2004	Supplemental Agreement (CCOA)			

<b>Date</b>	<b>Nature of Contract</b>	<b>Parties</b>	<b>Consideration/ Mode of Satisfaction</b>	<b>Relationship with Director/ Major Shareholder</b>
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.

# STATEMENT ON CORPORATE GOVERNANCE

Date	Nature of Contract	Parties	Consideration/ Mode of Satisfaction	Relationship with Director/ Major Shareholder
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) (No Security)	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 at the end of the FYE 31/12/2014.
	The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014 on pages 232 to 233 of this Annual Report.			
8 December 2006	Subscription Agreement In Relation To The Issue Of RM435.0 Million Nominal Value Of Redeemable Unsecured Bonds To PNHB (Purpose: To restructure intercompany loan)	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 at the end of the FYE 31/12/2014.
	The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014 on page 250 of this Annual Report.			



Date	Nature of Contract	Parties	Consideration/ Mode of Satisfaction	Relationship with Director/ Major Shareholder
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.

# STATEMENT ON CORPORATE GOVERNANCE

Date	Nature of Contract	Parties	Consideration/ Mode of Satisfaction	Relationship with Director/ Major Shareholder
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 at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.
17 October 2011	Loan Facility Agreement (in respect of a loan facility of RM110,000,000.00 only).  Deed of Assignment  The details are as set out in Note (b) below.	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 at the end of the FYE 31/12/2014.

<b>Date</b>	<b>Nature of Contract</b>	<b>Parties</b>	<b>Consideration/ Mode of Satisfaction</b>	<b>Relationship with Director/ Major Shareholder</b>
29 February 2012	Facility Agreement (in respect of Syndicated Term Loan Facility of USD36.0 million). (Purpose: To repay shareholder's advances of USD31.0 million as well as for working capital)  The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014 on pages 250 to 251 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. at the end of the FYE 31/12/2014.
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 at the end of the FYE 31/12/2014.

# STATEMENT ON CORPORATE GOVERNANCE

Date	Nature of Contract	Parties	Consideration/ Mode of Satisfaction	Relationship with Director/ Major Shareholder
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 (Purpose: Acquisition of shares in Shariah compliant identified companies/payment of existing bank facilities of the Group/for working capital purposes/ advanced to KGL Ltd. in a Shariah compliant and interest-free manner).	PNHB (Issuer) and Hong Leong Investment Bank Berhad (Lead Arranger)	Not Applicable	TSRI is a major shareholder of PNH B held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine at the end of the FYE 31/12/2014.
	The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014 on pages 251 to 252 of this Annual Report.			
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.	SYABAS (Borrower) and the Government of Malaysia [represented by Ministry of Finance, Malaysia ("MOF")] (Lender)	Not Applicable	TSRI is a major shareholder of PNH B held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNH B in turn, holds 70% equity interests in SYABAS at the end of the FYE 31/12/2014.
	Deed of Assignment	SYABAS (as the Assignor) and the Government of Malaysia (represented by MOF) (as Assignee)		
	Debenture	SYABAS and the Government of Malaysia (represented by MOF)		

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 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% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS at the end of the FYE 31/12/2014.
	Deed of Assignment	SYABAS (as the Assignor) and the Government of Malaysia (represented by MOF) (as Assignee)		
	Debenture	SYABAS and the Government of Malaysia (represented by MOF)		
31 July 2014	Agreement In Respect Of The Licence For The Abstraction Of Water Issued By Lembaga Urus Air Selangor - Bernam River Headworks (Baru)	KDEB and PNSB	License Fee (per License)  (a) Registration (if any) – RM75.00 (b) Water Abstraction – RM100.00	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 at the end of the FYE 31/12/2014.

# STATEMENT ON CORPORATE GOVERNANCE

## Notes for material contracts which relate to loans:-

### (a) Loan Facility Agreement (in respect of a loan facility of RM320,800,000.00)

<b>Purpose of Loan</b>	:	Payment for water purchased from the water treatment operators namely, PNSB, Konsortium ABASS Sdn Bhd and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd.
<b>Terms for Payment of Interest and Repayment of Principal</b>	:	The Facility Amount to be repayable over sixteen (16) years beginning on the fifth (5 <sup>th</sup> ) year from first (1 <sup>st</sup> ) drawdown i.e. grace period of four (4) years.
<b>Interest Rate</b>	:	Default Interest: Eight percent (8.00%) per annum on any overdue principal repayment amount.
<b>Security</b>	:	None

### (b) Loan Facility Agreement (in respect of a loan facility of RM110,000,000.00)

<b>Purpose of Loan</b>	:	To finance capital expenditure works on old pipe replacement project and upgrading of water supply system project.
<b>Terms for Payment of Interest and Repayment of Principal</b>	:	The Facility amount to be repayable over eighteen (18) years, commencing on the third (3 <sup>rd</sup> ) 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

<b>Interest Rate</b>	:	1) Three percent (3.0%) per annum. 2) Default Interest: Five percent (5.0%) per annum on any overdue principal repayment amount.
<b>Security</b>	:	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 6 April 2015.

# 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 the 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.

## **RISK MANAGEMENT POLICY**

The Board of 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."**



## 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 Madam Tan Bee Lian Executive Director, Corporate Services Division Madam Wong Ley Chan Executive Director, Finance Division Tuan Haji Sonari Solor Senior General Manager, Internal Audit Department
Secretary	:	Madam Johty Priyatharashani Senior Manager, Internal Audit Department

### A) TERMS OF REFERENCE OF THE CICR

The CICR shall provide assistance to the Board of Directors of PNH 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 2014, 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 the Status Reports prepared by the Risk Management Section of the Internal Audit Department. The issues covered include the following:-

1. The level of readiness of PNH Group with regards to the "Statement on Risk Management and Internal Control" requirements.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Puncak Niaga (M) Sdn Bhd (“PNSB”), Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”), Sino Water Pte Ltd, Puncak Oil & Gas Sdn Bhd (“POG”) Group and Puncak Niaga Construction Sdn Bhd (“PNC”).
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. It has been a practice for the Chairman of CICR and/or the CICR Members to invite the relevant Heads of Division/Department to attend the CICR Meetings, where appropriate. During the year 2014, the CICR invited the Head of Insurance Department of PNSB and the Manager, Risk and Insurance Department of GOM Resources Sdn Bhd to attend the CICR Meeting held on 12 February 2014 and 12 August 2014 respectively.

After the review of the risk scorecard of the Insurance Department, the CICR resolved to reject the said scorecard as it was found to be incomplete with insufficient details on the appropriate controls and risk description, cause, consequence and control intervals. The Head of Insurance Department was instructed to review the risk scorecard and to make appropriate amendments and re-submit the revised scorecard in the following quarter at the next CICR Meeting which was then accepted by the CICR at the CICR Meeting held on 14 May 2014.

For GOM Resources Sdn Bhd, the CICR at the Meeting held on 12 August 2014 directed them to improve on their risk scorecard which appeared to be incomplete whereby the risks and the controls were not properly rated and to re-submit the revised scorecard in the following quarter at the next CICR Meeting. This was complied with and the CICR accepted the revised scorecard with minor changes at the CICR Meeting held on 19 November 2014.

## **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 PNHB 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 PNHB 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, SYABAS, SINO WATER PTE LTD, POG GROUP AND PNC)

The respective Heads of Divisions and Departments of PNSB, the Managing Director of Sino Water Pte Ltd, Senior Management of POG Group, SYABAS and PNC are responsible for assessing and managing their respective risks.

The Q-RADAR Corporate Risk Scorecard software is used by the respective Heads of Divisions and Departments of PNSB, the Managing Director of Sino Water Pte Ltd and the Senior Management of POG Group, SYABAS and PNC to submit their detailed risk scorecard reports to the Risk Management Section every quarter.

The Risk Management Section analyses and summarises the risk scorecard reports received for further deliberation by the CICR.

### Q-RADAR CORPORATE RISK SCORECARD SOFTWARE

PNHB Group utilises a risk management tool namely, the Q-RADAR Corporate Risk Scorecard (CRS) software to identify, measure and manage all corporate risks affecting the PNH 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 2014, the Q-RADAR CRS software had 137 authorised users covering 27 Departments/ Divisions, including SYABAS, POG Group, Sino Water Pte Ltd and PNC. A total of six (6) sessions of Q-RADAR CRS Software training and awareness programmes was conducted in 2014 to 14 users.

### INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system and assurance process, inter alia, encompass the following:-

- All major decisions require the approval of the respective Boards/Executive Committees within the Group (PNHB/PNSB/SYABAS/Sino Water Pte Ltd/POG Group/PNC) and are only made after appropriate analysis. The respective Boards/Executive Committees receive regular 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 reviewed the control processes implemented by the Management according to Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of PNH five (5) times in 2014. The duties and responsibilities of PNH's Audit Committee are detailed in the Terms of Reference of PNH'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 PNH Audit Committee.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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/PNC and the Tender Committees of SYABAS have to ensure transparency and competitive pricing in the award of contracts within the Group.
- 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 Pte Ltd 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 Pte Ltd, POG Group and PNC have their own Limits of Authorities that have been approved by their respective Boards/Executive Committees.
- Self-Assessment Audit Forms (which list key internal controls), have been developed in-house for the relevant 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. The special feature in the Self-Assessment Audit Form is that it requires written assurance from the operating level to the Head of Division. For the year 2014, approximately 86.5% of the key internal controls declared in the Self-Assessment Audit Forms were in compliance with the Company's Standard Operating Procedures (SOP) and the applicable Regulations. The balance 13.5% were self-assessed as not applicable to the particular operating areas for the corresponding quarter in 2014.
- Internal Audit Department conducted audits of the declarations made in Self-Assessment Audit Form.
- Training programs were conducted internally and externally for the Directors, Senior Management and staff of PNHB. On 21 August 2014, the Directors and Senior Management of PNHB and its subsidiaries attended a training on "Detecting, Preventing & Reporting Fraud and Financial Irregularities" conducted by Mr. Boey Tak Kong, an external trainer.
- All Heads of Divisions are required to give written assurance (Statement of Assurance) in the Internal Audit Report that all issues highlighted would be rectified within the stipulated time. Follow up audits were also conducted between three (3) months to a year after the finalisation of the audit and Internal Audit Department noted that 81.7% of the issues highlighted had been rectified by the auditees.

## 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/ Acting 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 2014 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

**6 April 2015**

# AUDIT COMMITTEE REPORT

The Board of Directors of Puncak Niaga Holdings Berhad (“PNHB”) is pleased to present the report of the Audit Committee for the financial year 2014.

## 1. MEMBERSHIPS 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 2014 were as follows:

COMPOSITION OF COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED	PERCENTAGE (%)
<b>YBhg Tan Sri Dato’ Seri Dr Ting Chew Peh</b> Chairman/Independent Non-Executive Director	5	5	100
<b>YBhg Tan Sri Dato’ Hari Narayanan Govindasamy</b> Member/Independent Non-Executive Director	5	5	100
<b>YAM Tengku Dato’ Rahimah Almarhum Sultan Mahmud</b> Member/Non-Independent Non-Executive Director	5	4	80
<b>YBhg Tan Sri Dato’ Ahmad Fuzi Haji Abdul Razak</b> Member/Independent Non-Executive Director	5	5	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 the Audit Committee 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 2014, the Audit Committee carried out its duties as set out in the PNHB Audit Committee Terms of Reference. 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.
- PNHB Group had fully adopted the accounting policies and the method of computation in accordance with all the relevant Malaysian Financial Reporting Standards (“MFRS”) which was effective 1 January 2014. The adoption of these standard and interpretation has no material impact on the financial statement except for MFRS 10 (Consolidated Financial Statement) (“MFRS 10”) which was effective 1 January 2013 where SYABAS is being deconsolidated from the Group.

- Discussed significant financial issues affecting the Group, namely:
  - Reconciliation of GOM Resources Sdn Bhd's ("GOM Resources") bank accounts. The outcome was, as at 31 January 2014 all bank accounts as at 31 December 2013 were duly reconciled.
  - The deconsolidation treatment of PNH Group's Account in accordance with Malaysian Financial Reporting Standard 11 ("MFRS 11") where SYABAS has been classified as a joint venture of the Group in accordance with the Standard.
  - The construction revenue was over recognized in year 2013 as it appeared that the project was only 94% completed as at year end. The Management agreed that relevant revenue and corresponding cost to be recognized during year 2014.
  - Unbilled revenue of GOM Resources as at 31 December 2013 amounted to RM184.3 million where the Audit Committee had recommended to the Board to approve the Key Performance Indicator ("KPI") be set on GOM Resources to bring down the percentage of the remaining unbilled revenue from 40% to 20% by June 2014. At the 85<sup>th</sup> Audit Committee Meeting held on 21 August 2014, the Audit Committee noted that the amount had been reduced to RM39.3 million or 9% of the total 2013 revenue.
  - Deliberation on SYABAS' entitlement for tariff adjustment commencing 1 January 2006 which had been referred to the court for decision whereby SYABAS Management agreed with the External Auditors to recognize the tariff compensation and to disclose it as contingent liability.
  - Discussion on the effects of water rationing in February 2014 and March 2014 due to low dam levels and low rainfall on SYABAS' revenue for the 2<sup>nd</sup> quarter of 2014.

#### 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.
- The Audit Committee after having been briefed by the External Auditors, Messrs KPMG at the 82<sup>nd</sup> Audit Committee Meeting held on 27 February 2014, was satisfied that the requirement under Principle 5.2 of the Malaysian Code Of Corporate Governance 2012 (Policies and Procedure Assess Suitability and Independence of External Auditor) had been met.

#### Internal Audit

- Reviewed the Internal Audit Plan, programme of resource requirement for the year and assessed the performance of the Internal Audit Department.
- The Group's Internal Audit team is manned by competent professionals from the various disciplines, i.e. Accounting, Engineering and Information Technology with many years of relevant work and internal audit experiences.
- 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.

# AUDIT COMMITTEE REPORT

- For the critical areas, the Audit Committee invited the relevant Heads of Divisions and/or Heads of the operating subsidiaries to attend the Audit Committee Meeting. PNSB's Head of the Operation and Maintenance Division regularly attended the Audit Committee Meetings to explain on the findings reported by the Internal Auditors.
- 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.

## **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 2014 Annual Internal Audit Plan of the Internal Audit Department (which was developed based on a risk based approach), was approved by the Audit Committee at the 81<sup>st</sup> Audit Committee Meeting of the Company held on 28 November 2013. The Internal Audit reports, which highlight internal control weaknesses, were deliberated by the Audit Committee and the recommendations were duly acted upon by the Management.

In 2014, the Internal Audit Department completed a total of 71 audit assignments covering all the Water Treatment Plants ("WTP"), POG Group, Operational, IT audit and ad hoc assignments requested by the Senior Management. All audits were performed in-house. During the year, various housekeeping and maintenance issues at WTP were highlighted in the Internal Audit Reports. PNSB's Head of Operation and Maintenance Division was invited to attend the Audit Committee Meetings to explain and clarify to the Audit Committee on the actions taken to rectify the audit issues highlighted in the Internal Audit Reports. The Audit Committee noted consequential improvements in these areas.

Another area of concern is the disposal of sludge which currently does not comply with the Environmental Quality Act 1974 as the issue is pending the approval from the Selangor State Government on the disposal sites and PNSB had received written notice from Selangor State Government that the matter is put on hold pending restructuring of the Selangor water industry.

Other key areas audited included Readiness of Information Technology ("IT") Disaster Recovery Plan, Internal Control on Software Inventory, Insurance, Adequacy of Supporting Document Prior to Releasing Payment, Finalization of Contract for Sarawak Project, Fixed Asset and Crisis Management Centre & Committee.

The Internal Audit Department's role with regards to the Group's risk management framework is explained in the Statement On Risk Management And Internal Control as set out on pages 150 to 155 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 ended 31 December 2014 was approximately RM2.3 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 and revised and updated on 31 January 2013.

At SYABAS, the audit emphasis for the financial year ended 31 December 2014 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 audits carried out by the Internal Audit Department of SYABAS included the review on SCADA operations, review on EM Meter (Installation & Billing), review on migration process from bulk to individual meter, review on outpatient & hospitalization treatment and medical claims, review on procedures on management of collections via iPOS and review on PUSPEL Call Logging System (PIVOTAL).

In 2014, the Internal Audit Department of SYABAS conducted a total of 85 assignments at a cost of approximately RM1.8 million.

### **Puncak Oil & Gas Sdn Bhd (“POG”) Group**

POG Group’s Internal Audit Department comprises one (1) Senior Manager and one (1) Executive. The audit activities were supervised by the Senior General Manager, Internal Audit Department, PNSB and all reports are tabled to the Audit Committee of PNHB.

In July 2014, due to an internal restructuring of POG Group, the Head of Internal Audit Department of POG Group was transferred to another department. The position remained vacant as at the end of 2014. POG Group is in the midst of recruiting a suitable candidate to helm its Internal Audit Department.

During the year, 5 audits were completed and the cost incurred by POG Group’s Internal Audit Department in relation to the conduct of the internal audit functions of POG Group during the year was approximately RM323,061.00.

# AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Terms Of Reference (“TOR”) of the Audit Committee can be viewed on pages 160 to 163 of the 2014 Annual Report uploaded in PNHB’s website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my) under the Investor Relations link - Annual Report.

### 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 fulfil 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 1<sup>st</sup> 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 1<sup>st</sup> 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 Internal Audit.
- 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.

# AUDIT COMMITTEE REPORT

## **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.

#### 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.

# 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.

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*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.*

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# 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 POLICY & REPORT

## 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 2014 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.

The Board is therefore pleased to report on Puncak Niaga's investor relations activities during 2014 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 2014, 19 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 [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my) and access the Group's information and corporate announcements at our website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my) (with a direct link to [www.syabas.com.my](http://www.syabas.com.my), [www.puncakoil.com](http://www.puncakoil.com) and [www.gomresources.com](http://www.gomresources.com) or [www.bursamalaysia.com](http://www.bursamalaysia.com)). 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 164 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 2015 AGM will be held on Tuesday, 16 June 2015 at the Concorde Hotel Shah Alam. The Notice of AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2015 AGM will be posted on Bursa Securities’ website and the Company’s website on the evening of 16 June 2015.

## 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 [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my) 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 [pr@puncakniaga.com.my](mailto:pr@puncakniaga.com.my) for public enquiries and [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my) 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, [puspel@syabas.com.my](mailto:puspel@syabas.com.my) 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](https://twitter.com/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”) strives 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 innovate and 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 contributes 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, interactive and effective communication skills. The ICC Programme is a reflection of the Company’s continuous efforts in enhancing productivity and competitiveness.

In 2014, PNSB's team won the following awards during the ICC Programmes organised by Malaysia Productivity Corporation held at mini, regional and national level:-

- 1) Four gold awards and one silver award at the Mini Convention on Team Excellence 2014 Southern Region held on 10 April 2014.
- 2) Two gold awards and three silver awards at the Central Regional Convention on Team Excellence 2014 ("Regional Convention") held from 28 to 29 May 2014.
- 3) Three gold awards and one silver award at the Northern Regional Convention held from 4 to 5 June 2014.
- 4) Six gold awards at the Southern Regional Convention held from 11 to 12 June 2014.
- 5) Five gold awards at the Eastern Regional Convention held from 18 to 19 June 2014.
- 6) A Three-Star Gold Award & Champion for the Service Sector at the National Team Excellence on ICC Convention held from 24 to 26 November 2014 ("National Convention").
- 7) A Three-Star Gold Award & Top 10 Service Sector at the National Convention.
- 8) Seven Three-Star Gold Awards and three Two-Star Gold Awards at the National Convention.

PNHB and the Malaysian Armed Forces were jointly awarded an international SGA Kaizen Competition Gold Award in Tokyo, Japan in October 2014 for the invention of a portable water purification system.

PNSB believes that the ICC Programme will create a more dynamic, efficient and effective workforce and the Company and Group 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 requirements 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 2014 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
- Made an assessment of the Group's and of the Company's ability to continue as a going concern.

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.



# FINANCIAL STATEMENTS

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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 2014:

“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
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CCOA”	:	Construction Cum Operation Agreement
“CCRPS”	:	Cumulative Convertible Redeemable Preference Shares
“CGU”	:	Cash Generating Unit
“CLMSB”	:	Corporate Line (M) Sdn. Bhd.
“Company”	:	Puncak Niaga Holdings Berhad
“CPMSB”	:	Central Plus (M) Sdn. Bhd.
“EGM”	:	Extraordinary General Meeting
“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.
“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
“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”	:	AI-Murabahah Commercial Papers
“MMTNs”	:	AI-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
“PNC SB”	:	Puncak Niaga Construction Sdn. Bhd.
“PNMSSB”	:	Puncak Niaga Management Services Sdn. Bhd. (formerly known as NS Water System Sdn. Bhd.)
“RCULS”	:	Redeemable Convertible Unsecured Loan Stocks
“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
“RZ Management”	:	RZ Management Services Sdn. Bhd.

# DEFINITIONS

“Serba Tiara”	:	Serba Tiara Sdn. Bhd.
“SGD”	:	Singapore Dollar
“SINO”	:	Sino Water Pte. Ltd.
“Sino Water (Shanghai)”	:	Sino Water Environmental Consultancy (Shanghai) Co. Ltd.
“SPAN”	:	Suruhanjaya Perkhidmatan Air Negara
“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.

# DIRECTORS' REPORT

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 2014.

## 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 for the year	247,952	815
Profit attributable to:		
Owners of the Company	248,383	815
Non-controlling interests	(431)	-
	247,952	815

## 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

At the Extraordinary General Meeting of the Company held on 7 January 2015 for the Proposed Disposals of PNSB and SYABAS by the Company to Pengurusan Air Selangor Sdn. Bhd. (formerly known as Temasek Tiasa Sdn. Bhd.) ("Proposed Disposals"), the shareholders of the Company had also approved the declaration and payment of the special dividend of a minimum amount of RM1.00 per ordinary share of RM1.00 each in the issued and paid-up share capital of the Company up to a maximum distribution amount of RM534.3 million ("Special Dividend") upon the completion of the Proposed Disposals. As of to date, the Proposed Disposals have yet to be completed.

Save and except for the above, the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2014.

# DIRECTORS' REPORT

## 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 Dato' Ruslan Bin Hassan, YBhg Dato' Ir Lee Miang Koi and Mr Ng Wah Tar shall retire from office by rotation at the forthcoming Eighteenth 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:

Name of director	Number of ordinary shares of RM1.00 each			31.12.2014
	1.1.2014	Acquired/ Transferred	Sold/ Transferred	
<i>Direct Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali bin Ismail	1,729,000	–	–	1,729,000
Dato' Ir Lee Miang Koi	10,000	–	–	10,000
<i>Deemed Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali bin Ismail	167,037,114*	50,400,700#	(50,400,700)#	167,037,114*
	354,000+	–	–	354,000+
Tan Sri Dato' Seri Dr Ting Chew Peh	42,000**	–	–	42,000**
<i>Direct Interest:</i>				
<i>Warrants of the Company</i>				
Tan Sri Rozali bin Ismail	172,900	–	–	172,900
Dato' Ir Lee Miang Koi	1,000	–	–	1,000
<i>Deemed Interest:</i>				
<i>Warrants of the Company</i>				
Tan Sri Rozali bin Ismail	16,703,710*	3,300,070##	(3,300,070)##	16,703,710*
	35,400+	–	–	35,400+
Tan Sri Dato' Seri Dr Ting Chew Peh	4,200**	–	–	4,200**

## DIRECTORS' INTERESTS IN SHARES AND WARRANTS (CONTINUED)

- \* Deemed interest by virtue of 100% shareholding interest in CPMSB and CLMSB, both are substantial corporate shareholders/warrant holders of the Company, of which 55% is held in his own name and 45% in his spouse's and children's names.
- \*\* Deemed interest by virtue of shares/warrants held by his spouse, Tay Boon Ling pursuant to Section 134 of the Companies Act, 1965.
- + Deemed interest by virtue of shares/warrants held in son's name.
- # Transfer of shares between nominee companies and beneficiaries, CPMSB and CLMSB.
- ## Transfer of warrants between nominee companies and beneficiary, CLMSB.

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 2014 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 parties, GWGF and RZ Management, which dealt with certain companies in the Group in the ordinary course of business as disclosed in Note 38 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 SHARES AND DEBENTURES

During the year, the issued and paid-up share capital of the Company was increased from 411,260,838 ordinary shares of RM1.00 each to 415,959,777 ordinary shares of RM1.00 each by the issuance of 2,948,939 new ordinary shares of RM1.00 each pursuant to the conversion of warrants ("Warrants Conversion") and issuance of 1,750,000 new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI ("RCSSI Conversion") respectively. The warrants conversion and RCSSI conversion were approved by the shareholders of the Company at an EGM held on 28 May 2013.

As at 31 December 2014, the number of outstanding warrants in the company stood at 37,843,727 warrants, the maturity date being 20 July 2018 and the exercise price being RM1.00 per warrant at the ratio of 1:1.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

# DIRECTORS' REPORT

## 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 18 and Note 26 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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

Significant events are disclosed in Note 40 to the financial statements.

## SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 42 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:

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**TAN SRI ROZALI BIN ISMAIL**

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**DATO' SYED DANIAL BIN SYED ARIFFIN**

Shah Alam

Date: 6 April 2015

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	244,414	426,219	1,224	19,184
Investment properties	5	181,495	–	32,195	8,359
Operating financial assets	6	–	743,771	–	–
Service concession assets	7	64,512	84,562	–	–
Investment in subsidiaries	8	–	–	47,950	464,081
Investment in associates	9	46	45	51	50
Investment in joint ventures	10	814	858	–	150,789
Goodwill	11	26,351	26,254	–	–
Trade and other receivables	12	–	1,841,450	–	182,719
Deferred tax assets	13	18,227	14,966	–	–
		<b>535,859</b>	<b>3,138,125</b>	<b>81,420</b>	<b>825,182</b>
<b>Current assets</b>					
Inventories	14	1,211	5,318	–	–
Trade and other receivables	12	239,318	596,230	254,566	232,464
Operating financial assets	6	–	98,088	–	–
Short-term investments	15	10,269	50,029	10,269	50,029
Tax recoverable	16	6,799	86,659	303	–
Cash and cash equivalents	17	446,347	671,906	354,236	225,438
		<b>703,944</b>	<b>1,508,230</b>	<b>619,374</b>	<b>507,931</b>
Assets classified as held for sale	18	3,618,098	–	760,990	–
		<b>4,322,042</b>	<b>1,508,230</b>	<b>1,380,364</b>	<b>507,931</b>
<b>Total assets</b>		<b>4,857,901</b>	<b>4,646,355</b>	<b>1,461,784</b>	<b>1,333,113</b>



	Note	Group		Company	
		As at 31.12.2014 RM'000	As at 31.12.2013 RM'000	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to equity owners of the Company</b>					
Share capital		415,960	411,261	415,960	411,261
Share premium		104,629	102,879	104,629	102,879
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)
Equity component of RCSSI		6,410	6,770	6,410	6,770
Reserves		(221,719)	(266,439)	16,547	9,111
Retained earnings		1,776,609	1,528,226	440,115	439,300
	19	2,075,948	1,776,756	977,720	963,380
Non-controlling interests		(1,967)	(2,207)	–	–
Total equity		2,073,981	1,774,549	977,720	963,380
<b>Non-current liabilities</b>					
Provision for retirement benefits	20	–	2,052	–	–
Loans and borrowings	21	191,380	1,933,031	138,548	136,714
Trade and other payables	22	150	5,252	–	–
Deferred tax liabilities	13	21,235	475,236	27,837	24,503
		212,765	2,415,571	166,385	161,217
<b>Current liabilities</b>					
Loans and borrowings	21	29,981	120,720	–	–
Trade and other payables	22	269,518	335,028	317,679	208,050
Tax payable		306	487	–	466
		299,805	456,235	317,679	208,516
Liabilities classified as held for sale	18	2,271,350	–	–	–
		2,571,155	456,235	317,679	208,516
<b>Total liabilities</b>		2,783,920	2,871,806	484,064	369,733
<b>Total equity and liabilities</b>		4,857,901	4,646,355	1,461,784	1,333,113

The notes on pages 193 to 318 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
<b>Continuing operations</b>					
<b>Revenue</b>	23	<b>606,635</b>	514,348	–	–
Other income		<b>36,113</b>	51,897	<b>33,011</b>	31,210
<b>Items of expense</b>					
Raw materials, consumables and maintenance		<b>(4,527)</b>	(3,672)	–	–
Construction contract					
- Oil and gas services		<b>(361,919)</b>	(379,804)	–	–
- Others		<b>(111,793)</b>	(74,960)	–	–
Employee benefits expense	24	<b>(95,741)</b>	(93,431)	<b>(1,735)</b>	–
Other expenses		<b>(48,379)</b>	(72,472)	<b>(13,422)</b>	(10,133)
Depreciation and amortisation expense		<b>(11,161)</b>	(10,084)	<b>(423)</b>	(403)
Finance costs	25	<b>(18,067)</b>	(11,075)	<b>(11,645)</b>	(3,892)
Share of results of equity accounted entities		<b>(45)</b>	(248)	–	–
<b>(Loss)/Profit before tax</b>	27	<b>(8,884)</b>	(79,501)	<b>5,786</b>	16,782
Tax credit/(expense)	28	<b>1,659</b>	4,902	<b>(4,971)</b>	(1,795)
<b>(Loss)/Profit from continuing operations</b>		<b>(7,225)</b>	(74,599)	<b>815</b>	14,987
<b>Discontinued operations</b>					
Profit from discontinued operations, net of tax	26	<b>255,177</b>	274,400	–	–
<b>Profit for the year</b>		<b>247,952</b>	199,801	<b>815</b>	14,987

	Note	Group		Company	
		2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
<b>Profit for the year (continued)</b>		<b>247,952</b>	199,801	<b>815</b>	14,987
<b>Other comprehensive (expense)/income Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation		(5,453)	6,069	–	–
Fair value gain/(loss) on short-term investment		213	(632)	213	(632)
<b>Items that may not be reclassified subsequently to profit or loss</b>					
Revaluation of land and buildings, net of tax	19	50,631	–	7,223	–
<b>Total comprehensive income for the year</b>		<b>293,343</b>	205,238	<b>8,251</b>	14,355
<b>Profit attributable to:</b>					
Owners of the Company		248,383	200,551	815	14,987
Non-controlling interests		(431)	(750)	–	–
Profit for the year		247,952	199,801	815	14,987
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		293,103	205,876	8,251	14,355
Non-controlling interests		240	(638)	–	–
		293,343	205,238	8,251	14,355
<b>Basic (loss)/earnings per ordinary share (sen per share):</b>	29				
from continuing operations		(1.66)	(18.05)		
from discontinued operation		62.17	67.07		
		60.51	49.02		

The notes on pages 193 to 318 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Group	Note	← Attributable to owners of the Company			← Non-distributable	
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000
<b>At 1 January 2013</b>		411,143	102,879	(5,941)	(570)	69,088
Foreign currency translation		-	-	-	5,957	-
Fair value loss on short-term investment		-	-	-	-	-
Total other comprehensive income/(expense)		-	-	-	5,957	-
Profit for the year		-	-	-	-	-
Total comprehensive income		-	-	-	5,957	-
<i>Contribution by and distributions to owners of the Company</i>						
Exercise of warrants		118	-	-	-	-
Issuance of RCSSI	21.8	-	-	-	-	-
Dividend	31	-	-	-	-	-
<b>Total transactions with owners of the Company</b>		118	-	-	-	-
<b>At 31 December 2013</b>		411,261	102,879	(5,941)	5,387	69,088
<b>At 1 January 2014</b>		<b>411,261</b>	<b>102,879</b>	<b>(5,941)</b>	<b>5,387</b>	<b>69,088</b>
Foreign currency translation		-	-	-	(6,308)	-
Fair value gain on short-term investment		-	-	-	-	-
Revaluation of land and buildings, net of tax		-	-	-	-	50,631
Total other comprehensive (expense)/income		-	-	-	(6,308)	50,631
Profit for the year		-	-	-	-	-
Total comprehensive income		-	-	-	(6,308)	50,631
<i>Contribution by and distributions to owners of the Company</i>						
Exercise of warrants		2,949	-	-	-	-
Conversion of RCSSI	21.8	1,750	1,750	-	-	-
<b>Total transactions with owners of the Company</b>		<b>4,699</b>	<b>1,750</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2014</b>		<b>415,960</b>	<b>104,629</b>	<b>(5,941)</b>	<b>(921)</b>	<b>119,719</b>

The notes on pages 193 to 318 are an integral part of these financial statements.

Equity component of RCSSI RM'000	Other reserve RM'000	Distributable			Non-controlling interests RM'000	Total equity RM'000
		Available-for-sale reserves RM'000	Retained earnings RM'000	Total RM'000		
-	(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)
6,770	(340,943)	29	1,528,226	1,776,756	(2,207)	1,774,549
<b>6,770</b>	<b>(340,943)</b>	<b>29</b>	<b>1,528,226</b>	<b>1,776,756</b>	<b>(2,207)</b>	<b>1,774,549</b>
-	184	-	-	(6,124)	671	(5,453)
-	-	213	-	213	-	213
-	-	-	-	50,631	-	50,631
-	184	213	-	44,720	671	45,391
-	-	-	248,383	248,383	(431)	247,952
-	184	213	248,383	293,103	240	293,343
-	-	-	-	2,949	-	2,949
(360)	-	-	-	3,140	-	3,140
(360)	-	-	-	6,089	-	6,089
6,410	(340,759)	242	1,776,609	2,075,948	(1,967)	2,073,981

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Company	Note	Share capital RM'000	Share premium RM'000
<b>At 1 January 2013</b>		411,143	102,879
Fair value loss on short-term investment		-	-
Total other comprehensive expense		-	-
Profit for the year		-	-
Total comprehensive (expense)/income		-	-
<i>Contribution by and distributions to owners of the Company</i>			
Exercise of warrants		118	-
Issuance of RCSSI	21.8	-	-
Final single tier dividend for financial year ended 31 December 2013	31	-	-
<b>Total transactions with owners of the Company</b>		118	-
<b>At 31 December 2013</b>		411,261	102,879
<b>At 1 January 2014</b>			
Fair value gain on short-term investment			
Revaluation of land and buildings, net of tax			
Total other comprehensive expense			
Profit for the year			
Total comprehensive income			
<i>Contribution by and distributions to owners of the Company</i>			
Exercise of warrants		2,949	-
Conversion of RCSSI	21.8	1,750	1,750
<b>Total transactions with owners of the Company</b>		4,699	1,750
<b>At 31 December 2014</b>		415,960	104,629

The notes on pages 193 to 318 are an integral part of these financial statements.

Attributable to owners of the Company						
Non-distributable				Distributable		Total RM'000
Treasury shares RM'000	Revaluation reserve RM'000	Equity component of RCSSI RM'000	Available- for-sale reserves RM'000	Retained earnings RM'000		
(5,941)	9,082	-	661	444,768		962,592
-	-	-	(632)	-		(632)
-	-	-	(632)	-		(632)
-	-	-	-	14,987		14,987
-	-	-	(632)	14,987		14,355
-	-	-	-	-		118
-	-	6,770	-	-		6,770
-	-	-	-	(20,455)		(20,455)
-	-	6,770	-	(20,455)		(13,567)
(5,941)	9,082	6,770	29	439,300		963,380
<b>(5,941)</b>	<b>9,082</b>	<b>6,770</b>	<b>29</b>	<b>439,300</b>		<b>963,380</b>
-	-	-	213	-		213
-	7,223	-	-	-		7,223
-	7,223	-	213	-		7,436
-	-	-	-	815		815
-	7,223	-	213	815		8,251
-	-	-	-	-		2,949
-	-	(360)	-	-		3,140
-	-	(360)	-	-		6,089
<b>(5,941)</b>	<b>16,305</b>	<b>6,410</b>	<b>242</b>	<b>440,115</b>		<b>977,720</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>					
Receipts from customers		1,100,697	1,010,876	–	–
Other income		6,449	43,156	81	72
Payments for operating expenses		(426,053)	(394,279)	(11,904)	(1,919)
Payments to contractors		(533,194)	(546,634)	–	–
<b>Cash generated from/(used in) operations</b>		<b>147,899</b>	<b>113,119</b>	<b>(11,823)</b>	<b>(1,847)</b>
Tax paid, net of tax refund		(290)	(17,677)	(235)	(1,049)
Interest received		15,472	11,454	9,236	5,220
<b>Net cash generated from/ (used in) operating activities</b>		<b>163,081</b>	<b>106,896</b>	<b>(2,822)</b>	<b>2,324</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries		–	(1,700)	(55)	(1,700)
Investment in redeemable preference shares		–	–	–	(40,000)
Purchase of property, plant and equipment	(iii)	(14,851)	(16,520)	(1,245)	–
Additions of service concession assets		(464)	(16,957)	–	–
Net repayment from/ (advances to) subsidiaries		–	–	96,135	(35,898)
Net advance to associate		(2)	(1)	(2)	(1)
Net advance (to)/from a joint venture		(179)	34	(179)	34
<b>Cash flows (used in)/generated from investing activities carried forward</b>		<b>(15,496)</b>	<b>(35,144)</b>	<b>94,654</b>	<b>(77,565)</b>



	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows (used in)/generated from investing activities brought forward</b>		<b>(15,496)</b>	<b>(35,144)</b>	<b>94,654</b>	<b>(77,565)</b>
Proceeds from disposal of investment in subsidiary		111	–	–	–
Net proceeds from disposal of short-term investment		40,529	2,067	40,529	2,067
Proceeds from disposal of property, plant and equipment		55	142	–	–
<b>Net cash generated from/ (used in) investing activities</b>		<b>25,199</b>	<b>(32,935)</b>	<b>135,183</b>	<b>(75,498)</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		160,114	432,893	–	–
Issuance of RCSSI		–	144,137	–	144,137
Proceeds from conversion of warrants to ordinary shares		2,949	118	2,949	118
Dividend paid		–	(20,455)	–	(20,455)
Decrease/(Increase) of pledged deposits		6,864	(67,620)	–	–
Interest paid		(136,314)	(129,922)	(6,518)	–
Repayment of loan and borrowings		(272,791)	(467,066)	–	–
Repayment of obligation under finance leases		(5,297)	(5,789)	–	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(244,475)</b>	<b>(113,704)</b>	<b>(3,569)</b>	<b>123,800</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(56,195)</b>	<b>(39,743)</b>	<b>128,792</b>	<b>50,626</b>
Effects of exchange rate changes on cash held		5,261	3,699	6	–
Cash and cash equivalents at 1 January		538,912	383,865	225,438	174,812
Transfer from debt service reserve account		–	191,091	–	–
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>487,978</b>	<b>538,912</b>	<b>354,236</b>	<b>225,438</b>

## (i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks		427,002	546,457	332,720	224,038
Cash and bank balances		187,106	125,449	21,516	1,400
	(ii)	<b>614,108</b>	<b>671,906</b>	<b>354,236</b>	<b>225,438</b>
Less: Cash and bank balances pledged		(126,130)	(132,994)	–	–
		<b>487,978</b>	<b>538,912</b>	<b>354,236</b>	<b>225,438</b>

## (ii) The cash and cash equivalents are as follows:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	17	391,427	546,457	332,720	224,038
Cash and bank balances	17	54,920	125,449	21,516	1,400
		<b>446,347</b>	<b>671,906</b>	<b>354,236</b>	<b>225,438</b>
Assets classified as held for sale	18	167,761	–	–	–
		<b>614,108</b>	<b>671,906</b>	<b>354,236</b>	<b>225,438</b>

## (iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM14,851,000 (2013: RM20,637,000), of which RM nil (2013: RM4,117,000), were acquired by means of finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

Puncak Niaga Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and 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

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 2014 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 2014 do not include any other entities.

The principal activity of the Company is investment holding while the principal activities of the other Group entities are as disclosed in the notes to the financial statement.

These financial statements were authorised for issue by the Board of Directors on 6 April 2015.

## 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 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*
- 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 annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- MFRS 15, *Revenue from Contracts with Customers*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- 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.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.
- from the annual period beginning on 1 January 2017 for the accounting standard that is effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for the accounting standard that is effective for annual periods beginning on or after 1 January 2018.

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 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices. The Group and the Company have not assessed the impact on the adoption of this standard.

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### ***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.

### (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 41 to the financial statements.

#### (ii) Trade receivables

Included in trade and other receivables classified as assets held for sale was an amount of RM2,469,913,000 (2013: RM1,995,251,000), net of impairment loss of RM152,028,000 (2013: RM105,351,000) 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.

An impairment allowance of RM46,677,000 (2013: RM49,376,000) was recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements (continued)

#### (ii) Trade receivables (continued)

The key assumptions in estimating the time frame of collection were:

- (a) Payment will be received in 2018 based on the legal proceeding instituted by SYABAS (against the State Government) which SYABAS is estimated to recover the balance from the State Government by 2017.
- (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 RM25,000,000.

#### (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%.

#### (iv) Income taxes

The Group recognised a tax recoverable of RM86,972,000 and deferred tax liabilities of RM513,038,000 based on the revised tax submission. Significant judgements and assumptions in measuring the tax recoverable and the deferred tax liabilities were described in Note 16 and Note 13 respectively to the financial statements.

In the current year, tax recoverable of RM80,173,000 and deferred tax liabilities of RM491,803,000 have been classified to assets/liabilities held for sale (Note 18).

#### (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.

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements (continued)

#### (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. In year 2011, management estimated 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 determine these estimates. The Group revalues the vessel every 3 years and at shorter intervals whenever the fair value is expected to differ materially from the carrying value. During the year, the vessel was revalued to a useful life estimated to be within 12 years and a residual value of USD10 million.

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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 4.

#### (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 estimation 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 2014 was RM26,351,000 (2013: RM26,254,000). Further details are disclosed in Note 11.

#### (viii) Classification of assets/liabilities held for sale

During the current financial year, assets of RM3,618,098,000 and liabilities of RM2,271,350,000 of the Group and assets of RM760,990,000 of the Company were classified to assets/liabilities held for sale. The allocation of concession and non-concession assets, liabilities and businesses are based on the definition of "concession assets related business" as per sale and purchase agreement between the Company and Pengurusan Air Selangor Sdn. Bhd. dated 11 November 2014. The classification of assets/liabilities held for sale is based on the significant assumption that the completion of sale and purchase agreement between the Company and Pengurusan Air Selangor Sdn. Bhd. is highly probable and will be concluded within the next twelve months.

Further details of the allocation of concession and non-concession business are disclosed in Note 18 and Note 26 to the financial statements.

#### (ix) Joint venture

The Company has classified its interest in SYABAS as a joint venture even though it has 70% equity interest in it. In doing so, the Company considered the terms and conditions of the shareholders' agreements, voting rights and the practical ability to unilaterally direct the relevant activities of SYABAS. The Company assessed that the Group does not have control over SYABAS but has joint control in SYABAS since the acquisition in 2005. Further details of the investment in SYABAS are disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

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.

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.

#### (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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (iii) Acquisitions of non-controlling interests

The Group accounts 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 from the consolidated statement of financial position. 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.

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 remeasured. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group or the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. Investment in joint venture 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 investment includes transaction costs.

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.

#### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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 foreign currency translation reserve ("FCTR") in equity.

#### (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 2012 (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.

Foreign currency differences are recognised in other comprehensive income and accumulated in the 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

##### (c) Available-for-sale financial assets (continued)

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(l)(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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (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.

### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (continued)

#### (i) Recognition and measurement (continued)

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 properties 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (continued)

#### (iii) Depreciation (continued)

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, software and equipment	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

#### (i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest 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 and services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in the period in which the item is derecognised.

#### (ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of investment properties, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

During the year, the Company changed its accounting policy with respect to the subsequent measurement of investment properties from cost model to fair value model to provide more relevant presentation and to be in line with the revaluation policy on property, plant and equipment. The change in accounting policy has been applied retrospectively.



## 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 grantor 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(r)(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 combination is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 calculated at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, 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.

## 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 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.

### (l) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Impairment (continued)

#### (i) Financial assets (continued)

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.

An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Assets/Liabilities held for sale

Non-current assets, or assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets and liabilities are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets or liabilities on pro rata basis; except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures cease once classified as held for sale.

### (n) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) 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.

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.

### (p) 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 makes 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Employee benefits (continued)

#### (iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme (the “Scheme”) for its eligible employees in accordance with the terms of employment and practices. The Group’s obligation under the Scheme is determined internally based on certain assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated.

Full provision has been recognised for retirement benefit payable to all eligible employees. Should an employee leave before attaining the retirement age, the provision made for the employee is written back.

### (q) 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.

### (r) 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;
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Revenue and other income (continued)

#### (ii) Construction contracts (continued)

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.

### (s) 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.

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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(e), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

### (v) 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.

### (w) 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.

### (x) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Fair value measurement

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 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").

# NOTES TO THE FINANCIAL STATEMENTS

## 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

### 3. AWARD OF CONCESSIONS (CONTINUED)

(a) PNSB was awarded the following concessions by the State Government: (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 m<sup>3</sup> 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 m<sup>3</sup> 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Buildings RM'000
	← At valuation →			
<b>Cost/Valuation</b>				
At 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 2013/1 January 2014	<b>2,800</b>	<b>180,660</b>	<b>42,669</b>	<b>10,174</b>
Additions	-	-	-	-
Disposals	-	-	-	-
Disposals of subsidiary	-	-	-	-
Elimination of accumulated depreciation and impairment loss on revaluation	-	(5,743)	(6,695)	-
Reclassification	-	-	10,174	(10,174)
Revaluation surplus	365	35,613	2,071	-
Transfer to operating financial assets	-	-	-	-
Transfer to assets held for sale (Note 18)	-	-	-	-
Transfer to investment properties (Note 5)	(3,165)	(175,530)	(2,800)	-
Write off	-	-	-	-
Exchange difference	-	-	16	-
At 31 December 2014	-	<b>35,000</b>	<b>45,435</b>	-

Vessel RM'000	Plant and equipment RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
At cost							
148,472	27,474	24,106	5,697	41,928	46,160	9,032	538,798
3,336	4,021	2,599	448	5,090	1,346	3,438	20,637
-	-	190	71	216	194	-	671
-	-	1,034	680	-	(1,714)	-	-
-	-	(561)	(111)	(777)	-	-	(1,449)
-	(12)	(115)	(122)	-	-	-	(249)
8,083	125	16	17	67	15	-	8,338
<b>159,891</b>	<b>31,608</b>	<b>27,269</b>	<b>6,680</b>	<b>46,524</b>	<b>46,001</b>	<b>12,470</b>	<b>566,746</b>
-	3,892	2,981	170	331	160	7,317	14,851
-	-	(450)	-	(239)	(14)	-	(703)
-	(301)	(23)	-	(127)	(46)	-	(497)
-	-	-	-	-	-	-	(12,438)
-	-	(56)	1,251	-	9,762	(10,957)	-
-	-	-	-	-	-	-	38,049
-	(33,930)	-	-	-	(10,904)	-	(44,834)
-	-	(3,187)	(1,159)	(4,489)	-	-	(8,835)
-	-	-	-	-	-	-	(181,495)
-	(42)	(329)	(157)	(264)	(24,514)	(134)	(25,440)
7,682	(28)	12	12	15	9	-	7,718
<b>167,573</b>	<b>1,199</b>	<b>26,217</b>	<b>6,797</b>	<b>41,751</b>	<b>20,454</b>	<b>8,696</b>	<b>353,122</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Buildings RM'000
	← At valuation →			
<b>Accumulated depreciation and accumulated impairment:</b>				
At 1 January 2013	–	1,835	4,274	508
Charge for the year	–	1,954	626	360
Acquisition of a subsidiary	–	–	–	–
Disposals	–	–	–	–
Reclassification	–	–	–	–
Write off	–	–	–	–
Exchange difference	–	–	4	–
Accumulated depreciation	–	3,789	3,449	868
Accumulated impairment	–	–	1,455	–
At 31 December 2013/1 January 2014	–	<b>3,789</b>	<b>4,904</b>	<b>868</b>
Charge for the year	–	<b>1,954</b>	<b>830</b>	<b>158</b>
Disposals	–	–	–	–
Disposals of subsidiary	–	–	–	–
Elimination of accumulated depreciation and impairment loss on revaluation	–	<b>(5,743)</b>	<b>(6,695)</b>	–
Reclassification	–	–	<b>1,026</b>	<b>(1,026)</b>
Transfer to operating financial assets	–	–	–	–
Transfer to assets held for sale (Note 18)	–	–	–	–
Write off	–	–	–	–
Exchange difference	–	–	<b>4</b>	–
At 31 December 2014	–	–	<b>69</b>	–
<b>Carrying amounts</b>				
At 31 December 2014	–	<b>35,000</b>	<b>45,366</b>	–
At 31 December 2013/1 January 2014	<b>2,800</b>	<b>176,871</b>	<b>37,765</b>	<b>9,306</b>
At 1 January 2013, restated	2,800	178,825	38,021	9,666



Vessel RM'000	Plant and equipment RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
At cost							
27,019	11,879	20,349	4,453	14,909	26,300	7,473	118,999
3,803	2,427	2,654	518	4,955	4,713	-	22,010
-	-	-	37	22	100	-	159
-	-	(550)	(92)	(429)	-	-	(1,071)
-	-	20	-	-	(20)	-	-
-	(3)	(100)	(109)	-	-	-	(212)
528	43	13	7	43	4	-	642
31,350	14,346	22,386	4,814	19,500	31,097	7,473	139,072
-	-	-	-	-	-	-	1,455
<b>31,350</b>	<b>14,346</b>	<b>22,386</b>	<b>4,814</b>	<b>19,500</b>	<b>31,097</b>	<b>7,473</b>	<b>140,527</b>
4,470	2,482	2,171	525	5,241	5,148	-	22,979
-	-	(448)	-	(145)	(6)	-	(599)
-	(145)	(1)	-	(90)	(9)	-	(245)
-	-	-	-	-	-	-	(12,438)
-	(187)	(506)	292	-	401	-	-
-	(15,997)	-	-	-	(1,056)	-	(17,053)
-	-	(2,432)	(930)	(2,877)	-	-	(6,239)
-	(15)	(302)	(156)	(99)	(19,192)	-	(19,764)
930	582	(6)	10	15	5	-	1,540
36,750	1,066	20,862	4,555	21,545	16,388	7,473	108,708
130,823	133	5,355	2,242	20,206	4,066	1,223	244,414
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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long-term leasehold land RM'000 At valuation	Computers, software and equipment RM'000	Renovations RM'000 At cost	Construction in progress RM'000	Total RM'000
<b>Cost/Valuation:</b>					
At 1 January 2013/31 December 2013/ 1 January 2014	19,600	-	892	-	20,492
Additions	-	209	-	1,036	1,245
Elimination of accumulated depreciation and impairment loss on revaluation	(624)	-	-	-	(624)
Revaluation surplus	2,219	-	-	-	2,219
Transfer to investment properties (Note 5)	(21,195)	-	-	-	(21,195)
At 31 December 2014	-	209	892	1,036	2,137
<b>Accumulated depreciation:</b>					
At 1 January 2013	208	-	892	-	1,100
Depreciation charge for the year	208	-	-	-	208
At 31 December 2013/1 January 2014	416	-	892	-	1,308
Depreciation charge for the year	208	21	-	-	229
Elimination of accumulated depreciation and impairment loss on revaluation	(624)	-	-	-	(624)
At 31 December 2014	-	21	892	-	913
<b>Carrying amounts</b>					
At 31 December 2014	-	188	-	1,036	1,224
At 31 December 2013	19,184	-	-	-	19,184
At 1 January 2013	19,392	-	-	-	19,392

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 4.1 Assets pledged as security

Property, plant and equipment of the subsidiaries with total carrying amount of RM130,963,000 (2013: RM357,243,000) 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 RM4,234,000 (2013: RM21,129,000).

### 4.3 Revaluation of leasehold land and buildings

Leasehold land and buildings were revalued in the current year. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were 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 values of the leasehold land and buildings were determined based on comparison of similar properties in the same location and/or cost or contractor's method where there is a building erected upon it by estimating the cost of constructing a new similar building and deducting therefrom all the depreciation due to physical, design and economic obsolescence. The fair values of the leasehold land and buildings are categorised at Level 3 of the fair value hierarchy and were estimated using unobservable inputs for the properties.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, finding its value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving with the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted land value is based on per square foot basis.	The estimated fair value would increase/(decrease) if adjusted land value per square foot was higher/(lower).

#### Valuation processes applied by the Group and the Company for Level 3 fair value

The fair values of properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 4.3 Revaluation of leasehold land and buildings (continued)

If the leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Freehold land at 31 December:				
- Cost and net carrying amount	-	2,558	-	-
Leasehold land at 31 December:				
- Cost	21,110	94,054	-	8,716
- Accumulated depreciation	(2,804)	(7,262)	-	(1,401)
- Net carrying amount	18,306	86,792	-	7,315
Buildings at 31 December:				
- Cost	49,346	33,619	-	-
- Accumulated depreciation	(4,137)	(3,051)	-	-
- Net carrying amount	45,209	30,568	-	-
	63,515	119,918	-	7,315

## 5. INVESTMENT PROPERTIES

At fair value	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Freehold land	3,165	-	-	-
Long-term leasehold land	175,530	-	21,195	-
Buildings	2,800	-	11,000	8,359
	181,495	-	32,195	8,359

During the year, certain properties were transferred from property, plant and equipment to investment properties due to the change in intention of use.

During the year, the Company changed its accounting policy with respect to the subsequent measurement of investment properties from cost model to fair value model to provide more relevant presentation and to be in line with the revaluation policy on property, plant and equipment. The initial difference arising between the carrying amount and its fair value is recognised directly in equity and any changes in fair value for subsequent measurement is recognised in profit or loss.

## 5. INVESTMENT PROPERTIES (CONTINUED)

### 5.1 Fair value of investment properties

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, finding its value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving with the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted land value is based on per square foot basis.	The estimated fair value would increase/(decrease) if adjusted land value per square foot was higher/(lower).

#### Valuation processes applied by the Group and the Company for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

## 6. OPERATING FINANCIAL ASSETS

Group	2013 RM'000
Current	98,088
Non-current	743,771
Net carrying amount	841,859

In the current year, operating financial assets have been classified as assets held for sale (Note 18).

The operating financial assets were recognised as the Group had 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 would 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%.

# NOTES TO THE FINANCIAL STATEMENTS

## 7. SERVICE CONCESSION ASSETS

Group	Note	2014 RM'000	2013 RM'000
<b>Cost</b>			
At 1 January		117,199	98,465
Additions		464	16,957
Disposal		(521)	–
Impairment		(5,027)	–
Write off		–	(1,248)
Transfer to assets held for sale	18	(44,207)	–
Exchange differences		2,994	3,025
At 31 December		70,902	117,199
<b>Accumulated amortisation and impairment</b>			
At 1 January		32,637	30,585
Amortisation charge for the year		3,268	2,736
Disposal		(59)	–
Impairment		820	–
Transfer to assets held for sale	18	(29,878)	–
Exchange differences		(398)	(684)
At 31 December		6,390	32,637
<b>Carrying amount</b>		<b>64,512</b>	<b>84,562</b>

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 loans and borrowings as disclosed in Note 21 to the financial statements.

## 8. INVESTMENT IN SUBSIDIARIES

	Note	2014 RM'000	Company 2013 RM'000
<b>Cost</b>			
At 1 January		464,081	422,381
Acquisition of subsidiaries		55	1,700
Subscription of redeemable preference shares in POG		–	40,000
Transfer to assets held for sale	18	(412,532)	–
At 31 December		51,604	464,081
<b>Impairment loss</b>			
At 1 January		–	–
Impairment loss for the year		3,654	–
At 31 December		3,654	–
<b>Carrying amounts</b>			
At 31 December		47,950	464,081

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest	
		2014 %	2013 %
<b>Incorporated in Malaysia</b>			
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
PNMSSB*	Dormant	100	100
POG	Investment holding and provision of services for offshore logistics and marine management	100	100
Murni Estate Sdn. Bhd.*	Dormant	100	100
PNCSB	Construction work, general contracts and related activities	100	100
Magnum Nature Sdn. Bhd.*	Dormant	100	–
<b>Incorporated in Singapore</b>			
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
<b>Incorporated in India</b>			
PNIPPL*	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Principal activities	Effective ownership interest and voting interest	
		2014 %	2013 %
<b>Incorporated in Malaysia</b>			
<b>Subsidiaries of PNSB</b>			
Ideal Water Resources Sdn. Bhd.*	Ceased operations	100	100
Unggul Raya (M) Sdn. Bhd.*	Ceased operations	100	100
<b>Incorporated in PRC</b>			
<b>Subsidiaries of SINO</b>			
LUWEI**	Treatment and distribution of water and related services	91.59	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
Hebei Sino**	Distribution of water to industrial areas	78.92	78.92
<b>Incorporated in Malaysia</b>			
<b>Subsidiaries of POG</b>			
GOM Resources Sdn. Bhd.	Provide offshore installation services of integrated transportation and installation of offshore facilities	100	100
KGL	Offshore leasing of vessels on bareboat basis	100	100
<b>Incorporated in Myanmar</b>			
<b>Subsidiary of POG</b>			
GOL*	Dormant	100	100

\* Audited by firms other than KPMG

\*\* Audited by member firms of KPMG International



## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### Disposal of shares in subsidiary, Luancheng

Luancheng ceased to be a subsidiary of SINO on 20 February 2014 as disclosed in Note 39 to the financial statements.

### Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	Group 2013 RM'000
Service concession assets	15,390
Operating financial assets	841,859
	857,249

The above restrictions arise from the following:

### Restriction imposed by the Concession Agreements entered with the State Government

In 2013, 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.

In the current year, PNSB's service concession assets and operating financial assets have been classified as assets held for sale (Note 18).

## 9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	42	42	42	42
Advance	10	8	9	8
Share of post-acquisition reserves	(6)	(5)	-	-
	46	45	51	50

Name	Principal activities	Effective ownership interest and voting interest	
		2014 %	2013 %
<b>Incorporated in Malaysia</b>			
Oasis Water Resources Sdn. Bhd.	Dormant	40	40
Purnama Persada Sdn. Bhd.	Dormant	50	50

# NOTES TO THE FINANCIAL STATEMENTS

## 10. INVESTMENT IN JOINT VENTURES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost		–	40,924	–	40,924
Investment in RCULS – equity component	10.1	–	109,865	–	109,865
Advances to joint ventures		<b>5,338</b>	7,614	<b>5,338</b>	5,159
		<b>5,338</b>	158,403	<b>5,338</b>	155,948
Less: Impairment losses		<b>(5,338)</b>	(4,430)	<b>(5,338)</b>	(5,159)
Share post-acquisition reserve		<b>814</b>	(153,115)	–	–
At 31 December		<b>814</b>	858	–	150,789

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 Perangas 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 unrecognised share of losses of the joint venture for the year 2013 amounted to RM13,818,000 and cumulatively amounted to RM1,062,798,000. 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.

In the current year, investment in SYABAS has been classified as assets held for sale (Note 18).

### 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 to be 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 was subsequently varied pursuant to a Deed of Ratification and Accession dated 22 January 2009 given by Kumpulan Perangas Selangor Berhad in favour of the Company and KDEB to 15% each between KDEB and Kumpulan Perangas Selangor Berhad.

SYABAS had on 9 March 2006, issued RM135.0 million of the RCULS to the Company.

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.

## 10. INVESTMENT IN JOINT VENTURES (CONTINUED)

### 10.1 Investment in RCULS (continued)

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.

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	Company 2013 RM'000
Debt component	12	102,135
Equity component		109,865
Total nominal value		212,000

In the current year, investment in RCULS has been classified as assets held for sale (Note 18).

## 11. GOODWILL

Group	2014 RM'000	2013 RM'000
At 1 January	26,254	25,008
Acquisition of a subsidiary	-	1,090
Exchange differences	97	156
At 31 December	26,351	26,254

Goodwill is allocated to CGUs in following segments:

Group	Note	2014 RM'000	2013 RM'000
Oil and gas	11.1	21,458	21,458
Water and wastewater		3,803	3,706
Construction		1,090	1,090
At 31 December		26,351	26,254

# NOTES TO THE FINANCIAL STATEMENTS

## 11. GOODWILL (CONTINUED)

### 11.1 Oil and gas

Goodwill amounting to RM21,458,000 arose from the acquisition of GOM Resources which was completed on 30 June 2011 and this goodwill is allocated to the oil and gas business as a whole.

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 the board of directors. Cash flow projection to perpetuity 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 revenue, gross margin and results for 2015 based on its secured contracts and its expected order book in line with its expectations of relevant market development.

It is assumed that:

- (a) there is no growth in budgeted revenue for 2016 and 2017. Thereafter, the budgeted revenue is projected at a growth rate of 5% year on year basis for year 2018 and 2019; and
- (b) there is no growth rate in perpetuity to arrive at terminal value.

#### (ii) Discount rate

The discount rate used in the cash flow projection is 8% (2013: 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.

## 12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables	12.1	49,206	139,661	-	-
Retention sum held by customer	12.6	1,247	-	-	-
Advances to subcontractors		12,426	6,388	-	-
Joint venture	12.2	-	241,912	-	-
Amount due from contract customers	12.3	164,780	188,434	-	-
		<b>227,659</b>	<b>576,395</b>	<b>-</b>	<b>-</b>
Less: Impairment losses		(5,021)	(6,897)	-	-
Trade receivables, net		<b>222,638</b>	<b>569,498</b>	<b>-</b>	<b>-</b>
<b>Non-trade</b>					
Amounts due from subsidiaries	12.4	-	-	258,968	236,346
Prepayments		7,883	8,389	412	233
Other receivables		13,207	21,751	11,327	11,265
Deposits		4,721	5,723	439	193
		<b>25,811</b>	<b>35,863</b>	<b>271,146</b>	<b>248,037</b>
Less: Impairment losses		(9,131)	(9,131)	(16,580)	(15,573)
		<b>16,680</b>	<b>26,732</b>	<b>254,566</b>	<b>232,464</b>
		<b>239,318</b>	<b>596,230</b>	<b>254,566</b>	<b>232,464</b>
<b>Non-current</b>					
<b>Trade</b>					
Trade receivables	12.5	-	88,111	-	-
Joint venture	12.2	-	1,753,339	-	-
		-	1,841,450	-	-
<b>Non-trade</b>					
Joint venture – RCULS	10.1	-	102,135	-	102,135
Joint venture – interest receivable		-	80,584	-	80,584
Share of losses in a joint venture		-	(182,719)	-	-
		-	-	-	182,719
		-	1,841,450	-	182,719
Total trade and other receivables		<b>239,318</b>	<b>2,437,680</b>	<b>254,566</b>	<b>415,183</b>

### 12.1 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2013: 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

In the previous year, included in current trade receivables balance is an amount due from Serba Tiara amounting to RM87,850,000 in respect of the supply of bulk quantity of treated water to the State Government as disclosed in Note 12.5.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### 12.2 Amount due from a joint venture, SYABAS

Trade	2013 RM'000
Bulk sales	1,765,975
Compensation for late payment	334,627
	2,100,602
Less: Impairment losses	(105,351)
	1,995,251
Non-current	(1,753,339)
Current	241,912

In the current year, amount due from SYABAS has been classified as assets held for sale (Note 18).

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. Compensation is charged on the outstanding late payment at 8.30% - 8.60% per annum. In 2013, PNSB estimated that amount due from SYABAS would 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 was classified as non-current.

### 12.3 Amount due from/(to) contract customers

	Note	Group	
		2014 RM'000	2013 RM'000
Construction contracts costs incurred to date		890,747	1,809,674
Attributable profits		67,137	132,815
		957,884	1,942,489
Less: Progress billings		(793,104)	(1,756,992)
		164,780	185,497
Represented by:			
Amount due from contract customers		164,780	188,434
Amount due to contract customers	22	-	(2,937)
		164,780	185,497

### 12.4 Amounts due from subsidiaries

The amounts due from subsidiaries are interest free, unsecured and repayable on demand.

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### 12.5 Non-current trade receivable

Non-current trade receivable is related to amount due from Serba Tiara which is interest-free and is guaranteed by the State Government. The amount had arisen 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:

	Note	2013 RM'000
Trade receivables, gross		179,716
Less: Impairment allowance		(46,750)
Add: Accretion of interest		42,995
		175,961
Current	12.1	(87,850)
Non-current		88,111

The current portion was included in third parties trade receivables. In the current year, amount due from Serba Tiara has been classified as assets held for sale (Note 18).

### 12.6 Retention sum held by customer

Retention sum held by customers relates to construction contracts and is unsecured and interest-free.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. DEFERRED TAX ASSETS/(LIABILITIES)

### RECOGNISED DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the followings:

Group	As at 1 January 2013 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in equity RM'000
<b>Deferred tax assets/(liabilities)</b>			
Loans and borrowings	(32,313)	5,598	(2,299)
Interest receivable	(16,691)	(3,455)	-
Service concession assets	(1,700)	67	-
Operating financial assets	(179,586)	19,655	-
Trade receivables	8,765	(467,417)	-
Property, plant and equipment	(46,809)	42,450	-
Unutilised tax losses	-	64,073	-
Reinvestment allowance	-	142,598	-
Others	5,934	860	-
	(262,400)	(195,571)	(2,299)
<b>Company</b>			
<b>Deferred tax liabilities</b>			
Interest receivable	(16,691)	(3,455)	-
Property, plant and equipment	(4,849)	1,882	-
Loans and borrowings	-	909	(2,299)
Others	(98)	98	-
	(21,638)	(566)	(2,299)



	As at 31 December 2013/ 1 January 2014 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in equity and other comprehensive income RM'000	Transfer to liabilities held for sale (Note 18) RM'000	As at 31 December 2014 RM'000
	(29,014)	3,854	761	23,609	(790)
	(20,146)	(2,782)	-	-	(22,928)
	(1,633)	106	-	-	(1,527)
	(159,931)	2,858	-	157,073	-
	(458,652)	(112,247)	-	573,472	2,573
	(4,359)	41,658	11,048	(42,857)	5,490
	64,073	24,182	-	(73,373)	14,882
	142,598	-	-	(142,598)	-
	6,794	(3,301)	(678)	(3,523)	(708)
	(460,270)	(45,672)	11,131	491,803	(3,008)
	(20,146)	(2,782)	-	-	(22,928)
	(2,967)	(1,996)	2,028	-	(2,935)
	(1,390)	(161)	761	-	(790)
	-	(565)	(619)	-	(1,184)
	(24,503)	(5,504)	2,170	-	(27,837)

# NOTES TO THE FINANCIAL STATEMENTS

## 13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	18,227	14,966	-	-
Deferred tax liabilities	(21,235)	(475,236)	(27,837)	(24,503)
	(3,008)	(460,270)	(27,837)	(24,503)

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.

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group	
	2014 RM'000	2013 RM'000
Tax losses and capital allowances	2,296	3,674

## 14. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
<b>Cost</b>		
Water treatment chemicals	119	2,732
Spare parts and equipment	-	2,109
Fuel	1,092	477
	1,211	5,318

During the year, the amount of inventories recognised in the profit or loss of the Group was RM5,248,000 (2013: RM5,304,000) and is included in the following line items:

	Group	
	2014 RM'000	2013 RM'000
Construction contract on oil and gas	5,248	5,304

## 15. SHORT-TERM INVESTMENTS

	Group and Company	
	2014 RM'000	2013 RM'000
At 31 December/Market value	10,269	50,029

Short-term investments represent fund placements in financial institutions.

## 16. TAX RECOVERABLE

Tax recoverable in 2013 mainly arose from the revised tax computation submitted by the Company as described in Note 28 and Note 36 to the financial statements.

## 17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	391,427	546,457	332,720	224,038
Cash and bank balances	54,920	125,449	21,516	1,400
At 31 December	446,347	671,906	354,236	225,438

Included in cash and cash equivalents of the Group is an amount of RM85,000 (2013: RM132,994,000) pledged and assigned as security for borrowings as disclosed in Note 21.

## 18. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

Following the Group's commitment to sell PNSB and SYABAS on 11 November 2014 as described in Note 40, the related assets and liabilities of their concession activities are presented as assets/liabilities classified as held for sale. Efforts to complete the sale are ongoing and the transaction is expected to complete within the next twelve months.

At 31 December 2014, the assets and liabilities held for sale are as follows:

	Note	Group 2014 RM'000	Company 2014 RM'000
<b>Assets classified as held for sale</b>			
Property, plant and equipment	18.1	2,596	-
Operating financial assets	6	780,058	-
Service concession assets	7	14,329	-
Investment in subsidiaries	8	-	412,532
Investment in joint ventures	10	-	150,789
Trade and other receivables	18.2	2,567,324	197,669
Inventories		5,857	-
Tax recoverable		80,173	-
Cash and bank balances	18.3	167,761	-
		3,618,098	760,990

# NOTES TO THE FINANCIAL STATEMENTS

## 18. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

	Note	Group 2014 RM'000	Company 2014 RM'000
<b>Liabilities classified as held for sale</b>			
Provision for retirement benefits	20	2,130	–
Loans and borrowings	18.4	1,725,899	–
Trade and other payables	18.5	51,518	–
Deferred tax liabilities	13	491,803	–
		<b>2,271,350</b>	<b>–</b>

### 18.1 Property, plant and equipment

Group	Cost (Note 4) RM'000	Accumulated depreciation (Note 4) RM'000	Carrying amount RM'000
<b>At 31 December 2014</b>			
Furniture and fittings	1,159	(930)	229
Motor vehicles	4,489	(2,877)	1,612
Computers, software and equipment	3,187	(2,432)	755
	<b>8,835</b>	<b>(6,239)</b>	<b>2,596</b>

### 18.2 Trade and other receivables

	Note	Group 2014 RM'000	Company 2014 RM'000
<b>Trade</b>			
Amount due from Serba Tiara	12.5	91,866	–
Amount due from joint venture, SYABAS	12.2	2,469,913	–
		<b>2,561,779</b>	<b>–</b>
<b>Non-trade</b>			
Joint venture – RCULS	10.1	–	102,135
Joint venture – interest receivable		–	95,534
		–	<b>197,669</b>
Prepayment		2,865	–
Other receivables		498	–
Interest receivables		135	–
Sundry receivables		521	–
Deposits		1,526	–
		<b>5,545</b>	<b>197,669</b>
		<b>2,567,324</b>	<b>197,669</b>

## 18. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

### 18.2 Trade and other receivables (continued)

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. Compensation is charged on the outstanding late payment at 8.60% - 8.85% per annum. In 2014, PNSB estimated that amount due from SYABAS would be fully received by end of 2018 depending on the favourable outcome of the litigation taken against the State Government by SYABAS in relation to tariff compensation claims.

### 18.3 Cash and bank balances

	Group 2014 RM'000
Deposits with licensed banks	35,576
Cash and bank balances	132,185
	<b>167,761</b>

Included in the cash and bank balances is an amount of RM126,045,000 pledged and assigned as security for borrowings.

### 18.4 Loans and borrowings

	Note	Group 2014 RM'000
Government support loan	21.1	24,410
BAIDS/MCPs/MMTNs	21.2	1,017,477
JNA	21.3	229,755
RSBs	21.4	453,723
Obligation under finance leases		534
		<b>1,725,899</b>

### 18.5 Trade and other payables

	Group 2014 RM'000
<b>Trade</b>	
Third parties	11,075
	<b>11,075</b>
<b>Non-trade</b>	
Finance cost payable	15,634
Accruals	24,809
	<b>40,443</b>
	<b>51,518</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 18. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

### 18.6 Capital commitment

	Group 2014 RM'000
Capital expenditures: Contracts approved and contracted for	12,425

## 19. CAPITAL AND RESERVES

### 19.1 Share capital

	Group and Company			
	2014	2014	2013	2013
	Amount RM	Number of Shares	Amount RM	Number of Shares
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	411,260,838	411,260,838	411,142,895	411,142,895
Issuance of shares under conversion of warrants	2,948,939	2,948,939	117,943	117,943
Issuance of shares pursuant to the conversion of RCSSI	1,750,000	1,750,000	-	-
At 31 December	415,959,777	415,959,777	411,260,838	411,260,838

#### (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.

#### (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 2,948,939 (2013: 117,943) new ordinary shares at RM1.00 each being issued.

As at 31 December 2014, 37,843,727 (2013: 40,792,666) warrants remained unexercised.

## 19. CAPITAL AND RESERVES (CONTINUED)

### 19.1 Share capital (continued)

#### (c) RCSSI

During the year ended 31 December 2014, there was an issuance of 1,750,000 new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI of RM3,500,000.

### 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 2014, the Company held 2,036,800 (2013: 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. CAPITAL AND RESERVES (CONTINUED)

### 19.5 Revaluation reserve

The revaluation reserves relate to the revaluation of property, plant and equipment and also for those properties reclassified from property, plant and equipment to investment properties. Details of the revaluation reserves are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January, gross	92,117	92,117	12,109	12,109
Add: Revaluation surplus of land and buildings, recognised in other comprehensive income	38,049	–	2,219	–
Others	–	–	2,835	–
At 31 December, gross	130,166	92,117	17,163	12,109
At 1 January, deferred tax	23,029	23,029	3,027	3,027
Less: Recognised in other comprehensive income for revaluation surplus for land and buildings	(12,582)	–	(2,028)	–
Others	–	–	(141)	–
At 31 December, deferred tax	10,447	23,029	858	3,027
At 31 December, net	119,719	69,088	16,305	9,082

### 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 and LUWEI.

### 19.8 Available-for-sale reserve

The available-for-sale reserve represents the fair value gain or loss 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.

Movements of provision of retirement benefits are as follows:

	Group 2013 RM'000
At 1 January	2,143
Add: Provision for the year	251
Less: Payment made during the year	(342)
At 31 December	2,052
Maturity of provision:	
Not later than 1 year	-
Later than 1 year but not later than 2 years	-
Later than 2 years	2,052
	2,052

In the current year, provision for retirement benefits has been classified as liabilities held for sale (Note 18).

## 21. LOANS AND BORROWINGS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-current</b>					
Secured:					
Government support loan	21.1	-	24,409	-	-
BAIDS/MCPs/MMTNs	21.2	-	1,016,591	-	-
USD36 million term loan	21.6	<b>34,965</b>	58,959	-	-
RSBs	21.4	-	462,927	-	-
JNA	21.3	-	213,091	-	-
RCSSI	21.8	<b>138,548</b>	136,714	<b>138,548</b>	136,714
Obligation under finance leases	35.2	<b>2,361</b>	7,677	-	-
		<b>175,874</b>	1,920,368	<b>138,548</b>	136,714
Unsecured:					
Lushan MOF Novated					
World Bank Loan	21.5	<b>10,536</b>	10,734	-	-
Others		<b>4,970</b>	1,929	-	-
		<b>15,506</b>	12,663	-	-
		<b>191,380</b>	1,933,031	<b>138,548</b>	136,714

# NOTES TO THE FINANCIAL STATEMENTS

## 21. LOANS AND BORROWINGS (CONTINUED)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>					
Secured:					
Government support loan	21.1	–	7,667	–	–
USD36 million term loan	21.6	27,972	26,204	–	–
Revolving credit	21.7	–	80,839	–	–
Obligation under finance leases	35.2	1,217	4,917	–	–
		29,189	119,627	–	–
Unsecured:					
Lushan MOF Novated World Bank Loan	21.5	792	1,093	–	–
		792	1,093	–	–
		29,981	120,720	–	–

### 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 a Special Project Account.

The government support loan bears interest at 3% per annum and is payable over 13 years from 11 April 2004 after Federal Government restructured the loan.

In the current year, government support loan has been classified as liabilities held for sale (Note 18.4).

### 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:

<b>Redemption date</b>	27 October 2016
<b>Coupon</b>	5.30% to 5.60% per annum
<b>Collateral</b>	Legal assignment over the PNSB's operating account and mandatory redemption account (to be shared via a security sharing arrangement with JNA and RSBs)

## 21. LOANS AND BORROWINGS (CONTINUED)

### 21.2 BAIDS/MCPs/MMTNs (continued)

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 insurance 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).

In the current year, BAIDS/MCPs/MMTNs have been classified as liabilities held for sale (Note 18.4).

### 21.3 JNA

	2013 RM'000
Nominal value	328,125
Fair value adjustment on initial recognition	(155,554)
	172,571
Accreted finance cost	40,520
	213,091

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
<b>Redemption date</b>	
18 November 2016	54,688
20 November 2017	109,375
20 November 2018	109,375
20 November 2019	54,687
	328,125

The JNA is secured by legal assignment over the PNSB's operating account and mandatory redemption account.

In the current year, JNA has been classified as liabilities held for sale (Note 18.4).

# NOTES TO THE FINANCIAL STATEMENTS

## 21. LOANS AND BORROWINGS (CONTINUED)

### 21.4 Redeemable Secured Bonds (“RSBs”)

	2013 RM'000
Nominal value	435,000
Less: Yield to maturity	(19,705)
Net proceeds	415,295
Accreted finance cost	47,632
	462,927

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.

The RSBs are secured by legal assignment over the PNSB's operating account and mandatory redemption account.

In the current year, RSBs have been classified as liabilities held for sale (Note 18.4).

### 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 2014 subject to actual drawdown amount approved by the local PRC government. The loan is unsecured and is repayable quarterly commencing on 15 January 2013 and ending on 15 July 2026.

The loan interest for the financial year is 0.91% (2013: 1.24%) per annum.

### 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 2013. The facility was originally for a period of 6 months from the date of first drawdown on the facility. On 14 March 2013, 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.

## 21. LOANS AND BORROWINGS (CONTINUED)

### 21.6 USD36 million term loan (continued)

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; and
- (vi) Debenture over all fixed and floating assets of KGL.

### 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 were 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; and
- (iii) Assignment of the designated collection accounts of GOM Resources.

### 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 RM144,137,000.

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 was 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 was 8.5%.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. LOANS AND BORROWINGS (CONTINUED)

### 21.8 RCSSI (continued)

During the year ended 31 December 2014, there was an issuance of 1,750,000 new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI of RM3,500,000. As at 31 December 2014, RCSSI of RM161,500,000 in nominal value remained outstanding.

The RCSSI is accounted for in the statements of financial position of the Group and of the Company as follows:

	2014 RM'000	2013 RM'000
<b>Liability component</b>		
Nominal value of RCSSI	165,000	165,000
Discount on issuance	(20,863)	(20,863)
Proceeds from RCSSI	144,137	144,137
Transaction costs	(1,992)	(1,992)
Equity component, net of deferred taxation	(6,410)	(6,770)
Deferred taxation	(2,299)	(2,299)
Conversion of RCSSI	(3,500)	–
Liability component	129,936	133,076
Accretion of finance costs	8,612	3,638
Liability component as at 31 December	138,548	136,714

## 22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables	22.1	249,014	218,723	–	–
Amount due to contract customers	12.3	–	2,937	–	–
		249,014	221,660	–	–
<b>Non-trade</b>					
Amount due to a subsidiary	22.2	–	–	314,108	203,366
Finance cost payable		–	15,862	–	–
Other payables and accruals		20,504	97,506	3,571	4,684
		20,504	113,368	317,679	208,050
		269,518	335,028	317,679	208,050
<b>Non-current</b>					
Other payable		150	5,252	–	–
		269,668	340,280	317,679	208,050

### 22.1 Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-60 days (2013: 30-60 days) terms.

## 22. TRADE AND OTHER PAYABLES (CONTINUED)

### 22.2 Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

## 23. REVENUE

Group	Continuing operations		Discontinued operations (Note 26)		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Water and wastewater	581	699	553,615	565,092	554,196	565,791
Oil and gas	476,525	454,936	–	–	476,525	454,936
Construction	128,815	58,474	9,119	67,264	137,934	125,738
Others	714	239	–	–	714	239
	<b>606,635</b>	<b>514,348</b>	<b>562,734</b>	<b>632,356</b>	<b>1,169,369</b>	<b>1,146,704</b>

## 24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Wages, salaries and bonuses	73,170	76,231	1,148	–
Defined contribution plan	10,155	10,373	162	–
Other staff related expenses	12,416	6,827	425	–
	<b>95,741</b>	<b>93,431</b>	<b>1,735</b>	<b>–</b>

Included in employee benefits expense of the Group is the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM17,052,000 (2013: RM15,307,000) as further disclosed in Note 30.

## 25. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
<b>Finance cost on conventional borrowings</b>				
Revolving credit interest	1,877	2,568	–	–
USD 36 million term loan interest	3,165	4,019	–	–
Interest expense on obligation under finance leases	195	216	–	–
Accretion of interest on RCSSI	11,491	3,638	11,491	3,638
Bank charges	1,339	634	154	254
Total finance costs	<b>18,067</b>	<b>11,075</b>	<b>11,645</b>	<b>3,892</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 26. DISCONTINUED OPERATIONS

The Company had on 11 November 2014 entered into a conditional sale and purchase agreement with Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) (“Air Selangor”), a wholly owned subsidiary of KDEB for the proposed disposal by the Company of the entire equity interest and CCRPS held in PNSB, and 70% equity interest and RM212.0 million nominal value of RCULS held in SYABAS (“SPA”) (“Proposed Disposals”) for a total cash consideration of RM1,555.3 million (“Disposal Consideration”).

The completion of the Proposed Disposals is pending the satisfaction of conditions precedent as stipulated in the SPA. Pursuant to the signing of SPA, PNSB and SYABAS have been classified and disclosed as discontinued operations and their assets and liabilities have been classified and disclosed as held for sale. The comparative consolidated statements of profit or loss and comprehensive income have been represented to show the discontinued operations separately from the continuing operations.

Profit attributable to the discontinued operations was as follows:

### Results of discontinued operations:-

	Note	2014 RM'000	Group 2013 RM'000
Revenue	23	562,734	632,356
Other income		225,408	198,542
Operating expenses		(324,175)	(360,255)
Depreciation and amortisation expenses		(15,086)	(14,662)
Finance costs		(131,577)	(126,298)
Share of results of joint venture		(14,950)	(13,818)
<b>Profit before tax</b>		<b>302,354</b>	315,865
Taxation	28	(47,177)	(41,465)
<b>Profit for the year</b>		<b>255,177</b>	274,400

The profit from the discontinued operations of RM255,177,000 (2013: RM274,400,000) is attributable entirely to the owners of the Company.



## 26. DISCONTINUED OPERATIONS (CONTINUED)

The profit from discontinued operations is arrived at after charging/(crediting) the following:-

	2014 RM'000	Group 2013 RM'000
Auditors' remunerations – statutory audit	120	120
– other non-audit services	179	87
Amortisation of service concession assets	1,366	1,346
Depreciation of property, plant and equipment	13,720	13,316
Property, plant and equipment written off	5,538	34
Loss on disposal of property, plant and equipment	49	236
Impairment on receivables: SYABAS	46,677	49,376
Employee benefits expense	91,633	75,412
Finance costs	131,577	126,298
Operating lease:		
- Minimum lease payments on motor vehicle and equipment	86	66
- Minimum lease payments on buildings	181	809
Profit earned from deposits	(4,037)	(5,819)
Rental income from land and building	(278)	(285)
Accretion of interest on long-term receivable:		
- Third party	(3,755)	(7,192)
Finance income from operating financial assets	(42,093)	(45,523)
Compensation for late payment from SYABAS	(169,814)	(128,326)
	2014 RM'000	Group 2013 RM'000
<b>Cash flows from/(used in) discontinued operations:-</b>		
Net cash from operating activities	120,700	65,918
Net cash used in investing activities	(13,002)	(14,037)
Net cash used in financing activities	(240,686)	(254,287)
Effect on cash flows	(132,988)	(202,406)

# NOTES TO THE FINANCIAL STATEMENTS

## 27. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amortisation of service concession assets		1,902	1,390	–	–
Auditors' remunerations	27.1	1,418	715	330	221
Depreciation of property, plant and equipment		9,259	8,694	229	208
Operating lease					
- Minimum lease payments on buildings		4,659	3,452	481	158
- Minimum lease payments on motor vehicle and equipment		9,017	9,134	–	–
Rental expenses on project equipment with third parties		91,233	72,055	–	–
Revaluation deficit of buildings		1,375	–	–	–
Impairment loss on amount due from subsidiaries		–	–	1,007	6,442
Impairment loss on trade receivables					
- Current		–	3,021	–	–
Impairment loss on investment in subsidiaries		–	–	3,654	–
Impairment loss on service concession assets		6,887	–	–	–
Realised foreign exchange loss		2,591	1,714	–	1

and after crediting:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income – RCULS		14,950	13,818	14,950	13,818
Gain from disposal of a subsidiary		2,635	–	–	–
Tax indemnity received from previous shareholder of a subsidiary	27.2	–	39,000	–	–
Profit earned from deposits		12,248	6,032	9,164	5,541
Rental income from land and building		45	93	–	60
Rental income from investment property		60	–	971	892
Unrealised foreign exchange gain		1,346	1,245	6,535	8,797
Write back of impairment loss on trade receivables					
- Current		1,876	–	–	–
Gain on disposal of short-term investment		556	2,067	556	2,067

**27. PROFIT BEFORE TAX (CONTINUED)****27.1 Auditors' remunerations**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
KPMG				
- Statutory audit	271	219	56	56
KPMG members - Statutory audit	132	309	-	-
Other non-audit services	999	165	274	165
	<b>1,402</b>	<b>693</b>	<b>330</b>	<b>221</b>
Other auditors				
- Statutory audit	12	16	-	-
- Other non-audit services	4	6	-	-
	<b>16</b>	<b>22</b>	<b>-</b>	<b>-</b>
	<b>1,418</b>	<b>715</b>	<b>330</b>	<b>221</b>

**27.2 Tax indemnity received from previous shareholder of a subsidiary**

In the previous financial 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. TAX EXPENSE

### Recognised in profit or loss

	Note	2014 RM'000	Group 2013 RM'000	2014 RM'000	Company 2013 RM'000
Income tax (credit)/expense on continuing operations		(1,659)	(4,902)	4,971	1,795
Income tax expense on discontinued operations		47,177	41,465	–	–
<b>Total income tax expense</b>		<b>45,518</b>	<b>36,563</b>	<b>4,971</b>	<b>1,795</b>
Major components of income tax expense include:					
- Current financial year		374	962	70	942
- Foreign income tax		133	104	58	51
- (Over)/Under provision in respect of prior years	28.1	(661)	(160,074)	(661)	236
		(154)	(159,008)	(533)	1,229
Deferred income tax					
- Origination and reversal of temporary differences		57,488	36,079	5,504	566
- (Over)/Under provision in respect of prior years	28.1	(11,816)	159,492	–	–
		45,672	195,571	5,504	566
<b>Total income tax expense</b>		<b>45,518</b>	<b>36,563</b>	<b>4,971</b>	<b>1,795</b>

**28. TAX EXPENSE (CONTINUED)****Reconciliation of tax expense**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations	(8,884)	(79,501)	5,786	16,782
Discontinued operations	302,354	315,865	–	–
Profit before tax	293,470	236,364	5,786	16,782
Taxation at Malaysian statutory tax rate of 25%	73,368	59,091	1,447	4,196
Different tax rates in other jurisdictions	(8,917)	(9,076)	(27)	(24)
Effect on reduction in Malaysian income tax rate	(18,985)	(15,414)	–	–
Expenses not deductible for tax purposes/(Non-taxable income)	12,511	1,570	4,212	(2,613)
(Over)/Under provision of current tax in prior years	(661)	(160,074)	(661)	236
(Over)/Under provision of deferred tax in prior years	(11,816)	159,492	–	–
Others	18	974	–	–
Income tax expense recognised in profit or loss	45,518	36,563	4,971	1,795

28.1 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. (LOSS)/EARNINGS PER ORDINARY SHARE

### Basic (loss)/earnings per ordinary share

The calculation of basic earnings/loss per ordinary share for the year ended 31 December 2014 was based on the profit/loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2014	2013
(Loss)/Profit attributable to ordinary shareholders (RM'000)		
- Continuing operations	(6,794)	(73,849)
- Discontinued operations	255,177	274,400
<b>Total</b>	<b>248,383</b>	<b>200,551</b>
Weighted average number of ordinary shares ('000)	410,437	409,146
Basic (loss)/earnings per ordinary share (sen)		
- Continuing operations	(1.66)	(18.05)
- Discontinued operations	62.17	67.07
<b>Total</b>	<b>60.51</b>	<b>49.02</b>

### Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per share has not been disclosed as it is anti-dilutive.

## 30. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Executive Directors:</b>				
Wages, salaries and bonuses	13,888	12,560	-	17
Defined contribution plan	2,771	2,356	-	2
Leave passage	390	390	-	-
Other staff related expenses	3	1	-	-
Total executive directors' remuneration (excluding benefit-in-kind)	17,052	15,307	-	19
Estimated money value of benefit-in-kind	161	142	-	-
Total executive directors' remuneration (including benefit-in-kind)	17,213	15,449	-	19
<b>Non-executive Directors:</b>				
Wages, salaries and bonuses	645	677	434	474
Defined contribution plan	25	33	-	8
Leave passage	390	360	330	300
Total non-executive directors' remuneration	1,060	1,070	764	782
Benefit-in-kind	13	13	-	-
	1,073	1,083	764	782
Total directors' remuneration	18,286	16,532	764	801

### 31. DIVIDEND

Dividend recognised by the Company:

2013	Sen per share	RM'000	Date of payment
Final 2012 ordinary (net of tax)	5	20,455	6 August 2013

Subsequent to the financial year ended 2014, the shareholders of the Company at an Extraordinary General Meeting held on 7 January 2015 approved a Proposed Distribution of a special cash dividend payment to the entitled shareholders of the Company subject to the completion of the Proposed Disposals of PNSB and SYABAS to Air Selangor. Other than the Proposed Distribution to the entitled shareholders of the Company pending the completion of the Proposed Disposal of PNSB and SYABAS, no dividend has been proposed or declared for the financial year ended 2014 (2013: Nil).

### 32. 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 continuing operations in each of the Group's reportable segments:

#### Continuing operations:

- Water and wastewater Includes operation, maintenance, management, construction, rehabilitation and refurbishment of treatment and distribution of water and wastewater and related services in China.
- Oil and gas Includes provision of services offshore, logistic and marine management.
- Constructions Includes construction activities.

#### Discontinued operations:

- Water treatment Includes operation, maintenance, management, construction, rehabilitation and refurbishment of water treatment facilities in Malaysia.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 32. OPERATING SEGMENTS (CONTINUED)

	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000
<b>2014</b>			
Operating revenue			
Sales to external customers	581	476,525	128,815
Interest income	8	2,922	152
Compensation for late payment	-	-	-
Other income	1,935	3,981	6
	<b>2,524</b>	<b>483,428</b>	<b>128,973</b>
Operating expenses	(1,814)	(359,455)	(120,296)
Rental expenses on project equipment	-	(91,233)	-
Impairment of trade receivables	-	-	-
Impairment of service concession assets	(6,887)	-	-
Share of losses in: - Associates	-	-	-
- Joint ventures	-	-	-
Depreciation and amortisation	(1,994)	(8,466)	(99)
Segment results	(8,171)	24,274	8,578
Finance cost			
Profit before tax			
<b>Assets and Liabilities</b>			
Segment assets	73,372	402,402	79,114
Unallocated assets			
<b>Total assets</b>			
Segment liabilities	50,422	342,259	78,429
Unallocated liabilities			
<b>Total liabilities</b>			
Included in the measure of segment assets are:			
Investment in associate	-	-	-
Investment in joint ventures	-	-	-
Additions to non-current assets other than financial instruments and deferred tax assets	13,676	278	108



Others RM'000	Elimination RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
714	-	606,635	562,734	1,169,369
24,116	-	27,198	49,885	77,083
-	-	-	169,814	169,814
4,816	(1,823)	8,915	5,709	14,624
29,646	(1,823)	642,748	788,142	1,430,890
(57,172)	14,498	(524,239)	(277,498)	(801,737)
-	-	(91,233)	-	(91,233)
-	-	-	(46,677)	(46,677)
-	-	(6,887)	-	(6,887)
(1)	-	(1)	-	(1)
(44)	-	(44)	(14,950)	(14,994)
(602)	-	(11,161)	(15,086)	(26,247)
(28,173)	12,675	9,183	433,931	443,114
		(18,067)	(131,577)	(149,644)
		(8,884)	302,354	293,470
2,043,433	(1,383,544)	1,214,777	3,537,925	4,752,702
		25,026	80,173	105,199
		1,239,803	3,618,098	4,857,901
576,440	(556,521)	491,029	1,779,547	2,270,576
		21,541	491,803	513,344
		512,570	2,271,350	2,783,920
46	-	46	-	46
814	-	814	-	814
1,253	-	15,315	9,119	24,434

# NOTES TO THE FINANCIAL STATEMENTS

## 32. OPERATING SEGMENTS (CONTINUED)

	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000
<b>2013</b>			
Operating revenue			
Sales to external customers	699	454,936	58,474
Interest income	6	480	2
Compensation for late payment	-	-	-
Other income	1,714	27,549	-
	2,419	482,965	58,476
Operating expenses	(6,011)	(433,649)	(75,234)
Rental expenses on project equipment	-	(72,055)	-
Impairment of trade receivables	-	-	-
Share of losses in: - Associates	-	-	-
- Joint ventures	-	-	-
Depreciation and amortisation	(1,706)	(7,615)	(36)
Segment results	(5,298)	(30,354)	(16,794)
Finance cost			
Profit before tax			
<b>Assets and Liabilities</b>			
Segment assets	72,049	526,850	90,266
Unallocated assets			
<b>Total assets</b>			
Segment liabilities	49,301	491,274	37,140
Unallocated liabilities			
<b>Total liabilities</b>			
Included in the measure of segment assets are:			
Investment in associate	-	-	-
Investment in joint ventures	-	-	-
Additions to non-current assets other than financial instruments and deferred tax assets	15,062	8,647	1,090

Others RM'000	Elimination RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
239	–	514,348	632,356	1,146,704
19,362	–	19,850	58,534	78,384
–	–	–	128,326	128,326
3,676	(892)	32,047	11,682	43,729
23,277	(892)	566,245	830,898	1,397,143
(35,261)	892	(549,263)	(310,879)	(860,142)
–	–	(72,055)	–	(72,055)
(3,021)	–	(3,021)	(49,376)	(52,397)
(2)	–	(2)	–	(2)
(246)	–	(246)	(13,818)	(14,064)
(727)	–	(10,084)	(14,662)	(24,746)
(15,980)	–	(68,426)	442,163	373,737
		(11,075)	(126,298)	(137,373)
		(79,501)	315,865	236,364
1,791,661	(1,235,757)	1,245,069	3,299,661	4,544,730
		21,452	80,173	101,625
		1,266,521	3,379,834	4,646,355
482,299	(412,164)	647,850	1,748,233	2,396,083
		20,087	455,636	475,723
		667,937	2,203,869	2,871,806
45	–	45	–	45
858	–	858	–	858
–	–	24,799	46,812	71,611

# NOTES TO THE FINANCIAL STATEMENTS

## 32. OPERATING SEGMENTS (CONTINUED)

The following items were (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM'000	Group 2013 RM'000
Investment in joint ventures and associates	(347,649)	(332,654)
Inter-group intercompany balances elimination	(573,006)	(440,270)
Investment in subsidiaries	(464,136)	(464,081)
Others	1,247	1,248
	<b>(1,383,544)</b>	<b>(1,235,757)</b>

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM'000	Group 2013 RM'000
Inter-group intercompany balances	(584,411)	(453,248)
Investment in RSBs	27,890	41,084
	<b>(556,521)</b>	<b>(412,164)</b>

### 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.

Geographical information	Revenue RM'000	Group Non-current assets RM'000
<b>2014</b>		
Malaysia	1,163,529	446,803
Others	5,840	69,969
	<b>1,169,369</b>	<b>516,772</b>
<b>2013</b>		
Malaysia	1,139,678	1,172,135
Others	7,026	108,671
	<b>1,146,704</b>	<b>1,280,806</b>

### Major customers

Approximately 98% (2013: 87%) of total revenue during the year is mainly contributed from five (5) (2013: three (3)) customers.

### 33. FINANCIAL INSTRUMENTS

#### 33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”) and
- (c) Financial liabilities measured at amortised cost (“FL”).

2014 Group	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
<b>Financial assets</b>			
Trade and other receivables	54,229	54,229	–
Short-term investments	10,269	–	10,269
Cash and cash equivalents	446,347	446,347	–
	<b>510,845</b>	<b>500,576</b>	<b>10,269</b>
<b>Financial liabilities</b>			
Trade and other payables	(269,668)	(269,668)	–
Loans and borrowings	(221,361)	(221,361)	–
	<b>(491,029)</b>	<b>(491,029)</b>	<b>–</b>
<b>2013</b>			
<b>Financial assets</b>			
Trade and other receivables	2,234,469	2,234,469	–
Operating financial assets	841,859	841,859	–
Short-term investments	50,029	–	50,029
Cash and cash equivalents	671,906	671,906	–
	<b>3,798,263</b>	<b>3,748,234</b>	<b>50,029</b>
<b>Financial liabilities</b>			
Trade and other payables	(337,343)	(337,343)	–
Loans and borrowings	(2,053,751)	(2,053,751)	–
	<b>(2,391,094)</b>	<b>(2,391,094)</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### 33.1 Categories of financial instruments (continued)

2014 Company	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
<b>Financial assets</b>			
Other receivables	254,154	254,154	–
Short-term investment	10,269	–	10,269
Cash and cash equivalents	354,236	354,236	–
	<b>618,659</b>	<b>608,390</b>	<b>10,269</b>
<b>Financial liabilities</b>			
Other payables	(317,679)	(317,679)	–
Loans and borrowings	(138,548)	(138,548)	–
	<b>(456,227)</b>	<b>(456,227)</b>	<b>–</b>
<b>2013</b>			
<b>Financial assets</b>			
Other receivables	414,950	414,950	–
Short-term investment	50,029	–	50,029
Cash and cash equivalents	225,438	225,438	–
	<b>690,417</b>	<b>640,388</b>	<b>50,029</b>
<b>Financial liabilities</b>			
Other payables	(208,050)	(208,050)	–
Loans and borrowings	(136,714)	(136,714)	–
	<b>(344,764)</b>	<b>(344,764)</b>	<b>–</b>

### 33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	213	(632)	213	(632)
- reclassified from equity to profit or loss	556	2,067	556	2,067
	<b>769</b>	<b>1,435</b>	<b>769</b>	<b>1,435</b>
Loans and receivables	39,985	216,586	25,928	21,715
Financial liabilities measured at amortised cost	(22,149)	(213,185)	(11,645)	(3,892)
	<b>18,605</b>	<b>4,836</b>	<b>15,052</b>	<b>19,258</b>

### 33. FINANCIAL INSTRUMENTS (CONTINUED)

#### 33.3 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.

#### 33.4 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 2018 depending on the favourable outcome of litigation taken against the State Government by SYABAS in relation to tariff compensation claims. In the current year, amount due from SYABAS has been classified as assets held for sale (Note 18).

##### Receivables

###### *Credit risk concentration profile*

At the reporting date, the Group's trade receivables were mainly due from five (5) (2013: three (3)) customers.

###### *Impairment losses*

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2014</b>			
Not past due	36,003	-	36,003
Past due 0-30 days	5,384	-	5,384
Past due more than 154 days	7,819	(5,021)	2,798
	<b>49,206</b>	<b>(5,021)</b>	<b>44,185</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### 33.4 Credit risk (continued)

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2013</b>			
Not past due	101,642	–	101,642
Past due 0-30 days	57,256	–	57,256
Past due 31-154 days	227,981	–	227,981
Past due more than 154 days	1,765,534	(112,248)	1,653,286
	2,152,413	(112,248)	2,040,165

Group	2014 RM'000	2013 RM'000
At 1 January	112,248	59,851
Impairment loss (reversed)/recognised:		
- Third parties	(1,876)	3,021
- Amount due from SYABAS	46,677	49,376
Transfer to assets held for sale	(152,028)	–
At 31 December	5,021	112,248

As at 31 December 2014, impairment losses arising from amount due from SYABAS were mainly due to change of estimated timing of receipts.

No ageing analysis is presented for amount due from Serba Tiara as the amount is payable in ten (10) annual instalments as disclosed in Note 12.5.

### 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.



### 33. FINANCIAL INSTRUMENTS (CONTINUED)

#### 33.4 Credit risk (continued)

##### 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 RM30,000,000 (2013: RM39,243,000) representing the outstanding banking facilities of the subsidiaries as at the 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.

*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 RM1,007,000 (2013: RM6,442,000) was recognised during the year. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

#### 33.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### 33.5 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
<b>2014</b>						
<b>Financial liabilities:</b>						
Trade and other payables	269,668	–	269,668	269,518	150	–
Loans and borrowings	221,361	0.91% – 7.20%	275,550	39,032	229,135	7,383
Total undiscounted financial liabilities	491,029		545,218	308,550	229,285	7,383
<b>2013</b>						
<b>Financial liabilities:</b>						
Trade and other payables	337,343	–	337,343	332,091	5,252	–
Loans and borrowings	2,053,751	1.24% – 11.00%	2,621,966	252,960	2,302,236	66,770
Total undiscounted financial liabilities	2,391,094		2,959,309	585,051	2,307,488	66,770

### 33. FINANCIAL INSTRUMENTS (CONTINUED)

#### 33.5 Liquidity risk (continued)

##### *Maturity analysis (continued)*

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: (continued)

Company	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
<b>2014</b>						
<b>Financial liabilities:</b>						
Trade and other payables	317,679	–	317,679	317,679	–	–
Loans and borrowings	138,548	3.95%	187,034	6,379	180,655	–
Total undiscounted financial liabilities	456,227		504,713	324,058	180,655	–
Financial guarantees	–	–	30,000	30,000	–	–
<b>2013</b>						
<b>Financial liabilities:</b>						
Trade and other payables	208,050	–	208,050	208,050	–	–
Loans and borrowings	136,714	3.95%	204,122	6,517	197,605	–
Total undiscounted financial liabilities	344,764		412,172	214,567	197,605	–
Financial guarantees	–	–	39,243	39,243	–	–

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### 33.6 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.

#### 33.6.1 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 and Company'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:

Group	Denominated in	
	USD RM'000	SGD RM'000
<b>As at 31 December 2014</b>		
Cash and cash equivalents	5,152	196
Trade and other receivables	35,915	152
Trade and other payables	(15,950)	(153)
Loans and borrowings	(11,329)	–
	<b>13,788</b>	<b>195</b>
<b>As at 31 December 2013</b>		
Cash and cash equivalents	2,434	–
Trade and other receivables	71,075	–
Trade and other payables	(15,224)	(328)
Loans and borrowings	(80,839)	–
	<b>(22,554)</b>	<b>(328)</b>

### 33. FINANCIAL INSTRUMENTS (CONTINUED)

#### 33.6 Market risk (continued)

##### 33.6.1 Currency risk (continued)

Company	Denominated in USD RM'000
As at 31 December 2014 Cash and cash equivalents	105
As at 31 December 2013 Cash and cash equivalents	16

##### *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.

##### 33.6.2 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Fixed rate instruments</b>				
Financial assets	391,427	546,457	332,720	224,038
Financial liabilities	(142,126)	(1,875,922)	(138,548)	(136,714)
	249,301	(1,329,465)	194,172	87,324
<b>Floating rate instruments</b>				
Financial assets	-	1,592,328	-	-
Financial liabilities	(79,235)	(177,829)	-	-
	(79,235)	1,414,499	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

### 33.6 Market risk (continued)

#### 33.6.2 Interest rate risk (continued)

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 100 basis points higher, with all other variables held constant, the Group's pre-tax profit would have been RM792,000 (2013: RM14,145,000) higher.

### 33.7 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.

Group	Carrying amount 2014 RM'000	Fair value 2014 RM'000	Carrying amount 2013 RM'000	Fair value 2013 RM'000
<b>Financial assets</b>				
Operating financial assets	-	-	841,859	700,923
Long-term receivables	-	-	1,841,450	1,841,450
<b>Financial liabilities</b>				
Loans and borrowings				
- Obligations under finance leases	(3,578)	(3,686)	(12,594)	(11,426)
- Government support loan	-	-	(32,076)	(33,614)
- BAIDS/MCPs/MTNs	-	-	(1,016,591)	(938,705)
- JNA	-	-	(213,091)	(294,906)
- RSBs	-	-	(462,927)	(462,775)
USD36 million term loan	(62,937)	(62,937)	(85,163)	(85,163)
Lushan MOF Novated World Bank Loan	(11,328)	(11,328)	(11,827)	(11,827)
Revolving credit	-	-	80,839	80,839
RCSSI	(138,548)	(137,031)	(136,714)	(138,733)
Others	(4,970)	(4,970)	(1,929)	(1,929)
<b>Company</b>				
<b>Financial asset</b>				
RCULS	-	-	182,719	172,210
<b>Financial liabilities</b>				
RCSSI	(138,548)	(137,031)	(136,714)	(138,733)

### 33. FINANCIAL INSTRUMENTS (CONTINUED)

#### 33.7 Fair value information (continued)

Short-term investment of the Group and of the Company amounted to RM10,269,000 (2013: RM50,029,000) 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.

### 34. 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 this 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 RM44,682,000 (2013: RM1,709,705,000) and a total capital of RM2,120,630,000 (2013: RM3,486,461,000) giving rise to a gearing ratio of approximately 2% (2013: 49%).

# NOTES TO THE FINANCIAL STATEMENTS

## 35. COMMITMENTS

### 35.1 Operating lease commitments – as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2014 RM'000	2013 RM'000
<b>Future minimum lease payments:</b>		
Less than one year	2,882	2,601
Between one and five years	1,161	1,512
More than five years	–	7
	<b>4,043</b>	<b>4,120</b>

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.

### 35.2 Finance lease commitments

	Group	
	2014 RM'000	2013 RM'000
<b>Future minimum lease payments:</b>		
Not later than 1 year	1,353	5,453
Later than 1 year but not later than 2 years	1,353	3,999
Later than 2 years but not later than 5 years	1,116	4,140
	<b>3,822</b>	13,592
Less: Finance charges	<b>(244)</b>	(998)
Present value of minimum lease payables	<b>3,578</b>	12,594
<b>Present value of payments:</b>		
Not later than 1 year	1,217	4,917
Later than 1 year but not later than 2 years	1,263	3,724
Later than 2 years but not later than 5 years	1,098	3,953
Present value of minimum lease payables	<b>3,578</b>	12,594
Less: Amount due within 12 months	<b>(1,217)</b>	(4,917)
Amount due after 12 months (Note 21)	<b>2,361</b>	7,677

The finance lease has been accounted for as loans and borrowings as disclosed in Note 21 to the financial statements.



## 36. CONTINGENCIES

Tax penalty – PNSB (Discontinued operations)

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:

- (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.

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 had submitted a RM Nil tax payable for YA 2012 and YA2013 and estimated the tax payable for YA2014 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 YA2013 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. The appeal for the Special Commission of Income Tax is fixed for hearing on 7, 8 and 9 April 2015.

The hearing dates on 7, 8 and 9 April 2015 has been postponed to another hearing date to be fixed by the Special Commission of Income Tax. The hearing date originally fixed on 7 April 2015 has been changed to a Case Management date.

## 37. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2014 RM’000	2013 RM’000
Contracts approved and contracted for	289	33,321

# NOTES TO THE FINANCIAL STATEMENTS

## 38. 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 include 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 12, 18 and 22.

	Company	
	2014 RM'000	2013 RM'000
<b>A. Subsidiaries</b>		
Rental from SINO	911	892
Commission income from PNCSB	574	–
Advances from PNSB	111,634	345
Advances to PNSB	14,932	13,413
Repayment to PNSB	14,039	47,640
Advances to POG	100,879	–
Repayment from POG	101,477	–
Advances to SINO	14,430	18,579
Advances to PNCSB	13,453	4,157
Advances from PNCSB	67,335	–
Repayment to PNCSB	54,694	–
Advances to PNMSSB	300	–
Advances to PRCSB	195	–

**38. RELATED PARTIES (CONTINUED)****Significant related party transactions (continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>B. Joint venture</b>					
RCULS interest receivable		14,950	13,818	14,950	13,818
Compensation for late payment		169,814	128,326	–	–
Storage fee charged		575	544	248	–
Sales of bulk quantity of treated water		694,509	701,434	–	–
<b>C. Key management personnel</b>					
Short-term employee benefits		27,325	27,194	434	490
Defined contribution plan		4,509	4,281	–	11
Other staff related expenses		1,993	2,326	330	300
		33,827	33,801	764	801
Directors' remuneration	30	18,286	16,532	764	801
<b>D. Director related corporation</b>					
Secretarial fees charged by RZ Management		240	240	–	–
Donation to GWGF		–	39	–	–

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 12 and Note 22 to the financial statements.

**39. CHANGES IN COMPOSITION OF THE GROUP**

- (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 the 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 30 December 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## 39. CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

- (2) On 21 February 2014, the Company was notified by Luancheng that the regulatory authority in the PRC 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 Luancheng County Water Supply Station.

As such, effective 20 February 2014, Luancheng ceased to be a subsidiary of SINO.

- (3) On 14 March 2014, the Company had acquired a shelf company, namely Magnum Nature Sdn Bhd ("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 is to facilitate the Group's business expansion plans. Magnum Nature is currently dormant.

- (4) 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 PRC under the China Company Law.

SINO was notified on 18 March 2014 by LUWEI that the regulatory authorities of the PRC 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, thereby resulting in LUWEI becoming a 92.40% owned subsidiary of SINO with a total investment of USD5,682,500.

On 10 October 2014, SINO had invested an additional USD380,000 in LUWEI and the paid up registered capital of LUWEI increased from USD6,150,000 to USD6,530,000, thereby resulting in LUWEI becoming a 92.84% owned subsidiary of SINO with a total investment of USD6,062,500.

- (5) SINO had invested an additional USD200,000 in XINNUO, a wholly owned subsidiary incorporated in Yangxin County, Shandong Province in the PRC.

As at 14 April 2014, the paid up registered capital of Xinnuo stood at USD4,900,000.

- (6) On 30 April 2014, the Company was notified that the Registrar of Companies, Brunei Darussalam had issued a Certificate of Registration of Company Incorporated Outside Brunei Darussalam dated 28 April 2014 for the Company's establishment of a branch office in Brunei Darussalam.

Brunei branch was established to facilitate the business development efforts of the Group in Brunei Darussalam.

#### 40. SIGNIFICANT EVENTS

The Company had on 11 November 2014 entered into a conditional sale and purchase agreement with Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) (“Air Selangor”), a wholly owned subsidiary of KDEB for the proposed disposal by the Company of the entire equity interest and CCRPS held in PNSB and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of RCULS held in SYABAS (“SPA”) for a total cash consideration of RM1,555.3 million (collectively referred to as the “Proposed Disposals”).

The Proposed Disposals involved the disposals of the following by the Company to Air Selangor:

- (i) the entire equity interest in PNSB comprising 10,000,000 ordinary shares of RM1.00 each in PNSB (“PNSB Shares”) and 48,000,000 CCRPS of RM0.10 each in PNSB (“PNSB CCRPS”) for a total cash consideration of RM1,117.5 million, which represents a discount of between 14.1% and 24.8% to the indicative valuation of between RM1,301.0 million and RM1,486.0 million; and
- (ii) 70% equity interest held in SYABAS comprising 45,500,000 ordinary shares of RM1.00 each in SYABAS (“SYABAS Shares”) for a cash consideration of RM225.8 million and RM212.0 million nominal value of RCULS (“SYABAS RCULS”) for a cash consideration of RM212.0 million. The disposal of SYABAS Shares represents a discount of between 65.2% and 69.5% to the indicative valuation of between RM648.0 million and RM740.0 million.

The terms of the Proposed Disposals are as follows:

- (i) Air Selangor will assume all the CA (as explained in Note 1 below) related business (including all CA related assets and liabilities), PNSB’s CA related employees, SYABAS’ employees and employees of PUAS upon completion of the Proposed Disposals;
- (ii) The Company shall cause and procure PNSB to effect the following on the date falling seven (7) days after the date on which the last of the special covenants and the conditions precedent (which have not been otherwise waived by Air Selangor) have been fulfilled and satisfied (“Completion Date”):
  - (a) the transfer by PNSB of all of the shares in Unggul Raya (M) Sdn Bhd and Ideal Water Resources Sdn Bhd to the Company and/or its subsidiaries;
  - (b) the transfer of PNSB’s non-CA related real properties (“Properties”), the non-CA related assets and the non-CA related motor vehicles by PNSB to the Company and/or its subsidiaries;
  - (c) the novation of the non-CA related contracts and the specified non-CA contract to the Company and/or its subsidiaries together with all liabilities and/or receivables arising therefrom;
  - (d) the novation of all non-CA related liabilities to the Company and/or its subsidiaries;
  - (e) the transfer of PNSB’s non-CA related employees to the Company and/or its subsidiaries;
  - (f) the cancellation of PNSB’s non-CA related performance bonds issued by RHB Bank Berhad and United Overseas Bank Berhad and termination of the facility granted by United Overseas Bank (Malaysia) Berhad to PNSB;
  - (g) the transfer and/or novation of PNSB’s non-CA related tenders submitted by PNSB prior to the date of the SPA, and all contracts arising from the acceptance of such tenders by the relevant counterparties to the Company and/or its subsidiaries; and

# NOTES TO THE FINANCIAL STATEMENTS

## 40. SIGNIFICANT EVENTS (CONTINUED)

The terms of the Proposed Disposals are as follows: (continued)

(h) the waiver by PNSB of a sum not exceeding RM350.0 million due and owing by the Company and its subsidiaries to PNSB.

The Proposed Disposals are conditional upon the following conditions precedent being fulfilled not later than 2 months from the date of the SPA, or any other extended date as the parties may mutually agree in writing:

- (i) the unconditional approval of the Government of Malaysia (“Federal Government”) through Unit Kerjasama Awam Swasta at the Prime Minister’s Department (“UKAS”) (in satisfaction of the approval required for the EGM);
- (ii) the unconditional approval of State Government through Unit Perancang Ekonomi Negeri (“UPEN”) which was obtained on 1 December 2014;
- (iii) the unconditional approvals of ACQUA SPV Bhd and the respective trustees of the bonds issued by PNSB and SYABAS which was obtained on 18 December 2014;
- (iv) the unconditional approval of Minister of Finance pursuant to SYABAS concession agreement which was obtained on 24 December 2014;
- (v) the unconditional approvals of RHB Bank Berhad which was obtained on 5 January 2015 and Bank Pembangunan Malaysia Berhad which was obtained on 8 January 2015;
- (vi) the unconditional approval of SPAN which was obtained on 6 January 2015;
- (vii) the approval of the shareholders of the Company which was obtained at the EGM held on 7 January 2015;
- (viii) (1) the approval of the holders of the RM165,000,000 nominal value of 5-year redeemable convertible secured Sukuk Ijarah issued by the Company which was obtained on 8 January 2015;
- (2) the release and discharge of the existing charge over 2,500,000 of the PNSB Shares and 16,800,000 of the SYABAS Shares in favour of PB Trustee Services Berhad and in connection thereto, the approval of PB Trustee Services Berhad, which was obtained on 8 January 2015;
- (ix) the execution of each of:-
  - (1) the agreement between the State Government and Air Selangor for the transfer of water-supply related assets to Air Selangor;
  - (2) the master agreement executed by Air Selangor, PAAB, the State Government and the Federal Government for the transfer to PAAB of water-supply related assets (“Master Agreement”); and
  - (3) the lease agreement and facility agreement between Air Selangor and PAAB for the leaseback of the water-supply related assets acquired by PAAB (collectively, the “Transfer Agreements”);

#### 40. SIGNIFICANT EVENTS (CONTINUED)

The Proposed Disposals are conditional upon the following conditions precedent being fulfilled not later than 2 months from the date of the SPA, or any other extended date as the parties may mutually agree in writing: (continued)

- (x) the receipt by Air Selangor of (1) a written waiver by Kumpulan Perangsong Selangor Berhad (“KPS”) of its pre-emption rights under the shareholders agreement dated 31 December 2004 entered into between the Company, KDEB and SYABAS as supplemented by the supplemental shareholders’ agreement dated 20 February 2009 entered into between the Company, KDEB, SYABAS and KPS (“Shareholders Agreement”); and (2) KPS’ written consent to terminate the Shareholders Agreement effective on the Completion Date;
- (xi) the due receipt by Air Selangor a sum not less than the Disposal Consideration (as defined below) paid by PAAB to Air Selangor under the Master Agreement (“PAAB Sum”); and
- (xii) the receipt by Air Selangor of a confirmation from PAAB that it is satisfied with the results of the due diligence inquiry carried out on PNSB, SYABAS and PUAS.

**Note 1:**

The operations and business carried on by PNSB in connection with the following agreements entered into between PNSB and the State Government (including all amendments and supplementary agreements mutually agreed to in writing):-

- (i) Privatisation Cum Concession Agreement dated 22 September 1994;
- (ii) Wangsa Maju Water Treatment Plant Concession Agreement dated 31 December 2004;
- (iii) Construction Cum Operation Agreement dated 22 March 1995;
- (iv) Sg Sireh Water Treatment Plant Operation & Maintenance Agreement dated 7 March 2008; and
- (v) Sg Lolo Water Treatment Plant (Extension) Operation & Maintenance Agreement dated 16 August 2007;

and including all rights connected to the Bernam River Headworks (New) water treatment plant as granted by SPAN or any other public authority (hereinafter collectively referred to as “CA”).

# NOTES TO THE FINANCIAL STATEMENTS

## 40. SIGNIFICANT EVENTS (CONTINUED)

On 7 January 2015, the shareholders of the Company had at the Company's EGM approved the resolutions for the Proposed Disposals and the Proposed Distribution as set out in the Notice of the EGM dated 16 December 2014: -

### (1) Special Resolution 1

Proposed Disposal by the Company of the following:

- (i) the entire equity interest and CCRPS held in PNSB to Air Selangor; and
- (ii) 70% equity interest held in SYABAS and RM212.0 million nominal value of RCULS to Air Selangor

for a total cash consideration of RM1,555.3 million ("Disposal Consideration").

### (2) Ordinary Resolution 1

Proposed Distribution of a minimum amount of RM1.00 per ordinary share of RM1.00 each in the issued and paid-up share capital of the Company up to a maximum distribution of RM534.3 million only via a special cash dividend payment to the entitled shareholders of the Company at an entitlement date to be determined and announced at a later date by the Board of Directors of the Company ("Proposed Distribution").

On 13 January 2015, the Company announced that the conditions precedent stipulated in the SPA have not been fully met and that the Company was discussing with Air Selangor on a mutually agreed date for the extension of the date of fulfilment of the conditions precedent.

On 14 January 2015, the Company and Air Selangor mutually agreed to an extension until 9 February 2015 for the fulfilment of the conditions precedent stated in the SPA.

On 10 February 2015, upon the written request of Air Selangor, the Company and Air Selangor had mutually agreed to a second extension until 9 March 2015 for the fulfilment of the conditions precedent stated in the SPA.

On 16 March 2015, upon the written request of Air Selangor, the Company and Air Selangor had mutually agreed to a third extension until 9 April 2015 for the fulfilment of the conditions precedent stated in the SPA.

Subject to all requisite approvals being obtained, the Proposed Disposals are expected to be completed within the next twelve (12) months.



## 41. 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 counter-claim 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 be 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (a) KHEC (continued)

#### (i) The First Arbitration Proceedings (continued)

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.

The hearing for the First Arbitration Proceedings fixed on 29 May 2014 and 30 May 2014 did not proceed as scheduled and was fixed by the Arbitration Panel on 4 July 2014 to be fixed on 16 August 2014 and 17 August 2014.

The hearing of the First Arbitration Proceedings fixed on 16 August 2014 and 17 August 2014 proceeded as scheduled.

The Arbitration Panel has tentatively fixed the next continued hearing dates on 24 October 2014 and 25 October 2014.

The hearing of the First Arbitration Proceedings fixed on 24 October 2014 and 25 October 2014 proceeded as scheduled.

On 17 November 2014, the Arbitration Panel has fixed the continued hearing dates for the First Arbitration Proceedings on 6 and 7 December 2014 respectively.

On 26 November 2014, the Arbitration Panel has rescheduled the continued hearing dates for the First Arbitration Proceedings originally scheduled on 6 December 2014 and 7 December 2014 to 24 January 2015 and 25 January 2015, respectively.

On 7 January 2015, the Arbitration Panel postponed the continued hearing dates for the First Arbitration Proceedings originally scheduled on 24 January 2015 and 25 January 2015. The Panel has yet to schedule new dates for the continued hearing.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (a) KHEC (continued)

#### (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.

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 2014 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 postponed the hearing of the Petition filed by KHEC to 3 December 2013.

On 3 December 2013, the Madras High Court fixed the continued hearing of the petition filed by KHEC on 10 December 2013.

On 10 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC, wherein the new hearing date had yet to be fixed by the Madras High Court.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. 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.

The Plaintiff had commenced legal action against PUAS and SYABAS in respect of an agreement dated 25 October 2001 entered into between the Plaintiff 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-in-title 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 Inter-Partes application for an injunction;
- (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-in-title 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-Partes 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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

#### Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

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.

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 the Plaintiff 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 the Plaintiff 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 the Plaintiff 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. 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.

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, the Plaintiff had filed a Notice of Appeal to the Court of Appeal against the decision by the High Court on 5 October 2011.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

#### Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

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 the Plaintiff.

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 the Plaintiff.

The Court of Appeal had on 22 May 2013 adjourned the hearing on the Appeal filed by the Plaintiff against the decision of the Kuala Lumpur High Court dated 5 October 2011 which had dismissed the Plaintiff's claim against SYABAS and the other two Defendants, to a date which will be fixed later by the Court of Appeal.

The Court of Appeal had fixed the hearing on the Appeal filed by the Plaintiff against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed the Plaintiff'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 the Plaintiff against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed the Plaintiff'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 the Plaintiff against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed the Plaintiff's claim against SYABAS and the other two Defendants), the Court of Appeal had unanimously dismissed the Plaintiff's appeal with costs of RM40,000 awarded to SYABAS and PUAS and RM15,000 awarded to State Government, the 3<sup>rd</sup> Defendant.

The Plaintiff 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 the Plaintiff's claim against SYABAS and the other two Defendants.

On 4 February 2014, the Federal Court had fixed the Plaintiff'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 the Plaintiff'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 the Plaintiff'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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

The Plaintiff's counsel had via their letter dated 29 April 2014 applied to the Federal Court for a postponement of the Hearing fixed on 6 May 2014 on the Plaintiff's Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013. The Federal Court had via a letter dated 2 May 2014 allowed for the Hearing of the Motion for Leave to Appeal to be postponed and has fixed the Motion for case management on 6 May 2014.

At the Case Management held on 6 May 2014, the Federal Court fixed the Plaintiff'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 5 August 2014.

The Federal Court on 5 August 2014 unanimously dismissed the Plaintiff's Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013 with costs of RM20,000 awarded to SYABAS and PUAS and RM10,000 for State Government, the 3<sup>rd</sup> Defendant.

The costs of RM20,000 had been paid to SYABAS and PUAS on 12 January 2015 and the case was considered settled.

### (c) ABASS

#### Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011

SYABAS had been served with a Writ and Statement of Claim ("Statement of Claim") dated 28 March 2011 from the solicitors acting for ABASS ("the Plaintiff") on 30 March 2011.

In the Statement of Claim, the Plaintiff claimed against SYABAS for, inter alia, the following:

- (i) A declaration that SYABAS was liable to make full payment on all invoices issued by the Plaintiff pursuant to the Privatization 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' 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 RM149,478,553.02;
- (iii) An account of all payments due to the Plaintiff 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 the Plaintiff 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 RM6,218,522.57;
- (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;



## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

(vii) Damages for breach of contract; and

(viii) Costs.

SYABAS was required to enter appearance within eight (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 the Plaintiff to file its reply (if any).

SYABAS' Defence and Counterclaim had been filed in Court and a copy thereof served on the solicitors of the Plaintiff 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 SYABAS 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 SYABAS 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 Case Management of other questions or issues in the action, and also for SYABAS' 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.

The High Court had 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 had 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 SYABAS' application for leave to issue a Third Party Notice. On the same Case Management date, SYABAS was 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 had fixed the next Case Management on 26 September 2011 for SYABAS 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, SYABAS' application for leave to issue a Third Party Notice and also SYABAS' application to amend the Defence and Counterclaim.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

At the Case Management held on 26 September 2011, the High Court had 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, SYABAS' application for leave to issue a Third Party Notice and also SYABAS' application to amend the Defence and Counterclaim.

At the Case Management held on 5 October 2011, the High Court had fixed the hearing on 21 October 2011 in respect of SYABAS' application for leave to issue a Third Party Notice and also SYABAS' 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 had fixed 31 October 2011 for Decision in respect of SYABAS' application for leave to issue a Third Party Notice and SYABAS' application to amend the Defence and Counterclaim. On 31 October 2011, the Court postponed the Decision in respect of SYABAS' 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 SYABAS' 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 SYABAS to serve the Third Party Notice on the State Government of Selangor ("the Third Party") 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.

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 the Plaintiff 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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

At the hearing held on 30 November 2011, for the Summons for Third Party Directions, the Kuala Lumpur High Court ordered that:-

- (i) SYABAS 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 SYABAS 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 SYABAS' application to issue a Third Party Notice and to amend the Defence and counterclaim, with costs awarded to SYABAS.

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 SYABAS 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.

SYABAS had been served with a sealed copy of the Third Party's application to set aside the Third Party Notice and Statement of Claim by SYABAS 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 Third Party's application to set aside the Third Party Notice and Statement of Claim by SYABAS, 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. SYABAS'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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

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.

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 was 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 SYABAS with costs of RM10,000 and SYABAS is currently taking legal advice on whether to appeal the decision to the Court of Appeal.

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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

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 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.

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 Third Party 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

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.

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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

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.

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 was 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 had 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) 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:

- (i) 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 SYABAS 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 had 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 Third Party.

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.

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.



## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

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 Third Party's motion to strike out SYABAS' appeal (which was filed on 3 April 2014 together with the affidavit in support affirmed by the Third Party'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.

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 Third Party 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 Third Party 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.

On 7 July 2014, the Federal Court adjourned 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 to 2 October 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (c) ABASS (continued)

#### Kuala Lumpur High Court Writ Summons No. 22NCC-543-2011 (continued)

The Kuala Lumpur High Court had on 9 July 2014 fixed the matter for further Case Management on 9 October 2014 pending the disposal of SYABAS' appeal and motion to strike out SYABAS' appeal filed by the Selangor State Government at the Federal Court, the Hearing of which was adjourned to 2 October 2014 by the Federal Court on 7 July 2014.

During the hearing held on 2 October 2014, the Federal Court had heard SYABAS' appeal against the decision of the Court of Appeal dated 21 January 2013 which struck out SYABAS' Third Party Notice and Statement of Claim against the Selangor State Government and also the motion to strike out SYABAS' appeal filed by the Selangor State Government. The Federal Court had dismissed the motion to strike out SYABAS' appeal filed by the Selangor State Government and allowed SYABAS' appeal both with costs.

The Kuala Lumpur High Court had on 9 October 2014 fixed the matter for another Case Management on 8 December 2014 pending the outcome of the Motion for Leave to Appeal to the Federal Court filed by the Selangor State Government arising from the decision of the Court of Appeal on 2 April 2014 in allowing SYABAS' appeal to join CIMB Investment Bank Berhad as Co Plaintiff and also to re-amend the statement of claim.

The said Motion for Leave to Appeal to the Federal Court filed by the Selangor State Government has been fixed for case management on 13 October 2014 and hearing on 10 November 2014.

The hearing date on 10 November 2014 has been vacated and a new hearing date has been fixed on 6 January 2015 for the said Motion for Leave to Appeal to the Federal Court filed by the Selangor State Government.

The Kuala Lumpur High Court had on 8 December 2014 fixed the matter for another case management on 13 February 2015 pending the outcome of the Motion for Leave to Appeal to the Federal Court filed by the Selangor State Government arising from the decision of the Court of Appeal on 2 April 2014 in allowing SYABAS' appeal to join CIMB Investment Bank Berhad as Co Plaintiff and also to re-amend the statement of claim.

On 13 February 2015, the High Court has rescheduled the matter for further Case Management on 18 February 2015.

At the Case Management held on 18 February 2015, the High Court has fixed the matter for further Case Management on 24 April 2015 (pending the outcome of the Motion for Leave to Appeal to the Federal Court filed by the Selangor State Government arising from the Decision of the Court of Appeal delivered on 2 April 2014, in allowing SYABAS' appeal to join CIMB Investment Bank Berhad as Co-Plaintiff in its capacity as a security agent and to re-amend the statement of claim in the main suit [Kuala Lumpur High Court Suit No. 22NCC-1478-09/2011]). The hearing of the Leave Application is fixed on 14 April 2015 at the Federal Court).

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) 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 pre-trial 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) 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 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.

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, in addition to the existing trial dates fixed on 4 September 2012, 6 September 2012 and 7 September 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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) Kerajaan Negeri Selangor (“State Government”) (continued)

#### Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

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.

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.

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) 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.

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.

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.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) Kerajaan Negeri Selangor (“State Government”) (continued)

#### Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

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.

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) Kerajaan Negeri Selangor (“State Government”) (continued)

#### Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

The dates fixed by the Kuala Lumpur High Court for continued Trial on 6 November 2013, 7 November 2013 and 8 November 2013 as previously announced remain unchanged.

The Kuala Lumpur High Court had on 3 October 2013 allowed the Selangor State Government’s application to re-amend 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.

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.



## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) Kerajaan Negeri Selangor (“State Government”) (continued)

#### Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

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.

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.

At the Mention held on 5 May 2014, the Selangor State Government’s counsel informed the Kuala Lumpur High Court that the Selangor State Government had on 30 April 2014 filed its Notice of Motion for Leave to Appeal to the Federal Court against the decision of the Court of Appeal dated 2 April 2014 which had 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). The Kuala Lumpur High Court accordingly fixed the matter for Mention on 5 August 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (d) 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 5 August 2014, the parties informed the court that no hearing date has been fixed by the Federal Court for the Selangor State Government application for Leave to Appeal against the order dated 2 April 2014 of the Court of Appeal, allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as the co-plaintiff in its capacity as a security agent and to re-amend the statement of claim. In view of the order granted by the Court of Appeal on 2 April 2014 staying the High Court proceedings pending hearing and disposal of the Selangor State Government leave application to the Federal Court, the High Court fixed the matter for further case management on 7 October 2014 for the parties to inform the court about the status of the said application for leave to appeal to the Federal Court.

The Federal Court has fixed a hearing date on 10 November 2014 vide their letter dated 3 September 2014 for the Selangor State Government application for Leave to Appeal against the Order dated 2 April 2014 of the Court of Appeal, allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as the co-plaintiff in its capacity as a security agent and to re-amend the statement of claim.

The Federal Court has fixed 13 October 2014 for case management vide their letter dated 25 September 2014. The Federal Court had previously fixed a hearing date on 10 November 2014 for the Selangor State Government’s application for Leave to Appeal against the Order dated 2 April 2014 of the Court of Appeal, allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as the co-plaintiff in its capacity as a security agent and to re-amend the statement of claim.

The Kuala Lumpur High Court had on 7 October 2014 fixed 28 November 2014 for further Case Management of the Suit. Earlier, the Federal Court had fixed the hearing date on 10 November 2014 for the Selangor State Government’s application for Leave to Appeal against the Court of Appeal’s Order dated 2 April 2014, allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as a Co-Plaintiff and to re-amend the statement of claim.

At the case management held on 13 October 2014, the Federal Court had fixed a Hearing date on 6 January 2015 for the Selangor State Government’s application for Leave to Appeal against the Court of Appeal’s Order dated 2 April 2014 in allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as a Co-Plaintiff and to re-amend the Statement of Claim, as the Selangor State Government’s counsel was not available on the earlier Hearing date which was fixed on 10 November 2014. The Kuala Lumpur High Court had also earlier fixed 28 November 2014 for further case management to update the Kuala Lumpur High Court on the status of the said application for leave to appeal to the Federal Court.

At the case management held on 28 November 2014, the Kuala Lumpur High Court had fixed the matter for another Case Management on 5 February 2015 pending the disposal of the Selangor State Government’s application for Leave to Appeal against the Court of Appeal’s Order dated 2 April 2014 in allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as a Co-Plaintiff and to re-amend the Statement of Claim which was earlier fixed for hearing on 6 January 2015.

At the case management held on 6 January 2015, the Federal Court had fixed the matter for hearing on 14 April 2015 for the Selangor State Government’s application for Leave to Appeal to the Federal Court, against the Decision of the Court of Appeal delivered on 2 April 2014 (allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as a co-plaintiff in its capacity as a security agent and to re-amend the Statement of Claim).

At the case management held on 5 February 2015, the High Court had fixed the matter for further Case Management on 16 April 2015, pending disposal of the State Government application for leave to appeal to the Federal Court (which is fixed for Hearing on 14 April 2015, against the Decision of the Court of Appeal delivered on 2 April 2014 allowing SYABAS’ appeal to join CIMB Investment Bank Berhad as a co-plaintiff in its capacity as a security agent and to re-amend the Statement of Claim).

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (e) 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:-

- (i) 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;
- (iii) 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;
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (e) PNSB vs State Government (continued)

#### Kuala Lumpur High Court Originating Summons No. 24NCVC-369-02/2013 (continued)

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.

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.

On 4 July 2014, the Kuala Lumpur High Court has fixed the Case Management of PNSB's Originating Summons on 10 July 2014.

On 10 July 2014, the Kuala Lumpur High Court has fixed the Case Management of PNSB's Originating Summons on 17 September 2014.

On 17 September 2014, the Kuala Lumpur High Court has fixed the Case Management of PNSB's Originating Summons on 3 December 2014.

On 3 December 2014, the Kuala Lumpur High Court has fixed a further Case Management of PNSB's Originating Summons on 17 February 2015.

On 17 February 2015, the Kuala Lumpur High Court has fixed a further Case Management of PNSB's Originating Summons on 10 March 2015.

On 10 March 2015, the Kuala Lumpur High Court has fixed a further Case Management of PNSB's Originating Summons on 3 April 2015 and also fixed a hearing date on 22 May 2015.

The Kuala Lumpur High Court has vacated the Case Management of PNSB's Originating Summons fixed on 3 April 2015. The Hearing Date on 22 May 2015 is maintained.

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (f) PNSB vs LUAS and the Selangor State Government

#### Kuala Lumpur High Court Judicial Review No: R2-25-67-03/2014

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 Lembaga Urus Air Selangor (“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.

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.

PNSB application for interim relief at the Kuala Lumpur High Court in respect of the Judicial Review Proceedings filed against LUAS and the Selangor State Government which was fixed for hearing on 5 May 2014 has been adjourned to 14 May 2014 and the hearing of PNSB’s substantive application for Judicial Review is fixed on 16 May 2014.

In respect of the Judicial Review Proceedings filed by PNSB against LUAS and the Selangor State Government, PNSB’s application for interim relief has on 6 May 2014 been directed by the Kuala Lumpur High Court to be heard on 12 May 2014 instead of 14 May 2014. The hearing of PNSB’s substantive application for Judicial Review remains fixed for 16 May 2014.

PNSB’s solicitors had on 8 May 2014 filed and extracted an application to amend the application for Judicial Review wherein the said application to amend is fixed for hearing on 12 May 2014.

As previously announced, the application for interim relief at the Kuala Lumpur High Court in respect of the Judicial Review Proceedings filed against LUAS and the Selangor State Government is fixed for hearing on 12 May 2014 whilst the hearing of PNSB’s substantive application for Judicial Review is fixed on 16 May 2014.

The hearing of PNSB’s application to amend its Application for Judicial Review and for interim relief scheduled for 12 May 2014 and the hearing of PNSB’s substantive application for Judicial Review originally scheduled for hearing on 16 May 2014 have been re-scheduled for hearing by the Kuala Lumpur High Court on 19 May 2014.

On 19 May 2014, at the hearing of the substantive application for Judicial Review Proceedings filed by PNSB against LUAS and the Selangor State Government today, the Kuala Lumpur High Court has fixed 28 May 2014 for delivery of its decision.

On 28 May 2014, the decision of the substantive application for Judicial Review Proceedings filed by PNSB originally scheduled on 28 May 2014 has been re-scheduled by the Kuala Lumpur High Court to 29 May 2014.

At the hearing held on 29 May 2014, the Kuala Lumpur High Court had dismissed the substantive application for Judicial Review Proceedings filed by PNSB against LUAS and the Selangor State Government with costs of RM15,000 to each Respondent.

# NOTES TO THE FINANCIAL STATEMENTS

## 41. MATERIAL LITIGATIONS (CONTINUED)

### (f) PNSB vs LUAS and the Selangor State Government (continued)

Kuala Lumpur High Court Judicial Review No: R2-25-67-03/2014 (continued)

The Kuala Lumpur High Court had also dismissed PNSB's oral application thereafter for a stay pending an appeal to the Court of Appeal.

Upon PNSB's instruction, PNSB's solicitors had filed a Notice of Appeal against the decision of the Kuala Lumpur High Court at the Registry of the High Court on 29 May 2014.

### (g) PNSB vs LUAS and the Selangor State Government

Court of Appeal Civil Appeal No : W-01-179-05/2014

In relation to the Kuala Lumpur High Court Application For Judicial Review No: R2-25-67-03/2014 PNSB (Applicant) and LUAS and Selangor State Government (Respondents) on the appeal of PNSB against the decision of the Kuala Lumpur High Court on 29 May 2014 dismissing PNSB's substantive application for Judicial Review as follows:-

On 30 May 2014, PNSB applied ex-parte and obtained an Order from the Court of Appeal as follows:-

"that the decision of the Respondents or either of them as set-out in the 1st Respondent's letter dated 7 March 2014 ("7.3.2014 Letter") refusing the renewal of the Appellant's Water Source Abstraction Licenses No. SWAL:(B) 000520 to 000548 ("Licenses") for the period commencing 1 June 2014 be stayed and that all proceedings in relation to the said decision of the Respondents be stayed, including but not limited to the powers of the Respondents pursuant to Section 59 (2) of the Selangor Waters Management Authority Enactment 1999, until the disposal of the Appellant's appeal by way of its Notice of Appeal dated 29 May 2014."

The Court of Appeal has further directed that PNSB's application as aforesaid be set-down for inter-parties hearing on 11 June 2014.

On 11 June 2014, both inter-parties hearing were fixed at the Court of Appeal to be adjourned to 10 July 2014 for mention pending settlement negotiations between the parties. In the interim, by consent of all parties, the Order for interim relief pending appeal obtained on 30 May 2014 has been continued.

On 10 July 2014, the Court of Appeal has fixed the Mention of PNSB's appeal against the decision of the Kuala Lumpur High Court on 29 May 2014 dismissing PNSB's substantive application for Judicial Review, on 1 December 2014. In the interim, the Order for interim relief pending appeal obtained on 30 May 2014 has been continued.

On 1 December 2014, the Court of Appeal has fixed the Mention of PNSB's appeal against the decision of the Kuala Lumpur High Court on 29 May 2014 dismissing PNSB's substantive application for Judicial Review, on 16 February 2015. In the interim, the Order for interim relief pending appeal obtained on 30 May 2014 has been continued.

PNSB's appeal against the decision of the Kuala Lumpur High Court on 29 May 2014 dismissing PNSB's substantive application for Judicial Review has been fixed for case management before the Registrar of the Court of Appeal on 28 May 2015 pending settlement. In the interim, the Order for interim relief pending appeal obtained on 30 May 2014 continues.

## 42. SUBSEQUENT EVENTS

- (1) On 7 January 2015, the shareholders of the Company had at the Company's EGM approved the resolutions in relation to the following:-
- (a) Proposed disposal by the Company of the entire equity interest and CCRPS held in PNSB to Air Selangor ("Proposed PNSB Disposal"); and
  - (b) Proposed disposal by the Company of 70% equity interest held in SYABAS and RM212.0 million nominal value of RCULS to Air Selangor ("Proposed SYABAS Disposal").

Collectively referred to as the "Proposed Disposals".

Save for the expected gain arising from the Proposed Disposals, the Proposed Disposals are not expected to have material effect on the earnings of the Group for the financial year ending 31 December 2015.

The Group and the Company are expected to realise gains amounting to approximately RM205,252,000 and RM1,105,118,000 respectively, upon completion of the Proposed Disposals. The actual gain will vary depending on the carrying value of PNSB and SYABAS assets and liabilities disposed of at the Completion Date of the SPA.

- (2) The Company had on 14 January 2015 received a letter from KDEB granting PNSB the rights to extract water from the water source at the New Bernam River Headworks, KM15, Jalan Sungai Besar, Selangor ("Water Source") for a further period of three (3) months, commencing from 1 February 2015 until 30 April 2015 in accordance with the terms and conditions as stipulated in the agreement which remain valid and applicable to the extended period specified above.
- (3) SINO had invested an additional USD1,020,000 in LUWEI, a 92.84% owned limited liability subsidiary incorporated in Lushan County, Henan Province, in the PRC under the China Company Law.

As at 6 February 2015, the paid up registered capital of LUWEI increased from USD6,530,000 to USD7,550,000, thereby resulting in LUWEI becoming a 93.81% owned subsidiary of SINO with a total investment of USD7,082,500.

## 43. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES FOR INVESTMENT PROPERTIES

During the current financial year, the Company changed its accounting policy with respect to the subsequent measurement of investment properties from cost model to fair value model to provide more relevant presentation and to be in line with the revaluation policy on property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## 44. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	<b>2,646,781</b>	2,386,242	<b>457,299</b>	462,214
- unrealised	<b>(488,263)</b>	(470,508)	<b>(17,184)</b>	(22,914)
	<b>2,158,518</b>	1,915,734	<b>440,115</b>	439,300
Total share of accumulated losses of joint ventures				
- realised	<b>(348,458)</b>	(333,508)	-	-
Less: Consolidation adjustments	<b>(33,451)</b>	(54,000)	-	-
	<b>(381,909)</b>	(387,508)	-	-
Total retained earnings	<b>1,776,609</b>	1,528,226	<b>440,115</b>	439,300

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 182 to 317 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 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 44 on page 318 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:

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**TAN SRI ROZALI BIN ISMAIL**

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**DATO' SYED DANIAL BIN SYED ARIFFIN**

Shah Alam

Date: 6 April 2015

Puncak Niaga Holdings Berhad  
(Company No. 416087 U)  
(Incorporated in Malaysia)  
and its subsidiaries

# 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 182 to 318 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 6 April 2015.

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**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 2014 of the Group and of the Company, and the statements of profit or loss and 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 182 to 317.

### *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 at 31 December 2014 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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA) AND ITS SUBSIDIARIES

## 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.
- (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 44 on page 318 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

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: 6 April 2015

### THONG FOO VUNG

Approval Number: 2867/08/16(J)  
Chartered Accountant

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 20 APRIL 2015

## ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	: RM1,300,000,000.00
Issued And Paid-Up Share Capital	: RM418,006,379.00 comprising 418,006,379 ordinary shares of RM1.00 each
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share
No. of Shareholders	: 8,974

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders						No. of Shares Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Less than 100	474	5.28	7	0.08	481	5.36	12,033	*	187	*	12,220	*
100 - 1,000	1,457	16.24	16	0.17	1,473	16.41	1,097,865	0.26	9,510	*	1,107,375	0.26
1,001 - 10,000	5,412	60.31	81	0.90	5,493	61.21	20,643,374	4.96	332,138	0.08	20,975,512	5.04
10,001 - 100,000	1,241	13.83	51	0.57	1,292	14.40	38,178,982	9.18	1,532,895	0.37	39,711,877	9.55
100,001 - 20,798,477 (less than 5% of the issued share capital)	182 <sup>#</sup>	2.03 <sup>#</sup>	49	0.55	231 <sup>#</sup>	2.58 <sup>#</sup>	139,620,797 <sup>#</sup>	33.57 <sup>#</sup>	53,241,334	12.80	192,862,131 <sup>#</sup>	46.37 <sup>#</sup>
20,798,478 (5% of the issued share capital) and above	4	0.04	0	0	4	0.04	161,300,464	38.78	0	0	161,300,464	38.78
<b>TOTAL</b>	<b>8,770<sup>#</sup></b>	<b>97.73<sup>#</sup></b>	<b>204</b>	<b>2.27</b>	<b>8,974<sup>#</sup></b>	<b>100.00<sup>#</sup></b>	<b>360,853,515<sup>#</sup></b>	<b>86.75<sup>#</sup></b>	<b>55,116,064</b>	<b>13.25</b>	<b>415,969,579<sup>#</sup></b>	<b>100.00<sup>#</sup></b>

Notes :

\* Negligible

# Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 20 April 2015.

## ANALYSIS OF WARRANT HOLDINGS

Issued Warrants	: 35,797,125
Class of Securities	: Warrant
Voting Rights	: Nil
No. of Warrant Holders	: 5,228

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holdings	No. of Warrant Holders						No. of Warrants Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Less than 100	1,070	20.47	11	0.21	1,081	20.68	41,404	0.11	224	*	41,628	0.11
100 - 1,000	3,168	60.60	44	0.84	3,212	61.44	884,648	2.47	17,904	0.05	902,552	2.52
1,001 - 10,000	625	11.96	23	0.44	648	12.40	2,626,631	7.34	82,140	0.23	2,708,771	7.57
10,001 - 100,000	247	4.72	6	0.11	253	4.83	7,530,897	21.04	176,300	0.49	7,707,197	21.53
100,001 - 1,789,855 (less than 5% of the warrants)	29	0.55	3	0.06	32	0.61	7,341,493	20.51	565,599	1.58	7,907,092	22.09
1,789,856 (5% of the warrants) and above	2	0.04	0	0	2	0.04	16,529,885	46.18	0	0	16,529,885	46.18
<b>TOTAL</b>	<b>5,141</b>	<b>98.34</b>	<b>87</b>	<b>1.66</b>	<b>5,228</b>	<b>100.00</b>	<b>34,954,958</b>	<b>97.65</b>	<b>842,167</b>	<b>2.35</b>	<b>35,797,125</b>	<b>100.00</b>

Notes :

\* Negligible

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 20 APRIL 2015

## 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.	<b>Central Plus (M) Sdn Bhd</b>	72,760,237	17.49
2.	<b>Lembaga Tabung Haji</b>	40,101,600	9.64
3.	<b>Corporate Line (M) Sdn Bhd</b>	26,518,627	6.38
4.	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Central Plus (M) Sdn Bhd	21,920,000	5.27
5.	<b>RHB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Corporate Line (M) Sdn Bhd	15,000,000	3.61
6.	<b>Corporate Line (M) Sdn Bhd</b>	12,600,000	3.03
7.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Employees Provident Fund Board	11,772,183	2.83
8.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Employees Provident Fund Board (CIMB PRIN)	9,215,300	2.22
9.	<b>HLIB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Corporate Line (M) Sdn Bhd	9,000,000	2.16
10.	<b>Citigroup Nominees (Asing) Sdn Bhd</b> Exempt An For Citibank New York (Norges Bank 14)	8,495,700	2.04
11.	<b>UOBM Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Central Plus (M) Sdn Bhd (PCB)	7,500,000	1.80
12.	<b>Amanahraya Trustees Berhad</b> Amanah Saham Wawasan 2020	5,509,640	1.32
13.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	4,214,100	1.01
14.	<b>Citigroup Nominees (Asing) Sdn Bhd</b> Exempt An For Citibank New York (Norges Bank 1)	4,057,100	0.98
15.	<b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For JPMorgan Chase Bank, National Association (Australia)	3,485,200	0.84

Note :

# Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 20 April 2015.

No. Name of Shareholder	No. of Shares Held	% of Issued and Paid-Up Share Capital#
16. <b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For Credit Suisse (SG BR-TST-ASING)	3,422,370	0.82
17. <b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For The Bank Of New York Mellon (Mellon Acct)	3,271,600	0.79
18. <b>DB (Malaysia) Nominee (Asing) Sdn Bhd</b> Exempt An For Deutsche Bank AG London (Prime Brokerage)	3,049,600	0.73
19. <b>Malacca Equity Nominees (Tempatan) Sdn Bhd</b> Exempt An For Phillip Capital Management Sdn Bhd	2,945,900	0.71
20. <b>Amanahraya Trustees Berhad</b> Public Islamic Sector Select Fund	2,272,500	0.55
21. <b>DB (Malaysia) Nominee (Asing) Sdn Bhd</b> SSBT Fund SD4N For Government Of The Province Of Alberta	2,053,500	0.49
22. <b>Citigroup Nominees (Asing) Sdn Bhd</b> UBS AG	2,016,886	0.48
23. <b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> CIMB Commerce Trustee Berhad – Kenanga Growth Fund	1,983,500	0.48
24. <b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	1,930,593	0.46
25. <b>Citigroup Nominees (Asing) Sdn Bhd</b> CBNY For DFA Emerging Markets Small Cap Series	1,914,120	0.46
26. <b>Central Plus (M) Sdn Bhd</b>	1,738,250	0.42
27. <b>Rozali Bin Ismail</b>	1,729,000	0.42
28. <b>Amanahraya Trustees Berhad</b> Public Islamic Opportunities Fund	1,643,300	0.40
29. <b>DB (Malaysia) Nominee (Tempatan) Sendirian Berhad</b> Exempt An For Bank Of Singapore Limited	1,547,000	0.37
30. <b>HSBC Nominees (Asing) Sdn Bhd</b> HSBC-FS I For Best Investment Corporation (LSV Asset)	1,535,900	0.37
<b>TOTAL</b>	<b>285,203,706</b>	<b>68.57</b>

Note :

# Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 20 April 2015.

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 20 APRIL 2015

## 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. <b>Central Plus (M) Sdn Bhd</b>	10,218,023	28.54
2. <b>Corporate Line (M) Sdn Bhd</b>	6,311,862	17.63
3. <b>Goh Chye Keat</b>	1,029,000	2.87
4. <b>CK Goh Holdings Sdn Bhd</b>	840,000	2.35
5. <b>Tan Soo Lee</b>	804,800	2.25
6. <b>Lim Chee Meng</b>	329,140	0.92
7. <b>Citigroup Nominees (Asing) Sdn Bhd</b> Exempt An For Citibank New York (Norges Bank 1)	317,280	0.89
8. <b>RHB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Ong Keng Teong	285,000	0.80
9. <b>Ching Hong Seng</b>	271,500	0.76
10. <b>Tee Kiam Heng</b>	250,000	0.70
11. <b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Chee Kah Khuin	236,800	0.66
12. <b>Ng Yim Hoo</b>	205,000	0.57
13. <b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Mohd Jamaludin Bin Mohamed Shamsudin	200,000	0.56
14. <b>CIMSEC Nominees (Tempatan) Sdn Bhd</b> CIMB For Goh Chye Keat (PB)	194,600	0.54
15. <b>CIMSEC Nominees (Tempatan) Sdn Bhd</b> CIMB Bank For Kho Cheok Lian (MY1290)	192,608	0.54
16. <b>Goh Nan Kioh</b>	180,000	0.50



No. Name of Warrant Holder	No. of Warrants Held	% of Warrants
17. <b>HLIB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Lim Teong Kiat	179,600	0.50
18. <b>Central Plus (M) Sdn Bhd</b>	173,825	0.49
19. <b>Rozali Bin Ismail</b>	172,900	0.48
20. <b>Ting Chek Ting</b>	166,300	0.46
21. <b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Chuan Chek Piow	162,500	0.45
22. <b>Lee Chau Kuang</b>	157,600	0.44
23. <b>CIMSEC Nominees (Tempatan) Sdn Bhd</b> CIMB Bank For Chew Evonne (MY0418)	150,000	0.42
24. <b>Y K Toh Property Sdn Bhd</b>	150,000	0.42
25. <b>HSBC Nominees (Tempatan) Sdn Bhd</b> Loke Foong Wai (CSSM)	145,000	0.41
26. <b>Ang Hui Chan</b>	144,000	0.40
27. <b>Poh Tak Kiau @ Poo Tak Kiau</b>	130,060	0.36
28. <b>Public Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Toh Dee Kong (E-JCL)	130,000	0.36
29. <b>RHB Nominees (Asing) Sdn Bhd</b> Pledged Securities Account For Profidend Investments Pte Ltd	130,000	0.36
30. <b>Maybank Securities Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Daniel Lim Hwa Yew (Margin)	124,000	0.35
<b>TOTAL</b>	<b>23,981,398</b>	<b>66.98</b>

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 20 APRIL 2015

## DIRECTORS' INTEREST IN ORDINARY SHARES AND WARRANTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AND WARRANTS HOLDINGS

No.	Name of Director	No. of Shares Held In The Company				No. of Warrants Held In The Company			
		Direct Interest	%#	Indirect Interest	%#	Direct Interest	%	Indirect Interest	%
1.	YBhg Tan Sri Rozali Bin Ismail	1,729,000	0.42	167,426,514 <sup>+</sup>	40.25 <sup>+</sup>	172,900	0.48	16,703,710 <sup>++</sup>	46.66 <sup>++</sup>
2.	YBhg Dato' Ruslan Bin Hassan	-	-	-	-	-	-	-	-
3.	YBhg Dato' Ir Lee Miang Koi	10,000	**	-	-	1,000	**	-	-
4.	YBhg Tan Sri Dato' Hari Narayanan Govindasamy	-	-	-	-	-	-	-	-
5.	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	46,200 <sup>^</sup>	0.01 <sup>^</sup>	-	-	-	-
6.	YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	-	-	-	-	-	-	-	-
7.	YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	-	-	-	-	-	-	-	-
8.	YBhg Dato' Syed Danial Bin Syed Ariffin	-	-	-	-	-	-	-	-
9.	Mr Ng Wah Tar	-	-	-	-	-	-	-	-

### Notes :

- + Deemed interest in shares by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co No. 183535-W) and Corporate Line (M) Sdn Bhd (Co No. 172689-H) of which 55% is held in own name and 45% is held in his spouse's and children's names, respectively and deemed interest by virtue of shares held in son's name.
- ++ Deemed interest in warrants by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co No. 183535-W) and Corporate Line (M) Sdn Bhd (Co No. 172689-H) of which 55% is held in own name and 45% is held in his spouse's and children's names, respectively.
- ^ Deemed interest by virtue of shares 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 20 April 2015.
- \*\* Negligible.

## SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)

No.	Name of Substantial Shareholder	No. of Shares Held In The Company			
		Direct Interest	%#	Indirect Interest	%#
1.	YBhg Tan Sri Rozali Bin Ismail	1,729,000	0.42	167,426,514 <sup>+</sup>	40.25 <sup>+</sup>
2.	Corporate Line (M) Sdn Bhd	39,118,627	9.41	24,000,000 <sup>*</sup>	5.77 <sup>*</sup>
3.	Central Plus (M) Sdn Bhd	74,498,487	17.91	29,420,000 <sup>*</sup>	7.07 <sup>*</sup>
4.	Lembaga Tabung Haji	40,101,600	9.64	-	-
5.	Employees Provident Fund Board	1,494,000	0.36	20,987,483 <sup>^^</sup>	5.05 <sup>^^</sup>

### Notes :

- + Deemed interest by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co No. 183535-W) and Corporate Line (M) Sdn Bhd (Co No. 172689-H) of which 55% is held in own name and 45% is held in his spouse's and children's names, respectively and deemed interest by virtue of shares held in son's name.
- \* Held in nominee name(s).
- ^^ Shares held 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 20 April 2015.

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2014

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM) 31.12.2014	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Building &amp; Adjacent Land</b>						
Wisma Rozali No. 4, Persiaran Sukan Seksyen 13 40100 Shah Alam Selangor Darul Ehsan	01/08/2005 31/12/2011 (V) 31/12/2014 (V)	12,952 sq.m	59,000,000	99 years Leasehold	88 years expiring on 22/01/2102	Office Premises and Vacant Land
<b>Office Lots</b>						
No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 31/12/2014 (V)	86 sq.m	11,000,000	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 31/12/2014 (V)	60 sq.m		99 years Leasehold	86 years expiring on 01/01/2100	Office Premises
<b>5 Storey Shophouse</b>						
No. 32, Blok 4, Laman Seri Business Park Persiaran Sukan Seksyen 13, Shah Alam Selangor Darul Ehsan	07/6/2011 31/12/2014 (V)	1,014 sq.m	5,100,000	99 years Leasehold	95 years expiring on 21/3/2109	Office Premises
<b>Building</b>						
No. 12B, Jalan PJS 8/11 Dataran Mentari, Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	19/10/2011 31/12/2014 (V)	331 sq.m	5,100,000	99 years Leasehold	88 years expiring on 6/11/2102	Office Premises
<b>INVESTMENT PROPERTIES</b>						
<b>Vacant Land</b>						
H.S.(D) 142037, Lot No. PT 32 Seksyen 14 Bandar Shah Alam District of Petaling Selangor Darul Ehsan	14/02/1998 31/12/2011 (V) 31/12/2014 (V)	10,364 sq.m	21,195,000	99 years Leasehold	85 years expiring on 17/12/2099	Rented out

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2014

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM) 31.12.2014	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>Vacant Land</b>						
H.S.(D) 6163, PN 77569 (Lot No. 7092)	16/02/2007	331,426 sq.m		99 years	87 years	Vacant
H.S.(D) 6164, PN 77570 (Lot No. 7093)	31/12/2011 (V)	213,082 sq.m		Leasehold	expiring on	Vacant
H.S.(D) 6165, PN 77571 (Lot No. 7094)#	31/12/2014 (V)	229,290 sq.m	136,300,000		24/10/2101	Rented out
H.S.(D) 6166, PN 77572 (Lot No. 7095)		229,717 sq.m				Vacant
Mukim of Ijok District of Kuala Selangor Selangor Darul Ehsan						
# Include a single storey building complete with parking facilities						
<b>4 Storey Shophouse</b>						
No. 12, Jalan Todak 5	21/03/2007	238 sq.m	2,400,000	99 years	78 years	Office
Pusat Bandar Seberang Jaya	31/12/2011 (V)			Leasehold	expiring on	Premises
13700 Perai	31/12/2014 (V)				21/10/2092	
Pulau Pinang						
<b>Office Lot</b>						
No. 20, Jalan Presiden U1/F	01/02/2008	164 sq.m	2,200,000	Freehold	N/A	Office
Accentra Business Park	31/12/2011 (V)					Premises
Glenmarie, Seksyen U1	31/12/2014 (V)					
40150 Shah Alam						
<b>Vacant Land</b>						
No. 8, Jalan Sultan Mahmud	02/07/2008	2,058 sq.m	1,400,000	Freehold	N/A	Vacant
21080 Kuala Terengganu	31/12/2011 (V)					
Terengganu	31/12/2014 (V)					
(Lot 2119, Mukim of Batu Buruk District of Kuala Terengganu Terengganu Darul Iman)						
<b>Vacant Land</b>						
H.S.(D) 2605, PT 1563	01/08/2010	159,996 sq.m	18,000,000	99 years	81 years	Vacant
Mukim Jeram	31/12/2011 (V)			Leasehold	expiring on	
District of Kuala Selangor	31/12/2014 (V)				01/12/2095	
Selangor Darul Ehsan						

# GRI INDEX

## GRI G3.1 CONTENT INDEX

The Global Reporting Initiative (GRI) consists of Principles for defining report content and ensuring the quality of reported information. It also includes Standard Disclosures made up of Performance Indicators and other disclosure items. This approach allows for greater transparency and accountability.

The following table provides an overview of how we have applied the GRI guidelines to define the report content, integrate the reporting principles for defining quality, and report on the GRI standard disclosures. We believe that these guidelines offer us the best way to present our most important sustainability information in a fully transparent and reliable way.

## PROFILE DISCLOSURES

Strategy and Analysis		Pages
1.1	Statement from the most senior decision-maker of the organisation	6-13
1.2	Description of key impacts, risks and opportunities	150
<b>Organisational Profile</b>		
2.1	Name of the organisation	Front Cover
2.2	Primary brands, products and/or services	14-16
2.3	Operational structure of the organisation	29-31
2.4	Location of organisation's headquarters	17-19
2.5	Number of countries where the organisation operates	17-19
2.6	Nature of ownership and legal form	30-31
2.7	Markets served	17-19
2.8	Scale of the reporting organisation	17-19
2.9	Significant changes during the reporting period	60-79
2.10	Awards received in the reporting period	26-27
<b>Report Parameters</b>		
3.1	Reporting period	5
3.2	Date of most recent previous report	5
3.3	Reporting cycle	5
3.4	Contact point for questions regarding the report or its contents	5
3.5	Process for defining report content	5
3.6	Boundary of the report	5
3.7	Specific limitations on the scope or boundary of the report	5
3.8	Basis for reporting on joint ventures, subsidiaries, etc	5, 6-13
3.9	Data measurement techniques and the bases of calculations	111-112
3.10	Explanation of the effect of any re-statements of information	6-13
3.11	Significant changes from previous reporting period	60-79
3.12	Table identifying the location of the Standard Disclosures	331-338
3.13	Policy and current practice with regard to seeking external assurance for the report	-

# GRI INDEX

## Governance, Commitments and Engagement

4.1	Governance structure of the organisation	122
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	123
4.3	Independent and/or non-executive members of the Board	123-124
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	126
4.5	Linkage between compensation and the organisation's performance	133
4.6	Processes in place to ensure conflicts of interest are avoided	124, 126
4.7	Qualifications and expertise of the Board	34-43
4.8	Internally developed statements of mission or values, codes of conduct and principles	1, 4
4.9	Identification and management of economic, environmental and social performance, conduct and principles	137
4.10	Processes for evaluating the highest governance body's own performance	129
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	150
4.12	Externally developed economic, environmental and social charters, principles	65
4.13	Memberships in associations	21
4.14	List of stakeholder groups engaged by the organisation	64
4.15	Basis for identification and selection of stakeholders with whom to engage	11, 13
4.16	Approaches to stakeholder engagement	91-93, 115
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics	91-93

## Performance Indicators : ECONOMIC

### Economic Performance

EC1	Direct economic value generated and distributed	28
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	110, 112
EC3	Coverage of the organisation's defined benefit plan obligations	100
EC4	Significant financial assistance received from government	217

### Market Presence

EC5	Standard entry level wage vs. local minimum wage	100
EC6	Policy, practices and proportion of spending on locally-based suppliers	101
EC7	Procedures for local hiring	97-99

### Indirect Economic Impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	115-116
EC9	Understanding and describing significant indirect economic impacts	117

**Performance Indicators : ENVIRONMENTAL****Materials**

EN1	Materials used by weight or volume	112
EN2	Percentage of materials used that are recycled input materials	x

**Energy**

EN3	Direct energy consumption by primary energy source	112
EN4	Indirect energy consumption by primary source	112
EN5	Energy saved due to conservation and efficiency improvements	112
EN6	Initiatives to provide energy-efficient or renewable energy	112
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	112

**Water**

EN8	Total water withdrawal by source	x
EN9	Significant impact of withdrawal of water	111
EN10	Percentage and total volume of water recycled and reused	x

**Biodiversity**

EN11	Location and size of land owned, leased, managed in or adjacent to, protected areas	110
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas	110
EN13	Habitats protected or restored	x
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	110
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	x

**Emissions, Effluents and Waste**

EN16	Total direct and indirect greenhouse gas emissions by weight	x
EN17	Other relevant indirect greenhouse gas emissions by weight	x
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	112
EN19	Emissions of ozone-depleting substances by weight	x
EN20	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight	x
EN21	Total water discharge by quality and destination.	x
EN22	Total weight of waste by type and disposal method	x
EN23	Total number and volume of significant spills	N/A
EN24	Weight of transported, imported, exported or treated waste deemed hazardous	N/A
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	110

# GRI INDEX

## Products and Services

EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	113
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A

## Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	PHNB did not receive significant fines or penalties during this reporting period.
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## Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce	x
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## Overall

EN30	Total environmental protection expenditures and investments by type	x
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## Performance Indicators : SOCIAL - Labour Practices and Decent Work

### Employment

LA1	Total workforce by employment type, employment contract and region	97-99
LA2	Total number and rate of employee turnover by age group, gender and region	100
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	100
LA15	Return to work and retention rates after parental leave, by gender	x

### Labour/Management Relations

LA4	Percentage of employees covered by collective bargaining agreements	101
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	x



## Occupational 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	104
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region	106
LA8	Education, training, counselling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	107
LA9	Health and safety topics covered in formal agreements with trade unions	101

## Training and Education

LA10	Average hours of training per year per employee by employee category	102
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	102
LA12	Percentage of employees receiving regular performance and career development reviews	101

## 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 diversity	97-99
LA14	Ratio of basic salary of men to women by employee category	x

## Performance Indicators : SOCIAL - Human Rights

### Investment And Procurement Practices

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	101
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	101
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	101

### Non-Discrimination

HR4	Total number of incidents of discrimination and actions taken	101
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### Freedom of Association and Collective Bargaining

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	101
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## Child Labour

HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	101
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## Forced and 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	101
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## 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	109
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## Indigenous Rights

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	101
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## Assessment

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	101
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## Remediation

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism	x
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## Performance Indicators : SOCIETY

### Local Community

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	115
SO9	Operations with significant potential or actual negative impacts on local communities	116-117
SO10	Prevention and mitigation measured implemented in operations with significant potential or actual negative impacts on local community	115-117

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## Corruption

SO2	Percentage and total number of business units analysed for risks related to corruption	x
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	x
SO4	Actions taken in response to incidents of corruption	x

## Public Policy

SO5	Public policy positions and participation in public policy development and lobbying	x
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	x

## Anti-competitive Behaviour

SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	x
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## Compliance

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	PNHB did not receive significant fines or penalties during this reporting period.
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## Performance Indicators : PRODUCT RESPONSIBILITY

### Customer 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	81-83
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	86

### 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	94
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	94
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	92

# GRI INDEX

## Marketing Communications

PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	x
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	x

## Customer Privacy

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	x
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## Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	PNHB did not receive significant fines or penalties during this reporting period.
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### Note :

The disclosed GRI indicators above refer to fully or partially disclosed data.

x : Not Available, Not Relevant or Confidential. We will continue to improve our data collection and monitoring processes for improved disclosure levels in future reports

N/A : Not Applicable. These indicators have been found to be irrelevant or not directly related to our nature of operations

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth 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 Tuesday, 16 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon.
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 Dato' Ruslan Bin Hassan
  - (b) YBhg Dato' Ir Lee Miang Koi
  - (c) Mr Ng Wah Tar
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."

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.

## 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 1**

**Resolution 2**  
**Resolution 3**  
**Resolution 4**

**Resolution 5**

**Resolution 6**

**Resolution 7**

# NOTICE OF ANNUAL GENERAL MEETING

## 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  
25 May 2015

#### **Notes: -**

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 8 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Eighteenth 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

#### 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 two (72) years in 2015 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 a cumulative term of fifteen (15) 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, Chairman of Compliance, Internal Control and Risk Policy ("CICR") Committee of the Company, Member of the Nomination Committee and Remuneration 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 Nomination Committee Meetings, Remuneration Committee Meetings, 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 and Member of the Nomination Committee and Remuneration Committee of the Company with his professionalism, aptitude and outlook of business perspective.

# NOTICE OF ANNUAL GENERAL MEETING

## **Resolution 6 : Agenda 4 - Re-appointment of Messrs KPMG as Auditors of the Company**

Pursuant to Recommendation 5.2 of Principle 5 (Uphold Integrity in Financial Reporting) of the Malaysian Code On Corporate Governance 2012, the Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of Messrs KPMG as the Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of Messrs KPMG, who shall retire as Auditors of the Company at the Eighteenth Annual General Meeting of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

## **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 Eighteenth Annual General Meeting dated 25 May 2015 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 Seventeenth Annual General Meeting of the Company held on 26 June 2014.

### **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 fifteen (15) years and sixteen (16) years respectively, and with their consents, whilst believing that they can continue to bring independent and objective judgement to Board/Committees deliberations, 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 fulfill 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 and they do not hold executive positions in the Company/Group nor are they officers of the Company/Group, nor are they adviser or consultant, etc before their Board appointment and they are not major shareholder, not a family member of any Executive Director, officer or major shareholders of the Company/Group as set out in Paragraph 5.4 of the Board Charter.
- 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. Notwithstanding that they have served the Company as Independent Directors for a cumulative term of more than nine (9) years during which they had at all times 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 Board Meetings, Board Committee Meetings and General Meetings and were familiar with the Company's business operations.
- 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.
- e. Both YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy were able to devote sufficient time to discharge their fiduciary duties and responsibilities as Independent Directors of the Company.



# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

## DETAILS OF DIRECTORS STANDING FOR RE-ELECTION AT THE EIGHTEENTH ANNUAL GENERAL MEETING:-

Name of Retiring Director	YBhg Dato' Ruslan Bin Hassan	YBhg Dato' Ir Lee Miang Koi	Mr Ng Wah Tar	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy
<b>Re-election</b>	By Rotation (Article 98 of the Company's Articles of Association)  (Resolution 2)	By Rotation (Article 98 of the Company's Articles of Association)  (Resolution 3)	By Rotation (Article 98 of the Company's Articles of Association)  (Resolution 4)	<ul style="list-style-type: none"> <li>Pursuant to Section 129 of the Companies Act, 1965 (Attain 72 years of age in 2015)</li> <li>Pursuant to MCCG 2012 (serving for more than nine years as Independent Director)</li> </ul> (Resolutions 5 & 8)	Pursuant to MCCG 2012 (serving for more than nine years as Independent Director)  (Resolution 9)
<b>Age</b>	59	61	51	72	65
<b>Nationality</b>	Malaysian	Malaysian	Malaysian	Malaysian	Malaysian
<b>Qualification</b>	Bachelor of Laws Degree	Bachelor Degree in Civil Engineering Masters Degree in Environmental Engineering	Certified Public Accountant, Australia	Bachelor of Arts Degree and Master of Science Degree Doctorate in Philosophy	Bachelor's Degree in Electrical and Electronic Engineering
<b>Position In PNHB</b>	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director	Executive Director, Corporate Finance Division	Independent Non-Executive Director	Independent Non-Executive Director
<b>Working Experience &amp; Occupation</b>	For details of YBhg Dato' Ruslan Bin Hassan's profile, please refer to his profile on page 36 of the Annual Report	For details of YBhg Dato' Ir Lee Miang Koi's profile, please refer to his profile on page 37 of the Annual Report	For details of Mr Ng Wah Tar's profile, please refer to his profile on page 43 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 39 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 38 of the Annual Report
<b>Directorships in the public companies</b>	None	None	None	1. Hua Yang Berhad 2. Johan Holdings Berhad 3. Sycal Ventures Berhad 4. UTAR Education Foundation	None
<b>Equity securities interests in PNHB and its subsidiaries</b>	None	For details of YBhg Dato' Ir Lee Miang Koi's interests in PNHB and Group, please refer to page 328 of the Annual Report	None	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's interests in PNHB and Group, please refer to page 328 of the Annual Report	None
<b>Family relationship with any director and/or major shareholder of PNHB</b>	None	None	None	None	None
<b>Any conflict of interests with PNHB</b>	None	None	None	None	None
<b>List of convictions for offences (other than traffic offences, if any) within the past 10 years</b>	None	None	None	None	None

**Note:** MCCG 2012 denotes Malaysian Code on Corporate Governance 2012.

### INFORMATION FOR GENERAL MANDATE FOR ISSUE OF SECURITIES

The general mandate pursuant to Section 132D of the Companies Act, 1965 under Resolution 7 (Ordinary Resolution 2 of Special Business) of the Notice of Eighteenth Annual General Meeting is a renewal mandate. The same mandate was sought and granted at the Seventeenth Annual General Meeting of the Company held on 26 June 2014.

As at the date of the Notice of the Eighteenth Annual General Meeting dated 25 May 2015, the Company did not implement its proposal for new allotment of shares as granted at the Seventeenth Annual General Meeting.



# PROXY FORM

Number of shares held	Please fill in CDS Account No.									



PUNCAK NIAGA HOLDINGS BERHAD  
(416087-U)

I/We \_\_\_\_\_ (full name of shareholders as per NRIC in CAPITAL LETTERS)  
 NRIC No./ Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (full address)

being a Member/Members of Puncak Niaga Holdings Berhad hereby appoint \_\_\_\_\_  
 \_\_\_\_\_ (full name of proxy as per NRIC in CAPITAL LETTERS)  
 NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (full address)

or failing 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 Eighteenth Annual General Meeting of Puncak Niaga Holdings Berhad to 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 Tuesday, 16 June 2015 at 10.00 a.m. and at any adjournment thereof, as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
	<b>ORDINARY BUSINESSES</b>		
1.	To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect YBhg Dato' Ruslan Bin Hassan as Director of the Company.		
3.	To re-elect YBhg Dato' Ir Lee Miang Koi as Director of the Company.		
4.	To re-elect Mr Ng Wah Tar 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 Companies Act, 1965, as Director of the Company.		
6.	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.		
	<b>SPECIAL BUSINESSES</b>		
7.	Ordinary Resolution 2 : To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Ordinary Resolution 3 : To approve the continuing in office by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh 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.		
9.	Ordinary Resolution 4 : To approve the continuing in office by YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy 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.		

Please indicate with a cross (X) how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\_\_\_\_\_  
 Signature(s)/Common Seal of Shareholder

NRIC/Company No. : \_\_\_\_\_ Tel. No. : \_\_\_\_\_

Notes:-

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 8 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Eighteenth Annual General Meeting.
- 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 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 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 accordance with Article 82 of the Company's Articles of Association.
- 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

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**STAMP**

**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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**PUNCAK NIAGA HOLDINGS BERHAD**  
(416087-U)

## **PERSONAL DATA NOTICE**

The Personal Data Protection Act 2010 (“Act”) regulates the processing and use of personal data in commercial transactions and applies to Puncak Niaga Holdings Berhad (“the Company”).

Personal data including but not limited to your (or your proxy/proxies, if appointed) name, NRIC number or passport number, CDS account number, contact details, mailing address and any other personal data furnished or made available to the Company will be used or disclosed by the Company and the Company’s personnel for the purpose of the Eighteenth Annual General Meeting of the Company as well as for disclosure requirements imposed by law or any other regulatory authorities from time to time including but not limited to the stock exchange, companies commission and securities commission (“Purpose”). The Company shall retain the personal data for so long as it is necessary for the fulfilment of the Purpose or for compliance with any law or legal obligations.

If you wish to make any enquiries regarding this Personal Data Notice or any personal data disclosed to the Company, please contact the Company at:-

Mailing Address : **Puncak Niaga Holdings Berhad**  
10th Floor, Wisma Rozali,  
No. 4, Persiaran Sukan  
Seksyen 13, 40100 Shah Alam  
Selangor Darul Ehsan  
Attention : Secretarial Department

Telephone No. : +603 5522 8589

Fax No. : +603 5512 0220

Please ensure that your proxy/proxies consent to the disclosure of their personal data for the Purpose.

## **NOTIS DATA PERIBADI**

Akta Perlindungan Data Peribadi 2010 (“Akta”) mengawal selia pemrosesan dan penggunaan data peribadi dalam transaksi komersil dan diaplikasikan kepada Puncak Niaga Holdings Berhad (“Syarikat”).

Data peribadi termasuk tetapi tidak terhad kepada nama, nombor NRIC atau nombor pasport, nombor akaun CDS, butiran perhubungan, alamat surat-menyurat dan apa-apa data peribadi lain anda (atau proksi anda, jika dilantik) yang diberikan atau tersedia kepada Syarikat akan digunakan atau didedahkan oleh Syarikat atau kakitangan Syarikat untuk tujuan Mesyuarat Agung Tahunan Syarikat yang Kelapan Belas dan juga untuk keperluan pendedahan yang dikerah oleh undang-undang atau mana-mana pihak berkuasa yang berkaitan dari masa ke semasa termasuk tetapi tidak terhad kepada bursa saham, suruhanjaya syarikat dan suruhanjaya sekuriti (“Tujuan”). Syarikat akan menyimpan data peribadi selagi perlu untuk memenuhi Tujuan atau bagi pematuhan mana-mana undang undang atau obligasi undang-undang.

Sekiranya anda ingin membuat sebarang pertanyaan mengenai Notis ini atau mana-mana data peribadi anda yang didedahkan kepada Syarikat, sila hubungi Syarikat di:-

Alamat Surat-menyurat : **Puncak Niaga Holdings Berhad**  
Tingkat 10, Wisma Rozali,  
No. 4, Persiaran Sukan  
Seksyen 13, 40100 Shah Alam  
Selangor Darul Ehsan  
Untuk Perhatian : Jabatan Kesetiausahaan

No. Telefon : +603 5522 8589

No. Faks : +603 5512 0220

Sila pastikan proksi anda bersetuju dengan pendedahan data peribadi mereka untuk Tujuan tersebut.

**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/investorrelations](http://www.puncakniaga.com.my/investorrelations)



[puspel@syabas.com.my](mailto:puspel@syabas.com.my)

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