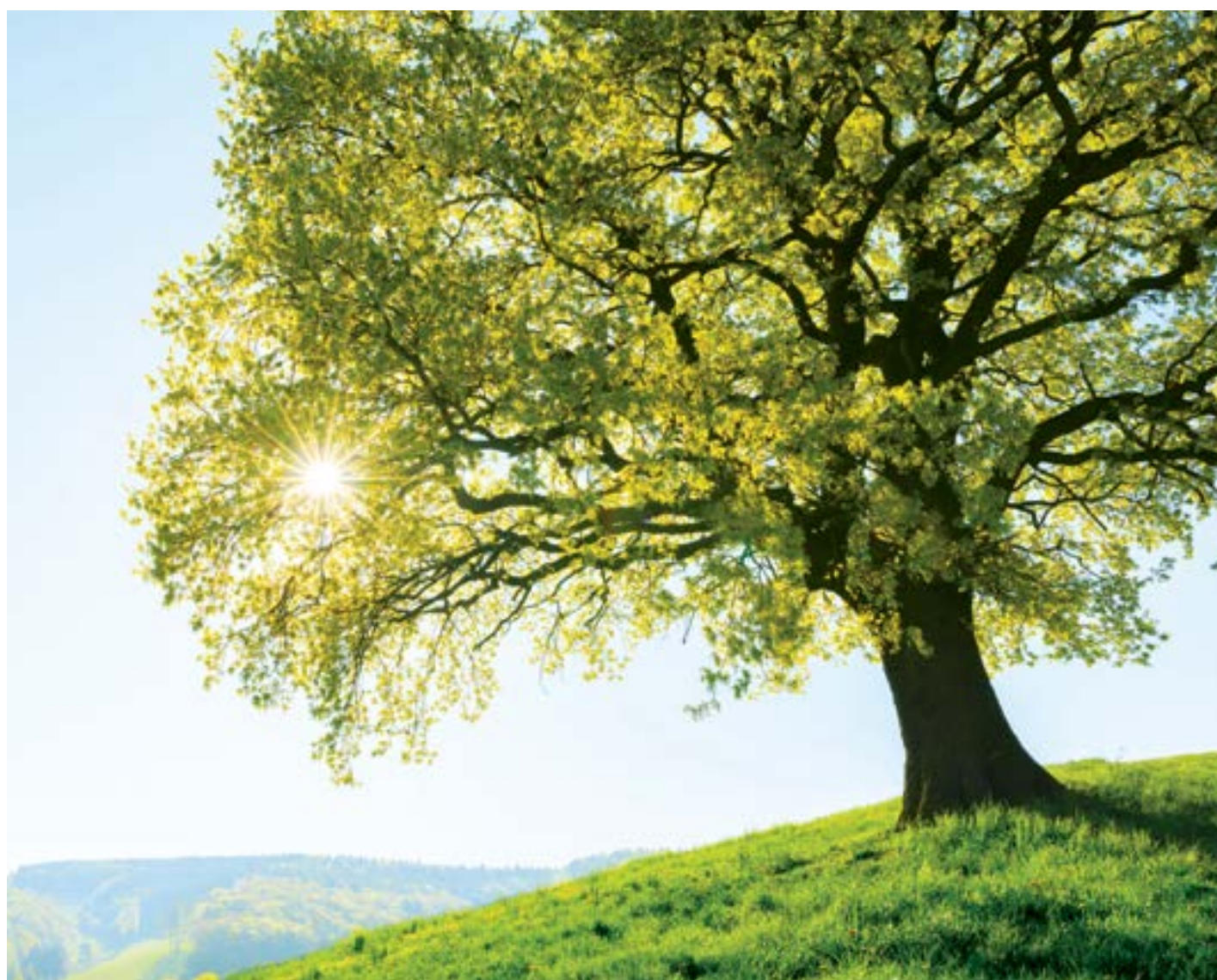




PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

TOWARDS SUSTAINABLE VALUE



ANNUAL REPORT 2015

19th

ANNUAL GENERAL MEETING

Date
25 May 2016 (Wednesday)

Time
10.00 am

Venue
Concorde I
Concorde Hotel Shah Alam
Level 2, No. 3
Jalan Tengku Ampuan Zabedah C9/C
40100 Shah Alam, Selangor Darul Ehsan



TOWARDS SUSTAINABLE VALUE

Everyday, we seek to deliver sustainable performance in our operations. Our business has an inherent strength and is a sustainable model for value creation. Some of these strengths are based on the fact of how we are structured and operate as a company, whether it is our financial strength, our insight into the communities and areas where we serve or the way we approach our businesses. Our holistic performance covers both tangible and intangible assets, it values investment but never forgets the roots which this Company was built upon.

OUR VISION

To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In The Oil And Gas Sector And To Emerge As A Prominent Player In The Plantation And Property Development Sectors.

OUR MISSION

- To meet the increasing challenges in the demand for water, wastewater and environmental engineering, property development, plantation and construction sector through the continuous implementation of strategic planning, high quality standards, efficient services, human capital development, innovative technologies and operational systems.
- To actively participate in local, regional and global business opportunities with linkages to the Company's core activities.
- To share experience and offer our expertise through Smart Business Partnerships, Public Private Partnerships or other innovative business models in order to expand business growth.

OUR NEW FEATURES IN THIS ANNUAL REPORT

0 1



We have allowed some repetitions so as not to interrupt your reading pleasure. We have also provided cross-references. This icon tells you where you can find related information in our annual report.

0 2



This annual report is available at www.puncakniaga.com.my

0 3



To access our Annual Report, please download the QR code reader to your smartphone by scanning the image on the left.

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PUNCAK VALUES

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

AT PUNCAK, WE ARE AND CONTINUOUSLY SEEK TO BE:



Passionate

Passionate about our business for sustainable performance.



United

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 With Involvement In The Oil & Gas Sector And To Emerge As A Prominent Player In The Plantation And Property Development Sectors.



Nurture

Nurture our human capital towards an exemplary workforce.



Corporate Governance

Corporate Governance guides the way we run our business in an evolving global business environment.



Accountable

Accountable for all our actions and engagement process with our stakeholders.



Knowledgeable

Knowledgeable in all aspects of our business operations and continue to be the trusted and reliable service provider.

ABOUT THIS REPORT

TOWARDS SUSTAINABLE VALUE

2015 WAS A TRANSFORMATIONAL YEAR FOR PUNCAK NIAGA HOLDINGS BERHAD (“PUNCAK NIAGA” OR “PNHB”) OWING TO A MAJOR RESTRUCTURING OF THE SELANGOR WATER SERVICES SECTOR IN 2015. THE RESTRUCTURING EXERCISE SAW PNHB DISPOSE PNSB WATER SDN BHD (FORMERLY KNOWN AS PUNCAK NIAGA (M) SDN BHD) (“PNSB”) AND SYARIKAT BEKALAN AIR SELANGOR SDN BHD (“SYABAS”) TO PENGURUSAN AIR SELANGOR SDN BHD (“AIR SELANGOR”).

Following the disposal of our water services assets, PNHB is now charting a new business focus and direction that will take us into the next chapter of our Company’s development. Nevertheless, ethical and decisive leadership will remain vital to our ability to create long-term value and sustainability.

This new era brings about new opportunities and new challenges as well as a new way of working: more focused, specialised and resilient and most importantly, moving forward as a more effective and competitive organisation. Sustainability is important to enable us to deliver results in the midst of the significant changes in the Company’s history and provide the impetus for our future growth.

The Company also faced significant operational challenges in 2015. Sharp commodity price declines as well as generally adverse market and economic conditions placed additional pressure on PNHB, which was transitioning into a more diverse and resilient business entity.

The focus of this year’s Report is placed squarely on how we delivered on our strategies despite the challenging working environment.

Against this background, year-on-year comparisons should be engaged in with a degree of caution. Our sustainability performance focuses on issues that affect the long-term success of our business and relates to any significant impacts we have on the economy, the environment or the communities in which we operate. We will be able to report with more comprehensive data in 2016. We will also improve on our assessment of material focus areas in the coming year as we journey progressively.

This report is aimed at a broad audience of stakeholders, including employees, local communities, non-governmental organisations (“NGOs”), customers and government. Disclosure is consistent with the Global Reporting Initiative (“GRI”) framework and meets the requirements of the GRI new standard, G4-Core reporting. Details of compliance with GRI G4 indicators are on pages 243 to 245.

This Report is available to all stakeholders in hard copy on request. A soft copy of this Report is also accessible to the public via our website www.puncakniaga.com.my.

REPORTING PERIOD

1 January 2015 to 31 December 2015

BOUNDARY

The Report refers to the period 1 January 2015 to 31 December 2015 (unless indicated otherwise at certain points), and:

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

FEEDBACK

All comments, thoughts and remarks can be directed to:

PUNCAK NIAGA HOLDINGS BERHAD

c/o Secretarial Department
10th Floor, Wisma Rozali
No.4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Telephone : 03 5522 8589
Fax : 03 5512 0220
Email : investors@puncakniaga.com.my

FIVE-YEAR FINANCIAL HIGHLIGHTS

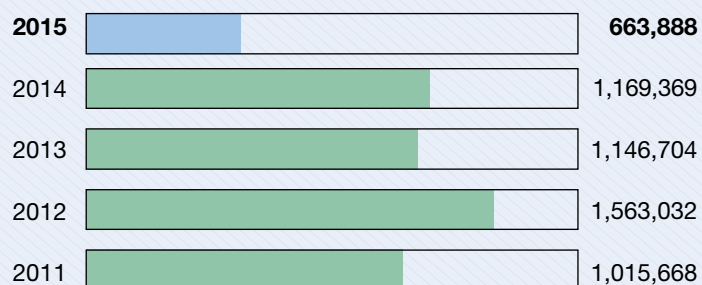
	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
	RM'000	RM'000	RM'000	(Restated) [#] RM'000	(Restated) [#] RM'000
KEY RESULTS					
Revenue					
- Continuing Operations	188,694	606,635	514,348 [@]	1,563,032	1,015,668
- Discontinued Operations	475,194	562,734	632,356 [@]	-	-
Total	663,888	1,169,369	1,146,704	1,563,032	1,015,668
(Loss)/Profit Before Tax					
- Continuing Operations	(152,430)	(8,884)	(79,501) [@]	325,372	365,935
- Discontinued Operations	267,380	302,354	315,865 [@]	-	-
Total	114,950	293,470	236,364	325,372	365,935
Net Profit attributable to owners of the parent	65,576	248,383	200,551	259,389	243,907
STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	195,194	244,414	426,219	419,799	412,671
Investment properties	181,557	181,495	-	-	-
Operating financial assets	-	-	743,771	813,812	890,959
Service concession assets	61,203	64,512	84,562	67,880	65,908
Other non-current assets	27,712	45,438	1,883,573	1,632,326	1,285,905
Current assets	1,400,297	703,944	1,508,230	1,313,581	1,081,715
Assets classified as held for sale	-	3,618,098 ^{**}	-	-	-
Total assets	1,865,963	4,857,901	4,646,355	4,247,398	3,737,158
ISSUED AND PAID-UP CAPITAL					
Share capital	449,284	415,960	411,261	411,143	411,143
Reserves	1,229,116	1,659,988	1,365,495	1,173,304	916,337
Equity attributable to owners of the parent	1,678,400	2,075,948	1,776,756	1,584,447	1,327,480
Net assets per share attributable to owners of the parent (RM)	3.75	5.02	4.34	3.87	3.24
RATIOS AND STATISTIC					
Net profit margin attributable to owners of the parent (%)	9.88	21.24	17.49	16.60	24.01
Basic earnings per share attributable to owners of the parent (sen)	15.58	60.51	49.02	63.40	59.62
Loans and borrowings (RM'000)	71,182	221,361 [*]	2,053,751	1,935,717	1,837,840
Gearing ratio (%)	4	10	54	55	58
Current ratio (times)	9.31	1.68	3.31	1.21	1.40
** 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 cash equivalents	-	167,761			
	-	3,618,098			
* 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

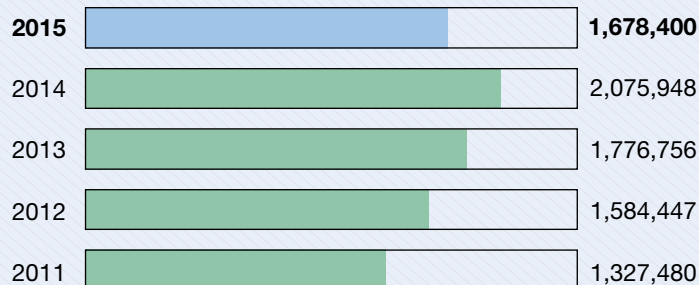
@ These comparatives have been restated to take into account the effects of the adoption of MFRS 5

FIVE-YEAR GROUP PERFORMANCE

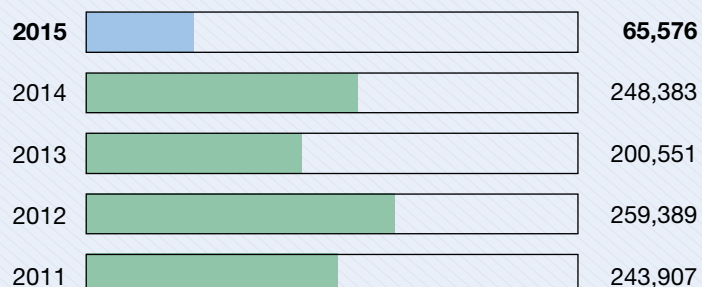
REVENUE (RM'000)



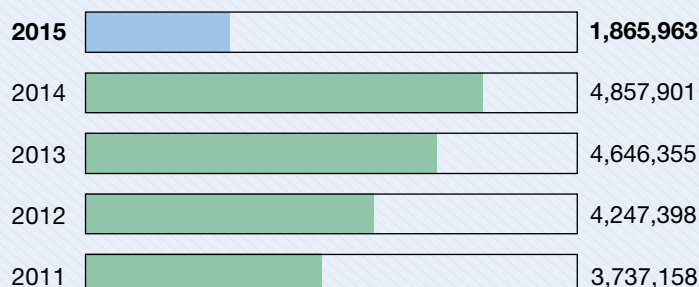
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



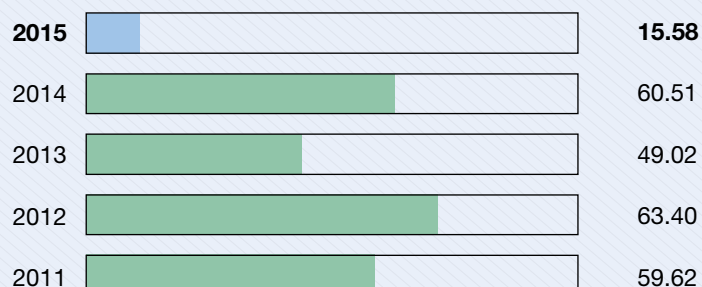
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



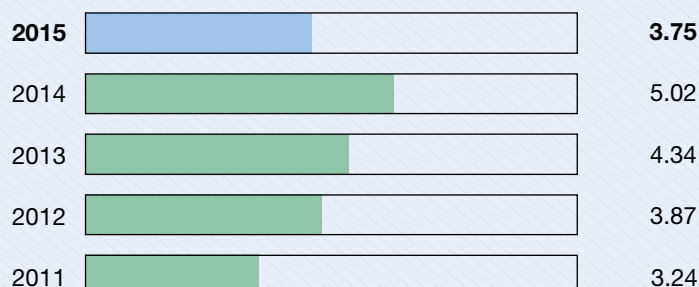
TOTAL ASSETS (RM'000)



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



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



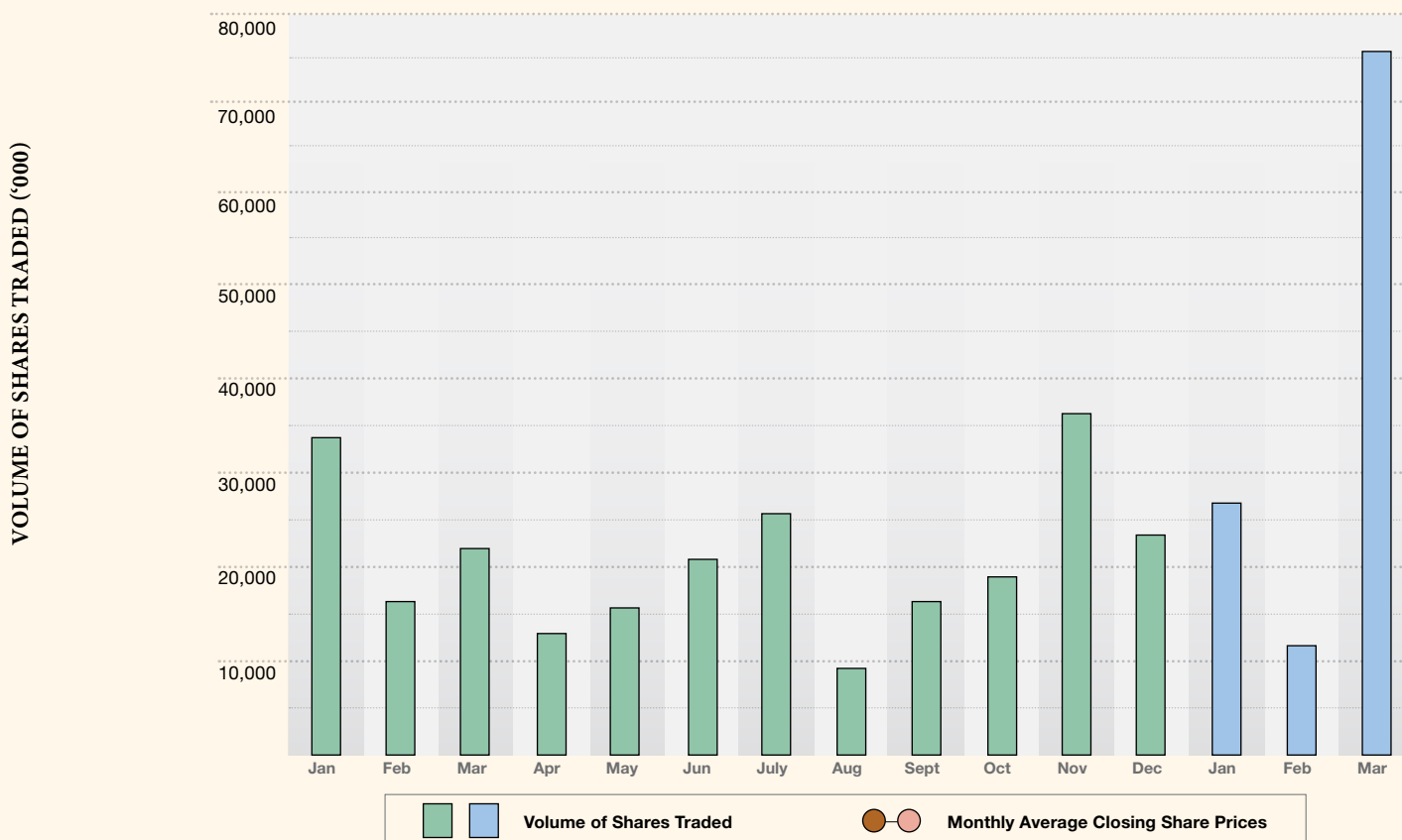
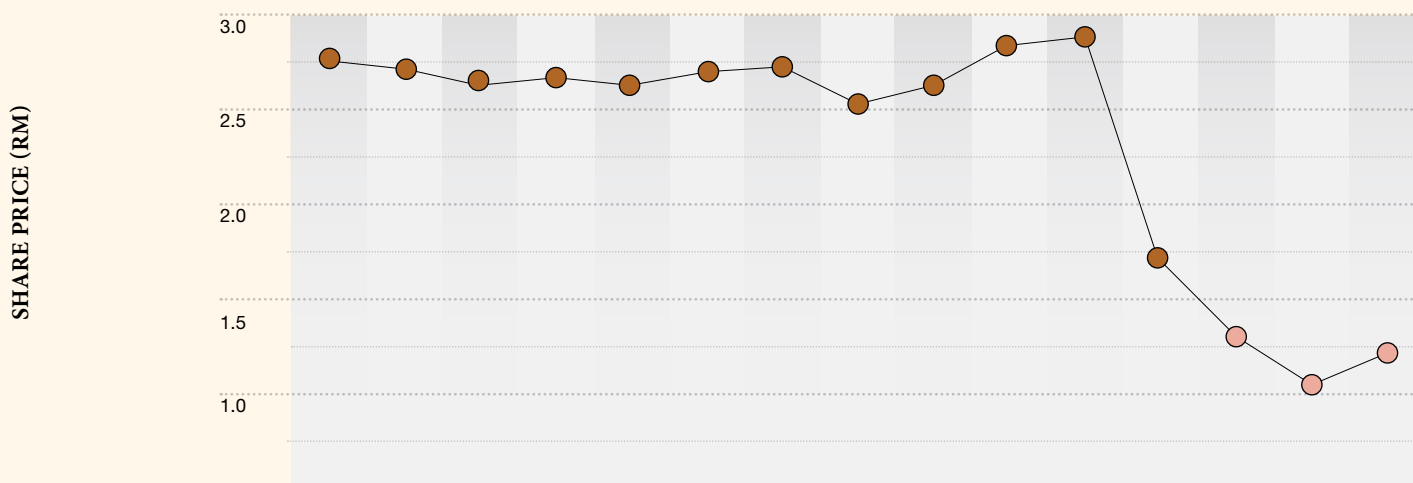
SHARE PRICE & VOLUME TRADED

SHARE PRICE MOVEMENT

STOCK NAME: PUNCAK

STOCK CODE: 6807

	2015												2016		
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Volume of Shares Traded ('000)	34,310	16,507	23,966	12,870	15,162	20,963	25,172	9,946	16,790	19,150	36,494	24,119	25,881	11,182	75,525
Monthly Average Closing Share Prices (RM)	2.78	2.69	2.64	2.66	2.59	2.67	2.71	2.56	2.60	2.80	2.85	1.70	1.32	1.12	1.21



FINANCIAL CALENDAR

-YEAR- 2015	-YEAR- 2016
21 MAY 2015 <i>/ THURSDAY /</i> — FIRST QUARTER RESULTS ENDED 31 MARCH 2015	25 FEBRUARY 2016 <i>/ THURSDAY /</i> — FOURTH QUARTER RESULTS ENDED 31 DECEMBER 2015
25 AUGUST 2015 <i>/ TUESDAY /</i> — SECOND QUARTER RESULTS ENDED 30 JUNE 2015	30 MARCH 2016 <i>/ WEDNESDAY /</i> — AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
24 NOVEMBER 2015 <i>/ TUESDAY /</i> — THIRD QUARTER RESULTS ENDED 30 SEPTEMBER 2015	28 APRIL 2016 <i>/ THURSDAY /</i> — PUBLISHED ANNUAL REPORT 2015
	25 MAY 2016 <i>/ WEDNESDAY /</i> — NINETEENTH ANNUAL GENERAL MEETING

CHAIRMAN'S LETTER TO SHAREHOLDERS



YBHG TAN SRI ROZALI ISMAIL
Executive Chairman of PNHB Group

DEAR SHAREHOLDERS,

It gives me great pleasure to present Puncak Niaga Holdings Berhad's ("Puncak Niaga") Annual Report for the financial year ended 31 December 2015 ("FY2015") on behalf of the Board of Directors.

It was an eventful year for Puncak Niaga as we finally completed the prolonged disposal of our water assets to Pengurusan Air Selangor Sdn Bhd ("Air Selangor"), the Selangor State Government's wholly owned entity on 15 October 2015 for a cash consideration of RM1,555.3 million. The completion of the exercise, which is part of the consolidation/restructuring of the water services industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, marks the end of a significant chapter in our Company's history.

We commenced operations as a water infrastructure player in Selangor more than two decades ago, and we retain significant expertise in the industry and will continue to play a role in the water industry. However, we realise that we must move on as a company to explore new frontiers of growth over the next decade and beyond. We are furthermore in a very advantageous position to do so as we have established a very good brand name in the water sector and in the concession-based business. In addition, we now have significant cash holdings and very low gearing in our books.

But before discussing what lies ahead for Puncak Niaga and the Group, I would like to take this opportunity to thank our thousands of former personnel under the employment of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB") and Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). They have been key components of our journey, demonstrating the utmost professionalism, dedication and commitment in serving the consumers in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya since the Group's entry into the Selangor water services industry in 1994.

The commitment they have demonstrated to ensure the reliable and efficient service delivery of clean water supply services in the past few years and in the first nine months of 2015, despite facing various uncertainties and daily operational challenges due to pending sale of PNSB and SYABAS to Air Selangor, is nothing short of admirable. We believe that they will and have continued to display a high level of professionalism, dedication and commitment under the new management of Air Selangor/the Selangor State Government, as the delivery of sufficient clean water supply is a basic necessity to the millions of Malaysians under their purview.

CHAIRMAN'S LETTER TO SHAREHOLDERS



I would also like to thank our shareholders who have stood by us during this time of transition. I would like to state here that Puncak Niaga clearly remains a company with significant potential, and I hope that our shareholders will continue to support us and accompany us on the exciting journey ahead.

CREATING SHAREHOLDER VALUE

Our financial results for FY2015 reflect a company undergoing a major transition. The following table provides an overview of our business performance for the year:

	RM'000
Revenue	
From Discontinued Operations	475,194
From Continuing Operations	188,694
Total	663,888
Profit/(Loss) After Tax	
From Discontinued Operations	198,328
From Continuing Operations	(135,270)
Profit After Tax	63,058

Contributions from our continuing operations were mixed in FY2015 with the Oil and Gas ("O&G") sector recording losses owing to the drop in crude oil prices to multi-year lows. O&G players globally have been affected by the decline in crude prices which resulted in postponements and cancellations of capex projects. While we remain cautiously optimistic that PETRONAS may yet release projects planned for 2016 under the Pan Malaysia Package B Contract, we do not foresee an immediate-term recovery in crude oil prices, which are now at a low of below US\$40 per barrel—a level previously unheard of in the past decade.

As a result, the Board and Management of Puncak Niaga have reassessed and will continue to review our O&G business. The Group conducted right sizing exercises for our O&G Division in May 2015, September 2015 and in early 2016 as a result of the dismal outlook for O&G. We will continue to closely monitor the developments in the O&G sector and make the appropriate changes, as and when necessary.

Meanwhile, contributions from our Construction segment saw a loss before interest and tax of RM8.4 million from a profit of RM8.6 million a year ago. Completing its third full year of operations in 2015, our Construction arm, which specialises in the construction of water and wastewater infrastructure-related projects, has shown clear signs of growth in our operating areas of Sabah, Sarawak and Peninsular Malaysia. We are particularly optimistic about projects announced by the Government in the 11th Malaysia Plan ("11MP"), where more than RM10 billion has been budgeted by the Government for the provision of clean and treated water under the Rural Water Supply Programme. As our Construction arm is fully licensed and equipped with the necessary engineering and development expertise for these projects, we are hopeful of our chances in securing some of these projects.

Recently, Puncak Niaga Construction Sdn Bhd ("PNC SB") secured the tender issued by Jabatan Bekalan Air, Kementerian Tenaga, Teknologi Hijau dan Air ("KeTTHA") for the operation and maintenance of a water treatment plant in Beaufort, Sabah for a duration of three years, beginning 1 February 2016. We therefore remain positive that Construction segment will be a key avenue of growth for our Group despite the losses incurred in the financial year under review.

To demonstrate our commitment to our shareholders and in recognition of their continued support, we paid a Special Dividend of RM1.00 on 23 December 2015, totalling RM447.2 million, from the proceeds of the sale of our water assets to Air Selangor. While we will no longer see contributions from our discontinued water operations, we are confident that we will be able to create positive shareholder value over the long term through a combination of strategic planning and smart investments in our existing businesses and also new areas of business.

CHAIRMAN'S LETTER TO SHAREHOLDERS



TOWARDS SUSTAINABLE VALUE

Puncak Niaga has always been keenly aware of its duties towards ensuring sustainability, thanks to our DNA as a water treatment and water distribution player. As such, we have a built-in respect and awareness of our responsibility to the environment and the community in all that we do, and as a water concessionaire, to the national economy.

Many of our business operations are therefore intrinsically linked to sustainability, as evidenced by the activities of our Construction arm to provide rural Malaysian communities with better access to clean water. We remain fully committed to further embedding sustainability within our business activities to forward Bursa Malaysia's triple bottom line of the economy, environment and society ("EES"), as well as in ensuring a sustainable workplace that nurtures diversity in all aspects.

In terms of our business operations, Puncak Niaga has embarked on a concerted strategy to identify potential acquisitions of strategic investments and/or strategic collaborations, joint ventures or alliances in our existing businesses and in new areas of business that will make an immediate positive impact on our revenue stream. However, we will exercise caution and ensure that whatever acquisition we make fits in with our investing criteria and risk profile, and integrates seamlessly with our existing operations. In the meantime, we are committed to the efficient management of our cash holdings and operations to ensure both costs and returns are optimised. We believe that it is necessary that we remain prudent in this challenging economic environment, but we will remain vigilant in order to seize opportunities, as and when they present themselves.

AWARDS AND RECOGNITION

The Company received a number of accolades during the past financial year, which included the Industry Excellence Award for Construction and Infrastructure Project Companies from the National Annual Corporate Report Awards ("NACRA") for the 2014 edition of our Annual Report. The award recognises the efforts of our Company to promote greater transparency and accountability in our annual reporting, which we consider an important obligation to our stakeholders. We are especially pleased to have received this award in 2015 as it marks the end of a six-year hiatus since we last won the award in 2009.

CHAIRMAN'S LETTER TO SHAREHOLDERS

In addition to the NACRA award, Puncak Niaga also received the following recognitions in 2015:

- Century International Quality ERA Award organised by Business Initiative Directions for Excellence and Innovation in the Gold Category
- European Quality Award by the Europe Business Assembly
- The Platinum and 3-Star Gold Award from the International Exposition on Team Excellence
- The World Business Leader, The BIZZ 2015 award by the World Confederation of Businesses

These awards serve to encourage us to further improve our performance as an exemplary business entity, and validate our belief that we are headed in the right direction with regards to both our internal and external business practices. We hope to maintain the same high level of performance excellence in the years to come.

ACKNOWLEDGEMENTS

It has indeed been a memorable year for Puncak Niaga, and I would like to thank the Group's Management, personnel—both past and present—and my fellow Directors for the efforts and sacrifices they have made. It has not been an easy year for us as we have had to manage the many challenges and operational issues faced by the Company and the Group. It is through the hard work of my colleagues that we have managed to perform admirably in the face of adversity.

I would also like to take this opportunity to welcome YBhg Datuk Haji Syed Hisham Bin Syed Wazir who joined us as Puncak Niaga's Group Managing Director on 6 November 2015. We look forward to his contributions to implement and support the Company's and Group's future direction and growth in 2016 and beyond. I also welcome my son, Azlan Shah Tan Sri Rozali who was recently appointed as my Alternate Director on 6 January 2016.

On behalf of the Board, I would like to extend our heartfelt and sincere appreciation to our shareholders and stakeholders including our investors, customers, financiers and business partners for your invaluable support during the year. We hope that we have repaid your faith in us, and we look forward to more opportunities to create win-win opportunities for all concerned.

A special thanks goes to the Government and the various regulatory authorities, agencies and organisations who have placed their faith in us as their vendor of choice. I would like to restate that Puncak Niaga remains committed to the development of the nation in all its forms, and we look forward for more opportunities to serve our nation.

Thank you.

Tan Sri Rozali Ismail
Executive Chairman, PNHB Group
30 March 2016



MANAGEMENT DISCUSSION AND ANALYSIS

**PUNCAK NIAGA HOLDINGS
BERHAD IS AN INVESTMENT
HOLDING COMPANY
WITH SUBSIDIARIES
PRINCIPALLY INVOLVED
IN THE INTEGRATED
WATER, WASTEWATER,
ENVIRONMENTAL
SOLUTIONS AND OIL AND
GAS (“O&G”) SECTORS.
POST COMPLETION OF
THE SALE OF ITS WATER
ASSETS IN SELANGOR
TO THE SELANGOR
STATE GOVERNMENT,
PUNCAK NIAGA HAS
BEEN RECLASSIFIED TO
THE ‘CONSTRUCTION’
SECTOR FROM THE
‘INFRASTRUCTURE
PROJECT COMPANIES’
SECTOR EFFECTIVE
13 NOVEMBER 2015.**

Puncak Niaga remains involved in its core business of environmental engineering in the water, wastewater, solid waste and energy sectors through its construction arm Puncak Niaga Construction Sdn Bhd (“PNCSB”) which completed two water supply projects in Sarawak in October and December 2015, respectively. It presently manages one water supply project in Sabah and another sewerage project in Kuala Lumpur. Puncak Niaga also conducts operations in China through its 98.65% owned Singapore subsidiary Sino Water Pte Ltd (“Sino Water”). The Group’s interests in China are in the water supply and wastewater treatment sectors. Meanwhile, its O&G interests are represented by Puncak Oil & Gas Group, which offers a number of services including offshore installations and the leasing of its DLB 264 vessel for the O&G sector.

A PERIOD OF TRANSITION

The completion of the sale of Puncak Niaga’s water assets namely PNSB and SYABAS to the Selangor State Government has brought about new challenges and opportunities for the Group. While the Company has now lost its main source of revenue, it received RM1,555.3 million in exchange for the assets, of which RM447.2 million was paid as a Special Dividend to the Company’s shareholders on 23 December 2015. A further RM200.0 million was used to repurchase all its outstanding 5-Year Redeemable Convertible Secured Sukuk Ijarah on 3 December 2015 and the balance will be strategically invested and utilised to boost our long-term business prospects. We will make the appropriate announcements to the stock exchange on any future strategic investments and/or strategic collaborations, joint ventures or acquisitions in our existing business or in new areas of business.

Meanwhile, we will continue to focus on growing our presence within Malaysia, both in Peninsular Malaysia and in East Malaysia. We believe that our country continues to hold significant opportunities for our Group, particularly in the form of

the environmental engineering works and infrastructure projects announced in the 11th Malaysia Plan (“11MP”) and other projects.

Having built our core competencies in the engineering and infrastructure construction-related segments over the past 20 years, particularly in the water, wastewater and environmental engineering sectors, Puncak Niaga is in a good position to secure some of the projects announced in the 11MP or other projects. While we recognise that PNCSB is a relatively new addition to our Group of Companies—it completed its third full year of operations in 2015—it has demonstrated considerable potential despite the highly competitive nature of the Malaysian construction industry.

As for our O&G Division, we experienced setbacks that made it extremely difficult for the Division to sustain normal operations in 2015. The fall in crude oil prices to multi-year lows affected all O&G players, both domestically and globally, and our O&G operations were not spared. We saw PETRONAS deferring planned capex projects as most of these projects were structured based on an average crude price of US\$110 per barrel. With prices now below US\$40 per barrel and not expected to recover significantly in 2016/2017, we are diligently reviewing our exposure in the sector. We have already conducted right sizing exercises for our O&G Division in May 2015, September 2015 and in early 2016—where we reduced staffing and streamlined operational costs to minimal levels due to the lack of projects secured in 2015/2016.

FY2015 FINANCIAL REVIEW

The Group reported revenue of RM188.7 million in FY2015 as compared to the RM606.6 million reported for FY2014. Our loss before tax (“LBT”) for FY2015 recorded RM152.4 million as compared to RM8.9 million in the preceding year. Correspondingly, the Group recorded a loss after tax (“LAT”) of RM135.3 million from continuing operations compared to LAT of RM7.2 million in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of overall performance, the Group reported a profit after tax ("PAT") of RM63.1 million for the financial year ended 31 December 2015 after including the RM198.3 million PAT contribution from discontinued operations. This is compared against a PAT of RM247.9 million from both continuing and discontinued operations reported in FY2014.

SEGMENTAL FINANCIAL PERFORMANCE

The Construction segment, meanwhile, reported a loss before interest and tax ("LBIT") of RM8.4 million from a profit before interest and tax ("PBIT") of RM8.6 million in FY2014. Revenue and profitability of our Construction segment were impacted by higher operating costs.

Our O&G segment saw a substantial reversal in its performance, reporting a LBIT of RM126.7 million compared to a PBIT of RM24.3 million in the preceding year due to the downturn in the global O&G sector. The Group also made impairment of goodwill and assets totalling RM85.5 million in FY2015.

In the Water and Wastewater segment of our business, the Group posted a LBIT of RM26.2 million as compared to a LBIT of RM8.2 million a year ago. The performance of the segment was affected by the impairment of goodwill and assets amounting to RM15.8 million.

Our Discontinued Operations, which encompass our water treatment segment, reported a lower PBIT of RM366.3 million from RM433.9 million in the preceding financial year. The lower PBIT was due to lower water treatment revenue generated as our water treatment operations were discontinued on 15 October 2015 following the completion of our asset disposal.

DISCUSSION ON REVENUE VARIANCES IN CONTINUING OPERATIONS

Revenue from the Group's continuing operations fell to RM188.7 million in FY2015 from RM606.6 million a year ago. The drop was due mainly to lower revenue contributions from our O&G segment as a result of the downturn in the O&G sector. We expect to see continued growth in our Construction Division although we similarly expect to see prolonged weakness in the O&G Division in 2016.

The poorer financial performance reported this year was due mainly to lower contributions from our O&G Division stemming from the downturn in the global O&G industry. Other contributing factors included impairment losses of goodwill and assets, as well as higher operating costs in the Construction segment. In addition, the Group only booked contributions from its discontinued operations until 15 October 2015 as compared to the year before where the Group booked the full-year contributions from its discontinued operations.

REWARDING OUR SHAREHOLDERS

The Group paid a Special Dividend of RM1.00 per share on 23 December 2015 upon completion of the sale of our water assets. This was to reward and recognise the continuous support of our shareholders during this period of transition for the Group as we embark on a journey to new frontiers of growth to create long-term sustainable value to our shareholders amidst a challenging local and global economic environment. As we are presently consolidating and conserving our financial position ahead of a major expansion, the Board of Directors does not recommend any additional dividend to be paid out in respect of FY2015.



WE WILL CONTINUE TO FOCUS ON
GROWING OUR PRESENCE WITHIN
MALAYSIA, BOTH IN

**PENINSULAR MALAYSIA
& IN EAST MALAYSIA**



WE EMBARK ON A JOURNEY TO NEW
FRONTIERS OF GROWTH TO CREATE

**LONG-TERM
SUSTAINABLE VALUE
TO OUR SHAREHOLDERS
AMIDST A
CHALLENGING
LOCAL AND
GLOBAL ECONOMIC
ENVIRONMENT**



**RM 447.2
MILLION**

WAS PAID AS A SPECIAL DIVIDEND
TO THE COMPANY'S SHAREHOLDERS

MANAGEMENT DISCUSSION AND ANALYSIS



SEGMENTAL REVIEW: WATER TREATMENT AND DISTRIBUTION



REVENUE:

**RM475.2
MILLION**

PROFIT BEFORE INTEREST AND TAX:

**RM366.3
MILLION**

WATER TREATED

**547.9
MILLION M³**

THE GROUP'S INTERESTS IN THE WATER TREATMENT AND DISTRIBUTION BUSINESS WERE TRANSFERRED TO PENGURUSAN AIR SELANGOR SDN BHD, THE SELANGOR STATE GOVERNMENT'S WHOLLY OWNED ENTITY, ON 15 OCTOBER 2015 FOLLOWING THE COMPLETION OF THE CONSOLIDATION/RESTRUCTURING OF THE WATER SERVICES INDUSTRY IN THE STATE OF SELANGOR AND THE FEDERAL TERRITORIES OF KUALA LUMPUR AND PUTRAJAYA.

The Group strived to ensure the best water service delivery possible prior to the handover date. For more information on the Group's management of the water assets in prior years, please refer to our past annual reports at www.puncakniaga.com.my.

MANAGEMENT DISCUSSION AND ANALYSIS



SEGMENTAL REVIEW: CONSTRUCTION



REVENUE:

**RM125.2
MILLION**

LOSS BEFORE
INTEREST AND TAX:

**RM8.4
MILLION**



PNCBSB SUCCESSFULLY
COMPLETED

**TWO WATER
SUPPLY
PROJECTS IN
SARAWAK**

IN OCTOBER AND
DECEMBER 2015,
RESPECTIVELY,
FOR KEMENTERIAN
KEMAJUAN LUAR
BANDAR DAN WILAYAH
("KKLW", OR "THE
MINISTRY OF RURAL
AND REGIONAL
DEVELOPMENT")

OUR BUSINESS ACTIVITIES IN THE CONSTRUCTION SECTOR ARE MAINLY CONDUCTED BY OUR WHOLLY OWNED SUBSIDIARY, PUNCAK NIAGA CONSTRUCTION SDN BHD ("PNCBSB"). PNCBSB MARKED ITS THIRD FULL YEAR OF OPERATIONS AT THE CONCLUSION OF 2015. PNCBSB SUCCESSFULLY COMPLETED TWO WATER SUPPLY PROJECTS IN SARAWAK IN OCTOBER AND DECEMBER 2015, RESPECTIVELY, FOR KEMENTERIAN KEMAJUAN LUAR BANDAR DAN WILAYAH ("KKLW", OR "THE MINISTRY OF RURAL AND REGIONAL DEVELOPMENT"). IT IS CURRENTLY UNDERTAKING A SEWERAGE PROJECT IN KUALA LUMPUR FOR THE SEWERAGE SERVICES DEPARTMENT, WHICH IS EXPECTED TO BE COMPLETED IN FEBRUARY 2018. IN ADDITION, PNCBSB RECENTLY SECURED THE TENDER CALLED BY JABATAN BEKALAN AIR, KEMENTERIAN TENAGA, TEKNOLOGI HIJAU DAN AIR ("KETTHA", OR "THE MINISTRY OF ENERGY, GREEN TECHNOLOGY AND WATER") FOR THE OPERATION AND MAINTENANCE OF A WATER TREATMENT PLANT IN BEAUFORT, SABAH FOR A DURATION OF THREE YEARS, COMMENCING 1 FEBRUARY 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite facing challenges in the competitive construction industry, PNCSB has demonstrated significant potential for growth due to its strong track record and experience in the water sector business. There were also positive developments, with PNCSB bidding strongly against competitors in competing for medium-to mega-sized tenders particularly in the environmental engineering sector. Some of its key competitive advantages include having niche experience and resources in environmental engineering works, professional project management, access to the latest construction technologies, collaboration with specialist technology partners and providers, and owning some of its own construction assets.

PROSPECTS

OVERALL PROSPECTS ON THE LOCAL FRONT

The water supply and wastewater sectors will continue to grow to cater to the increasing population, the need to upgrade existing old and dilapidated facilities, and also to increase the service coverage areas. There will be continued emphasis on environmental care. Hence, more environmental related projects such as solid waste and hazardous waste management and disposal will be introduced by the Government.

In addition, construction remained a significant driver of the Malaysian economy in 2015, and was one of the few sectors that performed in line with analysts' expectations. Construction activity is being propelled by the Government's infrastructure projects announced as part of its National Transformation Programme ("NTP"), including the likes of the Klang Valley Mass Rapid Transit ("MRT") system and programmes to bring clean water to Malaysians in rural areas. The Government has also renewed its emphasis on key growth sectors that are of interest to the Group including environmental engineering, energy efficiency and renewable energy.

Settled Water Channel at Sarikei WTP, Sarawak



Prospects for the sector have been further boosted by the Government's development budget of RM52 billion in 2016, which has made sizeable allocations towards rural development and urban public transport initiatives. More importantly, for the provision of clean and treated water under the Rural Water Supply Programme, more than RM10 billion has been budgeted by the Government under the 11th Malaysia Plan (2016-2020), which augurs well for Puncak Niaga Group given our solid track record in the industry over the past 20 years.

PROSPECTS OF THE GROUP

Post completion of the Proposed Disposals on 15 October 2015, the Group is continuously looking to expand its operations in areas related to its core businesses and core competencies in water and wastewater, sewerage, environmental engineering and construction, both locally and abroad as well as exploring opportunities in new business sectors such as oil palm plantation, property development and food and beverage sectors.

In the environmental engineering sector, the Group will continue to be involved in the development and construction of water-related and sewerage facilities. The Group's current projects include the construction of new sewer pipe networks and pumping stations including the decommissioning of some of the existing sewerage infrastructure in Bunus, Kuala Lumpur as well as the operation and maintenance of a water treatment plant in Beaufort, Sabah. The Group is also currently involved in several ongoing tenders related to the water and environmental sectors in Malaysia.

Due to the huge drop in crude oil prices coupled with no projects secured in 2015, it was extremely difficult to sustain normal operational activities in the Oil and Gas Division. The Group had implemented right sizing exercise to cut down staffing and operational costs to minimal levels as the Group reviews its position in the sector.

PROJECTS SARAWAK

PNCSB completed a project to upgrade the Bayong Water Treatment Plant at Sarikei ahead of schedule in October 2015. The project, awarded by KKLW, included construction, testing and commissioning a new treatment plant with a capacity of 30 million litres per day ("MLD"), a 5 million-litre reservoir at Kim San, upgrading the existing raw water intake and laying 14km of a new pipeline. The project was valued at RM97.0 million.

PNCSB also completed a project worth RM53.4 million in Pakan, Sarawak in December 2015. PNCSB was responsible for supplying, jointing and delivering the pumping and gravity pipelines and constructing, testing and commissioning three water reservoirs and their corresponding booster stations. It was also responsible for the supply and installation of all necessary mechanical and electrical equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

Package D44, Bunus Project - Pipe Jacking at Jalan Gombak



KUALA LUMPUR

A contract from the Sewerage Services Department of KeTTHA awarded to the Group in 2014 was subsequently novated to PNCSB. Under this contract for Package D44 with contract value of RM394 million, PNCSB is responsible for the design and construction of sewer pipe networks at Bunus, Kuala Lumpur as part of the NTP's Greater Kuala Lumpur River of Life initiative.

The project aims to revitalise the areas along the Klang River to improve the image of Kuala Lumpur as a commercial and tourist hub. This project includes:

- Designing and constructing sewerage works in the Bunus catchment area
- Upgrading two existing sewage pumping stations
- Converting five existing Sewerage Treatment Plants ("STPs") to new network pumping stations
- Decommissioning 73 or more existing STPs
- Constructing 632 new manholes
- Constructing approximately 52km of new main and lateral sewerage lines

The project service area is approximately 72 square kilometres in size. The project has been designed to cater for future expansion and to provide services for up to approximately 1.1 million people in the Kuala Lumpur and Ampang Jaya areas. The project will see the main sewer pipe at the existing sewage treatment plant connected to the regional sewage treatment plant in Bunus.

To date, the design works for this project are 98% complete, while construction works started in early 2015. The construction of two network pumping stations is ongoing and 6.1km of sewerage pipes have been laid. Construction activities are expected to be at their peak in 2016 and 2017 with the project expected to be completed by February 2018.

CHINA

Water Supply Project in Lushan County Township

The Group presently supplies approximately 2.0 MLD of water to about 7,300 consumer accounts in the Lushan County Township through Luwei (Pingdingshan) Water Co Ltd, which is 93.81% owned by our subsidiary, Sino Water.

Phase 1 of the Lushan Water Supply Project was completed in September 2013, which saw the construction of a new 30 MLD water treatment plant, the laying of 14.7km of raw water pipelines and the rehabilitation of the water distribution network in Lushan County.

Wastewater Treatment Project in Yangxin County

Sino Water's wholly-owned subsidiary Xinnuo Water (Binzhou) Co Ltd is responsible for the construction of a 30 MLD wastewater treatment plant. The construction of the plant has been divided into two phases of 15 MLD each. The first phase was completed and became fully operational in August 2012, with incoming wastewater volume ranging from 2.5 MLD to 5.0 MLD.

The plant is aimed mainly at treating the wastewater discharged from the Chenlou Industrial & Commercial Park's tannery plants. Total industrial discharge is expected to increase to 15 MLD when all existing tannery plants reach full production capacity. According to the development plan of the Commercial Park, construction of the second phase is expected to commence in 2018.

Yuanshi Industrial Water Supply Project in Yuanshi County

The Group was previously involved in the Yuanshi Industrial Water Supply Project in Yuanshi County via Sino Water's previous 80% owned subsidiary Hebei Sino Panlong Industrial Water Supply Co Ltd ("Hebei Sino Co Ltd"). Sino Water had entered into an Equity Transfer Agreement with Yuanshi County Panlong Industrial Water Supply Co Ltd to dispose of its entire equity interest on 12 August 2015. The regulatory authority in the People's Republic of China had on 8 December 2015 issued the Business License approving the transfer of the Company's equity interest in Hebei Sino Co Ltd to Yuanshi County Panlong Industrial Water Supply Co Ltd. As such, effective 8 December 2015, Hebei Sino Co Ltd had ceased to be a subsidiary of Sino Water.

MANAGEMENT DISCUSSION AND ANALYSIS



SEGMENTAL REVIEW: OIL & GAS



REVENUE:

**RM62.1
MILLION**

LOSS BEFORE INTEREST AND TAX:

**RM126.7
MILLION**

THE DIVISION IS
PRIMARILY INVOLVED
IN THE PROVISION
OF SERVICES FOR
OFFSHORE LOGISTICS
AND MARINE
MANAGEMENT
CATERING TO
NATIONAL OIL
PRODUCER,

**PETRONAS
AND ITS
PRODUCTION
SHARING
CONTRACT
("PSC")
PARTNERS.**

PUNCAK NIAGA'S O&G DIVISION IS REPRESENTED BY PUNCAK OIL & GAS SDN BHD ("POG") AND ITS WHOLLY OWNED SUBSIDIARIES, GOM RESOURCES SDN BHD ("GOM RESOURCES") AND KGL LTD ("KGL"). THE DIVISION IS PRIMARILY INVOLVED IN THE PROVISION OF SERVICES FOR OFFSHORE LOGISTICS AND MARINE MANAGEMENT CATERING TO NATIONAL OIL PRODUCER, PETRONAS AND ITS PRODUCTION SHARING CONTRACT ("PSC") PARTNERS.

While GOM Resources is still undertaking its second contract period (2014-2016) as an Offshore Installation Contractor under the PETRONAS Pan Malaysia Contract, the sharp drop in crude oil prices meant that PETRONAS had to defer a significant number of its planned projects. PETRONAS subsequently announced across-the-board cuts in both its operating expenses and capex of 15%.

As a result, GOM Resources was not awarded the 2015 projects under the Pan Malaysia Contract, which were deferred by PETRONAS in FY2015. This has significantly impacted its financial performance and revenue contributions going forward. The sharp decline in prospects for the O&G sector also meant that KGL, which is the owner of the DLB 264 vessel, remained idle during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Kg Lawa Gadong WTP in Beaufort, Sabah



OUTLOOK

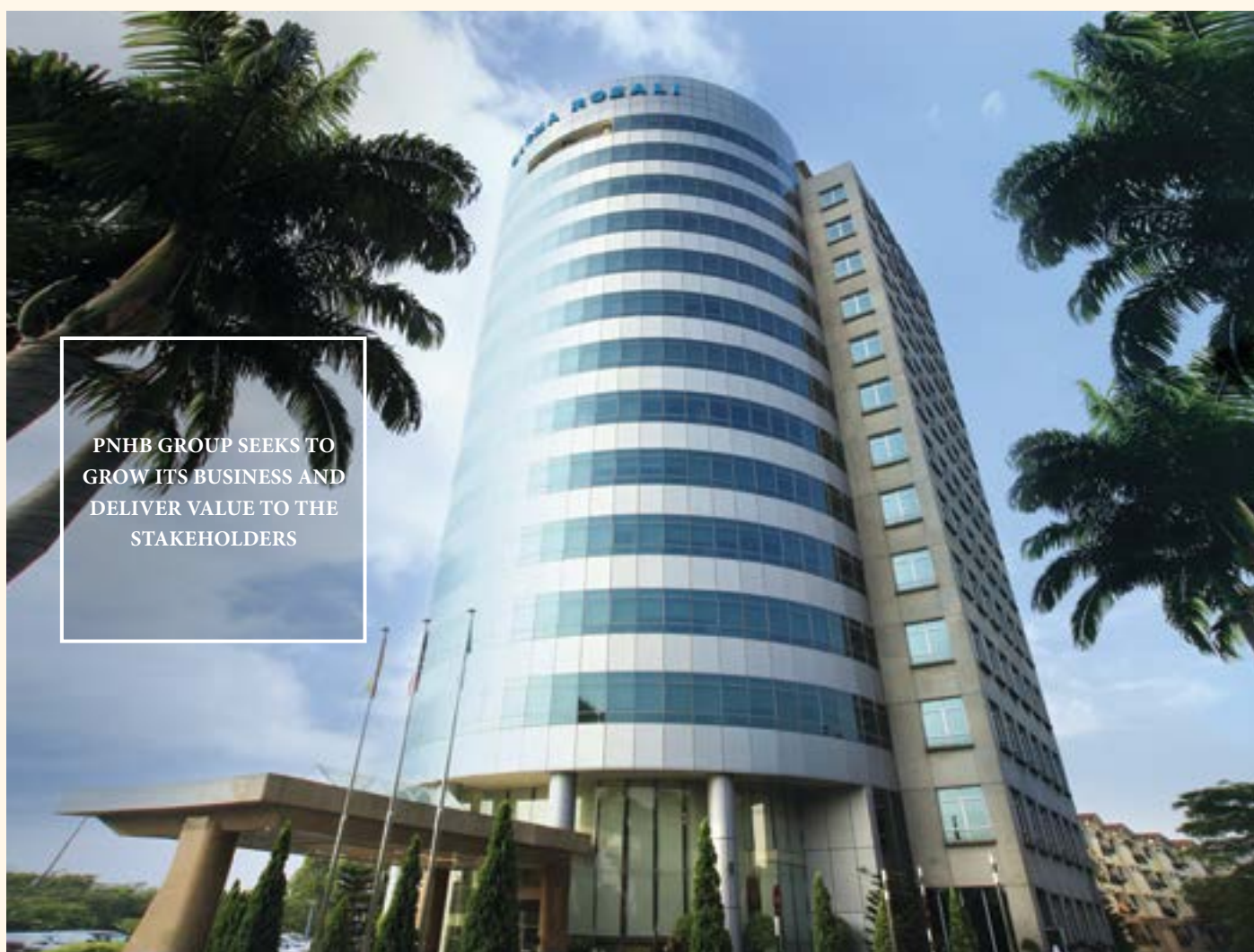
The Malaysian economy is expected to continue to grow in 2016 albeit at a slower pace in comparison to recent years. After taking into consideration the current economic scenario, the Government revised its GDP growth for 2016 to 4.0%-4.5%, as recently announced by our Honourable Prime Minister at the Special Address on the 2016 Budget Recalibration on 28 January 2016. Commodity prices and the Ringgit are expected to remain weak going into the first half of 2016, which will continue to dampen business activity.

While Puncak Niaga's O&G operations had been, as with all the other O&G players, severely affected by the global slowdown in the sector, we are optimistic that our Construction arm will be generally unimpeded, as the Government will continuously generate projects to boost domestic growth. Nevertheless, we will need to remain prudent and cautious regarding any and all challenges that may crop up during the financial year.

It is also important to bear in mind that Puncak Niaga presently holds a healthy level of cash, which will provide an important buttress against new challenges. The Board and Management are presently on the lookout for viable assets and businesses that will provide an immediate and constant revenue stream and the appropriate decision will be made on any potential acquisitions after due and careful consideration of all aspects involved.

We remain confident that the combination of our healthy financial position, prudent management and focus on sustainable business will ensure the long-term growth and success of the Group.

CORPORATE PROFILE



**THE PUNCAK NIAGA HOLDINGS
BERHAD (“PNHB”) GROUP IS THE
LEADING REGIONAL INTEGRATED
WATER, WASTEWATER AND
ENVIRONMENTAL SOLUTIONS
PROVIDER WITH INVOLVEMENT IN
THE OIL & GAS SECTOR.**

PNHB is an investment holding company whilst its subsidiaries are principally involved in the construction, water, wastewater, sewerage and environmental engineering sectors including undertaking research and development and technology development for the water, wastewater and environmental sectors, management and advisory services, integrated transportation and installation of offshore facilities in the oil and gas sector.

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 2015, PNHB's market capitalisation stood at RM656.0 million. 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 and was recently reclassified to the Construction sector on 13 November 2015.

CORPORATE PROFILE

OUR CORE BUSINESS AND CAPABILITIES

Our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd's ("PNCSB") principal business activities are construction works, general contracts and its related activities. As the construction arm of PNHB, PNCSB had completed two (2) water supply projects in October and December 2015 respectively in Sarawak and currently manages one (1) water supply project in Sabah and another sewerage project in Kuala Lumpur.

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

In mid 2010, PNHB formed a wholly-owned Singapore subsidiary, Puncak Niaga Overseas Capital Pte Ltd to facilitate PNHB Group's overseas expansion plans in water and new business sectors in South East Asia.

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 100% 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. The acquisitions enabled Puncak Group to diversify into 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.

PNHB has two (2) branch offices in South East Asia namely, Puncak Niaga Holdings Berhad (Myanmar Branch) to facilitate PNHB Group's exploration of potential water and wastewater related businesses opportunities in Myanmar and Puncak Niaga Holdings Berhad (Brunei Branch) to facilitate the business development efforts for PNHB Group in Brunei Darussalam.

Puncak Niaga Management Services Sdn Bhd provides management and advisory services to the PNHB Group whereas Murni Estate Sdn Bhd and Unggul Raya (M) Sdn Bhd will be the wholly-owned plantation and property development subsidiaries of PNHB.

After being in the Selangor water services industry since 1994, on 15 October 2015, both PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) and Syarikat Bekalan Air Selangor Sdn Bhd were disposed to Pengurusan Air Selangor Sdn Bhd and ceased to be a wholly-owned subsidiary and jointly controlled entity of PNHB Group in line with the consolidation of the Selangor water services industry by the Federal Government and the State Government of Selangor.

OUR PEOPLE

Out of the manpower strength of more than 500 employees in 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 existing and future businesses and operations.

OUR COMMITMENT TO CORPORATE CITIZENSHIP

PNHB Group is committed to upholding the principles of good corporate governance and core values such as quality, value, service, innovation, integrity and trust in the conduct of our business which are integral to the Group's 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.

OUR FUTURE PLANS

As 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 businesses and core competencies in water and wastewater, sewerage, environmental engineering and construction, both locally and abroad as well as exploring opportunities in new business sectors such as oil palm plantation, property development and food and beverage sectors.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

**Yang Berbahagia Datuk Haji
Syed Hisham Syed Wazir**
Managing Director

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

**Yang Berbahagia
Dato' Ir Lee Miang Koi**
Executive Director, Operations
Division

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

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

**Yang Amat Mulia Tengku
Dato' Rahimah Almarhum
Sultan Mahmud**
Non-Independent
Non-Executive Director

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

Mr Ng Wah Tar
Executive Director, Corporate
Finance Division

**Encik Azlan Shah Tan Sri
Rozali**
Alternate Director to
Yang Berbahagia Tan Sri
Rozali Ismail

CHIEF FINANCIAL OFFICER

Madam Wong Ley Chan

COMPANY SECRETARIES

Madam Tan Bee Lian
(MAICSA 7006285)

Ms Lee Siew Yoke
(MAICSA 7053733)

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BRANCH OFFICES IN MALAYSIA

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Sabah Office

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SUBSIDIARY OFFICES

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**GOM Resources
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KGL Ltd.'s Office

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of Labuan
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Fax : +6087-441288
e-mail : info@gomresources.com

SINGAPORE

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Puncak Niaga Overseas
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CHINA

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Consultancy (Shanghai)
Co. Ltd's Office**
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**Luwei (Pingdingshan) Water
Co. Ltd's Office**
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**Xinnuo Water (Binzhou)
Co. Ltd's Office**
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People's Republic of China
Tel/Fax : +86-543-898 3008

CORPORATE INFORMATION

INDIA

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Tamil Nadu, India
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Fax : +91-44-4210 2028

MYANMAR

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c/o Building C 1
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Kamayut Township
Yangon, Myanmar
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Fax : +951 524 828

OVERSEAS BRANCHES

MYANMAR

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BRUNEI

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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 Islamic Bank Berhad
(680329-V)
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 Alvin John & Partners
Messrs Rozali Ismail & Co

SHARE REGISTRAR

*(place where all registers of
securities are kept)*

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

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Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities
Berhad
Construction Sector

EXECUTIVE COMMITTEE

Chairman:

Yang Berbahagia Tan Sri
Rozali Ismail

Members:

Yang Berbahagia Datuk Haji
Syed Hisham Syed Wazir
(Alternate Chairman)
Yang Berbahagia Dato' Ir Lee
Miang Koi
Yang Berbahagia Dato' Nasir
Khan Illadad Khan
Madam Wong Ley Chan
Mr Ng Wah Tar
Madam Tan Bee Lian
Puan Faridatulzakiah Mohd
Bakhry
Encik Azlan Shah Tan Sri
Rozali

Secretary:

Ms Lee Siew Yoke

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
Ms Lee Siew Yoke

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
Ms Lee Siew Yoke

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
Ms Lee Siew Yoke

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

Chairman:

Yang Berbahagia Tan Sri Dato'
Seri Dr Ting Chew Peh

Members:

Yang Berbahagia Datuk Haji
Syed Hisham Syed Wazir
Yang Berbahagia Dato' Ir Lee
Miang Koi
Madam Wong Ley Chan
Mr Ng Wah Tar
Madam Tan Bee Lian
Encik Azlan Shah Tan Sri
Rozali
Tuan Haji Sonari Solor

Secretary:

Madam Johty Priyatharashani
Tiagarajah

CORPORATE STRUCTURE



PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

INVESTMENT HOLDING

100%
(MALAYSIA)

[PUNCAK NIAGA
MANAGEMENT
SERVICES
SDN BHD](#)

provision of
management,
advisory and
consultancy
services

100%
(MALAYSIA)

[PUNCAK NIAGA
CONSTRUCTION
SDN BHD](#)

construction work,
general contracts
and related
activities

100%
(MALAYSIA)

[PUNCAK
RESEARCH
CENTRE
SDN BHD](#)

research &
development
and technology
development
for water, wastewater
and environment
sectors

98.65%
(SINGAPORE)

[SINO WATER
PTE LTD](#)

investment in water
and wastewater
projects in China

100%
(SINGAPORE)

[PUNCAK NIAGA
OVERSEAS
CAPITAL PTE LTD](#)

dormant

100%
(INDIA)

[PUNCAK NIAGA
INFRASTRUCTURES
& PROJECTS
PRIVATE LIMITED](#)

dormant

100%
(MALAYSIA)

[PUNCAK SERI \(M\)
SDN BHD](#)

food and beverage
related activities

100%
(CHINA)

[SINO WATER
ENVIRONMENTAL
CONSULTANCY
\(SHANGHAI\) CO.
LTD](#)

consultancy services
for water and
wastewater projects

93.81%
(CHINA)

[LUWEI
\(PINGDINGSHAN\)
WATER CO. LTD](#)

treatment and
distribution of water
and related services

100%
(CHINA)

[XINNUO WATER
\(BINZHOU\) CO.
LTD](#)

treatment of
wastewater and
related services

CORPORATE STRUCTURE

100%
(MALAYSIA)

[PUNCAK NIAGA
\(INDIA\) SDN
BHD](#)

dormant

100%
(MALAYSIA)

[PUNCAK OIL &
GAS SDN BHD](#)

investment holding
and provision
of services for
offshore logistics
and marine
management

100%
(MALAYSIA)

[MURNI ESTATE
SDN BHD](#)

dormant

100%
(MALAYSIA)

[MAGNUM
NATURE
SDN BHD](#)

dormant

100%
(MALAYSIA)

[IDEAL WATER
RESOURCES
SDN BHD](#)

dormant

100%
(MALAYSIA)

[UNGGUL
RAYA \(M\)
SDN BHD](#)

dormant

100%
(MALAYSIA)

[ANUGERAH
PRASARANA
SDN BHD](#)

dormant

50%
(MALAYSIA)

[ASSOCIATE
COMPANY
PURNAMA
PERSADA SDN
BHD](#)

dormant

100%
(MALAYSIA)

[GOM RESOURCES
SDN BHD](#)

provide offshore
installation services
of integrated
transportation and
installation of offshore
facilities

100%
(MYANMAR)

[GOM RESOURCES
LIMITED](#)

dormant

100%
(LABUAN)

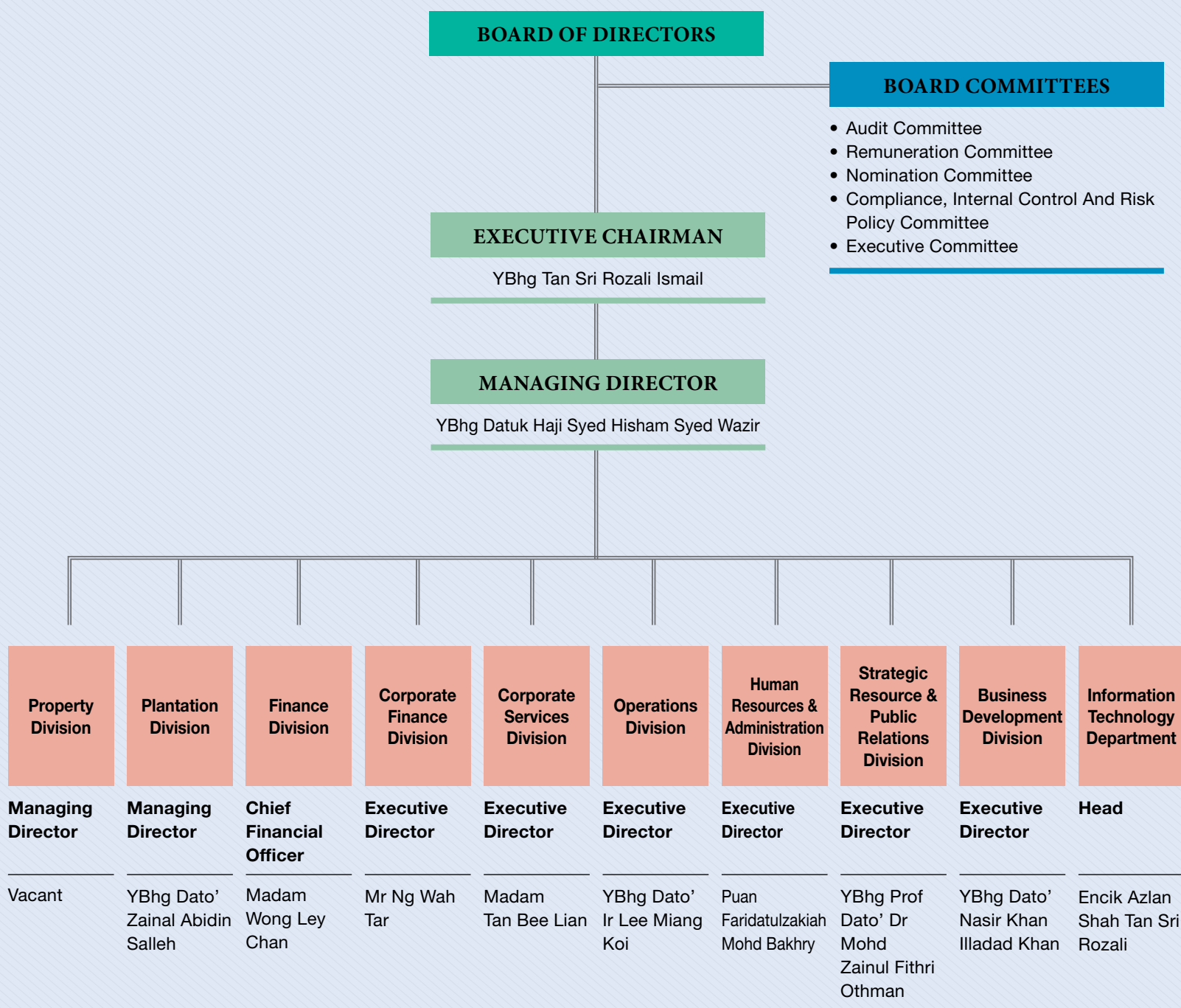
[KGL LTD.](#)

offshore leasing
of vessels on time
charter basis

ORGANISATION STRUCTURE PNHB



PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)



PUNCAK NIAGA HAS ALWAYS
BEEN KEENLY AWARE OF ITS
DUTIES TOWARDS ENSURING
SUSTAINABILITY



PNHB GROUP FACT SHEET

PNHB FACT SHEET		
<p>Authorised Share Capital as at 31 December 2015</p> <p>RM1,300,000,000</p> <p>comprising 1,300,000,000 ordinary shares of RM1.00 each</p>		<p>Paid-Up Share Capital as at 31 December 2015</p> <p>RM449,283,784</p> <p>comprising 449,283,784 ordinary shares of RM1.00 each</p>
<p>Number of Shares Issued as at 31 December 2015</p> <p>449,283,784</p>		<p>Number of Unconverted Warrants as at 31 December 2015</p> <p>5,269,720</p>
<p>Warrants Maturity Date 20 July 2018</p>		
<p>GOM RESOURCES FACT SHEET</p>	<p>Number of Barge Vessel (On time charter basis from KGL, an associate company of GOM Resources)</p> <p>01</p>	<p>Revenue</p> <p>RM 62.1 million</p>
<p>PNCB FACT SHEET</p>	<p>Number of Project Locations</p> <p>03</p>	<p>Revenue</p> <p>RM 123.3 million</p>

PNHB GROUP
FACT SHEET

LIST OF CORPORATE MEMBERSHIPS

	MEMBER SINCE
1. Malaysia South-South Association (MASSA)	1995
2. Federation of Public Listed Companies (FPLC)	1997
3. Malaysian Employers Federation (MEF)	1999
4. Malaysian Industry-Government Group for High Technology (MIGHT)	2001
5. Malaysian-German Chamber of Commerce and Industry (MGCC)	2002
6. Malaysian-French Chamber of Commerce and Industry (MFCCI)	2002
7. Malaysia-Russia Business Council	2002
8. British Malaysian Chamber of Commerce (BMCC)	2003
9. Malaysia-Japan Economic Association (MAJECA)	2003
10. Commonwealth Partnership for Technology Management (CPTM)	2003
11. Institute of Marketing Malaysia (IMM)	2003
12. Singapore Water Association	2006
13. Malaysian Investors Relations Association (MIRA)	2008
14. Environmental Management & Research Association of Malaysia (ENSEARCH)	2009
15. Malaysia External Trade Development Corporation (MATRADE)	2012
16. Arab-Malaysian Chamber of Commerce	2012
17. EU-Malaysia Chamber of Commerce and Industry	2012

BOARD OF DIRECTORS



BOARD OF DIRECTORS



BOARD OF DIRECTORS' PROFILE

YBHG TAN SRI ROZALI ISMAIL

**EXECUTIVE CHAIRMAN OF
PNHB GROUP**

AGED 59, MALAYSIAN



YBhg Tan Sri Rozali Ismail is the founder of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB"), Executive Chairman of Puncak Niaga Holdings Berhad ("PNHB") Group and major shareholder of PNHB. He was appointed to the Board of PNHB on 24 April 1997. He is the Chairman of PNHB's Executive Committee ("EXCO") and 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 (now known as the 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

BOARD OF DIRECTORS' PROFILE

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 "Brigadier 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 1st 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 Award 2014-2015. On 27 March 2015, YBhg Tan Sri Rozali was awarded the "Munisraphoin Medal" by the Prime Minister of Cambodia, H.E Hun Sen and on 18 October 2015, he received two (2) international recognitions, namely the Certificate of World Business Leader for being a successful leader who works in an innovative, knowledgeable and systematic manner and the Certificate of Excellence in Business Leadership from the World Confederation of Businesses ("WORLDCOB").

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, Yayasan Budi Penyayang Malaysia, Malaysian Institute of Management ("MIM"). He is a Trustee of Perdana Leadership Foundation. He is the Advisor to IMM, Governor for Malaysia of Asia Pacific Marketing Federation Foundation 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), past advisor of Gabungan Persatuan Usahawan Melayu Selangor/ Wilayah Persekutuan (GAPUMS) (2005-2008), former Trustee of Yayasan WAQAF Malaysia (January 2008 – December 2009), past President of the Malay Chamber of Commerce for the State of Selangor (2005-2013), 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 and former Pro-Chancellor of the Universiti Putra Malaysia (July 2007 – June 2015).

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

He is the father of Encik Azlan Shah Tan Sri Rozali, who was appointed as his Alternate Director on 6 January 2016.

YBhg Tan Sri Rozali attended 6 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

BOARD OF DIRECTORS' PROFILE

YBHG DATUK HAJI SYED HISHAM SYED WAZIR

MANAGING DIRECTOR OF PNHB GROUP

AGED 62, MALAYSIAN



YBhg Datuk Haji Syed Hisham Syed Wazir joined Puncak Niaga Holdings Berhad as Managing Director of PNHG on 6 November 2015. He is the Alternate Chairman and Member of PNHG's EXCO, Head of PNHG's Compliance, Internal Control and Risk Policy Committee ("CICR") and the Chief Executive Officer of PNHG's Oil & Gas Division.

Prior to joining PNHG, he served as President and Group Chief Executive Officer at UMW Holdings Bhd. He has held vast exposure in the motor industry at senior management level. Prior to joining UMW, he was the Chief Operating Officer of Naza Kia Sdn Bhd and Naza Kia Services Sdn Bhd. He started his career in the automotive field in 1983, when he joined HICOM Berhad and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as Marketing Service Deputy Manager, before serving the Business Division of the Company as Senior Manager. He was promoted to General Manager of Proton Corporation Sdn Bhd, a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. YBhg Datuk Haji Syed Hisham was subsequently appointed as Director of Proton Cars (UK) Pte Ltd, and from 1998 to 2000, he served as General Manager, International Business of DRB-HICOM Export Corporations Sdn Bhd. In 2001, he became General Manager, Marketing Division of Honda Malaysia Sdn Bhd before being appointed as its President/Chief Operating Officer in 2003. In 2005, he was appointed as Managing Director of Edaran Otomobil Nasional Berhad, where he served until 2009.

YBhg Datuk Haji Syed Hisham holds a Master in Business Administration from Ohio State University, USA and Bachelor of Science in Mechanical Engineering from Plymouth University, UK.

YBhg Datuk Haji Syed Hisham attended 1 out of 1 Board Meeting of PNHG held in the financial year ended 31 December 2015 as he was only appointed to the Board of PNHG on 6 November 2015.

BOARD OF DIRECTORS' PROFILE

YBhg Dato' Ruslan Hassan joined PNSB on 1 November 1995 as the Executive Director of Corporate and Legal Affairs Division.

When Puncak Niaga Holdings Berhad was set-up and listed on Bursa Malaysia Securities Berhad, YBhg Dato' Ruslan was appointed to its Board on 24 April 1997. On 6 April 1999, he was appointed as the Executive Vice Chairman of PNHB. Together with the Executive Chairman, YBhg Tan Sri Rozali Ismail, YBhg Dato' Ruslan played a principle role in pursuing for the privatisation rights for the distribution of treated water in Selangor. Upon PNHB securing the water distribution concession for the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya on 1 January 2005, YBhg Dato' Ruslan was appointed as the first Chief Executive Officer ("CEO") of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and sat on the Boards of SYABAS and Perbadanan Urus Air Selangor Berhad ("PUAS"). 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 completion of the take-over of SYABAS by the Selangor State Government on 15 October 2015, YBhg Dato' Ruslan resigned as a Director of SYABAS and PUAS respectively on the same date.

YBhg Dato' Ruslan is a member of the Industrial Court Employer Panel from 1 January 2004 till present. YBhg Dato' Ruslan is also a member of the Malaysian Institute of Directors, Malaysian Water Association, Institute of Marketing Malaysia and International Water Association.

Upon obtaining a Bachelor of Laws Degree from the University of Malaya in 1981, YBhg Dato' Ruslan began his career as the Legal Advisor with the multinational petroleum company, Esso Malaysia Bhd, and later as the Senior Legal Counsel of Esso Production Malaysia Inc. In 1985, he joined Sime Darby Group and was appointed as the Group Legal Advisor and Company Secretary of Pernas Sime Darby Holdings Sdn Bhd, with interests in automobile, plantation and heavy machinery. YBhg Dato' Ruslan has 4 years' experience as an Advocate and Solicitor in the capacity of a partner in a medium-sized legal firm. In 1993, he joined the securities and banking group of Rashid Hussain Berhad as the Senior General Manager of the Corporate Affairs Division and was later appointed as an Executive Committee Member of the RHB Group. He was also appointed to the Boards of Rashid Hussain Berhad, Rashid Hussain Securities Sdn Bhd as well as various subsidiaries of RHB and served as an Audit Committee member of both companies.

YBhg Dato' Ruslan attended 7 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

YBHG DATO' RUSLAN HASSAN

**NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR OF
PNHB**

AGED 60, MALAYSIAN



BOARD OF DIRECTORS' PROFILE

YBHG DATO' IR LEE MIANG KOI

**EXECUTIVE DIRECTOR,
OPERATIONS DIVISION OF PNHB
AND MANAGING DIRECTOR OF
PUNCAK NIAGA CONSTRUCTION
SDN BHD**

AGED 62, MALAYSIAN



YBhg Dato' Ir Lee Miang Koi is the Executive Director, Operations Division and Managing Director of Puncak Niaga Construction Sdn Bhd ("PNCBSB"). He is a Member of PNHB's EXCO and CICR.

YBhg Dato' Ir Lee Miang Koi started his career with PNHB Group when he joined PNSB in 1995 as General Manager, Business Development.

YBhg Dato' Ir Lee was subsequently appointed as a Director of PNSB and PNHB on 2 February 1999 and 1 September 1999, respectively. YBhg Dato' Ir Lee resigned as a Director of PNSB on 30 September 2005. On 1 October 2005, YBhg Dato' Ir Lee was re-designated from Executive Director, Project and Business Development Division of PNHB to Non-Independent Non-Executive Director of PNHB. On 6 November 2015, he was re-designated to Executive Director, Operations Division of PNHB.

YBhg Dato' Ir Lee was formerly the Chief Operating Officer of SYABAS (1 January 2005 - 17 June 2015) and past Advisor to the Executive Chairman/Board of SYABAS (17 June 2015 - 15 October 2015) until his resignation as a Director of SYABAS on 15 October 2015.

YBhg Dato' Ir Lee 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 38 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. He is a member of the Malaysian Water Association, Malaysian Institute of Directors and the Institute of Marketing Malaysia.

YBhg Dato' Ir Lee attended 7 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

BOARD OF DIRECTORS' PROFILE

YBhg Tan Sri Dato' Hari Narayanan Govindasamy, a businessman was appointed to the Board of Puncak Niaga Holdings Berhad 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 6 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

YBHG TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

**INDEPENDENT NON-EXECUTIVE
DIRECTOR OF PNHB**

AGED 66, MALAYSIAN



BOARD OF DIRECTORS' PROFILE

YBHG TAN SRI DATO' SERI DR TING CHEW PEH

INDEPENDENT NON-EXECUTIVE DIRECTOR OF PNHB

AGED 73, MALAYSIAN



YBhg Tan Sri Dato' Seri Dr Ting Chew Peh was appointed to the Board of Puncak Niaga Holdings Berhad 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 7 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

BOARD OF DIRECTORS' PROFILE

YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud was appointed to the Board of Puncak Niaga Holdings Berhad 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. She is a member of the Malaysian Institute of Accountants.

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 Berhad. 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 5 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

YAM TENGKU DATO' RAHIMAH ALMARHUM SULTAN MAHMUD

NON-INDEPENDENT
NON-EXECUTIVE
DIRECTOR OF PNHB

AGED 50, MALAYSIAN



BOARD OF DIRECTORS' PROFILE

YBHG TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK

INDEPENDENT NON-EXECUTIVE DIRECTOR OF PNHB

AGED 67, MALAYSIAN



YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak was appointed to the Board of Puncak Niaga Holdings Berhad 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"), Trustee of MERCY Malaysia, Perdana Global Peace Foundation ("PGPF") and Yayasan Sarana Pendidikan Malaysia.

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, Sofgen (Malaysia) Sdn Bhd, IMAN Research Consulting Sdn Bhd and Ace Holdings Sdn Bhd; Independent Non-Executive Director of Maybank Islamic Berhad and Director of Management Development Institute of Singapore Sdn Bhd, WEROS Technology Sdn Bhd, Lejadi Medimax Sdn Bhd, CGM Alstar Solutions Sdn Bhd and MDIS Unicampus 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; Malaysian Member Committee, 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 of Xadarcorp Sdn Bhd, High School Bukit Mertajam Alumni Malaysia and Malaysia-Myanmar Chamber of Commerce.

YBhg Tan Sri Dato' Ahmad Fuzi attended 6 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

BOARD OF DIRECTORS' PROFILE

Mr Ng Wah Tar was appointed to the Board of Puncak Niaga Holdings Berhad and 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. On 15 October 2015, Mr Ng resigned as a Director of PNSB following the disposal of PNSB to Pengurusan Air Selangor Sdn Bhd.

Mr Ng is a Member of PNHB's Remuneration Committee, CICR and EXCO. 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 32 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.

Mr Ng joined PNSB as General Manager, Finance & Accounts in February 2000 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 re-joined PNHB Group on 1 July 2009.

Mr Ng attended 7 out of the 7 Board Meetings of PNHB held in the financial year ended 31 December 2015.

MR NG WAH TAR

**EXECUTIVE DIRECTOR,
CORPORATE FINANCE DIVISION
OF PNHB**

AGED 52, MALAYSIAN



BOARD OF DIRECTORS' PROFILE

ENCIK AZLAN SHAH TAN SRI ROZALI

ALTERNATE DIRECTOR TO
YBHG TAN SRI ROZALI ISMAIL

AGED 30, MALAYSIAN



Encik Azlan Shah Tan Sri Rozali was appointed as the Alternate Director to YBhg Tan Sri Rozali Ismail, the Executive Chairman of the Company on 6 January 2016. He is a Member of PNHB's CICR and EXCO. He is also the Head of Information Technology Department overseeing the overall of information technology requirements of PNHB Group.

Encik Azlan Shah graduated with a Bachelor of Arts Degree in Business and Marketing from the Middlesex University, London, United Kingdom in 2009.

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. He was previously the General Manager, Information Technology Department of PNSB (1 November 2011 - 15 October 2015).

In 2011, he received the title of 'Leftenan Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Wataniah)'.

Encik Azlan Shah is a shareholder of PNHB and eldest son of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of the Company.

Even though Encik Azlan Shah was only appointed to the Board of PNHB on 6 January 2016, he attended 2 Board Meetings of PNHB by invitation in respect of the financial year ended 31 December 2015.

KEY PERSONNEL PROFILE – PNHB GROUP

MADAM WONG LEY CHAN

CHIEF FINANCIAL OFFICER

AGED 56, MALAYSIAN

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 32 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 and Murni Estate Sdn Bhd.

On 15 April 2015, Madam Wong was appointed as the Chief Financial Officer of Puncak Niaga Holdings Berhad. She is a member of PNHB’s CICR and EXCO.

YBHG TAN SRI DATO’ SRI DR WAN ABDUL AZIZ WAN ABDULLAH

CHAIRMAN, GOM RESOURCES

AGED 64, MALAYSIAN

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.

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.

He also served as an Executive Director at the Islamic Development Bank based in Jeddah representing South East Asian countries from 2011 to 2013.

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.

KEY PERSONNEL PROFILE – PNHB GROUP

YBHG DATO' ZAINAL ABIDIN SALLEH

MANAGING DIRECTOR OF MURNI ESTATE SDN BHD
AGED 53, MALAYSIAN

YBhg Dato' Zainal Abidin Salleh joined Puncak Niaga Holdings Berhad in August 2015 and was appointed as the Managing Director of Murni Estate Sdn Bhd on 9 November 2015 to lead the plantation and agro business.

Prior to this appointment, YBhg Dato' Zainal Abidin was the Group Chief Executive Officer with KUB Malaysia Berhad. He has been with KUB Group since July 2010 and holds various senior management positions in the Group namely Group Chief Operating Officer for KUB Malaysia Berhad, Executive Director & Chief Executive Officer for KUB Agro Holdings Group as well as Executive Director & Chief Executive Officer for KUB Sepadu Sdn Bhd and KUB Maju Mills Sdn Bhd. He also sat on the Board of several companies.

YBhg Dato' Zainal Abidin started his career with Harrison Malaysian Plantations Berhad, then changed name to Golden Hope Plantations Berhad. He has vast experience in plantation business and had turnaround few plantation companies during his career in plantation. YBhg Dato' Zainal Abidin has more than 25 years experiences in managing plantation business and conglomerate business transformation in plantations, properties and educations. He is an expert in oil palm estate rehabilitation and has received an award for his contributions.

He was also a former Principal at International Islamic University Gombak and has an extensive experience in corporate management, strategic operational management particularly in plantation industries and corporate management. He has also exposed to international business environments while serving at Cerio Group Company in Italy during his time with Harrison Malaysian Plantations Berhad.

YBhg Dato' Zainal Abidin holds a Bachelor of Science (Agribusiness) Hons and Diploma in Agriculture Sciences from Universiti Putra Malaysia. He has also attended many courses particularly in corporate management skills at international level.

Besides his career in corporate sector, YBhg Dato' Zainal Abidin is also involved in social and welfare activities. He was a former Honorary Secretary for National Council of Welfare Malaysia and the Advisor to Women's Committee of PEMADAM. He has also a vast experience in training and conducting conferences, seminars, workshops at national and international levels.

YBHG DATO' NASIR KHAN ILLADAD KHAN

EXECUTIVE DIRECTOR,
BUSINESS DEVELOPMENT DIVISION
AGED 63, MALAYSIAN

YBhg Dato' Nasir Khan Illadad Khan joined PNSB on 21 February 2006 as Executive Director, Corporate Affairs Division before being appointed as PNSB's Executive Director, Business Development Division on 1 January 2010. He is currently the Executive Director, Business Development Division, PNHB.

YBhg Dato' Nasir Khan 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 36 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.

KEY PERSONNEL PROFILE – PNHB GROUP

YBHG PROF DATO' DR MOHD ZAINUL FITHRI OTHMAN

EXECUTIVE DIRECTOR, STRATEGIC RESOURCE &
PUBLIC RELATIONS DIVISION

AGED 51, MALAYSIAN

YBhg Professor Dato' Dr Mohd Zainul Fithri Othman joined PNSB as Executive Director, Strategic Resource and Public Relations Division ("SR&PRD") on 4 March 2014. He is currently the Executive Director, SR&PRD of PNHB.

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 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, YAB 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 PNSB. 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 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.

MADAM TAN BEE LIAN

EXECUTIVE DIRECTOR, CORPORATE SERVICES
DIVISION AND GROUP COMPANY SECRETARY

AGED 50, MALAYSIAN

Madam Tan Bee Lian joined PNSB as Company Secretary on 7 November 1994 and was promoted thrice before assuming the position of Executive Director, Corporate Services Division, PNSB on 1 January 2010. In her current position as Executive Director, Corporate Services Division of PNHB, 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. Madam Tan is a member of PNHB's CICR and EXCO and holds directorships in Puncak Niaga Holdings Berhad's subsidiaries, namely Sino Water Pte Ltd, Puncak Niaga Overseas Capital Pte Ltd and Puncak Niaga Management Services Sdn Bhd. Madam Tan is a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") and has more than 28 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 and was the winner of the ROC-MAICSA Company Secretary Award 2001 for the Listed Company Category.

KEY PERSONNEL PROFILE – PNHB GROUP

PUAN FARIDATULZAKIAH MOHD BAKHRY

EXECUTIVE DIRECTOR, HUMAN RESOURCES &
ADMINISTRATION DIVISION

AGED 40, MALAYSIAN

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 Resources and Industrial Relations matter.

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 departmental until she joined PNSB in 2012 as Assistant General Manager of the Human Resources & Administration Division, overseeing the full spectrum of Human Resources Management.

On 1 February 2013, Puan Faridatulzakiah assumed the position of Executive Director, Human Resources & Administration Division (“HRAD”) of PNSB. She is currently the Executive Director, HRAD of PNHB and is responsible for the overall HRAD functions of Puncak Niaga Group of Companies. Puan Faridatulzakiah is a member of PNHB’s EXCO.

YBHG DATO’ MAT HAIRI ISMAIL

EXECUTIVE DIRECTOR,
SPECIAL FUNCTIONS DIVISION

AGED 54, MALAYSIAN

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 PNHB Group including Executive Director of Finance & Corporate Services, Executive Director in the Executive Chairman’s office, the Vice President of Human Resources, Administration, Information Technology, Business Development & Special Functions Division for POG and Group and now as Executive Director, Special Functions Division of PNHB. 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 brings with him an extensive 30 years of experience in strategic planning, corporate finance and business management.

KEY PERSONNEL PROFILE – PNHB GROUP

YBHG DATO' SYED DANIAL SYED ARIFFIN

**PUNCAK NIAGA CONSTRUCTION SDN BHD'S DIRECTOR/
PROJECT DIRECTOR D44 (SPECIAL PROJECTS)**

AGED 58, MALAYSIAN

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 Group since December 1995. He began his career with PNSB as a Manager of Operation and was subsequently promoted to Senior Manager, Assistant General Manager and General Manager of Operation. From 2004 onwards, YBhg Dato' Syed Danial held various key positions in PNHB Group namely, Acting Executive Director, Operation Division of PNSB, Executive Director, Operation I Division of PNSB, Chief Operating Officer of PNSB and PNHB, Managing Director of PNSB and Executive Director, Operations Division of PNHB.

YBhg Dato' Syed Danial is also a Director of 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 October 2015, YBhg Dato' Syed Danial resigned as Director of PNSB and SYABAS following the disposals of PNSB and SYABAS to Pengurusan Air Selangor Sdn Bhd. He is currently a Director/Project Director D44 (Special Projects) of PNCSB.

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.

KEY PERSONNEL PROFILE – PNHB GROUP

IR TAN HUI KUAN

**PUNCAK NIAGA CONSTRUCTION SDN BHD'S
PROJECT DIRECTOR (PROJECT & PROCUREMENT)**

AGED 62, MALAYSIAN

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 PNSB. Following the restructuring of PNHB Group, he was transferred to PNCSB and redesignated as Project Director (Project & Procurement) effective on 15 October 2015.

Ir Tan 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.

PUAN HAFIZAH AHMAT

**SENIOR GENERAL MANAGER,
CONTRACT & PROCUREMENT DEPARTMENT**

AGED 47, MALAYSIAN

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 24 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 currently the Senior General Manager of Contract & Procurement Department of PNCSB. She was appointed to the Board of PNCSB on 15 April 2015.

KEY PERSONNEL PROFILE – PNHB GROUP

TUAN HAJI SONARI SOLOR

SENIOR GENERAL MANAGER,
INTERNAL AUDIT DEPARTMENT

AGED 60, MALAYSIAN

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. He is currently the Senior General Manager, Internal Audit Department of PNHB.

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 27 years of working experience at the managerial level in the area of accounting and auditing with several public listed companies.

Prior to joining PNHB Group, Tuan Haji Sonari Solor held the position of Group Division Head, Internal Audit with Land & General Berhad.

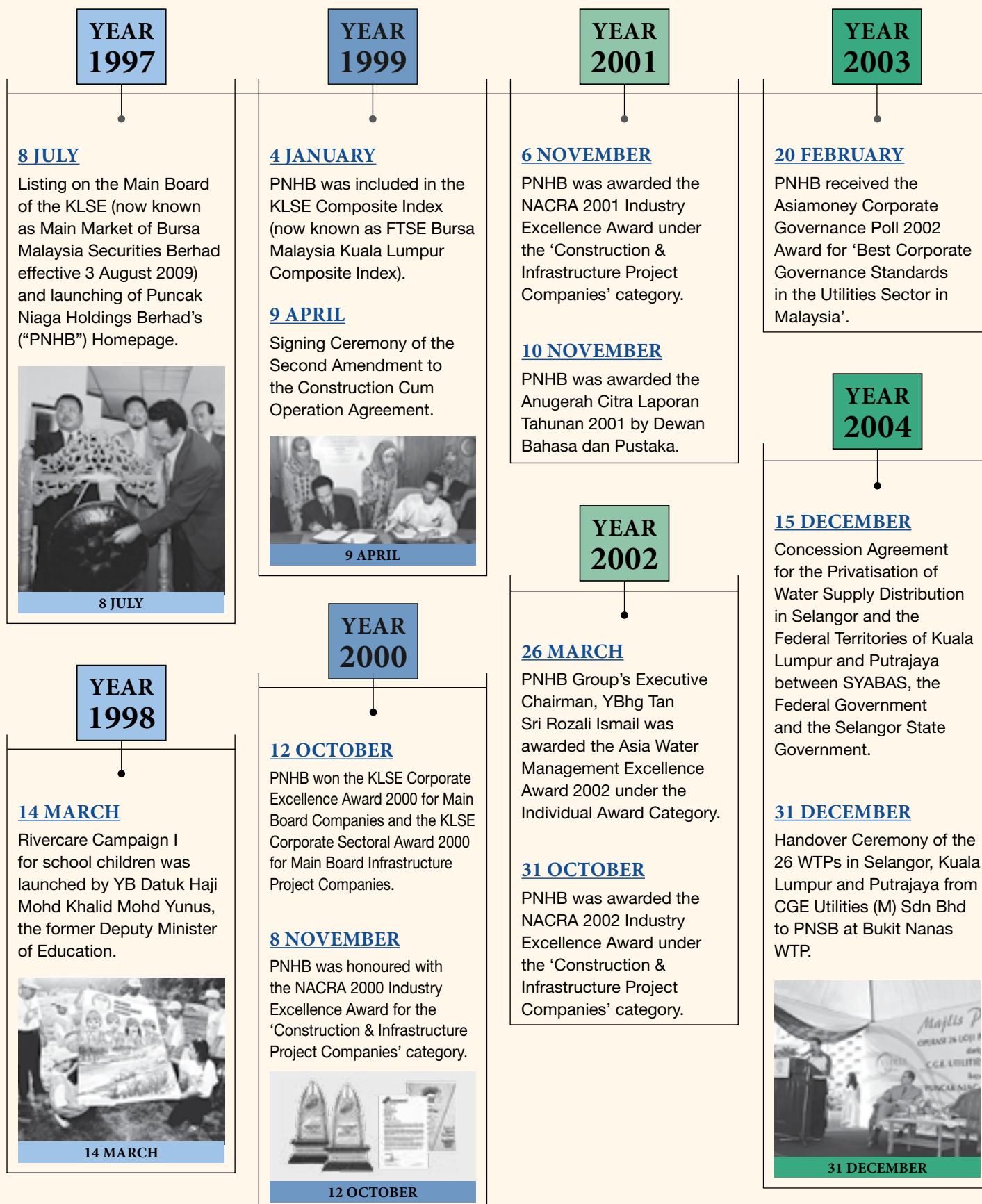
MS IRENE LEE SIEW YOKE

COMPANY SECRETARY

AGED 44, MALAYSIAN

Ms Irene Lee Siew Yoke joined PNSB on 27 June 2011 as Senior Manager, Secretarial Department, Corporate Services Division. She was appointed as the Joint Company Secretary of PNHB on 3 August 2015 and is currently the Head of PNHB's Secretarial Department. She is a Chartered Secretary and an Associate Member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). She has more than 20 years of working experience in company secretarial practice. She had previously worked with Tay & Partners, Securities Services (Holdings) Sdn Bhd and PROTON Holdings Berhad. Prior to joining PNHB Group, she was a Manager in Secretarial Department, PROTON Holdings Berhad.

MILESTONES



MILESTONES

YEAR 2005

1 JANUARY

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



1 JANUARY

YEAR 2007

30 MARCH

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

15 MAY

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

14 NOVEMBER

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



14 NOVEMBER

YEAR 2008

22 MAY

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

19 NOVEMBER

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

YEAR 2009

10 JANUARY

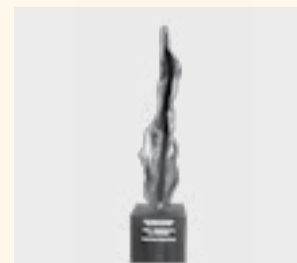
SYABAS launched PUSPEL's new logo with the service motto "Friendly, Committed and Trusted" as a symbol of SYABAS' ongoing commitment to provide the best services to consumers.

13 AUGUST

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



10 JANUARY



13 AUGUST

YEAR 2006

16 OCTOBER

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

MILESTONES

YEAR 2010	YEAR 2011	YEAR 2012
<p><u>14 JANUARY</u> SYABAS launched PUSPEL on social networks, “follow@puspel” on Twitter and Facebook.</p> <p><u>8 OCTOBER</u> SYABAS/PUSPEL was awarded the Best Emerging Contact Centre Award 2010 at the Customer Relationship Management & Contact Centre Association of Malaysia Award 2010.</p> <p><u>2 NOVEMBER</u> The Official Launch of SYABAS’ Operation Command Center (“OCC”).</p> <p><u>8 NOVEMBER</u> PNHB was the winner for Integrated Reporting in an Annual Report for ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2010.</p>  <p>14 JANUARY</p>  <p>8 OCTOBER</p>	<p><u>28 SEPTEMBER</u> 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.</p> <p><u>4 OCTOBER</u> PNHB received a Commendation for Integrated Reporting of Annual Report at the ACCA Malaysia Sustainability Reporting Awards (“MaSRA”) 2011.</p> <p><u>13 OCTOBER</u> PNSB was awarded the “11th Malaysia HR Awards 2011 Employer of Choice – Silver Award”.</p>  <p>4 OCTOBER</p>	<p><u>23 FEBRUARY</u> PNHB Group’s Executive Chairman, YBhg Tan Sri Rozali Ismail was awarded the 1st Malaysia Achievement Awards 2012 Special Individual Achievement Category.</p> <p><u>19 JUNE</u> 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.</p>  <p>19 JUNE</p> <p><u>11 OCTOBER</u> PNSB was awarded the Bronze Award at the 12th Malaysia HR Awards 2012 Employer of Choice.</p> <p><u>27 OCTOBER</u> PNHB was awarded the Socrates International Award in Oxford, United Kingdom.</p> <p><u>30 NOVEMBER</u> PNSB’s Central Laboratory/SSP2 WTP laboratory was awarded the IKM Laboratory Excellence Award.</p>

MILESTONES

YEAR 2013

29 AUGUST

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

6 SEPTEMBER

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

24 OCTOBER

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

22-25 OCTOBER

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



29 AUGUST



22-25
OCTOBER



24
OCTOBER

YEAR 2014

23 JANUARY

PNHB was awarded the Best-Equity Linked Deal Of The Year in Southeast Asia Award for PNHB's RM165.0 million Nominal Value Redeemable Convertible Secured Sukuk Ijarah at the 7th Annual Alpha Southeast Asia Deal & Solution Awards 2013.

29 SEPTEMBER

PNSB was awarded the Best Employer Award (Shah Alam Branch) by the Employees Provident Fund.

19 - 22 OCTOBER

PNHB and the Malaysian Armed Forces were jointly awarded a Gold Award at the SGA Kaizen Competition Stream, International Conference on Quality 2014 held in Tokyo, Japan for the invention of a portable water purification system.

11 NOVEMBER

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

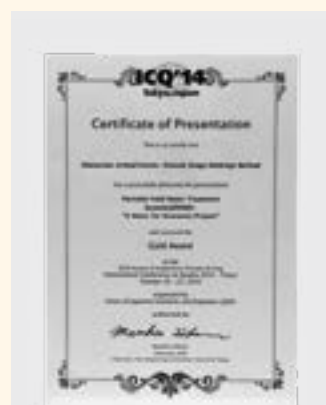
PNSB was awarded the Malaysia HR Awards 2014 (Employer Of Choice Category) - Silver Award.



23 JANUARY



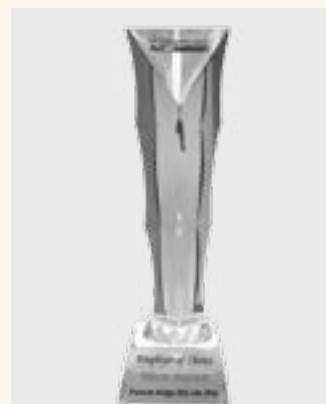
29 SEPTEMBER



19-22 OCTOBER



11 NOVEMBER



13 NOVEMBER

PUNCAK NEWS

Puncak Niaga eyes Asean countries for core water business

BY CHEN HANNAH
PUNCAK NIAGA HOLDINGS BERHAD (PUNCAK NIAGA) is eyeing Asean countries as a potential market for its core water business, according to its managing director, Datuk Dr. Mohd. Yusoff Yusoff. He said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses.

Puncak Niaga switching to agriculture and construction

BY CHEN HANNAH
PUNCAK NIAGA HOLDINGS BERHAD (PUNCAK NIAGA) is switching its focus from its core water business to agriculture and construction, according to its managing director, Datuk Dr. Mohd. Yusoff Yusoff. He said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses.



Proposed takeover will be completed on Jan 16

SunBIZ

ON THURSDAY

Puncak Niaga hopes to have a splash overseas

Puncak Niaga ceburi sektor tani, binaan

Puncak Niaga Holdings Berhad (Puncak Niaga) merencanakan untuk memperluas perniagaan ke sektor pertanian dan pembinaan, kata Managing Director, Datuk Dr. Mohd. Yusoff Yusoff. Yusoff berkata, perniagaan air adalah salah satu perniagaan utama Puncak Niaga. Yusoff berkata, perniagaan air adalah salah satu perniagaan utama Puncak Niaga. Yusoff berkata, perniagaan air adalah salah satu perniagaan utama Puncak Niaga.



Kongsi ilmu pakar Jepun

MSU tawar program Pengurusan Bencana
Puncak Niaga Holdings Berhad (Puncak Niaga) menawarkan program Pengurusan Bencana kepada para kakitangan dan ahli. Program ini bertujuan untuk meningkatkan pengetahuan dan kemahiran dalam mengurus bencana. Program ini bertujuan untuk meningkatkan pengetahuan dan kemahiran dalam mengurus bencana. Program ini bertujuan untuk meningkatkan pengetahuan dan kemahiran dalam mengurus bencana.

巴洋新濾水站竣工，日產3千萬公升食水

【本報訊】由巴生新濾水站於日前正式竣工，每日可生產3千萬公升食水。該站由巴生新濾水站有限公司負責興建，耗資1億2千萬馬幣。該站於日前舉行竣工禮，由巴生新濾水站有限公司主席主持。該站於日前舉行竣工禮，由巴生新濾水站有限公司主席主持。該站於日前舉行竣工禮，由巴生新濾水站有限公司主席主持。

Puncak eyes foreign jobs

It is in talks with several parties to provide O&G maintenance services

Dr. Yusoff Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses.

鄉區垃圾槽遭破壞

位於巴生新濾水站附近的鄉區垃圾槽，日前遭人破壞。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。

位於巴生新濾水站附近的鄉區垃圾槽，日前遭人破壞。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。該槽內裝有大量的垃圾，被破壞後，垃圾散落一地。

WORLD EXCELLENCE IN PROTECTING THE ENVIRONMENT

Congratulations to Puncak Niaga Holdings Berhad on receiving a prestigious award of excellence as a world leading organisation in protecting the environment.

Upon Receiving The CENTURY INTERNATIONAL QUALITY ERA (CQE) GOLD AWARD IN GENEVA, SWITZERLAND 22 MARCH 2015

Puncak Niaga raih dua anugerah

Puncak Niaga Holdings Berhad (Puncak Niaga) telah menerima dua anugerah bergengsi. Anugerah pertama adalah Century International Quality ERA 2015 dan anugerah kedua adalah Puncak Niaga Award 2015. Anugerah pertama adalah Century International Quality ERA 2015 dan anugerah kedua adalah Puncak Niaga Award 2015.

Dr. Yusoff Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses. Yusoff said the group is looking at the region for its water supply and distribution business, which is one of its core businesses.

CORPORATE ACHIEVEMENTS

**CENTURY INTERNATIONAL
QUALITY ERA (CQE) AWARD IN
GENEVA, SWITZERLAND
FOR EXCELLENCE AND
INNOVATION IN GOLD CATEGORY**

**AWARDED TO:
PUNCAK NIAGA HOLDINGS BERHAD
ON 22 MARCH 2015**



**EUROPEAN QUALITY
AWARD, OXFORD,
UK 2015**

**AWARDED TO:
PUNCAK NIAGA
HOLDINGS BERHAD
ON 21 APRIL 2015**



**WORLD BUSINESS
LEADER, THE BIZZ
2015 AWARD,
MUSCAT, OMAN**

**AWARDED TO:
PUNCAK NIAGA
HOLDINGS BERHAD
ON 18 OCTOBER 2015**



**NATIONAL ANNUAL
CORPORATE REPORT
AWARDS (NACRA)
2015 - INDUSTRY
EXCELLENCE AWARD
FOR CONSTRUCTION
& INFRASTRUCTURE
PROJECT COMPANIES**

**AWARDED TO:
PUNCAK NIAGA
HOLDINGS BERHAD ON
26 NOVEMBER 2015**



**INTERNATIONAL EXPOSITION ON
TEAM EXCELLENCE - IETEX 2015,
SINGAPORE - PLATINUM AWARD
& 3 STAR GOLD AWARD**

**AWARDED TO:
PUNCAK NIAGA
HOLDINGS BERHAD
AND MALAYSIAN
ARMED FORCES ON
09 - 10 SEPTEMBER 2015**



2015 KEY HIGHLIGHTS



2015 WAS AN
EVENTFUL YEAR
WHERE PUNCAK
NIAGA FINALLY
COMPLETED THE
DISPOSAL OF ITS
**EQUITY
HOLDINGS
IN PNSB
AND SYABAS**
TO AIR SELANGOR,
THE SELANGOR
STATE
GOVERNMENT'S
WHOLLY OWNED
ENTITY ON
15 OCTOBER 2015



PNCBSB
SUCCESSFULLY
**COMPLETED
TWO WATER
SUPPLY
PROJECTS
IN SARAWAK**
IN OCTOBER AND
DECEMBER 2015
RESPECTIVELY FOR
KEMENTERIAN
KEMAJUAN LUAR
BANDAR DAN
WILAYAH



**RM
663.9
MILLION**
FOR THE
FINANCIAL YEAR
ENDED
31 DECEMBER 2015,
THE GROUP
ACHIEVED A
REVENUE OF
RM663.9 MILLION



**RM
63.1
MILLION**
THE GROUP
ACHIEVED A
PROFIT AFTER
TAX OF
RM63.1 MILLION
FOR THE FINANCIAL
YEAR ENDED
31 DECEMBER 2015

2015 KEY HIGHLIGHTS



—

IN JANUARY 2015,
PNCSB WAS
CERTIFIED WITH
THE
INTEGRATED
MANAGEMENT
SYSTEM
BY URS
CERTIFICATION
(M) SDN BHD



—

1
MILLION

GOM RESOURCES
ACHIEVED
1 MILLION
MANHOURS
WITHOUT A LOSS
TIME INJURY ON
24 JANUARY 2015



—

ON 13 NOVEMBER
2015, PNHB WAS
RECLASSIFIED
FROM
‘INFRASTRUCTURE
PROJECT
COMPANIES’
SECTOR TO
‘CONSTRUCTION’
SECTOR BY
BURSA MALAYSIA
SECURITIES
BERHAD



—

RM
447.2
MILLION

A SPECIAL
DIVIDEND
AMOUNTING TO
RM447.2 MILLION
WAS PAID TO
THE ENTITLED
SHAREHOLDERS OF
THE COMPANY ON
23 DECEMBER 2015

SUSTAINABILITY STATEMENT

INTRODUCTION

Our sustainability approach is based on value creation and development which means clear lines of accountabilities, operational improvements and a more disciplined approach to building an effective and efficient organisation, for the benefit of all our stakeholders.

**“SUSTAINABLE DEVELOPMENT IS THE RIGHT THING TO DO
FOR OUR PLANET, PEOPLE AND COMMUNITIES.
IT IS THE PILLAR THAT SUPPORTS OUR GROWTH AS A BUSINESS.”**

**Tan Sri Rozali Ismail
Executive Chairman of PNHB Group**

SUSTAINABILITY GOVERNANCE

Under the strong leadership of our Board of Directors, we are consistently creating value through sustainable development. We welcome the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statement in Annual Reports in 2015 and will work towards incorporating the required changes for a sustainability statement in a more integrated way in the coming years. Our commitment towards sustainability disclosure and transparency since our incorporation will enable us to progress and prioritise more consistently. This report refers to international reporting guidelines through the Global Reporting Initiative (“GRI”) G4 – Core reporting disclosure requirements.

Similarly, the Board provides active oversight of PNHB’s corporate governance framework, risk management policies, structures and processes. Our decision-making framework and structures have been developed to ensure a more effective PNHB with clear accountabilities.

For us to operate sustainably, we need to:

- Engage with all stakeholders in a way that is both transparent and inclusive
- Ensure that the governance structure and policies enable sustainability to be integrated into our business operations

We look forward to 2016 as we will be able to relook at our sustainability practices to ensure that they support our business strategies and help us meet our stakeholders’ needs, engage and develop our people and deliver profitable growth and business stability over the long term. Ultimately, we hope that our sustainability practices will be able to deliver new business solutions particularly in our deliverables and services, to our stakeholders.

**2015 National Annual
Corporate Report
Awards (NACRA) -
Industry
Excellence
Award**
(Winner of the
Construction &
Infrastructure Project
Companies category)

**Century International
Quality ERA (CQE)
Award in Geneva,
Switzerland
For Excellence
and Innovation
in Gold Category**

**European
Quality Award,**
Oxford,
United Kingdom

**World Business
Leader**
The BIZZ 2015 Award,
Muscat, Oman

**Ranked No.72 on the
Minority Shareholder
Watchdog Group’s
(MSWG)
Top 100
Public Listed
Companies 2015**
based on transparency
and performance

SUSTAINABILITY STATEMENT

Public Policy

We choose to be an ethical company. Our code of conduct sets out our business principles and provides guidance to employees on how to apply them. In order to promote good governance and responsible business, we implement a wide variety of codes of conduct and policies. To complement our Puncak Values, the entities within the Group implement the following Codes and Policies:

PNHB	Puncak Oil & Gas Sdn Bhd ("POG")	GOM Resources Sdn Bhd ("GOM Resources")	People's Republic of China ("PRC") Operations	Puncak Niaga Construction Sdn Bhd ("PNCSB")
<ul style="list-style-type: none"> Standard Operating Procedures Corporate Disclosure Policy Information Technology Policies (Software Licence Policy, IT Security Policy and Copying Software Statement) Investor Relations Policy Health, Safety & Environmental Policy Quality Policy Risk Management Policy Sexual Harassment Policy Gender Diversity Policy Whistle Blowing Policy Corporate Social Responsibility Policy Code of Conduct – Board of Directors Code of Conduct – Employees No Smoking Policy Board Charter Energy Management Policy 	<ul style="list-style-type: none"> Standard Operating Procedures Quality Policy Health, Safety and Environment Protection Policy Drug & Alcohol Abuse Policy No Smoking Policy Stop Work for Safety Policy 	<ul style="list-style-type: none"> Standard Operating Procedures Quality Policy Health, Safety and Environment Protection Policy Drug & Alcohol Abuse Policy No Smoking Policy Stop Work for Safety Policy 	<ul style="list-style-type: none"> Anti-Corruption Policy Standard Operating Procedures Birth Control Policy Safety Incident Emergency Response Measures 	<ul style="list-style-type: none"> Integrated Management System HSE Policy Statement HSE Manual HSE Procedure

For more details on our Company's policies, please refer to our website at www.puncakniaga.com.my.

SCOPE

The scope of this Sustainability Statement is consistent with the scope of the Annual Report 2015. We have excluded suppliers as we do not have operational control over their business operations.

STAKEHOLDER ENGAGEMENT

As set forth in our Company's values, the Puncak Values, we are accountable for all our actions and engagement processes with our stakeholders. We foster dialogue with our stakeholders and strive to cater to their needs.

We engage in ongoing open dialogue with our stakeholders, including suppliers, customers, public policy makers, industry bodies, non-governmental organisations ("NGOs") and sector experts. We tap into our most important assets – our employees – to help us deliver on our sustainability goals.

Our operating model also sets out the rules of how we work together. More broadly, our operating model describes how the various business units converge to transform customer, partner, government, broader stakeholder and shareholder needs into long-term value creation. Our operating model aligns the components of our business – our strategic business units and group functions – through an integrated value chain.

The basis for identification and selection of stakeholders with whom we engage is developed internally. We list and prioritise each stakeholder group based on their importance and influence over the Group. Again, underlying our relationships is the journey of sustainable development. Whichever stage we are at, our objective is to embed and practise sustainable development value in order to achieve our collective business goals.

SUSTAINABILITY STATEMENT

**“OUR BUSINESS IS BASED ON INNOVATION AND TRANSPARENCY -
KEY INGREDIENTS TO MEET DIVERSE STAKEHOLDER NEEDS.”**

Datuk Haji Syed Hisham Syed Wazir
Managing Director of PNHB Group

OUR KEY STAKEHOLDERS AND SOME ENGAGEMENT APPROACHES DURING THE REPORTING YEAR

Stakeholder group	Method of engagement
Employees	<ul style="list-style-type: none"> • Surveys • Town hall meetings • Code of ethics • Community development programmes • Internal communications • Monthly staff assemblies and meetings • Recreational activities and religious functions • Performance reviews
Investors	<ul style="list-style-type: none"> • Press releases • Meetings
Local communities	<ul style="list-style-type: none"> • Town hall meetings • Community development programmes
Civil society	<ul style="list-style-type: none"> • Community development programmes • Press releases • Meetings
Government	<ul style="list-style-type: none"> • Meetings and events
Media	<ul style="list-style-type: none"> • Community development programmes • Press releases • Advertising
Suppliers	<ul style="list-style-type: none"> • Supplier evaluations

We will also improve on our assessment of material focus areas in the coming year as we disclose progressively.

MATERIAL SUSTAINABILITY ISSUES DISCLOSED

Aspects	Material issues
Economic	<ul style="list-style-type: none"> • Creating Economic Value (page 61)
Environmental	<ul style="list-style-type: none"> • Waste Management Practices (page 64) • Our Internal Environmental Footprint - Workplace (page 65) • Technology and Innovation (page 65)
Social	<ul style="list-style-type: none"> • Our Employees (page 67) • Workplace Diversity (page 67) • Benefits and Compensation (page 68) • Listening to Our Employees (page 69) • Performance and Appraisal (page 69) • A Commitment to Training (page 69) • Human Rights (page 70) • Occupational Health and Safety (page 70) • Local Communities (page 75)

Specific key topics and concerns raised by our stakeholders through the engagement exercises and the Group's response towards the issues will be discussed throughout the report.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES [CREATING ECONOMIC VALUE]



Package D44, Bonus Project - Slurry Separation Plant

AS A PLAYER IN THE CONSTRUCTION INDUSTRY, THE RESPONSIBILITY OF JOB CREATION LIES WITH US. WE BOOST THE LOCAL ECONOMY BY PROVIDING JOBS TO THE HOST COMMUNITIES THROUGH OUR SOCIO-ECONOMIC DEVELOPMENT PROJECTS. OUR PROJECTS IMPROVE THE LIVES OF THE COMMUNITIES WE TOUCH AND AS WE ARE INVESTED IN LONG-TERM SUSTAINABLE GROWTH, WE ENSURE THAT QUALITY IS THE MAINSTAY OF OUR DELIVERABLES.

Construction-PNCSB

PNCSB, a wholly-owned subsidiary of PNHB has been in operations for three years. Being the construction arm of PNHB, PNCSB completed two water supply projects in Sarawak in October and December 2015 respectively. It presently manages one water supply project in Sabah and another sewerage project in Kuala Lumpur. PNCSB has been awarded the Integrated Management System (“IMS”) certification which is a combination of three management systems, namely, Quality, Environmental and Occupational Health and Safety, which was initiated by PNCSB in mid-2014. In January 2015, PNCSB was certified to the IMS by URS Certification (M) Sdn Bhd.

SUSTAINABILITY STATEMENT

[PACKAGE D44, BUNUS PROJECT]



Package D44, Bunus Project - KLR 289 Pumping Station overall view

PNCBSB IS RESPONSIBLE FOR THE DESIGN AND CONSTRUCTION OF SEWER PIPE NETWORKS AT BUNUS, KUALA LUMPUR (“PACKAGE D44, BUNUS PROJECT”) AS PART OF THE NATIONAL TRANSFORMATION PROGRAMME’S (“NTP”) ‘GREATER KUALA LUMPUR RIVER OF LIFE’ INITIATIVE. THE PROJECT AIMS TO REVITALISE THE SURROUNDING AREAS ALONG THE KLANG RIVER TO IMPROVE THE IMAGE OF KUALA LUMPUR AS A COMMERCIAL AND TOURIST HUB. ABOUT 1.1 MILLION PEOPLE ARE EXPECTED TO BENEFIT FROM THE PACKAGE D44, BUNUS PROJECT.

Our work includes designing and constructing sewerage works at the Bunus catchment area. The construction covers a service area of approximately 72 square kilometres and it includes Setapak, Ampang, Melawati, AU Keramat and Dato Keramat. The project will cater for future development and provide sewerage services to the communities in Kuala Lumpur and Ampang Jaya. This RM394 million project is expected to be completed in 2018. Our contributions to the project include:

- Designing and constructing of sewerage works in the Bunus catchment area
- Upgrading two existing sewage pumping stations
- Converting five existing Sewerage Treatment Plants (“STP”) to new network pumping stations

- Decommissioning 73 or more existing STPs
- Constructing 632 new manholes
- Constructing approximately 52km of new main and lateral sewerage lines

The project will see the main sewer pipe at the existing STP connected to the regional STP in Bunus. To date, this project which commenced in 2014 is actively being carried out. The construction of two network pumping stations is ongoing and 6.1km of sewerage pipes have been laid. Construction activities are expected to be at its peak in 2016 and 2017 with the project expected to be completed by February 2018.

SUSTAINABILITY STATEMENT

Visit by Deputy Secretary-General (Planning & Development), Ministry of Federal Territory to Package D44, Bunus Project site on 5 October 2015



PNCSB faced many challenges in 2015 due to the competitiveness of the construction industry, rising costs, limited water and waste water projects in the market, macroeconomic downturn, implementation of the Goods and Services Tax ("GST") as well as competition from other established construction companies whilst having to constantly manage costs.

Notwithstanding the challenges, we were able to work with the Government to deliver projects that support and benefit the community. In February 2014, the Sewerage Division of the Ministry of Energy, Green Technology and Water selected the Group as the contractor for the construction of sewer pipe networks at Bunus, Kuala Lumpur, which is a component of its 'River of Life' project for Sg Klang covering Greater Kuala Lumpur via a competitive tender process.

PNCSB was awarded the Operation and Maintenance ("O&M") for the Kg Lawa Gadong Water Treatment Plant ("WTP"), Beaufort, Sabah by the Water Division of the Ministry of Energy, Green Technology and Water via a competitive tender process and took over the operations of the WTP on 1 February 2016. The O&M period will be for thirty-six (36) months.

Our goal in maximising economic impact is strengthened through the exceptional delivery of all our projects.

Derrick Lay Barge 264 ("DLB 264") owned by KGL Ltd



Oil and Gas - POG, GOM Resources and KGL Ltd ("KGL")

As the oil and gas segment of the Group, POG evaluates and engages in potential business opportunities to drive the growth of the Group via its wholly-owned subsidiaries, GOM Resources and KGL. KGL's principal activity is offshore leasing of vessels on time charter basis.

GOM Resources is a business partner of Petroliaam Nasional Berhad ("PETRONAS") and has over the years built a good working relationship with all partners. However, our partners have been implementing cost reduction initiatives due to the huge drop in crude oil prices. Global oil prices have fallen sharply over the past eighteen (18) months, leading to significant revenue shortfalls in many energy exporting nations. For Malaysia, the falling global oil prices had an adverse effect on the country's economy due to the reduction in our gross domestic products.

Due to the huge drop in crude oil prices coupled with no projects secured in 2015, it was extremely difficult to sustain normal operational activities in our Oil & Gas Division. The Group had implemented right sizing exercises to cut down staffing and operational costs to minimal levels as the Group reviews its position in the sector which is expected to continue to be challenging in 2016 and beyond.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES [ENVIRONMENTAL VALUE]



Sedimentation Tank at Kg Lawa Gadong WTP, Beaufort, Sabah

OUR FOCUS ON SUSTAINABLE DEVELOPMENT ENSURES THAT WE ARE CONSTANTLY MONITORING AND EVALUATING OUR BUSINESS IMPACTS ON THE ENVIRONMENT. WE STRIVE TO REDUCE OUR ENVIRONMENTAL FOOTPRINT WHILE DELIVERING HIGH-QUALITY SERVICES. HENCE, WE ARE COMMITTED TO MANAGING OUR WASTE AND MATERIALS AND GENERATING POSITIVE ENVIRONMENTAL IMPACTS THROUGH INNOVATIVE TECHNOLOGY. WE ALSO STRIVE TO REDUCE OUR CARBON AND ENVIRONMENTAL FOOTPRINT, BY REDUCING ENERGY CONSUMPTION AND MINIMISING OUR CARBON EMISSIONS BY USING NATURAL RESOURCES MORE EFFICIENTLY.

Waste Management Practices

Waste generated from our business activities mainly comprises paper waste, construction waste from our projects and maintenance programmes and waste from our oil and gas activities. In compliance with the Environmental Quality Act, 1974 ("EQA"), we monitor closely our waste generation and the corresponding disposal methods.

SUSTAINABILITY STATEMENT

Our Internal Environmental Footprint – Workplace

We are aware of our business impacts on the environment. Hence, we have implemented several initiatives that are both environment-friendly and cost-efficient at the workplace. At PNHB and Group, we reduced the paper consumption by encouraging the utilisation of recycled paper and double-sided printing. Photocopier machines with energy-saving features such as the automatic switch-off function while they are not in use were either purchased or leased to replace the existing old photocopier machines.

At our headquarters in Wisma Rozali, electricity consumption had increased in 2015 as a few subsidiaries of the Group utilised the building for their operations. At GOM Resources, electricity consumption has been decreasing for the last three years mainly attributable to more efficient use of resources and the inculcation of an energy-saving culture among our employees.

ELECTRICITY CONSUMPTION AT WISMA ROZALI AND GOM RESOURCES

Company	2013	2014	2015
Wisma Rozali	1,817,009 kWh	1,768,619 kWh	1,819,869 kWh
GOM Resources	154,447 kWh	148,507 kWh	136,245 kWh

Technology and Innovation

Maintaining our technology advantage continues to underpin our competitive advantage, specifically in terms of process innovations that drive production output and efficiencies and mitigate environmental impacts. We continue to focus on driving improvements within our existing products and services. An important focus of our technology function is to also ensure excellence in the execution of our capital projects.

Raw Water Intake at Sarikei WTP, Sarawak



Aeration Tower, Flash Mixing Tank & Flow Distribution Tank



The respective Information Technology Department ("ITD") of PNHB and Oil & Gas Division continued to develop innovative strategies that reduce both our business operating costs and our environmental footprint. The ITD understands and addresses the needs of our employees. Hence, the ITD constantly develops solutions to solve problems across the companies to improve work efficiency among the employees. To support the sustainable growth of our companies, ITD has created a business plan to guide our priorities for the next five to ten years.

Having regard to the participation in bids and tenders involving many PNCSB Divisions and Departments, the consumption of papers is relatively high. To address the shortcoming, PNCSB's project team and the ITD created a shared folder in the server. All copies of submission will be stored in soft copy via server for future reference which will reduce paper consumption and save printing cost significantly.

We actively look for cost reduction and cost efficiency means to reduce unnecessary expenses, increase efficiencies and streamline processes. Ultimately, the cost reduction savings will be reinvested back into the Group's people, processes and technology for long-term sustainable growth.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES [VALUE TO OUR EMPLOYEES]



PEKA Treasure Hunt

THIS YEAR, WE REVIEWED OUR COMPANY'S BUSINESS DIRECTION DUE TO CHANGES IN THE OPERATING ENVIRONMENT. THE CHANGES HAVE BEEN A CHALLENGE FOR OUR EMPLOYEES, PRIMARILY BECAUSE THEY HAD TO FACE THE STATE OF AMBIVALENCE THAT WE WERE CAST IN FOR MANY MONTHS. HOWEVER, IT IS CREDIT TO OUR EMPLOYEES AND THE OVERALL COMPANY CULTURE THAT HAVE SEEN US ALL TOGETHER THROUGH THIS PHASE IN OUR CORPORATE JOURNEY. WE EMERGED STRONGER AND MOTIVATED AS AN ORGANISATION, WITH A SINGLE-MINDED FOCUS ON THE FUTURE OF THE COMPANY AND GROUP.

SUSTAINABILITY STATEMENT

Our Employees

Overall, we have a strong, friendly and positive work culture; our employees enjoy working for the Company and with each other and are highly engaged.

One of the reasons for engaged employees is how we manage the health, safety and diversity of our people. We invest significantly in our people, specifically in world-class safety processes, employee wellness, training and development and labour engagement practices. Safety is a strategic imperative for sustainable and competitive operations and we continue to strive for operating environments that achieve zero harm. Our inclusive labour practices are focused both on our own people and our suppliers. To be a high-performing organisation, we harness and enhance not only demographic diversity, but also the diversity of skills, perspectives and ideas of our people.

In 2016, we will be launching several programmes aimed at further strengthening and improving our culture and embedding and measuring our behaviours, ensuring we act as one team and keep our stakeholders' interests at the heart of everything we do. Adapting our shared values and corporate culture in 2016, we will focus on developing and retaining our top talent and attracting and hiring the best recruits, for our Group's expansion. To drive these cultural changes, our leaders lead by example in the organisation to truly stand for its values and culture.

Workplace Diversity

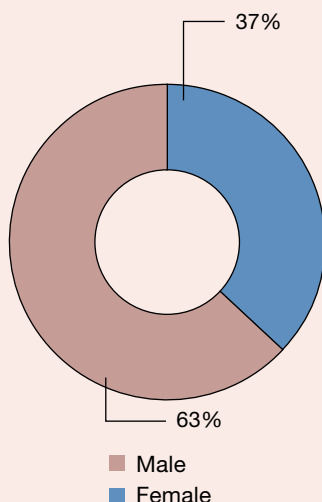
A diverse workforce from various academic backgrounds, experiences, skills, languages and cultural understanding can solve problems efficiently at the workplace and allows the Group to create a memorable working experience. Gender diversity includes, but is not limited to age, ethnicity and cultural background. It involves recognising and valuing contributions, skills, experiences and talents from diverse backgrounds and skills.

The Group is dedicated to the promotion of gender diversity at the workplace by having a Gender Diversity Policy in place.

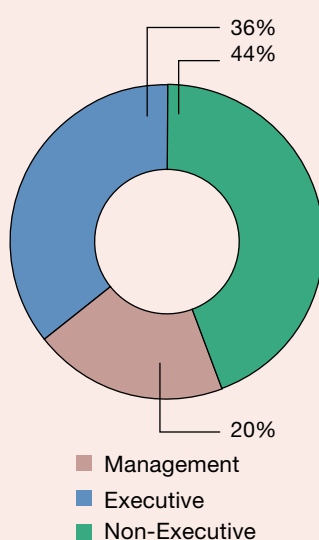
The Group recognises gender diversity and supports national aspirations in providing equal opportunities to both male and female employees. We believe that our success and competitiveness depends on the organisation's ability to embrace diversity and capitalise on the benefits of enhancing performance, improving employee retention, accessing different perspectives and ideas and benefiting from all talents.

The responsibility to create an environment that is free from all forms of gender discrimination lies with the Board and Management. All employees are given career advancement opportunities irrespective of age, ethnicity, cultural background and other characteristics that make our employees unique. We always seek to increase female representation in the Group's Board and Senior Management. In 2015, the percentage of women at the Management level across the Group stood at 33.1%. The Board, together with the Management is constantly reviewing the strategic direction of our Gender Diversity Policy in order to fully benefit from the emerging opportunities.

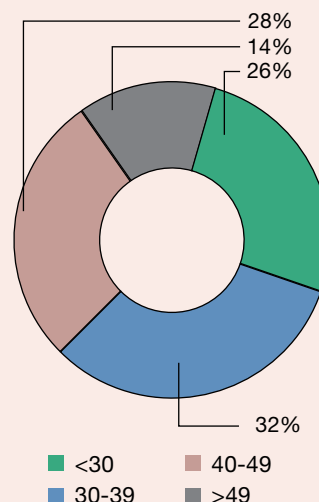
GROUP BREAKDOWN
BY GENDER



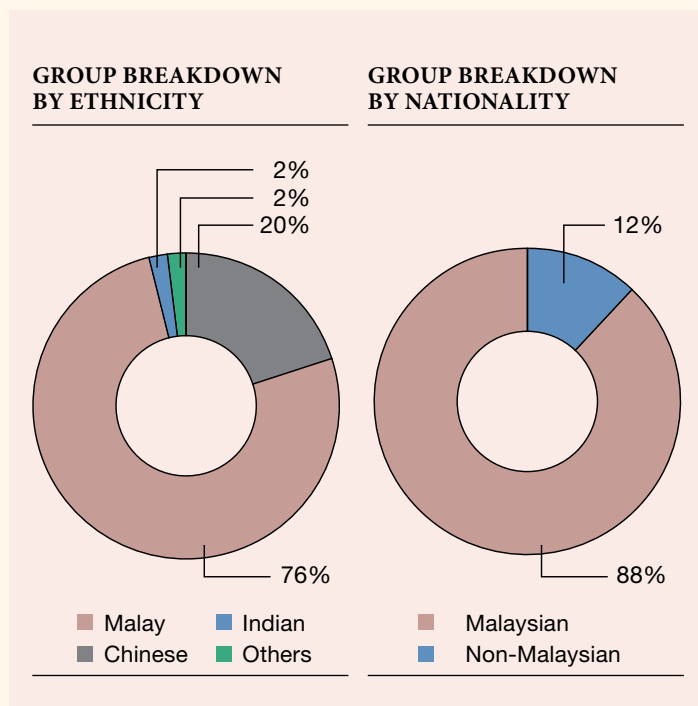
GROUP BREAKDOWN
BY CATEGORY



GROUP BREAKDOWN
BY AGE



SUSTAINABILITY STATEMENT



Turnover Rate

The Group turnover rate stood at 22.07% in 2015. The right sizing exercises in POG Group moderately impacted our turnover rates. We continue to be committed in tracking employee turnover rates in order to ensure an inclusive workplace for all.

Benefits and Compensation

In order to recruit and retain the best talent, we are committed to providing our employees with a range of comprehensive benefits and compensation. Through the Malaysian Employers Federation (“MEF”) and other external sources, we constantly review and benchmark our benefits and compensation package against industry standards. We care about our employees and look after their welfare. The health of our employees and their immediate family members are taken care of through our insurance coverage. We also offer financial aid such as personal loans and housing and car loan interest subsidies to our employees. These benefits and compensation include:

- Competitive salary packages
- Comprehensive insurance coverage for staff and their immediate family members
- 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 our PRC operations, we comply with the minimum wage as set forth by the PRC local authorities and compensate our employees sufficiently. All PRC employees are hired on a contractual basis but they are entitled to overtime pay, leave in lieu, a welfare allowance, pension fund contributions, unemployment fund contributions, medical insurance, work injury insurance and maternity insurance, as set out by PRC Labour Laws and the Social Contribution Act. The medical costs of our local PRC employees are covered by a PRC Medical Insurance Contribution plan. We comply with the minimum age policy as stated under the PRC Labour Laws and only hire employees above the age of 18. Expatriate employees are offered hospitalisation, medical and personal insurance plans. A subsistence allowance is also provided to our PRC employees for any outstation duties.

The benefits and compensation package acts as a strategy to retain and reward our loyal and dedicated employees as well as to recruit talents.

Staff receiving Long Service Award from the Executive Chairman, YBhg Tan Sri Rozali Ismail



SUSTAINABILITY STATEMENT

Listening to Our Employees

We build quality dialogue with our employees and value their opinions. We constantly engage with them through diverse ways including our Motivational Transformational Programme, monthly staff assemblies, recreational activities and religious functions. We also facilitate the mutual sharing of knowledge and information at the workplace between the Management and employees. Ultimately, we want to create a sense of belonging to the Group amongst our employees.

Performance and Appraisal

The Group supports the personal development and lifelong learning of our employees. We conduct performance appraisal exercises for all employees across the Group with the exception of employees who work in the PRC operations. The performances of these employees are appraised semi-annually.

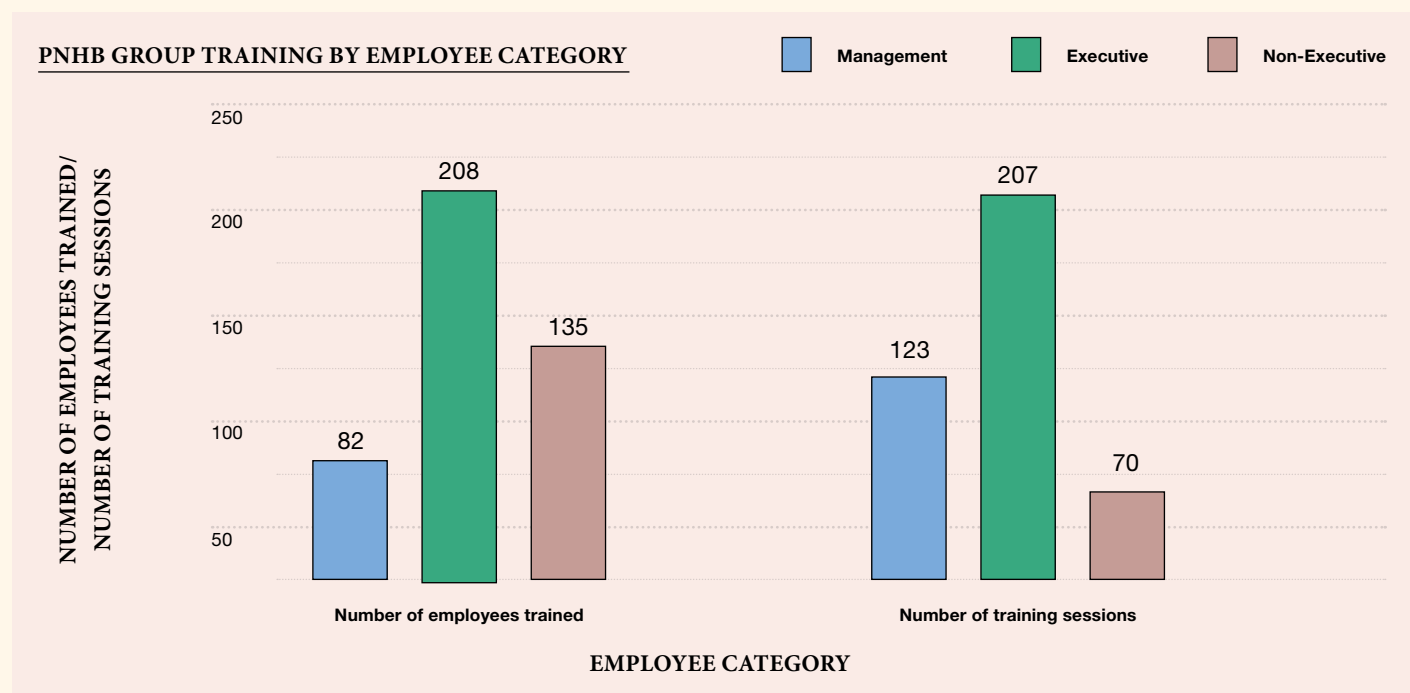
For PNHB Group, PNHB's Independent Employees Performance Review Committee ("IEPRC") is responsible for reviewing, evaluating and harmonising assessments and scores as rated by the Heads of Departments/Divisions. The final recommendations of the IEPRC are submitted to the Executive Committee ("EXCO") of PNHB and ultimately, the Board of PNHB 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. Their performance will be reviewed monthly over a six-month period.

A Commitment to Training

As our business grows, so do our employees. We provide them with the relevant training to ensure that they manage to have better capabilities to meet job requirements and meet stakeholder expectations. Both internal and external trainings were provided to our employees in 2015 to maximise their potential and productivity at work.

A comprehensive Induction Programme ("IP") was developed to familiarise new employees with the job and working environment of the Group.



SUSTAINABILITY STATEMENT



TOTAL GROUP TRAINING EXPENSES IN 2015

RM490,286

Types of training programmes conducted for our employees in 2015 included:

1. Personal and Leadership Development
 - a. Aim: to enhance confidence level and develop leadership among our employees
2. Functional Knowledge
 - a. Aim: to develop continuously and enhance skills, competencies and knowledge of our employees
3. Additional Knowledge
 - a. Aim: to enhance employee competencies
4. Certifications Programmes
 - a. Aim: to develop certified employees

In 2015, several health and safety trainings and briefings were conducted by the Group.

Human Rights

There are no incidents of child labour and forced or compulsory labour in PNHB Group. There are no violations of human rights involving the rights of indigenous people at any time in the Group's history.

We prioritise health and safety. We are devoted to creating a safe working environment for our employees and customers. Hence, we established our in-house Auxiliary Police since 9 June 2006. Our Auxiliary Police team is fully trained by the Royal Malaysia Police ("PDRM") who grants authority to enforce law, rules and regulations.

The objectives of forming the Auxiliary Police team are to:

- Enhance PNHB's security services
- Create and maintain a safe working environment
- Protect the Group's offices, properties and assets

PNHB Auxiliary Police's main duty is to take care of all security aspects of our operations. In 2015, the number of the Auxiliary Police and Security Guard stood at 34. They have been placed at PNHB Group's offices, properties and all other sites belonging to PNHB Group. Besides their standard security duties, the Auxiliary Police performs the task of developing the trust of PNHB, the Government and the public when necessary. We create long-lasting bonds with the Government and the public through the Auxiliary Police team operations.

The Auxiliary Police perform the following crime prevention tasks:

- Beat, patrol and static duties
- Crowd control and inspection on persons and vehicles
- Protection and escorting of the employer's property
- Detection and apprehension of offenders
- Assisting PDRM in conducting joint patrols in specified area under the National Key Result Areas ("NKRA")
- Participation in PDRM's official activities by invitation

In 2015, our Auxiliary Police team continued to deliver outstanding services to PNHB and the Group. The Auxiliary Police also worked closely with PDRM and local authorities in dealing with any security issues. The Auxiliary Police was given training on ethical security practices so that they are aware of their impacts on safety and human rights issues.

Occupational Health and Safety

Occupational health and safety has always been our main priority while we conduct business. In the construction and the oil and gas sectors, health and safety is integrated into all processes and systems. Across the Group, we have a proper health and safety framework in place to deal with unforeseen issues and maintain our usual business operations.

At GOM Resources, an Integrated Management System ("IMS") which comprises the following is formulated to eliminate and minimise risks at work:

- ISO 9001:2008 Quality Management System
- ISO 14001:2004 Environmental Management System
- ISO/TS 29001:2010 (Petroleum, Petrochemical and Natural Gas Industries – Section-specific Quality Management Systems)
- OHSAS 18001:2007 Occupational Health and Safety Management System

SUSTAINABILITY STATEMENT

At PNCSB, an Integrated Management System which comprises the following is formulated to eliminate and minimise risks at work:

- ISO 9001:2008 Quality Management System
- ISO 14001:2004 Environmental Management System
- OHSAS 18001:2007 Occupational Health and Safety Assessment Series Standard
- Occupational Safety and Health Act 1994
- Factories and Machinery Act 1967
- Environmental Quality Act 1974
- Electricity Supply Act 1990, Act 447
- Traffic Management Plan: JKR Arahan Teknik Klausu 1.20 (Maintenance of existing roads & protection of traffic) in JKR I SPJ I 1988 (Standard Specification for Road Works)
- Fire Services Act 1988, Act 341
- Local Government Act 1976, Act 171

Lost Time Injury (“LTI”)

For GOM Resources and PNCSB, the LTIs recorded in 2015 were as follows:

LTI BY TYPE OF INJURIES

Type of Injuries	GOM Resources	PNCSB
Fatalities	0	0
Lost Work Cases (LWC)	0	0
Medical Treatment Cases	0	0
First Aid Cases	0	0
Near Miss	0	0
Property Damage	1	0
Occupational Illnesses	0	0
Total Incidents	1	0
Cumulative LTI-Free Man-hours	1,492,774	679,693

GOM Resources achieved 1 million man-hours LTI-free on 24 January 2015 and held the previous best LTI free man-hours record from 1 September 2010 till 10 April 2014 at 5,111,218 man-hours.

In 2015, GOM Resources obtained a three-year renewal certificate of ‘Syarikat Kontraktor Gas – Talian Paip’ from Department of Occupational Safety and Health (“DOSH”) to allow GOM Resources to continue the pipeline installation work until January 2019.

At PNCSB, we establish and maintain a healthy and safe workplace through the following activities:

- Site induction/orientation
- First Aid/Cardiopulmonary Resuscitation (“CPR”)
- Emergency Response Plan
- Personal Protective Equipment (“PPE”) & Safety Harness
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (“NADOPOD”)
- Road safety training
- Fire drill
- Fire aid box update
- Tool box briefing
- Site safety inspection

When we conduct the site safety inspections and tool box briefings, we always look for ways to improve on our health and safety practices. We encourage our employees to maintain housekeeping and wear PPE at all times. When we carry out pipe-laying projects, we always ensure that there is sufficient safety signage. Flagmen are always positioned at the corner of roads where the pipe-laying projects are. We suggest ways for improvement to our employees in order to minimise health and safety incidences at work. We want to ensure the safety of our employees at the workplace.

PEKA

We look after the well-being of our employees. We encourage our employees to take part in community activities for their own benefits as well as to foster the bonds between our employees and the local communities in the areas where the Group operates. In this regard, the Staff Association of Puncak Niaga Group of Companies or Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (“PEKA”) was set up to organise community events for PNHB Group’s employees.

In 2015, PEKA organised and participated in a total of 15 events such as the religious, sports, social and welfare activities for our employees including Futsal Competition, Programme Wakaf Telekung, Programme Lawatan Anak-anak ke Kidzania, Paintball Competition, Programme Wakaf Karpet, Programme Bubur Lambuk, Badminton Competition, Bowling Competition, Malaysia Day Ride, Majlis Ibadah Qurban, Programme Fiesta Bikers and PEKA Treasure Hunt.

SUSTAINABILITY STATEMENT

[PEKA - ACTIVITIES FOR OUR EMPLOYEES' CHILDREN]



Visit by employees' children to Kidzania on 10 June 2015

AS IN THE PREVIOUS YEAR, PEKA ORGANISED A VISIT TO KIDZANIA INVOLVING OUR EMPLOYEES' CHILDREN DURING THE SCHOOL HOLIDAYS ON 10 JUNE 2015. 110 CHILDREN (AGES EIGHT TO TWELVE) TOOK PART IN THIS FUNFILLED LEARNING ACTIVITY PROGRAMME.

In this activity, the children were given chances to participate in role-playing activities and experience the real-life working professions such as pilots, doctors, dentist, judges, lawyers, police and firefighters.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES [VALUE TO OUR COMMUNITIES]



Students from Sekolah Rendah Agama Gedangsa visiting Wisma Rozali

A MAJOR FOCUS AREA IS TO DELIVER VALUE TO OUR COMMUNITIES BASED ON AN IMPERATIVE TO BALANCE OUR PRESENT OBJECTIVES WITH THE INTERESTS OF FUTURE GENERATIONS. WE MUST CONTINUE TO INCREASE OUR INVESTMENT IN PEOPLE AND THE YOUTH IN PARTICULAR, TO PROMOTE INCLUSIVE AND EMPOWERED FUTURE SOCIETIES. THE BROADER CONTRIBUTION WE SEEK TO MAKE TO SOCIETY IS CRITICAL TO OUR LICENCE TO OPERATE.

During the reporting period, we revised our Corporate Social Responsibility ("CSR") policy to be more inclusive and current. As a responsible company, we are committed about our responsibilities and will be guided by the revised policy moving forward.

SUSTAINABILITY STATEMENT

OUR CSR POLICY ADDRESSES VARIOUS AREAS AS FOLLOWS:



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. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies.



COMMUNITY

We support philanthropic and charitable giving, support for and active engagement with the 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.



STAKEHOLDERS

We protect the interests and priorities of our stakeholders as well as managing risks in order to maximise profits for the success and growth of the Company.



EMPLOYEES

We respect the rights and diversity of our employees, irrespective of race and gender whilst providing a dynamic workplace and equal opportunities, improving employee satisfaction whilst enhancing the intellectual capital through continuous investment in training and development of employees' skills for the Company's quantum growth.



STRATEGIC COLLABORATION AND KNOWLEDGE ENHANCEMENT AT ALL LEVELS

We promote continuous education and knowledge enhancement at all levels through collaborations with local and international higher education institutions and corporations.

WE ARE EQUALLY DEDICATED NOT ONLY TO MAINTAINING THE HIGHEST ETHICAL STANDARDS BUT ALSO TO ACHIEVING SUSTAINABILITY, BOTH IN OUR OPERATIONS AND IN OUR IMPACT ON THE ENVIRONMENT FOR THE BENEFITS OF OUR CUSTOMERS, SHAREHOLDERS, STAKEHOLDERS AND BUSINESS ASSOCIATES. WE BELIEVE THAT RESPONSIBLE BUSINESS PRACTICES CAN UNLOCK VALUE, INCREASE COMPETITIVENESS, ENHANCE REPUTATIONS AND INCREASE BRAND AND STAKEHOLDERS' VALUE FOR BUSINESS EXCELLENCE AND CORPORATE SUSTAINABILITY.

SUSTAINABILITY STATEMENT

Local Communities

Local communities are central to our business. We are devoted to making a positive impact in areas where we have a presence. Besides growing business profitably, we are a responsible corporate citizen. We want to reach out to the local communities through our corporate social responsibility activities. Our Group's CSR Policy sets a strategic direction for our community engagement events and further strengthens the Group's presence in the local communities. In 2015, the Group spent more than RM17.9 million on Community Initiatives.

Jernih Field Water Purification System (JERNIH)

We constantly engage with our stakeholders and build strategic partnerships to make contributions to the water services technology. JERNIH, a portable water purification system is a good example that is jointly developed by the Armed Forces and the Group. JERNIH is capable of producing 3,000 litres of treated water per day and it can be easily carried around. It is currently used as part of our community engagement programmes.

In 2015, the JERNIH received international recognition by winning the Platinum Award and 3 Star Gold Award at the International Exposition On Team Excellence - IETEX 2015, Singapore.

Some Community Engagement Events

These are some of the community engagement activities undertaken by the Group in 2015:

- On 18 January 2015, PNHB Group presented cash donation as part of the relief efforts in the flood-stricken state of Kelantan.

- On 18 April 2015, the Kelab Briged Penyelamat Sungai Puncak Niaga ("BPS") organised a 'BPS Walkaton – Save Water For The Future' at Sekolah Menengah Kebangsaan Taman Sri Muda, Seksyen 25, Shah Alam in conjunction with 'World Water Day 2015'.
- On 20 April 2015, PNHB sponsored for 'Program Pulihara Alam Sekitar' advocating environmental preservation at Sekolah Menengah Kebangsaan (Perempuan) Sri Aman.
- From 25 May 2015 to 18 June 2015, PEKA organised 'Program Wakaf Telekung' and donated 106 pairs of 'telekung wakaf' to surau of some petrol stations and rest areas.
- On 6, 8, 9 and 13 July 2015, PEKA organised a Goodwill Visit to eight foster families from various states in Peninsular Malaysia.
- On 7 July 2015, PEKA organised 'Program Bubur Lambuk' in conjunction with the fasting month of Ramadhan as a way of spreading goodwill during the holy month of Ramadhan.
- On 13 July 2015, PEKA organised visits to the foster families of Allahyarham Muhammad Noor (Pulau Pinang office) and Allahyarham Sarjan Sabaruddin, a Lahad Datu National Hero and presented cash donations and hampers.
- On 4 August 2015, PNHB was invited by Management & Science University ("MSU") to conduct a two-day briefing on the importance of Disaster Management.
- On 24 September 2015, PEKA in collaboration with Masjid Puncak Alam organised Majlis Ibadah Qurban PEKA 2015 and distributed up to 1,300 kg of beef Qurban to the participants and Qariah members in Bandar Puncak Alam.
- On 23 December 2015, PEKA visited the foster family of Allahyarham Muhammad Noor (Pulau Pinang office) and presented a cash donation and hamper.
- On 31 December 2015, PEKA visited the foster family of Allahyarham Sarjan Sabaruddin, a Lahad Datu National Hero and presented a cash donation and hamper.

Hari Raya contribution to a foster family



YBhg Puan Sri Faridah Idris, spouse of our Executive Chairman attended a CSR programme in 2015



CORPORATE EVENTS



5 JANUARY



14 JANUARY



22 MARCH



14 APRIL



21 APRIL



1 JUNE



27 JULY



4 AUGUST



9 -10 SEPTEMBER

CORPORATE EVENTS



18 OCTOBER

18 APRIL 2015

The 'BPS Walkaton – Save Water For The Future' organised by Kelab Briged Penyelamat Sungai Puncak Niaga ("BPS") at Sekolah Menengah Kebangsaan Taman Sri Muda, Seksyen 25, Shah Alam in conjunction with 'World Water Day 2015'

9 -10 SEPTEMBER 2015

PNHB and Malaysian Armed Forces won the '3 Star Gold Award' and 'Platinum Award' at the 'International Exposition On Team Excellence - IETEX 2015' in Singapore

15 OCTOBER 2015

Completion of the Proposed Disposals of PNSB and SYABAS to Air Selangor in line with restructuring of the water industry in the state of Selangor and Federal Territories of Kuala Lumpur and Putrajaya



1 NOVEMBER

21 APRIL 2015

PNHB was awarded the European Quality Award ("EQA"), Oxford, United Kingdom

1 JUNE 2015

Visit by students from Sekolah Rendah Agama Gedangsa who were on a study tour/ visit to PNHb's Head Office at Wisma Rozali

18 OCTOBER 2015

PNHB was awarded the World Business Leader, The Bizz 2015 Award at the Bizz Arabic 2015 held in Muscat, Oman



26 NOVEMBER

16 JUNE 2015

PNHB's 18th Annual General Meeting

1 NOVEMBER 2015

PNHB participated in 'Fiesta Bikers', jointly hosted by The Storm Rider Motor Club ("SRMC") and Jabatan Pengangkutan Jalan ("JPJ") Selangor at Shah Alam Stadium

27 JULY 2015

PNHB sponsored students from the Division of Undergraduate Studies Faculty of Engineering, Universiti Putra Malaysia ("UPM") for the 'Global Mobility Program: UPM Ke Guilin University of Technology, China'

26 NOVEMBER 2015

PNHB was awarded the 'Industry Excellence Award for Construction & Infrastructure Project Companies' by National Annual Corporate Report Awards ("NACRA") for its Annual Report 2014

5 JANUARY 2015

An opening ceremony marking PNSB's 20 Years of Excellence

22 MARCH 2015

PNHB was awarded for 'Excellence and Innovation' in Gold Category at the 'Century International Quality ERA ("CQE")' awards ceremony held in Geneva, Switzerland

7 JANUARY 2015

PNHB's Extraordinary General Meeting

14 APRIL 2015

Visit by the delegates from The Ministry Of Water, United Republic Of Tanzania to PNSB's Bukit Nanas Water Treatment Plant

14 JANUARY 2015

PNHB expands its collaboration with Management & Science University in various aspects of the academic industry with the signing of a Memorandum Of Agreement ("MoA")

4 AUGUST 2015

PNHB was invited by the Management & Science University to conduct a briefing on the importance of Disaster Management

STATEMENT ON CORPORATE GOVERNANCE

COMPLIANCE STATEMENT

The Board is committed to maintain high standards of corporate governance (“CG”) in Puncak Niaga. This statement demonstrates the Board’s commitment in promoting and cultivating a strong culture of good governance for the continued success and sustainable economic growth of the Group and for its accountability to its shareholders and stakeholders.

In 2015, 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 CG are integral to Puncak Niaga’s growth and ability to promote the confidence of its stakeholders and enhancing long-term shareholder value through improving the corporate performance and accountability of Puncak Niaga in the interests 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 CG framework enables the Board to provide strategic guidance and effective oversight of Management, clarifies the roles and responsibilities of the Board and Management and ensures a balance of authority. Puncak Niaga CG’s Framework is best illustrated as follows:-



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 (“MMLR”) of Bursa Securities and the extent to which it has complied with the principles and recommendations during the year 2015.

STATEMENT ON CORPORATE GOVERNANCE

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 the 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 due care, skill and diligence as a Director of the Company including the various legislations and regulations affecting his conduct as a Director of the Company, and as such, each Board member 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.

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 a 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.

Senior Independent Non-Executive Director

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 38 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 32 to 42 of this Annual Report.

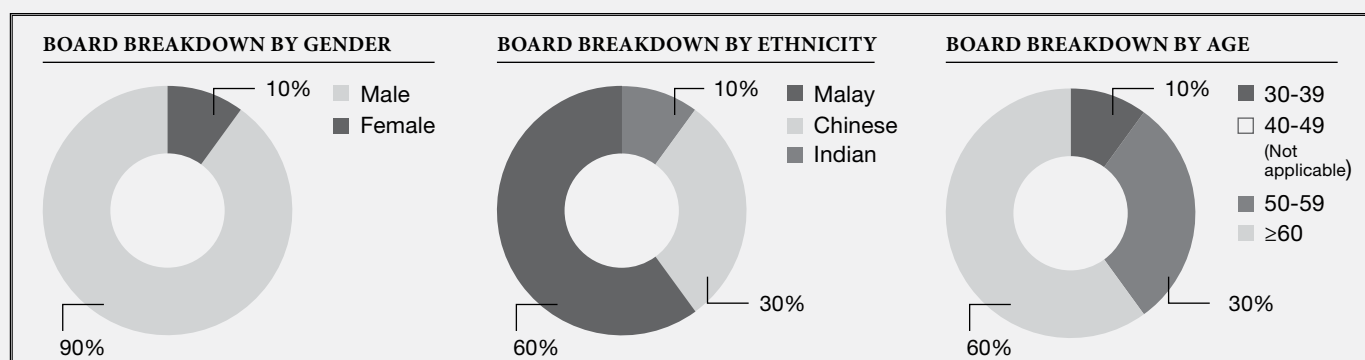


STATEMENT ON CORPORATE GOVERNANCE

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 save for Encik Azlan Shah Tan Sri Rozali, the son of the Executive Chairman who was appointed as an Alternate Director to the Executive Chairman on 6 January 2016.

For compliances with Paragraph 15.02 of the MMLR of Bursa Securities and the MCCG 2012, the Company, through the Nomination Committee and the Board of the Company, annually reviewed the required mix of skills, characters, experiences, competencies, commitment, integrity, contribution and 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 MCCG 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 MMLR of Bursa Securities.

The Board of Puncak Niaga comprises ten (10) Members, of whom four (4) are Executive Directors, five (5) are Non-Executive Directors and one (1) Alternate Director. The current composition of the Board of Puncak Niaga is in compliance with Paragraph 15.02 of the MMLR 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 6 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 MCCG 2012 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

The Nomination Committee and the Board had deliberated on the said recommendation and are satisfied that YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan A/L 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 MMLR of Bursa Securities.

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, had devoted sufficient

STATEMENT ON CORPORATE GOVERNANCE



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 Nineteenth Annual General Meeting ("19th AGM") for approval to grant the authority to YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan A/L 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 7 and 8 of the Notice of the 19th AGM of the Company on page 247 of this Annual Report.

(c) BOARD MEETINGS

The Board met seven (7) times in 2015, all at the Board Room on 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan except for the Special Board of Directors' Meeting which was held at Bilik Sri Tanjung, 3rd Floor, Syarikat Bekalan Air Selangor Sdn Bhd's Head Office, Jalan Pantai Bharu, 59990 Kuala Lumpur on 14 September 2015, details of which are as follows:-

Day	Date	Time
Thursday	26 February 2015	12.40 p.m.
Monday	16 March 2015	12.00 noon
Monday	6 April 2015	12.45 p.m.
Thursday	21 May 2015	12.10 p.m.
Tuesday	25 August 2015	12.25 p.m.
Monday	14 September 2015	11.00 a.m.
Tuesday	24 November 2015	12.05 p.m.

The details of the respective Director's attendance at the above Board Meetings held in 2015 are as follows:-

Name of Director	Designation	No. of Meetings attended	%
YBhg Tan Sri Rozali Ismail	Executive Chairman	6 out of 7	86
YBhg Datuk Haji Syed Hisham Syed Wazir (appointed on 6 November 2015)	Managing Director	1 out of 1	100
YBhg Dato' Ruslan Hassan	Non-Independent Non-Executive Director	7 out of 7	100
YBhg Dato' Ir Lee Miang Koi (re-designated to Executive Director on 6 November 2015)	Executive Director, Operations Division	7 out of 7	100
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	Independent Non-Executive Director	6 out of 7	86
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Director	7 out of 7	100
YBhg Dato' Syed Danial Syed Ariffin (resigned on 6 November 2015)	Executive Director, Operations Division	6 out of 6	100
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud	Non-Independent Non-Executive Director	5 out of 7	71
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Independent Non-Executive Director	6 out of 7	86
Mr Ng Wah Tar	Executive Director, Corporate Finance Division	7 out of 7	100
Encik Azlan Shah Tan Sri Rozali (appointed on 6 January 2016)	Alternate Director to YBhg Tan Sri Rozali Ismail, Executive Chairman	*	N/A

* (Note: Attended 2 Board Meetings, by invitation, in 2015)

STATEMENT ON CORPORATE GOVERNANCE

The Company's Board meetings are scheduled 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 2015, two (2) additional Board Meetings were held.

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.

(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.

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Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

(f) QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Company Secretaries play an important role in advising the Board on governance matters and ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibilities in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers. They are also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements.

(g) APPOINTMENT OF DIRECTORS

All Board appointments and removals (if any) thereof are approved by the Board upon the recommendation of the Nomination Committee.

The Board, through the Nomination Committee, has established a formal and transparent procedure in relation to the assessment and recommendation of candidates for Board appointments as well as for assessing the effectiveness of the Board as a whole, the Audit Committee of the Company, the other Committees of the Board and the contributions of each individual Director, including the Independent Non-Executive Directors (in their capacities as Independent Directors), Non-Executive Directors, Executive Directors, the Managing Director and Alternate Director.

The review process by the Nomination Committee and the Board on annual basis was based on the competencies, commitment, contribution and performance of the candidates/Board 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 was one (1) appointment to the Board and one (1) resignation.

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.

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- (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 the 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 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 had approved the establishment of a Gender Diversity Policy for the Group in 2013 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 Company's Gender Diversity Policy is as set out in page 115 of this Annual Report and the policy is also posted at the Investor Relations link - Corporate Governance at the Company's website, www.puncakniaga.com.my.



(h) EVALUATION OF BOARD EFFECTIVENESS

As in the previous years, the Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board's effectiveness in the following key areas:-

- (i) Compliance;
- (ii) Board Meetings;
- (iii) Board Functions;
- (iv) Board Structure;
- (v) Board Committees;
- (vi) Board Operations;
- (vii) Board Chairman's Roles and Responsibilities;
- (viii) Financial and Operational Reporting;
- (ix) Planning and Objectives;
- (x) Risk Assessment;

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- (xi) New Business Opportunities and Projects;
- (xii) Human Resources; and
- (xiii) Directors' Observations and Additional Comments.

The 2015 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 had fulfilled their responsibilities and obligations and have carried out their duties as required and in accordance with the Board Charter of the Company.

In 2015, the Nomination Committee and the Board of the Company had also assessed and confirmed 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)	EXCO comprising the Executive Directors of PNHB only (established on 15 April 2015)
YBhg Tan Sri Rozali Ismail Executive Chairman					Chairman
YBhg Datuk Haji Syed Hisham Syed Wazir Managing Director				Head of CICR	Alternate Chairman/ Member
YBhg Dato' Ruslan Hassan Non-Independent Non-Executive Director					
YBhg Dato' Ir Lee Miang Koi Executive Director, Operations Division				Member	Member
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy Independent Non-Executive Director	Member	Member	Member		
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director	Chairman	Member	Member	Chairman	
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director	Member				

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Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Compliance, Internal Control and Risk Policy Committee (CICR)	EXCO comprising the Executive Directors of PNHB only (established on 15 April 2015)
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director	Member	Chairman	Chairman		
Mr Ng Wah Tar Executive Director, Corporate Finance Division		Member		Member	Member
Encik Azlan Shah Tan Sri Rozali Alternate Director to YBhg Tan Sri Rozali Ismail				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 MMLR 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.

The PNHB Executive Committee ("EXCO") was formally established on 15 April 2015 with clear Terms of Reference which was approved by the Board.

In order to expedite the Board's decision-making process at the operating companies' level, an EXCO was established at POG, GOM Resources and PNCSB. These EXCOs comprise the Managing Directors, Chief Financial Officer, Executive Directors and Senior Management. 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.

PNHB formally established its Limits of Authority ("LOA") on 15 April 2015.

Each of the operating companies has established 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 Summarised Key Terms of Reference as stated on pages 102 to 107 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.

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Nomination Committee

The primary objectives of the Nomination Committee are set out on pages 83 and 84 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 2015 are as follows:-

1. Annual Board Assessment;
2. Annual Audit Committee Assessment;
3. Annual Independent Directors Assessment;
4. Re-election, retirement and continuing in office of Directors at Annual General Meetings;
5. Assessment on Directors' Training;
6. Appointment of the Group's Senior Key Personnel; and
7. Appointment of Alternate Director to the Executive Chairman.

Remuneration Committee

The Remuneration Committee comprises four (4) Directors, consisting of three (3) Independent Non-Executive Directors of the Company and one (1) Executive Director of the Company.

The primary objectives of the Remuneration Committee are as follows:-

- (i) To establish and annually review the remuneration packages for each individual Executive 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.

Article 103 of the Company's Articles provides that any person appointed as an additional Director of the Company shall hold office only until the next following ordinary General Meeting of the Company and shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board of the Company, the following Directors shall retire at the forthcoming 19th AGM of the Company and being eligible, had offered themselves for re-election:-

- i. YBhg Tan Sri Rozali Ismail, retiring pursuant to Article 98 of the Articles;
- ii. YBhg Datuk Haji Syed Hisham Syed Wazir, retiring pursuant to Article 103 of the Articles;
- iii. YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy, retiring pursuant to Article 98 of the Articles; and
- iv. YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud, retiring pursuant to Article 98 of the Articles.

The information on the Directors standing for re-election at the forthcoming 19th AGM of the Company is contained in the Statement Accompanying the Notice of Annual General Meeting.

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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 A/L 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 19th 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 19th AGM of the Company. Kindly refer to Agenda 4 of the Notice of the 19th AGM on page 246 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 Non-Executive Director, Chairman of Audit Committee, Chairman of CICR and Member of the Remuneration Committee and Nomination Committee by his active participation in all Board and Board Committee Meetings and he provides invaluable inputs as a Board Member, Audit Committee Chairman and Board Committee Member with 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.



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(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 2015 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)	Benefits- in-kind (RM'000)	Total (RM'000)
YBhg Tan Sri Rozali Ismail	-	-	-	-	-	-	-	-
YBhg Datuk Haji Syed Hisham Syed Wazir (appointed w.e.f. 6 November 2015)	-	160	-	14	8	20	2	204
YBhg Dato' Ruslan Hassan	-	-	-	80	16	-	-	96
YBhg Dato' Ir Lee Miang Koi	-	-	-	55	16	-	-	71
YBhg Dato' Syed Danial Syed Ariffin (resigned w.e.f. 6 November 2015)	-	-	-	-	-	-	-	-
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	60	80	-	-	140
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	-	60	136	-	-	196
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud	-	-	-	-	20	-	-	20
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	-	-	-	60	124	-	-	184
Mr Ng Wah Tar	-	-	-	-	-	-	-	-

The remuneration packages of the Directors of the Company received and receivable from the Group for the financial year ended 31 December 2015 are categorised into the appropriate components as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries	8,756	194
Bonuses	3,390	98
Leave Passage	393	320
Allowance & Others	1,226	377
Employees Provident Fund	2,594	35
Benefits-in-kind	109	13
Total	16,468	1,037

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Details of the Directors' Remuneration at Company and Group levels for the financial year ended 31 December 2015, 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	1	1	1
RM100,001 to RM150,000	-	1	1
RM150,001 to RM200,000	-	2	2
RM200,001 to RM250,000	1	-	1
RM400,001 to RM450,000	-	-	1
RM750,001 to RM800,000	-	-	1
RM1,200,001 to RM1,250,000	-	-	1
RM14,250,001 to RM14,300,000	-	-	1

(c) DIRECTORS' SHARE OPTIONS

There is no Directors' Share Options Scheme in the Company during the financial year ended 31 December 2015.

(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 2015, the Directors have attended training programmes, seminars and conferences organised by the Company and the various training providers covering areas such as:-

- Maximising Board Effectiveness Through A Strong Board Risk Oversight Role Beyond Financial Performance
- Reshaping The Board's Expectations In Evaluating & Executing Overseas Investments
- Nominating Committee Programme Part 2: Effective Board Evaluations
- Audit Oversight Board Conversation With Audit Committees
- Risk Management and Internal Control Workshop: Is Our Line Of Defence Adequate And Effective?
- 6th Tunnel Design & Construction Seminar In Singapore
- ISWA-NEA-WMRAS Waste-To-Energy Seminar 2015 In Singapore
- Audit Committee Conference 2015: Rising To New Challenges
- Board Chairman Series Part 2: Leadership Excellence From The Chair
- Capital Market Director's Training Programme (CMDP) 2015
- OCBC Global Treasury & Global Transaction Banking
- Credit Suisse Market Outlook Lunch Seminar
- Asean Capital Market - CEO Summit 2015
- International Directors Summit 2015
- Maybank Refresher Program On AMLATFPUAA
- 11th World Islamic Economic Forum
- IMAN – Habibie Centre Roundtable On The Role of Media In Countering Religious Extremism
- Malaysian Financial Reporting Standards (MFRS) Made Simple For Directors & Senior Management
- AMLATFPUAA 2011: The Law & Compliance
- 2nd WIEF Graduates Entrepreneurship Training
- WIEF Roundtable Phnom Penh

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- International CSR Summit 2015
- PGPF International Conference On Rohingyas
- WIEF – AFF Roundtable
- Bank Negara Malaysia FEA Rules Training Program
- WIEF – Cordoba Roundtable
- A Seminar For Company Directors
- International Biomass Conference Malaysia 2015

The Board via the Nomination Committee with the assistance of the Human Resources and Administration Division had undertaken an assessment of the training programmes attended by the Directors for the financial year ended 31 December 2015 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.

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 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 111 to 113 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.



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 116 of this Annual Report.



STATEMENT ON CORPORATE GOVERNANCE

(b) RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains a transparent and professional relationship with the Group's External Auditors. The External Auditors attended 4 out of 5 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 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 Key Terms of Reference is set out on pages 102 to 107 of this Annual Report.

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(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 96 to 101 of this Annual Report.

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(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 96 to 101 of this Annual Report.

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(e) CORPORATE SOCIAL RESPONSIBILITY

Appendix 9C (Part A, Paragraph 29) of the MMLR 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 economic, environmental and social material issues are set out in "Sustainability Statement" section on pages 58 to 75 of this Annual Report.

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The Corporate Disclosure Policy and the Quality Policy are set out on pages 108 and 114 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.

pg.
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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 30 March 2016.

ADDITIONAL COMPLIANCE INFORMATION

In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

(a) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

(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 2015. As at 31 December 2015, 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 2015, a total of 32,574,007 Warrants were exercised and 32,574,007 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 2015, the issued and paid-up share capital of the Company stood at RM449,283,784.00 divided into 449,283,784 ordinary shares of RM1.00 each and the balance of the unconverted warrants stood at 5,269,720.

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.

ADDITIONAL COMPLIANCE INFORMATION

On 26 November 2015, an amount of RM1,500,000.00 Convertible Sukuk Ijarah were exercised and 750,000 new ordinary shares of RM1.00 each in the capital of the Company were issued. The Company had fully repurchased all outstanding Convertible Sukuk Ijarah of RM160.0 million in nominal value on 3 December 2015. The purchase consideration for the Convertible Sukuk Ijarah Repurchase is RM200.0 million only. Following the completion of the Convertible Sukuk Ijarah Repurchase by the Company, the Convertible Sukuk Ijarah had been cancelled accordingly on 3 December 2015.

(d) DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

(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 2015.

(f) NON-AUDIT FEES

During the financial year ended 31 December 2015, the Group paid RM382,000.00 for non-audit related service fees to the External Auditors.

The non-audit fees payable to the external auditors, Messrs KPMG relates to the review of the Statement on Risk Management and Internal Control and other professional services including advisory services.

(g) VARIATIONS IN RESULTS

There was no material variation in the Audited Financial Statements for the financial year ended 31 December 2015 contained in this Annual Report as compared with the unaudited consolidated results of the Group for the financial year ended 31 December 2015 which was announced to Bursa Securities on 25 February 2016.

(h) PROFIT GUARANTEE

The Company did not provide any profit guarantee to any parties for the financial year ended 31 December 2015.

(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 2015.

ADDITIONAL COMPLIANCE INFORMATION

(j) MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Material contract entered into by the Company and the Group, which involves the interests of the Directors and major shareholders of the Company and its subsidiary companies and material contract which is still subsisting at the end of the financial year ended 31 December 2015, is as follows:-

Date	Nature of Contract	Parties	Consideration/ Mode of Satisfaction	Relationship with Director/ Major Shareholder
29 February 2012	Facility Agreement (in respect of Syndicated Term Loan Facility of USD36.0 million). (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 2015 on page 190 of this Annual Report.	KGL Ltd. (Borrower), OCBC Bank (Malaysia) Berhad and Hong Leong Bank Berhad (Lenders)	Not Applicable	YBhg Tan Sri Rozali Ismail 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 and Corporate Line (M) Sdn Bhd. PNHB in turn, holds 100% equity interests in Puncak Oil & Gas Sdn Bhd, the holding company of KGL Ltd.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors ("Board") to disclose in the Annual Report a statement on the state of its internal control and the Malaysian Code on Corporate Governance ("MCCG 2012") further requires the Board to establish a sound risk management framework and internal control system. Accordingly, the Board of Puncak Niaga Holdings Berhad Group is pleased to provide the Statement on Risk Management and Internal Control that has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies ("Guidelines").

RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management and internal control system and for reviewing its adequacy and effectiveness so as to safeguard the shareholders' investments and the Group's assets. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material financial misstatement, fraud or losses.

The Board affirms that there is an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group. 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. The outcome of this process is monitored by the Board of PNHB via a specific Board Committee, namely the Compliance, Internal Control and Risk Policy Committee ("CICR"), which dedicates its time on a quarterly basis for discussion on this matter. The reports of the CICR meetings are duly submitted for the Board's deliberation and information.

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 Group.

RISK MANAGEMENT POLICY

The Board of Puncak Niaga Holdings Berhad 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."

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE

The CICR was established 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 : Head of Compliance, Internal Control and Risk Policy Committee
YBhg Datuk Haji Syed Hisham Syed Wazir - appointed on 6 January 2016
Managing Director, PNHB Group
- YBhg Dato' Ir Lee Miang Koi - appointed on 6 January 2016
Executive Director, Operations Division of PNHB/Managing Director, Puncak Niaga Construction Sdn Bhd
- Madam Wong Ley Chan
Chief Financial Officer
- Mr Ng Wah Tar
Executive Director, Corporate Finance Division
- Madam Tan Bee Lian
Executive Director, Corporate Services Division
- Encik Azlan Shah Tan Sri Rozali - appointed on 6 January 2016
Alternate Director to Executive Chairman
- Tuan Haji Sonari Solor
Senior General Manager, Internal Audit Department
- Secretary : Madam Johty Priyatharashani Tiagarajah
Senior Manager, Internal Audit Department

TERMS OF REFERENCE OF THE CICR

The CICR shall provide assistance to the Board of PNHB 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 the short, medium and long term strategies to manage the overall risks associated with the Group's activities.
- 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 and assessing the current risk portfolio composition and determining the desired exposures of each major area of risk to be in line with the Group's overall objectives.
- Monitoring and assessing the risk portfolio composition of the significant activities and business segments 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ACTIVITIES

During the year 2015, the CICR held four (4) meetings which were chaired by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, the Chairman of the CICR.

At its meetings, the CICR reviewed the Status Report prepared by the Risk Management Section of the Internal Audit Department. The issues deliberated at the CICR Meetings include the following:-

- The level of readiness of PNHB Group with regards to the "Statement on Risk Management and Internal Control" requirements.
- The progress of the risk assessment and risk monitoring exercises at PNHB Group and Enterprise-Wide levels. The main risks, controls and management actions plans were highlighted by the Secretary of the CICR to the CICR for deliberation.
- The review of the assurance status and validations given by the Risk Scorecard Owners of PNHB Group via the Corporate Digital Assurance Module of the Q-Radar software.
- The effective utilisation of the Q-Radar Corporate Risk Scorecard software to identify, evaluate, monitor and report risks and internal controls identified within PNHB Group.
- The status of Self-Assessment Audit Forms submitted by the relevant Divisions/Departments in PNHB Group as to whether the key internal controls have been complied with.
- It has been a practice for the Chairman of CICR and/or the CICR Members to invite the relevant Risk Scorecard Owners to attend the CICR Meetings, as and when appropriate.
- During the year 2015, the CICR implemented the followings:
 - i) Directed Sino Water Pte Ltd to reassess its risks based on the existing business environment and ensure adequate controls/management action plan are in place to ensure the risks are adequately managed. Subsequently, the CICR Committee reviewed and noted the management action plan submitted by Sino Water in the CICR Meeting held on 6 May 2015.
 - ii) Directed the creation of specific Risk Scorecards for each projects undertaken by PNHB's wholly owned subsidiary, Puncak Niaga Construction Sdn Bhd such as D44 Sewerage Line Project and Pakan & Sarikei (Sarawak) Project to ensure specific risks relating to the projects are identified, evaluated and monitored. These Risk Scorecards were reviewed and approved at the CICR Meeting held on 5 November 2015.
 - iii) Directed Business Development Department to re-evaluate its risk ratings at the CICR Meeting held on 5 November 2015.
 - iv) Directed the creation of Risk Scorecards for the new business units of PNHB Group namely, Unggul Raya (M) Sdn Bhd (Property Division) and Murni Estate Sdn Bhd (Plantation Division) to ensure new risks for these new business units of the Group are properly identified, evaluated and monitored as appropriate. The Risk Scorecards were subsequently prepared and submitted for the quarter ended 31 December 2015 and were reviewed and approved at the CICR Meetings held on 4 February 2016 and 16 February 2016.

RISK MANAGEMENT SCORECARD WORKING GROUP ("RMSWG") AND ENTERPRISE-WIDE RISKS

The Board recognises that Risk Management involves a structured approach, combining the efforts of all functions within the PNHB Group to minimise uncertainties in order to achieve PNHB Group's business objectives. In view of this, the RMSWG Meeting is held annually and attended by the Executive Directors/Senior Management of PNHB Group. In the RMSWG Meeting, PNHB Group's Enterprise-Wide Risk Profile is deliberated taking into account PNHB Group's strategic business plan and existing business environments and business segments in which the Group operates including the current issues which may have risk impact on PNHB Group's operations.

For the year 2016, the RMSWG Meeting which was chaired by the Managing Director who is the Head of CICR, was held on 3 February 2016 to deliberate on the risks highlighted by the different business sectors and to determine PNHB Group's Enterprise-Wide Risks Profile for the period from 15 October 2015 to year 2016.

The deliberations of the RMSWG Meeting were subsequently reviewed by the CICR at the CICR Meeting which was chaired by the Head of CICR and Chairman of CICR on 4 February 2016 and 16 February 2016 respectively. Subsequently, a detailed Board Paper on the Group's "Top Eleven (11) Enterprise Wide Risks Facing Puncak Niaga Group for Year 2016" was tabled at the 93rd PNHB Board Meeting held on 25 February 2016.

The Group's Enterprise-Wide Risks Profile will be reassessed by the RMSWG on a yearly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

QUARTERLY RISK SCORECARD REPORTING

The Risk Scorecard Owners which comprise the Heads of Divisions/Heads of Departments/Managing Directors/Chief Executive Officer of PNHB Subsidiaries are responsible for assessing and managing their respective risks.

The Q-Radar Corporate Risk Scorecard (“CRS”) software is used by the Risk Scorecard Owners to submit their detailed risk scorecard reports to the Risk Management Section every quarter. Risk Management Section analyses and summarises the risk scorecard reports received for further deliberation by the CICR.

Q-RADAR CORPORATE RISK SCORECARD SOFTWARE

PNHB Group utilises a risk management tool namely, the Q-Radar CRS software to identify, measure and manage all risks affecting PNHB Group. The software is web-based and allows the authorised users to monitor their respective risks on-line from any location. The Q-Radar also facilitates a Corporate Digital Assurance module which requires the Risk Scorecard Owners to validate and provide assurance on the relevant risks, controls and management action plan.

As at 31 December 2015, the Q-Radar software had a total of 111 authorised users covering 26 Risk Scorecards. A total of ten (10) sessions of the Q-Radar CRS Software training and awareness programmes were conducted in 2015 to 32 users.

INTERNAL CONTROL SYSTEM

The key elements of the Group’s internal control system and assurance process, inter alia, encompass the following:-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Control Environment

- The operating subsidiaries of PNHB Group have a formal organisation structure with clearly defined reporting structures and responsibilities. This promotes ownership and accountability of the duties assigned to the employees of the operating subsidiaries.
- PNHB Group's Code of Conduct and Ethics covers the Board and employees of the Group and is found in the Board Charter and PNHB's Employee Handbook. The Code of Conduct and Ethics sets out the principles and standards of good practice.
- The roles and responsibilities of the Board members are governed by the Board Charter.
- The Board Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, CICR and EXCO are established to assist the Board in executing its fiduciary duties. The responsibility and authority of the Board Committees are governed by their respective Terms of Reference which are approved by the Board.
- All major decisions require the approval of the Boards/Executive Committees ("EXCOs") within PNHB Group. The EXCO is established at PNHB, Puncak Niaga Construction Sdn Bhd ("PNCSB") and Puncak Oil and Gas Sdn Bhd Group ("POG Group") and comprise the Heads of Divisions of the respective companies. The relevant Management are invited to attend the meeting should the EXCO requires further information. The respective Boards/EXCOs receive regular updated information covering the Divisions/Departments in the respective companies within the Group.
- Written procedures and policies which incorporate control procedures and scope of responsibilities are in place for all the operating subsidiaries of PNHB Group. The written procedures and policies are updated where appropriate to incorporate elements necessitated by changes in the legislations, industry best practices and business dynamics.
- The Board has approved a new Limits of Authority ("LOA") for PNHB and its operating subsidiaries on 6 April 2015. The LOA for PNHB and its operating subsidiaries clearly set out the operational matters with the designated authority levels accorded to the Management, critical matters which are reserved for the Board's/EXCO's approvals and matters which are delegated to PNHB's operating subsidiaries' Management.

Risk Assessment

- 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.

Control Activities

- Annual Business Plans are prepared by the PNHB Subsidiaries. The Annual Business Plans are presented and approved by the respective Boards/EXCOs.
- A detailed budgeting process has been established for PNHB Group to prepare their respective budgets annually. These budgets are then reviewed and approved by the respective Boards/EXCOs prior to actual implementation each year. The monitoring of actual performance versus budget with major variances being followed up is done on a monthly basis by the Finance Division and Management action is taken to rectify any shortcomings, where necessary.
- In the year 2015, five (5) Tender Committees were established at PNHB, POG Group and PNCSB respectively. These Tender Committees are accorded with their respective limits of authority of decision making and mandatory recommendations to the Board for approval, as appropriate. The Tender Committees play a critical role to ensure transparency and competitive pricing in the award of contracts within the PNHB Group.
- PNHB Group has insurance programmes in place to safeguard the Group's assets against any mishaps that could result in material losses.
- The Self-Assessment Audit Forms (which list the key internal controls), have been developed in-house for the relevant Departments of the operating subsidiaries of PNHB. The respective 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 2015, approximately 85% 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 15% was self-assessed as not applicable to the particular operating areas.
- Training programs were conducted internally and externally for the Directors, Senior Management and staff of PNHB. During the year, two (2) trainings were conducted for the Directors and Senior Management of PNHB Group on "Maximising Board Effectiveness through a Strong Board Risk Oversight Role beyond Financial Performance" and "Reshaping The Board's Expectations In Evaluating Opportunities When Executing Overseas Investments" on 10 August 2015 and 6 October 2015 respectively by a certified external trainer accredited by Human Resources Development Fund ("HRDF").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Information and Communications

- PNHB Group has in place a Whistle Blowing Policy which provides employees with an avenue to disclose any malpractice or misconduct. The Whistle Blowing Policy has set out a clear communication line for the employees to report in an independent and safe manner.

Monitoring

- The Group Internal Audit Department independently reviewed the control processes implemented by the Management according to the Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of PNHB five (5) times in 2015. The duties and responsibilities of PNHB's Audit Committee are detailed in the Terms of Reference of PNHB's Audit Committee. The Audit Committee, by consideration of both Internal and External Audit Reports, is able to gauge the effectiveness and adequacy of the internal control system, for presentation of its findings to the Board.
- The Group Internal Audit Department conducted audits of the declarations made in Self-Assessment Audit Form.
- 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.

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' Heads of Divisions and the respective Managing Directors/Chief Executive Officer/Chief Financial Officer/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 2015), *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 2015 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:

- 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
- is factually inaccurate.

RPG 5 (Revised 2015) 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

30 March 2016

AUDIT COMMITTEE REPORT

The Board of Directors of Puncak Niaga Holdings Berhad is pleased to present the report of the Audit Committee for the financial year 2015.

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members and details of attendance of each member at the Audit Committee Meetings held during the financial year 2015 were as follows:

Composition of Committee	Number of Meetings Held	Number of Meetings Attended	Percentage (%)
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Chairman/Independent Non-Executive Director	5	5	100
YBhg Tan Sri Dato' Hari Narayanan Govindasamy Member/Independent Non-Executive Director	5	4	80
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud Member/Non-Independent Non-Executive Director	5	3	60
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Member/Independent Non-Executive Director	5	5	100

The Chief Financial Officer, Senior General Manager (Internal Audit 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 Secretaries to the Audit Committee are the Company Secretaries.

2. SUMMARY OF ACTIVITIES

During the financial year 2015, the Audit Committee carried out its duties as set out in its 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.
- Noted that PNHB Group had fully adopted the accounting policies and the method of computation in accordance with all the relevant Malaysian Financial Reporting Standards ("MFRS"). The adoption of these standards and interpretations has no material impact on the financial statements except for MFRS 10 (Consolidated Financial Statements) and MFRS 5 (Non-Current Asset Held for Sale and Discontinued Operations).
- Discussed significant financial issues affecting the Group, namely:
 - Following the signing of the conditional Sale and Purchase Agreement between PNHB and Pengurusan Air Selangor Sdn Bhd ("Air Selangor") dated 11 November 2014 on the proposed disposals of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB") and Syarikat Bekalan Air Selangor Sdn Bhd, the water concession business was required to be accounted for in accordance to MFRS 5 (Non-Current Asset Held for Sale and Discontinued Operations) which resulted in financial results and assets and liabilities of the concession business to be classified as "discontinued operations" and "held for sale" respectively.
 - The change in accounting policy in respect of 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 under accrual of the construction cost claim by the sub-contractor which affected the percentage of completion and consequently, the Group's construction revenue. The under accrual was subsequently accounted for and the Group's construction revenue was adjusted accordingly.

AUDIT COMMITTEE REPORT

External Audit

- Reviewed the external auditors' scope of work and audit plan for the year 2015 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.
- Held the Informal Discussions with the External Auditors without the presence of the Management of the Company twice at the 88th Audit Committee Meeting and 91st Audit Committee Meeting held on 6 April 2015 and 24 November 2015 respectively.
- At the 88th Audit Committee Meeting held on 6 April 2015, the Audit Committee assessed the suitability and independence of the External Auditors, Messrs KPMG on its calibre, quality processes, scope, fees and communication and recommended to the Board to reappoint Messrs KPMG as the External Auditors in line with the recommendation 5.2 of Principle 5 of the Malaysian Code On Corporate Governance 2012 (Uphold Integrity in Financial Reporting).
- Reviewed the extent of assistance rendered by Management to the External Auditor.

Internal Audit

- The Internal Audit Department is manned by competent professionals from the various disciplines such as Accounting and Engineering with the requisite work experience and internal audit experiences.
- Reviewed the competency, resources and assessed the performance of the Internal Audit Department.
- Reviewed the Internal Audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed for action to be taken by the Management to rectify and improve the system of internal control.
- 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.
- Reviewed and approved the Annual Internal Audit Plan, for the year 2016 at the 91st Audit Committee held on 24 November 2015.
- 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.
- Reviewed the progress report of the Internal Audit Department twice a year at the 90th and 91st Audit Committee Meeting held on 25 August 2015 and 24 November 2015 respectively to ensure that the progress is in line with the 2015 Annual Audit Plan which was approved at the 86th Audit Committee Meeting held on 27 November 2014.

Related Party Transactions

- Reviewed all related party transactions entered into by the Company and the Group.

Reporting

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report and recommended the same for the Board's approval.
- Reviewed the revised Terms of Reference of the Audit Committee and recommended the same for the Board's approval.

Audit Committee Working Visit to the Group's Project Site in Sarikei, Sarawak led by its Chairman

- The Audit Committee conducted a Working Visit to Sarikei, Sarawak from 18 to 20 August 2015 to visit the "Projek Menaiktaraf Loji Rawatan Air Sarikei, Sarawak" which was undertaken by PNHB's wholly owned subsidiary, Puncak Niaga Construction Sdn Bhd. The Working Visit enabled the Audit Committee Members to familiarise with the operations/projects of PNCSB and to witness the progress of work done at the Project Site besides visiting the personnel of PNHB Group who are based at the Project Site in Sarawak.

AUDIT COMMITTEE REPORT

3. INTERNAL AUDIT FUNCTIONS

PNHB has an established in-house and 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 2015 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 86th Audit Committee Meeting of the Company held on 27 November 2014. The Internal Audit reports, which highlighted internal control weaknesses, were deliberated by the Audit Committee and the recommendations were duly acted upon by the Management.

In 2015, the Internal Audit Department completed a total of 60 audit assignments covering all the Water Treatment Plants (prior to the disposal of PNSB to Air Selangor effective 15 October 2015), POG Group, Operational and IT audits and audit assignments requested by the Senior Management. All audits were performed in-house.

The key areas audited in the year 2015 were the Project D44 Sewerage Line, Project Pakan & Sarikei (Sarawak), Maintenance & Procurement of DLB 264, Security and Infrastructure of Internal LAN Network and Administration of IT Assets, Fixed Assets and Project Assets.

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 set out on pages 96 to 101 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 Group (excluding Syarikat Bekalan Air Selangor Sdn Bhd) during the financial year ended 31 December 2015 was approximately RM1.96 million.

SUMMARISED KEY TERMS OF REFERENCE OF THE AUDIT COMMITTEE

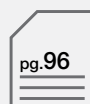
The summary of the key Terms of Reference of the Audit Committee as approved by the Board at the 91st Board Meeting held on 25 August 2015 are as follows:

A. COMPOSITION

A.1 The Audit Committee shall be appointed by the Board from amongst its Directors and shall comprise no less than three (3) members, all of whom must be Non-Executive Directors of the Company with a majority of them being Independent Directors. No Alternate Director shall be appointed as a member of the Audit Committee.

A.2 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:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.



AUDIT COMMITTEE REPORT

- A.3 The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.
- A.4 Members of the Audit Committee shall possess sound judgment, objectivity, management experience and knowledge of the various business segments of the Group. All members of the Audit Committee should be financially literate.
- A.5 All members of the Audit Committee, including the Chairman, will hold office only so long as they remain as Directors of the Company.
- A.6 In the event that the members of the Audit Committee shall for any reason be reduced to below three (3), the PNHB Board shall, upon the recommendation of the PNHB Nomination Committee, within three (3) months of such event, appoint such number of new members to the Audit Committee as may be required to make up the minimum number of three (3) members.

B. DUTIES AND RESPONSIBILITIES

In fulfilling its objectives, the Audit Committee shall undertake the following duties and responsibilities:

B.1 External Auditors

The Audit Committee in overseeing all matters relating to the External Auditors shall:

- B.1.1 Consider and recommend to the PNHB Board, the appointment (and the re-appointment) of a suitable accounting firm to act as External Auditors including the audit fee payable thereof and amongst the factors to be considered for the appointment are the independence, qualifications, adequacy of experience and resources of the firm and the partners and resources assigned to the audit.
- B.1.2 Review any letter of resignation from the External Auditors and report to the PNHB Board.
- B.1.3 Before the commencement of audit, review the Annual Audit Plan and discuss the nature, approach and scope of audit and ensure coordination where more than one audit firm is involved.
- B.1.4 Review the evaluation of the system of internal controls with the External Auditors.
- B.1.5 Review the External Auditors' Audit Report and Management Letter and discuss any problems and reservations arising from the interim and final audits.
- B.1.6 Review the assistance and cooperation given by the PNHB Group's officers to the External Auditors.
- B.1.7 Monitor the extent of non-audit work performed by the External Auditors to ensure that the independence of the External Auditors is not impaired by the provision of non-audit services to the PNHB Group.
- B.1.8 Obtain a written assurance from the External Auditors confirming their independence throughout their term of engagement and for the said financial year in compliance with the requirements of the relevant professional and regulatory bodies.
- B.1.9 The External 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.
- B.1.10 Upon the request of the External Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the External Auditors believe should be brought to the attention of the Audit Committee.
- B.1.11 The Audit Committee may convene meetings with the External Auditors without the attendance of the Executive Directors, Management and employees of the PNHB Group, whenever deemed necessary.

AUDIT COMMITTEE REPORT

B.2 Internal Auditors

The Audit Committee in overseeing the Internal Audit Department shall:

- B.2.1 Review the annual internal audit plans, scope and objectives, resources, qualifications, independence, reporting structure and performance of internal audit.
- B.2.2 Monitor the implementation of the audit plan and where necessary ensure:
 - i. That appropriate action is taken in the recommendations of the Internal Auditors.
 - ii. That the scope, functions, competency and resources of the Internal Auditors are adequate and that it has the necessary authority to carry out its work.
- B.2.3 Review any appraisal or assessment of the performance of the staff of the Internal Audit Department.
- B.2.4 Approve any appointment or termination of the Head of Internal Audit Department.
- B.2.5 Take cognisance of resignations of the Head of Internal Audit Department and staff members of the Internal Audit Department and their reasons for resigning as stated in the Exit Interview Form(s).
- B.2.6 The 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.
- B.2.7 Upon the request of the Internal Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters that the Internal Auditors believe should be brought to the attention of the Audit Committee.
- B.2.8 The Audit Committee may convene meetings with the Internal Auditors without the attendance of the Executive Directors, Management and employees of the PNHB Group, whenever deemed necessary.
- B.2.9 The Internal Audit Department shall exercise independence, impartiality, proficiency and due professional care in the conduct of its audits on the activities of the PNHB Group.

B.3 Financial Reporting and Processes

The Audit Committee in overseeing all matters relating to the financial reporting and processes of PNHB Group shall:

- B.3.1 Provide assurance to the Board on the quality and reliability of the financial information used by the Board and the financial information issued publicly by PNHB Group.
- B.3.2 Assess whether the financial report presents a true and fair view of the PNHB Group's financial position and performance and complies with the regulatory requirements.
- B.3.3 Review the quarterly results and year end audited financial statements of PNHB Group prior to approval by the Board, focusing particularly on:
 - i. changes in or implementation of major accounting policy changes;
 - ii. significant and unusual events;
 - iii. nature of any unusual or significant commitments or contingent liabilities;
 - iv. the going concern assumption; and
 - v. compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT

B.3.4 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.

B.3.5 Review the adequacy and effectiveness of the PNHB Group's accounting procedures and policies, the adequacy and effectiveness of its risk management and system of internal controls as well as the financial reporting standards of the PNHB Group.

B.4 Other Matters

Carry out any other matters or functions as agreed by the Audit Committee and the Board.

C. AUTHORITY OF THE AUDIT COMMITTEE

In carrying out its duties and responsibilities, the Audit Committee shall have the following powers and authority, in accordance with the procedures to be determined by the Board and at the cost to the Company:

- i. Have the authority to investigate any matter within its Terms of Reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full and unrestricted access to any information pertaining to the PNHB Group;
- iv. Have direct communication channels with the External Auditors and person(s) carrying out the Internal Audit function or activity;
- v. Be able to obtain independent professional or other advice; and
- vi. Be able to convene meetings with the External Auditors and the person(s) carrying out the Internal Audit function or activity, or both, without the attendance of the Executive Directors, Management and employees of the PNHB Group, whenever deemed necessary.

D. REPORTING BREACHES TO THE EXCHANGE

When the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee shall promptly report such matter to the Exchange.

The full text of the Terms Of Reference ("TOR") of the Audit Committee can be viewed at PNHB's website, www.puncakniaga.com.my under the Investor Relations link.

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 SIGNIFICATION 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 OUR VISION IS TO BE THE LEADING REGIONAL INTEGRATED WATER, WASTEWATER AND ENVIRONMENTAL SOLUTIONS PROVIDER WITH INVOLVEMENT IN THE OIL AND GAS SECTOR AND TO EMERGE AS A PROMINENT PLAYER IN THE PLANTATION AND PROPERTY DEVELOPMENT SECTORS.

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. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies.

COMMUNITY

We support philanthropic and charitable giving, support for and active engagement with the 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.

STAKEHOLDERS

We protect the interests and priorities of our stakeholders as well as managing risks in order to maximise profits for the success and growth of the Company.

EMPLOYEES

We respect the rights and diversity of our employees, irrespective of race and gender whilst providing a dynamic workplace and equal opportunities, improving employee satisfaction whilst enhancing the intellectual capital through continuous investment in training and development of employees’ skills for the Company’s quantum growth.

STRATEGIC COLLABORATION AND KNOWLEDGE ENHANCEMENT AT ALL LEVELS

We promote continuous education and knowledge enhancement at all levels through collaborations with local and international higher education institutions and corporations.

WE ARE EQUALLY DEDICATED NOT ONLY TO MAINTAINING THE HIGHEST ETHICAL STANDARDS BUT ALSO TO ACHIEVING SUSTAINABILITY, BOTH IN OUR OPERATIONS AND IN OUR IMPACT ON THE ENVIRONMENT FOR THE BENEFITS OF OUR CUSTOMERS, SHAREHOLDERS, STAKEHOLDERS AND BUSINESS ASSOCIATES. WE BELIEVE THAT RESPONSIBLE BUSINESS PRACTICES CAN UNLOCK VALUE, INCREASE COMPETITIVENESS, ENHANCE REPUTATIONS, AND INCREASE BRAND AND STAKEHOLDERS’ VALUE FOR BUSINESS EXCELLENCE AND CORPORATE SUSTAINABILITY.

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 Board of Puncak Niaga is pleased to report on the Company's investor relations activities in 2015 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 2015, 5 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 and access the Group's information and corporate announcements at our website, www.puncakniaga.com.my. 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 Executive Director, Corporate Services Division/Group Company Secretary who will provide the relevant 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 108 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.

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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. 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.

The 2016 AGM will be held on Wednesday, 25 May 2016 at the Concorde Hotel Shah Alam. The Notice of AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2016 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 25 May 2016.

INVESTOR RELATIONS POLICY & REPORT

INVESTOR RELATIONS UNIT

The Investor Relations Unit (“IRU”) maintains a database of shareholders and investors who wish to be updated on the Group’s corporate developments and performances via e-mail.

Kindly e-mail us your contact details to the attention of Madam Tan Bee Lian, Executive Director, Corporate Services Division/Group Company Secretary at 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 for public enquiries and investors@puncakniaga.com.my for investors’ enquiries.

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.

GENDER DIVERSITY POLICY

1.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad and its Group of Companies (“the Group”) is committed to workplace diversity. The Group recognises gender diversity as a means of enhancing the Group’s performance, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Gender diversity includes, but is not limited to age, ethnicity and cultural background. It involves recognising and valuing contribution, skills, experiences and talent from diverse background and different skills.

2.0 OBJECTIVES

The Group recognises gender diversity and support national aspirations in providing equal opportunities to both male and female employees. The Group believes that the Group’s success and competitiveness depends upon its ability to embrace diversity and realise the benefits such as follows:-

- The Group is free from gender discrimination where equal opportunity is given in hiring, training and career advancement of directors, officers and employees.
- Diverse workforce from various academic backgrounds, experience, skill, languages and cultural understanding can supply a greater variety of solutions to problems at workplace and allows a company to provide service to customers on a global basis.

3.0 RESPONSIBILITIES

The Board is responsible to foster an environment where each individual is respected and equal opportunity is given to all employees in respect of career development based on performance with a particular focus on participation of female employees on the Group’s Board and Senior Management. The Board will set a direction on gender diversity from time to time to achieve the objectives of this Policy.

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 2015 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 2015:

"ACQUA"	: Acqua SPV Berhad
"Air Selangor"	: Pengurusan Air Selangor Sdn. Bhd. (formerly known as Temasek Tiasa Sdn. Bhd.)
"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
"Hebei Sino"	: Hebei Sino Panlong Industrial Water Supply Co. Ltd.
"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
"LUWEI"	: Luwei (Pingdingshan) Water Co. Ltd.

DEFINITIONS (CONTINUED)

“MCPs”	:	Al-Murabahah Commercial Papers
“MMTNs”	:	Al-Murabahah Medium Term Notes
“MOF”	:	Ministry of Finance, Incorporated
“O&M”	:	Operations & Maintenance
“PAAB”	:	Pengurusan Aset Air Berhad
“PCCA”	:	Privatisation Cum Concession Agreement
“PNOC”	:	Puncak Niaga Overseas Capital Pte. Ltd.
“PNIPPL”	:	Puncak Niaga Infrastructures and Projects Pte. Ltd.
“PNHB”	:	Puncak Niaga Holdings Berhad
“PNSB”	:	PNSB Water Sdn. Bhd. (formerly known as Puncak Niaga (M) Sdn. Bhd.)
“POG”	:	Puncak Oil & Gas Sdn. Bhd.
“PRC”	:	People’s Republic of China
“PUAS”	:	Perbadanan Urus Air Selangor Berhad
“PNCBSB”	:	Puncak Niaga Construction Sdn. Bhd.
“PNMSSB”	:	Puncak Niaga Management Services Sdn. Bhd.
“RCULS”	:	Redeemable Convertible Unsecured Loan Stocks
“RCSSI”	:	5-year Redeemable Convertible Secured Sukuk Ijarah
“RM”	:	Ringgit Malaysia
“RMB”	:	Chinese Yuan Renminbi
“RSBs”	:	RM435,000,000 Nominal Value Ten-Year Redeemable Secured Bonds of PNSB
“RZ Management”	:	RZ Management Services Sdn. Bhd.
“Serba Tiara”	:	Serba Tiara Sdn. Bhd.
“SGD”	:	Singapore Dollar
“SINO”	:	Sino Water Pte. Ltd.
“Sino Water (Shanghai)”	:	Sino Water Environmental Consultancy (Shanghai) Co. Ltd.

DEFINITIONS (CONTINUED)

“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

for the year ended 31 December 2015

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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are disclosed in Note 7 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	63,058	1,162,753
Profit attributable to:		
Owners of the Group/Company	65,576	1,162,753
Non-controlling interests	(2,518)	-
	63,058	1,162,753

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

A Special Dividend of RM1.00 per ordinary share, amounting to RM447,171,674 in respect of the financial year ended 31 December 2015 was paid by the Company to the entitled shareholders of the Company on 23 December 2015 post completion of the disposal of PNSB and SYABAS to Air Selangor.

Save and except for the above, the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2015.

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
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
Datuk Haji Syed Hisham Bin Syed Wazir (appointed on 6 November 2015)
Dato' Syed Danial Bin Syed Ariffin (resigned on 6 November 2015)
Azlan Shah Bin Rozali (appointed as Alternate Director to Tan Sri Rozali Bin Ismail on 6 January 2016)

DIRECTORS' REPORT

for the year ended 31 December 2015

DIRECTORS OF THE COMPANY (CONTINUED)

In accordance with Article 98 of the Company's Articles of Association, YBhg Tan Sri Rozali Bin Ismail, YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy and YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud shall retire from office by rotation at the forthcoming Nineteenth Annual General Meeting of the Company and, being eligible, had offered themselves for re-election.

In accordance with Article 103 of the Company's Articles of Association, YBhg Datuk Haji Syed Hisham Bin Syed Wazir shall retire from office by rotation at the forthcoming Nineteenth Annual General Meeting of the Company and, being eligible, had offered himself 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:

	Number of ordinary shares of RM1.00 each			
	1.1.2015	Acquired/ Conversion	Sold/ Conversion	31.12.2015
Name of director				
<i>Direct Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali Bin Ismail	1,729,000	172,900 [#]	-	1,901,900
Dato' Ir Lee Miang Koi	10,000	1,000 [#]	-	11,000
<i>Deemed Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali Bin Ismail	167,037,114 [*]	8,103,710 [#]	-	175,140,824 [*]
	354,000 ⁺	35,400 [#]	-	389,400 ⁺
Tan Sri Dato' Seri Dr Ting Chew Peh	42,000 ^{**}	4,200 [#]	-	46,200 ^{**}

DIRECTORS' REPORT

for the year ended 31 December 2015

DIRECTORS' INTERESTS IN SHARES AND WARRANTS (CONTINUED)

	Number of warrants			
	1.1.2015	Acquired/ Conversion	Sold/ Conversion	31.12.2015
Name of director				
<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*	-	(8,103,710) [#] (8,600,000)	-
	35,400 ⁺	-	(35,400) [#]	-
Tan Sri Dato' Seri Dr Ting Chew Peh	4,200**	-	(4,200) [#]	-

* 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.

Conversion of warrants to ordinary shares at the par value of RM1.00 each.

By virtue of his interests in the shares of the Company, YBhg 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 2015 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.

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.

DIRECTORS' REPORT

for the year ended 31 December 2015

ISSUE OF SHARES AND DEBENTURES

During the year, the issued and paid-up share capital of the Company was increased from 415,959,777 ordinary shares of RM1.00 each to 449,283,784 ordinary shares of RM1.00 each by the issuance of 32,574,007 new ordinary shares of RM1.00 each pursuant to the conversion of warrants ("Warrants Conversion") and issuance of 750,000 new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI ("RCSSI Conversion") respectively. The issuance of warrants and RCSSI were approved by the shareholders of the Company at an EGM held on 28 May 2013.

As at 31 December 2015, the number of outstanding warrants in the Company stood at 5,269,720 (2014: 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.

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 4, 6, 7, 10, 13 and 23 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 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.

DIRECTORS' REPORT

for the year ended 31 December 2015

SIGNIFICANT EVENTS

Significant events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
TAN SRI ROZALI BIN ISMAIL

.....
DATUK HAJI SYED HISHAM BIN SYED WAZIR

Shah Alam

Date: 30 March 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	195,194	244,414	1,244	1,224
Investment properties	5	181,557	181,495	109,695	32,195
Service concession assets	6	61,203	64,512	-	-
Investment in subsidiaries	7	-	-	181,878	47,950
Investment in associates	8	2	46	9	51
Investment in joint ventures	9	739	814	-	-
Goodwill	10	1,249	26,351	-	-
Deferred tax assets	11	25,722	18,227	-	-
		465,666	535,859	292,826	81,420
Current assets					
Inventories	12	106	1,211	-	-
Trade and other receivables	13	97,063	239,318	185,848	254,566
Short-term investments	14	922,146	10,269	922,146	10,269
Tax recoverable		2,433	6,799	6	303
Cash and cash equivalents	15	378,549	446,347	286,367	354,236
		1,400,297	703,944	1,394,367	619,374
Assets classified as held for sale	16	-	3,618,098	-	760,990
		1,400,297	4,322,042	1,394,367	1,380,364
Total assets		1,865,963	4,857,901	1,687,193	1,461,784

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital		449,284	415,960	449,284	415,960
Share premium		105,379	104,629	105,379	104,629
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)
Equity component of RCSSl		-	6,410	-	6,410
Reserves		99,807	(221,719)	16,305	16,547
Retained earnings		1,029,871	1,776,609	1,111,208	440,115
	17	1,678,400	2,075,948	1,676,235	977,720
Non-controlling interests		(4,183)	(1,967)	-	-
Total equity		1,674,217	2,073,981	1,676,235	977,720
Non-current liabilities					
Loans and borrowings	18	31,694	191,380	-	138,548
Trade and other payables	19	-	150	-	-
Deferred tax liabilities	11	9,720	21,235	4,119	27,837
		41,414	212,765	4,119	166,385
Current liabilities					
Loans and borrowings	18	39,488	29,981	-	-
Trade and other payables	19	110,700	269,518	6,839	317,679
Tax payable		144	306	-	-
		150,332	299,805	6,839	317,679
Liabilities classified as held for sale	16	-	2,271,350	-	-
		150,332	2,571,155	6,839	317,679
Total liabilities		191,746	2,783,920	10,958	484,064
Total equity and liabilities		1,865,963	4,857,901	1,687,193	1,461,784

The notes on pages 138 to 231 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations					
Revenue	20	188,694	606,635	-	-
Other income		77,966	36,113	1,426,563	33,011
Items of expense					
Raw materials, consumables and maintenance		(4,539)	(4,527)	-	-
Construction contract					
- Oil and gas services		(28,846)	(361,919)	-	-
- Others		(108,696)	(111,793)	-	-
Employee benefits expense	21	(79,440)	(95,741)	(3,849)	(1,735)
Impairment losses		(107,456)	(6,887)	(249,257)	(4,661)
Other expenses		(45,682)	(41,492)	(14,681)	(8,761)
Depreciation and amortisation expense		(21,214)	(11,161)	(555)	(423)
Finance costs	22	(23,139)	(18,067)	(18,518)	(11,645)
Share of results of equity accounted entities		(78)	(45)	-	-
(Loss)/Profit before tax	24	(152,430)	(8,884)	1,139,703	5,786
Tax credit/(expense)	25	17,160	1,659	23,050	(4,971)
(Loss)/Profit from continuing operations		(135,270)	(7,225)	1,162,753	815
Discontinued operations					
Profit from discontinued operations, net of tax	23	198,328	255,177	-	-
Profit for the year		63,058	247,952	1,162,753	815

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year (continued)		63,058	247,952	1,162,753	815
Other comprehensive (expense)/income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		1,416	(5,453)	-	-
Fair value (loss)/gain on short-term investment		(242)	213	(242)	213
Items that may not be reclassified subsequently to profit or loss					
Revaluation of land and buildings, net of tax	17.5	-	50,631	-	7,223
Total comprehensive income for the year		64,232	293,343	1,162,511	8,251
Profit attributable to:					
Owners of the Group/Company		65,576	248,383	1,162,753	815
Non-controlling interests		(2,518)	(431)	-	-
Profit for the year		63,058	247,952	1,162,753	815
Total comprehensive income attributable to:					
Owners of the Group/Company		66,448	293,103	1,162,511	8,251
Non-controlling interests		(2,216)	240	-	-
		64,232	293,343	1,162,511	8,251
Basic (loss)/earnings per ordinary share (sen per share):	26				
from continuing operations		(31.56)	(1.66)		
from discontinued operations		47.14	62.17		
		15.58	60.51		

The notes on pages 138 to 231 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	Attributable to owners of the Company				
	Non-distributable				
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000
At 1 January 2014		411,261	102,879	(5,941)	5,387
Foreign currency translation		-	-	-	(6,308)
Fair value gain on short-term investment		-	-	-	-
Revaluation of land and buildings, net of tax		-	-	-	-
Total other comprehensive (expense)/income		-	-	-	(6,308)
Profit/(Loss) for the year		-	-	-	-
Total comprehensive (expense)/income		-	-	-	(6,308)
<i>Contribution by and distributions to owners of the Group</i>					
Exercise of warrants		2,949	-	-	-
Conversion of RCSSI	18.2	1,750	1,750	-	-
Total transactions with owners of the Company		4,699	1,750	-	-
At 31 December 2014		415,960	104,629	(5,941)	(921)
At 1 January 2015		415,960	104,629	(5,941)	(921)
Foreign currency translation		-	-	-	1,132
Recycled to profit or loss on disposal of investment		-	-	-	-
Total other comprehensive income/(expense)		-	-	-	1,132
Profit/(Loss) for the year		-	-	-	-
Total comprehensive income/(expense)		-	-	-	1,132
<i>Contribution by and distributions to owners of the Company</i>					
Exercise of warrants		32,574	-	-	-
Realisation of reserve on disposal of a subsidiary		-	-	-	-
Dividend paid	28	-	-	-	-
Repurchase of RCSSI	18.2	-	-	-	-
Conversion of RCSSI	18.2	750	750	-	-
Total transactions with owners of the Company		33,324	750	-	-
At 31 December 2015		449,284	105,379	(5,941)	211

The notes on pages 138 to 231 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

					Distributable		
Revaluation reserve RM'000	Equity component of RCSSI RM'000	Other reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
69,088	6,770	(340,943)	29	1,528,226	1,776,756	(2,207)	1,774,549
-	-	184	-	-	(6,124)	671	(5,453)
-	-	-	213	-	213	-	213
50,631	-	-	-	-	50,631	-	50,631
50,631	-	184	213	-	44,720	671	45,391
-	-	-	-	248,383	248,383	(431)	247,952
50,631	-	184	213	248,383	293,103	240	293,343
-	-	-	-	-	2,949	-	2,949
-	(360)	-	-	-	3,140	-	3,140
-	(360)	-	-	-	6,089	-	6,089
119,719	6,410	(340,759)	242	1,776,609	2,075,948	(1,967)	2,073,981
119,719	6,410	(340,759)	242	1,776,609	2,075,948	(1,967)	2,073,981
-	-	(18)	-	-	1,114	302	1,416
-	-	-	(242)	-	(242)	-	(242)
-	-	(18)	(242)	-	872	302	1,174
-	-	-	-	65,576	65,576	(2,518)	63,058
-	-	(18)	(242)	65,576	66,448	(2,216)	64,232
-	-	-	-	-	32,574	-	32,574
-	-	320,654	-	(320,654)	-	-	-
-	-	-	-	(447,172)	(447,172)	-	(447,172)
-	(6,410)	-	-	(44,488)	(50,898)	-	(50,898)
-	-	-	-	-	1,500	-	1,500
-	(6,410)	320,654	-	(812,314)	(463,996)	-	(463,996)
119,719	-	(20,123)	-	1,029,871	1,678,400	(4,183)	1,674,217

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

Company	Note		
		Share capital RM'000	Share premium RM'000
At 1 January 2014		411,261	102,879
Fair value gain on short-term investment		-	-
Revaluation of land and buildings, net of tax		-	-
Total other comprehensive income		-	-
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	18.2	1,750	1,750
Total transactions with owners of the Company		4,699	1,750
At 31 December 2014		415,960	104,629
At 1 January 2015		415,960	104,629
Recycled to profit or loss on disposal of 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		32,574	-
Dividend paid	28	-	-
Repurchase of RCSSI	18.2	-	-
Conversion of RCSSI	18.2	750	750
Total transactions with owners of the Company		33,324	750
At 31 December 2015		449,284	105,379

The notes on pages 138 to 231 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

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 reserve RM'000	Retained earnings RM'000	
	(5,941)	9,082	6,770	29	439,300	963,380
	-	-	-	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
	(5,941)	16,305	6,410	242	440,115	977,720
	(5,941)	16,305	6,410	242	440,115	977,720
	-	-	-	(242)	-	(242)
	-	-	-	(242)	-	(242)
	-	-	-	-	1,162,753	1,162,753
	-	-	-	(242)	1,162,753	1,162,511
	-	-	-	-	-	32,574
	-	-	-	-	(447,172)	(447,172)
	-	-	(6,410)	-	(44,488)	(50,898)
	-	-	-	-	-	1,500
	-	-	(6,410)	-	(491,660)	(463,996)
	(5,941)	16,305	-	-	1,111,208	1,676,235

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Continuing operations					
Cash flows from operating activities					
Receipts from customers		344,279	652,740	-	-
Other income		3,884	2,303	72	81
Payments for operating expenses		(110,615)	(124,647)	(7,430)	(11,904)
Payments to contractors		(311,098)	(498,870)	-	-
Cash (used in)/generated from operations		(73,550)	31,526	(7,358)	(11,823)
Tax refund/(paid)		3,554	(290)	(371)	(235)
Interest received		14,550	11,116	12,138	9,236
Net cash (used in)/generated from operating activities		(55,446)	42,352	4,409	(2,822)
Cash flows from investing activities					
Acquisition of subsidiaries		-	-	-	(55)
Investment in redeemable preference shares of a subsidiary		-	-	(53,000)	-
Acquisition of property, plant and equipment	(iii)	(7,949)	(1,698)	(575)	(1,245)
Additions of service concession assets		(1,872)	(159)	-	-
Net (advances to)/repayment from subsidiaries		-	-	(47,344)	96,135
Net advance to associate		(5)	(2)	(4)	(2)
Net advance to a joint venture		-	(179)	-	(179)
Cash flows (used in)/generated from investing activities					
carried forward		(9,826)	(2,038)	(100,923)	94,654

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Continuing operations (continued)					
Cash flows (used in)/generated from investing activities brought forward		(9,826)	(2,038)	(100,923)	94,654
Disposal of discontinued operations - Proceeds from disposal of investment in subsidiary and joint venture, net of cash and cash equivalents disposed of	23	1,442,906	-	1,552,000	-
Disposal of a subsidiary - Proceeds from disposal net of cash and cash equivalents disposed of		(112)	111	-	-
Net (investment in)/proceeds from short-term investments		(902,402)	40,529	(902,402)	40,529
Proceeds from disposal of property, plant and equipment		1,846	-	-	-
Net cash generated from investing activities		532,412	38,602	548,675	135,183
Cash flows from financing activities					
Proceeds from loans and borrowings		26,176	160,114	-	-
Proceeds from conversion of warrants to ordinary shares		32,574	2,949	32,574	2,949
Dividend paid		(447,172)	-	(447,172)	-
Interest paid		(9,509)	(11,861)	(6,379)	(6,518)
Decrease in pledged deposit		50,193	704	-	-
Repayment of loan and borrowings		(256,340)	(265,124)	(200,000)	-
Repayment of obligation under finance leases		(2,440)	(1,158)	-	-
Net cash used in financing activities		(606,518)	(114,376)	(620,977)	(3,569)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Continuing operations (continued)					
Net (decrease)/increase in cash and cash equivalents from continuing operations		(129,552)	(33,422)	(67,893)	128,792
Discontinued operations					
Net cash generated from operating activities		16,998	120,703	-	-
Net cash used in investing activities		(2,398)	(13,403)	-	-
Net cash generated from/(used in) financing activities		4,823	(130,100)	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations		19,423	(22,800)	-	-
Net (decrease)/increase in cash and cash equivalents		(110,129)	(56,222)	(67,893)	128,792
Effects of exchange rate changes on cash held		700	5,261	24	6
Cash and cash equivalents at 1 January		487,951	538,912	354,236	225,438
Cash and cash equivalents at 31 December	(i)	378,522	487,951	286,367	354,236

(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	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Deposits with licensed banks		301,075	427,002	233,589	332,720
Cash and bank balances		77,474	187,106	52,778	21,516
	(ii)	378,549	614,108	286,367	354,236
Less: Cash and bank balances pledged		(27)	(126,157)	-	-
		378,522	487,951	286,367	354,236

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

(ii) The cash and cash equivalents are as follows:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	15	301,075	391,427	233,589	332,720
Cash and bank balances	15	77,474	54,920	52,778	21,516
		378,549	446,347	286,367	354,236
Assets classified as held for sale	16	-	167,761	-	-
		378,549	614,108	286,367	354,236

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM12,933,000 (2014: RM14,851,000), of which RM4,984,000 (2014: RM Nil), were acquired by means of finance leases.

(iv) Restatement of comparatives

The comparatives of the Group's statements of cash flows have been restated to be consistent with current year's presentation, whereby cash flows of discontinued operations are presented separately from cash flows of continuing operations.

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 2015 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 2015 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 Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 30 March 2016.

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 requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- 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*, 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*
- 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)*

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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- 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*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- 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 2018 for the accounting standards that are 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:

i) 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*. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

ii) 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 and financial liabilities, and on hedge accounting.

The Group and the Company have not assessed the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in RM, which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Deferred tax

Deferred tax assets are recognised for all unused tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying value of net deferred tax assets recognised by the Group as at 31 December 2015 was RM25,722,000 (2014: RM18,227,000). Further details are disclosed in Note 11.

(ii) 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.

(iii) Impairment of assets

The Group and the Company have made significant judgements to determine the key assumptions as described in the following notes:

- Note 4 - Impairment of property, plant and equipment
- Note 6 - Impairment of service concession assets
- Note 7 - Impairment of investment in subsidiaries
- Note 10 - Impairment of goodwill
- Note 13.4 - Impairment of amount due from subsidiaries

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.

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.

(ii) Business combinations

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.

NOTES TO THE FINANCIAL STATEMENTS

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. Investments 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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(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.

NOTES TO THE FINANCIAL STATEMENTS

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	12 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties (continued)

(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.

(f) Service concession

A portion of the Group's assets are used within the framework of Concession Agreement granted by the 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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Impairment (continued)

(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 CGUs. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU 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 CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(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.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue and other income (continued)

(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.

(vi) Management fee

Management fee income is recognised in the profit or loss when management services is rendered using cost plus method.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (continued)

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.

(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 statements of profit or loss and other comprehensive income is re-presented 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.

NOTES TO THE FINANCIAL STATEMENTS

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) LUWEI was incorporated on 28 January 2005 to undertake the Lushan County Water Supply Project for a concession period of thirty (30) years commencing from 1 May 2008. Under the concession, LUWEI is to invest, finance, construct, design, operate and maintain a 50,000 m³ per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China.

The Group completed the acquisition of LUWEI on 19 August 2008.

- (b) XINNUO was incorporated on 7 April 2008 to undertake the Yangxin County Chenluo Industrial and Commercial Park (formerly known as Yangxin County Trade Centre) Wastewater Treatment Project for a concession period of twenty eight (28) years commencing from 8 November 2007. Under the concession, XINNUO is to acquire, invest, finance, construct, design, operate and maintain a 30,000 m³ per day wastewater treatment plant in Laodian town (formerly known as Laodian Village), Yangxin County, Shandong Province, China.

The Group completed the acquisition of XINNUO on 2 July 2008.

- (c) 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

NOTES TO THE FINANCIAL STATEMENTS

3. AWARD OF CONCESSIONS (CONTINUED)

(c) PNSB was awarded the following concessions by the State Government (continued):

- (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").

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.

NOTES TO THE FINANCIAL STATEMENTS

3. AWARD OF CONCESSIONS (CONTINUED)

- (c) PNSB was awarded the following concessions by the State Government (continued):

PNSB and SYABAS had on 16 August 2007, entered into the following two (2) agreements:

- (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
- (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).

PNSB and SYABAS had ceased to be a subsidiary and joint venture of the Company on 15 October 2015 as disclosed in Notes 16 and 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Buildings RM'000	
Group	At valuation				
Cost/Valuation					
At 1 January 2014	2,800	180,660	42,669	10,174	
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 16)	-	-	-	-	
Transfer to investment properties (Note 5)	(3,165)	(175,530)	(2,800)	-	
Write off	-	-	-	-	
Exchange difference	-	-	16	-	
At 31 December 2014/1 January 2015	-	35,000	45,435	-	
Additions	-	-	-	-	
Disposals	-	-	-	-	
Disposals of subsidiary	-	-	-	-	
Write off	-	-	-	-	
Reclassification	-	-	-	-	
Exchange difference	-	-	51	-	
At 31 December 2015	-	35,000	45,486	-	

NOTES TO THE FINANCIAL STATEMENTS

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							
138,877	31,608	27,269	6,680	46,524	46,001	4,811	538,073
-	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
146,559	1,199	26,217	6,797	41,751	20,454	1,037	324,449
3,690	73	1,184	227	5,962	262	1,535	12,933
-	-	-	-	(9,741)	-	-	(9,741)
-	-	(5)	(3)	-	-	-	(8)
-	-	(263)	(259)	(32)	(115)	-	(669)
-	-	-	-	-	1,036	(1,036)	-
30,205	662	41	11	68	(90)	98	31,046
180,454	1,934	27,174	6,773	38,008	21,547	1,634	358,010

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Buildings RM'000	
Group	At valuation				
Depreciation and impairment loss					
At 1 January 2014					
Accumulated depreciation	-	3,789	3,449	868	
Accumulated impairment loss	-	-	1,455	-	
	-	3,789	4,904	868	
Depreciation for the year	-	1,954	830	158	
Disposals	-	-	-	-	
Disposals of subsidiary	-	-	-	-	
Elimination of accumulated depreciation and impairment loss on revaluation	-	(5,743)	(6,695)	-	
Reclassification	-	-	1,026	(1,026)	
Transfer to operating financial assets	-	-	-	-	
Transfer to assets held for sale (Note 16)	-	-	-	-	
Write off	-	-	-	-	
Exchange difference	-	-	4	-	
At 31 December 2014/1 January 2015					
Accumulated depreciation	-	-	69	-	
Accumulated impairment loss	-	-	-	-	
	-	-	69	-	
Depreciation for the year	-	131	227	-	
Disposals	-	-	-	-	
Disposals of subsidiary	-	-	-	-	
Impairment loss (Note 4.4)	-	-	-	-	
Write off	-	-	-	-	
Exchange difference	-	-	15	-	
At 31 December 2015					
Accumulated depreciation	-	131	311	-	
Accumulated impairment loss	-	-	-	-	
	-	131	311	-	
Carrying amounts					
At 31 December 2015	-	34,869	45,175	-	
At 31 December 2014/1 January 2015	-	35,000	45,366	-	
At 1 January 2014	2,800	176,871	37,765	9,306	

NOTES TO THE FINANCIAL STATEMENTS

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							
10,336	14,346	22,386	4,814	19,500	31,097	-	110,585
-	-	-	-	-	-	-	1,455
10,336	14,346	22,386	4,814	19,500	31,097	-	112,040
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
15,736	1,066	20,862	4,555	21,545	16,388	-	80,221
-	-	-	-	-	-	-	-
15,736	1,066	20,862	4,555	21,545	16,388	-	80,221
9,018	40	1,123	307	4,418	2,206	-	17,470
-	-	-	-	(3,051)	-	-	(3,051)
-	-	(4)	(3)	-	-	-	(7)
63,562	-	20	294	-	146	-	64,022
-	-	(213)	(1)	-	(4)	-	(218)
4,093	225	38	15	56	(63)	-	4,379
28,847	1,331	21,806	4,873	22,968	18,527	-	98,794
63,562	-	20	294	-	146	-	64,022
92,409	1,331	21,826	5,167	22,968	18,673	-	162,816
88,045	603	5,348	1,606	15,040	2,874	1,634	195,194
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

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long-term leasehold land RM'000	Computers, software and equipment RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
Company	At valuation	At cost			
Cost/Valuation					
At 1 January 2014	19,600	-	892	-	20,492
Additions	-	209	-	1,036	1,245
Elimination of accumulated depreciation on revaluation	(624)	-	-	-	(624)
Revaluation surplus	2,219	-	-	-	2,219
Transfer to investment properties (Note 5)	(21,195)	-	-	-	(21,195)
At 31 December 2014/1 January 2015	-	209	892	1,036	2,137
Additions	-	575	-	-	575
Reclassification	-	-	1,036	(1,036)	-
At 31 December 2015	-	784	1,928	-	2,712
Depreciation					
At 1 January 2014	416	-	892	-	1,308
Depreciation for the year	208	21	-	-	229
Elimination of accumulated depreciation on revaluation	(624)	-	-	-	(624)
At 31 December 2014/1 January 2015	-	21	892	-	913
Depreciation for the year	-	210	345	-	555
At 31 December 2015	-	231	1,237	-	1,468
Carrying amounts					
At 31 December 2015	-	553	691	-	1,244
At 31 December 2014/1 January 2015	-	188	-	1,036	1,224
At 1 January 2014	19,184	-	-	-	19,184

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.1 Assets pledged as security

Property, plant and equipment of the subsidiaries with total carrying amount of RM88,203,000 (2014: RM130,963,000) have been charged as security for borrowings of the Group as disclosed in Note 18 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 RM6,656,000 (2014: RM4,234,000).

4.3 Revaluation of leasehold land and buildings

During the last financial year, the leasehold land and buildings were revalued to fair value. 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).

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.3 Revaluation of leasehold land and buildings (continued)

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.

If the leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Leasehold land at 31 December:				
Cost	21,110	21,110	-	-
Accumulated depreciation	(3,031)	(2,804)	-	-
Carrying amount	18,079	18,306	-	-
Buildings at 31 December:				
Cost	49,346	49,346	-	-
Accumulated depreciation	(4,719)	(4,137)	-	-
Carrying amount	44,627	45,209	-	-
	62,706	63,515	-	-

4.4 Impairment loss on barge vessel

An impairment loss on the barge vessel of RM63,562,000 (2014: RM Nil) is recognised during the year as the carrying amount of the vessel exceeds its estimated recoverable amount. The impairment loss is included in impairment losses caption in the statements of profit or loss and other comprehensive income.

During the financial year, the results of the Oil and Gas operating segment are adversely affected by the economic downturn and the significant decline in oil prices. The barge vessel's charter has during the year changed from a bare boat charter basis to a time charter basis. With this change, the barge vessel will also be available for charter to external parties, other than solely to GOM Resources.

The directors determined the recoverable amount of the barge vessel by estimating its fair value less cost of disposal ("FVLCD"). The FVLCD of the barge vessel is arrived at using the income approach internally, without involving a valuer, by discounting expected future cash flows using a discount rate of 10% per annum. The fair value was categorised as Level 3 fair value based on unobservable inputs used in the valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.4 Impairment loss on barge vessel (continued)

The recoverable amount was as follows:

Group	2015 RM'000
Recoverable amount	88,045

The future cash flows over the remaining useful life of the barge vessel were based on the Directors' assessments of cash inflows from estimated future earnings, outflows of expected operating costs and residual value using the following key assumptions:

- (a) The daily time charter rate, on-hire days and residual value of the barge vessel are determined based on the Directors' best estimates, taking into consideration industry cycle, historical performance, available market data and future outlook of the oil and gas industry; and
- (b) Remaining useful life of the barge vessel is 11 years.

Following an impairment of the barge vessel, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in the key assumptions may result in a further impairment loss.

Sensitivity analysis

An additional impairment loss of RM10,000,000 will arise from the following changes of the key assumptions in isolation:

- (i) an increase of 2% in the discount rate; or
- (ii) a 10% decrease in daily charter rate of the barge vessel; or
- (iii) a 5% decrease in the expected on-hire days of the barge vessel.

This barge vessel is included in the Oil and Gas operating segment of the Group.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value				
Freehold land	3,165	3,165	-	-
Long-term leasehold land	175,530	175,530	98,695	21,195
Buildings	2,862	2,800	11,000	11,000
	181,557	181,495	109,695	32,195

During the last financial year, certain properties were transferred from property, plant and equipment to investment properties due to the change in intention of use.

During the current financial year, a subsidiary had disposed several pieces of leasehold land to the Company at a nominal value of RM1. The disposal by the subsidiary is treated as a distribution to the Company. The land is recorded at its fair value by the Company with a corresponding entry as distribution from the subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS

6. SERVICE CONCESSION ASSETS

	Note	Group	
		2015 RM'000	2014 RM'000
Cost			
At 1 January		75,929	117,199
Additions		1,872	464
Disposal		(36)	(521)
Disposal of a subsidiary	6.1	(10,663)	-
Transfer to assets held for sale	16	-	(44,207)
Exchange differences		17,326	2,994
At 31 December		84,428	75,929
Amortisation and impairment loss			
At 1 January		11,417	32,637
Amortisation charge for the year		3,744	3,268
Disposal		(17)	(59)
Disposal of a subsidiary	6.1	(7,773)	-
Impairment loss	6.2	12,000	5,847
Transfer to assets held for sale	16	-	(29,878)
Exchange differences		3,854	(398)
At 31 December			
Accumulated amortisation		11,225	5,570
Accumulated impairment loss		12,000	5,847
		23,225	11,417
Carrying amount		61,203	64,512

Service concession assets represent the Group's rights to acquire, invest, finance, construct, design, operate and maintain water and wastewater treatment plants as detailed in Note 3 to the financial statements.

6.1 Disposal of a subsidiary

On 8 December 2015, the Company's subsidiary, SINO had disposed its 80% equity interest in Hebei Sino as disclosed in Note 7 and 35 to the financial statements.

6.2 Impairment loss on service concession assets

During the financial year, the results of the Water and Wastewater operating segment are adversely affected by the delay in local government's enforcement on closure of private wells and suspension of manufacturing entities in the area where the concessions are operating. These events are expected to have continuous adverse effect on the operations of the Water and Wastewater operating segment in the near future.

NOTES TO THE FINANCIAL STATEMENTS

6. SERVICE CONCESSION ASSETS (CONTINUED)

6.2 Impairment loss on service concession assets (continued)

An impairment loss on the service concession assets of RM12,000,000 (2014: RM Nil) is recognised during the year as the carrying amounts of the CGU, where they are included in, exceed their estimated recoverable amounts. The impairment loss is recognised in impairment losses caption in the statements of profit or loss and other comprehensive income.

Directors determined the value-in-use of the cash generating assets by discounting expected future cash flows generated from the service concession assets over the remaining concession period based on the Directors' assessments of cash inflows from estimated future earnings and outflows of expected operating costs.

The recoverable amounts of the service concession assets based on value-in-use method, are as follows:

Group	2015 RM'000
Recoverable amount	
- LUWEI	40,596
- XINNUO	20,607
	61,203

(a) LUWEI

LUWEI hold a concession to invest, finance, construct, design, operate and maintain a 50,000 m³ per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China, as per described in Note 3(a).

For the purpose of impairment testing, the service concession asset of LUWEI is grouped together with other assets of LUWEI as one CGU.

The cash flows to arrive at the value-in-use, discounted at 14% per annum, were prepared using the following key assumptions:

- (i) Projected cash flow period base on concession period of 30 years from 2016 to 2038; and
- (ii) The water tariff rate, optimum plant's capacity and proportion of non-revenue water are determined based on the Directors' best estimates, taking into consideration historical performance, local government's enforcement, available market data and future outlook of the water industry.

Sensitivity analysis:

An additional impairment loss of RM10,000,000 will arise from the following changes of the key assumptions in isolation:

- (i) an increase of 2% in the discount rate; or
- (ii) a delay in cash inflow by 1 year to achieve optimum capacity.

NOTES TO THE FINANCIAL STATEMENTS

6. SERVICE CONCESSION ASSETS (CONTINUED)

6.2 Impairment loss on service concession assets (continued)

(b) XINNUO

XINNUO hold a concession to acquire, invest, finance, construct, design, operate and maintain a 30,000 m³ per day wastewater treatment plant in Laodian town, Yangxin County, Shandong Province, China as described in Note 3(b).

For the purpose of impairment testing, the service concession asset of XINNUO is grouped together with other assets of XINNUO as one CGU.

The cash flows to arrive at the value-in-use, discounted at 14% per annum, were prepared using the following key assumptions:

- (i) Projected cash flow period base on concession period of 28 years from 2016 to 2036; and
- (ii) The wastewater tariff rate and optimum plant's capacity are determined based on the Directors' best estimates, taking into consideration historical performance, local government's enforcement, available market data and future outlook of the wastewater industry.

Sensitivity analysis

An additional impairment loss of RM10,000,000 will arise from an increase of 4% in the discount rate.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Cost		
Unquoted shares		
- In Malaysia	283,709	47,700
- Outside Malaysia	3,904	3,904
	287,613	51,604
Less: Accumulated impairment losses	(105,735)	(3,654)
	181,878	47,950

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest	
		2015 %	2014 %
Incorporated in Malaysia			
PNSB (ceased to be a subsidiary on 15 October 2015)	Operation, maintenance, management, construction, rehabilitation and refurbishment of water treatment facilities	-	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	Provision of management, advisory and consultancy services	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	100
Ideal Water Resources Sdn. Bhd.*	Dormant	100	100
Unggul Raya (M) Sdn. Bhd.*	Dormant	100	100
Incorporated in Singapore			
SINO**	Investment in water and wastewater projects in PRC	98.65	98.65
PNOC**	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Principal activities	Effective ownership interest and voting interest	
		2015 %	2014 %
Incorporated in India			
PNIPPL*	Dormant	100	100
Incorporated in PRC			
Subsidiaries of SINO			
LUWEI*	Treatment and distribution of water and related services	92.54	91.59
XINNUO*	Treatment of wastewater and related services	98.65	98.65
Sino Water (Shanghai)**	Consultancy services for water and wastewater	98.65	98.65
Hebei Sino (ceased to be a subsidiary on 8 December 2015)	Distribution of water to industrial areas	-	78.92
Incorporated in Malaysia			
Subsidiaries of POG			
GOM Resources	Provide offshore installation services of integrated transportation and installation of offshore facilities	100	100
KGL	Involves in the offshore leasing of vessels on time charter basis	100	100
Incorporated in Myanmar			
Subsidiary of POG			
GOL*	Dormant	100	100

* Audited by firms other than KPMG

** Audited by member firms of KPMG International

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

7.1 Increase in investment of subsidiaries

During the year, property, plant and equipment and investment properties amounting to RM160,956,000 that were distributed by PNSB to the Company were injected into some subsidiaries. Amount due to PNSB by the subsidiaries of RM21,552,000 was waived by PNSB and is deemed as capital injection by the Company to the subsidiaries (Note 24.2).

During the year, the Company also further invested in Redeemable Preference Shares in the Oil and Gas operating segment of RM53,000,000 and capitalised amount due from a subsidiary of RM500,000.

7.2 Disposal of shares in subsidiary

- (i) PNSB ceased to be a subsidiary of the Company on 15 October 2015 as disclosed in Note 35 to the financial statements.

On 15 October 2015, PNSB had transferred all the shares held in its two (2) wholly-owned subsidiaries, Ideal Water Resources Sdn. Bhd. and Unggul Raya (M) Sdn. Bhd. to the Company in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 11 November 2014 between the Company and Air Selangor as disclosed in Note 35 to the financial statements.

- (ii) Hebei Sino ceased to be a subsidiary of SINO on 8 December 2015 as disclosed in Note 35 to the financial statements.

7.3 Impairment loss on investment in subsidiaries

At Company level, the increase in impairment loss during the year amounting to RM102,081,000 was mainly attributable to the subsidiaries that are in the Oil and Gas operating segment.

The recoverable amount of the investment in subsidiaries was based on fair value less cost of disposal by estimating the fair value of the underlying assets and liabilities of the subsidiaries. The key underlying asset held by these subsidiaries is the barge vessel of which the fair value less cost of disposal is estimated using the income approach as described in Note 4.4.

The carrying amount of the investment in subsidiaries amounting to RM283,959,000 (2014: RM51,604,000) was determined to be higher than its recoverable amount of RM181,878,000 (2014: RM47,950,000) and an impairment loss of RM102,081,000 (2014: RM3,654,000) was recognised. The impairment loss is included in impairment losses caption in the statements of profit or loss and other comprehensive income.

Following an impairment of the cost of investment in subsidiaries, the recoverable amount is equal to the carrying amount. Therefore any adverse change in the key assumptions may result in a further impairment loss.

Sensitivity analysis:

An additional impairment loss of RM10,000,000 will arise from a decrease in the fair value of the barge vessel by 12%.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	-	42	-	42
Advances to associates	11	10	9	9
Share of post-acquisition reserves	(9)	(6)	-	-
	2	46	9	51

Name	Principal activities	Effective ownership interest and voting interest	
		2015 %	2014 %
Incorporated in Malaysia			
Oasis Water Resources Sdn. Bhd. (ceased to be an associate on 5 November 2015)	Dormant	-	40
Purnama Persada Sdn. Bhd.	Dormant	50	50

9. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Advances to joint ventures	5,448	5,338	5,448	5,338
Less: Accumulated impairment loss	(5,448)	(5,338)	(5,448)	(5,338)
	-	-	-	-
Share of post-acquisition reserves	739	814	-	-
	739	814	-	-

NOTES TO THE FINANCIAL STATEMENTS

10. GOODWILL

	Note	Group	
		2015 RM'000	2014 RM'000
At 1 January		26,351	26,254
Impairment loss		(25,240)	-
Exchange differences		138	97
At 31 December		1,249	26,351
Goodwill is allocated to CGUs in following segments:			
Oil and Gas	10.1	-	21,458
Water and Wastewater	10.2	159	3,803
Construction		1,090	1,090
		1,249	26,351

10.1 Oil and Gas

At Group level, 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 operating segment.

The Directors have assessed for impairment of Oil and Gas operating segment as a whole (containing goodwill). The Oil and Gas operating segment CGU's impairment test was based on its value-in-use, determined by discounting future cash flows to be generated by the Oil and Gas operating segment CGU, derived from financial budgets approved by the Directors and/or based on the Directors' best estimates.

The following describes each key assumptions used in the cash flow projections on the impairment testing of goodwill:

(i) Budgeted gross margins and growth

Management determined budgeted revenue, gross margin and results based on its secured contracts and/or its expected order book in line with its expectations of relevant market development.

(ii) Discount rate

The discount rate used in the cash flow projections was 10% (2014: 8%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

10. GOODWILL (CONTINUED)

10.1 Oil and Gas (continued)

In the current financial year, with the economic downturn of the oil and gas industry and the significant decline in oil prices, the Directors assume minimal future cash flows will be generated from the Oil and Gas operating segment CGU. The carrying amount of the unit was determined higher than its recoverable amount determined using value-in-use. An impairment loss of RM21,458,000 (2014: RM Nil) was recognised. The impairment loss was allocated fully to goodwill and is included in impairment losses caption in the statements of profit or loss and other comprehensive income. Other assets comprising mainly the barge vessel are stated at their estimated fair value less cost of disposal (Note 4.4).

10.2 Water and Wastewater

At Group level, goodwill amounting to RM3,803,000 arose from the acquisition of LUWEI and XINNUO and this goodwill is allocated to the Water and Wastewater operating segment.

The Water and Wastewater operating segment was adversely affected by the delay in local government's enforcement on closure of private wells and suspension of manufacturing entities in the area which its operate.

The Water and Wastewater operating segment CGU's impairment test is based on its value-in-use, determined by discounting future cash flows to be generated by the Water and Wastewater operating segment CGU, as described in Note 6.2.

As a result of the impairment of the carrying value of the CGUs of LUWEI and XINNUO as discussed in Note 6.2, goodwill allocated to the Water and Wastewater operating segment of RM3,782,000 (2014: RM Nil) is impaired during the year. The impairment loss is included in the impairment losses caption in the statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

Group	As at 1 January 2014 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in equity and other comprehensive income RM'000	Transfer to liabilities held for sale (Note 16) RM'000	As at 31 December 2014/ 1 January 2015 RM'000	Recognised in profit or loss (Note 25) RM'000	As at 31 December 2015 RM'000
Deferred tax (liabilities)/assets							
Loans and borrowings	(29,014)	3,854	761	23,609	(790)	790	-
Interest receivable	(13,841)	4,255	-	-	(9,586)	9,586	-
Service concession assets	(1,633)	106	-	-	(1,527)	(31)	(1,558)
Operating financial assets	(159,931)	2,858	-	157,073	-	-	-
Trade receivables	(458,652)	(112,247)	-	573,472	2,573	(151)	2,422
Property, plant and equipment	(10,664)	34,621	11,048	(42,857)	(7,852)	1,514	(6,338)
Unutilised tax losses	64,073	24,182	-	(73,373)	14,882	2,531	17,413
Reinvestment allowance	142,598	-	-	(142,598)	-	-	-
Others	6,794	(3,301)	(678)	(3,523)	(708)	4,771	4,063
	(460,270)	(45,672)	11,131	491,803	(3,008)	19,010	16,002
Company Deferred tax (liabilities)/assets							
Interest receivable	(20,146)	(2,782)	-	-	(22,928)	22,928	-
Property, plant and equipment	(2,967)	(1,996)	2,028	-	(2,935)	-	(2,935)
Loans and borrowings	(1,390)	(161)	761	-	(790)	790	-
Others	-	(565)	(619)	-	(1,184)	-	(1,184)
	(24,503)	(5,504)	2,170	-	(27,837)	23,718	(4,119)

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	25,722	18,227	-	-
Deferred tax liabilities	(9,720)	(21,235)	(4,119)	(27,837)
	16,002	(3,008)	(4,119)	(27,837)

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 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	
	2015 RM'000	2014 RM'000
Tax losses and capital allowances	4,320	2,296

12. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Cost		
Water treatment chemicals	96	119
Fuel	10	1,092
	106	1,211

During the year, the amount of inventories recognised in the profit or loss of the Group was RM828,000 (2014: RM9,434,000) and is included in the following line items:

	Group	
	2015 RM'000	2014 RM'000
Construction contract on oil and gas	828	9,434

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade receivables	13.1	17,003	49,206	-	-
Amount due from contract customers	13.2	39,883	164,780	-	-
Retention sum held by customers	13.3	4,355	1,247	-	-
Advances to subcontractors		7,363	12,426	-	-
		68,604	227,659	-	-
Less: Impairment losses on trade receivables		-	(5,021)	-	-
		68,604	222,638	-	-
Non-trade					
Amounts due from subsidiaries	13.4	-	-	331,959	258,968
Prepayments		9,260	7,883	468	412
Other receivables		30,745	13,207	14,492	11,327
Deposits		3,779	4,721	2,686	439
		43,784	25,811	349,605	271,146
Less: Impairment losses on non-trade receivables		(15,325)	(9,131)	(163,757)	(16,580)
		28,459	16,680	185,848	254,566
		97,063	239,318	185,848	254,566

13.1 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2014: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

13.2 Amount due from contract customers

	Group	
	2015 RM'000	2014 RM'000
Construction contracts costs incurred to date	658,734	890,747
Add: Attributable profits	14,524	67,137
	673,258	957,884
Less: Progress billings	(633,375)	(793,104)
	39,883	164,780

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

13.3 Retention sum held by customers

Retention sum held by customers relates to construction contracts and is unsecured and interest-free.

13.4 Amounts due from subsidiaries

The amounts due from subsidiaries are interest free, unsecured and repayable on demand. The significant increase in impairment loss is mainly arising from advances to subsidiaries that are operating in the Oil and Gas operating segment.

14. SHORT-TERM INVESTMENTS

	Group and Company	
	2015 RM'000	2014 RM'000
At 31 December/Market value	922,146	10,269

Short-term investments represent fund placements in financial institutions.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	301,075	391,427	233,589	332,720
Cash and bank balances	77,474	54,920	52,778	21,516
At 31 December	378,549	446,347	286,367	354,236

Included in cash and cash equivalents of the Group is an amount of RM27,000 (2014: RM85,000) pledged and assigned as security for borrowings as disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

16. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

During the last financial year, following the Group's commitment to sell its entire shareholdings held in PNSB and SYABAS respectively on 11 November 2014, the related assets and liabilities of their concession activities were presented as assets/liabilities classified as held for sale.

The sale of PNSB and SYABAS had been completed on 15 October 2015. The effect on the disposal is analysed in Note 23.

In the previous financial year, the assets and liabilities held for sale were as follows:

		Group	Company
	Note	2014 RM'000	2014 RM'000
Assets classified as held for sale			
Property, plant and equipment	16.1	2,596	-
Operating financial assets		780,058	-
Service concession assets	6	14,329	-
Investment in subsidiaries	7	-	412,532
Investment in joint ventures		-	150,789
Trade and other receivables	16.2	2,567,324	197,669
Inventories		5,857	-
Tax recoverable		80,173	-
Cash and cash equivalents	16.3	167,761	-
		3,618,098	760,990
Liabilities classified as held for sale			
Provision for retirement benefits		2,130	-
Loans and borrowings	16.4	1,725,899	-
Trade and other payables	16.5	51,518	-
Deferred tax liabilities	11	491,803	-
		2,271,350	-

16.1 Property, plant and equipment

Group	Cost (Note 4) RM'000	Accumulated depreciation (Note 4) RM'000	Carrying amount RM'000
2014			
Furniture and fittings	1,159	(930)	229
Motor vehicles	4,489	(2,877)	1,612
Computers, software and equipment	3,187	(2,432)	755
	8,835	(6,239)	2,596

NOTES TO THE FINANCIAL STATEMENTS

16. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.2 Trade and other receivables

	Group 2014 RM'000	Company 2014 RM'000
Trade		
Amount due from Serba Tiara	91,866	-
Amount due from joint venture, SYABAS	2,469,913	-
	2,561,779	-
Non-trade		
Joint venture RCULS	-	102,135
Joint venture – interest receivable	-	95,534
	-	197,669
Prepayment	2,865	-
Other receivables	498	-
Interest receivables	135	-
Sundry receivables	521	-
Deposits	1,526	-
	5,545	197,669
	2,567,324	197,669

In accordance with the Novation Agreement between PNSB, the State Government and SYABAS, SYABAS had a right to pay water treatment operators proportionately when SYABAS did not have sufficient funds. Compensation was charged on the outstanding late payment at 8.60% - 8.85% per annum. In the last financial year, 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.

16.3 Cash and cash equivalents

	Group 2014 RM'000
Deposits with licensed banks	35,576
Cash and bank balances	132,185
	167,761

Included in the cash and cash equivalents was an amount of RM Nil (2014: RM126,045,000) pledged and assigned as security for borrowings.

NOTES TO THE FINANCIAL STATEMENTS

16. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.4 Loans and borrowings

	Group 2014 RM'000
Government support loan	24,410
BAIDS/MCPs/MMTNs	1,017,477
JNA	229,755
RSBs	453,723
Obligation under finance leases	534
	1,725,899

16.5 Trade and other payables

	Group 2014 RM'000
Trade	
Third parties	11,075
	11,075
Non-trade	
Finance cost payable	15,634
Accruals	24,809
	40,443
	51,518

16.6 Capital commitment

	Group 2014 RM'000
Capital expenditures:	
Contracts approved and contracted for	12,425

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES

17.1 Share capital

	Group and Company			
	2015		2014	
	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	415,959,777	415,959,777	411,260,838	411,260,838
Issuance of shares under conversion of warrants	32,574,007	32,574,007	2,948,939	2,948,939
Issuance of shares pursuant to the conversion of RCSSI	750,000	750,000	1,750,000	1,750,000
At 31 December	449,283,784	449,283,784	415,959,777	415,959,777

(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 32,574,007 (2014: 2,948,939) new ordinary shares at RM1.00 each being issued.

As at 31 December 2015, 5,269,720 (2014: 37,843,727) warrants remained unexercised.

(c) RCSSI

During the year ended 31 December 2015, there was an issuance of 750,000 (2014: 1,750,000) new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI of RM1,500,000 (2014: RM3,500,000).

On 3 December 2015, the Company had fully repurchased all outstanding RCSSI of RM160.0 million in nominal value of the Company for a purchase consideration of RM200.0 million only ("RCSSI Repurchase"). Following the completion of the RCSSI Repurchase by the Company, the RCSSI had been cancelled accordingly.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES (CONTINUED)

17.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

17.3 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 2015, the Company held 2,036,800 (2014: 2,036,800) of the Company's ordinary shares at RM1.00 each as treasury shares.

17.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17.5 Revaluation reserve

The revaluation reserve relates 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 reserve are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January, gross	131,617	92,117	17,162	12,109
Add: Revaluation surplus of land and buildings, recognised in other comprehensive income	-	38,049	-	2,219
Others	-	1,451	-	2,834
At 31 December, gross	131,617	131,617	17,162	17,162
At 1 January, deferred tax	11,898	23,029	857	3,027
Less: Recognised in other comprehensive income for revaluation surplus for land and buildings	-	(11,131)	-	(2,028)
Others	-	-	-	(142)
At 31 December, deferred tax	11,898	11,898	857	857
At 31 December, net	119,719	119,719	16,305	16,305

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES (CONTINUED)

17.6 Equity component of RCSSI

The capital reserve comprises the equity portion of RCSSI issued (see Note 18).

On 3 December 2015, the Company had fully repurchased all outstanding RCSSI of RM160.0 million in nominal value of the Company for a purchase consideration of RM200.0 million only. Following the completion of the RCSSI Repurchase by the Company, the equity portion of RCSSI issued had been cancelled accordingly.

17.7 Other reserve

Other reserve represents the premium paid on the acquisition of non-controlling interest in KGL, GOM Resources and LUWEI.

17.8 Available-for-sale reserve

The available-for-sale reserve represents the fair value gain or losses from short-term investments.

18. LOANS AND BORROWINGS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Secured:					
USD term loan	18.1	8,587	34,965	-	-
RCSSI	18.2	-	138,548	-	138,548
Term loan	18.3	7,108	4,970	-	-
Obligation under finance leases	32.2	3,818	2,361	-	-
		19,513	180,844	-	138,548
Unsecured:					
Lushan MOF Novated World Bank Loan	18.4	12,181	10,536	-	-
		12,181	10,536	-	-
		31,694	191,380	-	138,548
Current					
Secured:					
USD term loan	18.1	34,348	27,972	-	-
Revolving credit	18.5	1,073	-	-	-
Term loan	18.3	663	-	-	-
Obligation under finance leases	32.2	1,461	1,217	-	-
		37,545	29,189	-	-
Unsecured:					
Lushan MOF Novated World Bank Loan	18.4	1,943	792	-	-
		1,943	792	-	-
		39,488	29,981	-	-

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.1 USD term loan

A subsidiary of the Group, KGL had in year 2012 secured a syndicated term loan facility of USD36 million from two local licensed banks. The loan had been drawdown in April 2012. The facility was originally for a period of six (6) months from the date of first drawing on the facility.

On 14 March 2012, the two local licensed banks have approved to extend the tenure of the facility to 5 years. The principal is repayable on a quarterly basis and the interest is payable on a quarterly basis at a rate of 2.0% above cost of funds per annum.

The above term loan is secured via the following:

- (i) First ship mortgage over KGL's barge vessel;
- (ii) Assignment of all the present and future rights, title and interests in and under the charter contracts of the barge vessel;
- (iii) Assignment of all the Designated Collection Accounts of KGL;
- (iv) All insurances in relation to the barge vessel;
- (v) Any requisition compensation paid or payable by KGL which relates to the barge vessel;
- (vi) Debenture over all fixed and floating assets of KGL; and
- (vii) Corporate guarantee from the ultimate holding company.

18.2 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 was payable by the Company to the RCSSI holders. The RCSSI would be redeemed in full by the Company by 17 September 2018 at their nominal value.

Each RCSSI holder was 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.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.2 RCSSI (continued)

The RCSSI was 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%.

During the year ended 31 December 2015, there was an issuance of 750,000 (2014: 1,750,000) new ordinary shares of RM1.00 each pursuant to the conversion of RCSSI of RM1,500,000 (2014: RM3,500,000).

On 3 December 2015, the Company had fully repurchased all outstanding RCSSI of RM160.0 million in nominal value of the Company for a purchase consideration of RM200.0 million only. Following the completion of the RCSSI Repurchase by the Company, the RCSSI had been cancelled accordingly.

The RCSSI is accounted for in the statements of financial position of the Group and of the Company as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
Liability component		
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)	(6,410)
Deferred taxation	(2,299)	(2,299)
Conversion of RCSSI	(5,000)	(3,500)
Liability component	128,436	129,936
Accretion of finance costs	13,221	8,612
Repurchase of RCSSI	(141,657)	-
Liability component as at 31 December	-	138,548

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Term loan

The term loan was granted to XINNUO to fund the purchase of the wastewater treatment plant phase I (excluding land) from Yangxin County Chenlou Industrial and Trading Park Waste Water Treatment Plant Co. Ltd., and for XINNUO's capital extension of additional treatment facilities.

The facility is repayable annually from 26 December 2016 and ending on 24 December 2018.

The facility is secured via the Standby Letter of Credit in USD equivalent to 105.9% term loan drawdown amount by OCBC Bank (Malaysia) in favour of OCBC Bank China Limited.

18.4 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% (2014: 0.91%) per annum.

18.5 Revolving credit

GOM Resources has 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.

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Trade					
Trade payables	19.1	53,006	239,014	-	-
Advances from contract customers		10,000	10,000	-	-
		63,006	249,014	-	-
Non-trade					
Amount due to a subsidiary	19.2	-	-	-	314,108
Other payables and accruals		47,694	20,504	6,839	3,571
		47,694	20,504	6,839	317,679
		110,700	269,518	6,839	317,679
Non-current					
Other payable		-	150	-	-
		110,700	269,668	6,839	317,679

19.1 Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 60 days (2014: 30 - 60 days) terms.

19.2 Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

During the financial year, amount due to a subsidiary is waived and is deemed as distribution to the Company.

20. REVENUE

Group	Continuing operations		Discontinued operations (Note 23)		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Water and Wastewater	654	581	452,579	553,615	453,233	554,196
Oil and Gas	62,099	476,525	-	-	62,099	476,525
Construction	125,211	128,815	22,615	9,119	147,826	137,934
Others	730	714	-	-	730	714
	188,694	606,635	475,194	562,734	663,888	1,169,369

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	63,135	73,170	1,452	1,148
Defined contribution plan	8,639	10,155	226	162
Other staff related expenses	7,666	12,416	2,171	425
	79,440	95,741	3,849	1,735

Included in employee benefits expense of the Group and the Company are the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM16,359,000 (2014: RM17,052,000) and RM273,000 (2014: RM Nil) respectively as further disclosed in Note 27.

22. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance cost on conventional borrowings				
Revolving credit interest	207	1,877	-	-
USD term loan interest	2,417	3,165	-	-
Interest expense on obligation under finance leases	974	195	-	-
Accretion of interest on RCSSI	11,205	11,491	11,204	11,491
Loss on RCSSI Repurchase	7,197	-	7,197	-
Bank charges	1,139	1,339	117	154
	23,139	18,067	18,518	11,645

23. DISCONTINUED OPERATIONS

On 11 November 2014, the Company entered into a conditional sale and purchase agreement with Air Selangor, a wholly owned subsidiary of KDEB for the proposed disposal by the Company of the entire equity interest and cumulative convertible redeemable preference shares held in PNSB and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in SYABAS for a total cash consideration of RM1,555.3 million (collectively referred to as the "Proposed Disposals").

The Proposed Disposals had been completed on 15 October 2015.

NOTES TO THE FINANCIAL STATEMENTS

23. DISCONTINUED OPERATIONS (CONTINUED)

Results of discontinued operations:

	Note	Group	
		2015 RM'000	2014 RM'000
Revenue	20	475,194	562,734
Other income		176,014	225,408
Impairment loss on assets held for sale		(37,906)	-
Operating expenses		(234,962)	(324,175)
Depreciation and amortisation expenses		-	(15,086)
Finance costs		(98,944)	(131,577)
Share of losses in joint venture		(12,016)	(14,950)
Profit before tax		267,380	302,354
Tax expense	25	(69,052)	(47,177)
Profit for the year		198,328	255,177

The profit from the discontinued operations of RM198,328,000 (2014: RM255,177,000) is attributable entirely to the owners of the Company.

Effect of disposal on the financial position of the Group:-

	Group 2015 RM'000
Property, plant and equipment	2,217
Service concession assets	14,899
Operating financial assets	684,810
Trade and other receivables	3,016,184
Inventories	6,260
Tax recoverable	80,173
Cash and cash equivalents	109,094
Loans and borrowings	(1,725,319)
Trade and other payables	(81,157)
Deferred tax liabilities	(555,161)
Net assets disposed	1,552,000
Gain on sale of discontinued operations	-
Consideration received, satisfied in cash	1,552,000
Cash and cash equivalents disposed of	(109,094)
Net cash inflow	1,442,906

NOTES TO THE FINANCIAL STATEMENTS

23. DISCONTINUED OPERATIONS (CONTINUED)

The profit from discontinued operations is arrived at after charging/(crediting) the following:-

	Group	
	2015 RM'000	2014 RM'000
Auditors' remunerations – Statutory audit	90	120
– Other non-audit services	-	179
Amortisation of service concession assets	-	1,366
Depreciation of property, plant and equipment	-	13,720
Property, plant and equipment written off	-	5,538
Loss on disposal of property, plant and equipment	46	49
Impairment loss on trade receivables: SYABAS	6,751	46,677
Impairment loss on assets held for sale		
- Service concession assets	37,786	-
- Property, plant and equipment	120	-
Employee benefits expense	67,466	91,633
Finance costs	98,944	131,577
Operating lease:		
- Minimum lease payments on motor vehicle and equipment	403	86
- Minimum lease payments on buildings	111	181
Profit earned from deposits	(2,439)	(4,037)
Rental income from land and building	(119)	(278)
Accretion of interest on long-term receivable:		
- Third party	-	(3,755)
Finance income from operating financial assets	(28,078)	(42,093)
Compensation for late payment from SYABAS	(144,893)	(169,814)

NOTES TO THE FINANCIAL STATEMENTS

24. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax from continuing operations is arrived at after charging:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amortisation of service concession assets		3,744	3,268	-	-
Auditors' remunerations	24.1	786	1,418	144	330
Depreciation of property, plant and equipment		17,470	9,259	555	229
Operating lease					
- Minimum lease payments on buildings		4,111	4,659	423	481
- Minimum lease payments on motor vehicle and equipment		8,363	9,017	26	-
Rental expenses on project equipment with third parties		63,760	91,233	-	-
Revaluation deficit of buildings		-	1,375	-	-
Impairment loss on amount due from subsidiaries		-	-	147,177	1,007
Impairment loss on investment in subsidiaries		-	-	102,081	3,654
Impairment loss on service concession assets		12,000	5,847	-	-
Impairment loss on property, plant and equipment		64,022	-	-	-
Impairment loss on goodwill		25,240	-	-	-
Impairment loss on non-trade receivable		6,194	-	-	-
Loss on disposal of property, plant and equipment		4,844	49	-	-
Property, plant and equipment written off		451	139	-	-
Bad debts written off		1,610	-	1,591	-
Realised foreign exchange loss		7,207	2,591	3	-
Unrealised foreign exchange loss		5,094	7,881	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

And (loss)/profit before tax from continuing operations is arrived at after crediting:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income – RCULS		12,016	14,950	12,016	14,950
Gain from disposal of a subsidiary and joint venture		795	2,635	782,294	-
Income arising from asset distribution and waiver of loan by PNSB	24.2	-	-	582,632	-
Gain on disposal of short-term investment		966	556	966	556
Fair value gain on short-term investment		8,751	-	8,751	-
Profit earned from deposits		8,814	12,248	6,632	9,164
Rental income from land and building		477	45	-	-
Rental income from investment property		60	60	1,143	971
Unrealised foreign exchange gain		35,862	1,346	23,939	6,535
Write back of impairment loss on trade receivables		5,021	1,876	-	-

24.1 Auditors' remunerations

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
KPMG				
- Statutory audit	226	271	56	56
- KPMG members - Statutory audit	111	132	-	-
- Other non-audit services	382	999	88	274
	719	1,402	144	330
Other auditors				
- Statutory audit	57	12	-	-
- Other non-audit services	10	4	-	-
	67	16	-	-
	786	1,418	144	330

NOTES TO THE FINANCIAL STATEMENTS

24. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

24.2 Income arising from asset distribution and waiver of loan by PNSB

Pursuant to the disposal of PNSB and SYABAS to Air Selangor, non-concession assets were sold to the Company by PNSB at RM1 and amount due to PNSB by the Company was waived. The sale of the non-concession assets and the waiver of the advances are accounted for as distribution from PNSB resulting in a total income as follows:

	2015 RM'000
Fair value of non-concession assets	
- Property, plant and equipment	78,094
- Investment properties	160,362
Waiver of amount due to PNSB	344,176
	582,632

The Level 3 fair value of the non-concession assets primarily comprising properties, are determined using the valuation method as described in Note 5 for the fair value of investment properties.

Some of the property, plant and equipment and investment properties of RM160,956,000 were thereafter transferred to other entities within the Group as capital contribution to these subsidiaries. The waiver of amount due to PNSB by subsidiaries of RM21,552,000 was also capitalised as cost of investment in subsidiaries (Note 7.1).

25. TAX (CREDIT)/EXPENSE

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax (credit)/expense on continuing operations	(17,160)	(1,659)	(23,050)	4,971
Income tax expense on discontinued operations	69,052	47,177	-	-
Total income tax expense/(credit)	51,892	45,518	(23,050)	4,971
Major components of income tax expense include:				
- Current financial year	7,541	374	516	70
- Foreign income tax	77	133	77	58
- (Over)/Under provision in respect of prior years	(74)	(661)	75	(661)
	7,544	(154)	668	(533)
Deferred income tax				
- Origination and reversal of temporary differences	44,018	57,488	(23,718)	5,504
- Under/(Over) provision in respect of prior years	330	(11,816)	-	-
	44,348	45,672	(23,718)	5,504
Total income tax expense/(credit)	51,892	45,518	(23,050)	4,971

NOTES TO THE FINANCIAL STATEMENTS

25. TAX (CREDIT)/EXPENSE (CONTINUED)

Reconciliation of tax (credit)/expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations	(152,430)	(8,884)	1,139,702	5,786
Discontinued operations	267,380	302,354	-	-
Profit before tax	114,950	293,470	1,139,702	5,786
Taxation at Malaysian statutory tax rate of 25%	28,738	73,368	284,926	1,447
Different tax rates in other jurisdictions	(36)	(8,917)	(36)	(27)
Effect on reduction in Malaysian income tax rate	232	(18,985)	-	-
Expenses not deductible for tax purposes/(Non-taxable income)	19,846	12,511	(308,015)	4,212
(Over)/Under provision of tax expenses in prior years	(74)	(661)	75	(661)
Under/(Over) provision of deferred tax in prior years	330	(11,816)	-	-
Deferred tax assets not recognised	2,856	18	-	-
Income tax expense/(credit) recognised in profit or loss	51,892	45,518	(23,050)	4,971

26. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share for the year ended 31 December 2015 was based on the profit/loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	2014
(Loss)/Profit attributable to ordinary shareholders (RM'000)		
- Continuing operations	(132,752)	(6,794)
- Discontinued operations	198,328	255,177
Total	65,576	248,383
Weighted average number of ordinary shares ('000)	420,684	410,437
Basic (loss)/earnings per ordinary share (sen)		
- Continuing operations	(31.56)	(1.66)
- Discontinued operations	47.14	62.17
Total	15.58	60.51

Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per ordinary share has not been disclosed as potential ordinary shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

27. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Directors:				
Wages, salaries and bonuses	13,095	13,888	168	-
Defined contribution plan	2,594	2,771	20	-
Leave passage	393	390	69	-
Other emoluments	277	3	16	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	16,359	17,052	273	-
Estimated money value of benefits-in-kind	109	161	2	-
Total Executive Directors' remuneration (including benefits-in-kind)	16,468	17,213	275	-
Non-executive Directors:				
Wages, salaries and bonuses	473	433	180	222
Defined contribution plan	35	25	-	-
Leave passage	320	390	260	330
Other emoluments	196	212	196	212
Total Non-executive Directors' remuneration (excluding benefits-in-kind)	1,024	1,060	636	764
Estimated money value of benefits-in-kind	13	13	-	-
Total Non-executive Directors' remuneration (including benefits-in-kind)	1,037	1,073	636	764
Total Directors' remuneration (including benefits-in-kind)	17,505	18,286	911	764

28. DIVIDENDS

Dividend recognised by the Company:

2015	Sen per share	RM'000	Date of payment
Special Dividend	100	447,172	23 December 2015

A Special Dividend of RM1.00 per ordinary share, amounting to RM447,171,674 in respect of the financial year ended 31 December 2015 was paid by the Company to the entitled shareholders of the Company on 23 December 2015 post completion of the disposal of PNSB and SYABAS to Air Selangor.

Other than the above, no dividend had been proposed or declared for the financial year ended 2015 (2014: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

29. 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 and discontinued 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 offshore services, logistic and marine management. |
| • Construction | 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 activities.

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

29. OPERATING SEGMENTS (CONTINUED)

2015	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
Operating revenue								
- Sales to external customers	654	62,099	125,211	730	-	188,694	475,194	663,888
Interest income	6	1,318	725	24,453	-	26,502	30,517	57,019
Compensation for late payment	-	-	-	-	-	-	144,893	144,893
Other income	3,116	439	742	832,878	(785,711)	51,464	604	52,068
	3,776	63,856	126,678	858,061	(785,711)	266,660	651,208	917,868
Operating expenses	(10,326)	(29,719)	(128,559)	(262,048)	227,209	(203,443)	(228,211)	(431,654)
Rental expenses on project equipment	-	(63,760)	-	-	-	(63,760)	-	(63,760)
Impairment loss on property, plant and equipment	-	(64,022)	-	-	-	(64,022)	-	(64,022)
Impairment loss on service concession assets	(12,000)	-	-	-	-	(12,000)	-	(12,000)
Impairment loss on goodwill	(3,782)	(21,458)	-	-	-	(25,240)	-	(25,240)
Impairment loss on trade receivables	-	-	-	-	-	-	(6,751)	(6,751)
Impairment loss on non-trade receivables	-	-	(6,194)	-	-	(6,194)	-	(6,194)
Impairment loss on assets held for sale								
- Service concession assets	-	-	-	-	-	-	(37,786)	(37,786)
- Property, plant and equipment	-	-	-	-	-	-	(120)	(120)
Share of losses in:								
- Associates	-	-	-	(3)	-	(3)	-	(3)
- Joint ventures	-	-	-	(75)	-	(75)	(12,016)	(12,091)
Depreciation and amortisation expenses	(3,865)	(11,589)	(278)	(5,482)	-	(21,214)	-	(21,214)
Segment results	(26,197)	(126,692)	(8,353)	590,453	(558,502)	(129,291)	366,324	237,033
Finance costs						(23,139)	(98,944)	(122,083)
(Loss)/Profit before tax						(152,430)	267,380	114,950

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONTINUED)

2015 (continued)	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
Assets and Liabilities								
Segment assets	74,475	189,707	76,288	1,867,036	(369,698)	1,837,808	-	1,837,808
Unallocated assets						28,155	-	28,155
Total assets						1,865,963	-	1,865,963
Segment liabilities	64,656	177,668	82,854	185,782	(329,078)	181,882	-	181,882
Unallocated liabilities						9,864	-	9,864
Total liabilities						191,746	-	191,746
Included in the measure of segment assets are:								
Investment in associate	-	-	-	2	-	2	-	2
Investment in joint ventures	-	-	-	739	-	739	-	739
Additions to non-current assets other than financial instruments and deferred tax assets	60	279	109	1,251	-	1,699	-	1,699

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONTINUED)

2014	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000
Operating revenue								
- Sales to external customers	581	476,525	128,815	714	-	606,635	562,734	1,169,369
Interest income	8	2,922	152	24,116	-	27,198	49,885	77,083
Compensation for late payment	-	-	-	-	-	-	169,814	169,814
Other income	1,935	3,981	6	4,816	(1,823)	8,915	5,709	14,624
	2,524	483,428	128,973	29,646	(1,823)	642,748	788,142	1,430,890
Operating expenses	(1,814)	(359,455)	(120,296)	(57,172)	14,498	(524,239)	(277,498)	(801,737)
Rental expenses on project equipment	-	(91,233)	-	-	-	(91,233)	-	(91,233)
Impairment loss on trade receivables	-	-	-	-	-	-	(46,677)	(46,677)
Impairment loss on service concession assets	(6,887)	-	-	-	-	(6,887)	-	(6,887)
Share of losses in:								
- Associates	-	-	-	(1)	-	(1)	-	(1)
- Joint ventures	-	-	-	(44)	-	(44)	(14,950)	(14,994)
Depreciation and amortisation expenses	(1,994)	(8,466)	(99)	(602)	-	(11,161)	(15,086)	(26,247)
Segment results	(8,171)	24,274	8,578	(28,173)	12,675	9,183	433,931	443,114
Finance costs						(18,067)	(131,577)	(149,644)
(Loss)/Profit before tax						(8,884)	302,354	293,470
Assets and Liabilities								
Segment assets	73,372	402,402	79,114	2,043,433	(1,383,544)	1,214,777	3,537,925	4,752,702
Unallocated assets						25,026	80,173	105,199
Total assets						1,239,803	3,618,098	4,857,901
Segment liabilities	50,422	342,259	78,429	576,440	(556,521)	491,029	1,779,547	2,270,576
Unallocated liabilities						21,541	491,803	513,344
Total liabilities						512,570	2,271,350	2,783,920
Included in the measure of segment assets are:								
Investment in associates	-	-	-	46	-	46	-	46
Investment in joint ventures	-	-	-	814	-	814	-	814
Additions to non-current assets other than financial instruments and deferred tax assets	13,676	278	108	1,253	-	15,315	9,119	24,434

NOTES TO THE FINANCIAL STATEMENTS

29. 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:

	Group	
	2015 RM'000	2014 RM'000
Investment in joint ventures and associates	739	(347,649)
Inter-group intercompany balances elimination	(177,616)	(573,006)
Investment in subsidiaries	(181,878)	(464,136)
Others	(10,943)	1,247
	(369,698)	(1,383,544)

The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2015 RM'000	2014 RM'000
Inter-group intercompany balances	(329,078)	(584,411)
Investment in RSBs	-	27,890
	(329,078)	(556,521)

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	Group	
	Revenue RM'000	Non-current assets RM'000
2015		
Malaysia	661,362	364,375
Others	2,526	74,828
	663,888	439,203
2014		
Malaysia	1,163,529	446,803
Others	5,840	69,969
	1,169,369	516,772

Major customers

Approximately 96% (2014: 98%) of total revenue during the year is mainly contributed from five (5) (2014: five (5)) customers.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss – held for trading ("FVTPL-HFT");
- (c) Available-for-sale financial assets ("AFS"); and
- (d) Financial liabilities measured at amortised cost ("FL").

Group 2015	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000	AFS RM'000
Financial assets				
Trade and other receivables	87,803	87,803	-	-
Short-term investments	922,146	-	922,146	-
Cash and cash equivalents	378,549	378,549	-	-
	1,388,498	466,352	922,146	-
Financial liabilities				
Trade and other payables	(110,700)	(110,700)	-	-
Loans and borrowings	(71,182)	(71,182)	-	-
	(181,882)	(181,882)	-	-
2014				
Financial assets				
Trade and other receivables	54,229	54,229	-	-
Short-term investments	10,269	-	-	10,269
Cash and cash equivalents	446,347	446,347	-	-
	510,845	500,576	-	10,269
Financial liabilities				
Trade and other payables	(269,668)	(269,668)	-	-
Loans and borrowings	(221,361)	(221,361)	-	-
	(491,029)	(491,029)	-	-

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

Company 2015	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000	AFS RM'000
Financial assets				
Other receivables	185,380	185,380	-	-
Short-term investments	922,146	-	922,146	-
Cash and cash equivalents	286,367	286,367	-	-
	1,393,893	471,747	922,146	-
Financial liabilities				
Other payables	(6,839)	(6,839)	-	-
2014				
Financial assets				
Other receivables	254,154	254,154	-	-
Short-term investments	10,269	-	-	10,269
Cash and cash equivalents	354,236	354,236	-	-
	618,659	608,390	-	10,269
Financial liabilities				
Other payables	(317,679)	(317,679)	-	-
Loans and borrowings	(138,548)	(138,548)	-	-
	(456,227)	(456,227)	-	-

30.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Fair value through profit or loss – held for trading	8,751	-	8,751	-
Available-for-sale financial assets				
- recognised in other comprehensive income	(242)	213	(242)	213
- reclassified from equity to profit or loss	967	556	967	556
	725	769	725	769
Loans and receivables	46,180	39,985	(100,512)	25,928
Financial liabilities measured at amortised cost	(28,233)	(22,149)	(18,518)	(11,645)
	27,423	18,605	(109,554)	15,052

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.3 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.

30.4 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.

Receivables

Credit risk concentration profile

At the reporting date, the Group's trade receivables were mainly due from two (2) (2014: five (5)) customers.

Impairment losses

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	2,401	-	2,401
Past due 0-30 days	5,812	-	5,812
Past due 31-120 days	7,189	-	7,189
Past due more than 120 days	1,601	-	1,601
	17,003	-	17,003
2014			
Not past due	36,003	-	36,003
Past due 0-30 days	5,384	-	5,384
Past due 31-120 days	-	-	-
Past due more than 120 days	7,819	(5,021)	2,798
	49,206	(5,021)	44,185

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Impairment losses

Trade	Group	
	2015 RM'000	2014 RM'000
At 1 January	5,021	112,248
Impairment losses (reversed)/recognised:		
- Third parties	(5,021)	(1,876)
- Amount due from SYABAS	-	46,677
Transfer to assets held for sale	-	(152,028)
At 31 December	-	5,021

During the last financial year ended 31 December 2014, impairment losses arising from amount due from SYABAS were mainly due to change of estimated timing of receipts.

Impairment losses

Non-Trade	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	9,131	9,131	9,131	9,131
Impairment losses recognised	6,194	-	-	-
At 31 December	15,325	9,131	9,131	9,131

Investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic trust fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM47,124,000 (2014: RM30,000,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

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 RM147,177,000 (2014: RM1,007,000) was recognised during the year. The movements in the allowance for impairment loss during the financial year were:

Impairment loss	Company	
	2015 RM'000	2014 RM'000
At 1 January	7,449	6,442
Impairment loss recognised	147,177	1,007
At 31 December	154,626	7,449

The Company does not specifically monitor the ageing of current advances to the subsidiaries.

30.5 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 negotiates with financial institutions to reschedule and/or restructure the existing credit facilities to coincide with the present operating environment.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.5 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
2015						
Financial liabilities:						
Trade and other payables	110,700	-	110,700	110,700	-	-
Loans and borrowings	71,182	0.91% - 7.68%	73,964	41,285	24,477	8,202
Total undiscounted financial liabilities	181,882		184,664	151,985	24,477	8,202
2014						
Financial liabilities:						
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
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
2015						
Financial liabilities:						
Trade and other payables	6,839	-	6,839	6,839	-	-
Total undiscounted financial liabilities	6,839		6,839	6,839	-	-
Financial guarantees	-	-	47,124	47,124	-	-
2014						
Financial liabilities:						
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	-	-

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 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.

30.6.1 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
As at 31 December 2015		
Cash and cash equivalents	6,784	13
Trade and other receivables	1,018	206
Trade and other payables	(4)	(133)
Loans and borrowings	(15,197)	-
Intra-group balances	61,460	-
	54,061	86
As at 31 December 2014		
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)	-
Intra-group balances	147,136	-
	160,924	195

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.1 Currency risk (continued)

Company	Denominated in USD RM'000
As at 31 December 2015	
Cash and cash equivalents	128
Amount due from subsidiaries	61,460
	61,588
As at 31 December 2014	
Cash and cash equivalents	105
Amount due from subsidiaries	147,136
	147,241

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2014: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	2015 Profit or loss RM'000	2014 Profit or loss RM'000
USD	5,407	16,092
SGD	9	20
	5,416	16,112
Company		
USD	6,159	14,724

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial assets	301,075	391,427	233,589	332,720
Financial liabilities	(5,279)	(142,126)	-	(138,548)
	295,796	249,301	233,589	194,172
Floating rate instruments				
Financial liabilities	(65,903)	(79,235)	-	-

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 RM659,000 (2014: RM792,000) lower.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 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 analyses 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 2015 RM'000	Fair value 2015 RM'000	Carrying amount 2014 RM'000	Fair value 2014 RM'000
Financial liabilities				
Loans and borrowings				
- Obligation under finance leases	(5,279)	(4,848)	(3,578)	(3,686)
- USD term loan	(42,935)	(42,935)	(62,937)	(62,937)
- Lushan MOF Novated World Bank Loan	(14,124)	(14,124)	(11,328)	(11,328)
- Revolving credit	(1,073)	(1,073)	-	-
- RCSSI	-	-	(138,548)	(137,031)
- Term loan	(7,771)	(7,771)	(4,970)	(4,970)
Company				
Financial liabilities				
Loans and borrowings:				
- RCSSI	-	-	(138,548)	(137,031)

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Fair value information (continued)

Short-term investments of the Group and of the Company amounted to RM922,146,000 (2014: RM10,269,000) 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.

31. 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. Included within net debts of the Group is loans and borrowings.

At year end, the Group has a net debt of RM71,182,000 (2014: RM221,361,000) and a total capital of RM1,749,582,000 (2014: RM2,297,309,000) giving rise to a gearing ratio of approximately 4% (2014: 10%).

NOTES TO THE FINANCIAL STATEMENTS

32. COMMITMENTS

32.1 Operating lease commitments – as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2015 RM'000	2014 RM'000
Future minimum lease payments:		
Less than one year	1,208	2,882
Between one and five years	1,255	1,161
	2,463	4,043

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.

32.2 Finance lease commitments

	Group	
	2015 RM'000	2014 RM'000
Future minimum lease payments:		
Not later than 1 year	1,683	1,353
Later than 1 year but not later than 2 years	1,458	1,353
Later than 2 years but not later than 5 years	2,663	1,116
	5,804	3,822
Less: Finance charges	(525)	(244)
Present value of minimum lease payables	5,279	3,578
Present value of payments:		
Not later than 1 year	1,461	1,217
Later than 1 year but not later than 2 years	1,309	1,263
Later than 2 years but not later than 5 years	2,509	1,098
Present value of minimum lease payables	5,279	3,578
Less: Amount due within 12 months	(1,461)	(1,217)
Amount due after 12 months (Note 18)	3,818	2,361

The finance lease has been accounted for as loans and borrowings as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2015 RM'000	2014 RM'000
Contracts approved and contracted for	156	289

34. 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 13 and 19.

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

			Company		
			2015 RM'000	2014 RM'000	
A. Subsidiaries					
Rental from SINO			1,083	911	
Commission income from PNCSB			1,991	574	
Advances from PNSB			-	111,634	
Advances to PNSB			-	14,932	
Repayment to PNSB			-	14,039	
Advances to POG			-	100,879	
Repayment from POG			-	101,477	
Advances to SINO			12,896	14,430	
Advances to PNCSB			32,807	13,453	
Advances from PNCSB			78,517	67,335	
Repayment to PNCSB			62,229	54,694	
Advances to PNMSSB			17,629	300	
Management fees charged by PNMSSB			5,070	-	
Advances to PRCSB			300	195	
		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
B. Joint venture*					
RCULS interest receivable		12,016	14,950	12,016	14,950
Compensation for late payment		144,893	169,814	-	-
Storage fee charged		497	575	504	248
Sales of bulk quantity of treated water		557,682	694,509	-	-
C. Key management personnel					
Short-term employee benefits		23,057	27,325	758	434
Defined contribution plan		3,951	4,509	44	-
Other staff related expenses		2,600	1,993	358	330
		29,608	33,827	1,160	764
Included in the total key management personnel are:					
Directors' remuneration	27	17,505	18,286	911	764

NOTES TO THE FINANCIAL STATEMENTS

34. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
D. Director related corporation				
Secretarial fees charged by RZ Management	-	240	-	-

* The related party transactions were incurred up to the date of completion of the disposal of SYABAS on 15 October 2015

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Related party transactions have been entered into in the course of business under negotiated terms.

Information regarding outstanding balances arising from related party transactions are disclosed in Note 13 and Note 19 to the financial statements.

35. CHANGES IN COMPOSITION OF THE GROUP

- (a) 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.

- (b) On 15 October 2015, the Board of Directors of the Company announced that the Company had received the balance purchase price of RM1,554.3 million from Air Selangor. The Proposed Disposals had been completed on 15 October 2015. Accordingly, PNSB and Syabas had ceased to be a subsidiary and joint venture company of PNHB respectively with effect from 15 October 2015. The effects of the disposal are disclosed in Note 23.
- (c) On 15 October 2015, PNSB had transferred all the shares held in its two (2) wholly-owned subsidiaries, namely, Ideal Water Resources Sdn. Bhd. and Unggul Raya (M) Sdn. Bhd. comprising two (2) ordinary shares of RM1.00 each and one hundred (100) ordinary shares of RM1.00 each respectively to the Company at a cash consideration of RM2.00 and RM100.00 respectively in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 11 November 2014 between the Company and Air Selangor.
- (d) On 12 August 2015, the Company's subsidiary, SINO had entered into an Equity Transfer Agreement with Yuanshi County Panlong Industrial Water Supply Co. Ltd. ("the Purchaser") for the disposal of 80% equity interest in Hebei Sino for a cash consideration of RMB500,000 (equivalent to RM306,500).

On 8 December 2015, the Company was notified by Hebei Sino that the regulatory authority in the PRC had on 8 December 2015 issued the Business License approving the transfer of the Company's subsidiary, SINO's 80% equity interest in Hebei Sino. As such, Hebei Sino had ceased to be a subsidiary of SINO with effect from 8 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS

(I) Disposal of PNSB and SYABAS

The Company had on 11 November 2014 entered into a conditional sale and purchase agreement with 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.

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 concession assets ("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 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
 - (h) the waiver by PNSB of a sum not exceeding RM350.0 million due and owing by the Company and its subsidiaries to PNSB.

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS (CONTINUED)

(I) Disposal of PNSB and SYABAS (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:

- (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 and the respective trustees of the bonds issued by PNSB and SYABAS which was obtained on 18 December 2014;
- (iv) the unconditional approval of MOF 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) (a) the approval of the holders of the RM165,000,000 nominal value of 5-year RCSSI issued by the Company which was obtained on 8 January 2015; and
 - (b) 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;

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS (CONTINUED)

(l) Disposal of PNSB and SYABAS (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):

(ix) the execution of each of:-

- (a) the agreement between the State Government and Air Selangor for the transfer of water-supply related assets to Air Selangor;
 - (b) 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
 - (c) 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");
- (x) the receipt by Air Selangor of (1) a written waiver by Kumpulan Perangsang 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 (Baru) water treatment plant as granted by SPAN or any other public authority (hereinafter collectively referred to as "CA").

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS (CONTINUED)

(I) Disposal of PNSB and SYABAS (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 defined below) as set out in the Notice of the EGM dated 16 December 2014:-

(a) 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").

(b) 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.

On 9 April 2015, the Company and Air Selangor had mutually agreed to a further extension until 11 May 2015 for the fulfilment of the conditions precedent stated in the SPA ("4th Extension of Time").

The Board of the Company had at a meeting held on 21 May 2015, mutually agreed with Air Selangor for a further extension until 11 June 2015 for the fulfilment of the conditions precedent stated in the SPA ("5th Extension of Time").

On 15 June 2015, the Company announced that the Board of the Company had mutually agreed with Air Selangor for a further extension until 13 July 2015 for the fulfilment of the conditions precedent stated in the SPA ("6th Extension of Time").

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS (CONTINUED)

(I) Disposal of PNSB and SYABAS (continued)

The Board of Directors of the Company had on 14 July 2015 mutually agreed with Air Selangor for a further extension of two months until 14 September 2015 for the fulfillment of the conditions precedent stated in the SPA ("7th Extension of Time"). The Board of Directors of the Company's decision is premised on the fact that both the Federal and State Government had executed the Supplemental Master Agreement on 10 July 2015.

The Board of Directors of the Company had on 14 September 2015 mutually agreed with Air Selangor for a further extension until 15 October 2015 for the fulfillment of the conditions precedent stated in the SPA ("8th Extension of Time"). The Board of PNHB's decision is premised on the fact that both the Federal and State Government had on 8 September 2015 fulfilled the conditions precedent in the Master Agreement.

On 8 October 2015, the Board of Directors of the Company received a confirmation from Air Selangor on the following:-

- (i) The unconditional date for the SPA, being the date on which the last of the Special Covenants and the Conditions Precedent (as defined in the SPA) have been fulfilled and satisfied, is on 8 October 2015; and
- (ii) The Completion Date (as defined in the SPA) is on 15 October 2015.

On 15 October 2015, the Board of Directors of the Company announced that the Company had received the balance purchase price of RM1,554.3 million from Air Selangor. The Proposed Disposals had been completed on 15 October 2015. Accordingly, PNSB and SYABAS had ceased to be a subsidiary and joint venture company of PNHB respectively with effect from 15 October 2015.

On 15 October 2015, PNSB had transferred all the shares held in its two (2) wholly-owned subsidiaries, namely, Ideal Water Resources Sdn Bhd and Unggul Raya (M) Sdn Bhd comprising two (2) ordinary shares of RM1.00 each and one hundred (100) ordinary shares of RM1.00 each respectively to the Company at cash consideration of RM2.00 and RM100.00 respectively ("Transfer") in accordance with the terms and conditions as stipulated in the SPA.

Upon completion of the disposal of PNSB and SYABAS on 15 October 2015, the Group and the Company had realised a gain on disposal of PNSB and SYABAS of RM Nil and RM782,293,000 respectively.

- (II) The Company's securities ("PUNCAK") had been reclassified from the 'Infrastructure Project Companies' sector to the 'Construction' sector with effect from 9.00 a.m., Friday, 13 November 2015.

Accordingly, the sector for the structured warrants relating to PUNCAK had also been changed at the same time.

The Stock Numbers and Stock Short Names of PUNCAK's securities and the structured warrants remain unchanged.

- (III) On 3 December 2015, the Company had fully repurchased all outstanding RCSSI of RM160.0 million in nominal value of the Company for a purchase consideration of RM200.0 million only. Following the completion of the RCSSI Repurchase by the Company, the RCSSI had been cancelled accordingly.

NOTES TO THE FINANCIAL STATEMENTS

37. MATERIAL LITIGATIONS

(I) 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.

NOTES TO THE FINANCIAL STATEMENTS

37. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

On 29 January 2014, the Arbitration Panel had fixed the continued hearing of the First Arbitration Proceedings on 8 February 2014 and 9 February 2014, respectively.

The continued hearing proceeded on 8 February 2014 but the hearing date of 9 February 2014 was vacated due to non-availability of the Chief Arbitrator. The Arbitration Panel has fixed the continued hearing dates for the First Arbitration Proceedings on 29 May 2014 and 30 May 2014.

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.

On 14 December 2015, the counsel of the Consortium notified the Presiding Arbitrator that the Arbitrator in charge is unable to continue as Arbitrator in view of his continued ill-health. An alternative Arbitrator will be appointed in due course.

On 3 March 2016, the name of the replacement Arbitrator had been submitted by the counsel of the Consortium to the Panel for consideration and decision. The Panel has yet to schedule new dates for the continued hearing for the First Arbitration Proceedings.

NOTES TO THE FINANCIAL STATEMENTS

37. MATERIAL LITIGATIONS (CONTINUED)

(I) 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 alleged that they, despite being a 10% share owner, 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

38. SUBSEQUENT EVENTS

On 29 January 2016, the Company announced that its wholly-owned subsidiary, PNCSB had secured the tender called by KeTTHA for the operation and maintenance of a water treatment plant in Beaufort, Sabah as follows:-

Name of Project	:	Kerja-Kerja Operasi dan Penyelenggaraan Secara Komprehensif Loji Rawatan Air di Kampung Lawa Gadong, Beaufort, Sabah
Employer	:	Jabatan Bekalan Air, Kementerian Tenaga, Teknologi Hijau dan Air (KeTTHA)
Duration	:	Three (3) years from 1 February 2016 to 31 January 2019
Scope of works	:	To operate and maintain the water treatment facilities with a total design capacity of 76 million litres per day at Kampung Lawa Gadong, Beaufort, for bulk water supply to Labuan.
Other terms	:	As privately agreed with the Employer.

NOTES TO THE FINANCIAL STATEMENTS

39. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	954,743	2,646,781	1,076,968	457,299
- unrealised	78,679	(488,263)	34,240	(17,184)
	1,033,422	2,158,518	1,111,208	440,115
Total share of accumulated losses of joint ventures				
- realised	-	(348,458)	-	-
Less: Consolidation adjustments	(3,551)	(33,451)	-	-
	(3,551)	(381,909)	-	-
Total retained earnings	1,029,871	1,776,609	1,111,208	440,115

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 126 to 230 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 at 31 December 2015 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 39 on page 231 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
TAN SRI ROZALI BIN ISMAIL

.....
DATUK HAJI SYED HISHAM BIN SYED WAZIR

Shah Alam

Date: 30 March 2016

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 126 to 231 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 30 March 2016.

.....
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 2015 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 126 to 230.

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 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 7 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.

INDEPENDENT AUDITORS' REPORT

to the members of Puncak Niaga Holdings Berhad (incorporated in Malaysia) and its subsidiaries

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 39 on page 231 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

THONG FOO VUNG

Approval Number: 2867/08/16(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 30 March 2016

ANALYSIS ON SECURITIES OF COMPANY

AS AT 21 MARCH 2016

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM1,300,000,000.00
Issued And Paid-Up Share Capital	:	RM449,283,784 comprising 449,283,784 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	:	10,755

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	4.40	5	0.05	479	4.45	11,973	*	156	*	12,129	*
100-1,000	1,673	15.55	16	0.15	1,689	15.70	1,305,766	0.29	10,425	*	1,316,191	0.29
1,001-10,000	6,450	59.97	101	0.94	6,551	60.91	26,009,774	5.82	453,612	0.10	26,463,386	5.92
10,001-100,000	1,671	15.54	60	0.56	1,731	16.10	52,320,819	11.70	2,036,675	0.46	54,357,494	12.16
100,001-22,362,348 (less than 5% of the issued share capital)	249	2.32	53	0.49	302	2.81	125,462,687	28.05	47,904,748	10.71	173,367,435	38.76
22,362,349 (5% of the issued share capital) and above	3	0.03	0	0	3	0.03	191,730,349	42.87	0	0	191,730,349	42.87
TOTAL	10,520[#]	97.81[#]	235	2.19	10,755[#]	100.00[#]	396,841,368[#]	88.73[#]	50,405,616	11.27	447,246,984[#]	100.00[#]

Notes:

* Negligible

Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 21 March 2016.

ANALYSIS OF WARRANT HOLDINGS

Unconverted Warrants	:	5,269,720
Class of Securities	:	Warrant
Voting Rights	:	Nil
No. of Warrant Holders	:	4,305

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	1,032	23.97	10	0.23	1,042	24.20	38,508	0.73	222	*	38,730	0.73
100-1,000	2,792	64.85	33	0.77	2,825	65.62	729,339	13.84	13,888	0.26	743,227	14.1
1,001-10,000	342	7.94	13	0.31	355	8.25	1,250,754	23.73	45,650	0.87	1,296,404	24.6
10,001-100,000	73	1.70	4	0.09	77	1.79	1,910,760	36.26	138,500	2.63	2,049,260	38.89
100,001-263,485 (less than 5% of the warrants)	4	0.10	1	0.02	5	0.12	706,500	13.41	118,319	2.25	824,819	15.66
263,486 (5% of the warrants) and above	0	0	1	0.02	1	0.02	0	0	317,280	6.02	317,280	6.02
TOTAL	4,243	98.56	62	1.44	4,305	100.00	4,635,861	87.97	633,859	12.03	5,269,720	100.00

Note:

* Negligible

ANALYSIS ON SECURITIES OF COMPANY AS AT 21 MARCH 2016

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.	Central Plus (M) Sdn Bhd	103,798,260	23.21
2.	Corporate Line (M) Sdn Bhd	47,830,489	10.69
3.	Lembaga Tabung Haji	40,101,600	8.97
4.	Corporate Line (M) Sdn Bhd	21,600,000	4.83
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 14)	10,495,700	2.35
6.	Nusmakmur Development Sdn Bhd	8,600,000	1.92
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	3,357,100	0.75
8.	AmSec Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For Pacific Pearl Fund (UT-PM-PPF)	3,074,000	0.69
9.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	2,979,100	0.67
10.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	2,861,200	0.64
11.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	2,706,693	0.61
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Tan Soo Lee	2,704,500	0.60
13.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Australia)	2,610,600	0.58
14.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	2,073,500	0.46
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N For Government Of The Province Of Alberta	2,053,500	0.46

Note:

Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 21 March 2016.

ANALYSIS ON SECURITIES OF COMPANY AS AT 21 MARCH 2016

No.	Name Of Shareholder	No. Of Shares Held	% Of Issued And Paid-Up Share Capital [#]
16.	AmSec Nominees (Tempatan) Sdn Bhd AmTrustee Bhd For Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	1,947,800	0.44
17.	Lock Kai Sang	1,939,900	0.43
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	1,914,120	0.43
19.	Central Plus (M) Sdn Bhd	1,912,075	0.43
20.	Rozali Bin Ismail	1,901,900	0.43
21.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Tai Siang	1,883,900	0.42
22.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (KIB)	1,848,400	0.41
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Sui Yuing (E-BTL)	1,719,000	0.38
24.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Keng Teong	1,580,000	0.35
25.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Heng Loon	1,577,100	0.35
26.	Tan Soo Lee	1,501,000	0.34
27.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chua Ngeng Hoo @ Cheah Beng Hoh	1,391,600	0.31
28.	Lim Kian Huat	1,359,000	0.30
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Tai Siang	1,339,300	0.30
30.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	1,331,100	0.30
TOTAL		281,992,437	63.05

Note:
Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 21 March 2016.

ANALYSIS ON SECURITIES OF COMPANY AS AT 21 MARCH 2016

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.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	317,280	6.02
2.	Lim Chee Meng	251,440	4.77
3.	Ng Yim Hoo	205,000	3.89
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Dee Kong (E-JCL)	130,000	2.47
5.	Poh Tak Kiau @ Poo Tak Kiau	120,060	2.28
6.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	118,319	2.25
7.	Goh Nan Kioh	100,000	1.90
8.	Poh Kah Weng	93,000	1.76
9.	Yeong Ah Sung	58,200	1.10
10.	Ng Chew Geik	56,300	1.07
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koay Ley Hee	52,670	1.00
12.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-ASING)	50,000	0.95
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Yoke Wan	50,000	0.95
14.	Tay Chin Kuan	49,500	0.94
15.	Maybank Nominees (Tempatan) Sdn Bhd Chee Kah Khuin	46,000	0.87

ANALYSIS ON SECURITIES OF COMPANY AS AT 21 MARCH 2016

No.	Name Of Warrant Holder	No. Of Warrants Held	% Of Warrants
16.	Ng Ser Peng	45,000	0.85
17.	Meng Hin Holdings Sdn Bhd	41,630	0.79
18.	Abdul Aziz Bin Hashim	40,000	0.76
19.	Cheong Wong Sang	40,000	0.76
20.	Tan Tcheow Woei	40,000	0.76
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kenneth Hee Kang Koon	39,900	0.76
22.	Lim Lai Sam	39,700	0.75
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Teng U Heng (PBCL-0G0181)	37,000	0.70
24.	Low Han Seng	35,000	0.66
25.	Vimala Sgulboonrasi	35,000	0.66
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Syarikat Lui Kim Chock Sdn Bhd	33,110	0.63
27.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Mooi Kim (RH3 Margin)	32,500	0.62
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tseng Pi Yin (013)	30,000	0.57
29.	Lai Jone Yin	30,000	0.57
30.	Ooi Gim Keong	30,000	0.57
	TOTAL	2,246,609	42.63

ANALYSIS ON SECURITIES OF COMPANY AS AT 21 MARCH 2016

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	1,901,900	0.43	175,530,224 ⁺	39.25 ⁺	-	-	-	-
2.	YBhg Datuk Haji Syed Hisham Bin Syed Wazir	-	-	-	-	-	-	-	-
3.	YBhg Dato' Ruslan Bin Hassan	-	-	-	-	-	-	-	-
4.	YBhg Dato' Ir Lee Miang Koi	11,000	*	-	-	-	-	-	-
5.	YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-	-	-	-	-
6.	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	46,200 [^]	0.01 [^]	-	-	-	-
7.	YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	-	-	-	-	-	-	-	-
8.	YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	-	-	-	-	-	-	-	-
9.	Mr Ng Wah Tar	-	-	-	-	-	-	-	-
10.	Encik Azlan Shah Bin Rozali (Alternate Director to YBhg Tan Sri Rozali Bin Ismail)	389,400	0.09	-	-	-	-	-	-

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.
- [^] 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 21 March 2016.
- * 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	1,901,900	0.43	175,530,224 ⁺	39.25 ⁺
2.	Central Plus (M) Sdn Bhd	105,710,335	23.64	-	-
3.	Corporate Line (M) Sdn Bhd	69,430,489	15.52	-	-
4.	Lembaga Tabung Haji	40,101,600	8.97	-	-

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.
- # Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 21 March 2016.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2015

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2015	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Building & Adjacent Land Wisma Rozali No. 4 & 6, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan	01/08/2005 31/12/2011 (V) 31/12/2014 (V)	12,952 sq.m	58,043	99 years Leasehold	87 years expiring on 22/01/2102	Office Premises and Vacant Land
Office Lots No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 31/12/2014 (V)	86 sq.m	10,870	99 years Leasehold	85 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	85 years expiring on 01/01/2100	Office Premises
5 Storey Shophouse No. 32, Blok 4 Laman Seri Business Park Persiaran Sukan, Seksyen 13 Shah Alam, Selangor Darul Ehsan	7/6/2011 31/12/2014 (V)	1,014 sq.m	5,046	99 years Leasehold	94 years expiring on 21/3/2109	Office Premises
Building 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	5,042	99 years Leasehold	87 years expiring on 6/11/2102	Office Premises
Freehold Land No. 8, Jalan Sultan Mahmud 21080 Kuala Terengganu Terengganu (Lot 2119, Mukim of Batu Buruk, District Of Kuala Terengganu Terengganu Darul Iman)	02/07/2008 31/12/2011 (V) 31/12/2014 (V)	2,058 sq.m	1,400	Freehold	N/A	Vacant
Freehold Land & Building No. 20, Jalan Presiden U1/F Accentra Business Park Glenmarie, Seksyen U1 40150 Shah Alam	01/02/2008 31/12/2011 (V) 31/12/2014 (V)	164 sq.m	2,200	Freehold	N/A	Office Premises
Leasehold Land 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	99 years Leasehold	84 years expiring on 17/12/2099	Rented out
Leasehold Land H.S. (D) 2605, PT 1563 Mukim Jeram District Of Kuala Selangor Selangor Darul Ehsan	01/08/2010 31/12/2011 (V) 31/12/2014 (V)	159,996 sq.m	18,000	99 years Leasehold	80 years expiring on 01/12/2095	Vacant
Leasehold Land & Building H.S.(D) 6163, PN 77569 (Lot No. 7092) H.S.(D) 6164, PN 77570 (Lot No. 7093) H.S.(D) 6165, PN 77571 (Lot No. 7094) # H.S.(D) 6166, PN 77572 (Lot No. 7095) Mukim Of Ijok District Of Kuala Selangor Selangor Darul Ehsan # Include a single storey building complete with parking facilities	16/02/2007 31/12/2011 (V) 31/12/2014 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	136,362	99 years Leasehold	86 years expiring on 24/10/2101	Vacant Vacant Rented out Vacant
4 Storey Shophouse No. 12, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang	21/03/2007 31/12/2011 (V) 31/12/2014 (V)	238 sq.m		99 years Leasehold	77 years expiring on 21/10/2092	Office Premises

GRI G4 CONTENT INDEX FOR 'IN ACCORDANCE' - CORE

GENERAL STANDARD DISCLOSURE – CORE			
General Standard Disclosure	Description	Reference	Page
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation	Chairman's Letter to Shareholders	P8-P11
G4-2	Description of key impacts, risks and opportunities	Chairman's Letter to Shareholders, Management Discussion and Analysis	P8-P11, P12-P19
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	Corporate Profile	P20-P21
G4-4	Primary brands, products and services	Management Discussion and Analysis, Corporate Profile	P12-P19, P20-P21
G4-5	Location of the organisation's headquarters	Corporate Information	P22-P23
G4-6	Number of countries where the organisation operates	Corporate Profile, Corporate Structure	P20-P21, P24-P25
G4-7	Nature of ownership and legal form	Corporate Profile, Corporate Structure	P20-P21, P24-P25
G4-8	Markets served	Corporate Profile, Corporate Structure	P20-P21, P24-P25
G4-9	Scale of the organisation	Corporate Structure	P24-P25
G4-10	Organisation's workforce profile	Workplace Diversity	P67-P68*
G4-11	Percentage of total employees covered by collective bargaining agreements	Not applicable	-
G4-12	Organisation's supply chain	Scope, Stakeholder Engagement	P59-P60
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	About This Report, Chairman's Letter to Shareholders, Management Discussion and Analysis	P3, P8-P11, P12-P19
G4-14	Precautionary approach or principle	Statement on Risk Management and Internal Control	P96-P101
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Sustainability Governance, Occupational Health and Safety	P58-P59, P70-P71
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	PNHB Group Fact Sheet	P28-P29
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organisation's consolidated financial statements	About This Report	P3
G4-18	Process for defining the report content and the aspect boundaries	Stakeholder Engagement	P59-P60
G4-19	Material aspects identified in the process for defining report content	Stakeholder Engagement	P59-P60
G4-20	Aspect boundary within the organisation	About This Report, Stakeholder Engagement	P3, P59-P60
G4-21	Aspect boundary outside the organisation	About This Report, Stakeholder Engagement	P3, P59-P60
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	About This Report	P3
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	About This Report	P3

* Note-partially disclosed

GRI INDEX

GRI G4 CONTENT INDEX FOR 'IN ACCORDANCE' - CORE (CONTINUED)

GENERAL STANDARD DISCLOSURE – CORE			
General Standard Disclosure	Description	Reference	Page
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organisation	Stakeholder Engagement	P59-P60
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement	P59-P60
G4-26	Organisation's approach to stakeholder engagement	Stakeholder Engagement, Corporate Social Responsibility Policy	P59-P60, P74, P109
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	Stakeholder Engagement	P59-P60
REPORT PROFILE			
G4-28	Reporting period	About This Report	P3
G4-29	Date of most recent previous report	About This Report	P3
G4-30	Reporting cycle	About This Report	P3
G4-31	Contact point for questions regarding the report or its contents	About This Report	P3
G4-32	'In accordance' option the organisation has chosen	About This Report	P3
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report	About This Report	P3
GOVERNANCE			
G4-34	Governance structure of the organisation	Board of Directors, Board of Directors' Profile, Statement on Corporate Governance	P30-P31, P32-P42, P78-P92
ETHICS AND INTEGRITY			
G4-56	Organisation's values, principles, standards and norms of behaviour	Our Vision, Our Mission, Puncak Values, Public Policy	Our Vision, Our Mission, P2, P59

SPECIFIC STANDARD DISCLOSURE - CORE

SPECIFIC STANDARD DISCLOSURE			
Material Aspects	Description	Reference	DMA and Indicators
CATEGORY: ECONOMIC			
Indirect Economic Impacts	Disclosure Management Approach	Sustainability Performance on Material Issues (Creating Economic Value), Sustainability Performance on Material Issues (Value to Our Communities)	G4-DMA: P61, P73
	Development and impact of infrastructure investments and services supported	Construction-PNCSB, Jernih Field Water Purification System (JERNIH)	G4-EC7: P61, P75
	Significant indirect economic impacts, including the extent of impacts	Construction-PNCSB	G4-EC8: P61
CATEGORY: ENVIRONMENTAL			
Energy	Disclosure Management Approach	Sustainability Performance on Material Issues (Environmental Value)	G4-DMA: P64
	Energy consumption within the organisation	Our Internal Environmental Footprint – Workplace	G4-EN3: P65

* Note-partially disclosed

SPECIFIC STANDARD DISCLOSURE - CORE (CONTINUED)

SPECIFIC STANDARD DISCLOSURE				
Material Aspects	Description	Reference	DMA and Indicators	
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
Employment	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Turnover Rate	G4-LA1: P68*	
	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Benefits and Compensation	G4-LA2: P68*	
Occupational Health and Safety	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational Health and Safety	G4-LA6: P70-P71*	
Training and Education	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Average hours of training per year per employee by gender, and by employee category	A Commitment to Training	G4-LA9: P69*	
Diversity and Equal Opportunity	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Workplace Diversity	G4-LA12: P67-P68	
SUB-CATEGORY: HUMAN RIGHTS				
Child Labour	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Human Rights	G4-HR5: P70	
Forced or Compulsory Labour	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Human Rights	G4-HR6: P70	
Security Practices	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	Human Rights	G4-HR7: P70	
Indigenous Rights	Disclosure Management Approach	Sustainability Performance on Material Issues (Value to Our Employees)	G4-DMA: P66	
	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Human Rights	G4-HR8: P70	

* Note-partially disclosed

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth 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 Wednesday, 25 May 2016 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 2015 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 Tan Sri Rozali Bin Ismail
- (b) YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy
- (c) YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud

Resolution 1
Resolution 2
Resolution 3

3. To re-elect the following Director of the Company who retires by rotation pursuant to Article 103 of the Company's Articles of Association:-

- (a) YBhg Datuk Haji Syed Hisham Bin Syed Wazir

Resolution 4

4. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

Ordinary Resolution 1

Re-appointment Pursuant To Section 129 Of The Companies Act, 1965

"**THAT** YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company."

Resolution 5

5. To re-appoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.

Resolution 6

AS SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

6. Ordinary Resolution 2

Allotment Of Shares Pursuant To Section 132D Of The Companies Act, 1965

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being **AND THAT** the Directors of the Company be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING

7. **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

8. **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

9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN BEE LIAN (MAICSA 7006285)
LEE SIEW YOKE (MAICSA 7053733)
Secretaries

Shah Alam
28 April 2016

Notes:-

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 May 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Nineteenth 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.

NOTICE OF ANNUAL GENERAL MEETING

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 & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 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. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2015**
The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, they will not be put for voting.

Ordinary Businesses

13. **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 three (73) years in 2016 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 Non-Executive Director for a cumulative term of sixteen (16) years. YBhg Tan Sri Dato' Seri Dr Ting Chew Peh had during his tenure as an Independent Non-Executive 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 Non-Executive Director, Chairman of Audit Committee, Chairman of CICR and Member of the Remuneration Committee and Nomination Committee by his active participation in all Board and Board Committee Meetings and he provides invaluable inputs as a Board Member, Audit Committee Chairman and Board Committee Member with professionalism, aptitude and outlook of business perspective.
14. **Resolution 6: Agenda 5 – 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 Nineteenth 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.

NOTICE OF ANNUAL GENERAL MEETING

Special Businesses

15. **Resolution 7: Ordinary Resolution 2 - Allotment Of Shares Pursuant To Section 132D Of The Companies Act, 1965**

The Ordinary Resolution proposed under Agenda 6 of the Notice of this Nineteenth Annual General Meeting dated 28 April 2016 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 Eighteenth Annual General Meeting of the Company held on 16 June 2015.

16. **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 sixteen (16) and seventeen (17) 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 NINETEENTH ANNUAL GENERAL MEETING:

Name of Retiring Director	YBhg Tan Sri Rozali Bin Ismail	YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	YBhg Datuk Haji Syed Hisham Bin Syed Wazir	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh
Re-election	By Rotation (Article 98 of the Company's Articles of Association) (Resolution 1)	<ul style="list-style-type: none"> By Rotation (Article 98 of the Company's Articles of Association) Pursuant to MCGG 2012 (Serving for more than nine years as Independent Director) (Resolution 2 & 9)	By Rotation (Article 98 of the Company's Articles of Association) (Resolution 3)	By Rotation (Article 103 of the Company's Articles of Association) (Resolution 4)	<ul style="list-style-type: none"> Pursuant to Section 129 of Companies Act, 1965 (Attain 73 years of age in 2016) Pursuant to MCGG 2012 (serving for more than nine years as Independent Director) (Resolutions 5 & 8)
Age	59	66	50	62	73
Nationality	Malaysian	Malaysian	Malaysian	Malaysian	Malaysian
Qualification	Bachelor of Laws Degree	Bachelor's Degree in Electrical and Electronics Engineering	BSc in Economics and Accountancy	Master in Business Administration and Bachelor of Science in Mechanical Engineering	Bachelor of Arts Degree and Master of Science Degree Doctorate in Philosophy
Position in PNHB	Executive Chairman	Independent Non-Executive Director	Non-Independent Non-Executive Director	Managing Director	Independent Non-Executive Director
Working Experience & Occupation	For details of YBhg Tan Sri Rozali Bin Ismail's profile, please refer to his profile on pages 32 to 33 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 37 of the Annual Report	For details of YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud's profile, please refer to her profile on page 39 of the Annual Report	For details of YBhg Datuk Haji Syed Hisham Bin Syed Wazir's profile, please refer to his profile on page 34 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 38 of the Annual Report
Directorships in the public companies	Gabungan Wawasan Generasi Felda Berhad	None	Loh & Loh Corporation Berhad	None	<ol style="list-style-type: none"> Hua Yang Berhad Johan Holdings Berhad Sycal Ventures Berhad UTAR Education Foundation
Equity securities interests in PNHB and its subsidiaries	For details of YBhg Tan Sri Rozali Bin Ismail's interests in PNHB and Group, please refer to page 241 of the Annual Report	None	None	None	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's interests in PNHB and Group, please refer to page 241 of the Annual Report
Family relationship with any director and/or major shareholder of PNHB	YBhg Tan Sri Rozali Bin Ismail is the father of Encik Azlan Shah Tan Sri Rozali, his Alternate Director and is a major shareholder of PNHB	None	None	None	None
Any conflict of interests with PNHB	None	None	None	None	None
List of convictions for offences (other than traffic offences, if any) within the past 10 years	None	None	None	None	None

Note:

MCGG 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 Businesses) of the Notice of Nineteenth Annual General Meeting is a renewal mandate. The same mandate was sought and granted at the Eighteenth Annual General Meeting of the Company held on 16 June 2015.

As at the date of the Notice of the Nineteenth Annual General Meeting dated 28 April 2016, the Company did not implement its proposal for new allotment of shares as granted at the Eighteenth Annual General Meeting.



PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

Number of shares held	Please fill in CDS Account No.											
			-			-						

PROXY FORM

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 Nineteenth 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 Wednesday, 25 May 2016 at 10.00 a.m. and at any adjournment thereof, as indicated below:-

No.	RESOLUTION	FOR	AGAINST
	ORDINARY BUSINESSES		
1.	To re-elect YBhg Tan Sri Rozali Bin Ismail as a Director of the Company.		
2.	To re-elect YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy as a Director of the Company.		
3.	To re-elect YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud as a Director of the Company.		
4.	To re-elect YBhg Datuk Haji Syed Hisham Bin Syed Wazir as a 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 a 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.		
	SPECIAL BUSINESSES		
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 _____ 2016

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 18 May 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Nineteenth 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 & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 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

STAMP

Share Registrar for
Puncak Niaga Holdings Berhad (416087-U)
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

PLEASE FOLD HERE



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 Nineteenth 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 10 th 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 pemprosesan 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 Kesembilan Belas and 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 Kesyntiausahaan
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)

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 investors: investors@puncakniaga.com.my
general: pr@puncakniaga.com.my

www.puncakniaga.com.my