

# COMMITTED TO A SUSTAINABLE FUTURE

ANNUAL  
REPORT 2016



*PUNCAK NIAGA HOLDINGS BERHAD*  
(416087-U)

# PNHB GROUP FACT SHEET



**Number of Shares Issued  
as at 31 December 2016**

**449,283,784**



**Paid-Up Share Capital  
as at 31 December 2016**

**RM449,283,784**



**Warrants  
Maturity Date**

**20 July 2018**



**Number of Unconverted Warrants  
as at 31 December 2016**

**5,269,720**

## 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



□ Puncak Niaga's core business in the environmental engineering and construction sector is conducted by our wholly owned subsidiary, PNCSB.



**Scope of Package D44, Bunus 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



□ Puncak Niaga’s decision to embark into the oil palm plantation segment is one which augurs well for our sustainable and profitable business future.



In the long-term,  
our goal is to be one of Malaysia's top  
**PALM OIL**  
producers

□ In FY2016, Puncak Niaga undertook the first year of a three year contract for the operation and maintenance of Beaufort WTP.



Loss Before Interest and Tax  
**RM2.6** million  
in FY2016

Government's allocations  
**RM2,392** million  
for water related projects

Phase 1 and Phase 2  
water treatment facilities  
with a total design  
capacity  
**76** million  
litres per day

1

2

3



□ Puncak Niaga's core business in the environmental engineering and construction sector is conducted by our wholly owned subsidiary, PNCSB.



**Scope of Package D44, Bunus Project includes:**

1 Designing and constructing sewerage works in the Bunus catchment area

2 Upgrading two existing sewage pumping stations

3 Converting five existing Sewerage Treatment Plants ("STPs") to new network pumping stations

4 Decommissioning 73 or more existing STPs

5 Constructing 632 new manholes

6 Constructing approximately 52km of new main and lateral sewerage lines



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### COMMITTED TO A SUSTAINABLE FUTURE

Amidst a challenging economic environment, we will rely on our core competencies to seek a more sustainable tomorrow. We will continue to focus on our core values, instill our vision and move forward with conviction and purpose, knowing that as we remain committed and focused, we are able to achieve a sustainable future.

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# 20<sup>TH</sup>

### Annual General Meeting of Puncak Niaga Holdings Berhad

#### Address:

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

#### Date:

Tuesday, 23 May 2017  
at 10.00 a.m.

### NEW FEATURES IN THIS REPORT



Tells you where  
you can find more  
information  
in the Annual Report.



Tells you where you can  
find more information  
online at  
[www.puncakniaga.com.my](http://www.puncakniaga.com.my)

## PUNCAK VALUES

**Our Company's values, the PUNCAK Values shape our organisational culture and guide the way we run our business. They are integrated into our business processes and our core values.**

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



Passionate about our business for sustainable performance.



United as one in our corporate responsibility strategy to align with our Vision To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In The Oil & Gas Sector And To Emerge As A Prominent Player In The Plantation And Property Development Sectors.



Nurture our human capital towards an exemplary workforce.



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



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



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

## VISION & MISSION

### 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.



# ABOUT THIS REPORT

## COMMITTED TO A SUSTAINABLE FUTURE

Puncak Niaga Holdings Berhad ("PNHB") is committed to creating long-term value and sustainability. This report highlights our challenges and achievements in these twin goals as we continue our transition in 2016.



We believe that ethical and decisive leadership will remain vital to our aims especially in dealing with a new era of opportunities and challenges. 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 future growth.

Against this background, year-on-year comparisons should be taken 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. In the coming years, we will be able to report with more comprehensive data and better assess our material focus areas.

This report is aimed at a broad audience of stakeholders, including employees, local communities, non-governmental organisations ("NGOs"), customers and the government. Our disclosure is consistent with the Core option of the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines. Details of compliance with GRI G4 indicators are on pages 239 to 242.

The hard copy of this report is available to all stakeholders upon request. A soft copy is publicly available at [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

### BOUNDARY AND REPORTING PERIOD

The Report refers to the period 1 January 2016 to 31 December 2016 (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  
10<sup>th</sup> 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](mailto:investors@puncakniaga.com.my)



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



# FIVE-YEAR FINANCIAL HIGHLIGHTS

	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12 (Restated)*
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>KEY RESULTS</b>					
<b>Revenue</b>					
- Continuing Operations	73,776	187,987 <sup>@</sup>	604,020 <sup>@</sup>	511,506 <sup>@</sup>	997,612 <sup>@</sup>
- Discontinued Operations	615	475,901 <sup>@</sup>	565,349 <sup>@</sup>	635,198 <sup>@</sup>	565,420 <sup>@</sup>
Total	74,391	663,888	1,169,369	1,146,704	1,563,032
<b>(Loss)/Profit Before Tax</b>					
- Continuing Operations	(214,405)	(134,120) <sup>@</sup>	(4,596) <sup>@</sup>	(76,214) <sup>@</sup>	107,022 <sup>@</sup>
- Discontinued Operations	(19,421)	249,070 <sup>@</sup>	298,066 <sup>@</sup>	312,578 <sup>@</sup>	218,350 <sup>@</sup>
Total	(233,826)	114,950	293,470	236,364	325,372
Net (Loss)/Profit attributable to owners of the parent	(258,942)	65,576	248,383	200,551	259,389
<b>STATEMENTS OF FINANCIAL POSITION</b>					
Property, plant and equipment	161,871	195,194	244,414	426,219	419,799
Investment properties	210,630	181,557	181,495	-	-
Operating financial assets	-	-	-	743,771	813,812
Service concession assets	14,506	61,203	64,512	84,562	67,880
Other non-current assets	3,991	27,712	45,438	1,883,573	1,632,326
Current assets	1,264,369	1,400,297	703,944	1,508,230	1,313,581
Assets classified as held for sale	24,834**	-	3,618,098**	-	-
Total assets	1,680,201	1,865,963	4,857,901	4,646,355	4,247,398
<b>ISSUED AND PAID-UP CAPITAL</b>					
Share capital	449,284	449,284	415,960	411,261	411,143
Reserves	979,104	1,229,116	1,659,988	1,365,495	1,173,304
Equity attributable to owners of the parent	1,428,388	1,678,400	2,075,948	1,776,756	1,584,447
Net assets per share attributable to owners of the parent (RM)	3.19	3.75	5.02	4.34	3.87
<b>RATIOS AND STATISTIC</b>					
Net (Loss)/profit margin attributable to owners of the parent (%)	(348.08)	9.88	21.24	17.49	16.60
Basic (Loss)/earnings per share attributable to owners of the parent (sen)	(57.90)	15.58	60.51	49.02	63.40
Loans and borrowings (RM'000)	22,067*	71,182	221,361*	2,053,751	1,935,717
Gearing ratio (%)	2	4	10	54	55
Current ratio (times)	5.99	9.31	1.68	3.31	1.21
** Assets classified as held for sale are comprised of the following items:-					
Property, plant and equipment	323	-	2,596		
Operating financial assets	-	-	780,058		
Service concession assets	24,146	-	14,329		
Trade and other receivables	118	-	2,567,324		
Inventories	20	-	5,857		
Tax recoverable	-	-	80,173		
Cash and cash equivalents	227	-	167,761		
	24,834	-	3,618,098		
* Loans and borrowings included in liabilities classified as held for sale	14,600	-	1,725,899		

# These comparatives have been restated to take into account the effects of the adoption of MFRS 10 &amp; 11

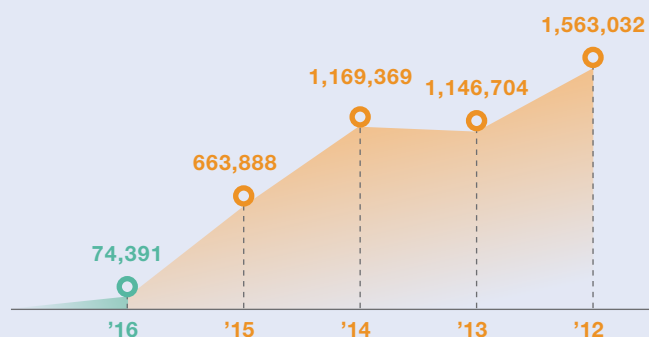
@ These comparatives have been restated to take into account the effects of the adoption of MFRS 5



# FIVE-YEAR GROUP PERFORMANCE

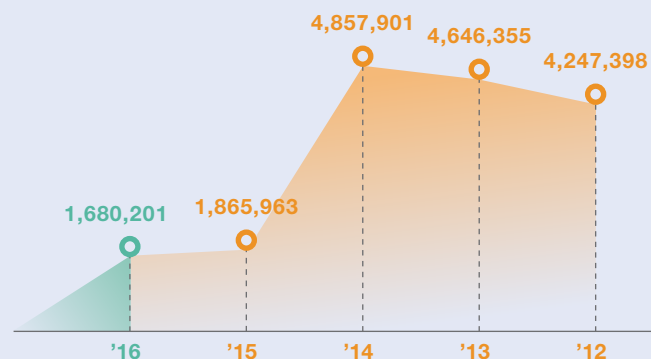
## REVENUE

(RM'000)



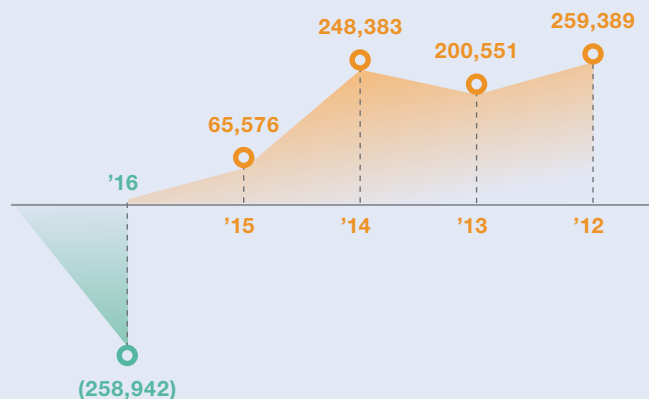
## TOTAL ASSETS

(RM'000)



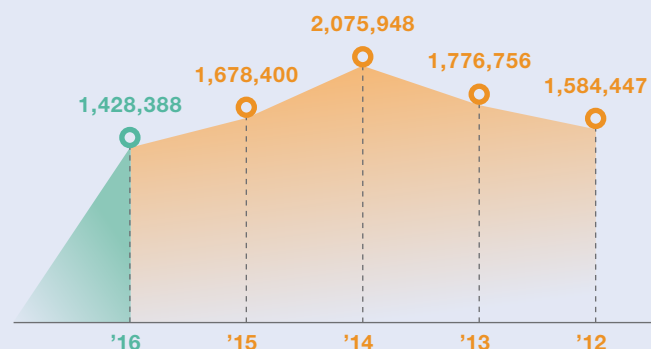
## NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM'000)



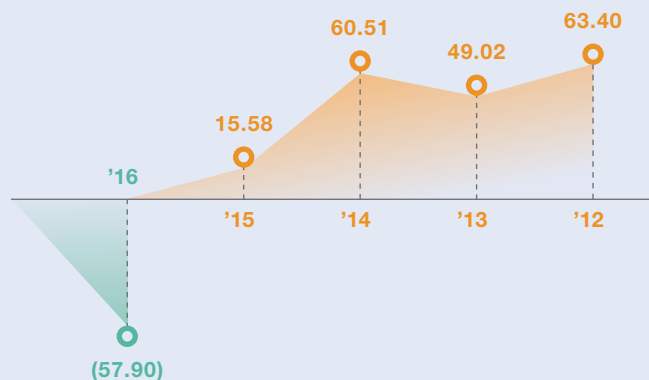
## EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM'000)



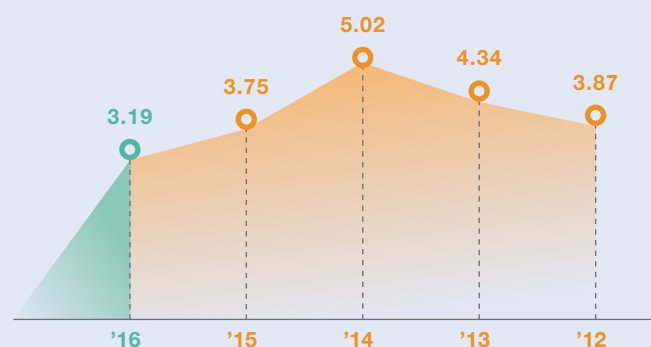
## BASIC (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(SEN)



## NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM)





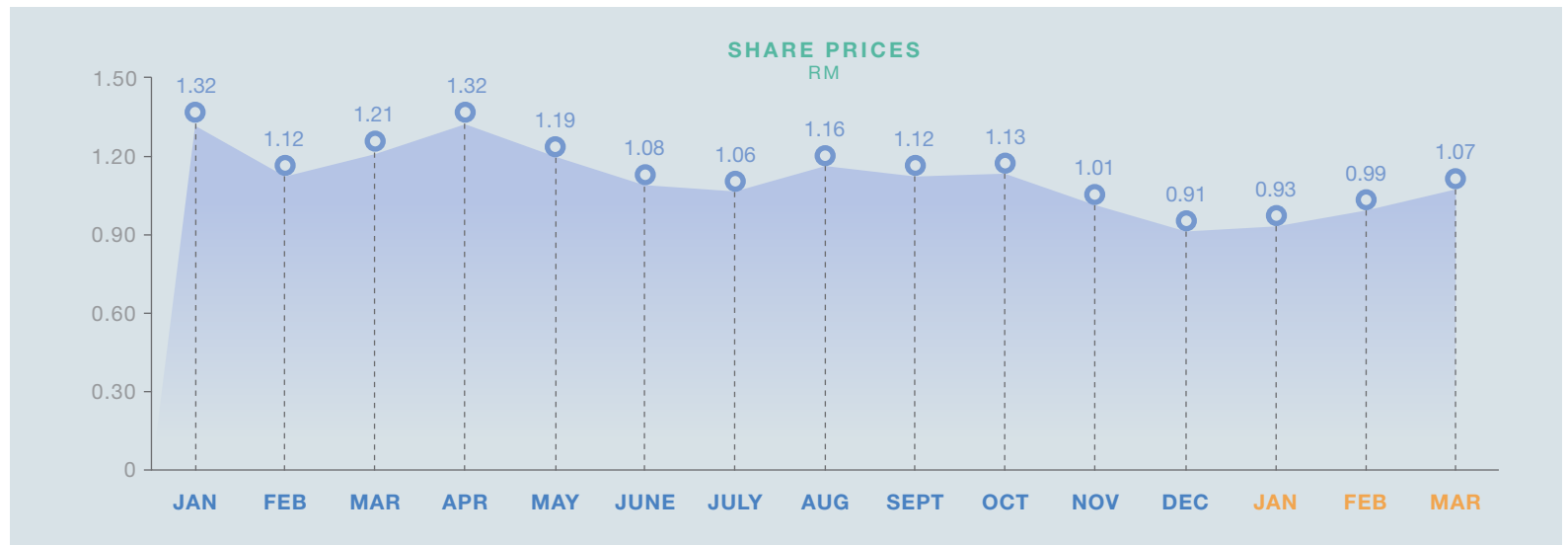
# SHARE PRICE & VOLUME TRADED

## SHARE PRICE MOVEMENT

Stock Name: PUNCAK

Stock Code: 6807

	2016												2017		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Volume of Shares Traded ('000)	25,881	11,182	75,525	26,201	10,883	15,569	24,336	48,896	27,385	15,979	14,815	9,660	21,350	42,925	60,366
Monthly Average Closing Share Prices (RM)	1.32	1.12	1.21	1.32	1.19	1.08	1.06	1.16	1.12	1.13	1.01	0.91	0.93	0.99	1.07





## FINANCIAL CALENDAR

Year	2016	2017	Year
 <b>MAY 2016</b> <b>MONDAY</b>	 <b>FEBRUARY 2017</b> <b>MONDAY</b>	<p>Fourth Quarter Results ended 31 December 2016</p>	
<p>First Quarter Results ended 31 March 2016</p>	 <b>MARCH 2017</b> <b>THURSDAY</b>	<p>Audited Financial Statements for the financial year ended 31 December 2016</p>	
 <b>AUGUST 2016</b> <b>THURSDAY</b>	 <b>APRIL 2017</b> <b>WEDNESDAY</b>	<p>Published Annual Report 2016</p>	
<p>Second Quarter Results ended 30 June 2016</p>	 <b>MAY 2017</b> <b>TUESDAY</b>	<p>Twentieth Annual General Meeting</p>	
 <b>NOVEMBER 2016</b> <b>THURSDAY</b>			
<p>Third Quarter Results ended 30 September 2016</p>			



# CHAIRMAN'S LETTER TO SHAREHOLDERS

**DEAR  
SHAREHOLDERS  
OF PUNCAK  
NIAGA,**

Please allow me to present to you Puncak Niaga Holdings Berhad's ("Puncak Niaga") Annual Report for the Financial Year ended 31 December 2016 ("FY2016") on behalf of the Board of Directors.



The year 2016 saw Puncak Niaga putting in the groundwork to build a strong foundation for a sustainable business future in the long-term amidst the volatile economic uncertainties on both the local and global fronts. Our challenge has been to identify new and sustainable business areas to venture into, whilst at the same time ensuring that such expansions are synergistic to our Group and will positively contribute in the long-term.

## PERFORMANCE OVERVIEW

The overview of Puncak Niaga's financial results for FY2016 are as follows:

	RM'000
<b>Revenue</b>	
From Continuing Operations	73,776
From Discontinued Operations	615
<b>Total</b>	<b>74,391</b>
<b>Loss After Tax</b>	
From Continuing Operations	(240,628)
From Discontinued Operations	(19,421)
<b>Total</b>	<b>(260,049)</b>

For FY2016, Puncak Niaga Group recorded a revenue from continuing operations of RM73.8 million as compared to RM188.0 million from continuing operations reported in the financial year ended 31 December 2015 ("FY2015") mainly due to lower revenue contribution from the Construction segment and no revenue contribution from the Oil and Gas segment. Our Loss After Tax ("LAT") from continuing operations was recorded at RM240.6 million for FY2016, higher from FY2015 losses from continuing operations of RM117.0 million. The higher losses were mainly due to recognition of allowance for foreseeable losses in respect of the Construction segment's ongoing sewerage contract as a result of cost increase arising from the termination of the previous sub-contractor. The result from discontinuing operation is mainly attributable to the Luwei Project in China which is pending completion for disposal.



## CHAIRMAN'S LETTER TO SHAREHOLDERS



2016 was a year which brought on its fair share of opportunities and challenges for us. We focused our efforts on optimising our operational structure to ensure sustainable and efficient operations. Additionally, we have been reassessing our talent pool, in preparation for our foray into new business opportunities in the plantation and property development sectors.

Currently, we are facing challenges within our operations. I am glad to say that we had the business courage to make the tough decisions for the best interests of our Group. In June 2016, we terminated the services of the sub-contractor for Puncak Niaga Construction Sdn Bhd's ("PNCSB") Package D44, Bonus Project due to slow progress and various contractual breaches. We have since engaged new sub-contractors to complete the remaining works. While this has exposed Puncak Niaga to projected loss in the execution of this project, we remain committed to completing the project to the highest standards of delivery to meet our client's expectations. In the long-term, we believe our commitment to the best standards of delivery will hold our Group in good stead within the construction industry. Also, we target to complete the disposal and exit of our businesses in China in 2017.

I am pleased to report that the Beaufort Water Treatment Plant ("WTP") was managed well and operations ran smoothly since our takeover on 1 February 2016. Based on our proven track record in this sector, we have submitted proposal on several improvement works to the client to upgrade and enhance the performance of the WTP, updates of which we hope to share with you in due course.

A detailed explanation and analysis of our operational and financial performance can be found on page 14 of this Annual Report.

 For more information, kindly refer page 14

## CREATING SUSTAINABLE LONG-TERM VALUE FOR OUR SHAREHOLDERS

Over the course of 2016, a number of measures took centre stage at Puncak Niaga, all of which revolved around the Company's goal of creating long-term sustainable value. We set forth on a new business strategy by moving into the plantation sector. Our long-term goal is to be one of Malaysia's top five palm oil producers. We see this as a sustainable direction for the future growth of the Group, as palm oil prices have not been severely impacted by the economic slowdown. Furthermore, Puncak Niaga expects the palm oil business to contribute to half of our Group's revenue and net profits in the future.

A key move forward in this area was the proposed acquisition of the entire stake of Danum Sinar Sdn Bhd by our 60% owned sub-subsidiary, Danau Semesta Sdn Bhd for RM446.5 million which was announced on 17 October 2016 and expected to complete by the second half of 2017. Danum Sinar is the registered proprietor and has legitimate expectations from the State of Sarawak for the issuance of the provisional lease of certain parcels of land with an approximate total area of 46,674 hectares, of which 20.9% have been planted with oil palm trees.

Another milestone was our embarkation on the proposed acquisition of TRIplc Berhad for RM210 million, which we hope to complete in the second half of 2017. We believe the addition of TRIplc's portfolio of business to our books offers the Group strategic benefits which ties into our long-term business development strategy.





## CHAIRMAN'S LETTER TO SHAREHOLDERS



As an overall business development strategy, Puncak Niaga continues to pursue the water business segment as this has been our forte, capitalising on our extensive experience and expertise in this sector. Thus, FY2016 saw us continuing with our expansion plans for our water distribution business. Business development pursuits into Kelantan and other states represent part of our Group's effort to secure new water business concessions. At this moment, these business development efforts are still at the preliminary stage. We look forward to updating you once we have made concrete progress and have achievements to share.

#### TOWARDS A SUSTAINABLE FUTURE

The economic sentiment for 2017 is optimistic, with the World Bank forecasting 4.5% growth for Malaysia, off the back of recovering commodity prices and recovering global growth. We concur with the general analysts' optimistic view about global growth in 2017 in comparison to 2016. In particular, resilient growth is expected in emerging market including Malaysia, boosted by recovering commodity prices. However, I find that as a highly open and trade-dependent economy, Malaysia's real GDP growth and external demand will likely be influenced by the health of the global economy in 2017. Thus factors such as the increased uncertainty over policy adjustments and growth in the major economies, volatile commodity prices, and developments in the UK post-Brexit will have their impacts.

Nevertheless, we remain cautiously optimistic that the general positive consensus bodes well for Puncak Niaga with our forward moving business strategy which focuses on water, construction, oil palm plantation and property development. We believe that the construction sector, particularly the water and wastewater sector

will continue to exhibit growth in the year 2017 based on the Government's emphasis to improve and upgrade services. These open up an avenue of opportunities for our Group to pursue and participate in. Our forward moving strategy is to rely on our excellent track record and exceptional knowledge within the water and wastewater sectors. We look forward to participate and contribute towards growth in these sectors. As for the property development sector, we will maintain a close watch on this sector for the time being even as we begin preliminary planning for development of our Group's land banks in Selangor which would include the enlarged land banks of both Puncak Niaga Group and TRIplc Group if the proposed acquisition of TRIplc is crystallised.

Our Group is and has remained very committed as a responsible corporation contributing to a sustainable future. Our comprehensive Corporate Social Responsibility policy addresses various key areas which include environmental, community, stakeholders, employees, strategic collaboration and knowledge enhancement at all levels. Sustainability remains a core component of our business model, with the triple bottom line of Economy, Environment and Society integrated into the policies, management and activities of our various business segments.

We continue to be prudent in our cash management strategies and committed towards operational excellence. Within this business canvas, we will continue with our efforts to identify opportunities for business expansion and growth in the form of potential acquisitions, strategic collaborations, joint ventures or alliances. In line with ensuring a sustainable future, we will continuously assess the risks we are exposed to, and implement mitigation measures to counteract negative impacts on our business.

## CHAIRMAN'S LETTER TO SHAREHOLDERS

## AWARDS AND RECOGNITIONS

Apart from the financial achievements and project acquisitions which marked FY2016, Puncak Niaga also contributed towards the recognition of Malaysia on the global stage when we were bestowed five international awards during the year. It is with great pride that I can report our achievements with the following awards:-

- 6<sup>th</sup> Global Leadership Awards 2016 Leadership Excellence in Utilities by The Leaders International & American Leadership Development Association ("ALDA") on 23 April 2016 in Bali, Indonesia
- World Business Leader Award, The Bizz 2016 by the World Confederation of Business on 15 May 2016 in Monte Carlo, Monaco
- The Diamond Eye Award for Quality Commitment and Excellence and the TQCS Total Quality Management Aptitude Seal for High Quality Performance and Best Customers Satisfaction by the Association Otherways Management & Consultation, France on 25 July 2016 in Rome, Italy
- 7<sup>th</sup> Asia Best Employer Brand Awards 2016 on 4 August 2016 in Singapore
- Asia Corporate Excellence & Sustainability Awards 2016 - Outstanding Leaders in Asia by the MORS Group on 17 November 2016 in Singapore
- Certificate of Merit for the National Annual Corporate Report Awards ("NACRA") 2016 in recognition of the Company's Annual Report having qualified for the final of NACRA 2016 on 1 December 2016

Even with these acknowledgements of our contributions, we do not intend to rest on our laurels. We remain committed to maintaining our core values, continuing to strive towards being the leading regional integrated company in the provision of water, wastewater and environmental solutions as well as to emerge as a prominent player in the plantation and property development sectors.



## ACKNOWLEDGEMENTS

Our 2016 journey saw us starting off on a new chapter in our ongoing corporate journey. We had challenges to contend with and opportunities to make the most of. We would not have been able to traverse this landscape without the hard work, commitment and determination of the Group's Management and personnel, as well as the guidance and wise counsel of our Board of Directors. It is through their unstinting efforts to make the best and the most of what we have available to us, that we are able to confidently claim be well on the path towards a sustainable future for our company as we enter the 20<sup>th</sup> year of our operations since our inception on 7 January 1997.

I would also like to extend a warm welcome to my son, Azlan Shah, who was appointed as the Acting Managing Director of Puncak Niaga Holdings Berhad ("PNHB") on 3 August 2016. Prior to his appointment as the Acting Managing Director of PNHB and Acting Chief Executive Officer of PNHB's Oil & Gas Division, he was the Alternate Director to myself as the Executive Chairman of the Company since 6 January 2016. It is my sincere hope that he will give full commitment and contribute positively to the future success and growth of Puncak Niaga Group based on the strong foundations that have been laid for the past 20 years.

Most importantly, the Board and I would like to extend our deepest heartfelt appreciation and gratitude to our shareholders and stakeholders including our investors, customers, financiers and business partners for your ongoing support throughout the year. We are thankful for your continued trust and confidence in us through the various initiatives we have put in place for our Company's sustainable future growth and profitability.

As well as that, our thanks also go out to the Government and the various regulatory authorities, agencies and organisations who continue to put their faith in us as their vendor of choice. Puncak Niaga remains committed to participating in the development of the nation by providing the best solutions within our areas of expertise, as we strive towards the achievement of Vision 2020.

Thank you.

**Tan Sri Rozali Ismail**  
Executive Chairman, PNHB Group  
30 March 2017



# MANAGEMENT DISCUSSION AND ANALYSIS

**Puncak Niaga Holdings Berhad is an investment holding company, with its subsidiaries involved in the integrated water, wastewater, environmental solutions, construction, oil and gas (“O&G”) and plantation sectors. The Group’s wholly-owned subsidiary Puncak Niaga Construction Sdn Bhd (“PNCBSB”) is principally involved in construction works, general contracts and its related activities.**

PNCBSB presently manages the operation of a water treatment plant in Sabah for the supply of water to the Federal Territory of Labuan and the construction of a sewerage project in the Kuala Lumpur and Ampang areas. Puncak Niaga is also involved in the water supply and wastewater treatment sectors in China through its 98.65% owned Singapore subsidiary, Sino Water Pte Ltd (“Sino Water”). Meanwhile, its O&G interests are represented by Puncak Oil & Gas Group which is able to offer a number of services including offshore installations and the leasing of its installation barge DLB 264 vessel for the O&G sector.

## PERFORMANCE FOR THE YEAR

The Financial Year ended 31 December 2016 (“FY2016”) presented a challenging environment for Puncak Niaga to steer through.

FY2016 was a period when we put in place strong and stable foundations for our Group to begin a new chapter of growth in our corporate journey. We concentrated on articulating our business strategy as we sought to consolidate our business holdings in line with our commitment to a sustainable future bearing in mind current economic uncertainties.

Our four core areas of business were focused on water supply management, environmental engineering and construction, O&G and plantation. We continued with our projects in the environmental engineering and construction and water supply management sectors, whilst at the same time, exploring potential new opportunities within these two sectors. Following our decision to expand into the plantation sector, we made our initial moves to establish our presence. O&G remained a quiet sector for us, as we minimised our involvement to mitigate our Group’s exposure to the risks associated with the volatility of crude oil prices which severely affected the sector.

## FY2016 FINANCIAL REVIEW

For FY2016, the Group recorded revenue of RM73.8 million as compared to RM188.0 million reported in FY2015. Our Loss Before Tax (“LBT”) was RM214.4 million in FY2016 as compared to LBT of

RM134.1 million reported in FY2015. Correspondingly, the Group recorded Loss After Tax (“LAT”) of RM240.6 million from continuing operations as compared to LAT of RM117.0 million in FY2015.

Our poorer financial performance reported this year was due to lower revenue contribution from the Construction segment and no revenue contribution from the O&G segment. The higher LBT was mainly due to recognition of allowance for foreseeable losses in respect of the Construction segment’s ongoing sewerage contract as a result of cost increase arising from the termination of the previous sub-contractor due to various breaches of contract and slow work progress despite several notices given.

## GROUP OPERATIONS REVIEW

**Changes in the composition of the Group due to acquisitions and divestments.**

FY2016 was characterised by Puncak Niaga’s further consolidation of our business, in line with our long-term goal of operational excellence. Consequently, there were some changes in the composition of the Group as a result of acquisitions and divestments conducted during the year.

On 30 June 2016, Puncak Niaga subscribed for 6,000 new ordinary shares of RM1 each at a total of RM6,000.00 in Aspen Streams Sdn Bhd (“ASSB”). This represents a 60% equity interest for Puncak Niaga in ASSB. The acquisition of ASSB as a subsidiary is to facilitate the Group’s expansion plans in the water sector.

In China, the Group is in the midst of disposing our 93.81% stake in the water treatment company, Luwei (Pingdingshan) Water Co Ltd (“Luwei”) for RMB10 million or RM6.4 million to settle part of the Company’s shareholders’ loan, for zero cash consideration.

The stake disposal in Luwei was effected by way of an equity transfer agreement by the Group’s 98.65% owned subsidiary, Sino Water Pte Ltd, with Environmental Holding Pte Ltd and Lushan County Chengnan Water Co Ltd (“Chengnan Water”) in December 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

Our primary reason for the disposal was to allow for Sino Water to divest its loss-making subsidiary and limit the Group's losses arising from this investment as Puncak Niaga intends to exit its businesses in China. The Group agreed to a zero cash consideration in return for the purchaser, Chinese state-owned enterprise Chengnan Water, agreeing to take over all of Luwei's existing debts and liabilities, as well as Luwei's continued and expected future losses. We expect the disposal to be completed in the second quarter of 2017.

We are also in discussion with the Laodian Town People's Government ("Laodian Government") for Sino Water to dispose of its entire equity interest in Xinnuo Water (Binzhou) Co Ltd ("Xinnuo Water") in China. We hope to finalise and execute the Equity Interest Transfer Agreement for the disposal of Xinnuo Water once the Laodian Government has identified and notified Sino Water on the purchaser to acquire Xinnuo Water.

Another key strategic move we undertook in 2016 was to begin the process of acquiring the business of a public listed construction company, TRIpIc Bhd, for RM210 million to enhance our construction segment's revenue and long-term growth prospects. TRIpIc and its subsidiaries are involved in construction, property development, property investment and the provision of facilities management services. It currently has two concessions awarded by the government at Universiti Teknologi MARA ("UiTM"), namely Zone 1 Phase 2 ("Z1P2") and Zone 1 Phase 3 ("Z1P3"). Through the acquisition, Puncak Niaga will be able to consolidate TRIpIc as a subsidiary and enjoy stable earnings from the two concessions for the next 18 and 25 years respectively. The conditional Sale and Purchase Agreement with the vendor, Pimpinan Ehsan Berhad was executed on 16 December 2016.

The proposed acquisition, which is a related party transaction involving the interests of our Executive Chairman (who has substantial shareholdings in both Puncak Niaga and TRIpIc Bhd) and persons connected to him including our Acting Managing Director, puts our Group in a position of immediate access to a profitable construction company and will contribute positively to the financial performance of the construction segment of the Group in the long-term, as TRIpIc's concessions, comprising both facilities maintenance services and construction at the UiTM Puncak Alam Campus, will contribute accretive growth to our Group. Barring unforeseen circumstances and in accordance with the compliance requirements of both Securities Commission and Bursa Malaysia Securities Berhad on this related party transaction, we anticipate the proposed acquisition to be completed by the second half of 2017, subject to obtaining the approval of the non-interested shareholders of the Company at an Extraordinary General Meeting to be convened in due course and the relevant regulatory approvals, where applicable.

On 17 October 2016, Puncak Niaga also announced the proposed acquisition of the entire stake of Danum Sinar Sdn Bhd by our 60% owned sub-subsidiary, Danau Semesta Sdn Bhd for RM446.5 million.

Danum Sinar is the registered proprietor, having legitimate expectations from the State of Sarawak for the issuance of the provisional lease of certain parcels of land with an approximate total area of 46,674 hectares, of which 20.9% have been planted with oil palm trees. This move was made in line with our expansion into the plantation sector that has the ability to generate a steady flow and recurring source of income over a long period of time, through good agricultural practice coupled with the sizeable land bank under one title.

### Sustainability: Economic, Environment and Social issues ("EES")

In FY2016, we took the opportunity for a more in-depth look at our Economic, Environmental and Social ("EES") Sustainability practices to ensure that the policies and initiatives implemented were in tandem with our business strategies. Our aim was to help meet our stakeholders' needs, engage and develop our people and deliver profitable growth and business stability over the long-term. Our quest to create long-term value in the EES sphere was generated by the continuation of initiatives which through consistent monitoring, has proven to be beneficial to the triple sustainability bottom line.

We continued to create economic value by contributing towards job creation in Malaysia through the various projects we undertook in FY2016. In creating environmental value, we sustained our practices to reduce our internal environmental footprint at the workplace, through initiatives that were both environment-friendly and cost-efficient. This included the monitoring of water and electricity consumption at both our Beaufort Water Treatment Plant in Sabah and Wisma Rozali in Selangor. Additionally, workplace policies continued to reiterate the importance of reducing paper consumption, and to go paperless as much as possible, whilst we also recycled the use of paper throughout the year.

Our creation of social value to our employees were borne through our commitment to engage a diverse workforce, hailing from a myriad of academic backgrounds, experiences, skills, languages and cultural understanding. Together with gender, age, ethnic and cultural diversity, we believe our workforce, all of whom embrace our PUNCAK values, are in prime position to leverage on their diversity to come up with efficient solutions to workplace problems, within an organisational culture that allows for inspiring experiences. Our employees' welfare remained as a high priority for us, as we continued investing in training and development programmes and work-life balance initiatives. We continued with our culture of giving back to our communities, engaging with them and contributing positively to their lives. More details on the specificities of our EES policies, initiatives and outcomes can be found in our Sustainability Statement on pages 62 to 79 of this Annual Report.



For more information, kindly refer page 62



## MANAGEMENT DISCUSSION AND ANALYSIS



### SEGMENTAL REVIEW WATER AND WASTEWATER

Loss Before Interest  
and Tax

**RM2.6** million  
in FY2016

Government's  
allocations

**RM2,392** million  
for water related projects

Phase 1 and Phase 2 water  
treatment facilities with a  
total design capacity

**76** million  
litres per day

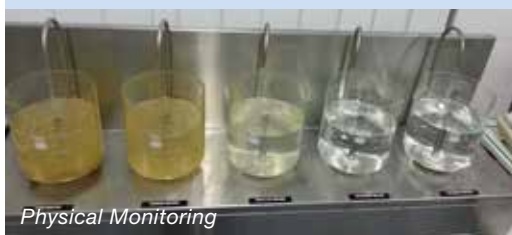


## MANAGEMENT DISCUSSION AND ANALYSIS



Five days Precipitation Test

**In FY2016, Puncak Niaga undertook the first year of a three year contract for the operation and maintenance of Beaufort WTP**



Physical Monitoring

In the Water and Wastewater segment of our business, the Group reported a Loss Before Interest and Tax (“LBIT”) of RM2.6 million in FY2016 compared to LBIT of RM7.9 million in FY2015, representing a positive variance of RM5.3 million. The positive variance is mainly due to profit contribution from the operation and maintenance of Kg Lawa Gadong Water Treatment Plant (“WTP”) in Beaufort, Sabah (“Beaufort WTP”) for 11 months since 1 February 2016.

The Water and Wastewater segment formed the core of PNCSB’s key business drivers for 2016. This sector is also a major emphasis of the 11<sup>th</sup> Malaysian Plan (“11MP”) which provides for the replacement of the existing water supply and treatment infrastructure to meet increasingly stringent environmental regulations and demand increases due to population growth.

In FY2016, Puncak Niaga undertook the first year of a three year contract for the operation and maintenance of Beaufort WTP including the takeover of the existing Beaufort WTP staff from the previous operator.

The WTP located in Kg Lawa Gadong, is approximately 30km from Beaufort town, in Sabah. The project involves Phase 1 and Phase 2 water treatment facilities with a total design capacity of 76 million litres per day supplying water to the Federal Territory of Labuan.

PNCSB’s contract with the Government of Malaysia is for three years, effective 1 February 2016 to 31 January 2019.

PNCSB manages the Beaufort WTP with focus on production reliability to meet demand and water quality control with testing at its laboratory on site at Beaufort WTP. Enhancement of the WTP operations were conducted and a disciplined work culture was introduced to the Beaufort WTP staff who have newly joined Puncak Niaga’s workforce in order to provide efficient operational performance, better housekeeping and a clean environment, along with the introduction of occupational safety, health and environmental systems and standards including forming an Emergency Response Team and Safety and Health Committee, both hallmarks of Puncak Niaga in operating and managing water treatment plants and facilities over the past 20 years.



## FUTURE PROSPECTS

Moving forward, we have proposed a number of improvements to the client to upgrade and enhance the Beaufort WTP’s performance and efficiencies. We look forward to implementing these improvements in consultation with the client and also depending on the client’s available budget.

PNCSB will continue to expand within the water and wastewater sector, leveraging on our long-standing expertise and reputation in the niche area of water supply and wastewater sectors. We continue to pursue major projects in Kelantan and other states which we hope to update our shareholders with once we have concrete developments.

We believe that the water and wastewater sectors in Malaysia will continue growing with the impetus of the Government’s emphasis on improving and upgrading services within these sectors. PNCSB looks forward to exploring opportunities with the Government’s allocations of RM2,392 million for water related projects, for example the provision of clean water supply to 5,200 houses and upgrading FELDA water supply, addressing water supply issues through the States Water Supply Plan, and the establishment of a water supply fund as highlighted by the Prime Minister of Malaysia at the 2017 Malaysian Budget Speech.



## MANAGEMENT DISCUSSION AND ANALYSIS



### SEGMENTAL REVIEW ENVIRONMENTAL ENGINEERING & CONSTRUCTION

Scope of Package D44, Bunus Project includes:

- |   |  |   |  |                               |  |
|---|--|---|--|-------------------------------|--|
| 1   | 2  | 3   | 4  | 5                             | 6  |
| 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 |

## MANAGEMENT DISCUSSION AND ANALYSIS



*Supporting equipment for jacking operation at Jalan Enggang*

Puncak Niaga's core business in the environmental engineering and construction sector is conducted by our wholly owned subsidiary, PNCSB. FY2016 marked the fourth full year of PNCSB's operations.



*Construction of Jacking Shaft at Taman Melawati*

For FY2016, the Construction segment reported a LBIT of RM151.4 million as compared to LBIT of RM8.4 million in FY2015, representing a negative variance of RM143.0 million. The higher LBIT for the Construction segment was mainly due to recognition of allowance for foreseeable losses in respect of its ongoing sewerage contract as a result of cost increase subsequent to the termination of the previous sub-contractor for non-performance and slow work progress. The project cost to completion increased due to the appointment of new sub-contractors for the remaining works post-termination of the previous sub-contractor and shorter period of construction which requires utilisation of more resources and accelerated work progress.

Over the course of the year, we continued working on our main project undertaken in FY2016 which was the D44 sewerage pipe network project in Bunus, Kuala Lumpur for the Sewerage Services Department, KeTTHA ("Package D44, Bunus Project").

The Kuala Lumpur based RM394 million Package D44, Bunus Project involves the design and construction of sewer pipe networks within Kuala Lumpur and Ampang areas to channel sewerage into the new Bunus Sewerage Treatment Plant at Bunus, Kuala Lumpur as part of the Government's National Transformation Plan's ("NTP") Greater Kuala Lumpur River of Life initiative. The project aims to revitalise areas along the Klang River to improve the image of Kuala Lumpur as a vibrant commercial and tourist hub.

The scope of the Package D44, Bunus 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



## MANAGEMENT DISCUSSION AND ANALYSIS



Pipe Jacking of 1050mm Sewer Pipe

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 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.

In FY2016, PNCSB ran into several challenges in undertaking this project. Due to poor performance by its sub-contractor, PNCSB made the decision to terminate their services in June 2016. The termination was based on various breaches of contract under the Letter of Award and also slow progress of work at the worksite despite many notices given to the sub-contractor.

PNCSB has taken all the necessary steps to ensure there is no material adverse impact on the progress of the project. Consequently, several new sub-contractors were engaged to complete the remaining works. While Puncak Niaga foresees projected loss as a result of this, we remain committed to completing the project to the highest standards of delivery for our client which we believe in the long-term, will hold our Group in good stead within the industry.

To date, design works are 95% complete, with construction works beginning in early 2015. The construction of four network pumping stations is ongoing and a 9.6km sewerage line has been laid. Construction activities onsite are expected to peak in 2017 with the project expected to be completed in February 2018.



## FUTURE PROSPECTS

State Budgets for 2017 have focused on a strategy of developing infrastructure projects, with Terengganu and Selangor alone allocating RM1,372.9 million and RM282.7 million respectively. These present opportunities for our Company to actively pursue and participate in, relying on our consistent track record and rich experience within the water and wastewater sectors to provide our contributions towards these sectors.

In line with growing our business, Puncak Niaga plans to tender for projects which fall within our areas of expertise, leveraging on our years of experience and knowledge in these sectors.

Under the 11MP which is in effect from 2016 till 2020, the Government is actively promoting the pursuit of green growth for sustainability and resilience as one of its strategic thrusts. Two key strategies covered under the 11MP is the holistic management of waste and an increase in the share of green or renewable energy within the power sector.

Within the construction sector, PNCSB's business model is based on securing turnkey projects and long-term concessions, from which we will derive long term revenues streams.

## MANAGEMENT DISCUSSION AND ANALYSIS



### SEGMENTAL REVIEW **OIL & GAS**

Our O&G segment  
reported LBIT

**RM66.6** million  
in FY2016



## MANAGEMENT DISCUSSION AND ANALYSIS

Arising from the right sizing exercises conducted in May 2015, Puncak Niaga has consolidated our O&G interests, through prudent downsizing, and a more focused strategy for long-term sustainability. The volatility of the O&G sector in recent years has necessitated the strategic reduction of our exposure in this sector, in our efforts to mitigate our exposure to the risks associated with this segment.

As a result of our mitigation measures, in FY2016, our O&G segment reported LBIT of RM66.6 million as compared to RM126.7 million in FY2015. The lower LBIT was mainly due to lower operating expenses following the implementation of the right sizing exercises in the O&G division and lower impairment loss on the derrick lay barge.

Our interests in the O&G sector remains within Puncak Oil & Gas Group (“POG”) which continues to cautiously evaluate potential business opportunities in this sector through its wholly-owned subsidiaries, GOM Resources and KGL. KGL’s principal activity is offshore leasing of vessels on time charter basis while GOM Resources is a business partner of Petroliaam Nasional Berhad (“PETRONAS”) and has over the years built a good working relationship with all partners.

Throughout FY2016, we did not actively participate in the O&G sector although our segmental business operations continue. Our reason for a lack of participation is to mitigate our risks and exposure to volatile crude oil prices and cost saving measures implemented by our partners. Nevertheless, by keeping our business operations ongoing we remain open to future possibilities and opportunities which may be worthwhile to be considered should there be a rebound in the price of crude oil leading to the recovery of the O&G sector even as other notable players have exited the industry.



## FUTURE PROSPECTS

**The O&G industry continues to present challenges in 2017. While crude oil prices rose to over USD50 per barrel from USD45-50 per barrel, following the Organisation of the Petroleum Exporting Countries’ (“OPEC”) agreement to trim output levels in December 2016, challenges still remain in the form of high levels of uncertainty and a limited scope for oil price recovery.**

Against this backdrop, we believe Puncak Niaga’s strategy to maintain a cautious outlook in the O&G sector is the most prudent move forward as it presents our mitigation measures against risks identified, whilst providing exposure to future opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS



### SEGMENTAL REVIEW **PLANTATION**

In the long-term,  
our goal is to be one of Malaysia's top

## **PALM OIL** producers

In 2015, Malaysia's palm oil industry was the largest contributor to the agricultural gross domestic product at 46.6%, with more than 70% of agricultural land utilised for oil palm cultivation. The following year 2016 saw Malaysia accounting for 30.4% of global palm oil production and 37.1% of world exports. Currently, Malaysia is the second largest producer of Crude Palm Oil ("CPO") which accounts for 36.4% of total exports of palm oil products.



## MANAGEMENT DISCUSSION AND ANALYSIS



**Puncak Niaga's decision to embark into the oil palm plantation segment is one which augurs well for our sustainable and profitable business future.**

Global oils and fats production is expected to increase by only 0.5% to 206.5 million tonnes in 2016, compared to 204.90 million tonnes in 2015. Demand is likely to grow to 207.5 million tonnes. It will exceed supply as unfavourable weather, resulting from effects of El Nino, is anticipated to curtail production growth of oil crops.

Palm oil will supply more than 30% of the global oils and fats needs. World palm oil output is projected to reach 64 million tonnes up by just over 1 million tonnes compared to 62.8 million tonnes in 2015. Malaysia CPO production is expected to continue growing, from 19.96 million tonnes currently to 20.09 million tonnes. Demand for palm oil will expand for use in food and biofuel feedstock. In the latter case, the Americas have raised their biodiesel blending requirement, while Indonesia is determined to implement its blending mandate.

Domestically, the implementation of the Biodiesel Programme by increasing the blend for the transport sector to B10 (blending of 10% palm methyl ester with 90% petroleum diesel) is expected to contribute to annual consumption of 709,000 tonnes of crude palm oil.

Within this landscape, Puncak Niaga's decision to embark into the oil palm plantation segment is one which augurs well for our sustainable and profitable business future. In the long-term, our goal is to be one of Malaysia's top palm oil producers, and for this business segment to contribute to half of our Group's revenue and net profits in the future.

Thus, in 2016, we set forth on our expansion into the oil palm plantation sector with the announcement on 17 October 2016 of the proposed acquisition of the entire stake of Danum Sinar Sdn Bhd by our 60% owned sub-subsidiary, Danau Semesta Sdn Bhd for RM446.5 million. Danum Sinar is the registered proprietor and has legitimate expectations from the State of Sarawak for the issuance of the provisional lease of certain parcels of land with an approximate total area of 46,674 hectares, of which 20.9% or equivalent to 9,766.90 hectares have been planted with oil palm trees.



## FUTURE PROSPECTS

**Palm oil prices showed large moves in 2016, rising by nearly 30% in the third quarter of 2016 to a four-year high. On average, prices in 2016 exceeded those of 2015 by 17%.**

Strong global demand was driven by recovering global vegetable oil consumption growth. Counteracting these were the challenges which exist from the soy oil market, especially with record soybean crops across America putting downward pressure on palm oil prices. Additionally, the El Nino dryness resulted in constrained supplies in Indonesia and Malaysia. Nevertheless, Malaysia is expected to see its palm oil output recover by 13% to 20 million tonnes.

Based on analysts' reports, expectations of CPO prices will be better in 2017, with an average price of RM2,700.00 to RM2,800.00 per tonne forecast for the year in comparison to RM2,600.00 per tonne in 2016. With Puncak Niaga's move into the plantation segment, we expect to see the generation of profits within this sector in the longer term.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Dividend Policy**

The Company has not adopted a Dividend Policy as of now. In light of our underperformance for FY2016 and given the need to conserve financial resources for future expansion and for new businesses, the Board of Directors does not recommend any dividend for FY2016.

Going forward and based on our past practice, the Board of Directors will take into consideration a number of factors such as the earnings, capital commitments, general financial conditions, distributable reserves and other factors before recommending dividends, if any to the shareholders of the Company.

**GROUP-WIDE FORWARD MOVING STATEMENT**

Moving forward into 2017, Malaysia's sound economic fundamentals is supported by an improving economic outlook. Malaysia's growth for 2017 is expected to edge up to between 4.5% and 5.5%, an improvement from the previous year's growth of between 4% and 4.5%. Growth will be supported by recovering commodity prices, and an improvement in global economic growth.

Within this economic landscape, Puncak Niaga remains cautiously optimistic of our future. Most of Puncak Niaga's businesses are domestic oriented and to a certain extent, the Group is somewhat protected from the slowdown of the global economy.

The recovering CPO price is positive news to us as we have begun our venture into the plantation sector. The recent weakening of the Malaysian Ringgit against major currencies may have adverse impacts on the construction and property markets. However, the increase in costs contributed by the weak Ringgit and higher commodity prices will most likely pass on to consumers or the end clients. Nevertheless, it will be challenging to maintain the profit margin within these circumstances. Hence, the prospect of Puncak Niaga's business segments will be largely driven by domestic demand and dependent on Malaysia's economic growth.

We look forward to the realisation of opportunities as a result of the 11MP and the 2017 Malaysian Budget which we have been actively exploring throughout 2016. Our limited exposure in the O&G sector puts us in good stead to seize any profitable opportunities which may exist in the medium to long-term future. We believe our decision to enter the plantation sector augurs well for the long-term sustainability of Puncak Niaga as we harness the growth potential this segment offers to our Group.

We remain committed to practising prudent management policies within a sustainable business framework to ensure our long-term growth and success, thus providing our shareholders with returns for their investment.



## 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 and to emerge as a prominent player in the plantation and property development sectors.



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 and plantation.

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 2016, PNHB's market capitalisation stood at RM400.7 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 reclassified to the Construction sector on 13 November 2015.

### OUR CORE BUSINESS AND CAPABILITIES

Our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd's ("PNCBSB") principal business activities are construction works, general contracts and its related activities. As the construction arm of PNHB, PNCBSB 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.

## CORPORATE PROFILE



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 ("MESB") and Unggul Raya (M) Sdn Bhd will be the wholly-owned plantation and property development subsidiaries of PNHB.

On 17 October 2016, MESB had acquired a 60% subsidiary, namely Danau Semesta Sdn Bhd to facilitate the Group's business expansion plans in the oil palm plantation sector.

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) ("PNSB") and Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") 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 and property development.



## CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Encik Azlan Shah  
Tan Sri Rozali**  
*Acting Managing Director*

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

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

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

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

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

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

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

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

## CHIEF FINANCIAL OFFICER

Madam Wong Ley Chan

## COMPANY SECRETARIES

Madam Tan Bee Lian  
(MAICSA 7006285)

Madam Lim Shook Nyee  
(MAICSA 7007640)

Ms Lee Siew Yoke  
(MAICSA 7053733)

## REGISTERED OFFICE

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No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8428  
Fax : +603-5512 0220

## PRINCIPAL OFFICE

Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598  
e-mail (general):  
pr@puncakniaga.com.my  
e-mail (investors):  
investors@puncakniaga.com.my  
website:  
www.puncakniaga.com.my

## BRANCH OFFICES IN MALAYSIA

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

## SUBSIDIARY OFFICES

**Malaysia**  
**Puncak Niaga Management  
Services Sdn Bhd's Office**  
Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

**Puncak Niaga Construction  
Sdn Bhd's Office**  
3<sup>rd</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5510 1340

**Murni Estate  
Sdn Bhd's Office**  
Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

## Puncak Oil &amp; Gas

**Sdn Bhd's Office**  
Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598  
e-mail : info@puncakoil.com

GOM Resources  
Sdn Bhd's Office

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

## KGL Ltd.'s Office

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

## Singapore

**Sino Water Pte Ltd's and  
Puncak Niaga Overseas Capital  
Pte Ltd's Office**  
No. 8, Eu Tong Sen Street  
#22-85 & #22-86  
The Central  
Singapore 059818  
Tel : +65 6224 9220  
(Main Line)  
+65 6222 7926  
Fax : +65 6222 6812

## China

**Sino Water Environmental  
Consultancy (Shanghai)  
Co. Ltd's Office**  
Room 1758  
CCIG International Plaza  
No. 331, North Caoxi Road  
Xuhui District  
Shanghai, 200030  
People's Republic of China  
Tel : +86-21-24225257  
Fax : +86-21-24225240

Luwei (Pingdingshan) Water  
Co. Ltd's Office

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

## CORPORATE INFORMATION

### Xinnuo Water (Binzhou)

#### Co. Ltd's Office

Chenlou Industrial & Commerce Park  
Laodian Town  
Yangxin County  
Shandong Province, 251802  
People's Republic of China  
Tel/Fax : +86-543-898 3008

### India

#### Puncak Niaga Infrastructures & Projects Private Limited

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

### Myanmar

#### GOM Resources Limited

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

### OVERSEAS BRANCHES

#### Myanmar

#### Puncak Niaga Holdings Berhad (Myanmar Branch)

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

### Brunei

#### Puncak Niaga Holdings Berhad (Brunei Branch)

c/o Room 308B, 3<sup>rd</sup> Floor  
Wisma Jaya, Jalan Pemancha  
Bandar Seri Begawan  
BS 8811  
Negara Brunei Darussalam  
Tel : +673 223 2780/1/2  
Fax : +673 223 2783

### DATE AND PLACE

#### OF INCORPORATION

7 January 1997, Malaysia

### COMPANY NUMBER

416087-U

### AUDITORS

KPMG PLT  
(LLP0010081-LCA & AF 0758)

### TAX ADVISORS

Ernst & Young Tax Consultants  
Sdn Bhd

### PRINCIPAL BANKERS

RHB Islamic Bank Berhad (680329-V)  
CIMB Islamic Bank Berhad (671380-H)  
RHB Bank Berhad (6171-M)  
OCBC Bank (Malaysia) Berhad  
(295400-W)  
Hong Leong Bank Berhad (97141-X)  
United Overseas Bank (Malaysia) Bhd  
(271809-K)

### SHARE REGISTRAR

(place where all registers of securities are kept)

#### 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  
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:

Encik Azlan Shah Tan Sri Rozali  
Yang Berbahagia Dato' Ir Lee  
Miang Koi  
Yang Berbahagia Dato' Zainal  
Abidin Salleh  
Yang Berbahagia Dato' Nasir Khan  
Illadad Khan  
Madam Wong Ley Chan  
Mr Ng Wah Tar  
Madam Tan Bee Lian  
Puan Faridatulzakiah Mohd Bakhry

### 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

### 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

### 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

### COMPLIANCE, INTERNAL

#### CONTROL AND RISK

#### POLICY COMMITTEE (CICR)

#### Chairman:

Yang Berbahagia Tan Sri Dato'  
Seri Dr Ting Chew Peh

#### Members:

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

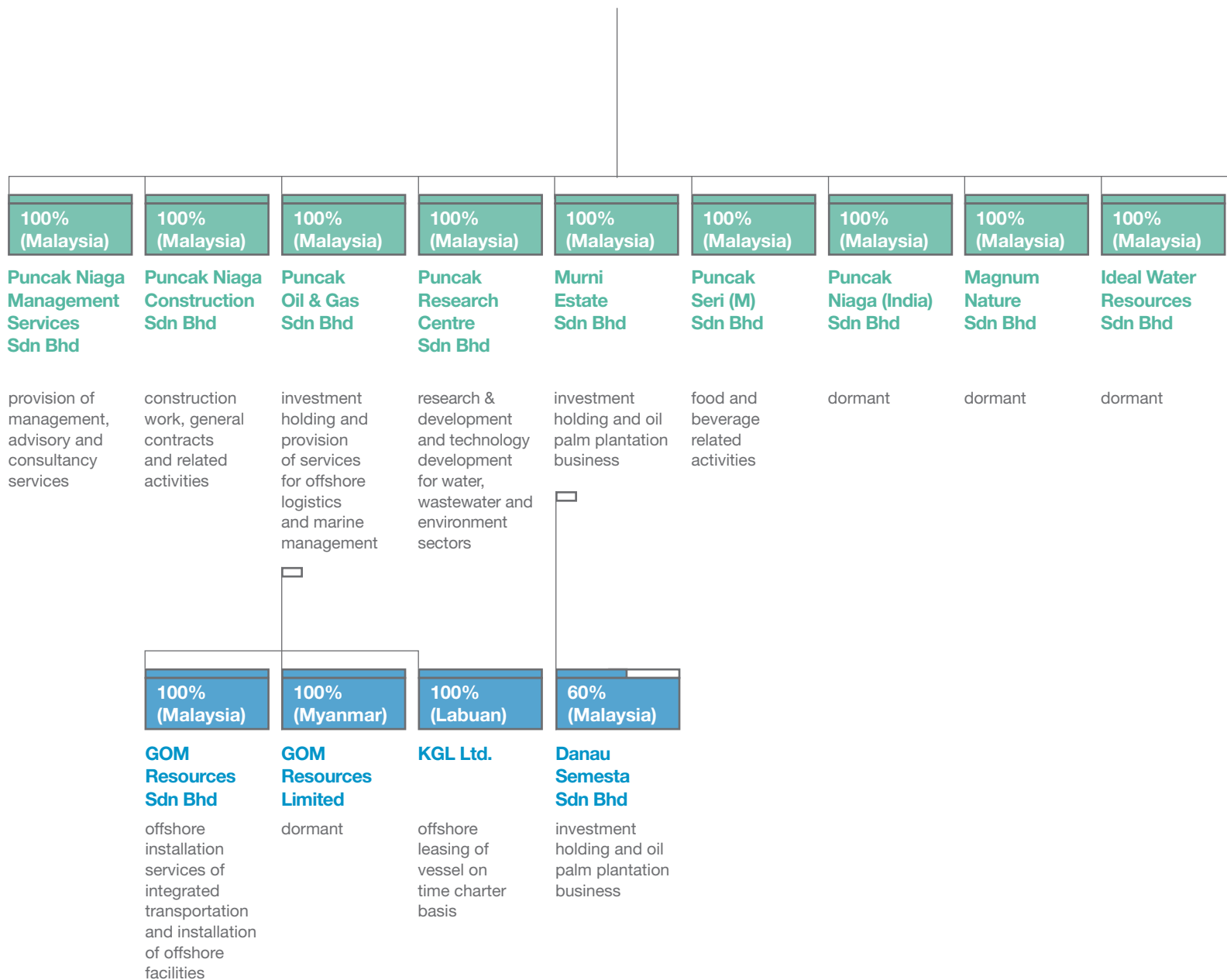


# CORPORATE STRUCTURE

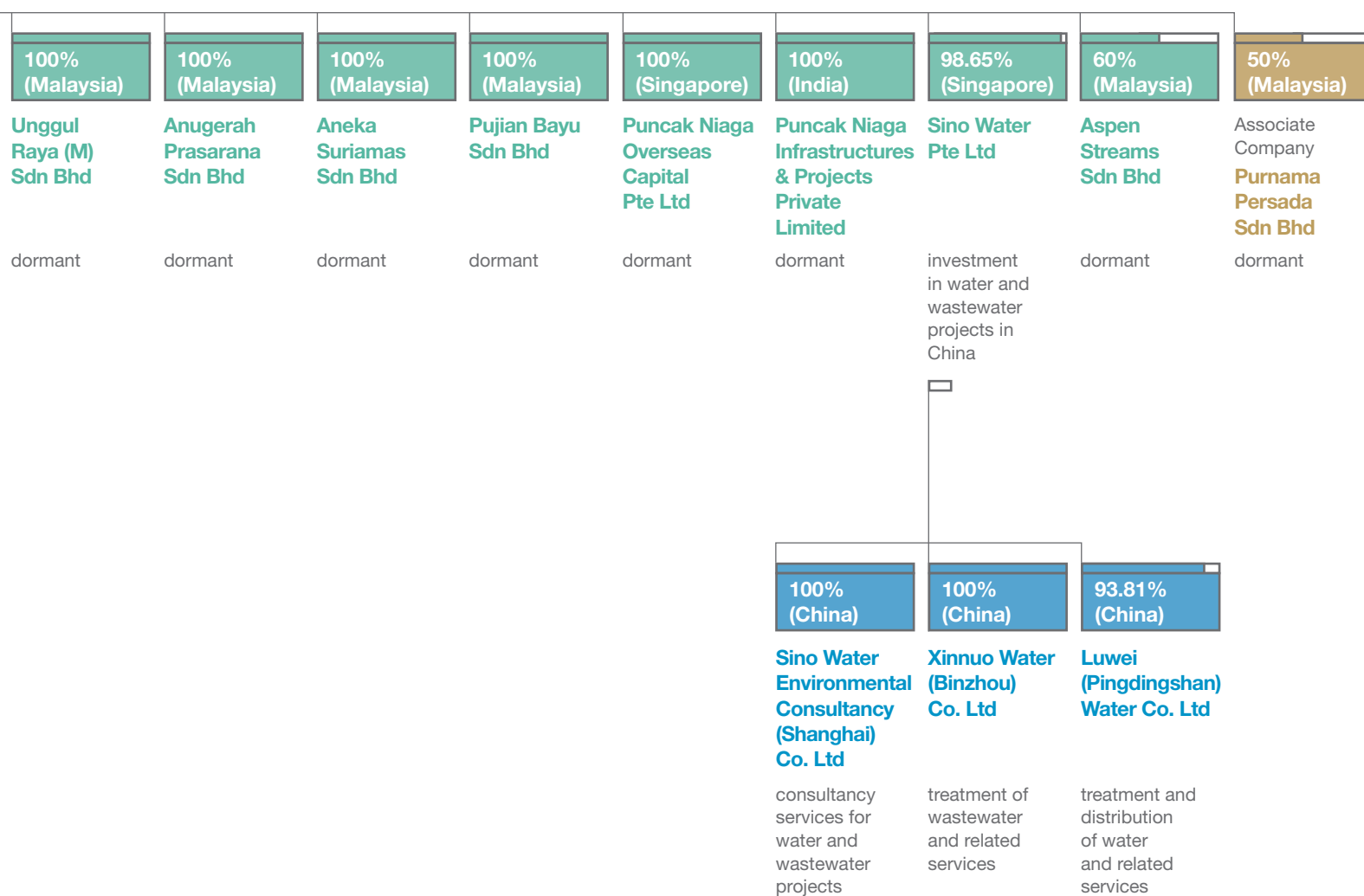


**PUNCAK NIAGA HOLDINGS BERHAD**  
(416087-U)

## INVESTMENT HOLDING



## CORPORATE STRUCTURE





# ORGANISATION STRUCTURE



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

## BOARD OF DIRECTORS

### EXECUTIVE CHAIRMAN

YBhg Tan Sri Rozali Ismail

### BOARD COMMITTEES

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Compliance, Internal Control And Risk Policy Committee
- Executive Committee

### ACTING MANAGING DIRECTOR

Encik Azlan Shah Tan Sri Rozali

PROPERTY DIVISION	PLANTATION DIVISION	FINANCE DIVISION	CORPORATE FINANCE DIVISION	CORPORATE SERVICES DIVISION	OPERATIONS DIVISION	HUMAN RESOURCES & ADMINISTRATION DIVISION	STRATEGIC RESOURCE & PUBLIC RELATIONS DIVISION	BUSINESS DEVELOPMENT DIVISION
Head	Managing Director	Chief Financial Officer	Executive Director	Executive Director	Executive Director	Executive Director	Executive Director	Executive Director
Vacant	YBhg Dato' Zainal Abidin Salleh	Madam Wong Ley Chan	Mr Ng Wah Tar	Madam Tan Bee Lian	YBhg Dato' Ir Lee Miang Koi	Puan Faridatulzakiah Mohd Bakhry	YBhg Prof Dato' Dr Mohd Zainul Fithri Othman	YBhg Dato' Nasir Khan Illadad Khan







## BOARD OF DIRECTORS



**YBHG TAN SRI ROZALI ISMAIL**  
*Executive Chairman of PNHB Group*



**ENCIK AZLAN SHAH TAN SRI ROZALI**  
*Acting Managing Director of PNHB*



**YBHG TAN SRI DATO' SERI DR TING CHEW PEH**  
*Independent Non-Executive Director of PNHB*

## BOARD OF DIRECTORS



**YBHG TAN SRI DATO' AHMAD  
FUZI HAJI ABDUL RAZAK**  
*Independent Non-Executive Director of PNHB*



**YAM TENGKU DATO' RAHIMAH  
ALMARHUM SULTAN MAHMUD**  
*Non-Independent Non-Executive Director of PNHB*



**YBHG DATO' RUSLAN HASSAN**  
*Non-Independent  
Non-Executive Director of PNHB*



**YBHG TAN SRI DATO' HARI  
NARAYANAN A/L GOVINDASAMY**  
*Independent Non-Executive Director of PNHB*



**YBHG DATO' IR LEE MIANG KOI**  
*Executive Director, Operations Division of PNHB and  
Managing Director of Puncak Niaga Construction Sdn Bhd*



**MR NG WAH TAR**  
*Executive Director,  
Corporate Finance Division of PNHB*



## BOARD OF DIRECTORS' PROFILE



**YBHG TAN SRI  
ROZALI ISMAIL**

*Executive Chairman of PNHB Group*

*Aged 60, Male, Malaysian*

**YBhg Tan Sri Rozali Ismail is the founder of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB"), the 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 72<sup>nd</sup> 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

## BOARD OF DIRECTORS' PROFILE

water industry. This award signals the SMI Association of Malaysia's recognition of YBhg Tan Sri Rozali as a role model for budding entrepreneurs, especially in view of his rapid rise from a small and medium business entrepreneur to becoming a Chief Executive Officer of a large listed company. On 16 January 2009, YBhg Tan Sri Rozali received the title of Kolonel Kehormat "60 Rejimen Pakar Pengendalian Air (AW)". In recognition of his excellent services performed with utmost dedication towards the betterment of the community, YBhg Tan Sri Rozali was the proud recipient of the Vocational Excellence Service Award 2009, conferred by the Paul Harris Fellow Award and inducted as an Honorary Rotarian by the Rotary Club of Kuala Lumpur West on 6 November 2009. On 16 June 2010, YBhg Tan Sri Rozali received the Anugerah Perdana (Kepimpinan), a Premier Award for Leadership at the 'Anugerah Usahawan Bumiputera 2010' organised by Gagasan Badan Ekonomi Melayu ("GABEM"). On 20 June 2010, YBhg Tan Sri Rozali was honoured with the Top Achiever Of The Year 2009 Award at the Fourth Business Of The Year Award organised by the SMI and SME Worldwide Network.

On 28 June 2011, YBhg Tan Sri Rozali was honoured with Technology CEO of the Year-Global Award by World Finance Magazine under the World Finance Technology Awards 2011 in recognition of his contributions towards the water sector in Malaysia and the region over the past 15 years and commitment to continuously innovate and improve lives in the process. YBhg Tan Sri Rozali received the title "Brigedier Jeneral (Kehormat) Pakar Pengendalian Air Ke-60 RAJD (AW)" on 4 July 2011. On 20 July 2011, YBhg Tan Sri Rozali received the prestigious Entrepreneur of the Year 2011 Award at the Asia Pacific Entrepreneurship Awards 2011. On 28 July 2011, YBhg Tan Sri Rozali was awarded the Masterclass Leader Award at the International Standard Quality ("ISQ") Award 2011. On 9 January 2012, YBhg Tan Sri Rozali was recognised as International Distinguished Entrepreneur Of The Year for the Asia Pacific International Brands Summit (Malaysia) 2011 by the Asia Entrepreneur Alliance. On 23 February 2012, YBhg Tan Sri Rozali was awarded the Special Individual Achievement Category at the 1<sup>st</sup> Malaysia Achievement Awards 2012. On 10 February 2015, YBhg Tan Sri Rozali was awarded the "Utility Man Of The Year" at the Brandlaureate Brand Leadership Award 2014-2015. On 27 March 2015, YBhg Tan Sri Rozali was awarded the "Munisaraphoin Medal" by the Prime Minister of Cambodia, H.E Hun Sen. On 18 October 2015, YBhg Tan Sri Rozali 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 ("WORLD COB"). On 15 May 2016, YBhg Tan Sri Rozali was recognised as World Leader

Businessperson by WORLD COB at The Bizz 2016. On 17 November 2016, YBhg Tan Sri Rozali was awarded the Outstanding Leaders in Asia at the Asia Corporate Excellence & Sustainability Award 2016 by MORS Group.

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 TRIplc Berhad, a property company.

He is the father of Encik Azlan Shah Tan Sri Rozali, the Acting Managing Director of PNHB and Acting Chief Executive Officer of PNHB's Oil & Gas Division.

YBhg Tan Sri Rozali Ismail attended 6 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.



## BOARD OF DIRECTORS' PROFILE



**ENCIK AZLAN SHAH  
TAN SRI ROZALI**

*Acting Managing Director of PNHB*

*Aged 31, Male, Malaysian*

**Encik Azlan Shah Tan Sri Rozali was appointed as the Acting Managing Director of Puncak Niaga Holdings Berhad on 3 August 2016.**

Prior to his appointment as the Acting Managing Director of PNHB and Acting Chief Executive Officer of PNHB's Oil & Gas Division, he was the Alternate Director to YBhg Tan Sri Rozali Ismail, the Executive Chairman of the Company since 6 January 2016 and also the former Head of Information Technology overseeing the overall of the Information Technology Department of PNHB Group. He is a Member of PNHB's CICR and PNHB's EXCO.

Encik Azlan Shah completed his University Foundation Programme in Business Administration from London School of Commerce in 2004. He graduated with a Bachelor of Arts Degree in Business Studies and Marketing from the Middlesex University, London, United Kingdom in 2009. He has completed the "Program For Leadership Development (PLD)" at Harvard Business School in February 2017.

In 2010, Encik Azlan Shah joined SYABAS as an Executive and gained exposures and experiences in the area of human resources & administration, finance & accounts and operations in SYABAS.

In 2016, Encik Azlan Shah received the title of 'Captain', Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Wataniah).

Encik Azlan Shah is a shareholder of PNHB and is the eldest son of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of the Company. He currently sits on the Board of most of the subsidiary companies of the Group.

Encik Azlan Shah attended 6 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.

## BOARD OF DIRECTORS' PROFILE



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

*Independent Non-Executive Director of PNHB*

*Aged 74, Male, 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 8 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.



## BOARD OF DIRECTORS' PROFILE



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

*Independent Non-Executive Director of PNHB*

*Aged 68, Male, 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. He also sits on the Board of the Governors of Meritus University.

YBhg Tan Sri Dato' Ahmad Fuzi is the Chairman of Seremban Engineering Berhad, Syarikat Takaful Malaysia Berhad, Theatre Management Associates Sdn Bhd, Optima Capital Sdn Bhd, Sofgen (Malaysia) Sdn Bhd, IMAN Research Consulting Sdn Bhd, Ace Holdings Sdn Bhd and Ultra Deep Subsea Sdn Bhd and Director of MDIS (Malaysia) Sdn Bhd, WEROS Technology Sdn Bhd, Lejadi Medimax Sdn Bhd, CGM Alstar Solutions Sdn Bhd and MDIS Unicampus (Malaysia) Sdn Bhd.

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

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

YBhg Tan Sri Dato' Ahmad Fuzi attended 8 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.

## BOARD OF DIRECTORS' PROFILE



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

*Independent Non-Executive Director of PNHB*

*Aged 67, Male, Malaysian*

**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 5 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.



## BOARD OF DIRECTORS' PROFILE



**YAM TENGKU DATO' RAHIMAH  
ALMARHUM SULTAN MAHMUD**

*Non-Independent Non-Executive Director of PNHB*

*Aged 51, Female, Malaysian*

**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.

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 7 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.

## 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 63, Male, Malaysian*

**YBhg Dato' Ir Lee Miang Koi is the Executive Director, Operations Division and Managing Director of Puncak Niaga Construction Sdn Bhd ("PNCSB"). 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 - 16 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 39 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 Miang Koi attended 8 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.



## BOARD OF DIRECTORS' PROFILE



**YBHG DATO'  
RUSLAN HASSAN**

*Non-Independent Non-Executive Director of PNHB*

*Aged 61, Male, Malaysian*

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

YBhg Dato' Ruslan Hassan attended 8 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.

## BOARD OF DIRECTORS' PROFILE



MR NG WAH TAR

*Executive Director, Corporate Finance Division of PNHB*

*Aged 53, Male, Malaysian*

**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 33 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 the 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. He left PNSB on 1 September 2007 to assume the position of Executive Vice Chairman of WWE Holdings Bhd till 30 June 2009. Following his resignation as the Executive Vice Chairman of WWE Holdings Bhd, Mr Ng re-joined PNHB Group on 1 July 2009. He currently sits on the Board of most of the subsidiary companies of the Group.

Mr Ng attended 7 out of the 8 Board Meetings of PNHB held in the financial year ended 31 December 2016.



## KEY PERSONNEL PROFILE - PNHB GROUP

### MADAM WONG LEY CHAN

*Chief Financial Officer*

*Aged 57, Female, 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 Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). She has more than 33 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 TRIplc 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 of 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, Murni Estate Sdn Bhd, Aneka Suriamas Sdn Bhd and Pujian Bayu 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 CIGR and EXCO.

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

*Chairman, GOM Resources*

*Aged 65, Male, 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 54, Male, 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, an expert in rehabilitation of oil palm estate and had turnaround few plantation companies during his career in plantation. YBhg Dato' Zainal Abidin has more than 25 years of experience in managing plantation business and conglomerate business in plantations, properties and educations.

As part of his employment, YBhg Dato' Zainal Abidin was also known as a Plantation Consultant within the plantation players in Malaysia and Indonesia, and has experience in overseeing more than 100,000 hectares of oil palm plantation in Indonesia.

He was also a former Principal at the International Islamic University Gombak and has extensive experience in corporate management, strategic operational management particularly in plantation industries and corporate management. He was 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 University 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 had 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 64, Male, 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 at 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 52, Male, Malaysian*

YBhg Professor Dato' Dr Mohd Zainul Fithri Othman was appointed as an Executive Director, Strategic Resource and Public Relations Division ("SR&PRD") of PNSB 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 Puncak Niaga (M) Sdn Bhd. He was also appointed as the Dean at Centre of Flexible Learning, and simultaneously, a Director of Akademi Kaunseling Komuniti Malaysia ("AKKMA") in 2006. He was then seconded to the Prime Minister's Department for a year during his position as a Professor in Policy Studies in 2003 until 2008.

YBhg Professor Dato' Dr Mohd Zainul Fithri holds a Bachelor of Science in Political Science and International Relations from Oregon State University, Corvallis, United States in 1988 and a Master of Arts (MA) 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 51, Female, 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 and Secretarial 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 29 years of working experience in company secretarial practice and corporate work. She had previously served on MAICSA's sub-committees and taskforce on law review and company secretarial practice and public affairs and is currently a member of MAICSA's National Disciplinary Tribunal. She had previously worked with Projek Lebuh raya 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 41, Female, 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 promoted to Manager of Industrial Relations a year later before being promoted as Senior Manager in 2010. She continued leading the department until she joined PNSB in 2012 as Assistant General Manager of the Human Resources & Administration Division, overseeing the full spectrum of Human Resources Management.

On 1 February 2013, Puan Faridatulzakiah assumed the position of Executive Director, Human Resources & Administration Division of PNMSSB. She 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 55, Male, 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 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 is the younger brother of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of the Company.

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.

In 2011, Puncak Niaga Holdings Berhad has expanded its involvement in Oil & Gas business and YBhg Dato' Mat Hairi Ismail was appointed as Director of GOM Resources Sdn Bhd on 2 January 2013 and Director of KGL on 7 March 2013.

He is currently an Executive Director of Special Functions Division of Puncak Niaga Management Services Sdn Bhd. He was appointed as Managing Director/Director of Puncak Seri (M) Sdn Bhd on 8 March 2017 to lead the food and beverage business.

## KEY PERSONNEL PROFILE - PNHB GROUP

**YBHG DATO' SYED  
DANIAL SYED ARIFFIN***Puncak Niaga Construction Sdn Bhd's Director/  
Project Director, Special Project Division**Aged 59, Male, 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. He resigned as a Director of PNHB on 6 November 2015.

YBhg Dato' Syed Danial was 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, Special Project Division 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.

**TUAN HAJI  
SONARI SOLOR***Senior General Manager,  
Internal Audit Department**Aged 61, Male, 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 also 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.

## KEY PERSONNEL PROFILE - PNHB GROUP

**MADAM AGNES  
LIM SHOOK NYEE***General Manager, Secretarial Department  
and Company Secretary**Aged 49, Female, Malaysian***MS IRENE  
LEE SIEW YOKE***Company Secretary**Aged 45, Female, Malaysian*

Madam Agnes Lim joined Puncak Niaga Management Services Sdn Bhd on 16 March 2017 as General Manager, Secretarial Department, Corporate Services Division. She was appointed as the Joint Company Secretary of PNHB and the Group on 23 March 2017. She is a Chartered Secretary and an Associate of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") since 1995.

Madam Agnes Lim has more than 24 years of corporate secretarial experience in both public listed and private limited companies, most recently serving as the Group Company Secretary for a group of public companies listed on both the Main Market and ACE Market of Bursa Malaysia Securities Berhad for 14 years. Over the years, her responsibilities have included attending to all the corporate secretarial matters as well as supporting the Board of Directors and Management of various organisations in a wide range of corporate secretarial and statutory matters. She has been involved in advising on compliance with the various regulatory and statutory requirements.

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. 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.

**Notes:-**

Save where disclosed above, none of the Key Personnel has:-

- Any family relationship with any Director and/or major shareholder of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past 5 years other than traffic offences.



## MILESTONES

YEAR  
1997

## 8 JULY

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



8 JULY

YEAR  
1998

## 14 MARCH

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



14 MARCH

YEAR  
1999

## 4 JANUARY

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

## 9 APRIL

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



9 APRIL

YEAR  
2000

## 12 OCTOBER

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

## 8 NOVEMBER

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



12 OCTOBER

YEAR  
2001

## 6 NOVEMBER

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

## 10 NOVEMBER

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

YEAR  
2002

## 26 MARCH

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

## 31 OCTOBER

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

YEAR  
2003

## 20 FEBRUARY

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

## MILESTONES

YEAR  
2004

## 15 DECEMBER

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

## 31 DECEMBER

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



31 DECEMBER

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  
2006

## 16 OCTOBER

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

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

## MILESTONES

YEAR  
2010

## 14 JANUARY

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

## 8 OCTOBER

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

## 2 NOVEMBER

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

## 8 NOVEMBER

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



14 JANUARY

8 OCTOBER

YEAR  
2011

## 28 SEPTEMBER

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

## 4 OCTOBER

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

## 13 OCTOBER

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



4 OCTOBER

YEAR  
2012

## 23 FEBRUARY

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

## 19 JUNE

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

## 11 OCTOBER

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

## 27 OCTOBER

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

## 30 NOVEMBER

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



19 JUNE

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



## MILESTONES

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 7<sup>th</sup> 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

YEAR  
2015

## 22 MARCH

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

## 21 APRIL

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

## 9-10 SEPTEMBER

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

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.

## 18 OCTOBER

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

## 26 NOVEMBER

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



22 MARCH



21 APRIL



09-10 SEPTEMBER



18 OCTOBER



26 NOVEMBER

## CORPORATE ACHIEVEMENTS

23 APRIL 2016

**The Leaders International & American Leadership Development Association (ALDA)**

- Global Leadership Awards 2016  
Leadership Excellence in Utilities

**Awarded to**

- *Puncak Niaga Holdings Berhad*



15 MAY 2016



**World Confederation of Business**

- The Bizz 2016 - World Business Leader Award
- The Bizz 2016 - The Recognition of Inspirational Company

**Awarded to**

- *Puncak Niaga Holdings Berhad*

## CORPORATE ACHIEVEMENTS

25 JULY 2016

### Association Otherways Management & Consultation, France

- The Diamond Eye Award for Quality Commitment and Excellence
- T.Q.C.S. - Total Quality Management Aptitude Seal for High Quality Performance & Best Customers Satisfaction

#### Awarded to

- Puncak Niaga Holdings Berhad



4 AUGUST 2016

- Asia Best Employer Brand Awards 2016

#### Awarded to

- Puncak Niaga Holdings Berhad



17 NOVEMBER 2016

### MORS Group

- Asia Corporate Excellence & Sustainability Awards 2016 - Outstanding Leaders in Asia

#### Awarded to

- Puncak Niaga Holdings Berhad -  
YBhg Tan Sri Rozali Ismail - Executive Chairman



1 DECEMBER 2016

### National Annual Corporate Report Awards (NACRA)

- NACRA 2016 - Certificate of Merit

#### Awarded to

- Puncak Niaga Holdings Berhad



## PUNCAK NEWS



Friday, 29 January 2016 11:57 AM

## Puncak Niaga to operate Sabah water treatment plant



Puncak Niaga Holdings used to operate the Sungai Langat water treatment plant in Syarikat Bekalan Air Selangor Sdn Bhd, which was sold off to the Selangor govern-

## THE EDGE MARKETS

MAKE BETTER DECISIONS

Published on The Edge Markets (<http://www.theedgemarkets.com>)

Puncak Niaga rises as high as 15.25%, sparking speculation of next move

Mar 16, 2016 | Written by Meena Lakshana | 0



KUALA LUMPUR  
as 15.25% t  
has shed its

The stock g  
gains and c  
gainer on th

## Puncak Niaga, TRIPLC meterai perjanjian induk

Puncak Niaga Holdings Bhd memeterai perjanjian induk dengan TRIPLC Bhd (TRIPLC) untuk memudahkan rundingan bagi mengambil alih keseluruhan perniagaan TRIPLC.

Dalam makluman kepada Bursa Malaysia semalam, kedua-dua syarikat bersetuju untuk tempoh empat bulan bagi TRIPLC menyediakan maklumat mengenai syarikat dan anak syarikatnya kepada Puncak Niaga.

Maklumat itu perlu untuk melaksanakan



Razali Ismail

## 6 companies &amp; strategies

## TRIPLC-Puncak merger may be on the cards

Such a move will transform Puncak into a construction firm

By ANJISA

and a local media company

PUNCAK Niaga Holdings Bhd yesterday announced its decision to transform itself into a self-sufficient construction player after signing an agreement with TRIPLC Bhd to acquire its businesses last week.

Given that TRIPLC's assets for several its construction projects are in the process of being sold, the company said it would be much changed and more beneficial for Puncak to take over the company and absorb its operations into the group.

While Puncak manages construction for local, federal and private clients, TRIPLC has been involved in providing design and construction services for the group's oil and gas business, the group said.

It was also noted that the group's oil and gas business, the group said, is a key part of its overall business strategy and it is in the process of being sold.

The sale of the oil and gas business is expected to be completed within the next few months, the group said.

Puncak said it will also be able to take over TRIPLC's oil and gas business, which is a key part of its overall business strategy.

The sale of the oil and gas business is expected to be completed within the next few months, the group said.



While Puncak managed the oil and gas business, TRIPLC had previously formed a joint venture with

2

TUESDAY, FEBRUARY 2, 2016

CORPORATE MALAYSIA

Malaysian Reserve

## SnapNews

## ► Puncak Niaga's unit secures tender from KETTHA

PUNCAK Niaga Holdings Bhd's wholly owned subsidiary, Puncak Niaga Construction Sdn Bhd, has secured a tender for the maintenance of a water treatment plant.

*Click here to view Puncak Niaga's Tender.*

STARBUZ, THURSDAY 14 JULY 2016

## news 3

## Puncak Niaga sells one of its China businesses

PETALING JAYA: Puncak Niaga Holdings Bhd is selling off one of its China businesses to limit the losses from this particular investment, with the intention of exiting from all its businesses in the country.

According to a statement to Bursa Malaysia yesterday, Puncak Niaga's 98.65% subsidiary, Sino Water Pte Ltd, and Environmental Holding

40 Sinar Harian • Rabu 2 Mac 2016

## SABAK BERNAM

HUBUNGI SKRIPSI SABAK BERNAM  
MOHD IZZATUL IZUAN • 019-2600821 / 019-3371066

## Perkongsian pintar PSIS-industri



Mohd Ghaus menyempurnakan majlis pertukaran nota perkongsian pintar bersama pihak industri pada Majlis MoA dan MoU di Dewan Serbaguna PSIS.

SUNGAI LANG — Politeknik Sultan Idris Shah (PSIS) Sabak Bernam mengorak langkah meningkatkan lagi kualiti pengajaran dan pembelajarannya melalui perkongsian pintar bersama 12 industri pelbagai sektor di negara ini.

Pengarahnya, Norehan Md Shariff berkata, jaringan kolaborasi antara politeknik itu dan pihak industri melalui

menjalani pembelajaran secara praktikal di syarikat yang menandatangani perjanjian persefahaman (MoU) berkenaan.

"Beberapa industri terlibat dalam perjanjian ini antaranya, Puncak Niaga Holdings, Bank Persatuan, Merge Energy, YLI Holdings, Avenue Café, CS Holdings, Businessworld Services dan Geostrength Engineering.

Dalam pada itu, Timbalan Ketua Pengarah (Operasi) Jabatan Pendidikan Politeknik (JPP), Kementerian Pendidikan, Mohd Ghaus Ab Kadir berkata, bagi mencapai hasrat JPP, setiap politeknik diminta mengenal pasti satu industri di politeknik agar ia dapat menyumbang kebolehpasaran kerja dalam industri berkaitan.



## PUNCAK NEWS

**THE EDGE MARKETS**  
MAKE BETTER DECISIONS

## Puncak Niaga's cash pile gains attention

Apr 05, 2016 | Written by Kamarul Azhar

This article first appeared in *The Edge Malaysia Weekly*, on March 2, 2016.

PUNCAK Niaga Holdings Bhd has come under the spotlight. Last week saw 14 million of its shares traded, compared with the typical one million. It also experienced a rally over five days, which turned the tide for the pushing it 28% higher to RM1.31 on March 16 from a low of RM1.02 on March 10.



It seems that the company, which does not have a profitable core business, has attracted the attention of several investment funds that are keen to bet on it in regard to cash and short-term investments amounting to RM1.3 billion.

"It (Puncak Niaga) has a lot of cash, and I have been hearing that for some time now. I am looking at the company to find out what it plans to do with the money. I won't mind betting on it," says a remiser with a local securities firm.

According to Puncak Niaga's financial reports for the year ended Dec 31, 2015 (FY2015), the group had short-term investments of RM922.15 million, up from RM10.3 million the year before. Its cash stood at a respectable RM378.55 million, 15.2% lower than the previous year. Total borrowings stood at RM71 million.

# SunBIZ

ON TUESDAY  
APRIL 19, 2016

## Puncak Niaga to acquire TRIPLE's businesses

**PETALING JAYA:** Puncak Niaga Holdings Bhd is looking to acquire the businesses of construction and property firm TRIPLE Bhd following the closure of its main oil and gas services subsidiary GOM Resources Sdn Bhd early this year.

In a filing with the stock exchange, TRIPLE said it had entered into a heads of agreement (HOA) with Puncak Niaga to facilitate discussions and negotiations for a potential acquisition of its businesses by Puncak Niaga. Puncak Niaga and TRIPLE have

agreed to a period of four months for TRIPLE to provide information to Puncak Niaga to evaluate the proposed transaction.

Tan Sri Rozali Ismail and Central Plus (M) Sdn Bhd are major and/or substantial shareholders in both TRIPLE and

Puncak Niaga. Puncak Niaga, which received about RM1.0 billion with the sale of its water assets last year, said it will make further



announcements if there is any material development to the HOA.

For the six months ended Nov 30, 2015, TRIPLE reported a 6.63% increase in net profit to RM5.3 million compared with RM4.8 million in the previous corresponding period.

TRIPLE shares rose 2 sen to RM1.41 yesterday, bringing it a market capitalisation of RM93.55 million. Puncak Niaga was down 3 sen to RM1.34.

## 6 HOME BUSINESS

WEDNESDAY JULY 27, 2016 • THE EDGE FINANCIAL DAILY

### Puncak Niaga names chairman Rozali's eldest son as acting MD

Syed Hisham, 62, assumes current position as MD on 6 last year. He has held vast exposure in the motor industry at the management level. He started his career in the automotive business in 1983, when he joined Hicom and was later seconded to a subsidiary Otomobil Nasional Bhd. He served as deputy managing director before serving the business division of the company as senior manager. Puncak Niaga shares closed unchanged at RM1.10 yesterday, bringing a market capitalisation of RM491.97 million.

# SunBIZ

ON TUESDAY  
OCTOBER 18, 2016

## Puncak Niaga enters oil palm plantation biz

> Unit acquiring Danum Sinar owns land in Sarawak palm plantation

By LEE WENG KHUEN  
sunbiz@theedgemy.com

**PETALING JAYA:** Puncak Niaga Holdings Bhd is expanding into the oil palm plantation business through the acquisition of all of Danum Sinar Sdn Bhd for RM446.2 million in cash. In a filing with the stock exchange, Puncak Niaga said Danum Sinar Sdn Bhd, a wholly-owned subsidiary of Puncak Niaga, has entered into a sale and purchase agreement with Shin Yang Holding Sdn Bhd for the acquisition. Danum Sinar is the registered proprietor and has legitimate expectation from the Sarawak state government for the issuance of the provisional lease of certain parcels of land in an approximate total area of 46,074 hectares in Sarawak.

## 4 news

# Puncak Niaga on M&A trail

Cash-rich company on the lookout for environment-related businesses



By SHARIFAN M. ALI  
sharifan@theedgemy.com

**SHAH ALAM:** Cash-rich Puncak Niaga Holdings Bhd will actively pursue mergers and acquisitions (M&A) opportunities in the environment-related businesses this year.

"We are looking into all aspects of environmental engineering business as part of our expanding. It will be a bigger picture. This year onwards, we will be more focused in businesses related to environment and not only in water treatment and distribution but also in waste water management, renewable energy and power."

"All these will be our fundamental and core business," said Rozali Ismail, chairman of Puncak Niaga, after the company's annual general meeting yesterday.

This was following past the completion of the sale of Puncak Niaga (M) Sdn Bhd (PNSB) and Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) to Pengurusan Air Selangor Sdn Bhd for RM1.5 billion in October last year.

As at the end of December 2015, Puncak Niaga cash and cash equivalents stood at RM487.9m.

Puncak Niaga recently secured a RM5m water treatment related job in Sabah.

Rozali said that Puncak Niaga would also continue to diversify into property development and construction since the company has a sizeable landbank and also the expertise.

He said the company was also on the lookout to acquire the right palm oil plantation that fits into its strategy.

"This will take a little time to do the due diligence," he said. "I think (a deal) is not far off." Rozali also acknowledged the company's strong financial position and repeated focus will protect it from these headwinds.

"We are still operating our oil and gas subsidiary, GOM Resources on a small scale, but we think oil price will recover by year end."

"In the meantime if there is a good offer on the table, we would consider selling it. I think the company is worth about RM200m," he said.



**New peaks**

PUNCAK Niaga Holdings Bhd aims to be among the country's top five palm oil producers, targeting for the business to contribute to half of its revenue and net profit.

REPORT BY M. S. S. S.

"For the last 20-30 years, palm oil prices have been able to sustain. It's still a good business and not really."

ON THURSDAY

**Puncak Niaga not exiting oil & gas biz**

A Division actively monitoring for oil & gas assets, Puncak Niaga is not exiting the business, says its chairman, Tan Sri Rozali Ismail.

By M. S. S. S. S.

"We are not exiting the oil & gas business. We are still operating our oil & gas subsidiary, GOM Resources, on a small scale. We think oil price will recover by year end. In the meantime, if there is a good offer on the table, we would consider selling it. I think the company is worth about RM200m," he said.

## 2016 KEY HIGHLIGHTS

### PNHB's Market Capitalisation as at 31 December 2016



STOOD AT  
RM400.7 MILLION



PNCSB was  
AWARDED THE O&M  
CONTRACT for Kg Lawa  
Gadong WTP in Beaufort,  
Sabah on 1 February 2016



PNHB was reclassified as  
SHARIAH-COMPLIANT  
SECURITIES BY THE SHARIAH  
ADVISORY COUNCIL, SECURITIES  
COMMISSION MALAYSIA ON  
27 MAY 2016





## 2016 KEY HIGHLIGHTS

**PNHB was awarded**

**'ASIA BEST  
EMPLOYER BRAND  
AWARD 2016' ON  
4 AUGUST 2016**

**On 16 December 2016,**

**Puncak Niaga entered into a  
conditional share sale agreement with  
Pimpinan Ehsan Berhad to purchase  
the entire issued and paid-up  
share capital of TRIplc Berhad**

**PNHB WAS AWARDED**

**NACRA's Certificate  
of Merit for its  
Annual Report 2015**



**PNCSB ACHIEVED**



**zero Loss  
Time Injury  
in 2016**

**On 17 October 2016,**

**Puncak Niaga announced the  
proposed acquisition of the entire  
stake of Danum Sinar Sdn Bhd by its  
60% owned sub-subsubsidiary, Danau  
Semesta Sdn Bhd**

# SUSTAINABILITY STATEMENT

## INTRODUCTION

Our sustainability approach is based on value creation and development, and this means that we are committed to full accountability, improving our operations and a disciplined approach to building an effective and efficient organisation.



We are equally dedicated to minimising our impact on the environment and creating value for the local economy and the communities we operate in. We believe sustainability generates benefits for our customers, shareholders, stakeholders and business associates.

As a testament to our sustainability efforts, we were shortlisted for a Certificate of Merit in the National Annual Corporate Report Awards (“NACRA”).

## SUSTAINABILITY GOVERNANCE

PNHB Group is also committed to upholding the principles of good corporate governance and ethical business, and practising the core values of quality, value, service, innovation, integrity and trust in the conduct of our business which are integral to the Group’s success over the years.

PNHB’s Board of Directors oversees the Group’s corporate governance framework, risk management policies, structures as well as sustainability policies. Our decision-making framework and structures have been developed to ensure a more effective PNHG with clear accountabilities.

We remain fully committed to further improving our sustainable practices and continue to be guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statement in Annual Reports in 2015.

In order to meet our sustainability goals, we align our governance structure and policies to enable sustainable programmes to be integrated into our business operations. We also engage with all stakeholders in a transparent and inclusive manner. Ultimately, we hope that our sustainability practices will be able to deliver new business solutions particularly in our deliverables and services to our stakeholders. The Group’s Risk Management Policy Statement assigns responsibility for risk management to all PNHG Group’s employees and ultimate oversight is provided by the Board of Directors of the PNHG Group.

The Group is committed to workplace diversity and recognises gender diversity as a means of enhancing performance, improving employee retention and accessing different perspectives and ideas. Gender diversity includes, but is not limited to, gender, age, ethnicity, religion, beliefs, origin, and cultural background. It involves leveraging diverse skills, experiences and talents from different backgrounds. The Board will set a direction on gender diversity from time to time to achieve the objectives of this policy.

## SUSTAINABILITY STATEMENT

**Public Policy**

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

Company	PNHB	Puncak Niaga Construction Sdn Bhd ("PNC SB")	Puncak Oil & Gas Sdn Bhd ("POG")	GOM Resources Sdn Bhd ("GOM Resources")	People's Republic of China ("PRC") Operations
Policy & System	<ul style="list-style-type: none"> <li>• Standard Operating Procedures</li> <li>• Corporate Disclosure Policy</li> <li>• Information Technology Policies (Software Licence Policy, IT Security Policy and Copying Software Statement)</li> <li>• Investor Relations Policy</li> <li>• Health, Safety and Environmental Policy</li> <li>• Quality Policy</li> <li>• Risk Management Policy</li> <li>• Sexual Harassment Policy</li> <li>• Board Diversity Policy</li> <li>• Diversity Policy</li> <li>• Whistle Blowing Policy</li> <li>• Corporate Social Responsibility Policy</li> <li>• Code of Conduct – Board of Directors</li> <li>• Code of Conduct – Employees</li> <li>• No Smoking Policy</li> <li>• Board Charter</li> <li>• Energy Management Policy</li> <li>• PNHB's Employee Handbook</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated Management System (ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007)</li> <li>• HSE Policy Statement</li> <li>• HSE Manual</li> <li>• HSE Procedure</li> <li>• Water Quality Policy</li> <li>• Emergency Response Plan and Intervention Procedures for WTP</li> <li>• '5S' Housekeeping Procedures</li> <li>• Water Treatment Plant's Operation And Maintenance Manual</li> <li>• Back Parking Policy at WTP</li> <li>• Zero Accident Policy at WTP</li> <li>• 'Right First Time Every Time' Work Culture at WTP</li> <li>• 'Kawasan Larangan, Tempat Larangan' Procedures for WTP</li> </ul>	<ul style="list-style-type: none"> <li>• Standard Operating Procedures</li> <li>• Quality Policy</li> <li>• Health, Safety &amp; Environment Protection Policy</li> <li>• Drug &amp; Alcohol Abuse Policy</li> <li>• No Smoking Policy</li> <li>• Stop Work for Safety Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Standard Operating Procedures</li> <li>• Quality Policy</li> <li>• Health, Safety &amp; Environment Protection Policy</li> <li>• Drug &amp; Alcohol Abuse Policy</li> <li>• No Smoking Policy</li> <li>• Stop Work for Safety Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Corruption Policy</li> <li>• Standard Operating Procedures</li> <li>• Birth Control Policy</li> <li>• Safety Incident Emergency Response Measures</li> </ul>



For more details on our Company's policies, please refer to our website at [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

**SCOPE**

This report uses global reporting guidelines, namely the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines – Core disclosure requirements. It is guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statement in Annual Reports in 2015.

The scope of this Sustainability Statement is consistent with the scope of the Annual Report 2016. We have excluded supplier activities as we do not have operational control over their business operations. However, information on our activities that are related to promoting a more sustainable supply chain has been disclosed.



## SUSTAINABILITY STATEMENT

### STAKEHOLDER ENGAGEMENT

As set forth in our Puncak Values, we strive to be accountable and foster open dialogue with all our stakeholders, including suppliers, customers, public policy makers, industry bodies, non-governmental organisations (“NGOs”) and sector experts. Our operating model sets out how our business units converge to transform customer, partner, government, and broader stakeholder and shareholder needs into long-term value creation.

We list each stakeholder group based on their importance and influence. As a responsible corporate citizen, PNHB is committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Group to the investing public in an accurate and timely manner.

Our key stakeholders and some engagement approaches during the reporting year.

Stakeholder group	Method of engagement	2016 Highlights
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Town hall meetings</li> <li>• Code of ethics</li> <li>• Community development programmes</li> <li>• Induction programmes</li> <li>• Internal communications</li> <li>• Monthly staff assemblies and meetings</li> <li>• Recreational activities and religious functions</li> <li>• Performance reviews</li> <li>• PNHB competency model briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Community Development Programmes:- Staff Association of Puncak Niaga Group of Companies or Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (“PEKA”) held two charity events in February and December 2016, where cash and hampers were given out to residents of an old folks’ home and the company’s foster families. In September 2016, PEKA collaborated with Masjid Puncak Alam to hold a Qurban ceremony in conjunction with the Eid Aidil-Adha celebration.</li> <li>• Monthly Staff Assemblies:- Staff assemblies were held in February, June, October and December.</li> <li>• Recreational Activities:- PEKA organised two family trips for more than 90 staff members and their children in 2016. The first was to Legoland, Johor Bahru in April, while the second was to Langkawi in November. In addition, PEKA members were also treated to an ATV Adventure Programme in April, a Go Kart Competition in October and a traditional games competition or ‘Sukaneka Tradisional’ in November.</li> <li>• Religious Activities:- In addition to holding monthly ‘Solat Hajat’ (special prayers) at Wisma Rozali, PEKA collaborated with the Religious Department on two courses for interested staff members in 2016. In June, it held a ‘kursus jenazah’ to educate on the proper techniques for getting a deceased person ready for burial and a ‘kursus sembelihan’ on the Muslim method of slaughtering livestock. In October, PEKA members and the religious department visited the Muassasah Darul Fuqaha orphanage.</li> <li>• Performance Reviews:- Two performance reviews had been conducted in August and December 2016.</li> </ul>

## SUSTAINABILITY STATEMENT

Stakeholder group	Method of engagement	2016 Highlights
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Meetings</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Addressed questions by investors and analysts in a prompt manner.</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Town hall meetings</li> <li>• Community development programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Engaged with local residents on the construction of the Bunus project.</li> <li>• Handled complaints without delay and took into account local community needs.</li> <li>• Engagement with Local Authorities and 'Jawatankuasa Keselamatan Kampung' through 'Majlis Hari Raya' at the Water Treatment Plant ("WTP") in August 2016.</li> <li>• WTP educational visits by schools and Government Agencies.</li> </ul>
<b>Civil society</b>	<ul style="list-style-type: none"> <li>• Community development programmes</li> <li>• Press releases</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Breaking of fast session (Majlis Berbuka Puasa) during Ramadan.</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Meetings and events</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and briefings.</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Community development programmes</li> <li>• Press releases</li> <li>• Advertising</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and briefings.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• A transparent platform for evaluation of suppliers.</li> </ul>

## MATERIALITY

Our assessment of material issues are based on issues that are critical to the non-financial aspect of our business. We will continue to improve our assessment as it will be the basis for our disclosure moving forward.

Aspects	Material issues
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Creating Economic Value</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• Noise Management</li> <li>• Water Management</li> <li>• Our Internal Environmental Footprint – Workplace</li> <li>• Waste Management Practices</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Our Employees</li> <li>• Workplace Diversity</li> <li>• A Commitment to Training</li> <li>• Occupational Health and Safety</li> <li>• Human Rights</li> <li>• Benefits and Compensation</li> <li>• Performance and Appraisal</li> <li>• Value to Our Communities</li> </ul>

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. We have been able to show progress particularly in our environmental indicators. This year, due to the nature of our current business, we have identified water management as a material topic. We have also been able to disclose the energy impact in some areas of our business as well as report on noise management. For our internal energy footprint, our improvements are tied back to efforts towards digitisation and our investment in Information Technology.

## SUSTAINABILITY STATEMENT



Sedimentation Tank at Kg Lawa Gadong WTP



### SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES CREATING ECONOMIC VALUE

**One of PNHB's core businesses is environmental engineering and construction undertaken by PNCSB. The water supply and wastewater treatment industry, which is the main business driver of PNCSB in 2016, is one of the focus areas in the 11<sup>th</sup> Malaysia Plan ("11MP"). The demand for both of these services is continuously heightened by a growing population and this in turn drives us to increase and upgrade our capacity to deliver while meeting environmental regulations and limitations.**

In 2016, PNCSB secured the trust of the Water Supply Department under the Ministry of Energy, Green Technology and Water ("KeTTHA") to operate and maintain the Kg Lawa Gadong Water Treatment Plant ("WTP") in Beaufort, Sabah for a duration of three years, effective 1 February 2016 to 31 January 2019.

The WTP draws raw water from Sungai Padas and processes it for consumption in the Federal Territory of

Labuan. It produces an average of 69 million litres per day of treated water. As pursuing green growth for sustainability and resilience is also an important thrust in the 11MP, we are focused on providing environmental solutions services in the areas of wastewater, solid waste and waste energy management. As a player in the construction industry, we have also boosted the local economy by providing jobs to host communities through our socio-economic development projects.



## SUSTAINABILITY STATEMENT

### CONSTRUCTION-PNCSB

PNCSB, our construction arm, manages one water supply project in Sabah and another sewerage project in Kuala Lumpur. PNCSB has obtained the Integrated Management System (“IMS”) certification in 2015. In 2016, it published an Employee Health & Safety Handbook that has been distributed to employees at the Kg Lawa Gadong WTP. It has also established its own Health, Safety & Environmental Committee and a Crisis Management Committee to mitigate any incidents of unwarranted chemical discharge and other hazards arising from WTP operations.

### Package D44, Bunus Project

PNCSB designed and built a sewer pipe network at the Bunus catchment area in Kuala Lumpur. The project is a part of the larger ‘Greater Kuala Lumpur River of Life’ initiative in the Government’s National Transformation Programme (“NTP”). The ‘River of Life’ project aims to revitalise areas along the Klang River to improve the image of Kuala Lumpur as a vibrant, commercial tourist hub. About 1.1 million people are expected to benefit from the Package D44, Bunus Project. The sewer pipe network covers a service area of approximately 72 square kilometres which includes Setapak, Ampang, Melawati, AU Keramat and Dato Keramat. The project will cater for the needs of future projects and provide sewerage services to communities in Kuala Lumpur and Ampang Jaya. This RM394 million project is expected to be completed in 2018. Through this project, we have created job opportunities. In 2016, we supported 22 SMEs and 365 workers through our contractors.

### Kg Lawa Gadong WTP

Due to the nature of our business, we are committed to providing quality treated water. Through a competitive tender process, PNCSB was awarded a contract to operate and maintain the Kg Lawa Gadong WTP, in Beaufort, Sabah by the Water Supply Department of KeTTHA. The Sungai Padas catchment area spans 9,180 km<sup>2</sup> and is an important fishing ground for the local community. It also provides a source of tourism income through white water rafting activities.

We began operations of the WTP on 1 February 2016 and will operate and maintain it for 36 months. There are six stages of water processing in the WTP including aeration, pre-sedimentation, flocculation, sedimentation, filtration, as well as chlorination, pH adjustment and fluoridation to ensure quality. To maintain operational efficiency, we ensure that the rate of water loss does not exceed 5%. This is achieved through the immediate repair of leaks, to ensure the efficiency of filters so that backwashing cycle is long and recovery of wash water.

In 2016, there was no incidence of pollution and water supply interruptions at our WTP.

Indicator	Unit	2016
Total volume of water withdrawal by source	m <sup>3</sup>	24,044,634
Total volume of treated water	m <sup>3</sup>	23,026,788
Total non-revenue water (“NRW”)	m <sup>3</sup>	293,062
NRW/water withdrawn	%	1.21
NRW/treated water	%	1.27
% of water quality compliance	%	99.68

The Kg Lawa Gadong WTP has adopted stringent water quality control activities. Jar tests are conducted to ensure that the correct dose of chemicals are used according to the flow into the WTP. Water quality tests are also done at strategic points and at every stage of the treatment process beginning from raw water, settled water, filtered water and eventually treated water. The laboratory is a focal point of the WTP for several reasons. It is responsible for complete water quality monitoring, chemical dosage settings and bacteriological detection and to determine the efficiency of the treatment process. The laboratory is also used for educational activities, and to promote the WTP and the company’s image.

Water quality control is important to ensure that every stage of the water clarification process is operating correctly and that it produces water that is safe for consumption.

At the WTP, water quality monitoring is carried out manually and through an online analyser as a reference. The frequency of the water quality tests is detailed in the contract requirements. For basic parameters, the water quality test is carried out internally at the WTP lab. The required tests on other parameters are conducted by an appointed external laboratory. Independent water quality checks are also carried out by the Sabah and Federal Territory of Labuan branches of the Ministry of Health (“MOH”) on a weekly and monthly basis, respectively.

To ensure that we fulfil our quality requirements, we have an established schedule of comprehensive maintenance. We pay attention to critical equipment such as pumps, transformers and subsea pipelines, and ensure that they are inspected and refurbished in a timely manner. We also keep an adequate supply of spares on standby. We have also appointed engineering consultants to conduct independent checks on all equipment and installations.

### SUPPLY CHAIN

Our supply chain supports local contractors and suppliers. As a Group, we share current best practices to help improve and up-skill local companies. The Group further contributes to the local economy by hiring as many local companies as possible in our supply chain. By strictly adhering to contract terms with our contractors, we also hope to impress upon them that good business practices are the norm and not an option. In the past year, we have terminated the services of subcontractors who were unable to meet our standards. We try our best to work in partnership with subcontractors and are closely guided by our policies and procedures should there be a breach. In 2016, all of our suppliers were local suppliers with a total spend of RM363.36 million.



## SUSTAINABILITY STATEMENT



Go Green Jungle Camp programme organised for students from Politeknik Sultan Idris Shah, Sabak Bernam, Selangor on 24 & 25 September 2016



### SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES ENVIRONMENTAL VALUE

**We constantly monitor and evaluate the impact of our business on the environment and strive to reduce our footprint while delivering high-quality services. Hence, we are committed to managing our waste and materials whilst generating positive environmental impacts through innovative technology. We also strive to reduce our carbon and environmental footprint by using natural resources more efficiently.**

To achieve these aims, we strive to minimise activities that could harm the environment and nature. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally-friendly technologies.

#### ENERGY MANAGEMENT

Although the water industry uses high amounts of electricity, PNHB strives to reduce our energy consumption to minimise our carbon emissions and to use natural resources more efficiently. Our WTPs' pumping systems

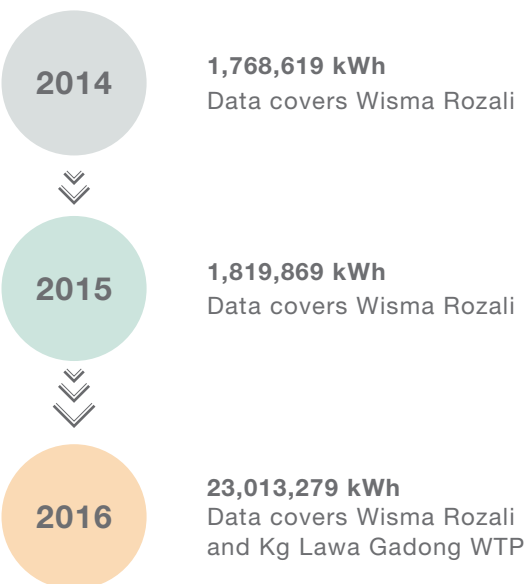
accounts for the highest rates of electricity consumption among the Group's facilities. We have also instituted electricity consumption ceilings among our subsidiaries so that they use power more efficiently and conservatively. For instance, the Group's headquarters, Wisma Rozali, has set a target consumption of below 1,918,000 kWh a year.

For the Kg Lawa Gadong WTP, an Energy Manager has been appointed to assist the WTP to achieve energy efficiency. The aim is to reduce the current average consumption of 1,914,086 kWh per month so as to bring down carbon emissions.



## SUSTAINABILITY STATEMENT

## ENERGY MANAGEMENT



## NOISE MANAGEMENT

We are conscious of the impact of our development projects, particularly on the local community. With the Bunus Project for example, we conduct noise monitoring and have mitigation methods in place to ensure that the noise levels conform to Department of Environment's ("DOE") requirements during the construction phase. We also provide the local community with an avenue to lodge any complaints about noise disturbances. The sewage network pumping stations that we build are also equipped with noise reduction equipment to lower noise pollution. Similarly, noise emissions from the WTP are managed effectively.

## WATER MANAGEMENT

As a WTP operator in Sabah, we are conscious of our impact to the environment through our business activities such as sourcing and processing raw water. We continuously ensure that we comply with all regulatory and water quality standards as detailed on page 67 of our report. We are also mindful of our internal water consumption at our headquarters, Wisma Rozali. To reduce water consumption, we have set an annual usage cap of 11,600 m<sup>3</sup> at Wisma Rozali and have put in place measures to meet this target.

Year	2016
Wisma Rozali	11,387 m <sup>3</sup>

We have also used technology to mitigate the impact of our water use on the environment. For example, trenchless technology is being used in the Package D44, Bunus Project to minimise its impact on the environment and surrounding community. Pipe jacking – through slurry and pilot auger boring machines – is used to lay sewer pipes on public roads instead of the open trench method which disrupts traffic, and pollutes the air and water sources.

## OUR INTERNAL ENVIRONMENTAL FOOTPRINT – WORKPLACE

We have implemented several initiatives to conserve electricity and to reduce the amount of waste we produce at all offices throughout the Group. The measures include:

- using recycled paper and double-sided printing to reduce paper consumption;
- replacing older photocopier machines with energy-saving ones; and
- inculcating an energy-saving culture among employees.

Year	2016
Paper consumption	4,086 reams

## Technology and Innovation

Technological innovation is key to our competitive advantage, specifically in terms of process innovations that drive production output and efficiencies that mitigate environmental impacts. We focus on driving improvements within our existing products and services. An important focus of our technological innovation is to ensure that we execute our capital projects according to the highest standards.

The Information and Communication Technology Department ("ICTD") also constantly develops solutions to ensure seamless integration across the Group to improve work efficiency among employees. Towards this end, ICTD has created a business plan to guide our priorities for the next five to ten years.

Together with ICTD, we actively look for cost reductions and cost efficiencies to enhance productivity. The savings that arise have been ploughed back into the company. For example, ICTD has looked at the high consumption of paper in the bids and tenders process in many PNCSB Divisions and Departments. To address this, PNCSB's project team and ICTD have created a shared folder in the firm's servers. All submissions will be stored in soft copy form in the server for future reference. This significantly reduces paper consumption and saves printing costs.

## WASTE MANAGEMENT PRACTICES

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

In 2016, the Group has managed to recycle 924 kg of paper.



The bulk of construction waste consists of excavated earth which is reused for backfill of excavated areas. Minor waste is collected and sent to recycling companies. Sludge generated from the water treatment process is disposed of in the lagoon located within the WTP.



## SUSTAINABILITY STATEMENT



Visit by employees and their children to Legoland Theme Park, Johor on 16 & 17 April 2016



### SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES VALUE TO OUR EMPLOYEES

**This year has been challenging to the Group and our employees as a whole, as there have been major shifts in our core businesses. Though the changes in the Group over the past several months have been challenging to our employees, they have remained steadfast and continue with the Group as it enters a new era. We collectively emerged stronger and motivated as an organisation, with a single-minded focus on the future of the Group.**

Each and every employee of PNHB is committed to assist the Group to be a leading regional integrated water, wastewater and environmental solutions provider, to develop our capacities in the oil and gas sector, and to emerge as a prominent player in the plantation and property development sectors. To achieve these aims, we will seek out and nurture talented and energetic employees in all key business areas; to foster smart, forward-thinking innovators; and to inculcate a culture of high performance and teamwork within our workforce.

We respect the rights and diversity of our employees, irrespective of gender, age, ethnicity, religion, beliefs, origin, and cultural background whilst providing a dynamic workplace with equal opportunities. We continue to invest in their training and skills development as important tools for the Group's growth.

## SUSTAINABILITY STATEMENT

### OUR EMPLOYEES

We invest significantly in our people, specifically in safety processes, employee wellness, training and development, and labour engagement practices in order to create a strong and positive work culture. 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.

We encourage two-way communication 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.

In 2016, we launched several programmes aimed at further strengthening and improving our work culture, measuring our behaviours and ensuring that we act as a team to keep our stakeholders' interests at the heart of everything we do.

In early 2016, the O&G Division had embarked on right-sizing exercises due to the continued fall in oil prices which had depressed the industry as a whole. Those who left us were given severance packages in accordance with employment laws. GOM Resources had outsourced 18 employees to Puncak Niaga Management Services Sdn Bhd ("PNMSSB") and PNCSB. We have also provided transition assistance programmes to facilitate continued employability and to manage career endings due to retirement or termination of employment.

### Grievance Mechanisms

PNHB has put in place a grievance reporting mechanism as part of our commitment to being fully accountable. This mechanism is accessible to all our stakeholders including employees, suppliers, local communities and social groups.

The mechanism covers the following areas:

- Labour issues and practices.
- Human rights.

In 2016, we addressed and resolved one grievance case through our remediation process.

### PEKA

As part of employee well-being, we encourage our employees to participate in community activities as well as to foster bonds between them 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 2016, PEKA reached out to more than 548 employees and 386 community members by organising and participating in a total of 20 religious, sports, social and welfare activities.

### WORKPLACE DIVERSITY

The Group is committed to incorporating diversity into every aspect of our organisation's functions and objectives. Diversity is a means of enhancing the Group's performance, improving employee retention, and accessing different perspectives and ideas. We are dedicated to promoting a diverse workforce and this allows the Group to create a memorable and holistic working experience.

Our commitment to diversity is seen in the revised Diversity Policy for employees at all levels and our newly established Board Diversity Policy in 2017. These policies act as a crucial enabler to ensure that management will then consciously support the evolution of a diverse workforce. We also want to achieve a more equitable and fair gender representation rate at all levels including in the Board and Senior Management. Currently, 11% of our Board of Directors consists of women and we are striving to increase this rate.

The Board and Management are responsible for creating an environment that is free from all forms of discrimination. All employees are given career advancement opportunities irrespective of gender, age, ethnicity and cultural background. Equal opportunity is also a principle in our hiring process.

## SUSTAINABILITY STATEMENT



The Group turnover rate stood at 12.14% in 2016. The right-sizing exercise in POG Group moderately impacted our turnover rates.

### Percentage of Employees Per Category According to Gender, Nationality, Ethnicity and Age

	Gender		Nationality		Ethnicity				Age			
Levels	Male	Female	Malaysian	Non-Malaysian	Malay	Chinese	Indian	Others	<30	30-39	40-49	>49
Management	64.5%	35.5%	91.6%	8.4%	67.3%	29.0%	2.8%	0.9%	1.9%	18.7%	45.8%	33.6%
Executive	51.0%	49.0%	97.5%	2.5%	77.0%	13.2%	2.4%	7.4%	28.5%	33.3%	28.9%	9.3%
Non-Executive	83.0%	17.0%	83.0%	17.0%	62.8%	17.3%	1.6%	18.3%	37.6%	29.3%	22.7%	10.4%



## SUSTAINABILITY STATEMENT

**A COMMITMENT TO TRAINING**

The Group believes that an exemplary workforce can only be created by nurturing our human capital. Our employees receive continuous training to make them more capable of fulfilling their tasks and meeting stakeholder expectations. Both internal and external training programmes were offered to employees in 2016 to maximise their potential and productivity at work. PNHB's efforts at creating a conducive work environment were recognised when we received the Asia Best Employer Brand Award 2016.

**Number of New Hires by Gender, Ethnicity and Age in 2016**

	Gender		Ethnicity				Age			
	Male	Female	Malay	Chinese	Indian	Others	< 30	30-39	40-49	> 49
<b>Total</b>	219	45	178	4	7	75	113	75	43	33

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

A total of 178 employees attended the 2016 IP. The objective of the programme is to help newcomers to adjust as quickly as possible to the new working environment and to achieve maximum work efficiency.

The rationale of the induction programme is:

**INCULCATING A POSITIVE ATTITUDE**

The programme is a platform for Management to inculcate a positive attitude among new employees who come from different backgrounds and industries.

**FAMILIARISING WITH THE NEW ENVIRONMENT**

It is important for new employees to adjust to PNHB's culture and environment. The ability to adjust to the new culture and environment is critical for new employees to excel in their roles.

**BUILDING SELF-CONFIDENCE**

Explaining to new employees about the Company and Group will boost their morale and self-confidence. This is important as the Company needs employees who are mature and have strong characters.

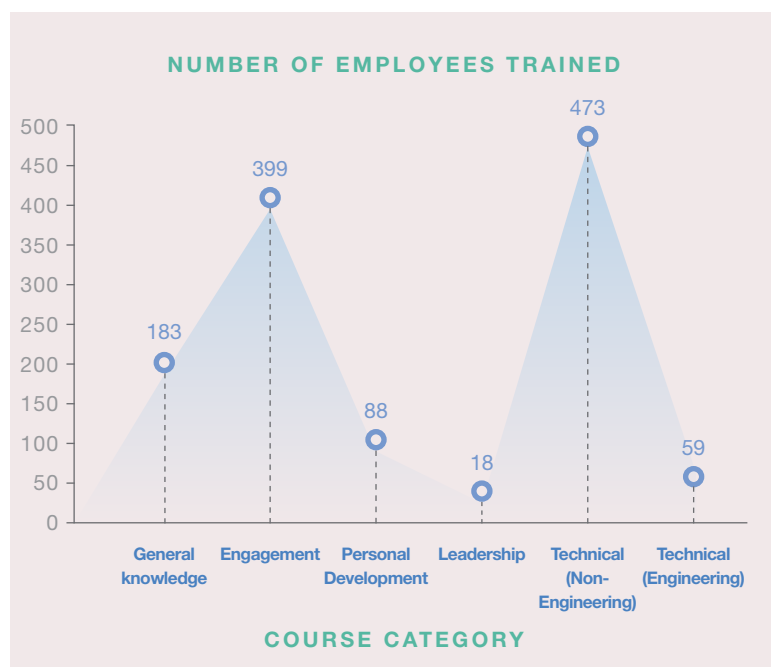
**AVERAGE DAYS OF**

**Training per employee –**  
**3.64 man-days**

**NUMBER OF TRAINING**

**Programmes –**  
**108**

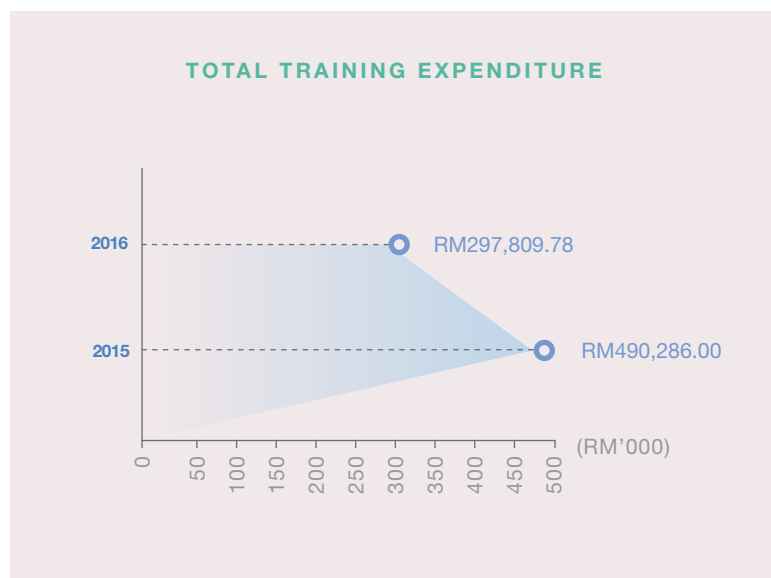
## SUSTAINABILITY STATEMENT



The Group supports the personal development and lifelong learning of our employees. Our annual training for employees includes topics such as code of conduct, conflict of interest, prohibition of bribery and corruption, resource and environmental management, grievance mechanisms and remediation processes, as well as occupational health and safety. In 2016, our training programmes included:

- Integrity Risk-Corruption and Fraud
- Forum on Solid Waste Management
- Internal Control and Fraud Prevention Seminar 2016
- Balancing In Mastering Occupational Safety & Health Skills ("BMOSHS")
- Business Lecture Series On Solid Waste
- Schedule Waste Management Course for Managers
- Chlorine Handling Course For Operators
- Transitions of ISO 9001:2015 & ISO 14001:2015 – Understanding Interpretation and Strategy Application Training Programme
- Surveillance Safety Equipment
- Technologies on Sewage Treatment and Reuse
- High Performance Micro Energy Grid
- Certifications on Traffic Management Officer, Radiation Protection Officer, and Scaffolding Erection
- Basic Occupational First Aid ("BOFA") CPR and AED
- Organising And Controlling Project Work Performance

Amount of Employee Training Expenditure (RM)



### INTEGRATED MANAGEMENT SYSTEM AWARENESS TRAINING AND QE/5S AWARENESS TRAINING

- conducted internally and assisted by IMS Asst. Management Representative, Safety & Health Officer and Environmental Engineer who are qualified in the Quality Management System ("QMS") Lead Auditor and OHSAS 18001:2007 Lead Auditor.

- cost savings by conducting the training internally – RM10,000

## SUSTAINABILITY STATEMENT

**COLLABORATION WITH ACADEMIA**

PNHB has signed a collaborative agreement with Management Science University (“MSU”) and Politeknik Sultan Idris Shah (“PSIS”) to develop specific modules for Executive and Non-Executive development training programmes. Most of these modules consist of honing the soft skills of these two categories of employees.

The Executive Development programme is aimed at training them to better monitor and manage small teams of employees. Meanwhile, the Non-Executive Development programme is designed to train non-executives to take on greater responsibilities, tasks and challenges. This programme also prepares participants to enrol for positions at the next level.

Among the skills taught at MSU are analytical and creative thinking, time management, presentation skills, managerial skills and Microsoft Excel, while PSIS focuses on office management and administration, effective communication, business writing, and effective supervisory skills.

In 2016, the Group also held several training sessions and briefings. These included:

1. Personal and Leadership Development courses to develop leadership skills and enhance the confidence of employees.
2. Functional Knowledge courses to continuously develop and enhance the skills, competencies and knowledge of our employees.
3. Additional Knowledge courses to enhance employee competencies.
4. Certification Programmes.

**OCCUPATIONAL HEALTH AND SAFETY**

It is the policy of PNH and its subsidiaries to provide a healthy, safe and environmental-friendly workplace for all employees, contractors, visitors and interested members of the public. Occupational health and safety has always been a main priority in our businesses. 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 to ensure that we deal with unforeseen events and ensure that they do not disrupt operations. At PNCSB, an Integrated Management System is in place to eliminate and minimise risks at work. This is done through various health and safety initiatives that emphasise preventing injuries, ill health and pollution. In 2016, we did not have any issues of non-compliance regarding health, safety and environmental matters at the Kg Lawa Gadong WTP.

When we conduct site safety inspections and tool box briefings, we always look for ways to improve our health and safety practices. We encourage our employees to maintain good housekeeping and wear personal protective equipment (“PPE”) at all times. During pipe-laying projects, we always ensure that there are enough safety signs and that flagmen are positioned along nearby roads. We also suggest ways our employees can improve health and safety at work. We have appointed assessors for Control of Industrial Major Accident Hazards (“CIMAH”) and Chemical Health Risk Assessment (“CHRA”) to help minimise risks on local communities and our workers and contractors with respect to accidental release of chlorine gas and for workers who have to handle chlorine and chemicals at the WTP.



## SUSTAINABILITY STATEMENT

**Lost Time Injury (“LTI”)**

The Group uses the LTI, a major safety index to gauge the effectiveness of our health and safety protocols at the workplace. The index also allows us to set targets to promote better health and safety.

From January 2015 up to 31 December 2016, the Business Units below have achieved zero LTI as detailed below:

No	Business Units	Man-hours
1	PNCSB Headquarters (“HQ”)	122,832.00
2	Package D44, Bunus Project	876,702.00
3	Kg Lawa Gadong WTP (since 1 February 2016)	130,081.06
4	Sarawak	306,440.00
Total man-hours		1,436,055.06

Type of incidents	PNCSB HQ	Package D44, Bunus Project	Kg Lawa Gadong WTP	Sarawak
Fatality	0	0	0	0
LTI	0	0	0	0
Medical Treatment Injury (“MTI”)	0	0	0	0
Dangerous Occurrence	0	0	0	0
Property Damage	0	0	0	0
Others (first aid, near miss, fire and others)	0	3	0	0

**Auxiliary Police**

As part of our commitment to safety, we formed an in-house Auxiliary Police unit in 2006 and by 2016, their numbers stood at 128 personnel. They are fully trained by the Royal Malaysia Police (“PDRM”) and granted powers to enforce the law and the company’s regulations.

They have been stationed at all of the Group’s offices, properties and sites, and are tasked with guarding and maintaining the security of these facilities. In 2016, our Auxiliary Police team continued to deliver outstanding services to the Group and they work closely with PDRM and other local authorities on security issues.

We constantly monitor the training provided to the team to reinforce human rights awareness and any potential impact that they may have.

In 2016, 77.36% of our Auxiliary Police force members have received formal human rights training or training on specific procedures that apply to security.

Year	2015	2016
Total number of Auxiliary Police	34	128

## SUSTAINABILITY STATEMENT



Monthly Staff Assembly

### HUMAN RIGHTS

There have been no incidents of child labour, and forced or compulsory labour in the Group. There have never been violations of human rights or the rights of indigenous people at any time in the Group's history. The Auxiliary Police has also been trained on ethical security practices so that they are aware of human rights issues.

### 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 the health of our employees but also look after their family members through our insurance scheme. We also offer financial aid such as personal loans, and housing and car loan interest subsidies to our employees. Besides providing our female employees with the statutory two-month maternity leave, male employees are entitled to two-day paternity leave.

Please refer to page 68 of our Annual Report 2015 for details of the benefits provided to employees.

### PERFORMANCE AND APPRAISAL

We conduct performance appraisal exercises for all employees across the Group with the exception of employees who work in operations in the PRC. The performance of employees are appraised semi-annually.

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 and Divisions. The final recommendations of the IEPRC are submitted to the Executive Committee ("EXCO") of PNH and ultimately, the Board. The Board decides on rewards to employees based on individual performance and that of the Company. It also proposes an appropriate plan of action for any employees whose performance does not meet 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. Their performance will be reviewed every month over a six-month period. The number of employees categorised as non-performing in 2016 was 20. All relevant employees were inducted into the PIP where their performance was reviewed on a monthly basis and they were assessed on whether they improved. They were required to undergo three sessions of performance dialogues and counselling with their immediate superior, Head of Religious Department and the Executive Director, Human Resources and Administration Division.



PEKA Bowling Tournament at ARL Power Bowl, Alamanda Putrajaya on 28 May 2016

## SUSTAINABILITY STATEMENT



*'Program Gotong Royong Perdana' at  
Bandar Puncak Alam neighbourhood*



### SUSTAINABILITY PERFORMANCE ON MATERIAL ISSUES **VALUE TO OUR COMMUNITIES**

**Local communities are central to our business and we are devoted to making a positive impact on them in areas where we have a presence.**

As a responsible corporate citizen, we want to reach out to local communities through our Corporate Social Responsibility ("CSR") activities. Our Group's 2015 revised CSR Policy sets a strategic direction for our community engagement events and further strengthens the Group's presence in local communities.

We support philanthropic and charitable causes, and actively engage with local communities.

In 2016, the Group spent RM10.2 million on community initiatives.



## SUSTAINABILITY STATEMENT

### PSIS SMART PARTNERSHIP

The Group signed a Memorandum of Agreement (“MoA”) with PSIS as part of a Smart Partnership initiative to nurture human capital from PSIS for the industry. The programme aims to expose PSIS students to the skills, knowledge and aptitude that it takes to work in the industry. During the CEO-Faculty talk, Tan Sri Rozali Ismail, who is also PSIS advisory committee chairman, shared his thoughts, ideas and experience on what the industry looks for in university graduates.



### PNHB SIGNED A MEMORANDUM OF AGREEMENT ON PSIS SMART PARTNERSHIP

### JERNIH FIELD WATER PURIFICATION SYSTEM (“JERNIH”)

We have built strategic partnerships and made contributions in the field of water services technology. JERNIH, a portable water purification system, is a good example of such a technology that was 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 in our community engagement programmes. One such programme was a one-day talk and presentation where PNHB shared our expertise and experience in water treatment technology and JERNIH with Politeknik Sultan Idris Shah (“PSIS”) students and lecturers.



Jernih is capable of producing 3,000 litres of treated water per day

### THE TUN ABDUL RAZAK MEMORIAL

To contribute towards the public appreciation of history, PNHB became a strategic partner with the National Archives of Malaysia and sponsored The Tun Abdul Razak Memorial interactive gallery in Kuala Lumpur in January 2016. Archived material and information from the Tun Abdul Razak Memorial will be digitised and presented in a more interactive, attractive and easy-to-understand format for younger generations. Our contribution will help preserve knowledge of the country’s second Prime Minister and help draw more visitors to the memorial.

### ‘PROGRAM GOTONG ROYONG PERDANA’

For the second time, PNHB held a mass ‘gotong-royong’ and cleanup of the Bandar Puncak Alam neighbourhood. PNHB employees joined 300 residents to clean up the community’s landscape and destroy potential aedes mosquito breeding grounds. The programmes strengthened ties between the Group’s employees and the community.

### SPORTS

PNHB has been a strong and consistent supporter of local sports and in 2016, we continued to be the primary sponsors of the Royal Malaysian Police Football team. The Company also contributed to the Piala Sultan Selangor.

### RELIGIOUS ACTIVITIES

PNHB has supported various religious activities including a joint programme between employees and Maahad Tahfiz Ismail pupils, and a forum during the Nuzul Al-Quran celebration. PNHB also continues to support the Puncak Alam mosque (“Masjid Puncak Alam”) and works with the Selangor Islamic Affairs Department (“Jabatan Agama Islam Selangor”) on several initiatives.



Hari Raya Aidilfitri celebrations at Masjid Puncak Alam on 23 July 2016

## CORPORATE EVENTS

### 14 JANUARY 2016

A one-day programme with Puncak Niaga Holdings Berhad (“PNHB”) organised by the Unit Centre of Technology, Politeknik Sultan Idris Shah (“PSIS”), Sabak Bernam



29 FEBRUARY 2016



28 JANUARY 2016

### 23 JANUARY 2016

A briefing session on D44 Project with the residents of Taman Pertama, Ulu Klang

### 28 JANUARY 2016

The handing-over ceremony of “Pengurusan Aset (Operasi & Penyelenggaraan) Loji Rawatan Air Kg Lawa Gadong, Beaufort, Sabah”



9 - 10 MAY 2016



23 APRIL 2016

### 29 FEBRUARY 2016

PNHB’s Executive Chairman, YBhg Tan Sri Rozali Bin Ismail gave a talk entitled “Engaging Mind, Shaping Future” at the CEO Faculty Talk at PSIS, Sabak Bernam



15 MAY 2016



25 MAY 2016

### 23 APRIL 2016

PNHB was awarded the “Global Leadership Awards 2016 - Leadership Excellence in Utilities” in Bali, Indonesia

### 9 - 10 MAY 2016

PNHB was one of the bronze sponsors for Trenchless Asia 2016, an international exhibition and conference hosted and held for the first time in Kuala Lumpur, Malaysia

### 15 MAY 2016

PNHB was awarded the “World Business Leader - The Bizz 2016 Award” and was conferred with recognition of an “Inspirational Company” at the Bizz Europe 2016 held in Monte Carlo, Monaco

### 25 MAY 2016

PNHB’s 19<sup>th</sup> Annual General Meeting

### 21 JULY 2016

PNHB sponsored the “Program Patrol Denggi” organised by Sekolah Menengah Puncak Alam

### 25 JULY 2016

PNHB was awarded “The Diamond Eye Awards for Quality Commitment And Excellence” and accredited with “Total Quality Management Aptitude Seal for High Quality Performance & Best Customers Satisfaction” (“T.Q.C.S.”) by The Association Of Otherways Management & Consulting, Paris - France, held at Rome, Italy



## CORPORATE EVENTS



25 JULY 2016



4 AUGUST 2016



12 - 13 NOVEMBER 2016



1 DECEMBER 2016



2 AUGUST 2016



17 NOVEMBER 2016

### 2 AUGUST 2016

Visit by students from Sekolah Kebangsaan Gedangsa who were on a "UPSR 2016 Motivational Program" tour to PNHB's Head Office at Wisma Rozali

### 4 AUGUST 2016

PNHB was awarded "Asia Best Employer Brand Award 2016" at the 7<sup>th</sup> Asia's Best Employer Brand Award held in Singapore

### 12 - 13 NOVEMBER 2016

PNHB participated in "Fiesta Bikers 2016", jointly hosted by The Storm Rider Motor Club and Jabatan Pengangkutan Jalan, Selangor at the Shah Alam Stadium

### 17 NOVEMBER 2016

PNHB's Executive Chairman, YBhg Tan Sri Rozali Bin Ismail was awarded the "Asia Corporate Excellence & Sustainability ("ACES") Awards 2016" for "Outstanding Leaders In Asia" at the Third Annual ACES Award held in Singapore

### 1 DECEMBER 2016

PNHB was awarded the Certificate Of Merit for the National Annual Corporate Report Awards ("NACRA") for its Annual Report 2015

### 18 DECEMBER 2016

"Gotong-Royong Perdana Siri Ke-3" at Bandar Puncak Alam



# 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 2016, 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.

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 2016.

## STATEMENT ON CORPORATE GOVERNANCE

**BOARD OF DIRECTORS****(a) BOARD STRUCTURE, ROLES AND RESPONSIBILITIES**

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.

The Board is responsible for the stewardship of the Company and in discharging its obligations. The key responsibilities of the Board are:-

- Providing leadership and vision to the Company that enhances shareholder value and also ensures long-term sustainable development and growth of the Company.
- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's businesses and ensuring the appropriate corporate disclosure policies and procedures.
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures and establishing a sound framework to manage risks and to prevent fraud.
- Retaining full and effective control over the Company, and monitor the Management in implementing the Board's plans and strategies including the financial and non-financial performance measurements.
- Succession planning.

The roles of the Board are set out in Paragraph 6 of the Board Charter.

**Board Charter**

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, Acting Managing Director, Executive Directors and Non-Executive Directors, and the role of the Board Committees.

*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 Executive Chairman is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its role. The role of the Executive Chairman in Paragraph 4.4 of the Board Charter is distinct and separate from that of the Acting Managing Director as set out in Paragraph 4.5 of the Board Charter.

The Board Charter is posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

**Succession Planning**

The Board is responsible for reviewing candidates for the key positions in the Company/Group, namely, the Managing Directors, Executive Directors, Non-Executive Directors and all Heads of Divisions with succession planning for grooming second liners for various key positions in the Company/Group.

**(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 36 to 45 of this Annual Report.

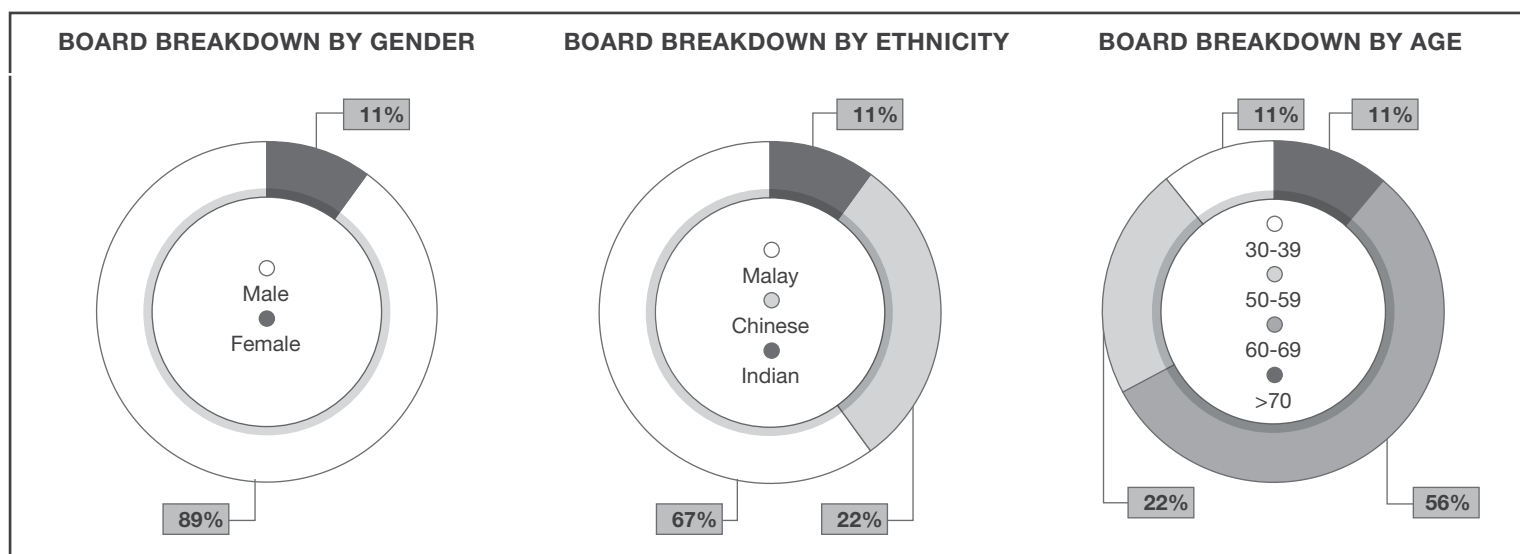


**For more information, kindly refer page 36**

## STATEMENT ON CORPORATE GOVERNANCE

The current Board of Puncak Niaga comprises nine (9) Members, of whom four (4) are Executive Directors and five (5) are Non-Executive Directors. 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.

None of the Directors has any convictions for any offences within the past five (5) 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 Bin Rozali, the son of the Executive Chairman who is the Acting Managing Director of the Company.



*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 before their Board appointment and they are not a major shareholder or a family member of any Executive Director, officer or major shareholder of the Company/Group, as set out in Paragraph 5.4 of the Board Charter.

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 ensure that high standards of corporate governance are applied in the Company.

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



## STATEMENT ON CORPORATE GOVERNANCE

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 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 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 Twentieth Annual General Meeting ("20<sup>th</sup> 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 20<sup>th</sup> AGM of the Company on pages 243 and 244 of this Annual Report.

 **For more information, kindly refer page 243**

#### 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 39 of this Annual Report.

 **For more information, kindly refer page 39**

#### Board Diversity Policy and Diversity Policy

The Board acknowledges the importance of diversity and values the benefits that diversity brings to its Board, workforce and to the Company and Group as a whole. The Board has established a Board Diversity Policy for Puncak Niaga and the Group with the objective to achieve the appropriate boardroom diversity on 1 March 2017.

In designing the Board's composition, the Board is mindful that diversity includes but is not limited to skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise required to achieve effective stewardship and management.

Currently, the Board has one (1) female Director, namely, YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud, a Non-Independent Non-Executive Director of the Company. In line with the enhanced corporate governance disclosure requirements, the Board has amended the Company's existing Gender Diversity Policy which was established in 2013 to be renamed as a Diversity Policy on 1 March 2017. This Diversity Policy is applicable to all employees of Puncak Niaga and the Group.

The Company's Board Diversity Policy and Diversity Policy are as set out in pages 115 and 116 of this Annual Report. These policies are also posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

 **For more information, kindly refer pages 115 and 116**

## STATEMENT ON CORPORATE GOVERNANCE

## (c) BOARD MEETINGS

The Board met eight (8) times in 2016, all at the Board Room on 12<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, details of which are as follows:-

Day	Date	Time
Thursday	25 February 2016	12.30 p.m.
Wednesday	30 March 2016	12.30 p.m.
Monday	30 May 2016	12.35 p.m.
Tuesday	26 July 2016	10.30 a.m.
Tuesday	9 August 2016	10.00 a.m.
Thursday	25 August 2016	12.05 p.m.
Friday	14 October 2016	4.20 p.m.
Thursday	24 November 2016	12.00 noon

The details of the respective Director's attendance at the above Board Meetings held in 2016 are as follows:-

Name of Director	Designation	No. of Meetings attended	%
<b>Current Directors</b>			
YBhg Tan Sri Rozali Ismail	Executive Chairman	6 out of 8	75
Encik Azlan Shah Tan Sri Rozali (appointed on 3 August 2016) (ceased as the Alternate Director to the Executive Chairman on 3 August 2016)	Acting Managing Director	6 out of 8	75
YBhg Dato' Ruslan Hassan	Non-Independent, Non-Executive Director	8 out of 8	100
YBhg Dato' Ir Lee Miang Koi	Executive Director, Operations Division	8 out of 8	100
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	Independent Non-Executive Director	5 out of 8	63
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Director	8 out of 8	100
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud	Non-Independent Non-Executive Director	7 out of 8	88
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Independent Non-Executive Director	8 out of 8	100
Mr Ng Wah Tar	Executive Director, Corporate Finance Division	7 out of 8	88
<b>Former Director</b>			
YBhg Datuk Haji Syed Hisham Syed Wazir (resigned on 3 August 2016)	Managing Director	3 out of 4	75

## STATEMENT ON CORPORATE GOVERNANCE

**Board Meetings - Time Commitment**

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 to ensure all Directors'/Committee Members' dates are booked and also to enable the Management's planning for the whole financial year. The Board has a formal schedule of matters specifically reserved for the Board's discussion and/or approval. All issues discussed and decisions made during the Board Meetings are recorded by the Company Secretaries and reviewed by the Board for completeness and accuracy.

Additional Board Meetings are called as and when significant issues arise and require the Board's deliberation, review or decision.

In between Board Meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions with relevant papers and information setting out the details of the subject matter to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation and confirmation at the next Board Meeting. Where a conflict of interest situation arises, if any, the relevant Director shall abstain from all deliberation or decision making in respect of the subject matter at the Board Meeting and at the General Meeting and will ensure that persons connected to them shall also abstain from voting on the proposal at the General Meeting.

**(d) CODE OF ETHICS & CONDUCT**

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 Directors' and an Employees' Code of Ethics & Conduct that set out the principles and standards of good practice, which are observed by the Directors and employees of the Group, respectively.

The Board believes that the Company's Whistle Blowing Policy which was established in 2013 strengthens, supports and demonstrates accountability, good risk management and sound corporate governance practices.

The Code of Ethics & Conduct for the Directors and employees together with the Group's Whistle Blowing Policy are posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

**(e) SUPPLY OF INFORMATION AND ACCESS TO ADVICE**

Each Board member is supplied with accurate, complete, adequate, unrestricted and quality information on a timely basis to enable them to effectively discharge their duties and responsibilities. Except under exceptional circumstances, Board members are given at least seven days' notice before any Board Meeting is held and the comprehensive Board papers are circulated to the Board members at least two (2) working days prior to the date of the Meeting to facilitate the Directors to peruse the Board papers and to review the issues to be deliberated at the Board Meeting well ahead of the meeting date. Where necessary, the Company's personnel will be called upon by the Board during the Board Meetings to present and to clarify any Board papers presented.

All Board members are expected to participate actively in Board deliberations and to bring the benefit of their particular knowledge, skills and abilities to the Board. Where a potential conflict with his duties or of interests as Director arises, it is mandatory for the Director concerned to declare the fact and nature of his interests and extent of the conflict at a Board Meeting and abstain from the deliberation and decision-making process. In the event the proposal requires shareholders' approval, the interested Board members will abstain from voting on the resolution at the General Meeting and will ensure that persons connected to them also abstain from voting on the proposal.

The Company Secretaries organise and attend all Board Meetings and ensure that all issues discussed with the conclusions are minuted accurately in the minutes of each meeting and that all records are kept properly at the registered office of the Company.

The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group. The Board has unrestricted and constant access to and interaction with the Senior Management of the Company. Each Board member also has full access to the advice and services of the Company Secretaries.

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



## STATEMENT ON CORPORATE GOVERNANCE

**(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.

**Board Membership Criteria**

In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers the required mix of skills, character, knowledge, experiences, gender, age, ethnicity, professionalism, integrity, capabilities, time commitment, composition requirements for the Board and Committee and other relevant factors in relation to the appointment of a new Director.

**Board Appointment Process**

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.

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

The annual review process by the Nomination Committee and the Board are 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 were changes to the Board's composition relating to the appointment of the Executive Chairman's son as an Alternate Director on 6 January 2016 and his subsequent appointment as the Acting Managing Director arising from the resignation of the previous Managing Director on 3 August 2016. The previous Managing Director resigned due to health reasons whilst the appointment of the Acting Managing Director is part of the Company's succession plan programme for the Executive Chairman's son.

**(h) EVALUATION OF BOARD EFFECTIVENESS**

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

- (i) Compliance;
- (ii) Board Meetings;
- (iii) Board Functions;
- (iv) Board Structure;
- (v) Board Committees;
- (vi) Board Operations;
- (vii) Board Chairman's Roles and Responsibilities;
- (viii) Financial and Operational Reporting;
- (ix) Planning and Objectives;
- (x) Risk Assessment;
- (xi) New Business Opportunities and Projects;
- (xii) Human Resources; and
- (xiii) Directors' Observations and Additional Comments.

The 2016 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.

## STATEMENT ON CORPORATE GOVERNANCE

In 2016, 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
YBhg Tan Sri Rozali Ismail <i>Executive Chairman</i>					Chairman
Encik Azlan Shah Tan Sri Rozali <i>Acting Managing Director</i>				Head of CICR	Alternate Chairman/Member
YBhg Dato' Ruslan Hassan <i>Non-Independent Non-Executive Director</i>					
YBhg Dato' Ir Lee Miang Koi <i>Executive Director, Operations Division</i>				Member	Member
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy <i>Independent Non-Executive Director</i>	Member	Member	Member		
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh <i>Independent Non-Executive Director</i>	Chairman	Member	Member	Chairman	
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud <i>Non-Independent Non-Executive Director</i>	Member				
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak <i>Independent Non-Executive Director</i>	Member	Chairman	Chairman		
Mr Ng Wah Tar <i>Executive Director, Corporate Finance Division</i>		Member		Member	Member

**Notes:**

- (1) The Audit Committee comprises the 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 the Non-Executive Directors (as recommended in the MCCG 2012).
- (3) The Nomination Committee comprises exclusively of the Non-Executive Directors, a majority of whom must be independent (as recommended in the MCCG 2012).

## STATEMENT ON CORPORATE GOVERNANCE

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”) with its Terms of Reference was formally established by the Board on 15 April 2015.

An EXCO was also established at PNCSB which comprise the Managing Director, 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 and likewise for POG.

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.

In terms of day-to-day management, the Company and the operating companies have established various committees, namely, Management Committee, Tender Committee, Corporate Health & Safety Committee, etc.

#### 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 as stated on pages 105 to 108 of this Annual Report.



**For more information, kindly refer page 105**

The Audit Committee ensures 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 ensures the independence of the External Auditors during the conduct of the audit engagement.

#### Nomination Committee

The Nomination Committee comprises three (3) Directors, all of whom are the Independent Non-Executive Directors of the Company.

The primary objectives of the Nomination Committee are set out in the Terms Of Reference of the Nomination Committee. The full Terms Of Reference of the Nomination Committee are posted at the Company’s website - [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

A summary of the activities undertaken by the Nomination Committee in the discharge of its duty for the financial year ended 31 December 2016 are as follows:-

1. Deliberated on the findings of the Annual Board assessment.
2. Deliberated on the findings of the Annual Audit Committee assessment.
3. Deliberated on the findings of the Annual Independent Directors assessment.
4. Recommended the re-election, retirement and continuing in office of Directors at Annual General Meetings.
5. Reviewed the assessment on Directors’ Training.
6. Deliberated on the appointment of the Group’s Senior Key Personnel.

#### 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.



## STATEMENT ON CORPORATE GOVERNANCE

- (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/Group's activities and contribution to the Company/Group.

### (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 20<sup>th</sup> AGM of the Company and being eligible, had offered themselves for re-election:-

- (i) YBhg Dato' Ruslan Bin Hassan, retiring pursuant to Article 98 of the Articles;
- (ii) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak, retiring pursuant to Article 98 of the Articles;
- (iii) YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, retiring pursuant to Article 98 of the Articles; and
- (iv) Encik Azlan Shah Bin Rozali, retiring pursuant to Article 103 of the Articles.

The information on the Directors standing for re-election at the forthcoming 20<sup>th</sup> AGM of the Company is contained in the Statement Accompanying the Notice of Annual General Meeting.

#### Continuing as Independent Directors after serving a tenure of more than nine (9) years

As highlighted in item (b) above, the Nomination Committee and the Board of the Company had recommended that both YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan 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.

### 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.

## STATEMENT ON CORPORATE GOVERNANCE

**(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 2016 are as follows:-

Name of Director	Salaries & Bonus (RM'000)	Defined Contribution Plan (RM'000)	Leave Passage (RM'000)	Other Emoluments (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
YBhg Tan Sri Rozali Ismail	-	-	-	-	-	-
Encik Azlan Shah Bin Rozali (appointed as Acting Managing Director on 3 August 2016)	-	-	-	-	-	-
YBhg Datuk Haji Syed Hisham Syed Wazir (resigned w.e.f. 3 August 2016)	568	75	47	57	9	756
YBhg Dato' Ruslan Hassan	-	-	80	30	3	113
YBhg Dato' Ir Lee Miang Koi	-	-	-	-	-	-
YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	60	76	-	136
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	60	136	-	196
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud	-	-	-	24	-	24
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	-	-	60	116	-	176
Mr Ng Wah Tar	-	-	-	-	-	-

A breakdown of the remuneration of the Directors of the Company received and receivable from the Company and on Group basis for the financial year ended 31 December 2016 is set out in Note 27 of the Audited Financial Statements of the Company on page 194 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

Details of the Directors' Remuneration at Company and Group levels for the financial year ended 31 December 2016, in bands of RM50,000 are tabulated as follows:-

Range of Remuneration per annum	Company		Group	
	No. of Executive Directors	No. of Non-Executive Directors	No. of Executive Directors	No. of Non-Executive Directors
RM1 to RM50,000	-	1	-	-
RM100,001 to RM150,000	-	2	-	2
RM150,001 to RM200,000	-	2	-	2
RM200,001 to RM250,000	-	-	-	1
RM450,001 to RM500,000	-	-	1	-
RM750,001 to RM800,000	1	-	1	-
RM1,000,001 to RM1,050,000	-	-	1	-
RM1,250,001 to RM1,300,000	-	-	1	-
RM13,750,001 to RM13,800,000	-	-	1	-
<b>Total</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>5</b>

**(c) DIRECTORS' SHARE OPTIONS**

There is no Directors' Share Options Scheme in the Company during the financial year ended 31 December 2016.

**(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. As such, the Company allocates an annual training budget for its Directors' training needs. All existing Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Directors may also request at the expense of the Company to attend additional training courses according to their individual needs as a Director or member of the Board Committees on which they serve. The Training Department keeps the record of trainings attended by the Company's/Group's Directors.



## STATEMENT ON CORPORATE GOVERNANCE

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 2016 and identified the future training needs of the Directors for the current year based on skills and knowledge enhancement.

For the financial year ended 31 December 2016, the Company's Directors have attended training programmes, seminars and conferences organised by the Company and the various training providers covering areas such as:-

Periods	Topics
January - March 2016	<ul style="list-style-type: none"> <li>• Risk Management Awareness Training 2016</li> <li>• 2016 Economic Outlook &amp; Astrology Outlook</li> <li>• 18<sup>th</sup> Malaysia Strategic Outlook Conference 2016</li> <li>• Mandatory Accreditation Programme For Directors Of Public Listed Company</li> <li>• Corporate Governance ("CG") Breakfast Series: Future Of Auditor Reporting - The Game Changer For Boardroom</li> <li>• 8<sup>th</sup> Annual CG Summit - "Decoding Uncertainties, Delivering Value"</li> <li>• Bank Negara's 2015 Annual Report/Financial Stability And Payment Systems Report Briefing</li> </ul>
April - June 2016	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> International Sustainable Energy Summit 2016</li> <li>• Asia Water 2016 Seminar &amp; Conference</li> <li>• Incredible India Seminar On New Policy Directions: Impact On Investment And Business In Conjunction With International Construction Week 2016</li> <li>• Focus Group Series: CG Disclosures "What Makes Good, Bad And Ugly Corporate Governance Reporting"</li> <li>• CG Breakfast Series With Directors: "The Strategy, The Leadership, The Stakeholders and The Board"</li> <li>• CG Disclosure Workshop: The Interplay Between CG, Non-Financial Information (NFI) And Investment Decisions</li> <li>• Trenchless Asia 2016</li> <li>• 11<sup>th</sup> Malaysia Plan - Realising Green Growth: Sustainable And Resilient Infrastructure As The Game Changer</li> <li>• CG Breakfast Series: Future Of Auditor Reporting: New And Revised Auditor Reporting Standards</li> </ul>
July - September 2016	<ul style="list-style-type: none"> <li>• Singapore International Water Week 2016</li> <li>• ASEAN Young Entrepreneurs Carnival 2016</li> <li>• 12<sup>th</sup> World Islamic Economic Forum, Jakarta Indonesia</li> <li>• Board Risk Intelligence 2016 - Risk Governance Into Practice</li> <li>• The Inside Story Of The Annual Report: What Directors Must Know</li> </ul>
October - December 2016	<ul style="list-style-type: none"> <li>• MINDA PowerTalk entitled "Bridging The Gap via Stakeholder Engagement"</li> <li>• UOB Malaysia Global Markets - Corporate Seminar November 2016</li> <li>• MIA International Accountants Conference</li> <li>• CG Breakfast Series With Directors: "The Cybersecurity Threat And How Board Should Mitigate The Risks"</li> <li>• CG Breakfast Series: How To Leverage On AGMs For Better Engagement With Shareholders</li> <li>• CG Breakfast Series With Directors: Anti-Corruption &amp; Integrity - Foundation Of Corporate Sustainability</li> </ul>

The Company's Independent Director, YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy was unable to attend any suitable training during the financial year under review due to his tight business schedule, work commitments and he also underwent a minor surgery and post-surgery rehabilitation in the third quarter of last year.

## STATEMENT ON CORPORATE GOVERNANCE

**SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS POLICY**

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In addition to various announcements made during the year, the timely release of the Group's consolidated financial results on quarterly basis provides the shareholders and investors with an overview of the Group's financial and operational performances.

The Company maintains regular and effective communication with its shareholders and stakeholders through one-to-one or group dialogues, participation in investor conferences organised by local and foreign institutional houses, attending to shareholders' and investors' e-mails and phone calls enquiries, Company General Meetings and other Company events. The Notice for the Company's Annual General Meetings contains relevant information including the shareholders' rights to demand for a poll vote to enable them to exercise their rights.

The Notice for the Company's Annual General Meeting is posted at the Investor Relations link - Annual Report at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

The Annual Report of Puncak Niaga which is produced in line with best corporate governance practices also serves as a key channel of communication with shareholders and investors. Information on the Group is also accessible via the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

The Company's Investor Relations Policy & Report is set out on pages 112 to 113 of this Annual Report. The Investor Relations Policy is also posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

 **For more information, kindly refer page 112**

**Encourage poll voting**

At the last Annual General Meeting of the Company, no substantive resolutions were put forth for shareholders' approval, except for the routine resolutions pertaining to receiving of audited financial statements, re-appointment and re-election of Directors and re-appointment of Auditors. In view thereof, all resolutions were voted on by show of hands by shareholders.

For the current year, any resolution set out in the notice of any general meeting will be conducted via poll voting as mandated in Paragraph 8.29A of the MMLR of Bursa Securities.

**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 117 of this Annual Report.

 **For more information, kindly refer page 117**

**(b) RELATIONSHIP WITH EXTERNAL AUDITORS**

The Board maintains a transparent and professional relationship with the Group's External Auditors. The Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of the External Auditors of the Company. In March 2017, the Board has established a Policy and Procedures on assessment of the External Auditors with the objective to outline the guidelines for the Company to assess and review the External Auditors.

The External Auditors attended four out of five Audit Committee meetings of the Company held during the financial year. These quarterly meetings enabled the exchange of views on issues requiring attention.

## STATEMENT ON CORPORATE GOVERNANCE

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.

A report by the Audit Committee is set out on pages 105 to 108 of this Annual Report.



*For more information, kindly refer page 105*

**(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 98 to 104 of this Annual Report.



*For more information, kindly refer page 98*

**(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 98 to 104 of this Annual Report.



*For more information, kindly refer page 98*

**(e) SUSTAINABILITY STATEMENT**

Appendix 9C (Part A, Paragraph 29) of the MMLR of Bursa Securities requires a listed company to provide a narrative statement on the management of material economic, environmental and social risks and opportunities by the listed company and its subsidiaries.

The Group's Report on economic, environmental and social material issues are set out in the Sustainability Statement section on pages 62 to 79 of this Annual Report.



*For more information, kindly refer page 62*

The Corporate Disclosure Policy and the Quality Policy are set out on pages 109 and 114 of this Annual Report, respectively and are also posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).



*For more information, kindly refer pages 109 and 114*

**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 2017.



## 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 ANY CORPORATE PROPOSALS**

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

**(b) AUDIT AND NON-AUDIT FEES**

For the financial year ended 31 December 2016,

- (i) The audit fee payable to the external auditors, KPMG PLT and their affiliated companies for services rendered to the Group and Company amounting to RM316,000.00 and RM60,000.00 respectively; and
- (ii) The non-audit fee payable to the external auditors, KPMG PLT and their affiliated companies for audit/assurance and tax related services rendered to the Group and Company amounting to RM443,000.00 and RM425,000.00 respectively.

**(c) 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 2016.

**(d) MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS**

Material contracts entered into by the Company and the Group, which involve the interests of Directors and major shareholders of the Company and its subsidiary companies and material contracts which are still subsisting at the end of the financial year ended 31 December 2016, are 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 2016 on page 185 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 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.
16 December 2016	Conditional Share Sale Agreement between Puncak Niaga Holdings Berhad ("PNHB") and Pimpinan Ehsan Berhad for PNHB to purchase the entire issued and paid-up share capital of TRIpIc Berhad.	PNHB and Pimpinan Ehsan Berhad	RM210.0 million/ cash	YBhg Tan Sri Rozali Ismail is a major shareholder of PNHB held directly under his name and indirectly held through his 100% equity interests in Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd. He is also a major shareholder of TRIpIc Berhad.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) of Puncak Niaga Holdings Berhad (“PNHB”) Group is pleased to provide the Statement on Risk Management and Internal Control pursuant to the Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) that requires the Board to disclose in the Annual Report a statement on the state of its internal control and to establish a sound risk management framework and internal control system.

The Statement is prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies (“Guidelines”).

## BOARD’S 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. The Board of PNHB has formally approved a systematic risk management structure and process for the Group which clearly defines the authority and accountability in implementing the framework. The risk management model is aligned to ISO 31000:2009 Risk Management - Principle and Guideline standard as contained in the Risk Management Manual approved by the Executive Committee and used as a framework in Risk Management training conducted for the Senior Management of PNHB 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  
Encik Azlan Shah Tan Sri Rozali - appointed with effect from 3 August 2016  
Acting Managing Director, PNHB Group

YBhg Datuk Haji Syed Hisham Syed Wazir - resigned with effect from 3 August 2016  
Managing Director, PNHB Group

YBhg Dato' Ir. Lee Miang Koi  
Executive Director, Operations Division/Managing Director, Puncak Niaga Construction Sdn Bhd

Madam Wong Ley Chan  
Chief Financial Officer

Mr Danny Ng Wah Tar  
Executive Director, Corporate Finance Division

Madam Tan Bee Lian  
Executive Director, Corporate Services Division

Tuan Haji Sonari Solor  
Senior General Manager, Internal Audit Department

Secretary : Madam Johty Priyatharashani  
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 2016, the CICR held a total of eight (8) meetings.

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 2016, amongst others, the CICR deliberated and implemented the following key issues:
  - i) Reviewed the Statement on Risk Management and Internal Control for the year 2015 which was prepared by the Secretary of CICR at the CICR Meeting held on 4 February 2016 and recommended for approval of the Audit Committee.
  - ii) Directed the Risk Scorecard Owner of Project D44 Sewer Line managed by Puncak Niaga Construction Sdn Bhd (“PNCSB”) to reassess its risk profile particularly the assessment of risk rating taking into account the likelihood of occurrence and impact of the risk identified to the project and control measures in place to mitigate the risks in the CICR Meetings held on 4 February 2016 and 8 August 2016 respectively. Subsequently, the CICR reviewed and approved the revised risk profile in the CICR Meetings held on 5 and 16 May 2016 and 3 and 9 November 2016.
  - iii) Directed the creation of a Risk Scorecard for Beaufort WTP managed by PNCSB at the CICR Meeting held on 8 August 2016 to ensure risks of the water treatment plant operations are identified, evaluated and monitored as appropriate. The Risk Scorecard was subsequently prepared and submitted for the quarter ended 30 September 2016 and was reviewed and approved at the CICR Meetings held on 3 and 9 November 2016.
  - iv) Directed the Risk Scorecard Owner of Sino Water Pte Ltd to assess and include the risks related to disposal of the China subsidiaries/projects at the CICR Meeting held on 4 February 2016 which was reviewed and approved in the CICR Meetings held on 5 and 16 May 2016.
  - v) Reviewed the revised risk profile of the Puncak Oil & Gas Group post the right sizing exercise and directed for the inclusion of an additional risk pertaining to the exercise to be included in the risk profile at the CICR Meeting held on 5 May 2016. The additional risk was reviewed and approved in the CICR Meeting held on 8 and 11 August 2016.

### PNHB GROUP 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 Risk Management Scorecard Working Group (“RMSWG”) Meetings are held whereby PNHB Group’s Enterprise-Wide Risks 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 2017, the RMSWG Meeting which was chaired by the Acting Managing Director who is the Head of CICR and attended by PNHB Group’s Managing Directors, Executive Directors and Senior Management was held on 16 January 2017 to deliberate on the risks highlighted by the different business sectors and to determine PNHB Group’s Enterprise-Wide Risks Profile for the year 2017.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 13 February 2017 and 15 February 2017 respectively. Subsequently, a Board Paper on the Group's "Top Ten (10) Enterprise Wide Risks Facing Puncak Niaga Group for Year 2017" was tabled at the 100<sup>th</sup> PNHB Board Meeting held on 27 February 2017. The Group's Enterprise-Wide Risks Profile is reassessed annually by the RMSWG.

For 2017, the following are the strategic risks which have impact on PNHB's Group's operations:-

Key Result Area	Strategic Risk	Mitigation
Securing New Businesses to ensure sustainability of PNHB Group	Inability to secure new projects/businesses for the Group post disposal of the water concession business in October 2015	<ol style="list-style-type: none"> <li>1. Explore new opportunities and conduct detailed analysis to identify and venture into good and sustainable businesses.</li> <li>2. Enhanced business networking and proactive stakeholder engagement.</li> <li>3. Secure new projects in niche areas based on the strength and track record of PNHB Group.</li> </ol>
Managing Cost Efficiencies	Failure to control operating cost pending new income generating businesses	<ol style="list-style-type: none"> <li>1. Implement effective cost control measures.</li> <li>2. Monitor budget vs actual cost and ensure proper justifications of major variances.</li> <li>3. Create awareness and implement various cost savings initiatives.</li> </ol>
Driving Operational Excellence	Project Management Risk such as delay in Project D44 progress which may lead to imposition of Liquidated Ascertained Damages on PNCSB and will affect the Group's reputation and chances to secure new projects for the Company/Group	<ol style="list-style-type: none"> <li>1. Close monitoring and supervision of the work progress at site and ensure site issues are resolved expeditiously.</li> <li>2. Conduct detailed assessment of the technical and financial capabilities in selection of sub-contractors.</li> <li>3. Close monitoring on the performance of appointed sub-contractors and take intervention measures including termination of services if not performing up to requirement.</li> <li>4. Application for approval of Extension of Time, wherever possible.</li> <li>5. Maintain good relationship with the client and authorities and ensure contractual and site issues are discussed and resolved in an expeditious manner.</li> </ol>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Q-RADAR CORPORATE RISK SCORECARD SOFTWARE**

PNHB Group utilises a risk management tool namely, the Q-Radar Corporate Risk Scorecard ("CRS") software to identify, measure and manage all 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 2016, the Q-Radar software had a total of 97 authorised users covering 28 Risk Scorecards. A total of 10 sessions of the Q-Radar software training and awareness programmes were conducted in 2016 to 27 users. A Risk Management Awareness Training was also conducted on 11 January 2016 for the Executive Directors and Senior Management of PNHB Group.

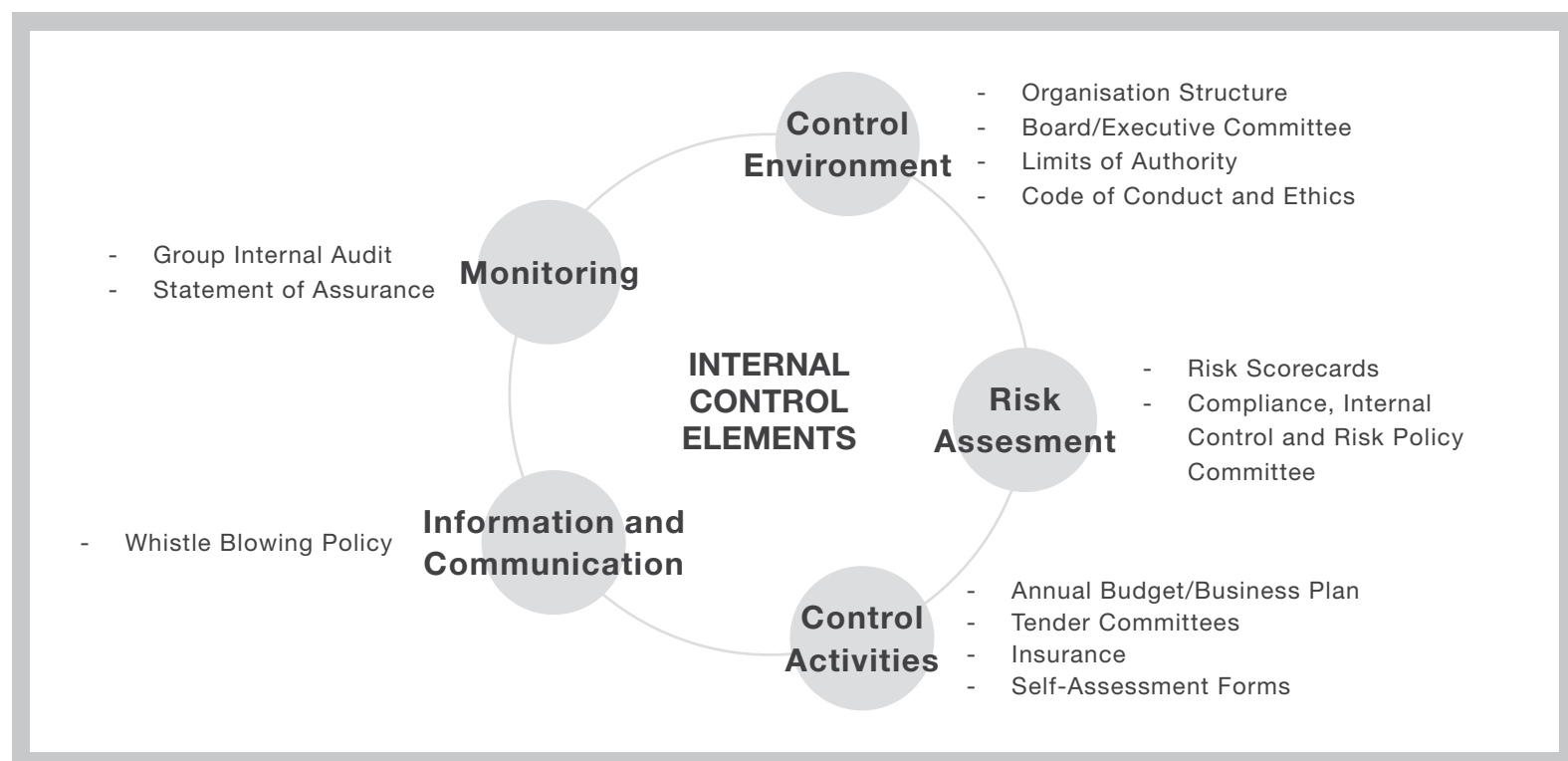
**QUARTERLY RISK SCORECARD REPORTING**

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

The Risk Scorecard Owners submit their detailed risk scorecard reports to the Risk Management Section every quarter. The Risk Management Section analyses and summarises the risk scorecard reports received for further deliberation by the CICR on a quarterly basis.

**INTERNAL CONTROL SYSTEM**

The key elements of the PNHB 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, EXCO and Board Tender Committee 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 respective Boards/Executive Committees ("EXCOs") within PNHB Group in line with the Group's Limits of Authority. The EXCO is established at PNHB and PNCSB comprises the Heads of Divisions of the respective companies. The relevant Management of PNHB Group are invited to attend the meeting, if required. The respective Boards/EXCOs are kept updated on information covering the Divisions/Departments in the respective companies within the Group at the Board/EXCO Meetings, as appropriate.
- 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 Limits of Authority approved by the Board for PNHB and its operating subsidiaries clearly set out the operational matters with the designated authority levels accorded to the Executive Chairman/Managing Directors/Executive Directors and 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**

- Risk Scorecards are created and maintained for each business unit and support services within the PNHB Group to ensure risks affecting the businesses of the Group are properly identified and assessed in terms of likelihood and impact, adequacy of existing controls are evaluated and the residual risks are treated accordingly. A Risk Scorecard Owner is appointed for each risk scorecard and is responsible for evaluating the risk profile on a quarterly basis and to provide the relevant assurance to the Board.
- 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.
- There are five Tender Committees established at PNHB Group. 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 2016, approximately 78% 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 22% was mainly self-assessed as not applicable to the particular operating areas or period.
- Training programs were conducted internally and externally for the Directors, Senior Management and staff of PNHB.

## 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 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 times in 2016. 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 the presentation of its findings to the Board.
- The Internal Audit Department conducted audits of the declarations made in the Self-Assessment Audit Forms.
- All Heads of Divisions are required to give a written assurance (Statement of Assurance) to the Executive Chairman in the Internal Audit Report that all issues highlighted would be rectified within the stipulated time.

### BOARD'S 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 assets.

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 2016 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 2017

# 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 2016.

## 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 2016 were as follows:

Composition of Committee	Attendance/ Number of Meetings held	Percentage (%)
<b>YBhg Tan Sri Dato' Seri Dr Ting Chew Peh</b> Chairman/Independent Non-Executive Director	5/5	100
<b>YBhg Tan Sri Dato' Hari Narayanan Govindasamy</b> Member/Independent Non-Executive Director	4/5	80
<b>YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud</b> Member/Non-Independent Non-Executive Director	4/5	80
<b>YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak</b> 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. TERMS OF REFERENCE

The information on terms of reference of the Audit Committee can be viewed at PNHB's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my) under the Investor Relations link.



## AUDIT COMMITTEE REPORT

### 3. SUMMARY OF AUDIT COMMITTEE'S WORKS

During the financial year 2016, the Audit Committee carried out its duties as set out in its Terms of Reference. The main works 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 Company and Group before tabling to the Board for consideration and approval.
- Reviewed the reports and the audited financial statements of the Company and Group together with the external auditors prior to tabling to the Board for approval.
- Deliberated on matters relating to change in accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirement and noted that the financial statements of PNHB Group have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.
- Queried on matters of concern such as loss on disposal of property, plant and equipment and impairment loss on non-trade receivables for the financial year ended 31 December 2015 which was clarified by the Chief Financial Officer at the 93<sup>rd</sup> Audit Committee Meeting held on 30 March 2016.
- Discussed significant financial issues affecting the PNHB Group, namely
  - i. Impairment assessment of China operations, oil & gas operations and goodwill on subsidiaries where impairment losses were recognised and disclosed in the financial statements for the financial year ended 31 December 2015 at the 93<sup>rd</sup> Audit Committee Meeting held on 30 March 2016.
  - ii. effect of disposal of PNSB and SYABAS on the financial position of the PNHB Group at the 93<sup>rd</sup> Audit Committee Meeting held on 30 March 2016.
  - iii. recognition of foreseeable losses for Project D44 Sewer Line managed by Puncak Niaga Construction Sdn Bhd in line with the prescribed accounting standard treatment for the financial year ended 31 December 2016 at the 96<sup>th</sup> Audit Committee Meeting held on 24 November 2016.

#### External Audit

- Reviewed and discussed the external auditors' audit report and areas of concern, including Management's response to the concerns raised by the external auditors.
- Discussed on significant accounting and auditing issues, the impact of new or proposed changes in accounting standards and regulatory requirements such as the Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Bill 2015, Sustainability Reporting and MFRS16: Leases as briefed by the External Auditors.
- Held the Informal Discussions with the External Auditors without the presence of the Management of the Company twice at the 93<sup>rd</sup> Audit Committee Meeting and 96<sup>th</sup> Audit Committee Meeting held on 30 March 2016 and 24 November 2016 respectively.
- At the 93<sup>rd</sup> Audit Committee Meeting held on 30 March 2016, the Audit Committee assessed the suitability and independence of the External Auditors based on certain criteria such as the caliber of the external audit firm, quality processes/ performance, audit team, scope, audit fees and recommended to the Board to reappoint 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 external auditors' scope of work, audit plan and audit focus areas for the financial year ended 31 December 2016 prior to the commencement of the annual audit at the 96<sup>th</sup> Audit Committee Meeting held on 24 November 2016.
- Reviewed the extent of assistance rendered by Management to the External Auditor.

## AUDIT COMMITTEE REPORT

### Internal Audit

- Reviewed the competency, resources and assessed the performance of the Internal Audit Department. The Internal Audit Department is manned by competent professionals from Accounting and Construction Management discipline with the requisite work experience and internal audit experiences.
- The Audit Committee approved the Annual Audit Plan for the year 2016 at the 91<sup>st</sup> Audit Committee Meeting of the Company held on 24 November 2015. Subsequently, at the 94<sup>th</sup> Audit Committee Meeting held on 30 May 2016 the Audit Committee approved a revised Annual Internal Audit Plan for 2016 which was tabled by the Internal Audit Department after taking into account the rightsizing of the Oil & Gas Division, new concession secured by the Group and internal reorganisation within the Group.
- 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.
- 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 status of audit assignment reported by the Internal Audit Department to ensure that the progress is in line with the approved Audit Plan for 2016 where any revision or deferment has been tabled by Internal Audit Department for approval of Audit Committee.
- Reviewed and approved the Annual Internal Audit Plan, for the year 2017 at the 96<sup>th</sup> Audit Committee Meeting held on 24 November 2016.

### Related Party Transactions

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

### Reporting

- Reviewed the 2015 Statement on Risk Management and Internal Control and 2015 Audit Committee Report and recommended the same for the Board's approval.
- Reviewed the revised Terms of Reference of the Audit Committee to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which were amended pursuant to Section 9 of the Capital Markets and Services Act 2007 at the 94<sup>th</sup> Audit Committee Meeting held on 30 May 2016 and recommended the same for the Board's approval at the 95<sup>th</sup> Board Meeting held on 30 May 2016.

## 4. 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 internal control systems, risk management and governance process. 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.

### Annual Internal Audit Plan

- The 2016 Annual Internal Audit Plan of the Internal Audit Department was developed based on a risk based approach and covers the business units, projects and support services of the Group were approved by the Audit Committee at the 91<sup>st</sup> Audit Committee Meeting of the Company held on 24 November 2015. Subsequently, at the 94<sup>th</sup> Audit Committee Meeting held on 30 May 2016 the Audit Committee approved a revised Annual Internal Audit Plan for 2016 which was tabled by the Internal Audit Department after taking into account the rightsizing of the Oil & Gas Division, new concession secured by the Group and internal reorganisation within the Group. The Internal Audit reports, which highlight internal control weaknesses, were deliberated by the Audit Committee and the recommendations were duly acted upon by the Management.

## AUDIT COMMITTEE REPORT

### Guideline and Framework

The Internal Audit Department is guided by the Internal Audit Department's Department Manual which were duly approved by the Executive Committee and aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

### Internal Audit Scope and Coverage

During the year, the Internal Audit Department has identified key audit areas in line with the Group's business activities as per the approved annual audit plan. Key areas audited during the year included the following:

- Contract management
- Construction activities
- Project management
- Procurement
- Security
- Human Resources & Administration management
- Information Technology
- Statutory compliance

In line with the scope above, the Internal Audit Department completed a total of 21 audit assignments including ad hoc audit assignments requested by the Senior Management in the financial year ended 31 December 2016. All audits were performed in-house.

The Internal Audit Department's role with regards to the Group's risk management framework is explained in the Statement on Risk Management and Internal Control set out on pages 98 to 104 of the Annual Report.

### Resources and Continuous Development

There are five (5) internal auditors in the Internal Audit Department and the total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of PNHB Group during the financial year ended 31 December 2016 was approximately RM1.05 million. All internal auditors possess the requisite qualification and have completed at least three (3) man days of training in 2016 which consist of the relevant professional courses, seminars and on-the-job training.



# CORPORATE DISCLOSURE POLICY

**As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear, complete and timely manner in accordance with the corporate disclosure requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).**

The primary objectives of Puncak Niaga’s Corporate Disclosure Policy are:-

1. To promote and maintain market integrity and investor confidence.
2. To provide equal access to the Company’s material information in an accurate, clear, timely and complete manner and to avoid selective disclosure to the investing public.
3. To exercise due diligence such that information disseminated to the investing public will be as far as possible accurate, clear, timely and complete.
4. To put in place an efficient management of information procedure that promotes accountability for the dissemination of material information to the investing public.
5. To build good investor relations with the investing public based on the principles of trust, honesty, openness, transparency and sound understanding of the Company.

To achieve its objectives, the Company will endeavour to undertake the following:-

## 1. ESTABLISH POLICIES AND PROCEDURES

- Ensure written policies and procedures of the Company (“Puncak Niaga’s Corporate Disclosure Policy and Procedure”) that encompass the Corporate Disclosure Policy and other requirements relating to corporate disclosure as set out in the Main Market Listing Requirements of Bursa Securities.

- Appoint a senior officer of the Company to oversee and coordinate disclosures to ensure the Company complies with the Main Market Listing Requirements of Bursa Securities.
- Ensure that only designated persons are the Company’s spokespersons.
- Ensure due compliance with Puncak Niaga’s Corporate Disclosure Policy And Procedure.

## 2. EXERCISE DUE DILIGENCE AND PREPARATION

- Ensure that the persons responsible for disseminating material information to the investing public, exercise due diligence in ensuring that information to be released is accurate, clear, timely and complete.
- Ensure that due care is observed when briefing and responding to analysts, institutional investors, the media and the investing public.

## 3. USE OF INFORMATION TECHNOLOGY

- Take advantage of current information technology to disseminate information to the investing public.

Our commitment to the above Policy is driven by the Board of Directors of the PNHB Group and implemented by the Management.

# CORPORATE SOCIAL RESPONSIBILITY POLICY

**Puncak Niaga Holdings Berhad (“PNHB”) recognises the significance of being an organisation that practises the highest standard of work ethics. As a responsible company to its shareholders, business associates, suppliers, employees and various stakeholders, we therefore take our corporate social responsibility seriously as 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 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.

## INVESTOR RELATIONS POLICY & REPORT

The Board of Puncak Niaga is pleased to report on the Company's investor relations activities in 2016 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 2016, 6 dialogues and group briefing sessions were conducted with existing and potential investors, local and foreign fund managers and financial analysts from research and asset management houses.

### INVESTORS' ACCESS TO INFORMATION

In line with our Investor Relations Policy, Puncak Niaga ensures timely disclosure of information over and above the regulatory authorities' disclosure requirements so as to enable the investment community to make careful and informed investment decisions on the Company's securities. Shareholders and investors can contact us at [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my) and access the Group's information and corporate announcements at our website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my). 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 109 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.

 For more information, kindly refer page 109

### 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, 2016 and the Main Market Listing Requirements of Bursa Securities.

The 2017 AGM will be held on Tuesday, 23 May 2017 at the Concorde Hotel Shah Alam. The Notice of AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2017 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 23 May 2017.

### 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](mailto:investors@puncakniaga.com.my) or by mail at Investor Relations Unit, c/o Secretarial Department, Puncak Niaga Holdings Berhad, 10<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, should you wish to be included in our database.

Similarly, to enable us to further improve our level of services to the community and our stakeholders, kindly forward your comments, views and concerns to us at [pr@puncakniaga.com.my](mailto:pr@puncakniaga.com.my) for public enquiries and [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my) for investors' enquiries.

## 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.



# BOARD DIVERSITY POLICY

## 1.0 PURPOSE AND SCOPE OF APPLICATION

The Policy sets out the approach for achieving diversity for Puncak Niaga Holdings Berhad's Group's Boards of Directors ("Board").

The Policy applies to the Board of Puncak Niaga Holdings Berhad and its Group. It does not apply to diversity in relation to the employees of Puncak Niaga Holdings Berhad Group, all of whom are covered by Puncak Niaga Holdings Berhad's Diversity Policy.

## 2.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in which the Group operates.

In designing the Board's composition, diversity includes but is not limited to, skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise required to achieve effective stewardship and management.

When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience on the Board.

The Board through the Nomination Committee reviews this Policy annually and assesses its effectiveness in promoting a diverse Board which includes an appropriate number of women directors on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity.

# DIVERSITY POLICY

## 1.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad and its Group of Companies (“the Group”) is committed to incorporating diversity into every aspect of our organisation’s functions and objectives. The Group recognises diversity as a means of enhancing the Group’s performance, improving employee retention, accessing different perspectives and ideas.

Diversity includes, but is not limited to gender, age, ethnicity, religion, beliefs, origin, race and cultural background. It involves leveraging the diverse skills, experiences and talents from different backgrounds within our organisation.

## 2.0 MEASURABLE OBJECTIVES

The Group recognises diversity and supports national aspirations in providing equal opportunities to its employees regardless of gender, age, ethnicity, religion, beliefs, race and socioeconomic background. The Group believes that the Group’s success and competitiveness depends upon its ability to embrace diversity and realise the benefits that diversity brings to the Group, such as:-

- The Group is free from any form of discrimination where equal opportunity is given in hiring, training and career advancement of its employees at all levels.
- A diverse workforce from various education backgrounds, experiences, skills, languages and cultural understanding can supply a greater variety of solutions to problems in the workplace and allows a company to provide service to customers on a global basis. It could drive the Group’s business success and sustain its competitiveness in all areas of business.
- A diverse workforce inspires our people to perform to their highest ability and encourages them to express their ideas and opinions and attribute a sense of equal value to all.
- In promoting diversity, we seek to identify, develop and implement the appropriate action plans to remove diversity barriers and obstacles in the workplace.

## 3.0 RESPONSIBILITIES

The Board is responsible to foster an inclusive workplace 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 may seek to improve and set a direction on 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 2016 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.

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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 2016:

"Air Selangor"	: Pengurusan Air Selangor Sdn. Bhd.
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"CGU"	: Cash Generating Unit
"CLMSB"	: Corporate Line (M) Sdn. Bhd.
"Company"	: Puncak Niaga Holdings Berhad
"CPMSB"	: Central Plus (M) Sdn. Bhd.
"Federal Government"	: Government of Malaysia
"Genbina"	: Genbina Sdn. Bhd.
"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.
"KGL"	: KGL Ltd.
"KHEC"	: Kris Heavy Engineering & Construction Sdn. Bhd.
"LUWEI"	: Luwei (Pingdingshan) Water Co. Ltd.
"MESB"	: Murni Estate Sdn. Bhd.
"MOF"	: Ministry of Finance, Incorporated
"NCI"	: Non-controlling interests
"PNCSB"	: Puncak Niaga Construction Sdn. Bhd.
"PNHB"	: Puncak Niaga Holdings Berhad
"PNIPPL"	: Puncak Niaga Infrastructures & Projects Private Limited
"PNMSSB"	: Puncak Niaga Management Services Sdn. Bhd.

## DEFINITIONS (CONTINUED)

“PNOC”	: Puncak Niaga Overseas Capital Pte. Ltd.
“PNSB”	: PNSB Water Sdn. Bhd.
“POG”	: Puncak Oil & Gas Sdn. Bhd.
“PRC”	: People’s Republic of China
“PRCSB”	: Puncak Research Centre Sdn. Bhd.
“RCSSI”	: 5-year Redeemable Convertible Secured Sukuk Ijarah
“RCULS”	: Redeemable Convertible Unsecured Loan Stocks
“RM”	: Ringgit Malaysia
“RMB”	: Chinese Yuan Renminbi
“SGD”	: Singapore Dollar
“SINO”	: Sino Water Pte. Ltd.
“Sino Water (Shanghai)”	: Sino Water Environmental Consultancy (Shanghai) Co. Ltd.
“State Government”	: The State Government of Selangor
“SYABAS”	: Syarikat Bekalan Air Selangor Sdn. Bhd.
“TRIpIc”	: TRIpIc Berhad
“USD”	: United States Dollar
“Vessel”	: Derrick pipe-lay barge “DLB 264”
“XINNUO”	: Xinnuo Water (Binzhou) Co. Ltd.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## 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.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results	Group RM'000	Company RM'000
Loss for the year	(260,049)	(180,828)
Loss attributable to:		
Owners of the Group/Company	(258,942)	(180,828)
Non-controlling interests	(1,107)	-
	(260,049)	(180,828)

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- (i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year:
  - a special dividend of RM1.00 per ordinary share, amounting to RM447,171,674 was declared on 8 December 2015 and paid by the Company to the entitled shareholders of the Company on 23 December 2015.

In respect of the financial year ended 31 December 2016, no dividend was paid and the Directors do not recommend any dividend to be paid by the Company.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

### Director

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 (resigned on 3 August 2016)  
 Azlan Shah Bin Rozali (appointed as the Acting Managing Director on 3 August 2016)

### Alternate

Azlan Shah Bin Rozali (appointed on 6 January 2016 and ceased on 3 August 2016)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares 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			
	1.1.2016	Acquired/ Conversion	Sold/ Conversion	31.12.2016
<b>Name of Director</b>				
<i>Direct Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali Bin Ismail	1,901,900	-	-	1,901,900
Dato' Ir Lee Miang Koi	11,000	-	-	11,000
Azlan Shah Bin Rozali	389,400	-	-	389,400
<i>Deemed Interest:</i>				
<i>Ordinary shares of the Company</i>				
Tan Sri Rozali Bin Ismail	175,140,824*	-	-	175,140,824*
Tan Sri Dato' Seri Dr Ting Chew Peh	46,200**	-	-	46,200**

\* Deemed interest by virtue of 100% shareholding interest in CPMSB and CLMSB, both are substantial corporate shareholders 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 held by his spouse, Tay Boon Ling pursuant to the Companies Act, 2016.

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 2016 had any interest in the shares of the Company and of its related corporations during the financial year.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

### 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 remuneration 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.

### ISSUE OF SHARES, WARRANTS AND DEBENTURES

During the financial year, there were no changes in the authorised, issued and paid-up capital of the Company and the warrants of the Company. The Company has not issued any debentures 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.

### INDEMNITY AND INSURANCE COSTS

During the current financial year, there is no indemnity cost for Directors or officers of the Company. The insurance cost for Directors and officers liability of the Group and Company was RM139,000.

### QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

There is no qualification for the auditors' report on the audit of the financial statements of the Company's subsidiaries.

### 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.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

## OTHER STATUTORY INFORMATION (CONTINUED)

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.

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 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 except as disclosed in the following notes to the financial statements:

- Note 4.4 - Impairment loss on property, plant and equipment
- Note 6.2 - Impairment loss on service concession assets
- Note 7.2 - Impairment loss on investment in subsidiaries
- Note 13.5 - Impairment of amount due from subsidiaries
- Note 19.2 - Allowance for foreseeable loss
- Note 23 - Discontinued operations

## SIGNIFICANT EVENTS

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

## AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24.1 to the financial statements.

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

.....  
**Tan Sri Rozali Bin Ismail**  
 Director

.....  
**Azlan Shah Bin Rozali**  
 Director

Shah Alam

Date: 30 March 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	161,871	195,194	714	1,244
Investment properties	5	210,630	181,557	128,220	109,695
Service concession assets	6	14,506	61,203	-	-
Investment in subsidiaries	7	-	-	249,474	181,878
Investment in associates	8	5	2	12	9
Investment in joint ventures	9	627	739	-	-
Goodwill	10	1,249	1,249	-	-
Deferred tax assets	11	2,110	25,722	-	-
		390,998	465,666	378,420	292,826
<b>Current assets</b>					
Inventories	12	151	106	-	-
Trade and other receivables	13	159,511	97,063	66,243	185,848
Short-term investments	14	835,053	922,146	834,965	922,146
Tax recoverable		2,709	2,433	521	6
Cash and cash equivalents	15	266,945	378,549	222,707	286,367
		1,264,369	1,400,297	1,124,436	1,394,367
Assets classified as held for sale	16	24,834	-	-	-
		1,289,203	1,400,297	1,124,436	1,394,367
<b>Total assets</b>		<b>1,680,201</b>	<b>1,865,963</b>	<b>1,502,856</b>	<b>1,687,193</b>

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital		449,284	449,284	449,284	449,284
Share premium		105,379	105,379	105,379	105,379
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)
Reserves		108,737	99,807	16,305	16,305
Retained earnings		770,929	1,029,871	930,380	1,111,208
	17	1,428,388	1,678,400	1,495,407	1,676,235
Non-controlling interests	7.3	12,963	(4,183)	-	-
<b>Total equity</b>		<b>1,441,351</b>	<b>1,674,217</b>	<b>1,495,407</b>	<b>1,676,235</b>
<b>Non-current liabilities</b>					
Loans and borrowings	18	11,127	31,694	-	-
Deferred tax liabilities	11	12,538	9,720	5,008	4,119
		23,665	41,414	5,008	4,119
<b>Current liabilities</b>					
Loans and borrowings	18	10,940	39,488	-	-
Trade and other payables	19	185,869	110,700	2,441	6,839
Tax payable		2	144	-	-
		196,811	150,332	2,441	6,839
Liabilities classified as held for sale	16	18,374	-	-	-
		215,185	150,332	2,441	6,839
<b>Total liabilities</b>		<b>238,850</b>	<b>191,746</b>	<b>7,449</b>	<b>10,958</b>
<b>Total equity and liabilities</b>		<b>1,680,201</b>	<b>1,865,963</b>	<b>1,502,856</b>	<b>1,687,193</b>

The notes on pages 136 to 224 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000 (Restated)	RM'000	RM'000
Continuing operations					
Revenue	20	73,776	187,987	-	-
Other income		84,191	77,880	66,556	1,426,563
Items of expense					
Raw materials, consumables and maintenance		(8,453)	(2,840)	-	-
Construction contract costs		(88,372)	(137,362)	-	-
Employee benefits expense	21	(73,483)	(78,334)	(2,878)	(3,849)
Impairment losses		(48,516)	(97,556)	(188,845)	(249,257)
Allowance for foreseeable loss		(66,226)	-	-	-
Depreciation and amortisation expense		(14,002)	(18,644)	(620)	(555)
Other expenses		(70,159)	(42,042)	(54,515)	(14,681)
Finance costs	22	(3,050)	(23,131)	(114)	(18,518)
Share of results of equity accounted entities		(111)	(78)	-	-
(Loss)/Profit before tax	24	(214,405)	(134,120)	(180,416)	1,139,703
Tax (expense)/credit	25	(26,223)	17,160	(412)	23,050
(Loss)/Profit from continuing operations		(240,628)	(116,960)	(180,828)	1,162,753
Discontinued operations					
(Loss)/Profit from discontinued operations, net of tax	23	(19,421)	180,018	-	-
(Loss)/Profit for the year		(260,049)	63,058	(180,828)	1,162,753
Other comprehensive income/(expense)					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		8,944	1,416	-	-
Fair value loss on short-term investment		-	(242)	-	(242)
Total comprehensive (expense)/income for the year		(251,105)	64,232	(180,828)	1,162,511
(Loss)/Profit attributable to:					
Owners of the Group/Company		(258,942)	65,576	(180,828)	1,162,753
Non-controlling interests		(1,107)	(2,518)	-	-
(Loss)/Profit for the year		(260,049)	63,058	(180,828)	1,162,753
Total comprehensive (expense)/income attributable to:					
Owners of the Group/Company		(250,012)	66,448	(180,828)	1,162,511
Non-controlling interests		(1,093)	(2,216)	-	-
		(251,105)	64,232	(180,828)	1,162,511
Basic (loss)/earnings per ordinary share (sen per share):		26			
from continuing operations		(53.88)	(27.21)		
from discontinued operations		(4.02)	42.79		
		(57.90)	15.58		

The notes on pages 136 to 224 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

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
<b>At 1 January 2015</b>		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>Contributions 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		-	-	-	-
Conversion of RCSSI		750	750	-	-
<b>Total transactions with owners of the Company</b>		33,324	750	-	-
<b>At 31 December 2015</b>		449,284	105,379	(5,941)	211
<b>At 1 January 2016</b>		449,284	105,379	(5,941)	211
Foreign currency translation		-	-	-	8,934
Total other comprehensive income/(expense)		-	-	-	8,934
Loss for the year		-	-	-	-
Total comprehensive income/(expense)		-	-	-	8,934
<i>Contribution by and distributions to owners of the Company</i>					
Effect arising from acquisition of subsidiary	7.3	-	-	-	-
Subscription of shares by NCI in a subsidiary	7.3	-	-	-	-
Others		-	-	-	-
<b>Total transactions with owners of the Company</b>		-	-	-	-
<b>At 31 December 2016</b>		449,284	105,379	(5,941)	9,145

The notes on pages 136 to 224 are an integral part of these financial statements.

OUR FINANCIAL NUMBERS

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

						Non-controlling interests RM'000	Total equity RM'000
				Distributable	Total		
Revaluation reserve RM'000	Equity component of RCSSI RM'000	Other reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	RM'000		
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
119,719	-	(20,123)	-	1,029,871	1,678,400	(4,183)	1,674,217
-	-	(4)	-	-	8,930	14	8,944
-	-	(4)	-	-	8,930	14	8,944
-	-	-	-	(258,942)	(258,942)	(1,107)	(260,049)
-	-	(4)	-	(258,942)	(250,012)	(1,093)	(251,105)
-	-	-	-	-	-	400	400
-	-	-	-	-	-	17,860	17,860
-	-	-	-	-	-	(21)	(21)
-	-	-	-	-	-	18,239	18,239
119,719	-	(20,127)	-	770,929	1,428,388	12,963	1,441,351

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Note		
		Share capital RM'000	Share premium RM'000
<b>At 1 January 2015</b>		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	28	32,574	-
Dividend paid		-	-
Repurchase of RCSSI		-	-
Conversion of RCSSI		750	750
<b>Total transactions with owners of the Company</b>		33,324	750
<b>At 31 December 2015</b>		449,284	105,379
<b>At 1 January 2016</b>		449,284	105,379
Loss and total comprehensive expense for the year		-	-
<b>At 31 December 2016</b>		449,284	105,379

The notes on pages 136 to 224 are an integral part of these financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

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)	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
	(5,941)	16,305	-	-	1,111,208		1,676,235
	-	-	-	-	(180,828)		(180,828)
	(5,941)	16,305	-	-	930,380		1,495,407

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations					
Cash flows from operating activities					
Receipts from customers		82,452	344,279	-	-
Other income		5,414	3,884	-	72
Payments for operating expenses		(138,699)	(110,615)	(18,828)	(7,429)
Payments to contractors		(88,966)	(311,098)	-	-
Payment of management fee to a subsidiary		-	-	(40,971)	-
Cash used in operations		(139,799)	(73,550)	(59,799)	(7,357)
Tax (paid)/refunded		(290)	3,554	(59)	(371)
Interest income		9,389	14,550	7,420	12,138
Net cash (used in)/generated from operating activities		(130,700)	(55,446)	(52,438)	4,410
Cash flows from investing activities					
Net cash inflow/(outflow) from acquisition of subsidiaries		400	-	(996)	-
Investment in ordinary/redeemable preference shares of a subsidiary		-	-	(10,067)	(53,000)
Deposits paid for proposed acquisitions	13.6	(65,650)	-	(21,000)	-
Acquisition of property, plant and equipment	(iii)	(12,390)	(7,949)	(96)	(575)
Acquisition of investment properties		(1,129)	-	(744)	-
Additions of service concession assets		-	(1,872)	-	-
Net advances to subsidiaries		-	-	(97,703)	(47,344)
Net advance to associate		(2)	(5)	(2)	(5)
Cash flows used in investing activities carried forward		(78,771)	(9,826)	(130,608)	(100,924)

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations (continued)					
Cash flows used in investing activities brought forward		(78,771)	(9,826)	(130,608)	(100,924)
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		340	(112)	-	-
Net proceeds from/(investment in) short-term investments		119,058	(902,402)	119,058	(902,402)
Proceeds from disposal of property, plant and equipment		102	1,846	7	-
Net cash generated from/(used in) investing activities		40,729	532,412	(11,543)	548,674
Cash flows from financing activities					
Proceeds from issuance of share capital in a subsidiary		17,860	-	-	-
Proceeds from loans and borrowings		492	26,176	-	-
Proceeds from conversion of warrants to ordinary shares		-	32,574	-	32,574
Dividend paid		-	(447,172)	-	(447,172)
Interest paid		(1,837)	(9,509)	-	(6,379)
(Increase)/Decrease in pledged deposit		(5)	50,193	-	-
Repayment of loan and borrowings		(34,802)	(256,340)	-	(200,000)
Repayment of obligation under finance leases		(1,839)	(2,440)	-	-
Net cash used in financing activities		(20,131)	(606,518)	-	(620,977)

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Continuing operations (continued)</b>					
<b>Net decrease in cash and cash equivalents from continuing operations</b>		(110,102)	(129,552)	(63,981)	(67,893)
<b>Discontinued operations</b>					
Net cash (used in)/generated from operating activities		(1,433)	16,998	-	-
Net cash used in investing activities		(1)	(2,398)	-	-
Net cash generated from financing activities		-	4,823	-	-
<b>Net (decrease)/increase in cash and cash equivalents from discontinued operations</b>		(1,434)	19,423	-	-
<b>Net decrease in cash and cash equivalents</b>		(111,536)	(110,129)	(63,981)	(67,893)
Effects of exchange rate changes on cash held		154	700	321	24
Cash and cash equivalents at 1 January		378,522	487,951	286,367	354,236
<b>Cash and cash equivalents at 31 December</b>	(i)	267,140	378,522	222,707	286,367

**(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	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks		204,425	301,075	182,742	233,589
Cash and bank balances		62,747	77,474	39,965	52,778
	(ii)	267,172	378,549	222,707	286,367
Less: Cash and bank balances pledged		(32)	(27)	-	-
		267,140	378,522	222,707	286,367



## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	15	204,425	301,075	182,742	233,589
Cash and bank balances	15	62,520	77,474	39,965	52,778
		266,945	378,549	222,707	286,367
Assets classified as held for sale	16	227	-	-	-
		267,172	378,549	222,707	286,367

**(iii) Acquisition of property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM19,945,000 (2015: RM12,933,000), of which RM 2,699,000 (2015: RM4,984,000) were acquired by means of finance leases, RM4,568,000 was paid in the prior year and RM288,000 was as a result of other non-cash adjustment.

The notes on pages 136 to 224 are an integral part of these financial statements.

# 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

10<sup>th</sup> 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 2016 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 2016 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 2017.

## 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 2017***

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

#### ***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*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

## 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 2019***

- MFRS 16, *Leases*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for amendments and interpretation which are not applicable to the Group or the Company.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group or 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 and the Company will assess 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 will assess the financial impact that may arise from the adoption of MFRS 9.

**(iii) MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company will assess the financial impact that may arise from the adoption of MFRS 16.

## NOTES TO THE FINANCIAL STATEMENTS

**1. BASIS OF PREPARATION (CONTINUED)****(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

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

**(i) 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 management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

The total carrying value of net deferred tax assets recognised by the Group as at 31 December 2016 was RM2,110,000 (2015: RM25,722,000). Further details are disclosed in Note 11.

**(ii) Amount due from contract customers and allowance for foreseeable loss**

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 and the allowance for foreseeable loss as disclosed in Note 19.2. 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, which may result in adjustments to the recognised profit of the contracts.

**(iii) Impairment of assets**

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

- Note 4.4 - Impairment loss on property, plant and equipment
- Note 6.2 - Impairment loss on service concession assets
- Note 7.2 - Impairment loss on investment in subsidiaries
- Note 13.5 - Impairment loss on 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.

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group 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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(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) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(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.

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	5 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 lease**

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) Amount due from contract customer**

Amount due from contract customer 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.

Amount due from contract customer 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)****(l) Impairment (continued)****(ii) Other assets**

The carrying amounts of other assets (except for inventories, amount due from contract customers, investment properties measured at fair value 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.

**(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.



## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Assets/Liabilities held for sale (continued)**

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) Preference share capital**

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at Group and the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

**(v) 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.

**(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) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(r) Revenue and other income (continued)****(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) Management fee**

Management fee income is recognised in the profit or loss when management services are 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.



## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Income tax (continued)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(e), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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) Contingencies****(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefit 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.

**(ii) Contingent assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(y) Fair value measurement (continued)**

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 m<sup>3</sup> per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China.

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

- (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 m<sup>3</sup> per day wastewater treatment plant in Laodian town (formerly known as Laodian Village), Yangxin County, Shandong Province, China.

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

## NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Long-term leasehold land RM'000	Buildings RM'000	
	At valuation		
<b>Cost/Valuation</b>			
At 1 January 2015	35,000	45,435	
Additions	-	-	
Disposals	-	-	
Disposals of subsidiary	-	-	
Write off	-	-	
Reclassification	-	-	
Exchange difference	-	51	
At 31 December 2015/1 January 2016	35,000	45,486	
Additions	-	10,405	
Disposals	-	-	
Transfer to assets held for sale (Note 16)	-	(269)	
Write off	-	-	
Reclassification	-	-	
Reclassification to service concession assets (Note 6)	-	-	
Exchange difference	-	(17)	
At 31 December 2016	35,000	55,605	



## 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							
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
-	1	2,410	619	3,466	301	2,743	19,945
-	-	(10)	-	(560)	-	-	(570)
-	(1,365)	(77)	(44)	(231)	-	-	(1,986)
-	-	(11)	(1)	-	-	-	(12)
-	-	573	-	-	-	(573)	-
-	-	-	-	-	-	(1,060)	(1,060)
7,207	(106)	-	(16)	(23)	(6)	-	7,039
187,661	464	30,059	7,331	40,660	21,842	2,744	381,366

## NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long-term leasehold land RM'000	Buildings RM'000	
	At valuation		
Depreciation and impairment loss			
At 1 January 2015			
Accumulated depreciation	-	69	
Accumulated impairment loss	-	-	
	-	69	
Depreciation for the year	131	227	
Disposals	-	-	
Disposals of subsidiary	-	-	
Impairment loss	-	-	
Write off	-	-	
Exchange difference	-	15	
At 31 December 2015/1 January 2016			
Accumulated depreciation	131	311	
Accumulated impairment loss	-	-	
	131	311	
Depreciation for the year	394	777	
Disposals	-	-	
Impairment loss	-	-	
Transfer to assets held for sale (Note 16)	-	(95)	
Write off	-	-	
Exchange difference	298	542	
At 31 December 2016			
Accumulated depreciation	823	1,535	
Accumulated impairment loss	-	-	
	823	1,535	
Carrying Amounts			
At 31 December 2016	34,177	54,070	
At 31 December 2015/1 January 2016	34,869	45,175	
At 1 January 2015	35,000	45,366	

## 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							
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
5,073	48	2,309	414	3,208	1,048	-	13,271
-	-	(2)	-	(102)	-	-	(104)
41,622	-	-	-	-	-	-	41,622
-	(1,254)	(67)	(31)	(216)	-	-	(1,663)
-	-	(4)	-	-	-	-	(4)
3,697	314	101	31	(1,477)	51	-	3,557
37,617	439	24,143	5,287	24,381	19,626	-	113,851
105,184	-	20	294	-	146	-	105,644
142,801	439	24,163	5,581	24,381	19,772	-	219,495
44,860	25	5,896	1,750	16,279	2,070	2,744	161,871
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	1,037	244,228

## NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers, software and equipment RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
	At cost			
Cost				
At 1 January 2015	209	892	1,036	2,137
Additions	575	-	-	575
Reclassification	-	1,036	(1,036)	-
At 31 December 2015/1 January 2016	784	1,928	-	2,712
Additions	96	-	-	96
Disposal	(9)	-	-	(9)
At 31 December 2016	871	1,928	-	2,799
Depreciation				
At 1 January 2015	21	892	-	913
Depreciation for the year	210	345	-	555
At 31 December 2015/1 January 2016	231	1,237	-	1,468
Depreciation for the year	275	345	-	620
Disposal	(3)	-	-	(3)
At 31 December 2016	503	1,582	-	2,085
Carrying amounts				
At 31 December 2016	368	346	-	714
At 31 December 2015/1 January 2016	553	691	-	1,244
At 1 January 2015	188	-	1,036	1,224



## NOTES TO THE FINANCIAL STATEMENTS

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****4.1 Assets pledged as security**

Vessel with total carrying amount of RM44,860,000 (2015: RM88,045,000) is charged as security for a borrowing 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 RM6,859,000 (2015: RM6,656,000).

**4.3 Revaluation of leasehold land and buildings**

The leasehold land and buildings were revalued to fair values during the financial year ended 31 December 2014. 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 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 values per square foot.	The estimated fair value would increase/ (decrease) if adjusted values per square foot were higher/(lower).

**Valuation processes applied by the Group for Level 3 fair value**

The fair values of properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## 4.3 Revaluation of leasehold land and buildings (continued)

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

	Group	
	2016 RM'000	2015 RM'000
Leasehold land at 31 December:		
Cost	21,110	21,110
Accumulated depreciation	(3,259)	(3,031)
Carrying amount	17,851	18,079
Buildings at 31 December:		
Cost	49,346	49,346
Accumulated depreciation	(5,301)	(4,719)
Carrying amount	44,045	44,627
	61,896	62,706

## 4.4 Impairment loss on property, plant and equipment

An impairment loss on the Vessel of RM41,622,000 (2015: RM63,562,000) 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.

In view of the decline in crude oil prices and with a significant number of projects being deferred, GOM Resources was not awarded any projects during the financial year ended 2016 under the Pan Malaysia Contract, which resulted in the Vessel remaining idle. Consequently, the Directors changed the basis of determining the recoverable amount where in the current year, the Directors determined the recoverable amount of the Vessel by estimating its fair value less cost of disposal ("FVLCD") using a market comparison approach as assessed by an independent professional valuer.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## 4.4 Impairment loss on property, plant and equipment (continued)

The following table shows the valuation technique used in the determination of fair value 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
Market comparison approach: The fair value was assessed by reference to comparable vessel steelworks, structures, ancillary machineries and equipments, the vessel's assessed condition and based on the estimated underlying scrap steel price per metric tonne. In arriving with the valuation, the independent valuer has made assumptions on the tonnage and steel quality/condition, which may affect the fair values.	Adjusted steel weight tonnage and steel quality/condition determination.	The estimated fair value would increase/(decrease) if adjusted steel weight tonnage and steel quality/condition per metric was higher/(lower).

Following an impairment of the Vessel, the recoverable amount is equal to the carrying amount. The recoverable amount of the Vessel was as follows:

	Group	
	2016 RM'000	2015 RM'000
Recoverable amount	44,860	88,045

During the last financial year, the FVLCD of the Vessel was 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. In the prior year, the future cash flows over the remaining useful life of the 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 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 Vessel is 11 years.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENT PROPERTIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>At fair value</b>				
Freehold land	3,165	3,165	-	-
Long-term leasehold land	204,615	175,530	115,460	98,695
Buildings	2,850	2,862	12,760	11,000
	210,630	181,557	128,220	109,695

The fair values of the investment properties during the financial year 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 value measurement of the investment property is based on the highest and best use, which does not differ from their actual use.

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

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income	406	501	1,223	1,143
Direct operating expenses				
- income generating investment properties	350	240	108	103



## NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENT PROPERTIES (CONTINUED)

## 5.1 Fair value of investment properties

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, finding its value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving with the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted values per square foot.	The estimated fair value would increase/ (decrease) if adjusted values per square foot were higher/(lower).

## Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	181,557	181,557	109,695	109,695
Additions	1,129	-	744	-
Fair value gain recognised in profit or loss	27,944	-	17,781	-
At 31 December	210,630	181,557	128,220	109,695

## NOTES TO THE FINANCIAL STATEMENTS

## 6. SERVICE CONCESSION ASSETS

Cost	Note	Group	
		2016 RM'000	2015 RM'000
At 1 January		84,428	75,929
Additions		59	1,872
Disposal		-	(36)
Disposal of a subsidiary	6.1	-	(10,663)
Transfer to assets held for sale	16	(53,946)	-
Reclassification from property, plant and equipment	4	1,060	-
Exchange differences		(3,277)	17,326
At 31 December		28,324	84,428
<b>Amortisation and impairment loss</b>			
At 1 January			
Accumulated amortisation		11,225	11,417
Accumulated impairment loss		12,000	-
		23,225	11,417
Amortisation charge for the year		3,054	3,744
Disposal		-	(17)
Disposal of a subsidiary	6.1	-	(7,773)
Impairment loss	6.2	18,801	12,000
Transfer to assets held for sale	16	(29,800)	-
Exchange differences		(1,462)	3,854
At 31 December			
Accumulated amortisation		4,824	11,225
Accumulated impairment loss		8,994	12,000
		13,818	23,225
<b>Carrying amount</b>		14,506	61,203

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.

## NOTES TO THE FINANCIAL STATEMENTS

**6. SERVICE CONCESSION ASSETS (CONTINUED)****6.1 Disposal of a subsidiary**

In the previous financial year, the Company's subsidiary, SINO had disposed its 80% equity interest in Hebei Sino.

**6.2 Impairment loss on service concession assets**

The financial 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 since the previous financial year. The Group is in the midst of negotiating and disposing the Water and Wastewater operating segment to the local government or the state-owned enterprise.

During the current financial year, an impairment loss on the service concession assets of RM18,801,000 (2015: RM12,000,000) is recognised as the carrying amounts of the cash generating unit ("CGU"), where they are included in, exceed their estimated recoverable amounts. Out of RM18,801,000 that was recognised, RM11,907,000 was reclassified to discontinued operations as disclosed in Note 23 to the financial statements. The remaining impairment loss is recognised in impairment losses caption in the statements of profit or loss and other comprehensive income.

During the current financial year, the Directors determined the recoverable amounts of the cash generating assets by estimating its fair value less cost of disposal ("FVLCD"), arrived at using the disposal consideration as stated in the Equity Transfer Agreement and Framework Agreement for LUWEI and XINNUO respectively.

In the previous financial year, the 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 6. SERVICE CONCESSION ASSETS (CONTINUED)

## 6.2 Impairment loss on service concession assets (continued)

Following an impairment of the service concession assets, the recoverable amounts are as follows:

	Note	Group	
		2016 RM'000	2015 RM'000
<b>Recoverable amount</b>			
- LUWEI	16	24,146	40,596
- XINNUO		14,506	20,607
		38,652	61,203

## (a) LUWEI

LUWEI hold a concession to invest, finance, construct, design, operate and maintain a 50,000 m<sup>3</sup> per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China, 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.

During the current financial year, the service concession assets of LUWEI has been classified as assets held for sale (Note 16).

## (b) XINNUO

XINNUO hold a concession to acquire, invest, finance, construct, design, operate and maintain a 30,000 m<sup>3</sup> 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.



## NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
<b>Cost</b>		
Unquoted shares		
- In Malaysia	490,855	283,709
- Outside Malaysia	3,971	3,904
	494,826	287,613
Less: Accumulated impairment losses	(245,352)	(105,735)
	249,474	181,878

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest	
		2016 %	2015 %
Incorporated in Malaysia			
PNMSSB	Provision of management, advisory and consultancy services	100	100
PNCSB	Construction work, general contracts and related activities	100	100
POG	Investment holding and provision of services for offshore logistics and marine management	100	100
Puncak Seri (M) Sdn. Bhd.*	Food and beverage related activities	100	100
MESB	Investment holding and oil palm plantation business	100	100
PRCSB*	Research and development and technology development for water, wastewater and environment sectors	100	100
Puncak Niaga (India) Sdn. Bhd.*	Dormant	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

## 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	
		2016 %	2015 %
Anugerah Prasarana Sdn. Bhd.*	Dormant	100 <sup>+</sup>	-
Aspen Streams Sdn. Bhd.	Dormant	60 <sup>+</sup>	-
Aneka Suriamas Sdn. Bhd.*	Dormant	100 <sup>+</sup>	-
Pujian Bayu Sdn. Bhd.*	Dormant	100 <sup>+</sup>	-
<b>Incorporated in Singapore</b>			
SINO**	Investment in water and wastewater projects in PRC	98.65	98.65
PNOC**	Dormant	100	100
<b>Incorporated in India</b>			
PNIPPL*	Dormant	100	100
<b>Incorporated in PRC</b>			
<b>Subsidiaries of SINO</b>			
LUWEI*	Treatment and distribution of water and related services	92.54	92.54
XINNUO*	Treatment of wastewater and related services	98.65	98.65
Sino Water (Shanghai)*	Consultancy services for water and wastewater	98.65	98.65
<b>Incorporated in Malaysia</b>			
<b>Subsidiaries of POG</b>			
GOM Resources	Offshore installation services of integrated transportation and installation of offshore facilities	100	100
KGL	Offshore leasing of vessel on time charter basis	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	
		2016 %	2015 %
Incorporated in Myanmar			
Subsidiary of POG			
GOL*	Dormant		
Incorporated in Malaysia			
Subsidiary of MESB			
Danau Semesta Sdn. Bhd.	Investment holding and oil palm plantation business		

\* Audited by firms other than KPMG

\*\* Audited by member firms of KPMG International

<sup>+</sup> Refer to Note 35 of the financial statements for changes in composition of the Group.

## 7.1 Increase in investment of subsidiaries

During the current financial year, the Company has increased its investment in Aspen Streams Sdn. Bhd. ("ASSB") and Murni Estate Sdn. Bhd. ("MESB") by way of additional cash injection of RM996,000 and RM9,999,998 respectively to facilitate the Group's business expansion plans in water sector and oil palm plantation sector.

During the current financial year, the Company has also further invested in Redeemable Preference Shares ("RPS") of RM188,400,000 (2015: RM53,000,000) into PNCSB, PNMSSB, POG and Puncak Seri (M) Sdn. Bhd. ("PSSB") and increased the paid up share capital of RM7,750,000 (2015: RM500,000) into PNCSB, PNMSSB and PSSB by capitalising the amount due from these subsidiaries.

In the previous financial year, property, plant and equipment and investment properties amounting to RM160,956,000 that were distributed by a former subsidiary, PNSB to the Company were injected into some subsidiaries. The amount due to PNSB by the subsidiaries of RM21,552,000 was waived by PNSB and was also deemed as capital injection by the Company to the subsidiaries (Note 24.2).

## NOTES TO THE FINANCIAL STATEMENTS

**7. INVESTMENT IN SUBSIDIARIES (CONTINUED)****7.2 Impairment loss on investment in subsidiaries**

At Company level, the increase in impairment loss during the year amounting to RM139,617,000 (2015: RM102,080,000) was mainly attributable to the subsidiaries that are in the Oil and Gas operating segment and Construction operating segment.

The Oil and Gas operating segment is experiencing a downturn due to the decline in crude oil prices and this resulted in no new projects awarded to GOM Resources during the current financial year as described in Note 4.4. The Construction operating segment has one ongoing sewerage project and it is loss-making where allowance for foreseeable loss has been recognised (refer to Note 19.2).

The recoverable amounts of the investment in subsidiaries were 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 a subsidiary in the Oil and Gas operating segment is the Vessel of which the fair value less cost of disposal is estimated using the market comparison approach as described in Note 4.4. As for the Construction operating segment, the key underlying asset held by the subsidiary is the contract amount due from a contract customer, of which an allowance for foreseeable loss has been made as described in Note 19.2.

The carrying amount of the investment in subsidiaries amounting to RM389,091,000 (2015: RM283,959,000) was determined to be higher than its recoverable amount of RM249,474,000 (2015: RM181,879,000) and an impairment loss of RM139,617,000 (2015: RM102,080,000) was recognised. The impairment loss is recognised in the current financial year's profit and loss.

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.

**7.3 Non-controlling interest in subsidiaries**

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	2016			2015	
	Danau Semesta Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%				
Carrying amount of NCI	18,239	(5,276)	12,963	(4,183)	(4,183)
Loss allocated to NCI	(21)	(1,086)	(1,107)	(2,518)	(2,518)

(a)

## NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

## 7.3 Non-controlling interest in subsidiaries (continued)

## (a) Acquisition of Danau Semesta Sdn. Bhd.

On 17 October 2016, the Company's wholly-owned subsidiary, Murni Estate Sdn. Bhd. ("MESB") had acquired six hundred thousand (600,000) ordinary shares of RM1.00 each, representing 60% equity interest in Danau Semesta Sdn. Bhd. ("DSSB") via the transfer of two (2) existing ordinary shares of RM1.00 each and the subscription of 599,998 new ordinary shares of RM1.00 each in DSSB for a total cash consideration of RM600,000 only ("Shares Subscription"). The remaining balance of the equity interest in DSSB are held by Sunshine Upland Sdn. Bhd. ("SUSB") and Astaka Suria Sdn. Bhd. ("Astaka Suria"), 30% and 10% respectively. Refer to Note 35 to the financial statements for the changes in the composition of the Group.

No goodwill was recognised as a result of the acquisition as follows:

	Group
	2016
	RM'000
Total consideration transferred	600
Fair value of identifiable assets – cash and cash equivalents	(1,000)
Non-controlling interests	400
	-
Net cash inflow from acquisition of DSSB:	
Purchase consideration	600
Cash and cash equivalents	(1,000)
	400

Subsequently, on 16 November 2016, MESB has subscribed for an additional 26,790,341 ordinary shares of RM1.00 each in DSSB, out of 44,650,569 new ordinary shares of DSSB at a subscription price of RM26,790,341, representing 60% of the issued and paid-up share capital of DSSB. The additional capital injection was used to pay the deposit to Shin Yang Holding Sendirian Berhad for the proposed acquisition of the entire issued and paid-up capital of Danum Sinar Sdn. Bhd. as disclosed in Note 13.6 and Note 36 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

## 8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Advances to associates	11	11	12	9
Share of post-acquisition reserves	(6)	(9)	-	-
	5	2	12	9

Name	Principal activities	Effective ownership interest and voting interest	
		2016 %	2015 %
Incorporated in Malaysia			
Purnama Persada Sdn. Bhd.	Dormant	50	50

## 9. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Advances to joint ventures	5,682	5,448	5,682	5,448
Less: Accumulated impairment loss	(5,682)	(5,448)	(5,682)	(5,448)
	-	-	-	-
Share of post-acquisition reserves	627	739	-	-
	627	739	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## 10. GOODWILL

	Note	Group	
		2016 RM'000	2015 RM'000
At 1 January		1,249	26,351
Impairment loss		-	(25,240)
Exchange differences		-	138
At 31 December		1,249	1,249
Goodwill is allocated to CGUs in following segments:			
Water and Wastewater	10.1	159	159
Construction		1,090	1,090
		1,249	1,249

## 10.1 Water and Wastewater

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 it operates.

The Water and Wastewater operating segment CGU's impairment test was 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 had been fully impaired in the previous financial year. The impairment loss was included in the impairment losses and also discontinued operations captions in the statements of profit or loss and other comprehensive income in the previous financial year.

## 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 2015 RM'000	Recognised in profit or loss (Note 25) RM'000	As at 31 December 2015/ 1 January 2016 RM'000	Recognised in profit or loss (Note 25) RM'000	As at 31 December 2016 RM'000
<b>Deferred tax (liabilities)/assets</b>					
Property, plant and equipment	(7,852)	1,514	(6,338)	(2,358)	(8,696)
Investment properties	141	-	141	(1,397)	(1,256)
Service concession assets	(1,527)	(31)	(1,558)	90	(1,468)
Trade receivables	2,573	(151)	2,422	(5,380)	(2,958)
Loans and borrowings	(790)	790	-	-	-
Interest receivable	(9,586)	9,586	-	-	-
Unutilised tax losses	14,882	2,531	17,413	(16,018)	1,395
Others	(849)	4,771	3,922	(1,367)	2,555
	(3,008)	19,010	16,002	(26,430)	(10,428)
<b>Company</b>					
<b>Deferred tax (liabilities)/assets</b>					
Property, plant and equipment	(2,935)	-	(2,935)	-	(2,935)
Investment properties	141	-	141	(889)	(748)
Loans and borrowings	(790)	790	-	-	-
Interest receivable	(22,928)	22,928	-	-	-
Others	(1,325)	-	(1,325)	-	(1,325)
	(27,837)	23,718	(4,119)	(889)	(5,008)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	2,110	25,722	-	-
Deferred tax liabilities	(12,538)	(9,720)	(5,008)	(4,119)
	(10,428)	16,002	(5,008)	(4,119)

## NOTES TO THE FINANCIAL STATEMENTS

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

**Recognised deferred tax assets/(liabilities) (continued)**

Deferred tax assets are recognised for unabsorbed capital allowances and unutilised tax losses 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 and unutilised tax losses are available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

The deferred tax liabilities are recognised in relation to the revaluation of leasehold land and buildings and fair value of investment properties as disclosed in Note 4.3 and 5.1 respectively.

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised for the following items:

	Group	
	2016 RM'000	2015 RM'000
Tax losses and capital allowances	60,253	4,320

## 12. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
<b>Cost</b>		
Water treatment chemicals	127	96
Fuel	2	10
Others	22	-
	151	106

During the year, the amount of inventories recognised in the profit or loss of the Group was RM1,498,000 (2015: RM828,000) and is included in the following line items:

	Group	
	2016 RM'000	2015 RM'000
Raw materials, consumables and maintenance	1,498	-
Construction contract on oil and gas	-	828
	1,498	828

## NOTES TO THE FINANCIAL STATEMENTS

## 13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Trade</b>					
Trade receivables	13.1	4,520	17,003	-	-
Amount due from contract customers	13.2	52,807	39,883	-	-
Retention sum held by customers	13.3	-	4,355	-	-
Advances to subcontractors	13.4	20,869	7,363	-	-
		78,196	68,604	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	13.5	-	-	245,886	331,959
Prepayments		1,354	9,260	1,555	468
Other receivables		13,548	30,745	1,239	14,492
Deposits	13.6	72,607	3,779	21,417	2,686
		87,509	43,784	270,097	349,605
Less: Impairment losses on non-trade receivables		(6,194)	(15,325)	(203,854)	(163,757)
		81,315	28,459	66,243	185,848
		159,511	97,063	66,243	185,848

## 13.1 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2015: 30 to 90 days) terms. Credit terms are assessed and approved on a case-by-case basis.

## 13.2 Amount due from contract customers

	Group	
	2016 RM'000	2015 RM'000
Construction contracts costs incurred to date	310,664	658,734
Add: Attributable (loss)/profit	(7,862)	14,524
	302,802	673,258
Less: Progress billings	(249,995)	(633,375)
	52,807	39,883



## NOTES TO THE FINANCIAL STATEMENTS

**13. TRADE AND OTHER RECEIVABLES (CONTINUED)****13.3 Retention sum held by customers**

Retention sum held by customers relate to construction contracts and are unsecured and interest-free.

**13.4 Advances to subcontractors**

Advances are paid to subcontractors upon request by subcontractors, as per contract. Advances are non-interest bearing and are recouped progressively and proportionately from subsequent progress billings from the subcontractors upon supply of the works attaining a certain percentage of the contract sum.

**13.5 Amounts due from subsidiaries**

The amounts due from subsidiaries are interest free, unsecured and repayable on demand. The significant increase in impairment loss during the financial year for the Company is mainly arising from advances to SINO.

**13.6 Deposits**

The significant increase in deposits is mainly arising from the deposit paid to Pimpinan Ehsan Berhad of RM21,000,000 for the proposed acquisition of the entire issued and paid-up share capital of TRIplc and the deposit paid to Shin Yang Holding Sendirian Berhad of RM44,650,569 for the proposed acquisition of the entire issued and paid-up capital of Danum Sinar Sdn. Bhd. as disclosed in Note 36 to the financial statements.

**14. SHORT-TERM INVESTMENTS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 31 December/Market value	835,053	922,146	834,965	922,146

Short-term investments represent fund placements in financial institutions.

**15. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	204,425	301,075	182,742	233,589
Cash and bank balances	62,520	77,474	39,965	52,778
At 31 December	266,945	378,549	222,707	286,367

Included in cash and cash equivalents of the Group is an amount of RM32,000 (2015: RM27,000) pledged to secure the bank guarantee facilities.

## NOTES TO THE FINANCIAL STATEMENTS

**16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

During the financial year, following the Group's commitment to sell its entire interest held in LUWEI on 13 July 2016, the related assets and liabilities of LUWEI concession activities were presented as assets/liabilities classified as held for sale.

During the current financial year, the assets and liabilities held for sale were as follows:

	Note	Group 2016 RM'000
<b>Assets classified as held for sale</b>		
Property, plant and equipment	4	323
Service concession assets	6	24,146
Trade and other receivables		118
Inventories		20
Cash and cash equivalents		227
		24,834
<b>Liabilities classified as held for sale</b>		
Loans and borrowings	18.3	(14,600)
Trade payables		(3,774)
		(18,374)

Consequently, LUWEI is also classified as a discontinued operation (Note 23).

**17. CAPITAL AND RESERVES****17.1 Share capital**

	Group and Company			
	2016		2015	
	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	449,283,784	449,283,784	415,959,777	415,959,777
Issuance of shares under conversion of warrants	-	-	32,574,007	32,574,007
Issuance of shares pursuant to the conversion of RCSSI	-	-	750,000	750,000
At 31 December	449,283,784	449,283,784	449,283,784	449,283,784

## NOTES TO THE FINANCIAL STATEMENTS

**17. CAPITAL AND RESERVES (CONTINUED)****17.1 Share capital (continued)****(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 (Note 17.3), 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. As at 31 December 2016, 5,269,720 (2015: 5,269,720) warrants remained unexercised.

**(c) RCSSI**

In the previous financial year, there was an issuance of new ordinary shares of RM1.00 each of 750,000 ordinary shares of RM1.00 each pursuant to the conversion of RCSSI of RM1,500,000.

On 3 December 2015, the Company had fully repurchased all outstanding RCSSI of the Company of RM160.0 million in nominal value 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.

**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 comprise solely the 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.

There were no repurchase of issued share capital in the current financial year.

As at 31 December 2016, the Company held 2,036,800 (2015: 2,036,800) of the Company's ordinary shares at RM1.00 each as treasury shares, amounting to RM5,941,000 (2015: RM5,941,000).

**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.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. CAPITAL AND RESERVES (CONTINUED)

## 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January/31 December, gross	131,617	131,617	17,162	17,162
At 1 January/31 December, deferred tax	(11,898)	(11,898)	(857)	(857)
At 31 December, net	119,719	119,719	16,305	16,305

## 17.6 Other reserve

Other reserve represents the premium paid on the acquisition of the non-controlling interests in KGL and GOM Resources respectively.

## 18. LOANS AND BORROWINGS

	Note	Group	
		2016 RM'000	2015 RM'000
<b>Non-current</b>			
Secured:			
USD term loan	18.1	-	8,587
Term loan	18.2	6,752	7,108
Obligation under finance leases	32.2	4,375	3,818
		11,127	19,513
Unsecured:			
Lushan MOF Novated World Bank Loan	18.3	-	12,181
		-	12,181
		11,127	31,694
<b>Current</b>			
Secured:			
USD term loan	18.1	8,972	34,348
Revolving credit	18.4	-	1,073
Term loan	18.2	646	663
Obligation under finance leases	32.2	1,322	1,461
		10,940	37,545
Unsecured:			
Lushan MOF Novated World Bank Loan	18.3	-	1,943
		-	1,943
		10,940	39,488

## 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 drawn down 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 had 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 was secured via the following:

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

**18.2 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 was 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.

**18.3 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 1% (2015: 0.91%) per annum.

During the current financial year, Lushan MOF Novated World Bank Loan has been classified as liabilities held for sale (Note 16).



## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.4 Revolving credit

GOM Resources had secured credit facilities which include the revolving credit from two local licensed banks. The facilities were secured via the following:

- (i) Assignment of all the present and future rights, title, benefit and interest in and under the project contracts of GOM Resources;
- (ii) Debentures over the fixed and floating assets of GOM Resources; and
- (iii) Assignment of the Designated Collection Accounts of GOM Resources.

Outstanding sum on revolving credit had been fully repaid in 2016, and the revolving credit facility had since been cancelled.

## 19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables	19.1	93,678	53,006	-	-
Allowance for foreseeable loss	19.2	66,226	-	-	-
Advances from contract customers		10,000	10,000	-	-
		169,904	63,006	-	-
<b>Non-trade</b>					
Other payables and accruals		15,965	47,694	2,441	6,839
		185,869	110,700	2,441	6,839

## 19.1 Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 60 days (2015: 30 - 60 days) terms.

## 19.2 Allowance for foreseeable loss

Allowance for foreseeable loss in PNCSB was made as the total contract costs of its sewerage contract is expected to exceed the total contract revenue as a result of cost increase subsequent to the termination of the previous subcontractor for non-performance and slow work progress.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. REVENUE

Group	Continuing operations		Discontinued operations (Note 23)		Total	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Water and Wastewater	15,198	135	540	453,100	15,738	453,235
Oil and Gas	-	62,099	-	-	-	62,099
Construction	57,981	125,023	75	22,801	58,056	147,824
Others	597	730	-	-	597	730
	73,776	187,987	615	475,901	74,391	663,888

The prior year comparatives (for all profit and loss disclosures) have been presented to segregate the comparative financial information between continuing and discontinued operations of the Group during the year as disclosed in Note 23 to the financial statements.

## 21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	55,968	62,393	1,080	1,452
Defined contribution plan	7,960	8,286	126	226
Other staff related expenses	9,555	7,655	1,672	2,171
	73,483	78,334	2,878	3,849

Included in employee benefits expense of the Group and the Company are the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM17,095,000 (2015: RM16,359,000) and RM747,000 (2015: RM273,000) respectively as further disclosed in Note 27.

## 22. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
<b>Finance cost on conventional borrowings</b>				
Revolving credit interest	-	207	-	-
USD term loan interest	1,135	2,417	-	-
Interest expense on obligation under finance leases	252	974	-	-
Accretion of interest on RCSSI	-	11,204	-	11,204
Loss on RCSSI repurchase	-	7,197	-	7,197
Bank charges	1,663	1,132	114	117
	3,050	23,131	114	18,518

## NOTES TO THE FINANCIAL STATEMENTS

**23. DISCONTINUED OPERATIONS**

Included in the loss or profit from discontinued operations are the operations of LUWEI, SYABAS and PNSB as disclosed below:

- i. On 13 July 2016, the Company's 98.65% subsidiary, SINO and Environmental Holding Pte Ltd ("EHPL") had entered into a Framework Agreement with Lushan County People's Government for the proposed disposal of the entire equity interests in LUWEI to Lushan County Chengnan Water Co. Ltd ("Chengnan Water"), a state-owned enterprise. On 15 December 2016, SINO had entered into the Equity Transfer Agreement ("ETA") with EHPL and Chengnan Water to divest its 93.81% equity interest in LUWEI at zero cash consideration and a settlement sum of RMB10.0 million (equivalent to approximately RM6.4 million) only to be paid to SINO and Sino Water (Shanghai) for repayment of the outstanding shareholder loans and consultancy service fees.

The completion of the proposed disposal is pending the satisfaction of the terms and conditions as stipulated in the ETA.

The prior year comparatives have been analysed to segregate the performance of LUWEI from other continuing operations.

- ii. On 11 November 2014, the Company entered into a conditional sale and purchase agreement with Air Selangor, a wholly-owned subsidiary of Kumpulan Darul Ehsan Berhad for the disposal by the Company of the entire equity interest and cumulative convertible redeemable preference shares held in PNSB and the 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.

The disposals had been completed on 15 October 2015.

**Results of the above discontinued operations:**

	Note	Group	
		2016 RM'000	2015 RM'000 (Restated)
Revenue	20	615	475,901
Other income		2	176,100
Impairment loss on assets held for sale		(11,907)	(47,806)
Operating expenses		(5,663)	(241,587)
Depreciation and amortisation expenses		(2,323)	(2,570)
Finance costs		(145)	(98,952)
Share of losses in joint venture		-	(12,016)
<b>(Loss)/Profit before tax</b>		(19,421)	249,070
Tax expense	25	-	(69,052)
<b>(Loss)/Profit for the year</b>		(19,421)	180,018

## NOTES TO THE FINANCIAL STATEMENTS

**23. DISCONTINUED OPERATIONS (CONTINUED)**

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

	Group	
	2016 RM'000	2015 RM'000 (Restated)
Auditors' remunerations - Statutory audit	-	90
- Other non-audit services	-	107
- Other auditors	16	16
Amortisation of service concession assets	2,254	2,530
Depreciation of property, plant and equipment	69	40
Loss on disposal of property, plant and equipment	-	46
Impairment loss on trade receivables: SYABAS	-	6,751
Impairment loss on assets held for sale		
- Service concession assets	11,907	47,686
- Property, plant and equipment	-	120
Employee benefits expense	1,025	68,572
Finance costs	145	98,952
Operating lease:		
- Minimum lease payments on motor vehicle and equipment	-	403
- Minimum lease payments on buildings	-	111
Unrealised foreign exchange loss	2,644	2,277
Interest income	(2)	(2,439)
Rental income from land and building	-	(119)
Finance income from operating financial assets	-	(28,078)
Compensation for late payment from SYABAS	-	(144,893)

In the last financial year, effect of disposal of PNSB on the financial position of the Group is as follows:

	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

## 24. (LOSS)/PROFIT BEFORE TAX

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of service concession assets		800	1,214	-	-
Auditors' remunerations	24.1	844	668	485	144
Depreciation of property, plant and equipment		13,202	17,430	620	555
Operating lease					
- Minimum lease payments on buildings		2,638	4,111	17	423
- Minimum lease payments on motor vehicle and equipment		871	267	6	26
Rental expenses on project equipment with third parties		-	63,760	-	-
Impairment loss on amount due from subsidiaries		-	-	49,228	147,177
Impairment loss on investment in subsidiaries		-	-	139,617	102,080
Impairment loss on service concession assets		6,894	2,100	-	-
Impairment loss on property, plant and equipment		41,622	64,022	-	-
Impairment loss on goodwill		-	25,240	-	-
Impairment loss on non-trade receivable		-	6,194	-	-
Allowance for foreseeable loss		66,226	-	-	-
Loss on disposal of property, plant and equipment		364	4,844	-	-
Property, plant and equipment written off		8	451	-	-
Bad debts written off		-	1,610	-	1,591
Realised foreign exchange loss		6,519	7,207	1	3
Unrealised foreign exchange loss		-	2,817	-	-



## 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	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Interest income – RCULS		-	12,016	-	12,016
Gain from disposal of a subsidiary and joint venture		-	795	-	782,294
Income arising from asset distribution and waiver of loan by PNSB	24.2	-	-	-	582,632
Gain on disposal of short-term investment		91	966	91	966
Fair value gain on short-term investment		31,787	8,751	31,787	8,751
Interest income		9,213	14,486	7,411	6,632
Rental income from land and building		36	36	-	-
Rental income from investment property		406	501	1,223	1,143
Gain on disposal of property, plant and equipment		-	-	1	-
Unrealised foreign exchange gain		3,258	35,862	8,074	23,939
Fair value gain on investment properties		27,944	-	17,781	-
Write back of impairment loss on trade receivables		-	5,021	-	-

## 24.1 Auditors' remunerations

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
KPMG				
- Statutory audit	246	226	60	56
- KPMG members - Statutory audit	70	111	-	-
- Other non-audit services	443	275	425	88
	759	612	485	144
Other auditors				
- Statutory audit	68	41	-	-
- Other non-audit services	17	15	-	-
	85	56	-	-
	844	668	485	144

## NOTES TO THE FINANCIAL STATEMENTS

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

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

In the previous financial year, pursuant to the disposal of PNSB and SYABAS to Air Selangor, non-concession assets were sold to the Company by PNSB at RM1 and the amount due to PNSB by the Company was waived. The sale of the non-concession assets and the waiver of the advances were 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 comprised properties and were 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 the amount due to PNSB by the subsidiaries of RM21,552,000 was also capitalised as cost of investment in these subsidiaries (Note 7.1).

## 25. TAX EXPENSE/(CREDIT)

## Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax expense/(credit) on continuing operations	26,223	(17,160)	412	(23,050)
Income tax expense on discontinued operations	-	69,052	-	-
Total income tax expense/(credit)	26,223	51,892	412	(23,050)
Major components of income tax expense include:				
- Current financial year	378	7,541	5	516
- Foreign income tax	55	77	55	77
- (Over)/Under provision in respect of prior years	(640)	(74)	(537)	75
	(207)	7,544	(477)	668
Deferred income tax				
- Origination and reversal of temporary differences	25,254	44,018	889	(23,718)
- Under provision in respect of prior years	1,176	330	-	-
	26,430	44,348	889	(23,718)
Total income tax expense/(credit)	26,223	51,892	412	(23,050)

## NOTES TO THE FINANCIAL STATEMENTS

## 25. TAX EXPENSE/(CREDIT) (CONTINUED)

## Reconciliation of tax expense/(credit)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations	(214,405)	(134,120)	(180,416)	1,139,703
Discontinued operations	(19,421)	249,070	-	-
(Loss)/Profit before tax	(233,826)	114,950	(180,416)	1,139,703
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(56,118)	28,738	(43,300)	284,926
Different tax rates in other jurisdictions	(26)	(36)	(26)	(36)
Effect on reduction in Malaysian income tax rate	-	232	-	-
Expenses not deductible for tax purposes/(Non-taxable income)	22,754	19,846	47,653	(308,015)
(Over)/Under provision of tax expenses in prior years	(640)	(74)	(537)	75
Under provision of deferred tax in prior years	1,176	330	-	-
Effect of lower tax rate on fair value gain on investment properties	(5,309)	-	(3,378)	-
Deferred tax assets not recognised	64,386	2,856	-	-
Income tax expense/(credit) recognised in profit or loss	26,223	51,892	412	(23,050)

## 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 2016 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016	2015 (Restated)
(Loss)/Profit attributable to ordinary shareholders (RM'000)		
- Continuing operations	(240,970)	(114,442)
- Discontinued operations	(17,972)	180,018
Total	(258,942)	65,576
Weighted average number of ordinary shares ('000)	447,247	420,684
Basic (loss)/earnings per ordinary share (sen)		
- Continuing operations	(53.88)	(27.21)
- Discontinued operations	(4.02)	42.79
Total	(57.90)	15.58

## Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per ordinary share has not been disclosed as it is anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Executive Directors:</b>				
Wages, salaries and bonuses	13,046	12,146	568	168
Defined contribution plan	2,664	2,594	75	20
Leave passage	452	393	47	69
Other emoluments	933	1,226	57	16
Total Executive Directors' remuneration (excluding benefits-in-kind)	17,095	16,359	747	273
Estimated money value of benefits-in-kind	138	109	9	2
Total Executive Directors' remuneration (including benefit-in-kind)	17,233	16,468	756	275
<b>Non-executive Directors:</b>				
Wages, salaries and bonuses	114	292	-	-
Defined contribution plan	14	35	-	-
Leave passage	320	320	260	260
Other emoluments	384	377	382	376
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	832	1,024	642	636
Estimated money value of benefits-in-kind	20	13	3	-
Total Non-Executive Directors' remuneration (including benefits-in-kind)	852	1,037	645	636
Total Directors' remuneration (including benefits-in-kind)	18,085	17,505	1,401	911

## 28. DIVIDENDS

Dividend recognised by the Company:

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

In the previous financial year, 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 disposals of PNSB and SYABAS to Air Selangor.

No dividend had been proposed or declared for the financial year ended 2016.

## 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 and maintenance of a water treatment plant in Malaysia and 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, marine management and offshore leasing of asset.
- **Construction** Includes construction activities.

#### Discontinued operations:

- **Water and Wastewater** Includes operation, maintenance, management, construction, rehabilitation and refurbishment of water treatment facilities in Malaysia and China.

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)

2016	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	15,198	-	57,981	597	-	73,776	615	74,391
Interest income	1	1,690	-	7,522	-	9,213	2	9,215
Fair value gain on investment properties	-	-	-	27,944	-	27,944	-	27,944
Other income	704	10,758	173	123,126	(87,727)	47,034	-	47,034
Operating expenses	15,903	12,448	58,154	159,189	(87,727)	157,967	617	158,584
Allowance for foreseeable loss	(10,800)	(31,324)	(142,722)	(312,796)	257,175	(240,467)	(5,663)	(246,130)
Impairment loss on property, plant and equipment	-	-	(66,226)	-	-	(66,226)	-	(66,226)
Impairment loss on service concession assets	-	(41,622)	-	-	-	(41,622)	-	(41,622)
Impairment loss on service concession assets	(6,894)	-	-	-	-	(6,894)	(11,907)	(18,801)
Share of losses in:								
- Associate	-	-	-	1	-	1	-	1
- Joint venture	-	-	-	(112)	-	(112)	-	(112)
Depreciation and amortisation expenses	(839)	(6,096)	(593)	(6,474)	-	(14,002)	(2,323)	(16,325)
Segment results	(2,630)	(66,594)	(151,387)	(160,192)	169,448	(211,355)	(19,276)	(230,631)
Finance costs						(3,050)	(145)	(3,195)
Loss before tax						(214,405)	(19,421)	(233,826)
<b>Assets and Liabilities</b>								
Segment assets	15,963	82,683	93,178	1,799,132	(340,408)	1,650,548	24,834	1,675,382
Unallocated assets						4,819	-	4,819
<b>Total assets</b>						1,655,367	24,834	1,680,201
Segment liabilities	6,877	25,931	200,612	268,797	(294,281)	207,936	18,374	226,310
Unallocated liabilities						12,540	-	12,540
<b>Total liabilities</b>						220,476	18,374	238,850
Included in the measure of segment assets are:								
Investment in associate	-	-	-	5	-	5	-	5
Investment in joint venture	-	-	-	627	-	627	-	627
Additions to non-current assets other than financial instruments and deferred tax assets	1	-	1,304	19,770	-	21,075	59	21,134

## NOTES TO THE FINANCIAL STATEMENTS

## 29. OPERATING SEGMENTS (CONTINUED)

2015 (Restated)	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	135	62,099	125,023	730	-	187,987	475,901	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	3,030	439	742	832,878	(785,711)	51,378	690	52,068
	3,171	63,856	126,490	858,061	(785,711)	265,867	652,001	917,868
Operating expenses	(3,889)	(29,719)	(128,371)	(262,048)	227,209	(196,818)	(234,836)	(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	(2,100)	-	-	-	-	(2,100)	-	(2,100)
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	-	-	-	-	-	-	(47,686)	(47,686)
- 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	(1,295)	(11,589)	(278)	(5,482)	-	(18,644)	(2,570)	(21,214)
Segment results	(7,895)	(126,692)	(8,353)	590,453	(558,502)	(110,989)	348,022	237,033
Finance costs						(23,131)	(98,952)	(122,083)
(Loss)/Profit before tax						(134,120)	249,070	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
<b>Assets and Liabilities</b>								
Segment assets	33,398	189,707	76,288	1,867,036	(369,698)	1,796,731	41,077	1,837,808
Unallocated assets						28,155	-	28,155
<b>Total assets</b>						1,824,886	41,077	1,865,963
Segment liabilities	48,072	177,668	82,854	185,782	(329,078)	165,298	16,584	181,882
Unallocated liabilities						9,864	-	9,864
<b>Total liabilities</b>						175,162	16,584	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

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

	Group	
	2016 RM'000	2015 RM'000
Investment in joint ventures and associates	632	741
Inter-group intercompany balances elimination	(87,686)	(177,616)
Investment in subsidiaries	(249,474)	(181,878)
Others	(3,880)	(10,945)
	(340,408)	(369,698)

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

	Group	
	2016 RM'000	2015 RM'000
Inter-group intercompany balances elimination	(294,281)	(329,078)

## NOTES TO THE FINANCIAL STATEMENTS

## 29. OPERATING SEGMENTS (CONTINUED)

## 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
<b>2016</b>		
Malaysia	73,755	373,655
Others	636	14,601
	74,391	388,256
<b>2015</b>		
Malaysia	661,362	364,375
Others	2,526	74,828
	663,888	439,203

## Major customers

Approximately 99% (2015: 96%) of total revenue during the year is mainly contributed from two (2) (2015: 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 2016	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
<b>Financial assets</b>			
Trade and other receivables	105,350	105,350	-
Short-term investments	835,053	-	835,053
Cash and cash equivalents	266,945	266,945	-
	1,207,348	372,295	835,053
<b>Financial liabilities</b>			
Trade and other payables	(119,643)	(119,643)	-
Loans and borrowings	(22,067)	(22,067)	-
	(141,710)	(141,710)	-
<b>2015</b>			
<b>Financial assets</b>			
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
<b>Financial liabilities</b>			
Trade and other payables	(110,700)	(110,700)	-
Loans and borrowings	(71,182)	(71,182)	-
	(181,882)	(181,882)	-



## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

## 30.1 Categories of financial instruments (continued)

Company 2016	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
<b>Financial assets</b>			
Other receivables	64,688	64,688	-
Short-term investments	834,965	-	834,965
Cash and cash equivalents	222,707	222,707	-
	1,122,360	287,395	834,965
<b>Financial liabilities</b>			
Other payables	(2,441)	(2,441)	-
<b>2015</b>			
<b>Financial assets</b>			
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
<b>Financial liabilities</b>			
Other payables	(6,839)	(6,839)	-

## 30.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Fair value through profit or loss – held for trading	31,787	8,751	31,787	8,751
Available-for-sale financial assets				
- recognised in other comprehensive income	-	(242)	-	(242)
- reclassified from equity to profit or loss	91	967	91	967
	91	725	91	725
Loans and receivables	5,952	46,180	(33,744)	(100,512)
Financial liabilities measured at amortised cost	(3,050)	(28,233)	(114)	(18,518)
	34,780	27,423	(1,980)	(109,554)

## 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 one (1) (2015: two (2)) customers.

*Impairment losses*

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	-	-	-
Past due 0-30 days	2,893	-	2,893
Past due 31-120 days	461	-	461
Past due more than 120 days	1,166	-	1,166
	4,520	-	4,520
<b>2015</b>			
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

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

## 30.4 Credit risk (continued)

*Impairment losses (continued)*

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-trade</b>				
At 1 January	15,325	9,131	9,131	9,131
Impairment losses recognised	-	6,194	-	-
Impairment loss written off	(9,131)	-	(9,131)	-
At 31 December	6,194	15,325	-	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 RM37,619,000 (2015: RM47,124,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period which are guaranteed by the Company.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

**Inter-company loans and advances***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

## 30.4 Credit risk (continued)

## Inter-company loans and advances (continued)

## Impairment losses

As at the end of the reporting period, an impairment loss of RM49,228,000 (2015: RM147,177,000) was recognised during the year. The movements in the allowance for impairment loss during the financial year were:

Impairment loss	Company	
	2016 RM'000	2015 RM'000
At 1 January	154,626	7,449
Impairment loss recognised	49,228	147,177
At 31 December	203,854	154,626

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.

## Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
<b>2016</b>						
<b>Financial liabilities:</b>						
Trade and other payables	119,643	-	119,643	119,643	-	-
Loans and borrowings	22,067	2.43% - 6.30%	22,976	11,532	11,444	-
Total undiscounted financial liabilities	141,710		142,619	131,175	11,444	-
<b>2015</b>						
<b>Financial liabilities:</b>						
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

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

## 30.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (continued):

Company	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000
<b>2016</b>				
<b>Financial liabilities:</b>				
Other payables	2,441	-	2,441	2,441
Total undiscounted financial liabilities	2,441		2,441	2,441
Financial guarantees	-		37,619	37,619
<b>2015</b>				
<b>Financial liabilities:</b>				
Other payables	6,839	-	6,839	6,839
Total undiscounted financial liabilities	6,839		6,839	6,839
Financial guarantees	-		47,124	47,124



## 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
<b>As at 31 December 2016</b>		
Cash and cash equivalents	2,892	78
Trade and other receivables	215	-
Trade and other payables	(99)	-
Loans and borrowings	(8,972)	-
Intra-group balances	2,207	-
	(3,757)	78
<b>As at 31 December 2015</b>		
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

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

## 30.6 Market risk (continued)

## 30.6.1 Currency risk (continued)

*Exposure to foreign currency risk (continued)*

Company	Denominated in USD RM'000
<b>As at 31 December 2016</b>	
Cash and cash equivalents	127
Amount due from subsidiaries	2,207
	2,334
<b>As at 31 December 2015</b>	
Cash and cash equivalents	128
Amount due from subsidiaries	61,460
	61,588

*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% (2015: 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	Profit or loss	
	2016 RM'000	2015 RM'000
USD	(376)	5,406
SGD	8	9
	(368)	5,415
<b>Company</b>		
USD	233	6,159

A 10% (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets	204,425	301,075	182,742	233,589
Financial liabilities	(5,697)	(5,279)	-	-
	198,728	295,796	182,742	233,589
<b>Floating rate instruments</b>				
Financial liabilities	(16,370)	(65,903)	-	-

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 RM164,000 (2015: RM659,000) 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 followings 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 2016 RM'000	Fair value 2016 RM'000	Carrying amount 2015 RM'000	Fair value 2015 RM'000
<b>Financial liabilities</b>				
Loans and borrowings				
- Obligation under finance leases	(5,697)	(5,123)	(5,279)	(4,848)
- USD term loan	(8,972)	(8,972)	(42,935)	(42,935)
- Lushan MOF Novated World Bank Loan	-	-	(14,124)	(14,124)
- Revolving credit	-	-	(1,073)	(1,073)
- Term loan	(7,398)	(7,398)	(7,771)	(7,771)

Short-term investments of the Group amounted to RM835,053,000 (2015: RM922,146,000) while short-term investments of the Company amounted to RM834,965,000 (2015: RM922,146,000). These short-term investments which are carried at fair value are 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.

## NOTES TO THE FINANCIAL STATEMENTS

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.7 Fair value information (continued)****Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation methods.

**Financial instruments not carried at fair value**

Type	Description of valuation technique and inputs used
Obligation under finance leases and term loans	Discounted cash flows using rates based on the current market rate of borrowings of the respective Group entities at the reporting date.

**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.

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 RM22,067,000 (2015: RM71,182,000) and a total capital of RM1,450,455,000 (2015: RM1,749,582,000) giving rise to a gearing ratio of approximately 2% (2015: 4%).

**32. COMMITMENTS****32.1 Operating lease commitments – as lessee**

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Future minimum lease payments:</b>		
Less than one year	557	1,208
Between one and five years	160	1,255
	717	2,463

The Group leases buildings under operating leases. The leases typically run for a period of 1 to 2 years, with an option to renew the lease after that date.



## NOTES TO THE FINANCIAL STATEMENTS

## 32. COMMITMENTS (CONTINUED)

## 32.2 Finance lease commitments

	Group	
	2016 RM'000	2015 RM'000
<b>Future minimum lease payments:</b>		
Not later than 1 year	1,542	1,683
Later than 1 year but not later than 2 years	1,542	1,458
Later than 2 years but not later than 5 years	3,221	2,663
	6,305	5,804
Less: Finance charges	(608)	(525)
Present value of minimum lease payables	5,697	5,279
<b>Present value of payments:</b>		
Not later than 1 year	1,322	1,461
Later than 1 year but not later than 2 years	1,261	1,309
Later than 2 years but not later than 5 years	3,114	2,509
Present value of minimum lease payables	5,697	5,279
Less: Amount due within 12 months (Note 18)	(1,322)	(1,461)
Amount due after 12 months (Note 18)	4,375	3,818

The finance lease has been accounted for as loans and borrowings as disclosed in Note 18 to the financial statements.

## 33. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Property, plant and equipment</b>		
Contracts approved and contracted for	1,025	156

Other than the contracts approved and contracted above, the Group has commitments on the proposed acquisition of TRIpIc and the proposed acquisition of Danum Sinar Sdn. Bhd. which are disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 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. Information regarding outstanding balances arising from related party transactions are disclosed in Note 13 and Note 19 to the financial statements.

	Company	
	2016 RM'000	2015 RM'000
<b>A. Subsidiaries</b>		
Rental charged to SINO	1,163	1,083
Commission income charged to PNCSB	96	1,991
Management fees charged by PNMSSB	34,476	5,070

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>B. Key management personnel</b>					
Short-term employee benefits		19,892	23,057	728	758
Defined contribution plan		3,647	3,951	96	44
Other staff related expenses		3,827	2,600	787	358
		27,366	29,608	1,611	1,160
Included in the total key management personnel are:					
Directors' remuneration	27	18,085	17,505	1,401	911

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. RELATED PARTIES (CONTINUED)

## Significant related party transactions (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>C. Joint venture*</b>				
RCULS interest receivable	-	12,016	-	12,016
Compensation for late payment	-	144,893	-	-
Storage fee charged	-	497	-	504
Sales of bulk quantity of treated water	-	557,682	-	-

\* The related party transactions were incurred up to the date of completion of the disposal of SYABAS on 15 October 2015.

## 35. CHANGES IN COMPOSITION OF THE GROUP

- (a) On 31 March 2016, the Company had acquired a dormant company, Anugerah Prasarana Sdn. Bhd. ("Anugerah Prasarana"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Anugerah Prasarana at a total cash consideration of Ringgit Malaysia Two (RM2.00) only (the "Acquisition").

With the Acquisition, Anugerah Prasarana became a wholly-owned subsidiary of the Company on 31 March 2016. The Acquisition is to facilitate the Group's business expansion plans. Anugerah Prasarana will remain as a dormant company for the time being.

- (b) On 30 June 2016, the Company had subscribed for six thousand (6,000) new ordinary shares of RM1.00 each, representing 60% equity interest in Aspen Streams Sdn. Bhd. ("ASSB") at a total cash consideration of RM6,000.00 only ("Shares Subscription").

With the Shares Subscription, ASSB became a 60% owned subsidiary of the Company on 30 June 2016. The acquisition of the new subsidiary, ASSB via the Shares Subscription is to facilitate the Group's business expansion plans in the water sector.

- (c) On 28 July 2016, the Company acquired two (2) companies, Aneka Suriamas Sdn. Bhd. ("Aneka Suriamas"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Aneka Suriamas at a total cash consideration of Ringgit Malaysia Two (RM2.00) only and Pujian Bayu Sdn. Bhd. ("Pujian Bayu"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Pujian Bayu at a total cash consideration of Ringgit Malaysia Two (RM2.00) only (the "Acquisition").

With the Acquisition, both Aneka Suriamas and Pujian Bayu have become wholly-owned subsidiaries of the Company on 28 July 2016. The Acquisition is to facilitate the Group's business expansion plans in the oil palm plantation sector. Both companies will remain as dormant companies for the time being.

## NOTES TO THE FINANCIAL STATEMENTS

**35. CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)**

- (d) On 17 October 2016, the Company's wholly-owned subsidiary, Murni Estate Sdn. Bhd. ("MESB") had acquired six hundred thousand (600,000) ordinary shares of RM1.00 each, representing 60% equity interest in Danau Semesta Sdn. Bhd. ("DSSB") via the transfer of two (2) existing ordinary shares of RM1.00 each and the subscription of 599,998 new ordinary shares of RM1.00 each in DSSB for a total cash consideration of RM600,000.00 only ("Shares Subscription"). The remaining balance of 300,000 ordinary shares of RM1.00 each and 100,000 ordinary shares in DSSB are held by Sunshine Upland Sdn. Bhd. ("SUSB") and Astaka Suria Sdn. Bhd. ("Astaka Suria"), respectively.

With the Shares Subscription, DSSB has become a 60% owned sub-subsidiary of the Company on 17 October 2016. The acquisition of the new sub-subsidiary, DSSB via the Share Subscription is to facilitate the Group's business expansion plans in the oil palm plantation sector.

Subsequently, on 16 November 2016, MESB had subscribed for additional 26,790,341 ordinary shares of RM1.00 each in its 60% owned subsidiary, DSSB out of 44,650,569 new ordinary shares of DSSB at a subscription price of RM26,790,341.00, representing 60% of the enlarged issued and paid-up share capital of DSSB. MESB's total investment in DSSB amounts to RM27,390,341.00 as at 31 December 2016.

**36. SIGNIFICANT EVENTS****(I) Acquisition of TRIplc**

On 18 April 2016, the Company had entered into a Heads of Agreement ("HOA") with TRIplc Berhad ("TRIplc") to facilitate discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc ("Proposed Transaction").

Pursuant to the HOA and a non-disclosure agreement ("NDA") which had also been executed on 18 April 2016, both the Company and TRIplc had agreed to a period of four (4) months from the date of the NDA or such other period as determined by both parties, for TRIplc to provide information concerning TRIplc and its subsidiaries for the Company to evaluate the Proposed Transaction ("Due Diligence Period"). During the Due Diligence Period, the Company shall be granted exclusivity by TRIplc with respect to the Proposed Transaction.

On 17 August 2016, the Company and TRIplc mutually agreed to extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 November 2016 to facilitate the ongoing discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc.

On 17 November 2016, the Company and TRIplc mutually agreed to further extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 February 2017.

On 16 December 2016, the Company entered into a conditional share sale agreement ("SSA") with Pimpinan Ehsan Berhad ("Pimpinan Ehsan") to purchase the entire issued and paid-up share capital of TRIplc for a cash consideration of RM210 million only ("Proposed Acquisition").

## NOTES TO THE FINANCIAL STATEMENTS

**36. SIGNIFICANT EVENTS (CONTINUED)****(I) Acquisition of TRIplc (continued)**

In conjunction with the Proposed Acquisition, TRIplc will be undertaking an internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") ("Proposed TRIplc Internal Reorganisation") comprising the following:

- (i) a proposed share exchange of the entire issued and fully paid-up share capital of TRIplc with new ordinary shares of RM1.00 each in Pimpinan Ehsan ("Pimpinan Ehsan Shares") on the basis of one (1) new Pimpinan Ehsan Share for every one (1) existing ordinary share of RM1.00 each in TRIplc ("TRIplc Share") held as at the entitlement date to be determined and announced by TRIplc ("Proposed Share Exchange"); and
- (ii) a proposed transfer of the listing status of TRIplc to Pimpinan Ehsan and the admission of the Pimpinan Ehsan Shares to the Official List of the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for all Pimpinan Ehsan Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status to Pimpinan Ehsan").

Upon completion of the Proposed TRIplc Internal Reorganisation, TRIplc will be a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will be listed in TRIplc's place.

**(II) Acquisition of Danum Sinar Sdn. Bhd.**

On 17 October 2016, Danau Semesta Sdn. Bhd. ("DSSB" or "the Purchaser"), a 60% owned subsidiary of MESB, which in turn is a wholly-owned subsidiary of the Group had entered into a sale and purchase agreement ("SPA") with Shin Yang Holding Sendirian Berhad ("the Vendor") for the Proposed Acquisition of the entire issued and paid-up share capital of Danum Sinar Sdn. Bhd. ("Danum Sinar") comprising 1,000,000 ordinary shares of RM1.00 each ("Sale Shares") together with the Land and specifically to include estate office building, estate management and staff quarters, guests house, storage and other ancillary facilities relating to the oil palm plantation business. The purchase price for the Sale Shares is RM446,505,690.45 ("Purchase Price") to be fully satisfied in cash, of which 10% deposit sum to be paid within 30 days from the date of SPA.

DSSB shall obtain funding for the Purchase Price from its shareholders namely MESB which owned 60% of DSSB, Sunshine Upland Sdn. Bhd. ("SUSB") which owned 30% of DSSB and Astaka Suria Sdn. Bhd. ("Astaka Suria") which owned 10% of DSSB and bank borrowings. Each shareholder of DSSB shall contribute proportionately to the capital of DSSB to fund the Purchase Price based on their respective equity interests in DSSB. As the Group's effective equity interest in DSSB is 60%, the portion of the Purchase Price that the Group has to contribute to DSSB is RM267,903,414.27 which shall be funded via a combination of internally generated funds and bank borrowings.

The sale and purchase of the Sale Shares herein shall be conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled or waived, as the case may be:

- (i) the completion and satisfactory results of a due diligence review by the Purchaser into, without limitation, the Land, the financial and statutory books and records, taxation matters, assets, liabilities and other affairs of Danum Sinar, including encumbrances affecting the Land;
- (ii) the Purchaser's financier has issued a letter of offer wherein the Purchaser's financier has agreed to grant to the Purchaser a financing facility at the terms and conditions acceptable to the Purchaser for the purchase of the Sale Shares;
- (iii) receipt by the Purchaser of a duly signed audited financial statements for the financial year ended 30 June 2016 of Danum Sinar ("Audited Financial Statements") and a confirmation that the annual general meeting of Danum Sinar for the calendar year of 2016 had been duly convened and held for the purpose of, inter alia tabling the Audited Financial Statements and that the Audited Financial Statements together with the 2016 Annual Return of Danum Sinar have been duly filed by Danum Sinar with the Companies Commission of Malaysia;



## NOTES TO THE FINANCIAL STATEMENTS

**36. SIGNIFICANT EVENTS (CONTINUED)****(II) Acquisition of Danum Sinar Sdn. Bhd. (continued)**

- (iv) the third party charge on the Land have been fully discharged;
- (v) the Vendor shall procure at its own costs and expense the provisional title in the name of Danum Sinar for Lot 1 land, Lot 13 land, Lot 14 land and Lot 15 land within 30 days from the date of the SPA or such other extended time as agreed between the parties;
- (vi) the unconditional approvals of such regulatory or any other relevant authority having been obtained for the transactions contemplated herein requiring their approval; and
- (vii) any other approval/consent being obtained from the banks, financiers and creditors of Danum Sinar and/or third parties for the disposal of the Sale Shares.

Within 3 months from the date of the SPA with an automatic extension of 3 months and such further extensions of time as may be mutually agreed in writing between the parties ("Cut-Off Date"). In the event that any of the Conditions Precedent is not fulfilled by the Cut-Off Date and the same is not waived, the SPA shall lapse and be of no further effect in accordance with the terms of the SPA and the Vendor or the Vendor's solicitors shall return all moneys received with interest to the Purchaser.

Subject to the terms of the SPA, on completion date, in exchange for the completion documents as set out in the SPA from the Vendors' solicitors to the Purchaser, the Purchaser shall pay to the Vendor the Balance Purchase Price, subject always to any agreed deduction or downward adjustments as provided in the SPA.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the second quarter of 2017.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

## 37. MATERIAL LITIGATIONS (CONTINUED)

## (I) KHEC (continued)

## (i) The First Arbitration Proceedings (continued)

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to be communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel has tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**37. MATERIAL LITIGATIONS (CONTINUED)****(I) KHEC (continued)****(i) The First Arbitration Proceedings (continued)**

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.

On 20 April 2016, the name of the replacement Arbitrator had been accepted by the Panel. The Panel has yet to schedule new dates for the continued hearing for the First Arbitration Proceedings.

On 2 June 2016, KHEC's Arbitrator had resigned and a new arbitrator has been nominated for the Panel's consideration and decision before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

On 11 July 2016, the Panel fixed 30 July 2016 for the continued hearing of the First Arbitration Proceedings.

At the hearing on 30 July 2016, the Panel fixed 17 September 2016 and 18 September 2016 for the continued hearing of the First Arbitration Proceedings.

On 19 September 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 2 October 2016.

On 4 October 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 12 November 2016 and 13 November 2016.

On 11 November 2016, the Company notified that the hearing fixed on 11 November 2016 and 12 November 2016 have been cancelled as the Chief Arbitrator has resigned recently due to health reasons. The remaining Panel is in the process of selecting a suitable replacement for the Chief Arbitrator before the Panel schedules the new dates for the continued hearing for the First Arbitration Proceedings.

On 21 November 2016, the Company was notified that the Panel has approved the replacement for the Chief Arbitrator for the First Arbitration Proceedings. The new dates for the continued hearing for the First Arbitration Proceedings has yet to be scheduled by the Panel.

On 4 January 2017, the Company was notified that the Panel has fixed the continued hearing for the First Arbitration Proceedings on 10 January 2017.

On 11 January 2017, the Company was notified at the hearing held on 10 January 2017 that the Chief Arbitrator had withdrawn himself from the Panel and the remaining Panel will have to find a replacement for the Chief Arbitrator before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

The newly constituted Panel has fixed the hearing for the First Arbitration Proceedings on 7 March 2017 and the continued hearing on 11 April 2017 and 22 April 2017.

## 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 loss 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 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium has on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had informed the Company of its intention to challenge the Final Award of the Arbitrator dated 29 March 2013. However, as of to-date, no documents have been served by KHEC on the PNHB-LANCO members of the Consortium.

The claimant, KHEC had on 4 November 2013 served the PNHB-Lanco members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court had fixed the Petition for hearing on 2 December 2013.

On 2 December 2013, the Madras High Court 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

## 37. MATERIAL LITIGATIONS (CONTINUED)

## (II) PNCSB

**Five (5) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB****(1) Notice of Adjudication dated 27 May 2016 issued under CIPAA to PNCSB**

On 27 May 2016, the Company's wholly-owned subsidiary, PNCSB had received a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 of the CIPAA from its sub-contractor, Genbina.

The details of the Notice of Adjudication are as follows:

- (a) PNCSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 27 May 2016 for the sum of RM6,169,197.67 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetungan Di Bunus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claims as may be appropriate.
- (b) PNCSB has instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator has been appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRC") in respect of the Notice of Adjudication dated 27 May 2016.

**(2) Notice of Adjudication dated 27 May 2016 issued under CIPAA to PNCSB**

On 27 May 2016, the Company's wholly-owned subsidiary, PNCSB had received a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 of the CIPAA from its sub-contractor, Genbina.

The details of the Notice of Adjudication are as follows:

- (a) PNCSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 27 May 2016 for the sum of RM5,022,336.65 for the D44 Project together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claims as may be appropriate.
- (b) PNCSB has instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator has been appointed by the Director of KLRC in respect of the Notice of Adjudication dated 27 May 2016.

**(3) Notice of Adjudication dated 14 June 2016 issued under CIPAA to PNCSB**

On 14 June 2016, PNCSB had received a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from its previous sub-contractor, Genbina.



## NOTES TO THE FINANCIAL STATEMENTS

## 37. MATERIAL LITIGATIONS (CONTINUED)

## (II) PNCSB (continued)

**Five (5) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB (continued)****(3) Notice of Adjudication dated 14 June 2016 issued under CIPAA to PNCSB (continued)**

The details of the Notice of Adjudication are as follows:

- (a) Genbina had issued a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 14 June 2016 for the sum of RM4,529,523.04 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claims as may be appropriate.
- (b) PNCSB has instructed its solicitors to contest the matter.

On 27 July 2016, an adjudicator has been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 14 June 2016.

On 15 March 2017, the Company announced the followings:

- (a) That PNCSB has successfully defended a substantial portion of Genbina's claims in relation to Adjudications (for the two (2) Notices of Adjudication dated 27 May 2016 and one (1) Notice of Adjudication dated 14 June 2016) whereby PNCSB was only required to pay Genbina RM5,906,394.10, (inclusive interests and costs) out of a principal claim sum of RM15,721,057.36.
- (b) That on 8 March 2017, PNCSB entered into a consent order with Genbina and its financier cum co-plaintiff, Malaysia Debt Ventures Berhad ("MDV") in relation to Genbina's application to enforce the Adjudication Award in the Kuala Lumpur High Court Originating Summons No. WA-24C-155-12/2016 that the adjudicated sums for the sum of RM5,906,394.10 will be paid to MDV on or before 15 March 2017 upon MDV's undertaking to refund the same to PNCSB in the event PNCSB is successful in the arbitration against Genbina. This said sum has been remitted to MDV by PNCSB's solicitors on 14 March 2017.

**(4) Notice of Adjudication dated 12 July 2016 issued under CIPAA to PNCSB**

On 12 July 2016, PNCSB had received a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA from Genbina.

The details of the Notices of Adjudication are as follows:

- (a) Genbina had issued a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 12 July 2016 for the sum of RM3,546,977.09 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claims as may be appropriate.
- (b) PNCSB has instructed its solicitors to contest the matter.

On 2 September 2016, an adjudicator has been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 12 July 2016.

## NOTES TO THE FINANCIAL STATEMENTS

## 37. MATERIAL LITIGATIONS (CONTINUED)

## (II) PNCSB (continued)

**Five (5) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB (continued)****(5) Notice of Adjudication dated 16 August 2016 issued under CIPAA to PNCSB**

On 17 August 2016, PNCSB had received a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from Genbina.

The details of the Notice of Adjudication are as follows:

- (a) Genbina had issued a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 17 August 2016 for the sum of RM3,775,805.83 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claim as may be appropriate.
- (b) PNCSB has instructed its solicitors to contest the matter.

On 19 September 2016, an adjudicator has been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 16 August 2016.

On 15 March 2017, the Company announced that Genbina's remaining adjudications to PNCSB (for the two (2) Notices of Adjudication dated 12 July 2016 and 17 August 2016) whereby Genbina has claimed for a principal claim sum of RM7,322,782.92 had been dismissed in total with a combined costs of RM158,000.00 awarded in PNCSB's favour.

**(III) Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB**

- (1) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB.

On 20 June 2016, PNCSB had received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the contract contained in a Letter of Award and its Addendums ("Contract") and an Operate, Maintain and Service Agreement under the Contract ("OMSA") for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM119,699,168.11 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### 37. MATERIAL LITIGATIONS (CONTINUED)

#### (III) Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB (continued)

- (2) Notice of Arbitration dated 17 June 2016 issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB.

On 20 June 2016, PNCSB had received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the Contract and an OMSA for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM24,171,671.43 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

#### (IV) Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by PNCSB

PNCSB had on 18 July 2016 issued three (3) separate Notices of Arbitration dated 18 July 2016 to Genbina to refer the disputes or differences arising from the termination of the Contract, an OMSA and Workers' Agreement dated 12 October 2015 ("Workers' Agreement") relating to the D44 Project to arbitration.

The details of the Notices of Arbitration dated 18 July 2016 issued by PNCSB to Genbina are as follows:

- (i) In respect of the Notice of Arbitration arising from the Contract, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breaches under the Contract which led to PNCSB's termination of the Contract. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration;
- (ii) In respect of the Notice of Arbitration arising from the OMSA, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's wrongful acts under the OMSA over Genbina's failure to return the Machineries & Equipment belonging to PNCSB under the OMSA, unlawfully removing the said Machineries & Equipment from the D44 Project site and wrongfully detaining them. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration; and
- (iii) In respect of the Notice of Arbitration arising from the Workers' Agreement, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breach of the Workers' Agreement over Genbina's failure and/or refusal to pay the foreign workers' salaries and to bear all direct and incidental costs for their repatriation, amongst others. PNCSB seeks to recover its loss and damage suffered from Genbina in the arbitration.

PNCSB has asserted that it has suffered losses and damage arising from Genbina's breaches and wrongful acts under the Contract, OMSA and Workers' Agreement and is preparing a counter-claim against Genbina, which PNCSB has assessed and estimated to be in the region of RM155.6 million.

## NOTES TO THE FINANCIAL STATEMENTS

**38. 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	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	398,603	808,637	863,942	1,076,968
- unrealised	31,941	78,679	66,438	34,240
	430,544	887,316	930,380	1,111,208
Less: Consolidation adjustments	(340,385)	(142,555)	-	-
Total retained earnings	770,929	1,029,871	930,380	1,111,208

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 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 125 to 223 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 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 38 on page 224 to the financial statements has been compiled 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.

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

.....  
**Tan Sri Rozali Bin Ismail**  
Director

.....  
**Azlan Shah Bin Rozali**  
Director

Shah Alam

Date: 30 March 2017



# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

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 125 to 224 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Wong Ley Chan, at Shah Alam, in the State of Selangor on 30 March 2017.

.....  
**Wong Ley Chan**

Before me:

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Puncak Niaga Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 125 to 223.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of service concession assets	
Refer to Note 2(f), Note 2(l), Note 2(y) and Note 6 of the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The financial results of the Group's China water and wastewater operations are not favourable as a result of delays in the local government enforcement on the closure of private wells and the related suspension of manufacturing entities in the relevant areas where the concessions are operating. The Group is also in the midst of negotiating and disposing the operations to the local government or the state-owned enterprise. While the Group has entered into Equity Transfer Agreement and Framework Agreement to initiate the sale, there is a risk that the agreements cannot be completed.</p> <p>In performing the impairment tests of these operations, the Group determined the fair values less cost of disposal based on the information available in the agreements as mentioned above.</p> <p>This is one of our key audit matters because of the significance of the service concession assets and the complexities surrounding the agreements as mentioned above.</p>	<p>In this area our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- read the agreements, resolutions and minutes of meetings in relation to the proposed disposals;</li> <li>- evaluated the impairment tests by comparing the calculations with the information from the agreements and performed re-computations of the impairment losses; and</li> <li>- considered the adequacy of the disclosures on the impairment assessments.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## Key Audit Matters (continued)

Impairment assessment of property, plant and equipment	
Refer to Note 2(d), Note 2(l), Note 2(y) and Note 4 of the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The oil and gas operating segment's non-current assets of the Group has a higher risk of impairment in view of the decline in crude oil prices and the inability of the Group to secure a project during the financial year 2016. The main asset of this segment is a Vessel.</p> <p>The Group determined the recoverable amount of the Vessel by reference to its fair value less cost of disposal.</p> <p>This is one of our key audit matters because of the significance of the carrying value of the Vessel and it requires us to exercise significant judgment to evaluate its fair value less cost of disposal.</p>	<p>In this area our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard;</li> <li>- obtained and read the valuation report produced by an independent valuer and compared the fair value as appraised by the valuer with the recoverable amount of the Vessel;</li> <li>- interviewed the valuer and evaluated the competency and objectivity of the valuer by corroborating to external and internal sources of information; and</li> <li>- considered the adequacy of the disclosures on the impairment assessments.</li> </ul>

Deferred tax asset valuation	
Refer to Note 2(t), Note 11 and Note 25 of the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Deferred tax assets recognised by the Group in the prior year comprised mainly tax benefits arising mainly from unutilised tax losses. Overall the Group and its significant subsidiaries were reporting losses, and hence, increased the amount of the total unutilised tax losses.</p> <p>Deferred tax asset may be recognised on these tax losses only to the extent where it is probable that the subsidiaries in which the benefits relate would have sufficient taxable profits available in the subsequent years against which the unused tax losses or unused tax credits can be utilised by the said entities.</p> <p>This is one of our key audit matters because of the significance of the availability of unutilised tax losses and it requires us to exercise significant judgment to evaluate forecasted future taxable profits because of the inherent uncertainties in respect of the estimates.</p>	<p>In this area our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- read minutes of meetings and interviewed the management to obtain an understanding of the business plans of subsidiaries with extra focus on subsidiaries that were having unutilised tax losses and at the same time reporting unfavourable results;</li> <li>- challenged the management's evaluations of availability of future taxable profits in order to recognise deferred tax assets by comparing assumptions with internal and external information; and</li> <li>- considered the adequacy of the disclosures in relation to the deferred tax assets.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## Key Audit Matters (continued)

Revenue recognition	
<i>Refer to Note 2(r) and Note 20 of the financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>One of the revenue streams of the Group is construction contract revenue. Construction contract revenue is accounted for based on the percentage of completion of each individual contract. The percentage of completion is calculated based on the proportion of total costs incurred at the reporting date compared to estimated total costs of the contract.</p> <p>This is one of our key audit matters because it requires us to exercise significant judgment to evaluate the estimation of the total costs to be incurred, which inherently is uncertain.</p>	<p>In this area our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- evaluated robustness of management's review process, and tested the design and implementation of controls over the approval of estimated total costs;</li> <li>- test checked estimated total costs to sub-contracts or letters of award;</li> <li>- performed a re-computation of the percentage of completion and recognised contract revenue; and</li> <li>- determined that allowance for foreseeable loss was recognised in accordance with the requirements of the accounting standard.</li> </ul>

Impairment assessments of cost of investment in subsidiaries and amounts due from subsidiaries	
<i>Refer to Note 2(l), Note 7 and Note 13 of the financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Company's cost of investments and advances provided to subsidiaries to finance their operations are significant. Some of these subsidiaries are reporting unfavourable results and hence, they require impairment assessments.</p> <p>This is one of our key audit matters because evaluation of impairment of costs of investment and advances to subsidiaries are complex and requires significant judgment from us to evaluate the evidence.</p>	<p>In this area our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- evaluated the Company's assessment on indications of impairment by considering whether it had factored or considered relevant internal and external information;</li> <li>- compared the impairment test models with the requirements of the accounting standards; and</li> <li>- considered the adequacy of the disclosures in relation to the impairment tests.</li> </ul>

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that subsidiaries which we have not acted as auditors are indicated in Note 7 to the financial statements.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Thong Foo Vung**  
Approval Number: 02867/08/2018 J  
Chartered Accountant

Petaling Jaya,

Date: 30 March 2017

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 22 MARCH 2017

## ANALYSIS OF SHAREHOLDINGS

Issued And Paid-Up Share Capital : RM449,283,784.00  
 Class of Shares : Ordinary shares  
 Voting Rights : One vote per ordinary share  
 No. of Shareholders : 10,990

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders						No. of Shares Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No.	%	No.	%	No.	%	No.	% <sup>#</sup>	No.	% <sup>#</sup>	No.	% <sup>#</sup>
Less than 100	510	4.64	7	0.06	517	4.70	12,217	*	154	*	12,371	*
100-1,000	1,580	14.38	18	0.16	1,598	14.54	1,209,534	0.27	10,225	*	1,219,759	0.27
1,001-10,000	6,416	58.38	88	0.80	6,504	59.18	27,237,936	6.09	399,887	0.09	27,637,823	6.18
10,001-100,000	2,000	18.20	55	0.50	2,055	18.70	60,969,565	13.63	1,957,030	0.44	62,926,595	14.07
100,001-22,362,348 (less than 5% of the issued share capital)	290	2.64	23	0.21	313	2.85	142,924,687	31.96	16,823,400	3.76	159,748,087	35.72
22,362,349 (5% of the issued share capital) and above	3	0.03	0	0	3	0.03	195,702,349	43.76	0	0	195,702,349	43.76
<b>TOTAL</b>	<b>10,799</b>	<b>98.27</b>	<b>191</b>	<b>1.73</b>	<b>10,990</b>	<b>100.00</b>	<b>428,056,288</b>	<b>95.71</b>	<b>19,190,696</b>	<b>4.29</b>	<b>447,246,984</b>	<b>100.00</b>

### Notes:

\* Negligible

# Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 22 March 2017.

## ANALYSIS OF WARRANT HOLDINGS

Unconverted Warrants : 5,269,720  
 Class of Securities : Warrant  
 Voting Rights : Nil  
 No. of Warrant Holders : 4,179

## 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	1,027	24.57	10	0.25	1,037	24.82	38,194	0.72	222	0.01	38,416	0.73
100-1,000	2,692	64.42	29	0.69	2,721	65.11	696,667	13.22	11,988	0.23	708,655	13.45
1,001-10,000	316	7.56	14	0.34	330	7.90	1,209,870	22.96	52,849	1.00	1,262,719	23.96
10,001-100,000	82	1.96	3	0.07	85	2.03	2,169,920	41.18	88,500	1.68	2,258,420	42.86
100,001-263,485 (less than 5% of the warrants)	4	0.10	1	0.02	5	0.12	572,900	10.87	111,330	2.11	684,230	12.98
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
<b>TOTAL</b>	<b>4,121</b>	<b>98.61</b>	<b>58</b>	<b>1.39</b>	<b>4,179</b>	<b>100.00</b>	<b>4,687,551</b>	<b>88.95</b>	<b>582,169</b>	<b>11.05</b>	<b>5,269,720</b>	<b>100.00</b>

## OTHER INFORMATION

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 22 MARCH 2017

### 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 <sup>#</sup>
1.	<b>Central Plus (M) Sdn Bhd</b>	103,798,260	23.21
2.	<b>Corporate Line (M) Sdn Bhd</b>	47,830,489	10.69
3.	<b>Lembaga Tabung Haji</b>	44,073,600	9.85
4.	<b>HLIB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Corporate Line (M) Sdn Bhd	15,000,000	3.35
5.	<b>Nusmakmur Development Sdn Bhd</b>	8,600,000	1.92
6.	<b>Corporate Line (M) Sdn Bhd</b>	6,600,000	1.47
7.	<b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For Credit Suisse (SG BR-TST-ASING)	4,909,070	1.10
8.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Employees Provident Fund Board (Amundi)	4,500,000	1.01
9.	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717 TRO1)	4,074,700	0.91
10.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Employees Provident Fund Board (KIB)	2,718,200	0.61
11.	<b>Maybank Securities Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Ong Siok Wan (Margin)	2,469,200	0.55
12.	<b>Alliancegroup Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Shanmugam A/L Thoppalan (8069535)	2,400,000	0.54
13.	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Goh Tai Siang	2,362,600	0.53
14.	<b>HSBC Nominees (Asing) Sdn Bhd</b> Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	2,268,000	0.51
15.	<b>Kenanga Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Goh Tai Siang	2,155,300	0.48
16.	<b>Public Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Wong Sui Yuing (E-BTL)	2,151,200	0.48
17.	<b>Maybank Securities Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Zulkifli Bin Ismail (Margin)	2,000,000	0.45
18.	<b>Lock Kai Sang</b>	1,964,800	0.44
19.	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	1,937,800	0.43
20.	<b>Central Plus (M) Sdn Bhd</b>	1,912,075	0.43

**Note:**

<sup>#</sup> Excluding a total of 2,036,800 PNHB shares bought back by PNHB and retained as treasury shares as at 22 March 2017.

## OTHER INFORMATION

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 22 MARCH 2017

### 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 <sup>#</sup>
21.	Rozali Bin Ismail	1,901,900	0.43
22.	Amsec Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Pacific Pearl Fund (UT-PM-PPF)	1,815,300	0.41
23.	HSBC Nominees (Asing) Sdn Bhd BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	1,686,100	0.38
24.	Lin Thean Fatt	1,518,000	0.34
25.	Lim Teik Hoe	1,479,000	0.33
26.	Lim Kian Huat	1,372,000	0.31
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koay Ley Hee	1,281,800	0.29
28.	Koh Yong Ming	1,239,900	0.28
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Kim Hew (E-KLG/BTG)	1,228,900	0.27
30.	Amsec Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	1,189,200	0.26
	<b>TOTAL</b>	<b>278,437,394</b>	<b>62.26</b>

**Note:**

# Excluding a total of 2,036,800 PNHB shares bought back by PNHB and retained as treasury shares as at 22 March 2017.

### 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.	Ng Yim Hoo	205,000	3.89
3.	Lim Chee Meng	135,000	2.56
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Dee Kong (E-JCL)	130,000	2.47
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	111,330	2.11
6.	Goh Nan Kioh	102,900	1.95
7.	Poh Kah Weng	93,000	1.76
8.	Poh Tak Kiau @ Poo Tak Kiau	73,860	1.40
9.	Ng Chew Geik	67,000	1.27
10.	Chan Thye Thian	61,300	1.16

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# ANALYSIS ON SECURITIES OF COMPANY

AS AT 22 MARCH 2017

**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
11.	<b>Kenanga Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Koay Ley Hee	52,670	1.00
12.	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Ong Yoke Wan	50,000	0.95
13.	<b>Tay Chin Kuan</b>	49,500	0.94
14.	<b>Lee Kong Hian</b>	46,630	0.88
15.	<b>Ng Ser Peng</b>	45,000	0.85
16.	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Chng Keng Soon (B Tinggi – CL)	43,000	0.82
17.	<b>Abdul Aziz Bin Hashim</b>	40,000	0.76
18.	<b>Cheong Wong Sang</b>	40,000	0.76
19.	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Theivanai A/P Rajoo	40,000	0.76
20.	<b>Tan Tcheow Woei</b>	40,000	0.76
21.	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Kenneth Hee Kang Koon	39,900	0.76
22.	<b>Lim Lai Sam</b>	39,700	0.75
23.	<b>Teh Soon Hoh</b>	39,200	0.74
24.	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> CIMB Bank For Teng U Heng (PBCL-OG0181)	37,000	0.70
25.	<b>Yeong Ah Sung</b>	35,800	0.68
26.	<b>Low Han Seng</b>	35,000	0.67
27.	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Chin Fui Boon	35,000	0.67
28.	<b>Vimala Sgulboonrasi</b>	35,000	0.67
29.	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Syarikat Lui Kim Chock Sdn Bhd	33,110	0.63
30.	<b>Cheah Keat Heng</b>	31,400	0.60
	<b>TOTAL</b>	<b>2,104,580</b>	<b>39.94</b>



## OTHER INFORMATION

# ANALYSIS ON SECURITIES OF COMPANY

AS AT 22 MARCH 2017

### 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	% <sup>+</sup>	Indirect Interest	% <sup>#</sup>	Direct Interest	%	Indirect Interest	%
1.	YBhg Tan Sri Rozali Bin Ismail	1,901,900	0.43	175,140,824 <sup>+</sup>	39.16 <sup>+</sup>	-	-	-	-
2.	Encik Azlan Shah Bin Rozali	389,400	0.09	-	-	-	-	-	-
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 <sup>^</sup>	0.01 <sup>^</sup>	-	-	-	-
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	-	-	-	-	-	-	-	-

#### Notes:

- <sup>+</sup> 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 his own name and 45% is held in his spouse's and children's names, respectively.
- <sup>^</sup> Deemed interest by virtue of shares held by spouse, Tay Boon Ling pursuant to Section 59 of the Companies Act, 2016.
- <sup>#</sup> Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 22 March 2017.
- \* 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	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
1.	YBhg Tan Sri Rozali Bin Ismail	1,901,900	0.43	175,140,824 <sup>+</sup>	39.16 <sup>+</sup>
2.	Central Plus (M) Sdn Bhd	105,710,335	23.64	-	-
3.	Corporate Line (M) Sdn Bhd	54,430,489	12.17	15,000,000 <sup>*</sup>	3.35 <sup>*</sup>
4.	Lembaga Tabung Haji	44,310,900	9.91	-	-

#### Notes:

- <sup>+</sup> 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 his own name and 45% is held in his spouse's and children's names, respectively.
- <sup>\*</sup> Held in nominee name.
- <sup>#</sup> Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 22 March 2017.

OTHER INFORMATION

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2016

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2016	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Building &amp; Adjacent Land</b> 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	57,166	99 years Leasehold	86 years expiring on 22/01/2102	Office Premises and Land
<b>Office Lots</b> No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 31/12/2014 (V)	86 sq.m	10,741	99 years Leasehold	84 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	84 years expiring on 01/01/2100	Office Premises
<b>5 Storey Shophouse</b> No. 32, Blok 4 Laman Seri Business Park Persiaran Sukan, Seksyen 13 Shah Alam, Selangor Darul Ehsan	7/6/2011 31/12/2014 (V)	1,014 sq.m	4,992	99 years Leasehold	93 years expiring on 21/3/2109	Office Premises
<b>Building</b> No. 12B, Jalan PJS 8/11 Dataran Mentari Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	19/10/2011 31/12/2014 (V)	331 sq.m	4,983	99 years Leasehold	86 years expiring on 6/11/2102	Office Premises
<b>3 Storey Building</b> No.31, Jalan Temoleh 8/7 Precinct 8 62250 Putrajaya	09/11/2016	387 sq.m	4,126	Freehold	N/A	Vacant
<b>Building</b> PT 2034, Mukim Jeram Kuala Selangor Selangor Darul Ehsan	02/11/2016	810 sq.m	4,954	50 years	N/A	Staff Recreational Facilities
<b>3 Storey Shophouse</b> Sublot 8 (Survey Lot 9306) Lot 1541 Block 6 Seduan Land District Sibu Sarawak	17/08/2016	140 sq.m	1,285	99 years Leasehold	22 years expiring on 31/12/2039	Office Premises

OTHER INFORMATION

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2016

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2016	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>INVESTMENT PROPERTIES</b>						
<b>Freehold Land</b>						
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) 31/12/2015 (V) 31/12/2016 (V)	2,058 sq.m	1,400	Freehold	N/A	Vacant
<b>Land &amp; Building</b>						
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) 31/12/2015 (V) 31/12/2016 (V)	164 sq.m	2,200	Freehold	N/A	Office Premises
<b>Leasehold Land</b>						
H.S.(D) 142037, Lot No. PT 32 Seksyen 14, Bandar Shah Alam District of Petaling, Selangor Darul Ehsan	14/02/1998 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V)	10,364 sq.m	26,770	99 years Leasehold	83 years expiring on 17/12/2099	Rented out
<b>Leasehold Land</b>						
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) 31/12/2015 (V) 31/12/2016 (V)	159,996 sq.m	19,580	99 years Leasehold	79 years expiring on 01/12/2095	Vacant
<b>Land &amp; Building</b>						
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) 31/12/2015 (V) 31/12/2016 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	158,180	99 years Leasehold	85 years expiring on 24/10/2101	Vacant Vacant Rented out Vacant
<b>4 Storey Shophouse</b>						
No. 12, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang	21/03/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V)	238 sq.m	2,500	99 years Leasehold	76 years expiring on 21/10/2092	Office Premises

# GRI G4

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FOR 'IN ACCORDANCE' OPTION – CORE

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G4-2	Description of key impacts, risks and opportunities	-	Chairman's Letter to Shareholders, Management Discussion and Analysis	P10-P13, P14-P25
<b>ORGANISATIONAL PROFILE</b>				
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## Specific Standard Disclosures – Core Option

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FOR 'IN ACCORDANCE' OPTION – CORE

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FOR 'IN ACCORDANCE' OPTION – CORE

Specific Standard Disclosures				
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<b>SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK</b>				
Labour Practices Grievance Mechanisms	Disclosure Management Approach	-	Sustainability Performance on Material Issues – Value to Our Employees	G4-DMA: Labour Practices Grievance Mechanisms: P70
	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	-	Grievance Mechanisms	G4-LA16: P71
<b>SUB-CATEGORY: HUMAN RIGHTS</b>				
Child Labour	Disclosure Management Approach	-	Sustainability Performance on Material Issues – Value to Our Employees	G4-DMA: Child Labour: P70
	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: P77
Forced or Compulsory Labour	Disclosure Management Approach	-	Sustainability Performance on Material Issues – Value to Our Employees	G4-DMA: Forced or Compulsory Labour: P70
	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: P77
Security Practices	Disclosure Management Approach	-	Sustainability Performance on Material Issues – Value to Our Employees	G4-DMA: Security Practices: P70
	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	-	Auxiliary Police	G4-HR7: P76
Indigenous Rights	Disclosure Management Approach	-	Sustainability Performance on Material Issues – Value to Our Employees	G4-DMA: Indigenous Rights: P70
	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	Human Rights	G4-HR8: P77

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of Puncak Niaga Holdings Berhad (416087-U) will be held at Concorde I, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 23 May 2017 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 2016 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 98 of the Company's Articles of Association:-
  - (a) YBhg Dato' Ruslan Bin Hassan
  - (b) YBhg Tan Sri Dato' Seri Dr Ting Chew Peh
  - (c) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak
3. To re-elect the following Director of the Company who retires pursuant to Article 103 of the Company's Articles of Association:-
  - (a) Encik Azlan Shah Bin Rozali
4. To approve the Independent Non-Executive Directors'/Non-Executive Directors' remuneration with effect from 31 January 2017 until the next Annual General Meeting of the Company.
5. To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.

**Resolution 1**  
**Resolution 2**  
**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

## **AS SPECIAL BUSINESSES**

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

### 6. **Ordinary Resolution 1**

#### **Authority To Directors To Issue Shares**

**"THAT** subject always to the Companies Act, 2016, 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 75 of the Companies Act, 2016, 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**

### 7. **Ordinary Resolution 2**

#### **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**

# NOTICE OF ANNUAL GENERAL MEETING

## 8. Ordinary Resolution 3

### 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)**  
**LIM SHOOK NYEE (MAICSA 7007640)**  
**LEE SIEW YOKE (MAICSA 7053733)**  
**Secretaries**

Shah Alam  
 26 April 2017

### Notes:-

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Twentieth 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. 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 or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, 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.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Twentieth Annual General Meeting will be put to vote by poll.
- Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2016**

The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders’ approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, they will not be put for voting.

## 10. **Resolution 5: Agenda 4 – Approval of the Independent Non-Executive Directors’/Non-Executive Directors’ remuneration**

Section 230(1) of the Companies Act, 2016 provides amongst others, that “the fees of the directors, and any benefits payable to the directors” of a listed company and its subsidiaries shall be approved at a general meeting.

The Company is seeking the shareholders’ approval on payment of the Independent Non-Executive Directors’ (“INEDs”)/Non-Executive Directors’ (“NEDs”) remuneration up to the Annual General Meeting in 2018.

# NOTICE OF ANNUAL GENERAL MEETING

The details of the proposed payment of remuneration under Resolution 5 are as set out below:-

PNHB		Monthly Allowance* (RM)	Chairman's Yearly Allowance* (RM)	Meeting Allowance* (RM)
<b>Board</b>	INEDs	5,000	N/A	2,000 per each Board/ Board Committee Meeting/ General Meeting and the adjourned meetings of the Company attended
	NEDs	3,000	N/A	
<b>Board Committees</b>	<b>Audit Committee</b>			
	Chairman	N/A	24,000	
	Member	N/A	N/A	
	<b>Remuneration Committee, Nomination Committee and Compliance, Internal Control &amp; Risk Policy Committee</b>			
	Chairman	N/A	8,000 for each Committee	
	Member	N/A	N/A	

Notes:-

- \* There has been no change to the remuneration payable to the INEDs and NEDs since 2013.
- None of the INED's/NED's received any remuneration from the subsidiaries in their positions as Directors of the Company.
- If approved by the shareholders, the remuneration framework will result in a projected INEDs'/NEDs' remuneration of RM830,000.00 for the period from 31 January 2017 to the next Annual General Meeting ("AGM") in 2018 based on the assumption of the projected number of Board and Committee Meetings in 2017 to the next AGM and the appointment of one (1) additional INED in the second half of 2017.

## 11. Resolution 6: Agenda 5 - Re-appointment of KPMG PLT 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 KPMG PLT as the Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of KPMG PLT, who shall retire as Auditors of the Company at the Twentieth Annual General Meeting of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

## Special Businesses

## 12. Resolution 7: Ordinary Resolution 1 - Authority To Directors To Issue Shares

The Ordinary Resolution proposed under Agenda 6 of the Notice of this Twentieth Annual General Meeting dated 26 April 2017 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Section 75 of the Companies Act, 2016, 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 granted to the Directors at the Nineteenth Annual General Meeting of the Company held on 25 May 2016.

## 13. Resolutions 8 & 9: Ordinary Resolutions 2 & 3 - 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 seventeen (17) and eighteen (18) 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:-

- 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.
- 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.
- 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.
- 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.
- 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 TWENTIETH ANNUAL GENERAL MEETING:-

Name of Retiring Director	YBhg Dato' Ruslan Bin Hassan	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	Encik Azlan Shah Bin Rozali	YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy
<b>Re-election</b>	By Rotation (Article 98 of the Company's Articles of Association)  (Resolution 1)	By Rotation (Article 98 of the Company's Articles of Association) & Pursuant to MCGG 2012 (serving for more than nine years as Independent Director)  (Resolutions 2 & 8)	By Rotation (Article 98 of the Company's Articles of Association)  (Resolution 3)	Pursuant to Article 103 of the Company's Articles of Association  (Resolution 4)	Pursuant to MCGG 2012 (serving for more than nine years as Independent Director)  (Resolutions 9)
<b>Age</b>	61	74	68	31	67
<b>Nationality</b>	Malaysian	Malaysian	Malaysian	Malaysian	Malaysian
<b>Qualification</b>	Bachelor of Laws Degree	Bachelor of Arts Degree and Master of Science Degree Doctorate in Philosophy	Bachelor of Arts Degree (Honours) and Certificate in Diplomacy (Foreign Service Course)	Bachelor of Arts Degree in Business and Marketing	Bachelor's Degree in Electrical and Electronics Engineering
<b>Position in PNHB</b>	Non-Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Acting Managing Director	Independent Non-Executive Director
<b>Working Experience &amp; Occupation</b>	For details of YBhg Dato' Ruslan Bin Hassan's profile, please refer to his profile on page 44 of the Annual Report	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's profile, please refer to his profile on page 39 of the Annual Report	For details of YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak's profile, please refer to his profile on page 40 of the Annual Report	For details of Encik Azlan Shah Bin Rozali's profile, please refer to his profile on page 38 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 41 of the Annual Report
<b>Directorships in the public Company</b>	None	1. Hua Yang Berhad 2. Johan Holdings Berhad 3. UTAR Education Foundation 4. Sycal Ventures Berhad	1. Seremban Engineering Berhad 2. Syarikat Takaful Malaysia Berhad	None	None
<b>Equity securities interests in PNHB and its subsidiaries</b>	None	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's interests in PNHB and Group, please refer to page 236 of the Annual Report	None	For details of Encik Azlan Shah Bin Rozali's interests in PNHB and Group, please refer to page 236 of the Annual Report	None
<b>Family relationship with any director and/or major shareholder of PNHB</b>	None	None	None	Encik Azlan Shah Bin Rozali is the eldest son of YBhg Tan Sri Rozali Bin Ismail, the Executive Chairman and major shareholder of the Company	None
<b>Any conflict of interests with PNHB</b>	None	None	None	None	None
<b>List of convictions for offences (other than traffic offences, if any) within the past 5 years</b>	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 75 of the Companies Act, 2016 under Resolution 7 (Ordinary Resolution 1 of Special Businesses) of the Notice of Twentieth Annual General Meeting is a renewal mandate. The same mandate was sought and granted at the Nineteenth Annual General Meeting of the Company held on 25 May 2016.

As at the date of the Notice of the Twentieth Annual General Meeting dated 26 April 2017, the Company did not implement its proposal for new allotment of shares as granted at the Nineteenth Annual General Meeting.



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

Number of Shares Held	CDS Account Number											
			-			-						

# PROXY FORM

I/We \_\_\_\_\_  
 NRIC No./Passport No./Company No.: \_\_\_\_\_ Tel/Mobile Phone No.: \_\_\_\_\_  
 Address: \_\_\_\_\_

being a Member/Members of Puncak Niaga Holdings Berhad, hereby appoint:-

1) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Number of Shares Represented: \_\_\_\_\_

and/or:

2) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Number of Shares Represented: \_\_\_\_\_

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 Twentieth Annual General Meeting of Puncak Niaga Holdings Berhad to be held on Tuesday, 23 May 2017 at 10.00 a.m. at Concorde I, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan and at any adjournment thereof, as indicated below:

No.	RESOLUTION	FOR	AGAINST
<b>ORDINARY BUSINESSES</b>			
1.	To re-elect YBhg Dato' Ruslan Bin Hassan as a Director of the Company.		
2.	To re-elect YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as a Director of the Company.		
3.	To re-elect YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak as a Director of the Company.		
4.	To re-elect Encik Azlan Shah Bin Rozali as a Director of the Company.		
5.	To approve the Independent Non-Executive Directors'/Non-Executive Directors' remuneration with effect from 31 January 2017 until the next Annual General Meeting of the Company.		
6.	To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.		
<b>SPECIAL BUSINESSES</b>			
7.	Ordinary Resolution 1: Authority to Directors to issue shares pursuant to Section 75 of the Companies Act, 2016.		
8.	Ordinary Resolution 2: 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 3: 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 \_\_\_\_\_ 2017

Signature(s)/Common Seal of Shareholder

## Notes:-

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Twentieth Annual General Meeting ("AGM").
- 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. 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 or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, 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.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of Twentieth Annual General Meeting will be put to vote by poll.

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 Twentieth 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	:	<b>Puncak Niaga Holdings Berhad</b> 10 <sup>th</sup> 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 Kedua Puluh dan juga untuk keperluan pendedahan yang dikerah oleh undang-undang atau mana-mana pihak berkuasa yang berkaitan dari masa ke semasa termasuk tetapi tidak terhad kepada bursa saham, suruhanjaya syarikat dan suruhanjaya sekuriti ("Tujuan"). Syarikat akan menyimpan data peribadi selagi perlu untuk memenuhi Tujuan atau bagi pematuhan mana-mana undang-undang atau obligasi undang-undang.

Sekiranya anda ingin membuat sebarang pertanyaan mengenai Notis ini atau mana-mana data peribadi anda yang didedahkan kepada Syarikat, sila hubungi Syarikat di:-

Alamat Surat-menyurat	:	<b>Puncak Niaga Holdings Berhad</b> Tingkat 10, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan Untuk Perhatian: Jabatan Kesetiausahaan
No. Telefon	:	+603 5522 8589
No. Faks	:	+603 5512 0220

Sila pastikan proksi anda bersetuju dengan pendedahan data peribadi mereka untuk Tujuan tersebut.



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

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

Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13,  
40100 Shah Alam, Selangor Darul Ehsan, Malaysia

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**E** investors: [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my)  
general: [pr@puncakniaga.com.my](mailto:pr@puncakniaga.com.my)

**[www.puncakniaga.com.my](http://www.puncakniaga.com.my)**