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PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED ISSUE OF UP TO 40,910,609 FREE WARRANTS IN PUNCAK NIAGA HOLDINGS BERHAD ("PNHB") ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) EXISTING ORDINARY SHARES OF RM1.00 EACH IN PNHB HELD BY THE ENTITLED SHAREHOLDERS OF PNHB**
- (II) PROPOSED ISSUE OF A FIVE (5)-YEAR REDEEMABLE CONVERTIBLE SECURED SUKUK IJARAH OF UP TO RM165.0 MILLION IN NOMINAL VALUE**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Hong Leong Investment Bank Berhad (10209-W)

(Formerly known as MIMB Investment Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("EGM") of PNHB to be held at Concorde II, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 May 2013 at 3:00 p.m. together with the Proxy Form are enclosed in this Circular.

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Proxy Form at the Office of the Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than 48 hours before the time set for the EGM or any adjournment thereof. You are not precluded from attending and voting in person at the EGM should you wish to do so subsequent to the lodging of the Proxy Form.

Last day, date and time for lodging the Proxy Form	: Sunday, 26 May 2013 at 3:00 p.m.
Day, date and time of the EGM	: Tuesday, 28 May 2013 at 3:00 p.m. or at any adjournment thereof

This Circular is dated 13 May 2013

DEFINITIONS

"Acquired Assets"	:	Future acquisitions of shares in companies to be identified later and/or such other acquisitions and/or investments mutually agreed upon between PNHB and the Convertible Sukuk Ijarah holders which are Shariah compliant
"Act"	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
"Board"	:	Board of Directors of PNHB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"	:	Central Depository System
"CMSA"	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
"Convertible Sukuk Ijarah"	:	Up to RM165.0 million nominal value of five (5)-year redeemable convertible secured Sukuk Ijarah pursuant to the Proposed Convertible Sukuk Ijarah Issue
"Credit Facilities"	:	USD36.0 million Syndicated Term Loan Facility granted by HLBB and OCBC Bank (Malaysia) Berhad to KGL
"Deed Poll"	:	The deed poll constituting the Warrants
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholders"	:	Shareholders of PNHB whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	The date to be determined and announced later by the Board, on which shareholders must be registered in the Record of Depositors of PNHB in order to be entitled to the Warrants to be issued pursuant to the Proposed Free Warrants Issue
"EPS"	:	Earnings per share
"FYE"	:	Financial year ended
"GDP"	:	Gross domestic product
"GOM Resources"	:	GOM Resources Sdn Bhd, a wholly-owned subsidiary of POG
"HLBB"	:	Hong Leong Bank Berhad
"HLIB"	:	Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad)
"KGL"	:	KGL Ltd., a wholly-owned subsidiary of POG
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LPD"	:	29 April 2013, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (Cont'd)

"Market Day(s)"	:	Any day between Monday and Friday (both inclusive) on which Bursa Securities is open for trading of securities
"NA"	:	Net assets
"PNHB" or "Company" or "Issuer"	:	Puncak Niaga Holdings Berhad
"PNHB Group" or "Group"	:	PNHB and its subsidiaries, collectively
"PNHB Share(s)" or "Share(s)"	:	Ordinary share(s) of RM1.00 each in PNHB
"PNSB"	:	Puncak Niaga (M) Sdn Bhd, a wholly-owned subsidiary of PNHB
"POG"	:	Puncak Oil & Gas Sdn Bhd, a wholly-owned subsidiary of PNHB
"Proposals"	:	Proposed Free Warrants Issue and Proposed Convertible Sukuk Ijarah Issue, collectively
"Proposed Convertible Sukuk Ijarah Issue"	:	Proposed issue of a five (5)-year Convertible Sukuk Ijarah of up to RM165.0 million in nominal value
"Proposed Free Warrants Issue"	:	Proposed issue of up to 40,910,609 Warrants in PNHB on the basis of one (1) Warrant for every ten (10) PNHB Shares held by the Entitled Shareholders
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SC"	:	Securities Commission Malaysia
"SYABAS"	:	Syarikat Bekalan Air Selangor Sdn Bhd, a 70%-owned subsidiary of PNHB
"USD"	:	United States Dollar
"VWAMP"	:	Volume-weighted average market price
"Warrant(s)"	:	Up to 40,910,609 free warrants to be issued pursuant to the Proposed Free Warrants Issue

All references to "our Company" in this Circular are to PNHB, references to "our Group" are to our Company and subsidiaries and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are to the shareholders of our Company.

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to the time of day in this Circular are references to Malaysian time.

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PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U)
(Incorporated in Malaysia)

Registered Office:

10th Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan

13 May 2013

Board of Directors:

YBhg Tan Sri Rozali Bin Ismail	<i>(Executive Chairman)</i>
YBhg Dato' Syed Danial Bin Syed Ariffin	<i>(Chief Operating Officer)</i>
YBhg Dato' Ruslan Bin Hassan	<i>(Non-Independent Non-Executive Director)</i>
YBhg Dato' Ir Lee Miang Koi	<i>(Non-Independent Non-Executive Director)</i>
YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	<i>(Non-Independent Non-Executive Director)</i>
YBhg Tan Sri Dato' Hari Narayanan Govindasamy	<i>(Independent Non-Executive Director)</i>
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	<i>(Independent Non-Executive Director)</i>
YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	<i>(Independent Non-Executive Director)</i>
Mr Ng Wah Tar	<i>(Executive Director)</i>

To: The Shareholders of Puncak Niaga Holdings Berhad

Dear Sir/Madam,

- (I) PROPOSED ISSUE OF UP TO 40,910,609 FREE WARRANTS IN PNHB ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) PNHB SHARES HELD BY THE ENTITLED SHAREHOLDERS OF PNHB**
 - (II) PROPOSED ISSUE OF A FIVE (5)-YEAR REDEEMABLE CONVERTIBLE SECURED SUKUK IJARAH OF UP TO RM165.0 MILLION IN NOMINAL VALUE**
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1. INTRODUCTION

On 27 September 2012, HLIB had, on behalf of our Board, announced that our Company proposed to undertake the following:

- (i) proposed issue of up to 40,910,609 free Warrants on the basis of one (1) Warrant for every ten (10) PNHB Shares held; and
- (ii) proposed issue of Convertible Sukuk Ijarah.

The Proposals are inter-conditional upon the relevant approvals being obtained for each other.

The purpose of this Circular is to provide you with relevant information on the Proposals, to set out our Board's recommendation on the Proposals and to seek your approval for the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM. The notice of EGM together with the Proxy Form are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Free Warrants Issue

2.1.1 Basis and number of Warrants

As at the LPD, the issued and paid-up share capital of PNHB is RM411,142,895 comprising 411,142,895 PNHB Shares, including 2,036,800 PNHB Shares held as treasury shares. Assuming there is no resale or buyback of treasury shares on Bursa Securities, the Proposed Free Warrants Issue would entail the issuance of up to 40,910,609 Warrants on the basis of one (1) Warrant for every ten (10) PNHB Shares held by the Entitled Shareholders as at the Entitlement Date.

Fractional entitlements of the Warrants, if any, shall be disregarded and dealt with by our Board in such manner as our Board deems fit and expedient in the best interest of our Company.

2.1.2 Basis of determining the issue price and exercise price of the Warrants

The Warrants are issued at no cost to the Entitled Shareholders on a pro rata basis.

The exercise price of the Warrants has been fixed by our Board at RM1.00 each, representing the par value of PNHB Shares and at a discount of approximately 22.48% to the five (5)-day VWAMP of PNHB Shares of RM1.29 up to and including 26 September 2012 (being the last Market Day prior to the announcement of the Proposals on 27 September 2012).

The exercise price of the Warrants at RM1.00 each was determined by our Board based on market-based principles after taking into consideration the following:

- (i) the historical volatility and share price movements of PNHB Shares for the past twelve (12) months up to and including 26 September 2012 (being the last Market Day prior to the announcement of the Proposals on 27 September 2012);
- (ii) the par value of PNHB Shares of RM1.00 each;
- (iii) a discount that is deemed attractive for the Warrant holders to exercise their Warrants in the future; and
- (iv) the prevailing market sentiments at that point in time.

2.1.3 Ranking of the new PNHB Shares arising from the exercise of the Warrants

The new PNHB Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing PNHB Shares, save and except that they shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the new PNHB Shares arising from the exercise of the Warrants.

2.1.4 Salient terms of the Warrants

The indicative salient terms of the Warrants are set out below:

Issue Size	: Up to 40,910,609 Warrants.
Form and Denomination	: The Warrants will be issued in registered form and will be constituted by a Deed Poll.
Exercise Rights	: Each Warrant entitles the registered holder(s) to subscribe for one (1) new PNHB Share at any time during the Exercise Period at the Exercise Price subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	: The Warrants can be exercised at any time during the period commencing on and including the date of issue of the Warrants (" Issue Date ") until 5.00 p.m. on the Expiry Date. Any Warrant which has not been exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Expiry Date/ Tenure	: A date being five (5) years from and including the date of issuance provided that if such day falls on a day which is not a Market Day, then on the preceding Market Day.
Exercise Price	: RM1.00 per Warrant.
Mode of Exercise	: The registered holder(s) of the Warrants shall pay cash for the Exercise Price when subscribing for new PNHB Shares.
Board Lot	: For the purposes of trading on Bursa Securities, a board lot of the Warrants shall comprise 100 units of the Warrants carrying the right to subscribe for 100 new PNHB Shares, or such other denomination as determined by Bursa Securities.
Rights of the Warrant holders	: The holder(s) of the Warrants are not entitled to any voting rights or to participate in any distribution and/or offer of further securities until and unless such holder(s) of the Warrants are issued with new PNHB Shares arising from their exercise of the Warrants.

Adjustments to the Exercise Price and/or the number of Warrants	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each Warrant holder shall be adjusted by our Board in consultation with the adviser and if deemed necessary, certification of the external auditors appointed by PNHB, in the event of alteration to the share capital of PNHB in accordance with the provisions set out in the Deed Poll.
Rights of the holder(s) of the Warrants in the event of winding-up, compromise and/or arrangement	: Where a resolution has been passed by PNHB for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of PNHB or the amalgamation of PNHB with one or more companies: <ul style="list-style-type: none"> (a) for the purpose of such winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which PNHB is the continuing corporation) to which the holder(s) of the Warrants or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holder(s) of the Warrants; and (b) in any other case, every holder of the Warrants shall be entitled at any time within six (6) weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his Warrants together with payment of the relevant subscription monies to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the subscription rights represented by such Warrants and be entitled to receive out of the assets which would be available in liquidation if he had on such date been the holder(s) of the new PNHB Shares to which he would have become entitled pursuant to such exercise and the liquidator of PNHB shall give effect to such election accordingly.
Further Issues	: Subject to the provisions of the Deed Poll, our Company will be at liberty to issue PNHB Shares or other securities convertible to PNHB Shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as our Company sees fit but the Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by our Company in a general meeting.
Listing Status	: The Warrants will be listed on the Main Market of Bursa Securities. The new PNHB Shares to be issued arising from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.
Governing Law	: Laws of Malaysia.

2.2 Proposed Convertible Sukuk Ijarah Issue

Our Company proposes to issue up to RM165.0 million nominal value of Convertible Sukuk Ijarah at an issue price which will be determined later. The Convertible Sukuk Ijarah will be issued on a private placement basis without prospectus to investors who fall under Schedules 6 or 7 read together with Schedule 9 of the CMSA as set out in Appendix II of this Circular.

The Convertible Sukuk Ijarah is convertible into new PNHB Shares at the option of the holder(s) of the Convertible Sukuk Ijarah, at a conversion price which will be at a premium of between 10% and 15% to the five (5)-day VWAMP of PNHB Shares on a price-fixing date to be determined later by our Board. The exact quantum of the premium will be determined later by our Board, in consultation with HLIB, the Principal Adviser and Lead Arranger for the Proposed Convertible Sukuk Ijarah Issue prior to issuance after taking into account, amongst others, the historical volatility and share price movements of our Shares and convertible bonds' market convention.

The number of new PNHB Shares to be issued in the event of conversion of the Convertible Sukuk Ijarah will depend on the conversion price of the Convertible Sukuk Ijarah and the amount of Convertible Sukuk Ijarah converted during the tenure of the Convertible Sukuk Ijarah.

2.2.1 Indicative salient terms of the Convertible Sukuk Ijarah

The indicative salient terms of the Convertible Sukuk Ijarah are as follows:

Issuer	: PNHB
Lead Arranger	: HLIB
Shariah Adviser	: Hong Leong Islamic Bank Berhad
Facility Description	: Convertible Sukuk Ijarah shall be issued under the principle of Ijarah, which are convertible into newly issued and fully paid PNHB Shares to be listed on the Main Market of Bursa Securities, subject to the terms stipulated herein.
Issue / Programme Size	: Up to RM165.0 million nominal value.
Issue Price	: The issue price of the Convertible Sukuk Ijarah will be determined by the Issuer in consultation with the Lead Arranger prior to issuance.
Issue Date	: The Convertible Sukuk Ijarah shall be issued on a date to be mutually agreed upon between the Issuer and HLIB, but in any case the Issue Date shall be within one (1) year from the date of SC's approval.
Tenure of Issue / Convertible Sukuk Ijarah Programme (or Facility)	: Five (5) years from the Issue Date (" Maturity Date ").

Security / Collateral (if any)	<p>: The Convertible Sukuk Ijarah shall be secured in favour of the Security Trustee for the benefit of the Convertible Sukuk Ijarah holder(s), <i>inter-alia</i>, by the following:</p> <ul style="list-style-type: none"> (i) First legal charge over the shares of the Acquired Assets and/or any other securities arrangement(s) in relation to the Acquired Assets as may be mutually agreed upon between the Issuer and Convertible Sukuk Ijarah holder(s); (ii) First legal charge over 25% of the shares in PNSB held by PNHB; (iii) First legal charge over 16,800,000 out of 65,000,000 shares in SYABAS held by PNHB; (iv) Assignment (in relation to dividends declared) and charge (in relation to future dividends received) over the dividends in respect of the Issuer's rights, benefits and entitlements to any dividends from the Acquired Assets (if applicable), PNSB and SYABAS; (v) First legal charge over the designated accounts which constitutes the Escrow Account, Ijarah Rental Account, Finance Service Reserve Account, KGL Sukuk Collections Account and KGL Sukuk Sinking Fund Account; (vi) In the event the proceeds of the Convertible Sukuk Ijarah are utilised to repay the principal amount of the Credit Facilities, the existing securities (including all monies held as security under the Credit Facilities (save for the assignment and charge over KGL's designated collection account)) shall be charged to the Convertible Sukuk Ijarah, including but not limited to the following: <ul style="list-style-type: none"> (a) Third party first fixed charge over a pipe laying derrick barge known as "DLB 264" by KGL; (b) Assignment over all lease payments from DLB 264 by KGL; (c) Debenture over all present and future assets of KGL; (d) Assignment of all rights, benefits and interest under all insurance/takaful in respect of DLB 264; (e) First legal charge over the KGL Sukuk Collections Account and KGL Sukuk Sinking Fund Account; <p>In such event, the existing assignment and charge over KGL's designated collection account shall be discharged and the monies contained therein shall be transferred to the KGL Sukuk Collections Account; and</p>
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- (vii) Any other security arrangement(s) to be advised by the solicitor and agreed upon by the Issuer.

In the event that the Issuer fails to obtain the relevant consents from its existing lenders/financiers for purposes of the Convertible Sukuk Ijarah prior to the creation of the relevant securities, the Issuer and the Lead Arranger shall negotiate on an alternative security package and such new security package shall be notified to the SC.

Profit Rate	: Fixed rate to be determined prior to issuance.
Profit Frequency	: The payment of the Profit Rate shall be in arrears on a semi-annual basis (" Periodic Distribution ") prior to conversion of the Convertible Sukuk Ijarah.
Profit Basis	: The Periodic Distribution will be calculated on the basis of a year of 365 days and the actual number of days elapsed during the tenure of the Convertible Sukuk Ijarah, in accordance with the "Participation and Operation Rules for Payment and Securities Services" issued by Malaysian Electronic Clearing Corporation Sdn Bhd (" MyClear Rules ") and the "Operational Procedures For Securities Services" issued by Malaysian Electronic Clearing Corporation Sdn Bhd (" MyClear Procedures "), or their replacement thereof (collectively referred to as " MyClear Rules and Procedures ") applicable from time to time.
Rating	: The Convertible Sukuk Ijarah are exempted from the rating requirement pursuant to paragraph 10.09(c) of the Islamic Securities Guidelines (Effective: 12 August 2011) as it is a convertible sukuk issue whereby: <ul style="list-style-type: none">(i) the Convertible Sukuk Ijarah holders are given the right to convert into the underlying shares at anytime during the tenure of the Convertible Sukuk Ijarah; and(ii) the underlying shares shall be listed on Bursa Securities.
Form and Denomination	: The Convertible Sukuk Ijarah will be issued in bearer form and in denomination and multiples of RM1.00 each in accordance with MyClear Rules and Procedures applicable from time to time.
Mode of Issue	: The Convertible Sukuk Ijarah will be issued on a book building and/or bought deal basis and/or private placement without prospectus. <p>Issuance of the Convertible Sukuk Ijarah shall be in accordance with MyClear Rules and Procedures, subject to such exemptions (if any) granted from time to time.</p>

Selling Restriction, including tradability (i.e. tradable or non-tradable)	<p><u>Selling Restrictions at Issuance</u></p> <p>The Convertible Sukuk Ijarah shall not be offered, sold, transferred or otherwise disposed, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons or in the circumstances specified under:</p> <ul style="list-style-type: none"> (i) Schedule 6 (or Section 229(1)(b)); or (ii) Schedule 7 (or Section 230(1)(b)); read together with (iii) Schedule 9 (or Section 257(3)) <p>of the CMSA, as amended from time to time.</p> <p><u>Selling Restrictions after Issuance</u></p> <p>The Convertible Sukuk Ijarah shall not be offered, sold, transferred or otherwise disposed, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons or in the circumstances specified under:</p> <ul style="list-style-type: none"> (i) Schedule 6 (or Section 229(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) <p>of the CMSA, as amended from time to time.</p> <p>The Convertible Sukuk Ijarah is tradable and transferable.</p>
Listing Status and types of Listing	<p>The Convertible Sukuk Ijarah will not be listed on any exchange. The new PNHB Shares to be issued arising from the conversion of the Convertible Sukuk Ijarah will be listed on the Main Market of Bursa Securities.</p>
Status and Ranking	<p>The Convertible Sukuk Ijarah constitutes direct, unconditional, unsubordinated and secured obligations of the Issuer ranking <i>pari passu</i> without discrimination, preference or priority among themselves and in priority to all present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law).</p>
Conversion Rights	<p>The Convertible Sukuk Ijarah holders shall have the right to convert at the Conversion Price all or any part of the Convertible Sukuk Ijarah into fully paid new PNHB Shares at any time during the Conversion Period (save and except in the event of a substitution of the lease asset under the Substitution Undertaking (as defined below)) subject to a notice period of at least thirty (30) days.</p>

Conversion Period : The Convertible Sukuk Ijarah is convertible at the Convertible Sukuk Ijarah holders' discretion immediately after the Issue Date of the Convertible Sukuk Ijarah and up to the maturity date of the Convertible Sukuk Ijarah (save and except in the event of a substitution of the lease asset under the Substitution Undertaking (as defined below)).

Conversion Price : The Conversion Price will be at a premium of between 10% and 15% to the five (5)-day VWAMP of PNHB Shares on a price-fixing date to be determined later, which in any case will be prior to the issuance of the Convertible Sukuk Ijarah.

The Conversion Price is subject to adjustments pursuant to certain events as set out in the Trust Deed to be entered into (including but not limited to any alteration in the capital structure of the Issuer during the tenure of the Convertible Sukuk Ijarah whether by way of rights issue, bonus issue, or other capitalisation issue, consolidation or subdivision of PNHB Shares or reduction of capital or otherwise howsoever).

Substitution Undertaking : The Substitution Undertaking is given by the Issuer to the Trustee. The Issuer may exercise the Substitution Undertaking in events of (a) total loss event or (b) receipt of liquidation notice of the lease asset from the existing creditors or (c) at its own accord, to substitute the lease asset with a substitute lease asset of equal or higher value than the asset purchase price. The substitution is to be completed within thirty (30) days or such other extended period as may be agreed by the Issuer and the Trustee but in any case not later than five (5) days before the end of the liquidation notice (letter of demand) period in the case of event (b) above.

The Trustee may also exercise the Substitution Undertaking in events of (a) and/or (b) above if the Issuer did not exercise the Substitution Undertaking. In the event of (b) above, the substitution is to be completed before the liquidation. For avoidance of doubt, the Convertible Sukuk Ijarah holders may only exercise its Conversion Rights after the substitution of the lease asset unless the takaful/insurance proceeds, the amount recovered by the lessor from the Issuer for the use of the takaful/insurance proceeds to pay outstanding amount owed to the existing chargee and/or the amount to be paid by the servicing agent pursuant to the servicing agency agreement accumulates to an amount equivalent to the Exercise Price is available and the Convertible Sukuk Ijarah holders at its sole discretion decide to exercise its Conversion Rights.

Exercise Price is equivalent to the aggregate of the outstanding nominal value of the Convertible Sukuk Ijarah payable, any outstanding Periodic Distributions and ownership expenses.

Provision on buy-back and early redemption of Convertible Sukuk Ijarah	: <u>Buy-back</u> The Issuer or any of its subsidiaries or related corporations may at any time buyback the Convertible Sukuk Ijarah at any price in the open market or by private treaty. If buyback are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the relevant tranche equally. All Convertible Sukuk Ijarah purchased by the Issuer or its subsidiaries shall be cancelled and all Convertible Sukuk Ijarah purchased by other related corporations (other than its subsidiaries) need not be cancelled but they will not be entitled to vote under the terms of the Convertible Sukuk Ijarah subject to any exceptions in the Trust Deed Guidelines. All Convertible Sukuk Ijarah purchased and cancelled shall not be available for reissuance by the Issuer. <u>Early Redemption</u> The Issuer may redeem the Convertible Sukuk Ijarah in whole or in part as may be mutually agreed between the Issuer and the Convertible Sukuk Ijarah holders by an extraordinary resolution.
Redemption at Maturity	: Unless previously redeemed, converted, purchased and cancelled, the Convertible Sukuk Ijarah shall be redeemed by the Issuer at its nominal value on the Maturity Date.
Status of the new PNHB Shares	: The new PNHB Shares to be issued pursuant to the conversion of the Convertible Sukuk Ijarah will upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing PNHB Shares in issue except that they will not be entitled to any dividends, rights, allotment or other distributions that may be declared, made or paid prior to the relevant allotment date of the said PNHB Shares.
Winding-up/ liquidation	: If prior to the Maturity Date a resolution is passed for a voluntary winding-up of the Issuer then: (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Convertible Sukuk Ijarah holders or some person designated by them for such purpose, shall be a party, the terms of such scheme of arrangement if approved by Special Resolution shall be binding on all the Convertible Sukuk Ijarah holders; and

- (ii) in any other case every Convertible Sukuk Ijarah holder shall upon and subject to the Trust Deed at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Issuer deliver to the Issuer a duly completed conversion notice in relation to the Convertible Sukuk Ijarah to elect to be treated as if he had on the last day of the month immediately before the commencement of such winding-up, exercised the Conversion Rights to the extent specified in the conversion notice(s) and had on such date been the holder of the new PNHB Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Issuer shall give effect to such election accordingly. Upon such election taking effect, all Convertible Sukuk Ijarah converted under such election shall cease to carry any Periodic Distribution as from the last day of the month immediately preceding the month in which the Convertible Sukuk Ijarah are converted or deemed converted under this provision.

All Conversion Rights which have not been exercised at the date of the passing of such resolution shall lapse and cease to be valid for any purpose.

Trust Deed : The Convertible Sukuk Ijarah shall be constituted by a trust deed, which shall be administered by the Trustee acting on behalf of the Convertible Sukuk Ijarah holders.

Governing Law : Laws of Malaysia.

2.2.2 Methods and procedures for the conversion and redemption of the Convertible Sukuk Ijarah

(i) Conversion of the Convertible Sukuk Ijarah

In order to exercise the Conversion Rights, the Convertible Sukuk Ijarah holder must give to the Issuer a duly signed notice of conversion in writing and substantially in the form set out in the Trust Deed and be delivered to and received by the Issuer no later than thirty (30) days prior to the expiry of the Conversion Period at the registered office of the Issuer.

The Issuer shall within eight (8) Market Days from the relevant conversion date:

- (a) procure the cancellation of the Convertible Sukuk Ijarah;
- (b) allot to the relevant Convertible Sukuk Ijarah holder the appropriate number of new PNHB Shares by crediting into his securities account and such allotment shall be in satisfaction of the nominal value of the Convertible Sukuk Ijarah or such part thereof so converted;
- (c) despatch a notice of such allotment by ordinary post to the address provided in the notice of conversion; and

- (d) make an application to Bursa Securities for the quotation of such new PNHB Shares.

The new PNHB Shares to be issued upon the exercise of the Conversion Rights will be allotted by the Issuer and will be credited into the securities account of the Convertible Sukuk Ijarah holder.

- (ii) Redemption of the Convertible Sukuk Ijarah

Unless previously redeemed, converted or purchased and cancelled in accordance with the Trust Deed, the Convertible Sukuk Ijarah will be redeemed on the Maturity Date by the Issuer.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Free Warrants Issue

After due consideration, our Board is of the view that the Proposed Free Warrants Issue is the most appropriate avenue of rewarding you as the Proposed Free Warrants Issue shall:

- (i) reward you for your support by enabling you to participate in a derivative of our Company without incurring any costs;
- (ii) provide an opportunity for you to further increase your participation in the equity of our Company at the Exercise Price during the tenure of the Warrants and correspondingly in the prospects and future growth of our Group; and
- (iii) help to further strengthen the capital base and market capitalisation of our Company as and when the Warrants are exercised during the tenure of the Warrants and enable our Company to raise funds for working capital purposes without incurring financing cost.

3.2 Proposed Convertible Sukuk Ijarah Issue

After due consideration of the various fund raising methods available, our Board is of the view that the Proposed Convertible Sukuk Ijarah Issue is currently the most appropriate avenue of fund raising after taking into consideration amongst others, the following factors:

- (i) the Convertible Sukuk Ijarah will enable our Company to raise funds at a reasonable funding cost to pursue potential acquisitions and/or investment opportunities. The funds raised from the Proposed Convertible Sukuk Ijarah are to be utilised mainly for our expansion plans through investing in the Acquired Assets. Given our Group's experience in the water industry and the favourable outlook of the oil and gas industry, our Group's priority is to invest in the Acquired Assets which will generate reasonable return on investment. Hence, this will enable our Group to generate higher revenue which may in turn contribute positively to the financial performance of our Group and ultimately benefit our shareholders;
- (ii) the Convertible Sukuk Ijarah will be issued at a fixed funding cost thereby minimising our Group's exposure to interest rate fluctuations. Further, the Profit Rate is lower than our Group's RM prevailing borrowing rate which would enable our Group to manage our cashflow more efficiently; and

- (iii) the holder(s) of the Convertible Sukuk Ijarah will have the option to convert the Convertible Sukuk Ijarah into new PNHB Shares during the Conversion Period at the Conversion Price. To the extent this option is exercised, the new PNHB Shares issued will reduce the outflow of funds required from our Company to redeem the Convertible Sukuk Ijarah upon maturity. Further, upon conversion of the Convertible Sukuk Ijarah, our Company would have a larger shareholding spread that should further enhance our liquidity.

The issuance of the Warrants and Convertible Sukuk Ijarah will also mitigate the immediate substantial dilutive impact on our EPS, which would otherwise arise from a full equity issue, as the Warrants and Convertible Sukuk Ijarah are expected to be exercised/converted over a period of time.

In addition, the proceeds from the exercise of the Warrants will also enhance the capital base of our Company.

Based on the above, the Proposals are expected to create value for our Company and our shareholders by providing the necessary funding to continue with our Group's expansion plans at a fixed funding cost. Further, should the Convertible Sukuk Ijarah holders choose to exercise their Conversion Rights, our Company will not be required to redeem the Convertible Sukuk Ijarah. Hence, this is expected to enhance our Group's financial performance and may strengthen our cashflow.

4. UTILISATION OF PROCEEDS

4.1 Proposed Free Warrants Issue

The Proposed Free Warrants Issue will not raise any immediate funds upon its issuance as the Warrants will be issued at no cost to the Entitled Shareholders. Nevertheless, the exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend upon the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for the working capital purposes of our Group.

4.2 Proposed Convertible Sukuk Ijarah Issue

The proceeds of up to RM165.0 million from the Proposed Convertible Sukuk Ijarah Issue will be utilised in priority to fund the Acquired Assets within twelve (12) months from the receipt of the proceeds. The Proposed Convertible Sukuk Ijarah Issue will not raise any proceeds arising from the conversion of the Convertible Sukuk Ijarah as the Convertible Sukuk Ijarah will be surrendered to our Company in exchange for our Shares.

Our Group plans to further expand and grow our existing businesses through investing in the Acquired Assets which will be mainly in the treated water, wastewater and environment sectors as well as the oil and gas industry. As at the LPD, our Company has yet to identify any potential investments in the Acquired Assets. Our Board will endeavor to conduct thorough feasibility study prior to embarking on any investment decision.

In the event that no acquisition and/or investment is made within twelve (12) months from the receipt of the proceeds from the Proposed Convertible Sukuk Ijarah Issue, the proceeds shall be advanced to KGL, which is involved in offshore leasing of vessels on bareboat basis for the oil and gas industry, in a Shariah compliant and interest-free manner for the purpose of repayment in full of the outstanding Credit Facilities which were used to ultimately fund the acquisition of the pipe laying derrick barge known as DLB 264. DLB 264 is used in the construction of subsea infrastructure i.e. pipeline construction for the oil and gas sector. Any surplus of funds following the investments in the Acquired Assets or full repayment of the Credit Facilities will be utilised for working capital purposes of our Group.

As at 31 March 2013, the total borrowings of our Group are RM5,671.5 million, comprising *inter-alia* the outstanding Credit Facilities of USD32.0 million. Although the proposed full settlement of the Credit Facilities is not expected to result in any interest savings at the present moment, our Company would be able to manage the potential interest rate fluctuation(s) with the Proposed Convertible Sukuk Ijarah Issue.

Pending the utilisation of the proceeds by our Group, the proceeds will be placed in Shariah Compliant deposit accounts with financial institutions or investments in money markets which are generally low risk in nature, as our Board may deem fit.

The Proposed Convertible Sukuk Ijarah Issue is envisaged to be issued at a discount to the nominal value at a yield to be determined at a price-fixing date to be determined later.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and prospects of Malaysian Water Industry

Malaysia is blessed with an abundance of water, with water resources of 21,500 cubic metres per capita per year. However, with a growing economy, Malaysia will need to become more prudent and efficient in its management of water resources and supply. The highest demand for water comes from the agricultural sector.

Given the expected rapid pace of economic development, sustainability of water resources is becoming an increasingly important issue. Some states have already experienced shortages. The challenges in water resource management lie in addressing the mismatch between regions that have abundant access to water resources and those where economic and population growth and hence demand is high.

Malaysia will reassess the management of its resources across the entire water cycle from where water is drawn to how water is treated and supplied to citizens and how wastewater is returned to the environment. During the Tenth Malaysia Plan period, Malaysia's strategy for ensuring sustainable water supply will have three (3) areas of focus:

- Developing a long-term strategy for water resource management to achieve water security;
- Continuing efforts to restructure the water services industry; and
- Protecting rivers from pollution.

Efforts will be made during the Tenth Malaysia Plan period to ensure that the residents of Malaysia are provided with adequate supply of treated water and sanitation facilities. More intensive efforts will be undertaken to increase the extent of treated water by upgrading and building new pipelines and water treatment plants. Measures will also be intensified to improve services and maintenance to ensure water quality and sustainable supply. Alternative systems such as gravity systems, tube wells, underground water and rain harvest will be used in remote and isolated areas.

The targeted coverage of rural houses with access to clean or treated water in 2015 is 99% in Peninsular Malaysia, 98% in Sabah and 95% in Sarawak. By the end of 2015, a total of 117,000 additional houses in Peninsular Malaysia, 112,700 houses in Sabah and 87,400 houses in Sarawak will be supplied with clean or treated water.

(Source: The Tenth Malaysia Plan 2011-2015)

The following table illustrates the treatment plants design capacity and production in Malaysia for the year 2010 to 2011.

State	2010				2011			
	No. of Operational Treatment Plants	Treatment Plants Design Capacity million litres per day	Production million litres per day	Reserve Margin %	No. of Operational Treatment Plants	Treatment Plants Design Capacity million litres per day	Production million litres per day	Reserve Margin %
Johor	42	1,620	1,476	8.9	44	1,787	1,528	14.5
Kedah	33	1,226	1,194	2.6	33	1,251	1,237	1.1
Kelantan	32	401	377	6.1	32	405	403	0.6
Labuan	3	60	49	18.3	4	98	54	45.2
Melaka	8	506	443	12.4	8	506	455	10.0
Negeri Sembilan	22	793	724	8.7	22	790	742	6.1
Pulau Pinang	10	1,273	957	24.8	10	1,387	951	31.4
Pahang	76	1,184	966	18.4	76	1,203	1,079	10.3
Perak	46	1,726	1,080	37.4	46	1,740	1,109	36.3
Perlis	4	233	147	36.6	5	289	191	33.7
Sabah	51	1,107	931	15.8	51	1,107	989	10.7
Sarawak	84	1,279	1,090	14.8	84	1,459	1,083	25.8
Selangor	33	4,477	4,063	9.3	33	4,477	4,143	7.5
Terengganu	14	895	612	31.6	13	923	599	35.1
MALAYSIA	458	16,779	14,110	15.9	461	17,421	14,564	16.4

(Source: Malaysia Water Industry Guide 2012 published by The Malaysian Water Association)

5.2 Overview and prospects of Malaysian Oil and Gas Industry

According to the Budget Malaysia 2013, our Government aims to transform Malaysia from a producer to a global integrated trading hub for oil and gas. Therefore, our Government has undertaken several strategic measures to enhance the nation's capability, particularly in providing an ecosystem to support the development of the chain of refining, storage and trading. In order to support the participation of private operators in the development of the oil and gas industry, various special tax incentives and non-tax incentives have been provided.

For investment in the refinery activities on petroleum products, Investment Tax Allowance of 100% for a period of ten (10) years will be provided to qualified companies. Our Government also launched the Global Incentive for Trading ("GIFT") programme in 2011 with tax incentive at the rate of 3%. In line with the global demand for liquefied natural gas ("LNG") which is expected to reach 400 million tonnes a year in 2025, the GIFT programme will be enhanced with a 100% income tax exemption on statutory income for the first three (3) years of operations for LNG trading companies.

(Source: The 2013 Budget Speech By YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister and Minister of Finance, 28 September 2012)

The on-going implementation of projects in the oil and gas sector in Malaysia also provided a considerable boost to investment activity. The higher income of Malaysian companies investing abroad was mainly attributable to companies in the oil and gas and services sectors. Direct investment abroad ("DIA") by Malaysian companies, however, was significantly higher at RM23.8 billion in the last quarter of 2012 (3rd Quarter of 2012: RM7.6 billion). Most of these outflows reflected strategic investments in the LNG export market. Thus, the bulk of DIA were accounted by the oil and gas sector.

(Source: Developments in the Malaysian Economy, 4th Quarter Bulletin, Bank Negara Malaysia)

Oil and gas industry through its upstream and downstream activities is a significant contributor to economic growth. In 2009, the oil and gas sector contributed a total of RM68.3 billion or 13.1% of GDP, of which upstream activities including petroleum and gas represented RM39.5 billion or 7.6% of GDP and downstream activities including the petrochemical industry contributed RM28.8 billion or 5.5% of GDP. Given the rise in global energy demand and economic growth, the contribution from oil and gas industry is expected to increase by approximately 20% over the next five (5) years to reach RM81.9 billion or 11.1% of GDP in 2015. Upstream is expected to contribute RM43.0 billion or 5.8% of GDP whereas downstream is expected to contribute RM39.8 billion or 5.3% of GDP in 2015.

The availability of national reserves has given Malaysia distinctive advantage to focus on the oil and gas industry. Solid infrastructure across the value chain such as offshore rigs, three (3) integrated petrochemical zones and a world-class liquefied natural gas production site have been built to support the growth. Petroliaam Nasional Berhad ("PETRONAS"), the national oil corporation, plays a major role in driving the industry growth through its development of oil and gas resources as well as creation of opportunities for local companies to build up their capacity and capability across the value chain. In the downstream segment, three (3) major integrated petrochemical zones have been established and attracted foreign investments mainly from United States of America (33.0% of total foreign investments), Germany (22.8%) and Japan (14%); while having PETRONAS as the main domestic investor.

During the Tenth Malaysia Plan period, the investment target in petrochemical industry has been set at RM11.3 billion annually and exports from this industry are expected to reach RM27.7 billion in 2015.

(Source: The Tenth Malaysia Plan 2011-2015)

5.3 Prospects of our Group

On the water sector, our Group is hopeful and remains committed to supporting an imminent resolution to the restructuring of the water services sector in Selangor, Federal Territories of Kuala Lumpur and Putrajaya by the Government as this matter has been long outstanding since 2008. Our Group is actively looking into proposals to provide solutions to the Federal Government under the Private Finance Initiatives, to improve the existing water infrastructure and to increase the supply of treated water in the rural areas throughout the whole country. On the environmental sector, our Group is actively looking into the sewerage and solid waste sectors in Malaysia and overseas.

Meanwhile, our foray into the oil and gas arena augurs well for our Group's future. Our Group is hopeful to clinch more oil and gas projects and to invest or acquire other oil and gas assets to further expand our oil and gas business in accordance with our Group's vision to become a significant player in the oil and gas sector in Malaysia and overseas.

Looking ahead, our Group is optimistic in our quest to achieve sustainable long-term growth.

6. EFFECTS OF THE PROPOSALS

The effects of the Proposals on our Company's issued and paid-up share capital, NA and gearing, earnings and EPS, and substantial shareholders' shareholdings are illustrated based on the following two (2) scenarios:

Minimum Scenario : Assuming none of the Warrants is exercised and the Convertible Sukuk Ijarah are fully redeemed

Maximum Scenario : Assuming the Warrants are fully exercised and the Convertible Sukuk Ijarah are fully converted

6.1 Share capital

The Proposals will not have any immediate effect on the existing issued and paid-up capital of our Company. However, if and when the Warrants and Convertible Sukuk Ijarah are exercised or converted in the future, the issued and paid-up share capital of our Company will increase accordingly.

The number of new PNHB Shares to be issued and the enlarged issued and paid-up share capital of our Company will depend on the actual number of Warrants exercised during the tenure of the Warrants and the nominal amount of the Convertible Sukuk Ijarah converted as well as the Conversion Price.

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For illustrative purposes, the proforma effects of the Proposals on the issued and paid-up share capital of our Company as at the LPD are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of PNHB Shares	RM	No. of PNHB Shares	RM
Existing issued and paid-up share capital as at the LPD	411,142,895	411,142,895	411,142,895	411,142,895
Less: Treasury shares	(2,036,800)	(5,940,688)	(2,036,800)	(5,940,688)
	409,106,095	405,202,207	409,106,095	405,202,207
To be issued assuming full exercise of the Warrants	-	-	40,910,609	40,910,609
	409,106,095	405,202,207	450,016,704	446,112,816
To be issued assuming full conversion of the Convertible Sukuk Ijarah	-	-	87,301,587 ⁽¹⁾	87,301,587 ⁽¹⁾
Enlarged issued and paid-up share capital	409,106,095	405,202,207	537,318,291	533,414,403

Note:

(1) For illustrative purposes, assuming that the Convertible Sukuk Ijarah of up to RM165.0 million are fully converted at a conversion price of RM1.89, being approximately 12% premium to the theoretical ex-Warrants price based on the five (5)-day VWAMP of PNHB Shares up to and including 26 April 2013 (being the last Market Day prior to the LPD).

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6.2

NA and gearing

The effects of the NA and gearing of our Group would depend on the actual issue size of the Convertible Sukuk Ijarah, the Conversion Price and the nominal amount of the Convertible Sukuk Ijarah converted.

For illustrative purposes, the proforma effects of the Proposals on the NA and gearing of our Group based on the latest audited consolidated statements of financial position of our Company as at 31 December 2012 are set out below:

Minimum Scenario

	Audited as at 31 December 2012 RM	Proforma I After the Proposed Free Warrants Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full redemption of the Convertible Sukuk Ijarah RM
Share capital	411,142,895	411,142,895	411,142,895	411,142,895
Share premium	102,878,221	102,878,221	102,878,221	102,878,221
Treasury shares	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)
Foreign currency translation reserve	(569,747)	(569,747)	(569,747)	(569,747)
Revaluation reserve	69,087,946	69,087,946	69,087,946	69,087,946
Other reserve	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)
Available-for sale reserve	94,080	94,080	94,080	94,080
Equity component of the Convertible Sukuk Ijarah	-	-	7,043,883 ⁽³⁾	-
Retained earnings	271,241,376	270,857,977 ⁽²⁾	270,857,977	216,385,896
Shareholders' funds/ NA	506,990,546	506,607,147	513,651,030	452,135,066
No. of PNHB Shares in issue (net of treasury shares) ⁽¹⁾	409,106,095	409,106,095	409,106,095	409,106,095
NA per Share (RM)	1.24	1.24	1.26	1.11
Total borrowings (RM)	5,655,788,456	5,655,788,456	5,788,641,755 ⁽³⁾	5,655,788,456
Gearing ratio (times)	11.16	11.16	11.27	12.51

Notes:

- (1) Excluding the 2,036,800 PNHB Shares held as treasury shares as at the LPD.
- (2) After taking into consideration the estimated expenses of approximately RM0.38 million for the Proposed Free Warrants Issue.
- (3) For illustrative purposes, it is assumed that the proceeds raised from the issuance of the Convertible Sukuk Ijarah is RM144.34 million. The equity component of the Convertible Sukuk Ijarah is assessed to be RM7.18 million (before the allocated estimated expenses for the equity component of the Proposed Convertible Sukuk Ijarah Issue) net of the following:
 - (i) The fair value of the liability component of the Convertible Sukuk Ijarah of RM134.77 million (before the allocated estimated expenses for the liability component of the Proposed Convertible Sukuk Ijarah Issue), which is arrived at by discounting the indicative profit payments of 3.85% bi-annually, over the tenure of five (5) years and the RM165.0 million nominal value of the Convertible Sukuk Ijarah at the maturity date, applying PNHB's effective interest cost of 8.50%; and
 - (ii) The deferred tax liabilities of RM2.39 million, computed based on the statutory tax rate of 25%.The estimated expenses for the Proposed Convertible Sukuk Ijarah Issue of RM2.05 million are allocated proportionately at RM1.91 million and RM0.14 million to the liability and equity components respectively, based on the allocation of proceeds to its liability and equity components.

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Maximum Scenario

	Audited as at 31 December 2012 RM	Proforma I After the Proposed Free Warrants Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full exercise of the Warrants ⁽⁴⁾ RM	Proforma IV After Proforma III and assuming full conversion of the Convertible Sukuk Ijarah ⁽⁵⁾ RM
Share capital	411,142,895	411,142,895	411,142,895	452,053,504	539,355,091
Share premium	102,878,221	102,878,221	102,878,221	102,878,221	187,620,517
Treasury shares	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)
Foreign currency translation reserve	(569,747)	(569,747)	(569,747)	(569,747)	(569,747)
Revaluation reserve	69,087,946	69,087,946	69,087,946	69,087,946	69,087,946
Other reserve	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)
Available-for sale reserve	94,080	94,080	94,080	94,080	94,080
Equity component of the Convertible Sukuk Ijarah	-	-	7,043,883 ⁽³⁾	7,043,883	-
Retained earnings	271,241,376	270,857,977 ⁽²⁾	270,857,977	270,857,977	209,342,013
Shareholders' funds/ NA	506,990,546	506,607,147	513,651,030	554,561,639	658,045,675
No. of PNHB Shares in issue (net of treasury shares) ⁽¹⁾	409,106,095	409,106,095	409,106,095	450,016,704	537,318,291
NA per Share (RM)	1.24	1.24	1.26	1.23	1.22
Total borrowings (RM)	5,655,788,456	5,655,788,456	5,788,641,755 ⁽³⁾	5,788,641,755	5,655,788,456
Gearing ratio (times)	11.16	11.16	11.27	10.44	8.59

Notes:

- (1) Excluding the 2,036,800 PNHB Shares held as treasury shares as at the LPD.
- (2) After taking into consideration estimated expenses of approximately RM0.38 million for the Proposed Free Warrants Issue.
- (3) For illustrative purposes, it is assumed that the proceeds raised from the issuance of the Convertible Sukuk Ijarah is RM144.34 million. The equity component of the Convertible Sukuk Ijarah is assessed to be RM7.18 million (before the allocated estimated expenses for the equity component of the Proposed Convertible Sukuk Ijarah Issue) net of the following:
 - (i) The fair value of the liability component of the Convertible Sukuk Ijarah of RM134.77 million (before the allocated estimated expenses for the liability component of the Proposed Convertible Sukuk Ijarah Issue), which is arrived at by discounting the indicative profit payments of 3.85% bi-annually, over the tenure of five (5) years and the RM165.0 million nominal value of the Convertible Sukuk Ijarah at the maturity date, applying PNHB's effective interest cost of 8.50%; and
 - (ii) The deferred tax liabilities of RM2.39 million, computed based on the statutory tax rate of 25%.
- (4) The estimated expenses for the Proposed Convertible Sukuk Ijarah Issue of RM2.05 million are allocated proportionately at RM1.91 million and RM0.14 million to the liability and equity components respectively, based on the allocation of proceeds to its liability and equity components.
- (5) Based on the Exercise Price of RM1.00 per Warrant.
- (6) For illustrative purposes, assuming the conversion price of RM1.89 per Convertible Sukuk Ijarah, being approximately 12% premium to the theoretical ex-Warrant price based on the five (5)-day VWAMP of PNHB Shares up to and including 26 April 2013 (being the last Market Day prior to the LPD).

The total estimated expenses relating to the Proposals amounting to RM2.43 million comprise, amongst others, the estimated professional fees and fees payable to the relevant authorities.

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6.3 Substantial shareholders' shareholdings

The Proposals will not have an immediate effect on the shareholdings of the substantial shareholders of our Company. However, if and when the Convertible Sukuk Ijarah is converted in the future, the percentage shareholdings of the substantial shareholders will be diluted accordingly, the quantum of which is dependent on the Conversion Price and the nominal amount of the Convertible Sukuk Ijarah converted.

For illustrative purposes, the proforma effects of the Proposals on the shareholdings structure of our Company based on the Register of Substantial Shareholders of our Company as at the LPD are set out below:

Minimum Scenario

	Proforma I					
	Existing as at the LPD			Assuming full redemption of the Convertible Sukuk Ijarah		
	Direct	Indirect		Direct	Indirect	
	No. of PNHB Shares '000	No. of PNHB Shares '000	% ⁽¹⁾	No. of PNHB Shares '000	No. of PNHB Shares '000	% ⁽¹⁾
Tan Sri Rozali Bin Ismail	1,729	167,037 ⁽²⁾	40.83 ⁽²⁾	1,729	167,037 ⁽²⁾	40.83 ⁽²⁾
Central Plus (M) Sdn Bhd	29,098	74,821 ⁽³⁾	18.29 ⁽³⁾	29,098	74,821 ⁽³⁾	18.29 ⁽³⁾
Corporate Line (M) Sdn Bhd	19	63,100 ⁽³⁾	15.42 ⁽³⁾	19	63,100 ⁽³⁾	15.42 ⁽³⁾
Employees Provident Fund Board	1,494	26,086 ⁽⁴⁾	6.38 ⁽⁴⁾	1,494	26,086 ⁽⁴⁾	6.38 ⁽⁴⁾
Lembaga Tabung Haji	26,199	-	6.40	26,199	-	6.40
Convertible Sukuk Ijarah holders	-	-	-	-	-	-

Notes:

- (1) Excluding the 2,036,800 PNHB Shares held as treasury shares as at the LPD.
- (2) Deemed interest by virtue of 100% equity interest each in Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd of which 92.5% is held in his own name and 7.5% is held in his children's names, respectively.
- (3) Held in nominee name(s).
- (4) Shares held and managed by portfolio managers.

* Negligible.

Maximum Scenario

	Proforma I						Proforma II			
	Existing as at the LPD			Assuming full exercise of the Warrants			After Proforma I and assuming full conversion of the Convertible Sukuk Ijarah			
	Direct No. of PNHB Shares '000	Indirect No. of PNHB Shares '000	% ⁽¹⁾	Direct No. of PNHB Shares '000	Indirect No. of PNHB Shares '000	% ⁽¹⁾	Direct No. of PNHB Shares '000	Indirect No. of PNHB Shares '000	% ⁽¹⁾	% ⁽¹⁾
Tan Sri Rozali Bin Ismail	1,729	0.42	167,037 ⁽²⁾	1,902	0.42	183,741 ⁽²⁾	1,902	0.35	183,741 ⁽²⁾	34.20 ⁽²⁾
Central Plus (M) Sdn Bhd	29,098	7.11	74,821 ⁽³⁾	32,008	7.11	82,303 ⁽³⁾	32,008	5.96	82,303 ⁽³⁾	15.32 ⁽³⁾
Corporate Line (M) Sdn Bhd	19	-	63,100 ⁽³⁾	21	-	69,410 ⁽³⁾	21	-	69,410 ⁽³⁾	12.92 ⁽³⁾
Employees Provident Fund Board	1,494	0.37	26,086 ⁽⁴⁾	1,643	0.37	28,695 ⁽⁴⁾	1,643	0.31	28,695 ⁽⁴⁾	5.34 ⁽⁴⁾
Lembaga Tabung Haji	26,199	6.40	-	28,819	6.40	-	28,819	5.36	-	-
Convertible Sukuk Ijarah holders	-	-	-	-	-	-	87,302 ⁽⁵⁾	16.25 ⁽⁵⁾	-	-

Notes:

- (1) Excluding the 2,036,800 PNH B Shares held as treasury shares as at the LPD.
 - (2) Deemed interest by virtue of 100% equity interest each in Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd of which 92.5% is held in his own name and 7.5% is held in his children's names, respectively.
 - (3) Held in nominee name(s).
 - (4) Shares held and managed by portfolio managers.
 - (5) For illustrative purpose, assuming that the Convertible Sukuk Ijarah of up to RM165.0 million are fully converted at RM1.89, being approximately 12% premium of the theoretical ex-Warrants price based on the five (5)-day VWAMP of PNH B Shares up to and including 26 April 2013 (being the last Market Day prior to the LPD).
- * Negligible.

Our Company confirms that the Proposals will not give rise to any consequences of mandatory general offer obligations pursuant to the Malaysian Code on Take-overs and Mergers 2010 ("Code") to Tan Sri Rozali Bin Ismail, Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd. Nevertheless, Tan Sri Rozali Bin Ismail, Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd have given their respective confirmations to observe and comply at all times with the provisions of the Code in exercising their entitlements to the Warrants.

6.4 Earnings and EPS

The Proposals are not expected to have a material effect on the earnings of our Group for the financial year ending 31 December 2013 as the Proposals are expected to be completed by the third quarter of 2013.

However, as and when the Warrants are exercised into new PNHB Shares pursuant to the Proposed Free Warrants Issue, it will result in a corresponding dilutive effect on the EPS of our Group due to the increase in the number of PNHB Shares in issue. Nevertheless, the effect of any exercise of Warrants on the EPS of our Group would be dependent on the returns derived from the utilisation of proceeds arising from the exercise of the Warrants.

The effects of the Proposed Convertible Sukuk Ijarah Issue on the future earnings and EPS of our Group would depend on the final approved terms and conditions of the Convertible Sukuk Ijarah to be determined and the actual quantum of the Convertible Sukuk Ijarah redeemed/converted during the tenure of the Convertible Sukuk Ijarah as well as the returns derived from the utilisation of proceeds from the Proposed Convertible Sukuk Ijarah Issue as set out in Section 4.2 of this Circular.

6.5 Convertible securities

As at the LPD, our Company does not have any convertible securities.

7. HISTORICAL SHARE PRICES

The following table sets out the monthly high and low market prices of PNHB Shares transacted for the past twelve (12) months from May 2012 to April 2013:

	High RM	Low RM
2012		
May	1.45	1.26
June	1.38	1.28
July	1.43	1.28
August	1.38	1.29
September	1.37	1.27
October	1.39	1.32
November	1.36	1.28
December	1.31	1.14
2013		
January	1.29	1.15
February	1.40	1.19
March	1.61	1.34
April	1.95	1.47
The last transacted market price of PNHB Shares immediately prior to the announcement of the Proposals on 27 September 2012		1.29
The last transacted market price of PNHB Shares as at the LPD		1.71

(Source: Bloomberg)

8. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:

- (i) the SC, for the Proposed Convertible Sukuk Ijarah Issue, which was obtained via its letter dated 18 January 2013;
- (ii) Bursa Securities, for the following:
 - (a) admission of the Warrants to the Official List of Bursa Securities; and
 - (b) the listing of and quotation for the Warrants to be issued pursuant to the Proposed Free Warrants Issue and the new PNHB Shares to be issued arising from the exercise of the Warrants and conversion of the Convertible Sukuk Ijarah on the Main Market of Bursa Securities;

The approval of Bursa Securities which was obtained via its letter dated 22 March 2013, is subject to, amongst others, the following conditions:

No.	Details of the conditions imposed	Status of compliance
(a)	PNHB and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied.
(b)	PNHB and HLIB to inform Bursa Securities upon the completion of the Proposals;	To be complied.
(c)	PNHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied.
(d)	PNHB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and Convertible Sukuk as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied.
(e)	A certified true copy of the resolution passed by shareholders at the EGM for the Proposals.	To be complied.

- (iii) Bank Negara Malaysia, for the issuance of Warrants to non-resident shareholders of our Company, which was obtained via its letter dated 16 October 2012;
- (iv) your approval at our forthcoming EGM to be convened for the Proposals;
- (v) consent of the financier(s) of our Company, if required; and
- (vi) any other relevant authorities/parties, if required.

The Proposals are inter-conditional upon the relevant approvals being obtained for each other. For the avoidance of doubt, upon receipt of all the relevant approvals, the Proposed Free Warrants Issue and Proposed Convertible Sukuk Ijarah Issue will be implemented separately and are not meant to be completed simultaneously.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of our Directors and/or major shareholders of our Company and/or person(s) connected to them have any interest, directly or indirectly, in the Proposals other than their respective entitlements (if any) to the Proposed Free Warrants Issue, which are also available to all other shareholders of our Company.

10. DIRECTORS' RECOMMENDATION

Our Board, having considered and deliberated on all aspects of the Proposals, including but not limited to the rationale for the Proposals, is of the opinion that the Proposals are in the best interests of our Company. Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

11. OTHER CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, our Board confirms that there are no other outstanding corporate exercises which have been announced but not yet completed as at the date of this Circular.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the third quarter of 2013, subject to prevailing market conditions prior to the launch of the Convertible Sukuk Ijarah. The tentative timetable for the implementation of the Proposals is as follows:

Event	Tentative timing
EGM	28 May 2013
Announcement of the Entitlement Date for the Proposed Free Warrants Issue	Mid June 2013
Entitlement Date for the Proposed Free Warrants Issue	End June 2013
Listing of and quotation for the Warrants on the Main Market of Bursa Securities	Early July 2013
Issuance of the Convertible Sukuk Ijarah	Mid September 2013

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Concorde II, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 May 2013 at 3:00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete and return the enclosed Proxy Form in accordance with the instructions contained herein as soon as possible and in any event, so as to arrive at the Office of our Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than 48 hours before the time set for the EGM. The lodging of the Proxy Form does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

Yours faithfully
for and on behalf of the Board of
PUNCAK NIAGA HOLDINGS BERHAD

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

REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP



KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
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Assurance report on the compilation of pro forma financial information included in the circular to shareholders

The Board of Directors
Puncak Niaga Holdings Berhad
10th Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13, 40100 Shah Alam
Selangor
Malaysia

Puncak Niaga Holdings Berhad (the "Company")

Report on the compilation of pro forma financial information included in the circular to shareholders for the proposed issuance of up to RM165.0 million nominal value of redeemable convertible secured Sukuk Ijarah and proposed issue of up to 40,910,609 free warrants in the Company on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in the Company ("the Proposals")

We have completed our assurance engagement to report on the compilation of pro forma financial information of the Company and its subsidiaries (the "Group") by the Board of Directors. The pro forma financial information comprises the pro forma consolidated statement of financial position as at 31 December 2012, and related notes as attached to this report that have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma financial information are described in the notes to the pro forma financial information.

The pro forma financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the Proposals on the Group's financial position as at 31 December 2012 as if the Proposals had taken place at that date. As part of this process, information about the Group's financial position have been extracted by the Board of Directors from the Company's financial statement for the year ended 31 December 2012, on which an audit report has been published.

Board of Director's Responsibility for the Pro Forma Financial Information

The Board of Directors of the Company is responsible for the compilation of the pro forma financial information on the basis as set out in the notes.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis as set out in the notes.

REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)



Puncak Niaga Holdings Berhad

Report on the compilation of pro forma financial information included in the circular to shareholders for the proposed issuance of up to RM165.0 million nominal value of redeemable convertible secured Sukuk Ijarah and proposed issue of up to 40,910,609 free warrants in the Company on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in the Company

Our Responsibilities (cont.)

We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants (“MIA”). This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis as set out in the note.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions made by us or another firm of Chartered Accountants on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

**REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)**

***Puncak Niaga Holdings Berhad***

Report on the compilation of pro forma financial information included in the circular to shareholders for the proposed issuance of up to RM165.0 million nominal value of redeemable convertible secured Sukuk Ijarah and proposed issue of up to 40,910,609 free warrants in the Company on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in the Company

Opinion

In our opinion, the pro forma financial information has been properly compiled, in all material respects, on the basis stated in the notes to the pro forma financial information.

Emphasis of matter

Without qualifying our opinion, we would like to draw your attention to Note 1(b) of the pro forma financial information. The auditors' report dated 29 April 2013 on the financial statements of the Group for the year ended 31 December 2012 contained emphasis of matters as follows:

- 1 uncertainty relating to the outcome of a lawsuit filed by a subsidiary against the Selangor State Government for the recovery of water tariff compensation; and
- 2 an indemnity payment made to a director.

Other matters

This letter is prepared at your request for the purpose of the Proposals. It is not intended to be used for any other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants
Petaling Jaya

Date: 9 May 2013

**REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)**

**PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

The Unaudited Pro Forma Consolidated Statements of Financial Position of Puncak Niaga Holdings Berhad ("PNHB" or "the Company") and its subsidiaries, hereinafter collectively referred to as PNHB Group, set out below are provided for illustrative purposes, only to show the effects on the audited consolidated statement of financial position of PNHB as at 31 December 2012 had the Proposals as described in Note 1 been effected and completed on that date, and should be read in conjunction with the accompanying notes.

The Unaudited Pro Forma Consolidated Statements of Financial Positions are presented under the following scenarios:

a) Minimum scenario

The minimum scenario assumes none of the proposed 40,910,609 free warrants in PNHB will be exercised and full redemption of the proposed 5-year redeemable convertible secured Sukuk Ijarah of RM165.0 million.

b) Maximum scenario

The maximum scenario assumes all of the proposed 40,910,609 free warrants in PNHB will be exercised and full conversion of the proposed 5 year redeemable convertible secured Sukuk Ijarah of RM165.0 million.



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Minimum Scenario

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full redemption of the Convertible Sukuk Ijarah RM
TOTAL ASSETS				
Non current assets				
Property, plant and equipment	462,230,875	462,230,875	462,230,875	462,230,875
Operating financial assets	7,475,727	7,475,727	7,475,727	7,475,727
Service concession assets	7,686,186,879	7,686,186,879	7,686,186,879	7,686,186,879
Investment in associates	45,236	45,236	45,236	45,236
Investment in joint venture	1,104,156	1,104,156	1,104,156	1,104,156
Debt service reserve account	255,822,967	255,822,967	255,822,967	255,822,967
Goodwill	210,820,140	210,820,140	210,820,140	210,820,140
Trade and other receivables	2,319,981,438	2,319,981,438	2,319,981,438	2,319,981,438
Deferred tax assets	425,928,475	425,928,475	423,535,238	425,928,475
	11,369,595,893	11,369,595,893	11,367,202,656	11,369,595,893
Current assets				
Inventories	5,789,984	5,789,984	5,789,984	5,789,984
Trade and other receivables	365,764,907	365,764,907	365,764,907	365,764,907
Other current assets	249,717,468	249,717,468	249,717,468	249,717,468
Available for sales investments	59,851,091	59,851,091	59,851,091	59,851,091
Tax recoverable	1,514	1,514	1,514	1,514
Cash and bank balances	1,383,740,725	1,383,357,326	1,525,647,745	1,328,885,245
	2,064,865,689	2,064,482,290	2,206,772,709	2,010,010,209
Total Assets	13,434,461,582	13,434,078,183	13,573,975,365	13,379,606,102



**REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)**

**PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

Minimum Scenario (contd)

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full redemption of the Convertible Sukuk Ijarah RM
EQUITY AND LIABILITIES				
Current liabilities				
Provision for retirement benefits	324,408	324,408	324,408	324,408
Loans and borrowings	937,054,866	937,054,866	937,054,866	937,054,866
Trade and other payables	1,560,003,213	1,560,003,213	1,560,003,213	1,560,003,213
Other current liabilities	141,405	141,405	141,405	141,405
Service concession obligation	369,424,130	369,424,130	369,424,130	369,424,130
Tax payable	90,280,541	90,280,541	90,280,541	90,280,541
	2,957,228,563	2,957,228,563	2,957,228,563	2,957,228,563
	(892,362,874)	(892,746,273)	(750,455,854)	(947,218,354)
Net current liabilities				
Non current liabilities				
Provision for retirement benefits	25,171,202	25,171,202	25,171,202	25,171,202
Loans and borrowings	4,718,733,590	4,718,733,590	4,851,586,889	4,718,733,590
Trade and other payables	1,823,215,652	1,823,215,652	1,823,215,652	1,823,215,652
Government grant	308,509,896	308,509,896	308,509,896	308,509,896
Service concession obligation	3,676,661,105	3,676,661,105	3,676,661,105	3,676,661,105
	10,552,291,445	10,552,291,445	10,685,144,744	10,552,291,445
Total liabilities	13,509,520,008	13,509,520,008	13,642,373,307	13,509,520,008
	(75,058,426)	(75,441,825)	(68,397,942)	(129,913,906)
Net liabilities				



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Minimum Scenario (contd)

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full redemption of the Convertible Sukuk Ijarah RM
Equity attributable to owners of the parent				
Share capital	411,142,895	411,142,895	411,142,895	411,142,895
Share premium	102,878,221	102,878,221	102,878,221	102,878,221
Treasury shares	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)
Foreign currency translation reserve	(569,747)	(569,747)	(569,747)	(569,747)
Revaluation reserve	69,087,946	69,087,946	69,087,946	69,087,946
Other reserve	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)
Available-for-sale reserve	94,080	94,080	94,080	94,080
Equity component of the Convertible Sukuk	-	-	7,043,883	-
Retained earnings	271,241,376	270,857,977	270,857,977	216,385,896
Total shareholders' fund	506,990,546	506,607,147	513,651,030	452,135,066
Non-controlling interest	(582,048,972)	(582,048,972)	(582,048,972)	(582,048,972)
Net deficit in equity	(75,058,426)	(75,441,825)	(68,397,942)	(129,913,906)
Total equity and liabilities	13,434,461,582	13,434,078,183	13,573,975,365	13,379,606,102
Note				
a) No. of PNHB Shares in issue (net of treasury shares)	409,106,095	409,106,095	409,106,095	409,106,095
b) Net assets per Share ¹ (RM)	1.24	1.24	1.26	1.11
c) Total borrowings ² (RM)	5,655,788,456	5,655,788,456	5,788,641,755	5,655,788,456
d) Gearing ratio ³ (times)	11.16	11.16	11.27	12.51
e) Total cash and bank balances (excluding those place with Islamic institution) / total asset	2.70%	2.70%	3.72%	2.31%
f) Total debt (excluding Islamic debt or financing) / total asset	16.79%	16.79%	16.61%	16.86%
1) Net assets per share = (Net assets – Non-controlling interest)/No. of PNHB shares in issue (net of treasury shares)				
2) Total borrowings comprises facilities from banks or financial institutions.				
3) Gearing ratio = total borrowings/total shareholders' funds				



**REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)**

**PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

Maximum Scenario

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full exercise of the warrants RM	Proforma IV After Proforma III and assuming full conversion of the Convertible Sukuk Ijarah RM
TOTAL ASSETS					
Non current assets					
Property, plant and equipment	462,230,875	462,230,875	462,230,875	462,230,875	462,230,875
Operating financial assets	7,475,727	7,475,727	7,475,727	7,475,727	7,475,727
Service concession assets	7,686,186,879	7,686,186,879	7,686,186,879	7,686,186,879	7,686,186,879
Investment in associates	45,236	45,236	45,236	45,236	45,236
Investment in joint venture	1,104,156	1,104,156	1,104,156	1,104,156	1,104,156
Debt service reserve account	255,822,967	255,822,967	255,822,967	255,822,967	255,822,967
Goodwill	210,820,140	210,820,140	210,820,140	210,820,140	210,820,140
Trade and other receivables	2,319,981,438	2,319,981,438	2,319,981,438	2,319,981,438	2,319,981,438
Deferred tax assets	425,928,475	425,928,475	423,535,238	423,535,238	425,928,475
	11,369,595,893	11,369,595,893	11,367,202,656	11,367,202,656	11,369,595,893
Current assets					
Inventories	5,789,984	5,789,984	5,789,984	5,789,984	5,789,984
Trade and other receivables	365,764,907	365,764,907	365,764,907	365,764,907	365,764,907
Other current assets	249,717,468	249,717,468	249,717,468	249,717,468	249,717,468
Available for sales investments	59,851,091	59,851,091	59,851,091	59,851,091	59,851,091
Tax recoverable	1,514	1,514	1,514	1,514	1,514
Cash and bank balances	1,383,740,725	1,383,357,326	1,525,647,745	1,566,558,354	1,534,795,854
	2,064,865,689	2,064,482,290	2,206,772,709	2,247,683,318	2,215,920,818
Total Assets	13,434,461,582	13,434,078,183	13,573,975,365	13,614,885,974	13,585,516,711



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Maximum Scenario (contd)

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full exercise of the warrants RM	Proforma IV After Proforma III and assuming full conversion of the Convertible Sukuk Ijarah RM
QUTY AND LIABILITIES					
Current liabilities					
Provision for retirement benefits	324,408	324,408	324,408	324,408	324,408
Loans and borrowings	937,054,866	937,054,866	937,054,866	937,054,866	937,054,866
Trade and other payables	1,560,003,213	1,560,003,213	1,560,003,213	1,560,003,213	1,560,003,213
Other current liabilities	141,405	141,405	141,405	141,405	141,405
Service concession obligation	369,424,130	369,424,130	369,424,130	369,424,130	369,424,130
Tax payable	90,280,541	90,280,541	90,280,541	90,280,541	90,280,541
	2,957,228,563	2,957,228,563	2,957,228,563	2,957,228,563	2,957,228,563
Net current liabilities	(892,362,874)	(892,746,273)	(750,455,854)	(709,545,245)	(741,307,745)
Non current liabilities					
Provision for retirement benefits	25,171,202	25,171,202	25,171,202	25,171,202	25,171,202
Loans and borrowings	4,718,733,590	4,718,733,590	4,851,586,889	4,851,586,889	4,718,733,590
Trade and other payables	1,823,215,652	1,823,215,652	1,823,215,652	1,823,215,652	1,823,215,652
Government grant	308,509,896	308,509,896	308,509,896	308,509,896	308,509,896
Service concession obligation	3,676,661,105	3,676,661,105	3,676,661,105	3,676,661,105	3,676,661,105
	10,552,291,445	10,552,291,445	10,685,144,744	10,685,144,744	10,552,291,445
Total liabilities	13,509,520,008	13,509,520,008	13,642,373,307	13,642,373,307	13,509,520,008
Net (liabilities)/Assets	(75,058,426)	(75,441,825)	(68,397,942)	(27,487,333)	75,996,703



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP
(Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

Maximum Scenario (contd)

	As at 31 December 2012 RM	Proforma I After Proposed Free Warrant Issue RM	Proforma II After Proforma I and the Proposed Convertible Sukuk Ijarah Issue RM	Proforma III After Proforma II and assuming full exercise of the warrants RM	Proforma IV After Proforma III and assuming full conversion of the Convertible Sukuk Ijarah RM
Equity attributable to owners of the parent					
Share capital	411,142,895	411,142,895	411,142,895	452,053,504	539,355,091
Share premium	102,878,221	102,878,221	102,878,221	102,878,221	187,620,517
Treasury shares	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)	(5,940,688)
Foreign currency translation reserve	(569,747)	(569,747)	(569,747)	(569,747)	(569,747)
Revaluation reserve	69,087,946	69,087,946	69,087,946	69,087,946	69,087,946
Other reserve	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)	(340,943,537)
Available-for-sale reserve	94,080	94,080	94,080	94,080	94,080
Equity component of the Convertible Sukuk	-	-	7,043,883	7,043,883	-
Retained earnings	271,241,376	270,857,977	270,857,977	270,857,977	209,342,013
Total shareholders' fund	506,990,546	506,607,147	513,651,030	554,561,639	658,045,675
Non-controlling interest	(582,048,972)	(582,048,972)	(582,048,972)	(582,048,972)	(582,048,972)
Net deficit in equity	(75,058,426)	(75,441,825)	(68,397,942)	(27,487,333)	75,996,703
Total equity and liabilities	13,434,461,582	13,434,078,183	13,573,975,365	13,614,885,974	13,585,516,711
Note					
a) No. of PNHB Shares in issue (net of treasury shares)	409,106,095	409,106,095	409,106,095	450,016,704	537,318,291
b) Net assets per Share ¹ (RM)	1.24	1.24	1.26	1.23	1.22
c) Total borrowings ² (RM)	5,655,788,456	5,655,788,456	5,788,641,755	5,788,641,755	5,655,788,456
d) Gearing ratio ³ (times)	11.16	11.16	11.27	10.44	8.59
e) Total cash and bank balances (excluding those place with Islamic institution) / total asset	2.70%	2.70%	3.72%	4.01%	3.79%
f) Total debt (excluding Islamic debt or financing) / total asset	16.79%	16.79%	16.61%	16.56%	16.60%
1) Net assets per share = (Net assets - Non-controlling interest) / No. of PNHB shares in issue (net of treasury shares)					
2) Total borrowings comprises facilities from banks or financial institutions.					
3) Gearing ratio = total borrowings / total shareholders' funds					



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

1 Basis of compilation

(a) The unaudited pro forma consolidated statements of financial position, for which the Board of Directors of PNHB are solely responsible, have been prepared for illustrative purposes, based on the consolidated statement of financial position as at 31 December 2012 of PNHB as extracted from the audited financial statements for the year ended 31 December 2012, approved by the Directors for issuance on 29 April 2013. The financial statements were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") in Malaysia. The pro forma statements of financial position have been prepared in a manner consistent with the accounting policies of PNHB as adopted for the audited financial statements for the year ended 31 December 2012 to provide information on how the consolidated financial position of PNHB Group as at 31 December 2012 might have been affected had the following proposals been completed on that date:

- Proposed issue of up to 40,910,609 free warrants in PNHB on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in PNHB ("Proposed Free Warrant Issue"); and
- Proposed issue of a 5-year redeemable convertible secured Sukuk Ijarah ("Convertible Sukuk Ijarah") of up to RM165.0 million in nominal value ("Proposed Convertible Sukuk Ijarah issue").

(collectively referred as the "Proposals")

(b) The auditors' report dated 29 April 2013 on the financial statements of the PNHB Group for the year ended 31 December 2012 contained emphasis of matters as follows:

- i. Uncertainty relating to the outcome of a lawsuit filed by a subsidiary against the Selangor State Government for the recovery of water tariff compensation.
- ii. Indemnity payment made to a director.



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (contd.)

2. Effects of the Proposal

- (a) For illustrative purpose, the pro forma consolidated statements of financial position have been prepared assuming the completion of the Proposals in the following scenarios:

Minimum scenario

- Issuance of 40,910,609 free warrants in PNHB on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in PNHB;
- Issuance of RM165.0 million nominal value of the Convertible Sukuk Ijarah;
- None of the 40,910,609 free warrants are exercised and converted into ordinary shares of PNHB; and
- Full redemption of the Convertible Sukuk Ijarah at the end of the 5 years tenure at its nominal value of RM165.0 million

Maximum scenario

- Issuance of 40,910,609 free warrants in PNHB on the basis of 1 warrant for every 10 existing ordinary shares of RM1.00 each in PNHB;
- Issuance of RM165.0 million nominal value of the Convertible Sukuk Ijarah;
- Full exercise and conversion of the 40,910,609 free warrants into ordinary shares of PNHB at an exercise price of RM1.00 per ordinary share; and
- Full conversion of the Convertible Sukuk Ijarah at the end of the 5 years tenure at its nominal value of RM165.0 million into ordinary shares of PNHB.

- (b) Minimum scenario

i) Proforma I: After proposed free warrant issue

Proforma I incorporates the effects of issuance of 40,910,609 free warrants on the basis of 1 warrant for every ten (10) existing ordinary shares held. The warrants are issued for free with an exercise price of RM1 each.

ii) Proforma II: After Proforma I and the proposed Convertible Sukuk Ijarah issue

Proforma II incorporates the effects of proforma I and issuance of RM165.0 million nominal value of 5-year redeemable Convertible Sukuk Ijarah at an issue price to be determined later. The Convertible Sukuk Ijarah issue is expected to be issued at a discount. For illustration purpose only, it is assumed that the Convertible Sukuk Ijarah is issued at a price of RM144.34 million, carries a profit rate of 3.85% per annum and is convertible into ordinary share of RM 1.00 each at a price of RM1.89 for each share.

The fair value of the liability portion of the Convertible Sukuk Ijarah is determined by discounting the future cash flows of the Convertible Sukuk Ijarah, applying PNHB's estimated effective interest cost of 8.50% for similar instrument that does not carry equity conversion feature.



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")
NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (contd.)

2. Effects of the Proposal (contd)

(b) Minimum scenario (contd)

iii) Proforma III: After Proforma II and assuming full redemption of the Convertible Sukuk Ijarah

Proforma III incorporates the effect of Proforma II and full redemption of the Convertible Sukuk Ijarah upon maturity by cash and in one lump sum payment at a redemption price equivalent to the nominal value of the Convertible Sukuk Ijarah of RM165.0 million. It is based on the assumption that there is no redemption or conversion of the Convertible Sukuk Ijarah prior to maturity, and the five years' profits of the Convertible Sukuk Ijarah are incurred and paid.

Proforma III also assumes none of the 40,910,609 free warrants is exercised and converted into ordinary shares of PNHB.

(c) Maximum scenario

i) Proforma I: After proposed free warrant issue

Kindly refer to Proforma I under the minimum scenario.

ii) Proforma II: After Proforma I and the proposed Convertible Sukuk Ijarah issue

Kindly refer to Proforma II under the minimum scenario

iii) Proforma III: After Proforma II and assuming full exercise of the free warrants

Proforma III incorporates the effect of Proforma II and assumes full exercise and conversion of 40,910,609 warrants into ordinary shares of PNHB at an exercise price of RM1.00 per ordinary share.

iv) Proforma IV: After Proforma III and assuming full conversion of the Convertible Sukuk Ijarah

Proforma IV incorporates the effect of Proforma III and full conversion of the Convertible Sukuk Ijarah at the end of the 5-year tenure of nominal value of RM165.0 million into ordinary shares of PNHB. This is based on the assumption that there is no redemption or conversion prior to the maturity, and the five years' profits of the Convertible Sukuk Ijarah are incurred and paid.



REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PNHB GROUP (Cont'd)

PUNCAK NIAGA HOLDINGS BERHAD ("PNHB")

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (contd.)

3. Others

In arriving at the consolidated pro forma statements of financial position, the corporate tax rate of 25% is used and it is assumed that total transaction costs of RM2.43 million are incurred and they are allocated as follows:

	RM'000
Warrant	383
Convertible Sukuk Ijarah – equity component	136
Convertible Sukuk Ijarah – liability component	1,912
Total	2,431



AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA

SCHEDULE 6

[Section 229]

*Excluded offers or excluded invitations***A. Excluded offers or excluded invitations**

1. An offer or invitation to enter into an underwriting or subunderwriting agreement or an offer or invitation made to an underwriter under such an agreement.
2. With respect to the securities of a corporation which are not listed, an offer or invitation made to existing members or debenture holders of such corporation by means of a rights issue and is not an offer to which section 237 applies.
3. An offer or invitation made to a company that is registered as a trust company under the Trust Companies Act 1949 or a corporation that is a public company under the Companies Act 1965 or under the laws of any other country which has been allowed by the Commission to be a trustee for the purposes of this Act.
4. An offer or invitation made to a unit trust scheme or prescribed investment scheme.
5. An offer or invitation made to a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.
6. An offer or invitation made exclusively to persons outside Malaysia.
7. An offer or invitation made to a closed end fund approved by the Commission.
8. An offer or invitation made to a holder of a Capital Markets Services Licence who carries on the business of fund management.
9. An offer or invitation made to a person who acquires securities pursuant to an offer, as principal, if the aggregate consideration for the acquisition is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.
10. An offer or invitation made to an individual whose total net personal assets exceed three million ringgit or its equivalent in foreign currencies.
11. An offer or invitation made to a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts.
12. An offer or invitation made to a licensed offshore bank as defined under the Offshore Banking Act 1990.
13. An offer or invitation made to an offshore insurer as defined under the Offshore Insurance Act 1990 [Act 444].
14. An offer or invitation made with respect to any sale of a unit in a unit trust scheme or a prescribed investment scheme by a personal representative, liquidator, receiver or trustee in bankruptcy or liquidation, as the case may be, in the normal course of realisation of assets.
15. All trades in securities effected on a stock market of a stock exchange which is approved by the Minister pursuant to subsection 8(2) or such other exchange outside Malaysia which is recognised under the rules of the stock exchange.
16. An offer or invitation of securities made or guaranteed by the Federal Government or any State Government or Bank Negara.
17. An offer or invitation in respect of securities of a private company.

AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA (Cont'd)

18. An offer or invitation pursuant to a take-over offer which complies with the relevant law applicable to such offers.
19. All trades in securities effected in the money market.
20. An offer or invitation made to employees or directors of a corporation or its related corporation pursuant to an employee share or employee share option scheme.
21. An offer or invitation made to any creditor or holder of securities of a company undergoing a scheme of arrangement or compromise under section 176 of the Companies Act 1965 or a restructuring scheme under the Pengurusan Danaharta Nasional Berhad Act 1998 which may not be renounced to any person other than a creditor or holder of securities of the company.
22. An offer or invitation made to a licensed institution as defined in the Banking and Financial Institutions Act 1989 or an Islamic bank as defined in the Islamic Banking Act 1983.
23. An offer or invitation made to an insurance company registered under the Insurance Act 1996.
24. An offer or invitation made to a statutory body established by an Act of Parliament or an enactment of any State.
25. An offer or invitation made to a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53].
26. An offer or invitation made by or to Danamodal Nasional Bhd.
27. An offer or invitation in respect of securities of a corporation made to existing members of a company within the meaning of section 270 of the Companies Act 1965.
28. An offer or invitation in respect of securities of a foreign corporation whose securities or any class of securities having gained admission on such other exchange outside Malaysia which is recognised under the rules of a stock exchange, made to existing members or debenture holders of such foreign corporation by means of a rights issue provided that such offer of invitation has been accompanied by a prospectus or disclosure document approved by the foreign supervisory authority of such foreign corporation.

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AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA (Cont'd)

SCHEDULE 7

[Section 230]

*Excluded issues***A. Excluded issues**

1. An issue made to an underwriter under an underwriting or subunderwriting agreement.
2. An issue in respect of securities of a corporation which are not listed made to existing members or debenture holders of such corporation by means of a rights issue and is not an issue or allotment to which section 237 applies.
3. An issue made to a company that is registered as a trust company under the Trust Companies Act 1949 or a corporation that is a public company under the Companies Act 1965 or under the laws of any other country which has been allowed by the Commission to be a trustee for the purposes of this Act.
4. An issue made to a unit trust scheme or prescribed investment scheme.
5. An issue made to a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.
6. An issue made exclusively to persons outside Malaysia.
7. An issue made to a closed end fund approved by the Commission.
8. An issue made to a holder of a Capital Markets Services Licence who carries on the business of fund management.
9. An issue made to a person who acquires securities pursuant to an offer, as principal, if the aggregate consideration for the acquisition is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction, whether such amount is paid for in cash or otherwise.
10. An issue made to an individual whose total net personal assets exceed three million ringgit or its equivalent in foreign currencies.
11. An issue made to a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts.
12. An issue made to a licensed offshore bank as defined under the Offshore Banking Act 1990.
13. An issue made to an offshore insurer as defined under the Offshore Insurance Act 1990.
14. An issue made with respect to any sale of a unit in a unit trust scheme or a prescribed investment scheme by a personal representative, liquidator, receiver or trustee in bankruptcy or liquidation, as the case may be, in the normal course of realisation of assets.
15. All trades in securities effected on a stock market of a stock exchange which is approved by the Minister pursuant to subsection 8(2) or such other exchange outside Malaysia which is recognised under the rules of the stock exchange.
16. An issue of securities made or guaranteed by the Federal Government or any State Government or Bank Negara.
17. An issue in respect of securities of a private company.
18. An issue in respect of securities which are acquired pursuant to a take-over offer which complies with the relevant law applicable to such offers.

AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA (Cont'd)

19. All trades in securities effected in the money market.
20. An issue in respect of securities which are acquired by employees or directors of a corporation or its related corporation pursuant to an employee share or employee share option scheme.
21. An issue made to any creditor or holder of securities of a company undergoing a scheme of arrangement or compromise under section 176 of the Companies Act 1965 or a restructuring scheme under the Pengurusan Danaharta Nasional Berhad Act 1998 which may not be renounced to any person other than a creditor or holder of securities of the company.
22. An issue made to a licensed institution as defined in the Banking and Financial Institutions Act 1989 or an Islamic bank as defined in the Islamic Banking Act 1983.
23. An issue made to an insurance company registered under the Insurance Act 1996.
24. An issue made to a statutory body established by an Act of Parliament or an enactment of any State.
25. An issue made to a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967.
26. An issue made by or to Danamodal Nasional Bhd.
27. An issue of securities by a corporation pursuant to the exercise of an option, a warrant or a transferable subscription right, in respect of which a prospectus has been registered under this Act or in respect of which the securities to which the option, warrant or transferable subscription right converts into are listed securities.
28. An issue of shares by a corporation pursuant to a provision contained in a convertible note, whether the note was issued by that corporation or by another corporation, in respect of which a prospectus has been registered under this Act or in respect of which the securities to which the option, warrant or transferable subscription right converts into are listed securities.
29. An issue in respect of shares or units in a unit trust scheme or prescribed investment scheme which are issued in satisfaction of dividends payable by the issuer to the holders of existing shares or units that were issued pursuant to a prospectus.
30. An issue of securities of a corporation made to existing members of a company within the meaning of section 270 of the Companies Act 1965.
31. A bonus issue of securities made by a corporation.
32. An issue in respect of securities of a foreign corporation whose securities or any class of securities having gained admission on such other exchange outside Malaysia which is recognised under the rules of a stock exchange, made to existing members or debenture holders of such foreign corporation by means of a rights issue.
33. An issue of securities of a foreign corporation whose securities or any class of securities having gained admission on such other exchange outside Malaysia which is recognized under the rules of a stock exchange, made to existing members or debenture holders of such foreign corporation by means of a rights issue provided that such issue has been accompanied by a prospectus or disclosure document approved by the foreign supervisory authority of such foreign corporation.

AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA (Cont'd)

SCHEDULE 9

[Section 257(2)]

Debentures issues

Issues of, offers for subscription or purchase of, or invitations to subscribe for or purchase, debentures to which sections 263, 266, 268, 269, 271, 272, 275, 278, subsections 280(4) and 280(5) of Division 4 of Part VI shall not apply.

1. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a company that is registered as a trust company under the Trust Companies Act 1949 or a corporation that is a public company under the Companies Act 1965 or under the laws of any other country which has been allowed by the Commission to be a trustee for the purposes of this Act.
2. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a unit trust scheme or prescribed investment scheme.
3. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.
4. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a closed end fund approved by the Commission.
5. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a holder of a Capital Markets Services Licence who carries on the business of fund management.
6. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a person who acquires securities pursuant to an offer, as principal, if the aggregate consideration for the acquisition is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction, whether such amount is paid for in cash or otherwise.
7. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to an individual whose total net personal assets exceed three million ringgit or its equivalent in foreign currencies.
8. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts.
9. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a licensed offshore bank as defined under the Offshore Banking Act 1990.
10. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to an offshore insurer as defined under the Offshore Insurance Act 1990.
11. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures of a private company.
12. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a licensed institution as defined in the Banking and Financial Institutions Act 1989 or an Islamic Bank as defined in the Islamic Banking Act 1983.
13. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to an insurance company registered under the Insurance Act 1996.

AN EXTRACT OF SCHEDULES 6, 7 AND 9 OF THE CMSA (Cont'd)

14. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures made to a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967.

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FINANCIAL INFORMATION OF PNHB GROUP

1. FINANCIAL INFORMATION

The summary of the financial performance of our Group for the FYE 31 December 2011 and 2012 is as follows:

	<-- Audited FYE 31 December -->	
	2011	2012
	RM'000	RM'000
Revenue	2,591,509	3,743,935
Profit before tax/ (Loss before tax)	(74,572)	298,304
Profit after tax and before minority interest/ (Loss after tax and before minority interest)	(83,131)	232,680
Shareholders' funds/ NA attributable to owners of the parent	272,212	506,991
Total borrowings	5,512,129	5,655,788
NA per share attributable to owners of the parent (RM)	0.66	1.24
Net EPS attributable to owners of the parent (RM)	0.02	0.58
Gearing ratio (times)	20.25	11.16

For the FYE 31 December 2012, our Group registered revenue of RM3,743.9 million compared to RM2,591.5 million reported in the FYE 31 December 2011, representing an increase of RM1,152.4 million or 44.5%. Consequently, our Group reported profit before tax of RM298.3 million for the FYE 31 December 2012 compared to loss before tax of RM74.6 million for the FYE 31 December 2011.

The increase in revenue in the FYE 31 December 2012 was mainly due to higher water tariff compensation arising from the scheduled tariff hike which should have been gazetted on 1 January 2012 and revenue contribution from the oil and gas segment. Consequently, the increase in profit before tax in the FYE December 2012 was mainly due to the higher tariff compensation accrued by SYABAS and higher profit contribution from GOM Resources which was acquired during the second half of the FYE 31 December 2011.

2. FINANCIAL IMPACT OF RECENT/ POTENTIAL DEVELOPMENTS**2.1 Material litigation against the Selangor State Government**

SYABAS had commenced legal proceedings against the Selangor State Government for the payment of the water tariff compensation amounting to RM471.6 million for the period from 1 January 2009 to 31 December 2009 and at the case management held on 28 June 2011, the High Court allowed SYABAS' application to withdraw with liberty to file afresh by way of a writ of summons with no order as to costs. As disclosed in Sections 5(v) and (vi) of Appendix IV of this Circular, on 8 September 2011, SYABAS filed a Writ and Statement of Claim at the Kuala Lumpur High Court for RM1,054.2 million being compensation from 1 January 2009 to 31 March 2011. The total water tariff compensation claims submitted to the Selangor State Government up to the FYE 31 December 2012 is RM2,486,972,720.

FINANCIAL INFORMATION OF PNHB GROUP (Cont'd)

This matter was also highlighted in the auditors' report of PNHB for the FYE 31 December 2012 as an emphasis of matter in respect of the uncertainty relating to the outcome of the lawsuit filed by SYABAS against the Selangor State Government for the recovery of the water tariff compensation owing by the Selangor State Government to SYABAS.

In view of the above, our Directors in assessing the recoverability of the receivables and in consultation with SYABAS' solicitors, are of the opinion that the litigation case is substantiated by evidence and has merit and hence the amount is likely recoverable from the Selangor State Government.

However, should the eventual outcome of the said litigation case be ruled against SYABAS and the entire amount in respect of the total water tariff compensation claims has to be written off, it will have a material adverse impact on the financial position of our Group.

2.2 Accounting treatment of "Exposure Draft on Proposed Amendments to International Accounting Standard 38 – Intangible Assets ("IAS 38")"

Our Group amortises the intangible assets contained in the concession arrangement by reference to revenue-based method over the concession period, consistent with the method adopted for the annual financial statements for the FYE 31 December 2011. The International Accounting Standards Board ("IASB") has released the Exposure Draft on Proposed Amendments to IAS38: Intangible Asset in December 2012 ("Exposure Draft"). The Exposure Draft proposes to prohibit revenue-based method of amortisation and also for the amendments to be applied on a retrospective basis.

The Exposure Draft is still being deliberated by the accounting standard board from various countries and it has come to the knowledge of our Group that there are differing views within the accounting fraternity regarding the appropriateness of certain methods in amortising intangible asset contained in a concession arrangement. Pending the finalisation of any consensus by the accounting fraternity over this matter, our Group continues to amortise the intangible asset contained in the concession arrangement by reference to revenue-based method.

Should the above standard be implemented in the future, our Group will need to change the amortisation method from revenue-based method to straight line method. If this was to be applied retrospectively, there will be significant adverse impact on the shareholder's equity of our Group. Notwithstanding the above, the change in amortisation method is merely an accounting adjustment which has no impact on the business operations and cash flows of our Group.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS

HLIB, being the Principal Adviser and Lead Arranger for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Messrs. KPMG, being the Reporting Accountants for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and letter on the proforma consolidated statements of financial position of our Group and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTERESTS**3.1 Principal Adviser and Lead Arranger**

Save as disclosed below, HLIB is not aware of any circumstances that exist or are likely to exist, which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser and Lead Arranger to our Company in connection with the Proposals.

In the event that the proceeds to be raised from the Proposed Convertible Sukuk Ijarah Issue are not utilised for the acquisitions and/or investments within twelve (12) months from the receipt of the proceeds, the proceeds shall be advanced by the Company to KGL for the purpose of repaying the Credit Facilities. Out of the total Credit Facilities, HLBB's exposure as at the LPD is USD16.0 million, which is not material when compared to the audited total assets of HLBB as at 30 June 2012. Furthermore, HLBB is a licensed commercial bank and the granting of the banking facilities is in its ordinary course of business.

Notwithstanding the above, HLIB has considered the factors involved and believes that its objectivity and independence as the Principal Adviser and Lead Arranger to our Company in relation to the Proposals will be maintained at all times for the following reasons:

- (i) HLIB is a licensed investment bank which provides a wide range of investment banking services, including amongst others, loan syndications, corporate finance, debt capital markets and treasury. Therefore, its appointment as the Principal Adviser and Lead Arranger for the Proposals represents transactions entered into in the ordinary course of its business;
- (ii) Save for the advisory fees earned by HLIB from the roles stated above, HLIB will not be deriving any other direct or indirect benefits from its appointment as Principal Adviser and Lead Arranger for the Proposals; and
- (iii) The conduct of HLIB and HLBB is regulated by the Banking and Financial Institutions Act, 1989 and by their respective own internal controls and checks.

FURTHER INFORMATION (Cont'd)

Further, our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of HLIB as the Principal Adviser and Lead Arranger for the Proposals.

3.2 Reporting Accountants

Messrs. KPMG confirms that there is no conflict of interest existing or is likely to exist in relation to its role for the Proposals.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

Save as disclosed below, our Board is not aware of any material commitments for capital expenditure contracted or known to be contracted by our Group that is likely to have a material adverse effect on our Group's financial position as at the LPD:

	RM'000
Capital expenditures:	
Contracts approved and contracted for	35,124
Contracts approved but not contracted for	-
Commitment under the terms of the concession agreement:	
Concession fee	21,000
Contracts approved and contracted for	196,795
Total	288,043

4.2 Contingent liabilities

Save as disclosed below, our Board is not aware of any material contingent liabilities incurred or known to be incurred by our Group that is likely to have a material adverse effect on our Group's financial position as at the LPD:

	RM'000
Trade and performance guarantees extended to third parties	87,358
Total	87,358

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FURTHER INFORMATION (Cont'd)

5. MATERIAL LITIGATION

Save as disclosed below, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, to the best of our Board's knowledge and belief, our Board is not aware of any proceedings pending or threatened against our Group or of any material facts likely to give rise to any proceedings which may materially and adversely affect our financial position or business of our Group as at the LPD:

(i) Kris Heavy Engineering & Construction Sdn Bhd ("KHEC") vs PNHB-LANCO-KHEC JV ("Consortium")

(a) 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 Indian Rupee ("Rs")8,44,26,981 (equivalent to approximately RM6.75 million) against Consortium, a jointly controlled entity of the Company in India.

Arising from the arbitration proceedings initiated by KHEC, both KHEC and 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:

- (aa) claim by the claimant, KHEC to be filed before 4 October 2005;
- (bb) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and
- (cc) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by the 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 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.

FURTHER INFORMATION (Cont'd)

The Arbitration proceedings are currently ongoing in India whereby the Arbitration Panel has yet to schedule a new continued hearing subsequent to the hearing on 19 April 2013.

Based on legal advice, the Consortium is of the view that the claim by KHEC is not sustainable.

(b) The Second Arbitration Proceedings

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("**Second Arbitration**") on the basis of the terms of the Joint Venture Agreement dated 13 February 2003 and the Supplemental Agreement to the Joint Venture Agreement dated 26 March 2003 respectively, entered into between the Company, Lanco Infratech Limited and KHEC whereby KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to approximately RM4.35 million) as they allege that they, despite being a 10% shareowner, received only 4.31 % out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed in an amended claim for damages and 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 Heavy Engineering and Construction Sdn Bhd 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 Heavy Engineering & Construction Sdn Bhd.

(ii) ADP-PJI Joint Venture ("ADP-PJI JV") vs PNSB

On 27 February 2009, PNSB was notified by its solicitors on the Points of Claim dated 25 February 2009 served by ADP-PJI JV on 26 February 2009 for arbitration proceedings against PNSB.

The details of the arbitration are as follows:-

- (a) By way of a Letter of Award dated 5 August 2004, PNSB awarded the design, construction, completion and commissioning of a water treatment plant ("**the Works**") for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" ("**Sabah Project**") to an unincorporated joint venture between ADP Teknologi Sdn Bhd and P.J. Indah Sdn Bhd known as ADP-PJI JV for a fixed price lump sum of RM65,161,515.01.

FURTHER INFORMATION (Cont'd)

- (b) On 26 December 2007, upon the advice of its solicitors, PNSB issued a notice determining the employment of ADP-PJI JV for, inter alia, a failure to proceed regularly and diligently with the Works. ADP-PJI JV disputed the termination and referred the matter to the Superintending Officer (S.O.) under the contract for a decision. Following the reference to the S.O. for a decision and being dissatisfied with the same, ADP-PJI JV had referred the disputes surrounding the termination of their employment to arbitration.
- (c) ADP-PJI JV via its solicitors had served a Points of Claim dated 25 February 2009 in the arbitration against PNSB via PNSB's solicitors on 26 February 2009.
- (d) The Points of Claim seeks various reliefs arising from the alleged wrongful determination of ADP-PJI JV's employment. ADP-PJI JV is claiming for the sum of RM10,080,201.31 for loss, expense and damages, disruption to progress of employment works, failure to pay the amounts certified and for works completed which have not been certified and other breaches of contract or such other sum as ADP-PJI JV may be found entitled to recover from PNSB arising from the alleged wrongful determination of ADP-PJI JV's employment.
- (e) On 27 April 2009, PNSB had served its Points of Defence and Counter Claim in the arbitration stating, among others, that PNSB has rightfully determined the employment of ADP-PJI JV due to ADP-PJI JV's breaches of the contract for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" and the failure to meet the completion date for the Sabah Project.

PNSB's Counter Claim involves amongst others, the additional costs incurred in completing the works for the Sabah Project ("**Works**"), additional costs in respect of the maintenance obligations, management and staff costs, damages, liquidated or general damages by reason of the delay in completion of the Works and overtime claim by the engineers for the purposes of construction supervision.
- (f) PNSB was notified on 1 June 2009 by its solicitors that the latter had been served with ADP-PJI JV's Reply and Defence to Counterclaim dated 28 May 2009 by the Solicitors acting for ADP-PJI JV, which in substance joins issue with PNSB's Points of Defence and Counterclaim dated 27 April 2009 and reiterates ADP-PJI JV's earlier position vide its Points of Claim dated 25 February 2009.
- (g) PNSB had on 4 November 2010 closed their case and the Arbitrator had directed for written submissions to be filed by ADP-PJI JV and PNSB by 29 January 2011 and 1 April 2011 respectively and reply, if any, to be filed by 2 May 2011.
- (h) The Arbitrator had subsequently allowed PNSB's solicitors to file in their written submission by 3 May 2011 and correspondingly, ADP-PJI JV's solicitors is required to submit their reply by 3 June 2011.
- (i) The Respondent's written submission had been filed with the Arbitrator on 3 May 2011.

On 18 February 2013, PNSB's solicitors received the Arbitrator's published Final Award dated 31 January 2013 in respect of the arbitration whereby the Arbitrator has, inter alia, decided as follows:

- (a) That the determination of the Claimants' employment under the Contract is unlawful and invalid.

FURTHER INFORMATION (Cont'd)

- (b) That the Respondent shall pay to the Claimants the sum of Ringgit Malaysia Seven Million Nine Hundred and Seventy Thousand Nine Hundred and Five and Sen Eighty Seven (RM7,970,905.87) only ("Award Sum") of which Ringgit Malaysia Three Million Five Hundred and Fifty Two Thousand One Hundred and Seven and Sen Fifty Six (RM3,552,107.56) only and Ringgit Malaysia Three Million Two Hundred and Fifty Eight Thousand and Seventy Five and Sen Seventy Five (RM3,258,075.75) only are payment for certified works and retention monies, respectively.
- (c) That the Respondent shall also pay interests to the Claimants at the rate of 8% per annum on the Award Sum from 26 December 2007. Such interests will continue to run until the actual realisation of the said payments by the Respondent.
- (d) That the Respondent shall bear and pay the Claimants' costs in the Arbitration Proceedings upon a party and party basis.
- (e) That the Respondent shall pay and bear the costs of the Award.
- (f) That all other requests and claims of the Claimants and Respondents are rejected.

On 19 March 2013, the parties have reached an amicable settlement in respect of the Final Award dated 31 January 2013. The full and final settlement sum of Ringgit Malaysia Ten Million One Hundred And One Thousand And Ninety Five And Sen Forty Three (RM10,101,095.43) only made by PNSB mutually releases and discharges the parties from all obligations and liabilities (including any claims as to interest and costs) arising under and/or in connection with the said Final Award.

(iii) **JAKS-KDEB Consortium Sdn Bhd vs Perbadanan Urus Air Selangor Berhad ("PUAS"), SYABAS and State Government of Selangor ("State Government")**

Kuala Lumpur High Court Suit No. D4-22-1452-2006

Both PUAS and SYABAS had been served with:-

- (a) A Writ of Summons and Statement of Claim dated 6 October 2006;
- (b) Ex-Parte Summons-in-Chambers dated 6 October 2006 ("**Ex-Parte SIC**") and its supporting Affidavit affirmed on 6 October 2006;
- (c) Amended Statement of Claim filed on 18 October 2006; and
- (d) An Ex-Parte Injunction Order dated 18 October 2006 ("**Ex-Parte Order**");

(hereinafter referred to as "**the Suit**") in respect of the Suit, by the solicitors of JAKS-KDEB Consortium Sdn Bhd (the "**Plaintiff**" or "**JAKS-KDEB**") on 19 October 2006.

JAKS-KDEB had commenced legal action against PUAS and SYABAS in respect of an agreement dated 25 October 2001 entered into between JAKS-KDEB and the State Government of Selangor ("**State Government**") pertaining to the supply of pipes and fittings in the State of Selangor Darul Ehsan and the Federal Territories of Kuala Lumpur and Putrajaya.

FURTHER INFORMATION (Cont'd)

Vide the Ex-Parte SIC, the Plaintiff prayed for the following:-

- (a) An order to immediately restrain PUAS and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS and/or SYABAS and/or assignees and/or successors-in-title or otherwise howsoever by injunction, be restrained from purchasing and/or obtaining and/or being given and/or dealing with and/or receiving all its requirements for the pipes (which includes straight pipes whether whole or in cut lengths of any material including but not limited to mild steel pipes) and fittings (which includes tees, bends, tapes, tapers, collars, flange adaptors, blank flanges, mechanical joints and similar accessories) in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya from any other entities except from the Plaintiff until the disposal of the Plaintiff's inter-parte application for an injunction;
- (b) An order to immediately restrain PUAS and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS and/or SYABAS and/or assignees and/or successors-in-title or otherwise howsoever by injunction, be restrained from taking any further steps in supplying and/or dealing with all of the above pipes and fittings and/or including negotiations and/or award of contracts with any other entities arising out of and in connection with the purchasing and/or obtaining and/or being given and/or receiving all of its requirements for pipes and fittings in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya until the disposal of the Plaintiff's inter-parte application for an injunction;
- (c) Costs to be costs in the cause;
- (d) That a date be fixed for the inter-partes hearing of the Plaintiff's application therein within twenty-one (21) days from the date of the Ex-Parte Order; and
- (e) Such further and other relief as the High Court deems fit.

The above prayers were allowed by the High Court on the application of the Plaintiff's Ex-Parte SIC in the absence of PUAS and SYABAS or their Solicitors being present in High Court on 18 October 2006. The Plaintiff's Ex-Parte Order was effective for a period of twenty-one (21) days from 18 October 2006 until the date of the inter-partes hearing which has been fixed on 7 November 2006.

PUAS and SYABAS deny and refute all allegations raised by the Plaintiff in the Suit and have instructed their Solicitors to file an application vide Summons in Chambers dated 1 November 2006 to set aside the Ex-Parte Order and to vigorously defend themselves against the Plaintiff's claim on the day of the inter-partes hearing fixed on 7 November 2006.

At the hearing on 7 November 2006 (the "**Hearing**"), the High Court on the application of the Plaintiff's Solicitors, allowed an adjournment of the Hearing to 17 November 2006 to enable the Plaintiff to prepare a reply affidavit to the affidavit filed by the State Government, the Third Defendant to the Suit. Subsequently, the Hearing was adjourned to 20 November 2006.

At the hearing on 20 November 2006, the High Court fixed 22 November 2006 as the date to give its decision on the Inter-Partes application for injunction. The High Court also ordered that no ad-interim order extending the Ex-Parte injunction would be granted for the period from 20 November 2006 until 22 November 2006. This means that for this period, SYABAS was free to obtain its pipe supply from any source.

FURTHER INFORMATION (Cont'd)

At the hearing on 22 November 2006, the High Court did not grant the injunction order applied for by JAKS-KDEB and instead proceeded to fix a date for the Case Management on 15 January 2007. However, the High Court had postponed the Case Management to 13 February 2007 and subsequently to 22 March 2007.

On 22 March 2007, the High Court fixed the Case Management for mention on 4 April 2007. The application by JAKS-KDEB for Discovery against PUAS and SYABAS and Inspection of SYABAS Concession Agreement was also heard on 22 March 2007 and a decision was fixed for hearing on 4 April 2007. At the hearing on 4 April 2007, the High Court allowed the application for Discovery by JAKS-KDEB against PUAS and SYABAS and accordingly, ordered the discovery and inspection of SYABAS Concession Agreement.

Upon consultation with its solicitors on the prospect of filing an appeal, SYABAS has instructed its solicitors to proceed to file an appeal with the Court of Appeal. The appeal was subsequently filed in the Court of Appeal on 3 May 2007. At the hearing on 15 July 2008 at the Court of Appeal, the Court of Appeal has dismissed SYABAS' appeal against the Order for Discovery by the High Court dated 4 April 2007 ordering disclosure of the Concession Agreement with costs. SYABAS had instructed its solicitors not to proceed with further appeal to the Federal Court. The decision was based primarily on the fact that the Federal Government and State Government did not object to the disclosure of the Concession Agreement at the High Court.

At the hearing on 3 October 2007, the High Court had allowed the application to amend the Statement of Defence, with costs and ancillary costs to be borne by PUAS and SYABAS.

In view of the dissolution of Jabatan Kawalselia Air Selangor ("JKAS") previously being the recipient of the written notification and written report as stated in High Court Order dated 22 November 2006, SYABAS had instructed its solicitors to file an application in the High Court to amend the said Order by replacing JKAS as the recipient with Suruhanjaya Perkhidmatan Air Negara ("SPAN") and the said application which was fixed for Hearing on 20 April 2009 was subsequently postponed to 19 May 2009 and 25 June 2009.

The High Court had on 6 July 2009 fixed the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 to 22 July 2009. The High Court had directed the Plaintiff to file a further Affidavit to state that the Plaintiff intends to add the Selangor State Government in the Order in view that the application is only in respect of amending the entity to SPAN.

On 22 July 2009, the High Court had at the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 allowed the addition of the words "dan/atau Kerajaan Negeri Selangor" to be added in the Order together with the word "SPAN". The addition was requested by the Plaintiff and consented by the Selangor State Legal Advisor, representing the Third Defendant.

The High Court had subsequently adjourned the matter for Hearing on 30 October 2009 as the Third Defendant intends to oppose the Plaintiff's application to amend the Statement of Claim. The Hearing was adjourned to 12 November 2009 to enable the Third Defendant to file its Affidavit in Reply to the Plaintiff's Affidavit in Reply. At the Hearing held on 12 November 2009 for the Plaintiff's application to amend the Statement of Claim, the High Court had fixed the matter for decision on 18 November 2009. At the Case Management held on 18 November 2009, the High Court had allowed the Plaintiff's application to amend the Statement of Claim and fixed the matter for further Case Management on 12 January 2010. In response, SYABAS has then filed the Amended Statement of Defence on 22 January 2010 and the matter was fixed for further Case Management on 25 March 2010.

FURTHER INFORMATION (Cont'd)

At the Case Management held on 25 March 2010, the High Court adjourned the matter to 5 April 2010 for mention to ascertain whether the matter can proceed by the way of mediation. On 5 April 2010, the High Court had adjourned the matter to 10 May 2010 for Case Management to enable the parties to comply with the High Court's directions and to fix the matter for trial since the parties were not agreeable to mediate. Further Case Management was held on 4 June 2010 and 4 August 2010 and the next Case Management was fixed on 29 September 2010. The High Court had subsequently adjourned the matter for Hearing on 12 October 2010. At the Case Management held on 12 October 2010, the High Court had fixed the trial dates on 16 December 2010, 17 December 2010, 20 January 2011 and 21 January 2011. The oral submissions will be heard on 24 January 2011 and 25 January 2011.

At the hearing on 17 December 2010, the High Court had vacated the trial date on 20 January 2011 and fixed new trial dates on 28 March 2011 to 31 March 2011. The trial date fixed on 21 January 2011 and the oral submissions dates fixed on 24 January 2011 and 25 January 2011 remain unchanged.

At the trial held on 21 January 2011, the High Court had vacated the dates previously fixed for the oral submissions on 24 January 2011 and 25 January 2011 and fixed additional dates for continued trials on 24 January 2011, 25 January 2011 and 26 January 2011. The trial dates previously fixed on 28 March 2011 to 31 March 2011 remain unchanged. At the trial held on 28 March 2011, the High Court vacated the dates on 30 March 2011 and 31 March 2011. The trial dates on 28 March 2011 and 29 March 2011 remain unchanged. The matter was fixed for further full trial on 5 May 2011, 6 May 2011, 20 May 2011, 8 June 2011, 9 June 2011 and 10 June 2011. Since the trial concluded on 9 June 2011, the trial fixed for 10 June 2011 was vacated and the matter was fixed for decision on 12 September 2011.

The High Court had on 12 September 2011 postponed the decision date for the matter to 5 October 2011 as post-trial submissions only closed on 9 September 2011. On 5 October 2011, the High Court had dismissed the plaintiff's claim against the Defendants which include PUAS and SYABAS.

On 3 November 2011, JAKS-KDEB had filed a Notice of Appeal to the Court of Appeal against the decision by the High Court on 5 October 2011.

SYABAS has been informed by its solicitors on 3 December 2012 that the Court of Appeal had fixed the matter for case management on 10 January 2013.

At the case management held on 10 January 2013, the Court of Appeal had fixed the matter for further case management on 26 February 2013 to fix the hearing date on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd.

At the case management held on 26 February 2013, the Court of Appeal fixed the matter for Hearing on 22 May 2013 on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd.

(iv) Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") vs SYABAS

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009

On 19 November 2009, SYABAS was served with a Writ and Statement of Claim ("**Statement of Claim**") dated 30 October 2009 from the solicitors acting for SPLASH.

SPLASH's claim is for the alleged outstanding amount due and owing in respect of the Supply Charge and Capacity Charge from SYABAS under the Privatisation Agreement dated 24 January 2000, Supplemental Agreement dated 3 February 2005 and the Novation Agreement dated 3 February 2005.

FURTHER INFORMATION (Cont'd)

In the Statement of Claim, SPLASH sought for, inter alia, the following:-

- (a) The sum of RM196,343,723.99 being payment for the invoices;
- (b) Interest on the sum of RM22,495,131.18 which is the Capacity Charge for the month of October 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 February 2009 until the date of full realisation;
- (c) Interest on the sum of RM23,103,687.43 which is the Capacity Charge for the month of November 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 March 2009 until the date of full realisation;
- (d) Interest on the sum of RM19,387,068.61 which is the Capacity Charge for the month of December 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 April 2009 until the date of full realisation;
- (e) Interest on the sum of RM28,283,988.12 which is the Capacity Charge for the month of January 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 May 2009 until the date of full realisation;
- (f) Interest on the sum of RM26,653,975.96 which is the Capacity Charge for the month of February 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 June 2009 until the date of full realisation;
- (g) Interest on the sum of RM27,268,760.61 which is the Capacity Charge for the month of March 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 July 2009 until the date of full realisation;
- (h) Interest on the sum of RM24,797,813.57 which is the Capacity Charge for the month of April 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 August 2009 until the date of full realisation;
- (i) Interest on the sum of RM24,353,298.51 which is the Capacity Charge for the month of May 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 September 2009 until the date of full realisation; and
- (j) Costs.

SYABAS had instructed its solicitors to defend the above claims. The solicitors of SYABAS had on 6 January 2010, filed and served SYABAS' defence to the claim filed by SPLASH dated 30 October 2009. The High Court had on 26 January 2010 fixed the case for mention on 22 February 2010 and for further case management on 25 March 2010 for SPLASH to amend the Statement of Claim. The High Court had on 30 April 2010 allowed the Plaintiff's application to amend their Writ of Summons and Statement of Claim by consent. The solicitors of SYABAS had on 18 May 2010 filed and served the Amended Defence dated 18 May 2010.

FURTHER INFORMATION (Cont'd)

On 20 August 2010, the High Court adjourned the hearing to 29 September 2010 and allowed the parties to exchange affidavits in the meantime. At the hearing on 29 September 2010, the High Court postponed the hearing for SPLASH's application under Order 33 Rule 2 for the High Court to determine preliminary issues on the construction of the proportionate payment clauses in the Novation Agreement with SYABAS, to 29 October 2010 whilst SYABAS' application to reamend the Amended Defence was allowed with costs.

At the hearing on 29 October 2010, the High Court had reserved decision of SPLASH's application to 12 November 2010.

SPLASH's application under Order 33 Rule 2 to hear the preliminary issues were allowed by the High Court on 12 November 2010 and the matter was fixed for Hearing on 10 January 2011.

At the hearing held on 29 November 2010 of the Plaintiff's application to reamend the Amended Writ of Summons and the Statement of Claim, the High Court has fixed the matter for decision on 3 December 2010. The hearing date of the Writ of Summons and the preliminary issues under SYABAS' application under Order 33 Rule 2 which was originally fixed on 10 January 2011 has been vacated and the matter was fixed for hearing on 7 January 2011. The solicitors of SYABAS had filed a notice of appeal against the decision of the High Court dated 12 November 2010 which allowed SPLASH's Application under Order 33 Rule 2 for the preliminary issues to be heard. At the hearing on 3 December 2010, the High Court had allowed the Application by the Plaintiff to reamend the Amended Statement of Claim and the matter was fixed for hearing on 7 January 2011.

At the hearing held on 7 January 2011 on the Writ of Summons and preliminary issues (Order 33 Rule 2 of the High Court), the High Court had fixed the matter for decision on 16 February 2011 and subsequently fixed for decision on 21 February 2011. The Court of Appeal had fixed the appeal for case management on 17 February 2011. The case management originally fixed on 17 February 2011 by the Court of Appeal for the appeal had been postponed to be fixed on 25 February 2011 upon application by SYABAS' solicitors pending decision by the High Court on the plaintiff's claim which had been fixed on 21 February 2011.

The SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 for the hearing of the preliminary issues had been fixed for Case Management on 22 March 2011. The High Court had brought forward the hearing date of the oral application for stay of the order pending appeal from 6 April 2011 to 29 March 2011. SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 had been adjourned to 5 April 2011.

On 30 June 2011, the Court of Appeal decided in respect of SYABAS' appeal as follows:-

- (a) Order of the High Court dated 11 December 2010 allowing the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 ("**1st Appeal**") was not allowed; and
- (b) SYABAS's appeal against the Order of the High Court SYABAS' dated 21 February 2011 (Civil Appeal W-02 (NCC) 504-2011) ("**2nd Appeal**") was allowed in part.

FURTHER INFORMATION (Cont'd)

At the hearing of SYABAS' application for a stay of execution of the Order of the High Court dated 21 February 2011 ("**Order**") on 29 March 2011, the High Court extended the order for stay of execution of the Order (excluding the taking of accounts) until the disposal of the appeal. SPLASH was granted liberty by consent to apply to set aside the stay should there be any delay in the disposal of the appeal beyond 7 May 2011. The stay of execution does not prevent SPLASH from applying for accounts of all payments due before the Registrar as there is no stay of the proceedings.

The High Court had on 21 February 2011 declared that SYABAS must pay in full and not proportionately and subsequently ordered an account of all payments due to SPLASH in respect of invoices issued after the date of the writ to be taken before the Deputy Registrar of the New Commercial Court on a date to be fixed. The High Court had ordered SYABAS to pay lump sum costs of RM30,000.00 in respect of the Reamended Writ of Summons and the Statement of Claim in lieu of taxation to the plaintiff and also granted SYABAS an interim stay on enforcement of the Judgement until 6 April 2011 pending full argument on stay on merits. The solicitors of SYABAS had filed a Notice of Appeal on 22 February 2011 at the Court of Appeal against the Decision of the High Court dated 21 February 2011.

The matter which came up for Case Management on 25 February 2011 at the Court of Appeal, was fixed for further Case Management on 22 March 2011, pending the filing of the Records of Appeal for the appeal dated 22 February 2011 against the Decision of the High Court dated 21 February 2011. The appeal against the Decision of the High Court on 21 February 2011 fixed for Case Management on 29 March 2011 was subsequently adjourned to 5 April 2011. The Court of Appeal had fixed the hearing of SYABAS' appeals against the Orders of the Rules of High Court and the decision of the High Court on 21 February 2011, on 30 May 2011 and the written submissions to be filed by 16 May 2011. The written submissions date was changed from 16 May 2011 to 14 June 2011.

The earlier hearing date fixed on 30 May 2011 was vacated.

On 27 May 2011, a sealed copy of the Plaintiff's Summon in Chambers for the hearing of the taking of the accounts pursuant to the Decision of the High Court dated 21 February 2011 was served on SYABAS' solicitors and the matter was fixed for hearing on 9 June 2011. On 8 June 2011, SYABAS' solicitors were informed by the Plaintiff's solicitors that the High Court had approved the Plaintiff's application to adjourn the hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 to 24 June 2011. The original hearing date fixed on 9 June 2011 was vacated. The hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 was adjourned to 1 July 2011 for continuation of hearing. At the High Court hearing held on 1 July 2011 of the Plaintiff's application for the taking of accounts of all payments due from the Defendant on all invoices issued after the date of the amended Writ of Summons, the Plaintiff's application was withdrawn with no order as to costs in view of the decision of the Court of Appeal on 30 June 2011.

At the mention on 15 July 2011 at the High Court, the Plaintiff withdrew the application to remove the stay of execution of the Order dated 21 February 2011 with no order as to costs. In respect of the application for interim payment, after hearing counsel for both parties, the Judge fixed the said application and any other application that may be filed for hearing on 22 July 2011. On 20 July 2011, SYABAS' solicitors was served with a Summons in Chambers dated 19 July 2011 ("**SIC**") by the Plaintiff's solicitors, an application by the Plaintiff for a consequential order for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011. SYABAS had on 21 July 2011 filed its Affidavit pursuant to the SIC. At the hearing held on 22 July 2011, the High Court fixed the mention on 19 August 2011 for the parties to seek clarification from the Court of Appeal on the Court of Appeal's decision dated 30 June 2011.

FURTHER INFORMATION (Cont'd)

The matter was fixed for further mention on 20 September 2011 pending the disposal of the motion of SPLASH to the Court of Appeal (filed on 2 August 2011) for clarification of the Order of the Court of Appeal dated 30 June 2011. On 28 July 2011, SYABAS' solicitors were notified by SPLASH's solicitors that the latter intend to file a Notice of Motion for leave to appeal to the Federal Court against the part of decision of the Court of Appeal which was not in their favour. Counsels have perused the Notice of Motion have filed the affidavit to oppose SPLASH's application.

At the case management on SPLASH's Notice of Motion held on 11 August 2011, the Federal Court fixed the matter for hearing on 17 October 2011. The hearing of SPLASH's application for leave to appeal to the Federal Court against the decision of the Court of Appeal of 30 June 2011 which was fixed for 17 October 2011 was vacated. The court has fixed the application for case management on 3 November 2011. At the case management held on 3 November 2011 and upon the request of SPLASH's solicitors, the Federal Court had fixed the next case management on 6 December 2011 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

The Federal Court had at the case management held on 6 December 2011 fixed the matter for further case management on 30 January 2012 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

At the case management held on 30 January 2012, the Federal Court had fixed the matter for further case management on 23 February 2012 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

On 13 February 2012, the Plaintiff's solicitors informed the Court of Appeal that the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 was fixed for hearing on 20 February 2012.

At the hearing held on 20 February 2012 on the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 ("**Order**"), the Court of Appeal had:-

- (a) allowed the Order to be amended so that the relevant parts of the Order will read as:-

"Appeal is allowed in part. Order of the High Court is set aside except the declaration in paragraph 1 of the Order is affirmed subject to the deletion of the words "tanpa mengambil kira keupayaan Defendan untuk membayar kepada Plaintiff jumlah secara penuh" with no order as to costs".

- (b) not made any Order on the Motion by SPLASH for clarification.

At the hearing held on 21 February 2011 on the Plaintiff's two (2) Motions namely, the applications for Interim Payment and Consequential Orders, the Plaintiff had withdrawn their motion for the Interim Payment. The High Court had fixed the hearing for the Consequential Order on 29 March 2012.

FURTHER INFORMATION (Cont'd)

On 29 August 2011, SYABAS' solicitors served a sealed copy of SPLASH'S Notice of Motion and Affidavit in Support which was affirmed on 3 August 2011. The motion for clarification of the decision of the Court of Appeal on 30 June 2011 fixed for hearing on 22 September 2011 has been adjourned to 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The matter was fixed for mention on 27 October 2011. The Kuala Lumpur High Court allowed the application by Splash to adjourn the hearing on 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The applications by SPLASH's for Consequential Orders and Interim Payment were fixed for hearing on 27 October 2011.

On 27 October 2011, the Court has fixed both SPLASH's application for Consequential Orders and Interim Payment for Mention on 31 October 2011 to fix a new hearing date. SPLASH's applications for Consequential Orders and Interim Payment came up for Mention on 31 October 2011 and were fixed for Hearing on 21 February 2012.

On 21 November 2011, SYABAS' solicitors informed that the Court of Appeal had fixed the Case Management for the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011 on 22 November 2011. At the Case Management held on 22 November 2011 for the Plaintiff's application on the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011, the Court of Appeal had informed that the Court will write to the parties once the hearing date is fixed.

At the case management held on 23 February 2012 pursuant to the motion by SPLASH for leave to appeal to the Federal Court, the Federal Court had fixed the matter for hearing on 10 May 2012.

At the hearing held on 29 March 2012 on the Plaintiff's application for a Consequential Order, the High Court had allowed the Plaintiff to withdraw its application and order for the application with loss of RM15,000 to be awarded to SYABAS.

On 10 May 2012, the Federal Court has postponed the hearing of SPLASH's motion for leave to appeal to the Federal Court to 9 August 2012.

The hearing scheduled to be held on 9 August 2012 for SPLASH's motion for leave to appeal to the Federal Court had been adjourned as the Court of Appeal has not provided the written grounds of Judgement. The Federal Court will write to the parties to fix the matter for Case Management and, subject to the availability of the written grounds of Judgement, another date would be fixed to hear the motion.

At the case management held on 22 October 2012, the Federal Court had fixed the Motion for Leave to appeal for Hearing on 28 February 2013.

On 28 February 2013, the Federal Court unanimously dismissed the application filed by SPLASH for leave to appeal against the decision of the Court of Appeal, with cost of RM20,000 awarded to SYABAS. The Motion for Leave was filed by SPLASH against the decision of the Court of Appeal given on 30 June 2011 which had earlier allowed SYABAS' appeal against the decision of the High Court. By the Federal Court decision, the decision of the Court of Appeal recognizing SYABAS' right to pay SPLASH on a proportionate basis was upheld by the Federal Court.

FURTHER INFORMATION (Cont'd)

(v) SYABAS vs State Government**Kuala Lumpur High Court Originating Summons No. D-24NCC-388-2010**

On 10 November 2010, SYABAS has instituted legal proceedings against Kerajaan Negeri Selangor ("State Government") at the High Court in Kuala Lumpur vide Originating Summons No: D-24NCC-388-2010 which was supported by an affidavit in support dated 9 November 2010. In the said Originating Summons, SYABAS is seeking the following relief:-

- (a) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM471,642,916.00 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 December 2009;
- (b) That the State Government do pay the said sum of RM471,642,916.00 to SYABAS forthwith upon making of this Order;
- (c) Costs of the action to be paid by the State Government to SYABAS in any event; and
- (d) Such further or other relief or remedy as the Court shall deem just.

On 18 November 2010, the Originating Summons and the affidavit in support were served on the State Government. On 25 November 2010, the State Government's solicitors entered appearance on behalf of the State Government. The matter came up for case management on 2 December 2010 where the High Court allowed the State Government's solicitors' request for a 2 week extension of time to file the State Government's affidavit in reply and thereafter adjourned the matter for further case management on 16 December 2010. On the case management date 16 December 2010, the State Government's affidavit in reply dated 15 December 2010 was served on SYABAS' solicitors. The High Court then directed SYABAS to file its affidavit in reply by 31 December 2010 and further fixed the matter for Hearing on 11 February 2011.

The High Court also directed parties to file their respective submissions by 8 February 2011. The High Court also informed that parties may agree between themselves any extension of time for filing of affidavits provided that the hearing date is not affected. In this regard, the State Government's solicitors agreed to SYABAS filing the affidavit in reply by 10 January 2011.

On 10 January 2011, SYABAS' solicitors filed SYABAS' Affidavit in Reply dated 10 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 24 January 2011, the State Government's affidavit in reply dated 24 January 2011 was served on SYABAS' solicitors. On 2 February 2011, SYABAS' solicitors filed SYABAS' affidavit (3) dated 28 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 7 February 2011, the State Government's solicitors served on SYABAS' solicitors a summons in chambers dated 7 February 2011 ("**State Government's application**") for inter alia, an Order to convert the Originating Summons into a writ action or alternatively that the State Government be given leave to cross-examine the deponent of SYABAS' affidavits, which was fixed for hearing on 11 February 2011. On 8 February 2011, SYABAS' solicitors filed the written submission for the Originating Summons. On 10 February 2011, SYABAS' solicitors filed SYABAS' affidavit dated 10 February 2011 in Court and served a copy of the same on the State Government's solicitors to oppose the State Government's application. On 23 February 2011, the State Government filed their Affidavit in Reply dated 23 February 2011 and served a copy of the same on SYABAS' solicitors, in reply to SYABAS' Affidavit dated 10 February 2011 in relation to the State Government's application.

FURTHER INFORMATION (Cont'd)

On 11 February 2011, the High Court decided to hear the State Government's application first and fixed it for clarification/decision on 28 February 2011. As for the Originating Summons, the High Court fixed the matter for case management on 28 February 2011 immediately after the clarification and/or decision in respect of the State Government's application.

On 28 February 2011, the High Court allowed the State Government's application to convert the Originating Summons into a writ action. The matter was fixed for case management on 16 March 2011. The matter was fixed for further Case Management on 30 March 2011 pending the State Government's official response on its stand in respect of SYABAS' claim for compensation and tariff adjustment. The current judge for the case had recused himself from hearing the case any further. The matter was fixed for case management before a new judge on 11 April 2011 which subsequently upon written request by SYABAS' solicitors, was rescheduled to 12 April 2011.

The matter came up for Case Management for the first time before NCCI High Court Judge on 12 April 2011. The parties informed the learned Judge that they are working out the mechanics of the proposed hearing. The learned Judge then fixed a further case management date on 6 May 2011.

The Court has fixed the matter for further case management on 10 May 2011 to enable the defendant's leading counsel to attend the same. The Court has further fixed the case management on 27 May 2011 pending the defendant's filing of an application to join the Federal Government as a party to the proceedings. As the defendant had decided not to bring in the Federal Government as a party to the proceedings, the case management on 27 May 2011 was fixed for further case management on 28 June 2011 for SYABAS to take instruction on the mode of action and pleadings.

At the case management held on 28 June 2011, the High Court allowed SYABAS' application to withdraw with liberty to file afresh by way of a writ of summons with no order as to costs. The withdrawal of the suit by SYABAS with liberty to file afresh with no order as to costs are for the following reasons:-

- (a) It was the defendant's application to convert the originating summons to a writ;
- (b) It will be more appropriate in the circumstances to have proper pleadings rather than the present affidavit form;
- (c) The plaintiff still intends to proceed with the claim by way of a fresh writ action.

(vi) SYABAS vs State Government

Kuala Lumpur High Court Civil Suit No: 22NCC-1478-09/2011

On 8 September 2011, SYABAS has instituted legal proceedings against the State Government via the filing of a Writ and Statement of Claim at the High Court for a sum of RM1,054,208,382 being compensation from 1 January 2009 to 31 March 2011 from the State Government under the term of the Concession Agreement dated 15 December 2004 between SYABAS, the Federal Government and the State Government.

In the Statement of Claim, SYABAS is praying for the following Orders:-

- (a) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM1,054,208,382.00 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 March 2011;

FURTHER INFORMATION (Cont'd)

- (b) That the State Government do pay the said sum of RM1,054,208,382.00 to SYABAS forthwith upon making of the Order;
- (c) Costs of the action be paid by the State Government to SYABAS in any event; and
- (d) Such further or other relief or remedy as the Court shall deem just.

At the case management held on 10 October 2011, the State Government's solicitors informed the High Court that the Memorandum of Appearance was filed on 30 September 2011 and an application for leave to file defence was filed in the Kuala Lumpur High Court on 10 October 2011. The Court then fixed a further case management on 4 November 2011 for further directions. On 14 October 2011, the Court allowed the defendant to file the defence latest by 4 November 2011 and the plaintiff to file the Reply latest by 18 November 2011.

The Court maintained the case management scheduled on 4 November 2011 to monitor the progress of the suit. On 4 November 2011, the State Government's solicitors informed the Court that the Defence was filed on 4 November 2011. The Court directed SYABAS to file the notice to attend pre-trial case management after filing the Reply by 18 November 2011. The Court fixed the next case management on 29 November 2011.

On 21 November 2011, SYABAS' Reply had been filed in the High Court and served on the defendant's solicitors on 18 November 2011.

At the case management held on 29 November 2011, the High Court had fixed a further case management on 14 December 2011 for SYABAS to file the notice to attend pre-trial case management upon the close of pleadings and for the State Government to apply for leave to issue a third party notice against the Federal Government.

The matter which came up for case management on 14 December 2011 was fixed for mention on 23 December 2011 in order to fix a hearing date for the defendant's application for leave to issue a Third Party Notice against the Federal Government, which was filed in Court on 14 December 2011.

At the mention held on 23 December 2011, the Federal Government had objected to the defendant's application for leave to issue a Third Party Notice against the Federal Government. The High Court had fixed the matter for another case management on 26 January 2012 and hearing on 16 February 2012.

At the case management held on 26 January 2012 for the defendant's application to issue a third party notice (in Enclosure 13), the High Court had fixed 8 February 2012 for the Plaintiff to file in an affidavit in reply to the defendant's affidavit dated 25 January 2012 and further fixed 13 February 2012 for parties to file their respective submissions simultaneously. The hearing date previously fixed on 16 February 2012 was maintained.

At the hearing held on 16 February 2012, the Defendant's application for leave to issue a Third Party Notice against the Federal Government ("**Application**"), the High Court had allowed the Defendant's Application with no order as to cost and had further fixed the matter for case management for Third Party Direction on 5 March 2012, and trial of the main suit on 29 May 2012 and 30 May 2012 respectively.

On 5 March 2012, the Kuala Lumpur High Court had fixed the matter for case management on 28 March 2012 to allow the State Government and the Federal Government to file and serve their respective pleadings in the third party proceedings.

FURTHER INFORMATION (Cont'd)

On 28 March 2012, the Kuala Lumpur High Court had fixed the matter for further case management on 17 April 2012 to allow the parties to finalise the issues to be tried, bundle of documents and list of witnesses. The High Court had also fixed two (2) further trial dates for the matter on 14 June 2012 and 15 June 2012 in addition to the 29 May 2012 and 30 May 2012 which had been fixed earlier. The High Court had rescheduled the case management for application of the Defendant to 27 April 2012 which was subsequently adjourned to 30 April 2012.

The Kuala Lumpur High Court had fixed the matter for further case management on 8 May 2012 and 15 May 2012.

At the case management held on 15 May 2012 which was heard together with the hearing fixed for the application to amend the Statement of Claim filed by SYABAS on 14 May 2012, the Kuala Lumpur High Court had fixed a further hearing date on 22 May 2012 to allow the parties to file and serve their respective affidavits. The case management is also fixed on the same date.

At the case management held on 22 May 2012 evening on the application to amend the Statement of Claim filed by SYABAS, the High Court had adjourned the matter to 25 May 2012 for decision.

On 25 May 2012, the High Court had adjourned the decision on the application to amend the Statement of Claim filed by SYABAS to 29 May 2012 to allow the parties to further deliberate and submit on the matter. The trial dates fixed on 29 May 2012 and 30 May 2012 as announced earlier have been vacated for the aforementioned purpose. The trial dates fixed on 14 June 2012 and 15 June 2012 remain unchanged.

On 29 May 2012, the High Court had allowed the application to amend the Statement of Claim filed by SYABAS and further fixed the matter for case management on 14 June 2012. The trial dates of 14 June 2012 and 15 June 2012 as announced previously have been vacated.

The High Court has further fixed 4 September 2012, 6 September 2012 and 7 September 2012 as the new trial dates.

At the case management held on 14 June 2012, the High Court had fixed three (3) additional trial dates on 30 October 2012, 31 October 2012 and 1 November 2012 respectively. The High Court had further directed the parties to file additional bundle of documents (if any) and the issues to be tried on or before 31 July 2012, and their respective witness statements one (1) week before the trial.

On 22 June 2012, the Defendant has filed an appeal to the Court of Appeal against the Order dated 29 May 2012 of the High Court allowing the Plaintiff's application to amend the Statement of Claim.

On 28 June 2012, the Court of Appeal had fixed the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, for Case Management on 12 July 2012.

At the case management held on 12 July 2012 for the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, the Court of Appeal had fixed the matter for further case management on 14 August 2012 for further direction.

The Court of Appeal had also directed the Defendant to file in the Record of Appeal by 9 August 2012.

FURTHER INFORMATION (Cont'd)

On 14 August 2012, the Court of Appeal had fixed the hearing for the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim on 8 October 2012. The Court of Appeal also directed the parties to file their respective written submission on or before 24 September 2012.

The Kuala Lumpur High Court had via letter dated 13 August 2012 fixed the matter for case management on 16 August 2012.

At the case management held on 16 August 2012, the solicitors for the Defendant had requested for the trial dates on 4 September 2012, 6 September 2012 and 7 September 2012 to be vacated pending disposal of the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim ("**Appeal**"). The Appeal is fixed for hearing at the Court of Appeal on 8 October 2012, as previously announced by the Company on 14 August 2012.

The High Court agreed to vacate the trial dates on 4 September 2012 and 7 September 2012. The witness for SYABAS will give evidence in chief on 6 September 2012. The trial will continue on 30 October 2012, 31 October 2012, and 1 November 2012 respectively. The parties were to file their respective witness statements one (1) week before the commencement of the trial.

The trial held on 6 September 2012 had been adjourned to 30 October 2012, 31 October 2012 and 1 November 2012, the trial dates previously fixed and announced on 17 August 2012, pending the Plaintiff and the Third Party to file in their respective supplementary/fresh witness statements.

At the hearing held on 8 October 2012 for the State Government's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim ("**Appeal**"), the Court of Appeal had allowed the Appeal with costs.

On 15 October 2012, SYABAS' solicitors had filed a motion for leave at the Federal Court to appeal against the decision made by the Court of Appeal dated 8 October 2012. The Federal Court had also fixed the motion for hearing on 23 October 2012.

At the hearing held on 23 October 2012, the Federal Court had granted leave to SYABAS to appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012 ("**Appeal**"). The Federal Court had also directed for an early date to be fixed for the hearing of the Appeal. Pursuant to the leave granted by the Federal Court, SYABAS will instruct its solicitors to proceed with filing of the relevant notice of appeal and appeal record.

In view of the fact that the Federal Court had on 23 October 2012 granted leave to SYABAS to appeal to the Federal Court against the decision dated 8 October 2012 of the Court of Appeal (which allowed the defendant's appeal against the decision of the High Court on 29 May 2012 granting leave to SYABAS to amend its claim), the High Court had on 30 October 2012 adjourned the trial fixed for 30 October 2012, 31 October 2012 and 1 November 2012 pending the outcome of SYABAS' appeal to the Federal Court. The High Court had fixed new trial dates on 11 January 2013, 13 February 2013, 14 February 2013 and 15 February 2013 and also fixed case management on 17 December 2012 for the parties to inform the Kuala Lumpur High Court on the outcome of SYABAS' appeal to the Federal Court.

On 20 November 2012, the Federal Court had fixed SYABAS' appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012, for case management on 22 November 2012.

FURTHER INFORMATION (Cont'd)

At the case management held on 22 November 2012, the Federal Court had fixed 10 December 2012 for further case management pending the extraction of the notes of evidence and the grounds of judgment delivered by the Court of Appeal on 8 October 2012.

At the case management held on 10 December 2012, the Federal Court had fixed 31 January 2013 for hearing of the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 17 December 2012, the High Court had vacated the trial date fixed on 11 January 2013 and maintained the trial dates on 13 February 2013, 14 February 2013 and 15 February 2013.

The High Court had also fixed the case management on 4 February 2013 for the parties to inform KLHC on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 31 January 2013.

On 31 January 2013, the hearing for the appeal against the decision delivered by the Court of Appeal on 8 October 2012 had been vacated by the Federal Court to a date to be fixed in due course following re-arrangement of cases by the Federal Court.

On 4 February 2013, the Federal Court had fixed 6 February 2013 as the hearing date for the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 4 February 2013, the High Court ("KLHC") had vacated the Trial dates fixed on 13 February 2013, 14 February 2013 and 15 February 2013, as announced previously, on the request made by the Defendant's Solicitors. KLHC had fixed the new Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013.

KLHC had also fixed the case management on 15 February 2013 for the parties to inform KLHC on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 6 February 2013.

At the hearing held on 6 February 2013, the Federal Court had allowed the appeal made by SYABAS against the decision delivered by the Court of Appeal on 8 October 2012, which earlier dismissed SYABAS' application to amend the Statement of Claim and awarded cost to SYABAS.

The High Court postponed the case management fixed on 15 February 2013 to 28 February 2013.

At the case management held on 28 February 2013, High Court has maintained the Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013, as previously announced.

The High Court had via a letter dated 8 April 2013 vacated the Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013, as announced previously and has now rescheduled the Trial to 2 September 2013, 3 September 2013, 4 September 2013, 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013 accordingly.

FURTHER INFORMATION (Cont'd)

(vii) Konsortium ABASS Sdn Bhd ("Konsortium ABASS") vs SYABAS**Kuala Lumpur High Court Civil Suit No: 22NCC-543-2011**

SYABAS had been served with a Writ and Statement of Claim ("**Statement of Claim**") dated 28 March 2011 from the solicitors acting for ABASS on 30 March 2011.

In the Statement of Claim, ABASS is claiming against SYABAS for, inter alia, the following:-

- (a) A declaration that SYABAS is liable to make full payment on all invoices issued by ABASS pursuant to the Privatization Cum Concession Agreement dated 9 December 2000, the Supplemental Agreements dated 10 February 2001, 28 August 2001 and 15 February 2005 and the Novation Agreement dated 15 February 2005 particularly in accordance to Section 4.04 (c) of the Novation Agreement and that SYABAS' liability to make payment in full is not in any way diminished or mitigated by reason of its right to make proportionate payment to the water concessionaires;
- (b) Judgment for the sum of RM149,478,553.02;
- (c) An account of all payments due to ABASS in respect of invoices issued after the date of the Writ herein be taken by the Honourable Court and an order that SYABAS do pay ABASS all such sums found to be due on the taking of such account;
- (d) Interest on the outstanding amount of the invoices for the months from January 2010 to October 2010 at the rate of 1 % per annum plus the base lending rate of Malayan Banking Berhad calculated on daily basis until the date of full payment by SYABAS;
- (e) Interest on the outstanding amount of the previous outstanding invoices for the months from June 2006 to December 2009 in the sum of RM6,218,522.57;
- (f) Alternative to prayers (3) and (4) above, interest at the rate of 8 % per annum on the outstanding amount of each of the outstanding invoices to be calculated from the respective due date until the date of full payment by SYABAS;
- (g) Damages for breach of contract; and
- (h) Costs.

SYABAS was required to enter appearance within eight (8) days from 30 March 2011 and the Court fixed the matter for Case Management on 12 April 2011.

SYABAS' solicitors filed the Memorandum of Appearance in relation to the Suit on 4 April 2011 and the same had been served on the Plaintiff's solicitors on 5 April 2011.

The High Court fixed the matter for Case Management on 12 April 2011. At the Case Management on 12 April 2011, the High Court fixed a further Case Management on 30 May 2011 in order for SYABAS to file its Defence latest by 6 May 2011 and for ABASS to file its reply (if any).

SYABAS' Defence and Counterclaim had been filed in Court and a copy thereof served on the solicitors of Konsortium Abass respectively, on 6 May 2011.

The matter came up for Case Management on 30 May 2011 and the Court has fixed 7 July 2011 for Mention pending SYABAS' reply to the Plaintiff's Reply & Defence to counterclaim.

FURTHER INFORMATION (Cont'd)

At the Case Management held on 7 July 2011, the Court fixed the next Case Management on 29 July 2011 for the defendant to file a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and also for the defendant to serve the application for leave to issue a third party notice on the relevant parties.

At the Case Management on 29 July 2011 the High Court fixed a further Case Management date on 26 August 2011 to fix a hearing date for the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and also for the defendant's application for leave to issue a third party notice on the relevant parties.

On 29 July 2011, SYABAS had filed a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and had served the application for leave to issue a Third Party Notice on the relevant parties.

The High Court has further fixed 19 August 2011 for the plaintiff to file a reply affidavit and for SYABAS to reply, if any, on 26 August 2011. The High Court has also fixed a further Case Management date on 26 August 2011 for the High Court to fix a hearing date and on 11 August 2011, the High Court also fixed 26 August 2011 for the plaintiff to file its reply affidavit in respect of the plaintiff's application pursuant to Order 33 Rule 2 and also the defendant's application for leave to issue a third party notice. On the same case management date, the defendant is to inform the High Court whether it wishes to file any further affidavits in respect of the three (3) applications.

At the case management held on 26 August 2011, the High Court has fixed the next case management on 26 September 2011 for the defendant to file its reply affidavits and for the parties to exhaust all their affidavits in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 26 September 2011, the High Court has fixed the next case management on 5 October 2011 to fix a hearing date in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 5 October 2011, the High Court has fixed the hearing on 21 October 2011 in respect of the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim and further fixed the hearing on 21 November 2011 in respect of the plaintiff's application pursuant to Order 33 Rule 2.

FURTHER INFORMATION (Cont'd)

On 21 October 2011, the High Court has fixed 31 October 2011 for Decision in respect of the defendant's application for leave to issue a third party notice and the defendant's application to amend the Defence and Counterclaim. On 31 October 2011, the Court was postponed the Decision in respect of the defendant's applications for leave to issue a third party notice and the application to amend the Defence and Counterclaim to 3 November 2011. The High Court had on 3 November 2011 allowed both the defendant's application for leave to issue a third party notice and the application to amend the Defence and counterclaim. The High Court fixed a further case management date on 17 November 2011 to enable the defendant to serve the third party notice on the State Government of Selangor and to deliver the Amended Defence and Counterclaim. The plaintiff had appealed to the Judge in chambers against the decisions of the High Court to allow SYABAS' application for leave to issue a third party notice and application to amend the Defence and counterclaim. The Court has fixed both appeals for hearing on 23 November 2011.

Pursuant to the Third Party (Selangor State Government) filing the memorandum of appearance on 17 November 2011, the matter is now fixed for further case management on 23 November 2011 for SYABAS to file the Summons for Third Party Directions. On 21 November 2011, the High Court had adjourned the hearing for the Plaintiff's application pursuant to Order 33 Rule 2 to 13 January 2012.

At the hearing held on 13 January 2012, pursuant to the Plaintiff's application for trial of the preliminary issues pursuant to Order 33 Rule 2, the High Court had adjourned the matter pending the disposal of the hearing of the motion for clarification by SPLASH at the Court of Appeal and the leave to appeal at the Federal Court. The case was fixed for mention on 13 February 2012.

The plaintiff's Notices of Appeal to the Judge in chambers against the decisions of the High Court on 3 November 2011 came up for hearing on 23 November 2011. After hearing submission from the counsel, the High Court adjourned the matter for decision on 8 December 2011. At the case management held on 23 November 2011, the High Court was informed that the Summons for Third Party Directions was filed on 23 November 2011 and the matter was fixed for hearing on 30 November 2011.

At the hearing held on 30 November 2011, for the Summons for Third Party Directions, the Kuala Lumpur High Court ordered that:-

- (a) The defendant serve its Statement of Claim on the Third Party within fourteen (14) days from 30 November 2011, who shall plead thereto within fourteen (14) days;
- (b) The Third Party be at liberty to appear at the trial of this action and take such part as the Judge shall direct, and be bound by the result of the trial;
- (c) The question of liability of the Third Party to indemnify the defendant be tried at the trial of this action, but subsequent thereto; and
- (d) The costs of this application be costs in the cause and in the Third Party proceedings.

The High Court had fixed a further case management on 5 January 2012.

On 8 December 2011, the High Court had dismissed the plaintiff's Notices of Appeal against the decisions dated 3 November 2011 in allowing the defendant's application to issue a third party notice and to amend the Defence and counterclaim, with costs awarded to the defendant.

SYABAS' Statement of Claim on the Third Party was filed in Court and served on the plaintiff's and Third Party's solicitors on 14 December 2011.

FURTHER INFORMATION (Cont'd)

At the case management held on 5 January 2012, the Court had fixed the next case management on 20 January 2012 for the defendant to file a reply to the Third Party's defence.

At the case management held on 20 January 2012, the High Court had fixed the trial dates tentatively on 19 March 2012 to 21 March 2012. The High Court also fixed the case management for the matter on 13 February 2012, 5 March 2012 and 12 March 2012, pending the outcome of the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 which was fixed for mention on 13 February 2012.

The Defendant had been served with a sealed copy of the State Government's application to set aside the Third Party notice and statement of claim by the Defendant on 2 February 2012. The application was fixed for case management on 13 February 2012.

At the case management held on 13 February 2012 in relation to the State Government's application to set aside the Third Party notice and Statement of Claim by the Defendant, the High Court had fixed the matter for further case management on 5 March 2012.

At the case management held on 13 February 2012 in relation to the State Government of Selangor's application to set aside the Third Party notice and Statement of Claim by the Defendant, the High Court had fixed the matter for further case management on 5 March 2012. At the case management held on 5 March 2012, as the Judge had recused himself, the High Court would transfer the matter to another court and inform the Parties once new dates are fixed for the said matter. The Company's solicitors had on 15 March 2012 informed that the High Court had by way of letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter was fixed for case management on 16 March 2012. At the case management held on 16 March 2012, the High Court had fixed the matter for further case management on 20 April 2012.

In the PNHB's earlier separate announcements on the SPLASH case (KL High Court Civil Suit No. D-22NCC-398-2009), the Court of Appeal had fixed 20 February 2012 for clarification of its decision dated 30 June 2011 and that the application for leave by SPLASH to appeal to the Federal Court arising from the decision of the Court of Appeal dated 30 June 2011 had been fixed for case management on 23 February 2012 at the Federal Court.

At the mention held on 13 February 2012, the High Court had adjourned the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 to 5 March 2012, pending the clarification at the Court of Appeal and the case management at the Federal Court in the SPLASH case. On 5 March 2012, the learned Judge recused himself from hearing the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2. Accordingly, the case will be referred for transfer to another court and a new date to be advised by the High court Registry in due course. The trial dates tentatively fixed from 19 March 2012 to 21 March 2012 had been vacated.

The High Court had by way of a letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter is fixed for Case Management on 16 March 2012 which was subsequently further fixed to 20 April 2012.

FURTHER INFORMATION (Cont'd)

On 20 April 2012, the parties informed the Court that they have no objection that the learned Judge is hearing the matter. The Court directed as follows:-

- (a) The application by the Third Party Notice and the Statement of Claim against the Third Party is fixed for Hearing on 28 June 2012 with submissions in reply (if any) to be filed on or before 15 June 2012; and
- (b) The Plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 is fixed for Hearing on 10 August 2012.

The Plaintiff's application for Interim Payment is fixed for Mention on 10 August 2012.

On 28 June 2012, the High Court had fixed the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party for further hearing on 3 July 2012.

At the hearing held on 3 July 2012 in relation to the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party, the High Court had adjourned the matter to 31 July 2012 for decision.

On 31 July 2012, the High Court had allowed the Third Party's application to set aside the Third Party Notice and the Statement of Claim issued against the Third Party by the Defendant with costs of RM10,000.00 and SYABAS is currently taking legal advice on whether to appeal the decision to the Court of Appeal.

SYABAS' solicitors had on 2 August 2012 filed the Notice of Appeal at the Court of Appeal against the decision by the High Court on 31 July 2012 to allow the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party.

At the hearing held on 10 August 2012 on the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 ("**Application**"), the High Court had adjourned the Application for continued hearing on 23 August 2012 and had also fixed the Application for decision on 3 September 2012. The High Court had also at the mention held on 10 August 2012 on the plaintiff's application for Interim Payment fixed the next mention on 3 September 2012.

On 3 September 2012, the High Court had allowed the Plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 with costs in the cause with directions. The High Court had further fixed the matter for case management on 5 September 2012 to fix trial dates. The High Court had at the mention held on 3 September 2012 on the plaintiff's application for Interim Payment, fixed the matter for case management on 5 September 2012.

At the case management held on 5 September 2012 on the Plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2, SYABAS' solicitors informed the High Court that by a Notice of Assignment dated 15 August 2012, SYABAS was informed by the Plaintiff that by a Deed of Assignment dated 10 August 2012, the Plaintiff had assigned to Maybank Investment Bank Berhad its rights title and interest under the Novation Agreement dated 15 February 2005 and in view of this latest development, SYABAS will be making an application to re-amend its defence and counterclaim.

The High Court had adjourned the case management of the action and the Plaintiff's application for Interim Payment to 2 October 2012, pending filing of SYABAS' application to re-amend its defence and counterclaim.

FURTHER INFORMATION (Cont'd)

At the case management held on 13 September 2012, the Court of Appeal had fixed the matter in relation to the appeal made by SYABAS against the decision by the Kuala Lumpur High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, for hearing on 27 November 2012. The Court of Appeal also directed that the appeal record be filed on or before 27 September 2012.

On 2 October 2012, the High Court had fixed 8 November 2012 for hearing of SYABAS' application to re-amend its defence and counterclaim to enable parties to exhaust the filing of affidavits and fixed the next case management of the action and the plaintiff's application for Interim Payment on 8 November 2012.

On 8 November 2012, the High Court had allowed SYABAS' application to re-amend its defence and counterclaim with costs in the cause. The High Court had directed SYABAS to re-amend its defence and counterclaim within seven (7) days. The High Court had given the plaintiff the liberty to make consequential amendments to its amended reply to defence and defence to counterclaim within fourteen (14) days from the date of service of SYABAS' re-amended defence and counterclaim.

The High Court also fixed the trial dates on 22 April 2013, 23 April 2013 and 24 April 2013 and case management of the action and the plaintiff's application for Interim Payment on 30 November 2012.

On 26 November 2012, following the application made by the counsel of Selangor State Government to the Court of Appeal on 20 November 2012, SYABAS' solicitors were informed by the counsel of Selangor State Government vide a letter dated 23 November 2012 that the Court of Appeal had granted adjournment and vacated the hearing fixed on 27 November 2012 in relation to the appeal made by SYABAS against the decision of the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, to a date to be fixed by the Court of Appeal in due course.

At the case management held on 30 November 2012, the High Court had fixed further case management on 4 January 2013 for the Plaintiff's application for Interim Payment and the Plaintiff to file the Re-amended Reply and Defence to counter claim.

On 7 December 2012, SYABAS has been informed by its solicitors on even date that the Court of Appeal had fixed the hearing for appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party on 7 January 2013.

At the case management held on 4 January 2013, the High Court had fixed 12 March 2013 for the following:

- (a) Case management for the Plaintiff's application for Interim Payment;
- (b) Hearing for SYABAS' application to strike out the Plaintiff's claim; and
- (c) Case management of the main action.

The Court of Appeal had adjourned the hearing fixed on 7 January 2013 for the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party to 21 January 2013.

FURTHER INFORMATION (Cont'd)

At the hearing held on 21 January 2013, the Court of Appeal had dismissed the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party with cost. SYABAS is currently seeking advice from its solicitors on the next course of action arising from the said decision.

On 20 February 2013, SYABAS filed the notice of motion for leave to appeal against the decision made by the Court of Appeal on 21 January 2013 to the Federal Court. SYABAS' application to strike out ABASS' claim is fixed for hearing on 12 March 2013 and also for case management of the main action and application for interim payment on the same day. The trial is scheduled for 22 April 2013 to 24 April 2013.

The High Court had on 12 March 2013 adjourned the hearing for SYABAS' application to strike out the Plaintiff's claim to 20 March 2013 to enable the parties to prepare their submissions in reply and the High Court has also fixed 20 March 2013 for the following:-

- (a) case management for the Plaintiff's application for Interim Payment; and
- (b) case management of the main action.

On SYABAS' application for leave to appeal to the Federal Court against the decision made by the Court of Appeal dated 21 January 2013 whereby, the Court of Appeal had dismissed SYABAS' appeal against the decision of the High Court on 31 July 2012 in allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, the Federal Court had via a letter dated 14 March 2013 fixed the matter for case management on 27 March 2013.

The High Court on 20 March 2013 was fixed for the following:-

- (a) hearing of SYABAS' application to strike out the Plaintiff's claim;
- (b) the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim;
- (c) case management of the main action; and
- (d) case management on the Plaintiff's application for Interim Payment.

The High Court had adjourned the proceedings to 29 March 2013 for case management to enable the parties to exhaust their affidavits and to revert to the High Court if the parties are proceeding with the applications. This is pursuant to the Plaintiff's serving their application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim on 19 March 2013 following which SYABAS had on 20 March 2013 filed their affidavit in reply.

At the case management held on 27 March 2013, the Federal Court had fixed 28 August 2013 for hearing of SYABAS' motion for leave to appeal against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 29 March 2013, the parties informed the High Court that they are proceeding with SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim.

FURTHER INFORMATION (Cont'd)

The High Court has now fixed the case management for both the applications on 17 April 2013. As the Trial has been fixed on 22 April 2013, 23 April 2013 and 24 April 2013, the High Court fixed case management for the Trial on 8 April 2013 and 17 April 2013.

At the case management held on 8 April 2013, the High Court had fixed SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim for hearing on 24 April 2013. The High Court maintained the case management for both the applications on 17 April 2013, as previously announced.

The High Court vacated the case management for Trial on 17 April 2013 and the Trial dates fixed on 22 April 2013, 23 April 2013 and 24 April 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court which has been fixed for hearing on 28 August 2013 and further fixed the case management for Trial on 4 September 2013.

At the case management held on 17 April 2013, the Kuala Lumpur High Court had vacated the hearing fixed on 24 April 2013 in respect of the following:

- (a) SYABAS' application to stike out the Plaintiff's Writ of Summons & Statement of Claim dated 28 March 2011 filed based on the assignment given by the Plaintiff to the Security Agent vide Deed of Assignment dated 23 August 2012 whereby the Plaintiff has absolutely and irrevocably assigned its right to receive payments from the Defendant to the Security Agent; and
- (b) the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out Plaintiff's claim and SYABAS' Defence and Counterclaim pursuant to the Plaintiff's contention that SYABAS has similarly executed an assignment of its legal rights, title, benefits and interest of its assigned properties to SYABAS' Security Agent.

The Kuala Lumpur High Court had further fixed the case management on the abovementioned applications on 4 September 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court against the decision made by the Court of Appeal dated 21 January 2013, whereby the Court of Appeal had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party.

(viii) SPLASH vs State Government

Shah Alam High Court Civil Suit No: 21NCVC-34-2011

On 28 October 2011, SYABAS received a Third Party Notice issued by the Selangor Government.

In the suit, SPLASH had commenced action against the Selangor Government for the sum of RM563,732,669.62 together with costs and interest. The Selangor Government claims against SYABAS in the event of the Selangor Government's liability to SPLASH, an indemnity for the said sum together with costs and interest. SYABAS is required to enter appearance to the Third Party Notice within twelve (12) days of the service of the Notice and has appointed solicitors to act on its behalf in the matter.

On 1 November 2011, SYABAS' solicitors had filed the memorandum of appearance to the Third Party Notice at the Shah Alam High Court and served on the Selangor Government's solicitor.

FURTHER INFORMATION (Cont'd)

SPLASH had withdrawn the Writ of Summons dated 8 March 2012 with liberty to file afresh. As such, the Third Party Notice dated 3 October 2011 filed by the Defendant against SYABAS to join SYABAS as third party in the main suit is now rendered academic.

(ix) PNSB vs SYABAS**Kuala Lumpur High Court Civil Suit No: 22NCC-1336-08/2012**

PNSB had on 30 August 2012 instituted legal proceedings against SYABAS via the filing of a Writ of Summons and Statement of Claim dated 30 August 2012 at the Kuala Lumpur High Court for amount due for payment as of 30 April 2012 for the supply and purchase of treated water.

In the Statement of Claim, PNSB is claiming the following:-

- (a) The amount due for payment of RM1,211,156,583.09 being the unpaid due amount accrued as of 30 April 2012; in the alternative, the amount due for payment of RM1,072,725,761.32 being the unpaid due amount accrued as of 30 April 2012;
- (b) Alternatively, such other sum or sums as may be assessed by the Honourable Court to be due to the Plaintiff from the Defendant as at 30 April 2012;
- (c) Further, all sums arising and due to the Plaintiff from the Defendant under the provisions of the Water Supply Agreements accruing after 30 April 2012 until the date of Judgment;
- (d) Costs;
- (e) Interest;
- (f) Such further and alternative reliefs as the Honourable Court deems fit and proper.

The solicitors of PNSB had on 4 September 2012 served on SYABAS the Writ of Summons and Statement of Claim dated 30 August 2012 for Amount Due as of 30 April 2012.

The High Court has fixed the matter for case management on 21 September 2012.

SYABAS' solicitors had filed a Memorandum of Appearance on behalf of SYABAS on 14 September 2012 and the said Memorandum of Appearance was served on PNSB's solicitors on 18 September 2012. At the case management of this matter held on 21 September 2012, a further case management date of 8 November 2012 was fixed pending SYABAS' filing of its Statement of Defence. SYABAS filed its Statement of Defence on 17 October 2012 and had subsequently filed the Amended Statement of Defence dated 25 October 2012.

On 30 October 2012, in addition to the Defence which was filed by the Defendant on 17 October 2012 as previously announced, the Defendant's Amended Defence dated 25 October 2012 had been served on the Plaintiff's solicitors on 25 October 2012.

On 8 November 2012, the High Court had directed the Plaintiff to file its Reply to the Defendant's Amended Defence dated 25 October 2012 by 22 November 2012. The High Court had also fixed the next case management dated on 3 December 2012.

FURTHER INFORMATION (Cont'd)

At the case management held on 3 December 2012, the High Court had fixed the matter for further case management on 16 January 2013 and 8 July 2013 and also fixed the trial dates on 15, 16, 17 and 18 July 2013.

(x) PNSB vs Selangor State Government**Kuala Lumpur High Court Originating Summons No: 24NCVC-369-02/2013**

PNSB had on 18 February 2013 instituted legal proceedings against the Selangor State Government via the filing of the relevant cause papers all dated 18 February 2013 at the High Court in relation to the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB and Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government ("the Agreements").

In the Originating Summons and the Notice of Application dated 18 February 2013, PNSB is seeking for the following:

- (a) A declaration that the Agreements between PNSB and the Selangor State Government dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government are valid and enforceable pursuant to the Water Services Industry Act 2006;
- (b) An order against the Selangor State Government for specific performance of the Agreements;
- (c) that the Selangor State Government whether by its servants, agents or howsoever be restrained from terminating the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB and the Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government;
- (d) that the Selangor State Government whether by its servants, agents or howsoever be restrained from handing over howsoever the operations and managements of the Sungai Sireh Water Treatment Plant as defined in the Agreement to Konsortium Air Selangor Bhd or whomsoever;
- (e) Costs; and
- (f) Such Further or other relief as the Honourable Court deems just and fit.

The solicitors of PNSB had on 20 February 2013 served the Sealed Copy of Originating Summons, Sealed Copy of Notice of Application and a copy of the Plaintiffs Affidavit in respect of the Suit on the Selangor State Government.

The High Court has fixed the matter for hearing on 11 March 2013.

At the hearing held on 11 March 2013, the High Court has directed as follows:

- (a) That Parties are to exhaust the exchange of affidavits by 4 June 2013; and
- (b) The Originating Summons has been fixed for hearing on 4 June 2013.

FURTHER INFORMATION (Cont'd)**6. ADDITIONAL INFORMATION****Offers from Kumpulan Darul Ehsan Berhad ("KDEB") dated 20 February 2013**

On 20 February 2013, our Company announced that our Company had on even date received two (2) faxed letters from KDEB for the following:

- (i) Consolidation of the Selangor water industry
Indicative terms and conditions for proposed purchase of 100% equity in PNSB.
- (ii) Consolidation of the Selangor water industry
Indicative terms and conditions for proposed purchase of 70% equity in SYABAS other than equity already owned by KDEB.

On 6 March 2013, being the last date of acceptance of the said offers, our Company announced that our Board after full deliberation on the matters and considering various other factors and in view of the incomplete and inconclusive nature of the offers by KDEB as well as the position taken by Pengurusan Aset Air Berhad (PAAB), was unable to reach a final decision to consider giving approval in principle or to give acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB's letters dated 20 February 2013. Our Board was therefore not ready to convene a general meeting for the purpose of tabling the offers to our shareholders for consideration. However, our Board further decided that PNHB was still willing to hold discussions with KDEB on the offers, subject to KDEB's readiness to provide definitive answers to all issues raised by PNHB.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at our Registered Office during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) our Memorandum and Articles of Association;
- (ii) the letters of consent referred to in Section 2 above;
- (iii) the relevant cause paper in respect of the material litigation referred to in Section 5 above;
- (iv) draft Deed Poll;
- (v) draft Trust Deed;
- (vi) our audited consolidated financial statements for the past two (2) FYE 31 December 2011 and 31 December 2012; and
- (vii) the Reporting Accountant's letter on the proforma consolidated statements of financial position of our Group as set out in Appendix I of this Circular.



PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Puncak Niaga Holdings Berhad (“PNHB” or “Company”) will be held at Concorde II, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 May 2013 at 3:00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without modification:

ORDINARY RESOLUTION 1

PROPOSED ISSUE OF UP TO 40,910,609 FREE WARRANTS IN PNHB (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) EXISTING ORDINARY SHARES OF RM1.00 EACH IN PNHB (“PNHB SHARES”) HELD BY THE ENTITLED SHAREHOLDERS OF PNHB (“PROPOSED FREE WARRANTS ISSUE”)

“THAT, subject to the passing of the Ordinary Resolution 2 and the approval of Bank Negara Malaysia for the issuance of the Warrants to the non-resident shareholders of the Company and any other relevant authorities/parties, authority be and is hereby given to the Directors of the Company to allot and issue the Warrants upon the terms and conditions set out in the Circular to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined and announced later by the Directors of the Company (“**Entitlement Date**”), on the basis of one (1) Warrant for every ten (10) existing PNHB Shares held;

THAT the Directors of the Company be and are hereby empowered and authorised to disregard, and deal with any fractional entitlement and fraction of a Warrant that may arise from the Proposed Free Warrants Issue in such a manner as they shall at their absolute discretion deem expedient and in the best interests of the Company;

THAT the Directors of the Company be and are hereby authorised to allot and issue such appropriate number of new PNHB Shares arising from any exercise by the holders of the Warrants of their rights in accordance with the provisions of the deed poll to be executed by the Company constituting the Warrants (“**Deed Poll**”) and such new PNHB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the PNHB Shares then existing, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new PNHB Shares;

THAT the Directors of the Company be and are hereby authorised to execute, sign and enter into the Deed Poll with full powers to assent to any condition, modification or amendment as they deem fit, necessary or expedient or as may be imposed by any relevant authorities, and full powers to implement and give effect to the terms and conditions of the Deed Poll and in the best interest of the Company;

THAT the Directors of the Company be and are hereby authorised, from time to time hereafter, to approve and give effect to any adjustment, variation, modification or amendment to the Deed Poll in accordance with and subject to the terms therein (including but not limited to the exercise price and the number of Warrants), to allot and issue such additional number of Warrants pursuant to the adjustments under the Deed Poll, and to allot and issue such additional number of PNHB Shares arising from the exercise of such additional Warrants, and all such new PNHB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the PNHB Shares then existing, save and except that the new PNHB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of such new PNHB Shares;

AND THAT the Directors of the Company be and are hereby authorised to take all such necessary steps to give effect to the aforesaid Proposed Free Warrants Issue with full powers to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Free Warrants Issue and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Free Warrants Issue in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED ISSUE OF A FIVE (5)-YEAR REDEEMABLE CONVERTIBLE SECURED SUKUK IJARAH (“CONVERTIBLE SUKUK IJARAH”) OF UP TO RM165.0 MILLION IN NOMINAL VALUE (“PROPOSED CONVERTIBLE SUKUK IJARAH ISSUE”)

“**THAT**, subject to the passing of the Ordinary Resolution 1 and the approvals of all relevant authorities, approval be and is hereby given to the Company to:

- (i) issue up to RM165.0 million in nominal value of the Convertible Sukuk Ijarah, and that the Convertible Sukuk Ijarah shall be convertible into new PNHB Shares at a conversion price which will be at a premium of between 10% and 15% to the five (5)-day volume-weighted average market price of PNHB Shares on a price-fixing date to be determined later by the Directors of the Company and on such further terms and conditions as the Directors of the Company may determine, in the best interest of the Company, and as provided in the trust deed to be entered into by the Company and the trustee for the Convertible Sukuk Ijarah or such other documents to be entered into, in relation to the Convertible Sukuk Ijarah; and
- (ii) allot and issue such number of new PNHB Shares, credited as fully paid-up, to or to the order of the holders of the Convertible Sukuk Ijarah, which are required to be issued upon the conversion of the Convertible Sukuk Ijarah, in accordance with the terms and conditions of the trust deed for the Convertible Sukuk Ijarah and/or upon any adjustments of the conversion price **AND THAT**, such new PNHB Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing PNHB Shares save and except that the holders of the new PNHB Shares will not be entitled to dividends, rights, allotments and/or distributions which may be declared, made or paid on or prior to the entitlement date, where the entitlement date means the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distribution and of which is prior to the allotment date of such new PNHB Shares;

AND THAT the Directors of the Company be and are hereby authorised to take all such necessary steps and to enter into all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties, as the Directors of the Company may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the aforesaid Proposed Convertible Sukuk Ijarah Issue with full powers to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Convertible Sukuk Ijarah Issue and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary in the best interest of the Company."

BY ORDER OF THE BOARD

Tan Bee Lian (MAICSA 7006285)
Lim Yew Heang (MAICSA 7007653)
Secretaries

Shah Alam
13 May 2013

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 May 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this EGM.
 2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.
 3. A proxy need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
 4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that,
 - (a) where a Member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
 - (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.
- Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
 6. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's Articles of Association.
 7. The instrument appointing the proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

8. At any general meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded by either:-
 - (a) the Chairman (being a person entitled to vote); or
 - (b) not less than two Members present in person or by proxy and entitled to vote; or
 - (c) a Member or Members present in person or by proxy and representing not less than one-twentieth of the total voting rights of all the Members having the right to vote at the Meeting; or
 - (d) a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than one-twentieth of the total sum paid up on all the shares conferring that right.
9. A demand for a poll may be withdrawn. Unless a poll be so demanded (and the demand be not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.
10. No poll shall be demanded on the election of a Chairman or on a question of adjournment. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need to be given of a poll not taken immediately.
11. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Number of shares held	Please fill in CDS Account No.



PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

Proxy Form

I/We full name of shareholders as per NRIC, in CAPITAL LETTERS)
 NRIC No./ Company No. (new) (old)
 of
 (full address)
 being a Member/Members of Puncak Niaga Holdings Berhad hereby appoint
 (full name of proxy as per NRIC, in CAPITAL LETTERS)
 NRIC No. (new) (old)
 of
 (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of Puncak Niaga Holdings Berhad to be held at Concorde II, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 May 2013 at 3:00 p.m. and at any adjournment thereof, as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Proposed Free Warrants Issue		
2.	Proposed Convertible Sukuk Ijarah Issue		

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 of2013

.....
 Signature(s)/Common Seal of Shareholder

NRIC/Company No. :

Tel. No. :

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- 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
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 - (b) not less than two Members present in person or by proxy and entitled to vote; or
 - (c) a Member or Members present in person or by proxy and representing not less than one-twentieth of the total voting rights of all the Members having the right to vote at the Meeting; or
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

Share Registrar for
Puncak Niaga Holdings Berhad (416087-U)
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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