



General Announcement

Form Version 7 (Enhanced)

Ownership transfer to CS_SECURITIES SERVICES HOLDINGS PENANG/EDMS/KLSE on 01/11/2010 05:08:39 PM

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Announcement reference number *	CS-101028-240D7
Submitting Investment Bank/Advisor (if applicable)	
Submitting Secretarial Firm (if applicable)	SECURITES SERVICES (HOLDINGS) SDN BHD
Company name *	PBA HOLDINGS BHD
Stock name *	PBA
Stock code *	5041
Contact person *	THUM SOOK FUN
Designation *	COMPANY SECRETARY

Type *	<input checked="" type="radio"/> Announcement <input type="radio"/> Reply to query
Subject *	PBA HOLDINGS BHD - LEASE AGREEMENT BETWEEN A WHOLLY-OWNED SUBSIDIARY OF PBA HOLDINGS BHD AND SIM LEISURE CONSULTANTS SDN BHD

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents :-*

(This field is to be used for the summary of the announcement)

The announcement made on the above matter on 28 October 2010 ("Announcement") refers.

The Company wishes to announce that amendments were made to the details of lands mentioned in Sections 1 and 2.1 of the said Announcement. All other contents of the Announcement remain unchanged.

This amended announcement is dated 1 November 2010.

Announcement Details :-

(This field is for the details of the announcement, if applicable)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement.

Attachment(s) :- (please attach the attachments here)



PBA-Lease Agreement(amanded).pdf

Company Name : PBA HOLDINGS BHD

Subject : LEASE AGREEMENT BETWEEN A WHOLLY-OWNED SUBSIDIARY OF PBA HOLDINGS BHD AND SIM LEISURE CONSULTANTS SDN BHD

Announcement Details:

1. INTRODUCTION

PBA Holdings Bhd ("PBAHB" or "Company") wishes to announce that its subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd ("PBAPP" or "Lessor") had on 28 October 2010 entered into a Lease Agreement with Sim Leisure Consultants Sdn Bhd ("SLC" or "Lessee") to lease the lands held under Lot Nos. PT 1, 535, 384, 377 and 231, part of Lot Nos. PT 15, 383, Mukim 2 and part of Lot No. PT 54, Mukim 1, Teluk Bahang, Daerah Barat Daya, Pulau Pinang ("the Lands") (hereinafter referred to as "Agreement").

2. PARTICULARS OF THE LANDS

2.1 The details of the Lands are as follows:-

- i) Lot No. PT 1 (HS(M) 1), Mk. 2, Daerah Barat Daya, Pulau Pinang
- ii) Part of Lot No. PT 15 (IIS(D) 5), Mk. 2, Daerah Barat Daya, Pulau Pinang
- iii) Part of Lot No. 383 (GM 69), Mk. 2, Daerah Barat Daya, Pulau Pinang
- iv) Lot No. 535 (GM 94), Mk. 2, Daerah Barat Daya, Pulau Pinang
- v) Lot No. 384 (GM188), Mk. 2, Daerah Barat Daya, Pulau Pinang
- vi) Part of Lot No. PT 54 (HS(D) 13700), Mk. 1, Daerah Barat Daya, Pulau Pinang
- vii) Lot No. 377 (GM 186), Mk. 2, Daerah Barat Daya, Pulau Pinang
- viii) Lot No. 231 (GM 153), Mk. 2, Daerah Barat Daya, Pulau Pinang

2.2 The total net book value of the Lands based on the latest audited financial statements of PBAPP as at 31 December 2009 is Ringgit Malaysia One Hundred and Ninety Three and sen Seventy (RM193.70) only.

2.3 The Lands are currently rezoned for use as a recreational park land suitable for theme parks. It is a free hold land with no encumbrances.

3. INFORMATION ON THE PARTIES TO THE AGREEMENT

3.1 PBAPP

PBAPP is a company incorporated in Malaysia under the Companies Act, 1965 and having its registered office at Level 32, Komtar, 10000 Penang and has an authorised share capital of RM300,000,001.00 divided into 300,000,000 ordinary shares of RM1.00 each and 1 special rights redeemable preference share of

RM1.00 each of which 165,114,082 ordinary shares of RM1.00 each and 1 special rights redeemable preference share of RM1.00 each have been issued and fully paid-up. All the ordinary shares of PBAPP are held by PBAHB, while the special rights redeemable preference share of RM1.00 each is held by State Secretary, Penang, a body corporate established under the State Secretary Penang (Incorporation) Enactment, 1988.

The principal activity of PBAPP is to undertake the business activity of a water supply system which comprises abstraction of raw water, treatment of water, supply and sale of treated water to Consumers for the State of Penang.

3.2 SLC

SLC is a company incorporated in Malaysia under the Companies Act, 1965 and having its registered office at No. 243, (1st Floor), Victoria Street, 10300 Pulau Pinang and has an authorised share capital of RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

SLC is owned by the following parties:-

<u>Shareholders of SLC</u>	<u>No. of Shares held</u>	<u>%</u>
Sim Choo Kheng	640,000	64
Paul Anthony Blunt	160,000	16
Tan Khoon Keong	100,000	10
Yeoh Guan Eek	100,000	10

SLC is principally engaged in the business of theme park construction and consultants work.

(PBAPP and SLC are collectively herein referred to as "the Parties").

4. **RATIONALE**

- 4.1 With the Agreement, this will enable the Lessee to construct, develop and operate a nature-themed tourism and leisure development resort to be known as Ecofun Theme Park Resort or by any other title as assigned by the Lessee ('the Project');
- 4.2 As part of the Corporate Social responsibilities of PBAHB Group, this will also enable the Penang State to further develop its tourism industry especially related to environmental friendly activities as well as to create an economic spin-offs for the Penang State which may provide jobs for the local people and business opportunities to the traders; and
- 4.3 The Agreement will also benefit PBAHB Group in the long run as PBAHB Group will receive total rental fees of Ringgit Malaysia Thirty Nine Million Five Hundred and Eighty Thousand and Four Hundred and Fifty (RM39,580,450) only in 60 years' lease period.

5. KEY SALIENT TERMS OF THE AGREEMENT

- 5.1 Rent per year: Ringgit Malaysia Two Hundred Thousand (RM200,000) per annum for the first to 5th year and automatically be revised to an increase of 20% every subsequent 5 years.
- 5.2 Duration of Lease: Sixty (60) Years from Effective Date of Lease.
- 5.3 Effective Date of Lease: One (1) year from Delivery Date of the Lands.
- 5.4 Delivery Date of the Lands: Upon compliance of all Conditions Precedent by the Lessor and the Lessee.
- 5.5 Expiry Date of Lease: Sixty (60) Years from Effective Date of Lease.
- 5.6 The Agreement is conditional upon the fulfillment of the following Condition Precedents:-
- (i) the Lessor shall, at its own cost and expense, apply for the approval of the appropriate authority or authorities for the conversion of the existing category of use of the Lands to Building and or Theme Park and Recreational or to an appropriate category of use as prescribed under the National Land Code and or the Penang Land Rules 2005 or by any relevant laws for the time being in force in Malaysia to facilitate for the development and operation of the Project;
 - (ii) the Lessor shall, at its own cost and expense, apply to the appropriate authority or authorities for the rezoning of the Lands or any part thereof (as the case may be) that are/is for the time being specifically zoned to facilitate for the development and operation of the Project therein;
 - (iii) the Lessee shall, at its own cost and expense, obtain or cause to be obtained from the appropriate authority the official approval of the Building Plan relating to the development of the Project on the Lands. The Lessee shall upon receipt of the said approval furnish the original copy thereof to the Lessor for noting together with a copy of the same for the Lessor's retention and record;
 - (iv) the Lessee shall, at its own cost and expense, obtain or cause to be obtained from the appropriate authority's official Planning Permission for the development and operation of the Project on the Lands. The Lessee shall, upon receipt of the Planning Permission, furnish the original copy thereof to the Lessor for noting together with a copy of the same for the Lessor's retention and record;
 - (v) the Lessee shall, at its own cost and expense secure the Commencement Work Order from the Majlis Perbandaran Pulau Pinang and furnish the original copy thereof to the Lessor for noting together with a copy of the same for the Lessor's retention and record;

- (vi) the Lessee shall ensure that all acts, approval, permits, and whatever things required to be done, secured and complied under the provisions of the relevant law(s), by-law(s), statutory rule(s), enactment(s), ordinance(s), regulation(s), and any written law(s) for the time being in force in Malaysia prior to the commencement of construction and operation of the Project are done, secured and complied by the Lessee;
- (vii) should the written approval from the Department of Environment or any statutory authority or authorities governing the environmental matters and or compliance to any provisions of environmental law(s) be required and applicable as a precondition for the construction, implementation and or operation of the Project on the Lands, the Lessee shall, at its own cost and expense obtain or cause to be obtained such written approval and or comply with the provisions of such environmental law(s). The Lessee shall furnish the original copy of the written approval issued by the said governing authority or authorities for the Lessor's noting together with a copy of the same for the Lessor's retention and record. If applicable, the Lessee shall produce evidence of its compliance to the statutory provisions of the law(s) that shall be complied by the Lessee prior to the commencement of the construction and operation of the Project on the Lands;
- (viii) the Lessor shall secure the approval of the Suruhanjaya Perkhidmatan Air Negara in respect to the Lessor's leasing of the Lands to the Lessee hereunder this Agreement and comply to the statutory requirement(s) prescribed by the Water Services Industry Act 2006 (Act 655) and any subsidiary legislations and or rules enacted thereunder and any written law(s) governing the water supply and services industry and the water assets of a water operator;
- (ix) the Lessee shall ensure that, apart from complying with the provisions of the law(s) as specifically provided in this Agreement, the provisions of any written laws applicable in respect to the development, construction, implementation and operation of the Project on the Lands shall forthwith be complied by the Lessee;
- (x) the Lessee shall take all appropriate actions and execute all acts and things as any other developer undertaking construction of a project similar to the Project herein would do to ensure not only that the Lands are suitable for the development and operation of the Project but also that all safety aspects and matters including but not limiting to safety to human and animals and all environment issues have been addressed and that appropriate measures have been implemented in respect thereto;

The Lessee shall, at its own cost and expense, take Workmen Insurance Policy/Public Liability Policy (hereinafter referred to as 'the Policy') from a reputable insurance company covering the risk of bodily injury, injury resulting in permanent disability and or death inflicted against or suffered by any person or persons in consequence of any act of negligent on the part of the Lessee's employee(s), it's agent(s), personal(s), contractor and or any person(s) acting under the authority of the Lessee therein the Lands and furnish the original copy together with a copy of the Policy to the

Lessor for noting and for purposes of record. Such coverage under the Policy shall be adequate and that the policy is not terminated, void or lapse for default in the payment of premium or for any reason whatsoever. The Lessee hereby undertakes and covenants to the Lessor that the Lessee shall renew or cause the Policy be renewed as and when it is due for renewal and shall ensure that the Policy is valid and enforceable throughout the enforceability of this Agreement and the Lease Period. It shall be the obligation of the Lessee to furnish to the Lessor the original copy of the Policy for the Lessors' noting together with a copy thereof for the Lessors' purposes of record. The Lessee shall also furnish a duly certified copy of the duly renewed Policy as and when the same is renewed; and

(xi) the Rent and any monies payable by the Lessee to the Lessor upon execution of this Agreement have been fully paid by the Lessee.

5.7 In the event a Party or the Parties is/are unable, incapable or fails to comply any of the terms and conditions as here above specified within One (1) year from the date of Agreement or to such date as extended by the Lessor, the Agreement shall automatically terminate becomes null and void and of no further effect whatsoever save and except that the Lessor shall refund free of interest the Rent duly paid and any monies paid by the Lessee (if any) upon the execution of the Agreement.

6. BASIS AND JUSTIFICATION OF ARRIVING AT THE RENTAL RATE

The total rental income of Ringgit Malaysia Thirty Nine Million Five Hundred and Eighty Thousand and Four Hundred and Fifty (RM39,580,450) only arising from the Agreement for the sixty (60) years' lease was arrived after thorough negotiations on a "willing buyer willing seller" basis.

7. FINANCIAL EFFECT

7.1 Share Capital and Substantial Shareholders' Shareholdings

The Agreement will not have any effect on the share capital and substantial shareholders' shareholdings of PBAHB.

7.2 Earnings per share

The Agreement will not have any material effect on the earnings and earnings per share of PBAHB Group for the year ending 31 December 2010 but it was envisaged that the Agreement will contribute positively to the future earnings of PBAHB Group.

7.3 Net Assets per share and gearing

The Agreement will not have any material effect on the net assets and gearing of PBAHB for the year ending 31 December 2010.

8. APPROVAL REQUIRED

As the highest percentage ratio applicable to the Agreement is 6.3% only, hence the Agreement is not subject to the approval of the shareholders of PBAHB.

Subject to the approval from National Water Services Commission (or "Suruhanjaya Perkhidmatan Air Negara") to be obtained by the Lessor as part of the conditions precedents of the Agreement, the Agreement is not subject to the approval of any other governmental authorities.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors or substantial shareholders of PBAHB or persons connected to them has any interest, direct or indirect, in the above transaction.

10. DIRECTORS' RECOMMENDATION

Having considered the rationale and all other aspects of the above transaction, the Board is of the opinion that it is in the best interest of the Company to proceed with the Agreement.

11. DOCUMENT AVAILABLE FOR INSPECTION

The Agreement is available for inspection during normal business hours on Mondays to Fridays (except public holidays) at the Registered Office of the Company at level 32, Komtar, 10000 Penang for a period of three (3) months from the date of this announcement.

This announcement is dated 28 October 2010.