

KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING

Minutes of the Extraordinary General Meeting of the Company held at Shah Alam 2 Ballroom, Shah Alam Convention Centre, No. 4, Jalan Perbandaran 14/9, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 9 December 2015 at 10.00 a.m.

Present : **Members**

As per Attendance List.

Directors

Encik Mustaffa Kamil bin Ayub (**Chairman**)
YB Dato' Kamarul Baharin bin Abbas
YB Sivarasa a/l Rasiah
YBhg Dato' Dr. Mohamed Ariffin bin Aton
Encik Mohamed Ross bin Mohd Din
YM Raja Shahreen bin Raja Othman (Abstained)

By Invitation : As per Attendance List

In attendance : Puan Hashimah binti Mohd Isa (Company Secretary)
Puan Selfia binti Muhammad Effendi (Company Secretary)

1. CHAIRMAN

The Chairman, Encik Mustaffa Kamil bin Ayub ("the Chairman") extended a warm welcome to everyone present at the meeting.

2. QUORUM

The Chairman called the meeting to order at 10.00 a.m. upon the confirmation of the presence of a quorum by the Company Secretary.

3. NOTICE OF MEETING

The Chairman informed the meeting that the notice convening the meeting has been properly sent out to all the shareholders in accordance with the Company's Articles of Association. It was also sent to the Bursa Malaysia Securities Berhad and duly advertised in "The New Straits Times" newspaper within the prescribed period.

With the consent of the shareholders, the Chairman declared that the notice convening the meeting be taken as read.

4. PROPOSED DISPOSAL BY KUMPULAN PERANGSANG SELANGOR BERHAD (“PERANGSANG SELANGOR” OR “COMPANY”) OF ITS 90.83% EQUITY INTEREST IN TITISAN MODAL (M) SDN BHD (“TMSB”) TO PENGURUSAN AIR SELANGOR SDN BHD (“AIR SELANGOR”), A WHOLLY-OWNED SUBSIDIARY OF KUMPULAN DARUL EHSAN BERHAD (“KDEB”) FOR A DISPOSAL CONSIDERATION OF RM78.054 MILLION (“DISPOSAL CONSIDERATION”) (“PROPOSED DISPOSAL”)

The Chairman proceeded with the agenda of the meeting in relation to the proposed disposal by Perangsang Selangor of its 90.83% equity interest in TMSB to Air Selangor, a wholly-owned subsidiary of KDEB pursuant to the terms and conditions stipulated in the conditional share purchase agreement dated 22 October 2015 entered into between Perangsang Selangor and Air Selangor for the Proposed Disposal (“SPA”), including any modifications, variations, amendments and additions thereto from time to time as stipulated in Section 2 of Part A of the circular to the shareholders of Perangsang Selangor dated 24 November 2015.

The Chairman informed the meeting that for the benefits of the shareholders, the Company has invited the Principal Adviser and Independent Adviser to the transaction to present the Proposed Disposal to the shareholders and to advise the Non-interested Shareholders in respect thereof before the motion was proposed for voting:-

- a) Puan Mia Idora binti Ismail (“Puan Mia Idora”), Representatives from Maybank Investment Bank Berhad (“Maybank IB”), the Principal Adviser of the Company; and
- b) Ms Pauline Teh binti Abdullah (“Ms Pauline Teh”), the representative from Crowe Horwath Advisory Sdn Bhd (“Crowe Horwath”), the Independent Adviser of the Company.

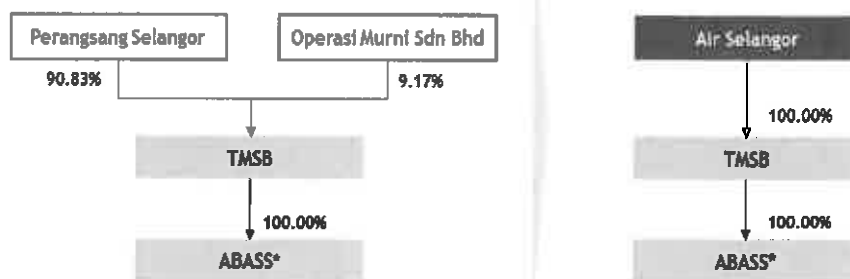
The following salient points of the presentation to the shareholders were highlighted and duly noted:-

Maybank IB (The Principal Adviser)

1) Background Information

- On behalf of the Board of Directors of Perangsang Selangor, Maybank IB wishes to inform that Perangsang Selangor, had on 22 October 2015 entered into a conditional SPA in connection with the Proposed Disposal with Air Selangor.
- The Proposed Disposal entails the disposal of 44,550,000 ordinary shares of RM1.00 each in TMSB, representing 90.83% equity interest in TMSB (“Disposal Shares”) to Air Selangor for the Disposal Consideration. Air Selangor is the special purpose vehicle designated by KDEB to carry out the proposed consolidation/restructuring of water supply industry in the State of Selangor, Federal Territories of Kuala Lumpur and Putrajaya (“Proposed Water Restructuring”).

- The corporate structure before and after the Proposed Disposal are as follows:



Note:

- ABASS engages in operating, maintenance, construction, commissioning of water treatment plants and facilities at Sungai Semenyih, sale of treated water and undertakes contract works relating to the water industry activities.

- In summary, the table below sets out the manner of the settlement of the Disposal Consideration whereby amount owing to/by Perangsang Selangor will be set off and deemed settled based on the terms of the SPA:

Amount owing to Perangsang Selangor		Amount owing by Perangsang Selangor	
By KDEB:	RM' mil	To ACQUA:	RM' mil
▪ Deposit for the right of first refusal paid by Perangsang Selangor to KDEB ("ROFR Fee")	87.5	▪ Liability arising from BalDS issued by Viable Chip (M) Sdn Bhd ("VCSB Liability")	200.0
▪ Advances made by Perangsang Selangor to KDEB ("KDEB Debt")	34.5		
By Air Selangor:	78.0		
▪ Disposal Consideration			
Total =	RM200 million		RM200 million

- Based on the terms of the SPA, the Disposal Consideration together with the right of first refusal ("ROFR") Fee and KDEB Debt will be set-off against the VCSB Liability. Accordingly, there will be no cash proceeds to be received by Perangsang Selangor from the Proposed Disposal.
- In addition, the Proposed Disposal also entails Perangsang Selangor agreeing that all shareholder's loans and/or inter-company borrowings (and interests accrued thereon) ("Shareholder's Loans") made by Perangsang Selangor to TMSB (mainly in connection with TMSB's obligation with regards to coupon payments for the fixed rate serial bonds ("FRSB") and ABASS' taxes payable to Inland Revenue Board) as at the completion date of the SPA will not be claimed by the Company based on the terms of the SPA. As at 6 November 2015, the Shareholder's Loans stood at RM21.0 million.

- The Proposed Disposal is a related party transaction by virtue of the interests of the following persons:
 - a) KDEB, a major shareholder of Perangsang Selangor, and Menteri Besar Selangor (Incorporated), an indirect major shareholder of Perangsang Selangor;
 - b) certain Directors of Perangsang Selangor, namely YM Raja Dato' Haji Idris Raja Kamarudin, Encik Suhaimi bin Kamaralzaman, YM Raja Shahreen bin Raja Othman and Encik Soffan Affendi bin Aminudin (An Alternate Director to YM Raja Shahreen bin Raja Othman, until his resignation from Perangsang Selangor Board with effect from 5 November 2015) ("**Interested Directors**"); and
 - c) persons connected to KDEB who is either a substantial shareholder or shareholder of Perangsang Selangor, namely Perbadanan Kemajuan Negeri Selangor ("PKNS") and Tabung Warisan Negeri Selangor ("TWNS").

2) Basis and justification of arriving at the Disposal Consideration

- The Disposal Consideration is based on the consideration amount of RM78.054 million pursuant to the offer from KDEB via its letter dated 20 June 2014.
- The range of value of the Disposal Shares as at 30 June 2015 ("Valuation Date") as ascribed by Messrs Moore Stephens Associates PLT ("Moore Stephens"), was between nil and RM74.5 million.
- In arriving at the value of Disposal Shares as at the Valuation Date, Moore Stephens has adopted both the discounted cash flow ("DCF") and price to book ratio ("PBR") methods of valuation, as summarized below:

	DCF	PBR
Value of the Disposal Shares ascribed by Moore Stephens	<ul style="list-style-type: none"> • Negative value of RM33.5 million as the 100% equity value of TMSB and its subsidiaries ("TMSB Group") • In view of the negative equity value, the value of the Disposal Shares would be nil 	<ul style="list-style-type: none"> • RM74.5 million based on 90.83% equity interest held in TMSB
Rationale of methodology adopted	<ul style="list-style-type: none"> • Predictable business nature of TMSB Group • Concession held by ABASS has a finite life 	<ul style="list-style-type: none"> • Asset valuation that provides a good indication of the value of TMSB Group's underlying assets on an "as is where is" basis

<p>Approach</p>	<ul style="list-style-type: none"> Discounting the cash flow forecast and projections of TMSB Group at a rate of 7.99% based on the weighted average cost of capital of TMSB Group 	<ul style="list-style-type: none"> 1 time PBR to the proportionate unaudited net assets ("NA") of TMSB Group as at 30 June 2015 based on 90.83% equity interest held in TMSB
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- The Board (save for the Interested Directors) was of the opinion that the Proposed Disposal was fair and reasonable after taking into consideration the following:
 - The Proposed Disposal would address the FRSB (RM328.0 million due on 28 April 2016), Bai' Bithaman Ajil Islamic Debt Securities comprising BalDS A and BalDS B issued by VCSB ("BalDS") amounting to RM200.0 million which was fall due on 29 February 2016 and deconsolidate the borrowings of TMSB (RM848.3 million including the FRSB) as at 30 June 2015;
 - The risk of Federal Government ("FG") invoking Section 114 of Water Services Act, 2016 ("WSIA");
 - The risk of termination or non-renewal of the water abstraction agreement;
 - The risk of Suruhanjaya Perkhidmatan Air Negara ("SPAN") not granting further extensions of time for license application;
 - The Proposed Disposal is meant to facilitate the Proposed Water Restructuring; and
 - TMSB is currently loss-making and is not expected to have means or ability to settle the Shareholder's Loans. The Shareholder's Loans was mainly utilized for servicing the coupon payments of the FRSB and ABASS' taxes payable to Inland Revenue Board.

3) Listing Status and future plans of Perangsang Selangor

- The Proposed Disposal is not expected to result in Perangsang Selangor becoming:
 - a Cash Company under Paragraph 8.03 and Practice Note ("PN") 16 of the Listing Requirements; and
 - an affected listed issuer under Paragraph 8.03A of the Listing Requirements or triggering one of the prescribed criteria under PN 17 following the completion of the Proposed Disposal.
- After completion of the Proposed Disposal, Perangsang Selangor intends to explore investment opportunities in sectors where it already has existing

investments as well as new business sectors or areas. The Board believes that Perangsang Selangor Group has good prospects due to, among others, the upcoming mixed development project pursuant to the proposed joint venture between Perangsang Selangor Group as the landowner and Setia Eco Templer Sdn Bhd ("Setia Eco Templer") (formerly known as Rockbay Streams Sdn Bhd), a wholly-owned subsidiary of SP Setia Berhad as the developer, comprising residential and commercial properties as announced on 6 February 2013 ("Project").

4) Effects of the Proposed Disposal

a) Share capital, Net Asset, Net Asset per share and gearing

- The Proposed Disposal will not have any effect on the issued and paid-up share capital and shareholdings of the substantial shareholders of Perangsang Selangor.
- Based on the audited consolidated statement of financial position of Perangsang Selangor as at 31 December 2014 and on the assumption that the Proposed Disposal had been completed on that date, the pro-forma effects of the Proposed Disposal is as follows:

	Audited as at 31 December 2014	After the Proposed Disposal
	RM'000	RM'000
Shareholders' funds/NA	1,200,354	1,178,044
NA per Share (RM)	2.41	2.36
Interest-bearing borrowings	1,023,256	⁽²⁾ 178
Gearing (times) ⁽⁴⁾	0.85	*

* Negligible.

(1) After taking into account the realisation of revaluation reserve pursuant to earlier piecemeal acquisition of ABASS of RM102.1 million, reversal of Perangsang Selangor's ESOS extended to the employees of ABASS of RM1.5 million and after deducting the loss on disposal at Group level of about RM22.9 million and estimated expenses of approximately RM0.9 million in relation to the Proposed Disposal.

(2) After excluding the interest-bearing borrowings of TMSB Group of approximately RM823.1 million as at 31 December 2014 and after taking into account the undertaking to be procured by Air Selangor from ACQUA to deem full and final settlement of the VCSB Liability with an aggregate nominal amount of RM200.0 million, in accordance with the terms of the SPA.

(3) Computed as interest-bearing borrowings over shareholders' funds.

b) Earnings and Earnings per share ("EPS")

- For illustration purposes only, based on the latest audited consolidated financial statements of our Company for the FYE 31 December 2014, the

pro-forma effect of the Proposed Disposal on the earnings and EPS of Perangsang Selangor Group assuming that the Proposed Disposal had been effected on 1 January 2014, being the beginning of the FYE 31 December 2014, is as follows:

	RM'000	⁽¹⁾EPS (sen)
Profit attributable to equity holders of Perangsang Selangor for the FYE 31 December 2014	115,567	23.2
Less: Loss on disposal at Group level ⁽²⁾	(23,803)	(4.8)
Add: Loss contributed from TMSB Group to our Group	7,811	1.6
Add: Interest saving in relation to the BalDS based on weighted average effective profit rate per annum of 6.19%	12,400	2.5
Proforma profit attributable to equity holders of Perangsang Selangor	111,975	22.5

Notes:

(1) Based on weighted average number of Shares in issue during the financial year of 499,004,119.

(2) Including estimated expenses of approximately RM0.9 million in relation to the Proposed Disposal.

- The loss on disposal at Group level after deducting the estimated expenses incidental to the Proposed Disposal was arrived at based on the audited consolidated financial statements of TMSB for the FYE 31 December 2014, was as follows:-

	RM'000
Proceeds from the Proposed Disposal	78,054
Less: Carrying value of assets less liabilities disposed of	(100,962)
Less: Estimated expenses incidental to the Proposed Disposal	(895)
	(23,803)

5) Approvals required and estimated timeframe for completion

- The Proposed Disposal is subject to the following approvals/consents being obtained:
 - Non-interested shareholders of Perangsang Selangor at this EGM;
 - Minister of Energy, Green Technology and Water;

- (iii) ACQUA;
 - (iv) relevant financiers of Perangsang Selangor, TMSB, ABASS and VCSB; and
 - (v) any other authorities and/or parties, if required.
- The Proposed Disposal would be expected to be completed by end December 2015.

6) Conclusion

The Board (save for Interested Directors) was of the opinion that the Proposed Disposal is **fair and reasonable** after taking into consideration the following:-

- i) The Proposed Disposal will address the FRSB (RM325.0 million due on 28 April 2016), BaIDS amounting to RM200.0 million which was fall due on 29 February 2016 and deconsolidate the borrowings of TMSB (RM848.3 million including the FRSB) as at 30 June 2015;
- ii) The risk of FG invoking Section 114 of WSIA;
- iii) The risk of termination or non-renewal of the water abstraction agreement;
- iv) The risk of SPAN not granting further extensions of time for license application;
- v) The Proposed Disposal is meant to facilitate the Proposed Water Restructuring; and
- vi) TMSB is currently loss-making and is not expected to have means or ability to settle the Shareholder's Loans. The Shareholder's Loans was mainly utilized for servicing the coupon payments of the FRSB and ABASS' taxes payable to Inland Revenue Board.

In view of the nature of the Proposed Disposal which is being undertaken as part of the Proposed Water Restructuring, the Board had resolved not to seek alternative offers for the Disposal Shares.

Accordingly, the Board (save for Interested Directors) recommended the shareholders to vote in favour of the resolution pertaining to the Proposed Disposal.

Crowe Horwath (The Independent Adviser)

Ms Pauline Teh walked the shareholders through the following key areas, in evaluating the Proposed Disposal:-

- 1) The rationale of the Proposed Disposal
- 2) The value ascribed to the assets and methodology and assumptions thereon
- 3) The terms of the SPA

1) The rationales of the Proposed Disposal

- i) The inability of the Perangsang Selangor Group to repay the amounts due for the FRSB and BaIDS. As at 31 December 2014, the outstanding amounts in respect of the FRSB and BaIDS was RM687.1 million and RM200.0 million respectively.

a) TMSB and ABASS (“TMSB Group”)

- As at 21 September 2015, there had been seven (7) deferment notifications made to the Securities Commission of Malaysia with regards to the rescheduling and deferment of payment under the terms of the FRSB (Series 1 to 10).
- ACQUA had resolved to defer the redemption of the FRSB (Series 1 to 4) amounting to RM240 million to 28 April 2016 in conjunction with the maturity of another bond, Series 5 amounting to RM85 million (cumulatively RM325.0 million).
- Taking cognizant of the financial performance and position of the TMSB Group whereby it has reported a loss after tax of approximately RM8.6 million for the FYE 31 December 2014 compared to a profit of RM17.034 million for the FYE 31 December 2013. For the FYE 30 June 2015, the loss after tax is RM4.667 million. Besides that, the statement of cash flows for FYE 31 December 2013 and FYE 31 December 2014 indicated that the cash flow from operating activities was insufficient to cover investing and financing activities.

In view of the current financial position of the TMSB Group, it is unlikely that the TMSB Group would be able to meet the abovementioned financial obligation, and will require another deferment by ACQUA come 28 April 2016.

b) Viable Chip Sdn Bhd (“VCSB”)

- The amount of the BaIDS due to ACQUA by VCSB amounts to RM200.0 million (“VCSB Liability”).
- The BaIDS have already matured over the years and have been extended for due settlement on 29 February 2016.
- VCSB is technically insolvent as the shareholders’ funds are in a deficit position over the last two (2) financial years and its main income is derived from dividend income received via its 30% equity interest in SPLASH.
- As at 31 December 2014, the deficit in the shareholders’ fund of VCSB was approximately RM8.0 million.
- In view of its current financial position, it is unlikely that VCSB would be able to meet the abovementioned financial obligation come 29

February 2016.

- Perangsang Selangor would have to gear-up to accommodate the servicing and repayment of the BaIDS, which will increase its gearing ratio.

In view of the above, the Proposed Disposal provides an avenue for settlement of the immediate financial obligation of the Perangsang Selangor Group.

c) Release of all shareholder's loans and/or inter-company borrowings (and interests accrued thereon)

- The Proposed Disposal also entails Perangsang Selangor agreeing that all shareholder's loans and/or inter-company borrowings (and interests accrued thereon) made by Perangsang Selangor to TMSB as at the Completion Date will not be claimed by Perangsang Selangor.
- As at 30 June 2015, the said amount is approximately RM20.77 million.
- The shareholder's loans and inter-company borrowings (and interests accrued thereon) were made by Perangsang Selangor to TMSB in connection with TMSB's obligations with regard to coupon payments for the FRSB and ABASS's taxes payable to the Inland Revenue Board.
- Based on the assumptions of the Cash Flow Projections, the payment of this amount is projected to be settled at the end of the Sungai Semenyih 30-year concession, which was granted by the Selangor State Government to ABASS ("Concession").
- Notwithstanding the Cash Flow Projections, based on the historical trends of payment by Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"), it would appear that the TMSB Group would not be able to settle the amount due to Perangsang Selangor taking into consideration the immediate debt obligation of the FRSB.
- Based on the unaudited consolidated financial statements of the TMSB Group as at 30 June 2015, its cash and cash equivalents amount to approximately RM42.33 million, which is earmarked as working capital. Also from the earlier analysis of the financial position of TMSB Group it would appear that the TMSB Group would not be able to settle the amount due.

In view of the above, the release of the shareholder's loans and/or inter-company advances has to be undertaken to redress the books of the TMSB Group which will result in a write-off of RM20.77 million from the books of Perangsang Selangor.

This write-off was reasonable from a cash flow perspective as TMSB does not have the liquidity at present to resolve the amount due.

Premised on the abovementioned, the Proposed Disposal has merit and is reasonable based on the following:-

- In the event that TMSB and VCSB trigger an event of default arising from the non-payment of the amounts due on the FRSB and BaIDS on the respective due dates, two(2) things may happen as follows:-
 - a) Perangsang Selangor may trigger Paragraph 2.1(f) of PN 17 under the Listing Requirements.
 - b) The FRSB and BaIDS are secured by virtue of first ranking fixed and floating charges by way of debenture over the present and future assets and undertakings of TMSB and VCSB, which essentially includes its respective investments in ABASS and SPLASH. As such, in the event that the Proposed Disposal falls through and the grace of an extension by ACQUA is not granted, ACQUA would have exercised its rights under the various security documents, which would allow ACQUA to gain control over ABASS and the 30% equity interest in SPLASH.
 - The Proposed Disposal will result in the following:-
 - a) The settlement of debts owing to ACQUA by TMSB and VCSB without VCSB losing its 30% equity interest in SPLASH.
 - b) Provides for the settlement of the major liabilities of TMSB and VCSB, which will remove the threat of a default arising from non-payment of debts by TMSB and VCSB.
 - c) It also removes the requirement for Perangsang Selangor to gear up to accommodate the servicing and repayment of the debts.
 - With the removal of the VCSB Liability, any future dividends declared by SPLASH will result in the improvement in the cash flow position of VCSB. Historically, the dividend income received by VCSB via its 30% equity interest in SPLASH have been utilised to defray the borrowing costs of the VCSB Liability.
 - The release of all shareholder's loans and/or inter-company borrowings (and interests accrued thereon inter-company advances of RM20.77 million in the books of Perangsang Selangor is a fair trade off when compared to the immediate debt obligations of the Perangsang Selangor Group.
 - The Proposed Disposal will result in the de-consolidation of the financial results of the TMSB Group as well as the removal of the VCSB Liability. As such, the gearing of Perangsang Selangor Group improves significantly and will provide opportunities for it to gear up to invest in future investment opportunities.
- ii) Uncertainty in renewing the Abstraction of Water Licence held by ABASS

- Crowe Horwath was of the opinion that this rationale is reasonable as there is no assurance that the license will be extended to ABASS by Air Selangor for the extraction of water upon the next expiry nor the service license being granted by SPAN to ABASS will be extended.
 - At present, the licence to abstract raw water is renewed on a 3-month basis, with the latest expiry date ending on 29 February 2016. ABASS has until 31 December 2015 to indicate its intention to make an application for a licence under WSIA in substitution of the existing authorisation.
 - The issue of uncertainties in respect of the abstraction raw water licence and the service licence will be challenges faced by ABASS moving forward.
- iii) The consequences if the Federal Government decides to invoke Section 114 of Water Services Industry Act, 2006 (“**WSIA**”) if the Proposed Disposal is not carried out or completed.
- Pursuant to Section 114 of WSIA, the FG can assume control of the entire or part of the property, business and affairs of ABASS if it is necessary for national interest. By virtue of the Memorandum of Understanding signed on 26 February 2013 followed by the Heads of Agreement on 1 August 2014, there is no assurance that the FG will not invoke Section 114 of WSIA if the Proposed Disposal falls through.
 - In the event that the FG invokes Section 114 of WSIA, TMSB is bound to comply with the provisions of WSIA and will lose control of its concession assets in ABASS without the certainty of compensation.
 - Under part IX of WSIA (Assumption of Control), neither the Federal Government, Minister of KeTTHA nor SPAN or any member, employee or agent of SPAN and appointed person shall be liable to any action or proceedings in a court by any party for any loss or damage caused by any act or matter done or omitted to be done in good faith. Thus, there is no certainty whether an aggrieved party may be entitled to any compensation.
- iv) If the Proposed Water Restructuring cannot be completed, further water supply disruptions in Selangor and Federal Territories of Kuala Lumpur and Putrajaya may affect consumers as experienced in the second quarter of 2014.
- The Proposed Disposal facilitates the agreement between the FG and State Government of Selangor, which amongst others include the commencement of the Pahang-Selangor Raw Water Transfer Project. The completion of this project will help to ease the burden of 6.7 million consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya as the tunnel would be able to transfer up to 1,890 million gallon daily of raw water.

In conclusion and after taking into consideration the challenges and risks in terms of the renewal of the abstraction of raw water licence and the service licence, the threat of the FG invoking Section 114 of WSIA for national interest, and more importantly, addressing the issues faced by 6.7 million consumers in Selangor and the Federal

Territories of Kuala Lumpur and Putrajaya, Crowe Horwath was of the opinion that the rationale put forward by the Board has merit and is reasonable.

From Perangsang Selangor's perspective, the Proposed Disposal also addresses the impending debt repayment of the Perangsang Selangor Group. In the event that the financial obligations of the FRSB and BalDS are not resolved and ACQUA does not agree to any deferment, it may trigger an event of default arising from non-payment of the FRSB and BalDS which may lead to Perangsang Selangor triggering Paragraph 2.1(f) of PN17 under the Listing Requirements.

2) Evaluation of the Proposed Disposal Consideration

- Moore Stephens adopted two (2) methods of valuation namely the DCF Method and the PBR Method to derive the value of the Disposal Shares as at 30 June 2015 ("Valuation Date").

DCF Method

- Moore Stephens derived a weighted average cost of capital ("WACC") of 7.99% which is used to discount the cash flows generated from the Projected Period. The valuation result is as follows:-

	RM'million
Enterprise value of TMSB Group based on DCF Method	711.43
Add: Cash and bank balances as at 30 June 2015	42.33
Less: Borrowings as at 30 June 2015	(787.22)
100% equity value of TMSB Group	(33.46)

- The valuation resulted in a negative equity value. The negative value derived is mainly resulting from insufficient collection from revenue generated to defray against repayment of the coupon payments for the FRSB amounting to RM635.77 million. This would cause the TMSB Group to incur additional debt financing amounting to RM263.10 million.
- Arising from the negative equity value derived on the equity interest in TMSB, Moore Stephens ascribed a NIL value to the Disposal Shares.

Crowe Horwath's Comments

- The basis of the major valuation parameters adopted by Moore Stephens was fair and reasonable as they were consistent with valuation methodologies.
- In addition, the DCF Method used by Moore Stephens to value the Disposal Shares was fair and reasonable as it was a generally accepted method of valuation for concession-based assets.

PBR Method

- As Moore Stephens prescribed a Nil value on the Disposal Shares in view of the negative equity value based on the DCF Method, another method of valuation was prescribed to value the Disposal Shares which is the PBR Method. The method makes reference to the NA position of the TMSB Group as at 30 June 2015, which in general forms a base indication of the indicative value of the Disposal Shares.
- In arriving at the PBR, Moore Stephens took into consideration the following:-
 - a) The Disposal Shares are not listed and as such, there are no market prices available except for the offer from KDEB;
 - b) The residual assets of the TMSB Group (after repayment of liabilities and obligations) that are distributable to its shareholders;
 - c) The precedent Transactions analysis which Pengurusan Aset Air Berhad ("PAAB") had concluded in its acquisition of other water assets in other states in Malaysia. The analysis is tabulated as follows:-

Date announced	Acquirer	Target	PBR
December 2008	PAAB	Malacca water assets	1.00 time
January 2009	PAAB	Negeri Sembilan water assets	1.00 time
March 2009	PAAB	Johor water assets	1.00 time
August 2010	PAAB	Perlis water assets	1.00 time
June 2011	PAAB	Penang water assets	1.00 time
May 2012	PAAB	Perak water assets	1.00 time
December 2014	Air Selangor	PNSB's water concession business	0.94 times

- Based on the above table, Moore Stephens had ascribed a one (1) time PBR to the book value of the TMSB Group to derive the value of the Disposal Shares as follows:-

	Audited 31-Dec-14 RM Million	Unaudited 30-Jun-15 RM Million
Net Assets		
Attributable to 100% Equity	<u>86.64</u>	<u>81.97</u>
Valuation at 1 Time PBR	<u>86.64</u>	<u>81.97</u>
Value of Disposal Shares	<u>78.70</u>	<u>74.45</u>

Premised on the DCF Method and the PBR Method of valuation, the range of value as ascribed by Moore Stephens for the Disposal Shares as at the Valuation Date was Nil to RM74.45 million.

Crowe Horwath's Comments

- The indicative value ascribed by Moore Stephens is RM74.45 million based on the unaudited consolidated financial statements of the TMSB Group for FPE 30 June 2015.
- The Disposal Consideration represents a premium of 4.8% against the NA as at 30 June 2015.
- The PBR implied from the Disposal Consideration was 1.05 times based on the NA as at 30 June 2015, and was higher than the PBR accorded by PAAB in its acquisition of other water concession assets of 0.94 times to 1.00 time.
- Based on the cross checked, the fairness of the Disposal Consideration by comparing the implied Enterprise Value/Earnings Before Interest, Taxation, Depreciation and Amortisation ("EV/EBITDA") multiples of the TMSB Group against its comparable companies and precedent transactions as follows:-

Company	Market	^(a) Market Capitalisation (RM'million)	^(b) Implied PE (Times)	^(b) Implied PBR (Times)	^(c) Implied EV/EBITDA (Times)
Listed Comparable Companies					
Perangsang Selangor	Main	658.538	5.74	0.54	17.63
PBA Holdings Berhad	Main	353.536	15.26	0.49	4.26
Precedent Transactions					
PNSB's water concession business ^(f)	Unlisted	1,117.50	4.56	0.94	5.89
SYABAS ^(f)	Unlisted	322.57	n.a	n.a	4.13
TMSB	Unlisted	^(d) 85.93	n.a	1.0	^(e) 6.49

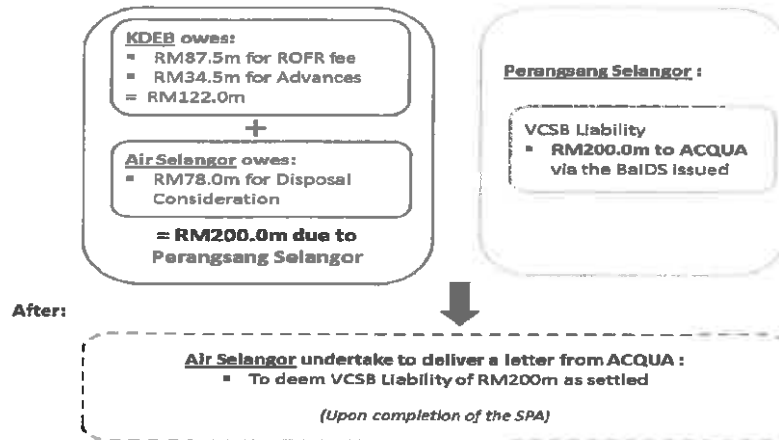
Notes:-

- (a) Calculated based on the 3-months Volume Weighted Average Price ("VWAP") of the comparable companies up to 21 October 2015, being the last trading day prior to the announcement of the execution of the SPA in relation to the Proposed Disposal on 22 October 2015, multiplied by the number of shares of the comparable companies as at the last reported financial year end of the comparable companies.
- (b) Calculated based on the market capitalisation of the comparable companies against the earnings per share and NA per share of the comparable companies based on its latest available audited financial statements.
- (c) Calculated based on the EV of the comparable companies against the EBITDA of the comparable companies based on its latest available audited financial statements. EV is calculated based on market capitalisation plus debt and non-controlling interest (if any), minus cash
- (d) Based on the offer made by KDEB (adjusted for the entire equity interest of TMSB).
- (e) Based on the TMSB Group's EV as ascribed by Moore's Stephens of RM711.43 million against the EBITDA of the TMSB Group of RM109.6 million for FYE 31 December 2014.
- (f) Extracted from the Independent Advice Circular of PNHB dated 19 December 2014

(Source: Bloomberg, Audited Financial Statements of Perangsang Selangor for FYE 31

December 2014 and Audited Financial Statements of PBA Holding Berhad for FYE 31 December 2014)

- Based on the above table, the following were noted:-
 - i) The implied PBR multiple of 1.0 time is higher than the listed comparable companies which were trading at PBR multiples of between 0.49 times to 0.54 times. The implied PBR multiple of the precedent transaction of PNSB's water concession business was 0.94 times.
 - ii) The implied EV/EBITDA multiple of 6.49 times is higher compared to the implied EV/EBITDA multiple of precedent transactions of 4.13 times to 5.89 times. The implied EV/EBITDA multiple of the listed comparable companies were between 4.26 times to 17.63 times.
 - iii) The implied PE multiple was not used as a basis of comparison since TMSB recorded losses based on the audited consolidated financial statements for FYE 31 December 2014 and unaudited consolidated financial statements for FPE 30 June 2015.
- Premised on the above, Crowe Horwath was of the view that the Disposal Consideration was fair and reasonable based on the following:-
 - i) The value ascribed by Moore Stephens to the Disposal Shares is RM74.45 million based on the unaudited consolidated financial statements of TMSB Group as at the Valuation Date. The Disposal Consideration of RM78.054 million represents a premium of 4.8% against the value of the Disposal Shares as at the Valuation Date;
 - ii) The implied PBR from the Disposal Consideration of 1.05 times based on the NA as at 30 June 2015 is higher than the PBR accorded by PAAB and/or Air Selangor in their acquisition of other water concession assets of 0.94 times to 1.00 time.
 - iii) The implied EV/EBITDA multiple of 6.49 times is within the range of 4.26 times and 17.63 times when compared against traded multiples of comparable companies.
- In summary, the settlement of the Disposal Consideration is illustrated as follows:



3) Salient Terms of the SPA

i) Settlement of Disposal Consideration

- Perangang Selangor had previously paid to KDEB a sum of RM87,470,000 ROFR Fee as earnest deposit for the ROFR granted by KDEB to Perangang Selangor to be the project manager for the operations and maintenance of the treatment and supply of water in the state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, including the proposed Langat 2 water treatment plant project. The ROFR will be terminated with effect from completion of the SPA and Air Selangor shall, for an on behalf of KDEB, refund to Perangang Selangor the ROFR Fee, free of interest, in the manner as stated below;
- KDEB owes Perangang Selangor the sum of RM34,476,000, being advances made by Perangang Selangor to KDEB between January 2010 and August 2011 ("KDEB Debt"); and
- there are liabilities owed by VCSB to ACQUA arising from the BalDS issued by VCSB ("VCSB Liability").
- As settlement of the Disposal Consideration, Air Selangor will undertake to deliver an undertaking letter from ACQUA to deem the VCSB liability fully and finally settled upon completion of SPA ("ACQUA Letter").

Crowe Horwath's comments

The terms were reasonable in view of the following:-

- Perangang Selangor would be able to set-off the Disposal Consideration against the VCSB Liability;
- Perangang Selangor would be able to address the financial obligation of VCSB to ACQUA since the settlement provides for the full and final settlement of the VCSB Liability; and

- The refund of the ROFR Fee and repayment of the KDEB Debt would be finally settled.

ii) **Conditions Precedent**

The sale and purchase of the Disposal Shares and the settlement of the VCSB Liability are conditional upon all the following Conditions Precedent being fulfilled or otherwise waived on or prior to the date falling 90 days from the date of the SPA or such other extended date as the parties may agree in writing ("Stop Date"):-

- a) due execution of the following agreements ("Acquisition Agreements") and satisfaction of all conditions precedent in each of the Acquisition Agreements such that the Acquisition Agreements and the SPA are, in essence and to the maximum extent practicable, ready for completion in accordance with the terms and conditions:-
- agreement between Air Selangor and Operasi Murni Sdn Bhd ("OMSB") for Air Selangor to purchase the balance 9.17% shareholding in TMSB from OMSB; and
 - one or more agreements to be entered into for the acquisition by Air Selangor of the 30% equity interest in SYABAS and all the redeemable convertible unsecured loan stocks in SYABAS held by KDEB.

Crowe Horwath's Comments

- The entire Proposed Water Restructuring constitutes a national agenda and the conditions precedents have been drafted to facilitate it in its entirety.
 - As the Proposed Disposal is to facilitate the Proposed Water Restructuring, it is reasonable to assume that all Acquisition Agreements must be executed between the parties in concurrence with the view of the FG, the Selangor State Government, Air Selangor and PAAB.
 - As at the LPD, it was noted that the acquisition agreements for Air Selangor to acquire the remaining 9.17% shareholding in TMSB and remaining 30% equity interest in SYABAS have still not been executed. However, since the Proposed Water Restructuring forms part of the national agenda, it is reasonable to assume that the abovesaid acquisition agreements will materialise.
- b) issuance of the ACQUA Letter by ACQUA and the delivery of the original copy of the same to Air Selangor; and
- c) the issuance of a written waiver by OMSB (if applicable) of its pre-emption rights to purchase the Disposal Shares from Perangsang Selangor pursuant to and within the timeframe stipulated under the shareholders' agreement dated 16 February 2006 between TMSB, OMSB and Perangsang Selangor

and the articles of association of TMSB, such waiver being on terms mutually acceptable to Perangsang Selangor and Air Selangor.

Crowe Horwath's Comments

- The term (ii)(c) above was reasonable in view of the full and final settlement of the VCSB Liability as settlement of the Disposal Consideration.
- The term (ii)(d) was also reasonable since pursuant to the TMSB shareholder's agreement, the waiver is required as OMSB has pre-emption rights.
- In the event the acquisition agreement for (ii)(c) and (ii)(d) could be fulfilled, there was still a risk that the entire Proposed Water Restructuring would fall through. Nevertheless, the SPA provides for Air Selangor to have the right to waive (ii)(c) and (ii)(d), which could enable completion of the SPA to be achieved on the assumption that the other conditions precedent are fulfilled or waived.

iii) Warranties and Indemnities

- The aggregate liability of Perangsang Selangor to Air Selangor for any claims pursuant to the SPA shall not exceed RM200.0 million provided however that any liability of TMSB or ABASS to make a payment on account of taxation arising as a consequence of or by reference to any event, circumstance or state of affair or omission occurring on or before the Completion Date shall not be subject to any cap.

Crowe Horwath's Comments

- It is normal in any commercial sale and purchase transactions for the acquirer to request for warranties. In this connection, the terms are reasonable.
- The maximum amount to be claimed pursuant to the SPA shall not exceed RM200.0 million which was reasonable in light that the settlement of the VCSB Liability was also RM200.0 million.
- However, there was no cap for tax related liabilities arising on or before the Completion Date. Crowe Horwath was of the view that the term was reasonable since it is not unusual for a transaction of this nature to have a carve-out on the limits of liability for certain specific warranties such as tax.

4) Conclusion and Recommendation

- Based on the assessment and evaluation on the Proposed Disposal and after taking into consideration the various factors discussed above, the pertinent factors which the shareholders should consider carefully were as follows:-

a) Rationale for the Proposed Disposal

- The Proposed Disposal has merit and was reasonable on the basis that it allows the Perangsang Selangor Group to address and/or remove the risks and challenges faced in the water services industry in terms of renewal of the abstraction of raw water licence and service licence.
- It would also facilitate the Proposed Water Restructuring with the concurrence of the FG and Selangor State Government with the aim to alleviate the water shortage issue faced by consumers in Selangor, Federal Territories of Kuala Lumpur and Putrajaya.
- The Proposed Disposal negates the threat of the FG invoking Section 114 of WSIA and in the event that WSIA is invoked, there is no certainty whether an aggrieved party may be entitled to any compensation.
- The Proposed Disposal would allow Perangsang Selangor Group to resolve its financial obligations towards the repayment of the impending debts such as the FRSB and BaIDS despite having to consider a release of the shareholder's loans and inter-company borrowings of RM20.77 million. In the event that the financial obligations of the FRSB and BaIDS are not resolved and ACQUA does not agree to any deferment, it may trigger an event of default arising from non-payment of the FRSB and BaIDS which may lead to Perangsang Selangor triggering Paragraph 2.1(f) of PN17 under the Listing Requirements.
- The Proposed Disposal and release of the shareholder's loans and inter-company borrowings results in a drop in EPS of RM0.007 and NA per share of RM0.05 respectively. However, the gearing ratio improves significantly from 0.85 times to a negligible amount. The lower gearing provides opportunities to the Perangsang Selangor Group to gear up for potential investments. Therefore, from a financial perspective, the waiver of RM20.77 million is a reasonable trade-off.

b) Evaluation of the Disposal Consideration

- Premised on the DCF Method and PBR Method, the range of values as ascribed by Moore Stephens is Nil to RM74.45 million as at the Valuation Date.
- The TMSB Group's core assets relate to concession assets, and the preferred method to value such assets would predominantly be the DCF Method. However, by adopting the DCF Method, the valuation method resulted in a negative value of RM33.46 million. In this respect Moore Stephens considered the indicative value of the Disposal Shares to be nil. In view thereof, the PBR Method was adopted to value the Disposal Shares whereby a one (1) time PBR was ascribed to the book value of the TMSB Group.

- From the PBR perspective, the PBR implied from the Disposal Consideration is 1.05 times based on the NA as at 30 June 2015, which is higher than the range of PBR accorded by PAAB and Air Selangor in their acquisition of other water concession assets of 0.94 times to 1.00 time.
- The Disposal Consideration provides for a slight premium of 4.8% as compared to the value of the Disposal Shares as at the Valuation Date.
- The implied EV/EBITDA multiple of 6.49 times (based on the TMSB Group's EV as ascribed by Moore Stephens of RM711.43 million against the EBITDA of the TMSB Group of RM109.6 million for FYE 31 December 2014) is higher compared to precedent transactions of between 4.13 times to 5.89 times, and is within the range of 4.26 times and 17.63 times when compared against traded multiples of the comparable companies.

Premised on the foregoing assessment of the Proposed Disposal based on the information available to Crowe Horwath, Crowe Horwath was of the opinion that the Proposed Disposal was **FAIR AND REASONABLE** and **NOT DETRIMENTAL** to the interest of the minority shareholders of Perangsang Selangor.

In this regard, Crowe Horwath recommended the shareholders to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at this EGM of Perangsang Selangor.

The Chairman thanked Puan Mia Idora and Ms Pauline Teh for their presentations and advices on the Proposed Disposal to the shareholders.

Minority Shareholder Watchdog Group ("MSWG")

The Chairman informed the shareholders that the MSWG had via its letter dated 8 December 2015 raised several questions in respect of the Proposed Disposal. The Board was requested to address the points raised by them and to present at this Extraordinary General Meeting ("EGM").

The MSWG's questions and the Board's replies as per annexure marked **Appendix 1** were duly noted.

In addition to the above, the representative from MSWG namely Mr Lee Leok Soon ("Mr Lee") shared the following observations for Board's and Management to take note:-

- i) With reference to the Income Statement of Perangsang Selangor in the 2014 Annual Report and third quarter 2015 results announced to Bursa Securities recently, it was noted that Perangsang Selangor's profit after tax ("PAT") had been significantly derived from share of profits from the associate companies. This matter has to some extent triggered concern among the shareholders in view that the sizeable PAT was merely an accounting entries and not real cash. The actual cash could only be enjoyed by the shareholders whenever Perangsang Selangor declared dividend.

- ii) With regards to substantial amount of trade receivables recorded in the balance sheet of Perangsang Selangor for the past few years, Management was advised to take special attention on the recoverable issue of its receivables as it may result in high impairment loss on receivables in the future.
- iii) Besides that, Perangsang Selangor was also advised to further enhance its future Statement of Risk Management and Internal Control ("SRMIC") in relation to monitoring of key issues/concerns at associate companies.
- Encik Mohamed Ross bin Mohd Din ("Encik Mohamed Ross") thanked Mr Lee for sharing his valuable insights and observations. Encik Mohamed Ross commented that the Board and Management would take note of the pertinent points highlighted for the betterment of Perangsang Selangor business operation.
- With regards to substantial amount of trade receivables, Encik Mohamed Ross explained that the substantial amount of receivables was mainly due to the proportionate payment made by SYABAS to ABASS. However, moving forward, this issue is expected to be mitigated upon completion of the Proposed Disposal.

Shareholders' Questions

The Chairman then invited questions from the floor before putting the motion for voting.

The following questions and comments were raised by the shareholders:-

- i) Mr Cheng Chang Chai ("Mr Cheng") enquired whether there is any indication that Air Selangor will also take over Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") and what is the expected purchase consideration of such offer.
 - To this, Encik Mohamed Ross replied that the Board is not aware of any new offer from Air Selangor for acquisition of SPLASH and the previous offer has lapsed. Notwithstanding this, Perangsang Selangor hope that there would be upside to this transaction later.
- ii) With reference to a newspaper article published in one of the local newspaper on 8 December 2015, Mr Cheng sought clarification from the Board whether it was true that the current book value of SPLASH was approximately RM3.0 billion which is equivalent to RM900.0 million, of Perangsang Selangor 30% equity holding via VCSB. Based on this figure, he asked whether Perangsang Selangor is expecting a higher offer price, as mentioned by Gamuda's Managing Director Datuk Lin Yun Ling that the valuation methodology should be done according to book value similar to precedent transactions involving acquisition of water assets of six other states.
 - In reply to the above, Encik Mohamed Ross commented that the Board was unable to verify the current net book value of SPLASH as stated in such newspaper article. However, Puan Suzila clarified that based on the 2014 Annual Report the Net Asset of SPLASH stood at RM2.7 billion after netting-off the liabilities.

- Encik Mohamed Ross expressed that as far as the Board's knowledge the previous SPLASH Offer from KDEB has lapsed and the Board was not aware of any indication from Air Selangor in relation to the offer to take over SPLASH.
- iii) Encik Azahan bin Badiuzzaman ("Encik Azahan") expressed that he was not in favour of the Proposed Disposal as it does not bring any direct benefit to the shareholders. He added that the Directors did not dare to take the risk to reject the offer as the Purchase Consideration was unfair and unreasonable. He opined that the Board should take a stand to negotiate for higher purchase price. Encik Azahan further stressed that the existing Board of Directors has failed to protect the interests of shareholders in this Proposed Disposal.

In reply to the above, Encik Mohamed Ross pointed out that as a shareholder of Perangsang Selangor, Encik Azahan has the right to share his views on the Proposed Disposal as well as to vote for or against the Proposed Disposal. However, with regards to the risk issue that was disputed by Encik Azahan, Encik Mohamed Ross, being the Chairman of Board Risk Management Committee of Perangsang Selangor, explained that it was untrue that the Board was not concern of the risk associated with the Proposed Disposal. The Proposed Disposal has gone through all the due process as required by the Listing Requirements whereby the Audit Committee ("AC") of Perangsang Selangor has thoroughly assessed the Proposed Disposal and after having considered the views of the Main Adviser and Independent Adviser and all aspects of the Proposed Disposal, including the rationale, benefits and effects of the Proposed Disposal, the AC was of the opinion that the Proposed Disposal is in the best interest of the Company, fair and reasonable, and on normal commercial terms; and not detrimental to the interest of the minority shareholders of the Company.

- iv) At this juncture, Mr. Cheng's was skeptical that the Purchase Consideration of RM78.054 million was considered as fair and reasonable as there was no cash proceeds and no special dividend payment to the shareholders.

Mr Cheng added that the rationale given for the Proposed Disposal such as termination or non-renewal of right to raw water abstraction and invoking of Section 114 of WSIA were not justifiable and acceptable. These rationale were merely to paint a bleak picture if the shareholders reject the Proposed Disposal. He further questioned on what actions have been taken by the AC in addressing this issue.

- At this juncture, Encik Mohamed Ross explained that the risks on termination or non-renewal of water abstraction agreement and invoking of Section 114 of WSIA beyond the control of the Board. Therefore, it was not appropriate for the Board to put Perangsang Selangor in a precarious situation, which may affect the future direction of Perangsang Selangor.
- As for the AC's role and action taken in this Proposed Disposal, Encik Mohamed Ross requested Mr Cheng to refer to the Audit Committee Statement as set out in item 11 of page 21 of the Circular.

- v) Mr Cheng enquired whether there was any step taken by Management/Board to seek for judicial review to mitigate the possibility that LUAS will terminate or non-renewal of right to raw water abstraction agreement. He also further enquired whether there was any action taken by Management to comply with Section 191 and 192 of WSIA's requirement that ABASS to apply for an approval from SPAN to act as authorized person to carry out the services and activities under the Concession.
- At this juncture, YB Sivarasa a/l Rasiah ("YB Sivarasa") explained that the Board has taken into consideration under all circumstances holistically in arriving at this decision. After due consideration of all the circumstances, the Board has decided not to pursue for judicial review.
 - With regards to action taken by Management to comply with Section 191 and 192 of WSIA, YB Sivarasa highlighted that ABASS has taken all the necessary actions to comply with these requirements as stipulated in item 4(iii), page 15 of the Circular whereby SPAN had previously granted several extensions of time for ABASS to carry out its services and activities under the Concession pursuant to Sections 191 and 192 of WSIA. SPAN had via its letter dated 30 June 2015 agreed to an extension until 31 December 2015 for ABASS to carry out the services and activities under the Concession and to indicate its intention but there can be no assurance that SPAN will grant further extensions of time.
- vi) With reference to item 2.2 (Basis and justification for the Proposed Disposal) on page 2, of the Circular, Mr Cheng made reference to the clause which clearly stated that in justifying the Disposal Consideration, the approximate price of asset that would change hands between a willing buyer and willing seller when neither is acting under compulsion. However, in this Proposed Disposal it was very clear that the Purchase Consideration was not in the same spirit of this statement.
- At this juncture, Mr Khong Seng Kong ("Mr Khong") disagreed with Mr Cheng's statement and commented that although the valuation made by Moore Stephens was meaningless as there was a loss of approximately RM23.1 million due to write off of advances to TMSB, the Shareholders need to look at this Proposed Disposal from a bigger perspective whereby this Proposed Disposal would definitely allow Perangsang Selangor Group to resolve its financial obligations towards the repayment of the impending debts such as the FRSB and BaIDS.
- Mr Khong added that what is more important at this point is Perangsang Selangor has an offer from Air Selangor and the shareholders need to accept the fact that this Proposed Disposal is being undertaken as part of the Proposed Water Restructuring.
- vii) Mr Cheng enquired on what are the future plans of Perangsang Selangor to recover or substitute lost of revenue following the cessation of TMSB as a subsidiary of Perangsang Selangor post-completion of the Proposed Disposal.

- In reply, Encik Mohamed Ross informed that Perangsang Selangor has been exploring new investments under an ongoing basis regardless of the cessation of TMSB. Perangsang Selangor has earmarked some investments, however, the Company is unable to disclose the facts at this juncture as the Company is bounded by the non-disclosure agreements.

Apart from future investments, Perangsang Selangor is also continuously assessing and monitoring its current portfolio ensuring maximum return is achieved from these businesses.

Voting on the resolution

The meeting proceeded to the Agenda.

The Chairman informed the shareholders that since the Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Bursa Securities Listing Requirements, the voting on the resolution pertaining to the Proposed Disposal shall be carried out via polling. The shareholders were briefed on the polling procedures.

Symphony Share Registrar Sdn Bhd was appointed as the independent scrutineer to administer the polling.

The shareholders proceeded to undertake the polling and the meeting was adjourned for 1 hour.

The meeting reconvened at 12.50 p.m. The Chairman called the meeting to order.

The Share Registrar handed over summary of the Results to the Chairman as follows:-

	Number of Holdings	%	Number of Records	%
FOR	55,689,684	99,9685	123	93.18
AGAINST	17,550	0.0315	9	6.82

	Number of Holdings	Number of Records
ABSTAINED	5,000	123
SPOILT	440,500	9

Based on the voting results, the Chairman of the meeting declared that by majority votes of 93.18%, the following motion for the Proposed Disposal be and hereby duly carried:-

“THAT, subject to the approvals of all relevant authorities and/or parties being obtained and/or relevant requirements for completion being met, approval be and is hereby given to Perangsang Selangor to dispose its 90.83% equity interest in TMSB to Air Selangor, a wholly-owned subsidiary of KDEB pursuant to the terms and conditions stipulated in

the conditional share purchase agreement dated 22 October 2015 entered into between Perangsang Selangor and Air Selangor for the Proposed Disposal ("SPA"), including any modifications, variations, amendments and additions thereto from time to time as stipulated in Section 2 of Part A of the circular to the shareholders of Perangsang Selangor;

AND THAT the Board of Directors of the Company (save for YM Raja Dato' Haji Idris Raja Kamarudin, Encik Suhaimi bin Kamaralzaman and YM Raja Shahreen bin Raja Othman) ("Non-Interested Directors"), be and is hereby empowered and authorised to take all such steps and do all such acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, enter into, sign and deliver for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Disposal with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Non-Interested Directors and to take all steps and actions as may be required by the relevant authorities or as the Non-Interested Directors may deem necessary and expedient to finalise, implement and give full effect to and complete the Proposed Disposal."

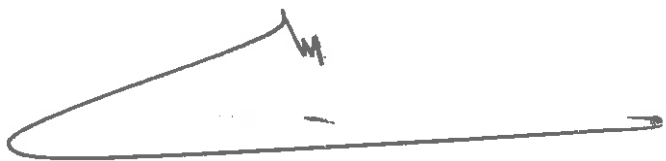
5. ANY OTHER BUSINESS

Upon the confirmation by the Company Secretary, the Chairman informed that the Company has not received notice to transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

6. CLOSE OF MEETING

Since there was no other business to be transacted, the meeting ended at 12.55 p.m. with a vote of thanks to the Chair.

**CONFIRMED AS THE CORRECT RECORD
OF THE PROCEEDINGS THEREAT**



.....
CHAIRMAN

Date:



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

8 December 2015

BY FAX

(Fax No. 603-5510 9977)

The Board of Directors
KUMPULAN PERANGSANG SELANGOR BERHAD
 16th Floor, Plaza Perangsang
 Persiaran Perbandaran
 40000 Shah Alam
 Selangor Darul Ehsan

Attention: Puan Hashimah binti Mohd Isa
Puan Selfia binti Muhammad Effendi
Joint Company Secretaries

Dear Sir,

Re: Extraordinary General Meeting (EGM) of KUMPULAN PERANGSANG SELANGOR BERHAD ("The Company/Group") to be held on Wednesday, 9 December 2015 at 10.00 a.m.

In the interest of minority shareholders and all other stakeholders of the Company/Group, we would like to raise the following issues at the Extraordinary General Meeting of Kumpulan Perangsang Selangor Berhad:

Strategic & Financial Matters

- 1) The Board had decided that the Proposed Disposal would be the best option for the Company so as to resolve, inter alia, the Group's borrowings amounting to about RM1,023.3 million as at 30 June 2014. The Proposed Disposal would improve the Group's borrowings at gearing ratio from 0.85 times to a negligible amount of RM178,000 amid its net assets per share, its earnings and earnings per share would decline to RM2.36 and 22.5 sen respectively.
 - (a) What is the Board's Sustainability Policy put in place to address key industry-specific issues of material significance to minority shareholders who are now concerned with the Group's sustainable development and the Company's future goals so that they will continue to benefit from the proposal?
 - (b) How adequate and effective is the Board's risk management strategy and internal controls in relation to the industry-specific issues and risks ranging from the Group's core business segments (i.e. infrastructure and utilities,

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia • Company No: 524989-M)
 Tingkat 11, Bangunan KWSP, No: 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
 Tel: (603) 2070 9090 Fax: (603) 2070 9107
 E-Mail: watchdog@mswg.org.my Website: www.mswg.org.my

trading, hospitality, golf club and recreational facilities, oil and gas, and telecommunication) to its investments/interests in associates?

- (c) Amid the estimated loss on the Proposed Disposal amounting to RM23.803 million based on Titisan Modal (M) Sdn Bhd (TMSB)'s audited consolidated financial statements as at 31 December 2014, what are the measures taken to assure shareholders of the Group's sustainable performance and results for the year ending 31 December 2015?
- 2) As reported in the Group's unaudited results for the third quarter ended 30 September 2015, a proposed joint venture (JV) for a mixed development project between Cash Band (M) Berhad, its 99.98% owned subsidiary and Setia Eco Templar Sdn Bhd (a wholly-owned subsidiary of SP Setia Berhad) was entered into a Development Agreement signed on 6 February 2013.

What are the conditions precedents holding up the proposed JV? What is the gross development value ("GDV") expected for the JV?

We would appreciate if the Board could present the points raised here, and their related answers for the shareholders present at the forthcoming EGM. At the same time, we await a written reply as soon as possible for our records, and posting on our website for the benefit of all stakeholders.

Thank you.
Yours sincerely,



Quah Ban Aik
Head
Corporate Monitoring

QBA/RBB/LLS/nhs2015