

SHAREHOLDERS' AGREEMENT BETWEEN ALIRAN IHSAN RESOURCES BHD AND CHIEF MINISTER MELAKA, INCORPORATION, A BODY INCORPORATED PURSUANT TO THE CHIEF MINISTER, MALACCA (INCORPORATION) ENACTMENT 1993

1. INTRODUCTION

The Board of Directors of Aliran Ihsan Resources Berhad ("AIRB" or "the Company") is pleased to announce that it has on 9 December 2011 entered into a Shareholders' Agreement with Chief Minister Melaka, Incorporation ("CMI") to jointly bid for any suitable contracts in any way related to the provision of water services in Melaka and Malaysia and all other related activities. ("the Works")

2. BACKGROUND INFORMATION ON CMI

CMI is a body incorporated pursuant to the Chief Minister, Malacca (Incorporation) Enactment 1993.

3. SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

The salient terms of the Shareholders Agreement are as follows:-

- 3.1 The Company and CMI (the "Parties") will participate in the venture through **REDHILL AVENUE SDN. BHD. (Company No. 969172-X)**, a specific purpose vehicle ("SPV") incorporated under the Malaysian Companies Act, 1965.
- 3.2 The Parties will increase the paid-up capital in the SPV, from its present RM2 comprising 2 ordinary shares of RM1 each, to RM500,000 in the following agreed proportion:-

| <u>Shareholder</u> | <u>Percentage</u> | <u>Number of ordinary shares</u> |
|--------------------|--------------------------|----------------------------------|
| AIRB | Eighty per cent (80%) | 400,000 |
| CMI | Twenty per cent (20%) | 100,000 |
| | 100% | 500,000 |

- 3.3 The source of funds to finance the SPV's future working capital requirements and/or the Works shall be internally generated by the SPV and/or by way of borrowings at the SPV's level. The Parties shall not assume any liabilities arising from such activities, unless mutually agreed in writing.

4. SOURCE OF FUNDS FOR FINANCING THE INVESTMENT

The Company plans to finance its portion its investment in the SPV through internally generated funds.

5. RATIONALE

The transaction is part and parcel of the Company's overall business expansion plan and growth strategy.

6. FINANCIAL EFFECT

The transaction is not expected to have any material effect on the earnings, net assets per share, gearing, share capital and substantial shareholding of the Company for the financial year ending 31 December 2011.

7. APPROVALS REQUIRED

The Shareholders Agreement is not subject to the approval of the shareholders of the Company.

8. DIRECTORS' STATEMENT

The Board of Directors of AIRB, having considered all aspects of the Shareholders Agreement is of the opinion that the Shareholder Agreements is in the best interest of the Company.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Shareholders Agreement.

This announcement is dated 9 December 2011.