PROSPECTUS

THIS PROSPECTUS IS DATED
31 DECEMBER 2015

RANHILL HOLDINGS BERHAD

(Company No.: 1091059-K)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC OFFERING OF UP TO 475,000,000 ORDINARY SHARES OF RM1.00 EACH IN RANHILL HOLDINGS BERHAD ("RANHILL") ("OFFERING SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP CAPITAL OF UP TO 940,994,967 ORDINARY SHARES OF RM1.00 EACH IN RANHILL ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING (A) AN OFFER FOR SALE OF UP TO 100,000,000 EXISTING SHARES ("OFS SHARES") AND (B) A PUBLIC ISSUE OF UP TO 375,000,000 NEW SHARES ("ISSUE SHARES"), INVOLVING:

(I) INSTITUTIONAL OFFERING OF UP TO 354,180,000 OFFERING SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND

(II) RETAIL OFFERING OF 120,820,000 ISSUE SHARES COMPRISING:

- RESTRICTED OFFERING OF 65,994,965 ISSUE SHARES TO OUR EXISTING SHAREHOLDERS WHO WERE THE SHAREHOLDERS OF SYMPHONY HOUSE BERHAD AND WERE ENTITLED TO THE SCHEME OF ARRANGEMENT (AS DEFINED HEREIN), ON THE BASIS OF ONE (1) ISSUE SHARE FOR EVERY TEN (10) SYMPHONY SHARES (AS DEFINED HEREIN) HELD ON THE ENTITLEMENT DATE FOR THE SCHEME OF ARRANGEMENT (AS DEFINED HEREIN);
- 36,000,000 ISSUE SHARES RESERVED FOR SUBSCRIPTION BY THE ELIGIBLE INDIVIDUALS (AS DEFINED HEREIN); AND
- PUBLIC OFFERING OF 18,825,035 ISSUE SHARES TO THE MALAYSIAN PUBLIC,

AT THE RETAIL PRICE OF RM1.70 PER ISSUE SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED HEREIN), IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED HEREIN). THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF (I) THE RETAIL PRICE; OR (II) THE INSTITUTIONAL PRICE.

Principal Adviser and Global Coordinator

CIMB Investment Bank Berhad
(Company No. 18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters

CIMB Investment Bank Berhad
(Company No. 18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Co-Bookrunner and Joint Underwriter

MIDF Amanah Investment Bank Berhad
(Company No. 23878-X)

Joint Underwriters

Affin Hwang Investment Bank Berhad
(Company No. 14389-U)

RHB Investment Bank Berhad
(Company No. 19663-P)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS RELATING TO AN INVESTMENT IN THE SHARES WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

PROSPECTUS RANHILL HOLDINGS BERHAD

RANHILL HOLDINGS BERHAD
(Company No.: 1091059-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Level 15, Wisma Perkeso
No. 155, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Tel : 03-2685 5200
Fax : 03-2685 5286

Website : www.ranhill.com.my

OUR DIRECTORS, THE SELLING SHAREHOLDER AND THE PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

CIMB INVESTMENT BANK BERHAD ("**CIMB**"), AS THE PRINCIPAL ADVISER, GLOBAL COORDINATOR AND JOINT BOOKRUNNER FOR THE INSTITUTIONAL OFFERING IN RELATION TO OUR OFFERING ("**OFFERING**") ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR OFFERING.

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED OUR OFFERING AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR OFFERING AND AN INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

OUR COMPANY HAS OBTAINED THE APPROVAL OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF UP TO 941,000,002 ORDINARY SHARES OF RM1.00 EACH IN OUR COMPANY ("**SHARES**"). OUR ADMISSION TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR OFFERING, OUR COMPANY OR OUR SHARES. THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

A COPY OF THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORMS HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR THEIR CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("**CMSA**").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR OFFERING FOR WHICH THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

OUR SHARES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") BASED ON THE COMBINED FINANCIAL STATEMENTS (AS DEFINED HEREIN) FOR THE YEAR ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2014. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. UPDATES ON THE CLASSIFICATION WILL BE RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF THE MONTH OF MAY AND NOVEMBER OF EACH YEAR.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE JOINT MANAGING UNDERWRITERS AND THE JOINT UNDERWRITERS NAMED IN THIS PROSPECTUS TO UNDERWRITE OUR SHARES UNDER THE RETAIL OFFERING AS AN INDICATION OF THE MERITS OF OUR SHARES BEING OFFERED.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN OFFERING UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH OUR OFFERING. OUR SHARES BEING OFFERED IN OUR OFFERING ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR COMPANY, THE SELLING SHAREHOLDER, THE PROMOTERS, THE PRINCIPAL ADVISER, THE GLOBAL COORDINATOR, THE JOINT BOOKRUNNERS, THE CO-BOOKRUNNER, THE JOINT MANAGING UNDERWRITERS AND THE JOINT UNDERWRITERS HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR COMPANY, THE SELLING SHAREHOLDER, THE PROMOTERS, THE PRINCIPAL ADVISER, THE GLOBAL COORDINATOR, THE JOINT BOOKRUNNERS, THE CO-BOOKRUNNER, THE JOINT MANAGING UNDERWRITERS AND THE JOINT UNDERWRITERS OR ANY OF THEIR RESPECTIVE DIRECTORS, OR ANY OTHER PERSONS INVOLVED IN OUR OFFERING.

THE DISTRIBUTION OF THIS PROSPECTUS AND OUR OFFERING ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA EXCEPT INSOFAR AS IT IS PART OF THE OFFERING MEMORANDUM DISTRIBUTED TO FOREIGN INSTITUTIONAL INVESTORS OUTSIDE MALAYSIA IN CONNECTION WITH OUR OFFERING. OUR COMPANY, THE SELLING SHAREHOLDER, THE PROMOTERS, THE PRINCIPAL ADVISER, THE GLOBAL COORDINATOR, THE JOINT BOOKRUNNERS, THE JOINT MANAGING UNDERWRITERS AND THE JOINT UNDERWRITERS NAMED IN THIS PROSPECTUS HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA EXCEPT INSOFAR AS IT IS PART OF THE OFFERING MEMORANDUM DISTRIBUTED TO FOREIGN INSTITUTIONAL INVESTORS OUTSIDE MALAYSIA IN CONNECTION WITH OUR OFFERING. NO ACTION HAS BEEN TAKEN TO PERMIT ANY OFFERING OF OUR SHARES BASED ON THIS PROSPECTUS IN ANY JURISDICTION OTHER THAN MALAYSIA. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR SHARES OFFERED UNDER OUR OFFERING IN CERTAIN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW. PROSPECTIVE INVESTORS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 ("**U.S. SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN OR INTO THE UNITED STATES OF AMERICA ("**UNITED STATES**"), EXCEPT PURSUANT TO AN EXEMPTION UNDER THE U.S. SECURITIES ACT. OUR SHARES ARE BEING OFFERED AND SOLD TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT.

OUR SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF OUR OFFERING OR THE ACCURACY OR DETERMINED THE ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, CIMB BANK BERHAD AT www.cimbclicks.com.my, MALAYAN BANKING BERHAD AT www.maybank2u.com.my, RHB BANK BERHAD AT www.rhb.com.my, AFFIN BANK BERHAD AT www.affinOnline.com, AFFIN HWANG INVESTMENT BANK BERHAD at www.trade.affinhwang.com AND PUBLIC BANK BERHAD AT www.pbebank.com.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF THE ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES ("**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

(I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILE OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY THE THIRD PARTY INTERNET SITES; AND

(III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

(I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES;

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM; AND

(III) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of the Institutional Offering[(1)]	31 December 2015
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 31 December 2015
Closing of the Retail Offering	5:00 p.m., 29 January 2016
Closing of the Institutional Offering	5:00 p.m., 2 February 2016
Price Determination Date	2 February 2016
Balloting of applications for the Issue Shares under the Retail Offering	3 February 2016
Allotment/Transfer of the Offering Shares to successful applicants	17 February 2016
Listing	18 February 2016

Note:

(1) *Other than the Institutional Offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the Offering Shares by the Cornerstone Investors was entered into on 14 December 2015.*

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Global Coordinator may decide in their absolute discretion. The applications for the Issue Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the Issue Shares under the Retail Offering, allotment/transfer of the Offering Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages (x), (xiv) and (xxv) respectively.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" and "Ranhill" in this Prospectus are to Ranhill Holdings Berhad. All references to "our Group" and "Ranhill Group" in this Prospectus are to our Company and our subsidiaries as a whole, and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Company.

In this Prospectus, all references to the "Selling Shareholder" are to Cheval and references to the "Promoters" are to Tan Sri Hamdan, Hamdan Foundation, Hamdan Inc., LOSB and RCorp.

All references to "our PAT" are references to PAT attributable to equity holders of our Company and non-controlling interests.

In this Prospectus, all references to the "Government" are to the Government of Malaysia; and all references to "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the "Definitions" section appearing on pages xiv to xxiv of this Prospectus and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing on pages xxv to xxvi of this Prospectus, respectively. Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate and our estimated market share in the industries in which we operate. This data is taken or derived from information published by industries sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us, or is extracted from the Executive Summary of the IMR Report as set out in Section 8 of this Prospectus. In addition, certain information in this Prospectus is extracted or derived from the IMR Report. The IMR Report is available for inspection at the location and during the period set out in Section 15.8 of this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling their data for the review, Frost & Sullivan had relied on industry sources, published materials, their own private databanks and direct contacts within the industries. The information on the industries as contained in this Prospectus and the statistical data and projections cited in this Prospectus are intended to help prospective investors understand the major trends in the industries in which we operate. However, we, the Selling Shareholder, the Promoters, the Principal Adviser, the Global Coordinator, the Joint Bookrunners, the Co-Bookrunner, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers have not independently verified these figures.

Neither we nor the Selling Shareholder, the Promoters, the Principal Adviser, the Global Coordinator, the Joint Bookrunners, the Co-Bookrunner, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers make any representation as to the correctness, accuracy or completeness of such data and projections and accordingly, prospective investors should not place undue reliance on the statistical data and projections cited in this Prospectus. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that such projections will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

References to the "LPD" in this Prospectus are to 15 November 2015, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the FRS and the MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the FRS and the MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the FRS or the MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from, or as a substitute of or analysis of our financial condition or results of operations, as reported under the FRS and the MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) the demand for our services and general industry environment;

(ii) potential growth opportunities;

(iii) our business strategies, trends and competitive position;

(iv) our future plans and objectives for future operations;

(v) the regulatory environment and the effects of future regulation; and

(vi) our future financial position, earnings, financing plans, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) the general economic, business, social, political and investment environment in Malaysia and in the countries in which we operate;

(ii) the continued availability of capital and financing;

(iii) significant capital expenditure requirements;

(iv) government policy, legislation or regulation;

(v) interest rates, tax rates and foreign exchange rates;

(vi) the competitive environment in the industries in which we operate;

(vii) the activities and financial position of our customers, suppliers and other business partners;

(viii) delays, cost overruns, shortages in labour or problems with the execution of our expansion plans;

(ix) the cost and availability of adequate insurance coverage;

(x) fixed and contingent obligations and commitments; and

(xi) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 10.2 of this Prospectus on "Management's discussion and analysis of financial condition and results of operations based on historical combined financial information" respectively. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD. Save as required by Section 238(1) of the CMSA and Paragraph 1.02 of Division 6, Part I of the Prospectus Guidelines (Supplementary/Replacement Prospectus), we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard to such statement or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act, 1965, as amended, supplemented or modified from time to time and any re-enactment thereof
Acquisition of RGSB Companies	:	Acquisition by Ranhill from RGSB of its equity interest in the RGSB Companies for a total purchase consideration of RM107.0 million, satisfied by the issuance of 66,875,000 Ranhill Shares at an issue price of RM1.60 per Ranhill Share, as further described in Section 6.1.4 of this Prospectus
Acquisition of RUSB Companies	:	Acquisition by Ranhill from RUSB of its equity interest in the RUSB Companies for a total purchase consideration of RM693.0 million, satisfied by the issuance of 433,125,000 Ranhill Shares at an issue price of RM1.60 per Ranhill Share, as further described in Section 6.1.4 of this Prospectus
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
Adviser to RERB	:	MIDF Investment
AGM	:	Annual general meeting
Application Form	:	Application form for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
Articles	:	Articles of Association of our Company
ATM	:	Automated teller machine
BNM	:	Bank Negara Malaysia
Board	:	Our board of Directors as at the date of this Prospectus
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Call Option Agreement	:	Call option agreement dated 20 June 2014 and the supplemental call option agreement dated 23 April 2015, between Ranhill and RGSB whereby a call option is granted by RGSB to Ranhill for the acquisition of RGSB's entire 51.0% equity interest in RWorley, exercisable within the period from the third (3^{rd}) month to the eighteenth (18^{th}) month from the date of completion of the Offering (unless otherwise mutually extended by the parties) at a call option price, to be determined upon its exercise
CCC	:	Certificate of fitness for occupation, certificate of completion and compliance or any certificate of the same nature issued or approved by the relevant authorities in Malaysia, China and Thailand
CDS	:	Central Depository System
Cheval	:	Cheval Infrastructure Fund L.P. (acting via its general partner, TAEL Management Co. (Cayman) Ltd)

CIMB	:	CIMB Investment Bank Berhad
CMSA	:	Capital Markets and Services Act, 2007, as amended, supplemented or modified from time to time and any re-enactment thereof
Co-Bookrunner		MIDF Investment
Combined Financial Statements	:	Audited combined financial statements of the Identified Entities prepared as if the Identified Entities had operated as a single economic entity throughout the financial years/period under review
Cornerstone Investors	:	Collectively, Permodalan Darul Ta'zim Sdn Bhd, Lembaga Tabung Haji and Corston-Smith Asset Management Sdn Bhd
DCF	:	Discounted cash flow
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EC	:	Energy Commission, the statutory body established under the Energy Commission Act, 2001
EIA	:	Environmental Impact Assessment under the EQA
Electronic Share Application	:	Application for the Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Individuals	:	Eligible directors and employees of our Group, RERB, RGSB and RUSB, as well as persons who have contributed to the success of our Group
Eligible Shareholders	:	Eligible shareholders of our Company who are entitled to the Restricted Offering
EPF	:	Employees Provident Fund
EPS	:	Earnings per Share
EQA	:	Environmental Quality Act, 1974, as amended, supplemented or modified from time to time and any re-enactment thereof
Equity Guidelines	:	Equity Guidelines issued by the SC on 8 May 2009 (and as amended from time to time)
ETP	:	Economic Transformation Programme
Facility Agreement	:	Facility agreement dated 11 March 2009 between SAJH and PAAB granting SAJH rights of use over all the existing water assets and by way of supplemental agreements, over new water assets (to be constructed) owned by PAAB in the State of Johor
Final Retail Price	:	Final price per Issue Share to be paid by investors pursuant to the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Frost & Sullivan	:	Frost & Sullivan Malaysia Sdn Bhd
FRS	:	Financial Reporting Standards

GDP	:	Gross domestic product
Global Coordinator	:	CIMB
Government	:	Government of Malaysia
Hamdan Foundation	:	Hamdan (L) Foundation, a foundation established in the Federal Territory of Labuan, Malaysia by Tan Sri Hamdan under the Labuan Foundations Act 2010
Hamdan Inc.	:	Hamdan Inc. (Labuan) Pte. Ltd, an investment holding company incorporated under the Labuan Companies Act, 1990 which is wholly-owned by the Hamdan Foundation
IC 4	:	IC Interpretation 4, "Determining Whether an Arrangement Contains a Lease"
Identified Entities	:	Collectively, (i) RPI, RPII, RPOM, RPOMII and RPS; (ii) SAJH; (iii) RWSB and its subsidiaries; and (iv) RWT (Cayman) Group
IMR Report	:	Independent market research report prepared by Frost & Sullivan
IMTN	:	Islamic Medium Term Notes
Institutional Offering	:	Offering of up to 354,180,000 Offering Shares at the Institutional Price, subject to clawback and reallocation provisions and the Over-allotment Option, to the following: (i) Malaysian institutional and selected investors including Bumiputera investors approved by MITI; and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S
Institutional Price	:	Price per Offering Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internal Reorganisation	:	Internal reorganisation exercise undertaken by RB, as further described in Section 6.1.2 of this Prospectus
Internal Reorganisation II	:	Reorganisation exercise undertaken by RERB, as further described in Section 6.1.2 of this Prospectus
Internet Participating Financial Institution	:	A participating financial institution for the Internet Share Application
Internet Share Application	:	Application for the Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPP	:	Independent power producer
Issue Shares	:	Up to 375,000,000 new Shares to be issued pursuant to the Public Issue
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd
Joint Bookrunners	:	Collectively, CIMB and Maybank IB

Joint Managing Underwriters	:	Collectively, CIMB and Maybank IB
Joint Underwriters	:	Collectively, CIMB, Maybank IB, MIDF Investment, Affin Hwang Investment Bank Berhad and RHB Investment Bank Berhad
KPI	:	Key performance indicator
Listing	:	Listing of the Issue Shares and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LOSB	:	Lambang Optima Sdn Bhd
LOSB (Cayman)	:	LOSB (Cayman) Ltd
LPD	:	15 November 2015, being the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
Master Agreement	:	Master agreement dated 11 March 2009 between SAJH, the Government, State Government of Johor, RUSB, PAAB and SAJSB, governing the migration of SAJH to the new licensing regime and transferring of all SAJH's water assets and liabilities to PAAB
Maybank IB	:	Maybank Investment Bank Berhad
MBO	:	The divestment by Ranhill of its entire equity interest in Symphony House Berhad to Stone Equity, a company owned by the current management of Symphony headed by Tan Sri Azman and Abdul Hamid Sheikh Mohamed at a cash sale price of RM60,000,000
MCCG 2012	:	Malaysian Code on Corporate Governance 2012
Memorandum	:	Memorandum of Association of our Company
MFRS	:	Malaysian Financial Reporting Standards
MIDF Investment	:	MIDF Amanah Investment Bank Berhad
Migration	:	The migration of our water supply business in the State of Johor from the previous concession-based regulatory framework for the Malaysian water industry to the new licence-based regulatory framework as of September 2009 pursuant to the Water Services Industry Act
MITI	:	Ministry of International Trade and Industry, Malaysia
MOU	:	Memorandum of understanding
NA	:	Net assets
NBV	:	Net book value

NTA	:	Net tangible assets
Offering	:	Collectively, the Institutional Offering and the Retail Offering
Offering Shares	:	Collectively, the OFS Shares and the Issue Shares
Offer for Sale	:	Offer for sale of up to 100,000,000 OFS Shares (or such other lower number of OFS Shares to be determined at the absolute discretion of the Selling Shareholder) by the Selling Shareholder
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
OFS Shares	:	Shares to be offered for sale by the Selling Shareholder pursuant to the Offer for Sale
OSA Agreements	:	Collectively, the Master Agreement, the Facility Agreement and the Water Supply Agreement
Over-allotment Option	:	Over-allotment option that may, at its absolute discretion, be granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Joint Bookrunners) as set out in Section 4.3.4 of this Prospectus
PAAB	:	Pengurusan Aset Air Berhad
Participating Financial Institution	:	A participating financial institution for the Electronic Share Application
PAT	:	Profit after taxation
PATAMI	:	Profit after taxation and minority interests
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
PETRONAS	:	Petroliam Nasional Berhad
PETRONAS Carigali	:	PETRONAS Carigali Sdn Bhd
PETRONAS Group	:	PETRONAS and its group of companies
Placement Agreement		The placement agreement to be entered into by our Company, the Selling Shareholder, the Global Coordinator, the Joint Bookrunners and the Co-Bookrunner in respect of such number of Offering Shares to be offered under the Institutional Offering
PPAs	:	Collectively, the RPI PPA and the RPII PPA
PPE	:	Property, plant and equipment
Pre-Offering Reorganisation	:	Collectively, the (i) Scheme of Arrangement, the Ranhill Acquisition (including the Transfer of Sukuk) and the MBO resulting in the formation of Ranhill Group and (ii) the RWorley Call Option, as described further in Section 6.1.4 of this Prospectus
Price Determination Date	:	The date on which the Institutional Price and the Final Retail Price will be determined

Promoters	:	Promoters as defined under Section 226 of the CMSA comprising Tan Sri Hamdan, Hamdan Foundation, Hamdan Inc., RCorp and LOSB
Proposed Remaining RWT (Cayman) Acquisition	:	The proposed acquisition by Ranhill from RUSB of all the remaining 15,760,000 shares (which represents 47.9% equity interest) in RWT (Cayman) for cash consideration of USD25,419,356, subject to interest at 5% per annum with effect from 16 August 2013 up to the completion of the RWT (Cayman) SSA 1 and the RWT (Cayman) SSA2
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC on 28 December 2012 (and updated on 31 July 2015), as amended from time to time
PRWSB	:	Perunding RanhillWorley Sdn Bhd
PUB	:	Public Utilities Board of Singapore
Public Issue	:	Public issue of up to 375,000,000 Issue Shares by our Company
R&D	:	Research and development
Ranhill or Company	:	Ranhill Holdings Berhad
Ranhill Acquisition	:	Collectively, the Acquisition of RGSB Companies and the Acquisition of RUSB Companies as described further in Section 6.1.4 of this Prospectus
Ranhill Group or Group	:	Collectively, Ranhill and its Subsidiaries
Ranhill Shares or Shares	:	Ordinary shares of RM1.00 each in our Company
RB	:	Ranhill Berhad
RBSB	:	Ranhill Bersekutu Sdn Bhd
RBV	:	RB Ventures Sdn Bhd
RB Group	:	Collectively, RB, its subsidiaries and associated companies
RCorp	:	Ranhill Corporation Sdn Bhd
Regulation S	:	Regulation S under the U.S. Securities Act, an exemption from the registration requirements of the U.S. Securities Act for offers and sales of securities made outside the United States in "offshore transactions" (as defined in Regulation S) and not involving any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered
REPC	:	REPC Services Sdn Bhd
RERB	:	Ranhill Energy and Resources Sdn Bhd *(formerly known as Ranhill Energy and Resources Berhad)*
RERB Group	:	Collectively, RERB, its subsidiaries and associated companies

Restricted Offering	:	Restricted offering of 65,994,965 Issue Shares to our existing shareholders who were the shareholders of Symphony and were entitled to the Scheme of Arrangement, on the basis of one (1) Issue Share for every ten (10) Symphony Shares held on the entitlement date for the Scheme of Arrangement
Retail Offering	:	Offering of 120,820,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, comprising the following: (i) the Restricted Offering; (ii) 36,000,000 Issue Shares reserved for subscription by the Eligible Individuals; and (iii) public offering of 18,825,035 Issue Shares to the Malaysian Public
Retail Price	:	Initial price of RM1.70 per Issue Share to be fully paid upon application pursuant to the Retail Offering, subject to adjustment as detailed in Section 4.8.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 15 December 2015 between our Company, the Joint Managing Underwriters and the Joint Underwriters in relation to the underwriting of the Issue Shares under the Retail Offering
RGSB	:	Ranhill Group Sdn Bhd
RGSB Companies	:	Collectively, (i) 6,000,000 ordinary shares of RM1.00 each and 17,400,000 convertible unsecured loan stocks of RM1.00 in nominal value in RPI, representing 60.0% equity interest in RPI and 60.0% of the convertible unsecured loan stocks; (ii) 8,000,000 ordinary shares of RM1.00 each and 116,000,000 redeemable convertible non-cumulative preference shares of RM0.01 each in RPII, representing 80.0% equity interest in RPII and 80.0% of the redeemable convertible non-cumulative preference shares; (iii) 300,000 ordinary shares of RM1.00 each in RPOM, representing 60.0% equity interest in RPOM; (iv) 400,000 ordinary shares of RM1.00 each in RPOMII, representing 80.0% equity interest in RPOMII; and (v) 500,000 ordinary shares of RM1.00 each in RPS, representing 100.0% equity interest in RPS
RGSB Group	:	Collectively, RGSB and its subsidiaries
Robinson	:	Robinson Investments Limited
ROC	:	Registrar of Companies, Malaysia
RPI PPA	:	Power purchase agreement dated 9 December 2004 between RPI and Sabah Electricity for the sale of generating capacity and electrical energy of the 190 MW combined-cycle, gas-turbine power plant in Kota Kinabalu Industrial Park by RPI to Sabah Electricity

RPII PPA	:	Power purchase agreement dated 30 June 2006 between Ranhill Tuaran Sdn Bhd (now known as RPII) and Sabah Electricity, as amended by a supplemental agreement dated 16 July 2008, for the sale of generating capacity and electrical energy of the 190 MW combined-cycle, gas-turbine power plant in Kota Kinabalu Industrial Park by RPII to Sabah Electricity
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
RUSB	:	Ranhill Utilities Sdn Bhd
RUSB Companies	:	Collectively, (i) 80,000,000 ordinary shares of RM1.00 each in SAJH, representing 80.0% equity interest in SAJH; (ii) 750,000 ordinary shares of RM1.00 each in RWSB, representing 100.0% equity interest of RWSB; and (iii) 17,140,000 ordinary shares of USD1.00 each in RWT (Cayman), representing 52.1% equity interest of RWT (Cayman)
RUSB Group	:	RUSB, its subsidiaries and joint ventures
RWorley	:	Ranhill WorleyParsons Sdn Bhd
RWorley Call Option	:	The call option granted by RGSB to Ranhill (but not the exercise thereof) to purchase RGSB's entire 51.0% equity interest in RWorley, pursuant to the Call Option Agreement
RWP	:	RanhillWP Sdn Bhd
RWT (Cayman) Group	:	RWT (Cayman), its subsidiaries and joint ventures
RWT (Cayman) SSA 1	:	Conditional share sale agreement dated 12 June 2014 between RUSB and Robinson for RUSB to acquire Robinson's entire 45.23% equity interest in RWT (Cayman) for a cash consideration of USD24,000,000, subject to interest at 5% per annum with effect from 16 August 2013 up to the completion of the agreement
RWT (Cayman) SSA 2	:	Conditional share sale agreement dated 16 June 2014 between RUSB and the RWT (Cayman) Vendors for RUSB to acquire the RWT (Cayman) Vendors' entire 2.67% equity interest in RWT (Cayman) for a cash consideration of USD1,419,356, subject to interest at 5% per annum with effect from 16 August 2013 up to the completion of the agreement
RWT (Cayman) Vendors	:	Collectively, Sierra Master (M) Sdn Bhd, Ahmad Zahdi Bin Jamil, Koh Boon Sian, Faizal Othman and Soon Tet Heng
Sabah Electricity	:	Sabah Electricity Sdn Bhd
SAC	:	Shariah Advisory Council of the SC
SAJSB	:	Syarikat Air Johor Sdn Bhd
SC	:	Securities Commission Malaysia

SDEB		Senai-Desaru Expressway Berhad
SECSB	:	Sabah Energy Corporation Sdn Bhd
Scheme of Arrangement	:	Scheme of arrangement under Section 176 of the Act involving Symphony, the shareholders of Symphony and Ranhill, for the exchange of Symphony Shares into Ranhill Shares at an exchange ratio of one (1) Ranhill Share for every ten (10) existing Symphony Shares
Selling Shareholder	:	Cheval
Share Lending Agreement	:	The agreement to be entered into by the Selling Shareholder and the Stabilising Manager under which the Selling Shareholder will lend Shares to the Stabilising Manager to cover over-allotments, if any
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended, supplemented or modified from time to time and any re-enactment thereof
SIRIM	:	Institut Penyelidikan Piawaian dan Perindustrian Malaysia
SPAN	:	Suruhanjaya Perkhidmatan Air Negara, the National Water Services Commission of Malaysia
Stabilising Manager	:	CIMB
Stone Equity	:	Stone Equity Sdn Bhd
Subsidiaries	:	Subsidiaries of our Company as defined under the Act and as set out in Part III of this Definitions Section
Sukuk	:	A guaranteed IMTN of RM800.0 million in nominal value duly issued by RGSB and constituted by a trust deed dated 22 April 2011, executed between Malaysian Trustees Berhad, as trustee and RGSB as issuer, which was effectively novated to RCSB pursuant to the Transfer of Sukuk upon the completion of the Acquisition of RGSB Companies on 15 December 2015
Symphony	:	Symphony House Berhad
Symphony Shares	:	Ordinary shares of RM0.10 each in Symphony
Tan Sri Azman	:	Tan Sri Mohamed Azman bin Yahya
Tan Sri Hamdan	:	Tan Sri Hamdan Mohamad
TNB	:	Tenaga Nasional Berhad
Transfer of Sukuk	:	Novation of the Sukuk to our wholly-owned subsidiary, RCSB pursuant to the Acquisition of RGSB Companies, as described further in Section 6.1.4 of this Prospectus
U.S. Securities Act	:	United States Securities Act of 1933, as amended, supplemented or modified from time to time and any re-enactment thereof
Water Services Industry Act	:	Water Services Industry Act, 2006, as amended, supplemented or modified from time to time and any re-enactment thereof

Water Supply Agreement	:	Water supply agreement dated 9 July 2009 between the State Government of Johor, SAJSB, RUSB and SAJH to regulate the supply of raw water and treated water by the State Government of Johor to SAJH
YPJ	:	YPJ Corporation Sdn Bhd

Part I - Currency

HKD	:	Hong Kong Dollar
RM and sen	:	Ringgit Malaysia and sen
RMB	:	Chinese Renminbi
THB	:	Thai Baht
USD	:	US Dollar

Part II - Country

China or PRC	:	People's Republic of China
Hong Kong	:	Hong Kong, Special Administrative Region of China
UK	:	United Kingdom
US or United States	:	United States of America

Part III – Subsidiaries

AnuRAK	:	AnuRAK Water Treatment Facilities Co Ltd
KWI (Guangzhou)	:	KWI (Guangzhou) Environmental Engineering Technology Co Ltd
PWSB	:	Premier Water Services Sdn Bhd
Ranhill (Changfeng)	:	Ranhill (Changfeng) Environmental Protection Technologies Co Ltd
Ranhill (Chongren)	:	Ranhill (Chongren) Water Co Ltd
Ranhill (Fuxin)	:	Ranhill (Fuxin) Water Co Ltd
Ranhill (Fuzhou)	:	Ranhill (Fuzhou) Water Co Ltd
Ranhill (Hefei)	:	Ranhill (Hefei) Wastewater Treatment Co Ltd
Ranhill (Nanchang)	:	Ranhill (Nanchang) Wastewater Treatment Co Ltd
Ranhill (Qingtongxia)	:	Ranhill (Qingtongxia) Wastewater Treatment Co Ltd
Ranhill (Wanzai)	:	Ranhill (Wanzai) Water Co Ltd
Ranhill (Xinxiang)	:	Ranhill (Xinxiang) Wastewater Treatment Co Ltd

Ranhill (Yingkou)	:	Ranhill (Yingkou) Wastewater Treatment Co Ltd
Ranhill International Trade	:	Ranhill International Trade (Hong Kong) Investment Limited
Ranhill Venture	:	Ranhill Venture (Hong Kong) Limited
RCSB	:	Ranhill Capital Sdn Bhd
RPI	:	Ranhill Powertron Sdn Bhd
RPII	:	Ranhill Powertron II Sdn Bhd
RPOM	:	Ranhill Power O&M Sdn Bhd
RPOMII	:	Ranhill Power II O&M Sdn Bhd
RPS	:	Ranhill Power Services Sdn Bhd *(formerly known as Ranhill Trans Bakti Sdn Bhd)*
RWHK	:	Ranhill Water (Hong Kong) Limited
RWSB	:	Ranhill Water Services Sdn Bhd
RWT	:	Ranhill Water Technologies Sdn Bhd
RWT (Cayman)	:	Ranhill Water Technologies (Cayman) Ltd
RWT (Shanghai)	:	Ranhill Water Technologies (Shanghai) Co Ltd
RWT (Thai)	:	Ranhill Water Technologies (Thai) Ltd
SAJH	:	SAJ Holdings Sdn Bhd
TZS	:	Top Zone Solutions Sdn Bhd

Joint ventures

PWL	:	Pinang Water Limited
Yichun Pinang	:	Yichun Pinang Water Co Ltd

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GLOSSARY OF TECHNICAL TERMS

Aqua SMART	:	Strategic management and analytical resource terminal system is a web-based application developed as an operational tool and has become an integral component of the NRW reduction strategy
BOO	:	Build operate own, a form of project financing where it involves a private entity financing, designing, constructing, operating and maintaining the assets during the agreed concession period, and the concessionaire will take ownership of these assets after the expiry of the concession
BOT	:	Build operate transfer, a form of project financing where it involves a private entity financing, designing, constructing, operating and maintaining the assets during the agreed concession period and the concessionaire will transfer these assets to the government or client after the expiry of the concession
BTO	:	Build transfer operate which involves the design, construction and handover of the assets to the client after the construction such that the concessionaire will operate and maintain the assets on behalf of the client during the concession period
CCGT	:	Combined-cycle gas fired turbines including gas turbines, steam turbine generator, heat recovery steam generators and all ancillaries
COD	:	Commercial operation date, being the date on which a facility has completed all testing and commissioning and is the initiation date to which electricity can be generated for sale
DMA	:	District metering areas refer to the division of a water supply system into smaller areas which allows the monitoring of treated water circulated and water consumed thereby facilitating the monitoring of NRW
EPC	:	Engineering, procurement and construction. This refer to the provision of services comprising project design, procurement of materials and construction work
EPCM	:	Engineering, procurement, construction and management
EPCIC	:	Engineering, procurement, construction, installation and commissioning
equivalent availability factor	:	The availability of a power plant facility to produce electrical energy during an applicable period for delivery to the customer
GIS	:	Geographical Information System. GIS is a mapping system that provides information on customers, the pipe network, infrastructure facilities and water quality indices, and is used as a tool to improve the efficiency of water supply management operations
GWh	:	Gigawatt hour, a unit of energy representing one billion watt hours and is equivalent to one million kilowatt hours
kJ	:	Kilojoule
km	:	Kilometre
km^2	:	Square kilometre
kWh	:	Kilowatt hour, the basic unit for the measurement of electricity production

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

leachate waste	:	Waste that is produced when water seeps through heap of garbage at landfills carrying along the substances from the garbage
Mgd	:	Million gallons per day
MLD	:	Million litres per day
MW	:	Megawatt, equivalent to 1,000 kilowatts
NRW	:	Non-revenue water. Normally presented in percentage which indicates the water loss (without yielding any revenue) compared to the total water supplied into the water supply system
O&M	:	Operations and maintenance, being the performance of routine, preventive, predictive, scheduled, and unscheduled actions aimed at preventing equipment failure or decline with the goal of increasing efficiency, reliability and safety
potable water treatment plant	:	Generally synonymous with the water treatment plant, potable water produced is safe and suitable for human consumption
pH	:	A measure of the activity of the (solvated) hydrogen ion
TOT	:	Take-over operating transfer involves taking over existing assets from the client, and operate and maintaining these assets during the concession period. The concessionaire will transfer the assets to the government or the client after the expiry of the concession
thermal efficiency	:	A performance measure of a thermal device such as a power plant boiler expressing the output of the device as a percentage of the heat or energy content consumed
wastewater treatment plant	:	A physical plant comprising building structures, mechanical and electrical components with a range of physical, biological and chemical processes and facilities to treat influent (i.e. wastewater) such that certain agreed and/ or approved effluent discharge quality is met before discharging the effluent to the designated channels
water treatment plant	:	A physical plant with facilities comprising building structures, mechanical and electrical components with a range of physical and chemical processes to abstract and treat raw water to produce clean potable water that meet the standard prescribed by the authority or regulatory bodies

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Profession
Tan Sri Mohamed Azman Bin Yahya *(Chairman/Non-Independent Non-Executive Director)*	No. 1, Jalan Setiabakti 2 Bukit Damansara 50490 Kuala Lumpur Malaysia	Malaysian	Chartered Accountant
Tan Sri Hamdan Mohamad *(Executive Director)*	No. 32 Jalan Setiabistari Bukit Damansara 50490 Kuala Lumpur Malaysia	Malaysian	Chartered Engineer
Dato Sri Lim Haw Kuang *(Executive Director)*	BA-16-02, Tower B 10 Mont Kiara 4 Jalan Kiara 1, Mont Kiara 50480 Kuala Lumpur Malaysia	Malaysian	Company Director
Datuk Seri Saw Choo Boon *(Senior Independent Non-Executive Director)*	15, Jalan Mihrab U8/12 Seksyen U8 Bukit Jelutong 40150 Shah Alam Selangor, Malaysia	Malaysian	Company Director
Datuk Dr. Nik Norzrul Thani Bin Nik Hassan Thani *(Independent Non-Executive Director)*	No. 25, Jalan Bidai U8/13 Seksyen U8 Bukit Jelutong 40150 Shah Alam Selangor, Malaysia	Malaysian	Lawyer
Abu Talib Bin Abdul Rahman *(Independent Non-Executive Director)*	No. 3A, Jalan 19/144A Taman Bukit Cheras 56000 Kuala Lumpur Malaysia	Malaysian	Lawyer
Dato' Zulkifli Bin Ibrahim *(Independent Non-Executive Director)*	Villa C, Enclave Bangsar 51 Jalan Medan Tanduk Bukit Bandaraya Bangsar 59100 Kuala Lumpur Malaysia	Malaysian	Company Director
Ritzlan Halim *(Non-Independent Non-Executive Director)*	30, Jalan Bidai U 8/13 Bukit Jelutong 40150 Shah Alam Selangor, Malaysia	Malaysian	Company Director
Lim Hun Soon @ David Lim *(Independent Non-Executive Director)*	18, Jalan Taban 4 Taman Lucky, Bangsar 59100 Kuala Lumpur Malaysia	Malaysian	Company Director

1. CORPORATE DIRECTORY *(cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director
Datuk Dr. Nik Norzrul Thani Bin Nik Hassan Thani	Member	Independent Non-Executive Director
Abu Talib Bin Abdul Rahman	Member	Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Datuk Seri Saw Choo Boon	Chairman	Senior Independent Non-Executive Director
Abu Talib Bin Abdul Rahman	Member	Independent Non-Executive Director
Tan Sri Azman	Member	Non-Independent Non-Executive Director

GOVERNANCE AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Datuk Seri Saw Choo Boon	Chairman	Senior Independent Non-Executive Director
Abu Talib Bin Abdul Rahman	Member	Independent Non-Executive Director
Dato Sri Lim Haw Kuang	Member	Executive Director
Datuk Dr. Nik Norzrul Thani Bin Nik Hassan Thani	Member	Independent Non-Executive Director

STRATEGY AND INVESTMENT COMMITTEE

Name	Designation	Directorship
Tan Sri Azman	Chairman	Non-Independent Non-Executive Director
Tan Sri Hamdan	Member	Executive Director
Dato Sri Lim Haw Kuang	Member	Executive Director
Dato' Zulkifli Bin Ibrahim	Member	Independent Non-Executive Director
Lim Hun Soon @ David Lim	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(cont'd)*

COMPANY SECRETARIES	:	Lau Bey Ling (MAICSA 7001523) No. 158, Jalan A9 Taman Melawati 53100 Kuala Lumpur Malaysia Leong Shiak Wan (MAICSA 7012855) 207 Block E Paradesa Tropica No. 7 Persiaran Meranti PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur Malaysia
REGISTERED OFFICE/HEAD OFFICE	:	Level 15, Wisma Perkeso No. 155, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. No.: +603 2685 5200 Fax No.: +603 2685 5286 Website address: www.ranhill.com.my
SELLING SHAREHOLDER	:	Cheval Infrastructure Fund L.P. (acting via its general partner, TAEL Management Co. (Cayman) Ltd) Cricket Square Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands Tel. No.: +65 6500 0911 Fax No.: +65 6238 5621
PRINCIPAL BANKERS *(in alphabetical order)*	:	AmBank (M) Berhad 22nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2036 2633 Bank Islam Malaysia Berhad Level 32, Menara Bank Islam No. 22, Jalan Perak 50450 Kuala Lumpur Malaysia Tel. No.: +603 2088 8000 CIMB Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888 Malayan Banking Berhad Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2070 8833

AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Malaysia Tel. No.: +603 7495 8000
PRINCIPAL ADVISER	:	CIMB Investment Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888
GLOBAL COORDINATOR	:	CIMB Investment Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888
JOINT BOOKRUNNERS *(in alphabetical order)*	:	CIMB Investment Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888 Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
CO-BOOKRUNNER	:	MIDF Amanah Investment Bank Berhad Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2173 8888

1. CORPORATE DIRECTORY *(cont'd)*

JOINT MANAGING UNDERWRITERS *(in alphabetical order)*	:	CIMB Investment Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888 Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT UNDERWRITERS *(in alphabetical order)*	:	Affin Hwang Investment Bank Berhad 27th floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2142 3700 CIMB Investment Bank Berhad Level 13, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888 Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888 MIDF Amanah Investment Bank Berhad Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2173 8888 RHB Investment Bank Berhad Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. No.: +603 9287 3888

1. CORPORATE DIRECTORY *(cont'd)*

ADVISER TO RERB	:	MIDF Amanah Investment Bank Berhad Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2173 8888
LEGAL ADVISERS	:	*To our Company as to Malaysian Law* Adnan, Sundra & Low Level 11, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2070 0466 *To our Company as to United States and English law* Cleary Gottlieb Steen & Hamilton LLP 37/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong Tel. No.: +852 2521 4122 *To the Global Coordinator, Joint Bookrunners, Co-Bookrunner, Joint Managing Underwriters and Joint Underwriters as to Malaysian law* Albar & Partners 6th Floor, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2078 5588 *To the Global Coordinator, Joint Bookrunners, Co-Bookrunner, Joint Managing Underwriters and Joint Underwriters as to United States and English law* Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321 Tel. No.: +65 6671 6000
INDEPENDENT MARKET RESEARCH CONSULTANT	:	Frost & Sullivan Malaysia Sdn Bhd Suite E-08-15 Block E Plaza Mont' Kiara 2 Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Malaysia Tel. No.: +603 6204 5800
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House, Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel No.: +603 7841 8000

1. CORPORATE DIRECTORY *(cont'd)*

ISSUING HOUSE	:	Malaysia Issuing House Sdn Bhd Level 6, Symphony House, Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel No.: +603 7841 8000
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

2. INTRODUCTION

This Prospectus is dated 31 December 2015.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC, who takes no responsibility for their contents.

We received the SC's approval for our Offering and Listing on 15 July 2015. The approval of the SC shall not be taken to indicate that the SC recommends our Offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any part of the contents of this Prospectus. On 15 January 2015, the SAC classified our Shares as Shariah-compliant based on the Combined Financial Statements for the year ended 31 December 2013. Further to the above, the SAC, on 30 October 2015, reconfirmed the classification of our Shares as Shariah-compliant based on the Combined Financial Statements for the year ended 31 December 2014. This classification remains valid from the date of this Prospectus until the next Shariah compliance review is undertaken by the SAC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our Offering and an investment in our Company.

We have received Bursa Securities' approval on 9 September 2015 for the Admission and the listing of and quotation for all our Shares including the Offering Shares on the Main Market of Bursa Securities. Our existing 565,994,967 Shares have been admitted and listed on 16 December 2015 after the completion of the Pre-Offering Reorganisation. The Issue Shares will be admitted to the Official List and official quotation for all our Shares will commence upon receipt of confirmation from Bursa Depository that all the Offering Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to all successful applicants. Admission to the Official List shall not be taken as an indication of the merits of our Company, our Shares or our Offering.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Consequently, our Shares offered in our Offering will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our Offering is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.3.7 of this Prospectus.

Pursuant to the Listing Requirements, at least 25% of the total number of Shares for which listing is sought must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. We expect to achieve this at the time of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. Should such an event occur, we will return in full, without interest, monies paid in respect of all applications and if such monies are not returned in full within 14 days after our Company and the Selling Shareholder become liable to do so, in accordance with the provision of Section 243(2) of the CMSA, in addition to the liability of our Company and the Selling Shareholder, the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account with an ADA before making an application for our Offering Shares. For an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you should furnish your CDS account number to a Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with an Internet Participating Financial Institution can make an Internet Share Application. Your CDS account number will automatically appear in the electronic Offering online Application Forms. A corporation or institution cannot apply for our Offering Shares by way of Electronic Share Application or Internet Share Application.

IF YOU ARE IN ANY DOUBT ABOUT THIS DOCUMENT OR IN CONSIDERING YOUR INVESTMENT, OR IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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3. SUMMARY

This section is only a summary of the salient information about us and our Offering and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide whether or not to invest in us. You are advised to read the risk factors described in Section 5 of this Prospectus for an understanding of the risks associated with the investment in our Company.

3.1 Overview

We are a Malaysian conglomerate with interests in two businesses: power and environment. In our power business, we provide power generation. In our environment business, we provide water supply services, operate water and wastewater treatment plants, and provide specialised services in the management and optimisation of water utility assets. We conduct our operations and provide our services primarily in Malaysia, and our international operations are centered in Asian markets such as China and Thailand.

In our power business, we own and operate two 190 MW CCGT power plants in Sabah, Malaysia through our subsidiaries, RPI and RPII, on a BOO- and BOT-basis, respectively. We have entered into PPAs with Sabah Electricity, a subsidiary of TNB, providing for the sale of up to 380 MW of electricity generating capacity and electricity production for a 21-year period, commencing on 25 October 2008 with respect to RPI, and commencing on 22 April 2011 with respect to RPII. We provide O&M services to our RPI and RPII power plants through RPOM and RPOMII, respectively.

In our environment business, we have been granted an exclusive licence (on a 3-year term, renewable every three years under the terms stipulated in the Water Services Industry Act and the Water Services Industry (Licensing) Regulations 2007, which includes compliance by SAJH with the applicable KPIs) by the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end-customers in the entire State of Johor, the second most populous state in Malaysia, with an estimated population of 3.5 million people as at 2014 *(Source: Department of Statistics, Malaysia)*. We have been providing these services since March 2000 and as at 30 November 2015, we had 1,081,399 customers in Johor, of which 935,949 were residential customers, 143,026 were trade and industrial customers and 2,424 were institutional customers, such as government office buildings, army camps, government hospitals, prison complexes and statutory governmental authorities. Outside of Malaysia, we have 15 water and wastewater concessions, on a BOT, BTO or TOT basis, in relation to water treatment plants and wastewater treatment plants, with an aggregate treatment capacity of 362.0 MLD. In addition, through our joint venture, Yichun Pinang, we also operate a potable water treatment plant in China with a treatment capacity of 50.0 MLD.

Refer to Section 7 of this Prospectus for further information on our business.

3.2 Competitive strengths, business strategies and future plans

3.2.1 Competitive strengths

(i) Exclusive water operator in Johor and one of the largest IPPs in Sabah with strong operational capabilities and proven track record;

(ii) Proven record in securing contracts/concessions;

(iii) Presence in high growth markets and well-positioned to capitalise on China's water and wastewater business;

(iv) Stable cash flows from long-term contracts and concessions; and

(v) Strength and depth in leadership and talent.

3.2.2 Business strategies and future plans

3.2.2.1 Power business

Securing power generation projects and expanding the business.

3.2.2.2 Environment business

(i) Expanding our regional operations;

(ii) Commercialising our NRW management system; and

(iii) Capitalising on Government initiatives in the environment business.

For detailed information on our competitive strengths, business strategies and future plans, refer to Sections 7.2 and 7.3 of this Prospectus, respectively.

3.3 Financial information

3.3.1 Summary of historical combined financial information

The following selected historical financial information for the years ended 31 December 2012, 2013 and 2014, and the six months ended 30 June 2014 and 2015 have been prepared from the individual financial statements of the Identified Entities and should be read in conjunction with the "Management's discussion and analysis of financial condition and results of operations based on historical combined financial information" set out in Section 10.2 of this Prospectus and the Accountants' Report together with its related notes as set out in Section 11.2 of this Prospectus.

Prospective investors should note that we were part of the RB Group prior to the Internal Reorganisation and part of the RERB Group after the completion of the Internal Reorganisation II prior to the Pre-Offering Reorganisation. The Combined Financial Statements have been prepared as if the Identified Entities had operated as a single economic entity throughout the years ended 31 December 2012, 2013 and 2014, and the six months ended 30 June 2014 and 2015. The financial information as presented in the Combined Financial Statements may not be the same as the consolidated financial statements of our Group post-Offering. Further, the information does not purport to predict our Group's financial position, results and cash flows. Refer to Sections 6.1.2, 6.1.4, 10.3 and 10.5 of this Prospectus for further information on the Internal Reorganisation, Internal Reorganisation II and the Pre-Offering Reorganisation, and our pro forma consolidated financial information.

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3. SUMMARY *(cont'd)*

Historical combined statements of comprehensive income

	Year ended 31 December (Audited)		
	2012	2013	2014
		(RM'000)	
Revenue	1,158,951	1,199,140	1,294,342
Cost of sales	(798,612)	(862,877)	(949,396)
Gross profit	360,339	336,263	344,946
Other items of income			
Interest income	65,751	65,162	62,987
Other income	4,633	40,166	6,394
Other items of expense			
Administrative expenses	(127,985)	(155,555)	(147,005)
Other operating expenses	(1,693)	(2,376)	(2,536)
Tendering and marketing expenses	(957)	(1,315)	(1,323)
Finance costs	(85,473)	(99,936)	(77,869)
Zakat	(1,961)	(2,197)	(4,874)
Share of profit of a joint venture	8,740	1,609	9,088
PBT	221,394	181,821	189,808
Income tax expense	(60,995)	(50,323)	(55,367)
PAT	160,399	131,498	134,441
Other comprehensive income:			
Remeasurement gain on defined benefit plan not to be reclassified to profit or loss in subsequent periods	-	1,437	-
Foreign currency translation to be reclassified to profit or loss in subsequent periods	(1,320)	7,210	6,127
Other comprehensive (loss)/income for the year, net of tax	(1,320)	8,647	6,127
Total comprehensive income for the year	159,079	140,145	140,568
PAT attributable to:			
Owners of the parent	94,091	84,647	98,114
Non-controlling interests	66,308	46,851	36,327
	160,399	131,498	134,441

3. SUMMARY *(cont'd)*

	Year ended 31 December (Audited)		
	2012	2013	2014
		(RM'000)	
Total comprehensive income attributable to:			
Owners of the parent	93,173	92,313	104,241
Non-controlling interests	65,906	47,832	36,327
	159,079	140,145	140,568
EBITDA[(1)]	459,161	520,378	507,752
Gross profit margin[(2)] (%)	31.1	28.0	26.7
EBITDA margin[(3)] (%)	39.6	43.4	39.2
PBT margin[(4)] (%)	19.1	15.2	14.7
PAT margin[(5)] (%)	13.8	11.0	10.4
EPS (RM)			
- based on existing issued share capital [(6)]	0.17	0.15	0.17
- based on enlarged share capital [(7)]	0.10	0.09	0.10

Notes:

(1) *EBITDA represents earnings before interest, taxation, depreciation and amortisation.*

(2) *Computed based on gross profit divided by total revenue.*

(3) *Computed based on EBITDA divided by total revenue.*

(4) *Computed based on PBT divided by total revenue.*

(5) *Computed based on PAT divided by total revenue.*

(6) *Computed based on our existing share capital of approximately 566 million Shares, being the number of Shares in issue prior to the Public Issue. The Company does not have any treasury shares as at LPD.*

(7) *Computed based on our enlarged share capital of approximately 941 million Shares, after taking into account the assumed Public Issue of 375 million Issue Shares. The Company does not have any treasury shares as at LPD.*

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3. SUMMARY *(cont'd)*

	Six months ended 30 June (Audited)	
	2014	2015
	(RM'000)	
Revenue	645,452	628,264
Cost of sales	(460,821)	(453,095)
Gross profit	184,631	175,169
Other items of income		
Interest income	31,589	31,383
Other income	3,038	3,812
Other items of expense		
Administrative expenses	(68,596)	(69,367)
Other operating expenses	(1,335)	(811)
Tendering and marketing expenses	(393)	(590)
Finance costs	(42,061)	(52,267)
Zakat	(500)	(840)
Share of profit of a joint venture	4,880	4,127
PBT	111,253	90,616
Income tax expense	(30,783)	(31,784)
PAT	80,470	58,832
Other comprehensive income:		
Foreign currency translation to be reclassified to profit or loss in subsequent periods	(1,368)	10,483
Total comprehensive income for the period	79,102	69,315
PAT attributable to:		
Owners of the parent	60,342	44,497
Non-controlling interests	20,128	14,335
	80,470	58,832
Total comprehensive income attributable to:		
Owners of the parent	58,974	54,980
Non-controlling interests	20,128	14,335
	79,102	69,315
EBITDA(1)	272,220	287,155
Gross profit margin(2) (%)	28.6%	27.9%
EBITDA margin(3) (%)	42.2%	45.7%
PBT margin(4) (%)	17.3%	14.4%

	Six months ended 30 June (Audited)	
	2014	**2015**
	(RM'000)	
PAT margin[5] (%)	12.5%	9.4%
EPS (RM)		
- based on existing issued share capital [6]	0.11	0.08
- based on enlarged share capital [7]	0.06	0.05

Notes:

(1) *EBITDA represents eamings before interest, taxation, depreciation and amortisation.*

(2) *Computed based on gross profit divided by total revenue.*

(3) *Computed based on EBITDA divided by total revenue.*

(4) *Computed based on PBT divided by total revenue.*

(5) *Computed based on PAT divided by total revenue.*

(6) *Computed based on our existing share capital of approximately 566 million Shares, being the number of Shares in issue prior to the Public Issue. The Company does not have any treasury shares as at LPD.*

(7) *Computed based on our enlarged share capital of approximately 941 million Shares, after taking into account the assumed Public Issue of 375 million Issue Shares. The Company does not have any treasury shares as at LPD.*

Refer to Sections 10 and 11 of this Prospectus for further financial information relating to our Group.

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3.3.2 Summary of pro forma consolidated statements of financial position of our Group

The pro forma consolidated statements of financial position as at 30 June 2015 have been prepared for illustrative purposes only, to show the effects on our Group's financial position as at 30 June 2015 based on the assumption that the Pre-Offering Reorganisation (including the Transfer of Sukuk), the Offering and the Proposed Remaining RWT (Cayman) Acquisition have been completed on 30 June 2015.

The pro forma consolidated statements of financial position as at 30 June 2015 set forth below should be read in conjunction with the Reporting Accountants' Letter on the pro forma consolidated statements of financial position as at 30 June 2015 and the notes thereon as set out in Section 10.5 of this Prospectus.

	As at 30 June 2015			
	Audited	Pro forma I	Pro forma II	Pro forma III
		After the Pre-Offering Reorganisation	After Pro forma I and the Offering	After Pro forma I, II and the Proposed Remaining RWT (Cayman) Acquisition
	(RM'000)			
Assets				
Non-current assets				
Property, plant and equipment	-	567,940	567,940	569,670
Operating financial assets	-	-	-	452,412
Service concession assets	-	757,092	757,092	757,092
Intangible assets	-	298,516	298,516	298,944
Finance lease receivables	-	613,015	613,015	613,015
Deferred tax assets	-	263,147	263,147	265,136
Investment in a joint venture	-	137,763	137,763	13,935
Trade and other receivables	-	73,011	73,011	73,268
	-	2,710,484	2,710,484	3,043,472
Current assets				
Operating financial assets	-	-	-	21,578
Finance lease receivables	-	36,684	36,684	36,684
Trade and other receivables	6,393	279,758	273,887	256,365
Inventories	-	80,043	80,043	80,596
Tax recoverable	-	987	987	1,177
Other current assets	-	23,979	23,979	26,991
Other financial assets	-	29,987	29,987	29,987
Deposits, cash and bank balances	-	433,519	699,619	580,617
	6,393	884,957	1,145,186	1,033,995
Total assets	6,393	3,595,441	3,855,670	4,077,467

3. SUMMARY *(cont'd)*

	As at 30 June 2015			
	Audited	Pro forma I	Pro forma II	Pro forma III
		After the Pre-Offering Reorganisation	After Pro forma I and the Offering	After Pro forma I, II and the Proposed Remaining RWT (Cayman) Acquisition
	(RM'000)			
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital	-	565,995	940,995	940,995
Share premium	-	339,597	576,197	576,197
Other reserves	-	289,930	289,930	289,930
Currency translation reserves	-	18,172	18,172	-
Equity component of convertible unsecured loan stock	-	2,657	2,657	2,657
(Accumulated loss)/Retained earnings	(10,929)	186,443	170,530	190,289
Merger deficit	-	(1,204,333)	(1,204,333)	(1,204,333)
	(10,929)	198,461	794,148	795,735
Non-controlling interest	-	210,573	210,573	210,573
Total equity	(10,929)	409,034	1,004,721	1,006,308
Non-current liabilities				
Retirement benefit obligations	-	84,729	84,729	84,729
Finance lease payables	-	3,022	3,022	3,047
Long term borrowings	-	1,493,661	1,229,697	1,348,156
Trade and other payables	-	5,893	5,893	6,002
Consumer deposits	-	164,667	164,667	164,667
Deferred tax liabilities	-	51,631	51,631	66,226
Service concession obligations		477,331	477,331	477,331
	-	2,280,934	2,016,970	2,150,158

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3. SUMMARY *(cont'd)*

	As at 30 June 2015			
	Audited	Pro forma I	Pro forma II	Pro forma III
		After the Pre-Offering Reorganisation	After Pro forma I and the Offering	After Pro forma I, II and the Proposed Remaining RWT (Cayman) Acquisition
	(RM'000)			
Current liabilities				
Retirement benefit obligations	-	8,072	8,072	8,072
Finance lease payables	-	1,262	1,262	1,289
Short term borrowings	-	139,322	83,742	108,614
Zakat	-	8,442	8,442	8,442
Trade and other payables	17,322	397,614	381,700	441,452
Other current liability	-	2,558	2,558	3,503
Service concession obligations	-	345,455	345,455	345,455
Tax payable	-	2,748	2,748	4,174
	17,322	905,473	833,979	921,001
Total liabilities	17,322	3,186,407	2,850,949	3,071,159
Total equity and liabilities	6,393	3,595,441	3,855,670	4,077,467
Number of shares in issue ('000)	-	565,995	940,995	940,995
NA[(1)] (RM'000)	(10,929)	198,461	794,148	795,735
NA per Share[(2)] (RM)	(5,464,500)	0.35	0.84	0.85

* The issued and paid up share capital of the Company before pro forma adjustments is RM2.

Notes:

(1) *Being NA attributable to ordinary shareholders (excluding non-controlling interests).*

(2) *Computed based on NA attributable to ordinary shareholders (excluding non-controlling interests). The Company does not have any treasury shares as at LPD.*

3.3.3 Capitalisation and indebtedness

The pro forma financial information set forth in the table below has been prepared based on the unaudited management accounts of our Group as at 31 October 2015, on the assumption that the Pre-Offering Reorganisation, the Offering and the Proposed Remaining RWT (Cayman) Acquisition were completed on 31 October 2015.

The pro forma financial information below is prepared for illustrative purpose only based on certain assumptions and does not represent our Group's actual cash and cash equivalents, capitalisation and indebtedness as at 31 October 2015. The total indebtedness of our Group is not guaranteed by any third party.

	Unaudited*	Pro forma
	As at 31 October 2015	After the Pre-Offering Reorganisation, the Offering and the Proposed Remaining RWT (Cayman) Acquisition
	RM'000	RM'000
Cash and cash equivalents[(1)]	215,769	423,416
Indebtedness		
Short term debt		
Secured		
- Islamic Medium Term Notes	55,580	-
- Musharakah Medium Term Notes	28,297	28,297
- Bank overdrafts	-	1,145
- Revolving credits	675	675
- Term loan	-	14,998
- Bankers' acceptance	-	1,510
- Sukuk	-	55,350
Unsecured		
- Bank overdrafts	-	2,935
- Bankers' acceptance	-	89
- Term loan	-	244
	84,552	105,243
Long term debt		
Secured		
- Islamic Medium Term Notes	167,329	-
- Musharakah Medium Term Notes	620,179	620,179
- Term loan	-	156,596
- Sukuk	-	582,441
Unsecured		
- Term loan	-	551

3. SUMMARY *(cont'd)*

	Unaudited*	Pro forma
	As at 31 October 2015	After the Pre-Offering Reorganisation, the Offering and the Proposed Remaining RWT (Cayman) Acquisition
	RM'000	RM'000
- Convertible unsecured loan stocks	27,077	27,077
	814,585	1,386,844
Total indebtedness[(2)]	899,137	1,492,087
Total shareholders' funds	894,358	880,258
Non-controlling interests	224,608	224,608
Total capitalisation	1,118,966	1,104,866
Total capitalisation and indebtedness	2,018,103	2,596,953
Gearing ratio (times)[(3)(4)]	1.01	1.70

Notes:

* *Based on the unaudited management accounts of our Group.*

(1) *Cash and cash equivalents include short-term deposits, cash and bank balances less bank overdrafts, deposits pledged as securities to license banks and restricted deposits.*

(2) *Total indebtedness includes short-term debts and long-term debts.*

(3) *Computed based on total indebtedness over total shareholders' funds of our Group.*

(4) *Save for the Sukuk, all other borrowings of Ranhill Holdings Group are non-recourse borrowings with respect to Ranhill as these borrowings are secured by collateral provided by our subsidiaries and the lenders cannot seek repayment from Ranhill, even in instances where the collateral does not cover the full value of the amounts due. Excluding the non-recourse borrowings, the gearing ratio of the Ranhill Holdings Group is nil and 0.72 times based on the unaudited management accounts as at 31 October 2015 and the pro forma (post the Offering and the Proposed Remaining RWT (Cayman) Acquisition), respectively.*

(5) *Our pro forma gearing ratio is higher than our actual gearing ratio based on our unaudited management accounts as at 31 October 2015 mainly due to the Transfer of Sukuk to RCSB upon the completion of the Ranhill Acquisition (as further described in Section 6.1.4 of this Prospectus). As the Sukuk was not issued by the Identified Entities, it is not reflected in the unaudited management accounts of our Group as at 31 October 2015.*

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3.4 Dividend policy

No inference should be made from any of the following statements as to our actual future profitability or our ability to pay dividends in the future.

As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our Subsidiaries and joint venture. The payment of dividends by our Subsidiaries and joint ventures will depend upon their operating results, distributable profits, capital requirements, financial condition and other relevant factors.

Refer to Section 10.6 of this Prospectus for information on our dividend policy.

3.5 Particulars of our Offering

Our Offering is subject to the terms and conditions of this Prospectus and upon acceptance, the Offering Shares are expected to be allocated/transferred in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively.

Our Offering of up to 475,000,000 Offering Shares, representing up to approximately 50.5% of the enlarged issued and paid-up share capital of our Company, comprises the following:

(i) the Offer for Sale of up to 100,000,000 OFS Shares (or such other lower number of OFS Shares to be determined at the absolute discretion of the Selling Shareholder), representing up to 10.6% of the enlarged issued and paid-up share capital of our Company; and

(ii) the Public Issue of up to 375,000,000 Issue Shares, representing 39.9% of the enlarged issued and paid-up share capital of our Company,

in the manner set out below. For the avoidance of doubt, the Offering Shares offered under the Institutional Offering and the Retail Offering through the Offer for Sale and Public Issue do not include the Shares under the Over-allotment Option.

3.5.1 Institutional Offering

The Institutional Offering involves the offering of up to 354,180,000 Offering Shares (comprising up to 100,000,000 OFS Shares and up to 254,180,000 Issue Shares) at the Institutional Price, representing up to approximately 37.6% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) up to 108,215,000 Issue Shares to Bumiputera investors approved by the MITI; and

(ii) 145,965,000 Issue Shares and up to 100,000,000 OFS Shares to the following persons:

   (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

   (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

3.5.2 Retail Offering

The Retail Offering involves the offering of 120,820,000 Issue Shares at the Retail Price, representing approximately 12.8% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) the Restricted Offering of 65,994,965 Issue Shares to our existing shareholders who were the shareholders of Symphony (the "**Eligible Shareholders**") and were entitled to the Scheme of Arrangement on the basis of one (1) Issue Share for every ten (10) Symphony Shares held on the entitlement date for the Scheme of Arrangement;

(ii) 36,000,000 Issue Shares reserved for application by the Eligible Individuals; and

(iii) public offering of 18,825,035 Issue Shares to the Malaysian Public, of which 9,410,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

Refer to Section 4.3 of this Prospectus for further information on the particulars of our Offering.

3.6 Utilisation of proceeds

We expect to use the estimated gross proceeds from the Public Issue of RM637.5 million in the following manner:

Proposed Utilisation	Expected timeframe for utilisation from the date of Listing	Amount
		RM 'million
Full repayment of borrowings of RPI's outstanding IMTN	Within 1 month	220.0
Partial repayment of the Sukuk	Within 6 months	100.0
Settlement of the Proposed Remaining RWT (Cayman) Acquisition	Within 1 month	125.0
Working capital (includes the estimated expenses for our Offering)	Within 12 months	117.5
Investment into RWT (Cayman) for the water business projects in China	Within 12 months	75.0
Total gross proceeds		**637.5**

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to RM170.0 million will accrue entirely to the Selling Shareholder.

For detailed information on the utilisation of proceeds from the Public Issue, refer to Section 4.10 of this Prospectus.

3.7 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks of such an investment as summarised below. The following is not an exhaustive list of all of the risks that we currently face or that may develop in the future.

3.7.1 Risks relating to the industries in which we operate

3.7.1.1 Industry risks relating to our power business

(i) We are exposed to operational risks;

(ii) We may not be able to obtain adequate fuel supplies for our power generating plants;

(iii) We are obligated under our gas supply contracts to pay for a minimum quantity of natural gas, but Sabah Electricity is not obligated to despatch our power plants at a level that is sufficient to ensure that we will use natural gas equal to our minimum natural gas purchase obligation;

(iv) Our power business is subject to extensive environmental regulation and permit requirements that may involve significant and increasing costs;

(v) Our operations may cause harm to people and property; and

(vi) We rely on Sabah Electricity as the sole offtaker for the power produced by our power plants.

3.7.1.2 Industry risks relating to our environment business

(i) The rates that we charge our water supply customers are subject to regulations;

(ii) We are required to comply with certain service obligations;

(iii) Contamination of our raw water supply may disrupt our services and harm our reputation;

(iv) Failure of our water treatment plants, network of water pipes or water reservoirs could result in losses and damages;

(v) We are exposed to the risk of disruption in the supply of important goods or services from third parties;

(vi) We are reliant on PAAB to deliver new water infrastructure assets;

(vii) We are subject to extensive environmental regulation that may involve significant and increasing costs;

(viii) We may not be successful in maintaining existing concessions or securing new concessions;

(ix) We provide professional engineering and other services, including engineering-procurement-construction, design build, project delivery and commissioning, in connection with water- and wastewater-related projects that involve significant risks; and

(x) Our engineering, procurement, construction and commissioning contracts are typically fixed-price contracts, and our compensation may be insufficient to cover unanticipated or substantial changes in costs over the life of the project.

3.7.2 Risks relating to our Company

(i) We are exposed to risks in relation to our growth and expansion strategies;

(ii) The operation of our business is dependent upon certain permits, licences, approvals and land use rights;

(iii) We are exposed to technological and information systems risk;

(iv) Our operations are primarily conducted in Malaysia, which exposes us to risks associated with Malaysia and the performance of the Malaysian economy;

(v) Funding, especially on terms acceptable to us, may not be available to meet our future capital needs;

(vi) We depend on certain key personnel and skilled employees;

(vii) Failure to maintain good employee relations may adversely affect our operations and the success of our business;

(viii) We are exposed to the credit risks of our customers;

(ix) Our Promoters, whose interests may not be aligned with those of our other shareholders, will be able to exercise significant influence over our Company;

(x) Exchange rate fluctuations could negatively affect our financial condition and results of operations;

(xi) Our ability to generate sufficient cash flow to fulfil our debt obligations is not assured;

(xii) There may be conflicts of interest between our Group and our related parties;

(xiii) Existing or future claims against our Company, our subsidiaries, our Directors or our key management may have an unfavourable impact on us;

(xiv) As we continue to expand internationally, we are increasingly susceptible to legal, regulatory, political, economic and competitive conditions outside of Malaysia, as well as operational risks different from those that we face in Malaysia; and

(xv) We may not be able to effectively manage our future assets and joint ventures.

3.7.3 Risks relating to our Shares

(i) There may be a limited market for our Shares;

(ii) Our Share price and trading volume may be volatile;

(iii) There may be a delay or failure in trading of our Shares;

(iv) We may not be able to pay dividends;

(v) We are a holding company and, as a result, are dependent on dividends from our subsidiaries and joint ventures to meet our obligations and to provide funds for payment of dividends on our Shares;

(vi) We plan to use the proceeds from the Public Issue primarily for repayment of borrowings, settlement of the Proposed Remaining RWT (Cayman) Acquisition, investment in RWT (Cayman) and for working capital, and these may not yield a favourable return;

(vii) The sale or the possible sale of a substantial number of our Shares in the public market following our Offering could adversely affect the price of our Shares;

(viii) Since the Retail Price and the Institutional Price are higher than our net asset value per Share, purchasers of our Shares in the Offering will experience immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future; and

(ix) Forward-looking statements in this Prospectus may not be accurate.

For a detailed discussion on the risks associated with investing in our Company, refer to Section 5 of this Prospectus.

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4. DETAILS OF OUR OFFERING

4.1 Opening and closing of applications

Application for the Issue Shares under the Retail Offering will open at 10:00 a.m. on 31 December 2015 and will remain open until 5:00 p.m. on 29 January 2016 or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

4.2 Indicative timetable

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of the Institutional Offering[1]	31 December 2015
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 31 December 2015
Closing of the Retail Offering	5:00 p.m., 29 January 2016
Closing of the Institutional Offering	5:00 p.m., 2 February 2016
Price Determination Date	2 February 2016
Balloting of applications for the Issue Shares under the Retail Offering	3 February 2016
Allotment/Transfer of the Offering Shares to successful applicants	17 February 2016
Listing	18 February 2016

Note:

(1) Other than the Institutional Offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the Offering Shares by the Cornerstone Investors was entered into on 14 December 2015.

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Global Coordinator may decide in their absolute discretion. The applications for the Issue Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the Issue Shares under the Retail Offering, allotment/transfer of the Offering Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

4.3 Particulars of our Offering

Our Offering is subject to the terms and conditions of this Prospectus and upon acceptance, the Offering Shares are expected to be allocated/transferred in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively.

Our Offering of up to 475,000,000 Offering Shares, representing up to approximately 50.5% of the enlarged issued and paid-up share capital of our Company, comprises the following:

(i) the Offer for Sale of up to 100,000,000 OFS Shares (or such other lower number of OFS Shares to be determined at the absolute discretion of the Selling Shareholder), representing up to 10.6% of the enlarged issued and paid-up share capital of our Company; and

(ii) the Public Issue of up to 375,000,000 Issue Shares, representing 39.9% of the enlarged issued and paid-up share capital of our Company,

in the manner set out below. For the avoidance of doubt, the Offering Shares offered under the Institutional Offering and the Retail Offering through the Offer for Sale and Public Issue do not include the Shares under the Over-allotment Option.

4.3.1 Institutional Offering

The Institutional Offering involves the offering of up to 354,180,000 Offering Shares (comprising up to 100,000,000 OFS Shares and up to 254,180,000 Issue Shares) at the Institutional Price, representing up to approximately 37.6% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) up to 108,215,000 Issue Shares to Bumiputera investors approved by the MITI; and

(ii) 145,965,000 Issue Shares and up to 100,000,000 OFS Shares to the following persons:

  (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

  (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

Pursuant to a master cornerstone placing agreement dated 14 December 2015, entered into between our Company, the Selling Shareholder, the Joint Bookrunners, and the Cornerstone Investors, the Cornerstone Investors have agreed severally, and not jointly, to acquire the Offering Shares, subject to the terms of the individual cornerstone placing agreements, in the aggregate of 172,561,000 Offering Shares, representing 18.3% of the enlarged issued and paid-up share capital of our Company, from the Selling Shareholder and/or the Company at RM1.70 per Offering Share or the Institutional Price, whichever is lower.

Both the master cornerstone placing agreement and the individual cornerstone placing agreements are conditional upon the Retail Underwriting Agreement and the Placement Agreement, having become unconditional no later than the date as specified in those agreements and not having been terminated pursuant to their respective terms.

4.3.2 Retail Offering

The Retail Offering involves the offering of 120,820,000 Issue Shares at the Retail Price, representing approximately 12.8% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) the Restricted Offering of 65,994,965 Issue Shares to our existing shareholders who were the shareholders of Symphony (the "**Eligible Shareholders**") and were entitled to the Scheme of Arrangement on the basis of one (1) Issue Share for every ten (10) Symphony Shares held on the entitlement date for the Scheme of Arrangement;

(ii) 36,000,000 Issue Shares reserved for application by the Eligible Individuals; and

(iii) public offering of 18,825,035 Issue Shares to the Malaysian Public, of which 9,410,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

A summary of the allocation of the 36,000,000 Issue Shares to the Eligible Individuals respectively are as follows:

Category of persons	**No. of eligible persons**	**Aggregate no. of Issue Shares allocated**
Eligible directors of our Group[(1)]	28	2,870,000
Eligible employees of our Group[(2)]	2,860	23,654,000
Eligible directors and employees of RERB, RGSB and RUSB[(1)(2)]	96	1,301,000
Persons who have contributed to the success of our Group[(3)]	821	8,175,000
Total	3,805	36,000,000

Notes:

(1) *Includes all eligible directors who have been allocated between 80,000 and 150,000 Issue Shares each. Directors of our Company and directors of our subsidiaries will be allocated with 150,000 Issue Shares and 80,000 Issue Shares respectively as Eligible Individuals under the Retail Offering. For our Directors' shareholdings in our Company, refer to Section 9.1.2 of this Prospectus.*

(2) *The criteria for allocation to the eligible employees are based on their length of service and job grade.*

(3) *The criteria for allocation to persons who have contributed to the success of our Group are based on, among others, their current and past contributions to our Group and duration of their respective relationships with our Group.*

In summary, the Offering Shares will be allocated and allotted, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively, in the following manner:

	Offer for Sale *		Public Issue		Total	
Categories	**No. of Shares**	**% of our enlarged share capital**	**No. of Shares**	**% of our enlarged share capital**	**No. of Shares**	**% of our enlarged share capital**
Retail Offering:						
Malaysian Public (via balloting)						
- Bumiputera	-	-	9,410,000	1.0	9,410,000	1.0
- Non-Bumiputera	-	-	9,415,035	1.0	9,415,035	1.0
Existing shareholders of Symphony entitled to the Restricted Offering	-	-	65,994,965	7.0	65,994,965	7.0
Eligible directors and employees of our Group	-	-	26,524,000	2.8	26,524,000	2.8
Eligible directors and employees of RERB, RGSB and RUSB	-	-	1,301,000	0.1	1,301,000	0.1
Persons who have contributed to the success of our Group	-	-	8,175,000	0.9	8,175,000	0.9
Sub-total	**-**	**-**	**120,820,000**	**12.8**	**120,820,000**	**12.8**
Institutional Offering:						
MITI approved Bumiputera investors	-	-	108,215,000	11.5	108,215,000	11.5
Other Malaysian and foreign institutional and selected investors	100,000,000	10.6	145,965,000	15.5	245,965,000	26.1
Sub-total	**100,000,000**	**10.6**	**254,180,000**	**27.0**	**354,180,000**	**37.6**
Total	**100,000,000**	**10.6**	**375,000,000**	**39.9**	**475,000,000**	**50.5**

Note:

* *Assuming an Offer for Sale for the full 100,000,000 OFS Shares is undertaken.*

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our Offering is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.3.7 of this Prospectus.

4.3.3 Clawback and reallocation

The Retail Offering and the Institutional Offering shall be subject to the following clawback and reallocation provisions:

(i) if the Offering Shares allocated to Bumiputera investors approved by MITI are not fully taken up, the Offering Shares which are not taken up may be allocated to other institutional and selected investors under the Institutional Offering;

(ii) subject to Section 4.3.3(i) above, if there is an over-subscription in the Retail Offering and an under-subscription in the Institutional Offering, the Offering Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering;

(iii) if there is an under-subscription in the Retail Offering and an over-subscription in the Institutional Offering, the Offering Shares not taken up may be clawed back from the Retail Offering and allocated to the Institutional Offering; and

(iv) if there is an under-subscription in the Restricted Offering, the Issue Shares under the Restricted Offering which are not taken up will be clawed back from the Restricted Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription in both the Institutional Offering and the Retail Offering.

Any Issue Shares not taken up by the Eligible Individuals under the Retail Offering ("**Excess Issue Shares**") shall be made available for application by the Eligible Individuals who have applied for excess on top of their pre-determined allocation and allocated on a pro-rata basis based on the number of Excess Issue Shares applied to the Eligible Individuals who have applied for the Excess Issue Shares.

In addition, the Board reserves the right to allocate to the Eligible Individuals who have applied for excess on top of their pre-determined allocation at the discretion of our Board in such manner as it deems fit and expedient in the best interest of our Company. The Board also reserves the right to accept any Excess Issue Shares application, in full or in part, without assigning any reason. Thereafter, any unsubscribed Issue Shares unallocated to the Eligible Individuals will be made available for application by the Malaysian Public under the Retail Offering, with any remaining Issue Shares thereafter underwritten by the Joint Underwriters, subject to the clawback and reallocation provisions.

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4.3.4 Over-allotment Option

The Selling Shareholder may, at its absolute discretion, grant an Over-allotment Option to the Stabilising Manager (on behalf of the Joint Bookrunners) and may appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot our Shares (on behalf of the Joint Bookrunners) and subsequently, effect transactions which may stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option. There is however no obligation for the Selling Shareholder to grant the Over-allotment Option to the Stabilising Manager. Even if the Selling Shareholder chooses to grant the Over-allotment Option to the Stabilising Manager, such option (if granted) may only be up to an aggregate of 71,250,000 Shares or such other lower number of Shares to be determined at the absolute discretion of the Selling Shareholder.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Selling Shareholder at any time, within 30 days from the date of our Listing to purchase from the Selling Shareholder up to an aggregate of 71,250,000 Shares (or such other lower number of Shares to be determined at the absolute discretion of the Selling Shareholder) at the Institutional Price for each Share, representing up to approximately 15.0% of the total number of Offering Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to the Over-allotment Option being granted and there being an over-allotment, the Stabilising Manager will (on behalf of the Joint Bookrunners) enter into the Share Lending Agreement with the Selling Shareholder to borrow up to 71,250,000 Shares (or such other lower number of Shares to be determined at the absolute discretion of the Selling Shareholder) to cover the over-allotments. Any of our Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Selling Shareholder either through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or through the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of our Shares issued.

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Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of Shares that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 71,250,000 Shares (or such other lower number of Shares, to be made available under the Share Lending Agreement to be entered into with the Selling Shareholder (if the Over-Allotment Option is granted)), representing up to approximately 15.0% of the total number of Offering Shares offered. However, there is no obligation for the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought on the Main Market of Bursa Securities, an aggregate of 71,250,000 Shares (or such other lower number of Shares to be made available for purposes of the stabilising action), representing up to approximately 15.0% of the total number of Offering Shares offered to undertake the stabilising action.

Neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

4.3.5 Share capital

Upon the completion of our Offering, our share capital would be as follows:

	No. of Shares	RM
Authorised	2,000,000,000	2,000,000,000
Issued and fully paid-up		
Issued and fully paid-up as at the date of this Prospectus	565,994,967	565,994,967
To be issued and fully paid-up pursuant to the Public Issue	375,000,000	375,000,000
Enlarged issued and paid-up share capital upon Listing	**940,994,967**	**940,994,967**

The Offer for Sale would not have any effect on our issued and paid-up share capital as the OFS Shares are already in existence prior to our Offering.

Based on the Retail Price, the market capitalisation of our Company upon Listing would be approximately RM1.6 billion.

4.3.6 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares of RM1.00 each.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The OFS Shares rank equally in all respects with our existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the OFS Shares, subject to any applicable Rules of Bursa Depository.

Upon allotment and issue and subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, if any, in accordance with our Articles after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by duly authorised representative. On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representatives shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3.7 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by our Company and the Selling Shareholder from our Offering. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

In the event that the public shareholding spread requirement is not met following our Offering and/or if we and the Selling Shareholder decide in our absolute discretion not to proceed with our Offering, monies paid in respect of any application for the Offering Shares will be returned in full without interest and if such monies are not returned in full within 14 days after our Company and the Selling Shareholder become liable to do so, then our Company and the Selling Shareholder and the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

4.4 Selling Shareholder

Cheval is the Selling Shareholder for the Offer for Sale.

As at the date of this Prospectus, Cheval holds 181,228,777 Shares, representing 32.0% of the existing issued and paid-up share capital of our Company, of which up to 100,000,000 Shares (or such other lower number of Shares to be determined at the absolute discretion of the Selling Shareholder) are being offered pursuant to the Offer for Sale. Following our Public Issue and in the event an Offer for Sale for the full 100,000,000 OFS Shares is undertaken, Cheval is expected to hold 81,228,777 Shares, representing 8.6% of the enlarged issued and paid-up share capital of our Company, assuming no exercise of the Over-allotment Option.

4.5 Brokerage, underwriting commission and placement fee

We will pay brokerage in respect of the Issue Shares under the Retail Offering, at the rate of 1.00% of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Global Coordinator, Joint Bookrunners and the Co-Bookrunner are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

As stipulated in the Retail Underwriting Agreement, the Joint Managing Underwriters and the Joint Underwriters have agreed to underwrite the Issue Shares under the Retail Offering for an underwriting commission calculated at the rate of 2.00% of the Retail Price multiplied by the number of Issue Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

The Selling Shareholder in respect of the OFS Shares and us in respect of the Issue Shares, will pay (i) the Joint Bookrunners and the Co-Bookrunner a placement fee of 2.00% of the Institutional Price multiplied by the number of Offering Shares sold pursuant to the Institutional Offering; and (ii) the Global Coordinator a global coordinator fee calculated at the rate of 0.25% of the Institutional Price multiplied by the number of Offering Shares sold pursuant to the Institutional Offering, and a discretionary incentive fee of 0.5% of the Institutional Price and the Retail Price (as the case may be) multiplied by the number of Offering Shares sold pursuant to the Offering, in accordance with the terms of the Placement Agreement.

The placement fee and global coordinator fee as well as any discretionary incentive fee to be paid by the Selling Shareholder to the relevant Global Coordinator, Joint Bookrunners and Co-Bookrunner will be funded using proceeds raised from the Offer for Sale.

4.6 Details of the underwriting, placement and lock-up arrangements

4.6.1 Underwriting

We have on 15 December 2015 entered into the Retail Underwriting Agreement with the Joint Managing Underwriters and the Joint Underwriters to underwrite the 120,820,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.5 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Subject to certain conditions precedent set out in the Retail Underwriting Agreement, Joint Underwriters agreed to underwrite the 120,820,000 Issue Shares.

The Joint Managing Underwriters may on behalf of the Joint Underwriters, and by notice in writing to our Company given at any time before the date of Listing, terminate, cancel and withdraw the Joint Underwriters' underwriting commitment if:

(i) there is any breach by our Company of any of the representations, warranties or undertakings set out in the Retail Underwriting Agreement in any respect;

(ii) our Company withholds any material information from the Joint Managing Underwriters and the Joint Underwriters, which, in the opinion of the Joint Managing Underwriters and Joint Underwriters, will likely have a material adverse effect or change in:

  (a) the condition (financial or otherwise), management, assets, earnings, business, operations or prospects of our Company and our subsidiaries taken as a whole; or

  (b) our Company's ability to perform our obligations under or to consummate transactions contemplated by the Retail Underwriting Agreement, or the other transaction agreements pursuant to our Offering or this Prospectus; or

  (c) the ability of our Company or any of our subsidiaries to conduct our businesses and to own or lease our material assets and properties as described in this Prospectus; or

  (d) the completion of the Offering.

  ("**Material Adverse Effect**");

(iii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Managing Underwriters and the Joint Underwriters by reason of Force Majeure (as defined in the Retail Underwriting Agreement) which would have or can reasonably be expected to have a Material Adverse Effect on the business, operations, financial condition or prospects of our Group or the success of our Offering, or which is likely to have the effect of making any material obligation under the Retail Underwriting Agreement incapable of being performed in accordance with its terms;

(iv) any government requisition or other occurrence of any nature whatsoever which would have or is likely to have a Material Adverse Effect on the business, operations, financial condition or prospects of our Group or on the success of our Offering;

(v) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Joint Managing Underwriters and the Joint Underwriters would have or is likely to, have a Material Adverse Effect or a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(a) on or after the date of the Retail Underwriting Agreement; and

(b) prior to the closing of the Retail Offering,

lower than 85%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(vi) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for 3 consecutive Market Days or more;

(vii) any new law or regulation or change in law, regulation, directive, policy or ruling in any jurisdiction which in the reasonable opinion of the Joint Managing Underwriters and the Joint Underwriters is likely to prejudice the success of our Listing or which would have or is likely to have the effect of making the Retail Underwriting Agreement incapable of being performed in accordance with its terms;

(viii) the Institutional Offering and/or the Retail Offering is stopped or delayed by the Selling Shareholder and/or our Company and/or the regulatory authorities for any reason whatsoever (unless such stoppage or delay has been approved by the Joint Managing Underwriters and the Joint Underwriters);

(ix) the Listing does not take place by 3 March 2016 or such other extended date as may be agreed by the Joint Managing Underwriters;

(x) any commencement of legal proceedings or action against any member of our Group or the Selling Shareholder or any of their directors, which in the reasonable opinion of the Joint Managing Underwriters and the Joint Underwriters, would have or would be likely to have a Material Adverse Effect or make it impracticable to market our Offering or to enforce contracts to allot and/or transfer our Shares;

(xi) any of the following approvals is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a Material Adverse Effect:

(a) the SC vide its letter dated 15 July 2015, approving the Offering including the effective equity structure pursuant to the Offering;

(b) the MITI vide its letter dated 10 March 2015, approving the allocation of the Offering Shares to the Bumiputera investors under the public balloted portion of the Retail Offering as well as the Bumiputera institutional and selected investors under the Institutional Offering, as described in Section 4.3.2 of this Prospectus; and

(c) the Bursa Securities vide its letter dated 9 September 2015, approving the Admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities;

(xii) if the SC or any other relevant authority issues an order pursuant to Malaysian laws such as to make it, in the reasonable opinion of the Joint Managing Underwriters and the Joint Underwriters (after consultation with our Company), impracticable to market our Offering or to enforce contracts to allot and transfer our Shares; or

(xiii) the Placement Agreement shall have been terminated or rescinded.

4.6.2 Placement

Our Company and the Selling Shareholder expect to enter into the Placement Agreement with the Global Coordinator, the Joint Bookrunners and the Co-Bookrunner in relation to the placement of up to 354,180,000 Offering Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively. Our Company and the Selling Shareholder will be requested, on a several basis, to give various representations, warranties and undertakings, and to indemnify the Global Coordinator, the Joint Bookrunners and the Co-Bookrunner against certain liabilities in connection with our Offering.

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4.6.3 Lock-up arrangement

(i) Our Company has agreed to a lock-up arrangement with the Joint Bookrunners and the Co-Bookrunner via our letter dated 15 December 2015, under which our Company agrees that, from the date of the said lock-up letter up until the date falling 180 days from the date of our Listing, our Company shall not and shall procure that our affiliates (as defined in Rule 501(b) of Regulation D under the U.S. Securities Act) and nominees and/or trustees holding the Shares on trust for our Company or on our behalf shall not, without the prior written consent of the Joint Bookrunners and the Co-Bookrunner, (a) offer, sell, contract or agree to sell, assign, issue, or issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, subscribe for, or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares (or any securities convertible into or exercisable or exchangeable for our Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive or are substantially similar to, our Shares), whether any such transaction is to be settled by delivery of our Shares or such other securities, in cash or otherwise; or (c) agree to do or announce any intention to do any of the above, whereby the restrictions shall not apply to (i) the Offering Shares and (ii) the Shares to be issued as consideration upon the exercise of the call option pursuant to the Call Option Agreement;

(ii) The Selling Shareholder has agreed to a lock-up arrangement with the Joint Bookrunners and the Co-Bookrunner via its letter dated 15 December 2015, under which the Selling Shareholder agrees that in relation to the Shares of which the Selling Shareholder is the beneficial owner of as at the date of Listing ("**Relevant Shares**") and for a period of 180 days from the date of Listing, the Selling Shareholder shall not and shall procure that its nominees and/or trustees holding the Relevant Shares on trust for or on its behalf shall not, without the prior written consent of the Joint Bookrunners and the Co-Bookrunner, sell, assign, or otherwise transfer or dispose of any Relevant Shares. For the avoidance of doubt, the restrictions under the lock-up arrangement do not apply to the Shares to be sold or transferred under the Offer for Sale and the Over-allotment Option (if any), other exempted transfers of Shares stipulated in this Prospectus or the international offering circular to be issued in connection with our Offering or pursuant to a share lending agreement or a call option agreement (if any) as well as to any Relevant Shares which are no longer subject to any moratorium imposed by the SC;

(iii) The Promoters have respectively agreed to a lock-up arrangement with the Joint Bookrunners and the Co-Bookrunner via letters dated 15 December 2015, under which the Promoters agree that, from the date of the said lock-up letters up until the date falling 180 days from the date of the Listing, the Promoters shall not and shall procure that their shareholders (if applicable), affiliates (as defined in Rule 501(b) of Regulation D under the U.S. Securities Act) and their nominees and/or trustees holding Shares on trust for or on their behalf shall not, without the prior written consent of the Joint Bookrunners and the Co-Bookrunner (a) offer, sell, contract or agree to sell, or issue or sell any option or contract to purchase, or purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, subscribe for, or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares (or any securities convertible into or exercisable or exchangeable for Shares), whether any such transaction is to be settled by delivery of our Shares or such other securities, in cash or otherwise; or (b) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of our Shares, and these restrictions shall apply to all Shares (or any securities convertible into or exercisable or exchangeable for Shares) (i) held by the Promoters, their shareholders (if applicable), and nominees and/or trustees holding Shares as at the date of the said lock-up letters or (ii) acquired by the Promoters, their shareholders (if applicable), and nominees and/or trustees, after the date of the lock-up letters until and including the date of Listing; and

(iv) Permodalan Darul Ta'zim Sdn Bhd ("**PDT**"), one of the Cornerstone Investors, has agreed to a lock-up arrangement with our Company, the Selling Shareholder and the Joint Bookrunners via an individual cornerstone placing agreement dated 14 December 2015, under which PDT has irrevocably covenants with and undertakes to our Company, the Selling Shareholder and the Joint Bookrunners that it will not, and shall procure that its affiliates and nominees or trustees holding Shares on trust for or on its behalf shall not, without the prior collective written consent of our Company, the Selling Shareholder and the Joint Bookrunners, from the date of the said individual cornerstone placing agreement until the date falling 180 days from the date of our Listing (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, subscribe for, hypothecate or create any encumbrance, or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to the Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities; (d) agree to do or announce any intention to do any of the above or an offering or sale of, any of the Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof or any economic consequences of ownership thereto) or file any registration statement under the U.S. Securities Act with respect to any of the foregoing; or (e) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Shares, pursuant to the terms of the said individual cornerstone placing agreement.

In addition to the above, pursuant to the Pre-Offering Reorganisation, (i) Hamdan Inc., RCorp, LOSB, Cheval, YPJ, Amran bin Awaluddin and Ahmad Zahdi Bin Jamil pursuant to the Ranhill Acquisition; and (ii) Tan Sri Azman, Virtuoso Capital Sdn Bhd, Azman & Sons Sdn Bhd and Symphony Life Berhad pursuant to the Scheme of Arrangement, are deemed vendors of the assets of our Group (collectively, "**Vendor Shareholders**"). Accordingly, pursuant to the Equity Guidelines, the Shares held by the Vendor Shareholders pursuant to the Pre-Offering Reorganisation, as at the date of our Listing are to be placed under moratorium. The Vendor Shareholders will not be permitted to sell, transfer or assign any part of their interest in the Shares under moratorium for a 6-month period beginning from the date of our Listing. In addition, Tan Sri Azman and Virtuoso Capital Sdn Bhd have also volunteered not to sell, transfer or assign any of their interest in the Shares under moratorium for a period of 3-years beginning from the date of completion of the Pre-Offering Reorganisation. Kindly refer to Section 12.2 of this Prospectus for further details on Shares held by the Vendor Shareholders which are subject to moratorium.

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4.7 Objectives of our Offering

The objectives of our Offering are as follows:

(i) to facilitate our Listing and enhance our profile and visibility;

(ii) to raise funds for the purposes as set out in Section 4.10 of this Prospectus;

(iii) to give us access to the equity capital market for cost effective capital raising to facilitate our market expansion; and

(iv) to provide an opportunity for the general public and the investing community, including the Eligible Individuals to participate in the continuing growth of our Group.

4.8 Basis of arriving at the price of the Offering Shares and refund mechanism

4.8.1 Retail Price

The Retail Price of RM1.70 per Issue Share was determined and agreed upon between our Directors, the Selling Shareholder, the Principal Adviser, the Global Coordinator and the Joint Managing Underwriters, after taking into consideration the following factors:

(i) our operating history and financial performance as described in Sections 7, 10 and 11 of this Prospectus, respectively;

(ii) our competitive strengths, business strategies and future plans as outlined in Sections 7.2 and 7.3 of this Prospectus, respectively;

(iii) the outlook of the industries in which we operate as described in Section 8 of this Prospectus; and

(iv) the prevailing market conditions including market performance of key global indices and companies which are in businesses similar to ours as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be the lower of:

(i) the Retail Price of RM1.70 per Issue Share; and

(ii) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to successful applicants, without any interest thereon. Further details on the refund mechanism are set out in Section 4.8.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM1.70 per Issue Share nor lower than the par value of our Shares.

The Final Retail Price and the Institutional Price are expected to be announced within two (2) Market Days from the Price Determination Date via Bursa Listing Information Network ("**Bursa LINK**"). In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for the Issue Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after Listing.

4.8.2 Institutional price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of Offering Shares they would be prepared to acquire and the price they would be prepared to pay for such Offering Shares in respect of the Institutional Offering. This bookbuilding process commenced on 31 December 2015 and will end at 5:00 p.m. on 2 February 2016 or such date or dates as our Directors, the Selling Shareholder and the Global Coordinator may decide in their absolute discretion. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Global Coordinator on the Price Determination Date.

4.8.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made in the form of cheques which will be despatched by ordinary mail to the address of the successful applicants maintained with Bursa Depository for applications made via the Application Form or by crediting into the accounts of successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via Internet Share Application, within ten (10) Market Days from the date of the final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, refer to Sections 16.10 and 16.11 of this Prospectus, respectively.

4.9 Dilution

Dilution is the amount by which the price paid by retail and institutional and selected investors for our Shares exceeds our consolidated NA per Share after our Offering. Our proforma consolidated NA per Share as at 30 June 2015 was RM0.35, based on our issued and paid-up share capital of 565,994,967 Shares following the Pre-Offering Reorganisation. The proforma consolidated NA per Share represents the equity attributable to the shareholders of our Company over the number of Shares outstanding immediately prior to the Offering. The difference between our proforma consolidated NA as at 30 June 2015 before and after the Pre-Offering Reorganisation is primarily due to the merger deficit of RM1,204.3 million, which represents the difference between the consideration paid/transferred and the equity acquired in respect of the transactions pursuant to the Pre-Offering Reorganisation as defined in Section 6.1.4 of this Prospectus.

After giving effect to the issue of up to 375,000,000 Issue Shares under the Public Issue, and after adjusting for the Proposed Remaining RWT (Cayman) Acquisition, the estimated expenses for our Offering and the Listing, our proforma consolidated NA per Share as at 30 June 2015 (based on our enlarged issued and paid-up share capital of up to 940,994,967 Shares) would be RM0.85 per Share. This represents an immediate increase in NA per Share of RM0.50 to our existing shareholders and an immediate dilution in NA per Share of RM0.85, representing 50% of the Retail Price and the Institutional Price (assuming the Institutional Price and the Final Retail Price will be the Retail Price), to our retail and institutional and selected investors. For further details on our NA per Share, refer to Section 10.5 of this Prospectus.

The following table illustrates such dilution on a per Share basis assuming the Final Retail Price and the Institutional Price are equal to the Retail Price:

	RM
Assumed Final Retail Price/Institutional Price	1.70
Proforma consolidated NA per Share as at 30 June 2015 after adjusting for the Pre-Offering Reorganisation but before adjusting for our Offering and the Proposed Remaining RWT (Cayman) Acquisition	0.35
Proforma consolidated NA per Share as at 30 June 2015, after giving effect to our Offering and the Proposed Remaining RWT (Cayman) Acquisition	0.85
Increase in NA per Share	0.50
Dilution in proforma consolidated NA per Share to retail/institutional and selected investors	0.85
Dilution in proforma consolidated NA per Share to retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	50%

Save for the (i) transfer of the two (2) subscriber Shares issued upon our incorporation to Tan Sri Hamdan (held via Hamdan Inc.) following the completion of the Pre-Offering Reorganisation and (ii) issuance of 565,994,967 Shares pursuant to the Pre-Offering Reorganisation, none of our substantial shareholders, Directors or key management, or persons connected to them have acquired and/or subscribed for Shares in our Company from the date of incorporation of our Company up to the date of this Prospectus.

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4.10 Utilisation of proceeds

We expect to use the estimated gross proceeds from the Public Issue of RM637.5 million in the following manner:

Proposed Utilisation	Expected timeframe for utilisation from the date of listing	Amount
		RM 'million
Full repayment of RPI's outstanding IMTN[(1)]	Within 1 month	220.0
Partial repayment of the Sukuk[(2)]	Within 6 months	100.0
Estimated settlement of the Proposed Remaining RWT (Cayman) Acquisition[(3)]	Within 1 month	125.0
Working capital (includes the estimated expenses for our Offering[(4)])	Within 12 months	117.5
Investment into RWT (Cayman) for the water business projects in China[(5)]	Within 12 months	75.0
Total gross proceeds		**637.5**

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to RM170.0 million will accrue entirely to the Selling Shareholder.

Notes:

(1) *The IMTN was issued pursuant to a trust deed dated 13 June 2005, entered into between RPI and Malaysian Trustees Berhad as trustee. The proceeds of the IMTN were utilised for the purpose of repaying in full the then revolving credit facility of RM260.0 million granted by Malayan Banking Berhad to RPI and to part finance all costs associated with the development, design, construction, start-up and initial operations relating to the conversion of the open cycle gas-fired power station under RPI PPA. The breakdown of the outstanding IMTN of RM220.0 million as at the LPD under the existing IMTN programme of up to RM540.0 million is as follows:*

Tranche	*Nominal value (RM million)*	*Profit rate (%)*	*Maturity date*	*Purpose of the borrowing*
1	*55*	*7.30*	*27 June 2016*	*RM260.0 million was used to fully redeem RPI's revolving credit facility and the balance of RM280.0 million was used to partially finance all costs associated with the development, design, construction, start-up and initial operations of the conversion works of RPI's power plant.*
2	*55*	*7.50*	*27 June 2017*	
3	*55*	*7.60*	*27 June 2018*	
4	*55*	*7.70*	*27 June 2019*	
Total	***220***			

Based on the existing profit rate of the IMTN, we expect to achieve total profit savings of approximately RM33.4 million following the full redemption of RPI's outstanding IMTN.

(2) *Our wholly-owned subsidiary, RCSB had on 15 December 2015 assumed the rights, obligations and liabilities under the Sukuk pursuant to the Transfer of Sukuk, which was a condition precedent to the Ranhill Acquisition.*

We intend to use RM100 million of the proceeds from the Public Issue to partially redeem the Sukuk assumed by RCSB. Pending full utilisation, such proceeds will be deposited in an escrow account held in trust by Maybank IB as the Facility Agent for the Sukuk.

Based on the existing profit rate of the Sukuk and assuming redemption of the Sukuk on a pro-rata basis, we expect to achieve total finance cost savings of approximately RM39.3 million over the remaining tenure of the Sukuk following the partial redemption of the Sukuk.

(3) *The terms and conditions of the Acquisition of RUSB Companies' share sale agreement in respect of the Proposed Remaining RWT (Cayman) Acquisition is a replica of the terms of RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2 for the Proposed RWT (Cayman) Acquisitions, which were entered into between RUSB and Robinson and the RWT (Cayman) Vendors respectively, to facilitate the Proposed Remaining RWT (Cayman) Acquisition.*

The total cash consideration for the Proposed Remaining RWT (Cayman) Acquisition of USD25,419,356 (which is subject to interest at 5% per annum with effect from 16 August 2013 up to the completion date of the Proposed RWT (Cayman) Acquisitions) is reflective of the consideration to be paid by RUSB to Robinson and the RWT (Cayman) Vendors for the Proposed RWT (Cayman) Acquisitions. The purchase consideration for the Proposed RWT (Cayman) Acquisitions was arrived at on a willing-buyer willing-seller basis after taking into consideration the entire business potentials of RWT (Cayman) including its asset ownership, water treatment solution expertise and experience in wastewater treatment plant operations. The purchase consideration yields an implied PE Multiple of approximately 13 times based on the estimated PAT of RWT (Cayman) of approximately USD4,000,000 for the year ended 31 December 2014 (*being the latest available estimation prior to the entering into the RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2).The implied PE Multiple is below the average PE Multiple of the listed peer comparables of RWT (Cayman) which hold water concessions, provide water supply services as well as management and consultancy services, of 19 times set out below:*

Comparable companies	**Principal Activities**	**Listing**	**PE Multiple (times) (2014)**
Sound Global Ltd	Provides water and wastewater treatment solutions in China. The group is involved in engineering, procurement, construction and equipment fabrication. It plans to become an integrated solutions provider through its operations management and BOT projects.	Hong Kong	12.4
CT Environmental Group Ltd	A wastewater and industrial water supply services company focusing on industrial wastewater. The company's services in wastewater treatment, includes from design and planning, procurement and construction, to operations and maintenance	Hong Kong	20.0
Beijing Enterprises Water Group	The group is involved in the development of water treatment systems and specializes in water services and environmental protection businesses, with wastewater treatment as its core business segment	Hong Kong	25.6
China Everbright Intl Ltd	Provides environmental protection project management and consultancy services. The group's operations are broken up into environmental energy, environmental water, environmental construction and environmental technology	Hong Kong	25.2
Guangdong Investment Ltd	Its operation includes water supply, power and electricity, and infrastructure businesses	Hong Kong	14.1

Comparable companies	Principal Activities	Listing	PE Multiple (times) (2014)
Wuhan Sanzhen Industry Holdings Co. Ltd	Produces and supplies water in Wuhan and its rural areas	Shanghai	16.8
High			25.6
Low			12.4
Average			19.0
RWT (Cayman)	Implied PE Multiple		13.3

(Source: Bloomberg data as at 30 May 2014, being a date prior to the signing of the RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2 for the Proposed RWT (Cayman) Acquisitions)

The allocated proceeds of RM125 million, as set out under the utilisation of proceeds table above, will be utilised to settle the purchase consideration for the Proposed Remaining RWT (Cayman) Acquisition payable by us to RUSB, which is equivalent to the amount payable by RUSB for the following:

*(i) the purchase consideration for the RWT (Cayman) SSA 1 of USD24.00 million, which is equivalent to approximately RM105.06 million^ ("**RWT (Cayman) Consideration 1**");*

*(ii) the purchase consideration of the RWT (Cayman) SSA 2 amounting to USD1.42 million, which is equivalent to approximately RM6.21 million^ ("**RWT (Cayman) Consideration 2**"); and*

*(iii) the final interest on the RWT (Cayman) Consideration 1 and RWT (Cayman) Consideration 2, based on an interest rate of 5% per annum to be calculated from 16 August 2013, being the date mutually agreed between RUSB and the vendors of RWT (Cayman), up to the date of completion of the RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2, and assuming completion on 31 December 2015, will amount to USD2.85 million (which is equivalent to approximately RM12.49 million^) and USD0.17 million (which is equivalent to approximately RM0.74 million^) respectively ("**Interest**"). Refer Section 6.1.5 of this Prospectus for further details.*

Based on the assumed completion date for the RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2 of 31 December 2015 above, the aggregate purchase consideration for the Proposed RWT (Cayman) Acquisitions (and therefore the Proposed Remaining RWT (Cayman) Acquisition) would be approximately USD28.44 million (after including the Interest element), which is equivalent to approximately RM125 million^.

^ *Based on the exchange rate of RM4.378/USD1, being the closing rate as at 13 November 2015 as extracted from BNM's website.*

Any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group. However, in the event the allocated proceeds are insufficient to settle the purchase consideration for the Proposed Remaining RWT (Cayman) Acquisition (which is equivalent to the aggregate of RWT (Cayman) Consideration 1, the RWT (Cayman) Consideration 2 and the Interest element based on the USD:RM exchange rate to be determined later), any shortfall will be funded via internally generated funds and/or working capital. Refer to Sections 6 and 7.5.2(ii) of this Prospectus for details on the business of the RWT (Cayman) Group.

(4) *The expenses for our Offering to be borne by our Company are estimated to be RM51.4 million and expected to comprise the following:*

	RM'million
Estimated professional fees	*20.8*
Regulatory and guarantor fees	*3.9*
Brokerage, underwriting and placement fees	*23.7*
Expenses in connection with our Offering such as printing, advertising, travel and roadshow expenses	*2.5*
Miscellaneous expenses and contingencies	*0.5*
Total	***51.4***

In the event that the actual listing expenses are higher than budgeted, the excess will also be funded out of internally generated funds.

(5) *The allocated proceeds of RM75.0 million will be utilised to finance the equity portion of the development cost required for the water and/or wastewater treatment projects in China should the investment opportunities pursuant to the MOUs and/or investment agreements entered into with the local government agencies materialise. The development cost for the water and/or wastewater treatment projects in China is to be funded via a combination of equity and debt. For further details on the MOUs and/or investment agreements, refer to Section 7.5.2(ii) of this Prospectus. The actual amount of funding for the development costs will depend on, among others, the relevant MOUs and/or investment agreements materialising. Any excess funds not utilised for this purpose will be utilised for the expansion of the environment (water) business in China and Thailand in conjunction with our business strategies and future plans as set out in Section 7.3 of this Prospectus, whilst any shortfall are expected to be funded via internally generated funds, debt and/or other methods to be determined as appropriate at that point of time.*

We intend to place the proceeds raised from the Public Issue (including accrued interest, if any) or the balance thereof with banks or licensed financial institutions in interest-bearing instruments/funds prior to the eventual utilisation of proceeds from the Public Issue for the above intended purposes.

The exact amount of the gross proceeds to be raised from the Public Issue will depend upon the Institutional Price and the Final Retail Price. We will vary the amount allocated for working capital requirement in the event there is any variation to the gross proceeds to be raised from the Public Issue, being the difference between the Retail Price and the Final Retail Price as well as the Institutional Price.

Through the Public Issue, we will increase our shareholders' funds and fully redeem RPI's IMTN and partially redeem RCSB's Sukuk (assumed from the Transfer of Sukuk), thereby reducing our gearing. We expect this to provide greater financial flexibility for us to fund our expansion.

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated financial information as at 30 June 2015 is set out in Section 10.5 of this Prospectus.

4.11 Trading and settlement in secondary market

Upon our Listing, our Offering Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository for the operation of CDS accounts, as amended from time to time and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our Offering Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain the Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to the respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Shares will not commence trading on Bursa Securities until approximately 9 Market Days after the close of the Institutional Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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5. RISK FACTORS

Before investing in our Shares, prospective investors should pay particular attention to the fact that our Company, and to a large extent our Group and operations, are governed by the legal, regulatory and business environment in Malaysia and other countries in which we operate, whether currently or in the future. Our business is subject to a number of factors, many of which are outside our control. Before making an investment decision, prospective investors should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations set out below. You should note that the following list is not an exhaustive list of all of the risks that we currently face or that may develop in the future. These and other risks, whether known or unknown, may potentially have a material adverse effect on us or our Shares.

5.1 Risks relating to the industries in which we operate

5.1.1 Industry risks relating to our power business

(i) We are exposed to operational risks

The financial performance of our power business depends on the successful operation of our power generating plants. Our ability to successfully generate power and deliver the required energy to Sabah Electricity is subject to, among others, the following risks:

- operator error or failure of equipment or processes, particularly with older generating plants;
- unexpected maintenance needs associated with operational issues;
- operational limitations that may be imposed by environmental or other regulatory authorities;
- labour disputes;
- terrorist attacks;
- interruptions in the supply of natural gas, diesel fuel or other material supplies;
- compliance with mandatory reliability standards;
- shortfalls in output levels and power generation efficiencies;
- information technology system failure;
- cyber intrusion; and
- catastrophic events such as fires, explosions, floods, droughts, tropical storms, pandemic health events such as influenzas, or other similar occurrences.

For example, one of the gas turbine generators of the RPII power plant failed in December 2012 due to damages to the compressor blades and stator vanes, which resulted in the RPII power plant running at half capacity of 95 MW for 79 days from 5 December 2012 to 21 February 2013. For the year ended 31 December 2013, this incident reduced the revenue of our power generation business by approximately RM15.0 million and PATAMI of our Group by approximately RM11.6 million. Refer to Section 7.7 of this Prospectus for further information. Although we have undertaken repair works to address the issues that caused the power plant's failure, there can be no assurance that such issues will not recur.

In addition, any failure on our part to satisfy performance criteria specified in our PPAs would result in a decrease in the level of capacity payments made to us by Sabah Electricity. Furthermore, if we are unable to deliver power for prolonged periods such that we are in breach of the applicable PPA, Sabah Electricity may terminate the PPA after the lapse of the applicable cure periods. A decrease or elimination of revenues from our power generating plants or an increase in the cost of operating the facilities could have a material adverse effect on our financial position and results of operations. In addition, upon the expiration of the PPAs of the RPI and RPII power plants in 2029 and 2032, respectively, there is no assurance that new PPAs will be entered into on terms acceptable to us or at all. In such an event, there could be a material adverse impact on our business and results of operations.

(ii) We may not be able to obtain adequate fuel supplies for our power generating plants

We secure the natural gas supply for our power generating plants through long-term contracts with the PETRONAS Group. However, any disruption in the delivery of natural gas, including disruptions as a result of, among other things, transportation delays, weather, labour relations, environmental regulations and force majeure events, could limit our ability to operate our power generating plants. In addition, from 2020 through 2032, the quantity of natural gas to be delivered to us under the gas supply agreement relating to our RPII power plant may be limited by the availability of natural gas under certain circumstances, as described in Section 7.5.1(iii) of this Prospectus. We have entered into an agreement with Shell Timur Sdn Bhd to supply diesel to our power generating plants as backup fuel as a safeguard against any disruption in the supply of natural gas to our facilities. We have storage capacity for up to seven days' supply of diesel, and we expect that, in the event of a disruption in the supply of natural gas, we would be able to operate our power plants on diesel fuel. However, a disruption in the supply of natural gas and a disruption in the supply of diesel at the same time could have a material adverse effect on our results of operations.

(iii) We are obligated under our gas supply contracts to pay for a minimum quantity of natural gas, but Sabah Electricity is not obligated to despatch our power plants at a level that is sufficient to ensure that we will use natural gas equal to our minimum natural gas purchase obligation

Our gas supply agreements have so-called "take-or-pay" obligations that specify the volumes of natural gas that PETRONAS is required to make available to us during each year of the contract and obligate us to purchase and take delivery of at least 75% of the specified volume in each year. Energy payments due to us under the PPAs are determined by the level at which Sabah Electricity despatches our power plants, which will depend on a number of factors that are outside our control, such as increased demand for electricity in Sabah and the quantity of generating capacity available to Sabah Electricity, including any additions to that capacity from new plants. If Sabah Electricity does not despatch our power plants at a level that is sufficient to ensure that we use natural gas in an amount equal to our minimum quantity obligations under our natural gas supply agreements, our results of operations and financial condition could be materially and adversely affected.

(iv) Our power business is subject to extensive environmental regulation and permit requirements that may involve significant and increasing costs

Our power business is subject to extensive environmental regulations with respect to, among others, air quality, noise level, water quality and waste disposal, and compliance with these regulations involves significant costs and time. We are also required to obtain and comply with conditions established by licences, permits and other approvals to construct, operate or modify our facilities. Failure to comply with these requirements could subject us to civil or criminal liability, the imposition of liens or fines, actions by regulatory agencies seeking to curtail our power operations or termination of our PPAs. There also can be no assurance that regulatory authorities would not impose additional regulations on us that may affect the profitability of our power generating business. Any unanticipated changes in regulations governing the conduct of our power operations may also create additional bottlenecks and restrictions that may have a material adverse effect on our financial performance. We will incur additional effort and costs for monitoring and ensuring compliance with any new regulations that may be imposed on us.

(v) Our operations may cause harm to people and property

The nature of our operations may expose our employees to hazardous working conditions and, to a lesser extent, the general public or property held by third parties to various risks, such as explosions, fires and discharge of pollutants. Injuries to persons and losses or damages to properties held by third parties caused by these risks can subject us to liability that can be significant. These liabilities, which includes payment of damages or compensation arising from death or injury to persons and loss or damage to third party property and related defence costs and expenses, are very difficult to predict, may not be covered by our insurance policies and may make it difficult for us to secure insurance in the future at acceptable rates. The range of possible liabilities includes amounts that could have a material adverse effect on our liquidity, financial condition and results of operations.

(vi) We rely on Sabah Electricity as the sole offtaker for the power produced by our power plants

We rely on Sabah Electricity to purchase the power generated by our RPI and RPII power plants. There is no assurance that Sabah Electricity will be able to continue to meet its obligations under the PPAs in the future. Sabah Electricity's failure to make payments under our PPAs could materially and adversely affect our business, financial condition, results of operations and cash flows.

5.1.2 Industry risks relating to our environment business

(i) The rates that we charge our water supply customers are subject to regulations

Our ability to maintain profitability in our water supply business is dependent upon our ability to recover our costs through the rates that we charge to our customers. These rates are subject to regulations implemented by SPAN, the Malaysian National Water Services Commission. The water tariff rates that have been in effect in the State of Johor since 1 August 2015 ranges from RM0.80 per m^3 to RM7.00 per m^3, depending on the type of customer and the consumption volume. For more information on these water tariff rates, refer to Section 10.2.3(ii)(a) of this Prospectus.

Every three years, we are required to file with SPAN a business plan that sets out, among others, our cost projections, including costs arising from projected changes in water usage and in lease rental payments due to PAAB, a government-owned water asset holding company regulated by SPAN that leases water infrastructure assets to us. Our business plan also sets forth the tariff rates that we propose to support our projected costs and earn a reasonable return. Depending on changes in the general economic conditions in which our Company operates, we may also request tariff increases from time to time. Once we have filed a business plan or otherwise requested a tariff increase, the ensuing administrative process may be lengthy, and there can be no assurance that our business plan will be approved by SPAN without alterations. We anticipate that if SPAN does not approve our proposed rate increases in full or at all, it would request PAAB to reduce the amount of lease payments required under our agreement with PAAB to a level that would permit us to earn a reasonable return. There can be no assurance, however, that this will necessarily be the case. In the event that our business plan, including proposed tariff adjustments, is approved, the rate increases that are implemented may be untimely or inadequate to recover expenses, including lease payments and expenses arising from changes in water usage. For more information on water tariff rates and lease payments to PAAB, refer to Sections 10.2.3(ii)(a) and (b) of this Prospectus. If our requested water tariff rate increases or an offsetting reduction either in the amount of the lease payments due to PAAB or in the amount of other expenses is not approved, or there is delay in such approval, there would be a material adverse effect on our financial condition and results of operations.

(ii) We are required to comply with certain service obligations

Under the service licence relating to our water supply business and the KPI targets that SPAN requires us to achieve, we are bound to comply with certain service obligations relating to, among others, achieving targets in water service coverage, water quality and availability, water pressure, security of supply, customer service and NRW reduction. There can be no assurance that we will be able to continuously meet these service targets or, in the event that we face difficulties in fulfilling the service targets, that the service targets would be amended to be more favourable to us. Non-compliance with the agreed service targets may result in SPAN imposing financial penalties or, in the event of a continuous breach of the terms which is attributable to us, our service licence may be terminated by the Minister of Energy, Green Technology and Water, Malaysia at the recommendation of SPAN. The financial penalties which may be imposed by SPAN come in the form of reduction in the profit margin of SAJH in the next operating period. As set out in Section 7.16.1 of this Prospectus, SAJH enjoys a reasonable return as may be approved by the Government, subject to SAJH complying with the agreed KPI. For more information on factors which affect the profit margin of SAJH, refer to Sections 10.2.3(ii)(a) and (b) of this Prospectus. If our service licence is terminated or if SPAN takes other actions unfavourable to us as a result of such failures or for any other reason, there would be a material adverse effect on our financial condition and results of operations.

(iii) Contamination of our raw water supply may disrupt our services and harm our reputation

Our raw water supply may be subject to contamination, including contamination as a result of naturally-occurring compounds; pollution resulting from man-made sources, such as man-made organic chemicals; and deliberate acts, such as terrorist attacks. Floods, which occur from time to time in our catchment areas, often have a negative impact on the quality of our raw water supply. If any of our raw water supply sources become contaminated, we may have to interrupt the use of such raw water supply source and, to the extent feasible, make alternative arrangements to supply water to our customers. Failure to source raw water from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, will result in a material adverse effect on our business, financial condition and results of operations. We are also potentially liable for costs or claims arising out of human exposure to hazardous substances in our water supplies or other environmental damages, which may not be covered at all by our insurance policies. While our water supply agreement with the State Government of Johor obligates the State Government of Johor to provide sufficient supply of water of adequate quality, if for any reason the State Government of Johor does not perform this obligation effectively or in a timely manner, any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and reputation.

We maintain security measures at our facilities and have heightened employee awareness of potential threats to our water systems. Despite our security measures, certain risks of contamination are largely outside our control.

(iv) Failure of our water treatment plants, network of water pipes or water reservoirs could result in losses and damages

The success of our operations in the environment business is largely dependent on the quality and condition of our water treatment plants and our extensive network of distribution pipes, through which we treat and distribute water, and our reservoirs, where our water supply is stored. A failure of any major water treatment plant, pipe or reservoir could result in injuries and property damage for which we may be liable. The failure of a major water treatment plant, pipe or reservoir may also result in closing some of our facilities or parts of our network to conduct repairs. Failures and shutdowns could arise from factors such as natural disasters, including but not limited to earthquakes, floods, prolonged droughts and tropical storms; human errors in operating the water supply systems; raw water quality; industrial actions by employees in our environment business; and acts of terrorism. These types of failures and shutdowns may limit our ability to supply water in sufficient quality and quantities to our customers in accordance with standards prescribed by governmental regulators, and may have a material adverse effect on our reputation and our business, financial condition and results of operations. Any business interruption or other losses might not be covered by insurance policies, and such losses may make it difficult for us to secure insurance in the future at reasonable rates.

(v) We are exposed to the risk of disruption in the supply of important goods or services from third parties

We are dependent on a continuous supply of important goods and services from suppliers in the operations of our environment business. Any disruption or prolonged delays in obtaining important supplies or services, such as purchased water, maintenance services, treatment chemicals or electricity, could adversely affect our environment business and our ability to operate in compliance with all regulatory requirements, which could have a significant effect on our results of operations. In certain areas of our operations, we rely on third parties to provide services (such as the day-to-day operations and maintenance of our water and wastewater treatment plants and certain customer bill printing, mail activities and telecommunications services). There can be no assurance that these third parties would be able to perform such services at all times, and a disruption in these services could materially and adversely affect our results of operations and financial condition. Some causes for a delay or disruption in the supply of important goods and services include:

- the State Government of Johor, which is contractually obligated to provide raw water to us, or our suppliers of treated water, may not provide us with water in sufficient quantities or may provide us with water that does not meet applicable quality standards or is contaminated;

- our other suppliers may not provide materials that meet our specifications in sufficient quantities;

- our suppliers may face production delays due to natural disasters or due to strikes, lock-outs or other similar industrial actions;

- our suppliers may not meet contractual service quality standards; and

- one or more suppliers could make strategic changes in the lines of products and services they offer.

As a result of any of these factors, we may be required to find alternative suppliers for the materials and services on which we rely. Accordingly, we may experience delays in obtaining materials and services of adequate quality on a timely basis and in sufficient quantities from such alternative suppliers at a reasonable price, which could interrupt services to our customers and have a material adverse effect on our business, financial condition and results of operations.

(vi) We are reliant on PAAB to deliver new water infrastructure assets

SAJH relies on PAAB to carry out the capital works related to the new water infrastructure assets in Johor according to the business plan approved by SPAN. PAAB has committed to deliver to SAJH any new water infrastructure assets based on the defined scope, design, specification and timing as proposed under the approved business plan. There is no assurance that PAAB will deliver to SAJH the prescribed new water infrastructure assets at the right scope, design, specification or on time. If for any reason PAAB is unable to perform its obligation effectively or in a timely manner, any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operation and reputation.

(vii) We are subject to extensive environmental regulation that may involve significant and increasing costs

The water industry is subject to various laws and regulations, including environmental laws and regulations, and health and safety laws administered by local, national and overseas governmental authorities. These laws and regulations address, among others, air and water discharges, the storage of hazardous chemicals, the storage, treatment, discharge and disposal of waste, occupational safety and health of employees and other aspects of the operations of our environment business. Failure to comply with any relevant laws and regulations, as well as injuries or other harm caused by such failure, may result in financial penalties or administrative or legal proceedings against us, including the termination or suspension of the operation of our water and wastewater treatment or water supply facilities.

Further, we have incurred, and expect to continue to incur, operating costs to comply with government regulations, and we have made, and expect to continue to make, capital expenditures on an ongoing basis to comply with environmental, health and safety laws and regulations. In addition, future environmental legislation may materially impact our operations and increase our capital expenditures and operating and maintenance costs.

There can be no assurance that we will be able to remain in compliance with applicable environmental, health and safety laws and regulations or that we will not become involved in future litigation or other proceedings (or be held responsible in any future litigation or other proceedings) relating to environmental health or safety matters or other regulatory matters, the costs of which could be material. From time to time there are incidents of non-compliance with environmental laws and regulations, particularly in the operations of our subsidiaries in China. These have historically been resolved with no material adverse effect on our operations, financial condition or cash flows. For more information on our compliance with environmental laws and regulations, refer to Section 7.9.2 of this Prospectus.

There can also be no assurance that the adoption of new environmental, health and safety laws and regulations, new interpretations of existing laws and regulations or other similar developments will not result in our facilities being subject to termination, suspension or the imposition of fines and penalties.

Our failure to comply with any or all applicable government regulations, or a change in any or all such regulations, may disrupt our operations and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

(viii) We may not be successful in maintaining existing concessions or securing new concessions

Our future plans in relation to the environment business contemplate the maintenance of our current concessions and continued acquisition of new concessions and projects. Our ability to expand our business and increase operating profits may be limited as a result of various external events. For example, concessions for new projects under consideration may be awarded to competing bidders, potentially on the basis of political or other non-commercial factors, or competition for such concessions may decrease the returns available from them. In addition, political or economic developments in the countries in which we currently have or in the future obtain concessions, including but not limited to changes in laws, rules or regulations or government policy, such as unexpected changes in regulatory requirements (including with respect to taxation and tariffs), could result in changes to concession terms, increase the cost of conducting the environment business or change the potential return available to us from a project. We also bear the risk that our concession counterparties will be unable or unwilling to fulfill their obligations under the applicable agreement or arrangement, including those relating to determination and payment of tariffs. Any or all of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

(ix) We provide professional engineering and other services, including engineering-procurement-construction, design build, project delivery and commissioning, in connection with water- and wastewater-related projects that involve significant risks

We provide professional engineering and other services; including engineering-procurement-construction, design-build, project delivery and commissioning; in connection with water-and wastewater-related projects that involve significant risks.

In connection with these types of projects, we may commit to a specific completion date or performance standards, which may expose us to significant additional costs, including agreed upon financial damages and reputational damage if we miss the completion date or fail to achieve the performance standards. Project performance can be affected by a number of factors beyond our control, including delays due to governmental inaction, public opposition, inability to obtain financing, inclement weather, unavailability of materials, changes in project scope, accidents, environmental hazards, labour shortages or disruptions, unexpected soil condition, natural calamities, social and political unrest and other factors. If we assume risks related to these events or other risks beyond our control, our exposure to these risks may not be insurable or may only be insurable on unacceptable terms. If these events occur, the total project costs could exceed our estimates and we could experience reduced profits or incur a loss on a project, which may reduce or eliminate overall profitability and have an adverse effect on our financial position and cash flows.

(x) Our engineering, procurement, construction and commissioning ("EPCC") contracts are typically fixed-price contracts, and our compensation may be insufficient to cover unanticipated or substantial changes in costs over the life of the project

Our EPCC contracts are typically fixed price contracts. We attempt to estimate all essential costs at the time of entering into the EPCC contract for a particular project, and these are reflected in the overall price that we charge our customers for the project. These cost estimates may or may not be covered by the contracts between us and the subcontractors, suppliers, and any other parties that may become necessary to complete the project. Thus, if the cost of materials were to rise dramatically as a result of sudden increased demand, or if financing costs were to increase, our operating results could be adversely affected.

In addition, we require qualified, licensed subcontractors to install many of our systems. Shortages of such skilled labor could significantly delay a project or otherwise increase our costs. In several instances in the past, we have obtained change orders that reimburse us for additional unexpected costs. Should miscalculations in planning a project or delays in execution occur, there can be no assurance that we would be successful in obtaining reimbursement, that we would achieve our expected margins or that we would not record a loss in the relevant fiscal period.

5.2 Risks relating to our Company

5.2.1 We are exposed to risks in relation to our growth and expansion strategies

In line with our long-term initiative of pursuing growth and achieving sustainability, our management may engage in the active recruitment and retention of skilled talents, prudent cost control, exploration of merger and acquisition opportunities as well as the expansion of our businesses both in terms of capacity and geography. Among others, such strategic moves are intended to result in the realisation of savings, creation of efficiencies, offering of new products or services, generation of cash or income and/or reduction of risk.

Such initiatives expose us to various uncertainties and risks which may or may not have been foreseen by our management. There can be no assurance that our management will be able to achieve the desired result in a specified period through such strategies. Factors affecting the outcome of management's strategies may range from general economic conditions, successful integration across functions, possession of the necessary technology and intellectual properties or the presence of skilled personnel.

5.2.2 The operation of our business is dependent upon certain permits, licences, approvals and land use rights

We require certain permits, licenses, approvals and land use rights to operate our business and facilities. We may be required to renew these permits, licences, approvals and land use rights or to obtain new permits, licenses, approvals and land use rights. While we have not experienced any difficulty in renewing and maintaining these permits, licences, approvals and land use rights as and when required, there can be no assurance that the relevant authorities will continue to issue the required permits, licences, approvals or land use rights in the time-frame and with the duration we anticipate or at all. Under some of our licenses, a significant change in our shareholders may trigger approval requirements from relevant authorities, and there can be no assurance that these approvals will be obtained. Failure by us to renew, maintain or obtain the required permits, licences, certificates, qualifications, approvals and land use rights may interrupt our operations or delay or prevent the implementation of projects. Any disruption in relation to required permits, licences, certificates, qualifications, approvals or land use rights may have a material adverse effect on our business, financial condition and results of operations. For further information regarding our land use rights and permits and licences, refer to Annexures A and B, respectively, of this Prospectus.

5.2.3 We are exposed to technological and information systems risks

We operate in capital intensive industries, where competitive advantages in technological and information systems are vital to our competitiveness. We rely on information technology and systems in connection with the operation of our business, especially with respect to the monitoring and operation of our facilities including but not limited to the management of assets, maintenance and construction projects, supply of materials, compliance requirements, human resource functions, data backup, customer service, and billing and accounting. A loss of these systems or any disruptions associated with these systems could adversely affect our operations and have a material adverse effect on our business, financial condition and results of operations. Our information technology systems may be vulnerable to damage or interruption from:

- power loss, computer system failures, and internet, telecommunications or data network failures;
- operator negligence or improper operation by, or supervision of, employees;
- physical and electronic loss of data;
- computer viruses;
- intentional security breaches, misappropriation of data and similar events; and
- tropical storms, fires, floods, earthquakes and other natural disasters.

The foregoing risks may result in the loss or compromise of customer, financial or operational data, disruption of billing, collections or normal field service activities, disruption of electronic monitoring and control of operational systems and delays in financial reporting and other normal management functions. Adverse effects on us may include remediation costs related to lost, stolen or compromised data, costly repairs of data processing systems, increased cyber security protection costs, adverse effects on our compliance with regulatory and environmental laws and regulations, litigation and reputational damage.

5.2.4 Our operations are primarily conducted in Malaysia, which exposes us to risks associated with Malaysia and the performance of the Malaysian economy

We are incorporated in Malaysia, and historically, we have derived, and continue to derive, the majority of our revenues and operating profits from Malaysia. Our profit before tax from Malaysia accounted for 96%, 99% and 95% of our total profit before tax for the years ended 31 December 2012, 2013 and 2014, respectively, and 95.6% and 95.5% of our total profit before tax for the six months ended 30 June 2014 and 2015, respectively. Accordingly, our business is highly dependent on the state of the Malaysian economy. Demand for water and electricity is directly related to the performance of the Malaysian economy (including overall growth and income levels) and the overall levels of business activity in Malaysia. Between July 1997 and 1999, Malaysia experienced a significant financial and economic downturn that resulted in, among others, a significant depreciation of the RM and an increase in the number and size of companies filing for corporate reorganisation and protection from their creditors. The European sovereign debt crisis, ongoing conflicts and political and economic developments in the Middle East, Ukraine and China, and general weakening of the global economy have increased the uncertainty of global economic prospects and may continue to adversely affect the Malaysian economy. For example, the Malaysian economy was affected by the global economic crisis that began in late 2007, as evidenced by the 1.5% decline in Malaysia's GDP in 2009 and the decline in the growth rate of Malaysia's GDP to 4.8% in 2008, compared to 6.3% in 2007. Malaysia's GDP grew at 7.4% in 2010, 5.2% in 2011, 5.6% in 2012, 4.7% in 2013, 6.0% in 2014 and 5.3% in the first six months of 2015 *(Source: Department of Statistics Malaysia, Official Portal website at http://www.statistics.gov.my)*. We cannot assure you that the Malaysian economy will continue to grow or that Malaysia's GDP will not decrease. Factors that may adversely affect the Malaysian economy include:

- decreases in business, industrial, manufacturing or financial activities in Malaysia;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in Malaysia;
- exchange rate fluctuations;
- volatility of prices of commodities, such as crude oil, natural gas and palm oil;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- a re-emergence of Severe Acute Respiratory Syndrome, avian influenza (commonly known as bird flu), swine flu or the emergence of another similar disease in Malaysia;
- natural disasters, including landslides, tropical storms, fires, droughts, floods or similar events;
- political instability, terrorism or military conflict in Malaysia, other countries in the South East Asia region or globally; and
- other regulatory, political or economic developments in or affecting Malaysia.

The factors above and other factors beyond our control may reduce the demand for water and electricity in Malaysia and could have a material adverse effect on our business, growth prospects, financial condition, results of operations and cash flows.

5.2.5 Funding, especially on terms acceptable to us, may not be available to meet our future capital needs

Our ability to implement our growth strategy, to make necessary operational capital expenditures and for refinancing maturing debt depends in significant part on our ability to obtain external financing. The availability of external financing is subject to a number of factors, including, our future results of operations, financial condition and cash flows, the condition of the Malaysian economy as well as the economies of other countries where we have operations, the markets for our products, the cost of financing and the condition of financial markets. There can be no assurance that any required additional financing, on either a short-term or a long-term basis, will be made available to us on satisfactory terms, if at all. If adequate funding is not available when needed, or is available only on unfavourable terms, it may become challenging for us to meet our capital needs, take advantage of business opportunities or respond to competitive pressures, which could have a material and adverse effect on our business, financial condition and results of operations.

5.2.6 We depend on certain key personnel and skilled employees

Our success depends on the continued contributions of our key personnel and skilled employees. The pool of qualified talents in the industries in which we operate is limited, and competition for qualified personnel is intense. Although we intend to focus on succession planning issues to reduce our dependence on such personnel, the experience and knowledge gained by our key personnel, including our directors, senior management and engineers, may be difficult to replace. There can be no assurance that the loss of any key management personnel can be avoided. Moreover, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labour force, increases in the wage rates that we must pay, or both. If we are unable to retain our existing key personnel, including our Directors and senior management, or skilled employees, or attract, hire appropriate replacements and successors, our operations may be materially and adversely affected.

5.2.7 Failure to maintain good employee relations may adversely affect our operations and the success of our business

Maintaining good employee relations is important for the smooth operation of our production facilities and our business as a whole. As at the LPD, approximately 45.6% of our employees were unionised, all of whom are employees of SAJH, and in our environment business we are a party to a collective bargaining agreement with the labour union of SAJH (namely Kesatuan Pekerja-Pekerja SAJH Sdn Bhd (Bukan Eksekutif)) representing its employees. We may not be able to negotiate the terms and conditions of any new labour agreements to our favour, and strikes or disruptions to our operations may occur in the future due to this or other reasons. If we are unable to maintain good employee relations in the future or fail to negotiate collective bargaining agreements in the future on acceptable terms and on a timely basis, or if there are disputes relating to the interpretation or implementation of the collective bargaining agreements, our business, financial condition and results of operations may be adversely affected. For more information on our employees, refer to Section 7.11 of this Prospectus.

5.2.8 We are exposed to the credit risks of our customers

We are exposed to the credit risk of our customers, and default on material payments owed to us by our customers could significantly reduce our operating cash flows and liquidity, as well as have a material adverse effect on their financial condition and results of operations. Some of our customers could also experience cash flow difficulties or become subject to liquidation which could, in turn, lead to long delays in collection of payments or write-off of accounts receivable. There is no assurance that our exposure to the risk of delayed payments from our customers or defaults in payment by our customers will not increase, or that we will not experience losses or cash flow constraints as a result. If any of these events were to occur, our financial condition, results of operations and liquidity could be materially and adversely affected. For more information on our credit risks, refer to Section 10.2.7(iii) of this Prospectus.

5.2.9 Our Promoters, whose interests may not be aligned with those of our other shareholders, will be able to exercise significant influence over our Company

Upon the successful completion of the Offering, we expect our Promoters to hold 31.6% of our enlarged issued and paid-up share capital and thus, will be able to exercise significant influence over our Company. Our Promoters, other than in respect of certain votes regarding matters in which they are interested and must abstain from voting under the Listing Requirements, will be able to exercise influence over the election of our Directors and the approval of any corporate proposals or transactions requiring the approval of our shareholders. While we will be required to comply with the Listing Requirements with regards to the mitigation of conflicts of interest, there can be no assurance that the interests of our Promoters will be aligned with the interests of the other shareholders of our Company.

5.2.10 Exchange rate fluctuations could negatively affect our financial condition and results of operations

Part of our income and expenses, particularly those relating to our water concessions in China and Thailand, are denominated in foreign currencies, while our reporting currency is in RM. Fluctuations in the exchange rate between the RM and foreign currencies may not have a material impact on our foreign currency denominated cash flow, but they may have an adverse impact on our reported income and expenses, as they are required to be stated in RM, as well as on financial and other covenants contained in our indebtedness that are based upon such reported financial figures.

5.2.11 Our ability to generate sufficient cash flow to fulfil our debt obligations is not assured

Based on our pro forma consolidated statements of financial position as at 30 June 2015, the total borrowings of our Group as adjusted for the Pre-Offering Reorganisation (including the Transfer of Sukuk), the Offering and the Proposed Remaining RWT (Cayman) Acquisition is RM1,456.8 million. There is no assurance that our Group will be able to generate sufficient cash flow in the future to fulfil our debt obligations. Further, our Group's indebtedness may, among others, limit our ability to obtain additional financing and require our Group to dedicate a substantial portion of our cash flow to service our current and future debt obligations, which will reduce funds available for other purposes.

5.2.12 There may be conflicts of interest between our Group and our related parties

Some of our Directors and/or substantial shareholders have engaged and/or may in the future engage in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers or suppliers, from which potential conflicts of interest may arise. Details are set out in Sections 9.1.4 and 9.3.5 of this Prospectus. There can be no assurance that direct or indirect competition or conflicts of interest will not arise in the future between us and our related parties in any areas of business which may have a material and adverse effect on our business, financial condition and results of operations.

5.2.13 Existing or future claims against our Company, our subsidiaries, our Directors or our key management may have an unfavourable impact on us

From time to time, our Company, our subsidiaries, our Directors or our key management may be subject to litigation, investigations, claims and other legal proceedings. Refer to Section 9.6 of this Prospectus for a description of legal proceedings brought against one of our Directors in relation to a Libyan housing project and reprimands by the SC. An adverse decision in any legal proceedings could have a negative impact on our Company's reputation or relations with our customers or other third parties. In addition, the time required to defend against any legal proceedings could divert our management's attention from our day-to-day operations. We cannot predict with certainty the outcome of any legal proceedings in which we become involved, and it is difficult for us to estimate the possible costs to us stemming from any such matters. An unfavourable outcome in any such legal proceedings could have a material adverse effect on our business, financial position, results of operations and cash flows.

5.2.14 As we continue to expand internationally, we are increasingly susceptible to legal, regulatory, political, economic and competitive conditions outside of Malaysia, as well as operational risks different from those that we face in Malaysia

We operate internationally, particularly in China and Thailand, and expect to continue expanding our business activities outside of Malaysia. We are required to comply with foreign laws and regulations in the countries in which we operate including, but not limited to, trade laws, investment sanction laws, environmental laws, tax laws, industry laws and capital control regulations. We conduct country risk assessments and in-country risk management to ensure that we understand the legal and regulatory operating environment and the political, economic and competitive conditions of a particular country, both when commencing work in that country and on an ongoing basis. We cannot ensure, however, that local legal, regulatory, political, economic or competitive developments in the countries in which we operate will not have a material adverse effect on our business, financial condition or results of operations.

We have expanded our business through investments and projects outside of Malaysia, and we may continue to make similar investments or undertake similar projects in the future. These investments subject us to different risks than those we face in growing our operations in Malaysia, including foreign legal and regulatory risks associated with cross-border transactions and operational risks related to managing transactions outside of Malaysia, such as those arising from dealing with entrenched domestic competitors in overseas markets and our relative lack of familiarity with the rules and regulations in other jurisdictions. These risks may complicate our efforts to complete these transactions. Addressing these risks may require us to devote substantial management resources, which could distract our management from overseeing our ongoing operations. Any failure by us to address these issues could delay or prevent us from completing any future overseas expansions or could make such transactions substantially more expensive to complete than we had anticipated, any of which could have a material adverse effect on our business, financial condition or results of operations.

5.2.15 We may not be able to effectively manage our future assets and joint ventures.

We expect to expand our business through investments and joint ventures. Investments or joint ventures may require us to make significant cash commitments and incur substantial debt.

We may not be able to effectively manage or execute our strategies with respect to our future assets and joint ventures. Our control over these assets and joint ventures will generally be subject to the terms of applicable agreements and arrangements.

In addition, our partners in these assets and joint ventures may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies or objectives; or
- be unable or unwilling to fulfil their obligations under the applicable agreement or arrangement or to provide anticipated levels of support.

A disagreement, depending on its severity, with any of our partners could affect our ability to develop or operate the respective asset or joint venture, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

5.3 Risks relating to our Shares

5.3.1 There may be a limited market for our Shares

There has been no active market for our Shares, and there can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. None of us, our Promoters, the Selling Shareholder and the Joint Bookrunners have an obligation to make a market in our Shares. We have received the approval of Bursa Securities for the Admission and the listing of and quotation for our entire enlarged issued and paid-up share capital including the Offering Shares, on the Main Market of Bursa Securities, and it is expected that there will be an approximate 10 Market Day gap between closing of the Retail Offering and trading of our Shares. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities markets, the industries in which we operate or us during this period that would adversely affect the market price of our Shares when they begin trading.

Our Shares could trade at prices that may be lower than the Institutional Price or the Final Retail Price depending on many factors, including prevailing economic, political and financial conditions in Malaysia, our operating results and the markets for similar securities. In addition, the market for securities in emerging markets has been subject to disruptions that have caused intense volatility in the prices of securities similar to our Shares. There can be no assurance that the market for our Shares, if any, will not be subject to similar disruptions. Any disruption in such markets may have a material and adverse effect on the holders of our Shares.

5.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, including:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuations may be exacerbated. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. There can be no assurance that the price and trading of our Shares will not be subject to fluctuation.

5.3.3 There may be a delay or failure in trading of our Shares

The occurrence of certain events may cause a delay in or termination of our Offering. These events include our inability to meet the minimum public spread requirement as determined by Bursa Securities, that is, having at least 25% of our issued and paid-up Shares in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of Offering.

In such an event, investors will not receive any Offering Shares, and we and the Selling Shareholder will be jointly and severally liable to return in full, without interest, monies paid in respect of all applications for the Offering Shares. If such monies are not returned within 14 days after we and the Selling Shareholder become liable to repay it, then, pursuant to Section 243(2) of the CMSA, in addition to the liability of our Company and the Selling Shareholder, the officers of our Company and the Selling Shareholder will become jointly and severally liable to return such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event that our Offering is aborted and our Shares have been allotted to the investors, a return of monies to investors could only be achieved by way of cancellation of share capital as provided under the Act. Such cancellation requires the approval of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

5.3.4 We may not be able to pay dividends

We propose to pay dividends out of cash generated by our operations after setting aside necessary funding for our capital expenditure and working capital needs as well as after taking into account any restrictive covenants that we are obligated to observe. Refer to Section 10.7 of the Prospectus for a description of our Group's existing credit facilities that may restrict future dividend declarations and payments. Dividend payments are not guaranteed, and our Board may decide, in its sole absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than we currently propose. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make future interest and principal repayments on any borrowings we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible or on favourable terms or at all. Further, in the event we incur new borrowings subsequent to the Offering, we may be subject to covenants restricting our ability to pay dividends.

5.3.5 We are a holding company and, as a result, are dependent on dividends from our subsidiaries and joint ventures to meet our obligations and to provide funds for payment of dividends on our Shares

We are a holding company and conduct substantially all of our operations through our subsidiaries and joint ventures. Accordingly, dividends and other distributions received from our subsidiaries and joint ventures are our principal source of income. Consequently, the amount of these dividends and distributions are an important factor in our ability to pay dividends on our Shares (to the extent declared by our Board). The ability of our subsidiaries and joint ventures to pay dividends or make other distributions to us is subject to the availability of distributable reserves and to these companies' having sufficient funds that are not needed to fund their operations, other obligations or business plans or to maintain compliance with their debt covenants. For more information on these debt covenants, refer to Section 10.7 of this Prospectus.

As we are a shareholder of our subsidiaries, our claims as a shareholder will generally rank junior to all claims of our subsidiaries' creditors and claimants. In the event of a liquidation of a subsidiary, there may not be sufficient assets for us to recoup our investment in that subsidiary.

5.3.6 We plan to use the proceeds from the Public Issue primarily for repayment of borrowings, settlement of the Proposed Remaining RWT (Cayman) Acquisition, investment in RWT (Cayman) and for working capital, and these may not yield a favourable return

The net proceeds to be received by us from the Public Issue are expected to be RM637.5 million. We may utilise the net proceeds from the Public Issue in ways that may not yield a favourable return to our shareholders. Even though at the time of the investment decision our Board believed in good faith that the investment would be beneficial to our Company and maximise returns to our shareholders, the benefits of the investment, for whatever reason, may not be realised as expected.

We plan to use the net proceeds from the Public Issue primarily for repayment of borrowings, settlement of the Proposed Remaining RWT (Cayman) Acquisition, investment in RWT (Cayman) and for working capital, as described in Section 3.6 of this Prospectus. We will have discretion as to the actual application of our net proceeds, detailed further in Section 4.10 of this Prospectus, and you are providing your funds to us, upon whose judgment you must depend for the specific uses we will make of the net proceeds from the Public Issue.

5.3.7 The sale or the possible sale of a substantial number of our Shares in the public market following our Offering could adversely affect the price of our Shares

Following the Offering, we expect 31.6% of our enlarged issued and paid-up share capital will be held by our Promoters and 54.2% of our enlarged issued and paid-up share capital will be held by public shareholders, assuming Over-allotment Option is not exercised. Following the Offering, our Shares will be tradable on the Main Market of Bursa Securities without restriction. Our Shares may also be sold outside the United States subject to the restrictions of Regulation S. We, the Promoters, the Selling Shareholder and one of the Cornerstone Investors (being, Permodalan Darul Ta'zim Sdn Bhd), have entered into lock-up arrangements as described in Section 4.6.3 of this Prospectus; in addition to these lock-ups, our Promoters and certain of our existing shareholders are subject to a moratorium as described in Section 12.2 of this Prospectus. However, notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares after the end of the lock-up period in connection with financing activities or otherwise, and it is possible that our Promoters or any party may dispose of some or all of their Shares after the lock-up and moratorium periods pursuant to their own investment objectives. If our Promoters or any party sell or are perceived as intending to sell a substantial amount of Shares, the market price for our Shares could be adversely affected.

5.3.8 Since the Retail Price and the Institutional Price are higher than our net asset value per Share, purchasers of our Shares in the Offering will experience immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future

Purchasers of our Shares in the Offering will pay more for their Shares on a per Share basis than our pro forma net asset value per Share as at 30 June 2015. As a result, such purchasers will experience immediate and substantial dilution of approximately RM0.85 per Share, representing the difference between the assumed Retail Price and Institutional Price of RM1.70 per Share and our pro forma net asset value per Share of RM0.85 as at 30 June 2015 (after giving effect to the Pre-Offering Reorganisation, the assumed Public Issue of 375 million Shares at the assumed Retail Price and Institutional Price of RM1.70 per Share and the Proposed Remaining RWT (Cayman) Acquisition), while our existing shareholders will experience an increase in the net asset value per Share.

In order to meet our funding requirements, we may consider offering and issuing additional Shares or equity-linked securities in the future. Purchasers of our Shares in the Offering may experience further dilution in the net asset value per Share if we issue additional Shares or equity-linked securities in the future.

5.3.9 Forward-looking statements in this Prospectus may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and prospects of our management for future operations are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date hereof. Forward-looking statements can be identified by the use of forward-looking terminology such as words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Group, or industry results, to be materially different from any results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and initiatives of the Government.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

6. INFORMATION ON OUR GROUP

6.1 Our Company

History and background

Our Company was incorporated in Malaysia under the Act as a private limited company on 28 April 2014. On 24 October 2014, our Company was converted into a public limited company under its current name and commenced its business on 16 December 2015 following the completion of the Pre-Offering Reorganisation.

Our Company was incorporated to facilitate the Listing. Our principal activity is investment holding. Our Subsidiaries are principally engaged in two businesses: power and environment. In our power business, we provide power generation. In our environment business, we provide water supply services, operate water and wastewater treatment plants, and provide specialised services in the management and optimisation of water utility assets.

By way of background, all of the companies within our Group (save for RCSB which was newly incorporated as an intermediate holding company) were previously part of the RB Group. RB was listed on 15 February 2001 on the then Main Board of the Kuala Lumpur Stock Exchange *(now known as Main Market of Bursa Securities)* and was principally involved in four main categories of business comprising water supply and treatment, power generation, oil and gas as well as engineering and construction. The RB Group was subsequently taken private by Cheval, Tan Sri Hamdan, RCorp, LOSB and Pacific Energy Overseas Ltd (collectively, the "**Joint Offerors**") in 2011 due to, among others, the subdue performance of its construction business (refer Section 6.1.1 below for further details on the privatisation of RB Group).

In 2013, the RB Group undertook an internal group reorganisation exercise comprising the Internal Reorganisation and Internal Reorganisation II (refer Section 6.1.2 below for further details) which results in the formation of the RERB Group which was involved in the business of water supply and treatment, power generation and oil and gas. The RERB Group was targeted for an initial public offering and the listing of its shares on the Main Market of Bursa Securities ("**RERB IPO**") which was subsequently withdrawn in July 2013 due to events set out in Section 6.1.2 below.

Subsequently, the RERB Group undertook a reverse take-over of Symphony via our Company which results in the formation of our Group which comprise the water and power business of the then RERB Group via the Identified Entities (the "**Pre-Offering Reorganisation**", details of which are set out in Section 6.1.4 below). In addition to the water and power business, Ranhill Holdings has an option to acquire the oil and gas business of RERB (held via RGSB) via the RWorley Call Option as defined in Section 6.1.4 below.

6.1.1 Privatisation of RB Group

For the financial years ended 30 June 2008 and 2010 respectively, the RB Group had registered losses and marginal PATAMI. For the financial year ended 30 June 2008, the RB Group registered loss after tax and minority interest of approximately RM737 million mainly due to significant provisions made for the non-recoverability of an amount due from a customer and joint venture partner in respect of the Melut Basin Oil Development project which involved the expansion of the existing Al-Jabalayn central processing facility from 200,000 to 300,000 barrels of oil per day, amounting to RM316 million and RM240 million respectively.

For the year ended 30 June 2010, the RB Group recorded marginal PATAMI of RM15.0 million after accounting for the impairment of the irredeemable convertible unsecured loan stocks in SDEB ("**SDEB ICULS**") amounting to RM31.4 million. The high profits recorded by the RB Group for the financial year ended 30 June 2009 was due to a one-off tax credit arising from the reversal of deferred tax liabilities of approximately RM525.76 million which had it been excluded, the RB Group would have only registered a loss after tax and minority interest of RM139.70 million for the said financial year.

On 9 August 2011, Cheval, Tan Sri Hamdan, RCorp, LOSB and Pacific Energy Overseas Ltd (collectively, the "**Joint Offerors**") undertook a voluntary take-over offer to acquire all the remaining voting shares in RB not already owned by the Joint Offerors ("**Offer Shares**") for a cash offer price of RM0.90 per Offer Share ("**Offer**"), which represent an illustrative market capitalisation of RB of approximately RM537.5 million based on the total number of RB's shares in issue of 597,264,816 as at 9 August 2011.

The Joint Offerors had undertaken the Offer after taking into consideration the following:

(i) prospects of certain business segments of the RB Group at that time, particularly the infrastructure and construction related activities, which would continue to be challenging over the immediate term with potential provisions and impairments for some of the RB Group's investments such as SDEB ICULS in the event, inter-alia, actual traffic flow is not achieved by SDEB, as well as for the terminated Libya housing project;

(ii) thin trading volume and performance of the shares of RB which had been trading below par for the 12 months prior to the serving of the notice of the Offer; and

(iii) high gearing of the RB Group coupled with its existing debt covenants which may impede the RB Group's ability to raise new capital and/or obtain further debt financing to expand and grow the RB Group's businesses, locally or regionally.

At the time of the Offer, the most significant and material project under the construction business of the RB Group was the Libya housing project undertaken by Amona Ranhill Consortium Sdn Bhd ("**ARC**"), a 60%-owned subsidiary of RB. Due to the civil unrest in Libya in February 2011 which was ensued by a civil war, all construction activities in Libya were suspended, including ARC's housing project. As the civil unrest in Libya was not likely to end at the time, ARC had subsequently terminated the contract as ARC was in a force majeure situation under the terms of the contract which it had entered into with the Libyan Government's Housing and Infrastructure Board, and accordingly, ARC was entitled to terminate the contract.

With the termination of the housing project, ARC does not have any other business or any other source of income. However, ARC has a considerable amount of liabilities, including its obligation to RB in relation to the guarantees extended by RB pursuant to the Libya housing project in the event the guarantee is enforced.

At the time of the Offer, the companies within the RB Group which are involved in the construction business were, on a combined basis, in a net liabilities position. The termination of the Libya housing project by ARC coupled with the financial position of the construction companies of the RB Group, had affected RB's ability to dispose or restructure its construction arm, while it was still listed on the Main Market of Bursa Securities.

The Joint Offerors had intended to undertake the necessary review of the RB Group post completion of the Offer. The Joint Offeror believed that being in a private domain would accord the Joint Offerors with greater flexibility:

(i) to decide on the strategic direction of the RB Group as well as the reorganisation and rationalisation of the RB Group, if necessary, especially since the general partner of Cheval, TAEL Management Co. (Cayman) Ltd, has prior exposure to utilities and infrastructures related businesses. Acting via its general partner, Cheval is therefore able to impart the necessary expertise to assist the RB Group to undertake such reorganisation and rationalisation exercise as well as arranging for the raising of new capital, if required, to provide a platform for the future growth of the RB Group; and

(ii) to address the financial problems faced by the companies within the RB Group which are involved in construction arising from the termination of the Libya housing project by ARC as well as their external liabilities, being amount owing to the external parties, amounting to approximately RM788.9 million as at 30 June 2011, which would need to be either fully settled, restructured and/or waived which otherwise would have necessitated a capital injection by the shareholders of RB in the event that these companies are unable to raise the necessary funding from financial institutions.

However, the market price of RB's shares which had been trading below par for the past 12 months prior to the serving of the notice of the Offer would have affected RB's ability to raise funds from its shareholders while it was still listed on the Main Market of Bursa Securities. As at 30 June 2011, RB had provided several corporate guarantees in respect of the financing facilities extended to these construction companies and obligations amounting to RM552.8 million in the event the guarantees are enforced. Such efforts in addressing the financial problems faced by the construction companies of the RB Group may further impact the earnings as well as cash flow position of the RB Group and in turn, adversely affect the dividend payment capability of RB.

Following the successful completion of the Offer, the Joint Offerors undertook a compulsory acquisition pursuant to Section 222 of the CMSA to acquire all the Offer Shares not accepted under the Offer. RB was subsequently delisted from the Main Market of Bursa Securities on 14 November 2011.

Subsequent to the close of the Offer, the RB Group incurred additional cost due to expanded scope of work with respect to SDEB's construction project. In addition, as at 31 December 2012, the companies within the RB Group which are involved in the construction business continue to be in a net liabilities position.

It is expected that there will also be further impairment of the RB Group's investment in the SDEB ICULS, impairment to ARC's fixed assets and provision in respect of the amount due from ARC's customer pursuant to the Libya housing project (which may be partially set-off against the amount due to the said customer).

6.1.2 Significant developments since the privatisation of the RB Group

The RUSB Group has been involved in wastewater and sewerage technology business outside of Malaysia since the acquisition of 70% equity interest in RWT in 2005 and the last concessions entered into by the RUSB Group prior to the Offer took place in 2009 relating to the 30 MLD wastewater treatment plant in Xiaolan, Jiangxi Province on a BOT basis for a 30-year period and 50 MLD wastewater treatment plant in Xinxiang, Henan Province on a TOT basis for a 28-year period.

Subsequent to the Offer, the RUSB Group had entered into several MOUs and/or investment agreements relating to several water and/or wastewater treatment projects in China. The entry into these agreements enables the RUSB Group to undertake investment evaluation and feasibility study on these projects, which in turn allows it to bid competitively for these concessions, on either a BOT or TOT basis, during the bidding process. Refer to Section 7.5.2(ii)(a) of this Prospectus for further details on the MOUs and investment agreements.

In January 2013, RB completed an internal group reorganisation exercise which had entailed the following:

(i) acquisition by RGSB from RB of the following:

(a) 70% equity interest in RUSB;
(b) 51% equity interest in RWorley;
(c) 50% equity interest less one share in RBSB; and
(d) 100% equity interest in RBV,

for a total purchase consideration of RM825,000,000 which was satisfied by the setting-off of an amount owing by RB to RGSB of RM735,000,000 and deferred cash payment of RM90,000,000; and

(ii) acquisition by RWP from RB of 100% equity interest in RGSB for a purchase consideration of RM330,000,000 which was satisfied by the provision of a guarantee by RWP to RB to fully indemnify and hold RB harmless in respect of any claims received by RB from RUSB amounting to RM330,000,000 and whereby, upon RB's notice of any demand by RUSB, RWP shall pay RB the amount of the demand.

(items (i) and (ii) above are to be collectively referred to as "**Internal Reorganisation**")

Subsequently on 14 June 2013, RERB had completed the following transactions:

(i) acquisition of 100% equity interest in RWP from Cheval, LOSB, RCorp, Tan Sri Hamdan, YPJ, Amran bin Awaluddin and Ahmad Zahdi Jamil for a purchase consideration of RM1,158,000,095 to be satisfied by the issuance of 492,765,998 new RERB Shares at an issue price of RM2.35 per RERB Share ("**Acquisition of RWP**"); and

(ii) acquisition of 30% equity interest in RUSB from LOSB, LOSB (Cayman), Tan Sri Hamdan and Ahmad Zahdi Jamil for a purchase consideration of RM326,650,000 to be satisfied by the issuance of 139,000,000 new RERB Shares at an issue price of RM2.35 per RERB Share ("**Acquisition of RUSB**").

(items (i) and (ii) above are to be collectively referred to as "**Internal Reorganisation II**")

In January 2013, RERB had applied for an initial public offering and the listing of its shares on the Main Market of Bursa Securities (the "**RERB IPO**"). The prospectus in relation to the RERB IPO was lodged with the SC on 3 July 2013 and the RERB IPO was launched on 4 July 2013. However, the RERB IPO was subsequently aborted due to the events below.

On 17 July 2013, a licence ("**Licence**") issued by PETRONAS to PRWSB was suspended. PRWSB, an affiliate of RERB, is principally involved in the business of providing engineering and design services of oil and gas facilities. Pursuant to a service agreement dated 12 July 2012, PRWSB had appointed RWorley on an exclusive basis to perform detailed engineering procurement and construction management services in respect of all the projects awarded to PRWSB in Malaysia.

Notwithstanding the lifting of the suspension on the Licence in respect of upstream activities on 25 July 2013, RERB had decided to voluntarily withdraw its RERB IPO application on 26 July 2013 after having consultation with the relevant joint global coordinators as well as taking into consideration the market and investor sentiment following the occurrence of the events.

6.1.3 Corporate Governance and risk management strategy

As part of RERB's effort to strengthen its corporate governance and risk management framework effots and to prevent a recurrence of the prior issues, BDO Governance Advisory Sdn Bhd ("**BDO**") was appointed to carry out a detailed review of RERB's risk management process and activities, and of its corporate governance framework and processes and to put in place the relevant structures that adheres to corporate governance best practice. These structures were subsequently adopted by Ranhill for the purpose of the corporate governance of our Group post Offering. Kindly refer to Chapter 9 of this Prospectus for the details of the aforementioned structures.

6.1.4 Pre-Offering Reorganisation

On 20 June 2014, Ranhill entered into several agreements involving the relevant parties set out below, to effect the reverse take-over of Symphony by RERB via Ranhill, which was completed on 16 December 2015 to facilitate the formation of our Group for Listing, comprising the following:

(i) a scheme of arrangement under Section 176 of the Act involving Symphony, the shareholders of Symphony and Ranhill, for the exchange of Symphony Shares into Ranhill Shares at an exchange ratio of one (1) Ranhill Share for every ten (10) existing Symphony Shares (including a supplemental scheme agreement dated 28 November 2014) ("**Scheme of Arrangement**");

(ii) acquisition by Ranhill from RGSB of its equity interest in RPI (including convertible unsecured loan stocks), RPII (including redeemable convertible non-cumulative preference shares), RPOM, RPOMII and RPS (collectively, the "**RGSB Companies**") for a purchase consideration of RM107 million, satisfied by the issuance of 66,875,000 Ranhill Shares to the ultimate shareholders of RGSB pursuant to the nomination by RGSB at an issue price of RM1.60 per Ranhill Share, pursuant to a share sale agreement dated 20 June 2014 and a supplemental share sale agreement dated 28 November 2014 entered into between Ranhill and RGSB ("**Acquisition of RGSB Companies**");

(iii) acquisition by Ranhill from RUSB of its equity interest in SAJH, RWSB and RWT (Cayman) (presently 52.1% owned by RUSB*) (collectively, the "**RUSB Companies**") for a purchase consideration of RM693 million, satisfied by the issuance of 433,125,000 Ranhill Shares to the ultimate shareholders of RUSB pursuant to the nomination by RUSB at an issue price of RM1.60 per Ranhill Share, pursuant to a share sale agreement dated 20 June 2014 and a supplemental share sale agreement dated 28 November 2014 entered into between Ranhill and RUSB ("**RUSB SSA**") ("**Acquisition of RUSB Companies**");

* *In addition to the 52.1% equity interest in RWT (Cayman) acquired pursuant to the Acquisition of RUSB Companies, Ranhill also intends to acquire all the remaining 47.9% equity interest in RWT (Cayman) pursuant to the Proposed Remaining RWT (Cayman) Acquisition (further described in Section 6.1.5 below) following the Offering.*

(iv) a management buy-out, comprising the divestment by Ranhill of all the equity interest in Symphony to Stone Equity for a cash consideration of RM60 million, pursuant to a share sale agreement dated 20 June 2014 entered into between Ranhill and Stone Equity ("**MBO**"); and

(v) granting of a call option by RGSB to Ranhill for the acquisition of RGSB's entire 51.0% equity interest in RWorley, exercisable within the period from the third (3^{rd}) month to the eighteenth (18^{th}) month from the date of completion of the Offering, pursuant to the Call Option Agreement (unless otherwise mutually extended by the parties) ("**RWorley Call Option**") at a call option price to be determined upon its exercise (if exercised), and be based on a valuation to be undertaken on RWorley on the exercise date using methods of valuation such as the PE Multiple, Enterprise Value-to-EBITDA multiple, Price-to-Book multiple and/or other methods to be mutually agreed by the parties. The call option price shall be satisfied partly in cash and partly by the issuance and allotment of new Ranhill Shares to RGSB or its nominees on the completion date, at an issue price and in the proportion to be determined and mutually agreed by Ranhill and RGSB, upon the exercise of the call option.

(items (i), (ii), (iii), (iv) and (v) above are to be collectively referred to as "**Pre-Offering Reorganisation**")

For the avoidance of doubt, the exercise of the RWorley Call Option does not form part of the Pre-Offering Reorganisation. This would mean that RWorley will not be part of the Ranhill Group unless and until the exercise of the RWorley Call Option by Ranhill which is then subject to, among others, the:

(i) approval of the SC, if required;
(ii) approval of Bursa Securities for the (a) additional listing application for the issuance of new Ranhill Shares to RGSB for satisfaction of the call option price (or part thereof); and (b) circular to be issued to the shareholders of Ranhill for the exercise of the RWorley Call Option (if required);
(iii) approval of the shareholders of Ranhill at an extraordinary general meeting to be convened (if required); and
(iv) any other approvals, consents or permission that may be required from any regulatory authority or third party.

In the event the RWorley Call Option is not exercised after 18 months from the date of completion of the Offering, and unless the call option period is otherwise mutually extended by the parties, the Call Option Agreement will lapse and shall cease to have any effect.

Upon the exercise of the RWorley Call Option, and depending on the pricing for the new Ranhill Shares, there is a possibility that Tan Sri Hamdan and persons acting in concert with him may trigger the mandatory offer obligation under the Malaysian Code on Take-Overs and Mergers 2010 ("**Take-Over Code**") pursuant to the new Ranhill Shares received from the disposal, as shareholders of RERB (being the vendor or ultimate shareholders of RWorley). Nevertheless, Tan Sri Hamdan and persons acting in concert with him intend to seek an exemption from the SC and the then shareholders of Ranhill from undertaking a mandatory offer obligation on Ranhill ("**MGO Exemption**").

The exercise of the RWorley Call Option would be a related party transaction under the Listing Requirements, and in which case the interested parties including, among others, Tan Sri Hamdan and persons acting in concert with him, will have to abstain from voting. Accordingly, full disclosure for a related party transaction pursuant to the Listing Requirements will be made and an independent adviser will be appointed to advise the non-interested directors and shareholders of Ranhill which is then a public listed company on Bursa Securities.

Both RGSB and RUSB, being vendors of the Ranhill Acqusition, have nominated their ultimate shareholders, being the shareholders of their ultimate holding company, RERB, to be the direct recipients of all the consideration shares under the Ranhill Acquisition.

As part of the Ranhill Acquisition, the Sukuk which was previously issued by RGSB has been novated to our wholly-owned subsidiary, RCSB, upon the completion of the Ranhill Acquisition on 15 December 2015 ("**Transfer of Sukuk**"). The Sukuk is a RM800 million guaranteed IMTN, duly issued by RGSB and constituted by a trust deed dated 22 April 2011, executed between Malaysian Trustees Berhad, as trustee and RGSB, as issuer. At the same time, Ranhill has nominated RCSB to hold the RGSB Companies and RUSB Companies acquired pursuant to the Ranhill Acquisition and be the intermediate holding company of our Group.

6.1.5 Proposed Remaining RWT (Cayman) Acquisition

The RUSB SSA executed between Ranhill and RUSB for the Acquisition of RUSB Companies shall also effect the Proposed Remaining RWT (Cayman) Acquisition.

The Proposed Remaining RWT (Cayman) Acquisition entails the proposed acquisition of all the remaining 47.9% equity interest in RWT (Cayman) by Ranhill from RUSB for a cash consideration of USD25,419,356, which is subject to interest at 5% per annum with effect from 16 August 2013 up to the completion of the following agreements:

(i) RWT (Cayman) SSA 1, the conditional share sale agreement entered into between RUSB and Robinson on 12 June 2014 for RUSB to acquire 45.23% equity interest in RWT (Cayman) for a cash consideration of USD 24,000,000, which is subject to interest at 5% per annum with effect from 16 August 2013* up to the completion of the agreement; and

(ii) RWT (Cayman) SSA 2, the conditional share sale agreement entered into between RUSB and Sierra Master (M) Sdn Bhd, Ahmad Zahdi Jamil, Koh Boon Sian, Faizal Othman and Soon Tet Heng (collectively the "**RWT (Cayman) Vendors**") on 16 June 2014 for RUSB to acquire 2.67% equity interest in RWT (Cayman) from the RWT (Cayman) Vendors for a cash consideration of USD1,419,356, which is subject to interest at 5% per annum with effect from 16 August 2013* up to the completion of the agreement.

* *As part of the Internal Reorganisation in January 2013, RUSB had previously entered into a sale of shares agreement with each of Robinson and the RWT (Cayman) Vendors respectively (collectively the "**RWT (Cayman) Sale of Shares Agreements**"). Amongst others, it was agreed between RUSB and Robinson and the RWT (Cayman) Vendors that RUSB will pay the consideration for the sale of the ordinary shares in RWT (Cayman) on the date of listing of RERB shares on the Main Market of Bursa Securities, failing which Robinson and the RWT (Cayman) Vendors would be entitled to impose late payment interest of 5% per annum. The completion of the RWT (Cayman) Sale of Shares Agreements were expected to occur by mid-August 2013. However, due to the termination of RERB's IPO (as described in Section in 6.1.2 above), Robinson and the RWT (Cayman) Vendors agreed to terminate the RWT (Cayman) Sale of Shares Agreements.*

Pursuant to the Pre-Offering Reorganisation, RUSB had resumed negotiation with Robinson and the RWT (Cayman) Vendors for the purchase of Robinson's and the RWT (Cayman) Vendors' collective equity interest of 47.9% in RWT (Cayman) pursuant to the RWT (Cayman) SSA 1 and the RWT (Cayman) SSA 2. *Under these acquisitions, RUSB agreed to pay to Robinson and RWT (Cayman) Vendors interest at 5% per annum with effect from 16 August 2013 up to its completion date.*

The terms and conditions of the RUSB SSA in respect of the Proposed Remaining RWT (Cayman) Acquisition is a replica of the terms of the RWT (Cayman) SSA 1 and the RWT (Cayman) SSA 2, which were entered into to facilitate the Proposed Remaining RWT (Cayman) Acquisition. The total cash consideration of USD25,419,356 (subject to interest at 5% per annum with effect from 16 August 2013 up to its completion date) is reflective of the consideration to be paid by RUSB to Robinson and the RWT (Cayman) Vendors under the RWT (Cayman) SSA1 and the RWT (Cayman) SSA 2.

The Proposed Remaining RWT (Cayman) Acquisition is conditional on the completion of RWT (Cayman) SSA 1, RWT (Cayman) SSA 2 and the Offering but not vice-versa.

The total cash consideration for the Proposed Remaining RWT (Cayman) Acquisition shall be payable by Ranhill to RUSB on the date of completion of the Offering or the RWT (Cayman) SSA 1 and RWT (Cayman) SSA 2, whichever is later.

RWT (Cayman) will become our wholly-owned subsidiary upon the completion of the Proposed Remaining RWT (Cayman) Acquisition.

6.1.6 The listing of the Ranhill Group

In essence, the Internal Reorganisation, Internal Reorganisation II and Pre-Offering Reorganisation are steps taken by our Promoters towards realising their vision of creating a listed energy and resources group with stable cash flows coupled with growth opportunities, particularly the water and wastewater treatment businesses in China, and our need to raise the necessary funds to finance such extensive capital investment should these investment opportunities materialise.

The granting of the RWorley Call Option offers the flexibility/option for our Group and our shareholders to include RWorley as part our Group in the future when it is expected to turn-around from its current loss-making status and that the acquisition of RWorley is at an opportune timing and/or when the market conditions as well as investors' sentiment and demand for oil and gas exposure is positive.

We have allocated approximately 50.2% of the gross proceeds expected to be raised from the Public Issue to fully redeem RPI's outstanding IMTN and partially redeem the Sukuk which in turn will increase our capacity for debt and project financing to facilitate our business strategies and future plans as set out in Section 7.3 of this Prospectus, as well as to facilitate future dividend payouts.

We have also allocated approximately 11.8% of the gross proceeds expected to be raised from the Public Issue to part-finance the equity portion of the development cost required for the water and/or wastewater treatment projects in China while the remaining development cost is expected to be funded using our internally generated funds and bank borrowings. We have procured an indicative offer amounting to RMB3 billion from a bank in China to finance the project development cost in China.

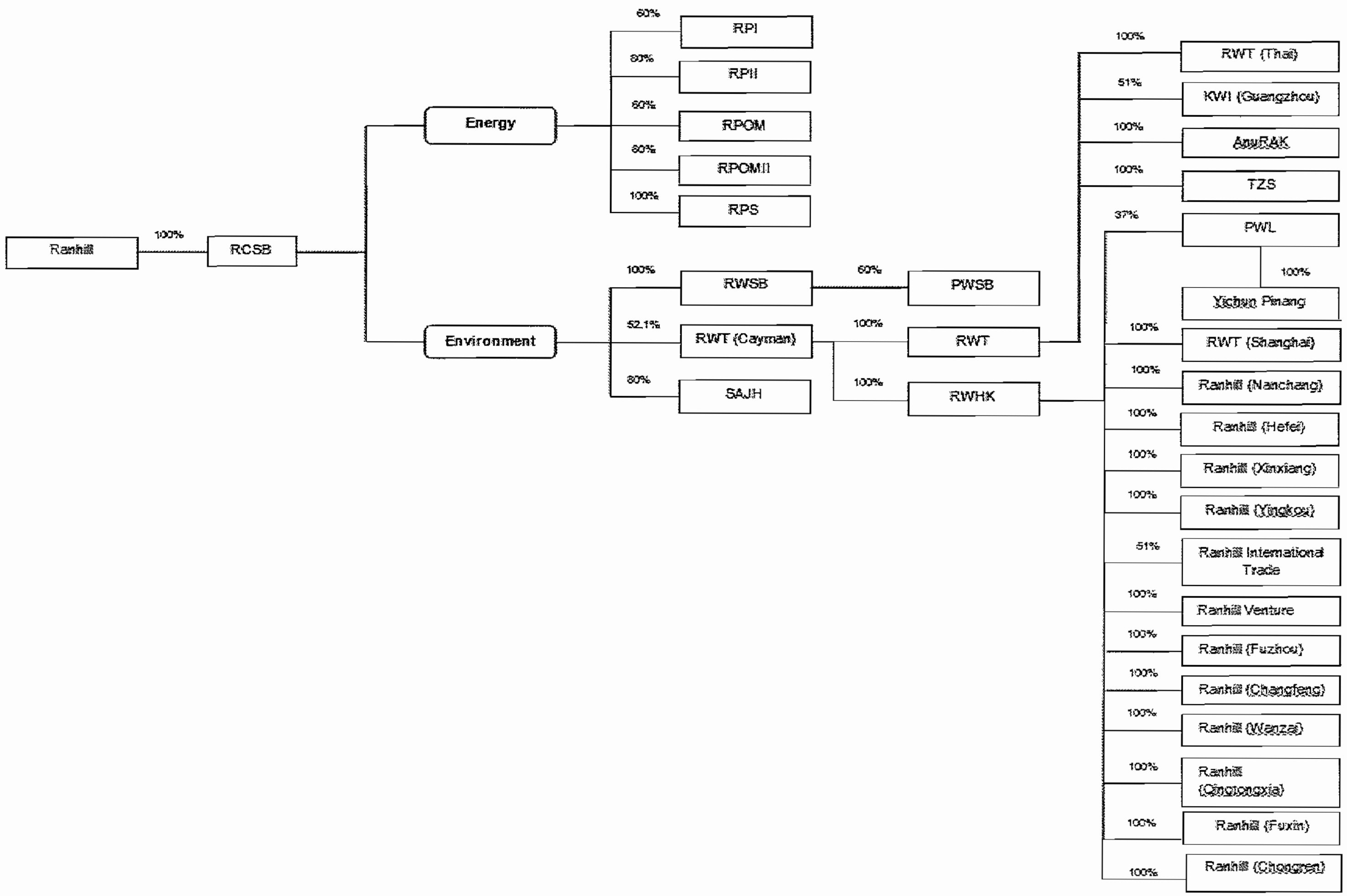
In order to enhance our position as well as reap higher benefits from our potential ventures in China, we are also undertaking the Proposed Remaining RWT (Cayman) Acquisition where we have allocated approximately 19.6% of the gross proceeds expected to be raised from the Public Issue to finance the said acquisition.

Investors should note that the business profile of our Group is different from that of the RB Group, in view of our group structure post the Pre-Offering Reorganisation and our focus on the power generation business and the environment business with the increased exposure as well as the additional equity stake in RWT (Cayman) to be acquired.

6. INFORMATION ON OUR GROUP *(cont'd)*

6.1.7 Our Group structure

Our Group structure, including our joint ventures,upon our Listing is set out below:



6.1.8 Share capital

As at date of this Prospectus, our authorised share capital is RM2,000,000,000 comprising 2,000,000,000 Shares whilst our issued and paid-up share capital is RM565,994,967 comprising 565,994,967 Shares.

The changes in our issued and paid-up share capital since the date of our incorporation up to the date of this Prospectus are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
28 April 2014	2	1.00	Cash	2.00
11 December 2015	65,994,965	1.00	Consideration for the Scheme of Arrangement	65,994,965.00
11 December 2015	500,000,000	1.00	Consideration for the Ranhill Acquisition	500,000,000.00

Our issued and paid-up share capital will increase up to RM940,994,967 comprising 940,994,967 Shares following the completion of the Public Issue.

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital.

6.2 Subsidiaries and joint ventures

As at 15 December 2015, our Subsidiaries and joint ventures are as follows:

Name	Date and country of incorporation	Business commencement date	Issued and paid-up share capital	Our effective equity interest (%)	Principal activities
Subsidiary of Ranhill					
RCSB	24 September 2014 Malaysia	1 January 2015	RM2	100.00	Investment holding company and provision of management services to its subsidiaries
Subsidiaries of RCSB					
RPI	12 January 1995 Malaysia	27 July 1998	RM10,000,000	60.00	IPP
RPII	7 August 1995 Malaysia	6 March 2010	RM11,450,000	80.00	IPP
RPOM	21 January 1997 Malaysia	10 August 1998	RM500,000	60.00	O&M services for power plants
RPOMII	7 August 1995 Malaysia	1 August 2009	RM500,000	80.00	O&M services for power plants

Name	Date and country of incorporation	Business commencement date	Issued and paid-up share capital	Our effective equity interest (%)	Principal activities
RPS	17 May 1995 Malaysia	1 January 2013	RM500,000	100.00	Provision of support services to the subsidiaries in the power division
SAJH	5 February 1999 Malaysia	1 March 2000	RM100,000,000	80.00	Abstraction of raw water, treatment of water, distribution and sale of treated water to consumers in the State of Johor pursuant to its migration from services concession arrangement to operating service arrangement
RWSB	21 February 2005 Malaysia	20 April 2005	RM750,000	100.00	Providing and carrying on project management consultancy services relating to both domestic and overseas water-related projects
RWT (Cayman)	12 November 2008 Cayman Islands	30 April 2009	USD32,900,000	(1)52.10	Investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, O&M services to both municipal and industrial water, sewerage and wastewater treatment plants
Subsidiary of RWSB					
PWSB	8 March 2012 Malaysia	1 April 2012	RM250,000	60.00	Provision, operation, management, improvement and upgrading of the water advanced pressure management in relation to NRW related business or activities

Name	Date and country of incorporation	Business commencement date	Issued and paid-up share capital	Our effective equity interest (%)	Principal activities
Subsidiaries of RWT (Cayman)					
RWT	7 June 1994 Malaysia	1 October 1994	RM7,500,000	52.10	Investment holding and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, O&M services to both municipal and industrial water, sewerage and wastewater treatment plants
RWHK	26 November 2008 Hong Kong	1 April 2013	HKD266,648,960	52.10	Undertaking investment holding activities and provision of consultancy, project management, O&M services relating to wastewater treatment plants
Subsidiaries of RWT					
RWT (Thai)	6 March 2000 Thailand	23 August 2000	THB2,000,000	(2)52.10	Undertaking consultancy services, project management, engineering, supply construction and operation for potable and wastewater treatment plant
KWI (Guangzhou)	9 May 2001 China	-*	RMB513,893	26.57	Ceased operations since 4 November 2005. Currently, KWI (Guangzhou) is pending liquidation and to be struck off
AnuRAK	1 September 2005 Thailand	29 September 2006	THB1,390,000	52.10	Undertaking potable water, wastewater and reclaimed water treatment services for domestic and industrial use
TZS	3 April 2007 Malaysia	1 August 2007	RM2	52.10	Undertaking construction, structural, civil, engineering, electrical and mechanical works to potable water and wastewater treatment plant

6. INFORMATION ON OUR GROUP *(cont'd)*

Name	Date and country of incorporation	Business commencement date	Issued and paid-up share capital	Our effective equity interest (%)	Principal activities
Subsidiaries of RWHK					
RWT (Shanghai)	5 February 2007 China	27 December 2007	USD200,000	52.10	Undertaking consultancy services on potable water, wastewater technologies and project management
Ranhill (Nanchang)	18 January 2007 China	1 March 2009	USD12,875,000	52.10	Undertaking wastewater treatment services for Xiaolan Economic Development Zone
Ranhill (Hefei)	30 July 2007 China	1 April 2011	USD7,520,000	52.10	Undertaking wastewater treatment services for Hefei Chemical Industrial Park
Ranhill (Xinxiang)	22 January 2008 China	1 April 2013	USD6,120,000	52.10	Undertaking wastewater treatment services for Xinxiang Industrial Park
Ranhill (Yingkou)	12 January 2009 China	-*	USD5,732,000	52.10	To undertake wastewater treatment services for Yingkou Economic and Technology Development
Ranhill International Trade	28 March 2012 Hong Kong	-*	HKD10,000	26.57	To undertake investment holding activities and provision of consultancy, project management, O&M services relating to potable water treatment
Ranhill Venture	30 September 2013 Hong Kong	-*	HKD10,000	52.10	To undertake investment holding activities and provision of consultancy, project management, O&M services relating to wastewater treatment
Ranhill (Fuzhou)	23 September 2013 Hong Kong	-*	USD3,000,000	52.10	To undertake wastewater treatment services for Yihuang Industrial Park
Ranhill (Changfeng)	10 October 2013 China	-*	USD1,680,000	52.10	To undertake wastewater treatment services for Xiatang Heavy Industrial Park

Name	Date and country of incorporation	Business commencement date	Issued and paid-up share capital	Our effective equity interest (%)	Principal activities
Ranhill (Wanzai)	25 November 2013 China	-*	USD3,000,000	52.10	To undertake wastewater treatment services for Wanzai Industrial Park
Ranhill (Qingtongxia)	16 January 2014 China	-*	-(3)	-(3)	To undertake wastewater treatment services for Qingtongxia New Material Base Industrial Park
Ranhill (Fuxin)	12 August 2015 China	-^	-(4)	-(4)	To undertake wasterwater treatments services for Fuxin Coal Chemical Industrial Base
Ranhill (Chongren)	29 September 2015 China	-^^	USD1,000,000	52.10	To undertake design, construction, and operation of wastewater treatment facilities
Joint venture of RWHK					
PWL	25 June 2003 Federal Territory of Labuan, Malaysia	1 September 2006	USD100	19.28	Construction of water-infrastructure projects, water treatment, management and supply of treated water for government, industries, commercial and domestic consumers
Subsidiary of PWL					
Yichun Pinang	25 July 2003 China	1 September 2006	RMB38,000,000	19.28	Undertaking water treatment, management and supply of treated water

Notes:

* *The company has yet to commence business and reason for the delay in the commencement of business as well as the estimated commencement date are as follows:*

Name	***Reason for delay***	***Estimated commencement date***
KWI (Guangzhou)	*Due to a disagreement on the business direction of the company between the shareholders.*	*The company is pending to be struck off.*

Name	***Reason for delay***	***Estimated commencement date***
Ranhill (Yingkou)	*The wastewater treatment and reclamation plant of Ranhill (Yingkou) is still under construction. The business of Ranhill (Yingkou) will only commence after the completion of the construction of the plant and upon commencement of water treating process.*	*1st quarter of 2016*
Ranhill International Trade	*The company has not secured any water treatment concession since its incorporation.*	*The company is currently exploring an opportunity in relation to a water treatment plant project in Hubei province of China. In the event the company manage to secure the water treatment concession, its business will commence upon commencement of the plant's water treating process.*
Ranhill Venture	*The company was incorporated for the purpose of collaborating with potential investor(s) to participate in water business in China*	*As at the LPD, there is no indication on when the collaboration can be secured.*
Ranhill (Fuzhou)	*The wastewater treatment plant of Ranhill (Fuzhou) is still under construction. The business of Ranhill (Fuzhou) will only commence after the completion of the construction of the plant and upon commencement of water treating process*	*1st quarter of 2016*
Ranhill (Changfeng)	*The wastewater treatment plant of Ranhill (Changfeng) is still under construction. The business of Ranhill (Changfeng) will only commence after the completion of the construction of the plant and upon commencement of water treating process*	*4th quarter of 2016*
Ranhill (Wanzai)	*While the construction of the wastewater treatment plant of Ranhill (Wanzai) is completed, the business of Ranhill (Wanzai) will only commence upon commencement of water treating process*	*1st quarter of 2016*
Ranhill (Qingtongxia)	*The company was incorporated for the purpose of undertaking wastewater treatment concession in Qingtongxia New Material Base Industrial Park*	*As at the LPD, the company has not entered into the BOT agreement with the local authority.*

^ *The company was newly incorporated and has not secured any water treatment concession since its incorporation.*

^^ *The company was newly incorporated and its wastewater treatment plant is still under construction. The business of Ranhill (Chongren) is estimated to commence in the 2nd quarter of 2017 after the completion of the construction of the plant and upon commencement of water treating process.*

(1) *Upon completion of the Proposed Remaining RWT (Cayman) Acquisition, Ranhill will hold 100% of the issued and paid-up share capital of RWT (Cayman).*

(2) *Pursuant to Section 6A(6)(d) of the Act, RWT (Thai) is deemed a wholly-owned subsidiary of RWT by virtue of a trust arrangement with Lamom Sirisayunt, Prapoj Jirasathitpornpong and Nataya Charuwanakul.*

(3) *Ranhill (Qingtongxia) is deemed a subsidiary of RWHK under the laws of PRC by way of registration notwithstanding that its issued and paid-up capital has not been paid.*

(4) *Ranhill (Fuxin) is deemed a subsidiary of RWHK under the laws of PRC by way of registration notwithstanding that its issued and paid-up capital has not been paid.*

The details of our Subsidiaries and joint ventures as at 15 December 2015 are set out below:

6.2.1 Our Subsidiary

RCSB (Company No. 1110393-P)

(i) History and business

RCSB was incorporated in Malaysia under the Act on 24 September 2014 as a private limited company under the its present name. RCSB is principally involved in investment holding and provision of management services to its subsidiaries, and commenced its business on 1 January 2015.

(ii) Share capital

As at the LPD, the authorised share capital of RCSB is RM400,000 comprising 400,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RCSB is RM2 comprising 2 ordinary shares of RM1.00 each.

Details of the changes to the issued and paid-up share capital of RCSB since its incorporation are as follows:

Date of allotment/ sub-division	No. of shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(RM)		(RM)
24 September 2014	2	1.00	Cash	2.00

(iii) Shareholder

RCSB is our wholly-owned subsidiary.

(iv) Subsidiaries and associate

As at 15 December 2015, the direct subsidiaries of RCSB are RPI, RPII, RPOM, RPOMII, RPS, SAJH, RWSB and RWT (Cayman), details of which are set out in Section 6.2.2 of this Prospectus. RCSB does not have any associates as at 15 December 2015.

6.2.2 Subsidiaries of RCSB

6.2.2.1 RPI (Company No. 330342-K)

(i) History and business

RPI was incorporated in Malaysia under the Act on 12 January 1995 as a private limited company under the name of Powertron Resources Sdn Bhd. On 1 October 2004, Powertron Resources Sdn Bhd changed its name to its present name.

RPI is an IPP and commenced its business on 27 July 1998.

(ii) Share capital

As at the LPD, authorised share capital of RPI is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RPI is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

As at the LPD, RPI has, in issue, convertible unsecured loan stock ("**CULS**") amounting to RM29,000,000 comprising 29,000,000 CULS of RM1.00 in nominal value. The salient terms of the CULS are as follows:

Maturity date	:	30 June 2019
Interest rate	:	12.5% per annum calculated from the issue date on presentation and surrender of the CULS
Redemption	:	On the maturity date, the CULS certificate, if not earlier converted, will be redeemed for its full principal amount together with all unpaid accrued interest. Subject to the requirements (if any) of RPI's lenders, the CULS may be redeemed prior to the maturity date with all unpaid interest accrued up to the last anniversary of the issue date prior to the date of redemption, if so approved by a meeting of the holders of the CULS.
Conversion price	:	RM1.00 nominal value of CULS for one ordinary share of RM1.00 each in RPI issued as fully paid-up
Conversion period	:	Up to maturity date
Ranking and dividend entitlement	:	All converted shares will rank *pari passu* upon allotment but will not be entitled to dividends declared for the financial year preceding the year of conversion

There has been no change in the issued and paid-up share capital of RPI for the past 3 years preceding the LPD.

(iii) Shareholders and holders of CULS

As at 15 December 2015, the shareholders of RPI and their shareholdings in RPI are as follows:

Name	**No. of ordinary shares held**	**%**
RCSB	6,000,000	60.00
SECSB	4,000,000	40.00

As at 15 December 2015, the holders of the CULS and their holdings are as follows:

Name	**No. of CULS held**	**%**
RCSB	17,400,000	60.00
SECSB	11,600,000	40.00

(iv) Subsidiary and associate

As at the LPD, RPI does not have any subsidiary or associate.

6.2.2.2 RPII (Company No. 354304-U)

(i) History and business

RPII was incorporated in Malaysia under the Act on 7 August 1995 as a private limited company under the name of EPE Ventures Sdn Bhd. On 28 September 2004, EPE Ventures Sdn Bhd changed its name to Ranhill Power Ventures Sdn Bhd. On 7 December 2005, Ranhill Power Ventures Sdn Bhd changed its name to Ranhill Tuaran Sdn Bhd, and on 11 December 2006, Ranhill Tuaran Sdn Bhd changed its name to its present name.

RPII is an IPP and commenced its business on 6 March 2010.

(ii) Share capital

As at the LPD, authorised share capital of RPII is RM25,000,000 comprising 22,000,000 ordinary shares of RM1.00 each, and 300,000,000 redeemable convertible non-cumulative preference shares ("**RCNPS**") of RM0.01 each. Following the redemption of 90,000,000 RCNPS on 4 February 2014, the issued and paid-up share capital of RPII is RM11,450,000 comprising 10,000,000 ordinary shares of RM1.00 each and 145,000,000 RCNPS of RM0.01 each. The salient terms of the RCNPS are as follows:

Issue price	:	RM1.00 per RCNPS
Maturity date	:	1st tranche of the RCNPS issued on 25 May 2009 where 80,000,000 RCNPS are still outstanding: 25 May 2019 2nd tranche of the RCNPS issued on 21 August 2009 where 65,000,000 RCNPS are still outstanding: 21 August 2019
Dividend rate	:	To be determined by the directors of RPII, Tan Sri Hamdan and/or Amran bin Awaluddin*, at its absolute discretion from time to time payable in respect of RCNPS in any financial year * *As at the LPD, Amran bin Awaluddin had resigned as a director of RPII and RPII is in the midst of procuring the RCNPS holders' consent to nominate another director of RPII for this purpose.*
Conversion price	:	Each RM0.01 nominal value of RCNPS can be converted into one new ordinary share of RM1.00 each
Conversion period	:	Up to maturity date. Unless otherwise agreed by the parties, all outstanding RCNPS shall be converted into new RPII ordinary shares on maturity date
Ranking	:	The new ordinary shares of RM1.00 each in RPII to be issued pursuant to the conversion of the RCNPS shall upon allotment and issue rank *pari passu* in all respects with all the existing ordinary shares in issue except that the said new ordinary shares will not be entitled to any dividends or other distributions whose entitlement date falls on or prior to the date of the allotment of the said new ordinary shares.

Voting rights	:	The RCNPS holders shall have the same rights as ordinary shareholders with respect to receiving notices, reports and audited accounts and attending general meetings of RPII. The RCNPS shall not be entitled to a right to vote at any general meeting of RPII except with regards to: (a) a resolution to reduce the capital of RPII; (b) a resolution to increase the capital of RPII by creation of further RCNPS; (c) a resolution for the disposal of the whole of RPII's property, business and undertakings; (d) any proposal that affects the rights attached to the RCNPS; (e) a resolution to wind-up RPII; (f) during the winding-up of RPII; and (g) on a proposal for repayment of capital
Status	:	(a) The RCNPS shall as between the RCNPS holders thereof rank *pari passu* in all respects and without discrimination and preference; (b) Dividends for RCNPS shall have preference over dividend of all other classes of shares; and (c) Upon winding-up, the return of capital and premium of RCNPS shall have preference over all other classes of shares.
Capital rights	:	The RCNPS shall not confer the holder thereof any right to participate in profits and on a return in excess of capital on liquidation or winding-up of RPII other than on redemption, up to the redemption price and any payment of accrued dividend as stated herein in priority to the ordinary shares of RM1.00 each in RPII. Save as aforesaid, the holder of the RCNPS shall not be entitled to participate in the capital distribution of RPII by way of bonus or otherwise.
Redemption	:	RPII may at its absolute discretion redeem any unconverted RCNPS from time to time and at any time after the issue date subject to: (a) availability of funds; and (b) availability of profits. The redemption price of each RCNPS shall be RM1.00. As between the RCNPS holders, early redemption shall be on a *pari passu* basis.

Save for the redemption of 90,000,000 RCNPS on 4 February 2014, there has been no change in the issued and paid-up share capital of RPII for the past 3 years preceding the LPD.

(iii) Shareholders and holders of RCNPS

As at 15 December 2015, the shareholders of RPII and their shareholdings in RPII are as follows:

Name	No. of ordinary shares held	%
RCSB	8,000,000	80.00
SECSB	2,000,000	20.00

As at 15 December 2015, the holders of RCNPS and their holdings are as follows:

Name	No. of RCNPS held	%
RCSB	116,000,000	80.00
SECSB	29,000,000	20.00

(iv) Subsidiary and associate

As at the LPD, RPII does not have any subsidiary or associate.

6.2.2.3 RPOM (Company No. 417928-T)

(i) History and business

RPOM was incorporated in Malaysia under the Act on 21 January 1997 as a private limited company under the name of Reward Resources Sdn Bhd. On 1 October 2004, Reward Resources Sdn Bhd changed its name to its present name.

RPOM is principally involved in the provision of O&M services for power plants, and commenced its business on 10 August 1998.

(ii) Share capital

As at the LPD, the authorised share capital of RPOM is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RPOM is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of RPOM for the past 3 years preceding the LPD.

(iii) Shareholders

As at 15 December 2015, the shareholders of RPOM and their shareholdings in RPOM are as follows:

Name	No. of ordinary shares held	%
RCSB	300,000	60.00
SECSB	200,000	40.00

(iv) Subsidiary and associate

As at the LPD, RPOM does not have any subsidiary or associate.

6.2.2.4 RPOMII (Company No. 354306-D)

(i) History and business

RPOMII was incorporated in Malaysia under the Act on 7 August 1995 as a private limited company under the name of EPE Components Sdn Bhd. On 28 September 2004, EPE Components Sdn Bhd changed its name to Ranhill Power Components Sdn Bhd. On 7 December 2005, Ranhill Power Components Sdn Bhd changed its name to Ranhill Tuaran O&M Sdn Bhd and on 17 September 2009, Ranhill Tuaran O&M Sdn Bhd changed its name to its present name.

RPOMII is principally involved in the provision of O&M services for power plants, and commenced its business on 1 August 2009.

(ii) Share capital

As at the LPD, the authorised share capital of RPOMII is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RPOMII is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of RPOMII for the past 3 years preceding the LPD.

(iii) Shareholders

As at 15 December 2015, the shareholders of RPOMII and their shareholdings in RPOMII are as follows:

Name	No. of ordinary shares held	%
RCSB	400,000	80.00
SECSB	100,000	20.00

(iv) Subsidiary and associate

As at the LPD, RPOMII does not have any subsidiary or associate.

6.2.2.5 RPS (Company No. 343504-P)

(i) History and business

RPS was incorporated in Malaysia under the Act on 17 May 1995 as a private limited company under the name of Trans Bakti Sdn Bhd. On 28 September 2004, Trans Bakti Sdn Bhd changed its name to Ranhill Trans Bakti Sdn Bhd and on 5 April 2013, Ranhill Trans Bakti Sdn Bhd assumed its present name.

RPS is principally involved in the provision of support services to the subsidiaries in the power division and commenced business on 1 January 2013.

(ii) Share capital

As at the LPD, the authorised share capital of RPS is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RPS is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of RPS for the past 3 years preceding the LPD.

(iii) Shareholder

As at 15 December 2015, RPS is a wholly-owned subsidiary of RCSB.

(iv) Subsidiary and associate

As at the LPD, RPS does not have any subsidiary or associate.

6.2.2.6 SAJH (Company No. 476718-H)

(i) History and business

SAJH was incorporated in Malaysia under the Act on 5 February 1999 as a private limited company under the name of Sempurna Pelita Sdn Bhd. On 26 May 1999, Sempurna Pelita Sdn Bhd changed its name to its present name.

SAJH is principally involved in the abstraction of raw water, treatment of water, distribution and sale of treated water to consumers in the State of Johor pursuant to its migration from service concession arrangement to operating service arrangement, and commenced its business on 1 March 2000.

(ii) Share capital

As at the LPD, the authorised share capital of SAJH is RM165,000,000 comprising 149,999,999 ordinary shares of RM1.00 each, one special share of RM1.00 each and 150,000,000 preference shares of RM0.10 each. The issued and paid-up share capital of SAJH is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. One special share of RM1.00 was issued in the name of the Chief Minister of Johor on 26 May 1999. Subsequent to SAJH's migration to the licensing regime, the special share was redeemed on 31 October 2012.

Save for the redemption of the special share, there has been no change in the issued and paid-up share capital of SAJH for the past 3 years preceding the LPD.

(iii) Shareholders

As at 15 December 2015, the shareholders of SAJH and their shareholdings in SAJH are as follows:

Name	No. of ordinary shares held	%
RCSB	80,000,000	80.00
State Secretary Incorporation*	20,000,000	20.00

Note:

* *As nominated by the State Government of Johor.*

(iv) Subsidiary and associate

As at the LPD, SAJH does not have any subsidiary or associate.

6.2.2.7 RWSB (Company No. 681858-H)

(i) History and business

RWSB was incorporated in Malaysia under the Act on 21 February 2005 as a private limited company under its present name.

RWSB is principally involved in providing and carrying on project management consultancy services relating to both domestic and overseas water-related projects, and commenced its business on 20 April 2005.

(ii) Share capital

As at the LPD, the authorised share capital of RWSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RWSB is RM750,000 comprising 750,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of RWSB for the past 3 years preceding the LPD.

(iii) Shareholder

As at 15 December 2015, RWSB is a wholly-owned subsidiary of RCSB.

(iv) Subsidiary and associate

As at the LPD, the direct subsidiary of RWSB is PWSB, details of which are set out in Section 6.2.3 of this Prospectus. As at the LPD, RWSB does not have any associate.

6.2.2.8 RWT (Cayman) (Registration No. CT219678)

(i) History and business

RWT (Cayman) was incorporated in Cayman Islands under the laws of Cayman Islands on 12 November 2008 as an exempted company under its present name.

RWT (Cayman) is principally involved in investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, O&M services to both municipal and industrial water, sewerage and wastewater treatment plants, and commenced its business on 30 April 2009.

(ii) Share capital

As at the LPD, the authorised and issued and paid-up share capital of RWT (Cayman) is USD32,900,000 comprising 32,900,000 shares of USD1.00 each.

There has been no change in the issued and paid-up share capital of RWT (Cayman) for the past 3 years preceding the LPD.

(iii) Shareholders

As at 15 December 2015, the shareholders of RWT (Cayman) and their shareholdings in RWT (Cayman) are as follows:

Name	No. of ordinary shares held	%
RCSB	17,140,000	(1)52.10
Robinson	14,880,000	45.23
Sierra Master (M) Sdn Bhd	412,000	1.25
Ahmad Zahdi Bin Jamil	144,000	0.43
Koh Boon Sian	108,000	0.33
Faizal Othman	108,000	0.33
Soon Tet Heng	108,000	0.33

Note:

(1) Upon completion of the Proposed Remaining RWT (Cayman) Acquisition, Ranhill (via RCSB) will hold 100.00% of the issued and paid-up share capital of RWT (Cayman).

(iv) Subsidiaries and associate

As at the LPD, the direct subsidiaries of RWT (Cayman) are RWT and RWHK, details of which are set out in Section 6.2.4 of this Prospectus. As at the LPD, RWT (Cayman) does not have any associate.

6.2.3 Subsidiary of RWSB

6.2.3.1 PWSB (Company No. 981411-V)

(i) History and business

PWSB was incorporated in Malaysia under the Act on 8 March 2012 as a private limited company under its present name.

PWSB is principally involved in the provision, operation, management, improvement and upgrading of the water advanced pressure management in relation to NRW related business or activities, and commenced its business on 1 April 2012.

(ii) Share capital

As at the LPD, the authorised share capital of PWSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PWSB is RM250,000 comprising 250,000 ordinary shares of RM1.00 each.

Details of the changes to the issued and paid-up share capital of PWSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(RM)		(RM)
8 March 2012	100	1.00	Cash	100
29 March 2012	49,900	1.00	Cash	50,000
28 June 2012	200,000	1.00	Cash	250,000

(iii) Shareholders

As at the LPD, the shareholders of PWSB and their shareholdings in PWSB are as follows:

Name	No. of ordinary shares held	%
RWSB	150,000	60.00
Ultimate Seasons Sdn Bhd	100,000	40.00

(iv) Subsidiary and associate

As at the LPD, PWSB does not have any subsidiary or associate.

6.2.4 Subsidiaries of RWT (Cayman)

6.2.4.1 RWT (Company No. 303007-T)

(i) History and business

RWT was incorporated in Malaysia under the Act on 7 June 1994 as a private limited company under the name of Chemasia Engineering Sdn Bhd. On 5 January 1998, Chemasia Engineering Sdn Bhd changed its name to Krofta-Chemasia Sdn Bhd. Krofta-Chemasia Sdn Bhd subsequently changed its name into KWI Far East Sdn Bhd on 8 May 2000. KWI Far East Sdn Bhd then changed its name to Ranhill KWI Sdn Bhd on 9 April 2005. Ranhill KWI Sdn Bhd then changed its name to its present name on 23 May 2006.

RWT is principally involved in investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, O&M services to both municipal and industrial water, sewerage and wastewater treatment plant, and commenced its business on 1 October 1994.

(ii) Share capital

As at the LPD, the authorised share capital of RWT is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RWT is RM7,500,000 comprising 7,500,000 ordinary shares of RM1.00 each.

Details of the change to the issued and paid-up share capital of RWT for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(RM)		(RM)
9 August 2012	3,000,000	1.00	Cash	7,500,000

(iii) Shareholder

RWT is a wholly-owned subsidiary of RWT (Cayman).

(iv) Subsidiaries and associate

As at the LPD, the direct subsidiaries of RWT are RWT (Thai), KWI (Guangzhou), AnuRAK and TZS, details of which are set out in Section 6.2.5 of this Prospectus. As at the LPD, RWT does not have any associate.

6.2.4.2 RWHK (Registration No. 1289802)

(i) History and business

RWHK was incorporated in Hong Kong under the Companies Ordinance on 26 November 2008 as a private limited company under its present name.

RWHK is principally involved in investment holding and provision of consultancy, project management, O&M services relating to wastewater treatment plants, and commenced its business on 1 April 2013.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of RWHK is HKD266,648,960 comprising 226,648,960 ordinary shares of HKD1.00 each.

There has been no change in the issued and paid-up share capital of RWHK for the past 3 years preceding the LPD.

(iii) Shareholder

RWHK is a wholly-owned subsidiary of RWT(Cayman).

(iv) Subsidiaries and associate

As at the LPD, the direct subsidiaries of RWHK are RWT (Shanghai), Ranhill (Nanchang), Ranhill (Hefei), Ranhill (Xinxiang), Ranhill (Yingkou), Ranhill International Trade, Ranhill Venture, Ranhill (Fuzhou), Ranhill (Changfeng), Ranhill (Wanzai),Ranhill (Qingtongxia), Ranhill (Fuxin) and Ranhill (Chongren), details of which are set out in Section 6.2.6 of this Prospectus. The direct joint venture of RWHK as at the LPD is PWL, details of which are set out in Section 6.2.7 of this Prospectus. As at the LPD, RWHK does not have any associate.

6.2.5 Subsidiaries of RWT

6.2.5.1 RWT (Thai) (Registration No. 0105543023170)

(i) History and business

RWT (Thai) was incorporated in Thailand under the laws of Thailand on 6 March 2000 as a private limited company under the name of KROFTA-

CHEMASIA (Thai) Ltd. RWT (Thai) changed its name to KWI (Thai) Ltd on 1 October 2003 and subsequently assumed its present name on 1 June 2006.

RWT (Thai) is principally involved in the business of undertaking consultancy services, project management, engineering, supply construction and operation for potable and wastewater treatment plant, and commenced its business on 23 August 2000.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of RWT (Thai) is THB2,000,000 comprising 20,000 ordinary shares of THB100.00 each. RWT (Thai) does not have an authorised share capital.

There has been no change in the issued and paid-up share capital of RWT (Thai) for the past 3 years preceding the LPD.

(iii) Shareholders

As at the LPD, the shareholders of RWT (Thai) and their shareholdings in RWT (Thai) are as follows:

Name	No. of ordinary shares held	%
RWT	9,800	(1)49.00
Lamom Sirisayunt	4,190	20.95
Prapoj Jirasathitpornpong	2,010	10.05
Nataya Charuwanakul	4,000	20.00

Note:

(1) *Pursuant to Section 6A(6)(d) of the Act, RWT (Thai) is deemed a wholly-owned subsidiary of RWT by virtue of a trust arrangement with Lamom Sirisayunt, Prapoj Jirasathitpompong and Nataya Charuwanakul.*

(iv) Subsidiary and associate

As at the LPD, RWT (Thai) does not have any subsidiary or associate.

6.2.5.2 KWI (Guangzhou) (Registration No. 006317)

(i) History and business

KWI (Guangzhou) was incorporated in China under the laws of PRC on 9 May 2001 as a limited liability company under its present name.

Due to a disagreement on business direction of KWI (Guangzhou) between the shareholders, KWI (Guangzhou) has ceased operations since 4 November 2005. Before it ceased operations, its principal activity was to develop technologies and facilities for environmental protection, to undertake purification engineering of sewerage and tap water, to assess the environmental influence of region and construction project and the advisory of environmental protection technology. Currently, KWI (Guangzhou) is pending liquidation and to be struck off.

(ii) Share capital

As at the LPD, the registered capital of KWI (Guangzhou) is RMB1,000,000, of which RMB513,893 has been fully paid-in. KWI (Guangzhou) does not have an authorised share capital. KWI (Guangzhou) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the issued and paid-in registered capital of KWI (Guangzhou) for the past 3 years preceding the LPD.

(iii) Shareholders

As at the LPD, the shareholders of KWI (Guangzhou) and their shareholdings in KWI (Guangzhou) are as follows:

Name	Paid-in registered capital (RMB)	%
RWT	262,086	51.00
Guangzhou Zhongsui Environment Protection Engineer Co Ltd	205,557	40.00
Tan Soo Seng	46,250	9.00

(iv) Subsidiary and associate

As at the LPD, KWI (Guangzhou) does not have any subsidiary or associate.

6.2.5.3 AnuRAK (Registration No. 0105548114726)

(i) History and business

AnuRAK was incorporated in Thailand under the laws of Thailand on 1 September 2005 as a limited company under its present name.

AnuRAK is principally involved in the business of undertaking potable water, wastewater and reclaimed water treatment services for domestic and industrial use, and commenced its business on 29 September 2006.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of AnuRAK is THB139,000,000, divided into 1,390,000 ordinary shares at the par value of THB100.00 each. AnuRAK does not have an authorised share capital.

Details of the change to the issued and paid-up share capital of AnuRAK for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares allotted	Par value (THB)	Consideration	Cumulative issued and paid-up share capital (THB)
24 August 2012	990,000	100.00	Cash	99,000,000
18 September 2013	400,000	100.00	Cash	139,000,000

(iii) Shareholders

As at the LPD, the shareholders of AnuRAK and their shareholdings in AnuRAK are as follows:

Name	No. of ordinary shares held	%
RWT	1,389,998	99.99
Nopadol Intralib	1	*
Khaisri Utaiwan	1	*

Note:

* *Negligible.*

(iv) Subsidiary and associate

As at the LPD, AnuRAK does not have any subsidiary or associate.

6.2.5.4 TZS (Company No. 768082-W)

(i) History and business

TZS was incorporated in Malaysia under the Act on 3 April 2007 as a private limited company under its present name.

TZS is principally involved in the business of undertaking construction, structural, civil, engineering, electrical and mechanical works to potable water and wastewater treatment plant and commenced its business on 1 August 2007.

(ii) Share capital

The authorised share capital of TZS is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TZS is RM2 comprising 2 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of TZS for the past 3 years preceding the LPD.

(iii) Shareholder

TZS is a wholly-owned subsidiary of RWT.

(iv) Subsidiary and associate

As at the LPD, TZS does not have any subsidiary or associate.

6.2.6 Subsidiaries of RWHK

6.2.6.1 RWT (Shanghai) (Registration No. 310000400501419)

(i) History and business

RWT (Shanghai) was incorporated in China under the laws of PRC on 5 February 2007 as a limited liability company under its present name.

RWT (Shanghai) is principally involved in the business of undertaking consultancy services on potable water, wastewater technologies and project management, and commenced its business on 27 December 2007.

(ii) Share capital

The registered capital of RWT (Shanghai) is USD200,000, all of which has been fully paid-in. RWT (Shanghai) does not have an authorised share capital. RWT (Shanghai) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of RWT (Shanghai) for the past 3 years preceding the LPD.

(iii) Shareholder

RWT (Shanghai) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, RWT (Shanghai) does not have any subsidiary or associate.

6.2.6.2 Ranhill (Nanchang) (Registration No. 3601005100009641)

(i) History and business

Ranhill (Nanchang) was incorporated in China under the laws of PRC on 18 January 2007 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Nanchang) is principally involved in the business of undertaking wastewater treatment services for Xiaolan Economic Development Zone, and commenced its business on 1 March 2009.

(ii) Share capital

The registered capital of Ranhill (Nanchang) is USD12,875,000, all of which has been fully paid-in. Ranhill (Nanchang) does not have an authorised share capital. Ranhill (Nanchang) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the issued and paid-up share capital of Ranhill (Nanchang) for the past 3 years preceding the LPD.

(iii) Shareholder

Ranhill (Nanchang) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Nanchang) does not have any subsidiary or associate.

6.2.6.3 Ranhill (Hefei) (Registration No. 340100400003999)

(i) History and business

Ranhill (Hefei) was incorporated in China under the laws of PRC on 30 July 2007 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Hefei) is principally involved in the business of undertaking wastewater treatment services for Hefei Chemical Industrial Park, and commenced its business on 1 April 2011.

(ii) Share capital

The registered capital of Ranhill (Hefei) is USD7,520,000, all of which has been fully paid-in. Ranhill (Hefei) does not have an authorised share capital. Ranhill (Hefei) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Hefei) for the past 3 years preceding the LPD.

(iii) Shareholder

Ranhill (Hefei) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Hefei) does not have any subsidiary or associate.

6.2.6.4 Ranhill (Xinxiang) (Registration No. 410700400000614)

(i) History and business

Ranhill (Xinxiang) was incorporated in China under the laws of PRC on 22 January 2008 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Xinxiang) is principally involved in the business of undertaking wastewater treatment services for Xinxiang Industrial Park and commenced its business on 1 April 2013.

(ii) Share capital

The registered capital of Ranhill (Xinxiang) is USD6,120,000, all of which has been fully paid-in. Ranhill (Xinxiang) does not have an authorised share capital. Ranhill (Xinxiang) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Xinxiang) for the past 3 years preceding the LPD.

(iii) Shareholder

Ranhill (Xinxiang) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Xinxiang) does not have any subsidiary or associate.

6.2.6.5 Ranhill (Yingkou) (Registration No. 210800400022039)

(i) History and business

Ranhill (Yingkou) was incorporated in China under the laws of PRC on 12 January 2009 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Yingkou) will principally undertake wastewater treatment services for Yingkou Economic and Technology Development. As at the LPD, Ranhill (Yingkou) has yet to commence its business.

(ii) Share capital

The registered capital of Ranhill (Yingkou) is USD5,732,000, all of which has been fully paid-in. As a company incorporated in China, Ranhill (Yingkou) does not have an authorised share capital. Ranhill (Yingkou) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Yingkou) for the past 3 years preceding the LPD.

(iii) Shareholder

Ranhill (Yingkou) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Yingkou) does not have any subsidiary or associate.

6.2.6.6 Ranhill International Trade (Registration No. 1720882)

(i) History and business

Ranhill International Trade was incorporated in Hong Kong under the Companies Ordinance (Chapter 32) on 28 March 2012 as a private limited company under its present name.

Ranhill International Trade will principally undertake investment holding activities and provision of consultancy, project management, O&M services relating to potable water treatment plants. As at the LPD, Ranhill International Trade has yet to commence its business.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Ranhill International Trade is HKD10,000 comprising 10,000 ordinary shares of HKD1.00 each.

There has been no change in the issued and paid-up share capital of Ranhill International Trade since its incorporation.

(iii) Shareholder

As at the LPD, the shareholders of Ranhill International Trade and their shareholdings in Ranhill International Trade are as follows:

Name	No. of ordinary shares held	%
RWHK	5,100	51.00
Hubei International Trade Investment & Development Co Ltd	4,900	49.00

(iv) Subsidiary and associate

As at the LPD, Ranhill International Trade does not have any subsidiary or associate.

6.2.6.7 Ranhill Venture (Registration No. 1974243)

(i) History and business

Ranhill Venture was incorporated in Hong Kong under the Companies Ordinance (Chapter 32) on 30 September 2013 as a private limited company under its present name.

Ranhill Venture will principally undertake investment holding activities and provision of consultancy, project management, O&M services relating to wastewater treatment. As at the LPD, Ranhill Venture has yet to commence its business.

(ii) Share capital

As at the LPD, the issued and paid-up share capital of Ranhill Venture is HKD10,000 comprising 10,000 ordinary shares of HKD1 each.

There has been no change in the issued and paid-up share capital of Ranhill Venture since its incorporation.

(iii) Shareholder

Ranhill Venture is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill Venture does not have any subsidiary or associate.

6.2.6.8 Ranhill (Fuzhou) (Registration No. 361000520004873)

(i) History and business

Ranhill (Fuzhou) was incorporated in China under the laws of PRC on 23 September 2013 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Fuzhou) will principally undertake wastewater treatment services for Yihuang Industrial Park. As at LPD, Ranhill (Fuzhou) has yet to commence its business.

(ii) Share capital

The registered capital of Ranhill (Fuzhou) is USD3,000,000, all of which has been fully paid-in. As a company incorporated in China, Ranhill (Fuzhou) does not have an authorised share capital. Ranhill (Fuzhou) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Fuzhou) since its incorporation date.

(iii) Shareholder

Ranhill (Fuzhou) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Fuzhou) does not have any subsidiary or associate.

6.2.6.9 Ranhill (Changfeng) (Registration No. 34010040002620)

(i) History and business

Ranhill (Changfeng) was incorporated in China under the laws of PRC on 10 October 2013 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Changfeng) will principally undertake wastewater treatment services for Xiatang Heavy Industrial Park. As at the LPD, Ranhill (Changfeng) has yet to commence its business.

(ii) Share capital

The registered capital of Ranhill (Changfeng) is USD1,680,000, all of which has been fully paid-in. As a company incorporated in China, Ranhill (Changfeng) does not have an authorised share capital. Ranhill (Changfeng) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Changfeng) since its incorporation date.

(iii) Shareholder

Ranhill (Changfeng) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Changfeng) does not have any subsidiary or associate.

6.2.6.10 Ranhill (Wanzai) (Registration No. 360900520005667)

(i) History and business

Ranhill (Wanzai) was incorporated in China under the laws of PRC on 25 November 2013 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Wanzai) will principally undertake wastewater treatment services for Wanzai Industrial Park. As at the LPD, Ranhill (Wanzai) has yet to commence its business.

(ii) Share capital

The registered capital of Ranhill (Wanzai) is USD3,000,000, all of which has been fully paid-in. As a company incorporated in China, Ranhill (Wanzai) does not have an authorised share capital. Ranhill (Wanzai) is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Ranhill (Wanzai) since its incorporation date.

(iii) Shareholder

Ranhill (Wanzai) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Wanzai) does not have any subsidiary or associate.

6.2.6.11 Ranhill (Qingtongxia) (Registration No. 640000400002228)

(i) History and business

Ranhill (Qingtongxia) was incorporated in China under the laws of PRC on 16 January 2014 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Qingtongxia) will principally undertake wastewater treatment services for Qingtongxia New Material Base Industrial Park. As at the LPD, Ranhill (Qingtongxia) has yet to conmmence its business.

(ii) Share capital

The registered capital of Ranhill (Qingtongxia) is RMB50,000,000, all of which has not been fully paid-in. As a company incorporated in China, Ranhill (Qingtongxia) does not have an authorised share capital. Ranhill (Qingtongxia) is not a share-issuing company, and its registered capital represents its equity interests once it has been paid-in.

(iii) Shareholder

Ranhill (Qingtongxia) is deemed to be a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Qingtongxia) does not have any subsidiary or associate.

6.2.6.12 Ranhill (Fuxin) (Registration No. 21090040001244)

(i) History and business

Ranhill (Fuxin) was incorporated in China under the laws of PRC on 12 August 2015 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Fuxin) will principally undertake wasterwater treatments services for Fuxin Coal Chemical Industrial Base. As at the LPD, Ranhill (Fuxin) has yet to conmmence its business.

(ii) Share capital

The registered capital of Ranhill (Fuxin) is USD6,500,000, all of which has not been fully paid-in. As a company incorporated in China, Ranhill (Fuxin) does not have an authorised share capital. Ranhill (Fuxin) is not a share-issuing company, and its registered capital represents its equity interests once it has been paid-in.

(iii) Shareholder

Ranhill (Fuxin) is deemed to be a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Fuxin) does not have any subsidiary or associate.

6.2.6.13 Ranhill (Chongren) (Registration No. 91361000MA35F01N39)

(i) History and business

Ranhill (Chongren) was incorporated in China under the laws of PRC on 29 September 2015 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Ranhill (Chongren) will principally undertake design, construction, and operation of wastewater treatment facilities. As at the LPD, Ranhill (Chongren) has yet to conmmence its business.

(ii) Share capital

The registered capital of Ranhill (Chongren) is USD8,000,000 where USD1,000,000 has been paid-in as at the LPD. As a company incorporated in China, Ranhill (Chongren) does not have an authorised share capital. Ranhill (Chongren) is not a share-issuing company, and its registered capital represents its equity interests once it has been paid-in.

(iii) Shareholder

Ranhill (Chongren) is a wholly-owned subsidiary of RWHK.

(iv) Subsidiary and associate

As at the LPD, Ranhill (Chongren) does not have any subsidiary or associate.

6.2.7 Joint venture of RWHK

PWL (Registration No. LL03802)

(i) History and business

PWL was incorporated in Federal Territory of Labuan, Malaysia on 25 June 2003 as a private limited company under its present name.

PWL is principally involved in the business of investment holding, provision of consultancy services in water management and trading of water treatment equipment and commenced its business on 1 September 2006.

(ii) Share capital

The authorised share capital of PWL is USD13,000 comprising 13,000 ordinary shares of USD1.00 each. The issued and paid-up share capital of PWL is USD100 comprising 100 ordinary shares of USD1.00 each.

There has been no change in the issued and paid-up share capital of PWL for the past 3 years preceding the LPD.

(iii) Shareholders

As at the LPD, the shareholders of PWL and their shareholdings in PWL are as follows:

Name	No. of ordinary shares held	%
RWHK	37	37.00
YLI Holdings Berhad	37	37.00
PBA Holdings Berhad	26	26.00

(iv) Subsidiary and associate

As at the LPD, the direct subsidiary of PWL is Yichun Pinang, details of which are set out in Section 6.2.8 of this Prospectus. As at the LPD, PWL does not have any associate.

6.2.8 Subsidiary of PWL

Yichun Pinang (Registration No. 360900510000571)

(i) History and business

Yichun Pinang was incorporated in China under the laws of PRC on 25 July 2003 as a limited liability company under its present name, and it is a wholly foreign-owned enterprise.

Yichun Pinang is principally involved in the business of undertaking water treatment, management and supply of treated water, and commenced its business on 1 September 2006.

(ii) Share capital

The registered capital of Yichun Pinang is RMB38,000,000, all of which has been fully paid-in. Yichun Pinang does not have an authorised share capital. Yichun Pinang is not a share-issuing company, and its paid-in registered capital represents its equity interests.

There has been no change in the paid-in registered capital of Yichun Pinang for the past 3 years preceding the LPD.

(iii) Shareholder

Yichun Pinang is a wholly-owned subsidiary of PWL.

(iv) Subsidiary and associate

As at the LPD, Yichun Pinang does not have any subsidiary or associate.

7. BUSINESS OVERVIEW

7.1 Overview

We are a Malaysian conglomerate with interests in two businesses: power and environment. In our power business, we provide power generation. In our environment business, we provide water supply services, operate water and wastewater treatment plants, and provide specialised services in the management and optimisation of water utility assets. We conduct our operations and provide our services primarily in Malaysia, and our international operations are centered in Asian markets such as China and Thailand.

In our power business, we own and operate two 190 MW CCGT power plants in Sabah, Malaysia through our subsidiaries, RPI and RPII, on a BOO- and BOT-basis, respectively. We have entered into PPAs with Sabah Electricity, a subsidiary of TNB, providing for the sale of up to 380 MW of electricity generating capacity and electricity production for a 21-year period, commencing on 25 October 2008 with respect to RPI, and commencing on 22 April 2011 with respect to RPII. We provide O&M services to our RPI and RPII power plants through RPOM and RPOMII, respectively.

In our environment business, we have been granted an exclusive licence (on a 3-year term, renewable every three years under the terms stipulated in the Water Services Industry Act and the Water Services Industry (Licensing) Regulations 2007, which includes compliance by SAJH with the applicable KPIs) by the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end-customers in the entire State of Johor, the second most populous state in Malaysia, with an estimated population of 3.5 million people as at 2014 *(Source: Department of Statistics, Malaysia)*. We have been providing these services since March 2000, as at 30 November 2015, we had 1,081,399 customers in Johor, of which 935,949 were residential customers, 143,026 were trade and industrial customers and 2,424 were institutional customers, such as government office buildings, army camps, government hospitals, prison complexes and statutory governmental authorities. Outside of Malaysia, we have 15 water and wastewater concessions, on a BOT, BTO or TOT basis, in relation to water treatment plants and wastewater treatment plants, with an aggregate treatment capacity of 362.0 MLD. In addition, through our joint venture, Yichun Pinang, we also operate a potable water treatment plant in China with a treatment capacity of 50.0 MLD.

The following table sets out selected data in respect of the principal assets owned/operated by our subsidiaries in our power business, in each case, as at 30 November 2015.

Description of asset owned/operated	Location	Type	Expiration of power purchase agreement	Total capacity(*)	Total generating capacity
Power plants					
RPI power plant	Sabah, Malaysia	CCGT	2029	190 MW	190 MW
RPII power plant	Sabah, Malaysia	CCGT	2032	190 MW	190 MW

Note:

* *Total capacity is the contractual capacity in MW for electric power generation.*

The following table sets out selected data in respect of the principal assets owned/operated by our subsidiaries and joint venture in our environment business, in each case, as at 30 November 2015.

Description of asset owned/operated	Location	Concession type	Expiration of licence/ concession/ agreement	Total capacity(1)	Generating Capacity(2)
Water related assets					
Water supply services	Johor, Malaysia	Potable water/ *exclusive license*	2017	1,986.4 MLD(3)	1,626.0 MLD
Xiaolan wastewater treatment plant (Phase I)(4)	Xiaolan, Jiangxi Province, China	Wastewater/BOT	2038	30.0 MLD	20.0 MLD
Xiaolan wastewater treatment plant (Phase II)(4)	Xiaolan, Jiangxi Province, China	Wastewater/BOT	2042	50.0 MLD	47.6 MLD
Xinxiang wastewater treatment plant	Xinxiang, Henan Province, China	Wastewater/TOT	2041	50.0 MLD	41.8 MLD
Yichun water treatment plant	Yichun City, Jiangxi Province, China	Potable water/BOT	2035	50.0 MLD	53.4 MLD
Yingkou wastewater treatment and reclamation plant	Yingkou, Liaoning Province, China	Wastewater/BOT	2046	30.0 MLD	Under construction; expected to commence operation in first quarter 2016
		Reclaim water/BOT	-(5)	30.0 MLD	Under construction; expected to commence operation in first quarter 2016
Hefei wastewater treatment plant	Hefei, Anhui Province, China	Wastewater/BOT	2036	30.0 MLD	Equivalent to 23.1 MLD wastewater(6)
Changfeng wastewater treatment plant	Hefei, Anhui Province, China	Wastewater/BOT	2043	20.0 MLD	Under construction; expected to commence operation in fourth quarter 2016

Description of asset owned/operated	Location	Concession type	Expiration of licence/ concession/ agreement	Total capacity[1]	Generating Capacity[2]
Yihuang wastewater treatment plant	Fuzhou, Jiangxi Province, China	Wastewater/BOT	2045	5.0 MLD	Under construction; expected to commence operation in first quarter 2016
Wanzai wastewater treatment plant	Wanzai, Jiangxi Province, China	Wastewater/BOT	2044	5.0 MLD	Construction completed; expected to commence operation in first quarter 2016
Chongren wastewater treatment plant	Chongren, Jiangxi Province, China	Wastewater/BOT	2046	10.0 MLD	Under construction; expected to commence operation in second quarter 2017
Amata Nakorn concession[7]	Amata Nakorn Industrial Estate, Chonburi, Thailand ("**Amata Nakorn**")	Wastewater/BOT	2028	24.0 MLD	19.0 MLD
		Potable water/BOT	2028	10.5 MLD	7.9 MLD
		Reclaim water/BOT	2033	10.0 MLD	9.6 MLD
Amata City potable water treatment plant[7]	Amata City	Potable water/BOT	2032	15.0 MLD	9.0 MLD
Amata City wastewater treatment plant[7]	Amata City	Wastewater/BOT	2043	10.0 MLD	5.0 MLD
Asian Institute of Technology	Pathumthani Province, Thailand	Wastewater/BOT	2020	1.5 MLD	1.3 MLD
Amata Nakorn concession[7]	Amata Nakorn	Potable water/BTO	2018	10.5 MLD	6.4 MLD
Amata City concession[7]	Amata City Industrial Estate, Rayong, Thailand ("**Amata City**")	Wastewater/BTO	2017	10.0 MLD	8.4 MLD
		Potable water/BTO	2017	10.5 MLD	7.6 MLD

Notes:

(1) *Total capacity is the contractual capacity in MLD for water production, water treatment, wastewater treatment or water reclamation, as applicable.*

(2) *Generating capacity is computed based on the past six months average volume of water in MLD produced, treated or reclaimed, as applicable, during the period from 1 June 2015 to 30 November 2015.*

(3) *Based on the design capacity of all the water treatment plants in the State of Johor.*

(4) *The Xiaolan wastewater treatment plants Phase I and Phase II are located next to each other on Jinsha Road 1, Xiaolan Economy and Development Zone, Nanchang, Jiangxi Province, China. The Xiaolan wastewater treatment plant Phase I commenced its business in 2009 at a wastewater treatment capacity of 30.0 MLD. However, due to the increase in demand for wastewater treatment capacity in the Xiaolan Industrial Park, Ranhill (Nanchang) subsequently entered into another concession agreement with the local authority that resulted in the increase of its total wastewater treatment capacity to 80.0 MLD.*

(5) *Yingkou's 30.0 MLD reclamation plant is operated pursuant to an agreement with a customer within the industrial park. The agreement does not have a specified term or duration. For avoidance of doubt, it is not operated under the same concession awarded to Yingkou's 30.0 MLD wastewater treatment plant.*

(6) *Currently, the plant is treating leachate waste.*

(7) *In summary, there are two potable water treatment plants, one wastewater treatment plant and one reclaim water treatment plant located at Amata Nakorn whilst there are two potable treatment plants and two wastewater treatment plant located at Amata City. Each of these water/wastewater/reclaim water plants are being operated on a stand-alone basis within Amata City and/or Amata Nakorn.*

We also provide EPC and consultancy services to clients in relation to various water-related projects, as well as specialised services in the management and optimisation of water utility assets.

The table below sets forth our revenue amounts by each of our businesses and as a percentage of total revenue for the periods indicated. The table below excludes the contributions from our environment business overseas because those businesses are held through our joint venture, being RWT (Cayman), in which we own a 52.1% equity interest, and are reflected in our share of profit of a joint venture using the equity method of accounting.

Business	**Year ended 31 December**		**Year ended 31 December**		**Year ended 31 December**	
	2012		**2013**		**2014**	
	(RM)	**(%)**	**(RM)**	**(%)**	**(RM)**	**(%)**
	(in millions, except percentages)					
Power	355.7	30.7	331.6	27.7	360.8	27.9
Environment	803.2	69.3	867.5	72.3	933.5	72.1
Total	**1,158.9**	**100.0**	**1,199.1**	**100.0**	**1,294.3**	**100.0**

Business	**Six months ended 30 June**			
	2014		**2015**	
	(RM)	**(%)**	**(RM)**	**(%)**
	(in millions, except percentages)			
Power	190.0	29.4	142.8	22.7
Environment	455.4	70.6	485.5	77.3
Total	**645.4**	**100.0**	**628.3**	**100.0**

Our PAT was RM80.5 million for the six months ended 30 June 2014 and RM58.8 million for the six months ended 30 June 2015. Our PAT was RM160.4 million for the year ended 31 December 2012, RM131.5 million for the year ended 31 December 2013 and RM134.4 million for the year ended 31 December 2014. As at 30 June 2015, our total assets were RM3,529.0 million and our shareholders' funds were RM822.2 million.

7.2 Competitive strengths

We believe that we are in a position to deliver growth as a result of the following competitive strengths:

7.2.1 Exclusive water operator in Johor and one of the largest IPPs in Sabah with strong operational capabilities and proven track record

Environment business

We hold an exclusive licence from the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end-customers in the entire State of Johor, the second most populous state in Malaysia. Our licence covers the complete cycle of potable water supply services, from sourcing of raw water, treatment and distribution of treated water to consumers, including treated water sourced from third parties, management and maintenance of the water supply system to a full range of customer services including billing and collection services. Our "asset-light" business model allows us to focus on continuous improvement in operational efficiencies.

As at 30 November 2015, the water supply system in the State of Johor, which we operate, has an aggregate treatment design capacity of 1,986.4 MLD and produced 1,571.9 MLD in the month of November 2015. It also includes a distribution network of 21,229 km of pipelines (including 163 km of raw water mains, 3,162 km of distribution mains and 17,904 km of reticulation mains (the pipes connecting our distribution mains to end-customers)), as well as 636 active storage and service reservoirs as at 30 November 2015.

Our operational capability is reflected in us meeting the KPIs as agreed and monitored by SPAN, including full water supply coverage in urban areas in the State of Johor as well as compliance with the treated water quality targets as agreed with SPAN.

We have also reduced state-wide NRW from above 40.0% in 1999 (being the year the previous SAJH concession agreement was entered into) to 25.8% as at 30 November 2015. In order to maintain the quality of treated water according to the Standard Drinking Water Guidelines, we have established 850 water sampling points in the State of Johor, as well as a programme to clean 636 storage and service reservoirs in the state.

We also operate water concession assets on a BOT, BTO and TOT basis in China (eight wastewater treatment plants with capacities ranging from 5.0 MLD to 80.0 MLD and a 30.0 MLD reclamation plant) and in Thailand (four potable water treatment plants with capacities ranging from 10.5 MLD to 15.0 MLD, four wastewater treatment plants with capacities ranging from 1.5 MLD to 24.0 MLD and a 10.0 MLD reclamation plant). In addition, through our joint venture, Yichun Pinang, we also operate a potable water treatment plant in Yichun City, China with a treatment capacity of 50.0 MLD.

Our operational capability in China and Thailand is reflected in our fulfilment of the requirements and standards agreed with our customers, including, among others, full compliance with the agreed treated water quality targets.

We offer cost-effective solutions through our modular "Fit-to-Need" system. This design innovation enables our customers to increase the capacity of and customise their water treatment plants to cater to their needs as and when needed.

Power business

Through our 60%-owned subsidiary RPI and 80%-owned subsidiary RPII, we operate and maintain two 190 MW CCGT power plants in the Kota Kinabalu Industrial Park in Sabah, Malaysia. Frost & Sullivan estimates this aggregate 380 MW capacity represents 37.4% of the combined licensed capacity (excluding renewables) of all IPPs in Sabah as of November 2015, making us one of the largest IPPs in Sabah as of 30 November 2015.

By leveraging on our engineering expertise, we increased the efficiency of the RPI power plant by converting its mode of operation from open-cycle to combined-cycle, thereby expanding the power generating capacity of the RPI power plant from 120 MW to 190 MW. As a result of this successful conversion that was completed in October 2008, the concession for the RPI power plant, which was expiring in August 2019, was extended to October 2029.

7.2.2 Proven record in securing contracts/concessions

Through our subsidiaries and joint venture, we have a proven track record in securing long-term contracts in Malaysia, China and Thailand. Refer to Section 7.1 of this Prospectus for details on the principal water related assets owned and/or operated by us. Our international success in obtaining contracts stems from our determination to seek and develop working relationships with local authorities looking to explore opportunities to improve their water and wastewater infrastructures. Further, we have acquired numerous EPC and consultancy services contracts relating to various water-related projects with numerous state governments in Malaysia, namely Johor, Melaka, Kedah, Terengganu, Kelantan, Pahang, Perak and the Department of Sewerage Services under the Ministry of Energy, Green Technology and Water, Malaysia.

7.2.3 Presence in high growth markets and well-positioned to capitalise on China's water and wastewater business

Our success in the water and wastewater treatment business in Malaysia has enabled us to expand our environment business overseas through RWT (Cayman) in countries such as China and Thailand, which we believe are highly attractive growth markets. Given the growth prospects of the Chinese economy, where treated water demand is projected to reach 2,280,274 MLD by 2050, according to Frost & Sullivan, and the anticipated scarcity in water supply, we expect opportunities for RWT (Cayman) to offer its services and solutions to potential customers to achieve a sustainable water supply and combat water resources pollution.

In addition, our experienced team of engineers in Malaysia has developed competitive and cost-effective applications which have been used to increase the efficiency of treatment plants. Our water treatment plants are termed as compact treatment plants which provide several advantages as opposed to other treatment plants that are termed as conventional treatment plants. One of the advantages is the throughput that is more than double as compared to conventional treatment plants, resulting in up to 50% smaller plant footprint required for our treatment plants as compared to conventional water treatment plants with equal treatment capacity. The smaller land requirement and investment in civil work requirements for our treatment plants results in lower capital expenditures.

In addition, our treatment plants also offer other edges including being modular which allows our treatment plants to be built according to the desired capacity. The modular system is flexible enough to allow further upgrades in tandem with future rising demand. Compact treatment plants utilise greater use of pre-fabricated components that are fabricated off site which result in shorter construction period. This is due to works being concurrently carried out at the site and at the fabrication facilities off the site.

In China, we have harnessed our in-house solutions to focus on a niche market for industrial water treatment, which we believe can yield higher returns. Moving forward, the track record of SAJH will be a key reference for water concessions in China. We believe this will also create opportunities for us to provide NRW management and project management services in China.

We participate in the water, wastewater and reclamation water treatment projects in China through BOT and TOT projects. As at LPD, we have expanded our reach in China through our interests in nine BOTs and one TOT with a total aggregate capacity of 310.0 MLD, of which 50.0 MLD is operated through our joint venture.

Our efforts and success have been recognised by the local authority of Nanchang in respect of the Xiaolan Economic Development Zone in Nanchang, Jiangxi Province, China where we currently operate a 80.0 MLD wastewater plant under two separate concessions. This was demonstrated through multiple awards for environmental conservation by the Jiangxi Provincial Government in 2009 and by the Nanchang City Government from 2008 to 2011, which recognises the Xiaolan Economic Development Zone as one of the industrial parks in the Jiangxi Province which complies with the authority's standard of treated wastewater. Through the application of our in-house solutions and engineering expertise, we are able to consistently meet the standards of treated wastewater as set by the local authority of China notwithstanding that it has been revised numerous times.

We also have interests in four BOT and two BTO concessions with total treatment capacity of 102.0 MLD in Thailand where we provide water treatment, wastewater treatment and reclamation water treatment services to two industrial parks and a university.

7.2.4 Stable cash flows from long-term contracts and concessions

Our Group's cash flows are underpinned by our environment business, both locally and outside Malaysia, as well as the power business which is based on long-term contracts and/or licences.

SAJH's licence for the provision of treated water in the State of Johor is renewable every three years under the terms stipulated in the Water Services Industry Act and the Water Services Industry (Licensing) Regulations 2007, which includes compliance by SAJH with the applicable KPIs. SPAN has renewed SAJH's license for the third operating period effective from 1 January 2015 to 31 December 2017. SAJH's consistent performance over the past 15 years has demonstrated its ability to continuously deliver a high standard of service to its end-customers.

In addition, our operations in China are conducted on a BOT and TOT basis, with tenures ranging from 25 to 30 years, being the longest concession tenure allowable in China, while the tenures of our concession for the water and wastewater treatment plants in Thailand are between eight to 30 years.

In respect of our power business, the respective PPAs with Sabah Electricity are each for a 21-year period, commencing 25 October 2008 and 22 April 2011 for RPI and RPII, respectively.

With stable cash flows, we expect to be able to meet all our financial and debt obligations. In addition, we also believe that we are well-positioned to fund our capital expenditures and investments to undertake future expansion opportunities.

7.2.5 Strength and depth in leadership and talent

With our experienced management team leading our Group, we have been able to grow and expand our environment business. Our Group is led and managed by Tan Sri Hamdan, who has over 30 years of relevant industry experience, and Faizal Othman, who has over 20 years of relevant industry experience. Our key management comprises talents with both local and international experience, which underlines our capabilities across multiple businesses.

Our environment business is headed by Ahmad Zahdi Jamil (who has over 25 years of industry experience) and Koh Boon Sian (who has over 15 years of industry experience), and our power business is headed by Norlian Abd Rahim (who has over 25 years of industry experience).

We will continue to tap on their extensive knowledge network and leverage on their expertise to drive our Group's business growth.

We also believe that our multicultural organisation is capable of attracting and pooling talents worldwide to operate our multiple businesses across multiple countries. As at the LPD, our Group's workforce comprises 3,113 employees, of which 142 and 2,971 employees are employed for our power and environment businesses, respectively. We also focus on talent retention and succession planning to ensure that we have suitable and competent staff to handle our projects in order to meet and, where possible, exceed our customers' expectations and improve operational efficiency.

7.3 Business strategies and future plans

Our business strategies and future plans are as follows:

7.3.1 Power business

We aim to secure power generation projects through unsolicited bids, which generally give us higher returns. Unsolicited bid requisitions allows us to conduct direct negotiation with the counterparty, and in view of this, returns for these projects are typically higher as compared to projects that are secured through open tender basis. We will also seek to expand our power business with emphasis on power plants with generating capacities not exceeding 1,000 MW. We intend to explore power business opportunities in Asia and to continue to optimise the operations of RPI and RPII.

7.3.2 Environment business

(i) Expanding our regional operations

We intend to capitalise on our 15 years of experience in the water supply business in the State of Johor and in fact, have expanded into China since 2003. We believe that China, with its population of approximately 1.4 billion in 2014 and GDP growth at a compounded annual growth rate of 12.2%, from 2008 to 2014, according to Frost & Sullivan, provides an extensive platform for us to expand our water treatment operations. Our current focus is principally on cities and provinces with potential for accelerated industrial growth as reflected by their GDP growth rates such as those in the Jiangxi Province, Anhui Province, Liaoning Province and Henan Province.

As our current presence in China mainly involves wastewater treatment projects for industrial use, our strategy is to leverage on such experience when bidding for new contracts. In addition, we expect to seek opportunities for treatment plants to recycle water for factory processes, cleaning usage or other non-drinking purposes. We also expect to carry out build and transfer projects, which potentially enables us to tap into reclaimed water and wastewater projects. In conjunction with such projects, we intend to promote reclaimed water supply to factories for non-potable usage and we expect that we will be competing with other water providers to provide our services at lower rates in areas where water supply is scarce. In addition, capitalising on our expertise and experience with source-to-tap services in the State of Johor, we also intend to pursue opportunities to secure concessions in China structured in the same manner.

With our extensive engineering experience in deploying such projects as well as our business approach of being involved in the project prior to and during inception to introduce our water treatment process, and deployment of innovative systems such as our modular "Fit-to-Need" system which is customised to suit our clients' requirements, we believe we are well-positioned to secure additional contracts in our target markets.

Over the next three years, we intend to increase our business presence in the China market by increasing our water treatment capacity to up to 1,000.0 MLD. The expansion in the China water business is expected to be funded through the proceeds from the Public Issue, internally generated funds and bank borrowings. We will continue to invest with a long-term view of establishing new treatment plants in provinces such as those located in Western China where water is scarce as well as for industrial parks and emerging cities which have low wastewater treatment coverage and where local governments have allocated sufficient budgets for environmental projects. In the course of our expansion, we will also look into the provision of leachate treatment to treat toxic wastewater such that it meets environmental standards before it is discharged into the designated channel, with our target customers being the industrial parks.

We are exploring strategic partnerships with investors to jointly invest in the China water business, which may include divestment of our holdings in our China water business to such strategic partners. We believe such strategic partnerships will facilitate the procurement of water concessions in China by providing broader access to potential clients and target markets. We will also leverage on SAJH's experience to secure water concessions in our target markets.

We also intend to capitalise on our experience in Thailand from the Amata projects, which encompasses the full range of water treatment works, and explore opportunities in Thailand with private industrial parks and the public sector for projects ranging from potable water to reclaimed water solutions.

By leveraging on our existing expertise and technology, we intend to explore concession opportunities in China and Thailand.

(ii) Commercialising our NRW management system

Our NRW reduction programme is a very important programme that we have implemented in the State of Johor since the inception of SAJH. This programme aims to reduce the NRW level in Malaysia, to develop standardised methodologies for long-term NRW success and to enhance skills and knowhow in NRW management. According to Frost & Sullivan, despite having the second longest water pipeline network in Malaysia, Johor achieved the lowest NRW per kilometre of water pipe length at 0.020 MLD per kilometre in 2014. In Malaysia as well as other countries, NRW reduction has become a key focus for cost optimisation and operational efficiency. The loss of water through leakages and faulty delivery systems is a burgeoning issue for all water companies, and we believe we are well-positioned to offer our expertise in this area. We are capitalising on our experience and knowledge gained in NRW reduction in the State of Johor to leverage and expand the NRW management system in Malaysia and the region.

We have developed in-house a web-based AquaSMART system to monitor water leakages in a more efficient manner, whereby AquaSMART is able to detect leakages within the delivery system within one to two hours, thus improving our efficiency in managing and/or reducing NRW. AquaSMART has been successfully implemented in the states of Johor and Melaka, and we are currently in the process of applying for a patent with the Intellectual Property Corporation of Malaysia for the system, thereby enhancing our ability to commercialise it. Since the execution of our Johor concession agreement in 1999 and the commencement of our water supply concession in Johor in 2000, we have reduced the state-wide NRW rate from above 40% in 1999 to 25.8% as at 30 November 2015. We have also performed services related to NRW reduction, including DMA, GIS and network modelling and network management, in the states of Kedah, Melaka and Terengganu, which reduced the NRW rate in Sungai Petani, Kedah from 50% in 2008 to 21% in 2010, in Melaka from 35% in December 2007 to 21.6% in May 2014, and in Hulu Terengganu and Dungun, Terengganu from 50% in October 2012 to 15% in January 2014. We have also worked on World Bank-funded NRW reduction projects in Surabaya, Indonesia.

We are one of the leading companies in Malaysia in the NRW management and reduction programme. By capitalising on our experience in NRW reduction projects in the States of Johor, Melaka, Terengganu and Kedah, as well as our ongoing projects in the States of Kelantan and Pahang, we intend to deploy the AquaSMART system throughout Malaysia and regionally. We are currently working closely with the respective state water operators to pursue NRW reduction projects.

Our NRW reduction programme is in accord with the target set by SPAN and the recently announced 11th Malaysia Plan (the "**11th Malaysia Plan**") to reduce NRW to 25% by 2020. Under the 11th Malaysia Plan, the national NRW level is targeted to be reduced from 36.6% in 2013 to 25.0% in 2020 with the implementation of a holistic NRW reduction programme. As one of the leading companies in Malaysia in the NRW management and reduction programme, we believe we are well-positioned to pursue opportunities under this Government initiative to reduce the national NRW level.

The O&M element of our NRW management system is important as NRW services need to be continuously performed after initial reduction targets have been achieved in order to maintain and also to set new reduction targets. These present opportunities for us to continue to provide long-term O&M services to our clients.

(iii) Capitalising on Government initiatives in the environment business

The Government has announced the implementation of infrastructure improvements for water supply treatment, wastewater treatment, sewer rehabilitation and other water-related initiatives. The Government also intends to integrate sewerage services with water supply services under the framework of the Water Services Industry Act. We believe our experience in the water business well-positions us to benefit from opportunities arising from these Government initiatives.

The 11th Malaysia Plan (2016-2020) includes a new tariff setting mechanism for sewerage services and an integrated water supply and sewerage services billing system. Upon implementation of the new tariff mechanism and the integrated billing system, we intend to pursue opportunities to integrate sewerage services with our water supply services, particularly in Johor Bahru City and Pasir Gudang, which are currently being managed by their respective city councils. In addition, the implementation of the new tariff setting mechanism combined with the integrated billing system, which the Government expects will increase collection rates by 20% to 30%, is expected to result in the improved financial sustainability of the sewerage service operators. We believe this improved financial sustainability will enable sewerage service operators to carry out scheduled maintenance, as well as encourage the refurbishment of under-performing sewage treatment plants. We believe these will create opportunities, which we intend to actively pursue, and enable us to leverage our capabilities and knowhow gained from years of experience in the design, construction, operation and maintenance of wastewater treatment facilities in Malaysia and overseas.

7.4 History and milestones

Our Group's venture into the power and environment business stems largely from the history of Ranhill Bersekutu Sdn Bhd ("**RBSB**"), which was initially established by Rankine & Hill under the name of Ranhill Bersekutu Partnership to provide a full range of mechanical and electrical engineering design services. Subsequently, in 1981, RBSB was incorporated as a private limited company in Malaysia under its current name. Building on its engineering strength across various disciplines including water supply system, Tan Sri Hamdan, then the Chief Executive Officer of RBSB, subsequently ventured into the power business through RGSB and into the environment business through RUSB. All of the companies within our Group were part of the RB Group prior to the Internal Reorganisation and part of the RERB Group after the completion of the Internal Reorganisation II and prior to the Pre-Offering Reorganisation. Refer to Section 6.1 of this Prospectus for further details on the Internal Reorganisation, Internal Reorganisation II and the Pre-Offering Reorganisation.

7.4.1 Power

We conduct our power business through RPI, RPII, RPOM, RPOMII and RPS, which were all part of RGSB prior to the Pre-Offering Reorganisation. Refer to Section 6.1.4 of this Prospectus for further details on the Pre-Offering Reorganisation.

RGSB was incorporated in Malaysia under the Act in June 1972 as a private limited company under the name of EPE Power Corporation Berhad. Through its 60%-owned subsidiary RPI, RGSB operated a 120 MW electricity capacity open-cycle gas turbine power plant at Teluk Salut, Kota Kinabalu, Sabah pursuant to a power purchase agreement dated February 1997 entered into with Lembaga Letrik Sabah (now known as Sabah Electricity). The plant commenced initial operations in August 1998 and its COD as a 120 MW open-cycle power plant was February 1999. On 25 February 2004, RB became a shareholder of RGSB pursuant to the disposal of

Powertron Resources Sdn Bhd to RGSB. RPI's power plant was subsequently upgraded to a total generating capacity of 190 MW using a CCGT configuration, and it commenced full combined-cycle operations on 25 October 2008.

On 24 January 2006, the Economic Planning Unit of the Prime Minister's Department awarded Ranhill Tuaran Sdn Bhd (now known as RPII), an 80%-owned subsidiary of RGSB, with a concession on a BOT basis for a 190 MW CCGT power plant in Sabah. The RPII power plant's initial COD in a single gas turbine open-cycle 65 MW configuration was 6 March 2010 and its COD as a two gas turbine 130 MW open-cycle facility was 9 July 2010. The RPII power plant commenced full 190 MW combined-cycle operations on 22 April 2011.

We conduct routine maintenance on both the RPI and RPII power plants through our subsidiaries RPOM and RPOMII. We own a 60% equity interest in RPOM, which provides O&M services to the RPI power plant, and we own an 80% equity interest in RPOMII, which provides O&M services to the RPII power plant.

The remaining equity interests in RPI, RPII, RPOM and RPOMII are owned by SECSB.

We also own 100% equity interest in RPS. RPS will provide administrative support services to our subsidiaries in the power business.

7.4.2 Environment

We conduct our environment business through SAJH, RWSB and RWT (Cayman), which were all part of RUSB prior to the Pre-Offering Reorganisation. Refer to Section 6.1.4 of this Prospectus for further details on the Pre-Offering Reorganisation.

RUSB was incorporated in Malaysia under the Act in June 2000 as a public limited company under the name of Insan Utiliti Berhad and assumed the name of Ranhill Utilities Berhad in January 2002. The incorporation of Ranhill Utilities Berhad was primarily to facilitate SAJH's listing on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities). SAJH was formed to carry out the water supply services in Johor for 30 years commencing from 1 March 2000. Pursuant to its delisting on 28 August 2008, Ranhill Utilities Berhad subsequently assumed the name of RUSB on 2 July 2009.

Pursuant to a vesting order made in 1994 by the Menteri Besar Johor under the Water Supply Enactment 1993, all assets, rights, liabilities and staff of the State Government of Johor with respect to the water supply services were transferred to and vested in SAJSB, a company owned by the State Government of Johor. The water supply services business in Johor was subsequently privatised to SAJH as part of the State Government of Johor's effort to further improve the operation and service level of water supply in Johor. In April 1999, SAJH, together with LOSB, entered into a concession agreement with the State Government of Johor and SAJSB to provide water supply services to the entire State of Johor. For further information on the restructuring of the water services industry, refer to Section 7.5.2(i)(b) of this Prospectus.

On 1 September 2009, SAJH migrated to the licensing regime under the Water Services Industry Act, and the concession agreement was terminated upon SAJH's migration to the new licensing regime.

In February 2005, RUSB acquired a 70% equity stake in RWT, which enabled the company to expand into wastewater and sewerage technology business, particularly in the areas of potable water treatment, wastewater and sewerage treatment as well as process water systems. At the point of acquisition, RWT had a track record of completing water and wastewater treatment projects throughout Asia, notably Malaysia, Thailand and China. Subsequently in 2008, RUSB formed RWT (Cayman) through a joint-venture arrangement with Robinson, a unit of Aqua Resources Fund Limited, through which various water concessions in China previously held under RUSB Group were subsequently held under RWT (Cayman) pursuant to an internal reorganisation. Refer to Section 7.5.2(ii) of this Prospectus for further details on these concessions. In order to enhance our position as well as reap higher benefits from our potential ventures in China, in June 2014, we entered into a conditional sale and purchase agreement with RUSB (in conjunction with the Acquisition of RUSB Companies as described in Section 6.1.4 of this Prospectus) for the post-Offering acquisition of the remaining 47.9% equity interest in RWT (Cayman) that we do not currently own. This acquisition will allow us to hold 100% equity interest in RWT (Cayman) after the completion of the Offering. Refer to Section 6.1.5 of this Prospectus for further details on the Proposed Remaining RWT (Cayman) Acquisition.

In February 2005, RUSB established RWSB to offer specialised operational support and services to water companies in the management and optimisation of water utility assets.

Certain key milestones for our Group are as follows:

Year	Key milestones
1998	RPI's 120 MW open-cycle power plant commenced initial operations in its original open-cycle configuration.
1999	SAJH entered into a concession agreement with LOSB, the State Government of Johor and SAJSB to provide water supply services to the entire State of Johor
2005	RWT entered into BOT arrangements for a 10.5 MLD potable water treatment plant, a 9.6 MLD wastewater treatment plant and a 8.0 MLD reclamation plant, each covering a period of 20 years in Amata Nakorn Industrial Park in Thailand and a 50.0 MLD potable water treatment plant for 29 years in Yichun City, Jiangxi Province, China
	RWSB was established in 2005 to commence provision of NRW management services
2008	The capacity of RPI power plant increased to 190 MW pursuant to the commencement of its combined-cycle operations
2009	SAJH terminated its concession agreement with the State Government of Johor and migrated to the licensing regime under the Water Services Industry Act
2011	RPII's 190 MW CCGT power plant commenced operations, making RGSB the largest IPP in Sabah in terms of total installed capacity
2012	RUSB Group entered into several MOUs and/or investment agreements to carry out investment evaluation and feasibility studies on several water and wastewater treatment projects in China
2013	RWT (Cayman) Group entered into BOT arrangements for a 20.0 MLD wastewater treatment plant in Chang Feng Xia Tang Heavy Industrial Park, Anhui Province, China for 30 years, a 5.0 MLD wastewater treatment plant in Yihuang Industrial Park, Jiangxi Province, China for 29 years and a 5.0 MLD wastewater treatment plant in Wanzai Industrial Park, Jiangxi Province, China for 29 years and a 10.0 MLD wastewater treatment plant in Amata City Industrial Park, Thailand for 30 years
2015	RWT (Cayman) Group entered into a BOT arrangement for a 10.0 MLD wastewater treatment plant in Chongren Industrial Park, Jiangxi Province, China for 29 years

7.5 Products and services

7.5.1 Power business

(i) Background, generation capacity and O&M

In our power business, through our subsidiaries, RPI and RPII, we operate and maintain two 190 MW CCGT power plants in Kota Kinabalu Industrial Park in Sabah. Frost & Sullivan estimates that the aggregate 380 MW capacity of the RPI and RPII power plants represents approximately 37.4% of the combined licensed capacity (excluding renewables) of all the IPPs in Sabah as of November 2015, making us one of the largest IPPs in Sabah as of 30 November 2015.

RPI was initially formed to construct a 120 MW open-cycle power plant. The RPI power plant commenced initial operations in August 1998 and its COD as a 120 MW open-cycle power plant was February 1999. The RPI power plant was subsequently converted to its current 190 MW combined-cycle configuration, and the COD of the power plant in this configuration was 25 October 2008. On the other hand, the RPII power plant's initial COD in a single gas turbine open-cycle 65 MW configuration was 6 March 2010, its COD as a two gas turbine 130 MW open-cycle facility was 9 July 2010 and its COD as a 190 MW combined-cycle configuration was 22 April 2011.

The RPI power plant comprises four 30 MW gas turbine generators, four vertical heat-recovery steam generators and two 35 MW steam generators. The gas turbines use the Frame 6B technology model supplied by General Electric Company, and the heat recovery steam generators and steam turbines were manufactured by Mitsubishi Heavy Industries Ltd. The RPI power plant uses a 2-block configuration, with each block consisting of two 30 MW gas turbines, two heat-recovery steam generators and a 35 MW steam turbine. The RPII power plant comprises two 65 MW gas turbine generators, two horizontal heat-recovery steam generators and a 60 MW steam generator. The gas turbine generators use the Frame 6FA technology model supplied by General Electric Company, the heat recovery steam generators were manufactured by Hangzhou Boilers Company and the steam generator was manufactured by the Harbin Turbine Company Limited (China). The RPII power plant uses a single block configuration.

We conduct routine maintenance on both the RPI and RPII power plants through our own subsidiaries. We own a 60% equity interest in RPI and RPOM, respectively, which provides O&M services to the RPI power plant, and we own 80% equity interest in RPII and in RPOMII, which provides O&M services to the RPII power plant. The remaining equity interests in RPI, RPII, RPOM and RPOMII are owned by SECSB. For scheduled maintenance throughout the tenures of our PPAs, we have entered into contractual service agreements with GE Energy Parts, Inc. and GE Power Systems (Malaysia) Sdn Bhd.

(ii) Power offtake

We have entered into PPAs with Sabah Electricity providing for the sale of up to 380 MW of electricity generating capacity and the electricity production of RPI and RPII, each for a 21-year period,` commencing on 25 October 2008, with respect to the RPI power plant, and commencing on 22 April 2011, with respect to the RPII power plant. RPI's initial PPA with Sabah Electricity commenced in 10 August 1998 for a 21-year period ending on 9 August 2019. However, upon the completion of RPI's conversion into a 190 MW combined-cycle configuration, its PPA was replaced with a new 21-year period commencing on 25 October 2008 and ending on 24 October 2029. In 2014, RPI and RPII collectively sold approximately 2,492 GWh of electricity to Sabah Electricity.

The PPAs provide that the power despatched and the operational requirements in terms of start-up, shutdown and increase or decrease of load from the respective power plant are determined solely by Sabah Electricity, subject to Sabah Electricity's obligation to compensate us if shutdowns of the respective plant exceed 52 occurrences per each condition, as defined in the PPAs, per year. Sabah Electricity is obligated to make capacity payments and energy payments to us pursuant to formulas and conditions stipulated in the PPAs. The principal factors involved in the calculation of the capacity payment for any period include the dependable capacity for that period. The principal factors involved in the calculation of the energy payment for any period include the net electricity output of the plants, also known as load factor, and the average cost of fuel. Since the amount of the energy payment takes into account the cost of the fuel we use to produce the electricity, we are not exposed to natural gas or diesel price volatility.

(iii) Fuel supply

In order to secure the necessary fuel for the operations of RPI and RPII, we have entered into natural gas supply agreements, with PETRONAS and PETRONAS Carigali (collectively, "**Fuel Suppliers**") to supply natural gas to the power plants until the end of the tenure of the PPAs.

However, under our natural gas supply agreement relating to RPII, the Fuel Suppliers have warranted that there will be a supply of natural gas on a firm basis through the year 2020, but for the remaining contract years thereafter through to 2032 (the "**Availability Period**"), the supply commitment of the Fuel Suppliers is on an availability basis, depending on whether the Fuel Suppliers, in their reasonable opinion, have sufficient natural gas to be supplied to us. The Fuel Suppliers are required to notify us, not later than 2017 whether they have available natural gas for delivery during the Availability Period. The RPII gas supply agreement provides that the quantity to be delivered during the Availability Period is to be mutually agreed by the parties, but further provides that if the parties fail to reach mutual agreement by 30 June 2020, the Fuel Suppliers will have the right to determine the quantity to be delivered during the Availability Period in accordance with good industrial practice and in accordance with the principle that it is economically viable for the Fuel Suppliers to deliver that quantity.

The natural gas provided to us under these agreements is sourced from the Erb West and Kinarut gas fields, which are located 60 km offshore of Sabah. The gas supply agreements specify the volumes of natural gas that the Fuel Suppliers are required to make available during each year of the contract and provide that we are obligated to purchase and take delivery of at least 75% of the specified volume in each year.

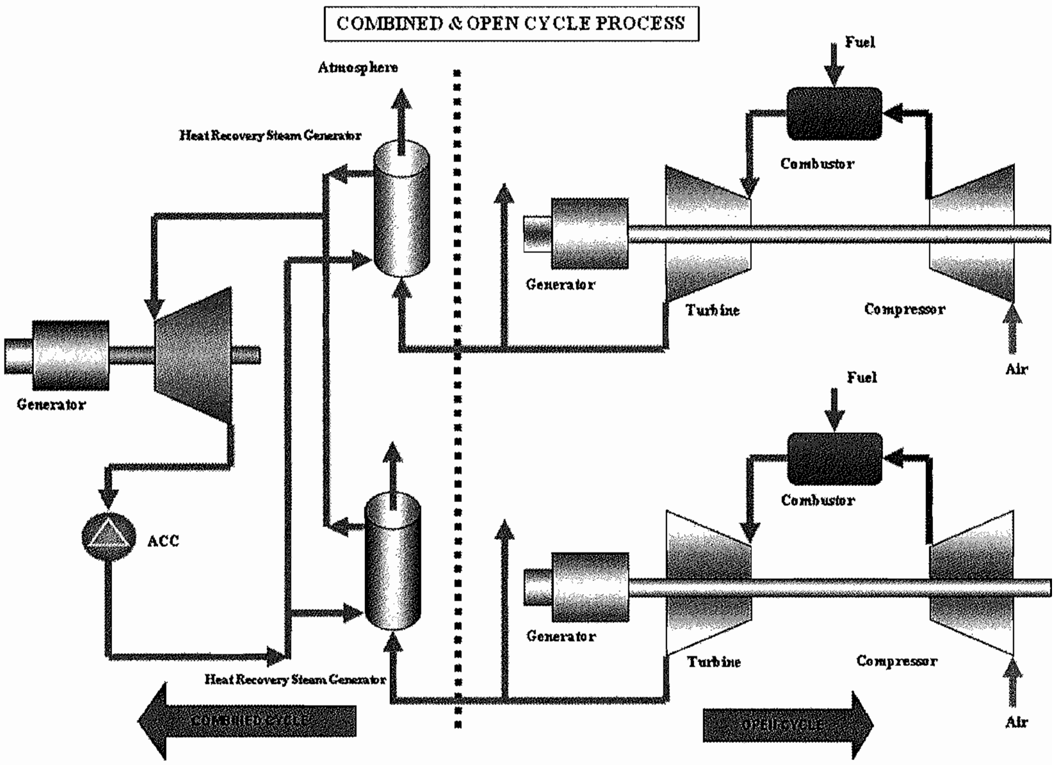
Pursuant to the gas supply agreements, if we pay for any quantity of natural gas based on the "take-or-pay" requirement but do not take delivery of that quantity, we may take delivery of that quantity within one contract year thereafter. The price of natural gas under the agreements is based on market price and is passed through to Sabah Electricity as an element of the energy payment due under our PPAs.

We also have entered into diesel fuel supply agreements with Shell Timur Sdn Bhd to supply diesel to the power plants as backup fuel sufficient for up to seven days of full-load operation. Each diesel fuel supply agreement has a duration of 21 years commencing from the COD of the relevant power plants. Like natural gas, the price of diesel under the agreements is passed through to Sabah Electricity as an element of the energy payment due under our PPAs.

For a summary of terms of our PPAs, refer to Sections 7.16.4 and 7.16.5 of this Prospectus.

(iv) Production process

The diagram below illustrates the production process for electricity production in our RPI and RPII power plants, with the process divided between the open-cycle and combined-cycle process.



Combined-cycle power plants feature both gas and steam turbines. The gas turbine generates electricity using natural gas or diesel fuel, while the steam turbine generates electricity using waste heat from the gas turbine. The process is extremely efficient since exhaust heat that would otherwise be lost through the exhaust stack is re-used to produce steam through heat recovery steam generators ("**HRSG**") to produce additional electricity by the steam turbine generator. In an open-cycle configuration, only the gas turbine is used to produce electricity, and no electrical energy is derived from the waste heat of the gas turbine, and therefore the open-cycle process has lower thermal efficiency than the combined-cycle process.

In the gas turbine portion of the process, a gas turbine compresses air and mixes it with fuel, either natural gas or diesel. The fuel is burned and the resultant hot air-fuel mixture is expanded through turbine blades, making them spin about a shaft. The spinning turbine drives a generator that converts the spinning energy into electricity. The working principle is essentially the same for both the RPI and the RPII power plants as follows:

- Fuel is burned in a combustor;
- The resulting energy in the gas turbine turns the generator drive shaft;
- Exhaust heat from the gas turbine is sent to an HRSG;
- The HRSG produces steam using the gas turbine exhaust heat and delivers it to the steam turbine;
- The steam turbine delivers additional energy to the generator drive shaft; and
- The generator converts the energy into electricity.

(v) Operations review

The table below provides a summary of operating statistics of the RPI power plant for the periods indicated.

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
Actual energy generated (GWh)	1,310	1,253	1,279
Electricity sold (GWh)	1,271	1,217	1,241
Average net dependable capacity[1] (MW)	190	190	190
Thermal efficiency (%)[2]	37.5	38.1	37.7
Equivalent availability factor (%)[3]	91.8	84.7	92.2
Heat rate (kJ/Kwh)	9,644	9,492	9,518

	Six months ended 30 June	
	2014	2015
Actual energy generated (GWh)	694	486
Electricity sold (GWh)	673	471
Average net dependable capacity (MW) [1]	190	190
Thermal efficiency (%)[2]	38.1	36.3
Equivalent availability factor (%)[3]	95.9	91.7
Heat rate (kJ/Kwh)	9,493	10,038

The table below provides a summary of operating statistics the RPII power plant for the periods indicated.

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
Actual energy generated (GWh)	1,254	1,247	1,291
Electricity sold (GWh)	1,213	1,206	1,251
Average net dependable capacity (MW) (1)	190	190	190
Thermal efficiency (%)(2)	43.3	43.8	42.5
Equivalent availability factor (%)(3)	96.7	93.4	96.1
Heat rate (kJ/Kwh)	9,810	8,162	8,226

	Six months ended 30 June	
	2014	2015
Actual energy generated (GWh)	696	536
Electricity sold (GWh)	674	517
Average net dependable capacity (MW) (1)	190	190
Thermal efficiency (%)(2)	43.8	42.0
Equivalent availability factor (%)(3)	99.2	100
Heat rate (kJ/Kwh)	8,241	8,362

Notes:

(1) *Refers to the average gross dependable capacity of a power plant in a given period (which may be less than installed capacity at any given time if technical problems are present) less the power plant capacity utilised to drive power plant station service or auxiliaries. For the applicable periods, represents an aggregate of the average net dependable capacity in each capacity billing period, which is calculated by weighting the number of days of differing dependable capacity for the power plant in each capacity billing period.*

(2) *A performance measure of a thermal device such as a power plant boiler expressing the output of the device as a percentage of the heat or energy content consumed. For the applicable periods, represents an aggregate of the thermal efficiency of a gas turbine, which is calculated by dividing the net electrical output over the mechanical energy produced.*

(3) *Refers to the availability of a power plant facility to produce electrical energy during an applicable period for delivery to the customer. For the applicable periods, represents an aggregate of the equivalent availability factor, expressed as a percentage, equal to (1)(a) the number of hours in a period less (b) the number of hours of planned and unplanned outages during that period as provided for in the applicable PPA, divided by (2) the number of hours in that period.*

(vi) Customer

Our revenue from our power business is derived solely from Sabah Electricity as we are obligated under our PPAs to sell all our electricity capacity to Sabah Electricity. For the years ended 31 December 2012, 2013 and 2014, Sabah Electricity accounted for 30.7%, 27.7% and 27.9%, respectively, of our total revenue. For the six months ended 30 June 2014 and 2015, Sabah Electricity accounted for 29.4% and 22.7%, respectively, of our total revenue.

Accordingly, we are dependent on Sabah Electricity to purchase all of the power produced in our power business.

(vii) Supplier

PETRONAS Group is the only supplier of our power business that accounts for 10% or more of our cost of sales. For the years ended 31 December 2012, 2013, and 2014, purchases of natural gas from the PETRONAS Group accounted for 17.8%, 15.2% and 14.3%, respectively, of our total cost of sales. For the six months ended 30 June 2014 and 2015, purchases of natural gas from the PETRONAS Group accounted for 15.7% and 12.3%, respectively, of our total cost of sales.

Accordingly, we are dependent on the PETRONAS Group for the supply of natural gas used by our power plants. However, if there were a disruption in the supply of natural gas, we expect that we would be able to run our power plants on diesel fuel for an extended period of time, being the duration of the gas supply disruption period.

(viii) Competition

Based on information from Sabah Electricity, there are a total of 16 IPPs operating in Sabah, including RPI and RPII, with a combined installed capacity of 996.3 MW as of 30 November 2015. We believe the electricity supply industry in Malaysia is in the growth stage of the lifecycle. While this industry is highly regulated and competition is relatively low, growth in the industry is driven by the growth in population and the demand from the commercial and industrial businesses.

7.5.2 Environment business

(i) Utilities management and water supply services

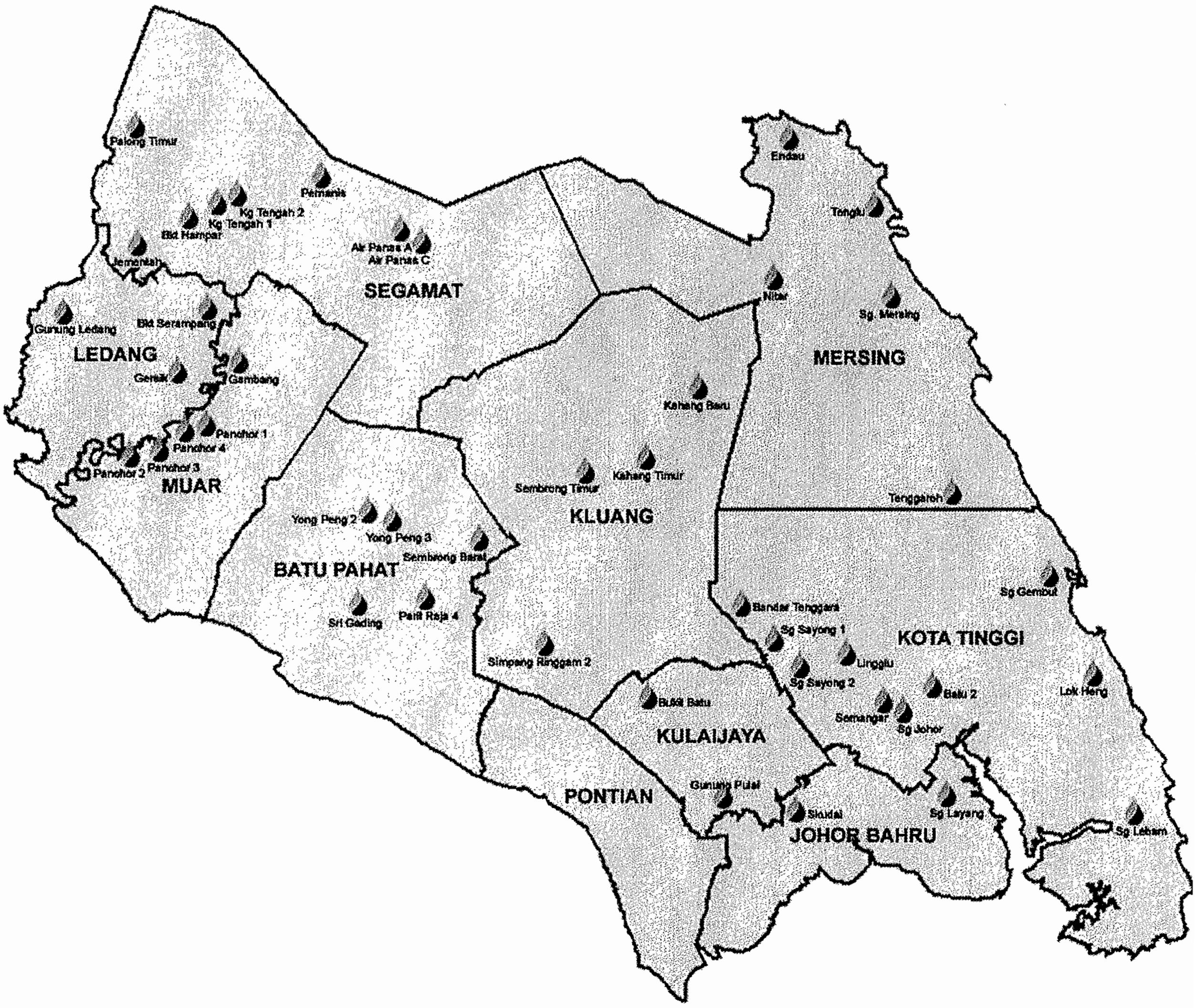
We hold an exclusive licence from the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end-customers in the entire State of Johor, Malaysia. Johor is the fifth largest state in Malaysia by area, with a land area of approximately 19,210 km^2, and is the second most populous state in Malaysia, with an estimated population of approximately 3.5 million people as at 2014 *(Source: Department of Statistics, Malaysia)*. We provide a wide range of water supply services in Johor, from sourcing of raw water, treatment and distribution of treated water to consumers through billing and collection. As at 30 November 2015, we had 1,081,399 customers in Johor, of which 935,949 were residential customers, 143,026 were trade and industrial customers and 2,424 were institutional customers, such as government office buildings, army camps, government hospitals, prison complexes and statutory governmental authorities.

The tables below provide the breakdown of revenue and volume of water delivered by the types of customers for our water supply business in Johor for the periods indicated:

	Year ended 31 December 2014	
Type of customers	**Revenue**	**Volume of water**
	(%)	**(%)**
Residential	43.5	64.2
Industrial	51.7	32.5
Institutional	4.8	3.3
Total	**100.0**	**100.0**

Type of customers	Six months ended 30 June 2015 Revenue (%)	Volume of water (%)
Residential	43.4	64.1
Industrial	51.8	32.6
Institutional	4.8	3.3
Total	**100.0**	**100.0**

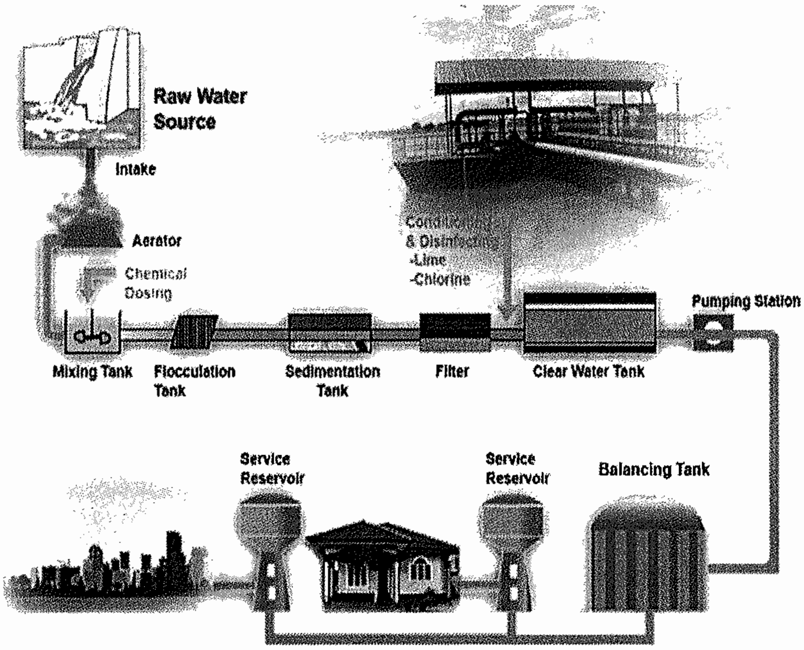
As at 30 November 2015, the water supply system operated by us comprises 44 water treatment plants, which have an aggregate treatment design capacity of 1,986.4 MLD and which produced 1,571.9 MLD for the month of November 2015. The following map indicates the locations of these water treatment plants:



The water supply system also includes a distribution network of 21,229 km of pipelines (including 163 km of raw water mains, 3,162 km of distribution mains and 17,904 km of reticulation mains (the pipes connecting our distribution mains to end-customers)), as well as 636 active storage and service reservoirs as at 30 November 2015.

(a) **Process flow**

The following chart illustrates our water treatment and water distribution process:



Sourcing of raw water

We obtain our raw water from catchment areas under the management of the State Government of Johor. Catchment areas are areas designated by the State Government of Johor from time to time as sources of raw water pursuant to applicable legislations. The Water Supply Agreement contains a list of current and designated future catchment areas.

Treatment and distribution of raw water

The main objective of treating water intended for the public water supply is to produce a supply of water that is chemically and bacteriologically safe for human consumption. The supply must also be aesthetically acceptable, free from apparent turbidity, objectionable taste and odour. The treatment and distribution of raw water involve the following:

- **Raw water intake**

  Coarse and fine screens first strain raw water that enters into the river-based intake structure. Floating debris such as twigs and leaves, aquatic plants and small debris are removed. After screening, the denser suspended matters are removed by allowing water to pass slowly through chambers where they settle down to the bottom. Raw water is then pumped to the water treatment plant for treatment.

- **Aerator**

  Raw water passes through an aerator where water is mixed with air. The aeration process provides oxygen from the atmosphere for the oxidation of dissolved iron and manganese to their insoluble form, thus enabling their removal, and to liberate carbon dioxide and hydrogen sulphide, reducing corrosiveness and removing colour.

- **Flocculation tank**

  The aerated water then passes through a mixing chamber where coagulants are added, either by hydraulic or mechanical means, to obtain a rapid and uniform dispersion of chemicals to improve the formation of floc. When the coagulants are mixed into the water, complex chemical and physiochemical reactions occur leading to the formation of microscopic particles, a process called coagulation. This is followed by more gentle agitation of water, either by hydraulic or mechanical means, causing the microscopic particles to agglomerate or be flocculated into settleable floc. Lime may be added to adjust pH if the raw water is low in pH.

- **Sedimentation tank**

  Water with settleable floc is allowed to flow through the sedimentation tank as uniformly as possible for a period long enough to permit the maximum practicable amount of floc to be settled before the water reaches the outlet at the end of the tank. Besides removing suspended and colloidal matters, this sedimentation process also removes bacteria and viruses absorbed on floc. The sludge in the sedimentation tank is periodically removed.

- **Filtration**

  From the sedimentation tank, the settled water passes through a battery of filters. This filtration processes not only strains out suspended particles larger than pores between the filter media but also remove colloidal clay, colouring matter and bacteria that are smaller than pores. The filters are backwashed regularly through a combination of agitation by air and water to ensure efficient operations.

- **Fluoridation and Chlorination**

  Fluoridation in the water treatment process is used to raise the amount of fluoride in the water supply to a level of about 0.4 mg/litre to 0.6 mg/litre. Filtered water is disinfected to destroy microorganisms that still remain in the water after filtration. Gaseous chlorine or chlorine compounds are generally used in the disinfections. The chlorine dose must be sufficient to leave sufficient free chlorine in the reticulation system.

- **pH Adjustment**

  The last process in water treatment is conditioning to adjust the pH of treated water to prevent corrosion and to prevent leaching of lime from cement linings of pipes and fittings. Lime or soda ash is used in this process.

Distribution

Treated water is pumped to a balancing reservoir of sufficient height to facilitate distribution by gravity to service reservoirs in various demand centres. The capacity of the balancing reservoir must be sufficient to balance the inflows and outflows of water. As a general rule, a storage capacity of four to six hours is sufficient. Service reservoirs supplying water to various demand centres must have a storage capacity of 24 hours. In areas where water is unable to be supplied by gravity, booster pumping systems are used.

We also distribute treated water sourced from third parties to end-consumers. In the first half of 2012, we produced approximately 30% of our treated water, purchased approximately 70% of our treated water from the State Government of Johor, who sourced approximately 65% of the treated water from bulk water suppliers and the remaining 5% from PUB. Beginning 1 July 2012, we have increased our own production of treated water as a result of us having taken over the operation of two water treatment plants from one of the State Government of Johor's bulk water suppliers following the expiration of a legacy bulk water supply concession from that supplier on 30 June 2012. On 1 July 2014, upon expiration of the State Government of Johor's remaining legacy bulk water supplier's concession, we took over the operations of the remaining water treatment plants that were previously operated by the bulk water supplier. We currently produce approximately 95% of our treated water and purchase approximately 5% from the State Government of Johor, who sources treated water from PUB.

(b) Restructuring of the water services industry

As part of the Government's restructuring of the water services industry, the Water Services Industry Act was enacted in 2006, establishing a new regulatory framework for the Malaysian water supply industry. The Water Services Industry Act outlines the water policy, licensing and regulatory framework for all of the states in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan as well as the powers and functions of SPAN, the Malaysian National Water Services Commission.

As part of this restructuring, a water asset management company known as PAAB, a wholly-owned subsidiary of the Minister of Finance Incorporated, was established in May 2006 to acquire the existing water infrastructure (e.g., water treatment plants, reservoirs, pumping stations, distribution networks, etc.) and/or build new water assets that will be leased to water service operators, and to obtain competitive financing for the development of the nation's water assets. Pursuant to the Water Services Industry Act, no new water services concessions will be granted and existing water operators are given an option either to migrate from the old concession-based system to a new licensing regime, under which licences are granted by the Minister of Energy, Green Technology and Water, Malaysia upon the recommendation of SPAN, or to remain as concession holders.

Prior to the restructuring of the water services industry, in April 1999, SAJH was granted a 30-year concession from the State Government of Johor to provide source-to-tap water supply services to end-customers under the previous regulatory regime. SAJH's 30-year concession took effect in March 2000. Under the concession terms, SAJH was required to continuously invest in water assets to meet the continuous demand for treated water, achieve the agreed service levels and reduce NRW.

With the implementation of the Water Services Industry Act, we chose to migrate to the new licensing regime, and in March 2009, SAJH and RUSB entered into a Master Agreement with the Federal Government of Malaysia, the State Government of Johor, SAJSB and PAAB, and a Facility Agreement entered into by SAJH with PAAB. Accordingly, SAJH's scope of work under the licensing regime is essentially the same as it was under the previous concession, except that PAAB now owns all existing water infrastructure assets in the State of Johor and has assumed all liabilities relating to the water infrastructure assets, and PAAB is now responsible for building and financing all new water infrastructure assets as and when detailed in a business plan submitted by SAJH and approved by SPAN.

SAJH terminated its concession with the State Government of Johor, transferred all of its water infrastructure assets, together with the corresponding liabilities, to PAAB and obtained the exclusive operating licence to continue providing water supply services to the entire State of Johor. The duration of SAJH's license for the second operating period, effective from 1 July 2012 to 31 December 2014, was less than 36 months pursuant to a request by SPAN that SAJH agree to a shorter licence period for the second operating period in order to standardise the cut-off date for all water companies' licences to 31 December. SAJH's licence has been renewed and it is currently operating in the third operating period to provide water supply services until 31 December 2017.

Pursuant to the Facility Agreement, SAJH has been granted the right to lease each of the existing and new water infrastructure assets from PAAB for a period of 30 years beginning 1 September 2009. Pursuant to the Water Supply Agreement, SAJH purchases raw water supply from the State Government of Johor and SAJH treats the raw water, distributes treated water to customers and also provides billing and collection services from customers for the water supplied.

For further information on the Master Agreement, the Facility Agreement and the Water Supply Agreement, refer to Sections 7.16.1, 7.16.2 and 7.16.3 of this Prospectus, respectively.

(c) KPIs and performance of our water supply business

Pursuant to the terms of the licence, SAJH is required to submit a new business plan to SPAN every three years, detailing the targets that SAJH is required to meet with respect to certain KPIs monitored by SPAN as well as the projected cost of meeting those targets.

Each business plan will also set out any new water infrastructure assets required to meet the anticipated growth in demand, as well as the scheduled capital expenditures that are expected to be incurred in order for SAJH to meet the applicable KPI requirements. The business plan will also set out proposed tariff increases, taking into consideration expected growth in demand for water and anticipated cost escalations, as necessary, to ensure that the business plan allows for the profit margin agreed upon between SAJH and the Government pursuant to the Master Agreement. SPAN will subsequently evaluate the business plan, including any proposed tariff increase, before approving the business plan.

We have complied with, among others, the following KPIs agreed with SPAN for our first operating period from 1 July 2009 to 30 June 2012:

No.	KPI	Target
1.	Supply coverage	100.0% urban, 99.5% rural
2.	Treated water quality compliance	95.0% to 99.9%
3.	Residual water pressure greater or equal to 10m not less than 8 hours a day	99.5%
4.	Water supply complaints response within 5 working days	97.0%
5.	Telephone complaints are answered within 30 seconds	92.0%
6.	Customer billing complaints received are responded to within working 3 days	97.0%
7.	Collection efficiency	99.5%
8.	Water loss (NRW)	29.0%

We have complied with, among others, the following KPIs agreed with SPAN for our second operating period from 1 July 2012 to 31 December 2014:

No.	KPI	Target
1.	Supply coverage	100.0% urban, 99.5% rural
2.	Treated water quality compliance	95.0% to 99.9%
3.	Residual water pressure greater or equal to 10m at meter position	95.0%
4.	Water supply complaints response within customer charter schedule	98.0%
5.	Telephone complaints are answered within 10 seconds	90.0%

No.	KPI	Target
6.	Customer billing complaints received are responded to within 24 hours	99.0%
7.	Collection efficiency	99.5%
8.	Water loss (NRW)	26.8%

The KPIs agreed with SPAN for our third operating period from 1 January 2015 to 31 December 2017 are set forth below.

No.	KPI	Target (2017)
1.	Supply coverage	100.0% urban, 99.5% rural
2.	Treated water quality compliance	95.0% to 99.9%
3.	Residual water pressure greater or equal to 10m	97.0%
4.	Water supply complaints response within customer charter schedule	99.0%
5.	Telephone complaints are answered within 10 seconds	92.0%
6.	Customer billing complaints received are responded to within 24 hours	99.0%
7.	Billing efficiency	99.5%
8.	Water loss (NRW)	24.8%

In addition, reducing water that has been produced but is lost before it reaches the customer (which we refer to as "**NRW**") is one of our most significant operating goals. Since the execution of our Johor concession agreement in 1999 and the commencement of our water supply concession in Johor in 2000, we have reduced state-wide NRW from above 40.0% in 1999 to 25.8% as at 30 November 2015. We have taken a wide variety of measures to reduce NRW, including GIS mapping of pipes and network modelling, setting up DMAs to identify the areas within the network that have the highest rates of leakage, web-based DMA monitoring and analysis or AquaSMART system, advance pressure management and control, network operation and maintenance, customer service and operation centre, identifying and eliminating pilferage, and replacing aged pipes and water meters.

To maintain the quality of treated water according to the Standard Drinking Water Guidelines, we have established 850 water sampling points in Johor, as well as a programme to clean 636 storage and service reservoirs in the State of Johor.

(ii) Water concession assets abroad

Outside Malaysia, through our joint venture the RWT (Cayman) Group, we operate various types of water treatment plants. Our strategy for our environment business outside Malaysia, notably China and Thailand, is purely asset ownership of the water, wastewater and reclaimed water treatment plants as we focus on project development and implementation in order to grow our water treatment capacity.

(a) China

For purposes of our water business in China, we typically enter into a MOU/investment agreement with the local authority or industrial park management council. The MOU/investment agreement will allow the RWT (Cayman) Group to undertake an investment evaluation and feasibility study on the project, which in turn would allow a special purpose company to participate in the tender to bid for the project competitively during a bidding process.

If we are successful in our bid, we enter into a concession agreement with the local authority or industrial park management council. Typically, we tender for concessions involving asset ownership and operations of water, wastewater and reclaim water treatment plants on a BOT basis. We then build the water treatment plants prior to the commencement of the water treatment concession and we operate and maintain the water treatment plants for the concession period. In respect of water treatment plants that are on a TOT basis, the water treatment plants are constructed by the local authority or government prior to transferring the asset to be operated and maintained by us.

For concessions on a BOT or TOT basis, ownership of the water treatment plants will be transferred to the local authority or industrial park management council at the end of the concession period.

Typically, the tariff rates for our concessions are reviewed periodically based on certain criteria set forth in the applicable concession agreement.

As at the LPD, we or our joint venture, Yichun Pinang, operate the following water concession assets in China:

- a 50.0 MLD water treatment plant in Yichun City, Jiangxi Province ("**Yichun Plant**") which commenced operations in 2006 on a BOT basis for a 29-year period;

- a 30.0 MLD wastewater treatment plant in Xiaolan, Jiangxi Province ("**Xiaolan Phase I Plant**") which commenced operations in 2009 on a BOT basis for a 29-year period;

- a 50.0 MLD wastewater treatment plant in Xiaolan, Jiangxi Province ("**Xiaolan Phase II Plant**") which commenced operations in 4th quarter of 2013 on a BOT basis for a 29-year period;

- a 30.0 MLD wastewater treatment plant in Hefei, Anhui Province ("**Hefei Plant**") which commenced operations in 2011 on a BOT basis for a 25-year period; and

- a 50.0 MLD wastewater treatment plant in Xinxiang, Henan Province ("**Xinxiang Plant**") which commenced operations in April 2013 on a TOT basis for a 28-year period;

As at the LPD, we have interests in the following water concession assets that have not yet commenced operations in China:

- a 30.0 MLD wastewater treatment plant pursuant to a concession agreement entered into in 2009 on a BOT basis for a 30-year period and a 30.0 MLD reclamation plant, which is operated pursuant to an agreement with a customer within the industrial park in Yingkou, Liaoning Province. These plants are expected to commence operations in 1st quarter of 2016;

- a 20.0 MLD wastewater treatment plant in Changfeng, Anhui Province, which is expected to commence operation in the 4th quarter of 2016 on a BOT basis for a 30-year period;

- a 5.0 MLD wastewater treatment plant in Yihuang, Jiangxi Province, which is expected to commence operation in the 1st quarter of 2016 on a BOT basis for a 29-year period;

- a 5.0 MLD wastewater treatment plant in Wanzai, Jiangxi Province, which is expected to commence operation in the 1st quarter of 2016 on a BOT basis for a 29-year period; and

- a 10.0 MLD wastewater treatment plant in Chongren, Jiangxi Province, which is expected to commence operation in the 2nd quarter of 2017 on a BOT basis for a 29-year period.

We either operate and maintain our wastewater treatment plants by ourselves or subcontract the day-to-day operations and maintenance of these plants to a third party, with the ownership to the wastewater treatment plants remaining with us.

For our China operations, we operate and maintain our potable water treatment plant and all our wastewater treatment plants, except for the Xiaolan Phase I Plant and Xiaolan Phase II Plant whose operations and maintenance we have outsourced to Shenzhen Fumei Environmental Technology Co. Ltd ("**Fumei**") through fixed three-year operation agreements. Under these agreements, Fumei is responsible for the day-to-day operations of these treatment plants. These arrangements enabled these plants to comply with the previously effective licensing requirement for the Qualification for Operating Environmental Pollution Treatment Facilities ("**Licensing Qualification**") required prior to commencement of wastewater treatment operations. In January 2014, the State Council of the PRC removed the Licensing Qualification. Given the benefits of our outsourcing arrangements, we have decided to continue to subcontract the day-to-day operations of Xiaolan Phase I Plant and Xiaolan Phase II Plant to Fumei. The operation of the Hefei Plant and Xinxiang Plant were previously outsourced to Fumei until the expiration of its operation agreements in June 2014 and August 2015, respectively. In view of the removal of the Licensing Qualification and the complexity of the wastewater to be treated for the Hefei Plant and the Xinxiang Plant, we decided to directly operate these plants.

As at LPD, RWT (Cayman) Group has the following existing MOUs and/or investment agreements in relation to several water and/or wastewater treatment projects in China:

- Investment agreement dated 30 August 2013 between RWHK and Yongxin County Liang Yi Park Construction and Development Co., Ltd. with respect to the BOT concession of 29 years for a 10.0 MLD wastewater treatment plant in Yongxin Industrial Park, Jiangxi Province, China;

- Investment agreement dated 21 April 2014 between RWHK and Yongfeng County People's Government with respect to the BOT concession of 29 years for a 10.0 MLD wastewater treatment plant in Yongfeng Industrial Park, Jiangxi Province, China; and

- Investment agreement dated 11 December 2014 between RWHK and Fuxin City Coal Chemical Industrial Park Management Council with respect to the BOT concession of 29 years for a 20.0 MLD wastewater treatment plant in Fuxin City Coal Chemical Industrial Park, Liaoning Province, China.

The status of the projects that are the subject of these MOUs and/or investment agreements are as follows:

Date of MOU/ investment agreement	Counterparty	Details	Status
30 August 2013	Yongxin County Liang Yi Park Construction and Development Co., Ltd.	• 10.0 MLD wastewater treatment plant on BOT basis	As advised by the local authority, there is no bidding process required for this project. As at the LPD, the terms of the BOT agreement are being negotiated with the local authority.
21 April 2014	Yongfeng County People's Government	• 10.0 MLD wastewater treatment plant on BOT basis	As advised by the local authority, there is no bidding process required for this project. As at the LPD, the terms of the BOT agreement are being negotiated with the local authority.
11 December 2014	Fuxin City Coal Chemical Industrial Park Management Council	• 20.0 MLD wastewater treatment plant on BOT basis	As advised by the local authority, there is no bidding process required for this project. As at the LPD, the terms of the BOT agreement are being negotiated with the local authority.

In addition, the tender for a 5.0 MLD wastewater treatment plant in Wen Chun Industrial Park, Jinxian County, Jiangxi Province, China was awarded by Jinxian County Development and Reform Commission to RWHK on 9 November 2014. As at the LPD, the terms of the BOT agreement are being negotiated with the local authority.

We believe that our competitive and cost-effective applications, which have been used to increase the efficiency of our water treatment plants, as explained in Section 7.2.3 of this Prospectus, provides us with a competitive edge over other bidders. In the event we fail to secure the abovementioned water and/or wastewater treatment projects, we will aggressively look for other opportunities in China, capitalising on the rising demand for water treatment capacity in China on the back of increased emphasis by the PRC Government on environment protection.

(b) Thailand

For purposes of our water business in Thailand, we typically seek opportunities with industrial park developers and other private enterprises. After ascertaining the prospective client's water and/or wastewater treatment requirements, we conduct preliminary investigations and prepare a technical and commercial proposal. If our proposal is acceptable to the prospective client, we negotiate and enter into a BOT, BTO or EPC contract.

We also receive invitations from developers and other parties to tender bids for certain water and wastewater treatment projects. Typically other water companies are also invited to make a tender. If we are successful in our bid, we enter into an agreement with the developer or project owner on a BOT, BTO or EPC basis.

Typically, the tariff rates for our concessions are reviewed annually based on certain criteria set forth in the applicable concession agreement.

As at the LPD, we have interests in the following water concession assets in Thailand:

- A BOT concession for a 10.5 MLD water treatment plant, a 24.0 MLD wastewater treatment plant and a 10.0 MLD reclamation plant in Amata Nakorn, which commenced operations in 2008 for a 20-year period. Amata Nakom's reclamation plant completed its upgrading work in the 4th quarter of 2014, upon which its concession period was extended from 20 years to 25 years;

- A BTO concession for a 10.5 MLD water treatment plant in Amata Nakorn, which commenced operations in 2003 for a 15-year period;

- A BTO concession for a 10.5 MLD water treatment plant and a 10.0 MLD wastewater treatment plant in Amata City, which commenced operations in 2002 for a 15-year period;

- A BOT concession for a 15.0 MLD water treatment plant in Amata City, which commenced operations in 2012 for a 20-year period;

- A BOT concession for a 1.5 MLD wastewater treatment plant at the Asian Institute of Technology, Pathumthani Province, which commenced operations in 2012 for a 8-year period; and

- A BOT concession for a 10.0 MLD wastewater treatment plant in Amata City, which commenced operations in 2015 for a 30-year period.

We will continue to solely manage all our water treatment plants in Thailand as we already have an established operation and maintenance team in

Thailand since 2000 and we are able to comply with the requirements of the local authorities.

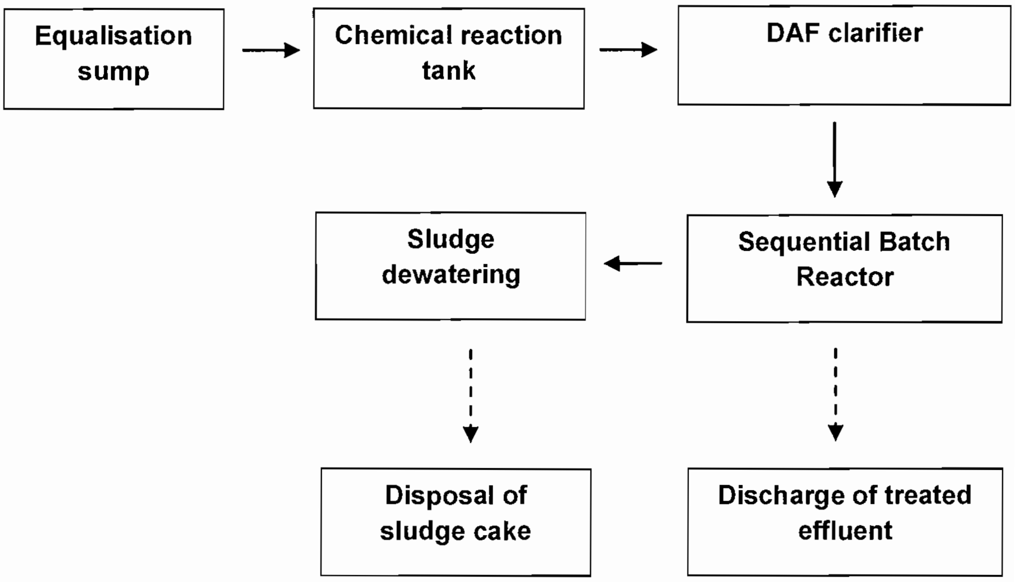
(c) Water Treatment Processes

The following is a description of our wastewater and potable water treatment process:

(1) Wastewater treatment process

In our wastewater treatment operations, we treat industrial wastewater released within an industrial park. We utilise a range of physical, biological and chemical processes in our treatment facilities for the removal of suspended solids, biodegradable organics, bacteria and nutrients in order to discharge the pre-agreed quality-compliant effluent back to the environment.

The process flow of our wastewater treatment plants is as follows:



Equalisation sump

The equalisation sump harmonises large variations in characteristics of incoming wastewater, aiding in the performance of the downstream treatment processes.

Chemical reaction tank

In the chemical reaction tank, processes related to the pH adjustment (for effective physiochemical treatment processes), and coagulation and flocculation prepare the water for easement of sedimentation and filtration. These processes are conducted by mixing the water with coagulant chemicals, which cause microscopic suspended pollutants to come together to form larger flocs.

Dissolved Air Floatation ("DAF") clarifier

Utilising floatation technology, flocculated wastewater combines with the dissolved air generated from the air generator, releasing surfacing micro-bubbles to carry suspended solids to the top for removal.

Sequential Batch Reactor ("SBR")

Specific bacteria are cultured to dissolve organic matters in the SBR system, which is made up of the following 5 sequential processes:

- Fill - From the DAF clarifier, wastewater flows in to fill the tank at between 20-30% of the total tank volume

- React and aerate - Air is supplied for aeration, and continues until complete biodegradation of organic matters is achieved. Once the substrate is fully consumed, famine occurs, resulting in elimination of microorganisms.

- Settle - Once the preset dissolved oxygen concentration is reached, the settling period begins, whereby solid separation takes place, leaving clear, treated effluent above the sludge blanket.

- Decant - The discharge valve opens and the clear effluent at the top of the tank is withdrawn without disturbing the settled sludge.

- Idle - The reactor stays idle, until influent is again fed into the tank and the cycle is repeated. Accumulated sludge in the tank is removed as required.

Sludge dewatering

Untreated sludge is dewatered, using either a filter press or centrifugal decanter to increase its solid concentration, forming sludge cake, prior to disposal.

(2) Reclaimed water treatment process

Our reclaimed water treatment operations include an additional stage of treatment of treated effluent following the wastewater treatment process described above, turning it into water fit for industrial use. Instead of channelling the treated effluent back to the environment, the treated effluent undergoes processes including fine clarification treatment, water polishing treatment, DAF clarification, ultrafiltration, reverse osmosis and disinfection to further remove suspended solids, biodegradable organics and pathogens not already removed during the wastewater treatment process. The treated reclaimed water is then recycled back to the industrial users for various usages in their operations.

(3) Potable water treatment process

Our potable water treatment operations include the purification of raw water to remove suspended solids, chemicals, biological entities, microorganisms and pathogens to produce water fit for human consumption. Our potable water treatment processes include inclined plate clarification, DAF clarification, sand media filtration and disinfection.

(iii) Other water-related businesses

We also provide EPC and consultancy services to clients in relation to various water-related projects. Representative projects are as follows:

Client	Nature of project	Location	Commencement date
State Economic Planning Unit of the Johor	Provision of design, construction, supply, delivery, installation, integration and testing for a project to supply raw water	Tanjung Langsat Industrial Area, Johor	March 2010 (completed in January 2011)
Lynas (M) Sdn Bhd	Provision of EPC services for a 12.0 MLD wastewater treatment plant	Gebeng, Pahang	July 2010 (completed in October 2013)
Hartalega Bhd	Provision of EPC services for water and wastewater treatment systems of various sizes	Bestari Jaya	May 2011 (completed in September 2012)
Jabatan Perkhidmatan Pembetungan	Rehabilitation of sewerage network	Kuala Lumpur	March 2012
PT Rekayasa Industri	Provision of EPC services for a wastewater treatment plant at Sabah Ammonia Urea Project	Sipitang Sabah	July 2012
Lembaga Air Perak	Construction of water intake and related works	Gunung Semanggol, Perak	April 2013
Lembaga Kemajuan Johor Tenggaral	Construction of reservoir and laying of reticulation pipe	Pengerang, Johor	July 2013 (completed in January 2015)
Lynas (M) Sdn Bhd	O&M of wastewater treatment plant	Gebeng, Kuantan	September 2013
IDX Multi Resources Sdn Bhd	Relocation of SAJH water pipe at Pasir Gudang Highway	Pasir Gudang, Johor	October 2013

Client	Nature of project	Location	Commencement date
WRP Asia Pacific Sdn. Bhd.	Laying of raw water transfer pipeline from river water intake station to water treatment plant and provision of EPC services for a 30 MLD water treatment plant	Sepang, Selangor	5 August 2015
WRP Asia Pacific Sdn. Bhd.	Construction of 30 MLD intake pump station	Sepang, Selangor	5 October 2015

We also provide specialised services in the management and optimisation of water utility assets through our wholly-owned subsidiary, RWSB. These include services related to NRW reduction, asset maintenance, billing systems, production management, water quality management, GIS and network modelling, network management, advanced pressure management and control and customer service and operation centres for clients in Malaysia and abroad, including the state water operators in the State of Johor, Melaka and Kedah, Terengganu, Kelantan, Pahang and Perak, the National Water Company of Saudi Arabia (in relation to projects in Riyadh and Madinah) and the World Bank (in relation to a project in Surabaya, Indonesia).

(iv) Customers

A substantial majority of the revenue of our environment business is derived from our operations in the State of Johor. For the years ended 31 December 2012, 2013 and 2014, our water supply business in Johor accounted for approximately 65.9%, 68.7% and 67.7%, respectively, of our total revenue. For the six months ended 30 June 2014 and 2015, our water supply business in Johor accounted for approximately 66.3 % and 73.4%, respectively, of our total revenue.

No single customer of our environment business has accounted for 10% or more of our total revenue for the years ended 31 December 2012, 2013 and 2014, and the six months ended 30 June 2014 and 2015. We believe we are not dependent on any single customer in our environment business.

(v) Suppliers

The following table sets forth the percentage of our total cost of sales accounted for by PAAB and the State Government of Johor, respectively, for the periods indicated:

Supplier	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	Percentage (%) of total cost of sales		
PAAB	23.9%	32.0%	27.8%
State Government of Johor	12.8%	5.5%	2.8%

Supplier	Six months ended 30 June 2014	2015
	Percentage (%) of total cost of sales	
PAAB	29.1%	39.2%
State Government of Johor	6.7%	3.5%

In our environment business, with the exception of the State Government of Johor and PAAB, whom we are dependent on, we are not dependent on any other supplier.

SAJH leases water infrastructure assets in Johor from PAAB and it purchases raw water and treated water from the State Government of Johor. Refer to Sections 7.5.2(i)(b), 7.16.2 and 7.16.3 of this Prospectus for further details on the Facility Agreement relating to the lease of PAAB water infrastructure assets and the Water Supply Agreement relating to the supply of raw water and treated water by the State Government of Johor.

(vi) Competition

In our environment business, we face competition in three key categories: contracts for new concessions for water-related assets outside of Malaysia, EPC contracts and contracts for water management services (such as NRW reduction related services) within and outside of Malaysia.

Our key competitors for non-Malaysian concession-related businesses in Asia are Veolia Environnement S.A., Suez S.A., Salcon Berhad, Manila Water Company, Inc. and Biwater Holdings Ltd., and, particularly in China, Sound Environmental Resources Co., Ltd (桑德环境资源股份有限公司), Beijing Origin Water Technology Co., Ltd (北京碧水源科技股份有限公司), Beijing Enterprises Water Group Limited (北控水务集团有限公司), Qinghua Ziguang Company (清华紫光公司), Singapore Waterworks (新加坡水务), Guozhen Company (国珍公司), Liaoning Environmental Company (辽宁省环保公司), Tianjin Water Company (天津水务公司); and Shanghai Tongji University Environmental Company (上海同济大学环保公司).

Our key competitors for EPC-related works are Salcon Berhad, Puncak Niaga Sdn Bhd, George Kent (Malaysia) Berhad, Jaks Resources Berhad, Hatimuda Sdn Bhd and Asia Baru Construction Sdn Bhd for works within Malaysia, and Veolia Environnement S.A. and Suez S.A. for works outside of Malaysia, as well as local players located in the relevant jurisdiction.

Our key competitors in respect of water management services (being mainly NRW reduction related services) are Hatimuda Sdn Bhd, Jalur Cahaya Sdn Bhd, Salcon Berhad, i20 Sdn Bhd and Radcom Sdn Bhd for works within Malaysia, and Veolia Environnement S.A., Suez S.A. Miya and Manila Water Company, Inc. for works outside of Malaysia. Our assessment of these players as our key competitors in each relevant category is based on the participation of such parties in local and international tender processes for contracts within and outside of Malaysia over the past 10 years.

7.6 Sales and marketing

In our environment business, we seek to market our services through a variety of measures, including: (i) arranging for visits by the media and clients/potential clients to some of our operational sites for them to see our capabilities first-hand; (ii) working closely with the Malaysian Water Association; (iii) identifying and developing strategic partnerships to pursue projects in other countries; and (iv) implementing an appropriate media communications strategy. As our power business has only one customer, it does not actively market its services at present.

7.7 Business interruptions

The RPII power plant was running at half capacity of 95 MW for 79 days from 5 December 2012 to 21 February 2013 due to the failure of one of its gas turbine generators as a result of damage to its compressor blades and stator vanes. A new compressor rotor was delivered to the RPII power plant on 29 December 2012, which was followed by retrofit work, re-balancing and shop tests on the new compressor rotor before it was assembled. The RPII power plant was restored to full combined-cycle configuration on 21 February 2013.

On 5 June 2013, we submitted the final insurance claim of RM19.5 million, the claimable portion out of the total cost of replacing the damaged compressor rotor and the estimated loss of revenue arising from the said failure of approximately RM31.1 million. In a final settlement, the insurance company paid RM15.0 million.

This incident reduced both the revenue of our power generation business and PATAMI of our Group for the year ended 31 December 2013 by approximately RM15.0 million and RM11.6 million, respectively.

On 17 October 2013, the RPI power plant, which was running on open cycle mode at 20MW load, tripped its high vibration alarm activation due to twisted and broken inlet guide vane blades and compressor blades. The RPI power plant was restored to full combined-cycle configuration on 9 December 2013. On 11 March 2014, RPI submitted an insurance claim of RM16.6 million based on actual costs of replacing the damaged parts of RM14.7 million and estimated loss of revenue of RM1.9 million. In final settlements in July and August 2014, the insurance company paid an aggregate of RM14.5 million, resulting in unreimbursed costs of RM1.0 million and uncompensated loss of revenue of RM1.1 million. This incident reduced the revenue of our power business and our PATAMI by approximately RM0.7 million and RM1.02 million, respectively, in the year ended 31 December 2013, and by approximately RM0.4 million and RM0.24 million, respectively, in the year ended 31 December 2014.

Other than the reduced revenue and PATAMI disclosed above, there are no other material implications resulting from the business interruptions described above. Sabah Electricity has not imposed any penalties on us in relation to the business interruptions described above.

There has not been any material interruption to our business activities during the past 12 months from the LPD.

7.8 Quality control and certification and recognition

We give high priority to quality control. Our businesses have received a variety of certifications in relation to their operations.

7.8.1 Power business

RPOM has received ISO 9001:2008 certification from SIRIM QAS International Sdn Bhd.

7.8.2 Environment business

SAJH has received numerous MS ISO 9001-2008 certifications relating to production of treated water from SIRIM QAS International Sdn Bhd and a number of MS ISO/IEC 17025 certificates of accreditation from Akreditasi SAMM Malaysia relating to field of testing (chemical and microbiology). SAJH has also received MS ISO/IEC 27001:2007 Information Security Management System (ISMS) certification and MS ISO 50001:2005 relating to energy management from SIRIM QAS International Sdn Bhd. RWSB and RWT have received ISO 9001:2008 certifications for Quality Management Systems.

7.9 Occupational safety and health and environment matters

We have comprehensive health, safety and environmental management policies and systems covering environmental protection and conservation, people safety, health and asset protection.

7.9.1 Occupational safety and health

The occupational safety and health of our employees, as well as safety and health of our customers, are of critical importance to us. We are required to comply with a range of health and safety laws and regulation that are designed to protect workers, customers and consumers of our business. To comply with these regulations, we have developed specific operating and maintenance procedures and are required to maintain records and report data on a timely basis.

In our power business, our operations are subject to inspections by government authorities such as Department of Safety and Health, Department of Environment, EC, the Malaysian Fire and Rescue Department, SIRIM and Sabah Electricity. Our ongoing training programs apply to all shifts of our power generation processes to ensure safe and clean conditions for our power generation facilities. We hold regular safety awareness meetings, and we conduct walk-through inspections to verify safety conditions and employee activities.

In our environment business, we seek to ensure that employees, customers and contractors are able to deliver services in line with international safety standards. Our safety management system was awarded an OHSAS 18001:2007 certificate by SIRIM International in 2010.

7.9.2 Environmental compliance

We are subject to extensive and changing laws and regulations designed to protect and preserve the environment, including laws and regulations that relate to air, soil, and water, hazardous waste management, limitations on the discharge of pollutants and standards for the treatment, storage and disposal of toxic and hazardous wastes. From time to time, there may be incidents of violations of such regulations. Refer to Section 5.1.2(vii) of this Prospectus.

In Malaysia, the Environmental Quality Act 1994 ("**EQA**)" and the Petroleum (Safety Measures) Act 1984 are the principal regulations for the prevention, abatement and control of pollution and the protection of the environment. Under the EQA, we are required to carry out an EIA and obtain approval of the results of the EIA from the Department of Environment prior to commencing any major projects.

We are also subject to environmental laws and regulations in China in respect of our operations in several provinces of China. The major environmental laws and regulations applicable include the Environmental Impact Assessment Law, the Environmental Protection Law and the Water Pollution Prevention Law. Under the aforesaid laws, construction projects can only be put into operation after the environmental protection authority has examined and approved the pollution prevention facilities. We are also required to adopt effective measures to avoid and control the pollution and damage caused to the environment.

The principal environmental regulation in respect of our wastewater treatment business in Thailand is the Improvement and Conservation of National Environment Quality Act B.E. 2535 (1992) ("**Thai EQA**"). Under the Thai EQA, an EIA must be prepared and submitted to the Office of Natural Resources and Environmental Policy and Planning for approval before the commencement of any new wastewater treatment project. The Office of Natural Resources and Environmental Policy and Planning is the environmental compliance regulatory body in Thailand.

The design and construction of the treatment facilities belonging to our subsidiaries have taken into account applicable requirements pertaining to environmental pollution treatment facilities, pollutant discharge, safety conditions in relation to the construction of chlorine chambers, and occupational diseases.

As at the LPD, there is no breach of any such regulations which has yet to be rectified by our Company or our subsidiaries that would have a material adverse effect on us.

7.10 Insurance and risk management

There are a number of risks associated with the operation of our business, including mechanical failure, third party liabilities, property loss or damage and business interruption. Through our insurance coverage we aim to preserve our assets and operations against risks in conducting our business.

In our power business, we maintain a comprehensive insurance programme covering our assets comprising all of our real and personal properties including buildings and other permanent fixtures, plant, machinery, equipment and inventories. The coverage is on an all-risks basis and provides for full replacement cost in the event of loss or damage, subject to the applicable standard policy conditions and exclusions. The coverage is for one year duration and is subject to annual renewal. We also maintain various other insurance policies including public liabilities, workmen's compensation, employee benefits, coverage for loss of revenue resulting from damage to assets and other coverage.

In our environment business, we have procured comprehensive insurance coverage to safeguard our assets, including buildings and structures, pipes, dams, reservoirs, water treatment plants, water pumping equipment, office equipment, lab equipment, recording instruments, telephone systems, furniture, fixtures and fittings, mobile equipment and inventories, as well as business interruption insurance. We also maintain various other insurance policies including industrial all risk, public liabilities and other coverage.

For the years ended 31 December 2012, 2013 and 2014, we paid an aggregate of RM5.5 million, RM8.1 million and RM9.3 million, respectively, in insurance policy premiums. For the six months ended 30 June 2014 and 2015, we paid an aggregate of RM4.9 million and RM6.2 million, respectively, in insurance policy premiums.

7.11 Employees

The following table sets forth the total number of our employees as at the dates indicated.

	As at 31 December			As at the LPD
Category of employees	**2012**	**2013**	**2014**	**2015**
Executive directors and senior management	25	26	37	33
Managerial and professional	92	114	173	168
Executive	378	364	345	356
Non-executive	2,205	2,282	2,495	2,556
Total	**2,700**	**2,786**	**3,050**	**3,113**

The following table provides a breakdown of the number of employees by business as at the dates indicated.

	As at 31 December			As at the LPD
Business	**2012**	**2013**	**2014**	**2015**
Power	130	133	135	142
Environment	2,570	2,653	2,915	2,971
Total	**2,700**	**2,786**	**3,050**	**3,113**

The following table provides a breakdown of the number employees by geographical areas as at the dates indicated.

	As at 31 December			As at the LPD
Geographical	**2012**	**2013**	**2014**	**2015**
Malaysia	2,516	2,660	2,913	2,920
China	117	55	61	109
Thailand	67	71	76	84
Total	**2,700**	**2,786**	**3,050**	**3,113**

As at the LPD, we employed a total of 2,745 permanent staff and 368 contract staff. Permanent staff generally includes executive directors, senior management, executives and non-executives, while our contract staff generally includes consultants, specialist project managers and site supervision staff.

The number of our employees in Malaysia increased from 2,660 as at 31 December 2013 to 2,913 as at 31 December 2014, mainly because we took over the operations of the remaining water treatment plants that were previously operated by the bulk water supplier upon expiration of the State Government of Johor's remaining legacy bulk water supplier's concession in 2014.

The number of our employees in China decreased to 55 as at 31 December 2013, compared to 117 as at 31 December 2012, mainly because we outsourced the day-to-day operations and maintenance of the Xiaolan Phase I Plant, Xiaolan Phase II Plant and the Xinxiang Plant to Fumei in 2013. The number of our employee in China increased to 109 as at the LPD compared to 61 as at 31 December 2014, mainly because we took over the operation and maintenance of the Xinxiang Plant after the termination of its outsourcing agreement with Fumei in 1 August 2015.

Malaysian employment regulations require employers and employees to contribute to the EPF to provide for the retirement and other needs of employees. Under present regulations, employees contribute 11% of their monthly salary to the EPF through payroll deductions. Employers are required to contribute a minimum amount equivalent to 12% of an employee's monthly salary to the EPF. Under employment contracts and collective agreements entered into by us, we contribute 12% of the employees' salaries to the EPF (or 13% with respect to employees earning less than RM5,000 per month).

In our environment business, we have a defined benefit retirement scheme for employees hired before April 1999. Our total provision for retirement benefits as at 30 June 2015 with respect to this scheme was RM4.5 million. For further information concerning this scheme, refer to Note 25 of the Accountants' Report as set out in Section 11.2 of this Prospectus.

Other than our contributions to the EPF and the employee retirement benefit scheme of our environment business, we do not maintain any other retirement, pension or severance plans or have any unfunded pension liabilities, nor do we owe any amounts to any present or former employees not in the ordinary course of business operations.

As at the LPD, approximately 45.6% of our employees were unionised, all of whom are employees of SAJH, and SAJH has entered into a collective bargaining agreement with the labour union of SAJH (namely Kesatuan Pekerja-Pekerja SAJH Sdn Bhd (Bukan Eksekutif)) representing its employees which will be in effect from 1 January 2013 through 31 December 2015 ("**2013 CBA**"). The terms of this agreement will govern the relationship between the union and SAJH. Under this agreement, the union is recognised as the sole representative body for the non-executive employees of SAJH, and reserves the right to raise issues relating directly to the terms of employment of such employees, such as wages and other terms and conditions. The agreement also sets out, among others, the terms and conditions relating to matters such as criteria for employment, increments, working hours and overtime, the provision of accommodation to employees and leave. SAJH is also required to form a committee relating to industry, health and environment to ensure that the levels of industrial safety are maintained. We are currently negotiating the terms of a new collective bargaining agreement with Kesatuan Pekerja-Pekerja SAJH Sdn Bhd (Bukan Eksekutif). We expect such negotiations to be completed in the first half of 2016. Pending the execution of a new collective bargaining agreement, the terms of the 2013 CBA shall continue to be in effect. We have not experienced any strikes or work stoppages in the past, and we also have not experienced any significant problems with employee labour unions. We believe that our relations with these labour unions are cordial.

Regulations in China require PRC companies to participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, and a maternity insurance plan, and a housing provident fund. PRC companies are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of the employees up to a maximum amount specified by the relevant local government from time to time.

The Social Security Act, B.E. 2533 of Thailand (the "**Social Security Law**") requires employers, employees, and the government to contribute to the social security fund (the "**Social Security Fund**") at the rates and in the circumstances prescribed in the Social Security Law. Employees, who participate in the Social Security Fund, will be entitled to compensation in the event of injury, illness or death which is not related to work, childbirth, or disability. The Social Security Office of Thailand is responsible for the administration of the Social Security Fund. As at the LPD, the employees of RWT (Thai) and AnuRAK make a monthly contribution to the Social Security Fund equivalent to 5% of the relevant employee's monthly salary, subject to a maximum amount of Baht 750 per month, and the employers, RWT (Thai) or AnuRAK, as applicable, and the government each make a matching contribution to the Social Security Fund at the same rate.

In addition, regulations in Thailand require employers to participate in the Workmen's Compensation Fund, which was established under the Workmen's Compensation Act, B.E. 2537 of Thailand (the "**Workmen's Compensation Law**"). The Workmen's Compensation Fund was established to ensure that proper compensation will be paid to employees when the employees suffer from injury, sickness, death and other events due to work-related causes specified under the Workmen's Compensation Law. The rate of the annual contribution will be as prescribed by the Ministry of Labour and Social Welfare of Thailand, which shall not be more than 5% of the annual salary of all the employees of the relevant employer. The maximum annual salary of each employee for the purpose of this calculation is Baht 240,000 per employee per year.

As at the LPD, there is no non-compliance by our Company or our subsidiaries with applicable employment regulations in Malaysia, China and Thailand that would have a material adverse effect on us.

7.12 Research and development

We have not undertaken any proprietary basic research and development in the last three years. However, we maintain a close working relationship with our suppliers of technology.

7.13 Technology

(i) Power business

The generation process uses mechanical energy to rotate the power generator turbines. Refer to Section 7.5.1(iv) of this Prospectus for further details on the electricity production process.

(ii) Environment business

For water business, there are several methods and technologies that are available and are used worldwide for treating raw water into drinking quality or industrial wastewater. Refer to Sections 7.5.2(i)(a) and 7.5.2(ii)(c) of this Prospectus for further details on the application of the methods applied by our Group for water and wastewater treatment process.

In addition, AquaSMART system is a web-base application system developed as an operational tool and has become an integral component of the NRW reduction strategy. This system is an internal NRW resource developed in-house to provide effective monitoring and decision support for the NRW business. This effective monitoring and decision support helps the NRW business to meet its targets and allocate its resources effectively and efficiently, thereby creating a competitive advantage for the NRW business. This system performs as a data storage management system for data capture, input, handling and monitoring of DMA's field data for the any given project.

The AquaSMART system links all of the DMA's raw data collected (from any software) and creates reports at the click of a button. It is a simple and useful tool for DMA monitoring, either for a long term or on a daily basis, which would save data analyst a significant amount of time.

The NRW business does not sell AquaSMART as a standalone product. As a result, no revenue or income is generated directly from AquaSMART. Rather, the NRW business utilises AquaSMART as an internal monitoring and decision-making resource that helps RWSB to achieve client targets and optimise its costs.

7.14 Corporate social responsibility

We are committed to fulfilling our corporate social responsibility.

In our power business, we pursue all of our business activities in accordance with the following principles: providing safe and stable products and services; protecting the environment; contributing to the society and local communities; and creating good workplace environments. We continue to create and participate in community related projects that enable us to share our insights, knowledge and technologies. In our effort to improve the life and living standard of the under-privileged, especially those from the surrounding community, we have provided internships to more than 20 local students annually from the surrounding technical institutions (i.e. polytechnics and universities), which have led some to be permanently employed in our power plants.

On 10 October 2012, we completed a corporate social responsibility involving a micro-hydro project at a remote village named Kampung Babalitan, Pensiangan, Sabah to provide for 5 kW of electric power generation for the indigenous people of Murut tribe consisting of about 45 families. Prior to this corporate project, the villagers were dependent on portable diesel generators which are costly and not environmentally friendly. The micro-hydro project uses water as fuel and consists of a turbine generator set, control panel and ancillary equipment including water storage tanks. The micro-hydro project can supply continuous reliable electricity to the villagers of Kampung Babalitan.

In our environment business, as an international corporate citizen, we pursue our business activities in line with the principles of the United Nations Global Compact, to which we became a signatory in August 2008. Since becoming a signatory, we have taken leadership roles in the pursuit of such principles by being elected to the Steering Committee of the Global Compact Network Malaysia and the Chief Executive Officer Water Mandate. In this endeavour, we have collaborated with regional utilities through partnerships with the World Bank and Environmental Cooperation Asia, pursuant to which we share our experiences and best practices, as well as help implement measures to improve water service delivery, with the aim of contributing to the realization of the Millennium Development Goal No. 7: halving the proportion of the population without sustainable access to safe drinking water by 2015.

We have executed eight twinning programmes with utilities from India, the Philippines, Vietnam, Thailand and Indonesia. In addition, SAJH is one of the founding members of the Bonn Network, an international group of water suppliers under the purview of International Water Association, committed to providing good, safe drinking water.

In our operations in Johor, SAJH carries out elements of operational efficiency such as monitoring of energy consumption, continuous monitoring of water quality as well as detecting pollution and providing sludge treatment for plants larger than 5 Mgd. These sludge treatment facilities ensure minimisation of pollutant discharged to the environment.

In the State of Johor, we provide free installation and supply of water for low income residents.

We carry out the School Education Programme pursuant to which we provide briefings to schools to teach school children about the water treatment process and inform them of water conservation tips, assist natural disaster victims through among other things, donations in kind, volunteering, 24-hour standby at relief centres, deployment of water tankers and potable water treatment plants during droughts.

Within the congenial working environment, we have achieved success through the implementation of knowledge management programmes to capture tacit knowledge from experienced employees, and these are kept as manuals on our web portal i-water.com.my. We have also set up the Water Academy, the first of its kind in Malaysia, which employs qualified trainers providing internal and external technical training at its training centre in Sungai Layang, Johor.

7.15 Seasonality

Our business is not subject to seasonal fluctuations.

7.16 Highly dependent contracts

As at the LPD, save as disclosed below, there are no material contracts, agreements, arrangements or other matters which had been entered into by us which we are highly dependent on:

7.16.1 Master Agreement

The Master Agreement was entered into between the Government, the State Government of Johor, SAJSB, RUSB, PAAB and SAJH on 11 March 2009. This Master Agreement was entered into for the purposes of restructuring the water assets and liabilities in the State of Johor arising from the enactment of the Water Services Industry Act.

Arising from the Master Agreement, SAJH terminated the concession agreement and the water supply agreement with the State Government of Johor, all the existing water assets were reverted to the State Government of Johor and SAJH novated all its rights and obligations under its debt relating to the water assets and the capital works to PAAB. In consideration of this, amongst others, SAJH was granted the licence to provide water supply services throughout the State of Johor.

The Master Agreement also provides for SAJH to enjoy a reasonable return at an average profit after tax margin of 9% for the first three years commencing from the date of completion of the Migration and thereafter at a reasonable return as may be approved by the Government, subject to SAJH complying with the agreed KPI. In the event SAJH fails to achieve reasonable return due to the Government's failure to increase the water tariff as projected in the approved business plan or any increase in the unit price of electricity exceeding 15%, then the Government shall assist SAJH to recover such losses.

Other matters set out in the Master Agreement include:

(i) an obligation on SAJH to allocate 20% of its issued share capital at par value to the State Government of Johor with an option to further increase the State Government of Johor's shareholding;

(ii) an obligation on the State Government of Johor and SAJSB to transfer all assets relating to the water supply services in the State of Johor, save for those owned or operated by the independent bulk water supplier, to PAAB and to grant unlimited access;

(iii) an obligation on the State Government of Johor to grant access and use of all land relating to the water assets to PAAB; and

(iv) an obligation on the State Government of Johor to maintain the watercourse and ensure the uninterrupted supply of raw water to SAJH.

Any dispute which may arise under the Master Agreement is to be settled amicably between the parties, failing which such dispute shall be referred to a Dispute Resolution Committee. If the Dispute Resolution Committee fails to resolve the dispute or any party concerned is not satisfied with the decision made by the Dispute Resolution Committee, then any such party shall have the right to exercise all or any of the remedies available whether by Master Agreement or by statute or otherwise.

There is no expiry date or term / duration for the Master Agreement. However, the Master Agreement may be terminated due to a breach by any of the parties or due to the occurrence of a force majeure event and subject to the mutual agreement of all parties.

7.16.2 Facility Agreement

The Facility Agreement was entered into between PAAB and SAJH on 11 March 2009. Pursuant to the Facility Agreement, PAAB is obliged to grant to SAJH the right of use over all water assets and new water assets owned by PAAB in the State of Johor (the "**Right of Use**") for a period of 30 years, subject to renewal on terms to be mutually agreed by the parties. In respect of each new water assets, PAAB and SAJH will enter into a supplemental agreement to the Facility Agreement, setting out the description of the new assets and the rental payable in relation thereto.

In consideration of the Right of Use granted to SAJH, it will pay to PAAB rental based on the total investment outlay of the water assets, at an annual charge rate of 6%, escalating at 2.5% per annum for 30 years. Save for the rental provided for by the supplemental facility agreement dated 6 November 2009, of which the rental is calculated based on the total investment outlay of the water assets at an annual charge rate of 3% per annum for 33 years, the rental payable for new water assets shall also be calculated at the same annual charge rate as aforesaid, but subject to review by SPAN at any time SPAN shall deem fit. Refer to Section 10.2.3(ii)(b) of this Prospectus for details on changes to the annual charge rate payable by SAJH to PAAB for use of the water assets.

The rental is payable by SAJH to PAAB on a monthly basis. An account has been opened such that all monies collected from the consumers will be deposited. This account is assigned to PAAB as security for the payment of the rental. Notwithstanding this, SAJH is permitted to withdraw any monies from the account so long as it is not in default of the Facility Agreement.

The Facility Agreement provides for PAAB to construct, upgrade and refurbish water assets and new water assets as may be required by SAJH so as to enable it to perform all its obligations and duties under the license.

If either party defaults under the Facility Agreement, then the non-defaulting party may, subject to it giving 14 days' notice, terminate the Facility Agreement and thereafter it shall have the right to exercise all or any of the remedies available whether by the Facility Agreement or by statute or otherwise to claim for all losses and damages suffered by the non-defaulting party as a result of such breach.

7.16.3 Water Supply Agreement

The Water Supply Agreement was entered into on 9 July 2009, between the State Government of Johor, SAJSB, RUSB and SAJH. The Water Supply Agreement became effective on the completion of the migration under the Master Agreement.

Pursuant to the Water Supply Agreement, SAJH has agreed to purchase treated water from the State Government of Johor and SAJSB which are generated from the existing bulk water supplier and PUB on a back-to-back basis (collectively the "**Bulk Water Suppliers**"). The treated water purchased by SAJH shall be as required by SAJH provided that such quantity is not more or less than the quantity that SAJSB and the State Government of Johor is obligated to purchase from the Bulk Water Suppliers.

The quality of treated water supplied to SAJH must comply with the mandatory standards based on the National Standard for Drinking Water Quality issued by the Ministry of Health or such other guidelines as may be issued by the said ministry or other governmental agencies or other relevant authorities, provided that the chlorine residual level at each delivery point shall be in the range of 1.5 mg/l and 2.0 mg/l. SAJH has the right to request that the State Government of Johor increase the chlorine level at any water treatment facilities in case of emergency, at SAJH's costs.

If the treated water supplied to SAJH is suspended or is not in compliance with the agreed water quality standards, SAJH may take action to overcome or alleviate any resulting water shortage in which event SAJH shall be reimbursed for all costs incurred by SAJH in taking such actions. Such costs incurred may be recoverable by SAJH by deducting the same from any money or moneys due or become due to the State Government of Johor under the Water Supply Agreement.

SAJH is obligated to pay the State Government of Johor and SAJSB for the purchase of treated water, calculated based on the bulk sale rate payable by the State Government of Johor or SAJSB to the Bulk Water Suppliers.

Further, the Water Supply Agreement requires the State Government of Johor to grant to SAJH the right to abstract and draw water from the catchment areas so long as SAJH remains a service licensee under the Water Services Industry Act. The total quantity of raw water abstracted by SAJH for each month shall be equivalent to the quantity of treated water produced by SAJH plus 7.0% as in-plant usage and the price payable by SAJH for the raw water shall be at the rate of 5.0 sen/per cubic meter for the first 10 years commencing from the commencement date and thereafter escalated annually at consumer price index.

The State Government of Johor shall, at its own costs, retain, manage and preserve all catchment areas and ensure that there shall be sufficient supply of raw water and the quality of raw water supplied is in accordance with the Desirable Raw Water Standard as set out in the Water Supply Agreement. The State Government of Johor is required to take all steps or actions to overcome any shortfall or deterioration of raw water due to pollution or contamination beyond the control of SAJH, failing which it shall be obliged to compensate SAJH.

In the event of a breach by any party under the Water Supply Agreement, the non-defaulting party may terminate the Water Supply Agreement and thereafter may exercise all or any of the remedies available to it whether by the Water Supply Agreement or by statute or otherwise and to claim for all losses and damages suffered by the non-defaulting party as a result of such breach by the defaulting party.

There is no expiry date or term / duration for the Water Supply Agreement. However, the Water Supply Agreement may be terminated due to a breach by any of the parties or due to the occurrence of a force majeure event.

7.16.4 RPI PPA

The RPI PPA was entered into between RPI and Sabah Electricity for the sale of generating capacity and electrical energy from the power plant located in Kota Kinabalu Sabah on 9 December 2004. The RPI PPA provides that RPI is to convert the electricity generating facility (the "**RPI Facility**") which was initially operated on an open cycle mode with a dependable capacity of 120 MW by the design, construction, integration into the existing facility and commissioning of four heat recovery steam generators and two steam turbine generators so as to enable the said RPI Facility to operate on a combined cycle mode with a dependable capacity of 190 MW (the "**Combined Cycle Facility**").

The RPI PPA provides for an initial term period to become effective on the date of the RPI PPA and expires on the 21st anniversary of the second block COD, of the Combined Cycle Facility, the date on which all the conditions precedent have been fulfilled (the "**RPI Term**"). The RPI Term may be extended at the request of either party, subject to the parties agreeing to the extension not later than one year prior to the expiry of the RPI Term.

The principal sale and purchase obligations of both RPI and Sabah Electricity are as follows:

(i) RPI shall not, without prior consent of Sabah Electricity and the EC, sell any electrical energy or capacity from the Combined Cycle Facility to any party other than Sabah Electricity;

(ii) RPI shall deliver and Sabah Electricity shall purchase a level of dependable capacity up to 190 MW; and

(iii) in situations where the safety or security of Sabah Electricity's system is threatened, RPI shall use its reasonable efforts to provide electrical energy or capacity consistent with prudent utility practices and/or to delay or to bring forward any scheduled outage, maintenance outage and major overhaul outage of the Combined Cycle Facility.

Notwithstanding the above, Sabah Electricity is entitled not to accept electrical energy from RPI due the following circumstances:

(i) the occurrence of a situation which presents a physical threat or danger to life, health or property or could cause a significant disruption on Sabah Electricity's system;

(ii) during the period where Sabah Electricity conducts maintenance of the interconnection facilities, metering equipment and adjacent transmission or distribution facilities; or

(iii) RPI fails to produce electrical energy which meets the agreed specification.

The RPI PPA provides for Sabah Electricity to pay RPI the following:

(i) test energy payment for the electrical energy despatched during the test period;

(ii) capacity payment for the dependable capacity made available to Sabah Electricity; and

(iii) in respect of the supply of electrical energy generated from each block, the energy payment. Energy payments received in respect of the sale of electrical energy are determined by the net energy output generated from each block delivered to the interconnection point during the billing period, RPI's fuel cost and the variable operating rate. RPI will absorb any additional fuel costs incurred in the event the heat rate exceeds certain permitted rate.

All payments made by Sabah Electricity to RPI are determined based on formula set out in the RPI PPA, subject to variation of certain factors such as the operating rate, the indexable fixed charge and maintenance charges.

In the event of force majeure, the parties shall only be able to excuse their obligations under the RPI PPA that occurs or is in effect after the second block COD. No obligations of the parties that are required to be completely performed prior to the occurrence of a force majeure event shall be excused as a result of such occurrence and the obligation of the parties to pay money which is due prior to such occurrence or during the continuance of such force majeure event shall not be excused.

In the event of default and if the operation of the Combined Cycle Facility is not assumed by its financiers, Sabah Electricity shall have the right to assume the operational obligations of RPI in relation to the Combined Cycle Facility.

In the event of default, the non-defaulting party may terminate the RPI PPA by giving 60 days' notice to the defaulting party and thereafter, either party may claim against the other party and exercise any rights or remedies available to them at law or equity for the breach of the RPI PPA by the other party, save for any indirect, incidental consequential or punitive damages as a result of non-performance of any party, including failure to deliver or purchase electrical energy under the RPI PPA.

The RPI PPA further provides that Sabah Electricity has an option to purchase the Combined Cycle Facility from RPI prior to the expiry of the RPI Term or after the early termination of the RPI PPA. Upon the receipt of the notice, the parties shall negotiate the terms of the purchase pursuant to an agreed procedure and the purchase price shall be at the fair market value of the Combined Cycle Facility.

7.16.5 RPII PPA

A power purchase agreement was entered into between RPII and Sabah Electricity on 30 June 2006, as amended by a supplemental agreement dated 16 July 2008 for the sale of generating capacity and electrical energy from the power plant located in Kota Kinabalu Industrial Park, Sabah by RPII to Sabah Electricity. The RPII PPA provides that RPII is to design, own, operate and maintain an electricity generating facility with a nominal capacity of 190 MW, located at Kota Kinabalu Industrial Park, Sepangar Bay, Kota Kinabalu, Sabah ("**RPII Facility**") and to generate and deliver electrical energy and make generating capacity available to Sabah Electricity in accordance with the terms and conditions contained in the RPII PPA.

The RPII PPA becomes effective on the date all the conditions precedent are fulfilled and shall expire on the 21st anniversary of the COD of the RPII Facility (the "**RPII Term**"). The RPII Term may be extended at the request of either party, subject to the party giving the other written notice of such request of not less than three years, but not more than four years prior to the expiry of the RPII Term. If the parties fail to agree on the conditions and extension of the RPII Term, at the request of Sabah Electricity, then, RPII shall, at a consideration of RM10.00, transfer the RPII Facility and any other structures and facilities in relation thereto, including the site, to Sabah Electricity.

The principal sale and purchase obligations of both RPII and Sabah Electricity are as follows:

(i) all test energy generated during the period beginning from the date on which net electrical output is first generated and delivered to the grid system;

(ii) the net electrical output which is generated by the RPII Facility during the period beginning from the COD of the first unit and continuing throughout the RPII Term; and

(iii) the daily available capacity of the RPII Facility during the period beginning from the COD of the RPII Facility and continuing throughout the RPII Term.

In situations where the safety or security of the grid system is threatened, RPII is obliged, at the request of Sabah Electricity, to provide electrical energy or generating capacity above the declared daily available capacity and shall, if so requested by Sabah Electricity, reschedule any scheduled outage, maintenance outage and major overhaul outage of the RPII Facility.

Notwithstanding the above, Sabah Electricity is entitled not to accept the net electrical output energy from RPII due the following circumstances:

(i) the occurrence of an emergency condition as a result of which the grid system is unable to accept the net electrical output;

(ii) during the period where Sabah Electricity conducts maintenance of interconnection facilities, metering equipment or the grid system; or

(iii) where RPII fails to produce net electrical output which meet the agreed specification or electrical characteristic.

The RPII PPA provides for Sabah Electricity to pay RPII the following:

(i) test energy payment;

(ii) energy payments for the supply of net electrical output available to Sabah Electricity from the RPII Facility, starting from the COD for the first unit. Further energy payments received in respect of the sale of electrical energy are determined by the net energy output delivered to the interconnection point during the billing period. The energy payment consists of fuel cost and variable operating costs. RPII will absorb any additional fuel costs incurred in the event the heat rate exceeds certain guaranteed rate. Conversely, RPII will have to share any fuel cost savings with Sabah Electricity if the power plant operates below the guaranteed heat rates;

(iii) fixed operating payment, starting from the COD for the first unit;

(iv) available capacity payment in respect of the daily available capacity, starting from the COD of the RPII Facility; and

(v) a start-ups of the RPII Facility, starting from the COD.

Notwithstanding the above, RPII is required to pay to Sabah Electricity the costs saving it may receive as a result of reduction in the EPC contract price, O&M contract price and taxes. This amount shall be placed in an escrow account in the name of Sabah Electricity and in the event RPII incurs any additional cost in the O&M of the

RPII Facility, it may draw such amount in the escrow account to address the additional cost in the O&M of the RPII Facility.

Amongst others, any one of the following shall constitute an event of default by RPII:

(i) it fails to comply with any of its obligations under the RPII PPA;

(ii) it applies for or consent to the appointment of receiver, custodian, trustee or liquidators of all or substantial part of its property;

(iii) the licence is revoked, terminated or suspended; or

(iv) any of the following events occur prior to the 7th anniversary of the COD of the RPII Facility without the prior written approval of the Government:

 (a) it sells, conveys, transfers or otherwise disposes of the project or any material part or any interest in it to any other person or enters into an agreement to do so; or

 (b) any shareholder of RPII sells, transfers or otherwise disposes of any share of RPII or RGSB (including for this purpose the assignment of the beneficial interest therein the creation of any charge or other security interest over, such share or the renunciation or assignment of any right to receive or to subscribe for such share) or any interest in such share or enters into any agreement to do so; or

 (c) there is a change in control of RPII.

If an event of default occurs and is continuing, the non-defaulting party may terminate the RPII PPA by giving written notice of such breach and the non-defaulting party's intention to terminate the RPII PPA to the defaulting party. Sabah Electricity also has the step-in-right by written notice to assume operational responsibility for the power plant upon the occurrence and continuance of an event of default. Sabah Electricity's decision to operate the power plant shall not be seen as a transfer of title or RPII's obligations as owner.

If the RPII PPA is terminated due to RPII's default, then Sabah Electricity shall have the option to purchase the project from RPII at a price to be mutually agreed. On the other hand, if RPII terminates the RPII PPA due to Sabah Electricity's default, then RPII shall have the option to sell the project to Sabah Electricity at a price to be mutually agreed.

If there is a change in law which requires RPII to make any material capital improvement or other material modification to the RPII Facility, RPII and Sabah Electricity shall discuss in good faith.

Further, in the event the present structure of the electricity industry in Malaysia is revamped due to a setting up of other market system, the parties shall within six months negotiate in good faith the amendments to the RPII PPA to enable full participation by RPII in such restructured market, failing which Sabah Electricity shall be entitled to terminate the RPII PPA and purchase the project from RPII for an agreed price.

7.16.6 Site lease agreement for RPII

The agreement is entered into between RPII and Sabah Electricity on 18 December 2008 for the lease of two pieces of land known as (i) Lot 35, located within the

Industrial Zone 4 (IZ4) at the Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah measuring approximately 8.586 acres and (ii) Country Lease No. 015601653 and bearing Land Application No. 2007010138 for the lease period of 23 years commencing from the date the RPII PPA becomes effective. In the event the term for the RPII PPA is extended, then the lease period shall be extended accordingly, but subject to the review of the rental to be mutually agreed by the parties.

The rental payable by RPII to Sabah Electricity for the lease shall be RM10 only throughout the duration of the lease.

7.17 Summary of material properties

Details of material properties owned, leased or occupied by our Group, including land use rights that are in the process of renewal, are set out in Annexure A of this Prospectus.

7.18 Major licences and permits

Details of major licences and permits held by our Group, including licenses or permits that are in the process of renewal, are set out in Annexure B of this Prospectus.

7.19 Relevant laws and regulations governing our business

Details of the relevant laws and regulations governing our business are set out in Annexure C of this Prospectus.

7.20 Intellectual property

Our subsidiary RWT holds the trademark for "REVOCELL" and "REVOPLUS" in relation to certain water filter and water purification usages.

Except as disclosed above, as at the LPD, we do not have any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights.

7.21 Training and development programmes

We provide our employees with continuous training and development to enhance their skills and knowledge, with recommended courses, conferences, seminars and other training programmes. Some of the training programmes include teambuilding courses, management courses, industrial, safety and health programme and human capital development programme.

FROST & SULLIVAN

MSC MALAYSIA Status Company

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Date: 15 December 2015

The Board of Directors
Ranhill Holdings Berhad
Level 15, Wisma Perkeso
No. 155, Jalan Tun Razak
50450 Kuala Lumpur

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Power Generation Industry and Water Supply Services Industry in Malaysia and Brief Overview on the Water Supply Industry in China and Thailand

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Executive Summary of the Independent Market Research report on the power generation industry and water supply services industry in Malaysia and brief overview on the water supply industry in China and Thailand ("**the Report**") for inclusion in the Prospectus of Ranhill Holdings Berhad ("**Ranhill**") ("**Prospectus**") in relation to the public offering and the listing of and quotation for the entire enlarged issued and paid-up share capital of Ranhill on the Main Market of Bursa Malaysia Securities Berhad.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

This research is undertaken for the purpose of providing an overview on the power generation and water supply services industry in Malaysia as well as an analysis of the water supply industry in China and Thailand.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause Ranhill to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

June Liang
Senior Director
Head of Business Advisory, Malaysia

TABLE OF CONTENTS

1 ECONOMIC OUTLOOK

(Extracted from the Economic and Financial Developments in Malaysia in the Third Quarter of 2015, Bank Negara Malaysia)

The Malaysian economy recorded a growth of 4.7% in the third quarter of 2015 (2Q 2015: 4.9%), supported mainly by private sector demand. On the supply side, all economic sectors continued to expand during the quarter. On a quarter-on quarter seasonally-adjusted basis, the economy grew by 0.7% (2Q 2015: 1.1%). The private sector continued to be the key driver of growth during the quarter. Private investment grew by 5.5% (2Q 2015: 3.9%) driven by capital spending in the manufacturing and services sectors. Private consumption expanded at a more moderate rate of 4.1% (2Q 2015: 6.4%) as households continued to adjust to the implementation of the Goods and Services Tax (GST). Public investment turned around to record a positive growth due to the improvement in spending on fixed assets by both the Federal Government and public enterprises Meanwhile, public consumption growth moderated to 3.5% (2Q 2015: 6.8%) following the slower growth in both emoluments and supplies and services expenditure.

The Malaysian financial system remained resilient despite heightened volatility during the quarter. The domestic financial markets demonstrated continued resilience and orderly conditions, while sound financial institutions and ample banking system liquidity continued to lend support for financing to businesses and households. Fragile investor sentiment is expected to persist in the period ahead, with prospects of a repricing of risks continuing to weigh on sentiment. Domestic financial system stability is nonetheless expected to be maintained. This is underpinned by the strong financial buffers of financial institutions, a sustained focus on prudent risk-taking, especially among banks, and deep domestic financial markets. Debt servicing capacity of most borrowers remained intact, with the net impaired loans ratio unchanged at 1.2%.

Going forward, global growth is expected to remain moderate. While the major advanced economies continue to improve, the pace of recovery will be modest. In Asia, domestic demand is expected to continue to support growth. Downside risks to global growth remain high arising from the moderating growth momentum in a number of major economies, uncertainty surrounding energy and commodity prices and possible disorderly market conditions.

While downside risks to growth remain, the Malaysian economy is expected to expand within the region of 4.5 – 5.5% this year and 4 – 5% in 2016. As a result of structural adjustments that have been steadily undertaken over the years, the economy is now supported by diversified sources of growth. With the external sector performance expected to be modest, domestic demand will continue to be the main driver of growth, supported mainly by the private sector activity. In addition, the flexible exchange rate, deep and more mature financial markets and solid financial institutions will support this trend and ensure that shocks such as volatile capital flows are well intermediated, therefore minimising spillovers to the real economy.

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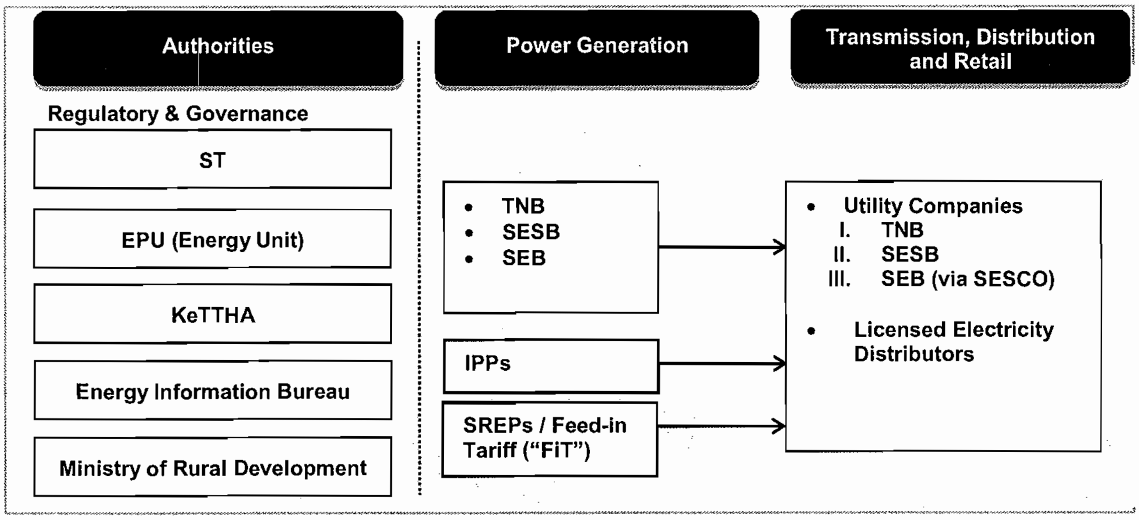
2 THE POWER GENERATION INDUSTRY

2.1 INTRODUCTION

2.1.1 Industry Background

The electricity supply industry in Malaysia is a large industry serving a combined consumer base from the residential, commercial, industrial and other sectors. In 2013, this industry's consumer base exceeded 9.0 million consumers[1], which consumed 123,076 Gigawatts per hour ("GWh")[2] of electricity throughout the year.

Figure 2:1: Electricity Supply Industry Structure in Malaysia, 2015



Note: Existing SREP are allowed to convert to the FiT systems under the Renewable Energy Act 2011.

Source: Frost & Sullivan

The Government of Malaysia monitors and closely regulates the electricity supply industry through the various Government of Malaysia agencies such as the Economic Planning Unit ("EPU") (Energy Unit), Ministry of Energy, Green Technology and Water ("KeTTHA"), Energy Information Bureau and ST, whereas the Public-Private Partnership Unit ("UKAS") under the Prime Minister Department, is responsible in facilitating the implementation of public-private partnerships ("PPPs") and privatisation policies. (The roles and responsibilities of these respective Government of Malaysia agencies are included in Section 2.2.8 Relevant Laws and Regulations).

2.1.2 IPP Value Chain

In general, power generation facilities that are dedicated to produce electricity for the national distribution are operated by the public utility companies, and complemented by Independent Power Producers ("IPPs") and Small Renewable Energy Producers ("SREPs"). IPPs and SREPs sell electricity to the utility companies to be sold to end users. Other private operator namely self-generators and co-generators generate electricity for their own consumption, and may sell excess electricity to the utility companies or on a need only basis.

IPPs are private entities which have been licensed to develop, finance, build, own and operate power plants. In Peninsular Malaysia and Sabah, each IPP will have a long term Power Purchase Agreement ("PPA") in place with a utility company, governing the sale or off-take of generated electricity between these two parties. In Sarawak, IPPs enter a PPA with the

[1] ST's Malaysia Energy Statistics Handbook 2014
[2] ST's National Energy Balance 2013

Sarawak State Government. IPPs are not licensed by the Government of Malaysia to transmit or distribute electricity to the population at large.

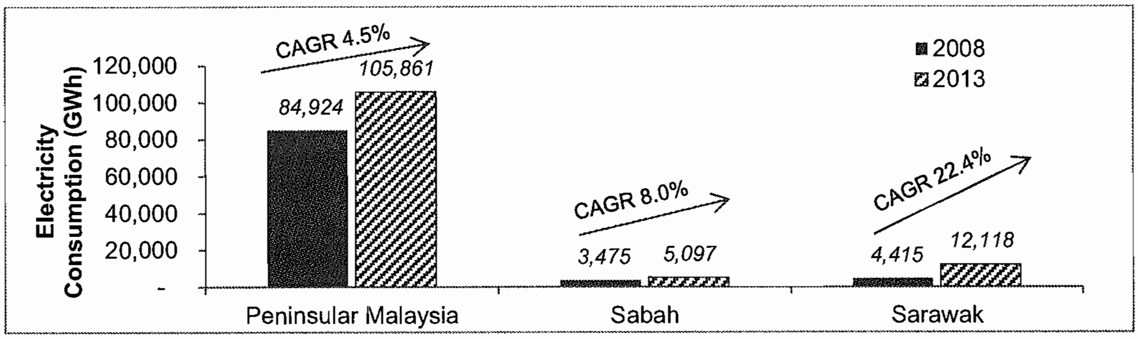
2.2 ANALYSIS OF THE POWER GENERATION INDUSTRY

2.2.1 Demand Conditions

2.2.1.1 Electricity Consumption in Malaysia

Peninsular Malaysia remains as the primary consumer of electricity in Malaysia. This region consumed 105,861 GWh in 2013, which was 86.0% of total electricity consumption nationwide. Electricity consumption in Sarawak totaled 12,118 GWh, which more than doubled that of Sabah at 5,097 GWh during the same period. Sarawak also reported a higher CAGR of 22.4% compared to Sabah's CAGR of 8.0% and Peninsula Malaysia's CAGR of 4.5% from 2008 to 2013.

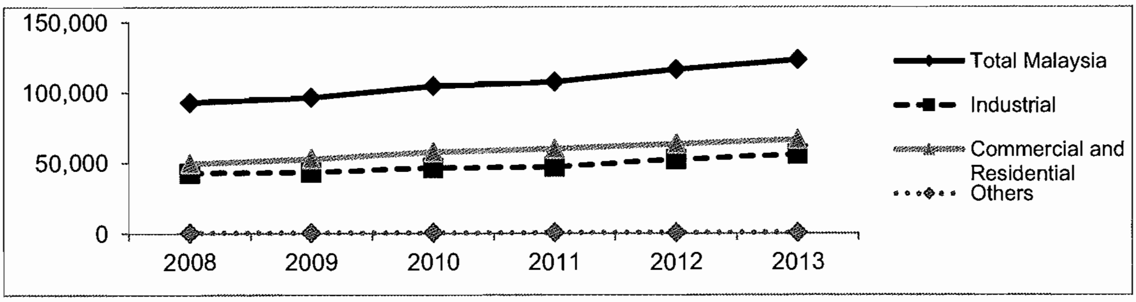
Chart 2:1: Electricity Consumption in Malaysia by Region, 2008-2013



Source: Energy Commission and Frost & Sullivan

Although the residential sector dominates the electricity industry in terms of the number of customers, the volume of electricity consumption is significantly higher in the industrial and commercial sectors. This is due to higher levels of electricity consumption in their daily operations such as longer usage duration of lighting and air conditioning in their operating premises compared to the residential sector. Furthermore, the industrial sector also requires higher electricity supply to operate manufacturing equipment and machineries. Hence, it is evident that the dip in electricity consumption recorded in 2009 during the prolonged financial downturn, was mainly attributable to the reduced consumption from the industrial sector. Industrial consumers utilised less electricity during the financial downturn as many of the industries were operating at a lower production level due to the reduced market demand. Nevertheless, it should be noted that electricity consumption from the residential and commercial sectors had continued to grow. This indicates that the adverse economic condition is not a restraining factor for growth in these sectors.

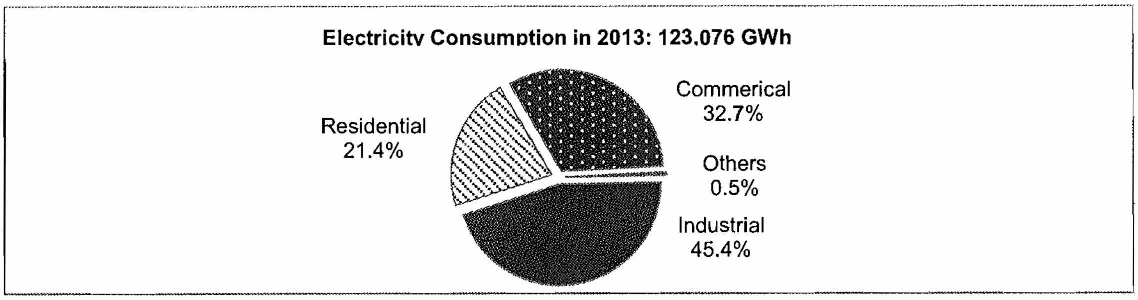
Chart 2:2: Trend of Electricity Consumption in Malaysia by Sectors, 2008-2013

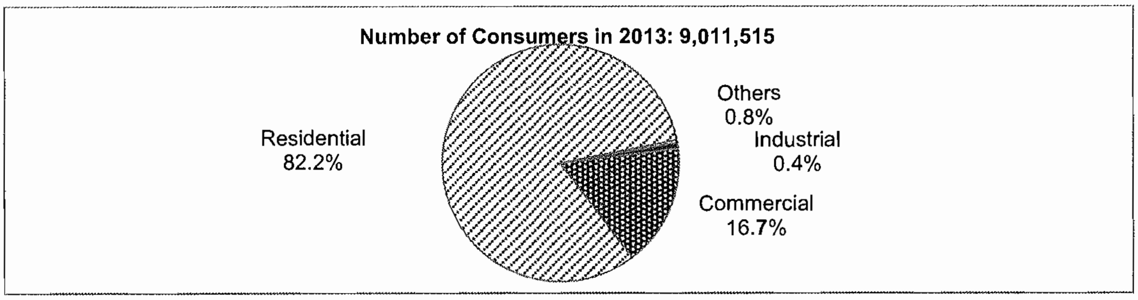


Source: Energy Commission and Frost & Sullivan

As recent publication[3] by the ST only provide broad overview, most of the discussions on the sector will be based during the period between 2008 and 2013 unless stated otherwise. Electricity consumption in the industrial sector was the highest at 55,886 GWh in 2013. The commercial and residential sectors emerged as the second and third largest consumer of electricity, with the consumption of 40,286 GWh and 26,288 GWh respectively, whereas the others sector (inclusive of transport and agricultural), consumed 616 GWh of electricity in 2013.

Chart 2:3: Electricity Consumption in Malaysia and Number of Customers by Sectors, 2013





Note: Others include public lighting and agriculture sector.

Source: Energy Commission and Frost & Sullivan

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[3] National Energy Statistics 2015

The following table shows the total electricity consumption and their corresponding number of consumers by sector and region in Malaysia between 2008 and 2013 as published by ST.

Table 2:1: Electricity Consumption in Malaysia, 2008 – 2013

Region	2008		2009		2010		2011		2012		2013		Electricity Consumption By Region CAGR 2008 -2013 (%)
	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	
Peninsular Malaysia	84,924	6,932	87,950	7,177	94,666	7,432	97,939	7,652	102,174	7,879	105,861	7,927	4.5%
East Malaysia	7,890	868	8,362	904	9,857	946	9,447	993	14,180	1,035	17,215	1,084	16.9%
Malaysia	**92,814**	**7,800**	**96,312**	**8,081**	**104,523**	**8,378**	**107,386**	**8,645**	**116,354**	**8,914**	**123,076**	**9,011**	5.8%

Source: Energy Commission

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Table 2:2: Electricity Consumption in Malaysia by Sector, 2008 – 2013

Region	2008		2009		2010		2011		2012		2013		Electricity Consumption By Region
	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	Consumption (GWh)	Number of Consumers ('000)	CAGR 2008 -2013 (%)
Industrial	42,844	29	43,225	29	46,419	29	47,032	30	52,406	32	55,886	32	5.5%
Residential	49,572	6,475	52,710	6,692	22,480	6,917	22,988	7,117	24,690	7,321	26,288	7,410	5.4%
Commercial		1,240		1,301	35,131	1,366	36,846	1,430	38,665	1,489	40,286	1,496	4.7%
Others	398	56	377	59	493	65	520	68	593	72	616	73	9.1%
Malaysia	**92,814**	**7,800**	**96,312**	**8,081**	**104,523**	**8,377**	**107,386**	**8,645**	**116,354**	**8,914**	**123,076**	**9,011**	5.8%

Note:

(1) Others include public lighting and agriculture sector

(2) Breakdown for residential and commercial not published from 2008 to 2009. Thus its respective CAGR imply the period between 2010 and 2013.

Source: Energy Commission

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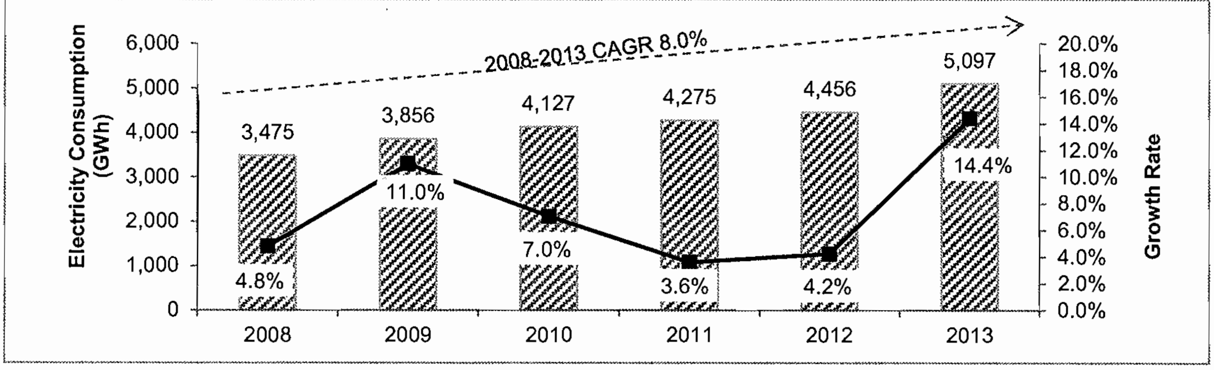
2.2.1.2 Electricity Consumption in Sabah

Electricity consumption in Sabah increased from 3,475 GWh in 2008 to 5,097 GWh in 2013 at a CAGR of 8.0%, which was higher than Peninsular Malaysia for the same period. Consumption growth in Sabah was affected by the economic slowdown as seen by the moderated annual growth rates in 2010 and 2011. The following chart shows the historical trend of the electricity consumption in Sabah from 2008 to 2013 and the year-on-year growth rate.

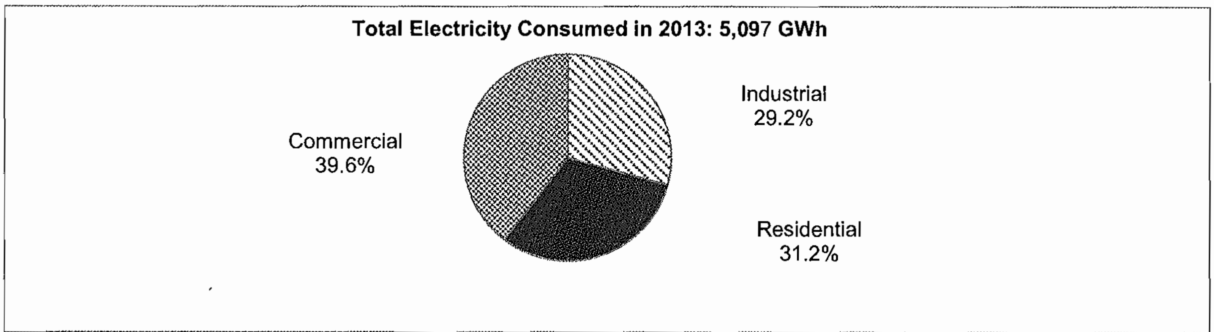
Chart 2:4: Electricity Consumption in Sabah, 2008 – 2013



Source: Energy Commission

Unlike Peninsular Malaysia, the electricity generated in Sabah was mostly distributed to the commercial and residential sectors. In 2013, 39.6% of the electricity consumed in Sabah was from the commercial sector, followed by residential (31.2 %) and industrial (29.2 %).

Chart 2:5: Electricity Consumption in Sabah by Sectors, 2013



Source: National Energy Balance 2013

2.2.1.3 Demand Drivers

Government Initiatives to Drive Economic Growth

The demand for electricity correlates positively with the economic growth and pace of which a country develops. As a country develops, more electricity would be required for the development of new residential and commercial properties and the increase in industrial activities and other public amenities, such as public lighting and electric rail.

Malaysia's present economy is driven by knowledge and capital-intensive industries, and technology. Despite the economic challenges faced by the country in 2009 as a result of the global financial crisis, Malaysia's economy rebounded in 2010 and posted a GDP growth rate of 7.2%, which subsequently moderated to 5.6% in 2012 and 4.8% in 2013. The economy recorded robust growth in 2014 at 6.0% driven by strong domestic demand and continued expansion in private and public consumption. The above chart shows the electricity consumption growth rate against the GDP growth rate in Malaysia for the last six consecutive years.

The present growth in the economy are firmly rooted since the 10th Malaysia Plan ("10MP") and augmented in the 11th Malaysia Plan ("11MP"), which strives to transform Malaysia into a high income nation by 2020 by focusing on 12 NKEAs. Among the identified NKEAs are wholesale and retail, financial services, tourism, electronics and electrical, education and greater Kuala Lumpur. The Government of Malaysia has also committed to the establishment of 5 economic growth corridors to promote free trade. These corridors are the Iskandar Development Region in South Johor ("Iskandar Malaysia"), Northern Corridor Economic Region ("NCER"), East Coast Economic Region ("ECER"), Sabah Development Corridor ("SDC") and Sarawak Corridor of Renewable Energy ("SCORE"). Furthermore, the groundworks have begun for the development of the Tun Razak Exchange ("TRX") which is also expected to bring in an investment of RM26.0 billion to the country. The electricity supply industry in Malaysia is expected to experience growth in the coming years, as a direct result of economic growth within the country. Given its importance for economic development, 11MP envision for a universal electricity supply in the country by 2020.

Increasing Usage of Electrical and Electronic Consumer Products

Electricity has become one of the basic necessities for the modern living to power light, drive industries and operate public facilities such as the water supply system, communication system and public transportation system, and most importantly the national security systems. The increase in the wealth of the nation is expected to bring about an increase in the disposable income amongst the population which will drive the retail of consumer electrical and electronic products. It has become a commonplace for a modern household to own multiple electronic goods and products for the comfort and convenience of living (e.g. washing machine, air-conditioner, vacuum cleaner and microwave oven), entertainment (e.g. television, audio surround systems and electronic music instruments) and communication (e.g. mobile phones, computers and tablets). The modern household's dependency on electricity supply to operate the equipment is also a contributor towards the increase in the electricity demand in the residential sector. The electricity consumption per capita in Malaysia is on an increasing trend having grown from 626 kWh in 1980 to 4,114 kWh in 2013[4].

Development of Rural Infrastructure

In Budget 2015, the Government has identified rural development programmes as part of Malaysia's plan to reduce the disparity between urban and rural areas. In 2015, a sum of RM1.1 billion has been allocated to implement electricity connection for 15,000 houses nationwide. A total of RM56 million is also allocated for street lightning in villages, of which RM26 million will be used to install additional 10 lamp posts in 22,000 villages to bring the total lamp post to 20 in every village nationwide. In addition, electricity consumption for the first 300 units is not subjected to the goods and services tax implemented since 1 April 2015. Going forward, this will further increase the country's capacity to meet its growing demand of electricity.

2.2.1.4 Demand Restraints

Effects of the Global Economic Recession

The industrial and commercial sectors are the largest consumers of electricity. Electricity is required in the mining and construction activities, and to operate factories, refineries, manufacturing facilities and commercial / business centres and retail outlets. The economic slowdown has impacted these sectors as consumers reduce their spending resulting in the drop in demand for products and raw materials. Reduced construction, mining and industrial activities mean that the energy requirement from these sectors will also reduce. Frost & Sullivan also expect electricity consumption to abate as future electricity tariff will reflect the true generation costs following diminishing fuel subsidies.

[4] ST's National Energy Balance 2013

Slower Development of the Transmission and Distribution Infrastructure in East Malaysia

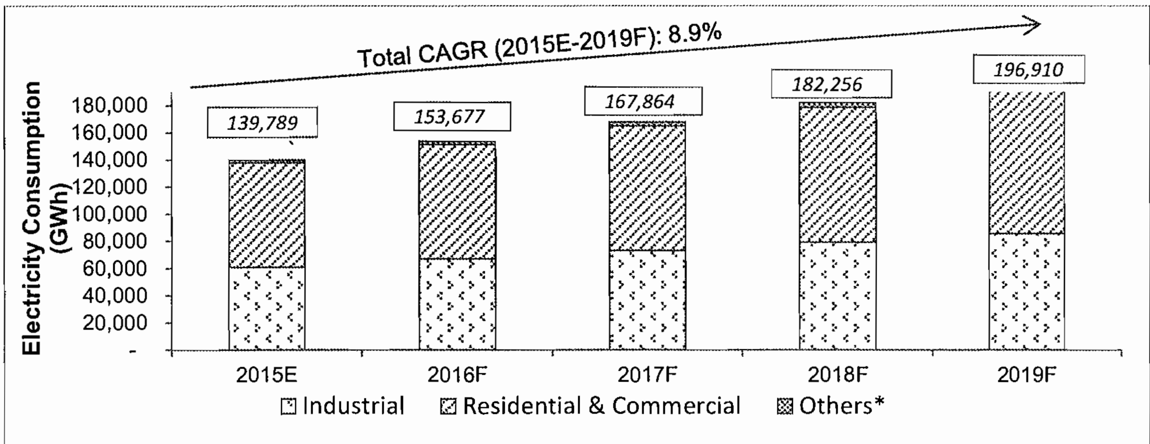
Demand restraints for electricity may exist in rural areas, mainly due to the lack of infrastructure, less industrial activities and the generally lower income per household by which electricity bills may be a burden. East Malaysia, namely Sabah and Sarawak, have less economic activities as compared to Peninsular Malaysia and thus, resulting in lower development in a lot of areas within states. As a result many areas in East Malaysia remain rural, the transmission and distribution infrastructure or grid has not been properly developed. Hence due to inadequate transmission and distribution infrastructure, both of these states are faced with shortages in electricity generation capacity.

2.2.1.5 Electricity Demand Forecast

The consumption of electricity is a key driver for the electricity supply industry. This industry is expected to grow at a healthy pace from 2015 to 2019 as a result of future economic growth, supporting Government of Malaysia policies, population growth, consumption per capita and consumer preferences. Economic growth in Malaysia, measured by GDP growth, grew at about 6.0% in 2015[5]. Electricity consumption, which is estimated at 123,076 GWh in 2014, is projected to grow from 139,789 GWh in 2015 to 196,910 GWh in 2019 at a CAGR of 8.9%. Meanwhile, electricity consumption in Peninsular Malaysia is estimated at 109,990 GWh in 2014 and it is expected to grow with a CAGR of 3.5% from 113,949 GWh in 2015 to 130,759 GWh in 2019. Growth in electricity consumption is also expected to rise in Sabah at a growth of CAGR of 6.0% for electricity consumption from 5,517 GWh in 2015 to 6,971 GWh in 2019. In 2014, the figure stood at 5,224 GWh. Thus the electricity supply industry will need to plan and make its move in meeting this anticipated increase in electricity consumption in the coming years.

The residential and commercial segment is expected to remain as the main consumer of electricity as compared to industrial segments. Electricity consumption in the residential and commercial sector estimated at 70,600 GWh in 2014 is projected to grow from 76,990 GWh in 2015 to 106,922 GWh in 2019 at a CAGR of 8.6%. As the second largest consumer of electricity, consumption in the industrial sector which was estimated at 55,919 GWh in 2014 is anticipated to increase from 61,092 GWh in 2015 to 85,656 GWh in 2019 at a CAGR of 8.8% between 2015 and 2019. Meanwhile, the consumption in the others sector is expected to grow at a CAGR of 26.2% due to a low-base effect, from 1,707 GWh in 2015 to 4,332 GWh in 2019. In 2014, the consumption in the others sector was estimated at 1,340 GWh.

Chart 2:6: Projected Electricity Consumption in Malaysia, 2015E – 2019F



Note: *Include public lighting, mining and agriculture.

Source: Frost & Sullivan

[5] ADB Estimates, http://www.adb.org/countries/malaysia/economy

2.2.2 Supply Conditions

2.2.2.1 Fuel Consumption in the Power Supply Industry

Fossil fuels (e.g. natural gas, coal, diesel and oil) are the main sources of fuel used in the power generation industry in Malaysia. The cumulative consumption of fossil fuels exceeded 90.0% of total fuel consumption annually.

Natural gas generally formed the largest percentage of consumed fossil fuels, constituting more than half of the total fuel consumption from 2007 to 2010. In December 2010, a fire incident occurred on the Bekok C platform off Kerteh causing severe damage and disruption of gas supply to Peninsular Malaysia. This had prompted PETRONAS to review its operation in several of its gas platforms and subsequently commence a full-scale maintenance as well as strategic upgrades [6] to existing infrastructure. During this time (April – June 2011), electricity production was ramped up in several other non-gas power plants to compensate for the temporary loss of production in the gas-fired power plants due to gas curtailment which has seen its consumption dropped by 35.4% in 2011. The natural gas consumption has subsequently improved with the progressive completion of maintenance and upgrade works, increasing at the rate of 5.1% in 2012 and 17.2% in 2013. The improved gas supply outlook has diminished consumption of diesel and fuel oil by 51% between 2011 and 2013.

Table 2:3: Total Fuel Consumption in the Electricity Supply Industry (Malaysia), 2008 – 2013

Year	Total Fuel Consumption (ktoe)					
	Natural Gas	Diesel	Fuel Oil	Coal	Hydroelectric Power	Total
2008	13,651	299	181	8,069	1,964	24,164
2009	13,390	384	205	9,010	1,627	24,616
2010	12,628	415	125	12,951	1,577	32,068
2011	10,977	981	1,103	13,013	1,850	27,924
2012	11,533	811	550	14,138	2,149	29,252
2013	13,520	623	392	13,527	2,663	30,959
CAGR 2008-2013	**-0.2%**	**15.8%**	**16.7%**	**10.9%**	**6.3%**	**5.1%**

Notes:
1) Consumption of renewable sources (biomass) as fuel is negligible between 2008 and 2013

Source: Energy Commission and Frost & Sullivan Analysis

The table above shows the fuel mix in the power generation industry in Malaysia during 2008 to 2013. In 2013, the fuel consumption for coal and natural gas were nearly identical at 13,527 kilo tonne of oil equivalent ("ktoe") and 13,520 ktoe respectively. Each made up 43.7% of total fuel consumed in the power generation industry in Malaysia excluding renewable sources. Diesel, fuel oil and hydroelectric power made up the remaining 12.6% of fuel consumed in the power generating industry in Malaysia.

2.2.2.2 Installed Capacity in Malaysia

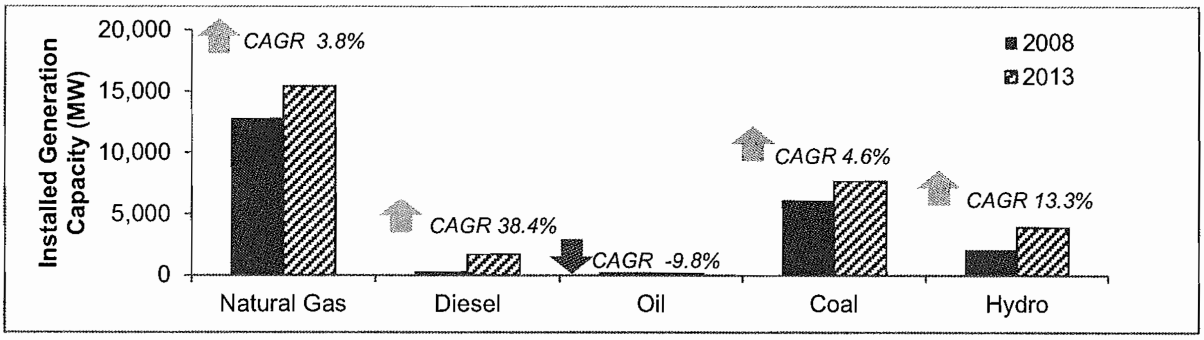
The total installed capacity excluding renewable sources in Malaysia has grown from 21,666 MW in 2008 to 28,903 MW in 2013 at a CAGR of 5.9%. In 2013, the power generation facilities in Malaysia, based on installed capacity, were predominantly gas-fired (53.4%), followed by coal (26.6%), hydroelectric power (13.6%), diesel (5.9%) and oil (0.5%).

It is noted that as the Government of Malaysia strives to diversify the fuel consumption in this industry, coal is emerging as a significant source of fuel as Malaysia begun investing in coal-fired power plants.

[6] Notably PETRONAS Regasification Terminal in Sg. Udang, Melaka.
[7] Hydroelectric power includes both large and small hydroelectric power projects under the SREP programme.

Between 2008 and 2013, the national installed capacity of coal-fired power plants grew at a CAGR of 4.6%, faster than the gas–fired power plants at 3.8%. During the time, the Government had approved two major power plant projects in Peninsular Malaysia, located in Tanjung Bin, Johor and Port Dickson, Negeri Sembilan, with a combined installed capacity of 2,500 MW. In the pipeline, there is also the approved Track 3B, which will generate another additional 2,000 MW by 2019. Track 4A (1,000 to 1,400 MW), is a combined cycle power plant that was initially given to the consortium of YTL Power International Bhd, TNB and SIPP Energy Sdn Bhd through a direct award process in order to fast track the project. Subsequent to this direct award, there has been much public debate over the offer, composition of consortium and specified terms. In view of the situation, YTL has withdrawn from the consortium. Subsequent to this direct award, there has been much public debate over the offer, composition of consortium and specified terms. In view of the situation, YTL has withdrawn from the consortium. Subsequent to YTL's withdrawal, TNB announced on 25 July 2014 that it has signed a heads of agreement signifying the principal terms of the proposed JV with SIPP Energy for the proposed combined cycle power plant. On 16 October 2015, TNB ceased to be part of the consortium after its proposal was not accepted by the ST. Track 4B is also currently pending for further announcement by ST..

Chart 2:7: Installed Generation Capacity Growth Analysis by Fuel Type `



Source: Energy Commission and Frost & Sullivan

The following table shows the total installed capacity in Malaysia based on fuel type as published by ST.

Table 2:4: Installed Capacity by Fuel Type (Malaysia), 2008 – 2013

Year	Installed Capacity (MW)					
	Natural Gas	Coal	Hydroelectric Power[8]	Diesel	Fuel Oil	Total
2008	12,821	6,145	2,106	339	255	21,666
2009	13,581	7,680	2,108	389	270	24,028
2010	13,767	7,680	2,108	346	260	24,161
2011	14,956	7,680	3,015	1,513	810	27,974
2012	15,546	7,680	3,317	1,589	179	28,311
2013	15,421	7,680	3,931	1,719	152	28,903
CAGR 2008- 2013	**3.8%**	**4.6%**	**13.3%**	**38.4%**	**-9.8%**	**5.9%**

Note: Excluding Biomass and other renewable energy sources.

Source: Energy Commission

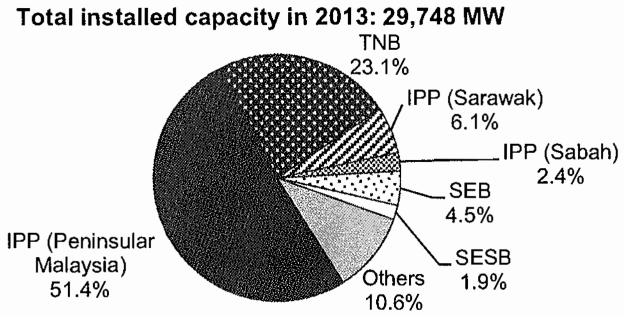
2.2.2.3 Installed Capacity by Major Power Producers in Malaysia

In 2013, the major power producers in Malaysia have a combined installed capacity of 26,598 MW which make up about 89.4% of total installed capacity in the country. The major power producers

[8] Hydroelectric power includes both large and small hydroelectric power projects under the SREP programme.

accounted for are the utility companies such as TNB, SESB, SEB and the IPPs, and exclude self-generators and co-generators. TNB, as the national electric company, has a combined installed capacity of 6,866 MW or 23.1% of total installed capacity and holds the largest number of power generation assets in Malaysia. Nevertheless, about 17,817 MW or 59.9% of the total installed capacity in Malaysia was attributed to the IPPs (Refer to Section 2.2.6 for the competitive landscape of the IPPs).

Chart 2:8: Installed Capacity by Major Power Producers in Malaysia, 2013



Notes:
1) Others include co-generators, self-generators and SREPs.
2) The installed capacity of TNB, SESB and SESCO in the above chart exclude their IPP subsidiaries and/or affiliates.

Source: Energy Commission, TNB, SESB, SEB and Frost & Sullivan Analysis

2.2.2.4 Availability of Major Fuel for Power Generation in Malaysia

Natural Gas

Natural gas, which consists mostly of methane and ethane, is a highly efficient energy source compared to other common fuel sources such as diesel, charcoal, and fuel oil. Due to this efficiency, natural gas provides more thermal power to its users and more energy output per unit weight. In addition, natural gas is also considered a cleaner fuel source compared to coal and diesel because it produces lesser pollutants. Specifically, natural gas produces less carbon dioxide per unit of heat produced. The lower carbon nature of natural gas means it is cleaner and this translate to longer uptime for production and lesser maintenance for machines utilising natural gas. These properties of natural gas provide end-users with an edge over their competitors running on other fuel sources, as it enables more efficient and cost-effective operations. Based on the latest available data, 62.4% of natural gas consumption in 2013 was used for power generation[9].

Table 2:5: Consumption of Natural Gas in Malaysia, 2013

Sectors	Consumption in 2013 (million metric cubic feet)			
	Peninsular Malaysia	Sabah	Sarawak	Malaysia
Residential	32	-	-	32
Commercial	832	-	-	832
Industry	163,846	5,327	1,889	171,062
Non-energy	97,807	43,596	56,575	197,978
Transport	11,040	-	-	11,040
Power Stations	574,552	31,313	26,989	632,854
Total	**848,109**	**80,236**	**85,453**	**1,013,798**

Source: National Energy Balance 2013

[9] Energy Commission's National Energy Balance 2013

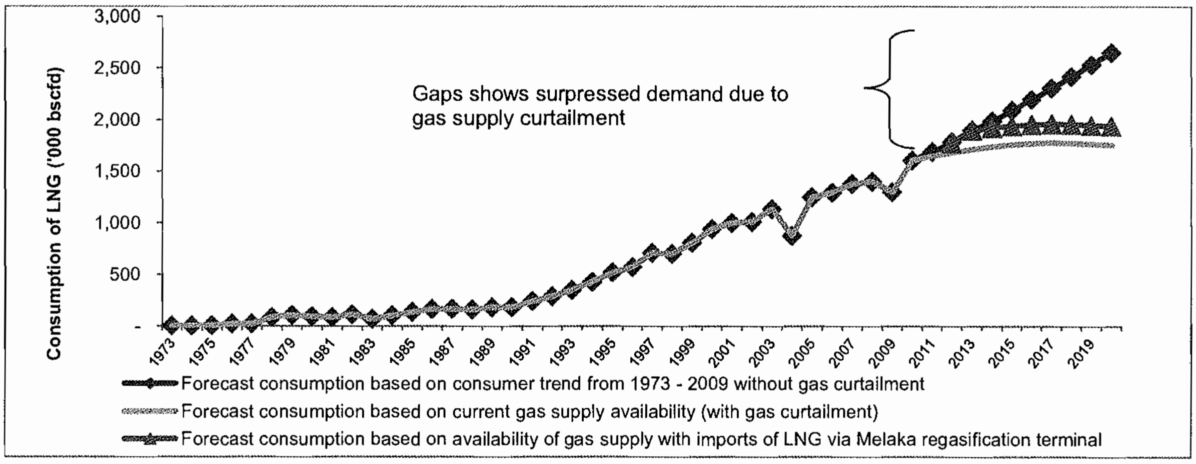
Malaysia has a large natural gas reserve, estimated at 98.3 trillion metric cubic feet by end of 2012, predominantly in Sarawak (51.0 %) and Peninsula Malaysia (35.6%), while the remaining in Sabah (13.4%). Its production stood at 6,730.5 million metric cubic feet per day by end of 2012[10].

The Government of Malaysia's accompanying subsidies on natural gas makes it the cheapest fuel source for power generation thus the preferred fuel of choice for power plants. The price of natural gas has been pegged against medium fuel oil ("MFO") prices, whereby the subsidised price of natural gas discounted to RM10.70 per million metric British thermal units ("MMBTU") (prior to 1 June 2011) if sold to the power sector. On 30 May 2011, the Government of Malaysia announced a revision in regulated natural gas tariff for electricity and industrial sectors, whereby it will be increased by RM3.00 per MMBTU every six months from 1 June 2011 to 1 December 2015. In 2015, the latest revised price of natural gas sold to the power sector was increased to RM16.70 per MMBTU, based on the increased base tariff adjustment.

Natural gas supply issues currently affecting Peninsular Malaysia is mainly due to logistic challenges which is causing a supply bottleneck to this region. Natural gas is piped directly from the producing gas fields offshore Terengganu via subsea pipes to onshore gas terminal in Kerteh. The current capacity at the Kerteh gas receiving terminal is unable to cater for the high rate of demand. Other means of transporting natural gas will require the fuel to be compressed into LNG before transporting in sea tankers. In order to accommodate LNG imports, Peninsular Malaysia would then have to equip itself with several LNG regasification terminals to allow for the vaporisation of the imported LNG into natural gas before it can be used. The first LNG regasification terminal in Peninsular Malaysia, operated by PETRONAS, is built at Sungai Udang, Melaka and commenced operations in May 2013. A second regasification terminal is currently under development in Pengerang and Phase 1A of the project has commenced operations in April 2014.

Virtually all the natural gas produced in Peninsular Malaysia is for domestic consumption in Peninsular Malaysia. On the contrary, almost all the natural gas produced in East Malaysia is liquefied and exported as LNG through long-term contracts with Japan, South Korea, Taiwan and China. Due to the slowdown in production growth of natural gas in Peninsular Malaysia in recent years, consumers there are facing shortage of supply. It has resulted in Peninsular Malaysia importing LNG. The Government of Malaysia's ETP between 2010 and 2025 also anticipates a decline in the production of natural gas in Peninsular Malaysia from 6.1 Bscf/d in 2010 to 1.5 Bscf/d in 2025 at a rate of 73.8%. As such, the Government of Malaysia has secured contracts to import LNG from Australia, Qatar, and France as well as Malaysia-Thailand Joint Development Area ("JDA") for its domestic consumption despite being one of the largest exporters of natural gas.

Chart 2:9: Estimated Consumption of Natural Gas based on Supply Availability (Peninsular Malaysia), 1973 – 2019



Source: Energy Commission, PETRONAS and Frost & Sullivan

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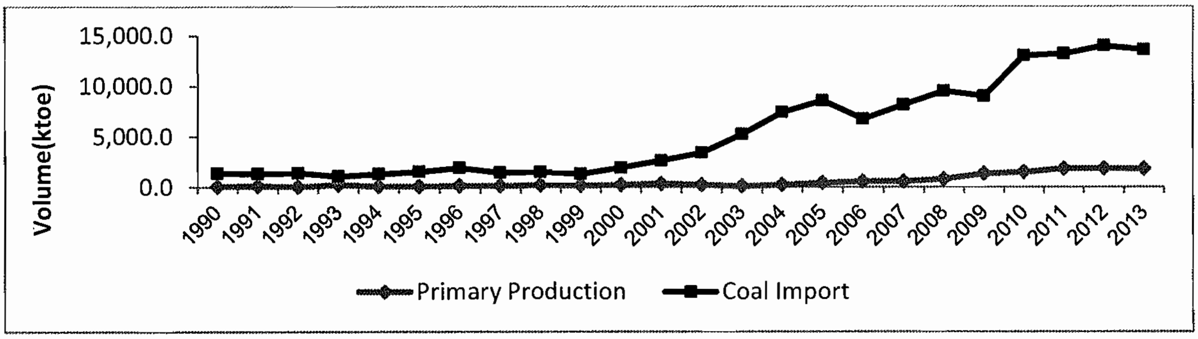
[10] ST's Natural Energy Balance 2013

Coal

Coal is an easily available fuel source and mined worldwide. Malaysia has a large coal reserve, estimated at 1,938.4 billion tonne in 2013, predominantly in Sarawak (80.6 %) and Sabah (18.5 %), while the remaining in Perlis, Perak and Selangor[11]. Majority of coal produced in Malaysia are from mines in Sarawak. Although the coal reserves in Sabah have not been commercially exploited, Sabah is in proximity to producing coal mines in the Kalimantan area.

Malaysia has an under-developed coal-mining industry and instead mainly imports coal from countries with larger coal reserves and more established coal industries such as Indonesia, Australia and China. In 2013, Malaysia imported 13,583 ktoe of coal. The following graph illustrates coal production and import in Malaysia for the duration 1990-2013.

Chart 2:10: Malaysia's Coal Production and Import (ktoe), 1990-2013



Source: National Energy Balance 2013

In 2013, Malaysia's coal consumption in the power sector was 13,527 ktoe, of which virtually all being imported. The augmentation of approximately 5,460 MW of coal-fired generation capacity between 2008 and 2013 is expected to heighten the dependency on imported coal further. In 2013, coal-fired generation capacity represents about 44.0% of total installed capacity in the country. In 2013, coal consumption had overtaken gas as the dominant fuel, due to retirement of several gas plants in Peninsular Malaysia[12]. Hence, it is estimated that coal will make up approximately 64% of the total fuel mix in 2019, for power generation.

Table 2:6: Consumption of Coal in Malaysia, 2013

Sectors	Consumption in 2013 (tonnes)			
	Peninsular Malaysia	Sabah	Sarawak	Malaysia
Industrial	2,375,574	-	66,043	2,441,617
Power Stations	19,338,378	-	2,119,133	21,457,511
Total	**21,713,952**	**-**	**2,185,176**	**23,899,128**

Source: National Energy Balance 2013

Although coal will undoubtedly remain as a major fuel source in the power generation industry in Peninsular Malaysia, plans to build coal-fired power plants in Sabah has generally been not well-received by many parties, particularly environmentalist groups and the local community due to the reported adverse environmental impact associated with emission from coal burning. Unlike Peninsular Malaysia, Sabah is not affected by natural gas supply shortage. The plan to construct a coal power plant in Lahad Datu was put on-hold since 2011 due to environmental concerns.

Sabah Forestry Department are keen on protecting their forest reserves, and does not approve of any exploration of coal reserves in the state. In 2012, the Ministry of Environment and Sabah Environmental Protection Association, has put Class 1 protection level for Maliau and Danum Valley, Sabah area prohibiting any form of coal mining activities. Furthermore, the deposits are located in

[11] ST's National Energy Balance 2013
[12] Peninsular Malaysia Electricity Supply Industry Outlook 2013

heritage forest reserves that are legally protected under the Cultural Heritage Conservation Enactment 1977[13].

2.2.3 Government Initiatives

2.2.3.1 Improving Generation Capacity

In the 10MP, the Government of Malaysia has announced initiatives to improve the generation capacity of electricity. In improving the generation capacity of electricity, the Government of Malaysia is looking towards:

- Diversifying alternative fuel sources, particularly hydroelectric power and the importation of coal and LNG by 2015 to ensure stability in fuel supply
- To further explore investments in coal technology to reduce emission from this source of fuel
- To consider nuclear energy as a source of energy. In 2010, the Government of Malaysia announced its plan of building the nation's first nuclear power plant in the country by 2021. The investment cost for the construction of a 1,000 MW nuclear power plant is expected to range between approximately RM7.7 billion (USD2.2 billion) and RM12.2 billion (USD3.5 billion).

The Government of Malaysia has further announced specific initiatives to increase electricity generation capacity by 11,055 MW to 11,455 MW in Peninsular Malaysia, with more upcoming power plant projects from 2015 to 2022. Based on these initiatives, the 11MP envision for a universal electricity supply by 2020.

Table 2:7: Planned New Generation Capacity Projects in Peninsular Malaysia 2015 – 2022

Expected Commencement Year	Name	Location	IPP (Yes/ No)	Capacity (MW)
2015	Manjung 4 coal-fired power plant[14]	Perak	Yes	1,010
2015	Connaught Bridge Repowering plant	Selangor	No	384
2015	TNB Hulu Terengganu Hydroelectric Plant Phase 1 (Puah Station)	Terengganu	No	250
2016	TNB Hulu Terengganu Hydroelectric Plant Phase 2 (Tembat Station)	Terengganu	No	15
2016	TNB Ulu Jelai Hydroelectric Plant	Pahang	No	372
2016	Tanjung Bin Energy coal-fired power plant	Johor	Yes	1,000
2016	TNB Prai combined-cycle power plant	Penang	Yes	1,071
2016	Genting Sanyen combined-cycle power plant works extension	Selangor	Yes	675
2017	PETRONAS Cogeneration Pengerang power plant (1st unit)	Johor	No	400
2017	Segari Energy Ventures combined-cycle power plant works extension	Perak	Yes	1,303
2017	TNB Sultan Iskandar (Pasir Gudang) combined-cycle power	Johor	No	275

[13] Sabah Forestry Department
[14] According to TNB announcement on 20 June 2014, Manjung 4 is expected to commence operation in early August 2014.

Expected Commencement Year	Name	Location	IPP (Yes/ No)	Capacity (MW)
	plant works extension			
2017	Track 3A coal-fired power plant	Perak	Yes	1,000
2018	Hydroelectric power plant works in Chenderoh Unit 5	Perak	No	12
2018	JEPP (Track 3B), Unit 1	Negeri Sembilan	Yes	1,000
2018	Combined-cycle gas turbine power plant (Track 4A)	Pahang	No	1,000- 1,400
2019	JEPP (Track 3B), Unit 2	Negeri Sembilan	Yes	1,000
2020	Tekai hydroelectric power plant	Pahang	No	156
2022	Telom hydroelectric power plant	Pahang	No	132
			Total	**11,055 – 11,455**

Source: Peninsular Malaysia Electricity Supply Outlook 2014, TNB Annual Report

In Sarawak, the State Government has invested in a new 944 MW hydroelectric power plant at Murum, which is expected to be fully operational by the second quarter of 2015. Meanwhile, Bakun Hydroelectric Power Plant is currently producing 1,200 MW, with only four to six out of eight turbines running in accordance with SEB's power demand. The State Government has also granted approval for the construction of the 1,285 MW Baleh Hydroelectric Project in March 2015. The project is aimed for completion in 2024.

In Sabah, the pre-commissioning activities of the 285 MW capacity gas-fired Kimanis power plant ("Kimanis Power Plant") operated by Kimanis Power Sdn Bhd, a joint venture in which PETRONAS Gas Berhad holds 60% stake and NRG Consortium (Sabah) Sdn Bhd holds the remaining 40% stake, began in August 2013. The Kimanis Power Plant becomes fully operational in November 2014 with all three generation blocks carrying a total generation capacity of 285 MW. In addition, a 100 MW capacity gas-fired SPR power plant ("SPR Power Plant") operated by SPR Energy Sdn Bhd ("SPR Energy") has commenced operation in August 2014.

Table 2:8: Planned New Generation Capacity Projects in Sabah 2016 – 2025

Expected Commencement Year	Name	Capacity (MW)
2016	Ranhill Powertron II Additional Capacity	5
2017	New Lahad Datu	30
	New Sandakan	30
2018	New Sandakan	30
2019	CCGT	200
2020	CCGT	100
2021	CCGT	100
2023	Upper Padas Hydroelectric Project	180
2025	Sabah Hydro	100

Note: OCGT: Open Cycle Gas Turbine CCGT: Combine Cycle Gas Turbine; Excludes renewables; GT: Gas Turbine; ST: Steam Turbine.

Source: Sabah Electricity Supply Industry Outlook 2015 and Frost & Sullivan Analysis

Alongside increasing the generation capacity in Malaysia, the Government of Malaysia also intends to strengthen and expand transmission lines and improve reliability in the supply of electricity. TNB has carried out a feasibility study to evaluate the possibilities of linking the National Grid in Peninsular Malaysia to Sumatera, Indonesia. This grid linkage project is likely to be rolled out in 2015. This grid linkage project is also in line with realising the ASEAN Power Grid program and the Indonesia–Malaysia–Thailand Growth Triangle, whereby this grid project to Sumatera is a potential energy project connecting these three countries.

These initiatives by the Government of Malaysia will further serve to strengthen the performance and reliability of the electricity supply industry in Malaysia.

2.2.3.2 Restructuring of the Electricity Supply Industry

The 10MP highlights several measures to be taken to restructure the industry which include:

- revise gas price every six months to reflect market rates
- To introduce performance based regulation
- To renegotiate PPAs for the first generation of IPPs
- To create separate accounting for generation, transmission and distribution activities

In 2010, MyPower was formed which has been tasked to plan and implement the restructuring of the industry alongside KeTTHA. Through the restructuring, it is envisioned that the electricity supply industry in Malaysia will be more competitive, equitable, liberalised and provide a level playing field for its stakeholders. Initiatives to be driven by MyPower include:

- To implement a cost based pricing strategy for the industry in line with the rationalization of subsidies for natural gas
- To diversify to cleaner energy via the consideration of nuclear as a source of fuel for electricity generation
- To introduce and implement new and modern technology such as the Smart Grid

According to ST, MyPower was officially dissolved on 30 September 2014 and ST assumes the responsibilities initially entrusted to MyPower.

2.2.4 Substitution to Products

Although there is no risk of substitution for the power generation activity, industry players are at risk of technology replacement of their power generation facilities. Due to the dependency of the power plant to specific fuel, in light of the gas curtailment issues and rising oil price, changes in the Government policies may result in the displacement of current facilities to make way for the installation of power generation facilities that uses alternative fuel sources, such as coal or nuclear.

- Coal is emerging as a key alternate source of energy, as a result of the Government of Malaysia's fuel diversification policy. It is also widely available on a global scale, compared to the depleting reserves of natural gas globally. To date, there are still large deposits of bituminous and sub-bituminous coal which have yet to be explored in countries such as China, South Africa and Australia. Malaysia's dependency on coal as a source of fuel has increased from 33.4% in 2008 to 48.5% in 2013. Coal is expected to continue remaining as a key source of alternate fuel in the coming years as the Government of Malaysia promotes research and development to identify technologies in reducing coal emission.
- The Government of Malaysia has begun considering nuclear energy as a source of fuel for generating electricity to provide for the expected increase in the demand of electricity over the longer term post 2020. To date, the Malaysia Nuclear Power Corporation is presently leading feasibility and safety study for nuclear energy deployment and a suitable site has yet to be identified.

Nevertheless, the PPAs signed by private players ensure they are not at risk until the end of term, by which cost recovery would have already been realised.

2.2.5 Reliance and Vulnerability to Import

The electricity supply industry is relatively dependent on imports in terms of fuel supply and plant equipment and machinery. Malaysia is dependent on the import of coal which is largely imported from

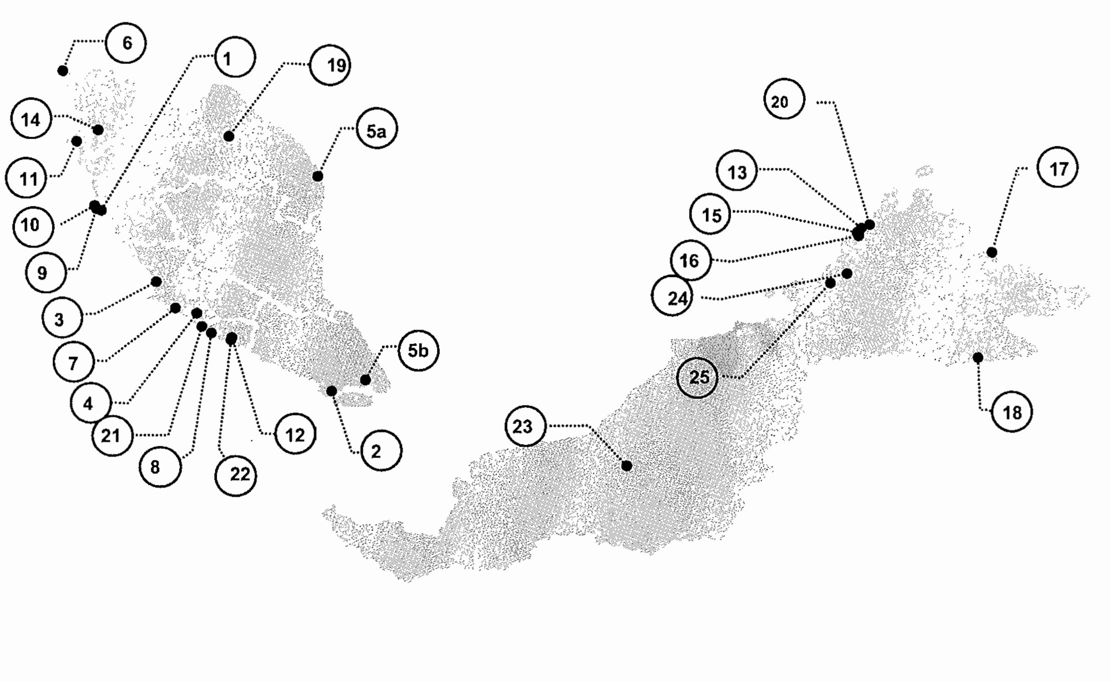
Australia, Indonesia and China. Increasingly, the natural gas production in Peninsular Malaysia is not able to support the growing demand for the fuel and Malaysia has started to import LNG in 2013 (Refer to Section 2.2.2.4 for more information on the availability of natural gas in Malaysia).

Malaysia is also dependent on foreign equipment suppliers. It is noted that major power plant equipment such as boilers, turbines and transformers are imported from countries such as Japan and Europe due to their technical edge and quality. More recently, power plant operators are beginning to import their equipment from China due to cost efficiency.

2.2.6 IPPs Competitive Landscape and Structure

As of the July 2015, there are 25 IPPs in Malaysia, of which 16 are located in Peninsular Malaysia, eight in Sabah and one in Sarawak.

Figure 2:2: Location of IPPs in Malaysia, July 2015



Note: Details of the plants are provided in the table below

Source: Frost & Sullivan

Table 2:9: Profile of IPPs in Malaysia, July 2015

No	Licensee	Name of Power Plant	Type of Plant	Licensed Capacity (MW) in 2015	Units Generated (GWh) in 2013	Units Sold (GWh) in 2013	Date of Issue of Licence
1	TNB Janamanjung Sdn Bhd, Perak[a]	Manjung Power Station	3 x 700 MW (coal)	2,100	17,562	16,260	21 May 1998
2	Tanjung Bin Power Sdn Bhd, Tanjung Bin, Pontian, Johor[b]	Tanjung Bin Power Station	3 x 700 MW (coal)	2,100	12,321	11,772	26 September 2003
3	Kapar Energy Ventures Sdn Bhd, Kapar District, Klang, Selangor[b]	Sultan Salahuddin Abdul Aziz Shah Power	2 x 300 MW (thermal) 2 x 300 MW,	2,420	13,731	12,894	1 July 2004

No	Licensee	Name of Power Plant	Type of Plant	Licensed Capacity (MW) in 2015	Units Generated (GWh) in 2013	Units Sold (GWh) in 2013	Date of Issue of Licence
		Station	2 x 500 MW (coal) 2 x 110 MW (gas turbines)				
4	Jimah Energy Ventures Sdn Bhd, Port Dickson, Negeri Sembilan[c d]	Jimah Power Station	2 x 700 MW (coal)	1,400	10,023	9,494	22 March 2005
5	YTL Power Generation Sdn Bhd a) Paka, Terengganu b) Pasir Gudang, Johor	 Paka Power Station Pasir Gudang Power Station	 1 x780 MW (combined cycle) 1x390 MW (combined cycle)	 780 390	7,700	7,564	7 April 1993
6	Teknologi Tenaga Perlis Consortium Sdn Bhd, Kuala Sungai Baru, Perlis[c]	TTPC Perlis Power Station	1 x 650 MW (combined cycle)	650	4,231	4,159	26 August 1998
7	Genting Sanyen Power Sdn Bhd, Kuala Langat, Selangor[d e f]	Genting Sanyen Kuala Langat Power Station	1 x 762 MW (combined cycle)	762	4,671	4,562	1 July 1993
8	Panglima Power Sdn Bhd, Alor Gajah, Malacca[d]	Telok Gong Power Station 2	1 x 720 MW (combined cycle)	720	4,957	4,856	7 August 2001
9	GB3 Sdn Bhd, Lumut, Perak[b c]	Lumut GB3 Power Station	1 x 640 MW (combined cycle)	640	2,013	1,964	7 August 2001
10	Segari Energy Ventures Sdn Bhd, Lumut, Perak[b e]	Lumut Power Station	2 x 651.5 MW (combined cycle)	1,303	8,143	8,040	15 July 1993
11	Prai Power Sdn Bhd, Seberang Prai, Penang[b]	Prai Power Station	1 x 350 MW (combined cycle)	350	2,034	1,990	20 February 2001
12	Pahlawan Power Sdn Bhd, Malacca Power Station, Tanjung Keling, Malacca[d]	Tanjung Kling Power Station	1 x 330 MW (combined cycle)	334	2,143	2,106	26 May 1999
13	Ranhill Powertron Sdn Bhd, Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah[f]	Teluk Salut Combined Cycle Power Station	2 x 95 MW (combined cycle)	190	1,253	750	13 August 2006
14	Nur Generation Sdn Bhd, Kulim High-Tech Industrial Park,	Nur Generation Plants	2 x 220 MW (combined cycle)	440	1,374	1,339	17 September 1998

No	Licensee	Name of Power Plant	Type of Plant	Licensed Capacity (MW) in 2015	Units Generated (GWh) in 2013	Units Sold (GWh) in 2013	Date of Issue of Licence
	Kedah						
15	Sepangar Bay Corporation Sdn Bhd, Kota Kinabalu Industrial Park, Sabah	Sepangar Bay Power Station	1 x 100 MW (combined cycle)	100	718	694	18 May 2006
16	Ranhill Powetron II Sdn Bhd, Lot 35 (IZ4), Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah[9]	Rugading Combined Cycle Power Station	190 MW (combined cycle)	190	1,242	1,203	11 September 2009
17	Stratavest Sdn Bhd, Sandakan, Sabah	Stratavest Power Station	4 x 15 MW (diesel engines)	64	172	165	1 October 1996
18	Serudong Power Sdn Bhd, Tawau, Sabah	Tawau Power Station	3 x 12 MW (diesel engines)	36	204	164	1 April 1995
19	Musteq Hydro Sdn Bhd, Sg Kenerong, Kelantan	Sg Kenerong Small Hydro Power Station	2 x 10 MW (mini hydro)	20	59	59	18 November 1994
20	ARL Tenaga Sdn Bhd, Melawa, Sabah	Melawa Power Station	4 x 12.5 MW (diesel engines)	50	93	80	14 June 1994
21	Port Dickson Power Berhad, Tanjung Gemuk, Port Dickson, Negeri Sembilan[b]	Port Dickson Power Station	4 x 110 MW (gas turbines)	440	626	626	1 December 1993
22	Powertek Berhad, Alor Gajah, Malacca[d]	Telok Gong Power Station	4 x 110 MW (gas turbines)	440	485	479	1 December 1993
23	Sarawak Hidro Sdn Bhd, Bakun Sarawak[h]	Bakun Hydroelectric Plant	2X1200 MW (hydro)	2,400	5,467	5,386	June, 2011
24	Kimanis Power, Kimanis, Sabah	Kimanis Power	CCGT	285	-	-	November 2014
25	SPR Energy, Kimanis, Sabah	SPR Energy	CCGT	100	-	-	August 2014

*The typical contract duration for a PPA is 21 years for gas-based power plants and 25 years for coal-fired power plants.
^ Data for 2013 is not publicly available as at the publication of this report.

Notes:

a) Wholly owned subsidiary of TNB.
b) The above power plants are wholly-owned by MCB, except for Kapar Energy Ventures and Port Dickson Power where MCB owns only 40% and 25% in these respective companies. Collectively, MCB has a gross licensed capacity of 7,253 MW, including the capacity of these associate companies.
c) The above power plants are associates of TNB. TNB owns a 20% stake in each of these companies.
d) These power plants were acquired by the Government of Malaysia via state investment company, 1MDB.[15] As at 2013, Pahlawan Power's installed capacity was recorded at 330 MW, compared to its licensed capacity of 334 MW.
e) In 2012, both Segari Energy and Genting Sanyen were granted a 10-year extension each upon the expiry of their PPAs in 2017 and 2016 respectively.[16]

[15] 1MDB Energy
[16] Media release by ST titled "Results of International Competitive Bidding for New Capacity in Prai and Restricted Tender for Renewal of Operating Licenses of First Generation IPP and TNB Plants" dated 9 October 2012

f) Although Ranhill Powertron Sdn Bhd had licensed capacity of 190 MW since the date of issuance of license, it only had an installed capacity of 120 MW. Full commencement of its 190 MW power plant only began in October 2008.

g) Although Ranhill Powertron II Sdn Bhd had licensed capacity of 190 MW since the date of issuance of license, it only had an installed capacity of 130 MW. Full commencement of its 190 MW power plant only began in April 2011.

h) Bakun Hydroelectric power plant in owned and operated by an entity under the federal government namely Sarawak Hidro Sdn Bhd. In 2013, the project operated at a total installed capacity of 1,200 MW out of the total licensed capacity of 2,400 MW.

Source: Energy Commission's Performance & Statistical Information 2013, Companies' Annual Reports and Press Releases

In Peninsular Malaysia, legacy conglomerates such as YTL Corporation and Malakoff Berhad propelled their position as major private players in the power generation sector in Peninsular Malaysia through greenfield capacity building and acquisition of other IPPs.

In Sabah, Ranhill entered the power generation industry since 1998 upon the commencement of their first power plant, Ranhill Powetron Sdn Bhd in Karambunai, Sabah. In 2010, Ranhill Powertron II Sdn Bhd, located in Kota Kinabalu Industrial Park commenced operations and was commissioned to full capacity in May 2011, subsequently making Ranhill as a significant IPP in Sabah.

Although IPPs generally operate as a private entity, there is no restriction for IPPs to have a joint public-private interest such as with State Governments, Government agencies and public utility companies. As an example, in Peninsular Malaysia, TNB as the holding companies of TNB Janamanjung and Kapar Energy Venture hold 100.0% and 60.0% majority stake respectively, as well as minority stake in several other IPPs.

In Sabah, TNB's participation is through its 80.0% control ownership of SESB which hold equity stakes in Serudong Power, Ranhill Powertron Sdn Bhd and Ranhill Powertron II Sdn Bhd. In Sarawak, all IPPs are subsidiaries of SEB, except for Bakun Hydroelectric Power Plant, which is owned by Sarawak Hidro Sdn Bhd (wholly owned subsidiary of the Malaysia Ministry of Finance). The most recent participation by a Government agency in the industry was the acquisition of Genting Sanyen Power Sdn Bhd and Tanjung Energy Sdn Bhd (renamed as Powertek Energy Sdn Bhd) on 13 August 2012 and 22 March 2012 respectively, by Edra Global Energy Berhad (formerly known as 1MDB Energy Berhad). This marked the entrant of 1MDB into the power generation industry in Malaysia.

In order to meet the anticipated increase in consumption of electricity post 2015, the Government of Malaysia has granted a 10-year extension of the PPA concession period for Segari Energy Ventures Sdn Bhd and Genting Sanyen Power Sdn. Bhd, both being first-generation IPPs[17] upon the expiry of their PPAs in 2017 and 2016 respectively.

2.2.7 Market Share and Ranking

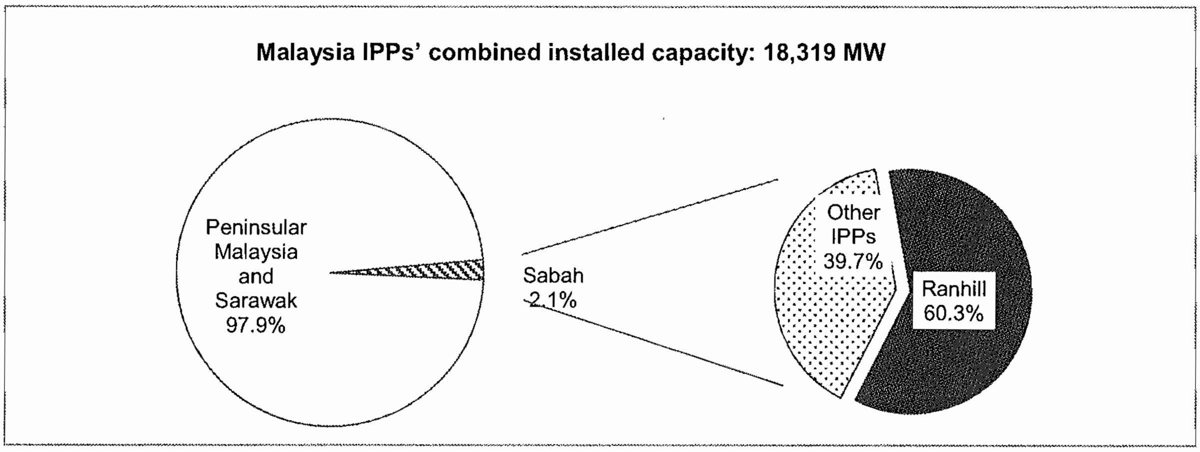
2.2.7.1 Ranhill's Market Share by Installed Generation Capacity of IPPs

As at the end of 2013, the combined installed capacity of the 23 IPPs in Malaysia was 17,777 MW. In Sabah, the combined installed capacity of the IPPs was 688 MW. In 2012, Ranhill Powertron Sdn Bhd and Ranhill Powertron II Sdn Bhd combined installed capacity was 380 MW. Hence, Ranhill's market share in Malaysia by installed generation capacity was 2.1%, which was equivalent to 55.2% in Sabah.

According to the ST[18], Kimanis Power Sdn Bhd and SPR Energy Sdn Bhd were the two IPPs that have yet to become fully operational in 2013. Kimanis and SPR power plants have licensed capacity of 285 MW and 100 MW respectively. Kimanis power plant has achieved full operational status in November 2014. Meanwhile, SPR power plant has commenced operation in August 2014. Excluding renewables, the total licensed capacity of IPPs in Sabah is estimated at 1,015 MW, of which Ranhill Powertron Sdn Bhd and Ranhill Powertron II Sdn Bhd collectively accounted for 380.0 MW as of November 2015. Given that, Ranhill's market share by licensed capacity in Sabah is estimated to be 37.4% as of November 2015.

[17] Other first generation PPAs which are due for renewal between 2014 and 2016 are YTL Power Paka, YTL Power Pasir Gudang, Port Dickson Power and Powertek Telok Gong.
[18] ST's Performance and Statistical Information 2013

Chart 2:11: Ranhill's Market Share in Malaysia by Installed Capacity of IPPs, 2013

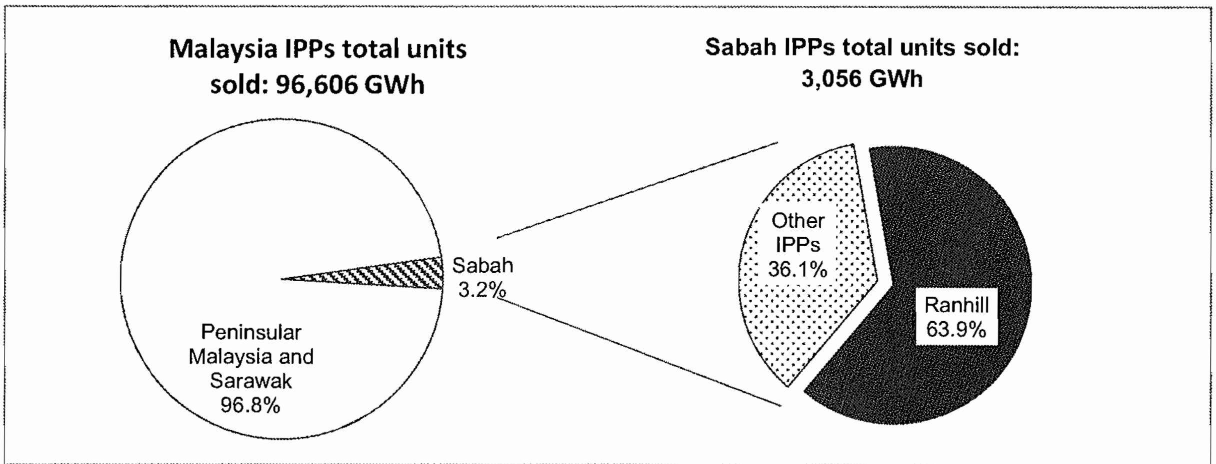


Source: Energy Commission and Frost & Sullivan

2.2.7.2 Ranhill's Market Share by Actual Units Sold

As at 2013, ST had reported a total of 96,606 GWh of sold units of electricity from the 23 IPPs in Malaysia. In Sabah, the actual units sold constituted 3,056 GWh, which is equivalent to 3.2% of the total units sold by the IPPs in Malaysia. In 2013, Ranhill Powertron Sdn Bhd and Ranhill Powertron II Sdn Bhd collectively sold approximately 1,953 GWh of electricity. Hence, Ranhill's market share in Malaysia by actual unit sold was 2.0% which was equivalent to 63.9% in Sabah for 2013.

Chart 2:12: Ranhill's Market Share in Malaysia by Actual Units Sold by IPPs, 2013



Source: Energy Commission and Frost & Sullivan

2.2.8 Relevant Laws and Regulation

2.2.8.1 Regulations

Electricity Supply Act 1990

The Electricity Supply Act 1990 outlines the regulations of the electricity supply industry in Malaysia, the supply of electricity to consumers at a fair and reasonable rate, the licensing and control of electrical installations, electricity generating plants and equipment and the efficient use of electricity.

The Act mandates the formation of the Energy Commission to carry out tasks such as:

- Issuing of licenses to electricity generating companies

- Promoting competition in the generation and supply of electricity and to ensure optimum supply of electricity at reasonable prices are available
- Promoting the interest of consumers via pricing, supply continuity and quality of electricity supply services
- Promoting the efficient use of electricity
- Managing the electricity generation function of the value chain in light of the nation's economic development

The Guidelines on Electricity Supply License further highlights the criteria for electricity generation licenses. The criteria for consideration include:

- Applicant must have a paid–up capital of at least 2.0% of the project cost or RM200,000 (whichever is higher)
- Foreign equity of no more than 30.0% and Bumiputera equity of no less than 30.0%
- A signed PPA with the utilities

The Malaysian Grid Code

The Malaysian Grid Code was launched in December 2010 and enforced in January 2011 to ensure the reliability of electricity supply in Peninsular Malaysia. The six critical functions governed by this document are the Planning Code, Connection Code, Operating Codes, Scheduling and Dispatch Codes, Data Registration Code, Metering Code.

The Malaysian Grid Code is a technical specification document which outlines the parameters that power plants and the grid system network have to meet in order to ensure the electrical grid does not fail. It aims to ensure that operations at the distribution level are carried out in a timely and systematic manner. The Code sets regulations and technical requirements to be carried out by all involved parties in the planning, managing and maintenance of the National Grid and its distribution systems to ensure constant security, safety and reliability of electricity supply.

2.2.8.2 Regulating Authorities

Malaysia's electricity supply industry has various stakeholders overseeing different aspects across the value chain of the industry. ST is the main regulatory and planning body for the industry alongside KeTTHA and EPU. The roles and responsibilities of these respective Government of Malaysia agencies are:

- ST is a statutory body which regulates the energy sector in Malaysia, and specifically the electricity supply industry and piped gas supply industry in Peninsular Malaysia and Sabah. ST is responsible for ensuring the reliability and safety of electricity supply and piped gas to consumers at reasonable prices.
- KeTTHA acts as a policy formulator and service regulator for the energy, water and green technology sectors. The Ministry's main thrust is to facilitate and regulate the growth of industries in these sectors to ensure the availability of high quality, efficient and safe services at a reasonable price to consumers throughout the country.
- The Energy Unit of EPU formulates policies and strategies for the sustainable development of the energy sector. This agency strives to ensure adequate, secure, quality and cost effective supply of energy for all Malaysians. EPU also promotes the utilization of renewable energy and energy efficiency in the energy sector. This agency also provides allocation for energy related development programs and evaluates the achievements from the implementation of these programs.
- The Ministry of Rural and Regional Development is tasked to draft policies governing the supply of electricity to rural areas throughout Malaysia.
- The Energy Information Bureau is responsible for energy policy and planning, reducing energy costs and environmental protection.

In addition to this, the DOE also monitors power plants during its developmental and operational phase, in analyzing the impact of these plants on the environment and surrounding communities.

- During the development phase, the DOE mandates the appointment of Environmental Impact Assessment ("EIA") consultants to carry out a DEIA studies. These studies aim to identify, predict, evaluate and communicate information about the impacts of a proposed project on the environment and to highlight mitigating measures prior to project approval and implementation. In doing so potential problems can be identified and addressed in the project planning and design phase.
- During the operational phase, the DOE regulates emission from the plant, in terms of particulate matter, carbon dioxide, sulphur oxide, nitrogen oxide, noise levels, effluent discharge and smoke density. Plants are required to schedule analyses of emissions at specific intervals. These findings need to be submitted to the DOE on a monthly basis.

UKAS is an agency under the Prime Minister Department, which has been given the responsibility to coordinate the privatisation of PPP projects. Its major role include

- As the secretariat to the Privatisation Committee,
- Plan, evaluate, coordinate, negotiate and monitor public-private partnership projects implementation;
- Managing and evaluating projects that requires facilitation fund based on stipulated criteria;
- Monitoring growth corridor projects development ;
- To consult on the public-private partnership project at Federal and state level; and
- To negotiate and administer agreements on facilitation of funds

2.3 INDUSTRY OUTLOOK

The consumption of electricity is a key driver for the electricity supply industry. The electricity consumption in Malaysia is forecast to grow at a CAGR of 8.9%, from an estimated 139,789 GWh in 2015 to 196,910 GWh in 2019. The residential and commercial segment is expected to remain as the main consumer of electricity, followed by industrial segment.

In Malaysia, the projected growth of the electricity supply industry is expected to be driven by a number of factors. Among them include:

- Government's initiatives to drive the economic growth in Malaysia. The economic growth and pace of a country's development correlates positively with the amount of energy and water utilized. As a country develops, more electricity and water would be required for industrial activities property developments as other public amenities.
- The growing population and increasing spending power are also expected to spur the growth in demand for electricity from the increasing usage of electrical and electronic consumer products, thereby driving production and consumption.

In the coming years, the electricity supply industry in Malaysia is expected to experience growth as a direct result of Malaysia's 10MP, which strives to transform the country into a high income nation by 2020 via the 12 NKEAs. Furthermore, the Government announced its intention to bring reforms to the electricity supply industry in 10MP, with the aim of ensuring continuous security of electricity supply within the country. In addition, the 11MP highlights several efforts to create a sustainable industry despite volatile global energy pricing and depleting gas resources especially in Peninsular Malaysia.

In Sabah, electricity consumption is expected to grow from 5,517 GWh in 2015 to 6,971 GWh in 2019 at a CAGR of 6.0%, compared to the CAGR of 3.5% for Peninsular Malaysia in over the same period. The strong growth in electricity demand in Sabah requires the Federal and Sabah state Governments to undertake measures for enhancement of the electricity supply system, in order to meet the future demand[19].

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[19] ST: Sabah Electricity Supply Industry Outlook 2014

Short-term – Enhancing reliability of electricity supply through capacity expansion

Commissioning of both Kimanis and SPR Energy Sdn Bhd power plants in November and August 2014 respectively provides short-term solutions to address the shortages in electricity supply with additional capacities of 285 MW and 100 MW respectively.

Medium-term – Replacement of expiring power plants and expansion of renewable energy

In anticipation of the expiring PPAs for the first generation IPPs from 2016 to 2020, the Malaysian government is considering a plan for the development of a new combined cycle plant in Lahad Datu by Eastern Sabah Power Consortium ("ESPC"), which is targeted to be commissioned by 2017. Key considerations on the new plant development, including LNG pricing, electricity selling price to off-taker and framework of governmental assistance is currently under review by the Federal Government.

Long-term – Creating a sustainable electricity supply industry

Beyond 2020, the government will be focusing on increasing the reliability and cost efficiency of power generation with the outline of several development initiatives.

- The implementation of a 180 MW capacity Upper Padas Hydroelectric Project along with the 300 MW CCGT power plant to alleviate the dependence of gas by the state's electricity system;
- Facilitation of interconnection links between Sabah, Sarawak, Brunei and Kalimantan which also part of the ASEAN Power Grid; and
- Evaluation for the development of new renewable energy including hydroelectric potentials with the implementation of FiT in Sabah.

3 THE WATER SUPPLY SERVICES INDUSTRY

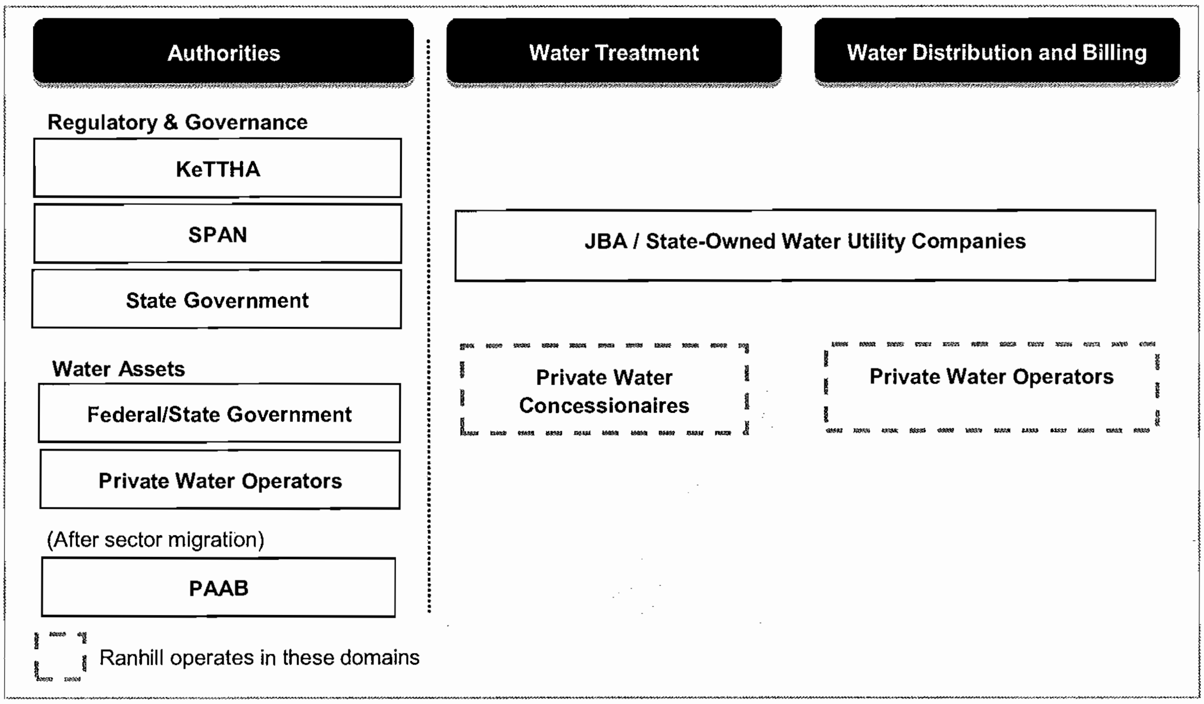
3.1 INTRODUCTION

In Malaysia, the water supply service industry is regulated by the National Water Services Commission ("SPAN"), a unit under KeTTHA. KeTTHA is responsible for developing regulations and monitoring the development of water services industry and is assisted by its agency named Department of Water Supply ("JBA"). SPAN's main responsibility lies in the implementation and enforcement of the laws and regulations formulated by KeTTHA.

The industry is generally managed by State authorities through the state water department or state-owned utility water companies with funding from Federal Government (Peninsular Malaysia and Labuan) or State Government (Sabah and Sarawak). The State authorities are responsible for identifying water sources, managing supply of treated water, piping/distribution to consumers and billing. Increasingly, operations of water treatment facilities are outsourced to private concessionaires who may build, operate and manage the facilities. Under the Water Services Industry Act 2006, water assets of states that migrated to the new licensing regime are owned by the Water Asset Management Company ("PAAB"). PAAB is responsible for financing the construction, refurbishment and upgrading of water services infrastructure and all other assets in relation to the water systems, hence relieving private operators from the financial burden to construct water assets and allowing them to focus on providing services efficiently.

In Selangor (including Federal Territory Kuala Lumpur) and Johor, water supply services industry has undergone sector migration whereby the supply and distribution of water are fully managed by the private sector.

Figure 3:1: Water Supply Services Industry Structure in Malaysia, 2015



Source: Malaysian Water Association ("MWA"), SPAN and Frost & Sullivan

3.2 INDUSTRY DEVELOPMENT IN MALAYSIA

Industry Transformation (Peninsular States and Federal Territories)

In the early 1990s, as Malaysia further progressed into a developing nation status, the Federal Government realised that in order to be more efficient, cost-effective as well as to keep up with the development of other sectors, a transformation was needed which will allow private participation in the water supply services sector with the ultimate objective of enabling the industry to sustain without the reliance of financial assistance from the Government. The first real initiative was seen in 1998 whereby the National Water Resource Council was set up to implement a more effective water management, including interstate water transfers. Through this initiative, private companies were able to participate in the industry as water concession holders with the local government. Under this PPP model the water treatment facility is built, owned, operated and maintained by the private company for the duration of the concession, while the treated water is sold to the local water authority at a take-or-pay arrangement.

In 2005, the water supply services sector transformation initiated in Peninsular Malaysia, and the Federal Territory of Labuan. Under the transformation, the state water supply authorities are expected to undergo a restructuring by way of a corporatisation exercise that will lead towards shift from public works department to corporatised entity. National Water Services Industry Restructuring Initiative was introduced under the transformation which outlined the following major targets:

- Establishment of a licensing framework for water asset owners and water operators
- The separation of responsibility between water asset owners and water operators
- To corporatize the state water supply authorities to improve efficiency
- The monitoring of water operators through key performance indicators
- The setting of water tariff based on uniform principles and procedures

The direct outcome of the initiatives is the formation of the PAAB by the Ministry of Finance on 5 May 2006, and the National Water Services Commission Act 2006 ("SPAN Act") and Water Services

Industry Act 2006 ("WSIA"). (Please refer to the Relevant Laws and Regulations section for details on licenses and permits)

Privatisation of the Water Supply Services Sector in Johor

The Johor water supply services sector underwent the transformation in 1994, by the corporatisation of its state water services entity. In 2000, the water supply entity was privatised by SAJ Holdings Sdn Bhd ("SAJH"), a subsidiary of Ranhill. SAJH was granted a 30-year water supply concession from the state government to perform a holistic water supply services including water treatment, water distribution, billing and collection in Johor. In 2009, SAJH migrated to the new licensing regime governed under the WSIA which PAAB took over the financing responsibilities of the water assets post the migration, SAJH focuses on the operation and maintenance activities of water supply services in Johor. As of April 2014, PAAB approved projects amounted to RM740.2 million in Johor. These projects include the refurbishment and renewal of existing water supply system as well as water supply networks construction purposes.[20]

Water services industry in Johor is monitored by a state regulatory body named Badan Kawal Selia Air Johor ("BAKAJ") with its main responsibilities on raw water catchment area and raw water resources matters.

3.3 WATER TREATMENT TECHNOLOGY

Chemical Coagulation

This is the most basic method whereby raw water sourced from rivers, dams or the ground is channelled into water treatment plants to be processed further to remove sediments and other contaminants using chemicals as well as to improve quality through disinfection, fluoridation and alkalinisation. This method is highly suitable when the raw water available is from inland sources (not seawater) and in abundance, as well as free from parasitic infestations and other serious contaminations such as from harmful chemicals, heavy metals and toxic wastes. It is also seen as the most economical water treatment method that is broadly implemented worldwide.

Thermal Distillation

This is a desalination method used to process seawater into drinkable water. The process requires heating the raw water until it evaporates leaving the minerals and contaminants behind, and condensing the steam into pure liquid. The process uses large amounts of energy for heating the water hence making the process costly. This may also be conducted in a low pressure vessel to allow water to evaporate below the boiling temperature, hence reducing the energy required. The method is mainly implemented in countries with limited availability of inland water such as Singapore or low rainfall such as in the Middle East and certain parts of Australia.

Reverse Osmosis

Water is pumped through a semi-permeable membrane to filter large molecule sediments, contaminants, bacteria and minerals. It is suitable for processing seawater, brackish water and wastewater into purified water. This method is more economical than thermal distillation.

[20] PAAB

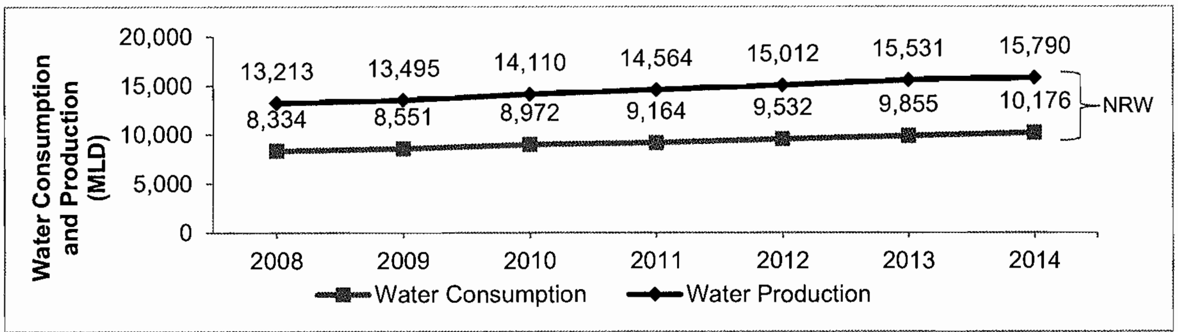
3.4 ANALYSIS OF THE WATER SERVICES INDUSTRY IN MALAYSIA

3.4.1 Historical Market Size and Growth Trends

3.4.1.1 Historical Water Consumption and Production

In 2014, Malaysia consumed about 10,176 MLD of water which was approximately 64.4% of water produced daily. Between 2008 and 2014, the water consumption grew at a CAGR of 3.4%, minimally higher than water production with 3.0%. The difference between the water production and water consumption indicated the NRW or loss of water that was not revenue generating. The growth of water consumption in Malaysia was mainly driven by the growth in population, and industrial and commercial activities.

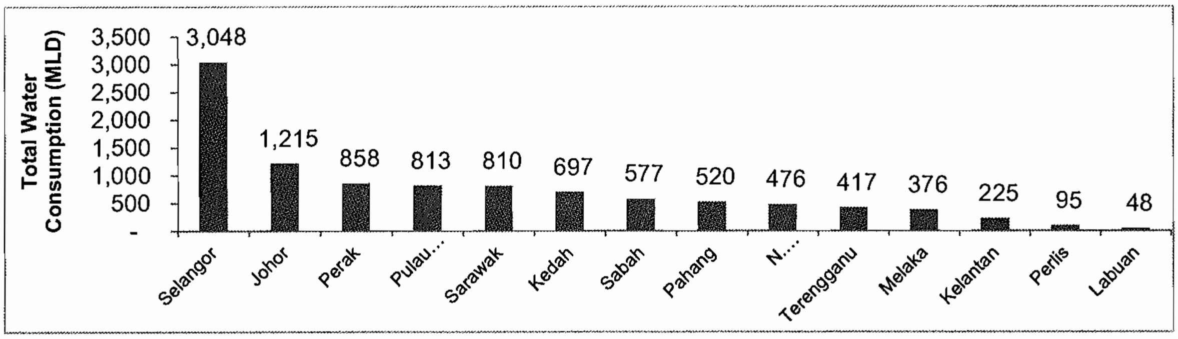
Chart3:1: Water Consumption and Production in Malaysia, 2008 to 2014



Source: Department of Statistics, SPAN and MWIG 2015

Selangor was the highest water consumption by state with 3,048 MLD, which constitutes 30.0% of Malaysia's total consumption in 2014. This was followed by Johor (1,215 MLD) and Perak (858 MLD) and Pulau Pinang (813 MLD). Water consumption in Sabah experienced the highest growth rate from 2008 to 2014 with 45.7%, mainly as a result of the growth in the non-domestic consumption which may also be driven by the increased supply coverage. Between 2008 and 2013, the water treatment plant design capacity in Sabah increased by 48.0%.

Chart3:2: Malaysia Water Consumption, by State, 2014

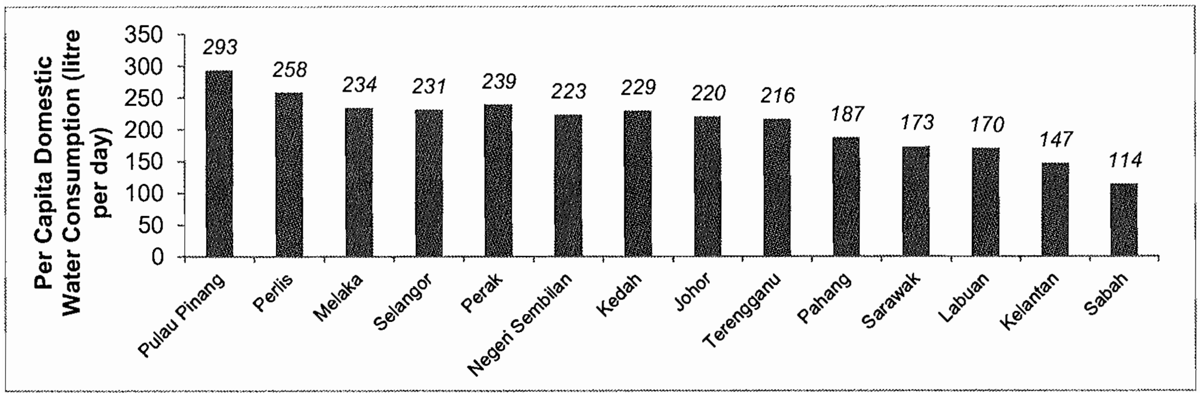


Note: Selangor includes Federal Territories Kuala Lumpur and Putrajaya

Source: MWIG 2015

With population and economic growth, as well as the growing affluence of the population, it can be expected that the per capita water consumption will rise in tandem. In 2014, per capita water consumption by domestic users was highest in Pulau Pinang at 293 litres per day. On average, water consumption by domestic users in all states in Malaysia was above 200 litres per day, except for Sarawak, Pahang, Kelantan and Sabah (including Labuan).

Chart3:3: Malaysia per Capita Domestic Water Consumption, by State, 2014



Note: Selangor includes Federal Territories Kuala Lumpur and Putrajaya

Source: MWIG 2015

3.4.1.2 Historical Market Size by Revenue in Johor and Malaysia

The water services market size was analysed based on the industry revenue. The industry revenue comprises tariff revenue and non-tariff revenue. Tariff revenue refers to the revenue from water bill collections, whereas non-tariff revenue generally refers to revenue generated from other activities such as, amongst others, charges to customers on the connection / reconnection, unscheduled water meters change, water works at the request of the customers and developers' contribution for the connection of main piping to their development area.

The water services industry market size in Malaysia had grown from RM3,918.0 million in 2008 to RM5,802.9 million in 2014[21], at a CAGR of 6.8%. At the state level, Selangor (RM2,023.9 million), Johor (RM853.5 million), Perak (RM350.3 million), Kedah (RM 290.6 million) and Pulau Pinang (278.5 million) were the five largest water services industries by revenue in 2014. Compared to national level growth, the water services industry market size of Johor has grown faster at a CAGR of 6.0% from 2008 to 2014. The higher growth rate in Johor was attributed to the continuous increase in water demand and water tariff hike which was implemented in November 2010.

Table 3:1: Historical Water Services Industry Market Size for Johor and Malaysia (by Revenue), 2008-2014

Year	Revenue (RM million)	
	Malaysia	Johor
2008	3,918.0	602.0
2009	3,936.0	603.1
2010	3,973.0	636.0
2011	4,359.0	693.6
2012	4,711.0	814.7
2013	4,792.0	807.5
2014	5,082.9	853.5
CAGR (2008-2014)	**6.8%**	**6.0%**

Source: MWA and MWIG 2015

[21] Malaysian Water Industry Guide 2015

3.4.2 Demand Conditions

3.4.2.1 Drivers

Population Growth, Wealth of Nation and Industrial Development

The growth in population, coupled with a prospering economic conditions provide a suitable backdrop for a rapid industrial development and hence driving the domestic and non-domestic water demand in Malaysia. Population growth and increasing wealth will spur the rise in residential and commercial properties, which inadvertently translate towards higher connectivity for water supply, contributing towards the growth in the end user market further.

One of the examples that can be seen is the development of Iskandar Malaysia, in Southern Johor. The Malaysian Government plans to develop Iskandar Malaysia into a vibrant economic corridor for business, medical, tourism, logistics and distribution and high-tech manufacturing. Iskandar Malaysia is currently in the second phase of the 20-year project period and is expected to attract outsiders including foreign knowledge workers to reside in the area. Iskandar Malaysia is targeted to have a population of more than 3 million by 2025 with GDP growth of 8.0% annually up to 2025[22]. The Government places a high priority on establishing comprehensive infrastructure in the region including water infrastructure in order to ensure there is sufficient water supply to cater to increasing population.

Other initiatives by the Government to further develop the country include the PIPC-RAPID in Pengerang, Johor and the TRX that will transform Kuala Lumpur into an international hub for banking and finance.

3.4.2.2 Restraints

Water is an irreplaceable basic necessity and also an essential element that keeps organisms living. However, demand restraint of treated water may exist in certain rural areas in Eastern Malaysia or states with lower economic development in the Peninsular Malaysia such as Pahang, Terengganu and Kelantan. The lower domestic usage of treated water in these rural areas as compared to urban areas may be due to accessibility factors, usage factors or the availability of other sources of raw water.

Limited Access to Treated Water in Out-of-Bound Rural Areas

Water distribution via public pipes may not be available in some rural areas and instead treated water is delivered from the water treated plants by trucks and in limited quantities. This is especially true in serving native settlers in many out-of-bound rural areas of Sabah and Sarawak. Under the Government Transformation Programme, the Government has identified the rural basic infrastructure development as one of the NKRA. In 2014, the national water access rate in rural areas, reached 92.6%, an improvement from 90.9% in 2008, and an addition of 10 new water treatment plants were built in Sabah between 2010 and 2014.

Lesser Water-Consuming Activities by Rural Dwellers

The lack of sanitation facilities such as the installation of flushing toilets will result in lower household consumption of water in rural areas. In addition, other water consuming activities which are commonplace in urban dwellings such as washing cars and swimming pools are less predominant or non-existent in the rural areas. Furthermore, due to the hardship factor of the rural dweller, a general attitude towards water conservation may be more apparent as there is a higher appreciation of treated water.

Lesser Need for Treated Water

In some rural areas in which the raw water sources such as rivers, lakes and springs is near the settlement areas and not contaminated, the rural dwellers may utilise the untreated water for consumption, basic sanitation and irrigation purposes. Nevertheless, this phenomenon is very limited

[22] Iskandar Regional Development Authority (IRDA)

nowadays and with the Government's proper planning to develop the water supply system in the rural area, users would opt to use treated water for a safer consumption to reduce the risk of contracting water-borne diseases or parasites.

3.4.3 Supply Conditions

3.4.3.1 Availability of Raw Water Sources

The main raw water source in Malaysia is rivers. In 2014, more than 80.0% of the raw water was sourced from the rivers while the balance from dams and ground water. The accessibility to a large network of rivers in Malaysia is one of the important factors that ensure the sufficiency of water supply.

According to the Malaysia Environmental Quality Report 2013 published by the DOE, a total of 275 (58.1%) rivers out of 473 rivers monitored were found to be clean, 173 (36.6%) were slightly polluted and 25 (5.37%) were polluted.

The following table presents the distribution of 144 river basins[23] in Malaysia by state as well as those that transcend states.

Table 3:2: Malaysia River Basins, 2013

State	Number of River Basin	State	Number of River Basin
Johor	22	Sabah	36
Kedah	5	Sarawak	22
Kelantan	5	Selangor	5
Melaka	6	Terengganu	14
Negeri Sembilan	2	Kedah / Pulau Pinang	1
Pulau Pinang	6	Pulau Pinang / Perak	1
Pahang	9	Perak / Selangor	1
Perak	6	Selangor / Federal Territory Kuala Lumpur	1
Perlis	1	Johor / Negeri Sembilan	1
	Total Malaysia	**144**	

Source: DOE

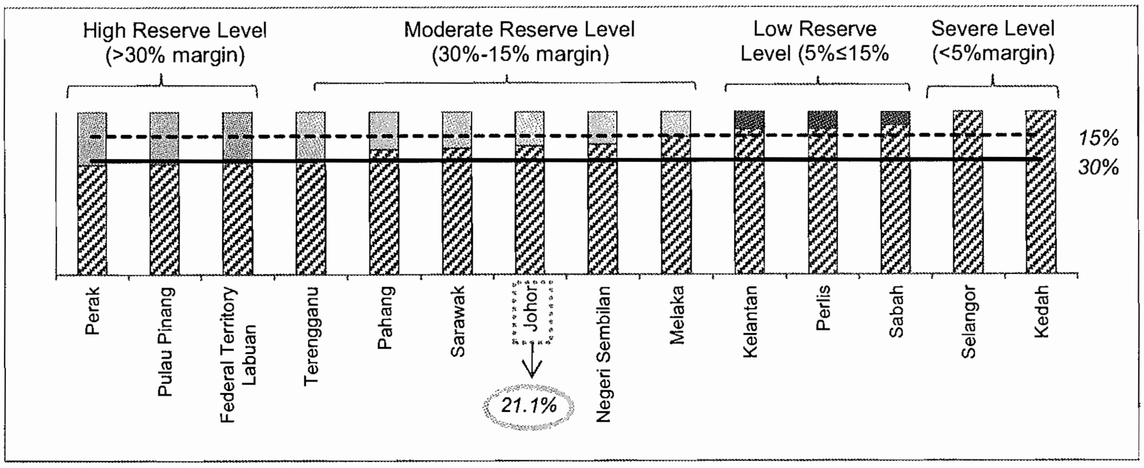
3.4.3.2 Water Treatment Production Capacity and Access Rate

The national water treatment production in 2014 was 15,790 MLD, which account to approximately 84.3% of the total design capacity in Malaysia. Between 2008 and 2014, the national water production had increased at a CAGR of 3.0%, with the water reserve margin maintained between 15.0% and 17.0% during this period. Water reserve margin refer to the unutilised capacity of the total designed capacity of water treatment facilities in the country and determine the ability to meet future demand for water.

When analysed by states, Perak, Pulau Pinang and the Federal Territory of Labuan has high reserve margin of more than 30.0%. Since Labuan is not a connected island, there is no tangible benefit in this regard as the excess treatment capacity can't be utilised to boost water supply in neighbouring states. In this regard, Perak and Pulau Pinang are able to supply to states with lower water reserve margins such as Kedah and Selangor should any periodic water shortage occur. Meanwhile, the reserve margin in Johor was 21.1% in 2014.

[23] A river basin is defined as the land between the water source and the point of entrance at the river. The land surface is drained by water from streams and creeks that would then flow into the river.

Chart 3:4: Malaysia Water Production Reserve Margin (by State), 2014



Source: MWA, SPAN and Frost & Sullivan

As of 2014, Melaka and Federal Territory of Labuan were the only states that had achieved 100.0% of treated water access rate in both rural and urban areas. Johor, Kedah, Negeri Sembilan, Pulau Pinang, Pahang, Perak, Perlis and Selangor had 100.0% water access rate in the urban area and at least 96.0% of the rural areas were connected to the treated water supply. The lower access rates in rural Sabah (73.1%) and Sarawak (76.6%) was mainly due to the unavailability of distribution services to the out-of-bound rural areas that are difficult to reach, making it uneconomical to provide the services. On the contrary, the low access rate predominant in Kelantan (63.2%) was mainly due to the low water production capacity within the state, limiting the connection to water supply despite the availability of distribution pipes to the affected areas in the state. In 2014, the top three states with the largest water treatment plants designed capacity was Selangor (4,606 MLD), followed by Johor (1,986 MLD) and Perak (1,816 MLD)[24].

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[24] In most cases, production will be less than the designed capacity to ensure optimal treatment processes. However, there are exceptions where it may be exceeded. A common cause is due to higher rainfall in the area which leads to higher water inflows. Adjustments on treatment processes and use of chemicals can be made to ensure water quality is not affected.

Table 3:3: Water Plant Production and Reserve Margin (by State), 2008-2014

States	2008		2009		2010		2011		2012		2013		2014	
	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)	Production (MLD)	Reserve Margin (%)
Johor	1,430	11.7	1,466	9.1	1,476	8.9	1,528	14.5	1,512	15.4	1,512	15.4	1,568	21.1
Kedah	1,157	2.4	1,173	1.0	1,198	2.6	1,237	1.1	1,292	0.1	1,292	0.1	1,299	0.1
Kelantan	341	1.4	343	4.7	377	6.1	403	0.6	406	1.3	406	1.3	445	10.9
Labuan	47	21.7	48	19.9	49	18.3	54	45.2	59	43.3	59	43.3	69	31.5
Melaka	428	12.5	443	9.4	443	12.4	455	10.0	478	13.0	478	13.0	532	15.6
Negeri Sembilan	703	2.0	659	11.8	724	8.7	742	6.1	735	7.0	735	7.0	744	20.1
Pulau Pinang	896	29.6	913	28.3	957	24.8	951	31.4	964	30.5	964	30.5	1,017	32.0
Pahang	915	24.1	915	23.6	966	18.4	1,079	10.3	1,089	16.2	1,089	16.2	1,108	23.4
Perak	1,014	28.2	1,039	39.8	1,080	37.4	1,109	36.3	1,155	35.5	1,155	35.5	1,224	32.6
Perlis	99	10.0	109	0.5	147	36.6	191	33.7	211	26.9	211	26.9	208	10.6
Sabah	820	5.6	877	18.5	931	15.8	989	10.7	1,057	14.1	1,057	14.1	1,196	8.3
Sarawak	956	20.4	1,015	15.6	1,055	14.8	1,083	25.8	1,107	24.1	1,107	24.1	1,188	22.4
Selangor	3,889	13.3	3,926	12.3	4,063	9.3	4,143	7.5	4,323	6.2	4,323	6.2	4,594	0.3
Terengganu	547	39.6	567	36.2	598	31.6	599	35.1	623	31.2	623	31.2	598	29.4
Total	**13,243**	**16.6**	**13,495**	**17.7**	**14,065**	**15.9**	**14,564**	**16.4**	**15,012**	**16.1**	**15,012**	**16.1**	**15,790**	**15.7**
Production CAGR (2008-2014)	**3.0%**													

Note: Selangor includes Federal Territories Kuala Lumpur and Putrajaya

Source: MWA and SPAN

Table 3:4: Percentage of Treated Water Access Rate in Malaysia by Area and State, 2008-2014

State	Treated Water Access Rate											
	2008			2009			2010			2011		
	Urban	Rural	State Total	Urban	Rural	State Total	Urban	Rural	State Total	Urban	Rural	State Total
Johor	100.0	99.5	99.8	100.0	99.5	99.8	100.0	99.6	99.8	100.0	99.5	99.8
Kedah	100.0	94.8	97.0	100.0	96.3	98.0	100.0	96.5	98.2	100.0	96.3	98.5
Kelantan	56.3	53.2	54.0	57.7	54.7	55.7	57.9	56.1	57.0	56.9	57.4	57.3
Federal Territory Labuan	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Melaka	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Negeri Sembilan	100.0	99.5	99.8	100.0	99.5	99.8	100.0	99.5	99.8	100.0	99.8	99.9
Pulau Pinang	100.0	99.6	99.9	100.0	99.6	99.9	100.0	99.7	99.9	100.0	99.7	99.8
Pahang	98.0	89.0	93.0	100.0	96.0	97.8	100.0	96.0	98.0	100.0	96.0	98.0
Perak	100.0	98.9	99.5	100.0	98.0	99.2	100.0	98.0	99.2	100.0	99.2	99.6
Perlis	100.0	99.0	99.0	100.0	99.0	99.4	100.0	99.0	99.4	100.0	99.0	99.5
Sabah	99.0	52.0	76.0	99.2	52.3	76.3	99.5	58.4	79.0	99.5	59.0	80.0
Sarawak	99.0	56.5	78.0	99.5	61.5	86.2	99.5	61.7	93.3	99.5	63.0	93.7
Selangor	100.0	99.0	99.9	100.0	99.0	99.9	100.0	99.0	99.5	100.0	99.5	99.8
Terengganu	98.5	82.0	90.0	98.6	82.5	90.7	98.6	92.7	95.7	98.8	92.8	95.8
Malaysia	**96.5**	**85.3**	**90.9**	**96.8**	**88.4**	**93.0**	**96.8**	**89.7**	**94.2**	**96.8**	**90.1**	**94.4**

State	Treated Water Access Rate								
	2012			2013			2014		
	Urban	Rural	State Total	Urban	Rural	State Total	Urban	Rural	State Total
Johor	100.0	99.5	99.8	100.0	99.5	99.8	100.0	99.5	99.8
Kedah	100.0	96.3	98.2	100.0	96.5	98.3	100.0	96.5	98.3
Kelantan	57.9	60.8	59.9	59.5	63.4	61.5	61.3	65.1	63.2
Federal Territory Labuan	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Melaka	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Negeri Sembilan	100.0	99.8	99.9	100.0	99.8	99.9	100.0	99.8	99.9
Pulau Pinang	100.0	99.7	99.9	100.0	99.7	99.9	100.0	99.7	99.9
Pahang	100.0	96.0	98.0	100.0	96.0	98.0	100.0	96.0	98.0
Perak	100.0	99.2	99.6	100.0	99.2	99.6	100.0	99.2	99.6
Perlis	100.0	99.0	99.5	100.0	99.0	99.5	100.0	99.0	99.5
Sabah	99.8	64.2	82.0	99.8	73.1	86.0	99.8	73.1	86.5
Sarawak	99.6	63.5	93.8	99.7	76.0	93.8	99.8	76.6	94.0
Selangor	100.0	99.5	99.8	100.0	99.5	99.8	100.0	99.5	99.8
Terengganu	99.1	92.9	96.0	99.1	92.9	96.0	99.1	92.9	96.0
Malaysia	**96.9**	**90.7**	**94.7**	**97.0**	**92.5**	**95.1**	**97.1**	**92.6**	**95.3**

Note: Selangor includes Federal Territories Kuala Lumpur and Putrajaya

Source: SPAN and MWIG 2015