

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 Share Capital

- (i) No shares will be allotted on the basis indicated in the Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. As at the date of this Prospectus, there are two classes of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank pari passu with one another and the 1 Special Share of RM0.50 each.
- (iii) Save for the 16,303,000 Shares reserved for the eligible employees and retirees of PBAHB Group under the OFS as disclosed in Section 5.3(ii) of this Prospectus, no person has been or is entitled to be given an option to subscribe for any share, stock or debenture of the Company or its subsidiary.
- (iv) Save as disclosed in Section 8.4 and Section 8.5 of this Prospectus, no ordinary shares or debentures of the Company and its subsidiary have been issued or are proposed to be issued as partly or as fully paid-up in cash or otherwise than in cash within the 2 years preceding the date of this Prospectus.
- (v) Save for the 16,303,000 Shares reserved for the eligible employees and retirees of PBAHB Group under the OFS as disclosed in Section 5.3(ii) of this Prospectus, there is currently no other scheme for or involving the Directors, employees and retirees of PBAHB Group in the share capital of the Company or its subsidiary.
- (vi) Save as disclosed in Section 8.4 and Section 12 of this Prospectus, no Directors have been given any option to subscribe for any shares, stocks or debentures of the Company or its subsidiary during the last financial year.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

14.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association:-

(i) **Alteration of Capital and Variation of Class Rights**

The provisions in the Company's Articles of Association as to changes/alteration of capital and variation of class rights whether or not such provisions are more stringent than required by laws are as follows:-

Alteration of Capital

Article 57

- (1) The Company in general meeting may:-
- (a) by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its shares of larger amount than its existing shares;
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken, agreed to be taken, by any person, and diminish the amount of its capital by the amount of shares so cancelled;
 - (d) subdivide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless, to the provisions of the Act) and so that the resolution whereby any shares is subdivided may determine that as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights over, or may have such restrictions as compared with the others as the Company has power to attach to unissued or new shares; and

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (e) subject to the Act and Articles 14(1)(b) and 21(6)(h), by Special Resolution reduce its capital in any manner authorised by law.
- (2) The Company must ensure that all new issues of securities are made by way of crediting the Securities Accounts of the allottees with the additional securities unless otherwise approved by the Exchange. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees.
- (3) All new shares created as a result of any increase or change in the Company's capital shall be subject to the same provisions of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

Variation of Class Rights

Article 21

- (1) The Special Share may be held only by or transferred only to the State Secretary, Penang, a body corporate incorporated under the State Secretary Penang (Incorporation) Enactment, 1988 or its successors or the Chief Minister or any person acting on behalf of the State Government of Penang.
- (2) The Special Shareholder shall have the right from time to time to appoint any Entitled Person to be Directors, (hereinafter referred to as "Government Appointed Directors"), so that there shall not be less than two (2) nor more than eleven (11) Government Appointed Directors at any time.
- (3) The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice or to attend and speak at all general meetings or any other meeting of any class of shareholders of the Company but the Special Shareholder shall carry no right to vote nor any other rights at any such meeting.
- (4) The Special Shareholder shall confer no rights to any Dividend at any time.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (5) The Special Shareholder may subject to the provisions of the Act, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate. In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any other Members. The Special Share shall confer no other right to participate in the capital or profits of the Company.
- (6) Each of the following matters shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly only be effective with the consent in writing of the Special Shareholder:-
- (a) The amendment, or removal, or alteration of the effect of all or any of the following Articles that is to say Article 1(2) relating to the following definitions:-
- “Corporation under foreign control”
- “Entitled Person”
- “Foreigner”
- “Foreign Corporation”
- “Special Share” and “Special Shareholder”;
- (b) the appointment of a person other than Entitled Persons to hold office as a Director or Directors of the Company;
- (c) a proposal for the voluntary winding-up or dissolution of the Company;

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (d) the creation or issue of any shares (hereinafter referred to as "Proposed New Shares") in the capital of the Company with voting rights attached thereto, being shares with rights identical to those attaching to ordinary shares of the Company, and which when aggregated with all other existing issued shares, the Proposed New Shares will carry the rights to cast on a poll more than ten percent (10%) of the total voting rights of all Members having the right to vote at general meetings of the Company;

- (e) any disposal by any company in the Group (which expression in this Articles means the Company and its subsidiaries for the time being) which, alone or when aggregated with any other disposal or disposals forming part of, or connected with the same or a connected transaction, constitutes a disposal of the whole or a material part of the assets of the Group. A part of the Group's assets shall only be deemed to be material if :-
 - (i) the aggregate book value of the asset disposed or the aggregate value of the total consideration to be received on its disposal is more than twenty percent (20%) of the book value of the Group net tangible assets (excluding goodwill and other intangibles and after deducting loan capital, long term borrowings, minority interest and amounts set aside for future taxation) represented by such shareholder's fund of the Group; or

 - (ii) the average profits attributable to it are more than twenty percent (20%) of the average profits of the Group;

for this purpose the expression "average profits" means the average of the profits before taxation excluding interest payable and similar charges and extraordinary items, for the last three (3) financial years for which audited consolidated accounts of the Group have been published, calculated by reference to the profits for the financial year or years for which audited consolidated accounts of the Group have been prepared;

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

- (f) any disposal which, because of its size, is required by the KLSE or any other Exchange on which the Company's shares are listed to be subject to approval by the Company in general meeting;
- (g) any acquisitions, take-over by the Company, amalgamation, merger or change in the business carried on by the Company, which because of its significance is required by the Act, the KLSE or any other Exchange on which the Company's shares are listed to be subject to approval by the Company in general meeting; and
- (h) on a proposal for any reduction in the Company's share capital in any manner.

Article 4

The Special Share shall be held only by the Special Shareholder.

Article 5

The Company shall have power in accordance with the provisions of the Companies Act, 1965 and all other legislation (including rules, regulations and guidelines thereunder) to purchase its own shares but shall not result in the aggregate of the shares purchased exceeding ten percent (10%) of its issued and paid up capital. Any shares so purchased by the Company shall be dealt with in accordance with the provisions of the Companies Act 1965 and all other legislation (including rules, regulations and guidelines thereunder) and the requirements of the relevant authorities.

Article 6

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to Dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine. The rights attaching to shares of a class other than ordinary shares shall be expressed.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 7

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Board of Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Board of Directors may likewise so dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Board of Directors, be conveniently offered under this Article. The Company shall not issue shares to transfer a controlling interest without prior approval of shareholders in general meeting.

Article 8

- (1) Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares from time to time, to be created shall, before they are issued, be offered in the first instance to such Members as are, under the regulations of these Articles, then entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit to the number of existing shares held by them.
- (2) The offer shall be made by notice specifying the number of shares offered, and limiting the time within which the offer, if not accepted, will be deemed to be declined.
- (3) After the expiration of such time, or on the receipt of an intimation from the Member to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off the same in such manner as they think most beneficial to the Company.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (4) Where by reason of the proportion that shares proposed to be issued bear to shares already held, some of the first mentioned shares cannot be offered in accordance with sub-article (1), the Board of Directors may issue the shares that cannot be so offered in such manner as they think most beneficial to the Company.

Article 9

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall form part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls, and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

Article 10

Subject to Article 19, every issue of shares or options to employees and/or Directors shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to employees and/or to each Director. Only Executive Directors shall participate in such issue of shares; provided always that Directors not holding office in an executive capacity may so participate in issue of shares pursuant to a public offer or public issue unless shareholders in general meeting have approved of the specific allotment to be made to such Directors.

Article 11

The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue further preference capital ranking equally with or in priority to, preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit PROVIDED ALWAYS the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Article 12

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated, and preference capital may be repaid if agreed to by the holders of three-fourths (3/4) of the preference shares at a general meeting called for the purpose. To every such separate general meeting all the provisions of these presents relating to general meetings of the Company, or to the proceedings thereat, shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one third (1/3) the nominal amount of the issued shares of the class. Provided that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 13

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Article 14

- (1) The holder of a preference share must be entitled to a right to vote in each of the following circumstances:-
- (a) when the Dividend or part of the Dividend on the share is in arrears for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (d) on a proposal that affects rights attached to the share;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding up of the Company.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (2) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
- (3) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts, and attending meetings.

Article 15

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten percent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully paid shares. The Company may also on any issue of shares pay such brokerage as may be lawful.

Article 16

If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant or equipment which cannot be made profitable for a lengthened period the Company may pay interest on so much of that share capital as for the time being paid up for the period subject to the conditions and restrictions prescribed by the Act and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision of plant or equipment.

Article 17

Except as required by law, no person (other than persons, whether body corporate or otherwise, holding shares upon any trust for the Government) shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 18

The Company is empowered to require any Member or transferee prior to registration of transfer, to furnish the nature of his shareholding and may also require a trustee or nominee to provide such particulars to enable the Company to identify the beneficial owners and the nature of their interest.

Article 19

Shares may be registered in the name of an incorporated Company or other corporate body but not in the name of a minor.

Article 20

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees. The Company must allot securities and despatch notices of allotment to the allottees and make an application for the quotation of such securities within ten (10) or fifteen (15) Market Days of the final application closing date of an issue of securities or such other period as may be prescribed by the Exchange.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Modification of Rights

Article 29

If at any time the capital by reason of the issues of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of Section 65 of the Act be varied modified commuted affected abrogated or dealt with by Special Resolution passed by the holders of at least three fourths (3/4) of the issued shares of that class at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be two (2) persons at least holding or representing by proxy one third (1/3) of the issue shares of the class; provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured by Members holding at least three fourths (3/4) of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate general meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. To every such Special Resolution the provisions of Section 152 of the Act, shall with such adaptations as are necessary apply.

Article 30

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation of issue of further shares ranking as regards participation in profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Conversion of Shares into Stock

Article 56

- (1) The Company may, from time to time, by resolution of a general meeting convert all or any of its paid-up shares into stock and may from time to time, in like manner, reconvert any such stock into paid-up shares of any denomination.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

- (2) When any shares have been converted into stock, the several holders of such stock may transfer their respective interest therein, or any part of such interests, in such manner as the Company in general meeting shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously prior to conversion have been transferred. But the Board of Directors may, if they think fit, from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (3) The several holders of stock shall be entitled to participate in the Dividends and profits of the Company according to the amount of their respective interests in such stock, and the holders of stock have, according to the amount of the stock held by them the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company and other matters as they would have if they held the shares from which the stock arose.
- (4) No privilege or advantage (except participation in the Dividend and profits of the Company and in the property of the Company on winding up) shall be conferred by any amount of stock that would not, if existing in shares, have conferred such privilege or advantage.
- (5) All such provisions of these Articles as are applicable to paid up shares shall apply to stock, and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder".

(ii) **Transfer of Securities and Transmission of Shares**

The provision in the Company's Articles of Association in respect of the arrangement for the transfer of the securities and restriction on their free transferability are as follows:-

Transfer of Securities

Article 39

The transfer of any listed securities or class of listed security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 40

- (1) The transfer book and the Register and any register of holders of debentures of the Company may on due notice being given as required by the Act and the KLSE, be closed at such time or times as the Board of Directors shall deem expedient, so that the same be not closed for any greater period in the aggregate than thirty (30) days in any year.

- (2) The notice of book closure stating the period and purpose for such closure shall be furnished to the KLSE and the Registrar of Companies and advertised in a local daily newspaper circulating in Malaysia.

Article 41

An instrument of transfer must be in respect of only one class of shares.

Transmission of Shares

Article 42

In case of the death of a Member, the executors or administrators of the deceased, shall be the only person recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased Member from any liability in respect of any share held by him. Provided always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Article 43

Subject to any other provisions of these Articles, any person becoming entitled to a share in consequence of the death or insolvency of a Member may upon such evidence as to his title being produced as may from time to time be required by the Board of Directors in their absolute discretion, and subject as hereinafter provided, either be registered himself as holder of the share or transfer the share to some other person. Before recognising any executor or administrator, the Board of Directors may require him to take out probate or letters of administration in Malaysia, provided always that where the share is a depository security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

Article 44

Subject to any other provisions of these Articles, if the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects provided that where the share is a deposited security and the person becoming entitled elects to have the share transferred to him the aforesaid notice must be served by him on the Central Depository. If he shall elect to transfer to some other person he shall execute an instrument of transfer of shares in accordance with the provisions of these Articles relating to shares.

Article 45

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

Article 46

Subject to any other provisions of these Articles, a person becoming entitled to a share in consequence of the death or insolvency of a Member shall be entitled to receive and give a discharge for any Dividends or other moneys payable in respect of the share, but shall not be entitled to vote at meetings of the Company or (save as aforesaid) to any of the rights or privileges of a Member until he shall have become a Member in respect of the share.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

(iii) **Remuneration of Directors**

The provisions in the Company's Articles of Association dealing with remuneration of the Directors are as follows:-

Article 95

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Board of Directors in such proportions and manner as the Board of Directors may determine; provided always that:-

- (a) fees payable to non-Executive Directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be deducted from the remuneration of the latter.

Article 96

Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid, subject to Article 95(a) and (b), such extra remuneration by way of salary, allowances or otherwise as the board may determine.

Article 97

The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board of Directors or of a Committee of Directors or general meetings.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 109

The remuneration of the Executive and Managing Director shall (subject to the provisions of any contract between him and the Company) from time to time be fixed by the Board of Directors, and may be by way of fixed salary, or commission or participation in the profits of the Company or by any or all of those modes or otherwise as may be expedient, but shall not include a commission on or percentage of turnover.

(iv) Voting and Borrowing Powers of Directors

The provisions in the Company's Articles of Association dealing with voting powers of the Directors in proposals, arrangements or contracts in which they are interested in and their borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

Article 99

- (1) Subject to the provisions of the Act, a Director shall not be disqualified by reason of his holding any other office, or place of profit under the Company in conjunction with his office of Director, except that of Auditor, and may be appointed thereto for such period and upon such terms as to remuneration and otherwise as the Board of Directors may determine and no Director shall be disqualified by his office from contracting with the Company with regard to his tenure of such other office or place of profit.
- (2) A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Article 100

Subject to the provisions of the Act, no Director shall be disqualified from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company with any Company or partnership of or in which any Director shall be a Member or otherwise interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any Director so contracting or being such Member or any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established but the nature of his interest must be disclosed by him at the meeting of the Board of Directors at which the contract or arrangement is determined on, if the interest then exists or in any other case at the first meeting of the Board of Directors after the acquisition of the interest. A Director shall not vote in respect of any contract or arrangement or proposed contract or arrangement, in which he may be interested as a Director, officer or shareholder of another Company, or in which he has directly or indirectly any material interest.

Article 126

The business of the Company shall be managed by the Board of Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, exercise all such powers and do all such things as the Company is by its Memorandum of Association or otherwise authorised to exercise and do and are not hereby or by law expressly directed or required to be exercised or done by the Company in general meeting but subject, nevertheless, to the provisions of any law for the time being in force and of these Articles and to any regulations from time to time made by the Company in general meeting (not being inconsistent with provisions of such law or of these Articles), provided that no regulation so made shall invalidate any prior act of the Board of Directors which would have been valid if such regulation had not been made.

Article 127

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 128

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has directly or indirectly an interest.

Article 129

Subject to the preceding Articles on restriction of voting rights of the Directors, a Director, notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Board of Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinbefore mentioned are considered, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 129 and all other provisions of the Act and these Articles.

Article 130

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholders or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Board of Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers may vote in favour of the exercise of such voting rights in manner aforesaid) notwithstanding that he may be, or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid of such voting right in manner aforesaid PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Article 131

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Article 132

The Board of Directors shall not, save with the consent of the Company in general meeting, dispose of the whole power of or substantially the whole of the undertaking of the Company and if so disposed, shall be subject to ratification by shareholders in general meeting.

Article 133

The Board of Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, by the issue of debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being PROVIDED THAT the Board of Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or all uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 134

Debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Article 135

Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company and otherwise.

Article 136

The Board of Directors shall cause a proper register to be kept, in accordance with the provisions of the Act, of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with the requirements of the Act, in regard to the registration of mortgages and charges therein specified and otherwise.

(v) Listing Requirements of KLSE

The provisions of the Listing Requirements of KLSE on the transferability of securities are as follows:-

Section 7.13 – Transfer of securities

The transfer of any listed security or class of listed security of the company, shall be by way of book entry by the Central Depository in accordance with the rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act 1965, but subject to subsection 107C(2) of the Companies Act 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act 1965, the company shall be precluded from registering and effecting any transfer of the listed securities.

Section 7.14 – Transmission of securities from Foreign Register

- (1) Where:
 - (a) the securities of a company are listed on an Approved Market Place; and
 - (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

(c) such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as the "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in ownership of such securities.

(2) For the avoidance of doubt, no company which fulfils the requirements of subparagraphs 1(a) and (b) of above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

(vi) **Companies Act, 1965**

The provisions within the Company Act, 1965 on the transferability of securities and any restriction on their free transferability are as follows:-

Section 103(1)

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

Section 103(1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer:

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Section 107C(1)

On or after the coming into operation of this section, the transfer of any securities or class or securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.

Section 107C(2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

(vii) Rules of the MCD

The rules within the MCD on the transferability of securities and any restriction on their free transferability are as follows:-

Rule 9.01 (1)

Subject to the provisions of Rule 9.02, a depositor (hereinafter in this chapter referred to as "Transferring Depositor") may, by completing the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form), require an authorised depository agent with whom the depositor's securities account is maintained to transfer any deposited securities (hereinafter in this chapter referred to as "the said securities") in such account to a securities account held by another depositor (hereinafter in this chapter referred to as "Recipient Depositor") provided always that the reason for the transfer must be stated in the Form FTF010 or FTF015, and such application must be accompanied by the relevant documents in support of the request.

Rule 9.01 (2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor, where the reason for the said transfer does not fall within any of the approved reasons as stipulated under Rule 9.03 (2) (c).

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

Rule 9.03 (2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as “the inter-account transfer”), to check and ensure completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor’s spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification or errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory general offer pursuant to the provisions of the Malaysian Code on Take-overs and Mergers 1998;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer; and
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manuals.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

14.3 Directors and Substantial Shareholders

- (i) The names, addresses and occupations of the Directors of PBAHB are set out in Section 1 of this Prospectus under "Corporate Information".
- (ii) A Director is not required to hold any qualification shares unless otherwise so fixed by the Company in general meeting.
- (iii) None of the Directors or substantial shareholders were or are interested, directly or indirectly in the promotion of or in any assets acquired or disposed of or proposed to be acquired or proposed to be disposed of by or leased or proposed to be leased to the Company or its subsidiary within the 2 years preceding the date of this Prospectus or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiary other than Y.B. Dato' Khalid bin Ramli and Y.B. Dato' Alizatul Khair bte Osman Khairuddin, who were the subscribers of the Company.
- (iv) None of the Directors or proposed Directors have any existing or proposed service contracts with the Company or its subsidiary which are not terminable by notice without payment of compensation other than statutory compensation within 1 year.
- (v) None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in any business, either quoted or unquoted on a recognised stock exchange, which carry on a similar trade as the Company and its subsidiary.
- (vi) No Director, Senior Executive Officer or person nominated to become a Director or Senior Executive Officer is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was or is an Executive Officer;
 - (b) such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business practice or activity.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (vii) No Director was granted or had exercised any option to subscribe for securities of the Company or its subsidiary during the 9 months ended 30 September 2001.
- (viii) None of the Directors or substantial shareholders of the Company are materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company or its subsidiary company.
- (ix) Based on the Register of Directors and the Register of Directors' Shareholdings as at 9 February 2002, the Directors and their interests in the Shares of the Company before and after the IPO are as follows:-

Directors	Before the IPO				After the IPO			
	No. of PBAHB Shares held		No. of PBAHB Shares held		No. of PBAHB Shares held		No. of PBAHB Shares held	
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
No.	%	No.	%	No.	%	No.	%	
('000)		('000)		('000)		('000)		
Y.A.B. Tan Sri Dr Koh Tsu Koon	-	-	-	-	-	-	-	-
Y.B. Dato' Dr Hilmi bin Haji Yahaya	-	-	-	-	-	-	-	-
Y.B. Dato' Koay Kar Huah	-	-	-	-	-	-	-	-
Y.B. Dato' Khalid bin Ramli	-	-	-	-	-	-	-	-
Y.B. Dato' Alizatul Khair bte Osman Khairuddin	-	-	-	-	-	-	-	-
Y.B. Abdul Hanan bin Alang Endut	-	-	-	-	-	-	-	-
Y.Bhg. Dato' (Dr) M. SHANmughalin- Gam	-	-	-	-	-	-	-	-
Chew Kong Seng	-	-	-	-	-	-	-	-
Tuan Haji Adlan bin Haji Mohamed Daud	-	-	-	-	-	-	-	-

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (x) Based on the Register of Substantial Shareholders as at 9 February 2002, the names of the substantial shareholders and their respective interests in the Shares of the Company before and after the IPO are as follows:-

Substantial Shareholders	Before the IPO No. of PBAHB Shares held				After the IPO No. of PBAHB Shares			
	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%
SSI	280,000	100.00	-	-	182,050	55.00	-	-
PDC	-	-	-	-	33,100	10.00	-	-
YBPP	-	-	-	-	33,100	10.00	-	-
Malaysian institutional investors	-	-	-	-	16,550	5.00	-	-

- (xi) For the financial year ended 31 December 2000, the amount paid to the Directors for services in all capacities to the PBAHB Group was RM121,000. For the current financial year ended 31 December 2001, the amount payable to the Directors or proposed Directors for services in all capacities to the PBAHB Group is estimated to be RM133,000.

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14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

14.4 General

- (i) The nature of the Company's business is set out in Section 8.1 of this Prospectus. The names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are disclosed in Section 8.5 of this Prospectus.
- (ii) The name and address of the Auditors of the Company are set out in Section 1 of this Prospectus under "Corporate Information".
- (iii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 15 of this Prospectus.
- (iv) The time of the opening of the Application Lists of the IPO is set out in Section 5.1 and Section 15.1 of this Prospectus.
- (v) The amount payable in full on application to the Company is RM1.30 per Share.
- (vi) No amount or benefit has been paid or given within the 2 years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any promoter.
- (vii) Save as disclosed in Sections 2, 5, 6, 7 and 8 of this Prospectus, the Directors are not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and/or its subsidiary.
- (viii) Save as disclosed in Sections 1, 5, 6, 7, 8, 11 and 12 of this Prospectus, the financial conditions and operations of the PBAHB Group are not materially affected by any of the following:-
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or that is reasonably likely to result in PBAHB Group's liquidity increasing or decreasing in any material way;
 - (b) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from the operations of the PBAHB Group;

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (c) known trends or uncertainties that have had or that the PBAHB Group reasonably expects to have a materially favourable or unfavourable impact on the revenue or operating income of the PBAHB Group; and
- (d) material commitments for any capital expenditure.

As far as the Directors are aware, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the normal course of business.

- (ix) The Company has not established a place of business outside Malaysia.
- (x) As at the date of this Prospectus, the Company and its subsidiary do not have any outstanding convertible debt securities.
- (xi) Save as disclosed in Section 11.2 of this Prospectus, there is no loan capital outstanding or mortgages and charges in relation to the Company.
- (xii) Save as disclosed in Section 10 of this Prospectus, no properties have been acquired or proposed to be acquired by the Company or its subsidiary in contemplation of the OFS and Public Issue.
- (xiii) There is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company, except for the Public Issue Shares.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

14.5 Expenses and Commission

Except as disclosed below, no commission, discount, brokerage or other special terms have been paid or is payable by the Company within the 2 years immediately preceding the date of this Prospectus in connection with the issue or sale of any capital or debenture of the Company or any of its subsidiary or for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or any of its subsidiary and no Director or proposed Director or promoter or expert is or are entitled to receive any such payment:-

- (i) Underwriting commission is payable by the Company to the Managing Underwriter and the Underwriters mentioned in Section 1 herein at the rate of 1.75% of the issue price of RM1.30 per Share on the total 49,897,000 Public Issue Shares underwritten. A management fee of 0.25% of the issue price of RM1.30 per Share on the Public Issue Shares is payable to the Managing Underwriter by the Company for managing the underwriting of the Public Issue Shares as stated in Section 5.7 of this Prospectus.
- (ii) Brokerage is payable by the Offeror/Company at the rate of 1.00% of the offer/issue price of RM1.30 per Share in respect of successful applications bearing the stamp of MIMB, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.
- (iii) The Offeror shall bear brokerage, placement fee and other incidental expenses relating to the OFS Shares estimated at approximately RM603,000. The estimated expenses incidental to the listing of and quotation for the entire issued and paid-up ordinary share capital of the Company on the KLSE amounting to approximately RM4,000,000 shall be borne by the Company.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

14.6 Material Contracts

There are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and/or its subsidiary within the 2 years immediately preceding the date of this Prospectus save for the followings:-

- (i) The Lease Agreement dated 1 March 1999 between the State Government and PBAPP for the lease of certain pieces of land including any building or structure, dams, mains or pipes under or on the surface of such land to facilitate PBAPP in providing water supply services for the State, pursuant to PBAPP being named as the successor company under the Penang Water Authority (Successor Company) Enactment 1998. The lease is for a term of 5 years and 10 months expiring on 31 December 2004 for the lease rental of RM1.00 for the first ten months and RM500,000 per year for the remaining five years.
- (ii) The Lease Agreement dated 1 January 2000 between the State Government and PBAPP for the lease of certain pieces of land including any building or structure, dam, mains or pipes under or on the surface of such land, related to Teluk Bahang Catchment to facilitate PBAPP in providing water supply services for the State, pursuant to PBAPP being named as the successor company under the Penang Water Authority (Successor Company) Enactment 1998. The lease is for a term of 21 years expiring on 31 December 2020 for the lease rental of RM1.00 from 1 January 2000 to 31 December 2000 and RM6,100,000 per year for the remaining term of 20 years from 1 January 2001.
- (iii) The Share Sale Agreement dated 1 June 2000 between SSI and PBAHB for the sale by SSI and purchase by PBAHB of 165,114,082 ordinary shares of RM1.00 each in PBAPP for a consideration of RM265,825,236 satisfied by issuance of 139,999,998 ordinary shares of RM1.00 each in PBAHB, at an issue price of RM1.90 per share payable on the completion date.
- (iv) The Underwriting Agreement dated 12 January 2002 between SSI, PBAHB, the Managing Underwriter and the Underwriters mentioned in Section 1 herein for an underwriting commission on 1.75% of the offer/issue price of RM1.30 per Share.

14.7 Material Litigation

Neither the Company nor its subsidiary is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary, and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company or its subsidiary.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

14.8 Public Take-Overs

During the last financial year and the current financial year up to the date of this Prospectus, there were no:-

- (i) public take-over offers by third parties in respect of the Company's shares; or
- (ii) public take-over offers by the Company in respect of other companies' shares.

14.9 Consents

- (i) The written consents of the Adviser, Managing Underwriter and Placement Agent, Underwriters, Principal Banker, Solicitors, Share Registrar, Auditors and Reporting Accountants and the Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and their letters relating to the Consolidated Profit Estimate and Forecast of the Group for the financial years ended/ending 31 December 2001 and 2002 respectively and Proforma Consolidated Balance Sheets of PBAHB as at 30 September 2001 in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consents of SERI and Malaysian Water Association to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

14.10 Documents for Inspection

Copies of the following documents are available for inspection at the Registered office of the Company during normal business hours for a period of 6 months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of the Company and its subsidiary company;
- (ii) The Reporting Accountants' Report and their letters relating to the Consolidated Profit Estimate and Forecast for the financial years ended/ending 31 December 2001 and 2002 and Proforma Consolidated Balance Sheets as at 30 September 2001 as included herein;

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (iii) The Accountants' Report and the Directors' Report in Sections 12 and 13 respectively of this Prospectus;
- (iv) Audited Accounts of PBA for the 3 financial years ended 31 December 1998 and the 2 months ended 28 February 1999;
- (v) Audited Accounts of PBAPP for the financial period/year ended 31 December 2000 and the 9 months ended 30 September 2001;
- (vi) Audited Accounts of PBAHB for the financial periods ended 31 December 2000 and 30 September 2001;
- (vii) The letters of consent referred to in Section 14.9 of this Prospectus; and
- (viii) The material contracts referred to in Section 14.6(i) to (iv) of this Prospectus.

14.11 Responsibility

- (i) MIMB acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the IPO and the Group, and is satisfied that the Consolidated Profit Estimate and Forecast of the Group for the financial years ended/ending 31 December 2001 and 2002 respectively, (for which the Directors of PBAHB are solely responsible), have been stated by the Directors of PBAHB after due and careful enquiry.
- (ii) This Prospectus has been seen and approved by the Directors of PBAHB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.