

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RECURRENT RELATED PARTY TRANSACTIONS PBA HOLDINGS BHD. ("PBAHB" OR "COMPANY") WATER INTAKE FEE IMPOSED BY THE STATE GOVERNMENT OF PENANG

PBA HOLDINGS BHD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RECURRENT RELATED PARTY TRANSACTIONS
Description	PBA HOLDINGS BHD. ("PBAHB" OR "COMPANY") WATER INTAKE FEE IMPOSED BY THE STATE GOVERNMENT OF PENANG

Pursuant to the Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company hereby announce that the total raw water intake fee incurred by the Company's subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP") for the financial year ended 31 December 2021 was RM9,634,444, which was calculated based on the annual actual water production volume for 2021 at the rate of 3 sen per cubic meter ("cu.m") imposed by the State Government of Penang ("Water Intake Fee").

The above Water Intake Fee is regarded as recurrent related party transaction ("RRPT") pursuant to the Paragraph 10.09 of the Listing Requirements by virtue of the substantial shareholdings held by State Government of Penang through the State Secretary, Penang ("SSI") in the Company and the relationship between State Government of Penang and SSI. SSI is a major shareholder of the Company, holding 55% of the total issued shares of the Company as at 31 December 2021. The RRPT involves the payment of Annual Water Intake Fee by PBAPP to the State Government of Penang, of which SSI is deemed to have an interest.

Please refer to the attachment for announcement details.

This announcement is dated 23 February 2022.

Please refer attachment below.

Attachments

[PBAHB_WIF FY2021.pdf](#)
49.3 kB

Announcement Info

Company Name	PBA HOLDINGS BHD
Stock Name	PBA
Date Announced	23 Feb 2022
Category	General Announcement for PLC
Reference Number	GA1-20022022-00004

**Subject: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
RECURRENT RELATED PARTY TRANSACTIONS**

**Description: PBA HOLDINGS BHD. ("PBAHB" OR "COMPANY")
WATER INTAKE FEE IMPOSED BY THE STATE GOVERNMENT OF
PENANG**

Announcement Details:

1. INTRODUCTION

Pursuant to the Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company hereby announce that the total raw water intake fee incurred by the Company's subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP") for the financial year ended 31 December 2021 was RM9,634,444, which was calculated based on the annual actual water production volume for 2021 at the rate of 3 sen per cubic meter ("cu.m") imposed by the State Government of Penang ("Water Intake Fee").

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2. INFORMATION ON PBAPP

PBAPP was incorporated in Malaysia on 26 January 1999 under the Companies Act 1965, as a private limited company. The principal activity of PBAPP is to undertake the business activity of a water supply system which comprises abstraction of raw water, treatment of water, supply and sale of treated water to consumer.

As at the date of the announcement, PBAPP has the total issued share capital of RM322,536,898.90 comprising of 265,114,082 ordinary shares and 1 special rights redeemable preference share ("Special Share") of which PBAHB owns 100% of the total issued shares and SSI owns 1 Special Share.

3. INFORMATION ON SSI

SSI is a body corporate incorporated under State Secretary Penang (Incorporation) Enactment, 1988. The beneficial owner of SSI is the State Government of Penang. SSI is empowered on behalf of the State Government of Penang to enter into contracts and to hold and enjoy movable and immovable properties of every description including power to sell, mortgage or otherwise dispose of any movable or immovable property vested in it upon such terms as it deems fit.

YB Dato' Dr. Ahmad Jailani bin Muhamed Yunus, being the Director and his position as State Secretary of Penang State Government, is deemed interested in the above RRPT, has abstained and shall continue to abstain from all deliberation and voting at the Board of Directors' meetings in respect of the transaction(s) between the Group with State Government of Penang.

In addition to the above, the appointed government appointed directors, namely YAB Tuan Chow Kon Yeow, YB Dato' Ir. Haji Ahmad Zaki Yuddin bin Abd Rahman, YB Prof. Dr. P. Ramasamy a/l Palanisamy, YB Dato' Dr. Mohamad Farazi Bin Md Zohari @ Johari, YB Tuan Zairil Khir Johari and YB Tuan Muhammad Faiz Bin Fadzil have abstained and shall continue to abstain from all deliberation and voting at the Board of Directors' meetings in respect of the transaction(s) between the Group with State Government of Penang.

4. DETAILS OF THE RRPT

The above Water Intake Fee which was imposed by State Government of Penang is pursuant to the power rendered to the State pursuant to Article 110 of The Federal Constitution. The said RRPT entered into by PBAPP with State Government of Penang is revenue/trading in nature which is necessary for day-to-day operations and in the ordinary course of business on terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of PBAHB.

The State Government of Penang had on 18 September 2020 approved PBAPP's application to remain the Water Intake Fee at the rate of 3 sen per cu.m based on the annual actual water production volume for year 2021 and subsequently on 28 September 2021 received a letter from the State Government of Penang to inform that the Water Intake Fee for year 2022 shall remain at the rate of 3 sen per cu.m based on the annual actual production volume for year 2022 Water Intake Fee.

5. APPROVALS REQUIRED

The total Water Intake Fee incurred by PBAPP was RM9,634,444 based on the annual actual water production volume for year 2021 at the rate of 3 sen per cu.m imposed by the State Government of Penang. The value of RRPT has exceeded the prescribed threshold of 1% of the applicable percentage ratio as stated in the Listing Requirements but it will be less than 5% of the said applicable percentage ratio. Henceforth, the above Water Intake Fee is not subject to the approval of the shareholders and any other governmental authorities.

6. FINANCIAL EFFECTS

The RRPT will not have any effect on the total issued shares and shareholdings of the substantial shareholders of the Company. The RRPT is not expected to have any material effect of the net assets and the earnings of the Company for the financial year ended 31 December 2021.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed above, none of the Directors and/or substantial shareholders of the Company and the Group and/or persons connected to them have any interest, direct or indirect, in the above RRPT.

8. STATEMENT BY AUDIT COMMITTEE AND BOARD OF DIRECTORS

As the above Water Intake Fee is imposed by the State Government of Penang which is within the State's jurisdiction, Audit and Risk Management Committee and the Board of Directors of PBAHB (other than the interested Directors who have abstained from voting and deliberation), having considered the rationale for the transactions, are of the view that the above RRPT is necessary for the day-to-day operations of PBAPP.

This announcement is dated 23 February 2022.