

**Type : ANNOUNCEMENT**  
**Subject : Material Litigation**  
**Description : PBA HOLDINGS BHD ("PBAHB" OR "COMPANY")**  
**Commencement of arbitration proceedings between Prominent Multimedia Sdn Bhd and Perbadanan Bekalan Air Pulau Pinang Sdn Bhd**

Contents:

## **1. INTRODUCTION**

Pursuant to Paragraph 9.04 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company wishes to announce on the commencement of the proceedings for the Arbitration ("Arbitration") between its wholly-owned subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd ("PBAPP" or "the Respondent") with Prominent Multimedia Sdn Bhd ("PMSB" or "the Claimant") in connection with the contract for the implementation of a project known as "Integrated Revenue Management System ("iRMS" or "the Project") (hereinafter referred to as the "Contract") and the hearing of the claim has now been fixed on 24 to 26 January 2018 and 20 to 22 March 2018 respectively.

## **2. CIRCUMSTANCES LEADING TO THE ARBITRATION PROCEEDINGS**

By the said Contract, the Claimant was appointed by PBAPP to implement a project known as "Integrated Revenue Management System (iRMS)" (or the Project") for a consideration sum of RM4,975,000.00 to be completed on or before 7 November 2015. However, the completion date had been further extended to 15 January 2016 and the Claimant had failed to complete the Project within the stipulated time.

The Company had then terminated the contract which the Claimant claimed that it was wrongfully terminated.

PBAPP has on 6 May 2016 received a Notice of Arbitration dated 5 May 2016 from the Claimant's solicitor, Messrs. Vin Isaac & Lee which served as a formal reference of the dispute between the parties to an arbitrator to be mutually appointed by parties. PBAPP has appointed Messrs. Lee Hishamuddin, Allen & Gledhill to act for the Company.

## **3. PARTICULARS OF CLAIMS**

3.1 The Claimant is claiming in the Arbitration for the following: -

<u>Item</u>	<u>Particular</u>	<u>RM</u>
(i)	Deliverables carried out, completed, implemented and/or delivered	3,054,152.50
(ii)	Additional Works	4,762,500.00
(iii)	Prolongation losses	2,164,572.19
(iv)	Wrongful Demand of Performance Bond	248,750.00
(v)	Loss of profit	214,173.75
	<b>Total:</b>	<b><u>10,444,148.40</u></b>

3.2 PBAPP had counter claimed against PMSB in the Arbitration and sought, inter alia, the following relief: -

<u>Item</u>	<u>Particular</u>	<u>RM</u>
(i)	Hardware costs	676,750.68
(ii)	Integration services fees	87,840.00
(iii)	Extended Project Manager fees	79,200.00
(iv)	Aristal Solutions Sdn Bhd for consultancy, implementation and planning fees	643,027.67
(v)	Renewal of licenses and for maintenance support	131,240.00
(vi)	Fresh iRMS implementation fees	7,957,500.00
(vii)	Amount paid to Claimant	1,492,500.00
(viii)	Liquidated Ascertained Damages	57,470.00
(ix)	Minus Performance Guarantee	(248,750.00)
	<b>Total:</b>	<b><u>10,516,778.35</u></b>

#### **4. FINANCIAL AND OPERATIONAL IMPACT ON THE COMPANY**

PBAPP is denying and refuting all the Claimant's allegations of liability and claims for damages. The Company believes the risks of losses and adverse impact on the Company to be minimal and therefore not material. There is no material operational impact arising from the Arbitration.

The Company does not expect any losses to arise by reason of the commencement of the said arbitration proceeding other than legal cost and time in defending the claim. On the contrary, PBAPP had filed a counterclaim against the Claimant for losses suffered by PBAPP in consequence of the Claimant's breach of the terms of the Agreement, particularly losses encountered by the Claimant's failure to complete the Project within the agreed period on 15 January 2016.

The Arbitration proceedings are not expected to have a material impact on the earnings per share and the net assets per share of PBAPP for the financial year ending 31 December 2018.

#### **5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST**

None of the directors or substantial shareholders of PBAHB or persons connected to them has any interest, direct or indirect, in the aforesaid Arbitration proceedings.

Further announcement on the material development of the above matter will be made to Bursa Malaysia Securities Berhad from time to time.

This announcement is dated 23 January 2018.