

Acquisition & Disposal of Hatton National Bank (Sri Lanka)

Reference No **CM-050621-67716**

Company Name : MAA HOLDINGS BERHAD
Stock Name : MAA
Date Announced : 22/06/2005

Type : **Announcement**
Subject : **MAA HOLDINGS BERHAD ("MAAH" or "the Company")
Subscription to 1,766,470 Global Depository Receipts ("GDR") representing
17,664,700 equity shares of Sri Lankan Rupee ("LKR") 10 each at a placing
price of LKR550 per GDR, representing 15% of the enlarged issued and paid-
up share capital of Hatton National Bank Limited ("HNB") for a total cash
consideration of LKR971,558,500 (RM36,986,349 equivalent) ("GDR
Subscription Issue")**

Contents :

1. INTRODUCTION

The Board of Directors of MAAH ("Board") wishes to announce that MAA International Investment Ltd ("MAAII") and MAA International Corporation Ltd ("MAAIC") had on 15 June 2005 accepted placement offer from Credo Corporate Finance Limited ("CCF") to subscribe for 1,766,470 GDR representing 17,664,700 equity shares of LKR10 each in HNB (HNB Shares) at a placing price of LKR550 per GDR, representing 15% of the enlarged issued and paid-up share capital of HNB for a total cash consideration of LKR971,558,500 (based on an exchange rate of LKR99.82/ USD1.00) or RM36,986,349 equivalent.

MAAII and MAAIC are both wholly-owned subsidiary companies of MAA Corporation Sdn Bhd, which is in turn a wholly-owned subsidiary company of MAAH. MAAII and MAAIC hold 10% and 5% respectively of the enlarged issued and paid-up share capital of HNB, representing 11,776,467 HNB Shares and 5,888,233 HNB Shares.

The GDR Issue was listed on the Luxembourg Stock Exchange on 20 June 2005

2. GDR SUBSCRIPTION ISSUE

The GDR Subscription Issue involves the subscription to 1,766,470 GDRs representing 17,664,700 HNB Shares at a placing price of LKR550 per GDR, representing approximately 15% of the enlarged issued and paid-up share capital of HNB for a total cash consideration of LKR971,558,500 (based on an exchange rate of LKR99.82/ USD1.00) or RM36,986,349 equivalent.

The placing price of LKR55 per HNB Share represents a discount of 38.15% and 29.48% to HNB audited consolidated net tangible assets ("NTA") of LKR88.93 as at 31 December 2004 and HNB closing price of LKR78.00 as at 20 June 2005.

The purchase consideration of RM36,986,349 (based on an exchange rate of RM3.8/ USD1.00) is financed by external bank borrowing.

2.1 Salient terms and conditions of the GDR Subscription Issue

The salient terms of the GDR include, inter-alia, the following:

GDR Issue	The Depository will issue GDRs in respect of 17,664,700 HNB Shares ("Deposited Shares"). Each GDR certificate represents 10 HNB Shares pursuant to and subject to deposit agreement dated 17 June 2005 (as amended from time to time) ("Deposit Agreement") entered into between Depository and HNB.
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	<p>GDRs may take the form of GDRs evidenced by one or more Master GDRs registered in the name of a common nominee for, and held by the common Depository for Clearstream, Luxembourg and Euroclear.</p>
Depository	<p>Deutsche Bank Trust Company Americas. The Depository shall hold Deposited Shares for the benefit of the GDR holders ("Holders").</p>
Custodian	<p>Deutsche Bank AG, Colombo Branch. The Custodian receives and holds Deposited Shares on behalf of Depository and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares.</p>
Limitation on total deposited HNB Shares	<p>Unless otherwise permitted under the laws and regulations of Sri Lanka and until any necessary approval has been granted by the appropriate Sri Lankan governmental or regulatory body, the Depository will not accept Deposited Shares which would result in the total deposited shares in the GDR facility representing over 15% of the total issued share capital of HNB.</p>
Transfer and Ownership	<p>GDRs are in registered form with 1 such GDR representing 10 Shares. Title to the GDRs passed by registration in the records of the Depository. The Depository will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of applicable laws.</p>
	<p>The Holder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.</p> <p>The "owner of GDRs" defines as, in respect of any GDR represented by a Master GDR, such person whose name appears in the records of Clearstream, Luxembourg or Euroclear and, in respect of any other GDR, the Holder thereof and "beneficial owner of GDRs" as a person holding beneficial title to such GDRs or interests therein.</p>
Taxation and Applicable Laws	<p>Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Shares will be subject to deduction of Sri Lankan and other withholding taxes, if any, at the applicable rates.</p>
Voting Rights	<p>As soon as practicable after receipt of notice of any meeting of shareholders, the Depository shall mail to the Holders a notice which shall contain:</p> <p>(a) such information as is contained in such notice of meeting,</p> <p>(b) a statement that such Holder at the close of business on a specified record date will be entitled, subject to any applicable provision of Sri Lankan law, to instruct the Depository as to the exercise of the voting rights, if any, pertaining to the amount of Deposited Shares or other rights, securities, property and cash deposited which are attributed to the Deposited Shares ("Deposited Property") represented by their respective GDRs; and</p> <p>(c) a brief statement as to the manner in which such instructions may be given.</p> <p>Where the votes received by the Depository from the Holders are unanimous, the Depository shall vote, or cause to be voted, accordingly by show of hands.</p>

Ranking	: The Deposited Shares will rank pari passu with the outstanding shares of HNB in respect of dividend, except that the Deposited Shares represented by GDRs will only be entitled to such portion of the dividend for financial year 2005, if any, as corresponds to the portion of the year during which such Deposited Shares represented by the GDRs are outstanding.
Distribution of any Payments	: Any distribution of cash in respect of the Deposited Shares will be made by the Depositary to the Holders who are Holders of record on the record date established by the Depositary (which shall be the same date as the corresponding record date set by HNB) for that purpose and distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDR, according to usual practice between the Depositary and Clearstream Banking société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), as the case may be, less Sri Lanka withholding tax and the Depositary's fees and expenses.
Listing	: HNB has undertaken to use its best endeavours to obtain and thereafter maintain, so long as any GDR is outstanding, a listing for GDRs on the Luxembourg Stock Exchange and a listing of the Deposited Shares on the Colombo Stock Exchange.
Governing Law	: The GDRs are governed by, and shall be construed in accordance with, English law. The rights and obligations attaching to the Deposited Shares will be governed by Sri Lankan Law.

2.2 Information on HNB

HNB is a public limited liability company incorporated in Colombo, Sri Lanka on 5 March 1970 under the Companies Ordinance (Cap. 145, Revised Legislative Enactment, 1956). It was listed on the Colombo Stock Exchange on 1 January 1971. HNB's shares are actively traded and included in the computation of the Milanka Price Index. HNB and its subsidiaries ("HNB Group") are principally involved in providing a range of financial services including corporate and investment banking, retail banking, international banking, insurance, development finance, equities and fixed income.

The Bank services almost all market segments from large corporates and high net-worth individuals to small and medium enterprises, mass-market retail and micro finance. As at 31 March 2005, the HNB Group had total assets of LKR165,580 million (USD1,666 million), total customer deposits of LKR120,969 million (USD1,217 million) (*based on exchange rate of LKR99.4/ USD1.00*) and operated through 142 customer centres in Sri Lanka and two representative offices in India and Pakistan, with a total staff strength of 4,180 employees.

HNB also holds a 59.9% equity interest in HNB Assurance Limited ("HNB Assurance"), a life and general insurance company listed on the Main Board of Colombo Stock Exchange. *Details on HNB Assurance are set out in Section 2.3 below.*

As at 31 May 2005, HNB had an authorised share capital of 10,000,000,000 voting and non-voting ordinary shares of LKR10.00 each. The issued and paid-up share capital of HNB is 77.00 million voting ordinary shares of LKR10 each and 23.10 million non-voting shares of LKR10.00 each.

The financial information in Table 1 attached below is based on the audited accounts of the HNB Group for the financial year ended 31 December 2002 to 2004.

2.3 HNB Assurance

HNB Assurance is a public limited liability company incorporated in Colombo, Sri Lanka under the Companies Act No. 17 of 1982 on 23 August 2001 and was listed on the Main Board of the Colombo Stock Exchange on 28 November 2003. The company is principally involved in the life and general insurance business. The company is registered under the Regulation of Insurance Industry Act No. 43 of 2000 and it has obtained license from Insurance Board of Sri Lanka to undertake both life and general insurance business.

The company has an authorized share capital of LKR 1,000,000,000 comprising of 100,000,000 ordinary shares of LKR 10 each. The issued and paid-up share capital of the company is LKR250,000,000 comprising 25,000,000 ordinary shares of LKR 10 each as at 31 May 2005.

3. RATIONALE

The GDR Subscription Issue paves the way for MAAH to venture into the provision of banking services in Sri Lanka as well as expanding its insurance business in the South Asia region.

Upon completion of the GDR Subscription Issue, MAAH and subsidiaries will emerge as a substantial shareholder in HNB, the largest private sector bank in Sri Lanka in term of assets, deposits, branches and employees. Accordingly, this will also result in MAAH having an indirect interest in HNB Assurance, a listed life and general insurance company on the Main Board of the Colombo Stock Exchange.

MAAH envisaged that the GDR Subscription Issue will result in synergistic benefits between the MAAH group and the HNB Group in the insurance businesses, especially in the sharing of technical expertise, know-how and assistance between them.

Furthermore, the GDR Subscription Issue provides an excellent opportunity for the MAAH group to acquire a strategic stake in a solid and healthy banking financial and insurance services group in Sri Lanka at a perceived lower entry cost of RM36,986,349 (based on exchange rate of RM3.8/ USD1.00).

The financial performance of the HNB Group is improving progressively after the Tsunami disaster as evidenced by its first quarter financial result to 31 March 2005 which saw the HNB group registered a revenue of LKR4,127 million (RM158 million) as against LKR3,518 million (RM135 million) for the same quarter in 2004. Accordingly, the profit after tax and minority interest of the HNB Group increased from LKR184 million in 31 March 2004 to LKR292 million (RM111 million) in 31 March 2005.

4. FINANCIAL EFFECTS

4.1 Share Capital and Substantial Shareholding Structure of MAAH

The GDR Subscription Issue will not have any effects on the issued and paid-up share capital and substantial shareholding structure of the Company as the purchase consideration will be satisfied entirely by cash.

4.2 Earnings

Barring unforeseen circumstances, the GDR Subscription Issue is expected to contribute positively to the future earnings of MAAH in the form of dividend income commencing from the financial year ending 31 December 2005. However, the form, frequency and quantum of the future dividend payments will depend on the future earnings, capital requirement, cash flow and financial conditions of HNB as well as the general business conditions and other factors which may affect HNB.

4.3 Net Tangible Assets ("NTA") and Gearing

The GDR Subscription Issue will not have any material effects on the NTA of the MAAH group. The gearing of the MAAH group is expected to increase marginally as the GDR Subscription Issue shall be financed by bank borrowing.

	Audited as at 31 December 2004 RM'000	After the Subscription of GDR RM'000
Share capital	152,177	152,177
Share premium	11,744	11,744
Reserve	194,551	194,551
Shareholders' funds	358,472	358,472
Less: Intangible assets	(6,536)	(6,536)
NTA	351,936	351,936
No. of shares in issue ('000)	152,177	152,177
NTA per share (RM)	2.31	2.31
Total borrowings (RM'000)	112,670	149,956*
Gearing ratio (times)	0.31	0.42

Note:

* After taking into account additional bank borrowing of RM36,986,349 incurred for the Subscription of GDR Issue.

5. OVERVIEW OF THE SRI LANKA ECONOMY

Sri Lanka's economy registered an annual growth of 5.4% in the real Gross Domestic Product ("GDP") in 2004. The growth was largely supported by the strong increase in exports, consumption and investment as well as the continuation of the ceasefire.

The services sector grew by 7.6% in 2004 as reflected by the growth of the wholesale and retail trade, hotels and restaurants, transport and communication, and financial, real estate and business services sub-sectors, and contributed 77% to the overall growth. Strong external and domestic demand helped the Industry sector to grow by 5.2%, contributing 25.7% to the overall growth. The agriculture sector faced a decline of 0.7% in 2004 due to adverse weather conditions.

Inflation, which was mostly benign throughout 2003 began to rise in 2004 with the drought and higher fuel prices leading to high cost-push inflation, while the increase in money supply and fiscal expansion, caused demand-pull inflation.

The tsunami disaster that struck in December 2004, which caused massive damage to both human lives and property and brought on immense suffering to Sri Lankan, changed the medium term macroeconomic outlook of Sri Lanka with a substantial resource requirements for relief, rehabilitation and reconstruction. Due to the impact of the tsunami disaster on fisheries and tourism sectors, the economic growth would be expected to suffer in 2005, albeit marginally.

Exports will continue to grow, benefiting from the global economic expansion and the preferential trade treatment from the USA, the EU, India and Pakistan. Imports will also increase in the medium term at a higher rate with the needs for relief, rehabilitation and reconstruction. Monetary expansion is expected to be contained at 15% in 2005 and lowered gradually to 12.5% by 2008 facilitating the achievement of economic growth above 6%, while reducing the inflation rate gradually but consistently from 11% in early 2005 to 5% by end 2008.

(Source: Central Bank of Sri Lanka Annual Report – 2004)

Assuming reconstruction plans for the tsunami disaster are implemented speedily, economic growth is likely to be 5.8% in 2006 and then rise to 5.9% in 2007. This expansion will be underpinned by strong growth in construction, the key sector in post tsunami reconstruction activities.

(Source: Asian Development Bank)

5.1 Banking Industry in Sri Lanka

The banking sector represents over 4% of the country's GDP and contributed 2.0% towards GDP growth in 2003. The assets of licensed commercial banks amounted to Sri Lanka Rupees ("LKR") 1,028,060 million representing approximately 57% of Sri Lanka's GDP at current factor cost prices. The banking, financial services and insurance sectors are well represented on the Colombo Stock Exchange ("CSE") with over 30 listed banking, finance and insurance counters, including 9 banks and specialised banks, that account for approximately 10% of the total market capitalization of the CSE.

There were a total of 22 commercial banks operating in Sri Lanka at end 2004 including 11 foreign banks. The total assets of commercial banks increased by LKR 143,010 million to LKR 1,028,060 million in 2004 representing a growth of 16.2%. This compares with a growth of 12.3% in 2003.

Deposit mobilisation of commercial banks grew at a higher rate (21.7%) in 2004 in comparison with 2003 (13.6%), reflecting continuing growth in the economy and improved business confidence.

Total credit from commercial banks grew by 12.2% in 2004. The growth in credit was a reflection of increased credit demand for commercial, consumption and investment purposes. The ratio of gross NPAs to total advances of commercial banks is estimated to have improved from 12.6% in 2003.

After a subdued performance in Financial Year 2001 almost all commercial banks performed exceptionally well during the Financial Years 2002 and 2003. This was largely driven by stronger economic growth. The performance of the commercial banking sector was further supported by declining market interest rates, which enabled commercial banks to achieve higher interest margins, that is evidenced through strong growth in net interest income over the last two years. Furthermore, declining market rates of interest allowed many commercial banks to achieve substantial profits from treasury and Government securities trading operations. Overall, the commercial banking sector reported strong growth in the core banking business despite lower income from trading and other non-core activities.

The commercial banking sector is expected to continue to perform in line with the Sri Lankan economy given its essential contribution to the economy.

(Source: Listing particular of HNB dated 17 June 2005)

6. RISK FACTORS

6.1 Political, economic and regulatory risk

As the investment in HNB is a foreign investment, it will be subject to the policies of the Sri Lanka government for foreign investment. In addition, the ability of MAAH to repatriate the profits arising from its investment in HNB will largely be dependent upon the relevant legislation relating to repatriation of profits prevailing at the point of repatriation. There can be no assurance that any change to the policies on foreign investment and taxation and repatriation of profits may not materially affect the rights of MAAH with respect to its investment in HNB.

Development in the political, economic and regulatory conditions in Sri Lanka could also materially affect the financial prospects of HNB and, in turn, MAAH's

financial results arising from its investment in HNB. Nevertheless, Sri Lanka is seen to be a socially and politically stable country and will still be closely monitored by MAAH for any change.

6.2 Industry risk

The business of HNB is subject to certain risks inherent to the banking industry such as market risk, liquidity risk, credit risk and operational risk.

HNB adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. Market risk is managed on a daily basis and is supervised by the Asset and Liability Management Committee ("ALCO"), which functions independently from the business units. HNB manages liquidity risk on a daily basis. HNB maintains at any given time substantial liquid assets, the ratio of which to total liabilities is well within the statutory requirements placed by the Central Bank of Sri Lanka.

The credit risk management process is guided by policies and procedures established by the Board of Directors of HNB at the highest level and by the Credit Policy Committee at management level. At both business and corporate levels disciplined processes are in place. Operational risk is monitored and controlled through a comprehensive system of policies and a control framework designed to provide a sound and well-controlled operational environment throughout the organisation.

6.3 Insurance Business

HNB Assurance is subject to certain risks inherent to the insurance industry. These risks include the changes in agency strength and terms, adverse claims experiences, shortage in reinsurance capacity, default by reinsurers and changes in pricing and tariffs, etc. Any change to these factors may have an adverse effect on the operations of HNB Assurance in Sri Lanka.

However, since both MAAH and HNB Assurance are in the same business, MAAH believes that HNB Assurance will be able to leverage on the experience MAAH has gained in South East Asia. In addition, HNB Assurance should be able to leverage on MAAH's strong business development capability to introduce new investment linked products.

6.4 Foreign exchange fluctuation

The value of MAAH's investment in the GDR is exposed to foreign exchange risk as the GDR is denominated in US Dollar and the Deposited Shares in Sri Lankan Rupees. Although the Ringgit is currently pegged to the US Dollar at an exchange rate of RM3.80 for every USD1.00, there can be no assurance that the currency peg will not be adjusted indefinitely and the Sri Lankan Rupees is not peg to the US Dollar.

Any future significant fluctuations in the exchange rates may have an impact on the value of MAAH's investment in the GDR.

6.5 Repatriation of proceed for non-resident in Sri Lanka

Investment in shares in Sri Lanka and repatriation of proceeds take place through Share Investment External Rupee Accounts ("SIERA") opened with commercial banks. Individuals, Regional Funds, as well as companies incorporated outside Sri Lanka are permitted to open SIERA accounts. The repatriation of proceeds arising out of investment made after June 5, 1990 are not subject to Exchange Control regulations provided the investments were made through a SIERA account.

Since the investment in HNB is through the GDR Subscription Issue, the Exchange Control regulations on repatriation of proceeds arising out of investment is not applicable to MAAL and MAALIC. However, there can be no assurance that there will be no changes to Sri Lanka's exchange control rules in the future.

7. APPROVALS REQUIRED

The GDR Subscription Issue is not subject to the approval of the shareholders of MAAH or any regulatory authorities.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and substantial shareholders of MAAH and persons connected to them have any interest, direct or indirect, in the GDR Subscription Issue.

9. OPINION OF DIRECTORS

The directors of MAAH are of the opinion that the GDR Subscription Issue is fair and in the best interest of the Company.

This announcement is dated 22 June 2005.



Table 1_HNB Financial Statement.doc

Reference No **CM-061019-34625**

Company Name : **MAA HOLDINGS BERHAD**

Stock Name : **MAA**

Date Announced : **19/10/2006**

Type : **Reply to query**

Reply to : **KM-061017-54597**

Bursa

Malaysia's

Query

Letter -

Reference

ID

Subject : **MAA HOLDINGS BERHAD - FURTHER ANNOUNCEMENT ON THE DISPOSAL OF GLOBAL DEPOSITORY RECEIPTS INVESTMENT IN HATTON NATIONAL BANK LIMITED, SRI LANGKA ("Disposal")**

Contents :

Reference is made to our announcement made on 16 October 2006 in respect of the Disposal, we wish to further announce the following :-

1. The date on which terms of the Disposal were agreed upon is on 13 October 2006.
2. Based on the audited results of Hatton National Bank Limited ("HNB") for the year ended 31 December 2005, the net profit after taxation and net assets of HNB stood at Sri Lankan Rupees 1,654.56 million or equivalent to RM61.41 million and Sri Lankan Rupees 11,239.26 million or equivalent to RM417.18 million respectively.
3. The balance of proceeds from the Disposal after repayment of the outstanding term loan facility will be utilised for working capital.

Query Letter content :

We refer to your announcement dated 16 October 2006.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:

Date on which the terms of the Disposal were agreed upon.

Net profits and net assets of HNB.

Utilisation of the balance of proceeds from the Disposal after repayment of outstanding Term Loan Facility.

Please furnish Bursa Securities with your reply within two (2) market days from the date hereof.

Yours faithfully

INDERJIT SINGH

Head, Issuers

Listing Division

Group Regulations

CKM

Copy to : Securities Commission (via fax) (Attention : Mr Chung Tin Fah)

Reference No **CM-061013-33700**

Company Name : MAA HOLDINGS BERHAD
Stock Name : MAA
Date Announced : 16/10/2006

Type : **Announcement**
Subject : **MAA HOLDINGS BERHAD -
DISPOSAL OF GLOBAL DEPOSITORY RECEIPTS INVESTMENT IN HATTON
NATIONAL BANK LIMITED, SRI LANKA ("Disposal")**

Contents :

1. INTRODUCTION

Reference is made to the previous announcement released to Bursa Securities on 22 June 2005 in respect of the subscription to 1,766,470 Global Depository Receipts ("GDRs") representing 17,664,700 equity shares of Sri Lankan Rupee ("LKR") 10 each at a placing price of LKR550 per GDR representing 15% of the enlarged issued and paid-up share capital of Hatton National Bank Limited ("HNB") for a total cash consideration of LKR971,558,500 or equivalent to RM36,986,348 ("GDR Subscription Issue") by MAA International Investments Ltd ("MAAII") and MAA International Corporation Ltd ("MAAIC"), both of which are wholly-owned subsidiary companies of MAA Corporation Sdn Bhd which in turn is a wholly-owned subsidiary of MAAH.

MAAII and MAAIC respectively therefore held 10% and 5% of the enlarged issued and paid-up share capital of HNB, representing 11,776,467 HNB Shares and 5,888,233 HNB Shares.

The GDRs were listed on the Luxembourg Stock Exchange on 20 June 2005.

The purchase was financed by a one year (1) term loan facility of USD12 million ("Term Loan Facility") from DBS Bank Ltd, Labuan Branch. The Term Loan Facility has been drawn down to USD9.814 million for the subscription of the GDRs. The Term Loan Facility has since been renewed and will be due for repayment on 15 December 2006. Consequently, the GDRs are pledged as security for the Term Loan Facility.

2. DETAILS OF THE DISPOSAL AND GDRs

The Disposal involves the sale of the whole 1,766,470 GDRs in HNB, equivalent to 17,664,700 equity shares of HNB ("HNB Shares") held by MAAII and MAAIC collectively, at a price of LKR 125 per HNB Share, for a total cash consideration of LKR 2,208,087,500 (equivalent to RM76,672,903). The Disposal was transacted on open market through a broker, Port Sea Finance Ltd at a commission of 3%.

The selling price of LKR 125 per HNB Share, takes into

consideration the recent movement in the market prices of the equity shares of HNB which are quoted in the Colombo Stock Exchange.

The expected gain from the Disposal less commission and other expenses on the Disposal is RM37.953 million, of which a fair value gain to an amount of RM36.917 million has been taken up in year 2005 audited Group results due to the adoption of the Financial Reporting Standards (in particular FRS 139 - Financial Instruments : Recognition and Measurement) as approved by the Malaysian Accounting Standards Board.

The Disposal is expected to be completed on 17 October 2006. It is envisaged that the proceeds from the Disposal will be utilised to repay in full the outstanding Term Loan Facility.

3. BACKGROUND INFORMATION ON MAAL AND MAALC

MAAL was incorporated in Labuan, Malaysia under the Offshore Companies Act, 1990 on 17 July 2002 as a private limited company. Presently, the authorised and paid-up share capital of MAAL stood at USD100,000,000 comprising 100,000,000 ordinary shares of USD1.00 each and USD26,282 comprising 26,282 ordinary shares of USD1.00 each. MAAL is principally an investment holding company.

MAALC was incorporated in Labuan, Malaysia under the Offshore Companies Act, 1990 on 19 August 2003 as a private limited company. Presently, the authorised and paid-up share capital of MAALC stood at USD260,000 comprising 260,000 ordinary shares of USD1.00 each and USD2 comprising 2 ordinary shares of USD1.00 each. MAALC is principally an investment holding company.

Both MAAL and MAALC are 100% owned subsidiaries of MAAL Corporation Sdn Bhd, which in turn a wholly-owned subsidiary of MAAL.

4. BACKGROUND INFORMATION ON HNB

HNB is a public limited liability company incorporated in Colombo, Sri Lanka on 5 March 1970 under the Companies Ordinance (Cap. 145, Revised Legislative Enactment, 1956). It was listed on the Colombo Stock Exchange on 1 January 1971. HNB's shares are actively traded and included in the computation of the Milanka Price Index.

HNB is the largest private-sector bank in Sri Lanka. HNB and its subsidiaries are engaged in providing a range of financial services including corporate and investment banking, retail banking, development finance, equities, fixed income and insurance.

5. RATIONALE FOR THE DISPOSAL

The Management of MAAL views the Disposal as an opportunity to realize the GDRs investment before any possible down trend in the

market price of HNB Shares given the current political instability with the fighting in the North and South of Sri Lanka continues with no clear sign of an end to the conflict.

Further to this, MAAH Group has classified the GDRs investment under financial assets held for trading with the principal purpose of selling in the short term and has thus been measured at fair value through profit or loss. The Disposal will enable MAAH Group to meet the classification of financial assets held for trading.

6. FINANCIAL EFFECTS

6.1. Net assets ("NA") and Gearing

The Disposal will not have any material effect on the NA of the MAAH Group. The gearing of the MAAH Group is expected to reduce marginally as the proceeds from the Disposal will be utilised to settle the Term Loan Facility.

MAAH Group

	As at 31 December 2005	Upon Completion of the Disposal
	RM' 000	RM' 000
Share capital	152,177	152,177
Share premium	11,744	11,744
Retained earnings	226,836	227,872
Other reserves	1,063	1,063
Net Asset	391,820	392,856
No. of shares in issue (('000))	152,177	152,177
Bank borrowings (('000))	141,448	104,293
Gearing (times)	0.37	0.27
NA per share (RM)	2.57	2.58

6.2 Share Capital and Substantial Shareholding Structure

The Disposal will not have any effects on the issued and paid up share capital and substantial shareholding structure of MAAH Group as it is satisfied entirely by cash.

6.3 Earnings

The Disposal will not have any material effects on the earnings of MAAH Group.

7. APPROVAL REQUIRED

The Disposal is not subject to the approval of the shareholders of MAAH or any regulatory authorities. However, as the Percentage Ratio of the Disposal computed in accordance with Paragraph 10.02, Chapter 10 of the Listing Requirements of Bursa Securities Malaysia Berhad ("Listing Requirements") exceeded 15%, MAAH

will issue a Circular to Shareholders to comply with Paragraph 10.05, Chapter 10 of the Listing Requirements.

8. DIRECTORS' AND SUBSTANTIAL SHARHOLDERS' INTEREST

None of the Directors and substantial shareholders of MAAH and persons connected to them have any interest, direct or indirect, in the Disposal.

9. OPINION OF DIRECTORS

The directors of MAAH are of the opinion that the Disposal is fair and in the best interest of MAAH.

This announcement is dated 16 October 2006.