

General Announcement

Reference No **CC-100308-61189**

Company Name : **PRIVASIA TECHNOLOGY BERHAD (ACE Market)**
Stock Name : **PRIVA**
Date Announced : **09/03/2010**

Type : **Announcement**
Subject : **PRIVASIA TECHNOLOGY BERHAD ("PRIVA" OR THE "COMPANY")**

Contents : **LETTER OF AWARD GRANTED BY JALUR LEBAR NASIONAL SDN BHD FOR PHASE 1 OF THE HIGH-SPEED BROADBAND PROJECT IN KUANTAN ("LETTER OF AWARD")**
: 1. INTRODUCTION

The Board of Directors of Priva (“Board”) is pleased to announce that the Company had, on 24 February 2010, accepted the Letter of Award issued by Jalur Lebar Nasional Sdn Bhd (“JALENAS”) to design the active portions of the network (“Active Network”), to supply and install equipment for the Active Network components and optional maintenance and support services (collectively known as “Works”) for Phase 1 of high-speed broadband network to be implemented by JALENAS in Kuantan, Pahang (“Project”). Subsequently, the Company had on 8 March 2010 obtained consent from JALENAS to release the announcement pertaining to the Letter of Award.

2. INFORMATION OF JALENAS

JALENAS is a wholly-owned subsidiary of High Speed Broadband Technology Sdn Bhd (“HSBT”). HSBT in turn, is a Special Purpose Vehicle company that is jointly owned by Pahang Technology Resources Sdn Bhd, Fabilanis Sdn Bhd and Bumiraya Resources Sdn Bhd. JALENAS is the first open-access fibre to the home (FTTH) network.

3. SALIENT TERMS OF THE LETTER OF AWARD

The salient terms of the Letter of Award are as follows :-

(a) The obligations of Priva in respect of the Works and the obligations of JALENAS to appoint Priva for the Works shall be conditional upon :-

(i) the agreement to the terms of a leasing agreement to be entered into between JALENAS and Cisco Systems Inc. (“CISCO”) in respect of the

lease of Active Network components and to the terms of financing for any such components leased from CISCO, to be reflected by the execution of formal contracts between JALENAS and CISCO (or any other company within the CISCO group of companies); and

(ii) the execution of a formal agreement to be agreed and finalized between Priva and JALENAS to govern the terms and conditions of the provision by Priva of Works.

(b) In the event the conditions above fail for any reason to be fulfilled within three (3) months from the date of acceptance by Priva, this Letter of Award shall automatically terminate, in which event Priva shall be paid Works delivered or performed to the satisfaction of JALENAS up to the date of termination on a quantum meruit basis, if any. For the avoidance of doubt, the above payment shall not include any profit element or economic loss. Upon termination of this Letter of Award, neither party shall have any claim against the other save as aforesaid and for any antecedent breach.

4. RATIONAL OF THE LETTER OF AWARD

The Letter of Award represents the first high-speed broadband project that Priva has successfully ventured into.

5. COST OF IMPLEMENTATION AND SOURCES OF FUNDING

The estimated cost of implementation of the Project is equal to approximately RM8.0 million and it will be funded by internal generated fund.

6. RISK FACTORS

6.1 Project Risk

The project is subject to the delays in setting-up the broadband infrastructure. The delays may arise from incompliance of specifications and capabilities pursuant to the performance parameters or unanticipated difficulties in installation and configuration of the equipment. Project delays will affect profit margin of the Company as time spent to resolved the issues will delay the recognition of revenue. Additional cost may also be incurred as a result of these delays. Notwithstanding to the above, the Priva Group will seek to limit these risk through prudent financial management and efficient operating procedures.

6.2 Political, economic and regulatory considerations

Like all business entities, changes in political, economic and regulatory conditions in Malaysia could materially and adversely affect the financial and business prospects for the Priva Group. Amongst the political, economic and regulatory uncertainties are the changes in nullification of existing contracts, changes in interest rates and method of taxation.

The Priva Group will continue to take effective measures to mitigate such risks. However, there is no assurance that adverse political, economic and regulatory conditions will not materially and adversely affect the business activities of the Priva Group.

7. FINANCIAL EFFECTS OF THE LETTER OF AWARD

The Letter of Award will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, earnings, earnings per share ("EPS"), net assets per share and gearing of Priva and its subsidiaries ("Priva Group"). Barring unforeseen circumstances, the Board is of the opinion that the Letter of Award will contribute positively to the earnings and EPS of the Priva Group in the future.

8. APPROVALS REQUIRED

The Letter of Award does not require the approval of Priva's shareholders or any relevant government authorities in Malaysia.

9. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Letter of Award.

10. STATEMENT BY DIRECTORS

The Board, after having considered all aspects of the Letter of Award, is of the opinion that the Letter of Award is in the best interest of the Priva Group.

11. DOCUMENTS FOR INSPECTION

The Letter of Award is available for inspection at the registered office of Priva during office hours from Monday to Friday at No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia for a period of three (3) months from the date of this announcement.

This announcement is dated 9 March 2010.

Announcement Details :

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