



Scomi Engineering Bhd

News Release

10 June 2016

Scomi serves RM365million payment claims on Prasarana

PETALING JAYA: Scomi Engineering Bhd ("SEB") wholly owned subsidiary Scomi Transit Projects Sdn Bhd ("STP" or the "Company") has served four payment claims on Prasarana Malaysia Berhad ("Prasarana") in relation to the Kuala Lumpur monorail fleet expansion project (the "Project"). The claims, amounting to approximately RM365million were served on 10 June 2016 pursuant to Section 5 of the Construction Industry Payment & Adjudication Act 2012.

The claims were served after STP received a notice from Prasarana which gave the Company 14 days to renew a performance bond connected with the Project, failing which the Project contract will terminate.

Earlier on 1 March 2016, STP had obtained an ex parte injunction to restrain Prasarana from wrongfully terminating the project contract. Subsequently, STP withdrew the injunction after Prasarana had given an undertaking to the court that it would not be relying on its two defective notices to terminate the contract.

Both STP and Prasarana had since been working on resolutions to move forward with the project and substantial progress was achieved. Hence, Prasarana's action to issue the said notice came as a complete surprise to STP.

STP is of the view that it has strong grounds for filing the claims and is confident of a favourable outcome. STP will seek all available legal remedies in order to protect its rights in the Project, including taking all necessary legal actions.

The Project is already 83 per cent completed which consists of the civil works (stations extension, construction of a new depot, stabling yard and train wash plant), wayside systems along the entire alignment, new signalling system for four-car trains and mixed fleet operations and delivery of six trains.

SEB has recently been awarded additional works for its Line 17 – Gold São Paulo monorail project in Brazil worth RM504.6million. Further, in recognition of SEB's

commitment to the development of the Brazilian urban transport infrastructure, the São Paulo state government has entered into a partnership with SEB to set up a R\$50million facility, for the manufacture of monorail trains.

Meanwhile, SEB is currently operating and maintaining Phase 1 of the Mumbai Monorail in India while work on Phase 2 is ongoing with completion expected in 2017.

SEB's order book currently stands at RM2.1billion.

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About Scomi Engineering Bhd

Scomi Engineering Bhd is a leading provider of public transportation solutions through the designing and manufacturing of coaches, rail wagons, monorail systems; and special purpose vehicles. Its monorail SUTRA which stands for Scomi Urban Transit Rail Application is Scomi's answer to fast growing cities where transit corridors are limited in space and dense in nature.

The straddle type SUTRA Monorail System complies with the highest international standards of safety and reliability. It is a modern urban transport system where the cars move on a single concrete beam in an elevated corridor. The design makes it possible to execute the project on a fast-track as it requires a small foot-print and facilitates implementation with minimal demolition of structures. Other advantages include greater reliability, high maneuverability, lower cost and an environmentally-friendly design.

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