

**Press
Release**

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AmInvestment Bank Group & Konzen Group launches Asia's first water fund of US\$320 million (RM1 billion)

AmInvestment Bank Group ("AmInvestment") and Konzen Group ("Konzen") are pleased to announce that their respective wholly-owned subsidiaries, Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") and Konzen Capital Pte Ltd ("Konzen Capital") have entered into a joint venture to establish a private equity fund management company in Singapore.

The 50%/50% joint venture, to be called **AmKonzen Water Investments Management Pte Ltd ("AmKonzen")**, will manage a proposed US\$320 million (RM1 billion) special purpose vehicle called AmKonzen Asia Water Fund ("the Proposed AmKonzen AWF"). This will be Asia's first water fund and the first global water fund of its kind.

The signing ceremony was held today at Suntec Singapore International Convention and Exhibition Centre. AmInvestment Bank Group was represented by Mr Cheah Tek Kuang, Group Managing Director, AmBank Group while Konzen Group was represented by Mr Yeong Wai Cheong, Group Managing Director and Chief Executive Officer, and witnessed by Mr Kenneth Tan, Assistant Managing Director, New Businesses, Singapore Economic Development Board.

The proposed AmKonzen AWF will be created to invest in a well diversified portfolio of water assets in the region's booming water sector, primarily in China including South East Asia. The objective of the Proposed AmKonzen AWF is to deliver a strong, predictable and sustainable return to potential investors.

At the same time, project developers will find the Proposed AmKonzen AWF to be a valuable partner in water infrastructure financing. AmInvestment and Konzen strongly believe that this vehicle will be a pioneer in the infrastructure and project finance sector in Singapore's capital markets. As we innovate with new financing structures, we believe that the Proposed AmKonzen AWF will foster unique new financing capabilities that now already include listed infrastructure funds and business trusts. Using a win-win approach to match sponsors' needs for financing and investors' demands for return, we intend the SPV to become a key and expanding platform for financing Asian water infrastructure out of Singapore and creating excellent assets for investors who like the Asian water theme.

AmKonzen, as the Manager for the Proposed AmKonzen AWF, will seek to make long-term equity investments in a geographically diversified portfolio of water projects throughout Asia. Emphasis will be given to municipal water opportunities in Northern China to alleviate absolute water shortages and where demand for scarce water is extremely strong. In Southern China, where pollution control is becoming critical and attracting new investments to sustain China's place as the world's factory, AmKonzen's focus will be on industrial water treatment projects. In the other countries of Asia, special environmentally friendly water projects will be identified for investment. AmKonzen aims to combine different types of revenues from diverse regions to achieve effective diversification.

The Proposed AmKonzen AWF will create diversified revenue streams through investing in new water plants, acquiring equity stakes in existing plants with opportunities for expansion or refurbishment and yield enhancement, and capturing growth in innovative and proven water technologies and products that are applied throughout the water supply chain. The balancing of infrastructure assets and private equity is expected to provide a unique investment product in water-themed funds and business trusts.

Konzen, an established player in the China water industry with a 15 year operating track record, has identified a pipeline of water projects for potential investment by the Proposed AmKonzen AWF. These potential projects are sourced through Konzen's offices and through their participation in Asia Infrastructure Project Development Pte Ltd ("AIPD") whereby Konzen is a founding partner. AIPD is a joint venture company between the Asian Development Bank ("ADB") and a Singapore private sector consortium that comprises Konzen, Crest Spring Pte Ltd, and United Engineers (Singapore) Pte Ltd. AIPD's main objective is to catalyze commercially viable public-private partnership projects in water supply, sanitation and waste-water treatment. AIPD is strongly supported by the ADB and the Singapore Government with the blessing of the Chinese Government. Konzen is also working in close cooperation with the Singapore Cooperation Enterprise (SCE), a Singapore government agency, to develop additional water infrastructure projects, as well as with the Economic Development Board

(EDB) and the Public Utilities Board (PUB) to incubate new water technologies that have strong commercial spin-offs.

AmInvestment Bank Group, a member of the AmBank Group, is one of the premier investment banks in Malaysia. The Group has wide experience in privatizations and private-public partnerships ("PPP") including advising and funding premier infrastructure projects in Malaysia and the region. The Group has the distinction of having successfully raised funds, including both conventional and Islamic debt, by relying on its strong client relationships and expertise developed in specific industries. It also has the distinction of funding the Sungai Selangor Water Privatization Project, Malaysian Integrated Scheduled Wastes Project in Malaysia, all pioneering projects in their own right. The Group was also the advisor to the Malaysian Government in formulating the Malaysian Privatization Masterplan; the financial advisor to a consortium for the RM2 billion privatization of the Kuala Lumpur Sewerage; and the financial advisor to a consortium for the RM4 billion Negeri Sembilan Water Supply privatization.

China is one of the world's most active markets for PPPs in water. The central government has fully embraced the idea that private firms should be financing and operating municipal water supply and sewerage services in the country's booming cities, and firms-both local and foreign-have responded enthusiastically to opportunities in this dynamic market.

ADB estimates that about US\$140 billion in new investments are needed in water and waste-water treatment plants and recycled water in China. However, the municipalities often lack capacity to develop detailed plans needed to attract private investors. Hence the great need for specialized water funds.

In 2004, the total water supplied daily in China's cities amounted to 250 million cubic metres. With only 41 percent of the population living in cities in 2005, urbanization still has a long way to go and some of China's coastal cities have seen annual growth rates in water usage of over 10 percent.

According to Mr. Yeong Wai Cheong, Group Managing Director and CEO of Konzen, "Private investors have been present in China's water sector since the late 1990s, but it was only in 2002 when the government opened up the entire municipal service sector to domestic and foreign companies that investment really took off. In the 2003-2005 period, more than 50 PPP deals were signed in mainland China. Since then, the number of deals signed for water projects in China far exceeds the total in any other country. In addition, Chinese environmental technologies are now cutting edge and there will come a time soon when these will be exported to the rest of the world."

Mr. Cheah Tek Kuang, Group Managing Director of AmBank Group, added, "We are very happy to be able to work together with Konzen to enhance PPP participation in the booming water sector. This joint venture represents the first step by our private equity division to invest and manage sector funds outside Malaysia. There is tremendous scope for future growth in line with surging demand for clean water for consumption as well as environmental benefits arising from the treatment of waste water. This could take the form of building new plants as well as follow-on investments to increase capacity of existing plants." Mr Kenneth Tan, Assistant Managing Director for New Businesses, EDB, said, "The pioneering AmKonzen Asia Water Fund complements Singapore's efforts in building up infrastructure necessary to grow the water sector. We believe that it will catalyse the growth of water technology and engineering companies in Singapore, and in turn bring together different players to provide integrated water solutions for the future. This initiative also fits in well with EDB's Future.Singapore concept where leading edge urban solutions are developed, adopted early in Singapore and then exported to the rest of the world."

Mr. Alphonsus Chia, Chief Executive Officer of Singapore Cooperation Enterprise, said, "SCE would like to extend our congratulations to the AmKonzen Water Investments Management Pte Ltd. We believe that the creation of this private equity fund will complement and catalyze private sector participation and investment in water projects, and more importantly contribute to meeting the water infrastructure needs and development objectives of countries in Asia."

About AmInvestment Group Berhad ("AmInvestment")

AmInvestment is one of Malaysia's leading investment banking groups. The Group has an enviable track record of over 30 years of experience, innovation, and market leadership, and has won an impressive stable of awards from the international financial press and major rating agencies.

The Group provides a full range of investment banking related services that include corporate finance, debt markets and structured finance, Islamic markets, equity markets and derivatives, treasury and derivatives, stock and futures broking, funds management, trustee services, private equity, and private banking.

AmInvestment is part of the AmBank Group, which is committed to providing new and innovative products and services for the benefit of its customers. Adding greater value to the one-stop financial hub is its partnership with Australia & New Zealand Banking Group (ANZ), one of Australia's leading banks. AmBank Group is now poised to take advantage of the distribution potential of ANZ's wide network and regional presence as well as the synergy of shared human capital and industry expertise.

For media enquiries, please contact Ms. Pushpa Rajadurai, Executive Director, AmInvestment Group Bhd at Tel: +603-2036 2633 or via email at pushpa@ambg.com.my

About Konzen Group ("Konzen")

The Konzen Group, headquartered in Singapore and has evolved from Ionics (now part of GE Infrastructure), is an organization which has more than 25 years of operating history in Southeast Asia, and 15 years in China. Konzen is mainly engaged in industrial water projects, providing high quality ultra-pure water as well as treating highly polluted wastewater to meet discharge standards. It is a technological leader in many subsectors of water treatment, through the deployment of leading edge technologies in a joint venture with Beijing Gaia, established by top researchers from Peking University, and created by a number of other independent inventors through its incubation and technology commercialization business. In technology incubation, Konzen is working closely with various Singapore government agencies to identify new solutions for Asian urban infrastructure. Konzen is the first specialized water technologies incubator in Asia.

Konzen's total solutions in the water sector include: municipal water treatment system, industrial water treatment system, irrigation and flood control, municipal waste water treatment system, industrial waste water treatment system, septic sludge treatment system.

Konzen's existing clients include clients from the following sectors/industries: electronic and electrical, semiconductor, fertilizer, power generation, petroleum refining, petrochemical, food and beverage and hotels.

For media enquiries, please contact Mr Yeong Wai Cheong, Group Managing Director and Chief Executive Officer, Konzen Group at Tel: +65-6464 0478 or via email at yeongwc@konzengroup.com

About Malaysian Ventures Management Incorporated Sdn Bhd (MVMI)

MVMI has more than 20 years of proven track record of profitable private equity investment and successful divestment experience in Malaysia and the region. MVMI's sector focus and sector knowledge delivers strong performance, and its hands-on involvement on the boards of investee companies ensures closer monitoring and active value-adding participation.

For media enquiries, please contact Mr Francis Ng, Chief Executive Officer, Malaysian Ventures Management Inc Sdn Bhd at Tel: +603-2078 2392 or via email at francis-ng@ambg.com.my