



# **Press Release**

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## **PERANGSANG SELANGOR ANNOUNCES ITS RECALIBRATED INVESTMENT STRATEGY AT 39<sup>TH</sup> AGM**

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**KUALA LUMPUR, 27 MAY 2016** – Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or the “Company”), unveiled its new recalibrated investment strategy moving forward, at the Company’s, successful 39<sup>th</sup> Annual General Meeting (“AGM”) which was held today at the Shah Alam Convention Centre. All resolutions put forward by the Board of Directors (“the Board”) were approved by the shareholders at the AGM which marked the completion of Perangsang Selangor’s four-year Corporate Turnaround Plan. The Board also put forward a resolution for the declaration of a single-tier final dividend of 2.0 sen per share on 499,004,119 ordinary shares amounting to a dividend payable of RM9.98 million in respect of the financial year ended 31 December 2015 (“FY15”) which was fully approved by shareholders.

Speaking at the AGM, **Chairman of Perangsang Selangor, Yang Mulia Raja Dato’ Haji Idris Raja Kamarudin (“YM Raja Dato’ Idris”)** shared, “The past year has seen an improvement in the financial prospects of the Company, a highlight of which was our divestment of the investment in Konsortium ABASS Sdn Bhd (“ABASS”). With the completion of the sale of Titisian Modal (M) Sdn. Bhd. (“TMSB”), which owns a 90.83% stake in ABASS, Perangsang Selangor has reduced its borrowings from RM 1.04 billion to RM 30.13 million resulting in a gearing ratio of only 0.02 times. The Company has also divested our stake in Kumpulan Hartanah Selangor Berhad which has further strengthened Perangsang Selangor’s financial position. Whilst the issues surrounding the divestment of SPLASH and the tolled SPRINT highway are ongoing, we are optimistic of a swift resolution but are unable to share further details on this due to regulatory guidelines by the authorities.”

Perangsang Selangor posted a marginal reduction of RM2.6 million in revenue from its continuing operations at RM85.10 million for FY15 as compared to RM87.70 million in FY14, which led to a Profit After Tax (“PAT”) of RM58.94 million recorded for FY15 as compared to RM117.65 million recorded during the corresponding financial year. The reduction in revenue was due to lower income generated by both the hospitality and investment holding sectors, which recorded RM13.75 million and RM8.88 million respectively in FY15. However, this reduction was subdued by higher revenue contributions recorded the trading sector, which recorded RM62.47 million in FY15, a 13.5% increase as compared to RM55.02 million in the preceding year, mainly attributed to the sale of chemicals and equipment for the portable water industries by its subsidiary, Aqua-Flo Sdn. Bhd. (“Aqua-Flo”). Concurrently the

lower profit was mainly due to a reduced share of profits from Perangsang Selangor's associated companies as well as a loss arising from the disposal of the TMSB Group.

Moving forward, Perangsang Selangor is embarking on a new phase of profitability in its business with a strategic investment blueprint in place. The Company will be recalibrating its portfolio of companies based on several investment criteria, which includes placing active focus on optimising yield generating business divisions as well as exploring targeted investment opportunities in new business sectors to gain balanced exposure to multiple sectors and to increase greater profitability as a whole. Additionally, Perangsang Selangor will be targeting business who are already market leaders, or have the potential to become market leaders in their specific industries. As value derived from any investment will flow back into the state, the Company's investment targets in the future will go beyond being Selangor-based, allowing opportunities for investment in external companies as well as for bringing international value into Malaysia.

In line with this investment strategy, Perangsang Selangor is expanding its stake in Aqua-Flo to 51% which is the highest performing investment in its portfolio, with room still to grow. With the increased stake, the Company can now recognise higher income from Aqua-Flo at the holding level. It is a strategic move under the Company's new investment blueprint, focusing on the optimisation of the yield of profitable existing businesses.

Moving forward, Perangsang Selangor will prioritise investing in mature income-generating assets which will allow the Company to sustain its dividend pay-outs as well as increase its net asset value. In pursuit of this, Perangsang Selangor has ventured into the franchise licensing industry with the acquisition of 60% stake in the King Koil brand-licensing business for a cash consideration of USD 28.80 million (approximately RM 115.93 million).

**YM Dato Raja Dato' Idris** further shared, "One of the high potential sectors we are looking at, is the franchise licensing industry, which provides lucrative revenue generating capabilities, offset with relatively low risk, as the manufacturing distribution or delivery risks associated with the products or services provided are taken on by the franchisees themselves, insulating the parent licensor. This has driven the acquisition of a majority interest in King Koil which will allow us to enter the global market for the first time. We have great expectations for the potential of this investment as King Koil is an established brand, ranked 7th in the international mattress market and has over 40 licensees worldwide across 80 countries with 42 manufacturing facilities who have generated over USD 1 billion in global retail sales."

Perangsang Selangor, through its wholly-owned subsidiary, Nadi Biru Sdn. Bhd., has also recently acquired a 51% stake in Smartpipe Technology Sdn. Bhd. ("**SPT**"), which has been granted a licence from Netherlands-based Wavin Overseas BV ("**Wavin**") to market, sell and install plastic pipe systems and other patented products in Malaysia. As a result, the Company has acquired the exclusive licensing

rights for Smart Pipe, a pipe rehabilitation technology solution which has significant value to be unlocked in the domestic market as there are approximately 4,460 km of pipes nationwide that are in need of replacement throughout Malaysia according to the latest estimates from the Ministry of Energy, Green Technology and Water (“KeHTTA”).

**YM Raja Dato’ Idris** further added in closing, “While Perangsang Selangor may not be directly involved in the managerial and operational aspects of our acquired assets, experienced professionals from the respective business of the investment are appointed to oversee the Company’s interests, as well as provide strategic guidance if required. This investment model allows for a diversified portfolio which will reduce the impact of fluctuations in any particular industry, and prioritise consistent dividend pay-outs. The increased revenue from these new assets, will allow us the freedom to continue to seek out sound, profitable ventures that have the ability to generate and sustain high revenue contribution totals. Both the Board and the management team are firmly behind our new strategy, which we believe will allow us to grow the value of our investments, while being exposed to only minimal risk factors.”

Perangsang Selangor is currently trading on the Main Market of Bursa Securities under the stock short name KPS and stock code 5843.

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#### **ABOUT KUMPULAN PERANGSANG SELANGOR BERHAD**

Incorporated in August 1975, **Kumpulan Perangsang Selangor Berhad** (“**Perangsang Selangor**” or the “**Company**”) is a public limited liability company and is currently listed on the Main Market of Bursa Malaysia Securities Berhad. The Company has a varied investment portfolio with assets involved in Infrastructure & Utilities, Oil & Gas, Telecommunications as well as Franchise Licensing. Perangsang Selangor is committed towards making significant contributions to human capital, intellectual, and sustainable developments, whilst strengthening its core businesses to optimise returns for its shareholders.

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