

Disposal of 30% stake in SPLASH finalised

28 September 2018

SHAH ALAM – Diversified group **Kumpulan Perangsang Selangor Berhad** (KPS), the Group, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today announced that its indirect 30% associate company Syarikat Pengeluar Air Selangor Holdings Berhad (SPLASH Holdings) had entered into a share purchase agreement (SPA) with Pengurusan Air Selangor Sdn Bhd (Air Selangor) for the disposal of SPLASH Holdings' entire stake in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (SPLASH).

The total purchase price of RM2.55 billion to be paid by Air Selangor for the 100% stake of SPLASH will be distributed via upfront sum of RM1.9 billion, followed by nine annual instalments for the remaining amount of RM650.0 million.

Once completed, KPS stands to receive total gross proceeds of RM765.0 million for its stake in SPLASH Holdings. At the same time, upon the completion of the disposal exercise, the Group is estimated to recognise approximately RM331.6 million in one-off loss on disposal; which is expected to have a significant impact on the net assets and earnings of the Group for the financial year ending 31 December 2018.

“The conclusion of our involvement in SPLASH marks a further step towards refocusing of our endeavours in growing our core businesses into industry powerhouses and generate sustainable returns for shareholders.

In deliberating the utilisation of the proceeds, the Group will adopt a prudent approach on balancing current needs and future growth. In addition, we remain steadfast in implementing our value creation strategy in expanding our ongoing core businesses, achieving a lean balance sheet and ensuring the continued sustainability of the Group's overall performance.”

Barring any unforeseen circumstances, the disposal is expected to be completed by the end of 2018 and is subjected to the fulfillment of conditions precedents taking place prior to completion.

As SPLASH Holdings is an associate company of KPS, the acceptance of SPLASH takeover offer does not require approval from KPS shareholders.

The acquisition of SPLASH by Air Selangor is undertaken as part of the consolidation and restructuring of the water industry in Selangor, Kuala Lumpur and Putrajaya by the state and federal governments. This exercise is done in effort to increase water reserve margins and reduce non-revenue water (NRW), as well as, being one step closer to achieve uninterrupted water supply within Klang Valley and nationwide.

<https://selangorjournal.my/2018/09/28/disposal-of-30-stake-in-splash-finalised/>