

GENERAL ANNOUNCEMENT - OTHERS

FRAMEWORK AGREEMENT ENTERED INTO BETWEEN AQUA-FLO SDN BHD AND PENGURUSAN AIR SELANGOR SDN BHD FOR THE SUPPLY AND DELIVERY OF VARIOUS WATER TREATMENT CHEMICALS TO PENGURUSAN AIR SELANGOR SDN BHD FOR A PERIOD OF TWO (2) YEARS (FROM 1 JANUARY 2024 TO 31 DECEMBER 2025) WITH AN ESTIMATED CONTRACT SUM OF RM162,181,050.00

1. INTRODUCTION

1.1 Framework Agreement

Pursuant to Paragraph 9.03 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of Kumpulan Perangsang Selangor Berhad (“**KPS Berhad**” or “**Company**”) Berhad wishes to announce that Aqua-Flo Sdn Bhd (“**Aqua-Flo**”), a 51%-owned subsidiary of KPS Berhad, had on 21 November 2023 entered into a Framework Agreement (“**FA**”) with Pengurusan Air Selangor Sdn Bhd (“**Air Selangor**”) for the supply and delivery of various water treatment chemicals to Air Selangor for a period of two (2) years from 1 January 2024 to 31 December 2025 with an estimated contract sum of RM162,181,050.00 (“**Estimated Contract Sum**”) (collectively referred to as “**Contract**”).

1.2 Contract Period

The commencement and duration of the supply in respect to the Contract shall be for a period of two (2) years commencing from 1 January 2024 (“**Commencement Date**”) until 31 December 2025 (“**Expiry Date**”) (“**Contract Period**”).

Air Selangor and AFSB (“**Parties**”) may renew the FA for such further term to be mutually agreed by giving not less than one (1) month's notice in writing prior to the expiry of the Contract Period and thereafter, the Parties may as soon as reasonably practicable negotiate and mutually agree on the terms and conditions of such renewal in writing.

In the event that the Parties fail to reach an agreement, the FA shall automatically expire at the end of the Contract Period, as the case may be.

1.3 Recurrent Related Party Transaction

The Contract is regarded as a Recurrent Related Party Transaction (“**RRPT**”) of a revenue or trading nature which is necessary for the day-to-day operations and is in the ordinary course of business of KPS Berhad's subsidiary, namely, Aqua-Flo

2. SALIENT TERMS OF THE FRAMEWORK AGREEMENT

2.1 Prices

2.1.1 Under the FA, the Estimated Contract Sum is based on approximate quantities, and the actual total quantities to be supplied shall be based on the Purchase Orders issued by Air Selangor and/or Air Selangor Group under the FA. For the avoidance of doubt, Air Selangor and/or Air Selangor Group shall not be obliged to fulfil the Estimated Contract Sum.

- 2.1.2 The prices for the Goods to be supplied under the FA as set out in the Schedule of Rates attached to the FA for the respective chemicals stipulated in the Bills of Quantities ("**Agreed Rates**") shall remain as firm rates and the Agreed Rates are not subject to any changes, variations or cost escalation by Aqua-Flo during the Contract period.

2.2 Performance Bond

- 2.2.1 Aqua-Flo shall, prior to the Commencement Date or at any such other period as agreed by Air Selangor in writing, deliver to Air Selangor a performance bond in the amount equivalent to 5% of the Estimated Contract Sum ("**Performance Bond**") and which shall remain valid throughout the Contract Period.

2.3 Termination

- 2.3.1 The FA may be terminated by the Parties in any of the following circumstances:

(a) Termination by Either Party

Either Air Selangor or Aqua-Flo shall be entitled to terminate the FA forthwith by giving a written notice to the other if:

- Air Selangor or Aqua-Flo is subject to an order made against it or a resolution passed for the winding up (except for the purpose of reconstruction, amalgamation not involving the realisation of assets in which the interests of creditors are protected);
- Air Selangor or Aqua-Flo goes into liquidation, or a receiver is appointed over the assets whether compulsorily or voluntarily or suffers its goods to be taken in execution or becomes insolvent or compounds with or makes an assignment for the benefit of its creditors or does any act which affects its ability to fulfil its obligations under the FA;
- Execution is levied against a substantial portion of assets unless it has instituted proceedings in good faith to set aside such execution or
- The other Party ceases or threatens to cease to carry on business.

3. EFFECT OF THE CONTRACT

The Contract is made in the ordinary course of business and has been established on an arms' length basis.

The Contract is expected to contribute positively to KPS Berhad Group's earnings and net assets for the duration of the Contract.

4. RISK FACTORS

The risks associated with the Contract are mainly fluctuation in foreign currency against Ringgit Malaysia, chemical product prices and material supply.

5. DIRECTORS' AND MAJOR SHAREHOLDER'S INTERESTS

Save as disclosed below, none of the Directors and Major Shareholders of KPS Berhad, as well as persons connected with them, have any interest, direct and/or indirect, in the Contract:

YB Dato' Haris bin Kasim ("**Interested Director**") sits on the Boards of Menteri Besar Selangor Incorporated ("**MBI**"), Air Selangor Holdings Berhad ("**ASHB**") and Air Selangor. The Interested Director is the Chairman and a Non-Independent Non-Executive Director of KPS Berhad.

Puan Norita binti Mohd Sidek ("**Interested Director**") sits on the Boards of MBI, Darul Ehsan Investment Group ("**DEIG**") and ASHB. The Interested Director is also the Chief Executive Officer of MBI and a Non-Independent Non-Executive Director of KPS Berhad.

DEIG is a major shareholder of KPS Berhad, with a direct shareholding of 57.88%. Air Selangor is a wholly owned subsidiary of ASHB. MBI is the holding company of DEIG and ASHB.

The Interested Directors mentioned above shall abstain and will continue to abstain from all deliberations and voting at the relevant resolutions of the Board of Directors of KPS Berhad in respect of the RRPT pursuant to Sections 221 and 222 of the Companies Act 2016, Paragraph 10.08(6) of Bursa Securities MMLR and Directors Conflict of Interest Policy of KPS Berhad.

6. STATEMENT BY THE BOARD AUDIT COMMITTEE

The Board Audit Committee, after having taken into consideration the Contract, is of the view that the Contract is:

- i) in the best interest of the Company;
- ii) fair, reasonable, and on normal commercial terms;
- iii) not detrimental to the interest of the minority shareholders of the Company; and
- iv) undertaken at an arms' length basis in the ordinary course of business and is on terms not more favourable to Air Selangor than those generally available to the public.

7. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of KPS Berhad (save for the Interested Directors), after having taken into consideration the Contract, is of the view that the Contract is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of the Company.
- (iv) undertaken at an arms' length basis in the ordinary course of business and is on terms not more favourable to Air Selangor than those generally available to the public.

KUMPULAN PERANGSANG SELANGOR BERHAD ("KPS BERHAD" OR "COMPANY")
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BHD FOR THE SUPPLY AND DELIVERY OF VARIOUS WATER TREATMENT CHEMICALS TO PENGURUSAN AIR SELANGOR
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CONTRACT SUM OF RM162,181,050.00

8. APPROVALS REQUIRED

The Contract does not require the approval of KPS Berhad's shareholders or any relevant authorities. Nevertheless, KPS Berhad will ensure compliance with Paragraph 10.09 of the MMLR of Bursa Securities, as and when required.

This Announcement is dated 21 November 2023.