

Splash offers RM10.75b for water assets

By Rupinder Singh

rupinder@nstp.com.my

BUILDER Gamuda Bhd says its 40 per cent-owned subsidiary, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (Splash), has made a RM10.75 billion offer to take over the Selangor state government's water-related assets and operations.

The offer was made to both the federal and state governments yesterday, it told Bursa Malaysia yesterday.

Gamuda said Splash had informed the governments that it was compelled to make the offer to bring closure to the more than three-year impasse faced by the

water services industry in Selangor.

"This was a result of the divergent approaches of the Selangor state government and the federal government and the falling-out between the Selangor state government and the water distributor, Syarikat Bekalan Air Selangor Sdn Bhd (Syabas)," it said in its filing to Bursa Malaysia.

"The ensuing breaches in payments that triggered cross-defaults across the industry with writs filed in courts by numerous parties have resulted in a messy situation that has now become

critical because the cash flows of the water operators are being impaired to an extent that is adversely affecting their operations."

Under its offer, Splash plans to maintain water tariffs in Selangor at the current level, with annual increases of 2-3 per cent, or 9 per cent every three years, Gamuda said.

"There is no need for a scheduled increase of 37 per cent (under Syabas' tariff). Splash's

■ TURN TO B7, COL. 1

Splash seeks 30-year concession for offer to buy water assets

■ FROM B1

proposed tariff will be 35 per cent less than Syabas' tariff," it asserted.

Syabas is 70 per cent owned by Puncak Niaga Holdings Bhd.

Splash wants a 30-year concession, starting this year, to repay its loans and recover its investment.

It said it would fund the acquisition via an increase in its paid-up capital and bank borrowings.

"Upon the takeover, Splash will be solely in charge of the operations and maintenance of all the plants, including the operations of the water distributors."

The Selangor state government owns about 70 per cent of the water assets, with the remainder held by private companies.

Selangor's water sector is the most fragmented with four private concessionaires: Splash, Syabas, Konsortium Abass Sdn Bhd and Puncak Niaga (M) Sdn Bhd.