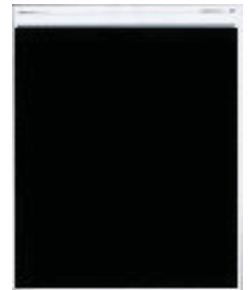


Headline	Tex Cycle accelerates RE venture		
Media Title	The Edge		
Date	03 Aug 2020	Language	English
Circulation	25,910	Readership	77,730
Section	Corporate	Page No	21
Article Size	942 cm ²	Journalist	SUPRIYA
PR Value	RM 48,657		



Tex Cycle accelerates RE venture

BY SUPRIYA SURENDRAN

Going by the slew of Bursa Malaysia announcements on its renewable energy (RE) ventures in the past four months, Tex Cycle Technology (M) Bhd does not intend to wait out the Covid-19 pandemic.

Its CEO Gary Dass says the pickup in activity underscores the acceleration of the company's ambitions to become an RE player, not just in Malaysia but globally.

"Right now, our core business and major revenue contributor is our recycling and recovery business, but we expect the RE segment to be a major contributor to group revenue in the near future," he tells *The Edge* in a recent interview.

On July 9, Tex Cycle announced that its 60%-owned subsidiary Pakar B2E Sdn Bhd had received the Feed-in Tariff (FiT) approval from the Sustainable Energy Development Authority for its renewable electrical energy power plant (REEP) in the Gurun Industrial Area in Kedah.

For clarity, a Feed-in Approval (FiA) is needed to sell renewable energy in Malaysia at the FiT rate, which in this case is 37.84sen/kWh.

Thirty per cent of Pakar B2E is held by Pakar Go Green Sdn Bhd, a biochar industry expert, and the remaining 10% by KLPK Niaga Sdn Bhd, the plantation arm of the Kedah State Economic Development Corporation.

"The FiT certificate allows us to export 4MW of power to the national grid, and currently we are applying for the Renewable Energy Power Purchase Agreement (REPPA) with Tenaga Nasional Bhd.

"We are confident about moving ahead, as we have the backing of the state government. In fact, we met the menteri besar of Kedah [Muhammad Sanusi Md Nor], and he was very supportive of this whole project, and he even asked us to try to speed up the project as soon as possible, as it is going to be a state-of-the-art biomass-to-energy plant in Kedah," says Dass.

Meanwhile, the group's REEP in Telok Gong, Klang, is expected to commence operations by year-end, after a few delays. Tex Cycle had successfully installed a REEP on its own site in Telok Gong and was almost ready to generate electricity from decontaminated biomass and supply it to Tenaga Nasional's grid.

It faced a setback in April last year, however, when the Department of Environment (DOE) requested that an Environmental Impact Assessment (EIA) under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015 be done on the REEP.

"We have engaged with the DOE and we have got approval to do a test run, from July 1 to Nov 30, which is currently in progress, to ensure that our system is up and ready. At the same time, we are also conducting the EIA. Once this is done, we can start running the plant, and we will make an announcement when that happens," says Dass.

Apart from its biomass-to-energy initiative, the group has also made a foray into solar energy.

On May 13, the group's 70%-owned subsidiary EFS MySolar Sdn Bhd (formerly known as TC Champ Sdn Bhd) entered into a share sale agreement with EFS Revision Energy Sdn Bhd for the acquisition of Revision Solar Sdn Bhd.

Revision Solar is an FiA holder with a solar photovoltaic plant in Penang under the Malaysia FiT Programme that has an



The group's REEP in Telok Gong, Klang, is expected to commence operations by year-end



Dass: We expect the RE segment to be a major contributor to group revenue in the near future



Hii: The pandemic has brought about a new waste management business proposal for us

local firm Culzean Generation Ltd via a 50:50 joint venture company called Culzean W2E Ltd. Tex Cycle chief financial officer Geraldine Hii Siaw Wei says, however, that the roll-out of the projects has been held up by the coronavirus outbreak.

"The Covid-19 pandemic has caused a delay to our waste-to-energy projects. On the other hand, the pandemic has brought about a new waste management business proposal for us, because the medical waste there needs to be disposed of.

"We have already started engaging with industry players on managing their medical waste. There is a demand for this service because of Covid-19, and the government is also encouraging players to (manage waste)," says Hii, who is also a director at Culzean W2E.

On July 13, Tex Cycle announced that Culzean W2E had entered into a memorandum of understanding with Medisort Ltd to work together to set up a facility to process 3,200 tonnes of medical and clinical waste a year via a high-temperature incinerator.

"This is a mini kind of incineration system that is pegged together with pollution control systems to ensure that we meet emission standards. It will also be located closer to the source [of the waste] so that we can save costs on transportation," Hii says.

In Malaysia, the group does not have a licence to treat medical waste, nor does it have an incineration licence. Nevertheless, if its UK venture succeeds, Tex Cycle says it will employ the business model not only in Malaysia but also in neighbouring countries.

What's next for Tex Cycle

On its RE projects, Dass says the group is carrying out joint research with universities and a foreign establishment on converting food waste into liquid methane.

"This could be a replacement for cooking gas. Just imagine, from your food waste, you can create gas that can be used to cook your next meal. So, it's something that we are working on to solve the issues being faced in landfills. If this project kicks off, it will be quite major for the waste management industry," he notes.

Tex Cycle reported a net loss of RM465,000 in its first financial quarter ended March 31, 2020 on the back of a 32% year-on-year decline in revenue to RM5.42 million. It had made a net profit of RM1.15 million a year ago. The net loss was mainly due to operating expenses incurred for its RE project in the UK, as well as lower investment gains for its unit trusts because of the economic downturn.

Nevertheless, the group is confident that it will return to the black in the following quarters, supported by its recovery and recycling business and as RE projects come onstream.

The group is in a net cash position, with total cash of RM11.32 million as at March 31, 2020 and borrowings of RM10.48 million.

Despite the challenging business environment because of the pandemic, Tex Cycle group executive chairman Ho Siew Choong says the company hopes to continue to reward its shareholders.

"We have never failed to pay dividends since the company's inception [in 2005]. Of course, this is a trying year, but we will try our best to [maintain our dividend payment]," he says.

Tex Cycle shares closed at 40 sen last Tuesday, giving the company a market capitalisation of RM101 million. Year to date, its share price has risen 18%. ■



RE Power Purchase Agreement with Tenaga Nasional for 21 years.

Dass acknowledges that the solar energy market in Malaysia is competitive, with many companies venturing into the space, but adds that Tex Cycle is able to hold its own.

"Of course, it is competitive, but we also have our strengths. For us, our foray into solar is focused on the net energy metering scheme, where companies that are our customers can save on their electricity bills via solar energy generated from their rooftops. We have even installed solar panels on our own facility's rooftop, where we saw effective savings of 40% of our annual electricity costs, which is a boon for businesses that require high electricity usage, such as ours," he says.

Besides its recent acquisition of Revision Solar, Tex Cycle is also acquiring other companies that are FiA holders.

"We are looking to grow this part of the business as well, with the acquisition of more FiT [solar] plants. Another area in solar energy that we are interested in is the large-scale solar projects," Dass says.

Recycling medical waste in the UK

Tex Cycle previously announced its plans to undertake REEP projects in the UK with

VALUATOR

Company(Brand)	Mention	Tone	ROI
Bernama - MREM (Bernama - MREM 6)	4	0	RM 0
Bursa Malaysia Berhad (Bursa Malaysia Berhad)	5	0	RM 0
Cenviro Sdn Bhd (Cenviro Industry News)	8	0	RM 0
CIMB Investment Bank Berhad (CIMB - Banking & Finance Industry)	1	0	RM 0
CIMB Investment Bank Berhad (CIMB - Economy News)	2	0	RM 0
Covid- 19 - Malaysia (Covid- 19 - Malaysia)	14	0	RM 0
Department of Environment (DOE) (Department Of Environment	1	0	RM 0
Eastern & Oriental Berhad - Industry News (Eastern & Oriental	10	0	RM 0
Enforcement Agency Integrity Commission (EAIC Agencies -	3	0	RM 0
Gamuda Bhd - Penang News (Gamuda Bhd (Penang) 1)	1	0	RM 0
Gamuda Bhd (Gamuda Bhd Industry News)	1	0	RM 0
Global Enviroment Centre (Others) (Global Enviroment Centre	3	0	RM 0
Global Enviroment Centre (River Care) (Global Enviroment Centre	7	0	RM 0
Great Eastern Covid-19 (Covid-19 Customers)	2	0	RM 0
Industry News - Energy Commission (EC) (Industry News -	6	0	RM 0
Industry News - Energy Commission (EC) (Industry News - Gas &	1	0	RM 0
Industry News (SEDA) (Industry News (SEDA) - Renewable Energy)	4	0	RM 0
Industry News (SEDA) (Industry News (SEDA) - Solar Power)	12	0	RM 0
Mah Sing Group Berhad (Industry News) (Mah Sing Group Berhad	10	0	RM 0
Malaysia Projects (Malaysia Projects)	4	0	RM 0
Ministry of Health (MOH) -SG (MOH - Research & Innovations)	1	0	RM 0
RAM Bursa Malaysia (RAM Bursa Malaysia)	3	0	RM 0
Ram Holdings-Industry News (Ram Holdings-Industry News)	3	0	RM 0
RAM Ratings/RAM Holdings-Industry News (RAM Ratings/RAM	1	0	RM 0
RAM Sustainability/RAM Holdings-Industry News (RAM	3	0	RM 0
Securities Commission Malaysia (Malaysia Capital Market)	3	0	RM 0
Singapore-Malaysia Relations (Singapore-Malaysia Relations -	1	0	RM 0
Star Reacher - Coronavirus (Star Reacher - Coronavirus)	4	0	RM 0
Sustainable Energy Development Authority Malaysia (Sustainable	4	0	RM 0
Tenaga Nasional Berhad (TNB) (Tenaga Nasional)	3	0	RM 0
Tetra Pak- Industry News (Tetra Pak- Industry News)	2	0	RM 0
Tex Cycle Technology (M) Bhd (Tex Cycle Technology (M) Bhd (Tex	17	0	RM 0
The Edge Communications Sdn Bhd (The Edge)	2	0	RM 0
UiTM Holdings- Industry News (UiTM Holdings- Industry News)	4	0	RM 0