



17 JAN, 2023

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The Sun, Malaysia



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KUALA LUMPUR: Engineering and energy solutions provider Kejuruteraan Asastera Bhd (KAB) announced that its wholly owned subsidiary KAB Energy Holdings Sdn Bhd has signed an agreement with Future NRG Sdn Bhd to acquire the entire equity of the latter's subsidiary Future Biomass Gasification Sdn Bhd (FBG) and its biogas power plant asset for a total consideration of RM15 million.

The agreement follows an earlier signing of a term sheet on the proposed acquisition of the entire equity of FBG announced on Nov 9, 2022 and the completion of due diligence processes.

FBG owns a biogas power plant in Kuala Ketil, Kedah, with an installed capacity of 2.4 megawatts. The plant captures greenhouse gases released from palm oil effluents and converts the gas into electricity using highly efficient biogas engine generators. The electricity generated by the biogas power plant is supplied to the national grid, and subsequently to nearby towns and villages.

By acquiring FBG, KAB will recognise revenue from FBG's existing renewable energy power purchase agreement (Reppa) with Tenaga Nasional Bhd. The Reppa commenced in 2018 and is effective for 16 years until 2034.

The acquisition of FBG is targeted for completion in the second quarter of 2023, and will be funded by a combination of bank borrowings and internally generated funds.

Upon completion of acquisition, KAB's sustainable energy solutions (SES) segment will own its first biogas power plant. KAB's SES portfolio currently has solar photovoltaic systems, cogeneration and waste-heat-recovery assets in Malaysia and Thailand.