



**PRESS RELEASE**

## **KAB seeing substantial growth in concession revenue from Sustainable Energy Solutions segment**

- *To potentially recognize over RM500 million in concession revenue until 2046*
- *Shareholders greenlight proposed business diversification to include provision of sustainable energy solutions*
- *Shareholders also approve proposed private placement of up to 361.6 million new shares primarily for Group's expansions and working capital needs*

**KUALA LUMPUR, 17 November 2022** – Engineering and energy solutions provider **Kejuruteraan Asastera Berhad** (“KAB”, the “Group”, “敬业”, Bloomberg: KASB MK) is eyeing substantial growth in its Sustainable Energy Solutions (SES) segment, supported by the recognition of potential concession revenue of more than RM500 million until 2046, from existing contracts in Malaysia and Thailand, as well as ongoing acquisitions.

The revenue generation will come from its growing asset portfolio in clean energy generation, renewable energy generation, and provision of energy efficient solutions.

The clean energy generation encompasses two components, the first being the Group's cogeneration plant that commenced in January 2022 where generated electricity and heat will be sold to third-party for eight years under an energy purchase agreement for an estimated concession value of RM50.6 million.

The second component is the waste-to-heat recovery plant in Negeri Sembilan operational since July 2020, where energy generated will be sold to a third party via an energy purchase agreement for a 10-year concession period for an estimated concession value of RM57.3 million.

The Group is also involved in renewable energy generation by installing solar photovoltaic (PV) panels through direct installation and sale, or via build-own-operate-transfer model to have a power purchase agreement for the sale and purchase of electricity generated at an agreed rate throughout the concession period.

As at 14 November 2022, the Group has 14 solar contracts in Malaysia and Thailand with combined capacity of 17,318 kWp, comprising concession projects until 2046 with total estimated concession value of RM146.8 million as well as direct installation projects.<sup>1</sup>

The solar contracts include the recent acquisition of Matahari Suria Sdn Bhd with existing power purchase contract with Tenaga Nasional Berhad until 2037, and signing of two 20-year solar power purchase agreements with Nextgreen Pulp & Paper Sdn Bhd.

KAB also provides customised energy efficient solutions including chiller optimisation to 15 projects to promote energy efficiency in residential, commercial and industrial buildings.

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<sup>1</sup> Number of solar contracts and estimated concession value reflects three new contracts secured after the Last Practicable Date (LPD) of 7 October 2022. The additions comprise acquisition of Matahari Suria Sdn Bhd and its rooftop solar asset, and new solar power purchase agreements with Nextgreen Pulp & Paper Sdn Bhd



Additionally, the Group's wholly owned subsidiary KAB Energy Holdings Sdn Bhd had on 29 July 2022 proposed to acquire PT Inpola Mitra Elektrindo together with its 11-megawatt Kombih III mini hydro power plant in Indonesia. The potential acquisition, upon targeted completion in 2023, is expected to provide about RM270 million in concession revenue over a 20-year concession period involving supply of energy to state-owned utility company PT Perusahaan Listrik Negara.

Speaking at the Extraordinary General Meeting today, KAB Group Managing Director Dato' Lai Keng Onn said that the SES concessions in hand boded well for the Group to establish a stable revenue stream in the foreseeable future, complementing its core business of providing mechanical and electrical (M&E) engineering solutions.

“Our unique expertise as a one-stop engineering and energy solutions provider serving similar target customer segments allows us to tap into the intersection between the SES and M&E businesses, making us well equipped to fill this gap in the market in the region.

We recognise the enormous untapped potential in the SES segment, as governments and businesses in Malaysia and Thailand become increasingly conscious of addressing climate change.

We are pleased with shareholders' approvals for our diversification into SES, and are poised to accelerate expansion to capture more opportunities in the fast-growing industries. Additionally, through our increasing asset base, we anticipate the SES segment to become a significant profit contributor to the Group in the next few years.”

**Dato' Lai Keng Onn (“拿督黎敬安”)  
Group Managing Director of Kejuruteraan Asastera Berhad**

KAB's SES segment reported RM6.8 million revenue in the financial year ended 31 December 2021 (FY2021). The first half ended 30 June 2022 alone exceeded FY2021 SES segment revenue with RM8.2 million and is slated to exponentially expand going forward.

The Group's shareholders also approved a proposed private placement of up to 361.6 million new shares, representing approximately 20% of the Group's existing issued shares. The independent investors and issue price would be determined at a later date.

Based on an illustrative issue price of RM0.3705 and potential proceeds raised of RM134.0 million, the Group intends to allocate RM36.0 million for working capital purposes, RM31.0 million for repayment of bank borrowings, RM66.2 million for funding existing and future SES projects, and RM0.8 million for estimated listing expenses.



The Group's proforma enlarged share capital after the proposed private placement at the illustrative price of RM0.3705 would increase to RM237.6 million from RM103.6 million currently.

Dato' Lai further shared: "In addition to our existing SES business, we are in discussions with asset owners as well as potential clients for more acquisitions and projects in Malaysia and regionally. Currently, our estimated capital expenditure for existing contracts and potential projects amount to RM52.3 million for solar PV projects of over 17,000 kWp in capacity, and RM220.0 million for clean energy projects of up to 65MW."

"The proposed private placement is thus timely to support our capital requirements for our continued expansion, with an effective and cost-efficient source of funding."

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### **ABOUT KEJURUTERAAN ASASTERA BERHAD**

Established in 1997, Kejuruteraan Asastera Berhad ("KAB" or the "Group") is an electrical and mechanical engineering and energy solutions company.

KAB's engineering segment covers all aspects of electrical, mechanical and associated engineering services for both commercial and residential buildings. KAB is registered under the Construction Industry Development Board (CIDB) with a Grade 7 and Suruhanjaya Tenaga with a Class A certification. Its Sustainable Energy Solutions (SES) segment encompasses the provision of Energy Efficient Solutions, Clean Energy Generation, and Renewable Energy Generation.

Other potential segments include telecommunication infrastructure and robotic solutions. KAB is a constituent of FTSE Bursa Malaysia EMAS Index and secured 3-Star ESG Rating by FTSE Russell in December 2021.

For more information, please log on to <https://asastera.com>.

**Issued for and on behalf of Kejuruteraan Asastera Berhad by Aquilas Advisory (Malaysia) Sdn Bhd. For media enquiries, please contact:**

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