MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M)

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DIVERSIFICATION

KUB TO FOCUS ON MIDSTREAM LPG BUSINESS

Firm nears deal with UK's BB Energy and will invest RM250m in 2 new storage tanks

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KUB Malaysia Bhd will focus on its midstream liquefied petroleum gas (LPG) business, from downstream currently, as the group moves up the value chain.

Chairman Datuk Seri Johari Abdul Ghani said KUB was finalising a deal with the United Kingdom's BB Energy (Asia) Pte Ltd to directly import LPG from the latter.

He said the partnership was expected to be finalised in the next few months and that the company would be investing RM250 million to build two refrigerated LPG storage tanks with a capacity of up to 25,000 tonnes.

"The goal is to move up the value chain through the midstream LPG business."

He said in the past, KUB was involved only in the downstream business, when it bottled LPG for industrial and household customers under the Solar Gas brand.

"For downstream business, we are to increase our capacity. The capacity of the LPG pressurised sphere storage we have now is only 3,000 tonnes," said Johari after receiving the Excellence Award for Corporate Governance (CG) Disclosure from the Minority Shareholder Watch Group (MSWG) on behalf of KUB, here, last Friday.

He is KUB's largest shareholder with a controlling stake of 32.96 per cent.

He said the group was also working towards exiting the plantation business by the end of next year.

The group has three plantation assets in Sabah and Sarawak.

KUB Malaysia Bhd chairman Datuk Seri Johari Abdul Ghani (inset) says the group, which provides liquefied petroleum gas to customers under the Solar Gas brand, will increase its storage capacity from 3,000 tonnes now.

The disposal of non-core assets may amount to more than RM400 million, which it can utilise for its midstream LPG business.

Earlier in June, KUB entered into a conditional sale and purchase agreement with Beradin Plantation Sdn Bhd to dispose of two oil palm estates measuring an aggregate of 2,656.16ha for RM158 million cash.

The Kahang and Sungai Yong estates, together with all buildings and infrastructure as well as plants and crops are collectively referred to as the "Kubah estate".

In a filing to Bursa Malaysia, KUB said the disposal represented a premium of RM2 million, or 1.3 per cent, above the market value of the Kubah estate.

The proposed disposal is expected to be completed in the current quarter.

KUB has been disposing of non-core businesses since 2018 in a bid to improve its cash flow.

In September last year, the group disposed of some of its investment properties and its A&W Malaysia business.

The entire A&W Malaysia stake was sold to Inter Mark Resources Sdn Bhd for RM34 million.

For the six months ended June 30 this year, KUB returned to the black with a net profit of RM33.38 million from a net loss of RM9.22 million in the same period a year ago.

Despite the weak business performance from almost all of its business divisions, the group was able to record a net profit in the first half due to a gain on disposal of KUB-Berjaya Enviro Sdn Bhd (KUBE) of RM31.4 million.

In June, KUB had disposed of its 40 per cent stake in KUBE to Berjaya Group Bhd for RM80 million.

Its revenue in the same period decreased 15.6 per cent to RM171.69 million from RM203.48 million, largely due to the depressed global oil market and the imposition of the Movement Control Order (MCO) to curb the Covid-19 pandemic.

KUB's shares slipped four sen, or 6.2 per cent, to close at 60.5 sen.