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Bina Puri seeks Sabah state collaboration for hydropower plants

BY SYAHIRAH SYED JAAFAR

KUALA LUMPUR: Bina Puri Holdings Bhd plans to work with Sabah state investment arm Warisan Harta Sabah Sdn Bhd to build two small hydropower sites in Tuaran and Kota Belud, Sabah.

Bina Puri said a collaboration with Warisan Harta Sabah will give it an advantageous platform to venture into the development of hydropower plants in the state.

In a filing with Bursa Malaysia yesterday, Bina Puri said its wholly-owned subsidiary BP Energy Sdn Bhd on March 29 signed a memorandum of understanding with Warisan Harta Sabah to collaborate on the proposed development of the hydropower sites, which are expected to have capacities of five megawatts (MW) and 3.5MW respectively.

On March 20 last year, Warisan Harta Sabah was granted consent in principle by the Sabah State Economic Planning Unit to develop small hydropower projects at a few locations.

Bina Puri said the two parties will establish committees and sub-committees to pursue discussions and negotiations on the development of the project. The MoU is valid for six months.

"The execution of the MoU is not expected to expose BP Energy to any new business risk as the MoU is related to the group's existing business," said Bina Puri.

"BP Energy expects a positive contribution to its earnings in the future should the project be finalised and implemented," it added.

"Moving forward, we are indeed

very positive and planning to add more mini hydropower [plants] to our power portfolio following the successful listing of our power subsidiary on the Indonesia Stock Exchange in June last year," Bina Puri group executive director Datuk Matthew Tee Kai Woon said in a separate statement.

"With this collaboration, it will be a great opportunity and serve as a platform for Bina Puri to venture more into the development of hydropower in Sabah," he added.

Demand for electricity in Sabah is forecast to grow at 5% between 2019 and 2024.

Tee noted that while construction remained the biggest top-line contributor for Bina Puri in the financial year ended Dec 31, 2017 (FY17), it believes the contribution from other business divisions, especially power supply, will increase in FY18.

"Prospects will be better for the group moving forward and with our combined strength and expertise, we are devoted to taking this journey to the next level to enhance our shareholder value," he said.

Bina Puri pointed out that demand for electricity in Sabah is forecast to grow at a rate of 5% between 2019 and 2024, after the short-term forecast of 6.1% in 2015 to 2018.

"By 2035, demand for electricity in Sabah is forecast at 1,238MW [for] daily usage," it added.