

Leader Universal to invest RM1b in Cambodia plant

Company outbids six others for 30-year contract

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PENANG: Leader Universal Holdings Bhd will invest over RM1bil in a power plant in Cambodia.

Managing director Sean H'ng said in an interview the Cambodian government had awarded the group a contract to develop a 200MW coal-fired plant just north of Sihanoukville, the largest port in Cambodia.

"We outbid six other companies from different countries in Asia-Pacific. The contract is for a 30-year period on build, operate and own basis," he said.

H'ng said the group would develop the power plant in joint venture with Cambodia-based MKCSS Holdings.

"We hope to finalise the contract terms and conditions with the Cambodian authorities soon and kick off the project before the year ends," he said.

He said the operating cost for a coal-fired plant was much lower than a power plant using heavy fuel oil.

H'ng said Leader's Cambodian partner had recently purchased a 100ha site for the plant.

"The land is large enough to cater for future expansion of an equivalent capacity. The power generation business has very strong potential for growth as demand in the country is growing rapidly due to the development and the rising standards of living," he said.

This will be Leader's second power plant project in Cambodia.

Leader's first power plant, using heavy fuel oil, is located in Phnom Penh, catering to its one million population.

Since 1995, Leader has injected over US\$40mil into its power generation business in Cambodia.

The power generation business division currently contributes about 7% to the group's revenue.

"We plan to increase revenue contribution from power generation to over 25% over the next five years.

"In line with this objective, the group is also exploring potential power generation business in South Asia," he said.

For 2006, the group recorded a 43% rise in pre-tax profit to RM67mil on revenue of RM2.4bil. This year Leader will invest about RM23mil to upgrade its facilities in Johor and Kedah, which are involved in cable manufacturing.

"The outlook of the group's cable manufacturing business looks positive. So far, Leader has contractual orders in hand worth about RM700mil, which will be delivered up to 2008," H'ng said.

He said demand for cables would be spurred by the implementation of the Ninth Malaysia Plan, development of South Johor, the Bakun submarine cable interconnection, and continuing strong demand from the oil and gas sector and several key export markets.



Sean H'ng (right) discussing a point with Leader Universal chief operating officer (power and project development) Wong Hui Keat