

Headline	Tadmax runs into road bump with power deal		
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**N**OW that Tenaga Nasional Bhd (TNB) has said that it has been kept in the dark about the newly awarded 1,000MW power plant to listed company Tadmax Resources Bhd, it is left to be seen how the latter will proceed with the project.

The complication, observers note, is that Tadmax will need to ink the all important power purchase agreement (PPA) with TNB.

Without the PPA, it will be difficult to raise funding to build the power plant.

Indications, though, are that Tadmax is likely to seek pure project financing to build the plant, so that there is no financial pressure on the company.

StarBiz earlier reported that the power plant could cost between RM2.5bil and RM3bil to build.

Tadmax's interest in the power sector was first seen in 2013, when it was among the seven contenders for Project 3B - 2,000MW coal-fired power project - along with 1Malaysia Development Bhd (1MDB), Automan Energy Sdn Bhd, Formis Resources Bhd, Malakoff Corp Bhd, and YTL Power International Bhd among others.

The project was initially awarded to 1MDB in March 2014, but was later taken over by TNB after the state investment fund ran into financial difficulties.

Tadmax, which has mainly been involved in property development, agriculture development and industrial supply, is reportedly looking to become a pure property and power player.

The group was originally a timber and construction firm, and was known as Wijaya Baru Global Bhd, before changing its name to Tadmax Resources in 2012.

In 2014, the group said it had decided to focus on the property business.

The company announced on Wednesday that it had been given the job to build the new 1,000 MW combined cycle gas-fired (CCGT) power plant in Pulau Indah, Selangor from the Government through the Energy Commission (EC).

#### TNB announcement

In its announcement to the stock exchange, it said TNB was to be invited to participate in the project, "in line with the decision of the Government of Malaysia".

However, TNB issued a statement the next day, saying that it had not been notified about its involvement in the project.

"TNB has not been notified of the Energy Commission's (EC) decision for the company to be invited to participate in Tadmax's 1,000MW combined cycle gas-fired power plant," it said in the statement.

Moving forward, it remains to be seen whether TNB will participate in the power plant project with Tadmax, and eventually sign the PPA.

However, sources say that TNB is likely to agree to be part of the project with

# Tadmax runs into road bump with power deal

Company exploring how it should proceed after complications with electric plant project



In the dark: TNB says 'it has not been notified of the Energy Commission's decision for the company to be invited to participate in Tadmax's 1,000MW combined cycle gas-fired power plant.'

Tadmax once it receives the official notice from the Government.

Previously, in the case of the 3B project, the utilities giant had issued a similar statement following media reports that the minister of Energy, Green Technology, and Water Minister had confirmed TNB would take over the project from 1MDB.

It announced that Bursa Malaysia on June 18, 2015, that it had yet to receive any official notification from the government in relation to the takeover.

However, once notified, TNB went ahead with the takeover of the project.

However, in the case of the 4A power plant, which was awarded directly to the consortium comprising TNB, the Johor Sultan's private vehicle SIPP Energy Sdn Bhd and YTL Power International Bhd in June 2014, the project is still yet to take off.

It has yet to get its final go ahead from the Government for the project, which involves the construction of a 1,100MW-1,400MW combined cycle gas turbine (CCGT) power

plant in Pasir Gudang, Johor.

It has been reported that one cause of the delay involves the negotiation of tariff rates and a possible increase in the capacity of the power plant.

The proposal was reportedly seeking a tariff rate of about 39 sen per kWh. The rate of future concessions, however, has to be benchmarked against the last completed gas-fired power plant which was paid a tariff of 34.7 sen per kilowatt-hour.

Both YTL Power and TNB have pulled out of the consortium for various reasons, while SIPP is said to be still in negotiations with the authorities.

For the financial year 2015, Tadmax reported earnings of RM68.1mil, compared to RM15.7mil in losses the previous year, contributed by its property and industrial business segments and an additional sum of RM6.1mil from the disposal of Tadmax Power Sdn Bhd during the fourth quarter.

Its revenue, however, was lower at RM13.2mil from RM22.6mil the previous

year.

In its 2015 annual report, the group said it was on the lookout for suitable strategic businesses for mergers and acquisition to enable Tadmax to consolidate and strengthen its foothold in the property development and construction businesses.

It said turnover from the property business segment was expected to improve significantly in 2016 in line with the expected increase in the stages of development of its property project in Ganggarak, Labuan.

Recently, Tadmax said it was forking out RM42mil for the remaining shares in property developer Wawasan Metro Bina Sdn Bhd and that this was because of the huge potential of Wawasan Metro's project in Kepong.

The project, Mizumi Residences, has a gross development value of close to RM1bil. Tadmax is also planning to exit the agriculture business by selling its plantation land in Indonesia, worth US\$40mil (RM162.2mil), to finance its property development and power-generation businesses.