

DATE : 06 FEB 2018
PUBLICATION : THE STAR
SECTION : BUSINESS
HEADLINE : SERBA DINAMIK TO BUY STAKES IN THREE RE COMPANIES
CATEGORY : COMPANY
MEASUREMENT : 79.1CM²
TO NE : NEUTRAL
REMARKS : NIL

Serba Dinamik to buy stakes in three RE companies

PETALING JAYA: Serba Dinamik Holdings Bhd has proposed to acquire a 40% stake each in three renewable energy (RE) companies in Perak for RM24.85mil cash.

The energy engineering solutions company said the proposed acquisition could open doors for it to secure up to RM560mil worth of engineering, procurement, construction and commissioning (EPCC) jobs, as well as earn dividend payments.

In its filings with Bursa Malaysia yesterday, Serba Dinamik said its wholly owned subsidiary Serba Dinamik Group Bhd had entered into a memorandum of agreement (MoA) with Maju Holdings Sdn Bhd for the acquisition of a 40% stake held by Maju in Maju Renewable Energy Sdn Bhd, Maju RE (Talang) Sdn Bhd and Maju RE (Temenggor) Sdn Bhd.

Maju owns a 70% stake in each of the target companies, while the remaining 30% in each of the companies is held by Perak Hydro

“As a shareholder of the target companies, Serba Dinamik may also reap benefits in the form of dividends.”

Serba Dinamik

Renewable Energy Corp Sdn Bhd.

The target companies, through their wholly owned subsidiaries, have been mandated by the Sustainable Energy Development Authority to develop hydro power plants with a total of 60MW generating capacity within the Temenggor and Belum Forest Reserves in Perak.

The project will comprise a 27MW unit in Singgor, 19MW unit in Talang and 14MW unit in Temenggor.

These subsidiaries have also entered into renewable energy power purchase agreements with Tenaga Nasional Bhd in respect of the supply of renewable energy generated by the power plants to the national power grid.

Serba Dinamik said the MoA would create an opportunity for it to be awarded with the EPCC contract for the power plants on a turnkey basis, which was valued at about RM560mil.

“Apart from the EPCC contract, Serba Dinamik will also undertake the operation and maintenance contract for the power plants, which is estimated to be RM10.56mil per year, based on the average cost of 2% per year on the capital expenditure of RM560mil,” it said.

“In addition, as a shareholder of the target companies, Serba Dinamik may also reap benefits in the form of dividends,” it added.

Serba Dinamik said the purchase consideration of RM24.85mil – which was calculated on the basis of

RM1.04mil per MW – in cash would be financed through the proceeds from its initial public offering that was completed in February last year.

The MoA would set out the principle terms which were intended to form the basis of a definitive share sale agreement to be executed between the parties in respect of the proposed sale and shareholder’s agreements (SSAs) in relation to the shareholdings in the target companies.

The SSA would be executed by the parties within 30 business days from the date of the MoA.

“In the event the SSA has been successfully executed and completed, the EPCC contract and future dividends arising from the target companies are expected to contribute positively to the consolidated earnings and earnings per share of Serba Dinamik,” it said.

Serba Dinamik said the MoA is not expected to have any effect on its issued share capital and the shareholdings of the substantial shareholders in the company.