

15 APR 2002

PBA-WATER VENTURE

PBA GROUP EYES WATER PROJECTS OUTSIDE PENANG

KUALA LUMPUR, April 15 (Bernama) -- PBA Holdings Bhd is looking to venture beyond Penang to overseas markets as well to undertake water supply projects in efforts to widen its revenue base.

Already, two potential clients from China are knocking on the doors of the Penang-based water supply company which would be listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE) on Thursday, Tan Sri Dr Koh Tsu Koon, its chairman and Penang Chief Minister, said today.

He said the group was keen to undertake joint ventures, consultancy work and marketing systems in overseas markets.

Nevertheless, the PBA Group would still focus on its core responsibility of supplying affordable, quality water in Penang continuously, he told Bernama when contacted by phone prior to his departure with from the Kuala Lumpur International Airport at Sepang.

Dr Koh is part of a 16-member delegation comprising several Cabinet ministers, government officials and corporate leaders led by Prime Minister Datuk Seri Dr Mahathir Mohamad on a week-long working visit to Morocco, Libya and Bahrain.

Dr Koh said the company was also looking for suitable technical and financial partners to take on water supply projects and ventures outside Penang.

"At the same time, we would actively seek out and pursue new external avenues for revenue to meet shareholder expectations," said he.

PBA group's profit after tax (PAT) for the nine months ended Sept 2001 was RM41.424 million.

Dr Koh said the profit after tax for 2001 should exceed RM50 million.

"With water demand in Penang projected to increase at 3.5 percent per annum, we expect earnings to increase accordingly in the near future.

"However, the PBA Group will go beyond the boundaries of Penang to achieve better revenue gains to share with our shareholders," said Dr Koh. "Although we are confident of our capabilities, we must seek suitable partners to ensure success."

He said PBA's board of directors should formulate the basic principles, strategy, criteria and procedural framework for external ventures.

On April, 2002, China's Vice-Minister for Water Resources, Liu Guanghe, visited the Teluk Bahang Dam in Penang.

After the visit, Liu expressed his ministry's desire to collaborate with Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) to develop water resource infrastructure and management systems for China. PBAPP is a wholly owned subsidiary of PBA Holdings which sources, treats, distributes and sells water in Penang.

Earlier, on March 27, a delegation from the Jinan City Trade and Economic Cooperation Bureau (JCTECB) from Shandong Province, China, also visited the Batu Ferringhi Treatment Plant and Teluk Bahang Dam.

Jinan City's population of 6.5 million people are among the 90 million people in Shandong Province who may face a water shortage in the near future.

Dr Koh said the PBA group may be able to provide expertise to develop new facilities for the treatment and distribution of water there.

He said the group was honoured by the interest expressed by Chinese officials.

"We will certainly look into partnerships for viable ventures in

China," Dr Koh said.

"By forging smart partnerships for external ventures, the PBA Group will also further upgrade its technical capabilities and financial capacity in Malaysia, he said.

Last year, 2001, PBAPP received the Malaysian Water Association's (MWA) Outstanding Award for Management for providing 100 percent supply in urban areas and 99 percent in rural areas; maintaining rates that are amongst the lowest in Malaysia; sustaining the lowest non-revenue losses (NRW) nationwide; achieving 98 percent revenue collection efficiency; and attaining a pre-tax profit in excess of RM40 million (for Year 2000). --

BERNAMA

NN/MR SHY