



BUSINESS

UOB to invest S\$34m in Vietnam hydropower market

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(L-R) Seah Kian Wee, Managing Director of UOBVM, Vu Quang Hoi, Chairman of Bitexco Power and Yuichi Nishigori, Director, Corporate Executive Vice President and Head of Energy and Eco Services Business Headquarters, ORIX Corporation. (Photo: United Overseas Bank Limited)

HANOI: Singapore's United Overseas Bank Limited (UOB) will invest US\$25 million (S\$34 million) in Vietnam's Bitexco Power in an effort to tap into the country's rising electricity demand to power its economy.

"We believe Vietnam's growth will continue to drive the demand for renewable energy," said Mr Seah Kian Wee, managing director of UOB Venture Management, in a statement released ahead of a signing ceremony of the deal in Hanoi on Thursday (Sep 1).

"By investing in Bitexco Power, we hope to participate in the growth of the power sector and play a role in the country's economic transformation," he said.

As Vietnam economy enjoyed rapid growth in the past decade, power consumption has been rising dramatically. According to estimates by the Vietnam government, the country's electricity demand will increase by 10-12 per cent a year, rising from 169.8 terawatt-hours (TWh) in 2015 to 615.2 TWh by 2030.

The UOB investment will be allocated from the bank's ASEAN China Investment Fund III, which focuses on ASEAN countries and China.

In the same business deal, Japan's Orix financial group will also invest US\$25 million to buy Bitexco Power shares.

Part of a private multi-industry conglomerate, Bitexco Power is Vietnam's largest privately-owned hydropower company. Bitexco Power owns and operates 18 hydropower plants in Vietnam, with a capacity of about 3,500 gigawatt-hours (GWh) annually.

Vietnam launched a competitive power generation market in July 2012 to attract private investment in an effort to restructure the country's power sector, which requires about US\$4-6 billion of investments each year.

Vietnam also plans to increase retail electricity prices to 9 cents/kWh by 2020 from 7.27 cents/kWh to attract foreign investors.

Last year, JAKS Resources Bhd inked a US\$1.87 billion deal to build a thermal power plant project in Vietnam. South Korea's Daewoo reportedly plans to build a US\$2.7 billion coal thermal power plant in southern Vietnam.

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