ALL BUSINESS DAILY The Malaysian Reserve

I-Bhd sees higher loan approvals for its properties

I-BHD believes the property sector is in the middle of an upward trajectory going by the increase in loans submissions and approval rate for the company's residential properties.

Deputy chairman Datuk Eu Hong Chew said the approval rate stood at 46% in 2015, 36% in 2016 and rose to 47% last year.

The property developer saw loan submissions of RM690 million and sale and purchase agreement (SPA) worth RM320 million in 2015, loan submissions and SPA of RM850 million and RM310 million respectively in 2016, while in 2017, the numbers stood at RM570 million and RM270 million respectively.

"We see higher loan approvals based on the pattern and this would be good for the property sector," he told reporters after the company's AGM yesterday.

He said the company's performance in 2017 is in line with the growth plans set by the group five years ago.

"Over the past five years, we have charted a path that has led to the property development segment being the biggest contributor.

"In 2017, this segment accounted for 90% of the group's turnover, and we expect this profile to be maintained over the next five years," he said.

As of end-2017, I-Bhd pumped in some RM490 million into the property investment segment, with many of these properties coming onstream over the next two to three years.

"The mall and the first convention centre are expected to open at the end of this year, while the DoubleTree hotel will be opened in 2020."

Having laid the foundations for both the property development and property investment segments, Eu said I-Bhd is now shifting its focus to improve shareholders' returns.

Its return on equity (ROE) over the past three years had averaged at about 7% per year, said Eu.

"We are now targeting to improve the ROE to 10% for the next five-year plan.

"We believe this is a realistic goal notwithstanding the current outlook of the Malaysian property sector as in the next five years, we will see stronger earnings contributions from both the property development and property investment segments," he added. — *Bernama*

T7 Global waits for official cues from govt on ECRL

Consortium partner, EPIC, remains a Terengganu state-owned entity despite recent changes after GE14

by MARK RAO

T7 GLOBAL Bhd is awaiting official directives from the government on the status of the RM55 billion East Coast Rail Link (ECRL) project amid speculations it could proceed should better terms and pricing are secured.

The offshore oil and gas (O&G) service provider entered into a memorandum of understanding with Eastern Pacific Industrial Corp Bhd (EPIC) and CMC Engineering Sdn Bhd for the Terengganu portion of the 668km railway in March this year.

T7 Global executive deputy chairman Tan Sri Tan Kean Soon said the company is unclear of the way forward in regards to the ECRL, as it is waiting for the new government's decision on the project.

"Hopefully, the government will inform us and we will definitely take part in the project (if it proceeds)," Tan told the press after the company's AGM in Selangor yesterday.

Managed by the Ministry of Finance's unit, Malaysia Rail Link Sdn Bhd, and backed by Chinese investments, the ECRL is now under review by the current government as it reassesses projects that were deemed to have been awarded without a competitive tender.

With RM20 billion already committed to the project, the Pakatan Harapan administration is looking to proceed if it could renegotiate better terms to bring down the overall cost.

Tan said the consortium partner, EPIC, remains a Terengganu state-owned entity despite recent changes after the 14th General Election (GE14).

T7 Global chairman Datuk Seri Dr Nik Norzrul Thani Nik Hassan Thani said the Terengganu state government's objective to ensure state players benefit from the ECRL has not changed.

"This is where we will need to work with the state government and vice versa to ensure local contractors get some of the benefits and spillover from the project," Nik Norzrul Thani said at the same event.

He said the company welcomes the government's move to review the rail project as this ensures more visible and effective pricing for the works.

"In the end, the cost for us will still be the same — as long as we do the work, we will get paid," he said.

Nik Norzrul Thani said the new development would also allow companies that are strong on fundamentals a good chance to benefit as a result of the open tenders that would be based very much on pricing.

He said T7 Global has always been a competitive and efficient company and has never relied exclusively on government contracts.

T7 Global's share price shot up 22.6% to close 9.5 sen higher at 51.5 sen on Monday on news that the ECRL could avoid cancellation despite earlier reports.

Business tycoon Tan Sri Vincent Tan Chee Yioun also emerged as a substantial shareholder in the company post-GE14, fuelling speculation the development could be politically motivated. This coincided with Lembaga Tabung Haji ceasing to be a substantial holder in T7 Global.

Nik Norzrul Thani said the company will take whatever opportunity that arises to collaborate and sync with Tan's current portfolio. Notably, Tan is proposing to build a new airport in Pulau Tioman worth RM1.2 billion via Berjaya Corp Bhd — the company which he founded and currently chairs.

T7 Global undertakes property development, construction and infrastructure works via its wholly owned unit, T7 Property Sdn Bhd.

The move into infrastructure development is part of the company's strategy to diversify away from the O&G business, which contributes over 90% of group revenue.

T7 Global is striving to grow its three core business — O&G, infrastructure and high-value manufacturing in the aerospace industry — at the same pace to reduce reliance on any one sector.

Previously listed as Tanjung Offshore Bhd, the company has been in the black over the past three quarters, most recently posting a net profit of RM1.93 million and revenue of RM55.5 million for its first quarter ended March 31, 2018.

Mammoth Media City project is on track

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sustainable without a grant from the government.

RTM's financial statement was not available at the time of writing.

Gobind said the ministry has no immediate plans to sell *BNC*, despite various attempts by the previous government to privatise the channel.

"At this point, there are no plans to sell it. I personally think we can improve on *Bernama* and *BNC*... If you look at the infrastructure that they have, it is something that we can use almost immediately in order to enhance our national news reporting," he said.

BNC — previously *Bernama TV* — was sold to private firms previously, however, it failed due to heavy maintenance cost and increasing competition to share shrinking corporate advertising budgets.

TMR had reported last year that education tycoon and the country's foremost public relations guru, Tan Sri Dr Lim Kok Wing, was negotiating to buy 49% of *BNC* for RM30 million. The proposal, however, did not materialise.

Meanwhile, Gobind said the mammoth Media City project near Angkasapuri is on track and RTM could move into the new facility by April next year.

"The project is divided into four parts. There had been some delays, but I think they are on track now," said Gobind, adding that he had recently visited the project site.

The minister, however, expressed concern over the transfer of an "unchanged" *RTM* to the new complex.

"I am concerned because while we have the Media City, which deals with infrastructure, the question is whether or not we have the engine to drive it via a reformed and refreshed *RTM*.

"We do not want to have new infrastructure, but with the same *RTM*. We need to deal with that."

In 2012, works on the RM860 million Media City project began to redevelop the Angkasapuri complex, which has housed *RTM's* operations since 1968.

The project, announced by the previous government in Budget 2010, was then slated to be completed in 2020 with state-of-the-art technology to redefine the quality of *RTM* services.

The project is now spearheaded by China State Construction Engineering (M) Sdn Bhd, a subsidiary of a Chinese state-owned firm.

In August last year, Crest Builder Holdings Bhd bagged a RM16.28 million contract from China State for the supply, delivery, installation and commissioning of air conditioning and mechanical ventilation services for the project. The contract period was for 23 months from July 28, 2017 to June 11, 2019.

Competition pushes MSM to export markets

by P PREM KUMAR

MSM Malaysia Holdings Bhd is exploring merger and acquisition opportunities to export its products due to greater local competition and squeezing of margins.

MSM chairman Datuk Azhar Abdul Hamid said the company has identified countries in Africa and China as interesting export markets.

Azhar said MSM, which controls about 58% of the domestic refined sugar market, is drafting plans to export its products including how to enter these two markets without "financially burdening MSM" unnecessarily.

"We see a growing demand from the African region, while China is a peculiar market because it used to be self-serving, but has become a net importer of sugar," he said in Kuala Lumpur yesterday.

MSM is 51%-owned by Felda Global Ventures Holdings Bhd, which in turn is controlled by Federal Land Development Authority (Felda).

Azhar said the export markets will also make full use of MSM's new production capacity that will come on stream once its new sugar refinery in Tanjung Langsat, Johor, commences operations next month.

He said a key concern for MSM would be its position which "is not financially strong". Options on the table include a partnership or direct export, he added.

Pic by Ismail Che Rus

Azhar says MSM will have to reshape itself and ensure that it remains competitive in the event that the sugar industry is liberalised

"The challenge now is how do we manage the surplus capacity we have with the completion of the new sugar refinery plant and (how do we add the new) export markets (to our portfolios) profitably," he said.

MSM's new sugar refinery in Johor will have an annual production capacity of one million tonnes. MSM invested RM1.1 billion in the refinery and Azhar expects the group to take six years to recoup the investment.

The refinery's production will gradually reach its maximum capacity of one million metric tonnes in 24 months.

"The Johor plant is huge and there are interested parties that want to take a stake in it. We are talking to these external parties right now."

As soon as the refinery's operation stabilises, MSM's board of directors would announce a new CEO for the company, Azhar said.

He said the sugar refiner is currently in the process of reviewing both internal and external candidates.

MSM had appointed Mohd Shaffie Said as acting CEO effective Jan 22, 2018, following the decision by its then-president and group CEO Datuk Mohamad Amri Sahari to resign without notice.

Azhar said MSM will have to reshape itself and ensure that it remains competitive in the event that the sugar industry is liberalised.

"The natural response is to liberalise yourself...we would have to reshape the company to ensure that whatever we undertake is financially viable and justifiable," he said.

He said the group has enough capacity to produce sugar for the domestic market and there is no real need for the importation of sugar.

"There are still two main players in Malaysia and the government has allowed importation of sugar. There is competition from the non refiners and we are feeling the pressure," he said, responding to questions about the potential liberalisation of the industry by the government.

Last week, the government established a six-member special task committee to disband monopolies across all industries in the country.

The committee comprises ministers from the Agriculture and Agro-based Industry Ministry, Health Ministry, Transport Ministry, Finance Ministry, Economic Affairs Ministry and International Trade and Industry Ministry.

Azhar claims he maintains his neutrality and independence

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He also previously held various positions at Sime ... last year under the Barisan Nasional (BN) government.

"I am not a political appoin- ... government investment-linked companies (GLICs) following BN's shocking defeat during ... nies and agencies have exited following the changes at Putrajaya. ... of Malaysia Airports Holdings Bhd was not extended.

The Malaysian Reserve also ... agement had come together to produce a music video titled "Hebat Negaraku" a couple of