# Najib: Arul Kanda remains 1MDB CEO

**BEIJING** • Arul Kanda will continue to remain the CEO of 1Malaysia Development Bhd (1MDB) and will also be involved in the development of the iconic Tun Razak Exchange (TRX), Prime Minister Datuk Seri Mohd Najib Razak said yesterday.

"I have full confidence in him," he said.

Arul Kanda has provided good leadership for the resolution of the rationalisation of 1MDB and "he will continue to be there", Najib, who is also the finance minister, told Malaysian journalists at the end of the two-day Belt and Road Forum for International Cooperation here yesterday.

As far as Bandar Malaysia is concerned, Treasury Secretary-General Tan Sri Dr Mohd Irwan Serigar Abdullah would be in charge.

"But, Mohd Irwan will be in consultation with Arul Kanda with respect to the future development of Bandar Malaysia," the prime minister said. — *Bernama*

# MD: Oil prices' volatility felt more frequently

FROM P1 Foul play

Petrol retailers earn from a fixed margin for every litre of fuel they sold, but they pay for each delivery in cash based on the trading price for the week.

A drop of more than five sen would not only erase their profits, but the retailers were looking at a loss for the said consignment.

Some petrol station operators already claimed that they had incurred losses amounting to RM20,000 on average per month.

In an effort to reduce their losses, petrol dealers had to be "creative" and diversify their business activities, and expand their non-fuel income.

Pic by Muhd Amin Naharul

**Petrol retailers earn from a fixed margin for every litre of fuel they sold, but they pay for each delivery in cash based on the trading price for the week**

Shairan said that the oil prices volatility was more frequently felt under the current weekly system compared to the monthly price change but that the lower quantum of change in the weekly price were a plus point.

Boustead Petroleum Marketing Sdn Bhd corporate affairs and government relations GM Azizul Azily Ahmad said the company will continue to work with its dealers.

"It is impossible to predict the oil price movements, both upward and downward. The dealers manage their stocks carefully to reduce the impact of oil price fluctuations and, more importantly, to ensure they have sufficient stocks to sell at all time," Azizul said.

East-West Link Highway Petroliam Nasional Bhd (Petronas) station operator Samsulbahrin Saim resorted to selling additional items — including cut fruits, local dishes and other tidbits — to supplement income.

Samsulbahrin also had to reduce electricity consumption and operation headcount.

"We have to be more prudent and in my case, we had to retrench some workers. I once had 15 staff. Now I have only nine and that is the minimum amount of workers you are required to have," he said. Other dealers echoed his sentiment.

Taman Semarak Petronas dealer Hezir Effiz Norsham and Taman Muda Petron Malaysia Refining and Marketing Bhd dealer Kamaruddin Atan were pessimistic that low volume petrol stations (sales of less than 10,000 litres per day) would be able to cope with the current environment.

Hezir said if the situation persists, more retail stations will close in the next two months.

# Organisations urged to back up important data

FROM P1 Cyber attacks

It encrypts data files and asks users to pay a US$300 (RM1,299) ransom in bitcoins to access the computer back.

The ransom note indicates that the payment amount will be doubled after three days. If payment is not made after seven days, the encrypted files will be deleted.

According to *Reuters*, Microsoft Inc released patches last month and last Friday to fix a vulnerability that allowed the worm to spread across networks.

Amirudin said all organisations

porary, as it is all based on the organisations.

"However, I urge all organisations to be vigilant. It can be prevented," he said.

Microsoft president and chief legal officer Brad Smith said governments of the world should treat this attack as a wake-up call.

"We should take from this recent attack a renewed determination for more urgent collective action. We need the tech sector, customers and governments to work together to protect against cybersecurity attacks.

# MSM campaigns for further increase in sugar

*The company is in a difficult situation to maintain its profitability, says CEO*

**by AYISY YUSOF**

Pic by Afif Abd Halim

**Zakaria** *(right)* **with Mohamad Amri at MSM's AGM in Kuala Lumpur yesterday**

**MSM** Malaysia Holdings Bhd is eyeing for an additional 29 sen increase in sugar price per kg to ensure optimal profitability this year, following the recent hike of 11 sen set by the federal government.

The refined sugar producer, which is also a 51% subsidiary of Felda Global Ventures Holdings Bhd (FGVH), recorded an 8.1% increase in production to 1.12 million tonnes of refined sugar last year.

Of the total, 135,160 tonnes are catered for the export market.

FGVH group president and CEO Datuk Zakaria Arshad said the company is in a difficult situation to maintain its profitability, as a result of the current scenario of the foreign-exchange (forex) movement and the volatility of raw sugar price, which is traded in US dollars.

"The government should increase the selling price of sugar of at least 40 sen per kg. We have to look at the market, on how to gain back the 29 sen that we are supposed to get," he said at a press conference after MSM's AGM in Kuala Lumpur yesterday.

Zakaria said Malaysia has the lowest sugar price in the Asean region and the company is expected to hold discussions with the government to explain its current situation.

"Even Thailand is selling much higher than us at about RM4 per kg. It's very challenging situation for us as the government doesn't increase the sugar price.

"At the moment, we are quite lucky as the raw sugar price has gone down from US$20 (RM86.60) per pound to the current US$15.50, which is an advantage for us," he said.

MSM president and group CEO Mohamad Amri Sahari said the company will incur losses of over RM30 million for every 10 sen difference in forex movement for the purchase of raw sugar material.

"Our operational cost in the first-quarter of this year (1Q17) has also increased, due to higher raw sugar price and difference in the forex movement.

"However, we target to achieve around 1.15 million tonnes of refined sugar production this year," he said.

Mohamad Amri said MSM will focus on the short-term period of hedging mechanism for the importation of its raw sugar material mainly from Australia, Brazil and Guatemala, with a combined capacity of 1.74 million tonnes.

"We will continue to work with the government to optimise retail prices. Given the recent global market conditions, the government has reviewed the pricing and as at March 1, 2017, the retail refined sugar price was increased from RM2.84 to RM2.95 per kg," he said.

Based on the recent sugar price hike, consumption is expected to remain flat for the financial year of 2017 as Malaysia is among the cheapest for non-producing sugar countries in the region.

Meanwhile, MSM expects its new sugar refinery plant in Tanjung Langsat, Johor — currently under construction — to be completed by the 1Q18.

The plant is projected to contribute an additional one million tonnes of sugar annually.

"We spent about RM400 million so far, for a 45% completion of the plant. The overall cost is about RM1 billion.

"We target the plant in Johor to start operating in May next year for the export market-covering countries like Singapore, Indonesia, the Middle East and the African countries," he said.

Mohamad Amri said the company will also form strategic alliances based on opportunities within South-East Asia, focusing on cost-effective and assets-light investment to yield synergistic benefits.

For the financial year ended Dec 31, 2016, MSM's revenue increase by 15.2% to RM2.7 billion compared to RM2.3 billion in the same period in 2015.

On a full-year basis, MSM has announced a total dividend amounting to 14% per share, registering a total payout of RM98.4 million with a net dividend payout ratio of 82%.

# IWC share price up on possible return to Bandar Malaysia

**by MARK RAO**

**ISKANDAR** Waterfront City Bhd's (IWC) share price jumped by 30% yesterday, with the market anticipating a possible U-turn in the property developer's involvement in the RM150 billion Bandar Malaysia project.

Its share price closed at RM2.13, up 49 sen with a RM1.76 billion market capitalisation.

The jump was the biggest gain for the company in more than three years, with 201.73 million shares exchanging hands, or 8.8 times the 20-day weighted average, according to *Bloomberg* data.

IWC — under parent company Iskandar Waterfront Holdings Sdn Bhd (IWH) — had been rallying throughout the day since closing at RM1.64 last Friday, resulting in a RM405 million gain in market capitalisation.

Meanwhile, construction conglomerate Ekovest Bhd also performed stronger at the end of trading, closing higher by 12 sen at RM1.34 per share with 79.15 million shares exchanging hands.

IWH is the Johor-based flagship project under its executive vice chairman Tan Sri Lim Kang Hoo, who holds a 32% stake in Ekovest.

IWH was initially set to be the master developer of 196ha of land (equivalent to the size of 486 football fields) at the Bandar Malaysia site — formerly an air base in Kuala Lumpur City Centre — under a joint venture (JV) with China Railway Engineering Corp (M) Sdn Bhd (CREC).

However, the Ministry of Finance-owned TRX City Sdn Bhd terminated the RM7.2 billion deal with the JV company two weeks ago, citing the IWH-CREC consortium's failure to fulfil the required financial obligations on the agreed upon date.

IWH said it had complied with the conditions of the share sale agreement, which would have seen IWH-CREC acquiring a 60% stake in the Bandar Malaysia project.

The botched deal had resulted in IWC losing RM1.15 billion in market capitalisation since early this month, with the property developer's share price falling to RM1.61 last Tuesday, its lowest since early March 2016.

The performance is a marked contrast from the three-month rally from Feb 2 to May 2 this year, where it rose from 90.5 sen to a high of RM3.22.

The terminated deal also sparked interest from Dalian Wanda Group Co Ltd, owned by China's richest man Wang Jianlin, with the commercial property company intending to invest around RM43.4 billion in the Bandar Malaysia project.

# Northport, WSDP set up sister port co-op

**by NG MIN SHEN**

**NORTHPORT** (M) Bhd and Weifang Sime Darby Port Co Ltd (WSDP) have signed a memorandum of understanding (MoU) to establish a sister port relationship, under which the two ports will cooperate in port management and facilitate halal trade shipment between Malaysia and China.

The exchange ceremony was held in Beijing and witnessed by Prime Minister Datuk Seri

Maritime Silk Road' and the 'One Belt, One Road' initiatives," Northport chairman Datuk Seri Che Khalib Mohamad Noh said at the exchange ceremony.

Under the MoU, WSDP — a subsidiary of Sime Darby Bhd which operates Weifang Port in Shandong — and Northport, a unit of MMC Corp Bhd, will share experiences, capabilities and resources in the fields of port management-related activities.

Both ports will also carry

group CEO Tan Sri Mohd Bakke Salleh said the partnership holds great potential to net a share of the fast-growing halal market.

"Halal is big business and this partnership aims to capture a market that is growing 10% per year. Weifang Port is strategically located in the prime region of the Bohai Sea economic belt, offering major access into China's hinterland," he said.

Weifang Port, now actively expanding its business into

Henan, Ningxia, Gansu and Xinjiang, where the Muslim population is estimated to stand at over 30 million.

Weifang Port could also serve as a gateway and future halal hub for the Korean and Japanese markets.

Che Khalib added that Northport is strategically located on the Straits of Melaka surrounded by major commercial and industrial areas, while also connected to nearly all major highways and vast hinterland.