

Vincent Tan to divest entire stake in T7 Global

This is to end the controversy over the tycoon's involvement in the ECRL project

BY SANGEETHA ANARTHALINGAM

KUALA LUMPUR: Perturbed by what he deems as "mischievous" and "sinister" news reports linking his 5.04% stake in T7 Global Bhd with the controversial East Coast Rail Link (ECRL) project, tycoon Tan Sri Vincent Tan Chee Yioun said he intends to dispose of all his T7 shares in due course.

"I hope this will put an end to any further controversy over this issue," he said in a statement yesterday. Tan, conglomerate Berjaya Corp Bhd founder and executive chairman, said he started disposing of some of his T7 shares since yesterday.

He also said he had no knowledge that T7 is one of the contrac-

tors for the ECRL project, tasked to China Communications Construction Co Ltd and whose contract terms have been subject to renegotiation.

He was responding to news and social media articles regarding his recent acquisition of 21 million shares or a 5.04% stake in T7 Global.

On Monday, Prime Minister Tun Dr Mahathir Mohamad denied that the government is considering to proceed with the ECRL project because Tan had bought into the company.

Tan was among the entrepreneurs who had been successful under Dr Mahathir's 21-year tenure as prime minister until 2003, and was among the businessmen who first met with Dr Mahathir at his house after the latter was

sworn in as PM for the second time after the 14th general election on May 9.

"I had no knowledge that T7 was one of the contractors for the ECRL project when I purchased shares in the company. I acquired the stake in T7 as I am acquainted with the company's major shareholder, and more importantly as a long-term investment in the oil and gas services industry as T7 is well positioned in this sector," Tan stressed.

He noted that Finance Minister Lim Guan Eng had also clarified that since RM20 billion had been paid under the ECRL project, it would be too costly to cancel the project but would be renegotiated to lower the cost of the project. Tan slammed several news re-

ports and social media articles appearing to imply a "sinister link" between his acquisition of a substantial stake in T7 and the Pakatan Harapan government's decision not to cancel the ECRL project despite earlier reports stating the contrary, saying they are "mischievous" and intended to embarrass him and the new government.

"Despite such clarifications by the prime minister and the finance minister, scurrilous and baseless allegations of impropriety still seem to be making their rounds in the news and social media," he said.

Tan added that he felt it necessary to release the statement to clarify his position and refute any allegations or suggestions of impropriety or cronyism on the part of the government and Dr Mahathir.

He also denies investing in a financial start-up that has developed Bitcoin Formula, a trading platform promoting blockchain and crypto technologies.

"There is also a Facebook article claiming that I will be donating RM525 million to Tabung Harapan. There is absolutely no truth to either of these reports and I believe they have been put out by unscrupulous persons to deceive the public," he said.

T7 shares surged as much as 34.5% in early trade on Monday at 50 sen, up 19.1% or eight sen from last Friday's closing. The stock closed down 0.5 sen or 1% at 49.5 sen yesterday, with a market capitalisation of RM207.63 million. The counter has risen 26.9% over the past year.

T7 Global keen to proceed with ECRL project despite lower cost

BY BILLY TOH

KUALA LUMPUR: T7 Global Bhd is keen to continue participating in the controversial East Coast Railway Link (ECRL) project even at a substantially lower cost as long as the group "can make a decent profit" from it, said its executive deputy chairman Tan Sri Tan Kean Soon.

On Monday, Prime Minister Tun Dr Mahathir Mohamad said the Pakatan Harapan government will proceed with the ECRL if it can obtain more favourable terms through renegotiation and the project's cost is lowered from the current RM55 billion.

T7 chairman Datuk Seri Dr Nik Norzrul Thani said the group will have to wait for the government's decision on the project as it is being reviewed, although the group is positive that the pricing will be more effective going forward.

"What we're happy now is the group, fundamentally strong, will have a good chance. Pricing is also very important. For that, we must make sure we're efficient. We're quite enthusiastic about some of the reviews because we have always been competitive. We have never relied on government contracts," he told reporters after the group's annual general meeting yesterday.

He added that if the ECRL were to proceed as planned, there will be spillover effects for some Terengganu players

— the objective even before the 14th general election that saw a change in administration.

On March 14, T7 entered into a new memorandum of understanding (MoU) with Terengganu state-linked Eastern Pacific Industrial Corp Bhd (Epic) and CMC Engineering Sdn Bhd, a wholly-owned bumiputera company, to form a consortium to undertake the construction of the ECRL project's Terengganu parcel. The MoU had excluded China State Construction Engineering (M) Sdn Bhd whose role was as the technology partner in a previous MoU signed on Oct 20 last year.

While awaiting the government's decision on the ECRL, Nik Norzrul said T7 will focus on three divisions going forward and will not be too dependent on a single sector to ensure sustainability of its revenue growth.

"We hope to have three different businesses — oil and gas (O&G), aerospace and high value manufacturing, as well as infrastructure development, which will be developed together at the same pace. We don't expect one to outdo the others.

"Of course for infrastructure development, it will have big-ticket items. What we don't want to do is to rely on anything. We want to go on three major wings of the revenue stream."

He also said the group has a strong balance sheet as gearing

level remains comfortable, and that T7 will not be overly aggressive in search of growth.

As of March 31, 2018, the group's net gearing stood at 0.18 times, indicating there is still room for it to tap into borrowings if there is a need to do so.

Nik Norzrul said the worst is over for T7 after returning to the black since the financial year ended Dec 31, 2016 (FY16). In the first quarter ended March 31, 2018, T7 recorded an 85.7% increase in revenue to RM55.5 million. Its net profit jumped 7.5 times to RM1.93 million.

Currently, the group's revenue is derived mainly from the O&G segment, consisting about 90% of the sum, with the remaining from the construction segment.

Tan noted its aerospace or high level manufacturing segment had yet to officially kick-start, with construction work still ongoing.

"Our factory is still under construction. By year end, it will be ready and operational. Hopefully by early next year, we should start getting some contracts," he said.

On Berjaya Corp Bhd founder and executive chairman Tan Sri Vincent Tan Chee Yioun's emergence as a substantial shareholder of T7 with a 5.04% stake as at May 16, and if any potential collaboration is expected going forward, Nik Norzrul said the management is open to any opportunities but nothing is firm for now.

MSM eyes Africa, China as new export markets

BY JUSTIN LIM

KUALA LUMPUR: MSM Malaysia Holdings Bhd (MSM), which expects to perform better this year amid lower global raw sugar prices, is now looking to penetrate the African and Chinese markets to optimise the surplus production capacity that it will have when its new sugar refinery in Tanjung Langsat, Johor, commences operations next month.

MSM, currently commanding some two-thirds of the domestic refined sugar market, is studying options on how to enter the two markets so it does not "financially burden MSM" unnecessarily, according to the group's chairman Datuk Wira Azhar Abdul Hamid.

After the group's annual general meeting yesterday, Azhar told reporters the cost of the options — including a partnership or a direct export — is the group's main concern as "it is not financially strong."

According to the group's 2017 annual report, MSM's gearing ratio stood at 38% in 2017, up from 26% in 2016, mainly due to loans it took to build the new refinery.

In the financial year ended Dec 31, 2017 (FY17), the group posted a net loss of RM32.57 million, against a net profit of RM120.72 million in FY16, mainly due to higher raw material costs and a weakened ringgit.

But things are looking brighter this year, Azhar said. "We expect a better financial performance in 2018 compared to a challenging 2017, given a lower international raw sugar price and a stronger ringgit this year that will ensure raw sugar cost will stabilise," he said. About 88% of MSM's production cost is

derived from importing raw sugar. Azhar said the challenge now is how to manage the surplus capacity of the new sugar refinery and add new export markets to the group's portfolio profitably.

The new refinery has an annual production capacity of up to one million tonnes. MSM invested RM1.1 billion in the refinery and Azhar expects the group to take six years to recoup the investment. He said the group is in talks with external parties to optimise the new refinery's operations, but did not elaborate.

Separately, he said the group needs to reshape to stay competitive as the government is looking to liberalise the industry. Last Friday, the government set up a special task committee to disband monopolies across all industries locally.

"We cannot stand still and we need to move out (venture to other countries) as soon as possible," said Azhar, appointed to helm MSM last September. He said the group is also facing pressure from shareholders to bring in value after the group invested heavily in the new refinery. Last year, MSM exported 139,504 tonnes of sugar, Singapore was its biggest export market, followed by Papua New Guinea, Hong Kong, New Zealand and South Korea.

On the group's new chief executive officer (CEO), Azhar said the appointment will be unveiled after the new plant has started operations. The group is currently reviewing the potential candidates, he added.

Its former president and CEO Datuk Mohamad Amri Sahari @ Khuzari left the group in January. Mohd Shafie Said is now the acting CEO.