

O&G counters gain after Opec agrees on output cap

Oil prices jump on news but retreat later amid scepticism over deal

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: Oil prices spiked earlier yesterday after Opec agreed to cap crude oil production, causing stocks in Asia and Europe to rally.

In Malaysia, the FBM KLCI gained 4.68 points or 0.3% to close at 1,669.64 points, buoyed by oil and gas (O&G)-related counters and a stronger ringgit. The local note, which had strengthened to as much as 4.1025 against the US dollar during trading hours, settled at 4.1193 on market close here.

Meanwhile, O&G counters like Sapurakencana Petroleum Bhd, Bumi Armada Bhd and UMW Oil & Gas Corp Bhd (UMWOG), all climbed following the Opec deal.

Sapurakencana gained seven sen or 4.67% to close at RM1.57, with some 23.39 million shares exchanged.

Bumi Armada rose three sen or 4.35% to close at 72 sen, after trades of 48.36 million shares.

UMWOG rose two sen or 2.29% to close at 89.5 sen, with some 3.77 million shares traded.

The 12 Opec member countries — namely Algeria, Angola, Ecua-

dor, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela — had agreed to cut output to between 32.5 million to 33 million barrels per day (bpd), compared with the 33.2 million produced in August. The output cap agreement was the first for Opec since 2008.

Bloomberg said the news had surprised traders, who had expected a continuation of the pump-at-will policy that the group adopted in 2014, at the instigation of Saudi Arabia. Opec estimates its current output at 33.24 million bpd. "We have decided to decrease the production by around 700,000 bpd," Iranian Oil Minister Bijan Zanganeh was reported as saying.

News reports, quoting group officials, said Opec will agree to production levels for each member country at its Nov 30 meeting in Vienna. After agreeing on a group target, it will seek support from non-member oil producers to further ease the global glut.

Oil prices jumped after the announcement, but subsequently retreated amid scepticism over the deal, as many details — such as when

the agreement would be in force and how long the deal would be in effect — were unclear.

At the time of writing, Brent crude futures were down 0.82% at US\$48.29 (RM198.95) per barrel, while West Texas Intermediate futures slipped 0.43% to US\$46.85 per barrel.

Global crude oil prices have nosedived since mid-2014, when prices averaged around US\$100 per barrel, to touch a low of around US\$27 per barrel in January this year due to the oversupply situation.

The dampened prices had forced O&G companies to go on a cost-cutting spree and rethink their expansion plans, resulting in many companies delaying their capital expenditure, thus impacting the upstream segment.

Malaysia's state-owned oil giant, Petrolia Nasional Bhd (Petronas), earlier this year said it was targeting to cut capital and operating expenditures by as much as RM20 billion in 2016, with a planned reduction of RM50 billion in total over four years.

Last month, Petronas reported a 96% plunge in its net profit to RM348 million for the second quarter ended June 30, 2016.

Bursa freezes Teck Guan Perdana's upper-limit share price

BY LIEW JIA TENG

KUALA LUMPUR: Bursa Malaysia Securities has frozen the upper-limit share price of Teck Guan Perdana Bhd at RM1.78, after the stock hit limit-up for two consecutive trading days.

The spike in its share price followed the announcement of its financial results for the second quarter ended July 31, 2016 (2QFY17), which showed impressive earnings growth.

In a special announcement made by the regulator yesterday morning, it said the upper-limit share price of Teck Guan will be maintained at RM1.78, in accordance with the Rules of Bursa Malaysia Securities, Chapter 8.13 (5) "Trading and Trading Manual Chapter 5 Trading Status (5.4) Freezing of Price."

Teck Guan rose 72 sen or 68% from RM1.06 on Monday to RM1.78 yesterday. The counter rose 31 sen or 29% on Tuesday, followed by another 41 sen or 29.9% gain on Wednesday.

At market close yesterday, 121,500 shares were traded at RM1.78.

A quick check on Chapter 5.4 showed that a "freezing of price" will be imposed when an upper-limit share price or lower-limit share price is reached on a market day, and is followed by another upper-limit share price or lower-limit share price. "As the case may be on the next market day, the exchange may maintain the trading price at the last done price of the previous market day, for such period as specified by the exchange," it said.

Teck Guan, a Sabah-based palm oil and cocoa planter, recorded a 144% jump in net profit for 2QFY17 to RM6.33 million, up from RM2.59 million a year ago. The bottom-line growth was attributed to higher selling prices for its palm oil products, favourable exchange rates and an increase in sales volume. The group's revenue also increased 45.3% to RM96.05 million, compared with RM66.09 million a year earlier.

Ahmad Mohd Don replaces Jeffrey Cheah as Sunway REIT chairman

BY SANGEETHA AMARTHALINGAM

KUALA LUMPUR: Sunway REIT Management Sdn Bhd non-independent non-executive chairman Tan Sri Dr Jeffrey Cheah Fook Ling will relinquish his position effective today, as part of efforts to enhance board independence.

Cheah, 71, who is founder and executive chairman of Sunway Group, was appointed to the board of directors of Sunway REIT Management on March 24, 2010.

In a statement yesterday, the manager of Sunway Real Estate Investment Trust (Sunway REIT) said its senior independent non-executive director Tan Sri Ahmad Mohd Don, 69, will replace Cheah as independent non-executive chairman starting Oct 1. Ahmad was the

governor of Bank Negara Malaysia from May 1994 to August 1998.

"The change from a non-independent chairman to an independent chairman is in line with the REIT manager's endeavour to continuously enhance its best corporate governance practices, which are consistent with the principles and recommendations of the Malaysian Corporate Governance Code 2012," said Sunway REIT Management.

Following Cheah's resignation, the board of directors will comprise seven directors of which the ratio of independent directors to non-independent directors is 3:4. "The composition of the board is optimal in capacity and well equipped with diverse expertise and experience," it added.

EPF plans to invest more in PE, property, infrastructure

HONG KONG: Malaysia's largest pension fund is looking to diversify its investment portfolios in a bid to boost returns, according to its chief executive officer Datuk Shahril Ridza Ridzuan.

The Employees Provident Fund (EPF) plans to invest more in private equity (PE), property and infrastructure, Shahril said in an interview on the sidelines of the Bloomberg Markets Most Influential Summit here on Wednesday.

In the next three to four years, the fund is aiming to boost investments in the three segments so that they account for about 10% of total assets, compared with more than 6% currently, he said.

"From our last six to seven years of experience looking at these assets, we're now fairly convinced that they are viable asset classes, which will help us meet our inflation-hedging targets," Shahril said. "Our long-term plan, our long-term target is to really provide a real rate of return. In order for you to do that, you need

to have inflation-hedged assets."

Investors the world over are struggling to generate returns with interest rates near record lows hurting bond returns, and elevated volatility in stock markets. Singaporean investment firms GIC Pte and Temasek Holdings Pte are both bracing for lower returns amid global uncertainties and modest growth.

The EPF, which has almost US\$170 billion (RM700 billion) of assets, reported earlier this month that its second-quarter investment income dropped 26% to RM8.44 billion from a year earlier. Fixed income accounted for almost 52% of its investment assets as of June, while equities represented 41%.

The EPF is constantly on the lookout for property assets in the UK as other investors seek to exit after the country voted to withdraw from the EU, Shahril said. The fund is particularly keen to acquire real estate assets in the logistics and healthcare sectors, he said. — *Bloomberg*

Petronas appoints Sinoppec consortium to build PIC warehouse

BY LIEW JIA TENG

KUALA LUMPUR: Petrolia Nasional Bhd (Petronas) has appointed China-based Sinoppec companies to build an automated storage and retrieval system (ASRS) warehouse for its petrochemical plants at the Pengerang Integrated Complex (PIC) in Johor.

It linked the agreement for the engineering, procurement, construction and commissioning of the ASRS warehouse and the consortium of Sinoppec Engineering (Group) Co Ltd, Sinoppec Shanghai Engineering Co Ltd and Sinoppec Engineering Group Malaysia Sdn Bhd on Wednesday.

In a statement, Petronas said the facility will be its first automated warehouse capable of meeting a 21-day storage inventory for polymer products in the PIC, namely polypropylene, linear low-density polyethylene and flexible polyethylene.

The contract also included other associated solid handling facilities for the ASRS warehouse, it said.

The Sinoppec consortium received the letter of award from PRPC Uthi-



Wong (third from right) exchanging documents with Sinoppec Shanghai Engineering Co Ltd board chairman and president Wu Derong at the agreement-signing ceremony for the engineering, procurement, construction and commissioning of the ASRS warehouse at the PIC in Johor.

ties and Facilities Sdn Bhd, a subsidiary of Petronas Refinery and Petrochemical Corp Sdn Bhd, on Aug 1.

The projects expected to be completed within the next 27 months. Petronas' PIC, which is poised for start-up by early 2019, comprises the refinery and petrochemical integrated development (Rapid) project and six associated facilities.

Developed within a 6,242-acre (2,526ha) site in Pengerang, Johor, PIC forms part of Johor's Pengerang Integrated Petroleum Complex. Rap-

id is estimated to cost US\$16 billion (RM65.92 billion), while the associated facilities will involve an investment of about US\$11 billion.

Petronas senior vice-president Dr Colin Wong Hee Huing commended the efforts by all parties in ensuring that the agreement was finalised within schedule.

"We have moved another step closer towards realising the development of [the] PIC, which is scheduled for successful start-up in the first quarter of 2019," he said.