Manufacturing and education on MAA's mind

The PN17 company plans to diversify its earnings

KUALA LUMPUR: MAA Group Bhd is looking to venture into manufacturing and education sectors to diversify its earnings.

The Practice Note 17 (PN17) company had applied for an extension to comply with stock exchange regulations.

The company had proposed last month to sell its 75% stake in the takaful business to Zurich Insurance Co Ltd for RM393.7mil and planned to return RM100.76mil, or 35 sen a share, to shareholders as special dividend.

MAA chief executive officer Datuk Muhamad Umar Swift said the company had earmarked RM290mil from the proceeds of the disposal of MAA Takaful Bhd for the ventures.

Muhamad Umar explained that the company would be exiting from the Bank Negara regulated financial services sector once the disposal of MAA Takaful was completed and would be able to pursue opportunities outside the highly-regulated financial services sector.

"We are no longer limited to financial services, we will be looking at manufacturing, and we are interested in education services," he said after the company's AGM here yesterday.

He noted that the company's management was mindful of the weak business sentiment moving into the next year and had adopted a cautious view.

Muhamad Umar acknowledged that the manufacturing and education businesses were saturated, and they were not something that MAA had ventured into previously.

"We have the financial capability. We have a bit of management capability but we are not the industry expert, so that is what is on the mind of the board," he added.

Without providing details, he said the company was looking for businesses that provide revenue stream and were priced correctly.

"We are actively valuing a few opportunities, but I am unable to share with you at this juncture," he said.

The company had been classified a PN17-status company since 2011, following the sale of its conventional insurance arm – Malaysian Assurance Alliance Bhd to Zurich Insurance.

Muhammad Umar said the company intended to keep its listing status and this could take the company some 12 to 18 months to get its PN17 status lifted.

He said there would be an increase in the company's stake in MAA General Assurance Philippines Inc to more than 51% equity, from the existing 40%.

"We will increase our interest to make it our subsidiary. We want to exert control in the company," he added.

However, he said the company was uncertain about increasing its stake in Columbus Capital Pty Ltd, which is involved in the home mortgage business in Australia, to 55% from the existing 47.95%.

An EGM will be held next week for the proposed sale of the takaful business.

New ventures: Muhamad Umar (left) and executive director and group chief operating officer Yeo Took Keat at the press conference. Muhamad Umar says the company is no longer limited to financial services.

Fitch: 8 Asia-Pacific banks to maintain sound credit profile

PETALING JAYA: Fitch Ratings expects the eight strongest Asia-Pacific banks to maintain sound credit profiles, despite the current credit-cycle downturn.

In its latest report, Fitch said the banks – each with the fourth-highest "aa-" viability rating (VR), were mitigated by the risks of a China slowdown due to the approach of their prudential regulators.

"We believe China-related risks and those of other emerging markets are harder to address relative to the more well-known property-type risks.

Stable, transparent and traditional business models underpin the banks' strong and sustainable profitability while they maintained a broadly conservative risk appetite. Home-market dominance is a key feature of all the banks featured," it said.

The eight banks with the highest VR out of 125 VR-rated APAC banks are The Hongkong and Shanghai Banking Corp Ltd, National Australia Bank Ltd, Commonwealth Bank of Australia, Australia and New Zealand Banking Group Ltd, Westpac Banking Corp, DBS Group Holdings, Oversea-Chinese Banking Corp and United Overseas Bank Ltd.

Fitch said Australian banks' commercial exposures are likely to be the first source of asset-quality problems for them, especially as commodity prices remain weak.

"Singapore banks have meaningful commodity exposure, though Fitch sees the effect of commodity price weakness on their credit quality as moderate because of sound underwriting and collateral."

Fitch expected the banks to continue accreting capital from retained earnings.

"The ratios of the four Australian banks are weaker than those of the other four, although the variance can partly be explained by differences in regulatory approach."

The rating agency said it viewed the prudential regulators in Australia, Hong Kong and Singapore as among the most consistent and stringent in enforcing regulations.

It said it continued to expect an extremely high likelihood of Singapore and Australian banks receiving sovereign support in times of need.

SunREIT buys land for RM17mil

PETALING JAYA: Sunway Real Estate Investment Trust (SunREIT) is acquiring 1.33ha of land in Seberang Jaya, Penang from Sunway Bhd for RM17.20mil.

Sunway said in a filing with Bursa Malaysia that its subsidiary Commercial Parade Sdn Bhd was expected to gain RM7mil from the sale of the land adjacent to Sunway Carnival Shopping Mall.

Commercial Parade will utilise the sales proceeds to redeem its non-cumulative redeemable preference shares amounting to RM9.30mil and to repay its shareholder via dividend.

Sunway added the land was acquired by Commerical Parade in 2004 for RM8.59mil while SunREIT's purchase would enable the latter to expand Sunway Carnival mall.

Meanwhile, in a separate statement, SunREIT said it plans to build a nine-storey shopping mall inclusive of six storeys of parking bays above the retail space and a one-storey parking bay at the basement. The expansion of the mall would allow SunREIT to meet larger retail space requirement sought by international and regional retailers.

Bina Puri wins RM73mil Rapid job

PETALING JAYA: Construction firm Bina Puri Holdings Bhd has bagged a RM73mil contract for the execution of pipe sleeper and underground services for Package-22 of the refinery and petrochemical integrated development project project (Rapid) in Pengerang, Johor.

The company said in a filing with Bursa Malaysia that the contract came from Punj Lloyd Sdn Bhd on June 9.

It noted that with the latest project, the company's unbuilt book order stood at RM1.62bil , adding that the works would be completed within 18 months.

Bina Puri expected the new project to contribute positively to the net assets and earnings of the company for the financial year ending Dec 31, 2016 from the contract income in respect of progress payment received. This would be the company's third Rapid project.