KR1M 2.0 opens more business opportunities

IMPLEMENTATION of the new "Kedai Rakyat 1Malaysia", or 1Malaysia People's Shop (KR1M) 2.0, scheduled to be launched in the middle of the month, will open more opportunities for the people to venture into business.

Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Hamzah Zainudin said through the new concept, KR1M 2.0 would no longer be carried out on a franchise base, but open to all parties keen to open their own business outlet.

He said the move was aimed at eliminating the role of middlemen in the supply chain of essential items as KR1M 2.0 operators would receive the supplies direct from suppliers under the ministry.

"Even the village folks can open the KR1M 2.0 outlets, which means the outlets are theirs. We only assist in terms of supplying the essential items — such as cooking oil, rice, sugar and flour, which will be at lower prices.

"This concept not only provides the opportunity for everybody to do business, it is not only for consumers to buy goods at low price, but with the operators getting their supply also at low price," he told reporters in Klang, Selangor, yesterday.

He was met after visiting the Etika Dairies Sdn Bhd factory at Meru Industrial Park, Klang.

According to Hamzah, the ministry had so far received 200 applications to open KR1M 2.0 and expected the number to increase to 500 next year.

During the visit, Hamzah presented more than 800 cartons of dairy milk to 25 school cooperatives, as part of a collaboration between the ministry, through Angkatan Koperasi Kebangsaan Malaysia Bhd, and private companies to supply goods for sale in school cooperatives. — *Bernama*

Third offer govt received for PLUS

FROM P1 Govt agencies

The source said this was the third offer the government had received for PLUS in five years. Both bids were also made by businessmen controlling large infrastructure companies.

Abu Sahid, executive chairman of Maju Holdings, had publicly expressed interest of acquiring PLUS — currently 51% held by UEM Group Bhd and 49% by the Employees Provident Fund (EPF).

The UEM Group and the EPF took over the assets and liabilities of PLUS Expressways in 2011, in a RM23 billion deal.

PLUS currently operates five concessions — which include the North-South Expressway, the New Klang Valley Expressway, Federal Highway Route 2, Seremban-Port Dickson Highway, North-South Expressway Central Link, Malaysia-Singapore Second link, Butterworth-Kulim Expressway and the Penang Bridge.

All of PLUS' concessions will end in December 2038.

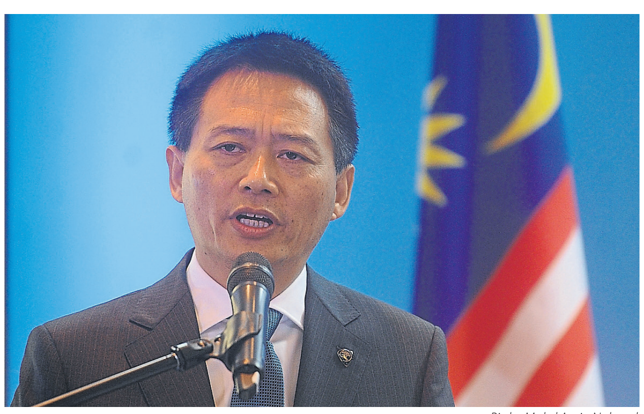
Abu Sahid owns Maju Expressway Sdn Bhd (MESB), which operates the Maju Expressway (MEX) that links Kuala Lumpur city centre with the Kuala Lumpur International Airport (KLIA) in Sepang.

A 16.8km extension to KLIA will further increase the value of MEX. The extension, known as MEX 2, is slated to cost RM1.7 billion to construct — with the engineering, procurement and construction sum of RM1.29 billion fixed under the contract.

Last available records show that MESB registered a net profit of RM7.62 million and RM105.57 million in revenue for its financial year ended Dec 31, 2015.

The expressway has a 33-year concession, which started in December 2004.

Need to learn from each other on the best practices



Pic by Muhd Amin Naharul

Li appointed as the new CEO of PONSB last month

FROM P1 Foreign CEOs

Proton is not the only local firm led by foreigners.

Mustapa also pointed out that there are Malaysians who run foreign companies as well.

"Take Royal Dutch Shell Malaysia for example, there are a number of Malaysians in various senior positions. In Penang, we have a number of Malaysians leading multinational companies. So, Malaysians need to be fair," he said.

"In business, it (to lead) has got to do with ability. We have to learn from each other on the best practices. I am sure those companies would not have appointed (foreign CEOs) if there was no value. They must have done a thorough analysis (before making the decision)," he said.

Irish national Peter Bellew was hired as the CEO for national carrier MAB in July 2016, replacing Christoph Mueller.

Last month, national carmaker Proton hired Chinese auto veteran Li as its new CEO, ending months of speculation on who will replace Ahmad Fuaad for the top post.

Alberta asset sale not a sign of Petronas leaving Canada

The company's official position is that it's not exiting from the Canadian upstream market entirely

by MARK RAO

PETROLIAM Nasional Bhd's (Petronas) action to dispose of selected assets in Canada does not reflect the total abandonment of the state-owned energy company venture in Northern America.

The national oil company is selling certain assets in Alberta, Canada, but the disposals are primarily due to the dim prospect for Canada's liquefied natural gas (LNG) sector, external headwinds, higher costs and rising competition.

BMI Research oil and gas (O&G) analyst Peter Lee said Petronas' official position is that it is not exiting from the Canadian upstream market entirely.

"Petronas is still keen to monetise gas resources in Canada," Lee told *The Malaysian Reserve*.

"The assets being considered for sales are reportedly oil-heavy and located too far from the western coastline to underpin potential LNG export ventures in the future."

He said that such export plans would require stronger global LNG prices which would be unlikely to materialise in the short to medium terms.

News reports suggest that Petronas plans to sell O&G drilling rights, wells, pipelines and three gas process plants primarily located in the northwestern region of Alberta via its unit Progress Energy Canada Ltd.

The asset is said to have a base production rate of approximately 5,500 barrels of oil equivalent per day and includes over 400,000 gross acres in Alberta's Deep Basin region with a 63% working interest.

Reports cited financial advisory firm BMO Capital Markets, which was hired by Petronas to assist in the asset sale that expects bids by early next month.

The sales of these assets came three months after the energy company pulled the plug on the C$36 billion Pacific NorthWest LNG project back. Cancellation of the project had heightened speculation that Petronas may exit Canada altogether.

Petronas invested C$5.2 billion (RM17.63 billion) in the facility located in British Columbia (BC) via Progress Energy in 2012.

Lee expects the proceeds from the sale of the Alberta asset would be used to channel to the company's ongoing operations in Canada.

"The money raised from the sales will likely be re-invested to advance the firm's ongoing drilling works at North Montney, BC, where the firm has already drilled 215 exploration wells focusing on natural gas," he said.

He however, warned that the outlook for Canada's LNG sector remained bearish.

"Although 35 LNG terminals have received export approval from the National Energy Board, the vast majority of these will fail to gain traction, due to headwinds including regulatory delays on environmental grounds, rising equipment and labour costs, and ample competition in the global LNG market."

The aborted Petronas-led Pacific NorthWest LNG project followed the cancelled Prince Rupert LNG facility, also located in the BC region and which occurred earlier in March this year.

Many O&G analysts are also anticipating new LNG supplies from Australia and the US will worsen the glut, and demand and supply will only balance in 2024 or 2025.

Final decisions on any large scale LNG project investment is expected after 2019.

Al Rajhi to implement AI to check money laundering

by NG MIN SHEN

AL RAJHI Banking and Investment Corp (M) Bhd will begin using artificial intelligence (AI) in its anti-money laundering (AML), customer due diligence and transactions monitoring next year, in line with the global move towards implementing advanced technology in financial safeguarding.

Its chief compliance officer V Maslamani said the local unit of the world's largest Islamic bank by assets, Al Rajhi Bank of Saudi Arabia, is targeting to roll out the AI technology in the first quarter of 2018.

"We're looking to be the first here to use AI. This will reduce cost and human error, as well as expedite response time to alerts," he said at the International Conference on Financial Crime and Terrorism Financing (IFCTF) 2017 in Kuala Lumpur yesterday.

The investment cost was uncertain as the bank is still in the preliminary stages of developing the technology.

"AI is the only way forward if you want to keep compliance costs down, which is important because regulatory scrutiny is not going to decrease. It's going to continue growing as banks have a social responsibility as guardians of public money. So, we need to build our capabilities to ensure compliance with regulatory conditions," Maslamani said.

He said utilising AI and machine learning in banking processes can reduce as much as 50% of analyst and compliance costs for financial institutions.

The country's smallest Islamic bank, with assets of RM8.95 billion as at end-June 2017, is working with a third-party non-Malaysian company to develop the technology for its transactions monitoring.

Maslamani believes there will be at least two to three AI implementations in local institutions next year, buoyed by the rise of the fourth industrial revolution.

This will also see higher demand from local companies for implementation of AI technology in their various undertakings, which could see more AI companies setting up shop in the country.

"We're working with an international firm for our AI processes because there aren't any companies here that do it — its a chicken-and-egg situation, so as demand increases, then perhaps there will be more AI companies setting up regional branches here," Maslamani said.

The two-day IFCTF 2017 was jointly hosted by the Asian Institute of Finance and the Compliance Officers' Networking Group, with full support from Bank Negara Malaysia and the Securities Commission Malaysia.

Themed "Future Proofing Compliance: Responsibility and Response-Ability", it explored current and new trends in financial crime, as well as the next generation of detection and technological capabilities expected of anti-financial crime professionals to meet global and regulatory expectations.

Pos M'sia sees revenue boost from PG Mall

by NUR HAZIQAH A MALEK

Pic by Muhd Amin Naharul

(From left) **Public Gold Group/PG Mall Management Information System director Charles Lim, founder and executive chairman Datuk Louis Ng, Mohd Shukrie and Pos Malaysia group chief commercial officer Nor Azizan Tarja after the signing ceremony in Kuala Lumpur yesterday**

POS Malaysia Bhd's courier business, Pos Laju, is partnering PG Mall Sdn Bhd to be the latter's e-commerce logistics partner in the region.

Pos Malaysia group CEO Datuk Mohd Shukrie Mohd Salleh said under the partnership, the courier unit will serve PG Mall's 5,300 active merchants.

"The partnership between Pos Laju and PG Mall is a significant part of our long-standing strategy to be an exclusive e-commerce logistic services provider not only in the South-East Asia region, but globally," he said at the signing of the partnership in Kuala Lumpur yesterday.

He said the partnership with PG Mall is expected to contribute RM500,000 in revenue to the courier business.

"Maybe for a start, we will be very humble on the number. So, we are targeting about RM500,000 in terms of revenue within a year.

"With the uniqueness of PG Mall compared to other players in the industry, I believe we can grow a lot faster," he added.

The courier business is growing fast, aided by the boom of e-commerce. More people are shopping online — from dresses to jeans to beauty products and electronics.

He said providing e-commerce logistics services to PG Mall would further enhance Pos Malaysia's revenue in the segment. To date, 40% of the group's overall revenue is backed by the e-commerce segment.

Mohd Shukrie said that Pos Laju will offer other e-commerce related services such cash-on-delivery, credit-card on delivery, special bulky items handling and e-fulfilment services alongside delivery services for the exclusive collaboration.

He expects no less than 300 items will be picked up daily from PG Mall.

PG Mall is an online shopping platform owned and managed by a local group, Public Gold Group of Malaysia. Currently, PG Mall has 5,300 active merchants on its platform.