



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

22 May 2015

## MARKET AND REGULATORY UPDATE

### *ELEVENTH MALAYSIA PLAN 2016-2020 ANCHORING GROWTH ON PEOPLE*

On 21 May 2015, the PM tabled the 11<sup>th</sup> Malaysia Plan 2016 - 2020 at the Parliament with the theme “Anchoring Growth on People”.

As stated in the PM’s Foreword, “The Eleventh Malaysia Plan, 2016-2020, marks a momentous milestone in our nation’s history and with 2020 now just five years away, the Eleventh Malaysia Plan is the next critical step in our journey to become an advanced nation that is inclusive and sustainable.”

The Eleventh Malaysia Plan has six strategic thrusts and six game changers that will transform ideas into reality, and address in concert the goals set out in Vision 2020 so as to catapult Malaysia towards the end state of being an advanced economy and inclusive nation.

### **Six strategic thrusts and six game changers**

#### **Strategic thrusts**

The Government has defined six strategic thrusts to help Malaysia stay ahead of the challenges and opportunities of the fast-changing global and political landscape. These thrusts aim to comprehensively address the end-to-end needs of the rakyat and the nation.

1. Enhancing inclusiveness towards an equitable society
2. Improving wellbeing for all
3. Accelerating human capital development for an advanced nation
4. Pursuing green growth for sustainability and resilience
5. Strengthening infrastructure to support economic expansion
6. Re-engineering economic growth for greater prosperity



## Game changers

The Government has also identified six game changers, which are innovative approaches to accelerate Malaysia's development, which once successfully applied, will fundamentally change the trajectory of the country's growth.

1. Unlocking the potential of productivity
2. Uplifting B40 households towards a middle-class society
3. Enabling industry-led Technical and Vocational Education and Training (TVET)
4. Embarking on green growth
5. Translating innovation to wealth
6. Investing in competitive cities

## Highlights

- Malaysia's economy to expand 5%-6% a year based on sustained domestic demand and increasing contribution from the external sector.
- Private consumption and investment to drive growth, resulting in a 7.9% per annum rise in gross national income (GNI) per capita.
- Four strategies to boost economic fundamentals:
  - 1) Unlocking the potential of productivity to ensure sustainable and inclusive growth;
  - 2) Promoting investment to spearhead economic growth;
  - 3) Increasing exports to improve trade balance;
  - 4) Enhancing fiscal flexibility to ensure sustainable fiscal position.
- Productivity GDP growth underpinned by significant increases in productivity, with less dependence on inputs from capital and labour.

(For details in the Main Document, click the link

<http://rmk11.epu.gov.my/book/eng/Elevent-Malaysia-Plan/RMKe-11%20Book.pdf> )

(Source for Highlights: The Star Online dated 21 May 2015 - For details, click the link

<http://www.thestar.com.my/Business/Business-News/2015/05/21/11th-Malaysia-Plan-Economic-highlights/?style=biz> )

---

**MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS**

**CAN-ONE BERHAD (CAN-ONE)**

Can-One had on 13 June 2014 entered into a conditional share sale agreement with Teh Khoy Gen for the proposed acquisition by Can-One of 3,000,000 ordinary shares of RM1.00 each in F & B Nutrition Sdn Bhd (F&B) representing the remaining 20% of the issued and paid-up share capital of F&B not already owned by Can-One at a purchase consideration of RM112,900,000 to be satisfied entirely via the issuance of 39,753,000 new ordinary shares in Can-One (Can-One Share(s)) representing approximately 20.69% of the enlarged issued and paid-up share capital of Can-One at an issue price of RM2.84 per Can-One Share which represents a premium of approximately 10% over the 5-day volume weighted average market price of can-one share up to and including 12 June 2014 (Proposed Acquisition)

The Board of Can-One further announced that Bursa Malaysia had vide its letter dated 20 April 2015 (which was received on 21 April 2015) approved the listing and quotation of 39,753,000 new Can-One Shares to be issued at an issue price of RM2.84 per Can-One Share as the purchase consideration pursuant to the Proposed Acquisition.

*[Source: Can-One's announcements on Bursa Malaysia's website on 14 June 2014, 21 April 2015 and 8 May 2015]*

#### **MSWG'S COMMENTS:**

MSWG was puzzled at this deal as Can-One is acquiring from Mr. Teh Khoy Gen, the remaining 20% equity stake in a subsidiary (F&B), which it already owns 80% stake while the remaining 20% is owned by Mr. Teh and how this could result in Mr. Teh emerging as a new shareholder in Can-One with a 20.69% equity stake (from a 20% equity stake in the subsidiary of Can-One).

Thus we need further clarification as it does not appear to add up. This is on account of the following:

- (ii) This subsidiary, F&B, makes up only about 56% of Can-One Group's EBITDA.
- (iii) There are other subsidiaries and associates such as Kian Joo which contributed the remaining 44% of Can-One Group's EBITDA.
- (iii) Can-One is valuing its shares at a 17% discount to its net assets, whereby F&B is valuing it at 4.86 times its book value.
- (iv) Can-One's issue price for its shares only represents 6.21 times of price-to-earnings ratio (PER), whereas the PER of F&B is 15 times. F&B is an unlisted entity and yet it is accorded a PER which is much higher.

Based on the above, we, thus, require further explanations at the coming EGM.

#### **SCAN ASSOCIATES BERHAD (SCAN)**

On 27 February 2015, Scan Associates Berhad (SCAN) announced its fourth quarter unaudited result for financial year (FY) 2014. On 27 April 2015 SCAN announced it has changed its financial year end from 31 December 2014 to 30 June 2015, thus extending the date for its Annual Audited Report from 30 April 2015 to 31 October 2015. According to the announcement released by SCAN, the change of financial year of the company was due to the change of its internal operations and policy.

The share price of SCAN tumbled drastically from RM0.125 on 27 April 2015 to RM0.07 on 7 May 2015 involving a high volume of trade prompting Bursa Malaysia to issue an UMA query on SCAN on 7 May

2015. SCAN on the same date replied that it was not aware of any corporate development, any rumour or report concerning the business and affairs of the company and any other possible explanation to account for the unusual market activity.

The next day on 8 May 2015, Bursa Malaysia issued a directive for the company to announce that the company had triggered rules 2.1(b) and (c) of GN 3 based on the company's fourth quarter result for FY 2014. The company did not comply with the directive giving the excuse that the company secretary had resigned on that day. The company disagreed with the directive and appointed solicitors, Messrs Lim, Chong, Phang & Amy to file a legal action against Bursa Malaysia. The suit was filed on 10 May 2015 to, inter alia, nullify the directive and to seek damages from Bursa Malaysia.

At the same time SCAN filed an interim injunction against Bursa Malaysia to remove the GN3 classification. The injunction was granted on 11 May 2015. However, at the hearing on 18 May 2015, the court removed the injunction and Bursa Malaysia reinstated the classification of SCAN as a GN3 company. SCAN is nevertheless proceeding with the suit against Bursa Malaysia.

*[Source: PMHB's announcements on Bursa Malaysia's website on 27 February 2015, 27 April 2015, 7 May 2015, 8 May 2015, 11 May 2015, 18 May 2015 and 19 May 2015]*

#### **MSWG'S COMMENTS:**

One of the objectives of Bursa Malaysia is to protect the interest of Minority Shareholders and it does so through enforcing the disclosure rules. We believe that in doing so, investors would be able to make informed decisions.

---

#### **MSWG'S WATCHLIST**

##### **PAN MALAYSIA HOLDINGS BERHAD (PMHB)**

The Board of Directors of PMH announced on 12 December 2014 that Dato' Dr Yu Kuan Chon had on 12 December 2014 entered into a Share Sale Agreement to acquire 642,700,783 PMHB Shares from Acquiline Sdn Bhd, Loyal Design Sdn Bhd, Malayan United Management Sdn Bhd, Mui Media Ltd, Mui Property Services Sdn Bhd And Megawise Sdn Bhd (Collectively referred to as Vendors) for a total cash consideration of RM77,124,094 (Proposed Acquisition). Upon completion of the Proposed Acquisition, the aggregate interests of Dato' Dr Yu Kuan Chon and the persons acting in-concert with him will increase from 49,506,900 PMHB Shares, representing approximately 5.330%, to 692,207,683 PMHB Shares, representing approximately 74.522% of the issued and paid-up share capital of PMHB.

However, the Securities Commission Malaysia (SC) had vide its letter dated 7 May 2015 addressed to PM Securities Sdn Bhd (PMS) (a subsidiary of Pan Malaysia Capital Berhad which is in turn the associated company of PMHB), rejected PMS's application for change of controlling shareholder.

Subsequently, PMS had on 20 May 2015 given notice to the SC of its intention to appeal against the SC's decision in rejecting PMS' application for change of controlling shareholder.

*[Source: PMHB's announcement on Bursa Malaysia's website on 12 December 2014, 11 May 2015 and 20 May 2015]*

---

## **JAYA TIASA HOLDINGS BHD (JTHB)**

JTHB announced that its subsidiary company, Jaya Tiasa Timber Products Sdn Bhd (JTTP) is extending full cooperation with Malaysian Anti-Corruption Commission (MACC) in MACC's recent state wide investigations into illegal logging activities in Sarawak. The main activity of JTTP is purchasing of logs mainly from concessions owned by JTH Group for processing and marketing to end customers. JTTP does not carry out logging activities. The ongoing state wide investigation by MACC is not expected to affect the day-to-day operations of JTTP.

*[Source: JTHB's announcement on Bursa Malaysia's website on 15 May 2015]*

---

## **LOCAL NEWS AND DEVELOPMENTS**

11th Malaysia Plan Economic highlights

<http://www.thestar.com.my/Business/Business-News/2015/05/21/11th-Malaysia-Plan-Economic-highlights/?style=biz>

Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2015

[http://www.bnm.gov.my/files/publication/qb/2015/Q1\\_en.pdf](http://www.bnm.gov.my/files/publication/qb/2015/Q1_en.pdf)

Bursa queries bamboo maker Kanger over sharp fall in price

<http://www.thestar.com.my/Business/Business-News/2015/05/19/Bursa-queries-bamboo-maker-Kanger-over-fall-in-price/?style=biz>

April vehicle sales 23% lower

<http://www.thestar.com.my/Business/Business-News/2015/05/20/April-vehicle-sales-23-lower/?style=biz>

Press Metal Berhad - Fire Incident at Samalaju Smelter

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/4741605>

Lay Hong shareholders vote against share scheme for Yap family

<http://www.thesundaily.my/news/1422632>

Scan Associates falls into GN3 status after injunction struck off

<http://www.theedgemarkets.com/my/article/scan-associates-falls-gn3-status-after-injunction-struck?type=Markets>

BNM to review inflation numbers should oil price exceeds US\$70 a barrel

<http://www.nst.com.my/node/84396>

Bursa Malaysia commits to the sustainable stock exchanges initiative

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3309>

M'sian O&G companies should look into consolidation, says Petronas

<http://www.thestar.com.my/Business/Business-News/2015/05/18/Msian-OnG-companies-should-explore-consolidation-opportunities-says-Petronas/?style=biz>

More than 100 of World's Investor Education Leaders Gather in Malaysia in Malaysia to Focus on Best Strategies for Investor Engagement

[http://www.sc.com.my/post\\_archive/more-than-100-of-worlds-investor-education-leaders-gather-in-malaysia-in-malaysia-to-focus-on-best-strategies-for-investor-engagement/](http://www.sc.com.my/post_archive/more-than-100-of-worlds-investor-education-leaders-gather-in-malaysia-in-malaysia-to-focus-on-best-strategies-for-investor-engagement/)

Malaysian economy expands 5.6% in first quarter

<http://www.thestar.com.my/Business/Business-News/2015/05/15/Malaysian-economy-expands-5-6-pct-in-first-quarter/?style=biz>

Quarterly Balance of Payments Performance, First Quarter 2015

[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=86&bul\\_id=OHNFSIJ3VVJUTUHSaTdFczNqREFqQT09&menu\\_id=azJjRWpYL0VBYU90TVhpcIByWjdMQT09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=86&bul_id=OHNFSIJ3VVJUTUHSaTdFczNqREFqQT09&menu_id=azJjRWpYL0VBYU90TVhpcIByWjdMQT09)

Petronas to delay Rapid's refinery start-up to mid-2019

<http://www.thesundaily.my/news/1422641>

Jaya Tiasa Holdings Bhd - Malaysian Anti-Corruption Commission's Investigation in Illegal Logging in Sarawak

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/4738321>

BNM wants to pull its reps from Socso and Employees Provident Fund

<http://www.theedgemarkets.com/my/article/bnm-wants-pull-its-reps-socso-and-employees-provident-fund?type=Markets>

---

## GLOBAL NEWS AND DEVELOPMENTS

Five big banks face criminal charges and \$5 billion bill over FX rigging

<http://www.reuters.com/article/2015/05/19/us-banks-forex-settlement-idUSKBN0042PJ20150519>

Japan's First-Quarter GDP Growth Is Fastest in a Year

<http://www.wsj.com/articles/japan-grows-2-4-in-first-quarter-1432081799>

JPMorgan investors protest over pay and end to joint chief role

<http://www.ft.com/intl/cms/s/0/ab351156-fe3c-11e4-8efb-00144feabdc0.html#axzz3ae3yTIJg>

U.S. economy isn't as weak as estimates suggest, Fed paper says

<http://www.reuters.com/article/2015/05/18/us-usa-fed-gdp-idUSKBN0031T520150518>

Greek PM warned lenders of not repaying IMF debt in May: report

<http://www.reuters.com/article/2015/05/16/us-eurozone-greece-tsipras-idUSKBN0010S220150516>

China returns as biggest holder of U.S. Treasuries

<http://www.cnbc.com/id/102684920>

China's richest man lost \$15 billion in one hour

[http://money.cnn.com/2015/05/21/investing/china-hanergy-stock-plunge/index.html?iid=SF\\_LN](http://money.cnn.com/2015/05/21/investing/china-hanergy-stock-plunge/index.html?iid=SF_LN)

UK inflation negative for the first time since 1960

<http://www.cnbc.com/id/102689510>

McDonald's shareholders approve new director-nomination rules

<http://myinform.com/en/a/13253433-mcdonalds-shareholders-approve-new-director-nomination-rules/>

---

---

## MSWG Analysts

Lya Rahman, General Manager, Corporate Services, [lyarahman@mswg.org.my](mailto:lyarahman@mswg.org.my)  
Chong Chee Fern, General Manager, Corporate Monitoring [chongcf@mswg.org.my](mailto:chongcf@mswg.org.my)  
Rebecca Yap, Head, Corporate Monitoring [rebecca.yap@mswg.org.my](mailto:rebecca.yap@mswg.org.my)  
Quah Ban Aik, Head, Corporate Monitoring [banaik.quah@mswg.org.my](mailto:banaik.quah@mswg.org.my)  
Norhisam Sidek, Manager, Corporate Monitoring [norhisam@mswg.org.my](mailto:norhisam@mswg.org.my)  
Shahnul Niza Bin Dato' Dr. Mohd Yusof, Manager, Corporate Monitoring [shahnul.niza@mswg.org.my](mailto:shahnul.niza@mswg.org.my)  
Lee Chee Meng, Manager, Corporate Monitoring [cheemeng@mswg.org.my](mailto:cheemeng@mswg.org.my)  
Wong Kin Wing, Manager, Corporate Monitoring, [kinwing@mswg.org.my](mailto:kinwing@mswg.org.my)  
Nor Khalidah Khalil, Analyst, Corporate Monitoring [khalidah@mswg.org.my](mailto:khalidah@mswg.org.my)  
Vinodth Ramasamy, Analyst, Corporate Monitoring [vinodth.ram@mswg.org.my](mailto:vinodth.ram@mswg.org.my)

---

### **DISCLOSURE OF INTERESTS**

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for Scan Associates Berhad.*
- 

### **Feedback**

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

---

### **DISCLAIMER**

*This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholder Watchdog Group (MSWG).*

*The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.*

*MSWG must be acknowledged for any part of this newsletter which is reproduced.*

*MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.*

**ENDS./**