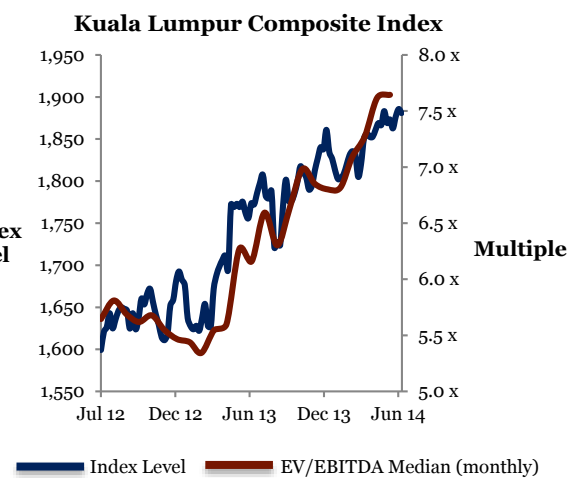
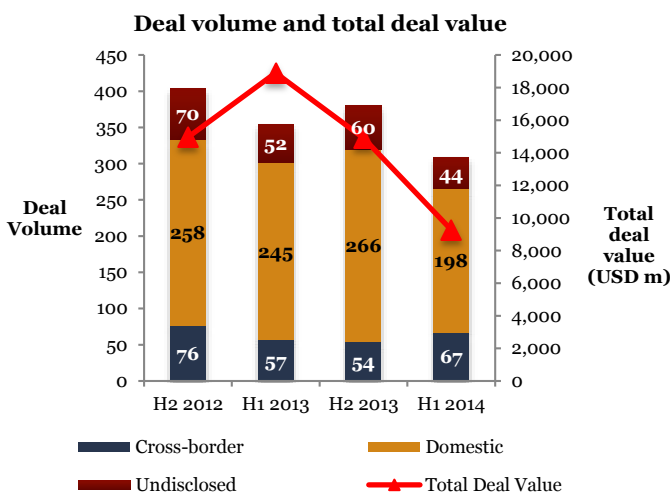


Malaysia Inbound M&A Highlights – First Semester 2014 Update

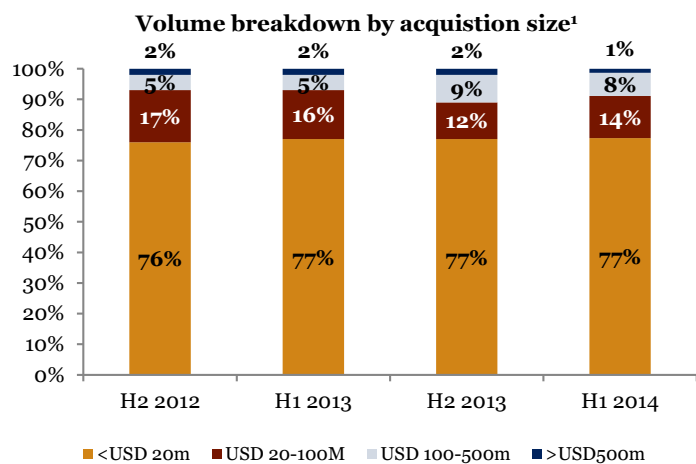
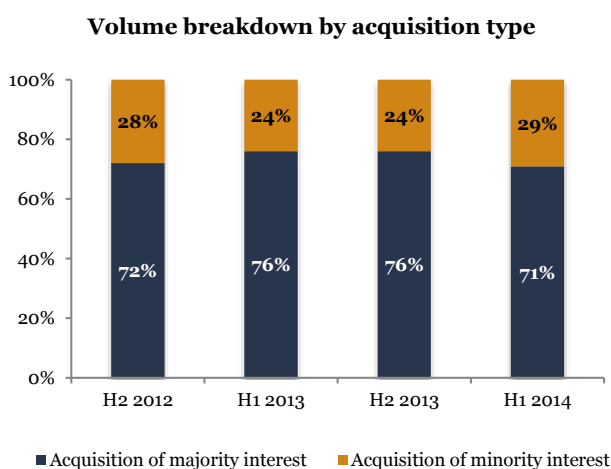
Date of publication: 15 August 2014

Overall trends

Malaysia saw its lowest semester of M&A activity in H1 2014 for the past two years, both in terms of deal value and deal volume. The lower deal value was due to the lack of mega deals during the period – there was only one deal greater than USD 500m, i.e. the privatization of IJM Land Berhad by its parent company with a USD 650m transaction value. The low deal volume in H1 2014 was due to a 35% decrease versus the previous semester in domestic real-estate related transactions which made up c. 40% of the total domestic deal volumes of the previous three semesters.



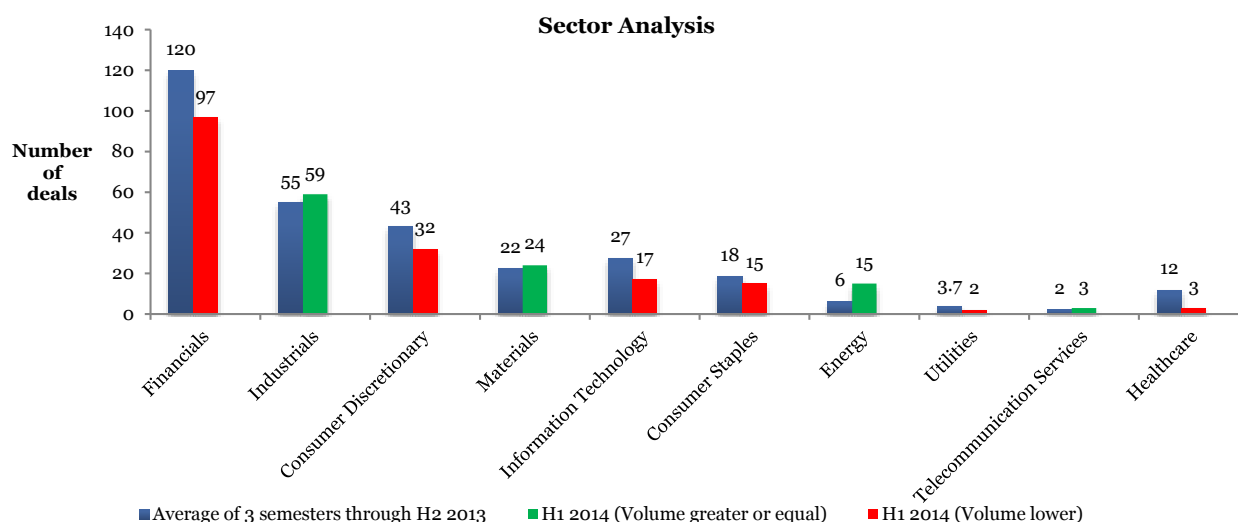
Small- to mid-sized acquisitions (deals of less than USD 100m each) represented more than 90 per cent of the deals with reported values during the two years to 30 June 2014. Acquisition of controlling interests also continued to represent the majority of the deal volume during H1 2014.



¹ Deals with undisclosed acquisition size represented 27.2 per cent of the total deal volume and were excluded from the analysis

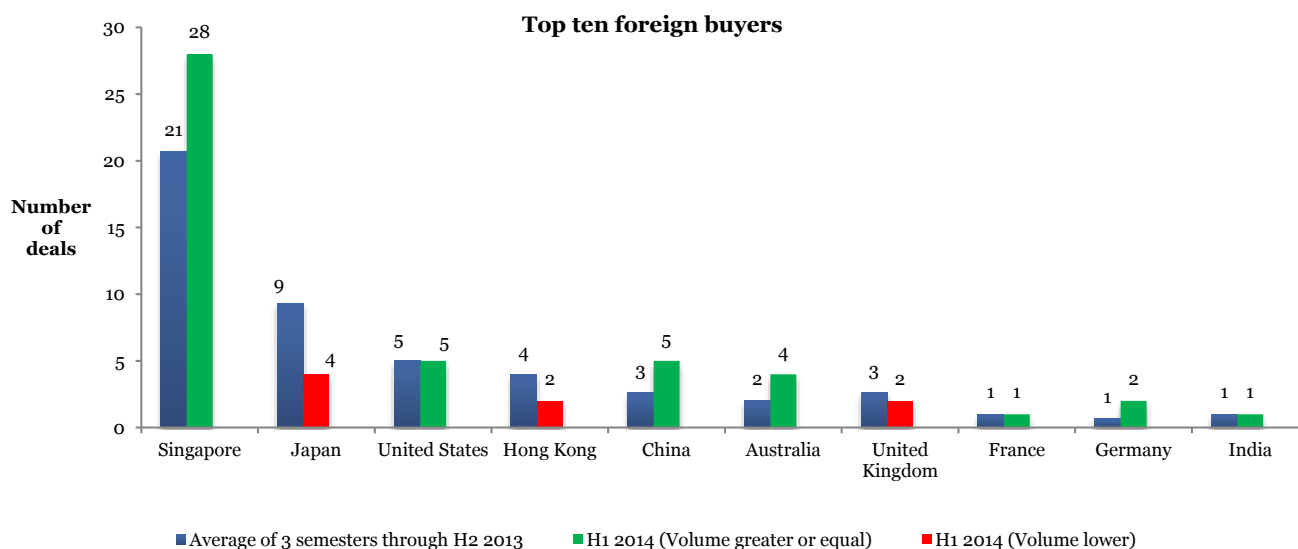
Sector analysis

M&A deal volumes in most sectors were either flat or lower in H1 2014 as compared to the averages of the previous three semesters, mainly because of the overall lower domestic deal volumes, such domestic deals representing more than 70% of the total disclosed deals on Malaysian targets, with the financial sector seeing the largest drop. This lower domestic deal volume presumably resulted from the combined effects of the expected increase in interest rate as well as the accelerating inflation which resulted from reduced subsidies on basic necessities in Malaysia.



Buyer country analysis (cross-border deals)

The top ten foreign buyer countries generally experienced higher deal volumes in H1 2014 compared to the previous three semesters. This appears to reflect a generally improving investor confidence in the country post the 2013 Malaysian general election. The lower deal volume by Japanese acquirers in H1 2014 was mainly due to the absence of any real-estate related deals during H1 2014, which represented c. 30% of Japanese acquirers’ deal volume in the previous three semesters.



Top ten cross-border completed deals (two years to 30 June 2014)

Three out of the top ten deals were done by Japanese acquirers. Four out of the top ten deals were in the financial sectors.

#	Date ⁽¹⁾	Target	Acquirer	Ultimate Acquirer nation	Target sector	Percentage acquired	Deal Value (USD m)
1	Oct 12	Orange Policy Sdn Bhd	AIA Bhd.	Hong Kong	Financials	100%	1,730
2	Jul-13	Jimah O&M Sdn. Bhd. and Jimah Teknik Sdn. Bhd.	1Malaysia Development Berhad	Japan	Industrials	100%	1,453
3	Dec-12	Petra Foods Limited, Cocoa Ingredients Division	Barry Callebaut Belgium N.V.	Switzerland	Consumer Staples	100%	955
4	Oct-13	Felda Holdings Berhad	Felda Global Ventures Holdings Berhad (KLSE:FGV)	United States	Consumer Staples	51%	692
5	Feb-14	JobStreet.com Pte. Ltd. and Agensi Pekerjaan Js Staffing Services Sdn. Bhd.	SEEK Asia Investments Pte Ltd	Australia	Industrials	100%	525
6	Sep-13	HwangDBS and HDM Futures and 70% in Hwang Investment Management and 49% in Asian Islamic Investment	Affin Holdings Bhd (KLSE:AFFIN)	Singapore	Financials	100%	415
7	Mar-14	Kian Joo Can Factory Bhd (KLSE:KIANJOO)	Toyota Tsusho Corp. (TSE:8015)	Japan	Materials	51%	347
8	Dec-12	11 Hectares of Prime Waterfront Land in Southern Malaysia	Country Garden Holdings Company Limited (SEHK:2007)	China	Financials	100%	329
9	Dec-12	Parcels of Vacant Land Located within the Iskandar Development region, Johor Bahru	Rowsley Ltd., Prior to Reverse Merger with RSP Architects Planners & Engineers (Pte) Ltd.	Singapore	Financials	100%	276
10	Mar-14	JT International Bhd	JT International Holding B.V.	Japan	Consumer Staples	40%	265

⁽¹⁾ Last semester shaded in blue

Prospective

We expect M&A activity in Malaysia to remain flat or slightly downward-trending in the short- to medium-term until the uncertainties surrounding the domestic economy, which appear to have quite significant impact on domestic deals, begin to subside.

Sources

Information on M&A transactions were extracted from Capital IQ and subsequently processed by Pickering Pacific.

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