Top financial news of 2024

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theedgemalaysia.com

1 Malaysian equities, currency stage best run in years

Malaysia saw a sharp recovery in investor sentiment in 2024, as it emerged stronger off a prolonged period of political headwinds that spelled uncertainty towards business and economic policies.

Once named "the world's worst major market" in 2019, the FBM KLCI's impressive 12.58% gain in 2024 marked its best annual performance since 2010.

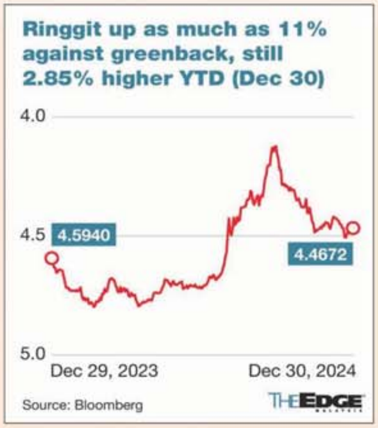
The rally saw the market capitalisation of Malaysian stocks breach the RM2 trillion-mark for the first time in May. In the background are robust corporate earnings, renewed foreign inflows, and optimism surrounding Malaysia's economic trajectory, including better-than-expected trade data.

Key contributors included YTL Power International Bhd (KL:YTLPOWR), Tenaga Nasional Bhd (KL:TENAGA) and CIMB Group Holdings Bhd (KL:CIMB). The benchmark index is also trading at a higher valuation multiple of 15.7 times forward PER, against its three-year average of 14.3 times as at Dec 30.

The year also witnessed a significant strengthening of the ringgit, which appreciated as much as 11.4% to its intra-year high of 4.124 against the US dollar in September, before paring gains to trade at 4.472 on slower interest rate cuts in the US, still up 2.84% year-to-date.

Aside from improved fundamentals, Bank Negara Malaysia's call on Malaysian businesses to repatriate their overseas investment income and convert export proceeds back to ringgit also contributed to the rebound.

The year actually did not start great, when counters linked to investor Datuk Dr Yu Kuan Chon fell sharply, such as Rapid Synergy Bhd (KL: RAPID), which saw 95% of its value wiped out in January, and YNH Property Bhd (KL:YNHPROP), whose value dropped by 85%. This triggered tighter margin financing rules, as the sell-down spread to 16 stocks, dragging the FBM ACE Index by 11% in just three days. However, the FBM KLCI only lost 0.8% through the episode. By February, stability had returned, setting the stage for a stellar year for the benchmark index.



2 MAHB's controversial privatisation

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Shortly after Malaysia Airports Holdings Bhd (MAHB) (KL:AIRPORT) got a 35-year extension (to 2069 from 2034) to its concession to manage the country's 39 airports in March, MAHB announced in May it had received an offer at RM11 per share from a consortium led by by Khazanah Nasional Bhd and the Employees Provident Fund (EPF) to take the airport operator private.

There are two other partners in the consortium, Global Infrastructure Partners (GIP) and Abu Dhabi Investment Authority (ADIA). Under the proposal, Khazanah's effective stake in MAHB will rise to 40% from 33.2%, while EPF's will jump to 30% from 7.9%. ADIA and GIP will hold the remaining 30%. The Malaysian government will also retain its special share rights in MAHB.

The deal sparked controversy, with protests centered on GIP's links to BlackRock, accused by some of being pro-Zionist and complicit in the Palestinian genocide. BlackRock, who was in the midst of purchasing GIP at the time, completed the acquisition in October. The government dismissed the link and defended the plan, saying the privatisation was a strategic move to unlock MAHB's potential and drive improvements.

On Dec 21, all five MAHB independent directors said in a circular there were no compelling reasons for shareholders to accept the offer, which they said did not reflect MAHB's full potential, considering its positive financial momentum, growth strategy and potential value accretion if it remains publicly traded.

This was contrary to independent adviser Hong Leong Investment Bank's recommendation to shareholders to accept the offer, which it saw as reasonable due to MAHB's prolonged suppressed share price, though it deemed the offer unfair based on MAHB's estimated fair valuation of between RM12.61 and RM13.71 per share. Nevertheless, the consortium said it would maintain its offer at RM11 per share, saying the independent directors had failed to take into consideration MAHB's past performance and the challenges it faces.

THE EDGE FILE PHOTO

3 U Mobile's 5G role raises shareholding questions

The Malaysian Communications and Multimedia Commission in November selected U Mobile Sdn Bhd to lead the deployment of Malaysia's second 5G network. The selection of U Mobile over much bigger mobile network operators sparked much debate and speculation, prompting MCMC to issue a statement to justify its decision, saying it chose U Mobile based on its track record.

But questions about the transparency of the process persist. Concern was also raised about foreign influence in Malaysia's critical telecommunications infrastructure, as Singapore's state-owned investment firm Temasek is U Mobile's biggest shareholder. It holds 48.25%, according to filings with the Company Commission Malaysia, via Straits Mobile Investments Pte Ltd, a subsidiary of Temasek's wholly-owned Singapore Technologies Telemedia Pte Ltd (ST Telemedia).

Shortly after MCMC's announcement, ST Telemedia said it would reduce its stake in U Mobile to 20% by selling "a majority stake" to Mawar Setia — a company owned by tycoon Tan Sri Vincent Tan and the King's daughter, Tunku Tun Aminah Sultan Ibrahim.

That announcement, however, caused confusion and further speculation — about how much Temasek actually owns in U Mobile, given the 49% cap on foreign shareholding in telcos in Malaysia, while a majority stake, by definition, means at least 50% plus one share.

In response to questions from *The Edge*, Temasek said Mawar Setia will own about 51% in U Mobile after the share sale. It also admitted to holding "certain instruments" that could be exchanged into ordinary shares in U Mobile that would form part of the sale.

Sources told *The Edge* that Temasek likely has an effective stake of up to 71% in U Mobile. As questions arose about whether the foreign shareholding cap was breached, ST Telemedia said its stake in U Mobile was "consistent with U Mobile's disclosure" to the Companies Commission of Malaysia.

4 Sarawak gas aggregator impasse

This year saw Sarawak seeking more control over its gas resources, with the push for Petroleum Sarawak Bhd (Petros) to be the aggregator of gas supply going into and through the state.

In the state which contains 60% of Malaysia's gas reserves, that role is currently played by national oil company Petroliam Nasional Bhd (Petronas), the custodian of the country's oil and gas (O&G) resources.

A gas aggregator is responsible to procure natural gas for distribution or supply, and to develop the gas distribution network and system in Sarawak, according to the Distribution of Gas Ordinance 2016. Abang Johari, in numerous statements, has expressed plans to power up more parts of Sarawak using gas at affordable prices.

The issue was hotly debated, with some supporting Sarawak's pursuit of bigger control, while others looked at how the new arrangement could affect Petronas — and to a certain extent, the federal government, considering its reliance on Petronas' dividends.

Sarawak's oil and gas related revenue topped RM6 billion in 2023, nearly triple the RM2.11 billion recorded in 2019, amid higher O&G compensation and inclusion of sales tax on crude oil and LNG.

For Petronas, its gas segment, which includes LNG sales, contributed 37% of the RM81 billion group profit in 2023. It paid RM40 billion dividends to the government for that year — or 12% of federal government revenue.

On December 21, Prime Minister Datuk Seri Anwar Ibrahim told a press briefing that it is neither his view, nor the view of Sarawak state leadership, that Petros would decide everything regarding gas supply and distribution through the state.

Considering the potential impact on the state's entire O&G ecosystem, including future capital investments from upstream to downstream, all parties are looking at how the federal and state leaders will come to a resolution and clear this massive overhang in the local O&G industry.

THE EDGE FILE PHOTO

5 Teh family sells LPI stake to Public Bank, plans to reduce bank holdings to 10%

Public Bank Bhd (KL:PBBANK), Malaysia's third-largest bank by assets, surprised the local stock market in October with the announcement that it would be buying the entire 44.15% stake that the family of its late founder, Tan Sri Teh Hong Piow, held in general insurer LPI Capital Bhd (KL:LPI).

The RM1.72 billion (RM9.80 per share) acquisition was the first major merger and acquisition (M&A) the bank announced since it acquired Hock Hua Bank Bhd in early 2021. The deal, which triggered a mandatory takeover offer by Public Bank for the remainder shares it does not own in LPI Capital, was completed in early December. The takeover offer is still on.

Diona Teh Li Shian — the youngest daughter of the late Hong Piow — also revealed during the M&A announcement that the Teh family would reduce its stake in the bank from 23.41% to 10% over the next five years through a restricted offer for sale of shares at a discount to employees, directors, and eligible shareholders. The specific details were not disclosed.

Li Shian's announcement was significant as it outlined the Teh family's plan to comply with the Financial Services Act 2013 (FSA), which caps individual stakes in financial institutions at 10%.

At a 10% stake, the Teh family — currently the largest shareholder — would become the second-largest shareholder of the bank, behind the Employees Provident Fund (EPF), who had 14.8% as at Dec 19, while the Retirement Fund Inc (KWAP) held 4.07%.

At the time of writing, Public Bank's shares were trading at RM4.57 apiece, little changed from the RM4.56 they were at prior to the announcement on Oct 10. The latest share price values Teh family's 23.41% stake in Public Bank at about RM20.77 billion.

6 Over RM75 bil data centre investments pour into Malaysia, fueling surge in land deals

Malaysia is emerging as a regional powerhouse for data centres, with global tech giants Amazon Web Services Inc. (AWS), Microsoft Corp, Google, and Oracle Corp, collectively committing over US$16.9 billion (RM75 billion) for such investments in the country.

Oracle leads with a US$6.5 billion investment to establish state-of-the-art cloud facilities in Malaysia. AWS committed US$6.2 billion as part of its long-term investment strategy in Malaysia, spanning through 2038. Google announced a US$2 billion investment over the next four years to expand its data centre and cloud infrastructure. Microsoft pledged US$2.2 billion to advance cloud services and artificial intelligence (AI) adoption.

Companies seeking strategic sites to host such high-tech facilities have led to a spike in land deals, particularly in Johor.

Eco World Development Group Bhd (KL:ECOWLD) announced in June it was selling 123.14 acres of industrial land within its business park in Kulai, Johor, to Microsoft Payments (Malaysia) Sdn Bhd for RM402.3 million, earmarked for data centre development.

In early December, Johor-based Crescendo Corp Bhd (KL:CRESNDO) inked a deal to sell five vacant plots in Iskandar Puteri for RM120.06 million in cash to a unit of UK-based Magma Holding Company Ltd. Last week, it announced the disposal of five plots of land via two subsidiaries for RM56.53 million, cash. Since November last year, Crescendo has inked deals to sell over 80 hectares of land for about RM970 million.

Also in December, Sime Darby Property Bhd (KL:SIMEPROP) said it had signed a 20-year deal to lease data centre facilities to Pearl Computing Malaysia Sdn Bhd for up to RM5.6 billion, beginning from 2027. This is on top of an estimated RM2 billion data centre deal it announced in May, also with Pearl Computing, a wholly-owned unit of Singapore based Raiden APAC Pte Ltd. The property group is developing these facilities at its Elmina Business Park.

7 HeiTech Padu in the limelight amid share controversy, govt contracts

HeiTech Padu Bhd (KL:HTPADU) drew attention earlier this year when former PKR Perak chief Datuk Farhash Wafa Salvador emerged as a new substantial shareholder in the technology services provider.

Rosetta Partners Sdn Bhd, wholly owned by Mfivesouthsea Sdn Bhd — jointly owned by Kelantan's Sultan Muhammad V and Farhash — acquired 15.85 million shares in HeiTech in March via two direct business transactions. These gave Farhash, a former political aide to Prime Minister Datuk Seri Anwar Ibrahim, a 15.9% deemed interest in HeiTech, sparking controversy due to the connection, despite Farhash saying he has no role in the current government and is no longer in politics.

This was exacerbated when HeiTech secured a RM190 million contract from the Road Transport Department to provide maintenance and technical support for the MySIKAP (driver and vehicle information) system, prompting Transport Minister Anthony Loke to explain that the contract was awarded by the Ministry of Finance in February, before Farhash became a shareholder of Heitech.

Amid escalating criticism, Farhash exited HeiTech on April 18 following a change in Mfivesouthsea's shareholding structure, though Rosetta Partners continued to increase its stake in HeiTech, holding 22.45% as of Nov 12.

Besides Farhash, e-government service provider MyEG Services Bhd (KL:MYEG) also emerged as a substantial shareholder in HeiTech in March, when it bought a 14.4% stake for RM31.25 million as "strategic investment."

In October, MyEG announced it had signed an agreement in April to team up with HeiTech for current and future e-government projects in Malaysia. In the same month, HeiTech won the National Integrated Immigration System (NIISe) project from the Immigration Department, valued at RM892.2 million.

THE EDGE FILE PHOTO

8 99 Speedmart's IPO, Malaysia's largest in seven years

99 Speed Mart Retail Holdings Bhd (KL:99SMART), which made its Main Market debut on Sept 9, raised RM2.36 billion from its initial public offering — Malaysia's largest since 2017.

The sum comprised RM600 million for the company from the issuance of new shares, and RM1.7 billion for its founder and chief executive officer Lee Thiam Wah and his wife Ng Lee Tieng, from selling part of their existing shares. Post-IPO, Lee and Ng retained a combined 82% stake in the company.

At the time of writing, 99 Speed Mart was trading at RM2.41, up 46% from its IPO price of RM1.65, pushing the convenience store chain operator's market capitalisation past RM20 billion, from RM13.86 billion at the point of listing.

Thanks to an impressive share price rally, 99 Speed Mart made it into the 30-member benchmark KLCI in just three months after its stock market debut.

Known as Malaysia's top mini market chain with an aim to raise its 2,700 outlets to 3,000 nationwide by end-2025, analysts are optimistic on the company's continued growth. They expect a 24% year-on-year jump in its net profit to RM498 million for its financial year ending Dec 31, 2024 (FY2024), and another 17% growth to RM585 million in FY2025.

For the first nine months of FY2024, the company made a net profit of RM365.85 million, representing about 91.4% of its RM400.23 million net profit for FY2023.

The founders still control 82% in 99 Speed Mart, which means the minimum public spread requirement of 25% is not met. The regulator has granted Lee and his wife an indefinite waiver from having to comply with the requirement. Still, the investing fraternity is looking at his stake with keen eyes.

9 Sarawak becomes first state to control a major bank

Sarawak made history this year by becoming the first state government in Malaysia to own a controlling stake in a major banking group.

On Sept 27, the state government, through its wholly-owned SG Assetfin Holdings Sdn Bhd, signed a share purchase agreement with Lembaga Tabung Angkatan Tentera (LTAT) and Boustead Holdings Bhd to acquire Affin Bank Bhd (KL:AFFIN) shares from them that would raise its stake in the bank from 4.8% to 31.25%. The value of the acquisition was not disclosed.

Following the transaction, LTAT's stake in Affin Bank was reduced to 22.01%, while Boustead divested its entire 20.08% holding. Hong Kong-based Bank of East Asia remains the second-largest shareholder in Affin with a 23.93% stake.

Sarawak Premier Tan Sri Abang Johari Tun Openg first announced the state's intention to acquire a significant stake in Affin Bank in January. He said the move was aligned with Sarawak's Post-COVID-19 Development Strategy 2030, which aims to stimulate regional economic growth by empowering small and medium enterprises and fostering sustainable financial ecosystems.

For Affin Bank, the change in shareholder dynamics presents an opportunity for expansion. The bank plans to increase its branch network in Sarawak from six to 14 by early 2025, as part of a broader push to grow its presence nationwide.

The bank is also said to be exploring opportunities to acquire complementary businesses such as insurance or asset management, and is open to potential mergers with other lenders.

11 IHH expands hospital network with RM3.92 bil acquisition of Island Hospital

IHH Healthcare Bhd (KL:IHH) further strengthened its foothold in Penang by taking over the 600-bed Island Hospital in Penang for RM3.92 billion in cash in September.

The dual-listed healthcare group, with footprint in 10 countries across Asia and Turkey, bought the equity interest in Island Hospital from Comprehensive Care Sdn Bhd—78% owned by buyout fund Affinity Equity Partners, 16% by Island Hospital founder Mark Wee, and 6% collectively held by 41 other individual shareholders.

The deal also includes vacant land valued at RM223 million, with approvals secured for future development. The transaction values Island Hospital at a historical enterprise value over EBITDA of 24.6 times, according to the announcement, higher than the 20.1 times seen in another mega healthcare deal in 2023, when Sime Darby Bhd (KL:SIME) and Ramsay Health Care Ltd sold their jointly-owned Ramsay Sime Darby Health Care Sdn Bhd to Columbia Asia Healthcare Sdn Bhd for RM5.68 billion.

This acquisition adds to the 17 hospitals in IHH's network in Malaysia, including three in Penang, alongside the 360-bed Gleneagles Hospital and the 190-bed Pantai Hospital.

As a result, IHH will have more than 1,000 operational beds in Penang—one of Southeast Asia's largest medical tourism hubs—allowing the hospital operator to capture a large share of medical travel to Malaysia. Island Hospital attracts one in every three inbound foreign patients, IHH said.

Notably, the disposal occurred just months before news gained traction regarding rising medical inflation, which prompted intervention from the government to address costs of healthcare and spread out medical insurance premium hikes over longer term.

10 Paramount's surprise investment in Eco World International

In May, Paramount Corp Bhd (KL:PARAMON) surprised investors with a sudden acquisition of 517 million shares (21.54% stake) in Eco World International Bhd (KL:EWINT). The stake was bought for RM170.61 million cash from GLL EWI (HK) Ltd, a unit of GuocoLand Ltd, controlled by Tan Sri Quek Leng Chan.

According to Paramount's group CEO Jeffrey Chew, the decision was made rapidly after learning of GuocoLand's available block of shares. In an interview with *The Edge*, Chew explained, "The whole process took about four to six weeks, including the time to get financing in place..." He acknowledged that such a move was "quite unprecedented" for Paramount, and while it might seem spontaneous, it was based on something that had been considered for the past six to seven years.

Since divesting its education businesses in 2018, Paramount has actively sought new investment opportunities to diversify its earnings, both domestically and internationally. The substantial EWI stake, focused on real estate development in the UK and Australia, is seen as a way to accelerate this overseas expansion. Paramount also hopes to explore collaborations with EWI.

The acquisition, undertaken via Paramount's wholly owned Flexsis Sdn Bhd, was priced at 33 sen per share.

GuocoLand announced to the Singapore Stock Exchange, it sold its entire 27% EWI stake through direct business transactions for S$61 million (RM213.35 million).

The purchase made Flexsis EWI's second-largest shareholder, after Eco World Capital (International) Sdn Bhd (29%). Other significant shareholders include EWI's executive vice chairman, Tan Sri Liew Kee Sin (10.27%), and Sinarmas Harta Sdn Bhd (3.28%), ultimately owned by Eco World Development Group Bhd's (KL:ECOWLD) deputy chairman, Datuk Leong Kok Wah.

12 Casio King charged with cheating the govt over Spanco deal

Businessman Tan Sri Robert Tan Hua Choon, also known as the 'Casio King' for being the first and only distributor of the brand's watches and calculators in Malaysia, was charged in Kuala Lumpur in April this year with allegedly cheating the Finance Ministry over a RM3.966 billion contract awarded in 2019 to Spanco Sdn Bhd to supply, manage and maintain government fleet cars.

The 83-year-old was accused of misrepresenting that Spanco had at least 30% Bumiputera interests in the tender, according to the charge sheet, which did not provide details on what was allegedly false about the Bumiputera equity. He was released on a RM2 million bail after he surrendered his passport.

Based on data retrieved from the Companies Commission of Malaysia, he is the second biggest shareholder in Spanco with 24.65%, after Jati Rata Sdn Bhd (46%). Its other shareholders are Datuk Seri Tan Han Chuan (14.67%), Datin Tan Ching Ching (9.68%) and Minhat Mion (5%).

LOW YEN YEING/THE EDGE

Tan Sri Robert Tan Hua Choon (centre) at the Kuala Lumpur High Court

The ministry had intended to award the contract to Cekap Urus Sdn Bhd — a joint venture between Berjaya Corp Bhd, Naza Corp Holdings Sdn Bhd and Johor princess Tunku Tun Aminah Sultan Ibrahim. However, the government cancelled the letter of intent via a letter dated Dec 11, 2019 and gave the contract to Spanco instead. This led Cekap Urus to challenge the termination through an ongoing judicial review, the proceedings of which the court had given permission to proceed.

Cekap Urus in August filed to discontinue the suit, but then withdrew the discontinuance application two months later.

THE EDGE FILE PHOTO

13 Foreign banks Kuwait Finance House, ANZ close Malaysian chapters

Australia and New Zealand Banking Group (ANZ) has officially exited AMMB Holdings Bhd (KL:AMBANK), marking the end of an investment that began in 2007 when ANZ acquired a 23.8% stake in Malaysia's sixth-largest bank by assets for RM4.9 billion.

ANZ had long made known its decision to divest its block of AMMB shares, which stemmed from strategic realignment and the fallout from AMMB's RM2.83 billion settlement in 2021 over the 1MDB scandal, which led to a significant write-down of ANZ's investment.

After ANZ's stake was reduced to 21.7% in 2021 following a private placement by AMMB, ANZ offloaded a 16.5% stake in March this year, netting RM2.1 billion. The remaining 5.2% were sold in May for up to RM701.6 million.

AMMB's largest shareholder is now the Employees Provident Fund with a 13.21% stake, followed by founder Tan Sri Azman Hashim with 11.8%.

Kuwait Finance House Malaysia Bhd (KFH Malaysia), the first foreign Islamic lender in Malaysia, is also exiting the country after 19 years of operations as its parent group — Kuwait Finance House, the second-largest Islamic bank in the world — decides to focus on expanding in the Middle East, as the bank struggles to compete with local rivals here.

So, KFH Malaysia announced in August its plan to sell its RM2.7 billion retail banking portfolio, which primarily consists of mortgages. Several banks, including Affin Bank Bhd (KL:AFFIN), are reportedly vying to acquire the portfolio.

Its departure will leave just one foreign Islamic bank here, Al Rajhi Bank, in a growing market with 17 Islamic lenders, including the new digital bank, Aeon Bank.

14 Risky investments, governance failures revealed at HRD Corp

Shocking findings by the Public Accounts Committee (PAC) and the Auditor General's Report in July revealed questionable investments and management shortcomings at the Human Resources Development Corp (HRD Corp), sparking controversy.

The PAC disclosed that the manpower development agency had invested RM3.77 billion of levies collected from employers in risky ventures, such as put and call options, despite not being an investment institution.

The parliamentary watchdog also exposed dubious property deals, including the purchase of a building in Bangsar South for RM154 million without board approval.

Additionally, fictitious claims totaling RM52 million were identified, linked to training programmes paid to external parties.

The 2024 Auditor General's Report also flagged suspicious disbursement involving RM51.69 million at HRD Corp, together with irregularities involving deposit payment for a building

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purchase. It recommended that HRD Corp be referred to enforcement agencies.

In response, Human Resources Minister Steven Sim, who oversees HRD Corp, stressed that any violations of the law would not be tolerated. He instructed a report be filed with the Malaysian Anti-Corruption Commission (MACC) and engaged a professional third-party auditor to review the findings.

However, Sim defended HRD Corp's investment activities, arguing that they were legal under existing laws and had generated profits from 2020 to 2023, even as calls grew to reform the agency's operations.

THE EDGE FILE PHOTO

Notably, *The Edge*'s reports on the PAC's findings prompted HRD Corp to threaten legal action — which it later withdrew following criticism and instructions from Sim.

In November, Sim confirmed that HRD Corp's CEO Datuk Shahul Hameed, who was placed on administrative leave on July 18 to facilitate the MACC investigation, had resumed work.

MACC chief commissioner Tan Sri Azam Baki later said that the investigation into HRD Corp was still ongoing, contradicting a new PAC report which quoted an MACC officer as saying that no wrongdoing had been found in the agency.

The PAC report also confirmed that the independent audit proposed by Sim had been abandoned after the Cabinet decided not to "obstruct" the auditor general's findings.

15 Capital A sells airline business to AirAsia X, calls off US$1.15 bil SPAC deal

AirAsia X Bhd (KL:AAX) and Capital A Bhd (KL:CAPITALA) received shareholders' approval in October for AAX to acquire Capital A's airline business — AirAsia Bhd (AAB) and AirAsia Aviation Group Ltd (AAGL) — for RM6.8 billion.

The merger of the two sister low cost carriers will help lift debt-laden Capital A out of Practice Note 17 status.

Under the deal, AAX plans to issue new shares worth RM3 billion to acquire AAAGL, and assume up to RM3.8 billion of some RM3.83 billion worth of debt that Capital A owes AAB, to acquire AAB.

The deal values AAAGL — which owns Thai AirAsia, Philippines AirAsia, Indonesia AirAsia and AirAsia Cambodia — at between RM2.7 billion and RM3.5 billion. As for AAB, which operates AirAsia Malaysia, it is valued at between RM3.48 billion and RM4.37 billion.

In October, Capital A called off its plan to inject its AirAsia brand management business, worth US$1.15 billion, into the Nasdaq listed special purpose acquisition company (SPAC) — Aetherium Acquisition Corp.

The deal fell through because Aetherium failed to comply with Nasdaq listing rules, including meeting a minimum market value of US$50 million.

Consequently, AAX will brand royalty to Capital A instead of the SPAC moving forward.

THE EDGE FILE PHOTO

16 Genting, Genting Malaysia dropped out of KLCI

Genting Bhd (KL:GENTING) and its 49.5%-owned unit Genting Malaysia Bhd (KL:GENM) were dropped from the benchmark FBM KLCI in early December, following a semi-annual review.

It was the first time since 2009 — when the Kuala Lumpur Composite Index (KLCI) was renamed FTSE Bursa Malaysia KLCI or FBM KLCI — that the two gaming stocks were excluded from the index.

Following the news, both Genting and GenM, which had been expected to stage a strong recovery at the beginning of 2024 due to a rebound in travels and leisure activities, fell to their lowest in over four years — to RM3.56 and RM2.10 — respectively.

The stocks had already been trending down earlier amid reports of earnings misses and complaints against Genting group's US subsidiaries, including a RM2.6 billion legal suit by GenM's joint venture partner, RAV Bahamas Ltd, over alleged fraud, which the Genting group had strongly refuted. The Nevada Gaming Control Board in August also filed complaints against Resorts World Las Vegas over allegations that the latter did not ban individuals linked to organised crime from its casino.

At the time of writing, GenM was trading at RM2.19, while Genting was at RM3.67.

Year to date, GenM has lost over 18%, while Genting is down nearly 20%.