

# CARI CAPTURES

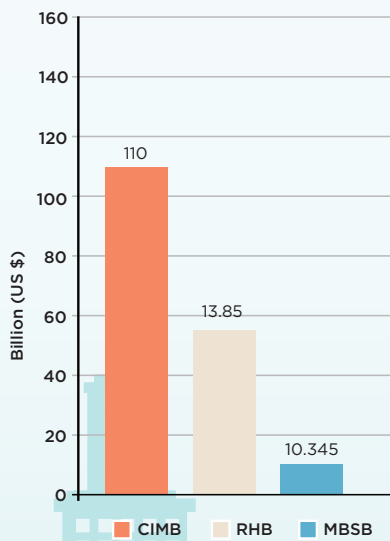


## 01 CIMB MERGER TO CREATE LARGEST MALAYSIAN BANK FALLS THROUGH

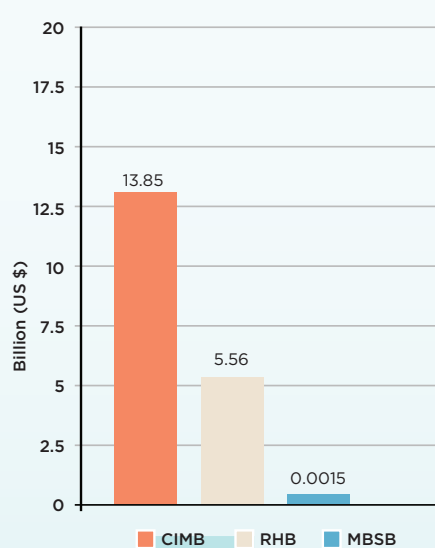


### Malaysia's Largest Merger Falls Through

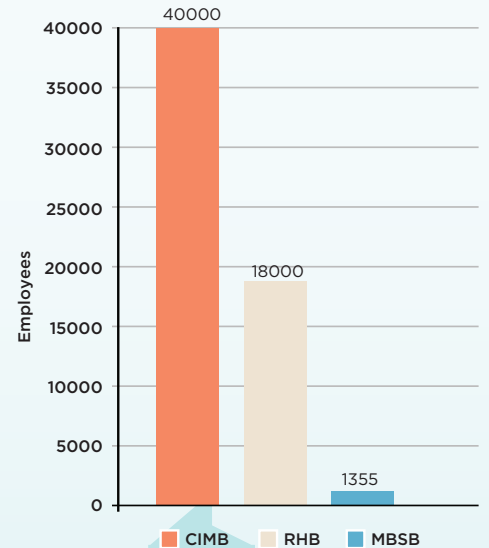
Differences between total assets of each banks



Differences between market capitalisation of each banks



Differences between total employees of each banks



[Global Petrol Prices](#)

**Due to unfavourable economic conditions, talks between CIMB, RHB, and the Malaysia Building Society (MBSB) have ceased.**

- ▶ According to Tengku Zafrul Abdul Aziz, Acting Group Chief Executive of CIMB, whilst all three parties were in agreement to the strategic benefits posed by the deal discussed, ultimately a “value creating transaction” was not found over the course of the talks
- ▶ The merger, which would have created Malaysia’s largest bank, would have also potentially created a powerhouse of Islamic banking;

however, with the talks falling through, the exclusivity agreement initially filed with Bank Negara Malaysia has been terminated

- ▶ Largely, analysts have pointed towards falling oil prices as a main obstacle for the proposed merger, with the ringgit at five year lows and the country’s economic fundamentals in question; furthermore, concerns about achieving integration at a scale so large were cited as another area of issues that were not able to be addressed during talks

## 02 INDONESIA TO BE MANUFACTURING POWERHOUSE

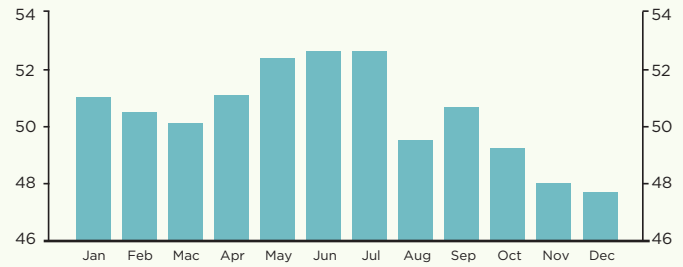


According to the Economic Intelligence Unit Survey covering 75 manufacturers sponsored by CIMB and Baker & McKenzie, Indonesia is slated to become Southeast Asia's leader in manufacturing.

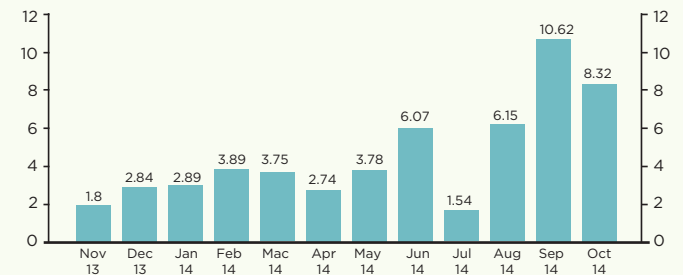
- ▶ The survey cites manufacturers' plans to build 54 new key plants in Indonesia, representing a 68% increase in the nation's manufacturing capabilities; the increase will also place Indonesia ahead of Malaysia and Thailand in terms of goods manufactured, making the nation Southeast Asia's largest economy by 2019
- ▶ Indonesia's economy was recently revitalised by President Widodo's election to office and subsequent removal of fuel subsidies, freeing up the government budget for infrastructure, investment, and stimulus to bolster economic growth; the confidence in Widodo's economic reforms were reflected in the fact that many major companies' began to roll out their expansion plans shortly after his election
- ▶ Furthermore, the benchmark Jakarta Composite Index of stocks has climbed more than 3% since Jokowi's inauguration on Oct 20, outperforming markets in Thailand and Malaysia on optimism the president will improve the economy

[Jakarta Globe \(6 January 2014\)](#)

Indonesia Manufacturing PMI (2014)



Indonesia Industrial Production Percentage change year-over-year



[Trading Economics](#)

## 03 CAMBODIAN RAISES ITS INCOME TAX THRESHOLD



At the beginning of January, Cambodia reduced the income tax burden on workers in the country. The government has raised its tax threshold from 500,000 riel (US\$125) to 800,000 riel (US\$200). The previous lowest income tax bracket had begun at 500,000 riel, at a rate of five per cent.

- ▶ On average, firms in Cambodia make 40 tax payments per year, spending 173 hours filing, preparing and paying taxes. Total taxes amount to 21 percent of profit.
- ▶ This change puts approximately US\$3.75 a month back into the pockets of workers in Cambodia earning over US\$200 per month. The change had been announced by Prime Minister Hun Sen in October 2014. Those contracted under a net salary will not be affected.
- ▶ According to a Deloitte University Press report, Cambodian tax revenues in 2013 amounted to only five per cent of GDP. However, they are on the up; the General Department of Customs and Excise (GDCE) has reported that it earned US\$1.34 billion in 2014, a year-on-year increase of 33.5 per cent, accounting for 7.8 per cent of GDP.
- ▶ Cambodia's GDP per capita remains extremely low by international standards; the World Bank estimates that it reached US\$1,007 per annum in 2013. Per capita GDP growth slowed from 12.1 per cent (2010-2011) to 6.6 per cent (2012-2013). This reduced tax burden is a step in the right direction to offset the slowing worker salary growth, but the change remains minor. Much had been done in driving down Cambodia's high poverty levels, and the poverty rate more than halved from 53 per cent in 2004 to 20.5 per cent in 2011 by World Bank measures, well ahead of its goal of halving poverty by 2015

[ASEAN Briefing \(14 January 2014\)](#)

## 04 THAILAND: PROGRESS MADE IN COUNTERING HUMAN TRAFFICKING



In a wide range of Thai industries, from fishing vessels, factories, and farms, rights groups have complained that many foreign workers are exploited, paid very little, and expected to work long hours under threats of violence. Thailand is reporting progress in efforts to curb human trafficking and abusive labor practices for migrant workers. The government is taking steps, including tougher regulations and new anti-trafficking measures, after coming under criticism from rights groups and the United States.

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- ▶ The US downgrade placed Thailand on the lowest ranking, Tier 3, leaving the country open to non-trade and non-humanitarian sanctions, as well as the withholding of assistance from international financial institutions such as the World Bank
- ▶ Last year, Thai Prime Minister Prayut Chan-o-cha called for the creation of special committees to oversee the creation of new policies to crack down on trafficking and improve worker rights in a range of industries. Measures include tougher regulations to protect labor in the fishing industry, including raising the minimum wage for workers to 18 years and ensuring each has a labour contract. In the agriculture sector the age has been increased to 15.
- ▶ Under new rules the government requires all seagoing vessels to be registered with installation of vessel monitoring systems (VMS) on all boats by February. The government says it has now registered up to 1.6 million previously undocumented migrant workers in Thailand. Thailand is looking to improve its standing by acceding to international protocols on human trafficking.

[Voice of America \(13 January 2014\)](#)



# 05 LAOS EYES SALE OF ELECTRICITY TO SINGAPORE



**Four ASEAN nations - Laos, Malaysia, Singapore and Thailand - held talks yesterday in Vientiane to consider a plan that would see Laos export electricity to Singapore via transmission lines in Malaysia and Thailand. Senior officials from the four countries met on the side-lines of the Special ASEAN Senior Officials Meeting on Energy (Special SOME) taking place in the Lao capital from January 12-13.**

- ▶ The meeting discussed the commercial feasibility of the project and related procedures, the relevant laws of the four countries involved, and the possible delegation of work among each country. The outcomes of the meeting will be submitted to a ministers' meeting that will be convened on the sidelines of the ASEAN Energy Ministers Meeting (AEMM), which Malaysia will host later this year
- ▶ Laos' electricity transmission line is connected with Thailand's, while the Thai network is connected with Malaysia's and the Malaysian transmission line is connected to Singapore. Singapore previously agreed in principle to purchase 100MW of electricity from Laos as a

pilot scheme, while Thailand and Malaysia offered their support for the envisioned project

- ▶ In recent years, electricity has been the main revenue generator for Laos. Total income generated from electricity sales in fiscal year 2013-14 hit more than US\$880.9 million (more than 7.100 trillion kip), a remarkable increase compared to the year before, according to a recent report. Of the total, income generated from electricity exports amounting to more than 11,332 million kwh reached US\$535.47 million (more than 4.316 trillion kip), an increase of 6.62 percent compared to the year before
- ▶ As of October last year, Laos had 25 operational hydropower plants with a total installed capacity of about 3,230MW, exceeding domestic consumption needs of about 1,000MW. Laos has strong potential to build hydroelectric plants with a combined installed capacity of about 28,000MW, including the existing dams

[Vientiane Times \(14 January 2014\)](#)

# 06 THAI BANKS TO ENTER CLMV MARKETS



**As the ASEAN Economic Community nears implementation, the integration of financial markets begins to become more apparent; most recently, major Thai Banks have begun to expand into growing markets such as Cambodia, Laos, Myanmar, and Vietnam.**

- ▶ Bangkok Bank, Thailand's largest bank, was the first Thai bank to receive licensing to open a branch in Myanmar, along with regional approval to operate in Laos and Cambodia; currently, the services have been well received by regional firms based out of Thailand, whom are provided streamlined access to their funds
- ▶ In Laos, KBank set up a wholly owned subsidiary as a local bank, which would give it operational flexibility; allowing it to install ATMs around the country it would otherwise be unable to if it had operated as a branch
- ▶ Furthermore, KBank has also begun to offer financial products targeting high net worth individuals in Laos such as "The Wisdom Lounge" as well as a safe-box service for rich Laotians

[Vientiane Times \(14 January 2014\)](#)



[SCB EIC analysis based on data from commercial bank's website \(August 2011\)](#)

# 07 SINGAPORE TIGHTENS ANTI-GRAFT MEASURES AFTER SCANDALS



**Prime Minister Lee Hsien Loong has unveiled stiffer measures against corruption after high-profile graft scandals in the last two years that have tarnished Singapore's reputation for clean government. Lee said a one-stop corruption reporting centre will be set up, the manpower of the Corrupt Practices Investigation Bureau (CPIB) will be increased and procurement laws will be reviewed.**

- ▶ Singapore fell two spots to seventh place in global watchdog Transparency International's 2014 index of perceived corruption released last month, but it was still ranked as the cleanest Asian country

- ▶ The CPIB was rocked in 2013 after a senior official, Edwin Yeo Seow Hiang, was found to have misappropriated S\$1.76mil (RM4.7) worth of government funds to finance his gambling habit. The same year, Peter Lim, former chief of the Singapore Civil Defence Force (SCDF), was jailed six months for receiving sexual favors from a female executive of a company in return for business advantages
- ▶ Large-scale graft cases remain rare in Singapore, a thriving business hub and financial centre, and the government has jealously guarded its reputation for being among the least corrupt in the world

[The Star \(15 January 2015\)](#)



# 08 MYANMAR MONITOR

## NATIONAL

▶ Trucks were on standby on 17 January to try to rescue more than 1,000 residents trapped in two villages in Kachin state, where fierce fighting broke out between government troops and rebels. Ethnic insurgents accuse the Myanmar army of blocking efforts to ferry residents to safety. There was no immediate comment from the government.

[ABC News \(17 January 2015\)](#)

## ECONOMY

▶ After months of discussion, the Myanmar Investment Commission has confirmed that the corporate income tax rate for foreign companies will stand at 25 percent. Some ministries had previously stated that corporate rates for some projects, including offshore oil and gas, should stand at 35 percent. The dispute is thought to have held up the signing of Production Sharing Contracts for four offshore blocks that were awarded last year.

[Octa Finance \(16 January 2015\)](#)

▶ State-run Semen Indonesia may cancel its plans to invest in Myanmar if the company and its local partner fail to reach an amicable agreement over the partnership deal. "Negotiations are ongoing, but we still haven't reached an agreement with our local partner on certain problems, including share price and the size of the stake to be acquired," said the company's corporate secretary Agung Wiharto.

[Global Cement \(16 January 2015\)](#)

▶ Myanmar's efforts to grow investment in its manufacturing sector are being hampered by a shortage of skilled labour and continuing pervasive corruption. Despite the workforce constraints, the country's government plans to focus on attracting foreign direct investment to labour-intensive industries, says Aung Naing Oo, chairman of the Directorate of Investment and Company Administration.

[Wall Street Journal \(16 January 2015\)](#)

▶ One of Myanmar's most promising offshore oil and gas projects is on an investment cancellation list drawn up by Thai state-owned oil developer PTTEP if global oil prices continue their fall. As the operator of the block with an 80% ownership PTTEP was scheduled to continue a drilling campaign preparation for 5 appraisal wells and 1 exploration well in 2015.

[The Irrawaddy \(10 January 2015\)](#)

## FOREIGN AFFAIRS

▶ Myanmar police have begun seizing pirated copies of the film "The Interview", a comedy about a fictional plot to assassinate North Korean leader Kim Jong Un, with media saying the move followed pressure from the North Korean embassy in Yangon.

[Reuters \(15 January 2015\)](#)

# 09 SINGAPORE EXPANDS COE QUOTA

## SINGAPORE

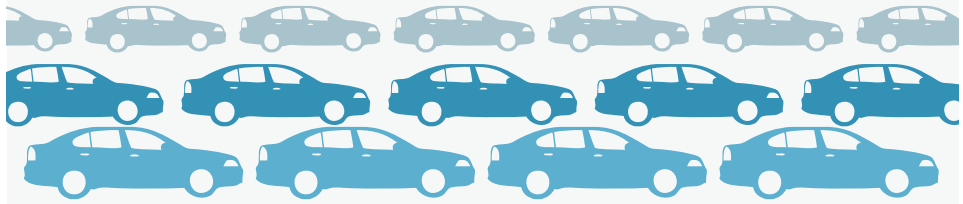
**The increase in Singapore's Certificate of Entitlement (COE) for cars will translate to an increase in automobile purchases in the island state.**

- ▶ The COE quota, which was designed to limit the amount of cars on the road in favour of public transportation is being somewhat loosened, with 11,298 COEs available to car buyers in the February to April period of 2015
- ▶ The 23% increase in COEs during said period would be more than double the supply from the corresponding period last year, and should in turn boost Singaporean demand for automobiles
- ▶ The cap has been lowered systematically in recent years, from 3% to 1.5% in 2009, then to 1% in 2012, and 0.5% in 2013, as the Government addresses what it deems to be an unsustainable vehicle population growth rate

[The Straits Times \(15 January 2014\)](#)

Monthly Certificate Of Entitlement (COE) Quota For February to April 2015

	CATEGORY A	CATEGORY B	CATEGORY C	CATEGORY D	CATEGORY E	TOTAL
Quota for Bidding Exercise	CARS (up to 1600CC)	CARS (Above 1600CC)	Good Vehicles & Buses	Motorcycles	Open	
Nov 2014 to Jan 2015	1396	1138	282	634	527	3977
Feb 2015 to April 2015	1973	1444	369	570	349	4705



[Land Transport Authority](#)

# 10 BRUNEI OFFICIALLY BANS FUTURE CHRISTMAS CELEBRATIONS

## BRUNEI

**The nation of Brunei in Southeast Asia has officially banned all future public celebrations of Christmas, in accordance with its conservative Islamic law Shariah. The country's Ministry of Religious Affairs said on Thursday that the ban was instituted for fear of Muslims being led "astray" by Christmas festivities.**

- ▶ The conservative, oil-producing country sparked international outcry last April when it became the first Southeast Asian nation to adopt the Islamic law at a national level, raising fears that other neighbouring countries with a significant Muslim population such as Indonesia or Malaysia might be tempted to follow Brunei's lead as the region becomes increasingly conservative, according to Reuters
- ▶ These enforcement measures are intended to control the act of celebrating Christmas excessively and openly, which could damage the aqidah (faith) of the Muslim community," stated the Ministry in a press release published in The Brunei Times over the weekend
- ▶ The statement said that propagating non-Muslim religious symbols violates the country's Section 207(1) of the penal code, which is punishable by a fine of up to BND\$20,000 (\$15,000), a five-year imprisonment, or both
- ▶ The law, rolled out in phases, will apply to both Muslims and non-Muslims in the country. Whipping and amputations as punishment for theft and alcohol consumption by Muslims will take effect in April this year, and the final phase of death penalties, including stoning, will be introduced next year for offences including adultery, sodomy and insulting the Koran or the Prophet Muhammad

[International Business Times \(2 January 2015\)](#)

