

DATE	07 / 08 / 2014	SECTION	FRONT PAGE
PAGE	1 & 4	COLUMN	

# High-5 regulation plan **rejected**

**Uncertainty** surrounds breadmaker's ability to eliminate accumulated losses

by **Liew Jia Teng**  
FD@bizedge.com

**KUALA LUMPUR:** The ray of hope for High-5 Conglomerate Bhd to turn around seems to have been dashed by Bursa Malaysia, which

has rejected its proposed regularisation plan.

Consequently, the bread producer may be delisted should it fail to appeal against Bursa's decision by Sept 5.

In a filing with the stock ex-

change, High-5 said Bursa had rejected the proposal on the grounds that the company and its principal adviser Inter-Pacific Securities Sdn Bhd had not satisfactorily addressed the regulator's concerns about the ability of the revised regularisation

plan to resolve all problems.

"It is uncertain about the ability of High-5 to fully eliminate the accumulated losses under the revised proposed regularisation plan in the near future," said Bursa.

CONTINUES ON PAGE 4 >>

## Trading to be suspended from Aug 14

FROM PAGE 1 >>

The trading of High-5 shares will be suspended with effect from Aug 14. The company is also facing a possibility of delisting on Sept 10, unless an appeal is submitted.

A source familiar with the matter told *The Edge Financial Daily* that the interim funders remained committed to the company, particularly after injecting close to RM20 million into High-5 over the past one year.

"Even if High-5 were to be delisted, the company still intends to propose a similar turnaround scheme, but subject to the creditors' agreement," he said.

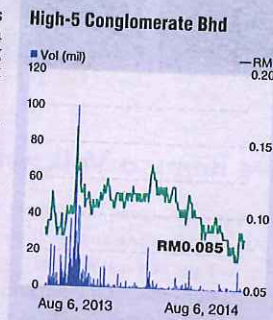
The source said the company is deliberating the next course of action which includes appealing Bursa Malaysia's decision, with an announcement expected "very soon".

Berjaya Corp Bhd is the largest shareholder of High-5 holding a 16.69% stake, followed by Koperasi Permodalan Felda (M) Bhd with 12.7%. Lembaga Tabung Haji has a 5.84% stake.

To recap, under the regularisation plan two "white knight" investors, Covenant Equity Consulting Sdn Bhd and Sunsi Holdings Sdn Bhd, injected RM16 million into High-5 in July last year to address the company's financial needs.

In return, the two were to get RM16 million worth of redeemable preference shares (RPS) of RM1 each, which are convertible into 160 million High-5 shares with a par value of 10 sen each plus 320 million free warrants.

A second round of funding, amounting to some RM22 mil-



lion, is to fund a possible shift of its factory operations to new premises with a cheaper rent as well as for equipment upgrades.

However, the regularisation plan was shot down by Bursa Malaysia, as High-5 remained loss-making for the financial year ended Oct 31, 2013, as well as for the six-month period ended April 30, 2014, resulting in nine consecutive quarters of losses since triggering the Practice Note 17 (PN17) status.

In order to comply with the requirements of PN17, High-5 has to be profitable for two consecutive quarters immediately after completing the implementation of the plan.

High-5 has since February, 2012, implemented some turnaround strategies, including streamlining operations, the introduction of new products and an interim fundraising by a subsidiary of High-5.

Bursa Malaysia, however, doubted the ability of the revised regularisation plan to generate revenue and profit from the core business of High-5 in the future.

Moreover, there is lack of certainty on whether or not High-5 will relocate its manufacturing facilities, as well as the ability to raise further funds from the interim funding arrangements.

Besides, the regulator also highlighted that the accumulated losses of High-5 stood at RM450.13 million as at April 30, 2014.

Based on High-5's regularisation plan, its accumulated losses of RM378.3 million as at Oct 31, 2012, should be reduced to about RM24.8 million.

High-5, formerly known as Silver Bird Group Bhd, hogged the limelight in February 2012 when it announced the suspension of key management personnel to facilitate an internal probe into irregularities in the company's accounts.

The financial irregularity, amounting to RM112 million in Silver Bird's FY11 results, caused the board to lodge a police report on the matter.

Key management personnel who were involved are former group managing director Datuk Jackson Tan, executive director Ching Siew Cheong and general manager of accounts and finance Lai Poh Mei.

This subsequently led to the removal of Tan and Ching from the board in April 2012, and to Silver Bird filing a RM125 million suit against Tan, Ching and Lai in August 2012.