



FANTASY VALUATION

Tanco Holdings Berhad has soared like a rocket powered by AI dreams, with investors chasing the promise of a futuristic smart port in Port Dickson. Yet beneath the dazzling ascent lies a fragile runway: uncertain funding, unproven execution. So, how far could Tanco fly?

VALUATION DOESN'T MATTER – UNTIL IT DOES

If the sky is the limit, there goes Tanco Holdings Berhad's market value, at least for now.

Since early 2024, the small property developer has been a darling of some, with its share price rising steadily despite broader market volatility. The stock traded at around 20 sen in January 2024; since then, it has surged to RM1.62, an increase of roughly 700% in just two years after adjusting for a seven-for-five bonus issue in April 2025.

Despite a recent pullback from a record high of RM1.69 on 19 April, the stock still traded at RM1.62 (as of 5 May 2026), giving it a market capitalisation of RM9.94 billion. This implies a trailing price to earnings (P/E) multiple of 984.8 times, a level that is unprecedented on Bursa Malaysia.

Based on its latest financial year net profit of RM7.88 million, the implied P/E multiple would be even higher at 1,261 times, compared to the FBM KLCI benchmark trailing P/E ratio of 15x to 16x.

Tanco's market capitalisation now exceeds that of established property players like Eco World Development Group Berhad, OSK Holdings Berhad, and S P Setia Berhad.

A near-1,000x earnings multiple is not just elevated, it sits in a realm typically reserved for early-stage technology disruptors with exponential growth potential, often seen on the NYSE or NASDAQ. As a perspective, Tesla Inc. once traded at a peak valuation of 1,500x P/E in March 2020.

Yet Tanco is a small developer, generating approximately RM128 million in revenue and RM8 million in net profit. That said, its share performance appears to defy gravity, challenging the conventional wisdom of fundamental valuation.

So, what exactly is the market pricing in against the lofty valuation? Is the narrative sustainable to back such a valuation?

The Game Plan

The central narrative underpinning Tanco's remarkable rally revolves around the Artificial Intelligence (AI) theme, particularly through its proposed smart AI container port.

In January 2024, Tanco announced that its 79%-owned subsidiary, Midports Holdings Sdn Bhd, had received approval-in-principle from the Ministry of Transport (MoT) for the proposed development of a smart AI container port in Port Dickson.

A month later, Midports entered into a JV agreement with Menteri Besar Negeri Sembilan (Pemerbadanan) (MBINS) to jointly develop and operate the port. The project involves reclaiming approximately 180 acres of submerged land in Port Dickson¹.

In October 2024, Midports secured approval from Malaysia Marine Department (MMD) for marine activities and port construction. In the same month, Tanco unveiled plans for the Port Dickson Free Zone (PDFZ), a 600-hectare bonded logistics and industrial estate adjacent to the proposed port, also in collaboration with MBINS².

Fast-forwarded to December 2025, Tanco signed a Heads of Agreement (HoA) with CCCC Dredging Group Co., Ltd to outline the development aspects of the proposed port. Under the HoA, the sea port component is expected to be constructed over 3.5 years with a maximum contract value of RM3.52 billion. CCCC is appointed as the EPC contractor for the sea port component³.

Midports also signed an Operational Management Agreement with Ocean Bridge International Ports Management Co., Ltd. (OBIPM), wherein OBIPM will operate and manage the smart AI container port and related terminal assets⁴.

On 23 April 2026, Midports varied the commercial structure of its proposed smart AI container port in Port Dickson, replacing an earlier long-term lease arrangement signed last November with a port development concession (PDC) model. The revised framework formalises the concession while preserving the planned payment structure and tenure of up to 98 years.

The ownership and ultimate disposal rights of the terminal assets will remain with Midports, which will also bear all profits and losses arising from the port's operations.

The Missing Puzzle Pieces

Despite the flurry of announcements, crucial information that is central to assessing the feasibility and value of the project, i.e., construction commencement date, funding structure, and expected timeline for commercial operations, is missing from the story.

Notably, Midports has not finalised definitive agreements with its international partners, nor has it secured the development order and operating licence pending finalisation of port designs.

¹https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3414671

²https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3491594

³https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3616847

⁴https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3621769

Funding is another pressing issue. The proposed smart AI container port is estimated to cost over RM3 billion with Tanco effectively holding an 80% stake through Midports. The scale of financial commitment is immense relative to its size. With a meagre cash and bank balances of just RM11 million and a negative operating cashflow of RM17 million, it is unclear how Tanco intends to finance a multi-billion infrastructure project.

On the other hand, execution risk looms large. Large infrastructure projects are inherently complex, often plagued by cost overruns, delays, and regulatory bottlenecks that even established players are not spared from. The challenge is significantly amplified for players like Tanco which has zero experience in port operations.

Even assuming successful completion, its commercial viability and earnings visibility remain uncertain. Port development depends on trade volume, shipping demand, connectivity to logistics ecosystems and competitive market positioning. Port Dickson is not currently a major container hub compared to Port Klang. How does Tanco attract sufficient throughput?

The near 1,000x P/E suggests that the market is pricing in success today for a project that involves substantial capital investment, a long gestation period and yet to break ground. Even under a best-case scenario, meaningful contribution is likely several years away. But the current valuation already reflects near-perfect execution, leaving little buffer for underperformance.

The narrative has been so compelling that even Tanco appears to view its astronomical share price as largely news-driven despite the absence of tangible and material developments on the AI port.

In its reply to Bursa Malaysia's unusual market activity (UMA) query in April, Tanco attributed the recent surge in its share price to media reports, heightened market attention on its soaring valuation, and development surrounding the AI container port. It also denied any fresh undisclosed corporate developments behind the unusual trading activity.

This explanation appears to sidestep the active trading of its shares by controlling shareholder and managing director Datuk Seri Andrew Tan Jun Suan. Since 2024, there have been over 1,000 filings on Bursa Malaysia detailing changes to his shareholding interests, with transaction sizes escalating from millions to tens of millions of shares over time. Could such sustained and sizeable trading activity have played a more material role in supporting the share price?

The Psychology of Exuberance

The stock market is not short of examples where stocks staged meteoric ascents only to gravitate back toward fundamental value over time.

The case of Tanco is as much a study in market psychology as it is in corporate fundamentals. Periods of exuberance tend to draw investors toward outlier narratives about transformation, reinvention, or exposure to the next big theme. When enthusiasm is high, valuation discipline takes a back seat, giving way to momentum and speculation.

The real question is not *if*, but *when* the music stops. Markets can remain detached from fundamentals far longer than expected particularly when liquidity is ample and optimism feeds on itself.

Yet the market has its way of restoring discipline. As John Bogle observed, what goes up must eventually come down. Over time, returns tend to converge with the underlying economic reality. But when the day comes, the adjustment is rarely gentle.

[END]

MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

QUICK-TAKE

Date & Time	Company	Quick-take	Voting Position
11.05.26 (Mon) 10.00 am	Malaysia Marine and Heavy Engineering Holdings Berhad (AGM)	MMHE's revenue fell 45% to RM1,976.3 million as major heavy engineering projects concluded while new awards were in early stages. PATMI decreased to RM102.8 million from RM121.0 million. This profitability was supported by the Marine segment's record LNG carrier repairs and improved execution efficiency under a yard-centric transformation, which expanded margins and offset the revenue contraction caused by lower project volume in the heavy engineering division.	MSWG will vote 'For' all resolutions.
13.05.26 (Wed) 10.00 am	MISC Berhad (AGM)	For FY2025, MISC's revenue was lower at RM11.146 billion compared to RM13.237 billion. Gross profit increased marginally to RM3.739 billion (FY2024: RM3.693 billion). Meanwhile, PBT rose by 45% to RM1.862 billion (FY2024: RM1.284 billion), supported by higher operating income, i.e., one-off gain on recognition of finance lease receivables (RM249.226 million) and insurance compensation (RM328.856 million), as well as lower impairment provisions compared with the prior year. Net cash generated from operating activities increased to RM5.656 billion, a 32% increase compared to RM4.277 billion in FY2024, reflecting improved earnings quality and cash generation during the year. As a result, MISC was	MSWG will vote 'For' all resolutions.

Date & Time	Company	Quick-take	Voting Position
		able to declare higher dividends to shareholders (38 sen/share vs 36 sen/share previously).	
14.05.26 (Thur) 09.00 am	CelcomDigi Berhad (AGM)	CelcomDigi's FY2025 total revenue rose to RM12.96 billion, representing a y-o-y 2.2% increase. Growth in Postpaid, Home & Fibre, and Enterprise segments successfully offset softer Prepaid performance. PAT stood at RM1.53 billion, reflecting a 10.1% growth compared to FY 2024. This was supported by RM304 million in P&L savings and disciplined capital management as the company nears the completion of its three-year post-merger integration phase.	MSWG will vote 'For' all resolutions.
14.05.26 (Thur) 10.00 am	PPB Group Berhad (AGM)	PPB's revenue increased 1% to RM5.43 billion in FY2025. Excluding an impairment charge of RM4.2 billion in respect of the Group's investment in Wilmar International Limited, pre-tax profit rose 20% to RM1.6 billion. This was driven by the Group's core business segments, which recorded a 41% increase in pre-tax profit to RM480 million as well as a 13% increase in profit contribution from Wilmar to RM1.1 billion. Total dividend per share remained at 42 sen per share, despite net cash rising to RM1.8 billion from RM1.3 billion a year ago.	MSWG will vote 'For' all resolutions.
14.05.26 (Thur) 11.00 am	Talam Transform Berhad (EGM)	<p>Talam Transform is proposing the following:</p> <ul style="list-style-type: none"> - Proposed Non-Binding Recommendation for Appointment of a Qualified Auditor To appoint a Qualified Auditor to review the transactions/deals as stated in the Circular to Shareholders and to report the findings to the Board of Directors. - Proposed Non-Binding Recommendation for Auditors Firm to be Appointed 	MSWG will vote "For" both the proposed non-binding resolutions.

Date & Time	Company	Quick-take	Voting Position
		<p>To appoint an audit firm (either Ernst & Young, Deloitte, KPMG or PricewaterhouseCoopers) to undertake the review under the Proposed Appointment of a Qualified Auditor.</p>	
<p>14.05.26 (Thur) 02.00 pm</p>	<p>Westports Holdings Berhad (AGM)</p>	<p>2025 marked the second consecutive year of multiple record highs as Westports achieved the highest throughput for container (11.3 million TEUs) and conventional (12.8 million MT) operations simultaneously. The Company will be distributing a record dividend payout of RM747 million to shareholders.</p> <p>Meanwhile, the expansion of Westports 2 is in progress, with Phase 1's overall work is approximately 45% completed as of 31 December 2025. The land reclamation at CT10 is complete and is undergoing land settlement. The technology-driven Westports 2 initial development cost is RM12.6 billion. Upon completion, the Company's total container handling capacity will double to 28 million TEUs annually, further reinforcing Port Klang's position as one of the world's top 10 container ports and as one of the most competitive mega-transshipment hubs in the region.</p>	<p>MSWG will vote 'For' all resolutions.</p>
<p>14.05.26 (Thur) 02.30 pm</p>	<p>Maxis Berhad (AGM)</p>	<p>Maxis' FY2025 revenue rose 0.9% to RM10.64 billion. Growth in Postpaid, Home, and Enterprise segments drove service revenue, offsetting lower interconnect rates and new commercial arrangements. PAT rose by 11.8% to RM1.56 billion compared to RM1.40 billion in 2024, reflecting strong underlying operational performance and management focus on profitability.</p>	<p>MSWG will vote 'For' all resolutions.</p>

POINTS OF INTEREST

Company	Points/Issues to Be Raised
<p>Malaysia Marine and Heavy Engineering Holdings Berhad (AGM)</p>	<p>MHB recorded a 45% contraction in revenue for FY 2025, down from RM3.61 billion to RM1.98 billion, primarily due to the completion of major Heavy Engineering projects and several major projects nearing completion, while newly secured contracts remain in early execution phases and have yet to contribute meaningfully to revenue. The Company secured RM1.00 billion in new orders during the year but the total order book has reduced to RM4.06 billion from RM5.26 billion.</p> <p>Premised on the above, what specific order book replenishment strategy does the management have to prevent further revenue gaps in FY 2026? Furthermore, of all the tender book previously identified, what is the “quality-over-quantity” filter being applied to ensure the Group does not return to the loss-making?</p>

Special Announcement

The poster features the MSWG logo at the top left. To the right are three circular icons: '4 CPD HOURS', 'WEBINAR SESSION', and 'HRD CLAIMABLE'. The main title is 'SUSTAINABILITY, GOVERNANCE AND INVESTOR EXPECTATIONS IN ASIA' in large, bold, blue letters. Below it is the subtitle 'FROM DISCLOSURE TO STRATEGY'. The date and time are '24 JUNE 2026 WEDNESDAY' and '9.00 AM - 1.00 PM'. It mentions 'MICROSOFT TEAMS' and includes a QR code with the text 'Scan the QR Code for more details'. At the bottom, there are social media icons for LinkedIn, Instagram, Facebook, YouTube, and X, along with the handle '@MSWGMalaysia' and the website 'mswg.org.my'. The background shows a hand holding a magnifying glass over a line graph.

DISCLOSURE OF INTERESTS

With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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