

**MSWG****MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

04 November 2017

PLEASE MARK YOUR CALENDAR

**MSWG-ASEAN CORPORATE GOVERNANCE RECOGNITION 2017
AT THE MAJESTIC HOTEL, KUALA LUMPUR
ON WEDNESDAY, 6 DECEMBER 2017**

Are you ready for our event of the year! It will be our greatest pleasure to showcase the findings and results of the governance level of the public listed companies at our annual CG Event followed by an award presentation ceremony to recognise companies that have demonstrated exemplary high standards of corporate governance practices.

Join us to celebrate with the winners of excellence corporate governance. It is a once-a-year opportunity for you to gain insights into their best corporate governance practices.

Four (4) more weeks to go! We look forward to your participation and support at the event.

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

EKOVEST BERHAD ("EKOVEST") / ISKANDAR WATERFRONT CITY BERHAD ("IWC")

Ekovest had on 27 October 2017 received a proposal letter from Tan Sri Dato' Lim Kang Hoo ("TSDLKH"), the major shareholder of the company in relation to a reorganisation exercise involving inter alia the acquisition by the company of all the ordinary shares in Iskandar Waterfront City Berhad ("IWC Shares") held by the existing shareholders of IWC, excluding IWC Shares held by Iskandar Waterfront Holdings Sdn Bhd (who was proposed by TSDLKH not to accept the offer by the company for the acquisition of its shares in IWC), representing approximately 62% of the issued and paid-up share capital of IWC.

[Source: Ekovest's announcement on Bursa Malaysia's website on 31 October 2017]

MSWG'S COMMENTS:

The proposed takeover of IWC by Ekovest is an exercise of consolidation and rationalisation under Ekovest Bhd as an anchor company for Tan Sri Lim Kang Hoo. The earlier proposed merger exercise

between IWC and Iskandar Waterfront Holdings Sdn. Bhd. (“IWH”) could no longer be viable in sense that both IWC and IWH need cash to ensure the proposed merger happen.

The proposed cash offer price of RM1.50 for each IWC share is at a premium of 7.1% to the market price of RM1.40 for IWC shares prior to the announcement. On the other hand, the proposed offer to swap one IWC Share with one new Ekovest Shares at an issue price of RM1.50, is at a whopping premium of 29.3% to the market price of Ekovest Shares of RM1.16 prior to the announcement.

In view of the above, we believe that minority shareholders of IWC would tend to accept the cash offer of RM1.50 instead of accepting new Ekovest Shares which are issued at a hefty premium, although they may believe that the merging synergy, after taking into consideration that the massive landbank of 7,400 acres owned by IWC may be a good match for Ekovest with a large war chest of approximately RM4.5 billion including investment funds, steady recurring income stream from its toll collections and earnings from on-going property projects. If shareholders of IWC are keen in investing in Ekovest, they could have bought from the market the shares which are traded at below RM1.50.

However, assuming if all minority shareholders of IWC were to accept the offer via share swap, there would be about 20% additional new Ekovest Shares to be issued and hence the Ekovest shareholders would suffer a dilution impact on their existing shareholding. However, the impact would be mitigated as the issue price is issued at a good premium to the market price of Ekovest Shares together with the abovementioned positive merging synergy going forward.

WILLOWGLEN MSC BERHAD (“WMB”)

The Independent Adviser (“IA”), Mercury Securities had expressed the view that the privatisation offer was not fair and not reasonable due to the low offer price of RM0.80 representing a discount of 13.04% to 20.79% to the fair value of the company and to the fact that the offeror intends to maintain the listing status of WMB.

In the Independent Advice Circular (“IAC”), the IA advised minority shareholders to reject the offer and the non-interested Board members also concurred with the evaluation and recommendation made by the IA that shareholders of WMB should reject the offer.

[Source: WMB’s announcement on Bursa Malaysia’s website on 17 October 2017]

MSWG’S COMMENTS:

The view given by the IA is unsurprisingly expected. The advice given is obvious as it does not make sense for shareholders of WMB to accept the lower offer price of RM0.80 whilst its market price has been hovering above RM1.00 which makes it more attractive for them to sell in the market.

The shareholders need not have to be unduly worried or concerned about any potential compulsory acquisition of the shares by the offeror as this could only be triggered if the offeror receives acceptance to the extent that it reaches 90% in value of the shares that it originally does not own. Based on the low offer price, the trigger is unlikely to occur and moreover, the offeror intends to maintain the listing status of WMB.

In view of the aforesaid scenario, shareholders may wish to hold on to their shares if they believe in the long term value of the shares although unfortunately the share may have suffered a temporary setback in sharp fall in its price sparked off by the low offer price.

MSWG'S WATCHLIST

BERJAYA CORPORATION BERHAD ("BJCORP")

BJCorp announced that Tan Sri Dato' Seri Vincent Tan Chee Yioun, currently the founder and adviser to the BJCorp group of companies, has returned to the Board of Directors of the company and assumed the position of Executive Chairman with immediate effect. Dato' Sri Robin Tan Yeong Ching will accordingly relinquish his position as Chairman of BJCorp and will continue to remain as the Chief Executive Officer of the company.

[Source: BJCorp's announcement on Bursa Malaysia's website on 1 November 2017]

LOCAL NEWS AND DEVELOPMENTS

Malaysian economy to grow 5-5.5pc in 2018

<https://www.nst.com.my/business/2017/10/295684/malaysian-economy-grow-5-55pc-2018>

Economic Reports 2017/18 Highlights

<https://www.thestar.com.my/business/business-news/2017/10/27/economic-report-2018-highlights/>

E-commerce is disrupting property market

<https://www.thestar.com.my/business/business-news/2017/10/28/ecommerce-is-disrupting-property-market/>

Fund-raising in capital market surges

<https://www.thestar.com.my/business/business-news/2017/10/28/fundraising-in-capital-market-surges/>

Incentives for ETFs, structured warrants will boost Bursa's vibrancy, says Tajuddin

<http://www.theedgemarkets.com/article/incentives-etfs-structured-warrants-will-boost-buras-vibrancy-says-tajuddin>

Lii Hen: Fire affects bedroom sets ops

<http://www.theedgemarkets.com/article/lii-hen-fire-affects-bedroom-sets-ops>

Malaysia's trade surplus, export seen cooling in September – Moody's Analytics

<http://www.theedgemarkets.com/article/malysias-trade-surplus-export-seen-cooling-september---moodys-analytics>

Cocoaland slapped with RM5.89m additional tax by IRB

<http://www.theedgemarkets.com/article/cocoaland-slapped-rm589m-additional-tax-irb>

GLOBAL NEWS AND DEVELOPMENTS

China angered over US aluminium foil anti-dumping duties

<https://www.thestar.com.my/business/business-news/2017/10/29/china-angered-over-us-aluminium-foil-anti-dumping-duties/>

Growth in China's industrial profits accelerates to 27.7 pct in Sept

<http://www.theedgemarkets.com/article/growth-chinas-industrial-profits-accelerates-277-pct-sept>

US economy grows 3% in 3Q on inventories, trade

<http://www.theedgemarkets.com/article/us-economy-grows-3-3q-inventories-trade>

Global economic outlook expected to remain favourable next year

<https://www.thestar.com.my/business/business-news/2017/10/28/global-economic-outlook-expected-to-remain-favourable-next-year/>

Japanese consumption may fall in 3Q despite retail sales growth

<http://www.themalaymailonline.com/money/article/japanese-consumption-may-fall-in-3q-despite-retail-sales-growth#Fldr63UosLipJCWi.97>

Indonesia's economy may beat expectations, Finance Minister claims

<http://www.themalaymailonline.com/money/article/indonesias-economy-may-beat-expectations-finance-minister-claims#yEErYsLVQ5PgMmlz.97>

Saudi Arabia ready to extend oil output cut deal, says Crown Prince

<https://www.thestar.com.my/business/business-news/2017/10/28/saudi-arabia-ready-to-extend-oil-output-cut-deal-says-crown-prince/>

China angered over US aluminium foil anti-dumping duties

<https://www.thestar.com.my/business/business-news/2017/10/29/china-angered-over-us-aluminium-foil-anti-dumping-duties/>

Madrid stocks slide as Catalan parliament declares independence

<https://www.nst.com.my/business/2017/10/296115/madrid-stocks-slide-catalan-parliament-declares-independence>

US Congress passes budget, paving way for tax debate

<https://www.thestar.com.my/business/business-news/2017/10/27/us-congress-passes-budget-paving-way-for-tax-debate/>

ECB to convene on scaling down bond purchases

<https://www.thestar.com.my/business/business-news/2017/10/26/ecb-to-convene-on-scaling-down-bond-purchases/>

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DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for Iskandar Waterfront City Berhad and Willowglen MSC Berhad.*
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Feedback

We welcome your feedback on our newsletter and our work. Email us at corporateservices@mswg.org.my with your comments and suggestions.

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