



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

7th August 2015

MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

DAYANG ENTERPRISE HOLDINGS BERHAD ("DEHB") / PERDANA PETROLEUM BERHAD ("PPB")

On 14 May 2015, DEHB ("Offeror") entered into the share sale agreement ("SSA") to acquire 42,965,100 PPB shares, representing approximately 5.74% stake in PPB, from Affin Hwang Asset Management Berhad. The Offeror had later served the notice of offer dated 2 July 2015 informing PPB that the Offeror will undertake an unconditional mandatory take-over offer to acquire all remaining PPB shares and PPB warrants not already owned by DEHB. The offer price for PPB shares and PPB warrants was RM1.55 per offer share and RM0.84 per warrant.

The Independent Adviser (IA), AmlInvestment Bank Berhad had expressed the view that the take-over offer was fair and reasonable. In the Independent Advice Circular (IAC) dated 3 August 2015, the IA advised shareholders to accept the offer at RM1.55 per PPB share which is higher than the fair valuation range of RM1.01 to RM1.26 per PPB share.

[Source: PPB's announcement on Bursa Malaysia's website on 3 August 2015]

MSWG'S COMMENTS:

Based on the facts it seems that there are strong grounds for DEHB to acquire all the remaining shares in PPB at RM1.55 per PPB share which it does not already own. Among the most compelling justifications is the offer price's hefty premium of 23% to 53.5% to the equity value per share of the PPB Group. Several other considerations also seem to support a fair and reasonable proposed deal not detrimental to the interests of non-interested shareholders of PPB, as the share price of PPB shares has been halved before the GO amid the significant fall in the crude oil price during the past one year.

However, on the flip side viewed from the angle of the remaining shareholders of PPB, they may want to hold on until the recovery of the oil & gas industry, given the fact that the Offeror will still maintain the listing status of PPB.

As the offer acquisition is through a cash offer, the minority shareholders would need to assess their position when deciding on whether to give in to the offer.

MSWG'S WATCHLIST

MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB") / AIRASIA BERHAD ("AAB")

MAHB announced that the company and its wholly owned subsidiary, Malaysia Airports (Sepang) Sdn Bhd has been served with a Letter of Demand amounting to RM409,438,603.94 from AAB on 31 July 2015, regarding the purported loss and damages incurred in its operation in klia2 and the Low Cost Carrier Terminal.

AAB in its demand has stated that MAHB has failed and/or breached its contractual duties and duty of care which has caused AAB to suffer and continue to suffer losses as a result of MAHB's breach. AAB is also claiming that the MAHB's breaches have damaged AAB's brand and reputation as the public perception is that the failings of the facilities are within the control of AAB being the single largest operator of klia2.

MAHB and its solicitors are looking into the matter and will be making further announcements in due course.

[Source: MAHB and AAB's announcement on Bursa Malaysia's website on 31 July 2015]

LOCAL NEWS AND DEVELOPMENTS

Corporates turn to rights issues as interest in IPOs wanes

<http://www.thestar.com.my/Business/Business-News/2015/08/01/Corporates-turn-to-rights-issues-as-interest-in-IPOs-wanes/?style=biz>

SC Charges Two Individuals for Insider Trading of Ranhill Power Berhad Shares

http://www.sc.com.my/post_archive/sc-charges-two-individuals-for-insider-trading-of-ranhill-power-berhad-shares/

Bursa Malaysia Securities reprimands, fines and suspends Hong Choe Hoar for engaging in manipulative dealing activities

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3501>

KUB group CEO resigns amid allegations he falsified academic qualification

<http://www.theedgemarkets.com/en/article/kub-group-ceo-resigns-amid-allegations-he-falsified-academic-qualification?type=Markets>

AirAsia seeks RM409m from airport operators for losses at KLIA2, LCCT

<http://www.themalaymailonline.com/money/article/airasia-seeks-rm409m-from-airport-operators-for-losses-at-klia2-lcct>

Seacera unhappy with MAHB's job termination

<http://www.thestar.com.my/Business/Business-News/2015/07/31/Seacera-unhappy-with-MAHBs-job-termination/?style=biz>

Bursa Malaysia securities publicly reprimands and fines Lim Yin Chow RM30,000 for breach of Main Market Listing Requirements

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3489>

BTM queried over spike in share price

<http://www.thestar.com.my/Business/Business-News/2015/07/31/BTM-queried-over-spike-in-share-price/?style=biz>

Bursa Malaysia seeks public feedback on proposal to advance sustainability for the Malaysian capital market

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3481>

Monetary and Financial Developments in June 2015

http://www.bnm.gov.my/files/publication/msb/2015/6/i_en.pdf

Gross Domestic Product Income Approach 2010-2014

https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=266&bul_id=OCtFZC9ManJxcFcX SzVWWHBxV21KZz09&menu_id=TE5CRUZCblh4ZTZMODZlbnk2aWRRQT09

Producer Price Index Malaysia June 2015

https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=107&bul_id=TWdGekl1VFJsUVJ DbFFUL0cyZFpFQT09&menu_id=bThzTHQxN1ZqMVF6a2l4RkZoNDFkQT09

Can TNB get a good price for 1MDB's power assets?

<http://www.theedgemarkets.com/en/article/can-tnb-get-good-price-1mdb%E2%80%99s-power-assets?type=Markets>

Dagang Nexchange shareholder unhappy

<http://www.thestar.com.my/Videos/2015/08/06/Dagang-Nexchange-shareholder-unhappy/>

GLOBAL NEWS AND DEVELOPMENTS

U.N. states agree post-2015 sustainable development agenda

<http://uk.reuters.com/article/2015/08/03/uk-un-development-goals-idUKKCN0Q70Y520150803>

China July factory growth unexpectedly stalls: official PMI survey

<http://www.reuters.com/article/2015/08/01/us-china-economy-pmi-official-idUSKCN0Q62U420150801>

Exclusive: China watchdog extends pursuit of short sellers to HK, Singapore - sources

<http://www.reuters.com/article/2015/07/31/us-china-markets-csrc-exclusive-idUSKCN0Q50H120150731>

China stock regulator probes market impact of automated trading

<http://www.reuters.com/article/2015/07/31/us-china-stocks-csrc-idUSKCN0Q505J20150731>

U.S. wage growth brakes in second-quarter; consumer sentiment slips

<http://www.reuters.com/article/2015/07/31/us-usa-economy-idUSKCN0Q51I320150731>

Greek shares 'set to plunge 20%' as stock exchange reopens

<http://www.bbc.com/news/business-33754005>

China official manufacturing PMI falls to 50.0 in July, below forecasts

<http://www.reuters.com/article/2015/08/01/us-china-economy-pmi-official-idUSKCN0Q62QP20150801>

US economic growth picks up to 2.3%

<http://www.bbc.com/news/business-33721838>

Russia cuts rates again to prevent deeper slump

<http://money.cnn.com/2015/07/31/news/economy/russia-economy-interest-rates/index.html?iid=hp-stack-intl>

MSWG Analysts

Lya Rahman, General Manager, Corporate Services, lyarahman@mswg.org.my

Rebecca Yap, Head, Corporate Monitoring rebecca.yap@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring banaik.quah@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring norhisam@mswg.org.my

Lee Chee Meng, Manager, Corporate Monitoring cheemeng@mswg.org.my

Wong Kin Wing, Manager, Corporate Monitoring, kinwing@mswg.org.my

Hoo Ley Beng, Manager, Corporate Monitoring linnert.hoo@mswg.org.my

Nor Khalidah Khalil, Analyst, Corporate Monitoring khalidah@mswg.org.my

Vinodth Ramasamy, Analyst, Corporate Monitoring vinodth.ram@mswg.org.my

DISCLOSURE OF INTERESTS

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

Feedback

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

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