

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

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UEM SUNRISE, ECO WORLD TO MERGE?

UEM Group to own 43pc stake of enlarged entity if deal goes through

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UEM Sunrise Bhd and Eco World Development Group Bhd shares were actively traded yesterday after UEM Group Bhd tabled a proposal for the merger of the two property developers.

UEM Group has offered to take over Eco World, which is controlled by Tan Sri Liew Kee Sin, and merge it with its 66.1 per cent-owned UEM Sunrise in a share swap deal.

This will create the largest property entity controlled by Khazanah Nasional Bhd, which fully owns UEM Group.

UEM Sunrise shares closed 0.3 sen, or 8.33 per cent, higher at 39 sen with 22.55 million shares traded yesterday while Eco World shares added 0.15 sen, or 3.8 per cent, to 41 sen, with 36.95 million shares traded.

Immediately after the announcement, UEM Sunrise shares spiked to a one-month high of 42 sen at 10.26am while Eco World hit an intraday high of 44.2 sen at 10am.

In a letter to both companies, UEM Group said they were among the largest homegrown property developers listed on Bursa Malaysia with a market capitalisation of RM1.68 billion for UEM Sunrise and RM1.21 billion for Eco World as at Sept 25.

UEM Group Bhd says given the subdued macroeconomic conditions and market headwinds, there is a pressing need for industry players to consolidate resources and capabilities.

The proposed share swap will entail the issuance of new UEM Sunrise shares at 44.3 sen each to shareholders of Eco World in exchange for all Eco World shares at 46.9 sen each.

Pending shareholders' approval, the merger will see UEM Group remaining the single largest shareholder of the enlarged UEM Sunrise with a 43 per cent stake, and Eco World's substantial shareholders holding 24.2 per cent.

Overall, government-linked investment companies, including UEM Group, will hold a collective stake of more than 50 per cent.

The group said it had explored

the possibility of a merger between UEM Sunrise and other developers but believed the merits were stronger with Eco World.

"A merger with a suitable partner with the right capabilities will enhance UEM Sunrise's value through synergistic geographical and product mix improvements.

"The merger is also an opportunity for an existing government-linked company to be in partnership with the private sector to create one of the largest property developers in Malaysia, with a projected gross development value of RM173.2 billion and a total landbank of more than 6,880ha in Malaysia," it added.

UEM Group said given the subdued macroeconomic conditions and market headwinds, there was a pressing need for industry players to consolidate resources and capabilities to strengthen performance and sustainability.

"The merger of UEM Sunrise and Eco World will enhance the merged entity's scale, diversification and execution capabilities to create a robust business platform for future development.

"This will in turn lead to greater value creation for the current shareholders of UEM Sunrise and Eco World going forward," UEM Group added.

