

**In brewing MCA revolt, Soi Lek backs Matang-Scope deal**  
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**BY CLARA CHOOI**

KUALA LUMPUR, May 28 — MCA president Datuk Seri Dr Chua Soi Lek (pic) denied today that the party was undergoing any asset-stripping exercise, throwing his weight behind the proposed reverse takeover (RTO) bid by Matang Holdings Bhd in a move that could spark a major dispute with his deputy Datuk Seri Liow Tiong Lai.

Just hours after Liow and several senior party leaders slammed the deal at a press conference, Dr Chua issued a statement to insist that the planned takeover of listed electronics firm Scope Industries Bhd was meant to “add value” to the Matang Holding’ shares.

“It does not involve the sale of the any Matang Holdings asset and it is wrong to construe this transaction as asset stripping by MCA,” he said in the statement.

“The deal will also enable Matang Holdings to become a listed company and the biggest shareholder in the company,” he added.

Matang’s largest shareholder is MCA-owned Huaren Holdings with a controlling stake of 10.75 per cent, while many among its 19,984 minority shareholders are said to be Johor MCA members and their associates who had bought the shares in 1981.

Three DAP lawmakers voiced suspicion yesterday over the Matang-Scope RTO deal, suggesting the possibility of asset-stripping by the beleaguered MCA, which suffered colossal losses in the just-concluded general election.

“MCA must answer whether it is embarking on an asset-stripping exercise by exchanging hard-earned savings of ordinary MCA members and their friends to secure the financial position of its political elite and its cronies,” DAP’s Liew Chin Tong, Tan Hong Pin and Liow Cai Tung had said.

They pointed out that a large number of the 19,984 Matang shareholders are Johor MCA members and friends, who had bought the shares in 1981 which allegedly helped the state MCA raise RM50 million in “interest-free loans”.

“Many of these shareholders have held on to their Matang shares for 30 years, only to be now exposed to a deal that jeopardizes them.

“Worse still, these small shareholders face an uphill battle to stop the RTO deal since they will likely be outvoted by Matang’s largest shareholder, Huaren Holdings, which is also MCA’s investment arm,” they said.

They claimed that in the RTO deal, Matang Holding’s assets, which includes a 1,105ha oil palm estate, had been deliberately undervalued.

Obtaining it at such an undervalued rate would result in a windfall for Scope, the trio added.

The lawmakers also alleged that the deal would include offering Matang Holding’s entire RM25 million cash holdings in exchange for Scope’s shares, which they claimed are lower in

value.

At a 2pm press conference today, Liow and other senior leaders, including MCA Youth chief Datuk Wee Ka Siong, voiced their objection to the impending deal and proposed that Matang Holdings cancel its extraordinary general meeting (EGM) this Friday.

Shareholders are expected to vote on the proposed RTO during the Friday EGM but with Huaren Holdings having the controlling stake.

"Failing this, MCA will be letting down its members, especially those who have held on to Matang Holdings shares for more than 30 years. This could even be another blow to the party, which has already undergone a punishing experience in the recent general election," Liow said, with his view supported by several members of the MCA Central Committee.

But Dr Chua said that as the MCA president, he still does not have any right to call of the meeting.

He said that although MCA's Huaran Holdings has the controlling stake in Matang Holdings, there are still 90 per cent of other shareholders who may choose to support the proposed transaction.

Singling out Parit Sulong MCA division chairman Datuk Tan Teck Poh who has spoken about the matter, Dr Chua said the latter should table his proposal to the EGM in black and white instead of issuing statements.

"I am disappointed with Tan who is obviously not familiar with the rules and regulations of the company EGM and that he should stop politicising the RTO deal between Matang Holding and Scope Industries."

Under a reverse takeover deal, a private company skips the initial public offering (IPO) process to become a listed company by taking over companies that are already on the stock market.

This is in contrast to a typical takeover, where larger public listed companies take over control of smaller private companies by buying the latter's shares.

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