

## **MCA leaders object to Matang deal, proposes EGM cancellation to protect party members**

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**By Ida Lim**

KUALA LUMPUR, May 28 — MCA leaders today expressed their strong objection to a potentially unfair deal by Matang Holdings Bhd, saying that the interests of the MCA-linked firm's minority shareholders should be protected.

MCA deputy president Datuk Seri Liow Tiong Lai (pic), together with other senior party leaders, also proposed that Matang cancel its extraordinary general meeting (EGM) this Friday.

"We also strongly insist that the Matang Holdings EGM set for May 31 to be cancelled," Liow told a press conference today at the party's headquarters, referring to the meeting where shareholders are expected to vote on Matang's proposed reverse takeover of listed electronics firm Scope Industries Bhd.

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 and purportedly helped raised RM50 million.

Under the RTO deal, Matang is set to transfer RM25 million in cash and other assets worth millions to Scope in exchange for the latter's shares.

But Liow said that MCA-owned entity Huaren cannot vote on the proposed RTO deal as it would involve the disposal of party assets.

Any disposal of party assets must first be approved by at least two-thirds of MCA's 42 central committee (CC) members, Liow said, with MCA vice-president Datuk Chor Chee Heung later citing section 146 of the party constitution.

"However, until today, the Treasurer-General of MCA has neither tabled the proposal to the CC nor obtained its approval," Liow said.

He highlighted the "lopsided" and "unfavourable" terms of the deal where Matang shareholders will not be able to dispose of their shares for four years, before saying that the company's board of directors had not explained the deal to them.

"Consequently, we are of the opinion that Huaren Holdings, the main shareholder of Matang Holdings, should not ignore the interests of minority shareholders. Without authorisation from the party, the trustees of Huaren Holdings should not exercise their voting rights. If there is any violation, the relevant individuals should bear full responsibility."

Liow said Huaren should look out for the best interests of the minority shareholders.

"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.

During the press conference, MCA Youth chief Datuk Wee Ka Siong who was also present said he had raised up the matter twice in the party, once at the state level in a Johor MCA meeting on May 19 and at the central level on May 25.

MCA president Datuk Seri Dr Chua Soi Lek was not present in the press conference.

Yesterday, three DAP lawmakers had questioned the Matang-Scope RTO deal, asking if it was an "asset-stripping" exercise by MCA.

"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 said in a joint statement yesterday.

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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