

## **Does Liew Kee Sin have an interest in Eco World?**

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Is Liew Kee Sin a substantial shareholder in Eco World or not? He was last month but not anymore, said the company. Tiger takes a prowl down this confusing path to see if the distinction even matters.

In and out, just like that. About one month after being announced as a substantial shareholder of Eco World Development Group Bhd, former SP Setia boss Liew Kee Sin is not a substantial shareholder anymore, said the company last week.

But what has changed? Nearly nothing as Tiger sees it. In any case let's have a look at both circumstances.

On May 8, 2014, Eco World announced on Bursa Malaysia that Liew indirectly has 35.05% through his son Tian Xiong's direct shareholding. This disclosure was made because Liew had joined the Eco World board as a non-independent non-executive director that same week.

Now on June 4, 2014, Eco World announced that Liew is no longer a substantial shareholder because, after the May 8 announcement, the company had received a Form 29C of the Companies Act 1965 and notice from Liew — the form is a Notice of Person Ceasing To Be Substantial Shareholder.

Stay with Tiger now, it's easy to get lost on this part of the trail...but deep breaths, deep breaths everyone.

The reason why Liew is not a substantial shareholder anymore is because under the stipulations of Section 6A of the Companies Act, Liew is not considered to have any interest in the company. And another reason is that under Section 134(12)(c) of the Act, Liew is only considered interested in his son's shares if his son was not a director of the company.

Hence given Tian Xiong is a director, Liew is not considered to have interest in his son's shares. That's the logic at work here as Tiger understands it.

But as far as the conditions of the original May 8 announcement is concerned, nothing has changed.

Liew and Tian Xiong are still father and son and the son still has 88.7 million Eco World shares at the time of writing. Those shares were still paid for by Liew senior and his wife for their son, which Tiger had mentioned time and time again.

In fact, when perusing the Companies Act Tiger came across several interesting provisions.

Section 6A — the same referred to in Eco World's announcement — said in subsection (4)(c) that:

“A person shall be deemed to have an interest in a share where a body corporate has an interest in a share and:

(c) that person, or the associates of that person or that person and his associates are entitled to exercise or control the exercise of not less than fifteen per centum of the votes attached to the voting shares in the body corporate.”

And in subsection (5)(c) clarifies what an “associate” is:

“For the purposes of paragraph (4)(c), a person is an associate of another person if the first-mentioned person is:

(c) a person who is accustomed or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that other person in relation to that share;”

Okay, so what do these two provisions say? As Tiger understands it, Liew is deemed to have an interest in Tian Xiong's 35.05% because Tian Xiong is Liew's associate by virtue of being “accustomed” to acting in accordance of Liew's wishes — being Liew's son who had just graduated from university not two years ago, you understand.

So there are sections that say Liew is an indirectly substantial shareholder, there are sections that say otherwise.

In any case Tiger concedes legalese is not its mother tongue but the bigger question here is do these considerations matter in the bigger picture?

The bigger picture is what the market thinks and how the market sees it. Liew is on Eco World's board and so is his son, the latter being an executive director in addition to being the largest shareholder (albeit this would shrink to a lesser percentage after the corporate exercises announced in late April complete).

And Tian Xiong has been tipped to eventually take over the helm. Eco World insiders have told Tiger that the young man is working hard at learning the ropes.

"I am actively involved at board level. I do things and don't just sit and watch," Tian Xiong was quoted as saying last month.

It stands to reason that Liew would have much to offer his son in terms of advice and experience, having helmed SP Setia into what was Malaysia's foremost developer in his 18 years in charge. Would anyone bet against Liew teaching his son all he could about property development, coaching and guiding as the latter goes about his work?

Substantial shareholder or not in terms of legalities, the market wouldn't care. These are mere technicalities. Liew is in Eco World's board, his son is in an executive role with a big chunk of Eco World shares and Liew senior, at his own admission to Bursa Malaysia, practically bought the shares for Liew junior.

The law, sometimes an ass, can say what it wants but for us ordinary folk, investors and the market at large, Liew senior has a very strong interest in Eco World. That's all that matters.

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