



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

## The Observer

05 June 2015

### MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

#### ***COCOALAND HOLDINGS BERHAD ("COCOALAND")***

#### **PROPOSAL TO ACQUIRE ALL THE BUSINESS AND UNDERTAKING, INCLUDING ALL THE ASSETS AND LIABILITIES OF COCOALAND**

Kenanga Investment Bank Berhad, on behalf of the Board of Directors of Cocoaland (**Board**), announced that Cocoaland has received an indicative non-binding proposal from First Pacific Company Limited (**First Pacific**) to acquire all the business and undertaking, including all the assets and liabilities, of Cocoaland for a total cash consideration of RM463,320,000, equivalent to RM2.70 per ordinary share of RM0.50 each in Cocoaland (**Cocoaland Share**) through a special purpose vehicle.

The Board (save for Liew Fook Meng, Lau Kee Von, Liew Yoon Kee and Lau Pak Lam who are deemed interested in the Proposal), has agreed to discuss with First Pacific on the Proposal.

The proposal is conditional upon the following:

- (a) completion of a due diligence exercise on the commercial, financial, legal, tax and other affairs of Cocoaland and its subsidiaries for a period of four (4) weeks;
- (b) negotiation and execution of a sale and purchase agreement (**SPA**) on terms and conditions satisfactory to all parties; and
- (c) Cocoaland not having paid, made or declared any dividend or distribution from the date of the Proposal until the completion of the Proposal.

Cocoaland agrees to an exclusivity period of six (6) weeks from and including the date the Proposal is accepted or such extended period as the parties may agree where during the period, Cocoaland or its management will not deal with any other party on disposal or takeover deal.

***[Source: Cocoaland's announcement on Bursa Malaysia's website on 2 June 2015]***

#### **MSWG'S COMMENTS:**

It is understandable that the Board is entering into formal discussions with First Pacific considering that their offer is at RM2.70 per Cocoaland share compared to the offer from Navis Asia at RM2.20 per share. MSWG will always be supportive of any deal that is fair and not detrimental to the interest of the minority shareholders.

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## **MSWG's WATCHLIST**

### **WCT HOLDINGS BERHAD (WCT)**

The Securities Commission Malaysia (SC) filed a suit against three individuals namely Chan Soon Huat, Goh Ching Liong and Leong Ah Chai, at the Kuala Lumpur High Court recently, for insider trading in the shares of WCT Berhad (WCT) in breach of section 188(2) of the Capital Markets and Services Act 2007 (CMSA) involving :

- (i) Disposal of 2,414,600 shares and 1,236,700 warrants in WCT by Chan Soon Huat between 30 December 2008 and 5 January 2009 whilst in possession of material non-public information.
- (ii) Disposal of 1,640,000 units of WCT shares by Leong Ah Chai between 2 January 2009 and 5 January 2009 whilst in possession of material non-public information.

Goh Ching Liong, who at the material time was and still is currently the Deputy Managing Director of WCT was alleged to be in breach of section 188(3) of the CMSA for communicating material non-public information to Leong Ah Chai.

The SC is seeking a disgorgement of three times the profits earned by the defendants as a result of the insider trading and claiming a civil penalty of RM1 million from each of the three defendants and to bar them from being a director of a public listed company.

***[Source: The SC's media release on 2 June 2015].***

### **ECM LIBRA FINANCIAL GROUP BERHAD (ECMLFG)**

ECMLFG announced that the company proposes to undertake a distribution exercise to its entitled shareholders of up to approximately RM320.10 million by way of cash distribution or a combination of cash and distribution-in-specie of ordinary shares and/or warrants of Eastern & Oriental Berhad to be implemented in the following manner:

- (i) Share capital reduction by ECMLFG equivalent to approximately RM234.74 million or RM0.88 per ordinary share of par value RM1.00 each in ECMLFG; and
- (ii) The remaining amount of up to RM85.36 million or RM0.32 per ECMLFG Share held by way of a proposed special dividend.

***[Source: ECMLFG's announcement on Bursa Malaysia's website on 1 June 2015]***

### **MALAYSIA STEEL WORKS (KL) BHD (MASTEEL)**

The Board of Directors of MASTEEL announced that Masteel would not be able to furnish the AFS 2014, Annual Report for the Financial Year Ended 31 December 2014 (Annual Report 2014) and the 1st Quarterly Report as the special review is still in progress.

Bursa Malaysia had rejected the Board's application for extension of time for the release of the AFS 2014, Annual Report 2014 and the 1<sup>st</sup> Quarterly Report in compliance with Paragraph 9.23(1)(2) and Paragraph 9.22(1) of the Main Market Listing Requirements (MMLR).

The Companies Commission of Malaysia had also rejected their application for an extension of time for holding its AGM pursuant to Section 143(2) and 169(2) of the Companies Act, 1965.

The Board had announced the following:-

- (i) Pursuant to paragraph 9.28(5) of the MMLR, Bursa Malaysia has suspended the trading in Masteel's securities on Tuesday, 12 May 2015 at 9.00 a.m. for the Company's inability to release its Audited Financial Statements for the financial year ended 31 December 2014; and
- (ii) Pursuant to Paragraph 9.28(6) of the MMLR, if the company fails to release its 1st Quarterly Report within six (6) months from the Relevant Timeframe, in addition to any enforcement action that Bursa Malaysia may take, Bursa Malaysia shall commence de-listing procedures against the Company.

***[Source: Masteel's announcement on Bursa Malaysia's website on 29 May 2015]***

#### **KIAN JOO CAN FACTORY BERHAD (KIAN JOO)**

Kian Joo announced that the Court of Appeal has today dismissed the Appellant's appeal against the company and awarded costs of RM20,000 to the company.

***[Source: Kian Joo's announcement on Bursa Malaysia's website on 1 June 2015]***

#### **CN ASIA CORPORATION BHD ("CN ASIA")**

The Board of Directors of CN Asia announced that CN Asia has triggered Paragraph 2.1(e) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia as the company's Auditors have expressed an emphasis of matter on the company's ability to continue as going concern in the company's latest annual audited financial statements for the financial year ended 31 December 2014 and the shareholders' equity of the company on a consolidated basis is 50% or less of the issued and paid-up capital of CN Asia in the company's unaudited quarterly report for the first financial quarter ended 31 March 2015.

***[Source: CN Asia's announcement on Bursa Malaysia's website on 29 May 2015]***

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#### **LOCAL NEWS AND DEVELOPMENTS**

SC sues WCT Holdings deputy MD, two others

<http://www.pressreader.com/malaysia/the-sun-malaysia/20150602/281771332796986/TextView>

Proton continues to be a drag on DRB-Hicom

<http://www.thestar.com.my/Business/Business-News/2015/06/01/Proton-continues-to-be-a-drag-on-DRBHicom/?style=biz>

MOF proposes rationalisation plan for 1MDB

<http://www.nst.com.my/node/86158>

Tanjung Offshore adopts whistle-blowing policy in push for transparency

<http://www.nst.com.my/node/86114>

Press Release on Demise of Tan Sri Datuk Seri Utama Thong Yaw Hong, 1930 - 2015

[http://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=65098&name=EA\\_GA\\_ATTACHMENTS](http://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=65098&name=EA_GA_ATTACHMENTS)

Financial results of plantation firms disappointing

<http://www.thestar.com.my/Business/Business-News/2015/05/30/Financial-results-of-plantation-firms-disappointing/?style=biz>

Bursa Securities reprimands and fines two dealer's reps

<http://www.thestar.com.my/Business/Business-News/2015/05/28/Bursa-Securities-reprimands-and-fines-two-dealers-reps/?style=biz>

Updated List of Shariah-compliant Securities by SC's Shariah Advisory Council

[http://www.sc.com.my/post\\_archive/updated-list-of-shariah-compliant-securities-by-scs-shariah-advisory-council-17/](http://www.sc.com.my/post_archive/updated-list-of-shariah-compliant-securities-by-scs-shariah-advisory-council-17/)

Can-One shareholders approve stake buy

<http://www.thestar.com.my/Business/Business-News/2015/05/29/CanOne-shareholders-approve-stake-buy/?style=biz>

Change of name: Star Publications (Malaysia) Berhad to Star Media Group Berhad

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3349>

Unusual Market Activity - JHM Consolidation Berhad

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3337>

Detailed Disclosure of International Reserves as at end-April 2015

[http://www.bnm.gov.my/index.php?ch=en\\_press&pg=en\\_press\\_all&ac=3208&lang=en](http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=3208&lang=en)

International Investment Position - First Quarter 2015

[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=87&bul\\_id=dFZtZFhZTTBQNWI4VE1sZldkaldYUT09&menu\\_id=azJjRWpYL0VBYU90TVhpclByWjdMQT09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=87&bul_id=dFZtZFhZTTBQNWI4VE1sZldkaldYUT09&menu_id=azJjRWpYL0VBYU90TVhpclByWjdMQT09)

Producer Price Index Malaysia April 2015

[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=107&bul\\_id=QndSSdQbXhFajFuTjRnK28yRktDQT09&menu\\_id=bThzTHQxN1ZqMVF6a2l4RkZoNDfkQT09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=107&bul_id=QndSSdQbXhFajFuTjRnK28yRktDQT09&menu_id=bThzTHQxN1ZqMVF6a2l4RkZoNDfkQT09)

Booklet Malaysia in the IMD World Competitiveness Yearbook 2015

<http://www.mpc.gov.my/mpc/images/file/GC/BookletWCY2015ENG.pdf>

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## GLOBAL NEWS AND DEVELOPMENTS

G7 agree 'in principle' to add Chinese currency to IMF basket - German Finance Minister

<http://rt.com/business/263197-yuan-imf-currency-basket/>

Why U.S. GDP Shrank

<http://blogs.wsj.com/briefly/2015/05/29/why-u-s-gdp-shrank-at-a-glance/>

US 1Q revised GDP contracted 0.7% vs. 0.8% drop expected

<http://www.cnbc.com/id/102716769>

Beijing Rules Out Hong Kong Electoral Reform Concessions

<http://www.wsj.com/articles/beijing-rules-out-hong-kong-electoral-reform-concessions-1433072382>

Top US fund managers attack regulators

<http://www.ft.com/intl/cms/s/0/6fbde67a-061b-11e5-89c1-00144feabdc0.html>

China May Non-Manufacturing PMI at 53.2; April 53.4

<http://www.bloomberg.com/news/articles/2015-06-01/china-may-non-manufacturing-pmi-at-53-2-april-53-4>

The next big bubble: Bonds, startups, China?

<http://money.cnn.com/2015/05/31/investing/stocks-market-bubble-bonds-china-startups/index.html?iid=Lead>

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### DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for Cocoland Holdings Berhad and CN Asia Corporation Bhd.*

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### Feedback

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

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