

# FINANCIAL REVIEW

SE Companies and Markets  
HD **Roc takeover's lawsuit hurdle**  
BY Class action Angela Macdonald-Smith and Sarah Thompson  
WC 610 words  
PD 4 October 2014  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 37  
LA English  
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The \$474 **million** cash takeover of Roc **Oil** by **China**'s Fosun International has been placed in doubt by a potential class action against the Australian **oil** and gas **company**.

Slater and Gordon has contacted institutional shareholders in Roc that may support a claim for losses because the **company** allegedly knowingly failed to inform the market of a reserve downgrade at an **oil** and gas field in Victoria as soon as it became apparent.

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The claim would seek to recover losses suffered by investors resulting from the **purchase** of Roc **Oil** shares between May 21, 2009 and February 2, 2010. The move for a potential class action several years later is being seen as opportunistic by some investors because it has apparently been timed to get in before Roc ends its days as a publicly listed **company** and is taken over by the **Chinese** player.

Slater and Gordon said the proposed class action was notified to institutional investors on August 4. It said the fact Fosun made its offer for Roc on the same day was "entirely coincidental".

But should the action go ahead, it could trigger a material adverse change (MAC) condition in the Fosun-Roc transaction, involving any event that results in a \$US15 **million** (\$17 **million**) reduction in asset value or earnings.

The initial deadline for the registration of claims for the class action is October 17, the same day Fosun could declare its offer unconditional for Roc. Fosun's offer, which has so far gained 29 per cent acceptances, closes on October 15 and can be declared unconditional two days after reaching the 50 per cent minimum condition.

"The question really is whether Slater and Gordon bring the action against Roc before the offer is declared unconditional, and whether the quantum of the claim is sufficient to trigger the MAC clause," one broker said.

Roc, which is being advised in the takeover by JB North & Co, described the attempt to garner shareholder support for a potential claim as "purely speculative and highly opportunistic".

"Inflated price" The **company** said it will "vigorously defend its position and does not consider this matter to be material in relation to the Fosun takeover".

Slater and Gordon senior class action lawyer Ben Phi said the takeover was "entirely irrelevant" to the proposed class action, which he said should not be material to the takeover.

She said all information that the **company** was aware of that was material to the Fosun deal had been disclosed in the target's statement. Roc shares on Friday fell 0.5¢ to 68¢, 1¢ shy of Fosun's cash offer.

The potential class action is the latest hurdle to arise in the takeover of Roc, after an earlier \$800 **million** proposal by the mid-cap player to **merge** with Horizon **Oil** was knocked off course by the Fosun cash offer. Controversy also surrounded the Roc-Horizon merger proposal because it was

structured so that Roc **Oil** shareholders did not get an opportunity to vote on the transaction. The claim relates to an 80 per cent downgrade in reserves at the Basker-Manta-Gummy venture by Roc in February 2010, which drove a 31 per cent slump in the share price.

It alleges Roc knew or ought to have known of the issues driving the cut in reserves no later than May 21, 2009, causing losses to shareholders who bought stock in the intervening period.

The claim alleges Roc was therefore in breach of the Corporations Act and engaged in misleading and deceptive conduct, breaching its obligations of continuous disclosure.

**CO** fosuni : Fosun International Limited | rocoil : Roc Oil Company Ltd

**IN** i13 : Crude Oil/Natural Gas | i1 : Energy | i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services

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