

Given that the shareholders will only have 14 days to analyse the proposal once the notice of the EGM is issued by the company together with the circular and Independent Advice Circular, MSWG organised a meeting with both retail and institutional shareholders.

The objective of the meetings is to provide a platform for both the retail and minority shareholders to discuss the issue on the proposed acquisition by MMC. It is a forum to gather views on how the minority shareholders feel about the deal.

MSWG considered the meeting with the retail shareholders was a successful meeting with active participation from the retail shareholders.

A PowerPoint presentation on the background information on the proposed acquisition of SATS by MMC was made at both meetings.

Some of the retail shareholders also made themselves available for the meeting with the institutional shareholders which was held separately in the afternoon. Initially, five institutional shareholders confirmed their attendance at the meeting. However, only two institutional shareholders, i.e. CIMB & SBB Nominees (Tempatan) Sdn Bhd and Meridien Asset Management attended the said meeting.

The three other institutional shareholders informed us at the very last minute that there were unable to participate in the meeting due to some other work commitments. They are :-

- (1) Kumpulan Wang Simpanan Pekerja
- (2) Permodalan Nasional Berhad
- (3) Kumpulan Wang Persaraan

Some of the issues of concern raised at the meetings were :-

- (1) As the acquisition involves a very high quantum of RM1.7 billion, a standard practice should be put in place for two or three independent valuations. MSWG is of the view that a second valuation by independent valuer on the proposed acquisition was similarly echoed and supported by both the retail and institutional shareholders.
- (2) MMC should provide more information to justify the rationale for the proposed acquisition so that the minority shareholders can be convinced on the transaction. Minority shareholders are concerned that the company is disposing good asset in order to acquire asset which is currently loss-making. For the last five years, it appears that SATS did not make any profit.
- (3) Is the valuer, IPC Island Property Consultants Sdn Bhd an independent valuer?
- (4) MMC cash funds of RM3.8 million will be reduced after the acquisition and the audited results for the year ended 31 December 2008 showed MMC's large long term borrowings, almost RM20 billion. This was a real concern to the minority shareholders.
- (5) As the valuation was dated 23 July 2008, concern was raised on whether the valuation is still current and valid taking into account the current economic downturn.
- (6) It was felt that institutional shareholders should take more concerted efforts and play a more active role as their votes can determine the outcome of the proposal to be carried out or otherwise.

MSWG will be meeting the management of MMC on Wednesday, 4 March 2009 to convey the issues of concern raised by the minority shareholders, both institutional as well as retail. Most probably, another meeting with the minority shareholders will be organised after the meeting with the management of MMC.

View articles on the topic here:

<http://mswg.org.my/project/mswg/media/2009/03/04/152450-254.jpg>

<http://mswg.org.my/project/mswg/media/2009/03/04/152552-409.jpg>