

Board reiterates stand

But Esso shareholders dissatisfied for not getting more clarity on sale

By CHOONG EN HAN
han@thestar.com.my

PETALING JAYA: Esso Malaysia Bhd's AGM dragged on for more than two hours, with some shareholders expressing their dissatisfaction with the inability of the company's board to offer more clarity on the share sale by ExxonMobil to Petron Corp, shareholders told *StarBiz*.

"Despite the resolutions being straight forward, shareholders declined to vote via their show of hands and voting had to be done via polling," said one shareholder who declined to be named.

Another attendee of the AGM, Ng Hoon Ho, who represented the Minority Shareholder Watchdog Group (MSWG), told *StarBiz*: "Many of the shareholders enquired whether Exxon had received other competing bids that were higher than the RM3.59 per share offered by San Miguel."

"Esso Malaysia's board only said that San Miguel Corp was selected based on its attractive offer price and contractual terms, along with its long-term plans for the downstream business."

At a press conference held slightly over two hours after the AGM had started, Esso Malaysia's outgoing EMB chairman Hugh WA Thompson reiterated the company's position with regard to ExxonMobil's sale to San Miguel.

"What our shareholders do for the shares is not a matter for the board; the board is not aware of the transaction until Bursa is aware of it, and the board was not involved in the transaction," he said.

In August last year, ExxonMobil entered into a share sale agreement to sell its 65% stake in Esso Malaysia to San Miguel Corp (SMC) via its



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affiliate Petron Corp.

Esso Malaysia has since announced in a filing with Bursa Malaysia that subsequent to the fulfilment of all conditions precedent pertaining to the proposed acquisition of 65% of Esso Malaysia shares by SMC, the latter would extend the mandatory and unconditional general takeover offer to acquire the remaining 35% of Esso Malaysia shares at RM3.59 each.

Meanwhile, MSWG's Ng pointed out that shareholders are still able to hold out for more if they deem the price of RM3.59 unattractive.

"Although Petron has submitted a mandatory takeover offer to acquire 35% of Esso Malaysia, Petron will need at least 90% of the minority shareholders to accept the offer in order to delist the company by compulsorily acquiring the rest," he said.

Hence, Petron will need to acquire

a further 31.5% of Esso Malaysia shares for it to fulfill its intention to delist the latter.

Looking at the shareholding spread of Esso Malaysia, the top 30 substantial shareholders own less than 1% of Esso Malaysia, except for ExxonMobil and an individual named Deva Dassan Solomon, who owns about 1.34% of Esso Malaysia via a few nominee accounts.

Meanwhile, Esso Malaysia's Thompson sees challenging prospects for Malaysia's economy in 2012 amid the gloomy predictions for the global economy.

"In this period of uncertain global economic growth and demand and the volatile crude price environment, the company's focus shall remain on sustaining flawless operations, cost control and product and services quality, as well as strengthening its

business position through continued emphasis on strategic investment," he said.

Thompson will remain as chairman of Esso Malaysia, ExxonMobil Borneo Sdn Bhd and ExxonMobil Malaysia Sdn Bhd until transition efforts to change control in these companies are completed, currently expected in April 2012.

"We look forward to welcome them (Petron) as the new shareholder. Esso Malaysia's business will be doing the same things as it did yesterday, and it's just a share sale with the change in majority ownership," he told reporters.

J. Hunter Farris will succeed Thompson as chairman of ExxonMobil subsidiaries in Malaysia including its unlisted units ExxonMobil Borneo and ExxonMobil Malaysia.