

Anticipated Merger between SIA Engineering Company Limited and Pos Aviation Engineering Services Sdn Bhd

Reference Number	MAVCOM/ED/CC/DIV4/2021(2)
Application	Notification and Application for an Anticipated Merger under section 55 of Act 771
Applicants	SIA Engineering Company Limited and Pos Aviation Sdn Bhd
Receipt of Application	26 October 2021
Summary of Application	<p>SIA Engineering Company Limited (“SIAEC”) and Pos Aviation Sdn Bhd (“PASB”) (collectively, the “Applicants”) submitted a notification and application for an anticipated merger on 26 October 2021. The Anticipated Merger is pursuant to section 55 of Act 771 in relation to SIAEC’s proposed acquisition from PASB of 49% equity of Pos Aviation Engineering Services Sdn Bhd (“PAES”) (“Anticipated Merger”).</p> <p>PAES is a wholly-owned subsidiary of PASB and is primarily in the business of providing aircraft maintenance certification and engineering services at the following airports in Malaysia:</p> <ul style="list-style-type: none"> (a) Kuala Lumpur International Airport Terminal 1; (b) Kuala Lumpur International Airport Terminal 2; (c) Penang International Airport; (d) Sultan Azlan Shah Airport (Ipoh); (e) Kota Kinabalu International Airport; (f) Kuching International Airport; and (g) Langkawi International Airport <p>The Applicants noted that the Anticipated Merger would not result in any substantial lessening of competition (“SLC”) as PAES has a relatively small market share and has no market power or ability to foreclose the market of ground handling services in Malaysia.</p> <p>The Applicants further noted that PAES’ competitors have higher market shares than PAES and that the Anticipated Merger will strengthen PAES so as to ensure continued options in the ground handling market for the benefit of airlines.</p>

	<p>The Applicants also provided that the Anticipated Merger will have benefits in terms of economic efficiencies through synergies with SIAEC and cost reductions. The application also provides that the Anticipated Merger will bring about employment opportunities and promote market growth as the Anticipated Merger will result in the introduction of new market segments and in turn, promote investment in Malaysia.</p> <p>On 19 June 2023, MAVCOM issued its decision which concluded that the merger, if carried into effect, would not infringe the prohibition in section 54 of Act 771.</p>	
Timeline	Date	Progress Update
	26 October 2021	Application made to MAVCOM
	11 November 2021	Publication of the summary of application for public consultation
	13 December 2021	Public consultation for the application was closed
	20 July 2022	Publication of the Proposed Decision for public consultation
	3 August 2022	Public consultation on the Proposed Decision was closed
	19 June 2023	Issuance of the Final Decision