

CHAPTER III

LOCAL OWNERSHIP

(a) Racial Groups

The classification of shareownership by racial groups determine in which direction shareownership is increasing or decreasing. It is essential to treat each racial group separately.

Chinese

The Chinese came from the Southern provinces of China with the idea of making their fortune in Malaya. Tin was the immediate prospect. But this early Chinese ownership was limited because the Chinese organisations were generally small units owned by one individual or owned in partnerships. Organisations expanded by the simple process of adding small units to the private property of an enterprising individual or group, a family or members of a clan. This meant that Chinese ownership was started in growth at a very early date. It was not until the twentieth century that the Chinese ownership showed any significant growth.

There has been a tremendous change in the structure of ownership during the last 30 years. Though there is very little information about the early structure, we know that it is limited to private companies. Few of them are public-owned companies with the result that the most common forms are that of partnerships or "kongsi"¹. The individuals responsible for initiating "kongsis" are Ma Yung Sen, Loke Yew, H.S. Lee of Kuala Lumpur, and Foong Seong in Ipoh.

Due to the fact that data for companies incorporated outside Malaya were not available, the figures for Chinese ownership are not complete. There may have been some Chinese who held shares in these overseas companies. Nevertheless a general analysis can be gleaned from the data in Table 6. The average increase of

1. A "kongsi" is a colloquial term meaning a partnership or combination of more persons for the purpose of running a business.

Chinese shareownership; per company in 1954 percentage in 1954 and 33.7 percentage in 1964. This indicates an increase of 15.1 percent over a period of 10 years. The reason could be that the newer companies were incorporated in Malaya after Independence. This is encouraged local investment.

It is important to note the average value per shareholding of the Chinese. It varies from company to company, being higher in the local companies and less significant in the foreign companies. For instance, the average value per shareholding in the "Straits Trading Dredging Ltd. is 55 shares compared with the average value per European shareholding in 1964. Generally the average value per shareholding of the Chinese is much lower than the average value per shareholding of the corporate bodies of the foreigners, but it is the highest of the local averages. The favourite amounts bought are in round figures of 500, 1000, 2000 and 5000 shares. Only in a few instances have individual Chinese bought significant amounts of 25,000 or 50,000 shares. These are the directors themselves or the few millionaires in the business field.

There have been one or two infrequent cases where Chinese women have substantial sums of shares. The possible reason is that their husbands bought these shares, but registered them in their wives' names. It is a common practice among the wealthy Chinese, because it serves as a means of tax evasion. This is substantiated by the fact that the names of these female shareholders are preceded by the word "madam", and they list their occupations as "housewife". Nevertheless male Chinese shareholders outnumber the female Chinese shareholders.

Malays

The Malay shareholders are in a minority. The average percentage of ownership in 1954 is 0.4% as compared with 0.8% in 1964. They account for less than 1% of the total issued capital. It could be that the Malays are not as investment-minded as the other groups. When the small 0.4% increase is spread over ten years, it amounts to 0.04% increase per year, a very disappointing increase.

$$2. \text{ Average increase} = \frac{\text{Total \% increase in 1954}}{\text{Number of companies}}$$

Percentage of Chinese Shareholders

Name of Company	1954 (%)	1955 (%)
1. Lipis Mines Ltd.	-	-
2. Kuala Kampar Dig. Ltd.	15	25.1
3. Austral Malay Dig. Ltd.	-	2.2
4. Kundang Dig. Ltd.	15.5	19.9
5. Pungah Dig. Ltd.	25.7	21.3
6. Batu Mines Ltd.	1.7	0.05
7. Kg. Kemuning Dig. Ltd.	27.1	5.3
8. Anglo-Oriental Dig. Ltd.	-	-
9. Johan Dig. Ltd.	13.3	19.2
10. Kranat Dig. Ltd.	0.2	5
11. Associated Mines Ltd.	-	-
12. Bantan Dig. Ltd.	25.7	53.5
13. Ranong Dig. Ltd.	2.2	0.06
14. Petaling Dig. Ltd.	89.8	53.7
15. Kg. Lanjut Dig. Ltd.	20.5	6
16. Austral-Analgamated Dig. Ltd.	13.6	20.8
17. Selangor Dig. Ltd.	-	75.3
18. Lower Perak Dig. Ltd.	3.2	25.2
19. Berjuntai Dig. Ltd.	1.3	23.7
20. Lamb Dig. Ltd.	1.8	51.3
21. Sungai Way Dig. Ltd.	12.2	69.2

Source: Share Register of Company, Registry of Companies, K.L.

1. ...		
2. ...		
3. ...		
4. ...		
5. ...		
6. ...		
7. Kg. Kasunting Ddg.		
8. Anglo-Oriental Ddg.		
9. Johan Ddg. Ltd.		
10. Kraat Ddg. Ltd.		1.2
11. Associated Mines Ltd.		
12. Rantau Ddg. Ltd.		1
13. Benong Ddg. Ltd.		
14. Petaling Ddg. Ltd.	2.4	1
15. Kg. Lanjut Ddg. Ltd.	0.4	0.1
16. Austral-Amalgamated Ddg. Ltd.	0.9	0.7
17. Selangor Ddg. Ltd.	-	6.6
18. Lower Perak Ddg. Ltd.	0.06	0.5
19. Berjantai Ddg. Ltd.	-	0.2
20. Lent	0.04	0.4
21. Sungai Way Ddg. Ltd.	0.3	0.6

Source: Share Register of Company, Registry of Companies, K.L.

Table 8

Percentage of Indian Ownership

Name of Company	1954 (%)	1964 (%)
1. Ipoh Mines Ltd.	-	-
2. Kuala Lumpur Dig. Ltd.	1	2.2
3. Austral Malay Dig. Ltd.	10	1.2
4. Kundang Dig. Ltd.	3.5	5.3
5. Pungan Dig. Ltd.	2.2	3.5
6. Kinta Mines Dig. Ltd.	0.07	-
7. Kg. Kemuning Dig. Ltd.	1.7	0.3
8. Johor Dig. Ltd.	4.7	9.6
9. Kraut Dig. Ltd.	0.3	0.4
10. Associated Mines Ltd.	-	-
11. Rantau Dig. Ltd.	1.1	5
12. Ranong Dig. Ltd.	0.03	-
13. Petaling Dig. Ltd.	6.4	1.8
14. Kg. Lanjut Dig. Ltd.	1	0.6
15. Austral- amalgamated Dig. Ltd.	3.4	5
16. Selangor Dig. Ltd.	-	2.7
17. Lower Perak Dig. Ltd.	0.3	3.8
18. Berjantai Dig. Ltd.	0.1	1.9
19. Laut Dig. Ltd.	3.2	3.9
20. Sungai Way Dig. Ltd.	2.9	2.9
21. Anglo-Oriental Dig. Ltd.	-	-

Source: Share Register of Company, Registry of Companies, K.L.

Shareownership of Local Companies

Name of Company	1954		1964	
	Shares	%	Shares	%
Wala Kemper Ddg. Ltd.	36,000	2.9	210,000	9.2
Austral Malay Ddg. Ltd.	1,500	1.5	160,100	4.0
Kundang Ddg. Ltd.	4,300	3.5	6,800	5.4
Pungah Ddg. Ltd.	9,500	2.2	50,000	11.7
Katu Ddg. Ltd.	-	-	-	-
Kg. Kemuning Ddg. Ltd.	-	-	300,000	49.6
Johan Ddg. Ltd.	4,200	3.3	43,000	31.7
Krasat Ddg. Ltd.	135,000	33.4	295,226	28.1
Kantan Ddg. Ltd.	199,000	6.9	120,000	9
Kanong Ddg. Ltd.	10,000	6.3	-	-
Petaling Ddg. Ltd.	9,900	1	166,000	4.5
Kg. Lanjut Ddg. Ltd.	13,900	7.1	1,800,000	80.4
Austral Amalgamated Lt.l.	33,000	1.6	509,000	23.5
Salangor Ddg. Ltd.	-	-	450,000	8.5
Lower Perak Ddg. Ltd.	17,000	0.5	380,000	1.1
Berjantai Ddg. Ltd.	6,000	0.5	1,100,000	16.2
Lent Ddg. Ltd.	163,000	13.7	30,000	5.1
Jungei Way Ddg. Ltd.	55,000	3.2	350,000	5.0

Source: Share Register of Company, Registry of Companies, K.L.

Virtually all of them hold their shares in individual holdings. There is not a single example of joint-holding. Moreover, their investment is concentrated in the wholly Malay-owned concerns, for example, Malay Mining (Selangor) Ltd. and Malay Mining Syndicate. These Malay concerns have a tendency to be short-lived. They are distinctive in that they are the only local companies owned solely by local people, that is, Malays. There is no parallel among the Chinese or the Indians.

Over-all, the average value of a Malay shareholding is about 1,300 shares. This is the second lowest among the groups, the lowest being the group of "others" (about 1,000 shares per holding). The Malays began to participate in shareownership to an appreciable degree only after Independence. They bought over numerous shares from the foreigners. For instance between 1959-58, 243 foreigners sold approximately 300,000 shares in Sungai Way Dredging Ltd. A check through the shareholders' register revealed that about 3% of this amount was accounted for by the Malays. The Malay shareholders increased from five in 1954 to thirty three in 1964. Malay ownership can be said to start late. As such, their rate of increase and the total value of their shares still cannot match those set by the Chinese and Indians.

Most of the Malay holders come from the administrative or professional classes. In the administrative classes, they are normally government or civil servants; and occasionally diplomatic staff. In the professional classes, the Malays are advocates and solicitors, surveyors, clerks and accountants. The oldest shareholdings belong to members of the royal family of each state. This is evidenced by the royal addresses listed. Titled Malays (example, Ratoe and Hajis) are also common. The occupational trend from 1954 to 1964 is for more Malays from the middle and lower classes to participate. But this trend is limited to educated Malays and not illiterate Malays.

Indians

The Indian community in Malaya is not extensive. But

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3. The occupations listed most frequently in 1964 are teachers, clerks, peons, lift boys and salesmen. This means that the newer shareholders (belonging to middle and lower classes) are educated.

their participation in shareownership is otherwise. They are second to the Chinese in the number of shareholders. This surprising pattern shows that the Indians are investment-minded, preferring to invest in companies that are well-established and stable.

The mean percentage of Indian ownership to total ownership is 1.7% in 1954 and 3% in 1964. This is an increase of approximately twice as much. The companies which proved to be most popular with Indian investors are Kundang, Johan, Rantau, Berjantai and Lomar Perak Dredging Ltd. Indian capital is as yet small, especially when compared with that of the Europeans. It must be emphasized that not only are they second to the Chinese in number of shareholders but also in the average size per holding. In this case, it is 1,400 shares per shareholding. The overall trend of increase in Indian capital is more consistent and stable than say the Chinese capital or capital furnished by the local companies. The range of fluctuation is limited to between 0.1% and 4.9%. Only one company did not reflect any fluctuations i.e., Sungai Way Dredging Ltd.

It is true to say that in spite of considerable participation, no Indian sits on any of the Board of Directors. No explanation is available for this characteristic. The picture that finally emerges is that Indian participation in ownership increases while Indian control does not exist.

Others

"Others" form the smallest group of shareholders⁴. They account for less than 1% of the total number of shareholders. This can be traced to the fact that South East Asians are generally very cautious in investing overseas, especially in Asian countries. The most noticeable group is the Siamese. This is a consequent of the close affiliation between the mining concerns of Thailand, London and Malaya. The individual Siamese shareholder of outstanding importance is Sijaisradat Nai Lam who holds 200 shares in Henong Consolidated. The other nationalities in order of decreasing importance are the Burmese and Filipinos.

By place of residence, none of the members of this group

4. Refer Chapter I, p. 4

is resident in Malaya. Their permanent addresses are listed as being in Thailand, Borneo, Philippines Islands, and so on. Occupation-wise, they are listed as merchants or directors. We can assume that these shareholders are fairly wealthy. We can also assume that their investment in the Malayan tin industry is prompted by their business associations with Malaya.

The average value per shareholding is low, usually about 1,000 shares each. The range of fluctuation is from 200 - 5000, although one holding of 35,000 shares is noted. This group's participation is limited to only a few companies. Out of the 21 companies under study, only six companies had 'others' registered as shareholders.

There is very little evidence of a trend in ownership in this sector. It can be explained by the following facts. Most of the shares were bought before Independence Day. Subject to one or two minor transfers, the majority of the holdings have remained in the same hands. This means that they are not in the habit of transferring or selling their shares according to the ups and downs of the political situation. On the whole, the share market of this group is relatively stable, though owning no significant amounts.

(b) Occupations and Sex:

Considerable difficulty was encountered in collecting the data on occupations. In about 40% of the share holders, no occupation was recorded. In other cases, the status rather than the occupation was stated. This is especially so with reference to the female shareholders. "Occupations" like spinster, housewife and students are listed. These terms are actually more status orientated than occupation orientated. Some women who in reality may be working as teachers, secretaries, nurses, etc. prefer to classify themselves as 'housewife'. All these bias would make the findings inaccurate.

The occupations are broadly categorised into five classes. The Administrative group incorporates directors, managers, ministers, supervisors and those in the civil service. The business group include merchants, agents, traders, money lenders, brokers, contractors and planters. This group owns the most number of shares, as compared to the other categories.

Next covers the Armed Forces, within which fall the positions of captain, lieutenants, majors and pilots (or the army, navy

and air force personnel). The Professional class are the doctors, lawyers, accountants, teachers, lecturers, dentists, engineers, technicians, nurses and architects. The Unskilled category would denote the farmers, lift-boys and servants.

The trend in 1964 is for more people from the lower income classes to buy shares in the companies. Owning shares is no longer a prerogative of the rich, upper classes only. But the shares purchased by the members of the unskilled class are small, about 100 shares. The majority of the shareholders come from the lower-middle, and upper-middle classes. Except for the administrative and unskilled groups, the other groups are active in transferring their shares. This is true of the British and Australian Armed Forces personnel.

A racial distribution of the occupations reveal that most of the money-lenders are Indians (Chettians), the merchants - Chinese; the planters - foreigners; and the police - Malays.

The classification of the shareholders by sex was a simple task. Although sex was not specifically indicated, the names of the female shareholders were affixed with "Mrs.", "Madam" or "Miss". Male ownership outnumber female ownership. There is a small perceptible increase in female ownership. The average value of their shares lag far behind the average value of the 'male' shares. Even though an occasional female owns more than 50,000 shares in one company, no one female ever sits on the Board of Directors.

(c) Local Companies

The holdings of foreign and local companies are termed corporate holdings. These local companies are incorporated in Malaya. They range from banks, quasi-government institutions to investment and realty companies. A few agency houses participate too. The most important companies are banks and investment concerns. A feature of most banks and commercial houses is that they are Chinese e.g., Lee Wah Bank, Chuan Khaw Bank and Great Eastern Life Assurance Company. Few Malay or Indian concerns are present.

The size of these corporate shareholdings is the largest of all types of holdings. The average size fluctuate from 5000 shares per holding in Lower Perak Dredging Ltd. to 15,000 shares per local company in Kramat Tin. They amount to about half of the total shares held by all the companies together. The contribution by the local companies to the total issued capital varies from 1.1% to 80.4

in 1964. The average increase per company works out to approximately 15.5% in 1964. These companies showed a decrease in shareholding. They were Kraat (a decrease of 5.3%), Rencor (6.3%), and Laut Dredging Ltd. (8.6%). The percentage decrease is less than the percentage increase. The trend is towards increasing participation by the local companies in 1964. This is in conformity with the general trend as expressed elsewhere in this exercise.