

## CHAPTER IV

### FOREIGN OWNERSHIP

#### (a) Foreigners

The term foreigners is used to designate individual shareholders resident in Great Britain, the Commonwealth countries, Europe and the United States of America. They account for less than 50% of the total number of shareholders. This is illustrated in Sungai Way Dredging Ltd. In 1964, 920 of the 2618 shareholders were foreigners, including the 243 foreigners who transferred their shares in 1943. Between the 920 holders, they held 1,300,000 shares out of an issued total of 7,000,000 shares.

The average decrease in foreign shareownership per company is approximately 25.7%. This is a drastic decrease. Foreign shareownership in many of the companies were halved over the period of 10 years. The most startling reduction in foreign ownership occurred in Ramong Consolidated, Kampong Lanjut and Serjantai. The reductions were 81%, 27.7% and 51.7% respectively. The major factor causing this decrease is the selling of shares by individual foreigners, rather by foreign corporate holders. This could be because the individual shareholders were more influenced by the ups and downs of the Stock Exchange and the tense political atmosphere which existed in Malaya. The economy of the world was only just recovering from a slump, and share prices were fluctuating. Corporate holders can better withstand fluctuations in the value of tin shares. Their investments are spread over a wide field of interests, and a sudden devaluation of tin shares would not affect them greatly. Most of the shareholders who transferred their shares were in the lower income groups. They traded their shares through local brokers, who sold them to local people. Most of the shares were bought by the local corporate bodies, and some by the professional group.

Only two companies revealed significant increases in ownership by individual foreigners. A rise of 7.6% was registered by Katin Ltd. and 26.8% was recorded by Lower Perak. The effect of the 26.8% rise in Lower Perak is diluted when the over-all percentage tends to fall rather to rise.

In conformity with the local individual shareowners, the individual foreign owners are the most active traders of shares. They are also more numerous than any particular race, whether the

Chinese or Indians. In terms of average value per shareholding, the foreigners own bigger shareholdings than their local counterparts. This is the likely trend to be followed in the future. But total percentage-wise, foreign investment in Malayan tin is diminishing.

Table 10

Shareholding Held by Foreigners

Name of Company	Percentage of Shares	
	1954	1964
Lapis Mines	100%	100%
Kuala Lumpur	77.5	56.6
Kundang	77.7	69.4
Pungah	71.3	53.7
Katu	85.2	99.8
Kg. Kemuning	71.1	44.7
Johan	78.2	39.1
Kranat	22.6	12.3
Bantan	66.0	22.9
Renang	81.4	0.4
Petaling	-	32.0
Kg. Lonjat	31.7	4
Austral-Amalgamated	66	34.4
Selangor	-	5
Lower Perak	25.6	52.4
Berjantai	93	38.3
Lant	61.3	39.3
Sungai Way	46.9	17.3

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

(b) Occupations and Sex

Shareownership in terms of occupations and sex is one of the less significant aspects of this study. It only examines the intensity of shareownership among the various occupational groups. The highest number of shareholders belong to professional classes. These people also own the highest average value per individual holding. So that shareownership can be brought within the reach of many people, particularly the lower income group, it is also the policy of most companies to give priority to share applications within the lower price range. This applies to foreign shareholders as it does to local shareholders. To a great extent, the provision of such a policy dilutes the average value of foreign holdings. The majority of the shareholders are literate. The trend is for the concentration of the older holdings in the professional group, and for the incoming or new shareholders to be from the lower class. This trend of ownership examined in the light of occupations seems unlikely to be disturbed in the future.

The data referring to the occupations of foreign shareholders is more accurate than the data for the local shareholders. Only in a few cases were the occupations not listed. This more detailed information could be attributed to the better system of registering shareholders in foreign countries.

The occupations of the foreign owners can be studied under two categories - those listed in the Malayan Register, and those listed in the London or Sydney Register. Among the occupations listed in the Malayan Register, those of miner, planter, Armed Forces personnel and retired occur most frequently. These occupations are definitely related to the type of foreigners who came to work or to settle in Malaya in the early twentieth century. In contrast, the occupations listed in the London or Sydney Share Registers show a different picture. The most common occupations recorded were housewife, Executives, (such as managers, administrative service, agents), retired and professionals. Occupations such as miner and planter were seldom noted in these foreign registers.

With reference to sex, numerous similarities can be traced between the foreign female owners and the local female owners. Like the latter, the foreign female owners are less numerous than their male counterparts. The average size of their shareholding is also smaller than their male counterparts. They fall within the middle income group (such as teachers, secretaries, typists, housewife and "married". The word "married" does not appear on the local Register, but it is quite common in the foreign registers). The difference

between the two groups is that it is seldom for a foreign female to own vast amounts of shares, especially in excess of 50,000 shares. But a few local females own big sums, because their husbands have registered the shares in their wives' names.

Generally, the trends depicted here is similar to those portrayed in the local registers.

Table 11

Shareownership of Foreign Companies

Name of Company	Percentage of Shares	
	1954	1964
Lapis Mines	-	-
Kuala Lumpur	2.6	5.6
Kundang	-	-
Pangah	-	-
Katu	-	-
Kg. Kemuning	-	-
Johor	-	-
Kromat	27.6	42.7
Rantan	-	3.5
Renang	10.0	99.4
Petaling	-	2
Kg. Lanjut	38.4	8.8
Austral-Alumina	9.3	15.1
Selangor	-	1.9
Luar Perak	70.4	6
Berjuntai	5.1	14.7
Larut	-	-
Sungai Way	46.9	4.3

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

### (c) Foreign Companies

The investment of foreign companies, concentrated as they are in a relatively small number of large holdings of tin mining companies, is particularly vulnerable to large fluctuations and any interpretations of the figures, especially percentage-wise, must be subject to this reservation. This is because of the market fluctuations inherent in tin and the recent political upheavals. Most of the transfers occurred around August, 1957, although the Indonesian "confrontation had no adverse impact on mining operations in Malaysia".

The average size per corporate holding in 1954 is 19.1% of the total. In 1964 it was 19.0%. This means that ownership by foreign companies has remained stable over the years. But this observation is not true when the individual companies are examined. Renong Consolidated shows an unprecedented leap of 89.4%. This 89.4% leap provides a stabilising factor for the decreases in the other parties. If the increase in Renong Consolidated is ignored, then the average size per corporate holding in 1964 will be 9.9%, a decrease of 9.2%.

Apart from this observation, the results reveal that the average volume of shares per company is 260,000 shares in 1964. This compares favourably with the local companies. Hence the small number of foreign corporate holdings is compensated by the large volume of shares. Corporate control is strong, though slightly diminished over ten years. Other changes to be noted are the appearance of foreign corporate participation in two companies which previously had no foreign corporate shareholders. These are Lantau and Retaling. Altogether, eleven of the companies under study recorded ownership by overseas bodies.

The financial interests of these shareholders follow a pattern peculiar to the tin industry. An examination of tin company reports reveal, under the heading "other investments", substantial holdings of other tin-mining shares. These inter-company holdings of shares serve to multiply relationships, and have given the holding company an even more complete grip on the subsidiary companies. These investments do not always mean that the

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1. Straits Times, July 12, 1966: A report by Sir Douglas Waring, Chairman of London Tin Corporation.

investing company is able to acquire substantial interests in the company in which it invests. For instance, the companies in which the sterling companies have more than 40% interest are Kramat Tin Ltd. and Renong Dredging Ltd. Inter-company shareholdings are a significant method of financing new companies. This was the trend during the pre-war period. But in modern times, the trend is towards equity financing by individual shareholders.

