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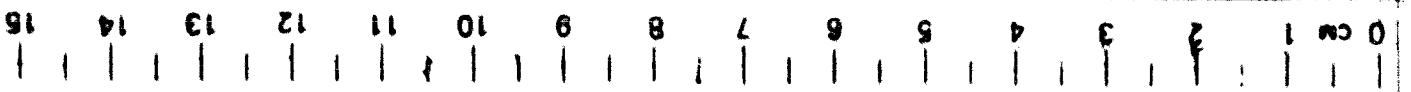
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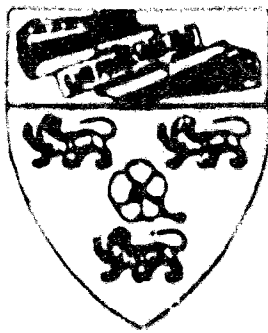
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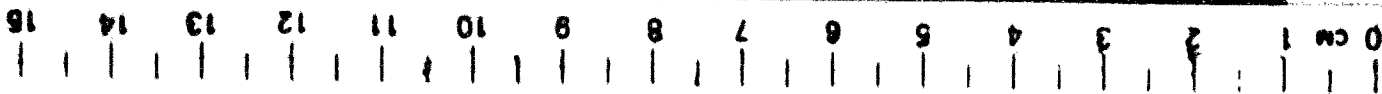


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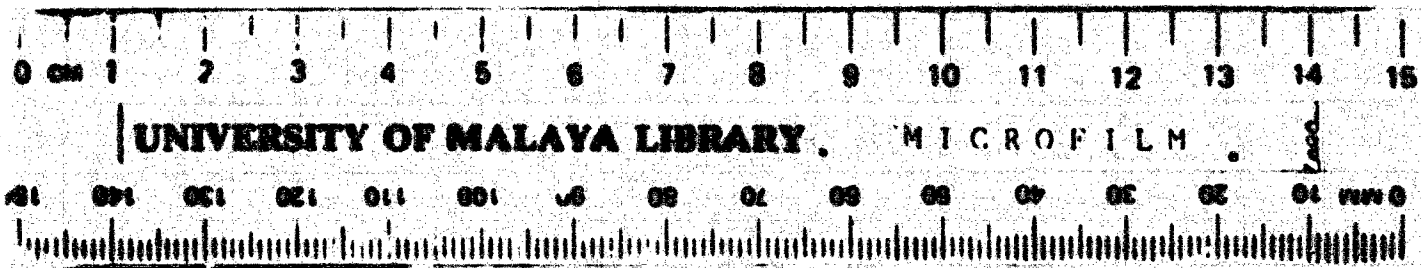
AAT-7250

AN ANALYSIS OF SHAREOWNERSHIP AND
SHAREHOLDINGS OF PUBLIC INDUSTRIAL
COMPANIES REGISTERED IN
MALAYA SINCE
INDEPENDENCE

by

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An Academic Exercise presented
in partial fulfilment for the
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THE ABSTRACT

Ownership of shares is one of the main sources of funds in any operating economic entity. Because of the lack of information on shareownership in the field of Malayan business finance it was decided to undertake a study of one aspect of Malayan shareownership - that of shareownership of public industrial companies registered in Malaya since independence.

The companies under study relied mainly on equity financing and in only two companies is there long term debt financing. There are three types of equity issues covered in the study but ordinary share issues proved to be the most popular. These ordinary shareholdings are classified into personal, joint and corporate shareholdings and the study reveals that though personal shareholdings predominate in numbers, it is the corporate shareholdings which hold the largest average value per shareholding. Joint shareholdings are found to be not very popular with investors.

In all three types of shareholdings, it is noted that local participation is increasing with a corresponding decline, percentage-wise, in overseas participation. Also, in the individual shareholdings, more and more people from the lower occupational groups are beginning to own shares in the companies. For corporate shareholdings, investment companies are found to own the highest average value per shareholding though nominees and small business firms predominate in numbers.

The discussion on Ownership, Control and the Board of Directors sets out, as its aim, to find the relationship

that exists between the three and the extent of influence one has on another. For the analysis of ownership and control, attention is devoted only to the manufacturing concerns but discussion on the board of directors is extended to include all 19 companies. Real control has been arbitrarily analysed by examining the 10 largest shareholders of each company. Most of these shareholders are corporate bodies. However, one very important finding is the existence of parent-subsidary relationships in all the 8 manufacturing companies. Control, therefore, is definitely one of the majority type. The study of the board of directors shows that ownership and management are separated in all 19 companies - the average value of the directors' shareholdings being rather small.

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CHAPTER I

INTRODUCTION

(a) Objectives of Study

This study is an attempt to determine the facts concerning shareownership of public industrial companies listed in Malaya since independence. Though in recent times, data on most phases of Malayan finance have improved enormously, shareownership has remained an almost neglected field. The objectives here will be:

- (i) to examine the various types of Equity issues of the companies
- (ii) to find out who the shareowners are
- (iii) the extent of local and overseas participation in shareownership
- (iv) the average size and value of the shareholdings
- (v) to find out who the directors are
- (vi) to locate the real seat of control in the manufacturing companies and
- (vii) to examine any emerging pattern of share ownership during this period.

(b) Scope and Coverage of Study

This study is limited only to public industrial companies registered in Malaya since independence. It covers 19 companies of which 8 are manufacturing companies and 11 are non-manufacturing ones. Table 1-1 shows the distribution of these companies by the type of business activity and year

of incorporation (as public companies). All these companies are listed on the Stock Exchange which has 56 industrial and 10 properties listed at the time of study. Though the study is supposed to cover the years 1957 to 1964 data for the manufacturing companies was only available from 1962 to 1964 and for the non-manufacturing companies it was only available for the years 1959 to 1964.

TABLE 1-1

DISTRIBUTION OF COMPANIES BY TYPE OF OF ACTIVITY AND YEAR OF INCORPORATION

Year of Incorporation Type of Business	1959	1960	1961	1962	1963	1964
Manufacturing			1	5	8	8
Real Estate					3	4
Trading	1	2	2	2	2	2
Services					1	1
Construction	1	1	1	1	1	1
Holding					1	1
Finance		1	1	1	1	1
Printing	1	1	1	1	1	1
Total	3	5	6	10	18	19

(c) Research Methodology

The major source of data is primary in nature, information being obtained from the Registry of companies in Kuala Lumpur. Most of the relevant information was obtained from the shareholders' registers but other documents like the companies' annual returns were examined and the salient information extracted. Most of the share registers ran into several volumes and the task of examining them was a rather laborious one occupying a period of

one and a half months, working eight hours each day. The shareholders' registers contain the names, addresses, number of shares held of the members and in most cases the sex and occupations of the members were also given. In the annual returns, documents like the Balance Sheets, the lists of directors and the companies' prospectus and Memorandum of Association were examined.

To facilitate work, a worksheet¹ based on that used by some Singapore undergraduates on a survey of public companies in Singapore in 1963 was used. It was very similar to the share registers, the difference lying in the fact that space was provided for recording the size of a particular holding for all the years. The names of the shareholders were taken down in alphabetical order and their particulars recorded. A column was provided for corporate holders. A tick (✓) was placed in the relevant column to indicate the address and occupation of the shareholder or written out in abbreviations (if the relevant column was not marked in the worksheet) in the 'others' column, e.g. for teachers a T. was placed in the 'others' column.

From the transcribed data collected in the worksheets, tables were made of the information required. These tables were then put together to get the final tables for all the 19 companies.

(d) Basis for Classification

In the survey 3 types of shareholders were noted:

- (1) The individual shareowners who were classified

¹See Appendix III, page 59

- by race, sex, occupations and place of residence.
- (2) The joint holders who were also classified by race, sex and place of residence.
- (3) The corporate bodies which include companies having shares and institutional bodies like religious organizations and universities. These were classified into types of companies and place of operation. The directors, like the personal shareowner, were classified by race, place, occupations and place of residence but further details like the amount of control they hold were also considered.

(e) Limitations and Accuracy of Study

Several difficulties were encountered in the study. These arise mainly from the way the share registers were compiled. The registers of some companies have incomplete information, especially concerning the occupations. For some companies, the status rather than the occupations of the shareholders were given while others did not give the occupations at all.

A small number of companies did not distinguish between the actual addresses of the shareholders. For example, for some of the European shareholders, P.O. Box numbers and "care-offs" were used. However, for this study it will be better to think of these people as foreign domiciles.²

²This is because it has been found that most Europeans stay in Malaysia for a period of time only and return home after this period. Moreover, it is very likely that the source of his capital is foreign.

The race of the shareholders were not stated in any of the share registers. This problem was solved by looking at the names of the shareowners. The difficulty arises in the case of Indian, European and Eurasian names. In such cases considerable discretion had to be used in deciding on the race.

Another difficulty encountered was the fact that a large shareholder may be holding shares under other names (e.g. the names of their relatives) or he may be holding the shares of others in the capacity of a nominee. In the first instance, the extent of this duplication is not known and the problem has to be overlooked. In the second it is not possible to find out who the actual shareholders are. As Parkinson so aptly sums up "We are left with the mysterious residual class of nominees Here inquiry is arrested by an iron curtain."³ The same statement can also be said for the trust companies which merely invest the savings of their clients.

It should be borne in mind that the companies under study do not have the same financial year ends and thus their annual returns are compiled at different times. Hence, the final tabulated figures do not really represent any particular date of the year. Moreover, Malayan shareholders have a tendency to transfer their shares and so it is very likely that within the same year a particular shareholder may have transferred his shares - perhaps just after the share register has been compiled.

³H. Parkinson, Ownership of Industry, Eyre and Spottiswoode, London, 1951. page 36.

(f) Definitions of Some Terms Used

Share: ownership of a company and include stocks as evidenced by a share certificate. Shares may be of any denomination and may be expressed in their nominal or market values.⁴ There are 3 types of shares encountered in this study: (1) Ordinary Shares or Common Shares which entitle their owners to voting privileges⁵ and residual claims. (2) Management Shares which are held by inside interest. (3) Deferred Shares which are very similar to ordinary shares except in the matter of repayment of capital.

Public Limited Companies: public incorporated companies with limited liability. In a public company, the public is invited to subscribe for shares and there is no restriction on the right to transfer shares.

Shareholders and Shareholdings: These 2 terms are not synonymous. A single shareholder may have many shareholdings. The lists of names filed in the Registry of Companies show the number of shareholding, whether it be an

⁴The shares held in the 19 companies have a nominal value of \$1/- each - except for Esso Company and Malayan Banking which have nominal share values of \$2/- and \$5/- respectively.

For this study nominal value alone will be used. This is because the market value of a share changes over time and the difficulty of fixing on a particular value arises. Moreover, according to Parkinson, it does not really matter which is used as he says that "percentage distribution is virtually identical, whether nominal value or market value is taken". - Parkinson, op. cit. Page 56.

⁵Except in cases where such shares are specified as non-voting in the articles of Association. But this exception does not arise in this study.

individual or a corporate body. Sometimes one shareholder may have 3 shareholdings in 3 different companies.

Authorized and Issued Capital: The amount spent out in the Memorandum of Association, while the latter is that amount which is actually subscribed.

Total Assets: This figure is derived from the Companies' Balance Sheets and include all the different assets of the companies. The total assets at any period of time will disclose the total productive potentialities of the company.⁶

⁶However, care must be taken in interpreting the total assets of all the 19 companies. This is because the reported assets do not represent values as of a uniform date. The property accounts of many companies include values entered on the books on a wide variety of dates, commonly extending over several decades.

CHAPTER II

GENERAL ANALYSIS OF ALL LISTED SHAREHOLDINGS

(a) Number and Types of Firms and Types of Issues Covered

Industrial companies play a very important role in Malaya especially since the attainment of independence in 1957. Through them, the country's standard of living, its pattern of consumption and its employment opportunities are affected. Since 1957, 19 major public industrial companies have been incorporated in Malaya.

TABLE 2-1

SIZES OF COMPANIES CLASSIFIED BY THEIR TOTAL ASSETS

Size of Company	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Large (over \$40 million)	0	0	1	10	1	14	3	30	5	30	5	29
Medium (\$15 to \$40 million)	1	50	2	40	3	43	6	60	6	35	6	29
Small (less than \$15 million)	1	50	2	40	3	43	1	10	6	35	7	42
Total	2	100	5	100	7	100	10	100	17	100	18	100

(1) The total of 18 companies does not include Island and Peninsular Developments. This is because no report was available for the company as it was intended that the first account of the company will be made to cover the period from November 1963 to 31 March 1965.

The 19 companies can be divided into 2 types - the manufacturing and the non-manufacturing. However, a better way of classifying them will be into large, medium and small companies according to their total assets and their total issued share capital.

TABLE 2-2

SIZES OF COMPANIES CLASSIFIED BY THEIR ISSUED SHARE CAPITAL

Size of Company	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Large (over \$25 million)	0		0		0		2	20	4	22	4	21
Medium (\$10 to \$25 million)	1	50	0		3	43	4	40	7	39	7	37
Small (less than \$10 million)	1	50	5	100	4	57	4	40	7	39	8	42
Total	2	100	5	100	7	100	10	100	18	100	19	100

From Tables 2-1 and 2-2 it can be noted that there is quite a close co-relation between the sizes of the companies by total assets and issued share capital. The only major exception lies in Malayan Banking Limited² which has the largest amount of total assets for all the years but a relatively small amount of issued share capital.

The main way in which the 19 companies obtain

²In 1964 the total assets for this company was \$430,198,009 but its issued share capital was only \$15,000,000.

funds to finance their operations is through Equity financing, i.e. they issue shares to the public, but in 2 of the companies there is also long term Deft financing which is the issuance of redeemable debenture stock. Esso Company had an issuance of \$7 million 7% redeemable debenture stock 1973 at par while Shell Refining Company had an issuance of \$7½ million 7% redeemable debenture stock 1968 at par. Such issuance arises, presumably because of the need for more funds; so in addition to the issue of shares to the public, the companies also issue debentures - i.e. they borrow from the public and pay the holders of these debentures a fixed amount of interest annually - 7% in these 2 cases.³

All 19 companies had issues of ordinary shares which appear to be the most popular form for investment. These are the first type of issues made by any corporations and they are also the last to be retired in the event of liquidation. The holders of these shares are theoretically responsible for selecting the board of directors of the company and they are also entitled to exercise certain preemptive rights and other rights such as that to inspect the books of the corporation, the privilege to transfer stocks and the right to receive dividends. Such shares are about the most popular form of investment for the public. They fetch very good dividends especially in well-managed companies which normally add to their "effective capital" each year, by investing in the business profits which are not paid out to shareholders. Thus the "equity" which belongs to ordinary shareholders, tend to be a continually increasing long-term quantity. "Among all types of shares, ordinary

³This study will not be concerned with the debenture holders because they are not shareholders and their names do not appear in the share registers.

have a quality which, over a period of years, is usually expressed in a higher dividend and increasing market value."⁴

Deferred shares and Management shares are also found. The former are found in Rothmans of Pall Mall and are held by the company itself. Such shareholdings enjoy equal right as to voting, dividend and profits "and rank pari passu with the ordinary shares in all respects except that their rights to repayment of capital are deferred until the company earns in each of 3 successive years profits before tax equivalent to at least 10 per centum per annum on its paid-up ordinary share capital for the time being, when the deferred shares shall become ordinary shares with equal rights in all respects to those of all other ordinary shares."⁵ There are 3,187,500 deferred shares of \$1/- each and these have been held by Rothmans since it became a public company in September 1961.

Management shareholdings do not occur in any of the 19 companies, except in Straits Times Press Limited. These are held by inside interest in order to facilitate control and to favour them with special dividends. They enjoy all the rights normally enjoyed by ordinary shareholders and in addition, as in Straits Times, each holder of every \$1/- management share is entitled to 300 votes as compared to ordinary shareholders who are only allowed one vote for every dollar worth of share held. The number of such shares is 64,800 and they have been held in Straits Times Press ever since it became a public company.

⁴Parkinson, H., Op. Cit, page 21.

⁵Rothmans of Pall Mall, Articles of Association.

Table 2-3 gives a classification of the types of issues covered on the basis of shareholdings.

It can be noted that over the years, the total number of shareholdings have continued to increase. From 121 in 1959 to 78,162 in 1964. This increase can be attributed to 2 main causes, viz. the entry of new firms into the industrial sphere (as illustrated in Table 1-1) and the increase in the issued share capital of the existing firms. Firms wishing to expand have found that the issuance of new shares can become an important device to tap more funds.

The big difference in total shareholdings between the years 1961 and 1962 is due to the entry of 4 manufacturing firms into the economy during this time. These firms - Dunlops, Malayan Containers, Malayan Tobacco and Shell issued large amounts of shareholdings of rather small units. The difference in shareholdings between 1963 and 1964 also owes its existence to 4 more companies, viz. Hume Industries, Malayan Cables, Kuala Lumpur Properties and Motor Investment. Moreover Esso Company which had only 6 shareholdings in 1963, issued about 25,800 more shareholdings in 1964. The small number of shareholdings for 1959 is due to the fact that data for 1959 was only available from one company - Jacksons. 1960's figures however include data of 4 more companies. The continued increase in total shareholdings throughout the years is due solely to an increase in ordinary shareholdings - the preferred and management shareholdings remaining the same throughout.

(b) Types of Ordinary Shareholdings

In this study 3 types of ordinary shareholdings were encountered. There were those held by individuals, i.e. personal shareholdings, those held jointly - perhaps

TABLE 2-3

TYPES AND NUMBERS OF SHAREHOLDINGS

Type of Shares	1959	1960	1961	1962	1963	1964
	No. of S/H	No. of S/H	No. of S/H	No. of S/H	No. of S/H	No. of S/H
Ordinary Shares	121	2,642	2,868	44,326	45,417	78,160
Management Shares	0	1	1	1	1	1
Deferred Shares	0	0	0	1	1	1
Total	121	2,643	2,869	44,328	45,419	78,162

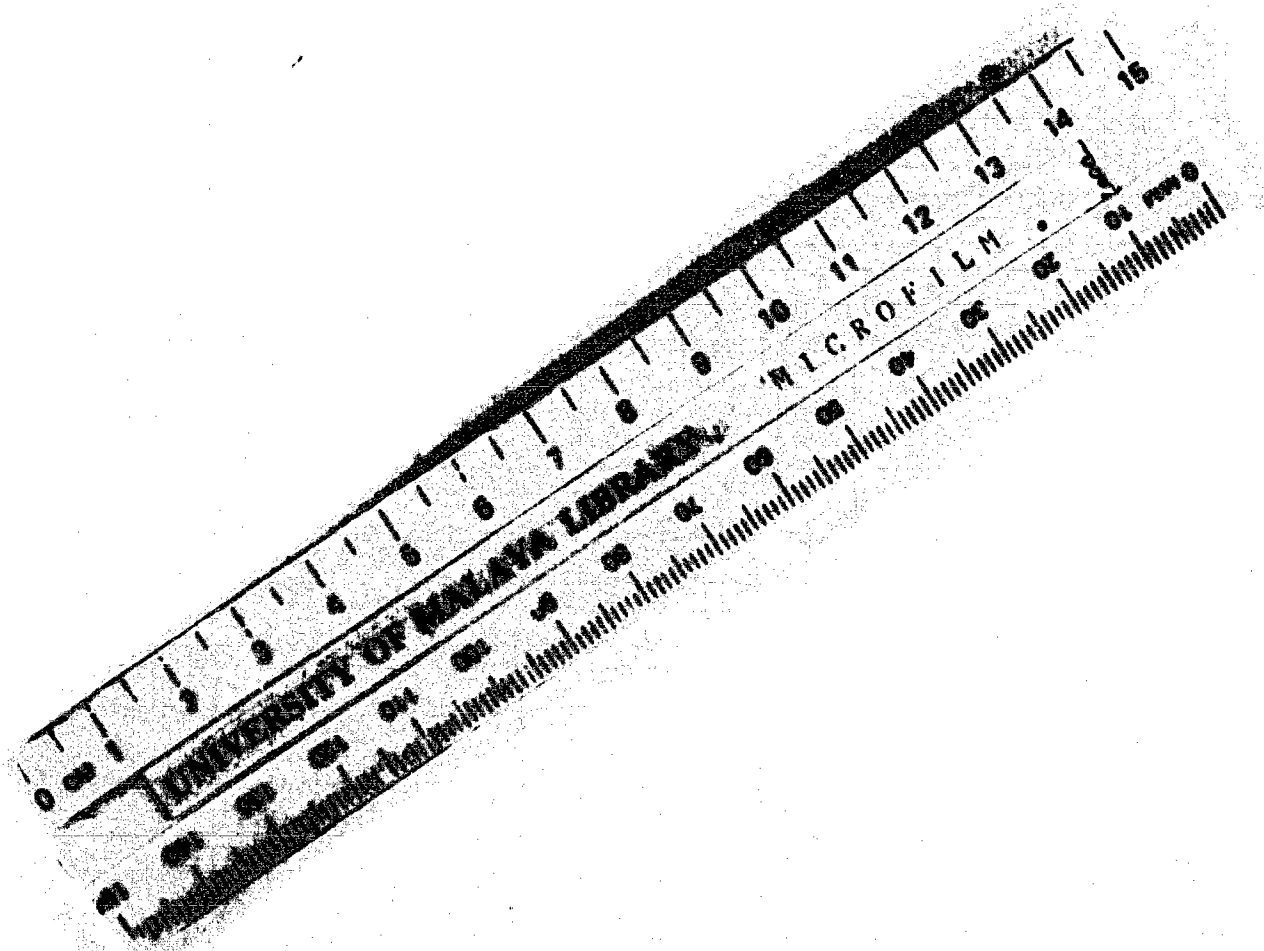


TABLE 2-4

DISTRIBUTION OF THE 3 TYPES OF ORDINARY SHAREHOLDINGS

Type of Shareholdings	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Individual	108	89.2	2,429	92	2,614	91.2	43,147	97.4	44,054	97	76,530	98
Joint	2	1.7	33	1.2	37	1.3	449	1	410	0.9	394	0.5
Corporate	11	9.1	180	6.8	217	7.5	730	1.6	953	2.1	1,236	1.5
Total	121	100	2,642	100	2,868	100	44,326	100	45,417	100	78,160	100

TABLE 2-5
 VALUES OF THE DIFFERENT TYPES OF ORDINARY SHAREHOLDINGS
 (IN DOLLARS)

Type of Shareholdings	1959		1960		1961		1962		1963		1964	
	Values	%	Values	%	Values	%	Values	%	Values	%	Values	%
Individual	342,000	34.2	17,481,000	66.5	18,418,004	63.8	42,617,382	35.0	69,594,020	36.2	84,479,652	36.1
Joint	6,000	0.6	943,000	3.5	861,000	2.9	1,021,000	0.8	1,121,850	0.5	1,226,610	0.5
Corporate	652,000	65.2	7,898,000	30.0	9,542,996	33.3	77,791,718	64.2	121,385,430	63.3	152,960,298	63.4
Total	1,000,000	100	26,322,000	100	28,822,000	100	121,430,100	100	192,101,300	100	241,666,560	100

See Table 3.2.

between 2 individuals or 2 individuals and a corporate body and those held by corporate and other institutional bodies. Tables 2-4 and 2-5 show these types of shareholdings classified by their absolute numbers and by the value of shares held.

The most common type of shareholdings belongs to the personal category and a study of the trend over the years reveals that there has been a steady increase in the total number of such shareholdings. The percentage held have also increased - from 89.2% in 1959 to 98% in 1964. This serves to show that individuals are getting more and more share-conscious. However, the joint and corporate shareholdings have declined, percentage-wise, over the years.

Table 2-5 presents a slightly different picture. Though the corporate bodies held a declining percentage of shareholdings, the nominal values of their shareholdings have remained relatively stable with an increase in the latter years. Though corporate bodies held only 1.5% of total shareholdings in 1964, the percentage of share values held at this date was 63.4% as compared to 36.1% of the personal category and 0.5% of the joint category. This shows that the average value per shareholding of corporate bodies is very much higher than that for personal or joint shareholdings. Table 2-6 shows the average value per shareholding of the 3 types of shareholdings over the years.

It can be noted that the average value per shareholding for the personal category has been generally on the decline - from \$3,169 in 1959 to \$1,143 in 1964. Perhaps this is because of the present-day trend of most company

towards the issue of smaller values in shareholdings.⁶

TABLE 2-6

AVERAGE VALUE PER ORDINARY SHAREHOLDING
(IN DOLLARS)

Type of Shareholding	1959 Av. Value	1960 Av. Value	1961 Av. Value	1962 Av. Value	1963 Av. Value	1964 Av. Value
Individual	3,169	7,197	7,046	987	1,580	1,143
Joint	3,000	28,576	23,270	2,269	2,736	3,113
Corporate	59,272	43,877	43,976	106,564	127,372	123,754
Total	65,441	79,650	74,292	109,820	131,688	128,010

The average value per corporate shareholding on the other hand shows a general increase since 1959. In fact, the average value per corporate shareholding well-surpasses those of the personal and joint shareholdings. This is because the corporate category consists of institutions which invest the money of their proprietors. "Institutional" entries in a register are invariably for several thousand dollars nominal, at least.

Joint shareholdings do not appear to be a popular form of investment in industrial companies. Over the years

⁶This trend arises partly because of the present-day policy of most companies to widen the number of share-owners. It is noted that in many cases shareholdings are of certain units. The most common units are the smaller ones - like 100, 200, 300, 400, 500, 1,000, 2,000. Malayan Tobacco, for instance, had 68% of its total shareholdings in units of 100 shares of \$1/- each in 1964.

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TABLE 2-6

AVERAGE VALUE PER ORDINARY SHAREHOLDING
(IN DOLLARS)

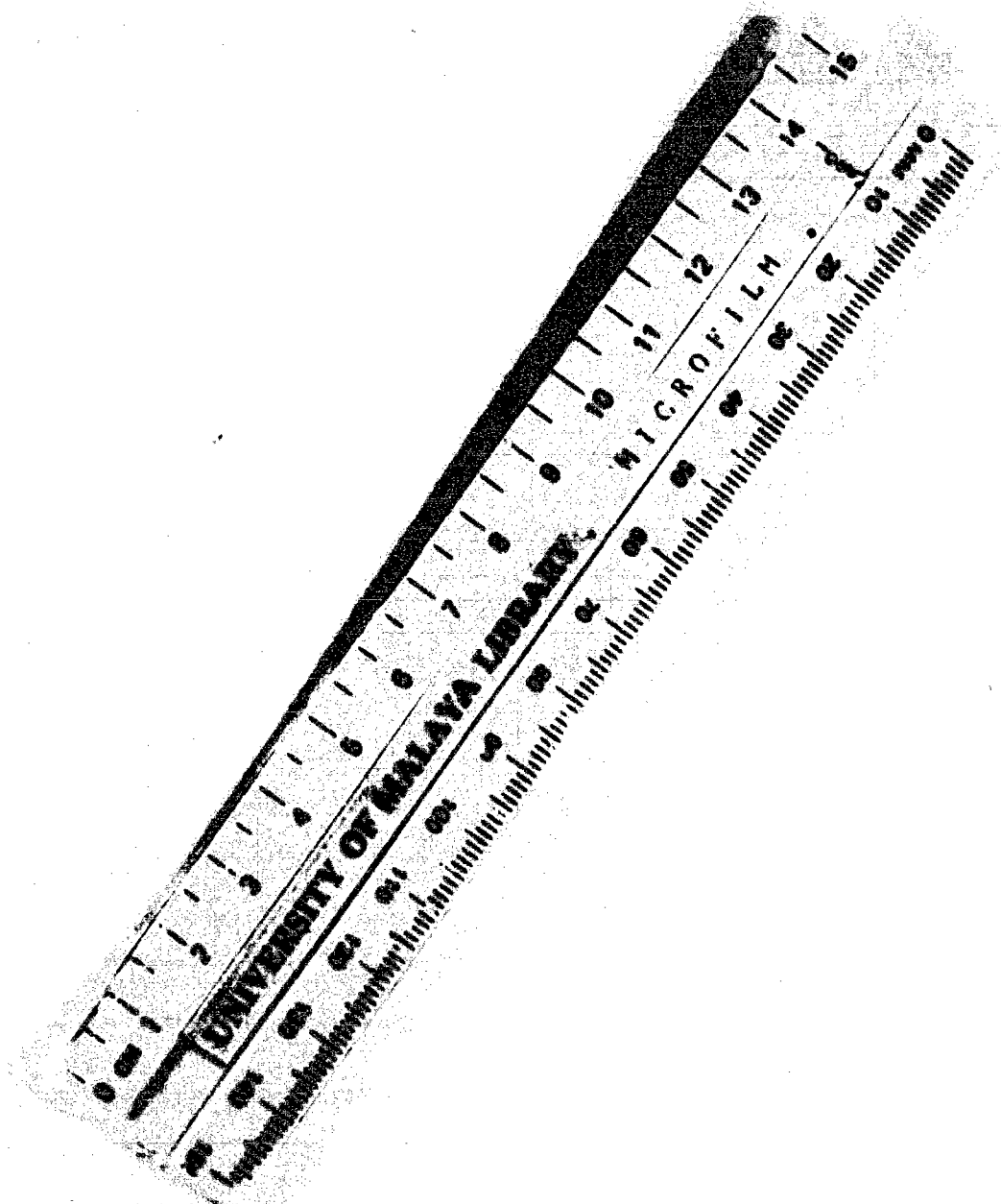
Type of Shareholding	1959	1960	1961	1962	1963	1964
	Av. Value	Av. Value	Av. Value	Av. Value	Av. Value	Av. Value
Individual	3,169	7,197	7,046	987	1,580	1,143
Joint	3,000	28,576	23,270	2,269	2,736	3,113
Corporate	59,272	43,877	43,976	106,564	127,372	123,754
Total	65,441	79,650	74,292	109,820	131,688	128,010

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there has been only an insignificant increase in the absolute numbers of such shareholdings. By 1964, such shareholdings occupy only 0.5% of the total value of all ordinary shareholdings.



CHAPTER III

THE PERSONAL SHAREHOLDINGS (OF ORDINARY SHARES)

(a) The Personal Shareholdings Classified by Racial Groups and Places of Residence

Since the individual shareholdings account for such a large percentage of the total shareholdings of the 19 companies, it will be helpful to make a detailed study of them according to various characteristics. Tables 3-1, 3-2 show this type of shareholdings classified by racial groups and by value of shares held by the different races.

It is significant to note that, percentage-wise, all the shareholdings of the 'local' people (i.e. the Malays, Chinese, Indians and Eurasians) have increased over the years whereas that of the Europeans (or foreigners) have declined - from 33.4% in 1959 to 4.5% in 1964. This shows that local participation in shareownership is fast becoming the rule - perhaps because of the change in the condition in the political situation in Malaysia. This change not only discouraged 'overseas' participation but it has stimulated the interests of the people in these territories directing their savings towards this important aspect of shareownership.

A study of the trend over the years in the places of residence of the shareholders reveals the same picture too. Table 3-3 shows that in 1959 the percentage of overseas shareholdings was 10.4% but in 1964 it was only 0.7%.

INDIVIDUAL SHAREHOLDINGS CLASSIFIED BY RACIAL GROUPS
TABLE 3-1

Race	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malays	3	2.8	53	2.2	64	2.4	1,648	3.8	1,383	3.1	2,875	3.7
Chinese	61	56.5	1,521	62.7	1,741	66.6	31,968	75.1	34,571	78.4	60,916	79.6
Indians	9	8.3	146	6.0	168	6.4	4,354	10.2	4,416	10	8,057	10.5
Europeans	35	32.4	655	26.9	584	22.3	3,713	8.7	3,056	6.9	3,441	4.5
Assians	0	0	54	2.2	57	2.3	864	2.2	628	1.6	1,241	1.1
Total	108	100	2,429	100	2,614	100	42,547	100	44,054	100	76,530	100

VALUE OF SHARES HELD BY THE DIFFERENT RACES (IN DOLLARS)

TABLE 3-2

Race	1959		1960		1961		1962		1963		1964	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Malays	8,000	2.5	140,680	0.8	173,550	0.9	903,905	2.1	1,100,700	1.6	1,575,562	1.8
Chinese	189,990	55.5	9,859,655	43.5	11,339,545	61.8	30,425,627	71.6	56,707,008	81.6	71,227,613	81.6
Indians	14,000	4.0	416,015	2.4	469,145	2.5	2,710,470	6.3	3,585,055	5.1	5,374,475	6
Europeans	129,986	38.0	6,916,300	39.5	6,285,034	34	8,113,320	19	7,681,267	11	9,027,944	10.3
Erasians	-	0	148,350	0.8	150,730	0.8	464,060	1	519,990	0.7	274,058	0.3
Total	342,000	100	17,481,000	100	18,418,004	100	42,617,382	100	69,594,020	100	87,479,652	100

DISTRIBUTION OF PERSONAL SHAREHOLDINGS BY PLACE OF RESIDENCE

TABLE 3-3

Place of Usual Residence	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malaya	16	14.8	814	33.5	930	35.5	27,840	64.5	28,349	64.3	52,434	68.5
Singapore	81	74.8	1,397	57.4	1,441	55.1	14,658	33.9	15,034	34.1	23,189	30.2
Sarawak	0		6	0.3	4		28)		43)		136)	
Sabah	0		12	0.6	11}	0.7	83}	0.3	102}	0.4	207}	0.6
Overseas	11	10.4	200	8.2	228	8.7	538	1.3	526	1.2	564	0.7
Total	108	100	2,429	100	2,614	100	43,147	100	44,054	100	76,530	100

Even though European shareholdings have declined significantly over the years the percentage of the total value of shares held by 1964 was still quite considerable - i.e. 10.3%. This indicates that the average value per shareholding of the Europeans are much higher than that for other races. Table 3-4 shows the average values per shareholding for the different races.

TABLE 3-4

AVERAGE DOLLAR VALUE PER SHAREHOLDING
(CLASSIFIED BY RACE)

Race	1959	1960	1961	1962	1963	1964
	Av. Value	Av. Value	Av. Value	Av. Value	Av. Value	Av. Value
Malays	2,667	2,654	2,712	548	796	548
Chinese	3,115	6,482	6,513	952	1,640	1,169
Indians	1,556	2,849	2,792	622	812	667
Europeans	3,714	10,559	10,762	2,182	2,513	2,623
Eurasians	-	2,747	2,644	537	221	221

By 1964 the Chinese owned 81.6% of the total value of the shareholdings as compared to 1.8% for the Malays, 6% for the Indians, 0.3% for the Eurasians and 10.3% for the Europeans. The values of the shareholdings of all the local participants, percentage-wise, show a steady increase over the years though that for the Malays tend to fluctuate a bit.

Regarding the places of residence of the personal shareholdings it is to be noted that Malayan shareholdings have increased most. From 14.8% in 1959 the percentage rose to 68.5% in 1964 - as compared to 74.8% in 1959 and 30.2% in 1964 for Singapore. The extent of participation from Sarawak and Sabah has also increased from 0% in 1959 to 0.3% in 1960 to 0.6% in 1964.

One reason to explain why more Malaysians than

Singaporeans owned shares in 1964 (as opposed to the case in 1959) is the fact that the newer companies which were incorporated after 1962 were incorporated in Malaya leading to more Malaysians becoming interested in owning shares in their own local companies.

(b) The Individual Shareholdings Classified by Occupational Groups

For the purposes of analysis it is necessary to formulate some sort of classification for the occupations of the shareholders. 7 groups were decided on and the various occupations accordingly classified. First there was the Administrative Group and under this would include the managers, directors, supervisors, secretaries, bailiffs and people working in the Civil Service. Then there was the Professional Class which would include all those rendering personal services such as doctors, lawyers, dentists, clergymen, technicians, engineers, architects, contractors, accountants, teachers, lecturers, editors and journalists. The next category was the Business one which included the merchants, traders, moneylenders, brokers, planters, agents and salesmen. The Clerical and Unskilled classes included the clerks, cashiers, the farmers and hawkers and other unskilled workers. The police, army, navy and air force came under the Armed Forces category while others included "occupations" like gentlemen, housewives, spinsters and students. The Unclassified group was taken to include all those whose occupations were not listed down on the share registers.

It is inevitable, as a look at the table will show, that the Unclassified and Other categories will be very large. This is because some companies did not state the occupations of their shareholders at all, while others stated the status rather than occupations of the shareholders. However, it can

be assumed that had this not been the case, the trend in occupational groupings would not change very significantly - the same pattern probably being followed.

The aim of analysing the occupational distribution will be to see the different occupational groups holding shares and to trace the trend which emerges. From Table 3-4 it can be seen that the proportion of shareholdings held by the clerical and unskilled category has increased most - from 1.5% in 1960 to 18.3% in 1964. This is very significant for it shows that ownership of shares is no longer the domain of the rich - as in the earlier years. Whereas in 1960 the Business, Professional and Administrative sectors held the largest proportions of shareholdings, in 1964 it is the Business and Clerical and Unskilled categories which dominate in the ownership of shareholdings.

The Business category has always held the largest number of shareholdings - perhaps because they are the ones who will be most conscious of investment opportunities in shares.

The Professional and Administrative groups held quite large proportions of shareholdings in 1960 but their increase, percentage-wise, over the years have not been very rapid. Except for the Armed Forces category which has always been rather insignificant, the Administrative group held the smallest proportion of shareholdings by 1964. But from observations made during the collection of data at the Registry, it was noted that most of the shareholdings in this group had rather high values as compared to the clerical and unskilled category where the average value per shareholding was very low. The average value per shareholding of the Professional group was also quite high with that of the Business group following quite closely behind.

PERSONAL SHAREHOLDINGS CLASSIFIED BY OCCUPATIONAL GROUPS
TABLE 3-5

Occupation	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Administrative			64	2.6	75	2.8	3,796	8.7	3,095	7	5,298	6.9
Professional			117	4.8	135	5.1	5,797	13.4	5,773	13.1	10,272	13.4
Clerical/ Unskilled			38	1.5	50	1.9	7,858	18.2	7,929	18	14,057	18.3
Business			206	8.4	214	8.1	9,301	21.5	8,978	20.3	15,571	20.3
Armed Forces			11	0.4	12	0.4	230	0.5	239	0.5	353	0.4
Others			719	29.5	814	31.1	12,345	71.7	12,097	27.7	18,192	23.7
Unclassified	108	100	1,274	52.8	1,314	50.6	3,820	8.8	5,943	13.4	12,787	17
Total	108	100	2,429	100	2,614	100	43,147	100	44,054	100	76,530	100

The 'others' category has always been very large and this is because some companies had the status rather than the occupations of the shareholders listed down. Moreover, a large number of shareholders in this category are housewives.

(c) The Personal Shareholdings Classified by Sex

It is significant to note in this study of personal shareholdings classified by sex that the percentage of shareholdings held by men has always surpassed that held by women. However, the trend through the years shows an increasing participation of women in shareownership. From the mere percentage of 17.5 in 1959 the figure rose to 33.1 in 1964. This is quite in keeping with the times for, with more women coming out to work and more equality between the sexes, it is easier for them to participate in shareownership.

However, in spite of this increase, the average value per shareholding for the women has always remained lower than that for the men.

TABLE 3-6

PERSONAL SHAREHOLDINGS CLASSIFIED BY SEX

Sex	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Male	89	82.5	1,852	76.3	1,966	73.3	27,573	63.9	30,340	68.8	51,201	66.9
Female	19	17.5	577	23.7	648	24.7	15,574	36.1	13,714	31.2	25,329	33.1
Total	108	100	2,429	100	2,614	100	43,147	100	44,054	100	76,530	100

CHAPTER IV

THE CORPORATE AND JOINT SHAREHOLDINGS

A - The Corporate Shareholdings

(a) Type and Number of Corporate Shareholdings

Corporate shareholdings account for only a small percentage of the total number of shareholdings but they are very important because of the very high average value of each shareholding. The corporate bodies can be classified into 10 types for purposes of analysis - the Nominees, Investments, Trustees, Assurance, Properties, Finance, Rubber, Mining, Other companies and Institutional bodies¹ like missionary societies and Universities. Other companies will be taken to include the manufacturing, trading and services companies and any other companies not included in any of the other 9 categories, while Properties will include the Realities and Holding companies. Finance here refers to the other types of finance companies (e.g. banks) which are not already classified while nominees and trustees may include banks whenever the exact business of such banks is stated.

Table 4-1 shows the total shareholdings owned by each corporate group. Nominees own one of the largest number of shareholdings. The 'other companies' have the largest

¹The main reason why such bodies buy shares is to utilize their otherwise idle resources which are thus actively employed for earning revenue.

number mainly because this group includes all sorts of companies whose exact business is not known.² Over the years nominees and investment companies have predominated in total number of shareholdings owned. Trustees and Properties which were rather prevalent in the earlier years have, percentage, declined in their amounts of shareholdings. From 14% in 1960 the figure for Trustees dropped to 2.7% in 1964, while that for Nominees have remained relatively stable - 36.3% in 1959 to 20.3% in 1960 to 20.4% in 1964.

Perhaps an explanation for the predominance of Nominees may be found by examining the exact nature of such companies. A nominee is actually an individual or company "in whose name securities are registered in lieu of registration in the names of the beneficial or actual owners".³ The principal reason for nominees is that they are a convenient device for holding and transferring other people's securities. Thus the large number of nominee shareholdings may be entirely due to the fact that they are "a business convenience"; nominees save time and certain expenses.

Investment companies are professional investors who have obtained funds from the public by issuing their own shares and debentures and have employed their funds in pur-

²The exact nature of the business of a corporate body is usually rather difficult to ascertain as such information is derived solely from the names of the corporate bodies.

³Kimmel, L.H. Shareownership in the United States (Washington: The Brookings Institution, 1952) page 48.

TABLE 4-1

TOTAL SHAREHOLDINGS OWNED BY EACH CORPORATE GROUP

Type of Company	1959		1960		1961		1962		1963		1964	
	No. of S/H	%	No. of S/H	%	No. of S/H	%	No. of S/H	%	No. of S/H	%	No. of S/H	%
Nominees	4	36.3	33	20.3	36	16.5	103	14.1	161	16.9	253	20.4
Investments	0	18.2	14	8.4	18	8.3	52	7.1	75	7	135	10.9
Trustees	2	9.1	14	8.4	17	8.2	35	4.8	45	4.7	34	2.7
Rubber	1		18	11	21	9.6	47	6.4	56	5.8	58	4.7
Mining			2	1.2	1	0.4	11	1.5	29	3	25	2
Assurance			4	2.4	6	2.7	15	2	19	2	23	1.8
Finance			3	1.8	5	2.2	8	1.1	12	1.2	15	1.2
Properties	1	9.1	17	10.2	12	5.5	34	4.7	29	3	45	3.6
Other Cos.	3	27.3	73	45.1	99	45.7	420	57.7	521	54.9	642	52.3
Institutional bodies			2	1.2	2	0.9	5	6	6	0.6	6	0.4
Total	11	100	180	100	217	100	730	100	953	100	1,236	100

chasing a 'portfolio' of securities, spread widely over the investment field. Such companies are next to the nominees in the amount of shareholdings held - percentage wise. However, in terms of share values, investment companies own one of the largest amount of shares as can be seen from table 4-2 which gives a classification of the corporate shareholdings by values for 1964. When averages of values are considered, it is noted that investment companies have the highest average value per shareholding - i.e. \$282,159 in 1964.

TABLE 4-2

CORPORATE SHAREHOLDINGS CLASSIFIED BY VALUES
(IN DOLLARS)

Type of Companies	1964	
	Values	%
Nominees	14,229,645	9.3
Investments	38,091,460	24.8
Trustees	800,200	0.5
Rubber	499,453	0.4
Mining	325,000	0.3
Assurance	1,803,929	1.2
Finance	1,500,000	0.9
Properties	8,890,710	5.8
Other Companies	86,790,451	56.8
Institutional Bodies	29,450	-
Total	152,960,298	100

Properties too, like the investment companies, have very high average value per shareholding, e.g. in 1964 the average value was \$197,571. Properties include realties and holding companies and like the investment companies, they also have at their disposal, large amounts of funds to be used for investing in shares.

TABLE 4-3

AVERAGE VALUE PER CORPORATE
SHAREHOLDING (IN DOLLARS)

Type of Company	1964 Average Value per Shareholding
Nominees	56,243
Investments	282,159
Trustees	23,535
Rubber	8,611
Mining	13,000
Assurance	78,431
Finance	100,000
Properties	197,571
Other Companies	135,871
Institutional Bodies	4,908

Nominees, though they own a large number of shareholdings, do not have very large amounts of their money tied up in these shareholdings. The average value per nominee shareholding in 1964 was only \$56,243 and these shareholdings occupied, percentage-wise, only 9.3% of the total value of all corporate shareholdings, (as compared to 20.4% in the numbers of shareholdings held).

It is to be noted that all these company investors have one point in common. They are corporate investors, with large numbers of their own shareholders who are the ultimate beneficiaries of their operations. As Parkinson explains, an insurance office, for example, may appear on a company's register as sole owner of a large shareholding. But the office may have thousands of policy holders, whose contributions jointly provide the where-withal for this investment.

(b) Places of Operations of Corporate Shareholdings

The pattern of location of corporate bodies follows a rather similar trend to that of personal shareholdings. Over the years the percentage of shareholdings owned by foreign corporations have declined while that for local ones have increased from 91% in 1959 to 97.4% in 1964.

TABLE 4-4

DISTRIBUTION OF CORPORATE SHAREHOLDINGS
BY PLACES OF OPERATION

Place of Operation	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malaya	2	18.2	50	27.7	69	31.9	321	44	443	46.6	572	46.5
Singapore	8	72.8	112	62.3	130	59.9	380	52	482	50.5	630	50.9
Sabah	0		0		0		0		1	0.1	1	-
Overseas	1	9	18	10	18	8.2	29	4	27	2.8	33	2.6
Total	11	100	180	100	217	100	730	100	953	100	1,236	100

Within the local sector itself it is noted that corporate shareholdings in Malaya have increased faster than those in Singapore. In 1959 only 18.2% of the corporate shareholdings were Malayan but in 1964 the figure had risen to 46.5%. The percentages for Singapore have dropped from 72.8% in 1959 to 50.9% in 1964. Perhaps this can be explained by the fact that with industrialization and the formation of more and more corporate bodies in Malaya, it has become much easier for such bodies to increase their total number of corporate shareholdings.

A significant feature to note in this study is that corporate shareholdings in the 2 Borneo States of Sabah and Sarawak have been very insignificant - if almost non-existent.

B - The Joint Shareholdings

(a) The Different Forms of Joint Shareholdings and their Racial Characteristics.

Joint shareholdings are those shareholding which are registered under more than one name. As mentioned earlier, such shareholdings can be classified into 3 types, viz., those held jointly between 2 or more individuals, between individual(s) and corporate body (bodies) and between corporate bodies. In this study of joint shareholdings of all the 19 companies, it was noted that with the exception of one shareholding held jointly between an individual and a bank⁴ all the other joint shareholdings belong to the first type.

Joint shareholdings do not appear to be very popular with investors. of the total amount of shareholdings, such shareholdings never exceeded 1.7% (figure for 1959) and their value never exceeded 3.5% of the total value of all shareholdings.

The majority of joint shareholdings are shareholdings between people of the same race. The number of shareholdings between people of different races is non-existent for the earlier years. In fact it was not until 1964 that there appeared 2 such shareholdings. This is of course a very good sign and it is to be hoped that in future there will be more such co-operation between the different races.

⁴This occurred in Straits Times Press Limited between an individual and a London bank. The amount held was 81,000 and the shareholding partnership ended only in 1964.

Table 4-5 shows a classification of joint shareholdings by race.

TABLE 4-5

JOINT SHAREHOLDINGS CLASSIFIED BY RACE

Race	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malays			0	0	0		16	3.5	20	4.8	19	4.8
Chinese	2		12	36.3	13	35.1	320	71	261	63.8	270	68.0
Indians			2	6	3	7.2	53	11.6	57	13.9	52	13.8
Europeans			19	57.7	21	56.7	53	11.6	62	15.1	41	10.4
Eurasians			0		0		7	2.3	10	2.4	10	2.5
Mixed			0		0		0		0		2	0.5
Total	2		33	100	37	100	449	100	410	100	394	100

European joint shareholdings which were rather predominant in the earlier years have been on the decline, while those of the Chinese have increased. Generally, the pattern of such shareholdings by race follows rather closely that of the personal shareholdings by race.

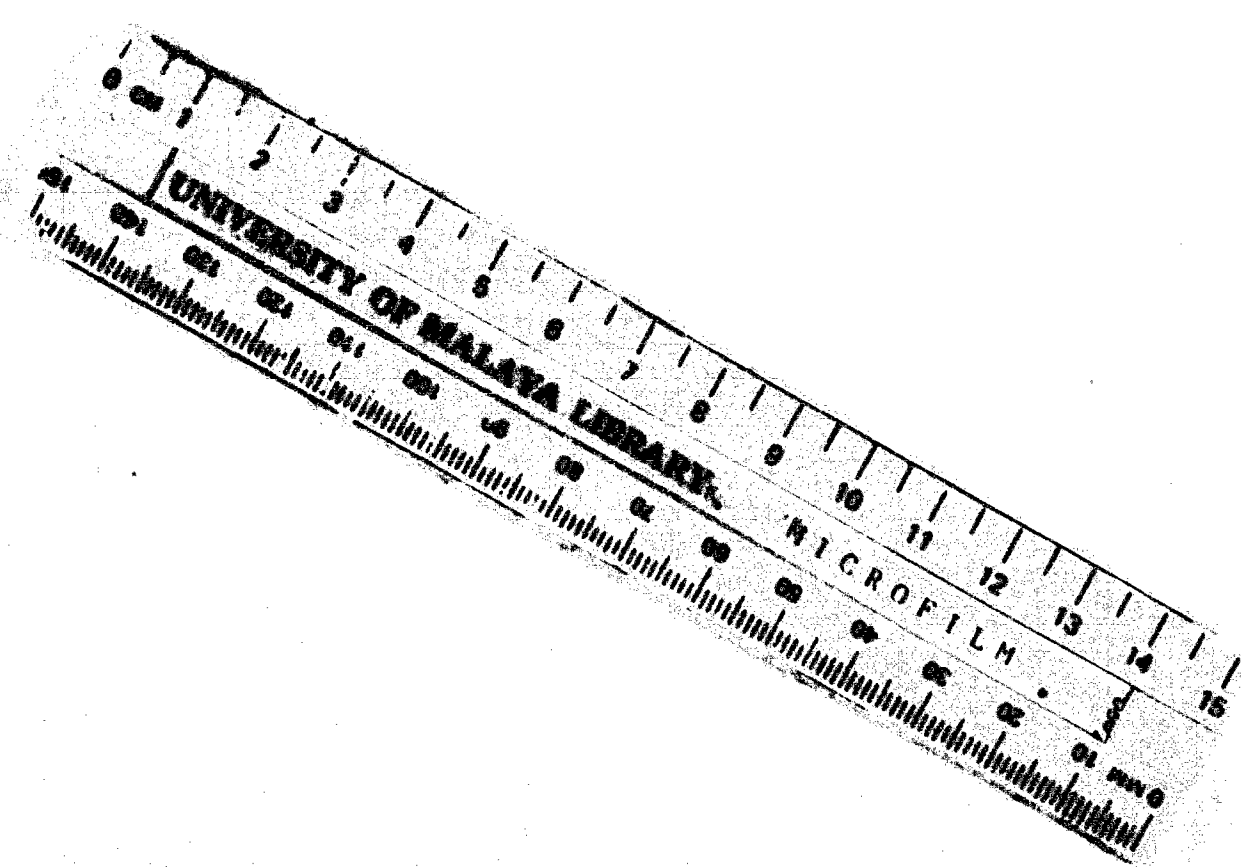
(b) Joint Shareholdings Classified by Place

The extent of foreign participation in joint shareownership, like that of European participation in the classification by races, has been on the decline since 1959. From 42.4% in 1959 its percentage of the total number of joint shareholdings, dropped to 5.3% in 1964, while those for Malaya and Singapore joint shareholdings have risen. In later years, it is noted that Malaysians are becoming more prone to joint shareownership. (See Table 4-6)

TABLE 4-6

DISTRIBUTION OF JOINT SHAREHOLDINGS
BY PLACES OF RESIDENCE

Place	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malaya	1	50	3	9	4	10.8	234	52.1	218	53.1	223	56.7
Singapore	1	50	16	48.6	19	51.4	192	42.8	173	42.3	150	38
Sabah	0		0	0	0		1	0.2	0		0	
Overseas	0		14	42.4	14	37.8	22	4.9	19	4.6	21	5.3
Total	2	100	33	100	37	100	449	100	410	100	394	100



CHAPTER V

OWNERSHIP, CONTROL AND THE BOARD OF DIRECTORS

Under the present corporate system, it is inevitable that there should develop a certain degree of segregation between ownership and control. This arises because of the nature of most corporations which are business entities having thousands of shareholders who are for "too numerous, too unorganized and too disinterested"¹ to run the company's business. Berle and Means suggest that there are 3 functions in such an enterprise - that of having interest in the enterprise, that of having power over it and that of acting with respect to it.²

The idea that there is complete segregation of ownership and control through the multiplication of owners is not a new one. Ownership nowadays, it is said, is only nominal, and control is completely vested in the hands of a group of people - the Board of Directors. But what actually is this idea of control? - does it mean the power to manage the affairs of the company, to make the necessary decisions, etc? or does it mean actual, ultimate control - that is the

¹Wheelwright, E.L. Ownership and Control of Australian Companies, Law Book Co., of Australasia, Australia, 1957.

²Berle, A.A. & Means, G.C. The Modern Corporation and Private Property, New York, MacMillan. 1936.

real influence behind all decision making and the choice of the board itself.

If control is taken to mean the latter then it can be assumed that it is the very shareholders themselves (rather than just the directors) who have the control of the companies. They are the ones who have the real power to select the directors to whom the right of decision making is given and the execution of such power is granted to them on the acquisition of voting shares.

To locate the real seat of control in such a case will mean having to find out who the largest voting shareholders of the 19 companies are. P.S. Florence in his study on Ownership, Control and Success of Large Companies (in England) located this seat of control by making analysis of the 20 largest shareholders of each company. Most of the largest shareholders of the 19 companies under survey are corporate bodies. Since a study of control of the non-manufacturing companies have already been made,³ attention will only be placed on control of the manufacturing companies.

All the ordinary shares in the manufacturing companies entitle their owners to one vote each. But in most cases such right is not exercised because each individual smallholder holds such an insignificant percentage of total shares that he finds it unimportant whether his right is exercised or not. As long as his minimum expectations from his investments are met, the share-

³Such a study was made by Mr. Choong Sin Chong in his graduation exercise, Ownership and Control of Non-manufacturing Companies in Malaya.

holder is usually not interested in control.

Most of the manufacturing companies have one corporate shareholder owning 50% or more of their stock and thus constituting a form of control in which ownership of capital is clearly dominant. The relationship that exists between such companies and their corporate shareholder may be termed as a parent and subsidiary relationship. The company that owns the stock is the parent; the company whose stock is owned by the parent is the subsidiary. Seven out of the eight manufacturing companies come under this relationship and even in the case of the exception - Rothmans - it is noted that 25% of the stock is held by Rothmans Tobacco (Holdings) Limited of Singapore and another 25% is held by Rothmans Leaf Tobacco Company Limited also of Singapore. Five of the parent companies actually belong to what may be termed as inside interests and it is reasonable to suppose that they acquire large blocs of shares solely for control rather than income purposes. The remaining three parent companies are holding and investment companies. Appendix IV shows the extent of control of the manufacturing companies by their major shareholders.

When Esso Company was initially incorporated as a public company in 1963, 99.9% of its total issued share capital was owned by Esso Standard Eastern Incorporation of New York but 65% of its 1964 increased issued share capital came under the ownership of Esso Limited (Malaya), while Esso of New York reduced its percentage value of total issued share capital to 2%. Thus, there was a shift in ownership between 1963 and 1964.

The 3 holding and investment companies - D.M. Holdings Limited of Malaya, Chelwood Trading and Investment of England and A.C.I. Investment of Australia held 61% , 61.6% and 51.7% of the total issued share capital of Dunlops,

Malayan Tobacco and Malayan Containers respectively. That these parent companies exercise control through shareownership is obvious though their very business suggests that they may also be equally interested in maximum income with security.

Except for the "apparent"⁴ shift of control in Esso Company between 1963 and 1964 the other seven companies have maintained the same parent-subsidary relationship throughout the years. Shell Western Holdings Limited (Canada) holds 75% of the voting stock of Shell Company, Hume Industries (Far East) Limited of Singapore holds 76% of Hume's (M) voting stock; British Insulated Callender's Cables Limited (London) has 50.7% of Malayan Cables voting stock and Rothmans Leaf Tobacco of Singapore has 25% of the voting stock of Rothmans (M) in the form of deferred shares, while Rothmans Tobacco (Holdings) Limited also of Singapore has another 25% of the voting stock of Rothmans.

Leaving aside the parent companies, it is noted that there are few shareholders holding significant blocs of shares in the manufacturing companies. The only exceptions occur in Malayan Tobacco Company and Malayan Cables. In the former, Abbey Investment Company in the Isle of Mans owns 18.4% of the company's voting stock, while the next 9 largest shareholders of the latter company own a combined percentage of 25.4% of the voting stock.

An analysis of the 9 largest shareholders (excluding the parent shareholders) of each of the manufacturing

⁴"apparent" because control is still vested in "inside interests".

companies⁵ reveals one very significant fact. The percentage of the total voting stock of each of the company that they own is very small and most of the shareholders falling into this category are corporate bodies. In 1964, the 9 largest shareholders of Esso Company owned only 27% of the voting stock, those of Shell Refining Company only 3.5%, those of Rothmans 6.3%, those of Malayan Tobacco Company 1.7%, those of Hume 2.2%, those of Malayan Containers 7.7%, and those of Dunlops 2.6%.

That such a situation exists serves to show that control is more or less vested solely in the hands of the 'parent' company. The next 9 largest shareholders of each of the company do not hold enough of the voting stock to exercise control. Moreover, the very fact that the same corporate bodies appear many times over among the largest holders of the 8 companies seems to suggest that maximum income with security rather than control is their aim.

This analysis on the next 9 largest shareholders is complicated by the existence of nominee shareholders whose very presence only obscures the real seat of control. Some of these nominee companies appear among the 9 largest shareholders of company after company. (See Appendix IV) Most of such holdings are in the name of some agency often connected with a bank which will transact business for a number of beneficiaries. In so far as the beneficiaries retain their voting rights, these 'composite' shareholders should not really appear among the next 9 largest shareholders at all. But it is not possible to distinguish such composite nominees from nominees that are a single voting

⁵These exclude Malayan Cables; but include Malayan Tobacco's next 9 largest shareholders (after the parent company and Abbey Investment Company).

unit.

Of the total number of 72 large shareholdings of the manufacturing companies (excluding the 7 parent companies and the 2 major shareholders of Rothmans) only 25 (or 34.7%) belong to individuals whose names do not appear more than once among the 72 largest shareholders. Two reasons may be given for this:

(1) The policy of the companies towards smaller denominational values in shareholdings.

(2) The fact that most Malayan shareowners have a tendency to spread their investments over many companies. Thus, as Florence puts it, "his investment being thus split up, a given shareholder is most unlikely to appear among the largest shareholders of more than one large company unless he is a multi-millionaire".⁶

Appendix IV shows the extent of control in the manufacturing companies and a close study will show that it is the parent companies which are the real controllers of these companies. In summary, it can be stated that the type of control that exists in the manufacturing companies is majority control.⁷ In this type an individual or small

⁶ Florence, P.S. Ownership, Control and Success of Large Companies, Sweet & Maxwell, London, 1961. Page 117.

⁷ Berle & Means in "The Modern Corporation and Private Property" distinguish 5 types of control, viz. control through complete ownership, through majority control, through a "legal device", through minority control (where control is in the hands of a handful of people whose percentage of total shares are just sufficient to wield power) and through management control.

group, etc., owns the majority of the voting shares, and ownership and control are therefore not separated for the shareholders who constitute the majority interest.

If control is vested in the hands of the above mentioned corporate bodies, what then are the real functions of the board of directors? Its main work is of course the management of the company's business and it is often considered as "the essential nucleus which makes a corporation a workable type of institution".⁸ As such, the Board plays a very important role for it is through it that the activities of the company are directed.

One striking feature about this board of directors is the small percentage of the total issued share capital that they hold. In 1964, out of the total issued share capital for the manufacturing firms only 0.05% was held by the directors though the percentage was slightly bigger when their shares value was compared to the total value of shares held by the individual shareholdings (0.5%). The corresponding percentages for the 19 companies are however very much larger (4% and 10% respectively).

In fact, the number of directors holding the minimum qualifying shares or no shares at all or only one share for 1964 was very large - 46 - which is 36% of the total number of directors for the 19 companies as a whole. The total value of shares held by directors of the manufacturing companies in 1964 was only \$16,167, while for non-manufacturing companies it was very much higher -

⁸ Copeland, M.T. & Towl, A.R. The Board of Directors and Business Management, Harvard University, Boston, 1947.

\$24,257,482.⁹

This shows that the majority of directors are not among the larger shareholders at all. In fact, most of them are elected because they are men of sound business ability, capable of running the affairs of a hugh business entity, well known in most circles and with good educational background.¹⁰ This becomes even more obvious when the occupations of these men are classified (as in Table 5-1).

TABLE 5-1

DISTRIBUTION OF DIRECTORS BY
OCCUPATIONAL GROUPINGS

Occupation	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Administrative	1	20	11	33.5	22	46	31	60.1	50	45.4	63	49.2
Professional	1	20	6	18.1	7	14.4	10	16.1	19	17.4	22	17.1
Business	3	60	16	48.4	19	39.6	21	23.8	41	37.2	43	33.7
Total	5	100	33	100	48	100	62	100	110	100	128	100

From the Table it is noted that all the directors come under one of 3 occupational groupings - the Administra-

⁹This figure is boosted up by the shares held by 2 directors in Selangor Properties Limited - Chong Chook Yew and Wen Tien Kuan holding \$4,275,174 and \$4,275,824 worth of shares respectively.

¹⁰In short, the appointment of directors depends to a large extent on aptitude and social and economic influences.

tive, Business or the Professional class.¹¹

Among the western enterprises it is observed that "the larger the size of the company, the smaller the proportion of stock held by management"¹² and this applies equally well to the public industrial companies in Malaya. Table 5-2 shows the truth of this statement clearly.

TABLE 5-2

DISTRIBUTION OF THE VALUES OF DIRECTORSHIPS (IN DOLLARS) BY SIZES OF FIRMS FOR THE YEAR 1964

Size of Firms (Classified according to Total Issued Capital)	Number of Firms	Total Voting Shares Held by Directors	Average Number of Shares held by Directors (per firm)
Over \$25 millions	4	9,554	2,363
\$10 to \$25 millions	7	57,000 ¹³	8,143 ¹³
Less than \$10 millions	8	1,376,971	172,121

¹¹It must be noted that the occupations listed here are those stated in the directors' list. Inaccuracy is bound to arise here, especially in the Administrative group where occupations like managers and companies' directors predominate. Presumably directors with such occupations have other occupations too, e.g. a director may be a doctor but have his occupation listed as director in the directors' list.

¹²Berle, A.G. Power without Property, London, Sidgwick & Jackson, 1960.

¹³These figures do not take into account the \$9,535,365 worth of shares held by 2 directors in Selangor Properties. They have been excluded from the analysis because they appear to be the exception rather than the rule.

This seems to show that the larger the corporation, the more separated is ownership and management. It also shows that the directors of the larger companies are chosen more on merits other than that of owning large amounts of shares in the company.¹⁴

The structure of the board of directors show certain characteristics. The sizes of the board range from 3¹⁵ in 1964 for Hume Industries to 18 for Malayan Banking Limited. On an average the number per board was about 6 to 7 consisting (with the exception of one lady director) solely of men. Table 5-3 shows the distribution of companies by the size of their boards.

Boards with 4 to 5 directors appear to be the most popular for the 19 companies.

Unlike the personal and joint shareholders who are mainly Malaysians, most of the directors are Europeans though the trend now is towards having more Chinese and Malays. Tables 5-2 and 5-3 give a classification of directors by racial groups and places of residence. Most of the European directors have local addresses here (thus accounting for the low percentage of overseas directors) and this can perhaps be attributed to the fact that these Europeans are mainly men working out here for a period of time before returning home.

¹⁴The common belief that incentive would be lacking if directors have no share in the profits of a corporation does not appear to have hindered their appointment.

¹⁵This is just one more than the minimum number of directors allowed to appear on any boards.

TABLE 5-3

DISTRIBUTION OF COMPANIES BY SIZES OF THEIR BOARDS OF DIRECTORS

Size of Boards	1959		1960		1961		1962		1963		1964	
	No. of Co.	%	No. of Co.	%	No. of Co.	%	No. of Co.	%	No. of Co.	%	No. of Co.	%
2-3 Directors												
4-5 Directors	1		3	60	4	57.1	5	55.6	6	35.3	8	42.1
6-7 Directors			1	20	1	14.3	1	11.1	4	23.4	4	21
8-9 Directors			1	20	1	14.3	1	11.1	2	11.8	3	15.8
10-12 Directors			1	20	1	14.3	1	11.1	2	11.8	2	10.5
14-16 Directors					1	14.1	1	11.1				
18 Directors									1	5.9	1	5.3
Total	1		5	100	7	100	9	100	17	100	19	100

TABLE 5-4

DISTRIBUTION OF DIRECTORS BY RACE

Race	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malays			4	12.2	5	10.4	7	11.3	10	9.1	14	10.9
Chinese			9	27.2	14	29.1	16	25.8	36	32.7	40	31.3
Europeans	5		20	60.6	29	60.5	39	62.9	63	57.2	73	57
Indians			0		0		0		1	1	1	0.8
Total			33	100	48	100	62	100	110	100	128	100

TABLE 5-5

DISTRIBUTION OF DIRECTORS
BY PLACES OF RESIDENCE

Place	1959		1960		1961		1962		1963		1964	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Malaya	1	20	13	39.3	19	55.8	27	43.6	55	50	68	53.1
Singapore	4	80	18	54.5	21	20.7	25	40.3	43	39.1	47	36.7
Overseas	0		2	6.2	8	23.5	10	16.1	12	10.9	13	10.2
Total	5	100	33	100	48	100	62	100	110	100	128	100

Though the percentage of Chinese directors have increased, that of the Europeans have remained quite stable. In fact European directors, even in 1964, were still the rule. The numbers of Malay directors have not increased very much and, percentage-wise, have remained almost the same. One quite surprising thing to note here is the almost non-existence of Indian directors. Perhaps an explanation for the relatively few number of Malaysian directors may be found in the fact that there are not many Malaysians who have had accumulated the years of experience needed for such a job.

One striking feature to note in this analysis of the board of directors is the presence of what may be termed as "interlocking directorships".¹⁶ P.S Florence, in his study of large companies in England gives 2 reasons for such directorships. He suggests that such a situation may arise when there is the desire to form a link between different companies (perhaps between 2 independent companies or between a subsidiary and a parent company) or when a man may be a director - in common because he is known as a shrewd counsellor of wide experience whom several companies (in common) wish to have on their boards. However, the extent to which Florence's first or second reason is true of Malayan board of directors is not known.

It is still too early to know the average length of service of the directors but from a study of past trends it appears as if most of them will continue to sit on their respective boards for some more years to come. The length of service of directors is important because it helps a director to take the long-range point of view which is so necessary for planning purposes. Moreover, the experience which is accumulated in a competent board of directors is a very valuable asset for any company.

¹⁶Working through the lists of directors, it is noted that several names appear more than once on these lists. The most prominent of these directors appears to be Messrs. Dato Nik Kamil, (director in 6 companies), Loke Wan Tho (in 3 companies), and Leong Hoe Yang (in 3 companies). Several others also held plural directorships in 2 companies each.

CHAPTER VI

CONCLUSION

Interest in shareownership is rather prevalent in Malaya as can be seen by the enthusiastic rush for shares whenever a new company issues shares to the public. This interest in equity issues is most significant in ordinary shares which, in the case of most of the newer companies, have been almost always over-subscribed.¹

Except for two cases of long-term debt financing, equity financing by ordinary shares is more popular in the 19 companies. Who the holders of these equity issues are have already been analysed in the study. The large holders are usually the corporate bodies, while individual shareholdings are of lesser values. Joint holders are not very predominant in these companies and the value of the shares that they hold is rather small. Of the corporate holders, nominees account for a large number of shareholdings held and their presence casts a shadow of limitation on this study. This is because if a realistic appraisal of shareholdings were to be conducted it will require that an effort be made to break down nominee holdings into the account of beneficial owners. This is not possible as a shareholder who is a nominee company does not reveal the identity of its beneficiaries. However, in spite of the large numbers of shareholdings held by these nominees it is noted that the value

¹The picture is rather different for the later part of 1964 - with Indonesian Confrontation. This new political situation has influenced share fluctuation and has made ownership of shares not as attractive as it used to be.

of the total shareholdings that they hold is not very high - only 9.3% of total value of corporate shareholdings in 1964.

Individual shareholdings account for the largest number of total shareholdings and the trend is towards a greater local participation. More Malaysians, as opposed to Europeans, are owning shares today. Of these Malaysians, Chinese shareholders and shareholdings account for the largest number of shareholders and the highest percentage value of total shareholdings held respectively. The same trend is also noted in corporate and joint shareholdings. For instance, corporate shareholdings in Malaysia have increased from 90% in 1959 to 97.6% in 1964; joint shareholdings in Malaysia have increased from 57.6% in 1960 to 94.7% in 1964; and individual shareholdings in Malaysia have increased from 89.6% in 1959 to 99.3% in 1964. In all three cases there has been a corresponding decline, percentage-wise, of overseas shareholdings. This trend, especially in the individual shareholdings, may be because of the rather stable social and economic environment which has generally encouraged the industrial firms to expand their business by offering new issues to the public and to local corporate bodies. Ownership of shares is no longer the prerogative of the wealthy or of the European sector. Facilities for small investments being well-established, holdings of a few shares can be easily acquired, especially since the 19 companies under study are listed on the Malayan Stock Exchange.

In the study of the average value and size of the shareholdings, it is noted that other than the corporate shareholdings most of the shareholdings are of rather small value spread among a large number of investors. In the individual shareholding group, European shareholdings had quite high average values (though far below corporate

values) but such shareholdings have declined, percentage-wise, with the passage of time. Joint shareholdings had slightly higher average values than personal shareholdings but these shareholdings too have declined, percentage-wise, with time. The average value of most corporate shareholdings is rather high, though exceptions arise especially in the case of the smaller limited businesses where average value per shareholding may be as little as \$500. Other than the parent companies, it is the investment companies which hold the largest average value per shareholding.

The small average value and size of joint and individual shareholdings may be because of the tendency of these smaller shareholders to "spread" their total resources over different companies. Two reasons, perhaps, may be given for this factor. Investors are usually aware that well-known companies are unlikely to end as failures but, as Parkinson puts it, "a man will insure, if he can, against a risk that appears distant and unsubstantial, particularly when the premiums cost little. In this context, it involves a few additional brokerage and registration fees, and no more."² The other reason may be that with the present trend towards the issue of smaller shareholdings, most shareholders find that they can well afford to have many shareholdings in different companies. The danger here will be in the fact that the many small holders will have little, if no say in the affairs of the company.

On the question of control, it lies mainly in the hands of corporate bodies such as financial institutions which have mobilised the ^{av} swings of many other people and "inside parties" who may hold large slices of the com-

²Parkinson, H. op cit. page 100.

pany's issued share capital. This inevitably gives rise to "parent-subsidiary" relationship where the former's controlling interest will be tightly held. Such a relationship is found in all eight manufacturing firms.

The study of ownership and control and the Board of Directors in Chapter V shows that the bigger the company, the more separated is ownership and management. The very big company has a very "impersonal" hold on its small shareholders. Their management is entrusted to directors and managers whom the shareholders have never seen. "They belong to a separate, vocational class of society, and retain their jobs on account of their skill and experience, not their financial stake in the company."³ This statement is borne out by the fact that almost all the directors of the 19 companies have rather low-valued shareholdings. The study also shows that most of the directors are Europeans though the trend is towards having more Malayan directors.

³Ibid. Page 19.

APPENDIX I

NAMES OF COMPANIES, THEIR BUSINESS AND YEAR OF INCORPORATION AS PUBLIC COMPANIES

Manufacturing Companies

1. Dunlop Malayan Industries Limited
2. Esso Standard (M) Limited
3. Hume Industries (M) Limited
4. Malayan Cables Limited
5. Malayan Containers Limited
6. Malayan Tobacco Limited
7. Rothmans of Pall Mall (M) Limited
8. Shell Refining (M) Limited

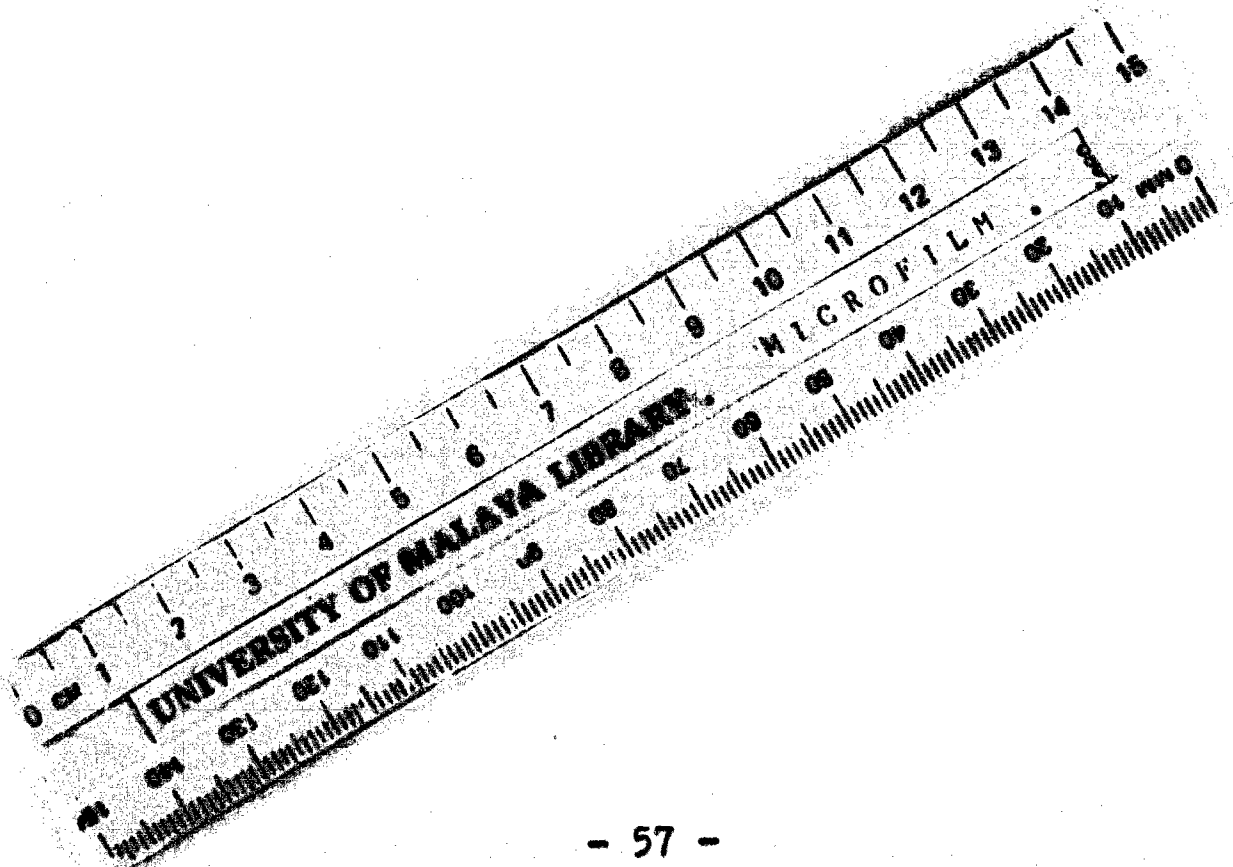
Non-Manufacturing Companies

9. Boustead & Company Limited - Trading
10. Gammon (M) Limited - Construction
11. Island Hotels & Properties (M) Limited - Real Estate
12. Island & Peninsular Development (M) Limited - Real Estate.
13. Jacksons (M) Limited - Trading
14. Kuala Lumpur Properties Limited - Real Estate
15. Merlin Hotels (M) Limited - Services
16. Motor Investment (M) Limited - Holding Company
17. Malayan Banking Limited - Finance
18. Selangor Properties Limited - Real Estate
19. Straits Times Press (M) Limited - Printing

(1) Dunlops - Incorporated in September 1960 as a private company. It became a public company in October 1962.

- (2) Esso - Incorporated in September 1960 as a private company under the name of Esso Standard-Vacuum Refining Company of Malaya Limited. Changed its name in April 1962 and was converted into a public company in March 1963.
- (3) Hume - Incorporated in October 1961 as a private company. Converted into a public company in August 1963.
- (4) Malayan Cables - Incorporated as a private company in December 1957. Converted into a public company in November 1963.
- (5) Malayan Containers - Incorporated in May 1962 as a public company.
- (6) Malayan Tobacco - Incorporated in September 1956 as a private company. Converted into a public company in March 1962.
- (7) Rothmans - Incorporated in September 1961 as a public company.
- (8) Shell - Incorporated in September 1960 as a private company. Became a public company in October 1962, but only commenced trading at 31st December 1962.
- (9) Boustead - Incorporated in July 1960 as a public company.
- (10) Gammon - Incorporated in June 1959 as a public company.
- (11) Island Hotels & Properties - Incorporated in October 1963 as a private company. Converted into a public company in November 1963.
- (12) Island & Peninsular Development - Incorporated in November 1963 as a public company.
- (13) Jacksons - Incorporated as a public company in 1959.

- (14) Kuala Lumpur Properties - Incorporated in October 1963 as a private company. Converted into a public company in February 1964.
- (15) Merlin Hotels - Incorporated in May 1963 as a private company. Converted into a public company in August 1963.
- (16) Motor Investments - Incorporated as a public company in September 1963.
- (17) Malayan Banking - Incorporated as a public company in May 1960.
- (18) Selangor Properties - Incorporated as a public company in September 1963.
- (19) Straits Times - Incorporated as a private company in 1901 and known as Malay Mail Press Company Limited. In February 1959 its name was changed to Straits Times Press (M) Limited. It became a public company in April 1959.

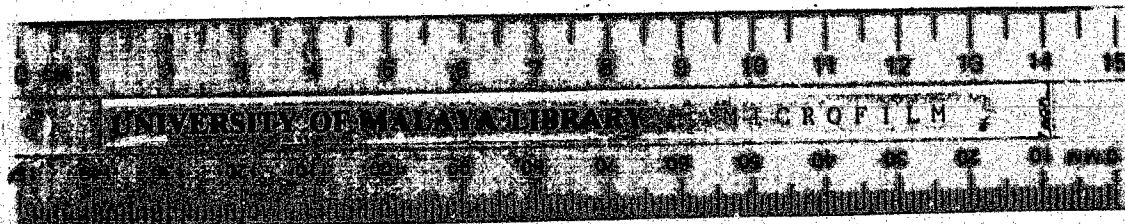


APPENDIX II

TOTAL ASSETS AND TOTAL ISSUED CAPITAL OF

Name of Company	1959		1960		19
	Total Assets	Issued Cap.	Total Assets	Issued Cap.	Total Assets
Dunlops Malayan Industries Ltd.					13,697,884
Esso Standard (M) Ltd.					
Hume Industries (M) Ltd.					
Malayan Cables Ltd.					
Malayan Containers Ltd.					
Malayan Tobacco Ltd.					
Rothmans of Pall Mall (M) Ltd.					
Shell Refining (M) Ltd.					
Boustead & Co. Ltd.				5,000,000	21,182,879
Gammon (M) Ltd.	19,912,190	6,000,000	22,550,755	6,000,000	20,855,961
Island Hotels & Properties (M) Ltd.					
Island & Peninsular Development (M) Ltd.					
Jacksons (M) Ltd.	2,202,166	1,000,000	2,202,166	1,000,000	2,333,442
Kuala Lumpur Properties Ltd.					
Merlin Hotels (M) Ltd.					
Motor Investment (M) Ltd.					
Malayan Banking Ltd.			51,765,909	7,500,000	102,662,430
Selangor Properties Ltd.					
Straits Times Press (M) Ltd.			12,083,000	6,886,404	13,904,000

Source:- Annual Returns (1957-1959) of
Filed at the Registry of Comp

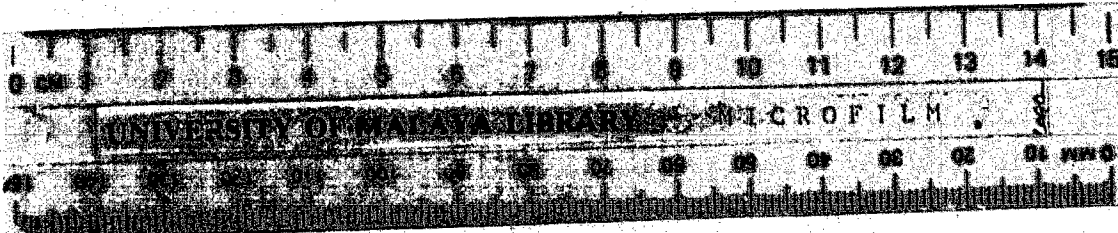


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TOTAL ASSETS AND TOTAL ISSUED CAPITAL OF

Name of Company	1959		1960		19
	Total Assets	Issued Cap.	Total Assets	Issued Cap.	Total Assets
Dunlop Malayan Industries Ltd.					13,697,884
Esso Standard (M) Ltd.					
Hume Industries (M) Ltd.					
Malayan Cables Ltd.					
Malayan Containers Ltd.					
Malayan Tobacco Ltd.					
Rothmans of Pall Mall (M) Ltd.					
Shell Refining (M) Ltd.					
Boustead & Co. Ltd.				5,000,000	21,182,879
Gammon (M) Ltd.	19,912,190	6,000,000	22,550,755	6,000,000	20,855,961
Island Hotels & Properties (M) Ltd.					
Island & Peninsular Development (M) Ltd.					
Jacksons (M) Ltd.	2,202,166	1,000,000	2,202,166	1,000,000	2,333,442
Kuala Lumpur Properties Ltd.					
Merlin Hotels (M) Ltd.					
Motor Investment (M) Ltd.					
Malayan Banking Ltd.			51,765,909	7,500,000	102,662,430
Selangor Properties Ltd.					
Straits Times Press (M) Ltd.			12,083,000	6,886,404	13,904,000

Source:- Annual Returns (1957-1959) of
Filed at the Registry of Comp^{ty}



APPENDIX II

TOTAL ASSETS AND TOTAL ISSUED CAPITAL OF THE COMPANIES (IN DOLLARS)

1959	1960		1961		1962		1963		
	Issued Cap.	Total Assets	Issued Cap.	Total Assets	Issued Cap.	Total Assets			
				13,697,884	12,000,000	25,370,663	12,000,000	33,737,255	
								6,428,789	
								6,157,863	
						15,579,257	11,900,000	17,317,248	
						66,433,229	36,000,000	66,433,229	
					12,750,000	18,844,230	12,750,000	22,773,532	
						40,539,650	30,000,000		
			5,000,000	21,182,879	5,000,000	17,480,757	5,000,000	18,754,239	
0	6,000,000	22,550,755	6,000,000	20,855,961	6,000,000	23,180,732	6,000,000	29,461,417	
								7,007,125	
42	66	1,000,000	2,202,166	1,000,000	2,333,442	1,000,000	2,413,596	1,000,000	2,343,271
								14,271,650	
								46,257,696	
		51,765,909	7,500,000	102,662,430	10,000,000	229,547,329	15,000,000	399,092,354	
								13,289,188	
		12,083,000	6,886,404	13,904,000	6,886,404	15,828,000	6,886,404	19,443,000	

Source:- Annual Returns (1957-1959) of the 19 Companies under study -
 Filed at the Registry of Companies.

X II

TOTAL OF THE COMPANIES (IN DOLLARS)

1963 ts	1961		1962		1963		1964	
	Total Assets	Issued Cap.	Total Assets	Issued Cap.	Total Assets	Issued Cap.	Total Assets	Issued Cap.
5	1,697,884	12,000,000	25,370,663	12,000,000	33,737,255	12,000,000	36,056,684	12,000,000
5						50,000,000	91,699,050	50,000,000
9					6,428,789	5,000,000	10,348,107	5,000,000
3					6,157,863	4,300,000	6,495,276	4,300,000
8			15,579,257	11,900,000	17,317,248	11,900,000	19,140,389	11,900,000
9			66,433,229	36,000,000	66,433,229	36,000,000	68,478,089	36,000,000
2		12,750,000	18,844,230	12,750,000	22,773,532	12,750,000	20,728,460	12,750,000
3			40,539,650	30,000,000		30,000,000	53,679,000	30,000,000
9	1,182,879	5,000,000	17,480,757	5,000,000	18,754,239	5,000,000	18,247,867	5,000,000
7	10,855,961	6,000,000	23,180,732	6,000,000	29,461,417	6,000,000		6,000,000
5					7,007,125	5,500,000	7,007,125	7,000,000
1						15,000,000		15,000,000
0	2,333,442	1,000,000	2,413,596	1,000,000	2,343,271	1,000,000	2,514,809	1,000,000
0							6,173,666	5,000,000
6					14,271,650	10,500,000	11,080,334	10,500,000
4					46,257,696	25,000,000	46,257,696	25,000,000
8	2,662,430	10,000,000	229,547,329	15,000,000	399,092,354	15,000,000	430,198,009	15,000,000
0					13,289,188	11,555,000	14,551,994	11,555,000
	3,904,000	6,886,404	15,828,000	6,886,404	19,443,000	6,886,404	19,437,000	6,886,404

(1959) of the 19 Companies under study -
of Companies.

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APPENDEX III

WORKSHEET USED IN COLLECTING THE

NAME		ADDRESS					OCCUPATION					
Individual	Corporation	MAL	SIN	SAB	SAK	OTHERS	MER	CLK	GOV	HW	OTHERS	Corp. Holding

KEY

MAL - Malaya	GOV - Government servants
SIN - Singapore	HW - Houswives
SAB - Sabah	Corp. Holding - Corporate Holdings
SAK - Sarawak	
MER - Merchant	

PENDEX III

E
IN COLLECTING THE DATA

ON		SIZE OF HOLDING						REMARKS
ERS	Corp. Holding	1959	1960	1961	1962	1963	1964	

APPENDIX IV

EXTENT OF CONTROL OF THE MANUFACTURING COMPANIES BY THEIR MAJOR SHAREHOLDERS (IN 1964)

Dunlops

A subsidiary of D.M. (Holdings) Limited of Malaya which owns \$7,319,995 worth of voting shares (i.e. 61%).

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Seat Teck Tuan (Singapore)	\$ 96,500
Tan Seng Phee Limited (Singapore)	57,500
Tan Ngo Siong (Singapore)	35,000
Ooi Kee Hin (Malaya)	25,000
Hwang E. Soon (Singapore)	31,000
Frasers Nominees Limited (Singapore)	26,000
Gan Boon Peng (Singapore)	18,000
Sym Lee & Co. Ltd. (Malaya)	15,000
University of Malaya (Malaya)	15,000
Total of \$319,000 worth of voting stocks, i.e. 2.6%.	

Esso

A subsidiary of Esso Standard Eastern Incorporation (Malaya) which owns \$32,498,800 worth of voting shares (i.e. 65%).

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Esso Standard Eastern Inc. (U.S.A.)	\$1,000,000
Ballas Nominees Ltd. (Singapore)	71,400
Bhagwan Singh & Co. Ltd. (Malaya)	60,000
Malayan Traders Nominee Ltd. (M)	49,200

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Chong Shin Fai (North Borneo)	\$32,000
Hong Kong & Shanghai Bank - Nominees (S)	42,000
Lee Meu Seng (Singapore)	34,000
Goh Seow Keong (Singapore)	34,000
Lee Wah Bank Nominees (Singapore)	30,000
Total of \$1,352,600 worth of voting stocks, i.e. 2.7%.	

Hume

A subsidiary of Hume Industries (Far East) Limited of Singapore, which owns \$3,799,994 worth of voting shares (i.e. 76%).

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Doshi Ratilal Bhaichand (Malaya)	\$34,100
Lyell & Evatt Nominees Ltd. (S)	10,500
Lim Boon Kheng (M)	14,000
Kok Ah Too (M)	11,300
Goh Geoh Loo (S)	10,000
Koh Chew Seng (S)	10,000
Mahta Shantilal (S)	8,400
Chan Sow Wah (M)	6,000
Lan Jew Onn (S)	6,000
Total of \$110,300 worth of voting shares, i.e. 2.2%.	

Malayan Cables

A subsidiary of British Insulated Callender's Cables Limited of England which owns \$2,182,800 worth of voting shares (i.e. 50.7%).

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Associated Electrical Industries Ltd. (England)	\$284,427
General Electric Co. Ltd. (Malaya)	169,000

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
HongKong & Shanghai Bank Nominees (M)	\$ 146,000
Sharikat Permadalan Kebangsaan Ltd. (M)	142,923
Crompton Parkinson Ltd. (England)	133,333
United Engineers Ltd. (Singapore)	100,000
Great Eastern Life Assurance Co. Ltd. (Singapore)	45,000
Enfield Cables Ltd. (England)	42,666
Arnold Mannering (Singapore)	30,000
Total of \$1,093,349 worth of voting shares, i.e. 25.4%.	

Malayan Containers

A subsidiary of A.C.I. Investments Pty. Ltd. of Malaya which owns \$6,149,992 worth of voting shares (i.e. 51.7%).

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Chartered Bank (M) Trustees Ltd. (Singapore)	\$ 207,500
Great Eastern Life Assurance Co. Ltd. (Singapore)	125,000
Tan Chooi (Malaya)	120,000
University of Malaya (Malaya)	110,000
Loke Kwok Kheong (Malaya)	100,000
Malaya Pineapple Industry Board (M)	100,000
Kay Hian Nominees Ltd. (Singapore)	64,700
Bhagwan Singh & Co. Ltd. (M)	50,000
Hongkong & Shanghai Bank - Nominees (S)	42,700
Total of \$920,400 worth of voting shares, i.e. 7.7%.	

Malayan Tobacco Company

A subsidiary of Chelwood Investments Company Limited of London which owns \$22,176,000 worth of voting shares, i.e. 61.6%

Abbey Investment Company Limited of England - \$6,624,000
(i.e. 18.4%)

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Sharikat Permadalam Kebangsaan (Malaya)	\$ 163,000
Kay Hian Nominees Ltd. (Singapore)	69,700
Goei Nominees Ltd. (Singapore)	67,650
Lim Wee Cheng (Singapore)	67,000
Chartered Bank (M) Trustees Ltd. (Singapore)	53,350
Asia Life Assurance Society Ltd. (S)	54,000
Chew Chee Seng (Singapore)	51,900
Lyall & Evatt Nominees Ltd. (Singapore)	51,000
Ban Leong Ltd. (Singapore)	54,000
Total of \$631,550 worth of voting shares, i.e. 1.7%.	

Rothmans of Pall Mall

Two major shareholders ('inside interest') holding a combined total of 50% of voting stocks.

Rothmans Tobacco (Holdings) Ltd. of Singapore owns \$3,181,493, i.e. 25%.

Rothmans Leaf Tobacco Co. Ltd. of Singapore owns \$3,187,500, i.e. 25%.

<u>Next 9 Largest Shareholders</u>	<u>Amount of Shares Held</u>
Balles Nominees Ltd. (Singapore)	\$ 136,000
Lee Eu Seng (Singapore)	148,000
Sharikat Permadalam Kebangsaan Ltd. (M)	106,000
Great Eastern Life Assurance Co. Ltd. (S)	106,000
Lan Seng Yoon (Malaya)	82,000
George Lee Ltd. (Singapore)	75,000
Mervyn J. Carrier (Malaya)	68,000
Hongkong & Shanghai Bank (S) Nominees (S)	48,500

Next 9 Largest Shareholders

Amount of Shares Held

Hongkong & Shanghai Bank (M) Nominees (M) \$ 44,500

Total of \$814,000 worth of voting shares, i.e. 6.3%.

Shell Refining Co.

A subsidiary of Shell Western Holdings of Canada which owns \$22,500,000 worth of voting shares (i.e. 75%).

Next 9 Largest Shareholders

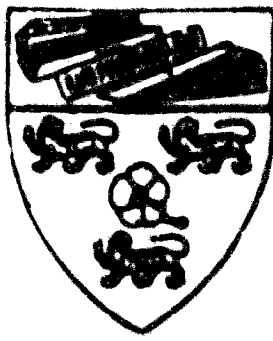
Amount of Shares Held

Sharikat Permadalam Kebangsaan Ltd. (M)	\$ 234,000
Lalwani B. Atmaram (Singapore)	215,800
Balles Nominees Ltd. (Singapore)	153,300
Siang Kuang Ltd. (Singapore)	113,000
Raffles Nominees Ltd. (Singapore)	101,700
Eastern Bank Nominees Ltd. (Singapore)	62,000
Chartered Bank (M) Trustees Ltd. (M)	60,900
Great Eastern Life Assurance Co. Ltd. (S)	60,800
Kampas (M) Ltd. (Malaya)	58,000

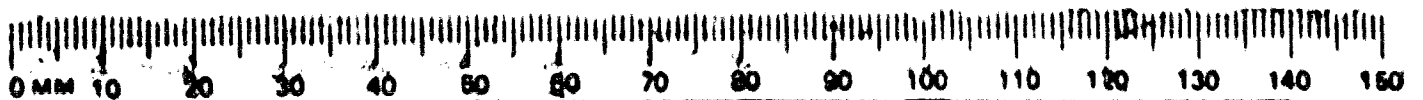
Total of \$1,059,500 worth of voting shares, i.e. 3.5%.

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