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## Govt needs golden shares in strategic sectors, says Dr M

by ALIFAH ZAINUDDIN

THE government must have control through the golden shares in key state-controlled firms, especially those in strategic sectors, to prevent mismanagement.

Prime Minister Tun Dr Mahathir Mohamad, who defended the administration's golden shares in government-linked companies, said 1Malaysia Development Bhd is an example of a firm that requires the administration's control.

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Pic by Rizaq Ghazali

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"There are reasons why the government insists upon having a golden share. However, if we think it is necessary, we will do away with it. But we have to see each case, one by one," Dr Mahathir told reporters at the Bank Rakyat National Conference on Integrity 2020 in Kuala Lumpur yesterday.

The federal administration, usually via government-linked investment funds such as the Minister of Finance Inc and Khazanah Nasional Bhd, holds golden shares in companies like Telekom Malaysia Bhd (TM), Tenaga Nasional Bhd (TNB) and Petroliaam Nasional Bhd. The golden share allows the government to have the final word in key decisions.

Many claimed Putrajaya used this special power to dictate the running of these state-owned firms, including the appointment to key positions.

However, the "golden share" ownership which was initiated following the privatisation and listing of state-owned firms like TNB and TM, could prevent hostile takeovers of these listed firms.

Listed firms are open to hostile takeovers. Any shareholders with over 33% stake could launch a mandatory general offer (MGO) for the shares they do not own in a company.

There were worries that foreign entities, which have the financial might, would force an MGO of the country's strategic assets like in the utility, telecommunication and aviation segments, forcing the



Pic by Muhd Amin Nahrul

government to lose control over charges to the public.

At an earlier panel session, Khazanah MD Datuk Shahril Ridza Ridzuan (picture) mooted the idea that the government should not use golden shares to control state-owned enterprises.

He said industries now are becoming more competitive and well-regulated, such as the telecommunications, energy and aviation sectors.

Other panellists included the Employees Provident Fund CEO Tunku Alizakri Raja Muhammad Alias and economist Prof Jomo Kwame Sundaram.

"You can actually regulate how businesses run through regulation rather than through golden shares.

"In the past, when regulation was not really effective, and there was not a very good professional framework, the golden share was a way

for the government to control how these companies operate," Shahril Ridza said.

He said from a commercial and business standpoint, the government's decision to overrule decisions made by the board members of a company is "a wrong thing to do".

"I wouldn't imagine that someone in the government has a better idea on how to actually run a company rather than its own board of directors. But legally, they (the government) are entitled to do so," Shahril Ridza said.

Looking at the history of some of these companies, it is often that the CEO imposed by the government tends to be, "for one or several reasons, the wrong choice", he added.

"I think it is hard for people to give up on something that they already have, especially when you feel you have the right to appoint and control companies in this manner, to step back and see that they can actually regulate through the regulators," he said.

Meanwhile, Dr Mahathir admitted his concern over the proposed palm oil boycott by Indian refiners and traders following his criticism over India's actions in Kashmir and its new citizenship law.

"We are concerned of course because we sell a lot of palm oil to India, but on the other hand, we need to be frank and when something goes wrong, we need to say it.

"If we allow things to go wrong and think only about the money, then a lot of things will go wrong," he said.