



PM: Government not ready to sell down state equity

KUALA LUMPUR: Malaysia is not yet ready to sell down state equity, Prime Minister Datuk Seri Abdullah Ahmad Badawi said yesterday.

The Government controls or partly owns 50 listed firms making up 36% of the US\$220bil local market.

"We should be proud of the successes and achievements that we have attained thus far," Abdullah said in giving an update on his two-year-old reform drive.

But asked if the Government was now ready to sell down its stakes, he replied: "Not yet."

"I have always held a view that we do not have to have too high equity in these companies. When it's time to reduce them, we will reduce them," he said.

Government-linked companies (GLCs) such as Telekom Malaysia Bhd, Malayan Banking Bhd and Bumiputra-Commerce Holdings Bhd, have been buying up firms overseas, but their own equity is still tightly held.

The reform drive began in May 2004 with

Expressways Bhd.

It has done this through convertible bond issues.

In giving a report card on the reforms, Abdullah said that 20 GLCs on the KL Composite Index had generated shareholders' returns in line with the rest of the index since reforms began.

But the report card, compiled by a special multi-agency committee overseeing progress, noted that GLCs were still less productive than their non-state peers.

In the next phase of reform, the third, the Government wants each GLC to produce a business transformation plan by April 2008. Proton Holdings Bhd and Malaysia Airlines have already begun work on transformation plans.

"The road ahead will be a bumpy one," Abdullah said. "Globalisation and increasing competition will lead to a tougher operating environment. Successful transformation will