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Dotcom firms need backing, says PM

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AS THE dotcom mania on stock exchange continues, Prime Minister Datuk Seri Dr Mahathir Mohamad expressed the view that these Internet-related companies should be backed by "real industries".

He seemed concerned that share market players did not seem to mind whether a dotcom company makes profit or not. "In fact even when they lose money the shares of these companies will (still) sell very well on the stock market."

The Prime Minister's remarks came on the day major regional stock markets were dragged down by plunging dotcom shares.

Tokyo's Nikkei lost 2.84 per cent or 560.47 points while Hong Kong's Hang Seng plunged 4.12 per cent 735.18 points at the end of yesterday's trading, causing ripples across the region. Affected stocks included Softbank Corp of Japan and China Telecom in Hong Kong as fears that valuations had exceeded earnings caught up with investors.

On the local bourse, however, the Internet mania continued its march as stocks such as Digi Swisscom, Kuantan Flour Mills, and Linear Corp came up top gainers on talks of them jumping onto the dotcom bandwagon.

"Dotcom companies need real industries to back them otherwise they cannot sell whatever it is that they promise to sell," Dr Mahathir said when opening was speaking at the inauguration of Phase Two of Titan Petrochemicals and Polymers Bhd's expansion programme in Pasir Gudang.

Amazon.com, which sells books over the Internet, for example, "will sell anything that you need from their catalogue on the Internet...they will send all that you buy directly and at a lower price.

"But their wealth does not come from selling and buying things," he said, adding that while there are some companies which make losses, these companies get rich from the capital gains of unprofitable businesses.

Dr Mahathir said Malaysia is interested in investments from companies in the real economy such as the manufacturing and industrial sector.

"We continue to welcome investors to invest in the country's industries.

"That is what we are interested in and we hope that these companies which produce goods and services will not only survive the Information Age but will make money long after the bubble has burst on the dotcom companies," he said.

He added that Malaysia continues to roll out the "welcome mat" for foreign investors with the Government providing support through various incentives.

"We would like to invite foreign investors to come and see the industries such as this petrochemical complex by Titan...then they will know that when people invest in the country, they will make substantial profit," he said.

Titan is a joint venture between US-based Chao Group and associates which owns 54 per cent and Permodalan Nasional Bhd (PNB) through its subsidiary PNB Equity Resource Corp Sdn Bhd, holds a 46 per cent interest.

It is a regional manufacturer and supplier of petrochemicals and polymers. It began operations in 1991 and is the largest investor in Johor.

With the completion of Phase Two which cost RM3.2 billion, Titan's total investment in its Petrochemical Complex amounts to RM5.2 billion.

In his speech, Dr Mahathir added that foreign investors at times may seek local partners as was the case with Titan which chose to work with

PNB.

He said in doing so, Titan did in fact choose some 7 million Malaysians as its partner.

As such by investing in the unit trust operated by PNB, Malaysians therefore have a share in the ownership of these industries.

"The Government would like to see Malaysians have a share in all industries in Malaysia in a proper way," he said.

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