

SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
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PRESENTATION CEREMONY
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Terlebih dahulu saya ingin mengucapkan terima kasih kepada pihak Berita Publishing Sdn Bhd, terutamanya YBhg Datuk A. Kadir Jasin, kerana menjemput saya ke majlis ini dan seterusnya menyampaikan Anugerah Malaysian Business Corporate Governance. Tidak syak lagi anugerah ini akan memberi galakan kepada semua pihak yang terlibat dalam bidang korporat untuk terus berusaha mewujudkan satu persekitaran dunia perniagaan yang telus, ikhlas, bertanggungjawab dan beretika.

2. Kita sedar bahawa dalam dunia perniagaan yang penuh dengan cabaran dan saingan ini, banyak pihak akan menggunakan pelbagai taktik untuk mendapatkan kerja kontrak dan sebagainya. Apa pun taktik yang digunakan kita elakkanlah perbuatan yang menyalahi undang-undang. Saya yakin tuan-tuan faham apa yang saya maksudkan.

3. Five years after the financial crisis, which brought many corporations to their knees, many of you here today will have a host of interesting stories to tell about that trying period in our history.

4. Many fortunes were lost and livelihoods destroyed. Amidst the confusion and chaos, the Government, in particular our Prime Minister Dato' Seri Dr Mahathir Mohamad, had to fight down growing panic and desperation and ward off unjust and unwarranted condemnation of Malaysia from the outside. The Government, armed with confidence in our belief that we had to use unique and unconventional methods to face a hysterical situation, chose our own medicine to combat a disease not of our own making. The exchange controls and various measures, including stimulus packages and Government pump priming, eventually ensured Malaysia preserved its sovereignty and emerged from the crisis faster and more resilient than most.

5. There were many doubting Thomases. Some so-called local experts who had misgivings joined their foreign counterparts in condemning the Government measures to battle the crisis. But in the final analysis, it was our ability to act rationally, independently and not merely follow conventional orthodoxy that saw us introducing successfully the bold solutions, which are now being acknowledged by the IMF, then one of our biggest critics, as a case study.

6. We were derided at first, for introducing capital controls and then fixing a currency peg by people who thought only of textbook solutions and standard accepted theories. We stuck to our guns and if proof were ever needed then the IMF climb down in December admitting that Malaysia's currency peg did work is clear redemption of our policies. It may have come almost five years too late, emphasizing only too clearly that our economic planners are maybe a little too fleet-of-foot despite being thought of as some of the world's great economics theorists and planners out there.

7. In 1998, the Asian financial markets were reeling from the effect of falling currencies throughout the region. The much-touted Asian miracle had seemingly

become the Asian curse. The way Asians did business, once lauded so highly by so-called financial gurus had, overnight, become wrought with questions of the lack of transparency, integrity, accountability, responsibility and efficiency.

8. Those who admired Asian industry took a deeper peek into the boardrooms and management of major companies and found practices that rode roughshod over the interest of minority shareholders. Conflicts of interests arising from closed shareholdings and related-party transactions were identified as impediments to good execution and management. There was an acknowledgement that during difficult economic circumstances, some Malaysian public-listed companies were not immune to resorting to some dubious asset shifting and poor financial management. It seemed that corporate governance was, indeed, somewhat lacking.

9. However, those among you who are more intimately involved in the capital market would know that Malaysia had begun incorporating modern governance principles into its securities and corporate legislation even before the crisis. Back then legislation was enacted requiring the appointment of audit committees and the inclusion of independent directors in the makeup of the committees.

10. In any event, no one region has a monopoly on dishonest corporate behaviour, as proven by the financial scandals that have rocked the United States and Europe over the past 18 months.

11. Where does Malaysia stand now in the broad corporate governance picture? Within a year of the crisis - May 1998 in fact - a high-level finance committee was established to look into recommending measures to enhance corporate governance. Stemming from this initiative, the Kuala Lumpur Stock Exchange (KLSE) initiated a revamp of its listing rules governing the conduct of listed companies. What these amendments do serves to strengthen provisions in the areas of disclosure, financial reporting and a whole host of other listing obligations.

12. Both the KLSE and the SC have stepped up efforts to reprimand and prosecute wrongdoers. The KLSE for instance has taken action against 207 companies in the course of its enforcement action for breaches of its Listing Requirements from July 1, 2001 to June 30, 2002. Those who violate the laws will continue to be hauled up and in the event of criminal breaches, should be prosecuted without fear or favour.

13. Malaysia is beginning to win recognition for the prompt and effective measures that it has implemented to enhance its corporate governance framework. A major pension fund from California, which pulled out its investments in Malaysia on tenuous grounds, later admitted they were wrong in their assessment of Malaysia in the past. They contended that their earlier decision to downgrade the Malaysian capital market was done in ignorance.

14. And of course more recently, the IMF in its review of Malaysia admitted that our decision to peg the ringgit was right and had contributed to our stability. How did all these august bodies manage to get it so wrong?

15. It is easy to blame it on pure and simple ignorance. We must however be on our guard against those who take advantage of the situation in their quest to pursue their own pure profit motivated agendas without a care to what their actions can do in wreaking havoc on a nation's economy. We must therefore be proactive, do all we can to tell the world that our corporate culture is different from theirs.

16. For this reason, I commend Berita Publishing Sdn Bhd for initiating the Malaysian Business Corporate Governance Award as part of its 30th Anniversary celebrations.

17. These are companies which have achieved a profit track record for the past three years, never had been reprimanded by the KLSE and have instituted measures to promote good investor relations. Congratulations to all the winners.

Thank you.