



The 2007 Asian Roundtable on Corporate Governance
*Network on Corporate Governance of
State-Owned Enterprises in Asia*

Landscape: Recent policy reforms and main challenges in SOE governance

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SCIC

State Capital Investment Corporation



Background

- Function and responsibility are mandated in Law
- Established in 2005.
- Commenced operations since 1 August 2006.
- Chaired by the former vice minister of MoF
- Entirely owned by the state
- Organised as a financial holding company

Missions



Receive and represent state equity ownership in enterprises, where the state has stakes



Efficiently manage and maximize state capital, state interest



Raise fund to make the state's investment domestically and internationally.



Provide advisory & consultancy services: equitisation, corporate restructuring, etc.

Vision

Dynamic shareholder

Strategic investor

Professional financial consultant

Good corporate governanced

Primary objectives

- Speeding up the SOE privatization and reform
- Splitting regulatory functions from business functions, the way to manage the state stake in enterprises
- Enhancing effectiveness of the management and investment of State assets and capital;
- Promoting the introduction of the best practices of corporate governance;

Governance

- Effectively manage the state stake or exercise shareholder's rights as defined by Law.
- Representatives in enterprises and their participation in senior corporate governance are the key point in effectively managing and exercising the state shareholder rights
- Do not seek control at any cost, play as a active shareholder who aim for a win-win solution
- Representatives are selected by SCIC, work for SCIC as

Governance

- SCIC BOD's Chair is fully responsible for the operation of SCIC.
- Representatives in enterprises and their participation in senior corporate governance are the arm for SCIC managing the state stake
- SCIC does not seek control at any cost, play as a active shareholder aiming for a win-win solution
- Effectively manage the state stake through exercising state shareholder rights as defined by Law.

Selected governance issues

- Selecting the representatives:
 - + Conflict of interest
 - + Rent-seeking
- Terms of reference/ contract with SCIC representatives, extents of authorization
- Compensation packages for staffs and representatives

Organisational chart

