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Govt to stay out of CLOB issue (HL)

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THE Government does not want to interfere in the current stand-off regarding shares formerly traded on Singapore's Central Limit Order Book (CLOB International) market, First Finance Minister Tun Daim Zainuddin said.

He said the Stock Exchange of Singapore (SES) should discuss with the Kuala Lumpur Stock Exchange (KLSE) how to resolve the matter.

"If possible we don't want to interfere. From the very beginning when the SES and the KLSE were separated, we did not recognise CLOB.

"They (Singapore) were the ones who set it up and they were also the ones who closed it down. What has that got to do with us?" Daim told reporters after opening the 10th General Assembly of the Peninsular Malaysia Orang Asli Association in Kuala Lumpur yesterday.

CLOB, an over-the-counter market in Singapore, ceased operations on September 15 following the KLSE announcement not to recognise it as an exchange that can trade Malaysian securities.

Subsequently, some 170,000 accounts holding an estimated RM10.5 billion worth of shares have been transferred to the Malaysian Central Depository.

However, these shares are still not allowed to be traded on the KLSE.

Recently a Malaysian-based private investors group, Effective Capital Sdn Bhd, made an offer to acquire some of these shares for cash. On average, the cash offer represents a premium of about 45 per cent to the market price as at September 15 1998.

Singapore investors were not too happy, though, saying the offer was at a huge discount to the prices currently seen on the KLSE.

"When they closed CLOB what were the prices like? They are the ones who shut down CLOB, not us. They should decide what they want to do with the shares," Daim said.

Prime Minister Datuk Seri Dr Mahathir Mohamad had previously said it would be unfair for CLOB investors to reap the benefits of the rebound on the KLSE since September 1998, particularly since it was their short-selling activities which contributed to the stock exchange's sharp drop during the crisis.

Asked about Singapore Deputy Prime Minister Lee Hsien Loong's comment that CLOB investors were not involved in any short-selling, Daim said:

"That is their view. Our view is different. Each one has their own proof."

He said the Government will monitor the situation very closely, even though the proposal on the table is a private sector initiative.

Asked if the Government feels the offer is adequate, Daim said: "It is not for us to decide whether it is adequate or not. It is up to those who buy and sell, what has it got to do with the Government?"

On whether any other proposals are being considered, he said so far there are no new proposals to resolve the CLOB issue.

"There was one suggestion that wanted us to do something like another CLOB. What is this? You close one CLOB and open another one? That has no meaning," Daim added.

Asked how this problem will be resolved, he said: "Every problem must have a solution. Just wait."

Daim was also asked to comment on Parti Keadilan Nasional's youth wing lodging a police report on Saturday alleging corrupt practices involving him.

"Anybody can lodge a police report. This country practises democracy. If

you have evidence, lodge a report," he said.

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