

04/08/1999

SIAS: It is merely a discussion paper

THE Securities Investors Association (Singapore), SIAS, said the four proposals forwarded by Bintang Melewar Sdn Bhd for the Central Limit Order Book (CLOB) investors form only a discussion paper and should not be placed in public domain.

"There is no prospectus or even a draft document for our consideration. Furthermore, Bintang Melewar has also not revealed any fee schedules and all the managing parties remain undisclosed," the association said in a press statement.

SIAS' management committee, which met with Bintang Melewar for a discussion on the four new proposals, said it was informed that Bintang Melewar has yet to submit applications for approval to the Kuala Lumpur Stock Exchange (KLSE) or Stock Exchange of Singapore (SES).

Bintang Melewar on Monday forwarded four proposals which include the original proposal of an evergreen closed-end fund whereby the funds will be listed on the local bourse, instead of offshore, to expedite their formation.

The other options are managed portfolio, custodial services and investment-linked life insurance policy.

Under the managed portfolio, CLOB shares will be managed individually by asset management companies. For investors who want to hold on to their shares, Bintang Melewar will offer custodial services where an experienced and licensed custodian will administer these shares.

For the last option of investment-linked life insurance policy, CLOB shareholders can exchange their shares valued at current pricing with a life insurance policy.

The SIAS management committee said reiterated that in the pursuit of migration of shares through the upholding of last September's agreement between the SES and the KLSE, remains the primary objective. As such, SIAS will wait until the end of this month for both bourses to succeed in their negotiations.

The committee said it continues to receive draft proposals on potential fund structures, "some better and some worse" than Bintang Melewar's suggestions. However, without any proposal satisfying certain pre-requisites, it would be improper for the committee to provide any qualitative advice to its members, it added.

The pre-requisites are:

- * a comprehensive documented prospectus that has received regulatory approval;

- * a proposal to that returns market value to all CLOB shareholders and warrant holders;

- * an exit option/strategy that is clear, fair and easily understood; and

- * a pricing schedule that is in line with international "best practice".

The SIAS added in its statement that representatives of Bintang Melewar will seek a new round of discussions with the committee once the company is ready with a formal offer.

In another development, Singapore Deputy Prime Minister Lee Hsien Loong told Parliament that Singapore wants to solve the CLOB dispute along with a "package" of issues between the neighbours, according to an Associated Press report.

His remark came despite Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad's insistence that the CLOB issue be handled separately from other

disputes between the neighbouring countries.

"The CLOB issue should not remain outstanding" by the time other Singapore-Malaysia disputes are negotiated, Lee told Parliament in response to lawmakers' questions.

Lee also warned Singaporeans to be careful when considering several private offers to buy the shares. He added that those who don't accept should be allowed to trade their shares on the Kuala Lumpur Stock Exchange.

Reuter, meanwhile, quoted Lee as saying that the CLOB issue may not be resolved before the end of the year.

"The end of the year is not a deadline," Lee said in reply to questions on the fate of shares formerly traded on CLOB.

He said there had been some speculation that shares held by Singapore investors might be confiscated if no solutions were reached by the year's end.

But Lee said the shares would remain the property of their Singapore owners, and the SES was taking legal advice to clarify this.

Billions of dollars worth of Malaysian shares traded on CLOB were frozen last September.

Malaysia declared trading on CLOB illegal in September as part of a package of capital controls, effectively freezing the shares of some 172,000 investors worth about RM14.5 billion. Most of the investors were Singaporeans.

Lee said legal action to resolve the dispute remained an option, but was not the only solution.

The stock exchanges of both countries were in dialogue, he said.

(END)