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Singapore says account of meeting of frozen shares is 'misleading'

HOPES faded yesterday for an early end to the dispute over frozen shares previously traded in Singapore under the Central Limit Order Book International scheme.

The Singapore Exchange Ltd described as "misleading" a Malaysian account of a meeting it held Monday with the Kuala Lumpur Stock Exchange.

And David Gerald, who represents some 50,000 of the Singaporean CLOB investors whose holdings have been frozen, accused the Malaysian exchange of threatening investors.

The shares, now worth an estimated RM17 billion, were frozen when Malaysia imposed selective capital controls in September 1998 during the Asian financial crisis, banning trading of its listed shares outside the country.

On Monday, a KLSE statement suggested a settlement might be closer. It said the Singapore exchange had recognised a proposal by Malaysian firm Effective Capital Sdn Bhd to handle the transfer to the Kuala Lumpur stock exchange of the frozen shares "as part of a comprehensive and expeditious solution to the CLOB issue".

The Singapore exchange, it said, indicated it would distribute Effective Capital's offer documents to shareholders next week.

The KLSE said shareholders who rejected Effective Capital's proposal "would have fully recognised" that their shares would be transferred to the Malaysian Finance Ministry when a deadline to settle the dispute expired on June 30.

However, a spokesman for the Singapore exchange, quoted by the island's Business Times newspaper, termed the statement "an incomplete and misleading account of the (Singapore exchange's) position".

Some 100 Malaysian issues were traded under CLOB and an estimated 170,000 CLOB shareholders were hit by the freeze.

Singapore's Prime Minister Goh Chok Tong has said he would hold talks with his Malaysian counterpart Datuk Seri Dr Mahathir Mohamad this month to help break the impasse.

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