



Changing the Rules

The Singapore Government's shock decision that local gaming stalwart Genting might not secure a casino licence on the tiny island republic despite having won a bid to operate a casino resort there doesn't augur well for it.

YOU CAN NEVER BE SURE OF GOVERNMENT, CAN YOU? JUST ASK THE GENTING Group.

A recent decision by the Singapore Government has stumped both the company and its minority shareholders. Genting was bluntly told that although it had won a bid to operate a casino resort in the city-state, it would not automatically secure a casino licence. They were two different matters.

As a result, Genting Bhd's shares plunged the day the news broke out. Aided by the already bearish conditions plaguing the market, the company's share price on Feb 28 plunged by nearly 10%, although the KLCI retreated by only 3.4%.

Investors were spooked. Imagine pouring in RM12 billion into Singapore to build a massive entertainment-cum-casino resort, only to be told later that the casino licence might not be forthcoming!

I suppose in Singapore, you just can't take anything for granted.

Everything is at the pleasure of the government. So, whether Genting will now go ahead with investing on the island is anybody's guess.

Luckily, the shrewd father-and-son team of Tan Sri Lim Goh Tong and Tan Sri Lim Kok Thay have not been putting all their eggs into one

basket. Over the years, they have gone into entertainment, hospitality, plantations, power generation and even paper manufacturing so as not to be too dependent on gaming. More recently, they diversified by buying into Star Cruises, Landmarks Bhd and have teamed up with Macau casino king Stanley Ho.

Ho, who is a renowned gaming legend in the East, will offer Genting access to a huge gaming market. On the other hand, Genting will have to vie against another casino operator in the relatively new, unknown and restrictive gaming market in Singapore.

Whatever the reasons for the island state's shock decision, it has left a bad taste among foreign investors.

In any case, this is not the first bungle by the Singaporean authorities in recent times. In November 2005, Temasek Holdings Pte Ltd, the Singapore government's investment arm, was found to be acting in concert in relation to the purchase of shares in Southern Bank Bhd. In that episode, Temasek and its

subsidiaries had bought separate stakes that had breached the Banking & Financial Institutions Act (Bafia). Temasek subsequently sold down its stake and is believed to have apologised for the oversight.

In another miscalculation, Temasek last year bought control of Shin Corporation from the family of former Thai Prime Minister Thaksin Shinawatra in a controversial deal. Thaksin's government was then toppled in a coup and Shin became a contentious issue with the new government over taxes. In the event, the shares of the listed Shin have fallen sharply by more than 45%, with Temasek suffering a huge paper loss.

Of course, Malaysia too has its own misses with Singaporean companies. Last year, Singapore's Parkway Group took control of Pantai Holdings Bhd, which also owned Fomema, a company which has a monopoly over the medical examination of foreign workers in the country.

When the Malaysian Government was forced to admit its oversight of the consequences of Fomema falling into foreign hands, it directed its investment arm Khazanah Nasional Bhd to acquire Pantai from Parkway, albeit at a price higher than what Parkway had originally paid.

But let's be fair. If we expect others to treat Malaysian companies justly, then we too must extend the same treatment to them. Early this month, Singapore-based Great Eastern Life Assurance was told by the Foreign Investment Committee (FIC) that its proposed purchase of Wisma Denmark and an adjacent piece of land in Kuala Lumpur for RM150 million had been rejected. No reasons were given.

Subsequently, it was reported that a local party was eyeing the same building for a higher price of RM160 million. We hope that the FIC had good reason for its rejection of Great Eastern's offer. After all, Great Eastern already owns property in Malaysia and has proven to be a committed foreign investor.

As promised by the Prime Minister, transparency must become the hallmark of the current government. Unfortunately, some government agencies are still ignorant of this.

They must be accountable for their actions and decisions. It will go a long way in lifting investor confidence in the country. **mb**

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