Singapore Government
PRESS RELEASE
Information Division, Ministry of Communications & Information, City Hall, Singapore 0617 · Tel. 3307269 / 3307270 / 3307271

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RESTRICTION OF ASIAN WALL STREET JOURNAL CIRCULATION

The Singapore Government is restricting the circulation of the Asian Wall Street Journal (AWSJ) in Singapore to 400 copies per issue with effect from 16 Feb 87. Copies will be made available in public and other listed libraries in Singapore.

In an Order gazetted on 9 Feb 87, the Minister for Communications and Information declared the AWSJ to be a newspaper engaging in the domestic politics of Singapore, under Section 18A(1) of the Newspaper and Printing Presses Act. The AWSJ has been advised to nominate a distributor for approval by the Minister, in accordance with Section 18A(2) of the Act. All copies for local distribution will be marked.

The action is necessary because the AWSJ has persistently refused to publish a Singapore Government reply to an AWSJ article. The article concerns the proposed second securities market in Singapore, also known as SESDAQ (Stock Exchange of Singapore Dealing and Automated Quotation System).

THE ARTICLE

In the 12-13 Dec 86 edition of the AWSJ, the front-page lead story was an article on SESDAQ by Mr Stephen Duthie, headlined "Singapore Exchange Puzzles Financiers" (see Annex 1). The article criticised the formation of

SESDAQ, and cast doubts on the motives of the Singapore Government in setting it up. Mr Duthie wrote that:

a. The Singapore Government had pushed for a new exchange which the economy did not need. "State finance officials and institutions have staked plenty of face on the government-inspired venture. In Singapore, this is often more important than the needs and desires of the marketplace."

b. "The Government will use the new exchange to unload state-controlled and government-backed companies."

i. "A company controlled by Temasek Holdings Pte. Ltd. ... was ordered by Temasek to prepare for an immediate listing, even though the concern's merchant banker had recommended delaying as much as a year".

ii. Companies supported by the Economic Development Board (EDB) which were in financial difficulties would be sold off to the public on SESDAQ. "SESDAQ planners concede that financial troubles among some of these EDB-aided concerns in the past few years was a primary reason for devising a new exchange ... 'The EDB was looking for a way to push these companies along the road,' says a merchant banker."

c. "Several bankers and brokers fear that a bureaucratic aversion to risk will undermine the chances of potential star performers from ever reaching the market."

In other words, SESDAQ was being foisted on the Singapore financial scene by the Government, in order to preside over the disposal of dud companies to its own citizens.

MAS REPLIES TO AWSJ

These baseless attacks were answered on the same day by Mr Koh Beng Seng, Director, Banking and Financial Institutions Department, Monetary Authority of Singapore (MAS) (see Annex 2). He wrote to the AWSJ to refute Mr Duthie's allegations, and pointed out that:

a. "The tone of Mr Duthie's remarks and his choice of words, especially in the opening and closing paragraphs, clearly reveal his bias. Errors of fact confirm his prejudice."

b. Far from being a Government initiative, SESDAQ had been a proposal of "the Banking and Finance Subcommittee of the Economic Committee, a Subcommittee composed purely of private sector bankers".

c. "The Government has nothing to do with the choice of companies to be listed. It is up to the merchant banks to decide which companies to sponsor for listing, and up to the SESDAQ Committee of the Stock Exchange to accept companies for listing. Neither [is an instrument] of the Government."

d. In particular, the Temasek company cited by Mr Duthie does not exist.

AWSJ REFUSES TO PUBLISH THE MAS LETTER

On 2 Jan 87, Mr Fred Zimmerman, Editor and Publisher of the AWSJ, replied defending the article and disputing

Mr Koh's statements (see Annex 3). He refused to publish Mr Koh's letter, asserting that:

a. According to AWSJ lawyers, Mr Koh's "comments about Mr Duthie are defamatory of him".

b. There is evidence that the Government would use the new exchange to unload state-controlled and government-backed companies:

i. The Government would use DBS Bank to bring many companies to the market.

ii. Mr Chua Soo Tian of the EDB "had told bankers in Singapore that the EDB is financing up to 1,000 companies, of which several hundred are eligible for listing."

c. Despite Mr Koh's denial, the AWSJ was satisfied that the Temasek company existed.

d. Mr Duthie was not responsible for the criticisms in his article. "Mr Duthie does not express any opinion of his own. He reports what others say, think and do."

MAS WRITES AGAIN

Mr Koh replied to Mr Zimmerman on 17 Jan 87 (see Annex 4). He stated that:

a. MAS lawyers were extremely surprised to hear that the AWSJ considered his letter defamatory. They could find nothing defamatory in it, and requested Mr Zimmerman to point out "which specific passages of [the] letter [he considered] defamatory, and how Mr Duthie has been defamed".

b. DBS Bank does not determine which companies will be approved for listing on SESDAQ.

c. Mr Chua Soo Tian had stated that his views had been completely misrepresented. Mr Chua had never said that several hundred EDB financed companies were eligible for immediate listing. In any case, to describe every company which had received an EDB-administered loan as a Government-backed company was mischievous.

d. Since the AWSJ still believed that the Temasek company existed, it should "name the company and publish [the] letter, so that the matter [could] be conclusively settled".

e. Just because Mr Duthie attributed many (but not all) of his scurrilous attacks to a miscellany of anonymous critics did not absolve Mr Duthie or the AWSJ from either moral or legal responsibility for publishing these views.

Mr Koh requested the AWSJ to publish the whole exchange, plus any further rejoinder from the AWSJ, so that its readers could judge for themselves the merits of the contending views. After all, the AWSJ had championed freedom of speech, and SESDAQ had been a front-page lead story in the AWSJ. If the AWSJ still refused, the MAS Chairman would have to draw his own conclusions.

AWSJ AGAIN REFUSES TO PUBLISH

. In a reply dated 23 Jan 87, Mr Zimmerman (see Annex 5):

a. Did not identify any specific defamatory passage in Mr Koh's first letter.

b. Did not repeat his allegation of defamation.

c. Did not name the Temasek company.

d. Made a fresh complaint that Mr Koh had refused Mr Duthie's request for an interview when the article was being prepared.

e. Failed to mention that on 11 Dec 86, before the article had been published, Mr Duthie had been invited by phone to a press conference by the SESDAQ Working Committee held on 12 Dec 86, but that Mr Duthie had declined to attend.

f. Refused again to publish all the letters.

CONCLUSION

This reply shows that the AWSJ will not allow its readers to read and judge for themselves the Singapore side of an unbalanced story. It proves that the AWSJ is not proud of Mr Zimmerman's specious statements in his two letters to Mr Koh. In fact, Mr Duthie had not got his facts right, and Mr Koh had not defamed Mr Duthie.

It is the Singapore Government which has been defamed by the AWSJ. The AWSJ published Mr Duthie's malicious insinuations that the Government was planning to cheat its own citizens. Mr Koh's letters showed this to be a lie. The AWSJ has refused to publish them.

The Singapore Government therefore has no alternative but to act against the AWSJ.

MINISTRY OF COMMUNICATIONS AND INFORMATION
9 February 1987

DECEMBER 12 - DECEMBER 13, 1986

Singapore Exchange Puzzles Financiers

Mixed Signals Cloud Proposed Bourse's Aim of Spurring Small Firms

By Stephen Duthie

Special to The Asian Wall Street Journal

SINGAPORE — The original acronym for Singapore's new securities exchange was SEMAQ, for Stock Exchange Market for Automated Quotations. Then someone pointed out that that means "quick death" in the Teochew dialect of Chinese.

An inauspicious christening was averted and a bourse was born — SESDAQ, the Stock Exchange of Singapore Dealing and Automated Quotation. Industry executives say the secondary exchange, geared to small and medium-sized concerns, won't make much of a splash on the country's financial scene for a while, but they reckon the odds are against an early demise.

SESDAQ is slated to start operating in the first quarter of next year, and it has enough support to sustain it in its formative years. State finance officials and institutions have staked plenty of face on the government-inspired venture. In Singapore, that is often more important than the needs and desires of the marketplace.

'They Want It to Succeed'

"The thing to say is that it will succeed because they want it to succeed," says a banker involved in the planning of SESDAQ. "It's as simple as that."

Others disagree. SESDAQ has already garnered a large assortment of critics, particularly from foreign financial institutions.

According to a survey by Egon Zehnder International, a global executive-search concern, about 67% of the banking chief executives interviewed in Singapore foresee "limited or no opportunities in the establishment" of SESDAQ. The survey responses were collected a week before SESDAQ was formally announced in October by Lee Hsien Loong, acting minister of trade and industry.

Tan Soo Nan, an executive with the government-controlled Development Bank of Singapore and one of the exchange's prime supporters, says that he isn't aware of the Egon Zehnder survey but that its findings don't worry him.

"We've been thinking of putting some of our companies on SESDAQ. But even our merchant banker is confused."

"I would say the response to date has been encouraging from some of the companies" considering a SESDAQ listing, he says, "and from some of the merchant banks." The latter institutions might advise concerns on the public flotation of their shares and might be involved in making a market for the newly issued shares. The exchange's "chances of success are good," says Mr. Tan, whose bank is widely expected to be the most active institution on the exchange.

The new exchange won't be governed by some of the stringent rules that have prevented promising companies in recent years from going public. Those rules require, in part, that a company seeking to go public must have been operating for five years, must have shown profit in each of the three years preceding that of the proposed issue and must possess at least S$4 million (US$2.2 million) in capitalization, with a minimum of 25% of that base in the hands of 500 shareholders or more.

The minimum public holding for companies on SESDAQ is 15%, as long as that percentage isn't less than 500,000 shares. In addition, the parties seeking the listing must initially retain a minimum 50% stake to ensure that they don't abandon the newly listed concern.

Scripless Trading System

Among other ways it differs from Singapore's big board, SESDAQ will maintain a fully automated, scripless trading system. Trade settlements will be automatically recorded in the clients' accounts, which will be maintained in a central depository.

Officials of Singapore Inc., an informal amalgam of public and private interests, are strongly encouraging major local and foreign financial concerns to lend at least moral support to the new exchange. Similar pressure was exerted in early 1984, when the government was rallying support for the new Singapore International Monetary Ex-

Please Turn to Page 6, Column 1

ASIAN WALL STREET JOURN

New Singapore Bourse Lacks Clear R

Continued From First Page

change to offset an initial lack of enthusiasm.

Egon Zehnder's recent survey notes, however, that leading bankers in Singapore have a far higher regard for Simex this year than last: "Perhaps, as with Simex, it is a question of effectively marketing the concept rather than the validity of the concept itself."

'Easier to Say No'

But many financial institutions have had a rough two years in recession-battered Singapore. Few companies expect a new, government-sired exchange to recapture the financial promise Singapore held in the 1970s and is seeking to regain in the 1980s.

"It's gotten much easier to say no these days," says a British merchant banker. "Some of us are realizing that it might not be necessary to be here or that it isn't necessary to be involved in all the facets of business that we had been."

SESDAQ's critics have lofted more than a few barbs, among them:

— Singapore is too small for two exchanges.

— Energy would be better spent revamping the main bourse to accommodate younger, more vibrant and perhaps riskier concerns.

— The government will use the new exchange to unload state-controlled and government-backed companies.

— Government bureaucrats threaten to dominate the exchange.

Guarding Big Board

Other critics note that SESDAQ's long-term aim is to groom a large enough corps of companies to step onto the big board and ease the sting if the Singapore and Kuala Lumpur exchanges sever their close ties and end their dual listings. Many analysts say the parting is inevitable, given the cooling trend of recent years.

Several government officials guardedly agree. Both camps project the possible need to inject more concerns into the Singapore market, where 183 of the 317 corporate listings are Malaysia-based.

"I would say that crossed our minds, that maybe it's a consideration, but it isn't the primary reason for SESDAQ," says Chua Soo Tian, director of the Small Enterprise Bureau of the Economic Development Board, or EDB. His office is certain to help provide feedstock for SESDAQ, say bankers and stock brokers.

The uncertainty over SESDAQ's role has helped foster the initial wariness. Most troublesome to merchant bankers and brokerages is a proposed requirement that the lead manager of a flotation make a market in that stock by quoting sale and purchase prices for at least a year after the first day of listing. Though bid and offer prices can be adjusted, market makers "will always stand ready to deal on their quotes with investors" to ensure that "there will always be a price for investors to get in or out of a particular stock," according to an October statement by the SESDAQ working committee.

Bankers' Apprehensions

As a worried banker remarks: "As incredible as it might seem, you could go to work one morning holding 1% of a company's shares and return home that very

Bankers and brokers involved in the planning for SESDAQ dismiss such concerns. A committed market maker has only to set bid and offer prices way out of line from prevailing market rates to avoid having to buy or sell, they say. Trading of shares in floundering concerns simply would freeze.

Supporters maintain that such misunderstandings and apprehensions could be resolved by an aggressive marketing program and seminars, such as the session planned this weekend by the Institute of Banking and Finance and the Economic Development Board. Others, however, maintain that it may be several years, at best, before the new exchange develops an identity and a role in the economy.

"What is its function?" asks a British merchant banker. "Is it just a mechanism to float very risky companies that wouldn't otherwise be floated? Or is it a mechanism by which the government will pursue this divestment exercise?"

Avoiding Risks

Risky, highflying ventures won't be among the first wave of an estimated 10 to 20 concerns to reach the exchange in the first year, say members of the SESDAQ study group. Avoiding risks and building confidence will be paramount at the outset.

"The government is addressing an issue to make sure the public relations won't be such that it's perceived as a casino market," says the EDB's Mr. Chua.

It is likely that an early batch of SESDAQ candidates will hail from the government's deep stable of state-owned and controlled concerns. The government intends to partially shed its private-sector holdings and to invite the public to hold stakes in wholly owned government concerns. To assist in identifying such companies, a state-appointed Public Sector Divestment Committee recently submitted a study to the Finance Ministry.

Merchant bankers have a list of clients considering SESDAQ, including several government concerns that apparently are reluctant to join the junior board. A company controlled by Temasek Holdings Pte. Ltd., an investment arm of the government, was ordered by Temasek to prepare for an immediate listing, even though the concern's merchant banker recommended delaying as much as a year, associates of the company say.

Aiding Small Firms

Another source of listings, bankers say, could be the numerous, relatively small domestic companies that have been helped by the EDB and 13 financial institutions under the Small Industries Finance Scheme. The 10-year-old plan, under which eligible concerns are awarded loans at preferential rates and guaranteed by the plan's backers, has distributed S$636 million in credit since it began.

In fact, SESDAQ planners concede that financial troubles among some of these EDB-aided concerns in the past few years was a primary reason for devising a new exchange tailored to small and medium-sized companies.

Some of the companies had borrowed against their assets, which were devalued during the 1984-86 recession, bankers and brokers say. Banks, in turn, asked for more money and more collateral. Companies un-

"The EDB was looking for a way to push these companies along the road," says a merchant banker, noting that the agency detected a strong weakness among family-owned concerns unable to adopt modern management techniques. "A public flotation, the agency figured, would force some of these companies to bring in professional help — accountants, merchant bankers, lawyers, what have you."

Mr. Tan of Development Bank of Singapore agrees: "SESDAQ will help create an environment where family businesses would have to put professional management into their operation. They will undergo a structural change to accommodate corporate disclosure rules, accounting standards and internal financial controls."

Confusion Over Goals

Such rationales for SESDAQ, some of which haven't been publicly disclosed, have led to confusion over its purpose and long-term goals. In addition, the companies most often cited by bankers as SESDAQ nominees have very little problem securing loans and seeking investors. Some would even be eligible for a listing on the main board.

"We've been thinking of putting some of our companies on SESDAQ," says the president of a large Singapore-based and privately held concern. "But even our merchant banker is confused."

He adds: "We thought it would be for young start-up companies and venture capitalists and so forth. But now it looks as though they want to make it another NASDAQ," the large and well-established U.S. over-the-counter market.

Early statements haven't entirely jibed with developments. In October, for example, an official statement on the new exchange noted that the government aimed "to nurture entrepreneurship and encourage small industry in Singapore." To [illegible] the state planners saw the need to create U.S.- and British-type OTC markets "to enable small and medium-sized Singapore companies with good growth prospects to raise capital funds to finance their business expansion."

No Silicon Valley

It is clear now, however, that SESDAQ's early members may not be the sort of young and hungry independent concerns that have made the likes of Silicon Valley and elsewhere so renowned for gung-ho capitalism. A firm foundation for the new exchange is uppermost in the minds of SESDAQ founders, even if that means the promising but riskier concerns must wait.

Several bankers and brokers fear that a bureaucratic aversion to risk will undermine the chances of potential star performers from ever reaching the market. The EDB's Mr. Chua concedes that "we have to strike a balance" between the highfliers and plodders.

At stake in the longer term, analysts say, is Singapore's chance to reawaken the country's entrepreneurial instincts.

Remarks a banker who has since left Singapore: "Can this new exchange engender some entrepreneurial spirit? Can it help get the feeling across to the country's top university graduates that there might be another future other than routinely joining the government civil service? That if that young graduate chooses to pursue an idea, Annex II

The Monetary Authority of Singapore

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YOUR REF: OUR REF: DATE: 12 Dec 86

DIRECTOR
BANKING & FINANCIAL INSTITUTIONS DEPARTMENT

The Editor
The Asian Wall Street Journal
AIA Building, Second Floor
1 Stubbs Road
Hong Kong

Dear Sir

1 I refer to Stephen Duthie's article entitled "Singapore Exchange Puzzles Financiers" in the 12-13 December 1986 issue of the Asian Wall Street Journal. The tone of Mr Duthie's remarks and his choice of words, especially in the opening and closing paragraphs, clearly reveal his bias. Errors of fact confirm his prejudice.

2 Duthie implies that the Government pushed for the establishment of SESDAQ independent of "the needs and desires of the marketplace". The need for a market to provide an avenue for small and medium-sized local companies to obtain long-term finance to fund their growth was highlighted in the Report of the Economic Committee. The idea originated in the Banking and Finance Sub-committee of the Economic Committee, a Sub-committee composed purely of private sector bankers.

3 Duthie contends that "the Government will use the new exchange to unload state-controlled and government-backed companies". Specifically, he alleged that "a company controlled by Temasek Holdings ... was ordered by Temasek to prepare for an immediate listing, even though the concern's merchant banker had recommended delaying listing by as much as a year". He did not identify the company, because it does not exist. The specific allegation, as well as his general contention, are both completely false.

4 Duthie alleges that the new market is to look "for a way to push along the road" EDB-aided companies in financial difficulties. Given Duthie's earlier statement that "State finance officials and institutions have staked plenty of face" on the success of the market, it is difficult to understand why the Government should want to jeopardise its chances by listing sub-standard companies.

5 In fact, it is not within the dispensation of Temasek and EDB to list sub-standard companies. Nor can "bureaucratic aversion to risk undermine the chances of potential star performers from ever reaching the market", since the Government has nothing to do with the choice of companies to be listed. It is up to the merchant banks to decide which companies to sponsor for listing, and up to the SESDAQ Committee of the Stock Exchange to accept companies for listing. Neither the merchant banks nor the SESDAQ Committee are instruments of the Government.

6 Duthie criticises "the proposed requirement that the lead merchant banker managing a flotation make a market in that stock by quoting sale and purchase prices for at least a year after the first day of listing". He quotes "one worried banker" saying that "as incredible as it may seem, you could go to work one morning holding 1% of a company's shares, and return home that very evening with that company as an associate concern of the bank".

7 Although he then quotes "bankers and brokers involved in the planning for SESDAQ" dismissing these concerns, Duthie does not state his own position. Since Duthie saw fit to repeat the complaint, presumably he must believe it has some substance. Unfortunately, Duthie also omitted to report that the market-making is standard practice in other Over-The-Counter markets. It is up to the skill of the market-maker to set the right price, so that he does not end up holding an unwanted "associate concern".

8 It is, to say the least, surprising to find such a list of errors and omissions in one article in a top quality financial journal such as the Asian Wall Street Journal.

Yours faithfully

Koh Beng Seng

KOH BENG SENG
DIRECTOR
BANKING & FINANCIAL INSTITUTIONS DEPARTMENT

Annex III

[illegible]

[illegible]mmerman
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January 2, 1987

Mr. Koh Beng Seng,
Director,
Banking & Financial Institutions Department,
The Monetary Authority of Singapore,
10 Shenton Way, MAS Building,
Singapore 0207.

Dear Mr. Koh,

I am replying to your Dec. 12 letter of complaint about Stephen Duthie's article "Singapore Exchange Puzzles Financiers." In view of the seriousness of your allegations, we have conducted a thorough investigation of the matter. Because of the holiday season and travel schedules of people we needed to reach, this has taken some time.

Our conclusion is that the article is fair and accurate. You give no evidence to support your contention that the article contains "errors of fact," and we have not been able to uncover any such evidence, either. Your one specific allegation of error comes in paragraph 3, where you claim that no such company controlled by Temasek Holdings exists. We are satisfied that it does exist.

We also disagree with your opinion that the tone of the article and the choice of words reveal bias. Mr. Duthie worked on the article over a period of 2½ months, and the result is a measured and appropriate assessment of the subject. Our lawyers advise, incidentally, that your comments about Mr. Duthie are defamatory of him.

Furthermore, apart from an unwarranted attack on Mr. Duthie's professionalism, your letter itself contains errors of fact and seriously misrepresents him and his article.

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For example, your claim that the idea for an unlisted securities market originated in a sub-committee of the Economic Committee is incorrect. The idea has been around at least since the early 1980s. Confirmation of this is found in the confidential report of the Merchant/Investment Banks Working Group to the Sub-Committee on Banking and Financial Services. The working group, whose report prepared in June 1985 still has not been published, noted on page 38: "Much publicity has been generated in connection with the promotion of entrepreneurship in Singapore and thus the creation of an 'unlisted securities market.'" In other words, this working group, which made a recommendation to the sub-committee, which in turn made a recommendation to the Economic Committee, was reacting to a widely discussed public issue.

You also claim that the government has nothing to do with the choice of companies to be listed, saying "It is up to the merchant banks to decide which companies to sponsor for listing..." In fact, it is our understanding that the Development Bank of Singapore, which is not a merchant bank but which is controlled by the government, is expected to bring more companies to market than any other institution.

You further claim that it is false to say "the government will use the new exchange to unload state-controlled and government-backed companies." Mr. Duthie reported this view of critics because there is evidence to support it: Chua Soo Tian, director of the Small Enterprise Bureau of the Economic Development Board, has told bankers in Singapore that the EDB is financing up to 1,000 companies, of which several hundred are eligible for listing.

In several instances you attribute to Mr. Duthie statements made by others. He was simply reporting their statements. For example, you write: "Duthie alleges that the new market is to look 'for a way to push along the road' EDB-aided companies in financial difficulties." In the article, that quotation -- "for a way to push these companies along the road" -- clearly is attributed to a merchant banker. Again: "Duthie criticizes 'the proposed requirement that the lead merchant banker managing a flotation make a market in that stock by quoting sale and purchase prices for at least a year after the first day of listing.'" In fact, Mr. Duthie does not make that criticism at all. It is made in the article by merchant bankers and brokerages. And again: "Duthie contends that 'The government will use the new exchange to unload state-controlled and government-backed companies.'" In the article, that statement is clearly included in a list of complaints made by critics.

I do not understand why in paragraph 4 of your letter you introduce the pejorative terms "financial difficulties" and "sub-standard companies." The issue here is companies that lack professional assistance and modern management techniques, companies that are not necessarily second-rate or sub-standard at all.

And I am puzzled by your complaint in paragraph 7 that "Duthie does not state his own position." Like other staff reporters writing for the news pages of The Asian Wall Street Journal, Mr. Duthie does not express any opinions of his own. He reports what others say, think, and do.

I hope you will understand that we therefore cannot publish a letter attacking our staff member for unprofessional conduct, of which he is not guilty, and alleging errors that do not exist. We are willing to publish a letter from you, if you care to write it, stating your point of view on the subjects dealt with in the article.

Sincerely,

Fred Zimmerman

Fred Zimmerman

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The Monetary Authority of Singapore

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YOUR REF: -   OUR REF: DATE: 17 Jan 87

DIRECTOR
BANKING & FINANCIAL INSTITUTIONS DEPARTMENT

Mr Fred Zimmerman
Editor and Publisher
The Asian Wall Street Journal
AIA Building, Second Floor
1 Stubbs Road
Hong Kong

Dear Mr Zimmerman   30

1 I refer to your letter of 2 Jan 87.

2 It must be unusual for a newspaper which habitually champions freedom of speech to refuse to publish views it disagrees with, and furthermore to allege, as a reason for refusing, that the letter in question is defamatory.

3 I too have consulted lawyers for The Monetary Authority of Singapore. They have found nothing defamatory in my letter, and were extremely surprised to hear that your lawyers should think I had defamed Mr Duthie. They have asked which specific passages of my letter you consider defamatory, and how Mr Duthie has been defamed.

4 Indeed if any body ought to consider itself defamed it should be the Singapore Government. Mr Duthie accused "state finance officials and institutions [of staking] plenty of face on the government inspired venture. In Singapore, this is often more important than the needs of the marketplace". He repeated criticism that the government intended to "use the new exchange to unload state-controlled and government-backed companies". He thus implied that the Singapore Government will be presiding over the disposal of dud companies to its own citizens.

5 This implication is without any basis of fact. You claim as supporting evidence a reported statement by Mr Chua Soo Tian of the Economic Development Board (EDB) that several hundred of the up to 1000 companies financed by the EDB are eligible for listing. Mr Chua has asked me to state that this completely misrepresents his views. The EDB has indeed extended business expansion and upgrading loans to nearly 1000 small enterprises under the Small Industries Finance Scheme (SIFS), which it administers jointly with private sector financial institutions. Any small local company which can convince a participating bank to underwrite half the lending risk can get an SIFS loan. To describe every such company as a "government-backed company" is mischievous.

6 Mr Chua had stated that those companies whose business expansion plans succeed may in time become potential candidates for SESDAQ listing. He did not say, as you imply he did, that several hundred are eligible for immediate listing. In any case, Mr Chua is not the authority for deciding which companies will be approved for listing on SESDAQ. Nor is DBS Bank. The SESDAQ Committee of the Stock Exchange is.

7 You also reiterated Mr Duthie's allegation that Temasek Holdings ordered one of the companies it controls to prepare for immediate listing, against the advice of its merchant banker. I have already denied this. If you still believe that the company exists, why not name the company and publish your letter, so that the matter can be conclusively settled?

8 Just because Mr Duthie attributed many of the scurrilous attacks in the article (but only one of the three points highlighted above) to a miscellany of anonymous critics does not absolve Mr Duthie or the AWSJ from either moral or legal responsibility for reporting and publishing these hitherto private views.

9 Since you carried Mr Duthie's article as the lead item on the front page of the AWSJ, you must feel that SESDAQ is a subject of considerable interest to your readers. These readers will undoubtedly be eager to hear the whole story. I therefore propose that you publish in full my earlier letter, your reply, this letter, plus any further rejoinder from the AWSJ. The readers can then judge for themselves.

10 If you persist in refusing to publish my letters, my Chairman will have no alternative but to draw his own conclusions.

Yours faithfully

KOH BENG SENG
DIRECTOR
BANKING & FINANCIAL INSTITUTIONS DEPT

THE ASIAN WALL STREET JOURNAL

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Fred Zimmerman
Editor & Publisher

Annex V

January 23, 1987
Rd 31/1/87 h

Mr. Koh Beng Seng,
Director,
Banking & Financial Institutions Department,
The Monetary Authority of Singapore,
10 Shenton Way,
MAS Building,
Singapore 0207.

Dear Mr. Koh:

I regret that our correspondence seems to have turned into a quarrel, one from which neither of us is presumably getting much satisfaction. I'm also sorry that you didn't see fit to take the opportunity I offered you to write a reasoned statement of your views on the subject matter of the article, for publication in our letters column. You may be aware that on Jan. 9 we did publish a letter from Private Sector Representatives in the SESDAQ Working Committee taking issue with many of the views that were reported in the article.

I emphasize, and I believe publication of that letter confirms it, that The Asian Journal is willing to print letters from readers stating various viewpoints. We have printed many such letters from Singapore government officials in the past, and I'm sure that we will do so in the future. But we don't believe it serves our readers to print personal attacks or allegations of errors that we're confident don't exist.

I can't escape the thought that a large part -- if not all -- of the dispute you and I find ourselves in could have been avoided if you had agreed to our reporter's request for an interview at the time he was preparing the article. Our reporters try very hard to accumulate all relevant viewpoints on subjects they write about, but that can only occur if officials are willing to share those viewpoints with us.

.../2

I'm not sure how much more time you wish to spend on all this, but I might mention that Peter Kann, Executive Vice President of Dow Jones & Co., who has primary responsibility for The Asian Journal, plans to be in Asia in March. He has indicated a willingness to meet with you if you think that would be useful.

Sincerely,

Fred Zimmerman

Fred Zimmerman

REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

EXTRAORDINARY

Published by Authority

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No. 543 — THE NEWSPAPER AND PRINTING PRESSES ACT 1974 (ACT 12 OF 1974).

ORDER UNDER SECTION 18A (1)

In exercise of the powers conferred by section 18A (1) of the Newspaper and Printing Presses Act 1974, the Minister for Communications and Information hereby declares the *Asian Wall Street Journal* to be a newspaper engaging in the domestic politics of Singapore.

This Order shall take effect from 16th February 1987.

Dated this 9th day of February 1987.

TAN GUONG CHING,
Permanent Secretary,
Ministry of Communications and Information,
Singapore.

[MCI./INFO. 004/2; AG./SL./11/83]