

TRANSCRIPT OF PRIME MINISTER'S
PRESS CONFERENCE ON SINGAPORE HERALD
ON 19TH MAY, 1971

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TRANSCRIPT OF PRIME MINISTER'S PRESS CONFERENCE
ON THE SINGAPORE HERALD AT CITY HALL ON 19.5.71

Prime Minister:

Well, gentlemen, the last two days -- on Monday the 17th and again yesterday, -- first on Monday the 17th, I and my colleague Mr. Rajaratnam, met Miss Aw Sian from Hong Kong, Mr. Jimmy Hahn, who is the Managing Director - I believe you all know him, he is a South Korean -- and Mr. Ambrose Khaw, the Editor, separately and jointly. The conversation was recorded by my secretary and also on tape in case there is any misunderstanding.

Yesterday, on the 18th, I met Miss Aw Sian and Mr. Jimmy Hahn, and this time we had the bankers of the Singapore Herald, Mr. Hendrik Kwant, 2nd Vice-President and Manager of the Chase Manhattan Bank, and Mr. Robert Quek, the Credit Marketing Officer. This was yesterday afternoon.

I asked Miss Aw Sian to stay behind today so that we can have these matters cleared up. But she told me she had to return earlier this morning and so we do not have the privilege of hearing how she parted with half a million dollar of her money, and all she has got to show for it now was three receipts signed by

the cashier of the Singapore Herald -- \$100,000 in February for shares, \$200,000 in March for shares, \$200,000 in May the 5th which she said, before she came here, "Please sign that and say for a loan", no more for shares.

Briefly, the facts are as follows: The Herald has exhausted some \$2.3 million, working capital before the end of 1970, and by November they sought an overdraft from Mr. Robert Quek because Letters of Credit for paper and other things were falling due. Mr. Quek decided to recommend the overdraft. By the end of 1970 they were overdrawn \$180,000.

By now, of course, the Herald is \$830,000 overdrawn with the bank.

According to Mr. Jimmy Hahn, he was introduced to Miss Aw Sian by Mr. Adrian Zecha, Hong Kong, in January 1971. She said she believed she could make a go of the Herald and she parted with \$500,000. She has now decided that she will not put any more of her own money in, and she has put that down in writing. The \$500,000 has also been spent.

Miss Aw Sian has no documents, no legal documents to show on what terms she entered into this investment and how she was going to obtain control of the management of the newspaper.

Mr. Hahn said the Herald needed between \$120,000 and \$200,000 a month to keep going. It had a circulation of 13,000, (let us make it on the fair side, 13,500). Mr. Kwant of the Chase Manhattan Bank, after he met Miss Aw Sian and Mr. Jimmy Hahn yesterday, and after I had my Commissioner for Banking look into the matter, look closely into the position, he has told me he has recommended to his head office to foreclose, which is what Mr. Jimmy Hahn also suggests he is going to tell his directors to do, that they ought to wind up.

Jimmy Hahn: If I don't get money.

Prime Minister : If you don't get money? You know any place where you can get money,

Mr. Hahn?

Jimmy Hahn: I wish I could get.

Prime Minister : You wish you did? Mr. Hahn has given me a written statement. It will be made available, but you can ask him further particulars on that statement.

As I understand it, Mr. Kwant, you stand to lose somewhere between --if you are lucky -- \$400,000; if you are unlucky a million dollars. Am I right?

Hendrik J. Kwant: Approximate figures.

Prime Minister: Approximate figures?

Mr. Kwant: Yes sir.

Prime Minister: You have a debenture signed for \$1.317 million. At the present moment, total liabilities due -- S\$1.688 million. And as I understand it, you hope to, if you are lucky again, recover \$600,000 from the newsprint. Mr. Hahn thinks you may not be so lucky. He fixes only about \$300,000, because it is a very special size newsprint, not used by the others. As outstanding bills by advertisers to be paid -- \$218,000. The Hamada machine is still owing C. Itoh --

\$570,000. How much do you expect to get for this machine if you sold it, having paid this \$570,000? You gave me a figure of \$300,000 yesterday? So that's \$300,000, \$600,000 if you are lucky for the paper, \$218,000 for the bills due for advertisements. And you are going to sue C. Itoh for the breakdown of the Hamada which C. Itoh offered to pay \$60,000 for?

(Mr. Prime Minister, we have not said we will sue).

But you are hoping. I mean, I am trying to put it at its optimistic best, that you are getting \$60,000 if you are unlucky. C. Itoh offered to settle \$60,000. But you think you might get \$200,000.

Have you taken into account typewriters and office furniture?

Jimmy Hahn: I have not looked at the fixed assets. But maybe we get somebody...

Prime Minister: They are movable assets; they are not fixed? And you have also stock-checked today to the sum of \$28,000, which includes the payment for CPF for the workers?

Well, I asked Miss Aw Sian to stay behind. I wanted to make quite sure it's in her own handwriting what her position was. She said, "My investment in the Herald is limited to \$500,000 only. I don't intend to put any more of my own money in it, " and she claims that this \$500,000 was her money.

Then Mr. Hahn's note: "Miss Aw Sian remitted to the Singapore Herald via First National City Bank the sum of \$500,000 in three instalments. Of this sum, \$300,000 covered an application of 300,000 shares of the Herald at one dollar each, fully paid. The balance of \$200,000 was described as a loan. Miss Aw Sian has only received receipts for her funds, no share certificates. If Miss Aw Sian does not support the Herald financially, then I will have no alternative but to recommend the Board of Directors to the closure of the newspaper."

Gentlemen, I thought, well, rather than have this thing long-drawn out, issuing a statement, it might be useful if we all met you, and my only regret, as I said, was that Miss Aw Sian decided that she would leave this morning for Hong Kong.

Mr. Rajaratnam is here. There are two matters which I think ought to be cleared up.

Mr. Francis Wong mentioned to Mr. Rajaratnam in the early stages, that the money being put up for the Herald, was that of Donald Stephens amongst many others. He never told Mr. Rajaratnam that Mr. Stephens was the major shareholder.

On the presentation of the project alone, Dr. Goh who was in charge of the Intraco, decided that it was an unsound proposition and told Mr. Sim Kee Boon not to invest in it. This was even before the Herald started.

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Prime Minister: ..When Intraco refused to participate, few Singaporeans invested any substantial amount. That's right, isn't it?

Jimmy Hahn: (inaudible) That was Francis Wong's time.

Prime Minister: You know nothing about it. All you got was the money from Donald Stephens?

Jimmy Hahn: And of two or three other local...

Prime Minister: But mainly Donald Stephens?

Jimmy Hahn: And Lim Hong Ghee?

Prime Minister: That's the Sabah timber company.

Jimmy Hahn: ... not company -- personal, individual.

Prime Minister: Individuals. That's with Donald Stephens partnership. Now, I think we will get a transcript of what I have said just to make sure that no figures are put in wrong. As far as we are

concerned, it is quite clear to us that there were two segments to this operation -- the regional one with Francis Wong using money from Sabah primarily..

Jimmy Hahn: And Singapore.

Prime Minister: ... primarily, and a rescue operation -- the second stage -- January, February, March this year by Miss Aw Sian. She said this is her money. She swears to it. She looked a bit unhappy when I pressed her. But being a lady, I thought, well, that's about as much as we could ask her. I asked her whether she did business in this curious way -- this meeting Mr. Adrian Zekha, introducing Mr. Jimmy Hahn? She said, yes, she does that regularly. And she is worth a lot of money.

But she just passed by half a million dollars, just like that.

But she doesn't intend to part with any more of it.

And I think that's about sums up the case of the Herald before the story enters a third instalment. Am I right Mr. Kwant?

Mr. Kwant: I don't know..

Prime Minister: As far as you are concerned now, you are only interested as a banker and you have looked into the papers.

Mr. Kwant: Yes.

Prime Minister: I did you the favour of introducing you to Miss Aw Sian yesterday.

Mr. Kwant: Yes.

Prime Minister: Otherwise, you would have paid out another \$28,000 today? Wouldn't you, on the overdraft? And that's another \$28,000 plus which you'll be chasing. Or you think I did you a disfavour?

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Mr. Kwant: No, Mr. Prime Minister.

Prime Minister: You are quite sure I did you something to the good?

Mr. Kwant: Might be, Mr. Prime Minister.

Prime Minister: Saved your bank money?

Mr. Kwant: I think what you have done was told us the facts of the Herald.

Question: The fact that you are dishing large sums of money -- don't you investigate it?

Mr. Kwant: Investigate what?

Mr. Hahn: If you are investing in loaning large sums of money, to a newspaper which is in trouble, I mean, haven't you realise it yourself -- what I don't understand is why the Prime Minister's department have to do with this, if the newspaper is in such trouble.

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Mr. Kwant: As the Prime Minister explained. We will continue this line of credit with the newspapers in anticipation of sums of money coming in from Miss Aw Sian.

When I was informed yesterday and shown the copy that you have seen now -- no more money is coming in. The time has come for us to make a decision.

Prime Minister: You also met Miss Aw Sian.

Mr. Kwant: I met Miss Aw Sian, definitely.

Prime Minister: Am I right. I mean, I just want to get this... I am not very good at business. But as I understand it now, anybody who wants to rescue the Herald must first of all make good something like \$4,500,000, isn't it?

Mr. Kwant: Not necessarily.

Prime Minister: You show me how. I am a bad businessman. Supposing I had a vast sum of money -- I won a football pool somewhere -- and a vast sum of money to dispense with. Anybody taking the Herald over, unless there are special terms would be owing 2.3 million dollars worth of shares?... Am I right, Mr. Hahn?

Mr. Hahn: Yes, 2.3.....

Prime Minister: 2.3, maybe more or less?

Mr. Hahn: 2.34 million.

Prime Minister: 2.34 million dollars worth of shares. \$500,000 to Miss Aw Sian, half a million dollars to Miss Aw Sian. Such vast sums of money, I get lost, and 1.7. So there is a cool 4.5 million. No, I am not the employer. You don't have to justify why you extended this. You got to please Mr. Kwant and Mr. Kwant has got to please his headquarters in New York. You don't have to please me. You are just adding to the GNP of Singapore. I mean, you trained a lot of, you know, cub reporters and so on. I mean it's a good thing, it adds to the GNP, circulation of money. Am I right, Mr. Hahn? Have I got it right?

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Mr. Hahn: Figures? Approximately, I mean, you don't have to... You can buy from the bank, very cheaply, if they are willing to sell.

Prime Minister: How much they are going to sell for?

Mr. Hahn: I don't know, that's up to them.

Prime Minister: You are going to sell it as a going newspaper?

Mr. Kwant: Mr. Prime Minister, I wish I could.

Prime Minister: But you know you won't.

Mr. Kwant: I think I do.

Prime Minister: Well, I think that's all. You've got the facts and figures.

Voice: We like to ask you some questions Sir...

Prime Minister: Please, you may.

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Question: Just to begin with, the Singapore Herald is going to go on publishing this week or not?

Mr. Hahn: Until we got the foreclosure, we still carry on.

Prime Minister: The cheques are not being met. You've heard Mr. Kwant.

Question: Does the government have any inherent objection to foreign investment in Singapore newspapers?

Prime Minister: The Singapore Government has a very keen interest to know what foreign capital comes in, for what purpose, and if it goes into newspapers, it's very anxious to know whether it is coming in to make money, sell news, sell advertisements or for other purposes.

Question: Can we expect similar breakdowns of the Straits Times financial structure?

Prime Minister: I would say that if the Straits Times carries on the way it has been carrying on over the last 12 years under the PAP, unless it gets a touch of madness, there is no reason why they should change or why we should change in our yardsticks.

Ambrose Khaw: Mr. Prime Minister, you speak of a 'touch of madness'. Today, you said only once the word 'operation', I think, according to my record. I think you are talking in terms of a

commercial operation. You are not persisting in this charge of 'black operations', are you?

Prime Minister: Mr. Ambrose Khaw, you told me -- and it's all on the tape -- that you have nothing to do with the financial arrangements of the company and therefore you are not in a position to say yes or no. I am tell you these facts. You are not telling me. I have told you what the facts are; not you told me.

Mr. Khaw: Quite right.

Prime Minister: I have assembled the facts from Mr. Hahn and from Miss Aw Sian. No, but he told me that he doesn't know anything about the financing. So if you know nothing then you are exonerated, isn't it? Like Mr. Krishniah you are exonerated.

Mr. Khaw: But it isn't similar. I am asking a direct question. When you are talking about operation....

Prime Minister: Mr. Ambrose Khaw, you are here, present, because you are a part of the Herald whose credits been seized. You are not

part of the press conference and you are not cross-examining me. You know very little about the operations of the company from what I have asked of you.

Mr. Khaw: I have to report this. I have no reporting...

Prime Minister: No, report... Mr. Hahn is the man who can tell you all about it.

Question: Are you satisfied that the Singapore Herald had nothing to do with any 'black operations'?

Prime Minister: I am very far from satisfied. I am extremely perplexed as to why, \$1.3 million had to come from some timber merchant in Sabah to start a newspaper in Singapore without them telling us that it was their money.

Question: But your suspicions don't go beyond that?

Prime Minister: Well, that I think I leave to your imagination. And as I said, I have asked Miss Aw Sian to stay behind, so that you can find

out from her whether you believe that, you know, she just met Mr. Jimmy Hahn through Mr. Adrian Zecha's introduction and parted with \$500,000.

Mr. Hahn: She met me just for negotiations on the additional equity. But I knew Miss Aw, many years ago. Reuter's manager for Southeast Asia, I had been introduced...

Prime Minister: You were introduced by Mr. Adrian Zecha for this specific purpose of negotiating the..

Mr. Hahn: Additional equity.

Voice: Just to correct my historical facts. Was the Chase Manhattan Bank also the bank for Mr. Chew Swee Kee in the 1959 "Chew Swee Kee affair"?

Voice: At that time the Chase Manhattan was not in Singapore, Sir.

Voice: Well, I think it was here under some other name or had some representatives here.

Mr. Kwant: Not known to me, Sir.

Question: Mr. Prime Minister, does the Prime Minister think there is a common link between the Nanyang incident and the four newspapermen of Nanyang, between the Eastern Sun and the disclosure..?

Prime Minister: No, there are several different operations going on. You know, it's like several elephants stomping over the same ground.

Question: But when you say 'operations' you mean commercial operations or subversive operations?

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Prime Minister: I think operations for more than just commercial returns. I mean, what I ask you -- if you would want me to believe as a sane rational fellow, if I were Miss Aw Sian --and I never made the money that she has made, I haven't got the money that she has -- I wouldn't part with \$500,000, however nice Mr. Jimmy Hahn looks.

Mr. Hahn: She didn't give it to me.

Prime Minister: Nor would I give it to any company managed by Mr. Jimmy Hahn on the basis of saying "here you are, \$100,000, \$200,000, \$200,000," without knowing what was the financial standing of the company, and she didn't know until I brought Mr. Jimmy Hahn and confronted him.

Mr. Kwant: ... with all the accounts, Mr. Prime Minister. Like I was, you know, a bit confused. You don't keep all the ...

Prime Minister: \$500,000 in three months? And you are confused about what it is all about?

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Voice: No, I am not confused about what it is all about. I am confused after meeting you.

Prime Minister: You are going to make money or you are going to make other things besides money and be prepared to lose it?

Voice: He is in charge.

Prime Minister: No, no, you are in charge of the financial operation.

Voice: I am in charge of the financial operation.

Prime Minister: And you know as I have explained. Even without this \$500,000, there is \$2.3 million due to shareholders. There is \$1.7 due to the bank. There is a monthly bill of anywhere between a \$120,000 to \$200,000. So \$200,000 a month just passing away -- by remittances. It astounds me.

Question: Could the Prime Minister suggest where the \$500,000 might have come from?

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Prime Minister: I haven't the faintest idea. I wish I had. I pressed Miss Aw Sian very hard and she was very hard put to say that it was her money and she insisted it was and you saw the document. She said she is not going to part with any more money, now that she knows what a losing concern it was.

Question: Sir, if the Herald should suddenly find some money somewhere, what would your view, or the Singapore Government's view to its continued publication?

Prime Minister: We would be extremely interested to know who would be putting what money and for what purposes.

Question: The major factor in this case is not being editorial criticism of the government in the Singapore Herald?

Prime Minister: I would say the editorial criticism, you know, 13,000 circulation, 13,400. But I think they are less long-termed in their planning, in the development of the sales and establishment of the companies like, say, the Eastern Sun.

That was a much better "ops": I thought, much better, that lasted five years. And was beginning -- yesterday -- they reached 20,000...

Mr. Kwant: They never audited these figures.

Question: Mr. Prime Minister, do you think the financing of the Singapore Herald is just as sinister as that behind the Eastern Sun?

Prime Minister: Well, that depends upon what..

Question: Communist agents?

Prime Minister: No, no, I wouldn't.... I would find it difficult to find the communists subsidising the Herald. It has got all the hallmarks of a hasty 'Ops'.

Question: Do you agree with your Foreign Minister that the Herald was trying to erode the will of the people of Singapore?

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Prime Minister: I don't remember your exact words, Raja?

Mr. Rajaratnam: The Herald published it, commented on it.

Mr. Hahn: We did publish what you said.

Prime Minister: I think, frankly, if you ask me, that any foreign money... If I were a Sabah timber merchant then I make my money the hard way, and I got a few million dollars to dole out, to make money, that's not the way I run a newspaper to make money in Singapore. First of all, if I were Mr. Donald Stephens, for instance, I write down a nice letter to colleague whom he knows and say, you know, "My dear Raja, do you know, this is all my money, in fact," would come in really, to start a good fair critical newspaper presenting the news to the people, adding to the ferment of discussion, and not to take sides and so on. I would have thought that was a very sensible line.

Question: Mr. Prime Minister, this may be a little hypothetical, but...

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Prime Minister: No, don't ask hypothetical ... That's the trouble. Let's get down to basic ...

Question: Bearing on the problem. Suppose the Herald have local finance would the government's attitude had been different?

Prime Minister: I think if it was genuine local finance, with people here in Singapore, I think the attitude would be different now because not only would they have the right to make money, they would have a right to make politics. And I think I would acknowledge that right.

Question: To what extent did the government's suspicions about the Herald operation have to do with the precipitated departure this week of two journalists from the Herald?

Prime Minister: That's nothing to do with it. As Mr. Rajaratnam will explain, I mean. Would you explain?

Mr. Rajaratnam: In fact, I have already sent a statement to the Herald, too.

Mr. Ambrose Khaw came to see me on May the 3rd, after the Nanyang operation. At his own request this evening, he came down to my office and he told me that "I really came in connection with getting provisional visas for some new people who he was going to bring in." So as a preliminary to his discussion, he told me that Mr. Bob Reece has tendered his resignation. I asked why. "Well," he said, "it was

Sunday when we made the announcement about the Nanyang arrests, that Mr. Bob Reece, the foreign news editor, wanted the Herald to have a forthright editorial condemning the government about the arrests." Mr. Ambrose Khaw said that he was against it. So Mr. Bob Reece, the Foreign News Editor said that, in which case, he is resigning and he told me he accepted it with alacrity, and which struck me as rather odd because Bob Reece was brought in and was told to me by Mr. Francis Wong that he is an expatriate coming here as a foreign news editor. It struck me as very odd that a foreign news editor should take issue, he is not even a citizen, on the editorial policy in regard to a domestic matter and feel strongly enough to want to resign. Which sort of confirms the vague suspicions that we had that Bob Reece is not just a foreign news editor -- obviously, he feels strongly enough about local politics to want to resign from the paper which, as Mr. Ambrose Khaw has told me, he has accepted with great alacrity.

Question: Has Reece been expelled.....

Mr. Rajaratnam: No. He knew his term was expiring -- on May 7th, I think.

Prime Minister: We gave him an extra 10 days to pack his belongings.

Mr. Rajaratnam: So I don't know why it was said that he got 48-hour notice to quit.

Ambrose Khaw: May I say something on that. It relates to our relationship with the government and suspicions of dissembling. I said in print that Mr. Reece had been given 48 hours notice. I said it was brutal; I said that considering all the circumstances in which you must understand what I said, accept a man's resignation with alacrity...

Prime Minister: You were trying to ingratiate yourself with Mr. Rajaratnam. That's what you were trying to do, Mr. Khaw.

Ambrose Khaw: May I continue, please? I said that this shows you that I know that the future of this company could be jeopardised if a man like Bob Reece -- I heard of him making statements outside and I have known of the government's obvious

displeasure about certain aspects of his speech -- no more.

As a professional journalist he is very good. But because he

had got me out of a position where he said 'I have got to

have', I said, 'Well, fair enough.' But I would then have

expected that he would fulfil his notice. He did give notice

properly and he promised me he would be on till the end of

some time which I can't remember but maybe in July or

August. When you said I wanted to ingratiate myself with

Mr. Rajaratnam, that is in a sense partly true. We have

sought a policy of appeasement because there has been

throughout this... We talk of a commercial operation dogged

first by fierce competition by ill luck and, not least, by

ominous signs of implacable hostility towards this paper.

And this all adds up to a pattern. It adds up to a pattern of

such implacable hostility that we ourselves said we can't see

the justice for this. And so I wanted Bob Reece's services

purely as a technician and not a policy maker. As Mr.

Rajaratnam says, he is a foreigner he shouldn't. Fair enough.

I have direct control of...

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Prime Minister: I think I don't have the whole afternoon. I had nothing to do with the launching of this paper. Mr. Rajaratnam gave it his blessings and I supported because I have confidence in Mr. Rajaratnam's good judgement. And he gave his blessings despite certain misgivings. Perhaps you (the Foreign Minister) will tell them about Mr. Francis Wong. Mr. Ambrose Khaw, as he himself has said, was just put into the job because Mr. Francis Wong went away. So, if you (the Foreign Minister) will explain, then we will know the genesis. Let me explain this: that the Herald would not have got off the ground if we didn't want it to get off the ground. That's to begin with. And Mr. Rajaratnam had reservations. I said, Well, never mind, you decide on it. And he will explain why. We gave it the benefit of the doubt -- and said let it run.

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Mr. Rajaratnam: First, let me say about Mr. Francis Wong. And I have told this to the face of Francis Wong -- Mr. Francis issued a statement but his whole statement does not begin at the beginning. He was Editor of the Sunday Mail. I was then Minister for Culture. We had this thing about the referendum. In fact, when he came to see me about this

paper, I mentioned this to him that when we were having trouble with this pro-communists here, he said he wanted to see me. So I thought he was coming to interview me as editor of the Sunday Mail. Instead of that, he was coming as an intermediary between the PAP government and the pro-communists who were then agitating against merger and he told me, 'Well, you know, this is all unfortunate -- Lim Chin Siong, James Puthuchery, Mr. Woodhull, they are nice chaps, they are not communists. We should patch up this trouble' And so I said, 'Francis, I thought you are a journalist. You are not coming as a politician?' He said, 'No, no.'

He is a Singaporean, he is interested in the welfare of Singapore and, if we go on as we did the PAP, as a good

Singaporean, he is determined to see that Singapore remains non-communist and so on. So that was the genesis. At that time it was quite clear he was playing a role for somebody else. I said, 'Francis, you are starting this paper: remember this...' And he said, 'No, no, it's all for Singapore. This newspaper is a Singapore newspaper,' and he wanted my briefing. I said 'Yes. It's good to have a Singapore paper.

Let's forget the past.' And he also told me that Donald Stephens would be amongst those who would invest money.

Prime Minister: But not the major investor.

Mr. Rajaratnam: Not the major investor. He didn't tell me the figure -- I didn't know the figure till very recently. So, at that time, I said alright maybe -- Mr. Francis Wong since he came here after May 13, he might have changed his mind. He's a new... he is probably a Singaporean. If you are putting money given by Donald Stephens, we give the benefit of the doubt: we have our suspicions. And we will judge it by the policy of the paper. And, far from discouraging him, we gave him every facility. We put him in touch with Jurong, EDB and so on.

And at the same time, I told him: Remember, you are a Singapore paper. Over the years, there will come moments when a Singapore newspaper --unlike the Straits Times because it's a different newspaper -- will have to take a stand 100% for Singapore. You must be prepared to take issue, make quite clear against anybody, what Singapore stands for. That is the understanding. So once I am convinced that you

are 100% for Singapore, you can be critical as you like because then I will not have the slightest doubt that your criticism is as a good Singaporean. He said he understands that.

I don't think I want to take too much of time. But we have studied Herald's policy right from its first issue to now.

Never where it was necessary to take a stand for Singapore was it prepared to. And to that extent therefore, we said then criticism becomes something else. Our PAP MPs --they will criticise sometimes even more severely than the Herald does.

But we have no qualms when one of our Assemblymen criticises because we know that he is criticising because he feels he is a Singaporean. He feels that the Government is wrong. He is prepared to take the consequences of it.

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But we know, and he confirmed me with regard to Bob Reece. I mean Francis Wong told me he has come here purely as a foreign news editor. Now when Bob Reece misunderstands the editorial policy of the Herald and has to protest to Mr. Ambrose Khaw that if you don't change policy

I am going to resign -- that means he must have been in the habit of taking for granted that he has a foreign news editor and not a national of this country, can make protest. So this is the basis on which to answer some of the questions.... We are not against criticism but we want to be quite sure that the criticism is not on behalf of something else. And we are not quite at all satisfied that Herald's criticism was on behalf of Singapore: obviously, on somebody else's ... And the Prime Minister has already indicated the financial ramifications which, you know, makes us doubt whether people who put money here are putting it purely as a commercial operation or for some other purposes.

Question: Could you say then, what the other purposes would be, if they weren't commercial and if they weren't pro-communist?

Mr. Rajaratnam: Well, the fact that you are asking the question now, he knows that you yourself have your own doubts...

Prime Minister: One last question, gentlemen.

Question: UPI, Sir. The IPI: What's your attitude towards enquiries by the IPI, towards anyone from the IPI who might come here?

Prime Minister: I am going to the IPI and I am supposed to address them on the 9th of June. And if you have been here long enough, you will know that the Singapore Government does not flinch from any face-to-face encounter when the truth is involved. We could have left all these things till after the IPI conference. A very easy thing. We have tolerated it for quite some time. Perhaps in the case of the Nanyang it was reaching a peak which, if we had allowed it to go on a bit more, would have reached beyond the limits of security.

There were easier ways out, but I don't think we like easy

ways out. We like good ways out. When we move, there are sound and solid reasons. And I am quite sure, whether it is

the IPI or the Asian Press Foundation, they will understand if they know that the business of government in Singapore is not to allow other people to create pressure points on the government. You may come in to do business. We encourage them. You can even come in and do newspaper

business. We encourage them. You can even come in and do newspaper business. But you will not come in, be prepared to lose money, in order to create a climate which is hostile for Singapore's continued survival. Thank you, gentlemen. I think you had a fair whack.

Appendix I

STATEMENT BY MISS AW SIAN

My investment in the Herald is limit to \$500,000 only.

I don't intend to put any more of my own money in it.

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(Signed) Aw Sian

17th May 1971

Appendix IISTATEMENT BY MR. JIMMY HAHN, MANAGING
DIRECTOR, SINGAPORE HERALD

To the best of my knowledge the money from Heeda Limited, a private limited company incorporated in Hong Kong, came from Tan Sri Donald Stephens and Mr. Lim Hong Ghee, Managing Director of Nabahu Co., Sdn. Bhd., of Kota Kinabalu. I appealed to Tan Sri Stephens to help the Herald financially after the major backers of Francis Wong pulled out following the racial riots in Malaysia in May 1969.

The funds from Heeda Limited was remitted to me mainly through the Hong Kong Shanghai Bank by instalments starting from about December, 1969.

Francis told me that he had cleared Heeda's participation with Mr. Rajaratnam and Dr. Goh Keng Swee on the undertaking that Heeda would have no editorial control. Heeda accepted this condition.

I appealed to Miss Aw Sian to participate in the Herald financially on a purely business basis. Late in December 1970 Miss Aw Sian met Mr. Wee Cho

Yaw in Hong Kong and they both agreed to invest in the Herald. Later Mr. Wee changed his mind and Miss Aw Sian said she would be responsible for arranging the necessary equity. Miss Aw told me that she would ask a few of her publisher friends to invest small amounts in the Herald.

Our bankers are the Chase Manhattan Bank and we owe them approximately \$700,000 to date. Mr. Robert Quek of Chase approached my Chief Accountant before we commenced publication in July 1970 to urge us to bank with Chase. The other official I have had talks with in Chase is Mr. Anthony Lord.

Mr. Adrian Zecha was instrumental in introducing me to Miss Aw Sian whom I had known for some time. Adrian also introduced me to Mr. Chin-ho, the Hawaiian property millionaire, and Mr. Michael Gorman, the Managing Director of the Bangkok Post, a Thomson-owned newspaper.

I resigned from Reuters because I was unhappy working under the then Editor-in-Chief, Mr. Brian Horton. Francis Wong approached me about April/May 1969 and offered me the position of General Manager of the Herald under quite favourable terms. In addition to a salary of \$3,500, a month, 180,000 option shares and 2% of the potential profit before tax.

Mr. Sim Kee Boon of Intraco knows the background of Francis Wong's efforts to raise local capital.

Miss Aw Sian has remitted to the Singapore Herald via FNCB the sum of S\$500,000 in three instalments. Of this sum, \$300,000 covered an application for 300,000 shares of the Herald at \$1 each fully paid. The balance of \$200,000 was described as a loan. Miss Aw Sian has only received receipts for her funds - no share certificates. If Miss Aw Sian does not support the Herald financially, then I will have no alternative but to recommend to the Board of Directors the closure of the newspaper.

(Signed) J.J. Hahn

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