

# BUSINESS TIMES

M.C.(P) No. 107/1/81 — FRIDAY, JUNE 26, 1981 — 60 CENTS



## BRIEFLY...

### Contracts for Indonesians

JAKARTA, Thurs. — Indonesian contractors have won three new construction contracts in Saudi Arabia valued at US$300 million.

Minister for Public Works, Purnomo Sidi, said the contracts are for an airport, a military airbase and a housing complex. The Indonesian government will provide 80 per cent finance to the contractors. — Reuter

### Policing the Sinai

CAIRO, Thurs. — EGYPT, Israel and the United States reached preliminary agreement on the formation of a multi-national force to police the Sinai desert.

The force, committing American troops to the troubled Middle East, would allow Israel to pull back its forces from the remaining 20 per cent of the Sinai it still occupies since the 1967 war. — AP

### Export tax waived

JAKARTA, Thurs. — Indonesia has abolished the export tax on coffee and pepper.

A Trade Ministry announcement said today the 5 per cent tax had been waived with retrospective effect from June 19. The waiver follows a sharp fall in coffee and pepper prices on international markets. — Reuter.

### Trident for UK

LONDON, Thurs. — The influential House of Commons defence committee today endorsed with reservations government plans to spend at least US$10 billion to buy the US Trident submarine missile system as Britain's main nuclear deterrent in the 1990s.

It did so as Prime Minister Margaret Thatcher's cabinet gave a final go-ahead to the programme expected to mean radical reshaping of Britain's armed forces in the next 10 to 15 years, including big cuts in the surface navy. The committee's report backed the purchase of Trident but voiced concern that some conventional weapons systems might have to be sacrificed. — UPI

### Cost of living up again

HONGKONG, Thurs. — The cost of living in Hongkong has risen again. The new consumer price index (A) and the new consumer price index (B) for May 1981 showed increases of 2 per cent and 1 per cent respectively.

The new CPI (A) referred to households spending between HK$1,000 and $3,499 a month and the new CPI (B) to households spending between $3,500 and $6,499 a month. — AFP

### Regional cooperation

JAKARTA, Thurs. — South Korean President Chun Doo Hwan said tonight that continued cooperation between Pacific Basin countries and Asean would lead to "a great Pacific age".

Speaking at a state banquet given by Indonesian President Suharto at the start of a 15-day tour of the five Asean states, President Chun stressed his country's own desire to cooperate with South-east Asian states. — Reuter

### Economic curbs urged

KUALA LUMPUR, Thurs. — The leader of the youth wing of the United Malays National Organisation (Umno), Datuk Suhaimi Kamaruddin, said the government should impose economic restrictions on the country's Chinese and Indians so that the majority Malays could achieve the stated goal of 30 per cent of the economy by 1990.

He said that unless there were economic curbs on the minority races, the government's economic objectives would not be achieved. — Reuter

STRINGENT TENDER RULES

# URA's 10th sale off to slow start

By CATHERINE ONG

THE Urban Redevelopment Authority's tenth land sale has got off to a slow start partly because sales conditions are more stringent.

Other factors for the slow response include the expected influx of completed housing units into the market over the next few years and the current high property prices.

The absence of commercial land and the less attractive locations of land parcels offered have also dampened developers' interest.

To-date, the URA has sold 200 developers packets compared with 900 sold in the ninth sale.

Although, the tenth sale has yet to close, developers believe this indicates less enthusiasm since those who are serious about bidding for sites would have snapped up packets by now to study the tender conditions.

The tenth sale was launched at the beginning of this month and tenders for nearly half the number of parcels put up for sale will close on July 1.

These are for warehousing and factory projects. Tenders for residential sites will close on Sep 30.

Most developers contacted by *Business Times* yesterday are still doing feasibility studies before making up their minds whether to tender for projects under the 10th sale.

However, some of them, including Haw Par, Straits Properties and Tong Eng Brothers, are certain they want to be out of this property "rat race".

Stiffer tender terms and criteria for selection have been cited as factors behind the duller response this time.

The URA has introduced new conditions in its bid to speed up completion of projects and to alleviate the current shortage of housing units.

Downpayment on land cost to be paid by a successful tenderer has been increased by 10 per cent to 35 per cent of the cost.

Developers can, however, still pay the balance of 65 per cent by instalments within 10 years after the award. Interest will be charged at the rate of one per cent above the prime lending rate.

Probably for the first time in URA sales, the Authority has spelled out the maximum time period allowed for the various stages of development.

A successful tenderer has now to submit the layout plans to the Development Control Division for approval within two months after an award has been made, full and complete plans within six months, and must commence work on the foundation within 12 months.

Developers who delay at any stage of construction will have to pay liquidated damages at 2 per cent of the land price per month.

But as a sweetener, the URA has said it will refund liquidated damages paid should the developer catch up at a later stage.

The URA has also said that it will favour the tenderer who is able to commit himself to the Authority's time frame for completion. This is a selection criterion introduced for the first time in URA sales.

But some developers have expressed reservations about this criterion as in some cases, the factors affecting timing of approvals are beyond their control. One prime example is the issue of certificates of fitness for buildings.

At this point, developers have to comply with many regulations, some of which are a matter of interpretation and could be subject to disputes which result in considerable delay.

Another bone of contention concerning the tenth sale is the manner in which all competitors will have to pay the tender deposit of 5 per cent of the tender price.

While payments were made by bank drafts or cashier order in previous sales, the new mode of payment is by way of a bank transfer to one or more of four banks chosen by the URA.

Some developers said secrecy is not ensured under this form of payment as tender prices could leak out to the property arms of these banks.

However, they also pointed out that a way out of this fear is to take several bank transfers with more than one bank.

Other requirements not stipulated in previous sales include a banker's guarantee of one per cent of the tender price, the need to maintain a paid-up capital of 15 per cent of the total construction cost, and 35 per cent of the land price within a year of the award.

The requirement to recruit at least 50 per cent of their construction force from new foreign workers is a big headache in the light of the tight labour market. It also means that developers cannot "pinch" workers from existing constructions.

Meanwhile, the ninth land sale will generate total investments amounting to $2.38 billion, the URA said yesterday.

• Leader...page 6

## Market gains 5 points to reach record high

**SUSTAINED bullish sentiment sent the Straits Times Industrial Index to a new high despite some profit-taking at the stock exchange yesterday.**

**The buoyant market also saw some slow-moving stocks re-emerging with good gains.**

**The 30-stock market barometer rose 5.85 points to 970.95 and the SES Industrial Index also touched a record high of 966.56, up 5.25 points.**

**Dealers are optimistic that the ST Industrial Index is heading for the magical 1,000 mark. Most of them feel there will not be any major correction in the next few weeks.**

**Broking firm Associated Asian Securities has forecast a bright future for the local economy. It said that the expansionary 1980-81 fiscal year budget and increased consumer spending resulting in recent wage increases and tax cuts will help the growth of the economy.**

**Among the high-fliers yesterday, Sentosa Plywood chalked up 60 cents to $6.10 and UMW put on 40 cents to $7.85.**

**The requotation of Pegi Malaysia shares on the Kuala Lumpur Stock Exchange today boosted its share price 60 cents up to $14.80. Synthetic Resins moved in sympathy, collecting 65 cents to $9.10.**

**Hong Leong Industries soared a hefty $1.30 to a new high of $20.40 while General Ceramics and Associated Plastics Industries closed easier.**

**API opened at $7.00 on an ex-rights basis, giving it a handsome premium over its theoretical ex-rights price of $5.50. It closed at $6.95 after erratic trading.**

**The finance sector featured prominently with most counters scoring good gains.**

**Trading in the property sector was unexciting except for Bandar Raya which put on 30 cents to $9.10.**

# GSIC looks for overseas fund managers

By LILLIAN CHEW

THE Government of Singapore Investment Corporation (GSIC) is turning to overseas fund managers to man key positions in the newly-formed company.

These managers will play an important role in the investment of Singapore's reserves, helping to formulate and implement investment strategy.

There are currently at least four postions for expatriates. The GSIC is looking for people with experience in the Japanese equity market; the gold bullion and gold share market; the international real estate market; and the international equity market. The real estate investment manager must be particularly conversant with the North American market.

GSIC has engaged international headhunters to look for suitable people with at least 10 to 15 years experience in their respective portfolios. The recruitment is particularly concentrated in London and New York.

Besides approaching suitable candidates directly, advertisements announcing these positions have been placed in international financial dailies and magazines.

The GSIC is offering a three-year renewable contract and is willing to dig deep into its financial pockets for the right people. The full range of overseas benefits, including furnished accommodation, car and financing of children's education, is included in the employment package.

Bankers are unwilling to put a figure to the kind of salary the GSIC will have to offer in order to lure senior investment managers of the right calibre.

The GSIC has to look abroad for investment expertise because people with these skills are in short supply in Singapore. It has, however, started recruiting staff in Singapore, but has made it clear that applicants need not possess investment experience as "unique" training would be given.

It is understood that GSIC has attracted many local applicants, some of them fresh graduates and some with working experience, but all with outstanding academic records.

The GSIC is now staffed by two people, Mr Yong Pung How, the managing director, and William Teo, an officer.

## United Overseas Bank

IT HAS been pointed out to us that, in an article published on May 21, 1981 entitled "Opposition to Metro Holdings settlement", we may inadvertently have suggested that United Overseas Bank and its chairman, Wee Cho Yaw, intervened as mediators in the dispute between Ngee Ann Kongsi and Metro Holdings without disclosing the fact that UOB was personally interested as a shareholder of Metro.

We have since been advised that UOB is not a shareholder of Metro but members of the UOB Group are and that Wee Cho Yaw did disclose to the Committee Members of Ngee Ann Kongsi the fact that members of the UOB Group held shares in Metro. UOB Group shareholding in Metro Holdings has at all material times been less than 20 per cent and has never been as high as the 24 per cent stated on May 21.

We therefore unreservedly retract our earlier statements and wish to apologise to UOB and Wee Cho Yaw for any embarrassment or inconvenience which our earlier article may have caused.

## Trading of Bovis shares resumes

THE STOCK Exchange of Singapore has announced that trading in the shares of Bovis South East Asia will resume from today.

The trading of Bovis SEA's shares was suspended on Jan 9 at the company's request.

The requotation follows the Malaysian Capital Issues Committee's approval of Bovis SEA's acquisitition of Promet Pte Ltd, Aurora Beach Hotel Sdn Bhd and Pertama Emas Tourist Corporation Sdn Bhd.

However, the terms of the acquisitions approved include certain adjustments which are in favour of Bovis SEA.

Bovis SEA will now acquire Promet for $153.96 million to be satisfied by the issue of 128.3 million new shares valued at $1.20 each, compared to the original $205.2 million or the issue of 136.8 million shares of $1.50 each.

Aurora Beach Hotel will be acquired for $6 million as against $7.5 million originally, while Pertama Emas will be acquired for $6.72 million ($10.2 million originally).

The CIC has also reduced the valuation of the assets of Aurora Beach Hotel to $6.7 million from $10.016 million and that of Pertama Emas to $6.7 million ($10.2 million).

Meanwhile, Bovis SEA has estimated that its acquisitions of the three companies will raise its consolidated pre-tax profit to a hefty M$35.6 million in the current year to Dec 31.

The acquisitions will transform Bovis, once a loss-making engineering and construction group, into a large group with a widely-diversified base of activities ranging from

• See back page col 6

# Bonus issues from three companies

By KOH TSE YING

MALAYAN Breweries, Pan Malayan Cement and Pan Malaysia Rubber Industries have announced bonus issues.

Malayan Breweries, which also reported its interim results yesterday, has proposed a one-for-four bonus issue.

The bonus shares will be issued in the same proportion to ordinary and management shareholders and will be capitalised from revenue reserves.

For the six months to March 1981, the group's pre-tax profit rose 12.4 per cent to S$21.85 million from $19.44 million in the previous corresponding period.

Group turnover rose 17.1 per cent to $218.41 million while operating profit increased to $19.89 million from $17.16 million in the previous interim.

Investment income, however, slipped to $1.96 million from $2.28 million and at the after-tax level, MB had a profit of $12.31 million, just 6.2 per cent better than earnings in the previous corresponding period.

The directors have maintained the interim dividend at 10 cents per ordinary stock and 10 cents per management share, less income tax, unchanged from the previous interim.

Meanwhile, PMC, long rumoured to be considering a generous bonus issue, finally made its announcement of a proposed two-for-one bonus issue.

But the cement group's preliminary results show a marginal fall in earnings.

Unaudited group pre-tax profit for the year ended March 1981 were down by 3 per cent to M$12.71 million. Thanks to a lower tax charge of 36.7 per cent (50.5 per cent previously), the group managed to turn in higher after-tax profit of $8.15 million against $6.48 million the previous year.

At the parent level, unaudited pre-tax profit was nearly 28 per cent higher at $4.92 million ($3.84 million) while after-tax earnings amounted to $2.67 million ($2.22 million).

PMC has recommended a second interim dividend of 10 per cent less tax, which together with the first interim dividend of 5 per cent, makes a total of 15 per cent for the year, unchanged from the previous year.

The company's proposed bonus issue will capitalise $41.16 million from capital reserves and $2.69 million from revenue reserves, raising its issued capital from $21.93 million to $65.78 million. The group has also recommended that its authorised capital be increased to $200 million from $50 million.

In the case of PMC's 62 per cent subsidiary, PMRI, the directors have proposed a three-for-two bonus issue which will enlarge its share capital by 150 per cent to $25 million. Its authorised capital is to be increased from $20 million to $100 million.

PMRI's group pre-tax profit (including contributions from associates) last year improved by 20 per cent to $9.84 million from $8.19 million the previous year. After a tax charge of $4.42 million ($3.36 million), the group was left with net profit of $5.42 million, 12 per cent better than before.

The directors have declared a second interim dividend of 15 per cent less tax, which together with the first interim payment of 10 per cent gives a total of 25 per cent for the year, unchanged from the previous year. The company does not intend to make further dividend payments for the year just ended.

For the 15 million bonus shares of $1 each, PMRI will capitalise $7.29 million from capital reserves and $7.61 million from revenue reserves.

PMC and PMRI have requested that the stock exchanges of Singapore and Kuala Lumpur lift the suspension of trading in their shares.

# Meeting on insurance plan

THE Life Insurance Association of Singapore (LIA) will meet the insurance authorities soon to discuss further details of the Central Provident Fund's home protection insurance scheme.

Earlier this year, Labour Minister Ong Teng Cheong announced in Parliament that a Home Protection Fund would be set up by the CPF Board to receive premiums from CPF members. It was decided that premiums on the home mortgage insurance cover be on a lump-sum or single premium basis.

These details, however, formed only the bare outlines of the scheme, one of the two insurance plans to be managed by the CPF. More details will be brought up when the LIA meets the authorities over the near term.

*Business Times* understands that the method of premium payments will be the main topic. The authorities may reconsider whether premiums should be paid on a monthly or lump-sum basis.

A monthly payment will be preferred by those not willing to see an immediate deduction from their accounts, and by those whose balances may not be large enough to meet lump-sum payments.

In any case, some of the private insurers still feel that the Government ought to allow CPF members the right to choose between an endowment policy or to participate in the CPF scheme. They claim that, under the endowment policy, a certain amount of risks is taken care of. At the same time, the insured can still recover a certain sum of money at the end of the policy period.

They noted, too, that if security is the main point of the CPF scheme, then a fire policy may be just as necessary.

## Chief Price Changes

### SINGAPORE

**Rises**

| | | |
|---|---|---|
| A P I | 695 | +145 |
| Hong Leong Ind | 2040 | +130 |
| H Leong Credit | 1500 | +90 |
| Syn Resins | 910 | +65 |
| Metro Hldgs | 2040 | +60 |
| P M C | 1910 | +60 |
| Pegi Mala | 1480 | +60 |
| Sentosa | 610 | +60 |
| Paramount | 850 | +50 |
| M U I | 2040 | +40 |
| O C B C | 1280 | +40 |
| Perlis Plant | 880 | +40 |
| U M W | 785 | +40 |
| Tong Meng | 410 | +40 |
| I C B | 71[illegible] | +35 |
| Keck Seng | 710 | +35 |
| Straits Trading | 1250 | +30 |

**Falls**

| | | |
|---|---|---|
| H Mala | 800 | -150 |
| Utd Plantations | 630 | -60 |
| S'pore Land | 1430 | -20 |

**Indices**

| | June 24 | June 25 |
|---|---|---|
| BT Indicator: | 114916.26 | 116342.37 |
| Industrials: | 965.90 | 970.95 |
| Finance: | 1967.70 | 2000.24 |
| Hotels: | 1372.38 | 1357.95 |
| Properties: | 966.08 | 968.74 |
| Minings: | 399.13 | 399.05 |
| Plantations: | 1053.27 | 1049.69 |
| OCBC: | 904.05 | 899.17 |
| SES Ind: | 961.31 | 966.56 |

**Most Active**

| | |
|---|---|
| Marco Polo | 2,001,000 |
| Malayan Credit | 631,000 |
| Faber Merlin | 578,000 |
| Sime Darby | 499,000 |

Total turnover: 17.39m
Total value: $96.87m

### KUALA LUMPUR

**Rises**

| | | |
|---|---|---|
| M Box Bhd | 660 | +130 |
| H L Ind | 2180 | +130 |
| P M C | 2130 | +110 |
| Sentosa | 680 | +90 |
| G Ceramics | 1070 | +90 |
| G Kent (M) | 780 | +80 |
| Synthetic Resins | 1000 | +75 |
| Chin Teck | 460 | +60 |
| Dragon & Phoenix | 394 | +54 |
| Tong Meng | 468 | +50 |
| J P Coats | 600 | +45 |
| Supreme Corp | 835 | +40 |
| B Raya | 965 | +35 |

**Falls**

| | | |
|---|---|---|
| E and A I | 580 | −30 |
| P Carbide | 595 | −25 |
| Haw Par | 595 | −20 |

**Indices**

| | June 24 | June 25 |
|---|---|---|
| BT Index: | 415806.17 | 421458.13 |
| Industrials: | 1221.50 | 1233.21 |
| Finance: | 1965.64 | 1965.64 |
| Hotels: | 520.11 | 520.82 |
| Properties: | 1244.05 | 1254.13 |
| Tins: | 477.81 | 478.21 |
| Rubbers: | 1402.26 | 1407.14 |

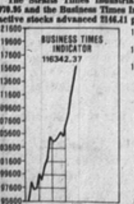
**Most Active**

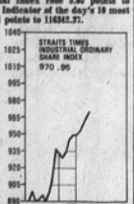
| | |
|---|---|
| Perak Carbide | 745,000 |
| A P I | 449,000 |
| U E (M) | 425,000 |
| Haw Par | 405,000 |

Total turnover: 10.09m
Total value: M$64.74m

**SENTIMENT remained bullish despite some profit-taking and the stock market closed steady yesterday.**

**The Straits Times Industrial Index rose 5.85 points to 970.95 and the Business Times Indicator of the day's 10 most active stocks advanced 2146.11 points to 116342.37.**






## INSIDE

SHIPPING TIMES