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BRIEFLY...

Severe competition

JAKARTA, Fri. — Indonesia's export products, particularly cement, are facing severe competition in the world market due to lack of demand.

Industry Minister Suhud said Indonesia's cement market in Bangladesh had to face strong competition from Taiwan and South Korea which sold below market prices. Indonesian plywood is also facing competition from several countries in the US and Western Europe. — AFP

Haig in Hongkong

HONGKONG, Fri. — US Secretary of State Alexander Haig said today his first official trip to China is to "clear the air" on Sino-American relations, now endangered by US arms sales to Taiwan.

Mr Haig, who is on a two-week tour of Asia, paid a courtesy call on Governor Sir Murray Maclehose. He told reporters that the visit to China is meant to clear the air on the Reagan Administration's policy towards Asia and the special role Washington sees in its relationship with Beijing. — UPI

Reviewing incentives

PENANG, Fri. — The Malaysian Industrial Development Authority (MIDA) is reviewing the incentives for the expansion of existing industries.

The MIDA director for the northern region, Mr Mohamed Iqbal Ismail told an investment seminar that he hoped the new set of guidelines on these incentives would be out soon. He also told investors to go into resource-based industries as potentials for the manufacture of import substitutes were now quite limited. — AFP

Controllers strike again

LONDON, Fri. — Lines of passengers built up at London's two major airports, Heathrow and Gatwick, and hundreds of flights were cancelled or delayed as air traffic controllers struck again as part of a 14-week-old civil servants' pay dispute.

Initial disruption — part of a regular pattern of strikes hitting British airports in rotation — was caused by a seven-hour strike by controllers at West Drayton centre, which controls traffic over most of southern England and Wales. Officials said about half the scheduled flights at Heathrow, which handles an average 800 flights a day, were cancelled or delayed, with European flights worst hit. — AP

Petrol shortage

WARSAW, Fri. — A shortage of petrol spread in Poland today and a newspaper hinted the Soviet Union could cut off supplies as a political weapon. The report said the Soviets intend to withhold the supply of petrol to force Poland to put down the workers' reform movement.

Although the report have been officially denied, panic buying and hoarding caused a severe shortage. Warsaw Radio said alternate day sales of petrol, based on odd and even license plate numbers, will be introduced next week to help ease the shortage. — UPI

Begin leads in poll

TEL AVIV, Fri. — With Israel's general election less than three weeks away, Prime Minister Menachem Begin surged further ahead in electoral popularity today and established a lead that looked hard to beat.

An opinion poll in the *Jerusalem Post* showed a sharply widening gap between Mr Begin's Likud coalition and the main opposition Labour Party. According to the poll, Likud stood to win 46 of the 120 seats in Israel's Knesset (Parliament) with only 40 going to Labour. — Reuter

EXTERNAL RESERVES MANAGEMENT

Government forms investment arm

By LILLIAN CHEW

THE Government's overseas investment flagship, the Government of Singapore Investment Corporation Pte Ltd (GSIC), has been formally set up.

Incorporated on May 22 with an authorised capital of $2 million, this new government holding company has been given far ranging powers. The company's Memorandum and Articles of Association allow it to pursue investment interests in and outside the normal financial markets, both in Singapore and overseas.

Bonds, other forms of government and corporate securities, gold and other precious metals will continue to figure prominently in the GSIC investment portfolio.

However, the preponderance of clauses in the Memorandum and Articles of Association dealing with property suggests that GSIC will place considerable emphasis on property investment. The GSIC is allowed to invest in the whole spectrum of property investments, ranging from raw materials to construction and property management companies.

The wide-ranging clauses are to enable the GSIC to consider any type of property investment abroad and also to deal with the different types of land regulations and laws they may encounter.

Any foray by the GSIC into raw material related investments can be seen as part of the overall government strategy to secure stable sources of raw materials for Singapore industry.

The GSIC's proposed thrust into property investments marks a significant departure from previous Monetary Authority of Singapore investment policies. The MAS, traditionally the manager of Singapore's external assets, only ventured into property investments once. The purchase of Granite House in London, however, cannot be considered one of MAS accomplishments.

In 1973, the Government bought Granite House for a cool $96 million. Shortly thereafter, the property market collapsed and Granite House was worth only $44 million.

The GSIC is also legally allowed to acquire any companies that they consider worthwhile. However, although the possibility of a complete takeover of foreign companies by the GSIC is there, the actual realisation of such goals appears remote.

This is because the Government lacks both the expertise and the manpower necessary to run such companies. The more plausible course of action, one which the Government is known to have seriously considered, is to acquire equity (of say 10 to 20 per cent) of medium-size and smaller high technology companies in the United States, Germany, Switzerland and the United Kingdom.

A Singapore director could then be appointed to these companies to gain experience of their operations and to influence the setting up of subsidiaries in Singapore. This type of investment by the GSIC would present Singapore with a short-cut to acquiring high technology.

The GSIC is expected to adopt a very low profile in its acquisition of equity in foreign companies, bearing in mind the sensitivities of governments to foreign takeovers.

GSIC's participation in the Singapore share and property market is unlikely. It was specifically set up to manage Singapore's external reserves. Although not officially constrained, it is understood that GSIC would concentrate its investment activities abroad.

The investment of funds in the Singapore property and share market would be left to the other government investment holding company, Temasek Holdings. Temasek will also continue its role of stimulating investments in areas strategic to the Singapore economy, while GSIC will concentrate its energies solely on the object of maximising returns on Singapore's external assets.

This rationalisation of functions between the two companies should clear doubts prevailing in the financial community about the future role of Temasek.

Meanwhile, the GSIC is busy recruiting staff both from within and outside the MAS. Preference appears to be given to people with excellent academic records, generally returned scholars.

The formation of GSIC was originally announced by the First Deputy Prime Minisiter, Dr Goh Keng Swee, in February. In that announcement, Dr Goh accused the MAS and the Board of Comissioners of Currency Singapore of pursuing "policies more appropriate to economies in chronic deficit" whereas for years there have been regular and large balance of payments surpluses.

"Insufficient weight was given to the management of assets held as long-term investments," charged Dr Goh. The GSIC was thus formed to concentrate on long-term investment management.

Sinfin's public issue 11.5 times over subscribed

DESPITE the reportedly mild response, the public issue of 7.5 million shares by Singapore Finance was oversubscribed by 11.57 times.

Altogether, merchant bankers Morgan Grenfell received 23,644 applications in respect of 86.742 million shares. At the offer price of $4.50 per share, this means that more than $390 million was channelled into the issue.

The offer, which closed at noon yesterday, was a much smaller one than other public issues made earlier this year and the oversubscription was expected by most market analysts.

But it was felt that if the market sentiment had been more buoyant and confidence much firmer, the issue could have been received with even more enthusiasm.

Still, both the merchant bank and Singapore Finance are happy with the success of the issue. The basis of allotment will be decided upon at 11.30 this morning after which the application forms will undergo balloting.

Meanwhile, the offer for Hong Fok Corporation will remain open until next Wednesday. The reception to this issue has also been reported to be milder than earlier issues, but again an oversubscription is expected.

Although the equity market has been somewhat erratic in recent weeks, confidence has not been quelled and the demand for new issues is still running strong.

As is usually the case for most public issues, there was a late rush by applicants to submit their forms before the Sinfin offer closed yesterday and Hong Fok, managed by Wardley Ltd, is likely to see a similar situation. It is hoped that unsuccessful applicants for Sinfin may receive their refunds in time to catch the Hong Fok issue before its closing date.

Sheares fully deserves respect paid to him

By MARGARET THOMAS

THE late President Benjamin Henry Sheares fully deserved the respect paid to him by the thousands of Singaporeans who filed through the Istana last month. For he had discharged his duties with dignity, with thoroughness, and with consideration for others.

In a special address to Parliament yesterday, exactly one month after President Sheares' death, Prime Minister Lee Kuan Yew paid tribute to the man whom he had asked, 10 years ago, to take on the weighty task of being Singapore's second President.

"He was surprised, delighted and, at the same time, apprehensive. He asked for time to discuss it with his wife and family. Only after carefully weighing for several days the implications of such a change of life, did he accept," Mr Lee said.

Conscientious by temperament and soft-spoken by habit, he applied himself to his duties as President, and discharged them with distinction. "I used to call upon him regularly, about once a month, to keep in touch. He received copies of all important papers and knew of Cabinet decisions.

"Whenever I referred to sensitive developments concerning our security or our economy, there was always immediate cognizance of the dangers that could unfold, and he would twinkle his eyes or give one of his quizzical looks," recalled Mr Lee. "It was his way of sharing my cares of office. He had read his papers and did not need to be told all over again."

But he had to be persuaded to accept a third term in December 1978. He was conscious that he had slowed down and was concerned that he might not have the strength to see through another term.

"I encouraged him to carry on," Mr Lee said. "I am glad he did. He agreed after the third discussion. He did his work ably and conscientiously right to the end."

Tracing the late President's gradual deterioration of health over the last few months, Mr Lee said, "I saw him more frequently towards the end, once a week, to comfort, to console. He was a methodical man. He had noted in his diary the day when he had his first touch of flu in November last year. It was not flu. I believe that he knew by March what it portended.

"In his thorough, methodical way, he sorted out his affairs and said his farewells. He saw his grandchildren; he made his will; he left no loose ends. He tidied up everything he could think of."

Speaking with quiet emotion, Mr Lee said, "During those harrowing weeks, at no time did I see fear or panic in his eyes or expression. There was sad resignation. I do not know what black periods he went through on his own. He displayed none each time we met.

"He has passed from us. But he will always live in my memory, though when he died, a part of me also died. When a friend dies, the shared conversations, the shared experiences, the bonds of friendship can no longer be renewed. It is as if a thread has snapped. The thread is still there, but the person holding the other end has loosened his hold. The thread is slack. He had given me a lesson on how to die, how to leave this world in grace and dignity."

Hotel rates likely to rise by 5-20pc

MOST hotels are planning another bout of increases in room rates next month.

Room rates will most likely go up by between 5 and 20 per cent, with larger increases from hotels currently charging relatively low rates.

Most hotels say the increases are necessary because of wage increases recommended by the National Wages Council which will add about 20 per cent to operations cost, a hotel sales manager said.

He said there are "other reasons which hotels may not want to disclose".

"Frankly, I think it's a matter of keeping up with the Joneses. When one hotel increase its rates, others feel they should follow and you get a chain reaction," he said.

Another hotel executive said the rate increases are "traditional" as most hotels revise their rates twice a year, in January and in July.

"At least 99 per cent of the hotels will increase their rates from July 1," a hotel manager said.

Following "tradition", leading hotels last increased their room rates in January this year. Among the five most expensive hotels, Mandarin, Hyatt, Hilton, Century Park Sheraton, and Shangri-La, the increases ranged from Shangri-La's 9 per cent to Century Park's 16 per cent.

Shangri-La is likely to increase its rates this July by $10 for its standard single and double rooms, about 6 per cent more. Other major hotels have not decided on the quantum of increases.

The constant increases in local hotel rates are believed to be partly due to high occupancy rates averaging 90 per cent.

• Leader...page 6

UOB acquires HK property company

By KOH TSE YING and CHRIS LIM

THE United Overseas Bank group has agreed to buy a Hongkong property company through its wholly-owned subsidiary, UOB Finance (HK).

The bank announced yesterday that it would pay S$85.1 million for all the 10,000 shares in Henry Won Realty Ltd (HWR), which works out to $8,510 per share.

The first instalment of $22.3 million has been paid and the balance of the net purchase price will be paid on or before Aug 20.

The bank explained that the high consideration was agreed upon with regard to the value attributable to HWR's principal asset, a 17-storey office/shopping block located in the central banking/business district.

Called Lee Hing Building, the property has a gross rentable area of 3,855 sq metres and will eventually house the UOB's group headquarters in Hongkong.

The transaction comes less than two years after the UOB group disposed of its half interest in another Hongkong building, Advance Building. The sale then had brought in a profit of $13.2 million for the UOB group.

Advance Building currently houses the UOB headquarters but with the recent acquisition, the UOB group will soon have a place to call its own.

UOB's sale of its 50 per cent stake in Advance Building and the cash realised earlier had earlier raised expectations that the UOB group was on the verge of expanding its activities in the British colony and would at the same time move more aggressively into the finance industry in the colony.

Analysts had suggested that a stronger presence could be established by the takeover of a smaller Hongkong bank with a network of established domestic branches.

The latest purchase seems to bear out to the group's intentions to expand its Hongkong interests and a horizontal takeover later may still be possible.

Meanwhile, the bank yesterday also announced that it was compulsorily redeeming the balance of its US$30 million 6.5 per cent convertible bonds nearly seven years ahead of the due date 1988.

Bond-holders will have up to Aug 7 to convert their bonds into ordinary shares at $4.65 each; otherwise the unconverted bonds will be redeemed at par together with accrued interest on Aug 14.

At the end of last year, $33.195 million worth of bonds were still not converted and if all these are converted, UOB will need to issue another 7.9 million new shares.

The early redemption has been made possible due to a clause in the trust deed on the bond which stipulates that if the UOB share price rises to more than 150 per cent of the bond's convertible price, then the company will have the right to redeem the bonds compulsorily.

The trigger price of $6.975 was recently exceeded when UOB shares surged to $7.65. It is obvious that bond-holders would stand to gain more by converting their bonds as every US$1,000 nominal worth of bonds would qualify for about 499 shares which, at the current price of around $6.90, works out to a value of $3,442. Redemption at par, assuming an exchange rate of $2.32 to US$1, would yield only $2,320.

Early redemption would also be to the benefit of UOB as interest payment on the remaining bonds would be substantially higher than dividend payments on the shares arising from conversion.

Chief Price Changes

SINGAPORE

Rises

Spore Land	1450	+40
Sel Properties	920	+30
M Breweries	670	+30
U O I	396	+28
Shell	520	+24
S P P L	476	+22
O U T	430	+22
A P I	850	+20
F & N	715	+20
Textile Corp	540	+20
Sin Heng Chan	330	+16

Indices

	June 11	June 12
BT Indicator:	105331.04	104741.81
Industrials:	937.04	933.50
Finance:	1878.61	1882.01
Hotels:	1357.05	1349.31
Properties:	931.69	943.04
Minings:	401.09	401.31
Plantations:	1021.23	1021.89
OCBC:	886.26	885.08
SES Ind:	941.03	931.97

Falls

Metro Hldgs	2020	-60
M Cement	1250	-50
C K Tang	850	-50
P M C	1780	-40
C Sugars	1790	-30
O U E	1450	-30
Syn Resins	755	-30
Nat Iron	710	-25

Most Active

Haw Par	744,000
U O L Warrants	677,000
F & N	466,000
Guthrie	333,000

Total turnover: 12.07m
Total value: $61.88m

KUALA LUMPUR

Rises

Bedford	2000	+100
Int Wood	200	+50
Inch KK	1650	+50
Boustead	980	+40
N S T	990	+40
Rahman Hyd	750	+30
N Iron	780	+30
G Ceramics	810	+30
A P I	930	+30
Guinness	950	+30
Isl and Pen	1020	+30

Indices

	June 11	June 12
BT Index:	353123.17	353692.58
Industrials:	1178.26	1182.11
Finance:	1864.23	1877.89
Hotels:	519.40	519.64
Properties:	1202.14	1214.09
Tins:	481.46	481.72
Rubbers:	1358.06	1363.27

Falls

M Textiles	795	−30
M Cement	1250	−30
M Tobacco	825	−25
U M Works	640	−20

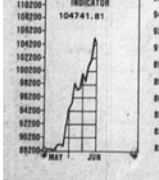
Most Active

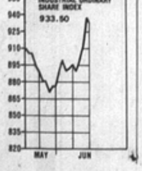
Perak Carbide	402,000
Haw Par	357,000
Supreme	310,000
Palmco	227,000

Total turnover: 7.02m
Total value: M$40.60m

PROFIT-TAKERS marred the efforts of bulls to push prices up further and the stock market closed on a mixed note.

The Straits Times Industrial Index dipped 3.54 points to 933.50 and the Business Times Indicator of the day's 10 most active stocks also dropped 589.23 points to 104741.81.





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Pandering to popular taste

THE mass media in Singapore will be of even lower grade if they give in totally to what the people want, said Second Deputy Prime Minister (Foreign Affairs) S. Rajaratnam yesterday.

He described as "a lot of humbug" the many complaints that the quality of our mass media products is pretty inferior, that it is intellectually and morally unsatisfactory.

If what "catches the attention of the vast majority of mass media consumers are man-bites-dog stories, Spider-Man and the groans, howls, yelps and stompings by bewigged, hairy and sometimes scary males and females who dominate the music scene", that is what they are going to get.

"Watch closely over the next few days the TV programmes which attract the largest number of advertising sponsors. The advertisers know which programmes draw the largest audience and these cannot by any stretch of the imagination be described as educational, instructive or intellectually stimulating.

"The day's high quality programmes get the highest audience rating, you can bet your life you will get more high class programmes because advertisers will be falling over themselves to finance such programmes," Mr Rajaratnam said at the Pre-University Seminar 1981 organised by the Ministry of Education.

Though Mr Rajaratnam also had some unkind words to say of the mass media, they were punctuated by an understanding

• See back page col 4

INSIDE LEISURE TIMES

JAPANESE car makers want bigger quotas 2
VENEZUELA cuts oil export prices 3
FRENCH software houses set up joint ventures 5
PREVIEW of "Ceylon Yesterday, Sri Lanka Today" 6
BOUSTEADCO looks to firm growth 11
MERGERS should not be viewed with suspicion 12

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