

## **APPENDICES**



## APPENDIX I

### **“Letter to Myself”, by Baey Lian Peck, written on 27 May 1957**

Letter to myself

41-24, Lengkong Satu,  
Off Jalan Kembangan,  
Singapore 14  
27<sup>th</sup> May 1957

Dear Baey,

When you open this letter, you will be nearly 46 years old, and married for 21 years. If God permits, you will have children of your own, and soon hope to be a grandfather, as your dear wife Daisy, is now pregnant and will be having a baby in the middle of the next month.

The reason for this letter to yourself is that you are almost certain that you will succeed in business, and that the Company, Baey Kim Swee & Co Ltd, will be ever bigger and prosperous, not only in this line, but in all the field of commerce, and that you might be swell-headed (like your father) and put all the glory to yourself, instead of to the other people who helped you to succeed.

Should you succeed, and be much more wealthier than your father, you promised that you will be generous and helpful not only to your relations but to the people, whom you made your money from. You would not make the mistakes your father made, by taking all the credits and blaming the bad and unsuccessful on other people.

By now, some of your children would be in school, and you promised to give them a good education, girl or boy alike,

so that they will be able to [fend] for themselves in later years. Although you wish them to follow your footstep in business, you must not force them, if they wish to take up any other type of professions.

You promised not to have second wife, because of your unhappy childhood days due to the two stepmothers, and your own mother being kicked out by your father.

You know that it is impossible to be entirely faithful to Daisy, but you promised to yourself that should you ever feel tempted by woman, you will pay them with money (or other ways) for the enjoyment. But you will never marry a second wife, so that your children will not suffer as you have suffered.

If you are rich, and have succeeded in reaching your ambition, that is: a millionaire with steady income from your many investments, you would not forget your friends and relations, and would endeavour your utmost to help them.

You must not be dominating, and you must not be like your father in your family life. Your children should be encouraged to discuss with you their problems, and be able to joke with you.

If any of your children falls in love, you would not be too hard-headed, but listen to your wife and friends whom you should seek advice. Remember the Chinese proverb: There are successful *chongquan* students but no *chongguan* teachers so never think you are more clever than your children, because time marches on, and your ideas may be old fashion and out-of-date.

You promised your wife Daisy, that you would build her a house with a library, children rooms, carpeted floor, beautiful furniture, French windows with long curtains if you have not already done so. You also promised to let her have a business of her own (for example, a dress making shop which you will help to run, but she's the boss) and provided her with a car of her own.

All the above are written on your first wedding Anniversary, and that you purposely wrote those things to remind yourself, after [having] talked over with your wife in bed. It is 12 o'clock midnight; the 27<sup>th</sup> of May 1957 has just passed.

Yours

Baey Lian Peck

P.S.

Should you still [be] struggling to reach your ambition, do not give up, try harder for there are so many people who have confidence in you. The most important of all, you have to help your brothers and sisters and they are depending on you. You promised your wife that you will not give up trying, and you will die trying, if you fail to reach your ambition.

## APPENDIX II

### **“A love that has lasted 54 years”, by Sarah Ng and Jean Loo, *Sunday Times*, 28 May 2006**

Businessman and community leader Baey Lian Peck was playing a game of badminton at his classmate's Grange Road home 54 years ago when he caught sight of his friend's sister and fell instantly in love.

The 21-year-old was so smitten with the 15-year-old student that he would drive her to school every day to make sure other admirers had no chance of winning her heart.

“It was love at first sight on my part. She's such a beautiful and caring girl, and she had many admirers. I was naturally worried,” he told *The Sunday Times*.

Fifty years, four children and 13 grandchildren later, they are still together.

Last night, Dr Baey and his wife, Daisy, celebrated 50 years of marriage with 600 guests, including President S R Nathan and Mrs Nathan, with a lavish dinner party at the Ritz-Carlton.

The couple founded American International Industries Group, the oilfield equipment company now run by their son, Henry, though Dr Baey still serves as chairman.

He has also sat on several government boards, served 19 years as president of the Singapore's Anti-Narcotics Association and was one of the founders of the NTUC FairPrice supermarket chain.

It's a far cry from the days when Mrs Baey's younger brother would chaperone the couple to Koek Road to eat porridge and ice kachang.

He popped the question — on a bench in a reservoir park one evening — two years into their courtship.

The couple married on May 27 in 1956 and threw a wedding dinner for about 300 guests in a Chinese restaurant in Middle Road.

Last night's dinner was a more multinational affair, attended by the couple's four children, a handful of government ministers and relatives, friends and business associates from Brunei, India, Malaysia, Portugal, Sri Lanka and the United States.

The night began with a video slideshow to the tune of Elvis Presley's Hawaiian Wedding Song, showing footage of their wedding in 1956.

Guests, decked out in tuxedos and flashy gowns, were full of admiration.

Mr Ricky Sim, chief operating officer of Suntec Investment Group, said: "They're one big happy family".

"It's excellent that they've managed to keep it going for 50 years".

After the guests had tucked into a sumptuous spread of barbecued suckling pig, shark's fin soup and braised abalone, a second montage video appeared, showing the couple's courtship, wedding, their children's formative years and, later, their grandchildren.

When the video showed Mrs Baey saying to her husband, "I will follow wherever you go," there was hardly a dry eye among the guests.

When asked the secret of their long marriage, both said: "Give and take".

Said Dr Baey: "We understand that we are not perfect and we give way to each other".

"It's not sacrifice but out of the love we have for each other".

Mrs Baey was more matter-of-fact.

"We are husband and wife and should stick together whether it's during successful or difficult times," she said.

*Note:* Reproduced with permission of Singapore Press Holdings.

## APPENDIX III

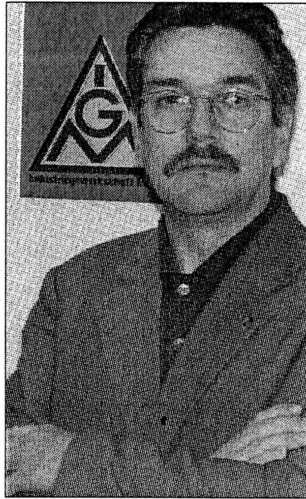
An article from *Halberstädter Volksstimme*, 11 December 2000

IG Metall sieht gute Chancen für Maschinenbau Halberstadt

# Metke: „Unser Ziel ist ein Neuanfang ohne Baey“

**Halberstadt** (wb). Die Industriegewerkschaft Metall sieht gute Chancen für einen Neuanfang in der Maschinenbau Halberstadt GmbH (MBH). Wie der Halberstädter IG-Metall-Chef Rainer Metke sagte, wolle man einen Neustart aus der Insolvenz erreichen. Bisher gebe es dafür drei Interessenten, mit denen in den nächsten Monaten verhandelt werden müsse.

„Zunächst ist entscheidend, welche Form des Insolvenzverfahrens gewählt wird“, sagte Metke. Während die erste Form ein Verfahren mit den bisherigen Gesellschaftern vorsehe, strebe die Gewerkschaft eine so genannte übertragende Sanierung an. Dafür sei es notwendig, ein neues Unternehmen mit neuen Eigentümern zu gründen, das dann Mitarbeiter und das know how der bisherigen Maschinenbau GmbH übernehme. Die Gewerkschaft stemmt sich dagegen, dass der bisherige Gesellschafter, die Gaspower Ltd. Singapur des alten Geschäftsführers Dr. Baey Lian Peck, bei einem Neuanfang mitmische. „Nur ohne Baey hat der Halberstädter Maschinenbau überhaupt eine Chance auf einen Neuanfang“, sagte Metke. Das werde vom Wirtschaftsministerium in Magdeburg sowie



Rainer Metke: „Potenzial des Betriebes und leistungsbereite Mitarbeiter.“

der Kreis- und der Stadtverwaltung in Halberstadt genau so gesehen und unterstützt.

Die Maschinenbau GmbH hatte im vergangenen Monat die Insolvenz beantragen müssen, nachdem es Hauptgesellschafter und Geschäftsführer Baey nicht gelungen war, in den drei Jahren seit der Betriebsübernahme auch nur einen nennenswerten Motorenbau-Auftrag nach Halberstadt

zu holen.

Jahrelang hatte Baey Aufträge aus Asien mit einem Volumen von mehreren hundert Millionen Dollar angekündigt, auf die die 180 Mitarbeiter jedoch vergeblich warteten. Im November hatte die Firmenspitze dann versucht, wertvolle Konstruktionsunterlagen für einen 18-Zylinder-Gasmotor aus den Betrieb zu schaffen. Betriebsrat und Gewerkschaft hatten das größtenteils verhindern können. Seither beschäftigen sich Polizei und Staatsanwaltschaft mit dem Fall.

Dass er dennoch gute Chancen für einen Neuanfang sehe, begründet Gewerkschafter Metke mit den Potenzialen des Betriebes und der Leistungsbelegschaft der Mitarbeiter. „Der Betrieb ist durch die Treuhand saniert worden und er verfügt mit dem 18-Zylinder-Motor über ein ausgezeichnetes Produkt. Jetzt ist das Wichtigste, zu der ausgezeichneten qualifizierten Belegschaft einen ausreichend qualifizierten und engagierten Unternehmer zu finden, der alle sich bietenden Chancen auszunutzen versteht. Daran hat es leider bisher gefehlt“, sagte Metke der Halberstädter Volksstimme.

Source: Reproduced with permission of Volksstimme Harz GmbH.



## APPENDIX IIIA

### English translation of the *Halberstädter Volksstimme* article

#### Metke: “Our goal is a restart without Baey”

Halberstadt (wb). The Industrial Union of Metal Workers sees a good chance for a successful new start of Maschinenbau Halberstadt GmbH (MBH). According to IG-Metall head Mr Rainer Metke, the goal is to achieve a restart out of bankruptcy. So far, three parties would be interested and negotiations would have to be conducted within the upcoming months.

“First of all it is crucial which kind of bankruptcy procedure will be chosen”, said Metke. While the first kind provides for a procedure with the shareholders, the Union strives for a so-called übertragende Sanierung.<sup>1</sup> In order to do so, a new company with new shareholders, which would take over employees and know-how of the previous Maschinenbau GmbH would have to be set up. The Union tries to avoid that the current shareholder, Gaspower Ltd. Singapore, of the former director Dr Baey Lian Peck takes part in the restart of the company. “Only without Baey will there be an opportunity for a successful restart of machine building in Halberstadt”, said Metke. This point of view is shared and supported by the Ministry of Economics in Magdeburg as well as by the local authorities and municipality of Halberstadt.

The Maschinenbau GmbH had to file for bankruptcy last month after main shareholder and director Baey did not succeed in obtaining even a single noteworthy order for motor production within the three years since the acquisition of the company.

For years Mr Baey had announced orders from Asia worth several hundreds of millions of dollars, which the 180 employees were waiting for to no avail. In November the top management subsequently had tried to remove valuable blueprints of an 18-cylinder gas engine from the firm. The work council and the

Union were able to stop this for the most part. The police and the department of public prosecution have since been investigating the incident.

The potential of the company and the commitment of the employees are the reasons why Metke is still seeing good chances for a successful restart of the company. “The company was restructured by Treuhand<sup>2</sup> and, with the 18-cylinder engine, offers an excellent product. It is most important now to find a qualified and dedicated entrepreneur who knows how to use the opportunities arising here and who is a good match for the excellently qualified workforce. That is what has been missing so far”, Meltke told the *Halberstädter Volksstimme*.

## Notes

1. Business asset sale which in German insolvency proceedings takes place through the transfer of the business assets to a new corporate entity, leaving the debts behind in the insolvency proceedings while proceeds from the transfer of the business assets are used to satisfy creditors — Translator.
2. German trust agency that privatized the East German enterprises, Volkseigene Betriebe (VEBs), owned as public property] — Translator.

## **APPENDIX IV**

### **Letter to German Federal Minister for Justice seeking justice on behalf of a foreign investor, 11 December 2000**

Ref: FMJ/00/10/001.

11 December, 2000.

The Federal Minister for Justice  
Federal Ministry of Justice  
The Honourable Prof. Dr Herta Däubler-Gmelin  
Jerusalemer Straßen 27  
10117 Berlin.

Dear Minister,

#### **Seeking Justice on behalf of Foreign Investor**

Our company was bought by Gaspower Coenergy Systems (S) Pte Ltd of Singapore from BvS – Bundesanstalt Für vereinigungsbedingte Sonderaufgaben Vertragsmanagement formerly known as B/M/G/B in December 1997. To date, around 25,000,000.00 DM have been invested in the company.

The head of IG Metall Mr. Rainer Metke who is also a member of the State Parliament of Sachsen-Anhalt made false accusation of insolvency, fraud and stealing of engine design against my Technical Manager and myself to the Public Prosecutor Magdeburg and in the local press, see Appendix (1). Despite my protest four policemen accompanied by an interpreter, WITHOUT warrant conducted a two-and-half hour search of my home on Sunday

night 12 November 2000 from 7.00 to 9.30 p.m., and subsequently sealed my office and seized accounts and business documents. Two days later, the Lower District Court issued confirmation of the searches and seizures, see Appendix (2).

The bad publicity resulted in our creditors demanding payment and the banks froze our accounts. Stadtwerke Halberstadt who were supplying GAS to our Power Plant that provides “electricity” and “heat” to a number of buildings around our factory, threaten to “cut off” GAS supplies on 16.11.00 at 12 noon unless full payment were made. To ensure supplies of heating and electricity we were left with no alternatives but to apply to the Lower Court in Madgeburg on 16.11.00 morning for Temporary Insolvency Administration, see Appendixes (3) & (4).

The press reports and allegations of insolvency, fraud and stealing are totally untrue and without foundation. As at 16.11.2000, we had made a net profit of 1,544,000.00 DM, see Appendix (5). On the advice of our Chief Designer, Mr. Hans Standhardt, we had taken precaution to protect the design of our revolutionary new engines by assigning it to our parent company in Singapore at 10,000,000.00 DM. In order to comply with the conditions of the Research & Development subsidy from the State of Sachsen-Anhalt that the design and engines must remain in the State for not less than five years they were licensed back to our company, see Appendixes (6) & (7).

In preparation for “Listing” in the Singapore Stock Exchange, we had entered into an agreement to “Swap” 10% shares of the holding company valued at Singapore \$10 million with a main board listed Kian Ann Engineering of Singapore. Arthur Anderson

was given the task of restructuring. Profit projections for the years 2001 to 2003 totalled US\$69,111,930.00, see Appendixes (8), (9) & (10).

Under the circumstances explained above, you will see that had it not been for the false and unwarranted accusations and bad reports in the news media, our company would not have had to seek Temporary Insolvency Administration. I therefore write to seek justice and request an official investigation into the matter as I believe that Article 13 and 34 of the Basic Law of the Federal Republic of Germany also extend to residential representative of foreign investor.

Please accept your Excellency, my highest respect and esteem for your kind intervention into the matter.

Yours respectfully,

Dr. Baey Lian Peck  
President & Chief Executive

Copy to:

Ministerin Karin Schubert, Minister of Justice of Sachsen-Anhalt.

Mr. Matthias Gabriel, Minister of Economy & Technology of Sachsen-Anhalt.

Mr. Walter Woon, Ambassador, The Republic of Singapore, Berlin.

## APPENDIX V

### English translation of the reply from German Federal Minister for Justice, 10 January 2001

Federal Ministry of Justice

Berlin, 10 January 2001

Reference number:

R B 3 – 4110 II –R5 597/2000

(please indicate when replying)

Postal address:

Federal Ministry of Justice,  
11015 Berlin

Address for delivery:

Jerusalemmer Straße 27,  
10117 Berlin

Mr.

Dr. Baey Lian Peck

Maschinenbau Halberstadt GmbH  
Rudolf-Diesel-Straße 50

Telephone: (0 30) 20 25 – 70

Direct dial: (0 30) 20 25 – 96 46

Telefax: (0 30) 20 25 – 95 25

38820 Halberstadt

Dear Dr. Peck,

Thank you very much for your letter dated 11 December 2000. The Federal Minister of Justice, Mrs. Prof. Dr. Herta Däubler-Gmelin, asked me to reply to you.

I regret to inform you that the Federal Ministry of Justice cannot intervene as requested by you. The reason can be found in the organisation of the Federal Republic of Germany as a federal state whose Constitution stipulates which governmental tasks have to be fulfilled by the federal government and which of these tasks have to be fulfilled by the governments of the individual states. Neither the state governments nor the federal government may go beyond these lines drawn; otherwise they could be accused to violate the Constitution.

Considering this background I would like to point out that the judicature, which the preliminary investigation by public prosecution is a part of, is a task assigned to the federal states, in this case the state of Saxony-Anhalt, apart from certain exemptions not relevant here. The federal government may not intervene in matters belonging to the federal states' competence so that only the competent federal state authorities, especially the Ministry of Justice of the respective state, may investigate your case. In contrast, the Federal Ministry of Justice is essentially responsible for the participation in the legislative process on the federal level. It does neither have any rights of supervision nor the authority to give directions in your case.

It is for this reason already that the Federal Ministry of Justice cannot start an investigation of the behaviour of the law enforcement agencies in the federal state of Saxony-Anhalt.

Kind regards  
on behalf of

[signature]  
(Egerer)

## APPENDIX VI

"Kian Ann and MBH share swap on hold", by Douglas Wong,  
*Straits Times*, 15 December 2000



# Kian Ann and MBH share swap on hold

**Uncertainty over \$10m deal comes amid financial problems faced by businessman Baey Lian Peck's MBH**

By DOUGLAS WONG

KIAN Ann Engineering's proposed \$10 million share swap with MBH Energy Holdings may not be completed.

This is because of MBH's union problems in Germany, Kian Ann executive director Chew Thiam Keng said.

"We're happy with their new engine design and sales projections but if the union winds down their German company it will be difficult for us to complete the swap," he told *The Straits Times* yesterday.

MBH — a vehicle of local businessman Baey Lian Peck and his family — had bought power engine maker Maschinenbau Halberstadt from the German government three years ago in a privatisation exercise.

Mr Baey had succeeded in taking over the Halber-

stadt-based company over a management buyout proposal by its workers and has had difficulties dealing with them since.

Following the purchase, he focused the company's efforts on developing a new 18-cylinder, 15MW power generating engine, spending some \$25 million including German state subsidies on the programme.

"It's really a revolutionary engine and we saw a lot of synergy with our business," said Mr Chew.

According to Mr Baey, the bus-sized engine is extremely efficient and easy to maintain, with just 7,500 moving parts compared to 22,000 in existing engines.

Mainboard-listed Kian Ann sells and distributes heavy equipment parts and engines and had informed the Singapore Exchange on Nov 2 of its intention to take a 10 per cent stake in MBH

through a share swap.

Union leaders in Halberstadt have since accused Mr Baey of subsidy fraud and the police had searched the company premises and his home.

Mr Baey has denied the allegations and asked the Federal Justice Ministry to investigate the affair.

Mr Chew told *The Straits Times* that "we have no doubt about the integrity of MBH's people and we're certainly very sad that a Singapore company going international has had problems like this".

"My heart is very much with them and if they can resolve these problems then our due diligence can be successfully completed," he said.

Maschinenbau Halberstadt is highlighted by the German Embassy here as one of the significant foreign investments in the former East Germany.

"Germany has a lot going for it and surely is a low risk country for foreign investment," its website said of investing in Germany.

## UNION PROBLEMS

*"We're happy with their new engine design and sales projections but if the union winds down their German company it will be difficult for us to complete the swap."*

— Mr Chew, on the snag

Note: Reproduced with permission of Singapore Press Holdings.



## APPENDIX VII

### **“Singapore checks inflation’s rise”, *Straits Times*, 11 September 1978**

Singapore’s current inflation rate is the highest in three years. But there is no cause for alarm as the price increase here is among the lowest in the world.

Latest figures from the International Monetary Fund show that the nation’s inflation is running lower than three of its Asean partners and its arch Asian export rival, South Korea and Taiwan.

Also, the rise in consumer prices is slower than the average of the industrialised nations.

For the first seven months of this year, the nation’s consumer price index, according to government statistics, rose by 5.3 per cent which is higher than increases for the past three years.

IMF statistics show that the annual increase of Singapore’s consumer prices for April is 5.1 per cent against 7.2 per cent for the Philippines, 9.1 per cent for Thailand, and 10.9 per cent for Indonesia. April figures for Malaysia are not available yet.

The inflation rates for Taiwan and South Korea are 8 per cent and 12.4 per cent respectively.

The consumer price rise for 14 industrialised nations averages 6.4 per cent, reports the IMF. These countries are the US, Canada, Japan, Britain, Switzerland, West Germany, Italy, Holland, Sweden, France, Austria, Belgium, Denmark and Norway.

Economists have predicted that Singapore’s consumer prices will rise between 4½ and 5½ per cent for the whole of this year. Last year, the CPI increased by 3.2 per cent.

The main reasons for the hike in local consumer prices this year are increases in the cost of food, transport and miscellaneous items such as medical fees and cinema admission charges.

The barmy days of rock-bottom inflation rates in Singapore (consumer prices rose at annual rates of not more than 2 per cent in the 1960s and early 1970s) ended when prices soared to 22.9 per cent in 1973 and 22.3 per cent in 1974.

Without a doubt, the oil crisis triggered off spiralling inflation in the world economy. But its underlying causes stemmed from the lack of world financial discipline, resulting in deficit financing and easy credit creation, something which had been going on for two decades.

The 1950s and 1960s saw the emergence of the inflation-prone consumer society of US and other parts of the world.

### *Cheaper*

That was a period of increasing private consumption, higher aspirations and rising incomes, which generated stronger demand for consumer durables.

Cheaper air fares boosted tourism, pushing up demand for hotels, restaurants, airports, and roads.

More emphasis on advertising moulded consumer attitudes and opened new vistas for merchandising products.

The Korean and the Vietnam wars led to heavy military spending by the US, with its ramifications for other parts of the world. Furthermore, governments in many nations embarked on expansionary and fiscal policies.

The combination of these factors sparked inflation which ravaged the world economy in 1974 and 1975.

But tough anti-inflation measures adopted by industrialised nations and Singapore's own economic policies combined to dampen prices, resulting in the local CPI rising by only 2.6 per cent in 1976. Since then, prices have remained stable here.

The big jump in local prices in 1974 and 1975 stemmed mainly from imported inflation in the form of higher import prices of goods and increased freight costs.

But there were local causes too. Rapid economic expansion in the 1960s and 1970s led to heavy spending by the Government and private sectors. The nation's political and economic stability attracted large capital inflows from abroad.

Fast economic growth and a marked slowdown in population growth led to full employment and then labour shortages, resulting in upward pressure on wages.

The inflationary situation in the mid-1970s was also aggravated by profiteering by local traders.

But inflationary pressures levelled off because of the setting up of the National Wages Council, establishment of Welcome supermarkets and the government build-up of rice stockpiles and adoption of effective monetary and fiscal policies.

Economists have dismissed the prospects of Singapore returning to the negligible inflation rates of the 1960s and early 1970s during the next few years. But at the same time, they ruled out the possibility of Singapore reliving the nightmarish days of 1973 and 1974.

They forecast local consumer prices going up between 3 and 7 per cent annually during the next few years.

Last year, the inflation rate in the OECD group of nations was 7.9 per cent. OECD economists have a rate of  $7\frac{1}{4}$  per cent for this year and 7 per cent for the first half of next year. — *Business Times*.

*Note:* Reproduced with permission of Singapore Press Holdings.

## APPENDIX VIII

### Queries by Baey Lian Peck at the board meeting of Intraco Ltd, 29 April 1986

QUERIES BY MR. BAEY LIAN PECK AT THE BOARD MEETING OF INTRACO LIMITED  
HELD AT 456 ALEXANDRA ROAD, SINGAPORE 0511 ON 29TH APRIL 1986 AT 9.30 AM  
=====

1. The Chairman had stated in the last Board Meeting held on 25th of March 1986 that in his opinion, insufficient provisions were made for diminution in value of investment, trade and intercompany owings. Consequently, the amended copy of the "audited financial accounts" has been downward adjusted. Would the Chairman please explain:
  - A) What is the basis for the additional provision for diminution in value of investment of S\$1,136,000.00?
  - B) What is the basis for the additional provision for diminution of "owings" by subsidiaries of \$1,262,000.00?
  - C) What is the basis for the additional provision for diminution of doubtful debts of S\$2,790,000.00?
2. Is the Chairman aware of the additional "notation" in the Accounting Policy of the Company, under paragraph (E) Trade Debtors, as follows:

Trade Debtors are stated after specific and general provisions for doubtful debts. General provision is created for the first time this year.
3. Is the Chairman aware that this paragraph was not mentioned in the previous "draft" audited financial report presented at the 25th of March 1986 meeting, which he rejected as insufficient provisions for diminution in value of investment, trade and intercompany owings?
4. I would like to draw attention to the Directors Report, paragraph 5, b (ii) in page 4 which states:

At the date of this report, the Directors are not aware of any circumstances which could render:

"THE VALUES ATTRIBUTED TO CURRENT ASSETS MISLEADING"
5. Is the Chairman aware of Government's intention to dispose off its holding in Intraco at the appropriate time?
6. Is the Chairman aware of any party who have expressed an interest in the purchase of Government's share holding?
7. In the light of Government's privatisation policy, does the Chairman not agree that the presentation of the Company's assets and statement of accounts other than an "accurate" one, could possibly be construed as an attempt to mislead the public in general and the Shareholders in particular?

BAEY LIAN PECK J.P. B.B.M.  
29TH APRIL 1986.

**APPENDIX IX****Offer by Morgan Grenfell (Asia) Ltd for  
the acquisition of Intraco Ltd shares, 26 June 1986**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE  
READ IT CAREFULLY.**

If you are in doubt about this Document, you should consult your stockbroker, bank manager, solicitor or other professional adviser. Morgan Grenfell (Asia) Limited is acting on behalf of United Industrial Corporation Limited and does not purport to advise shareholders of Intraco Limited.

If you have sold all your ordinary shares in the capital of Intraco Limited, you should at once hand this Document and the accompanying Form of Acceptance and Transfer to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for transmission to the purchaser.

**Offer by**

**MORGAN GRENFELL (ASIA) LIMITED**

**on behalf of**



**UNITED INDUSTRIAL CORPORATION LIMITED**

(Incorporated in the Republic of Singapore)

**to acquire all the issued ordinary shares  
of \$1.00 each fully paid in the capital of**

**INTRACO LIMITED**

(Incorporated in the Republic of Singapore)

**other than those already owned by**

**UNITED INDUSTRIAL CORPORATION LIMITED**

ACCEPTANCES SHOULD BE RECEIVED BY 12.00 NOON ON 18TH JULY 1986 OR SUCH LATER DATE OR DATES AS MAY BE ANNOUNCED BY UNITED INDUSTRIAL CORPORATION LIMITED.

The procedure for acceptance is set out on page 6.

This Document is dated 26th June 1986.

## **APPENDIX X**

**A report written by W. Clifford, Director of the Australian Institute of Criminology, following a study of Singapore's correctional rehabilitation, sent on 18 January 1978**

### **Productivity — The Key to Singapore's Correctional Rehabilitation**

Singapore's approach to both corrections and its drug problems is positive and direct. For that reason its policies are either lauded as sensible or criticised as repressive according to the commentators' own position on the current drug and correctional controversy. Like most other countries, Singapore is not yet able to show that any one policy rather than another has been conspicuously successful: and even if it did claim success there would doubtless be scope for varying interpretations of this according to the criteria used. If one begins however with the modest assumptions that the people responsible for policy in Singapore are neither unlettered nor uncultured, that they are widely travelled and alive to the developments on corrections and drug problems in other countries of the world — and that they are genuinely concerned about the best interests of their country, then it is possible to identify objectives and tease out the principles for some future evaluation.

There are two arms to Singapore's action to deal with drugs and crime: and the policy is gradually to bring these together in a pincer movement to improve rehabilitation. One arm is the country's drive to develop, socially and economically. There is a keen appreciation of Singapore's need to be competitive in exports and to serve as an international market. With two million people crowded on about 600 square kilometres which offer little except human resources, secondary industry, tourism [and]

commerce loom large as means of survival and improvement in the quality of life. Singapore is sensitive to the fact that it must produce and market on competitive terms to earn its foreign currency. It has therefore sought to mobilise the relatively unused human resources in the prisons and in the rehabilitation centres to provide selected competitive exports. The second arm of correctional and drug policy is the personal rehabilitation of the inmates of institutions with a corresponding reduction in the rates of recidivism. The attempt to join these two arms into a total thrust to benefit both the community and the individual is well illustrated by the creation of SCORE — the Singapore Corporation of Rehabilitative Enterprises. This statutory body is chaired by an industrialist, Mr Baey Lian Peck, who is a successful entrepreneur in his own right and who practically gives his services to the government. It was decided that public servants whether prison staff or educated and enlightened administrators were unlikely to understand the private industrial sector so that Mr Baey was asked to take over and develop the work. Under his guidance, the prisons and drug rehabilitation centres are being industrialised. Mr Baey Lian Peck holds other posts which are relevant and significant for this new development of correctional and rehabilitative services. He is Chairman of a government committee on the treatment and rehabilitation of drug addicts and president of a voluntary body, the Singapore Anti Narcotics Association. In SCORE, the Chairman's Chief Executive Officer is Mr Quek Shi Lei who is also Director of Prisons — which includes responsibility for institutions dealing with the reform of young offenders and even the senior approved schools.

SCORE works on the principle that the older concept of vocational training in the prisons (which incidentally already marketed a wide range of rattan and other products) did not greatly benefit the offender. He was unlikely to follow the trade he had

learned in prison when he was released and might indeed have been handicapped in a swiftly changing commercial situation if his prison training made [him so] highly specialised as a tailor, shoemaker or carpenter that he could not adapt. The new idea therefore is that the offender should be trained to maximise his profitability as a worker in any local employment situation. He is taught, in the process of the industrialisation of the institution, to make comparisons between his productivity and that of other workers and to learn how to make more money by analysing the demand for his services and offering himself in any capacity which will bring him a greater return.

The industrialisation of the prisons and the drug rehabilitation centres was sold as an idea to private firms. At first none of them wished to get involved in prison services especially by investing their own funds: but by propagating the idea that greater profit could be obtained by paying inmates two thirds of the prevalent wages outside, a number of companies were induced by SCORE to invest their own capital to install [a] factory plant inside the prisons or centres, converting to line production where necessary the older institutional workshops. The firms enter this work for profit — not directly to rehabilitate prisoners. The inmates represented by SCORE are also in it for profit. With productivity as the motive therefore and with the constraints applied by the need to be internationally competitive, both sides co-operate in a venture, which SCORE believes, enhances the dignity of labour, takes any welfare taint from the work for prisoners, avoids patronising them and allows them to develop their own business on the basis of being able to compete in the labour market.

One might expect union or private sector objections to “unfair” competition since the wages paid by producers with factories in prisons are one third lower than those which would have to be paid for non-institutional labour. However the



Chairman himself represents the attitude of private firms, there seems to be no organised protest and indeed a local readiness to applaud the idea of the prisons becoming more self-supportive. Moreover the Chairman of SCORE, in another capacity, is also Chairman of the organisation of [National] Trade Union Co-operatives which have a number of enterprises aimed at increasing exports and bringing costs down. He explains that the Singapore philosophy is not only for unions to demand more for less but to benefit the employee by making his wages go further. Last year there was no inflation and indeed the cost of living slightly decreased: this year inflation has reached only 2 per cent. Whether due to the interconnections represented by the Chairman or not, SCORE does not yet seem to have attracted any serious private or union opposition to its introduction of prison labour into the market.

The inmate is paid rather less than the outside worker but sometimes his conditions are better. Naturally he is being fed and housed and, although he contributes from his pay towards this, he could be argued to be receiving a sum roughly equal to the third less than average wages outside, which he receives.

Again, regulations in Singapore require an assembly line employee to have at least a space of four square metres for his work. In private industry this requirement is frequently evaded — but not in the prisons or centres: here a worker gets at least the minimum space and usually is given much more. An inmate is eligible for promotion to supervisory positions as his skill increases. To ensure production standards the firm running the prison or centre factory — usually for the production of electronic good which are exported — brings in its own production engineers or specialists and quality control supervisors who check the finished article. These people come to the prison or centre daily and work alongside the inmates. As inmates improve however

they are frequently able to do the job as well as — and sometimes even better than these factory employees: so that when and if vacancies occur the firm may prefer to promote an inmate to the position rather than bring in outside labour. Released prisoners who have become skilled are also employed by the firm as outside labour and stay at the work in the prison factory although they go home at night. Here, it should be noted, advantage is being taken of the size of Singapore. Usually there is no great distance between homes and prisons.

The aim being rehabilitation and the prevention of recidivism there is great emphasis upon the work available for the prisoner or inmate on his release. Community rehabilitation is also important because, with the rapid construction in Singapore of late, a person who is in an institution for three years may find the entire district in which he was born and previously lived, razed to the ground to provide land for other types of development. His family is rehoused with people who are strangers so that on his release he is not returning to an environment he knows. For such reasons his hope of being able to continue working with the firm which employed him in the institution is very important because it provides continuity not only of work but of a lifestyle. But, where released inmates are not taken on by the firm or do not wish to continue in the same employment, SCORE will help them to join with other released offenders in the organisation of their own co-operative to produce for themselves or to do work on a sub-contracted basis for other firms. If a person released decides to do none of these things but to make his own way after release he is free to do so. In this case the idea is to ensure that whilst employed inside the institution he has acquired an entrepreneur attitude to the sale of his labour or the organisation of his affairs: the intention is to equip each and everyone with the right incentives, with the know-how to exploit his abilities

to his own best advantage in the labour market. He is helped for example to look for that kind of work in which an income can be earned simply because no one wants to do it and is prepared to pay highly for it to be done. It may mean taking on cleaning work, driving, delivery services. It may mean applying for work on the second shift of a day. This second shift is not popular in factories and there are usually vacancies. The concept is to help him to think productively. An idea just now being considered for a project is for prisoners or inmates to be selected to form co-operatives whilst inside the institutions and to tender for contracts to do the "dirty" work outside e. g. garbage collection, builders, labourers. This might run into union trouble later but there is confidence that it will not if the jobs selected are those that no one else wants to do. Always the inmate with an eye to his best use of himself on release is being encouraged to make his own openings.

How is it all working? These are early days. SCORE has been going for less than two years: but already it has made an impact. The prisons and centres in which vocational training was frequently regarded as time filling or as being purely training have become veritable hives of activity: this, it is said, has greatly reduced discipline problems and vastly improved morale. There is a sense of purpose. It is also clear that the country is benefiting from the exports; the firms involved are quite satisfied with results and their productivity exceeds that which they have in external enterprises. There is great confidence being generated in the concept of aided self-help which the total project represents.

Still not clear however is whether this new undertaking within the prisons and the centres does in fact rehabilitate offenders on release and thereby reduce recidivism. A careful monitoring of the total scheme is in progress but several more years will be necessary before there can be a real evaluation. It should be remembered that every young offender is visited by a

social worker of the Social Welfare Department. On his admission to an institution, his family outside is visited: and then the same social worker follows his progress and his family relationships throughout the period of the sentence. In so far as possible, the same worker is available on his release to help him get settled, find work and deal with problems which inevitably arise on his release.

Thus the business-like approach of SCORE is reinforced by social support services to further develop the rehabilitative scheme. These days however when, in the West, there is a growing conviction that "nothing works" and that even the best forms of rehabilitation do not greatly reduce the recidivist rate, it is likely that aggregate figures may not reflect individual benefit. A number of case-studies in depth would be needed to amplify the statistics.

There has been United Nations encouragement to bring crime prevention more effectively into national development planning. SCORE is one example of the direction in which some countries might be interested in moving in order to do this. There will be great interest, therefore in Singapore's results.

## **APPENDIX XI**

### **Letter to Prime Minister Lee Hsien Loong calling for cross-subsidization as control measure on inflation, 9 February 2008**

Prime Minister Lee Hsien Loong  
Prime Minister's Office  
Orchard Road  
Istana  
Singapore 238823

Dear Mr Lee,

May I begin this letter by wishing you and your family a Happy and Successful Lunar New Year.

In the midst of the so-called OPEC war in the mid-seventies when the price of oil escalated and inflation went wild, NTUC Welcome Consumer Co-operative, now known as NTUC FairPrice was set up to combat inflation in our country.

The late Mr Lim Kim San was Chairman Board of Trustees and I was Chairman Board of Directors as well as CEO.

Through a system of cross-subsidy by progressively reducing the prices of about a dozen essential items that had direct bearing on the cost of living of the workers and subsidized by profit margin from the rest of the other items, we were able not only to contain inflation but managed to get it reduced when inflation was rising elsewhere. Gradually, those essential items became loss leaders and because of competition, the other supermarkets and provision shops were compelled to adopt the same strategy. The attached article from the *Straits Times* of September 11, 1978 showing the

inflation rate of Singapore and selected countries would give you an insight into the success of the system.

If you consider the system worth pursuing, I will be delighted to brief you further on the matter.

Yours respectively,

BAEY LIAN PECK

Encl. *Straits Times* article, 11 September 1978 [see APPENDIX VII]

c.c. Minister Mentor Lee Kuan Yew.

*Note:* In the following week, Prime Minister Lee Hsien Loong replied to thank Dr Baey for the advice while Minister Mentor Lee Kuan Yew's response was "Good work. Put it in NTUC News."

## **APPENDIX XII**

### **SCORE dinner speech by Chairman Baey Lian Peck at Cockpit Hotel on 31 March 1979**

First, I would like to thank you for your presence. This will be the only occasion in which SCORE is holding a dinner on its own. We will be joining the Prisons Department when it holds its future annual dinners.

This evening is perhaps a good time to reflect on what objectives SCORE has set out to achieve, what are expected of the staff and what roles private enterprises can play.

SCORE's objectives, as they have often been stressed, are:

- (i) To inculcate in inmates exact industrial discipline; and
- (ii) To provide work to as many inmates as possible.

We have one aim; that is, to lead and rehabilitate those who have gone astray and try [to] turn them into useful citizens again.

The task of rehabilitation falls no less on the Prisons Department than on the staff of SCORE. Staff of SCORE must therefore share this responsibility in an enduring and positive manner. Working in a rehabilitative environment is more than a job. It is a public service. And we will be doing the public a great service if, through our collective efforts, we are able to inculcate in drug takers and prison inmates (particularly the recidivists), the will and determination to reform themselves.

We have done quite well over the last 2 years but there is no cause for [rejoicing] yet. We still have much more to do in the years ahead. It is the duty of the management to ensure that conditions of service for staff are competitive to Government departments and related industries in the private sector. Every officer must,

however, demonstrate his or her commitment to the Corporation. In order that management can build up the infrastructure for a conducive working environment, it is important that there must be more feedback from staff on the ground level. The submission of fortnightly reports on workshops' performance, though a chore, is necessary so that experience from the workshop could be translated into effective policies.

SCORE is grateful to participating companies for their contributions to our work programme. While the viability of any investment is a prime concern of businessmen, companies should not look at their participation in SCORE solely from the business point of view. They should view it more as a public service. I hope, therefore, they can further assist us by expanding the factories they have already established in the prisons or DRCs and take in more inmates for production.

Finally, I would like to thank the Director of Prisons and his staff for rendering their co-operation promptly and unhesitatingly to SCORE. There may be occasions when the views of workshop officers differ from that of the workshop supervisors on inmates' conduct. But I am gratified that more often than not, such differences are merely different views of the same objective, i.e. the best way to inculcate the proper work discipline in the inmates.

Once again, I thank you for your presence and hope you enjoy your dinner.





If you had asked me this question when you were back here, I would have suggested that we meet over lunch or dinner as it would take at least a couple of hours to fully enlighten you on the pertinent facts and events from the time when we were a British Colony, through the three and a half years of Japanese Occupation and its subsequently surrender, leading to nationhood, initially as part of Malaysia and later into an independent sovereign nation under Lee Kuan Yew. Without knowing the past events, one would not be able to appreciate and comprehend the political, social and economic landscape that transformed our country into what it is today.

History tells us [about] the common desire of the masses to escape from poverty, hunger, tyranny, and corrupted or inefficient government that led to a country's evolution into an independent sovereign nation, where [a] citizen not only has a stake but freedom to participate in the country's development. However, this was not the case with Singapore in the beginning. In 1959, Singapore was given self-government status by the British Government and Lee Kuan Yew was the elected "Chief" Minister. The people [through] a referendum, chose independence by joining Malaysia rather than British rule. It would be too long for me to elaborate on the "why" and "how" the then Malaya agreed to accept Singapore as part of Malaysia in 1963; suffice to say that we were kicked out of Malaysia two years later due to political differences. Overnight, Singapore became a Sovereign and Independent nation under Lee Kuan Yew as prime minister. In other words, the future of Singapore was placed solely in the hands of Lee Kuan Yew and the PAP. Though some members subsequently broke away to set up an opposition party, but what is important was that the PAP prevailed and Lee Kuan Yew remained as prime minister.

It is a well established fact that the character of the Chief Executive is reflected in the organization that he heads and

the same can be said of a Nation. Over the past 45 years under the leadership of Lee Kuan Yew, the country has had fantastic economic development and [a] progress second to none, but the way in which it was achieved has been a matter of grave contention. Over the period when he was Prime Minister, LKY had left his “mark”, not only in the political and economic arena but also in the social lifestyle of the people.

There are now citizens who think that they have acquired sufficient political knowledge to change the style of government, hence you have the Workers Party, SDP, Reform Party, etc. You must remember that the duty of a Government is not to tell the people, including commerce and industry, what to do but rather to set up and manage necessary infrastructure so as to create opportunity for them to develop and excel.

I sincerely believe that the quality of a good political leader is not only “knowledge” but more importantly, he must have “Loyalty”, “Integrity”, “Humility”, “Compassion”, “Morality” and a genuine desire to serve the people. These qualities cannot be bought or randomly acquired. They are the reflection of the innermost thoughts and conscience, in other words, the “character” of that person. The “family” is the safe depository of culture, custom, tradition and lifestyle and it is through the family that a child acquires such a “character”. The “character forming age” is from the day a child is born up to about 7 to 12 years (school going age). This is why, the family is so important for it imparts “character” whereas school and university impart “knowledge”. You will therefore see that it is better to have a person with [character] rather than [one] having a University Graduate without these qualities.

You will have to do some research to ascertain the “quality” of the person or persons in the SMC/GRC [to whom] you wish to give your vote. Remember, a person’s position, rank and wealth are

not signs of good character. I do not believe that the opposition would be able to gain sufficient seats to take over the Government. It would however be desirable to have some of them in Parliament to raise questions on important issues which otherwise might be swept under the carpet. Indications are that this time, there might be more opposition members elected.

The SDP under Dr. Chee has started off on the wrong foot. He is in a hurry to get nowhere and going to jail for whatever reason is not a good start.

Love

Kong Kong



Date: Fri, 27 May 2011 16:20:27 +0800

From: "Dr. Baey Lian Peck"

Subject: Re: Hello from Perth!

Dear Yi Wei,

What the PAP had achieved is water down the drain. Over time, people forget especially those who had not lived through the period of development. Politics like a family is a living thing, it has to change with the times. What is important is that the people who are asking for changes should fully understand the difficulties the country or organizations have gone through and try to put themselves in the same situations.

Take for example NTUC Welcome Consumers Co-operative Supermarkets. Dr Goh Keng Swee mooted the idea of a consumers' co-operative to combat the seemingly uncontrollable inflation due to [the] decision by OPEC (Organization of Oil Producing Countries) in the middle of nineteen seventies to increase the price of oil from \$1.50 to \$11.50 per barrel resulting in serious worldwide inflations, particularly in Singapore with no natural resources when prices of essential food shot up over 200% overnight. It was [then] that Mr Lim Kim San, the then finance minister, persuaded me to take over the chair of a Board of eminent directors, such as the former President of Singapore (deceased) Mr Ong Teng Cheong, the former Minister of National Development (deceased) Mr Teh Cheang Wan, the President of NTUC Mr Phey Yew Kok (now a fugitive), prominent bankers and others. With a paid up capital of \$250,000.00 he instructed me (1) to combat the rising inflation, (b) be competitive and yet viable and (3) not to destroy the retailers in the process. To compound the matter, the merchants and wholesalers in the

early days, were wary of the labour movement and were under the impression that NTUC Welcome was out to take over their business. You can imagine the difficulties NTUC Welcome had to face, not being able to establish strong relationships with wholesalers and suppliers for lower prices, the complain of higher prices by the consumers who were using our prices as a “check-price” with all retailers. It would [need] too long to elaborate further on the difficulties; suffice to say that everything was set up from scratch with unfriendly trading partners. Another problem is that the President of NTUC insisted that the objective of NTUC Welcome should be designed for the benefit of its members against [my objective that it should be] for all the people of Singapore. This fundamental disagreement led to the setting up of similar supermarkets called PIEU/SILO by NTUC. In most cases, [the] location of their supermarkets [was] nearby or next to those of NTUC Welcome. However, Mr. C.V. Devan Nair, the former President of Singapore who was then NTUC Secretary-General, continued to give me full support and encouragement. Fortunately for me, due to mismanagement, Mr. Phey, the President of NTUC absconded and NTUC Welcome was asked to take over PIEU/SILO and the name was changed to NTUC FairPrice in the middle of nineteen eighties. Inflation was checked and Singapore economy grew rapidly. It was then that I resigned and Mr Gopinath Pillai took over as Chairman.

I attached a *Straits Times* article titled NTUC pays tribute to “special 50” to highlight the points I raised in the first paragraph of this email. What was achieved in the past is water down the drain. The perception of the new generation is based on what they can see and read. Fighting inflation is in the past; what is important is the present where the growth and profits go to NTUC. With the task of fighting inflation over, NTUC FairPrice concentrated on

making profit, like any other commercial enterprise. The above enumeration represents less than one percent of what actually transpired but I think it is sufficient to illustrate to you what I mean.

Love

Kong Kong