

**HD** City & Country: Lee Kim Yew is back with a vengeance, and a story of survival

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Many people thought he would become bankrupt and vanish from the corporate scene after the 1997/98 Asian financial crisis dealt him a devastating blow.

But Tan Sri Lee Kim Yew refuses to sink into oblivion, and has proved his critics wrong.

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Now debt free, he is raring to return to the corporate world with a vengeance, and to share his story.

Once renowned for his prowess in the property sector, the strong-willed Lee has not only paid off RM1.1 **billion** in personal loans but also helped Country Heights Holdings Bhd (CHHB) settle most of its RM1.1 **billion** debt.

Lee declares he is wealthier now than before, after 17 long years of struggling to stay afloat.

The former corporate high-flyer, known for his close links with former prime minister Tun Dr Mahathir Mohamad, is putting behind him the humiliating years of haggling with bankers, when the interest rate hit a high of 28% per annum at one time. Endless loan restructurings will now be placed on the back burner.

He is visibly angry when he recalls one incident which he can never wipe from his memory. "I remember seeing one local banker at Changi Airport. She told me rudely: 'Tan Sri, see me at my office when you return to KL.' I cannot forget this. She used to treat me like a king before 1997. So, in her office, I banged her table and yelled at her: 'Remember, it is the businessmen who have supported the banks, not the other way round.'"

He paid dearly for his fury, with rumours of his cash-flow problems spreading like wildfire after that.

Another episode he cannot forget is the embarrassment of being forced to step down as CHHB group managing director in 2007 to take the blame for the **company**'s problems and weakened financials. He had to pass the baton to a stranger, and then to his daughter Dian Lee, who was 24 then, while he took the post of non-executive deputy chairman.

The downgrade of CHHB's **bonds** to near junk status caused endless problems for the listed **company** he started and in which he holds 60%.

Also fresh in Lee's memory is the **sale** of his controlling **stake** in Sunrise Bhd, a property **firm** that focuses on high-end developments, to pare down his loans.

Lee also had to part with his US\$30 **million** private jet — a bold symbol of his social and economic status when he was flying high.

Cruel reality hit him hard when many of his "friends", who used to come and ask him to whisper in Mahathir's ears for favours, suddenly stayed away during the bad times and told him in his face that he was "a nobody".

And despite his ties to the former prime minister, civil servants also did not "give him face". A delay in paying assessment fees saw the tax men showing up unannounced, with an army of pressmen, at his office. The freezing of his assets was splashed all over the newspapers.

With a sigh, Lee strokes the feathers of a pet pheasant that follows him everywhere in his house. "I feel consoled to have this bird. The whole world can desert me but not this bird. It is very loyal to me. It will wait for me to return every day, no matter how late into the night."

Fortunately for this businessman, who said he had been "handcuffed by loans" for 17 years, his faith in Buddhism and his never-say-die spirit saw him through those hard times.

Three years ago, the last of his personal loans, with RHB Bank, was settled.

Now, he is ready to step into the corporate limelight once again and tell the story of how he survived so that "other entrepreneurs will not repeat my mistakes".

#### Survival strategies

In two no-holds-barred interviews with The Edge at his lakeside bungalow in Mines Resort City, Lee says: "In a nutshell, my problems were caused by my greed, my high debts and the unexpected 1997 Asian financial crisis.

"Like many other high-flying businessmen, I wanted to expand fast and become big. I was greedy, though not hugely greedy."

He says he could overcome all problems partly because of his strategies and also because "I dare to admit my mistakes, dare to change, and am willing to learn from mistakes".

Recounting the difficult years of hardship, he says he was lucky to have a good friend in Shih Yu-Lung, who controls Chung Hwa Picture Tube Ltd of Taiwan.

Shih was prepared to buy some of Lee's local and foreign assets for RM1.5 billion, but this proposal was rejected by the Foreign Investment Committee and Mahathir. Despite CHHB's problems, Chung Hwa Picture Tube held on to its shares in CHHB, and only sold down its stake last year.

With the plan shot down, Lee had to come up with another rescue strategy.

Unknown to many, the astute businessman had cash holdings of RM300 million at the start of the crisis. He used the money to help CHHB and himself.

He ensured that CHHB's investments in the London Exhibition Centre and a resort project in South Africa did not go under the hammer. Work on the Borneo Heights resort in Sarawak also resumed after a four-month stoppage.

CHHB later swapped its 42.7% stake in the London Exhibition Centre, completed in early 2001, for about RM300 million in cash and shares with Tan Sri Ananda Krishnan, another tycoon close to Mahathir.

In December 2010, Lee granted a "friendly loan" of RM84 million to CHHB to partially redeem the RM150 million 3% to 8% redeemable secured bonds 1996/2011, which had been downgraded several times by Rating Agency of Malaysia.

To push CHHB's high-end properties, Lee introduced a programme that allowed people with blue-chip shares to buy them. In this way, buyers who failed to get bank loans could buy the properties with shares, which CHHB could liquidate easily to improve its cash flow.

He also allowed buyers to pay interest-free instalments.

These initiatives paid off when in 2001, CHHB's Country Heights Damansara bungalow plots were sold out even as high-end products of other property firms were facing slow demand.

Beaming with pride, Lee claims: "I created a brand name for Country Heights' property projects, and I know our products will sell."

#### Hit by rumours

While working out plans to rescue CHHB, Lee had to tolerate many unsavoury rumours, which included talk he might become a bankrupt.

Seen as a "Mahathir crony", he became a target of attack due to widespread anger at the then premier, whose move to sack Datuk Seri Anwar Ibrahim in September 1998 from the Cabinet and Umno sparked unprecedented mass political protests in the country.

Lee's quarrels with bankers also sparked allegations of cash flow problems. "One lesson I learnt is not to go against bankers when you are trapped in a bad cash-flow situation," he now says.

But the market was proved right in 2007 when CHHB sold the Mines Resort shopping mall to CapitaLand Holdings Ltd for RM430 million to pare down debts.

By then, Lee realised he had to let go of some prized assets to solve protracted debt problems.

Optimism and his Buddhist faith helped him to stay calm. "Managing business is no different from coping with life; there are ups and downs," he says.

He also courted controversy when he attempted to venture into oil palm planting.

"Palm oil price was rising. I looked at Tan Sri Lee Shin Cheng (of IOI group), I thought I could be like him, become a plantation giant. So I bought plantation land in Kelantan in 2007. But I did not realise that managing a plantation is very different from property."

After purchasing the estate, he started a palm oil growers' scheme and invited the public to buy shares. Last year, when he sought to terminate the failed scheme, he was accused of trying to make personal gains using public funds.

To salvage his battered image, Lee paid RM215.5 million and goodwill of RM25 million to fully settle the country's first oil palm farm sharing scheme last August. He says: "This was a nightmare for me, but I have learnt a lot from it."

While he failed in his bid to become another Lee Shin Cheng, his 4,000ha plantation in Gua Musang, Kelantan, has appreciated in value.

"Looking back, I really have made many mistakes. The consolation is I have engaged proper ways and means to resolve these problems. I have not defaulted on any loan, have not asked banks for haircuts."

"I am getting good karma now because of my righteousness," he says.

#### Opportunities during crisis

Even as he was solving his debt problems in recent years, Lee did not stop buying land, disposing of assets that had appreciated in value to buy land at distressed prices.

That is why his personal assets have grown compared with 1997.

Apart from a 60% stake in CHHB, his private assets include 2,100 acres of land in Bukit Beruntung, 350 acres in Mines Resort and a lake, 1,800 acres outside Sydney, 10,000 acres of oil palm plantation land in Kelantan and 4,400 acres of rubber plantation in Mentakab, Pahang.

At current market prices, these assets are worth about RM3 billion — about three times what he had before 1997.

"As a Chinese saying goes, 'Crisis often presents opportunities'. My strategy during the bad times is to quietly accumulate land. When people sell, we will pick up."

For instance, he bought 2,100 acres in Bukit Beruntung from Tan Sri Chan Ah Chye at "a very low price" in 2009 when the tract was offered to him.

About the same time, he also bought a large piece of land outside Sydney for "several million Australian dollars". He has just obtained approval to build a property on it.

Meanwhile, he continues to manage his existing properties and land holdings.

#### Plans For Chhb

Lee declares he will make up for lost time and transform CHHB into a property giant to join the league of mega developers.

For the first time, he has said he wants to be the chairman of the company once Gen Tan Sri Mohamed Hashim Mohd Ali, a brother-in-law of Mahathir, retires.

The glory days of CHHB in 1994-97, during which its share price rose above RM11 and dividends of 11% to 15% were paid, could return within 36 months if Malaysia is not hit by any crisis, he claims.

Within CHHB, remnants of its debts are expected to be wiped out next year. Its balance sheet is considered healthy now.

To turn CHHB into a mega property developer, Lee plans to inject his “beautiful” private assets into the listed vehicle and bring in major property developers from **China** as partners.

“The experience I have had in developing a rubber estate into Country Heights, turning waste **mining** land into a resort city, and a Sarawak forest into a resort highland, will help me realise this bigger dream for CHHB,” he says.

The rise, fall and comeback of a property pioneer

Country Heights Kajang, which turned Tan Sri Lee Kim Yew into a household name, was his maiden property development. He turned a 412-acre rubber estate, formerly owned by banker Tan Sri Azman Hashim, into Malaysia’s first country-home housing project.

Lee’s fortunes rose after Tun Mahathir Mohamad, who was then the premier, became the first customer of the Kajang development, which was launched in 1986. Leading corporate players and politicians scrambled to build homes in the same neighbourhood as the country’s most powerful politician.

The roaring success of Country Heights Kajang not only helped Lee earn his first RM100 **million**, but also won him many accolades, including ‘Innovative Developer in Pioneering Country Homes in Malaysia’ and ‘Outstanding **Chinese** Entrepreneur in Asia’ from Taiwan.

His fame and ties with Mahathir also brought him many unexpected offers.

The first offer that landed on his table came from the Selangor government in the form of a 1,000-acre disused open cast tin mine in Sungai Besi. Lee was asked to pay RM50 **million** and he transformed this often-flooded area into the famous Mines Resort city, which now includes hotels, golf courses, offices, a shopping centre, theme park and exhibition hall as well as water sports.

Then in 1994, came another offer, this time from the Sarawak government. CHHB was invited to be a 70% partner to develop a 5,000-acre logged-over forest into a highland golf resort. This became the award-winning five-star Borneo Heights Resorts.

Despite his success in business and influential connections, Lee has always struck those who know him as a simple, personable and approachable person.

Indeed, he came from humble beginnings. Born to a poor family, he had to cut short his high school studies at Batu Pahat’s Chung Hwa **Chinese** Independent High School to help support his siblings after his father died.

Before making his foray into property development, he worked as a trade apprentice, translator, salesman and promoter of **Chinese** medicine and antiques.

The money he earned from all these early jobs was sufficient for him to become a small-time property speculator in Singapore’s booming property market in the late 1970s and early 1980s.

Armed with over RM5 **million** in savings, Lee, who was then 30, was ready to venture into the Malaysian property market. He was lucky to meet Azman, who offered his Kajang rubber estate to be developed into a high-end bungalow enclave.

Lee’s corporate path was smooth sailing until the 1997/1998 economic and political crisis put the brakes on his grand ambitions and dreams.

The crisis hit him hard, and he saw his wealth slashed from RM1 **billion** before the crisis to a low RM300 **million**. However, the crisis turned him into a more down-to-earth person.

Having gone through life’s ups and downs, Lee now sponsors many activities that promote good **Chinese** moral values and ancient philosophies, as well as Buddhism and education. These activities, he says, brings peace to his soul and mind.

At the end of the second interview, he says, “From now on, I believe I will make fewer mistakes in life. I will continue to be a righteous person, adopting a lifestyle that will not go against my beliefs and certain moral standards.”

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