

State control for Malaysian group

BY WONG SULONG IN KUALA LUMPUR

TAN SRI Chong Kok Lim, the beleaguered Malaysian businessman, has given up control of Landmarks Holdings, his listed company, to a government agency as a compromise to allow him more time to work out a solution to debts of as much as 922m ringgit (US\$376m).

A consortium of foreign banks had requisitioned an extraordinary meeting, scheduled for yesterday, to remove him and his three sons from the Landmarks board.

However, the Chong family pre-empted the move by resigning and allowing Peremba, the government property company,

to take over management control. Tan Sri Chong and one son were later invited to join the board.

Peremba, which holds 30 per cent of Landmarks, now has four directors on the eight-member board.

Tan Sri Chong said his action was in part to satisfy the foreign banks, and also to ensure that the Landmarks group is not dismembered if it falls under the control of foreigners.

Landmarks owns the Regent Hotel and the popular Sungei Wang shopping complex in Kuala Lumpur, and is also involved in property development and plantations.

The foreign banks — including Westpac of Australia, American Express and Manufacturers Hanover of the US, and Britain's Hill Samuel — had requisitioned the meeting following the breakdown in negotiations with the Chong family over non-payment of their loans.

According to a report prepared by Arthur Young, the accounting firm, on behalf of the family, the Chong Kok Lim group of companies has accumulated liabilities of 922m ringgit, about a third owed to foreign banks. The value of assets pledged is estimated at 1.06bn ringgit, the

bulk of which is in land, which is hard to realise in the current depressed property market.

Also among the assets pledged are 44.6m Landmarks shares, representing 19 per cent of the company, a holding which the banks had used to call the meeting.

Tan Sri Chong, aged 75, yesterday appealed to his foreign creditors to allow him time to work out a rescue plan. He said he was honouring all his commitments, and said "the prolonged economic recession in the country has badly affected my businesses, which are mainly in properties or are property-related."