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## Master of reinvention

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NOT many people adapt easily to change. Especially if they have to reinvent themselves three times within the span of 10 years. But that is exactly what Tong Kooi Ong did.

The entrepreneur with a Mensa count of 180 started off as an economist, moved on to become an equity analyst, then ventured into stockbroking, later took over a bank and is now aspiring to be a media baron. In short, he has moved from stockbroking to banking to media in 10 years.

Tong, 41, gave up his job as economist in the tin mining industry for the securities industry in 1986. By 1991, he had transformed himself into a dealmaker to be reckoned with, sometimes even sealing deals on paper napkins. Three years later, at 35, Tong stepped into the banking sector by acquiring a commercial bank, a rare thing then.

Sceptics claim that much of Tong's success is due to his association with former Deputy Prime Minister-cum-Finance Minister Datuk Seri Anwar Ibrahim. Tong's fortunes took a dive along with that of Anwar in 1998.

The realist that he is, it did not take Tong too long to size up the situation - he had to reinvent himself again.

Hence his plunge, albeit with a heavy heart, into the media world. The financial services industry meant a lot to him. He had built up PhileoAllied Bank to become a respected entity. Earlier, he had thrived in equity research and stockbroking.

'He does not fret facing reality. Facts are facts. He does not take it emotionally,' describes a long-time associate. 'Unlike others, Tong did not leave town when the heat was on. He did not abandon ship. He may be an impatient manager but when confronted with difficult issues, he accepts responsibility.'

Tong, as expected, divested his interests in the financial sector. He sold his stake in Avenue Assets Bhd (then Phileo Land Bhd), which controls PhileoAllied Bhd (PAB), to Mokhzani Mahathir's Pantai Holdings Bhd. PhileoAllied Bank is said to have arranged the financing for the deal. Tong also disposed of whatever remaining direct or indirect interest he had in PAB.

What Tong netted from the sale, believed made sometime in August 1999, is unclear. Tong together with his partner Rudy Koh controlled 41.3 per cent or 61 million shares in Avenue Assets. Based on an average price of RM3 per share, Tong's share of the divestment is estimated at RM90 million.

Subsequently, Avenue Assets, after some haggling, inked a deal to dispose of the bank and a brokerage of PAB to Malayan Banking Bhd for RM1.3 billion.

Seven months after divesting his interest in his much-treasured PhileoAllied Bank, Tong is fast making a name for himself in the media world. He is said to have set his sights on establishing an array of financial news services. Some view him as striving to create a network of financial services akin to that set up by Micheal Bloomberg of the United States.

According to associates close to Tong, the tycoon visits the Bloomberg office in the US once a year and is a regular visitor to the world-famous Massachusetts Institute of Technology (MIT). To keep abreast with the fast-moving world of multimedia, he also attends conferences on the new economy in the US once or twice a year.

'He is not an IT man but has excellent understanding of the macro issues surrounding the sector,' says Philip Koh, a friend of Tong. 'Though he makes short shrift of foolish argument, he is extremely clinical, focused, very human, informal and warm.'

His open-collared shirt and trademark 'folding of hands' when answering questions marks Tong's informality. His easygoing image blends well with his entry into the multimedia world.

Tong has put the business weekly The Edge on a firm footing. Set up in 1994 with partners that included Land & General Bhd's Tan Sri Azmi Wan Hamzah and Datuk Effendi Norwawi, then chairman of Sarawak-based Encorp Group, the paper only started turning in profits from 1998. Last year, he proposed to take over the loss-making daily The Sun.

Tong is in the process of injecting the two publications into his listed vehicle, Nexnews.Com Bhd, for a total of RM37 million. Under the proposal that is awaiting regulatory approval, Nexnews will take up 70 per cent of The Edge and 74 per cent of The Sun.

Living up to the epithet 'financial whizz kid', Tong came out with an ingenious plan to acquire both print media companies. The proposed acquisitions do not burden the financial resources of shareholders of Nexnews, Tong included. Under the deal, Nexnews pays for The Edge and The Sun over a 10-year period only if the entities make operating profits (see separate story on Nexnews).

To complete his print media operations, Tong is said to be looking for a strategic stake in a television station. The station said to be in his mind is MetroVision, which suspended operations a year ago.

This is not the first time Tong has been associated with MetroVision. His name cropped up as early as the second quarter of last year.

However, this time it could be for real. Sources say that Tong has shown genuine interest in MetroVision, although its debts could be a deterrent. But it is the only station up for sale at the moment.

MetroVision is in dire need of funds to re-start operations. Its loans have gone sour with some being sold to Danaharta Nasional Bhd. The senior management of the company did a management buyout (MBO) last year for a nominal sum of RM1 from Senandung Sesuria Sdn Bhd. This is in lieu of the huge accumulated losses of the station - RM202.5 million as at December 1998, according to documents from the Registrar of Companies.

Members of the MBO team do not have the financial resources to resume operations. It is no secret that they are actively seeking a strategic investor to help kickstart the company by June this year.

Some MetroVision officials, although appalled by the number of interest shown that have fizzled out since the broadcast station went off air more than a year ago, are still hopeful they will find their saviour. They admit that Tong has indicated interest but are still cautious over the possible outcome.

'A host of names has cropped up since the hype surrounding media stocks started in the second quarter last year,' laments a former MetroVision employee. 'Tong, Sapura and many others have indicated interest at one time or another. But nothing has happened.'

At the time of writing, a member of the MBO team says that the deal to revive MetroVision is in the final stages. 'We hope to conclude a deal within the next one month', he says, 'and resume operations nationwide by the middle of the year.'

With shareholders' funds in deficit of more than RM200 million, whoever turns out to be the strategic partner in MetroVision will not have an easy ride.

The electronic media industry generates close to RM1 billion in turnover a year. Stripping off the free advertisements and promotions, the actual

amount in advertising revenue is about RM780 million. TV3 takes up nearly 45 per cent or about RM340 million. The remainder is shared among TV1, TV2 and ntv7. If MetroVision comes into the picture, it will be hard pressed to get even RM70 million in advertising revenue per year.

Running a broadcast station saps a company of RM3 million a month at the very least. To run a fairly decent outfit with an active news and current affairs team, a must if MetroVision is to make an impact, a budget of RM5 million is imperative.

Unlike most other businessmen who languish in times of recession, finance does not appear to be an obstacle for Tong. Although his net gains from selling his interests in Avenue Assets and PAB cannot be confirmed, he is still wealthy by normal standards.

The Tong clan in Klang is generally known to be wealthy and used to run the bus operations between Klang and Kuala Selangor. However, Tong was not born with a silver spoon in his mouth, though he does come from a middle-class family.

Tong's late father used to operate the 'Tong Motor' workshop on Jalan Batu Tiga Lama in the heart of Klang town. It is said that the family used to live above the shop. Associates say Tong made his early pile as a stockbroker and from cutting corporate deals.

'He was adapt with numbers and not greedy,' says a former associate.

After selling his interest in the PhileoAllied Group, Tong acquired a 45.52 per cent stake in Gemtech Resources Bhd (later renamed Nexnews) in March last year for RM74.8 million or RM4 per share. The value of his investment tripled within a month, thanks to his reputation as a tech-savvy entrepreneur.

Frenzied investors drove up the price to a peak of RM13.70. Nexnews ended the year as one of the most improved stocks in terms of capital appreciation. But it is also one stock that has seen wide fluctuations in price. Speculators who bought at the peak would be counting heavy losses now.

Reshaping MetroVision will not be a problem for Tong - if he is interested in the outfit. The bigger question is, will the authorities allow him to run a broadcast station? Investments in media companies are subject to official scrutiny.

It is still unclear if Tong has been 'acceptable' again. There are contrasting opinions. Some industry observers feel that since he has received the blessings to acquire a majority stake in The Sun, things cannot be too bad. His partner in the newspaper company is Tan Sri Vincent Tan, an influential tycoon heading the Berjaya Group.

Detractors claim that at the height of Anwar's reign in the Ministry of Finance, Tong was arrogant, brash and was often touted as the adviser to the minister.

'The PhileoAllied annual report then sounded like a text from the Ministry of Finance,' quips a Singapore-based fund manager.

He also stepped on the toes of officials in Bank Negara and Securities Commission who frowned upon some of his financial products. For instance, his CorporateOne Account scheme gave interest to current accounts of corporations. This worked up the competitors. Tong relented after pressure from Bank Negara. Similarly, he also earned the wrath of remisiers when he came out with an online trading scheme that by-passed them. (See separate story on Tong's IT achievements.)

Property developers also viewed with envy the prime plots of land that Phileo Land got. Among them are two strategic plots along Jalan Yap Kwan Seng in Kuala Lumpur and a prime site along Jalan Damansara in Petaling Jaya. Tong's buddy from Klang, Rudy Koh, was roped in to handle the property development aspects of the Phileo Group.

However, there are no dissenting views on the business acumen of Tong or his ability to motivate staff. Even detractors concede he is highly analytical and mature in handling human relations issues.

'He not only deals with strategic issues but is also committed to understanding the human resource dimension,' says an official of PhileoAllied Bank. 'Tong interviews all key personnel. He designed a human resource assessment system that involves all-around assessment of personnel including general managers.'

When Tong left the PhileoAllied Group, many key personnel joined him in his new ventures.

Supporters of Tong point out that he made enemies because he spoke his mind. Also, among the corporate figures aligned to Anwar, Tong was identified as one of the few who were 'real businessmen' and who actually built a company.

'Tong spearheaded the recovery of loans of the Cooperative Central Bank (CCB) and refunded depositors dollar-for-dollar. It was an important achievement for Anwar,' says a Tong sympathiser.

He also points out that Tong did not embark on any dealings that hurt the public or minority shareholders. 'He did not build a product that fleeced the public,' says a fund manager. 'You do not find corporate governance issues in companies Tong is involved in.'

After obtaining a degree in accounting, corporate finance and economics from Simon Fraser University in Vancouver, Canada, Tong came back to Malaysia to join Olivetti as a salesman. He joined the Malaysian Chamber of Mines as an economist in mid-1985 when the tin industry was on the verge of collapse.

'He was a guy with enthusiasm and full of ideas. He came up with some interesting theories like, if the demand-supply reached a certain equilibrium, the price of tin must be at a certain level,' recalls Muhamad Nor Muhamad, the chamber's executive director. 'Compared with some (economists) before and after him, he was one step ahead. Always forward-looking. I sensed that he would not be long with the chamber.'

And Muhamad was right. Eighteen months into the job, Tong left to join Arab-Malaysian Securities where he met his eventual Bumiputera partner, Ahmad Abdullah. From Arab-Malaysian Securities, Tong joined Morgan Grenfell Asia Securities in 1988.

He was riding high as an equity analyst in Morgan Grenfell until he made a wrong call on Aokam Perdana Bhd, the timber-based company. 'But then,' comments Phua Lee Kerk, a fund manager in Singapore, 'every other analyst in town also made a wrong call on the stock.'

In 1991, Tong together with Ahmad and Hong Kong-based Peregrine Brokerage Ltd, took over a languishing Ipoh-based stockbroking company, CS Securities. In fact, Philip Tose, Peregrine's head in Hong Kong then, was more interested in offering Tong a job. Apparently Tong's reply to the offer was: 'I'd rather you be my partner than I be your employee.'

In 1994, Tong received the blessings of the authorities to take over United Overseas Bank Ltd in Kota Kinabalu. He had also by then finalised the rescue of CCB. He lumped all the financial units into Linatex Process Rubber Bhd and transformed Linatex into a fully-integrated financial outfit, renaming it PhileoAllied Bhd.

A year later, Tong took over a languishing Kampung Lanjut Tin Dredging Bhd and made it his property arm. The company was later renamed Phileo Land Bhd. Unfortunately, his days as a corporate speedster lasted only until 1998.

When Anwar fell, it looked like the end for the open-collared CEO. His tireless efforts to build a financial empire jumped the tracks. But Tong has reinvented himself in the media world.

However, unlike banking, the competition here is tough and information is flowing for free. Reviving The Sun will be a test case for Tong. Worst still is the scenario if he decides to take up MetroVision. His business skills will be tested to the hilt in the next few years.

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