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Statement by DPM Lee Hsien Loong

96 - LHL - 30

Nassim Jade & Scotts 28

BACKGROUND

1. I entered politics in 1984. When I was elected to Parliament, I already owned two apartments, which my parents had helped me buy many years earlier. I had lived in one of them since I married and started my own family.
2. In 1985 I remarried. The next year my wife and I looked for a bigger house, as we planned to have more children. I bought a house with my parents' support, and have lived in it for the past 9 years. After 1986 neither my wife nor I bought or sold any properties, until last year.
3. In October 1992, I discovered that I had lymphoma, and began chemotherapy. I again started looking for a property to purchase. My four children were very young. I had some savings, including in the CPF. I wanted to invest them prudently so that if anything happened to me,

my family would be provided for. My parents offered to help out financially when I found a suitable property.

4. I decided to invest in property in Singapore, instead of putting the money in shares or overseas assets. I was confident that with good government, Singapore properties would appreciate steadily in value over the long term. I decided against investing in shares because neither my wife nor I wanted to manage a portfolio of shares. Besides, as a Cabinet Minister, especially one with responsibility for economic policy, it would not have been right for me to be trading actively in shares.

5. My wife scanned the classified advertisements, and visited several possible properties. She went to open houses at weekends. She also drove around to look for signboards for new developments. When she spotted any possibilities, she would make discreet telephone enquiries, using her maiden name. If the property was promising, she would do more groundwork checking on prices, developer's reputation etc.. Only when she was

reasonably satisfied would she get me also to go take a look. I went with her once or twice in 1993.

6. In the end, after looking at many possibilities, we did not buy. The main reason was that we felt that prices were very high. We thought that the market would correct. We were not to know that prices would rise much more. We kept our options open by reviewing possible properties from time to time in 1994 and 1995.

7. Nevertheless, word that we were interested quickly spread. We regularly heard rumours about us moving to new homes. Friends and colleagues asked whether we had bought properties at various places, some of which we had never heard of before. We therefore knew that when we finally made a purchase, it would be the object of considerable public interest.

NASSIM JADE

8. In April 95, I learnt from my mother that Hotel Properties Ltd (HPL) was developing a small property

called Nassim Jade. My wife thought it would be a good investment as Four Seasons Park, also developed by HPL, had a good reputation for quality.

9. My mother told me to get in touch with Mrs Pamela Lee for more details. She is the wife of my uncle, Dr Lee Suan Yew. She is a close family member, who gave quite a bit of support for my children when they were younger, especially before I remarried. She had also given my wife some leads previously when we were house hunting. We later met Dr and Mrs Lee to confirm our interest in buying a unit.

10. My mother sent me a brochure on Nassim Jade, together with a price list and some information on the units available. As we were not sure which of these units would still be available, my wife and I shortlisted and ranked 9 possible units.

11. A day or two later, my wife learnt, either directly from HPL or through Mrs Pamela Lee, that none of our

selections were available. Instead HPL offered her one other unit, #02-06. She was also informed that there was a 7% discount. The price, net of discount, was \$3,570,100.

12. I read this morning that Mr Ong Beng Seng, the Managing Director of HPL, had said at his press conference yesterday that HPL had not issued any price lists for Nassim Jade. I was surprised, as I had received such a price list for Nassim Jade (but not for Scotts 28), which came together with the brochure from my mother. I can only surmise that the HPL staff made a mistake, and gave the list to my mother when she visited the HPL office, because I also received another copy of the brochure from Mrs Pamela Lee, which did not have a price list inside.

13. My wife and I agreed to this unit and price without bargaining. Having spent more than two years looking for a property without any result, we had decided to try to buy a unit soon. We had also concluded that property

prices were unlikely to fall, even though we had considered them to be too high for a long time.

14. We did not consider the 7% discount significant. We knew that developers routinely gave discounts from the nominal list price. At \$1,658 psf, the discounted price was much higher than most other condominiums in the vicinity, or for that matter in Singapore.

15. A few days later, Mrs Pamela Lee telephoned me at home. She had a message from Mr Ong Beng Seng, the Managing Director of HPL. He had told her that HPL had already committed unit #02-06 to another buyer. He requested her to ask me if I would agree to change to another unit, #02-07. This was bigger than #02-06 and would cost \$75,000 more – \$3,645,100. He quoted the price in dollars, for the total sum. No discount percentages were mentioned.

16. I immediately replied that I accepted. I did not bargain. When I told my wife, she agreed with my

decision. #02-07 was also not one of the units on our original shortlist. At \$1,565 psf, the price was still very high, but my wife felt that it was acceptable, using the Four Seasons Park prices as her benchmark. We did not calculate the percentage of the discount, as this was not a factor for our decisions.

17. The next day, I instructed my lawyer, Miss Kwa Kim Li of Lee & Lee, that I had agreed to purchase unit #02-07 instead of unit #02-06. My wife and I put the unit in our joint names. When we signed the sale and purchase agreements, Lee & Lee lodged the usual caveat against the property in the Land Registry, setting out our names and the purchase price, to give notice of our interests in the flats.

18. Neither I nor my wife visited the Nassim Jade site or HPL's office. Throughout this transaction, I never met or talked to any of HPL's directors or managers, except for Dr Lee Suan Yew and Mrs Pamela Lee, as I have recounted.

SCOTTS 28

19. In October 95, I learnt about Scotts 28 from my mother. I was still looking out for one more apartment investment. My four children are now between 7 and 15 years old. They all read, even the youngest. But they are all different, with different personalities and needs. My eldest son is studying at the Singapore School for the Visually Handicapped. He is taking his PSLE this year. My wife and I had discussed often, and had decided to buy one more property to make some specific trust arrangements for our children for part of my assets.

20. My mother sent me the brochure, which she had obtained through Miss Kwa Kim Li. I asked Miss Kwa Kim Li to book one unit. I accepted the unit HPL offered, at their offer price of \$2,776,400, which I considered reasonable. No discount was mentioned. This worked out to \$1,365 psf.

21. I subsequently signed the sale and purchase agreement, and again put the unit in the joint names of my wife

and myself. My lawyer filed two caveats in the Land Registry, one when HPL gave me the option form, and another after we signed the sale and purchase agreement.

22. This entire transaction was done through my lawyer. My wife and I had no contact whatsoever with any of HPL's directors or staff on this matter. Neither have we visited the Scotts 28 site. Dr Lee Suan Yew and Mrs Pamela Lee were completely not involved in this second transaction.

QUERIES

23. In March 96, when SES was investigating HPL, the Prime Minister asked me whether I had bought properties in Nassim Jade and Scotts 28. I told him I had and the prices I paid. The Prime Minister then asked what discounts I received. I did not know. I then looked up my files, and calculated, based on the price I agreed to and the price list I had, that HPL had given me a discount of 12% for Nassim Jade. This was when I first became aware that the discount had been 12%.

24. For Scotts 28, I had no record of any list price, or discount from list price. On 1 April 96, I asked Miss Kwa Kim Li. She said that she was not aware of any discount or published list price. However, she did not think that the price I had paid was special.

25. Kwa Kim Li explained that when SM and I bought the Scotts 28 units, she decided to check that the prices we were paying were reasonable. Lee & Lee had acted for other buyers above and below our units, and for buyers of different type units in the same development. She had compared the prices, and found them all fairly consistent, with regular increases for each higher level. She had not told us about this at the time, as it was not her duty as solicitor to check the pricing.

26. At my request, on 1 April 96 Miss Kwa Kim Li asked Mr Thio Gim Hock of HPL whether any discount had been given. Mr Thio said that HPL had not published any price list for Scotts 28. HPL had given me and Senior Minister a discount of 5%, together with more than 30 other buyers,

but had not declared this at the time we purchased the flats. This was the first time Miss Kwa Kim Li knew that there was a discount, and the first that SM and I learnt of the 5% discount on Scotts 28.

27. Miss Kwa Kim Li has given SM and me her statements on both transactions because she handled them and knew the facts better.

SECRECY? IMPROPRIETY?

28. There was nothing secret about my purchases at Nassim Jade and Scotts 28. My wife and I put the properties in our joint names. We made no attempt to conceal the purchases. Information about these purchases were available to the public through the caveats lodged at the Land Registry.

29. In fact, I regularly received letters in the mail from housing agents who offered to find buyers if I wanted to sell. They must have looked up my name in the Land Registry. I just threw these letters away. I had bought

these properties not for speculation, but as long term investments to provide for my family.

30. When I bought the units, I did not know what HPL was charging other buyers, or what discounts HPL was offering, particularly to buyers who bought after me. The high prices I was paying gave me no reason to believe that HPL was offering me special terms. I assumed that HPL was charging me what it was charging other buyers.

31. HPL's press statement yesterday, explaining how it priced and sold units at Nassim Jade and Scotts 28, confirmed that they had treated their sales to me on a purely commercial basis.

32. When we became aware of the speculation and rumours about the properties we had purchased, SM and I decided to bring the matter out into the open through a public statement. To have remained silent would have given the wrong impression that we had something to hide, or to be ashamed of.

33. After the Prime Minister announced that in future Ministers should first clear their property purchases, together with any known discounts, with him, we decided to give the discounts we had received to the Government. We wanted to put the matter beyond doubt that the Prime Minister would have approved our purchases under the new rules, had these rules been in place earlier.

34. The Prime Minister has since asked the Accountant General to return our cheques. SM and I have decided to give the money to charity, to underline our position that we had never asked for the discounts and did not purchase the properties because of them.

CONCLUSION

35. I have recounted how I bought the units at Nassim Jade and Scotts 28. I have also told Members about the other properties which I had previously bought, so that you will know the background and circumstances of the purchases at Nassim Jade and Scotts 28. These are really private matters which I am under no obligation to

disclose publicly. But I have explained them to dispel any lingering mystery or doubt over my purchases at Nassim Jade and Scotts 28.

36. The high standard of honesty and integrity which the PAP has established is one of Singapore's most precious assets. It is a system which I grew up with, and which I value. As a Cabinet Minister, I am all the more conscious of my duty to uphold these standards, and to set the tone, by example, for what constitutes proper conduct on the part of political leaders and public officers. My moral authority depends on this.

37. I am therefore grateful for this opportunity to explain the facts of my two property purchases last year, and to answer Members' questions on this matter.