

A

cheongsam is a practical piece of clothing, says Straits Trading executive chairman Chew Gek

Khim. It requires minimal matching and is efficient to tailor-make. One set of measurements and you can order 10 pieces in different fabrics. That is probably why she wears one all the time.

Her perspective in life carries the same pragmatism. The granddaughter of the late OCBC chairman Tan Chin Tuan has spent the last nine years since her 2008 takeover of Straits Trading from OCBC's Lee family painstakingly and systematically building the company back to profitability.

The company is her grandfather's legacy, one of about a dozen that he had helped to build up in his time at OCBC, and the only one that Ms Chew had managed to wrest back control of when the lender was required by the Monetary Authority of Singapore to divest its non-banking assets by 2006.

She did so on the instruction of her grandfather, who died in 2005. "Firstly, he felt it was his life's work," she says. "Secondly, it's something very few people appreciate today: It meant a lot to him that Asians were controlling listed companies. You have to understand that he came from a colonial era. Everything was controlled by the British. For Singaporeans to own these companies meant something."

Within the stable of companies that OCBC had invested in, the iconic Raffles Hotel was sold in 2005 to US investment firm Colony Capital for about US\$1 billion as part of a larger package of properties, hotels and resorts. A year later, OCBC also sold most of its stake in retailer Robinson & Co to Indonesia's Lippo Group for S\$203 million.

Fast forward nine years. Last week, Straits Trading reported a net profit of S\$67.3 million for the full year ended Dec 31, 2016, a surge from just S\$8.5 million a year ago. The group declared an interim dividend of 6 cents per share for FY16, up from four cents a year ago.

In the incubation years, profit had risen and



PHOTO: KELVIN CHNG

LESSONS FROM MY GRANDFATHER

Straits Trading chairman Chew Gek Khim talks about her approach in business, as in life, and shares a pet peeve.

BY LEE MEIXIAN

THE RAFFLES CONVERSATION

fallen as the firm made various provisions while it underwent restructuring, but since FY13, it has returned to the black and stayed there.

"By 2016, you can see that the hard work was starting to pay off. The businesses that we have been working so hard to build have actually started to deliver the results we want," she says in an interview with *The Business Times*.

Today, the investment holding company seems to the outsider to be a hotchpotch of interests that don't appear to go together: property, hospitality, and resources.

Straits Trading was founded upon tin smelting and trading, activities that were the economic lifeblood of the region when it started in 1887. Over the century, it expanded to cover new emerging sectors such as equity investments, property and hospitality across the Asia-Pacific. Still, some may scratch their heads at the mix of property and tin smelting, but it does not bother Ms Chew.

"Hanging onto the smelting and mining business - people have said it doesn't make sense. But to me if it makes money, it makes perfect sense... Some people will say it's unconventional, but to me, while it's not exactly conventional, it's not illogical."

In 2014, the company sold its trophy asset, the Straits Trading building on Battery Road, to the Sun Venture Group for S\$450 million, or about S\$2,800 per square foot (psf). Two years later, the building again changed hands, this time going to Indonesian tycoon Tahir for S\$560 million or about S\$3,520 psf.

"It was not such an easy decision," she says of the sale. "First, I think it's emotional. It's a beautiful building. It's nice and iconic, but I thought that it was more suited for a tycoon, not a listed company... Shareholders are not going to benefit from a trophy asset. Frankly, a tycoon with a big ego may, but shareholders want a return."

The sale brought to mind a story that she has related before, of one time when she was shopping with her grandfather. She had stopped to look at a pair of diamond earrings, and he had told her matter-of-factly: "You know, Khim, diamonds don't pay dividends."

The lesson in those words was that every investment needed to generate a return. And the Straits Trading building was just not bringing in enough of it. Proceeds from the sale were re-deployed into Straits Real Estate (SRE), which has fund platforms investing in real estate around the world.

The legally trained Ms Chew chooses her words carefully when she speaks. She says: "I am not a rebel. But sometimes I look at things and go back to fundamentals, and if certain things don't make sense, I sometimes find it very difficult to toe the line."

Another thing she has picked up from watching the way her grandfather works is that things have to be done fairly and always with integrity.

"People have always asked how SRE ensures that there is no conflict with ARA (Asset Management). One of the things we do is, everything is done at arm's length. Not only do we have the regulatory procedures of all the committees, we put different people in charge and let them decide."

SRE and ARA are related companies - Straits Trading owns about 90 per cent of SRE, with the remaining 10 per cent owned by the family office of ARA group chief executive John Lim.

CHEW GEK KHIM

**Executive Chairman
The Straits Trading
Company**

Born in 1961

1984 Bachelor of Laws (Hons),
National University of
Singapore

Career highlights

1984-1987 Lawyer at Drew &
Napier

1987-1997 Understudied her
grandfather at Tecity Group

1997-2003 CEO, Tecity Group

Since 2003 Executive
Chairman, Tecity Group

2008 Led Tecity's takeover of
Straits Trading Co

Since 2009 Executive
chairman, Straits Trading Co

Current appointments

Chairman, Malaysia Smelting
Corporation Berhad

Chairman, ARA Trust
Management (Suntec)

Limited

Deputy Chairman, ARA Asset
Management Limited

Non-executive Director,
Singapore Exchange Ltd

Deputy Chairman, Tan Chin
Tuan Foundation

Chairman, Tan Sri Tan
Foundation, Malaysia

Member, Securities Industry
Council of Singapore

Member, SSO Council

Member, Board of Governors
of S Rajaratnam School of
International Studies

Key Awards

2010 Chevalier de l'Ordre

National du Mérite

2015 Singapore Businessman

of the Year 2014

2016 Meritorious Service

Medal, National Day Award



Straits Trading also owns about one fifth of ARA, which is currently in the process of being taken private by a consortium led by Mr Lim.

For ARA, the privatisation move is not an end in itself, but an attempt to remove the hassle of staying listed while major corporate changes are under way, Ms Chew says.

"There are a lot of disclosures, approvals, EGMs (extraordinary general meetings) needed for a listed company. It's going to be a real nuisance, therefore it's logical to take it private. Even in Straits Trading, we had a lot of hassle when we made changes, for example when we did the takeover of WBL Corporation."

This occurred from 2012 to 2013. Ms Chew had initially also tried to acquire WBL Corporation but dropped out after United Engineers enlisted OCBC, Great Eastern Holdings and OCBC's founding Lee family in its counter-bid. Straits Trading eventually sold its stake in WBL to United Engineers at a premium.

"The thing about a listed company is that you need shareholders' approval, so you can imagine every time you make something dramatic or you make a big acquisition, you have to call an EGM. It is a pain."

Coming back to the corporate familial relationship with ARA, Ms Chew says that the need to be fair was the reason she didn't sell the Straits Trading building to an ARA real estate investment trust such as Suntec Reit - because negotiations were at arm's length and also because she received a better offer.

Her one pet peeve with Straits Trading's stock after all these years is that she feels that investors have not accorded the company the value that she thinks it deserves. The stock closed at S\$ 2.19 on Friday March 10, more than 30 per cent below its net asset value of S\$3.34 as at end-2016.

"I think the market has failed to recognise that the changes that we have been talking about have started to happen," she laments. "From the time we took over, you'll find that the returns were pretty lumpy, but as the Q3 (FY16) results show, SRE as a business has started to generate a return. The Malaysians smelting business, if you strip off the write-off, is also generating a return. Each business is now starting to generate its return. I'd say we are not

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Ms Chew on her 2008 takeover of Straits Trading, which her grandfather Tan Chin Tuan (left) had built

quite there yet because this is maybe the first round. I would like to see this consistent over a period of years."

She has been asked at analyst briefings if she would consider taking Straits Trading private given the wide trading discount. She said "no". She tells BT that she likes the idea of Straits Trading being listed.

"Two reasons. One is listing allows you to tap markets when you need to, even though at this price, it's tricky and a bit of a disadvan-

age... The other advantage is that it's very good discipline, and I like that because there are so many rules that everybody has to follow, you are less likely to be sloppy."

Perhaps, it is the lawyer in her. There is something about the accountability that market regulations demand as well as the orderliness they result in that she likes.

It promotes equity and fairness, not just in business but in normal human behaviour, she says. In the listed universe, disclosures also force companies to reflect on their actions.

"People always think they're right but when you have to be transparent and accountable, it forces you to think: Is this really right? If you can't explain your actions, then perhaps it's not exactly right," she says.

For now, with the company structure re-jigged and in place, her aim is to ensure that Straits Trading's profitability remains sustainable and that the business continues to be properly executed. "You can always slip up in execution," she says. "You can make the wrong investment, make the wrong decision."

On the side, she also continues to manage the Tan Chin Tuan Foundation, established in 1976, that she inherited from her grandfather.

The challenge for the foundation has been to transform itself to remain relevant. In 2006, as part of its strategic revamp, Ms Chew introduced an approach to encourage the voluntary welfare organisations (VWOs) that turn to the foundation for funds to be more focused in their planning and rigorous in their execution.

In philanthropy as in business, she wanted good governance and accountability from the VWOs to ensure a multiplier effect for each dollar donated. She wanted them to draw up good plans and measure the success of their outcomes. She didn't want to "waste" hard-earned money that could otherwise go towards pay raises for her employees. A portion of Straits Trading's earnings go towards funding the foundation.

Her actions upset some of the VWOs. "I had a lot of resistance. They were all very mad with me," she says.

But she sent her staff from the foundation to help these VWOs work out their strategies. And in the next year, the same organisations that had been annoyed with her came to appreciate the value of her approach because they reaped the benefits of it.

She knows she has not been very conventional in her approach towards things in life. She says with a laugh that she was born this way. Perhaps, some of it came from her grandfather, whom people have described as brilliant and powerful, but also obstinate, tough and shrewd.

She never expected to become the one in the family to continue her grandfather's legacy; neither had she been groomed for the role as many have suggested. But she was chosen, and one cannot help but wonder if it was because the old man had seen a spark in her that was just like himself.

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