

THE YEOS - IN SEARCH OF MARKETS

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Introduction

Companies domiciled in Southeast Asia are following the current global trend of seeking new markets beyond the political boundaries of nation states. Many Chinese companies whose ancestors had travelled the world in search of new markets at the turn of the 20th Century, are now in the enviable position of branching out. The return to China phenomena to re-establish joint ventures in the land where their ancestors first learnt the trade is part of that continuous process of searching for markets. This is certainly the case with Yeo Hiap Seng, one of Southeast Asia's leading food and beverage manufacturers.

In tracing the formation, development and restructuring of Yeo Hiap Seng from a small family company manufacturing a single product, soya sauce, to a conglomerate with diversified interests - we find a familiar story of hardships endured, and entrepreneurial flair combined with a canny ability to sustain a business through generations. Like so many family based companies, Yeo Hiap Seng, has had to adjust its shareholdings to accomodate the national policies of the countries in which they operate. How they have managed to do so whilst still retaining control is also a fascinating saga of business adaptability. The principal activities of both Yeo Hiap Seng (Malaysia) Berhad, (YHS (M)) and Yeo Hiap Seng Limited Singapore, (YHS (LTD)) are manufacturing and marketing food and beverages. YHS (M) Berhad is one of the four largest producers of food and beverages in Malaysia and YHS (Ltd) is the largest in Singapore.

Historical Background

The 1920's in China were a period of civil unrest which brought about economic upheavals and extreme poverty among the population. It was an extremely heart rending period when families were broken up because it was thought prudent to send their sons abroad. The push factors included the fear of military conscription, extreme poverty and lack of business opportunities. On the other hand, stories of economic opportunities and abundance in Southeast Asia and the United States were attractive pull factors. The large numbers of arrivals into Southeast Asia can be attributed to the Sino-Japanese war in 1937.

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The Yeos' were one such family. At the turn of the century Yeo Keng Lian had an established soya sauce factory. In search of wider markets and better economic opportunities, a branch of this closely knit family moved from Fujian through Hong Kong to set up base in Singapore. In Singapore, the family strove to build the business which, in two generations, has grown into a Singapore-based conglomerate marketing over 160 products all over the world. Their penetration into Malaysia began soon after the Second World War. However, it was the New Economic Policy that saw the incorporation of YHS (M) Berhad an associate company of YHS (Ltd).

Yeo -The Family

The man who was wholly responsible for the foundation of the YHS empire was Yeo Keng Lian who was born in Fujian in 1860. He was the youngest of three sons. He was able to trace his ancestors to his great grandfather Tun Haw Kung. However, as there were no written records at that time there was no way of identifying their business interests, if any. It is accepted that Yeo Keng Lian was the founder and initiator of the soya sauce business in his family.

At the age of 11 years, Yeo Keng Lian was sent to a private school where he studied for four years. When he left school, he worked briefly for his cousin as an errand boy. A year after leaving school, he accompanied his father to Zhang Zhou and was a shop assistant in the Hiap Hing Soy Sauce Garden in Silk Street. This was his first contact with soya sauce production which was to expand into a very profitable business in Fujian. From these humble beginnings, a global business empire was formed to the extent that the name Yeo is now synonymous with soya sauce and non-carbonated drinks.

Paid a modest '600 cash' a month, Keng Lian's loyalty, diligence and general helpfulness to other workers brought him to the attention of the owner.¹ His salary rose to '1500 cash' the following year and to three silver dollars in his third year of employment. This was a princely sum at that time. In his fourth year of employment and when he was only 19 years old, he was promoted to manager. He continued to work for Hiap Hing Soy Sauce Garden.

First Business Venture

When Yeo Keng Lian was 37 years old he resigned from his employment and started his own business. He was able to put together 40 silver dollars and with this as capital, he set up the Hiap Bee Soy Sauce Garden. Due to his long experience in this field and his hard work, this soya sauce factory was successful. In only two years, he had made a handsome profit. In order to expand his operations, Yeo Keng Lian teamed up with a partner. In 1901 they set up a 'soy sauce garden' called Hiap Seng in Sin Wah Tung Road, Zhang

Zhou. This enterprise required a capital of 1200 silver dollars. However, he had only 220 silver dollars and borrowed the balance of 380 silver dollars from friends. This business was successful and within a year was able to repay his debts to his friends. Two years later, disagreement arose between the two and Yeo Keng Lian's partner left the business taking with him the original 600 silver coins capital plus some profits. Thus Yeo Keng Lian was left the sole proprietor in complete control of the Yeo Hiap Seng soya sauce factory. He was 44 years old.

Yeo Keng Lian - A Respected Member of the Business Community in Zhang Zhou

From the brief biography of Yeo Keng Lian written by the Reverend Auyong Haw, we have an understanding of the man who was respected both in the Church and the business community. He was a deacon and subsequently elected an elder of the church which he served for 20 years. When the business community in Zhang Zhou formed 'Zhang Zhou Association' it was natural for them to elect Yeo Keng Lian as the chairman. The Chamber of Commerce made him a director. The Reverend Auyong Haw wrote that he was well qualified for the position as he was not out for personal power or profit. He served in his positions very ably. The leaders of the society regarded him in high esteem. He viewed his success as the result of hard work.

Preparing the Next Generation

The history of Yeo Heng Lian's branch of the family demonstrated how a founder passed on the family business and one of the ways was through education. Yeo Keng Lian and his wife Madam Khaw At, were fortunate in their family of five sons, Thian In, Thian Soo, Thian Kiew, Thian Seng and Tian Hwa and three daughters, Sook Keen, Sook Chien and Sook Sin. His foresight in business was matched with a similar far sightedness in realizing that education would be a mighty weapon for his children. He was one of the earliest men of his time to encourage his children towards the pursuit of a sound education. In this matter, he gave equal opportunities to both sons and daughters. Although at that time he was not very well established or prosperous, both he and his wife were determined to give every encouragement to their children in their studies with the result that all five boys and two girls completed their tertiary education. They were proud to say that there were five Yeo male graduates in one branch of the family.

His children were very successful in school and they became examples to others. Thian In graduated from Trinity College, Foochow, Thian Soo graduated from Iok Hian School, Zhang Zhou, Thian Kiew graduated in Political Science

from Peking University and later went to Japan to further his studies. Thian Seng graduated in Physics from Nankai University, Tian Hwa graduated in Commerce from Amoy University. One daughter graduated in Commerce from the National China University and a second graduated in Education from Peking Normal University.

Transfer of Control

Yeo Keng Lian's struggle since the age of fifteen first as an apprentice and subsequently in a bold move to establish his own business and his unwavering contributions to the business community in Zhang Zhou had taken a heavy toll on the man. The soya sauce factory was running successfully. When he was 60 years of age, he decided to relinquish his control of the company to his eldest son Thian In. At that time, Thian In was only 22 years old with younger siblings to educate and support. His youngest brother Tian Hwa was then 8 years old. Thian In started to learn the business and in 1927 when he was 30 years old, his father passed away.

The transfer of control was according to Chinese traditions and expediency because apart from Thian Soo, the other brothers were still at school. Thian In had graduated from Foochow Sam Yee College the year before and was the most obvious and able person to take over the business. With advice from their father, Thian In and Thian Soo promoted their product so effectively that supply could barely keep up with demand.² In 1928 Thian In bought a piece of land at Nam Men Po Ay Road and the Yeo Hiap Seng Sauce Manufacturing Company was set up. During this period, Thian In diversified into the sale of salted vegetables like 'Choy Sum bud' and melon seed bud. Under his able leadership, they had opened three sauce factories.

The beginnings of Yeo Hiap Seng demonstrates the willingness to relocate from scratch and endure great hardships in their search for new markets for an old product. As mentioned earlier, one of the push factors was the political instability of China. Matters come to a head on the 7th of July 1937 when the Marco Polo Bridge Incident took place. This resulted in the Sino-Japanese War. Through family consensus it was decided that as the eldest, Thian In and his family would leave China to explore the possibilities of setting up business outside China. The factories in China would be left to the younger brothers to manage although at that time the youngest was still studying. In an interview, Thian Seng recalled, 'But strangely our mother urged us to leave the country to further our business and seek a new life. We could not believe our ears that she should want us to leave her to seek our fortunes abroad. But she was adamant'.³

First Step - Hong Kong

Thian In and family left China, travelled to Hong Kong in search of new opportunities primarily to set up a soya sauce factory. Unlike most pioneers at that time, the Yeos possessed two vital ingredients which were to be of assistance to them. They were educated and they possessed skills in soya sauce making. This was in contrast to fellow pioneers who had left China with little or no skills other than hope.

Land was essential in the establishment of a sauce factory. The property prices in Hong Kong even at that time were high. With the limited capital held by Thian In, it was not feasible to start a factory there. Secondly, Amoy Canning had successfully entrenched themselves in Hong Kong and had cornered the soya sauce and canning market. It was owned by the Wong family and at that time managed by Wong Tock Siew.

It has been generally accepted that immigrants with considerable capital to invest would look to Hong Kong, Indonesia, Philippines, Canada and the United States. However, those with little or no capital would look towards Southeast Asia. '[T]here was meagre injection of immigrant capital and know how in Singapore in the early days, unlike the Hong Kong entrepreneurs whose industrial investment and technical and managerial contributions in Macau were significant'.⁴ Most of the early pioneers who came to Singapore often did not have money to pay for their fare and were rarely equipped with capital resources to start any form of business on their arrival. Most of them had come because of political upheavals and poverty in China. The Yeos were more fortunate in that they brought some capital and their skill in soya sauce making.

Business in Singapore

Planting Roots in Singapore

Thian In's astute business instinct made him move on to a less developed market place. In 1938, Thian In and his family arrived in Singapore. He did not possess either a substantial capital or networking in the business community in Singapore. However, he was armed with a knowledge of sauce making and financial experience from the old company.

As the head of the family, he was responsible not only for his immediate family but for his siblings in China and finally he was hardworking and determined to succeed. Soon after Thian Seng and Yeo Thian Kiew with their families arrived in Singapore. In September 1938 Thian In rented a house at the corner of Outram Road and Havelock Road⁵ where he started the sauce factory and sold soya sauce, bean sauce and pickles. There was an initial setback as the Singaporeans at that time favoured the Cantonese sauce which was dark and

sweet. The Fujian sauce was lighter and unknown in Singapore. Secondly, they were compelled to deliver the sauce to homes as was the custom then unlike in China where the people purchased the sauce from the factory. 1938 to 1940 were very lean years for the family and they were forced to ask for help from the family in China. While still struggling to make a living, the Japanese attacked Singapore and the soya sauce factory was directly bombed and numerous vats of sauce were destroyed. The bombing turned out to be a blessing in disguise. Whilst other soya sauce factories were closed by the Japanese the Yeo's factory was not affected because it was thought to have been destroyed. Thus through fate or chance they were able to start producing and to sell soya sauce.

During the war years, Thian Kiew, who was a teacher at one time promoted soya sauce by cycling all over town in a goods tricycle. He would read papers to his customers on current affairs and at the same time sell his products. These were bad times for the company. When peace came and other sauce factories were set up, the Yeos were already firmly entrenched. It was in 1947 that they purchased a 10-acre site in Bukit Timah for 35 cents a square foot.⁶

Complementary Personalities of the First Generation Years in Singapore

Of the five Yeo's sons, the eldest and the third sons seemed to have played a more prominent role in extending the family business into the next phase. Thian In the eldest son was prematurely thrust into the control of the business in China at 27 years of age and entrusted to look after the welfare and education of his younger siblings. A close family unit was nurtured and all members respected and obeyed him. Thian In was an innovator and experimented in new methods of production.

Thian In was confident that the Peoples Action Party (PAP) government would work towards a peaceful and economically advanced Singapore. Thus it was decided to expand operations in their new premises at Bukit Timah Road and venture into canning. They were able to employ an experienced technician from a competitor. Thian In's analysis of the business climate in Singapore was greatly admired by his peers.

Promoting Products and in search of new opportunities

Thian Kiew, the third son of Keng Lian, who was a teacher, became the man responsible for promoting the products of the company. He was also involved in seeking new markets and exploring expansion avenues for the company. In search of new markets, he travelled to Borneo to set up contacts and to sell his products. On one of his trips, he travelled on a Straits Steamship vessel, the Raja Brooke, on a 21-day trip with three other prominent businessmen, visiting Tawau, Jesselton and Sandakan. One of the gentlemen was Lee Choon Seng

who was the Chairman of the Overseas Chinese Banking Corporation. The other was Tan Huan Kee, the owner of one of the biggest departmental stores, the Aurora of Indonesia who had set up a branch of the Aurora in High Street Singapore. Such social contacts were important and often led to forging business ties and opportunities.⁷

Today, this connection with Sarawak and Sabah is maintained by Yeo Hiap Seng's factories there. Transport in Sabah has remained a problem although the road system in Sabah has greatly improved in the last decade, movement of goods by river is still important. Yeo Hiap Seng's biggest floating warehouse is a 120 tonne cargo vessel. It is the wholesaler market for various items of canned food primarily along the Rejang River and it is controlled by the Yeo Hiap Seng office in Sibul.⁸

The Second Generation Yeo in Singapore

The controlling shares of the present Yeo Hiap Seng Company stem from the sons of Thian In and Thian Kiew. In the initial years, apart from his siblings who contributed towards the development of the company, Thian In had the able help of his son Chee Kiat. Soon after, his other son Alan Yeo Chee Yeow returned after graduating in chemistry from England to work in the company. Chee Yeow has headed the company to a global conglomerate today.

One of Thian Kiew's sons was Michael Yeo who obtained an M.A. from Dublin University and worked for Yeo Hiap Seng Limited on his return. He served as the Honourary Chairman of the Singapore Manufacturers Association, Chairman of the Small Industries Advisory Committee and he also sat on the Economic Development Board of Singapore.

Consolidation of YHS (Ltd) Singapore

YHS was incorporated as a private company on 20th December 1955 under the name Yeo Hiap Seng Canning and Sauce Factory Limited. Its name was changed to Yeo Hiap Seng Limited on 7th November 1968 when it became a public company and was listed both in the stock exchanges of Singapore and Kuala Lumpur. In the initial years, the Group concentrated on the food and beverage industry and it is now the leading drinks manufacturer and distributor in Singapore with their own plants in Singapore and Hong Kong. They produce non-carbonated drinks, sauces and canned foods under their brand name 'Yeo's'.⁹ They produce over 130 types of sauces and over 100 types of canned goods. The food and beverage activities of Singapore are handled by YHS and in Hong Kong by its 51% subsidiary, YHS (HK).

The Group has ventured into other business lines. Table 1 lists the subsidiaries and associated companies of YHS. They have moved into the

Table 1
SUBSIDIARIES AND ASSOCIATED COMPANIES OF YHS (LTD)

	Group equity interest		Country of Incorporation	Cost of Investment	
	1988	1987		1988	1987
	%	%		S\$'000	S\$'000
Subsidiary Companies					
Pacific Computer System: Pte Limited	100	100	Singapore	51	51
Yeo Hiap Seng (Hong Kong) Limited	51	51	Hong Kong	14,390	14,390
Yeo Hiap Seng (International) Limited	100	100	United Kingdom	-	-
YHS (USA) Inc.	100	100	USA	6,486	6,486
YHS Trading (USA) Inc.	100	100	USA	545	545
YHS Investments (Canada) Ltd	100	100	Canada	354	354
YHS Trading (Canada) Ltd	100	100	Canada		
YHS Private Limited	100	100	Singapore		
Flowell Industries Pte Ltd	51	51	Singapore	612	-
YHS Pacific Fruit Concentrates Ltd	100		Canada	4,889	
YHS Mussel Farms Pte Ltd	100		Singapore	625	
Total				27,952	21,826
Associated Companies					
Yeo Hiap Seng (Malaysia) Berhad	37	37	Malaysia		
P.T. Salim Graha	25	25	Indonesia		
Tsang & Ong Stockbrokers Private Limited	25		Singapore		

Source: Yeo Hiap Seng Limited, Prospectus 30/6/1989, Rights Issue, p. 54.

manufacture of natural fruit flavoured concentrates and purees in Canada with a view to selling them to the Asian market. The Group further diversified with purchasing a Prawn and Mussel Farm and a 25% interest in a stock broking firm, Tsang & Ong Stockbrokers Pte. Ltd. The Group has enlarged its activities globally. However it still retains 40% interest in its associate company YHS (M) Bhd.

Business in Malaysia

Establishment of the Yeo Hiap Seng Companies in Malaysia

Yeo Hiap Seng in Singapore successfully launched itself into the canning industry in 1952 and began producing bottled soya bean drinks in 1955 at 10 cents a bottle. At that time, the Company was looking into the expansion of markets in Southeast Asia. Malaysia was an untapped and profitable market. In 1957, the company set up its first sales company in Malaysia, Yeo Hiap Seng (Sarawak) Sdn. Bhd. and two years later in 1959 it set up Yeo Hiap Seng (Perak) Sdn. Bhd. On 1st April 1959 Yeo Hiap Seng Canning Factory (Malaysia) Sdn. Bhd. was incorporated under the companies ordinance 1940/46 and the name of the company was changed to Yeo Hiap Seng (Selangor) Sendirian Berhad in 1970. The Company was initially a trading company but later commenced manufacturing drinks and canned products. In 1960, Yeo Hiap Seng (Malacca) Sdn. Bhd. was incorporated. In February 1969, the above four companies became wholly own subsidiaries of Yeo Hiap Seng Limited (Singapore).

The New Economic Policy

The New Economic Policy was a two-pronged plan to eradicate poverty and restructure society and economic imbalance. Towards this end improved education, training programmes and policies to modernize rural life were to be implemented:

The Government has set a target that within a period of 20 years, Malays and other indigenous people will manage and own at least 30% of the total commercial and industrial activities in all categories and scales of operation.¹⁰

In January 1974 in conformity with the New Economic Policy, Yeo Hiap Seng (Selangor) Sdn. Bhd. acquired the group companies operating in Sarawak, Perak and Malacca from Yeo Hiap Seng Ltd., Singapore. Six months later it became Yeo Hiap Seng (Malaysia) Bhd. and was listed on the stock market as a public company in March 1975. In this exercise to become a public company, YHS (Singapore) sold part of its shareholdings in YHS (M) to Malaysians

resulting in 60% being owned by Malaysians of which 30% was allotted to Bumiputras. YHS (M) was one of the first companies to conform to the New Economic Policy with reference to Bumiputra participation. Datuk Shamsudin bin Nain and General Tunku Osman bin Tunku Mohd. Jewa were appointed to the Board. On the demise of Datuk Shamsudin bin Nain in 1983, Dato' Borhan bin Kuntom was appointed to the Board. A glance at the list of directors and their shareholdings would indicate that the Yeo family had a prominent role in the company. There were four Yeo family members and the company is now run by Yeo Chee Yan. In 1982, Mr. Ng Chong Teng, who had contributed largely to the growth of the Company, was appointed as a director.

Investments

YHS (M) has a 25.2% interest in Senawang Edible Oil Sendirian Berhad in Seremban which processes palm oil. It also has an equity participation of 19% in Hume Edible Oil Sendirian Berhad, a new company formed to fractionate and process palm oil.¹¹

Subsidiary Companies

On October 3rd 1973 Permanis Sdn. Bhd. a soft drink company was newly incorporated with an authorized capital of \$5 million. It holds a franchise to manufacture and distribute Pepsi Cola and Mirinda soft drinks. YHS (M) has a 35% equity participation in Permanis Sdn. Bhd. and the Koperasi Polis DiRaja Malaysia Berhad holds 40% whose Chairman, Dato' Borhan bin Kuntom was appointed a Director of YHS (M).¹²

Purchase of Leong Sin Nam Berhad

The purchase of Leong Sin Nam Bhd. in 1978 was a tactical move on the part of YHS (M). Leong Sin Nam Bhd. owns a farm which involves the rearing of livestock and processing of meat. As a manufacturer of food products, this activity complements YHS (M). 'Leong Sin Nam has 280 acres of agricultural land in Ipoh and a factory in Shah Alam which is more than 70% underutilised'.¹³ This proved ideal for YHS (M) expansionist policy. It was able to use the factory for storage and the meat for their canning (see Table 2).

Expansion

With the improvement of the economy and market conditions, YHS (M) commenced an expansionist policy by declaring a Rights Issue of 9 million shares at par to bring the paid up capital to \$18 million.

**Table 2
SUBSIDIARY COMPANIES**

Name	Place of incorporation	Date of incorporation	Issued & paid-up capital (\$)	% of issued & paid-up capital held	Nature of business
Yeo Hiap Seng (Sarawak) Sendirian Berhad	Malaysia	2.12.1957	1,277,500	100	Production of sauces and non-alcoholic beverages
Yeo Hiap Seng (Sabah) Sdn. Bhd.	Malaysia	17.5.1978	2	100	Pre-operating
Leong Sin Nam Farms Berhad	Malaysia	21.9.1972	7,000,000	100	Production and distribution of processed meat and livestock
Esin Canning Industry Sdn. Bhd.	Malaysia	1.10.1968	2,500,000	100	Production of canned food
Bestcan Food Technological Industry Sdn. Bhd.	Malaysia	17.9.1969	3,000,000	99	Production of instant noodles and meeheon
Sin Hong Co. Sdn. Bhd.	Malaysia	14.5.1982	1,700,000	100	Letting of property
Yeo Hiap Seng Trading Sdn. Bhd.	Malaysia	6.10.1980	8,000,000	100	Distribution of food, beverages, health care and non-food products
Poultry World Sdn. Bhd.	Malaysia	15.11.1983	250,000	60	Ceased active trading
Yeo Hiap Seng (Perak) Sdn. Bhd.	Malaysia	3.1.1959	118,000	100	Ceased active trading
Yeo Hiap Seng (Malacca) Sdn. Bhd.	Malaysia	30.12.1960	149,000	100	Ceased active trading
Indirect Subsidiary Company					
Wahtai Realty Sdn. Bhd.	Malaysia	12.5.1978	500,003	100	Dormant
Associated Company					
Senawang Edible Oil Malaysia (Sdn. Bhd.)	Malaysia	14.11.1969	2,339,603	23.85	Processing and trading of palm oil products

Source: YHS (M) Bhd. Abridged Prospectus 31/10/1990 of Rights Issue, P. 11 & 12

The proceeds of the Rights Issue will be used to set up new plants, construction of building, purchase of equipment, provision for additional working capital and payment for a portion of the loan of the company.¹⁴

As part of the expansion undertaken by the company, a new office block was built at Jalan Tandang, Petaling Jaya, a piece of land and factory was purchased from the Malaysian Industrial Estate in Daerah Seberang Prai Tengah¹⁵ and another in Jalan Kota Tinggi, Johore Baru. This expansion included land and building in Kuching and a 1.5-acre piece of land in Sibul. The total cost of expansion was in the region of \$5 million.

Market Leader

The company started to bottle soya bean in 1955 which it sold for 10 cents a bottle. This move towards non-carbonated beverages put YHS (M) as a market leader. In 1983, YHS (M) was the first to invest in tetrapak packages.¹⁶ In 1988 as part of the policy to expand product lines, to increase productivity and modernize its plants both in Malaysia and Singapore, YHS (M) concluded a deal with two companies, Tetra Pak and Stork Amsterdam to purchase equipment valued at \$30 million. It would be the first company in the world to have a complete range of distribution equipment of the tetra pak.

In an interview, the Company Chairman, Mr. Alan Yeo Chee Yeow stated that the new equipment could produce 6,000 packages per hour compared with 4,500 packages before and thus increase their production output by 33%.¹⁷ This was a major advance in the beverage industry. It also enabled YHS to remain the market leader of packaged drinks. This lead was continued by the introduction of the new flavour drinks of starfruit, orange and mango using tetrapaks. In line with the more health conscious public, the fruit content was increased and the drinks became very popular as a thirst quencher.

Major Shareholders

A study of the major shareholders as listed in the company's annual reports from 1984 through to 1991 reveals a consistent picture. Since YHS(M) was incorporated, YHS Ltd Singapore has remained its largest shareholder, holding 35% to 40% of the shares at any one period. In addition, there are nine other major shareholders who have kept their interests in the Company through the years up to April 1992. Out of these ten major shareholders, seven have increased their shareholdings, two were reduced with one unchanged.

As stated, YHS (Ltd) Singapore, remained the largest shareholder followed by the Lembaga Tabung Angkatan Tentera which had increased their share holdings almost four fold from 3.0% in 1984 to 11.57% in 1992 of the total shareholdings. In the 1991 Annual Report of YHS (M), the Lembaga Tabung

Board and the Pemegang Amanah Raya Malaysia - Skim Amanah Saham Bumiputera's total shareholdings totaled 16.23% (see tables 3,4 and 5). A second interesting feature is the increase of nominees holdings in the list shareholders in April 1992, totalling 13.88% of the shareholdings. The top shareholders were mainly government and private institutions, nominees banks, insurance companies and a director Dato' Borhan bin Kuntom. The fact that there is little change in the top 20 shareholders of the company since it was listed would indicate that they are long term investors. Their investments are growing in tandem to the development of the company.

Profile of Bumiputera Company Directors

Datuk Shamsudin bin Nain, was a former Menteri Besar of Negri Sembilan. General Tunku Osman bin Tunku Mohd Jewa is from the Kedah royal family and the nephew of our first Prime Minister, Tunku Abdul Rahman. He was the first Chief of the Armed Forces in Malaysia. Datuk Borhan bin Kuntom is retired from the Police Force and the Chairman of Koperasi Polis DiRaja (Royal Police Cooperative.) He is also the Chairman of Golden Star video. Raja Redwa bin Raja Tun Uda is from a prominent family in Perak. His father was the Governor of Penang at one time. He joined Metal Box as a trainee in 1959 and in 1981 became the director of Malaysian Can Company and Metal Box Berhad. While at Metal Box Berhad, he was in close contact with YHS(M) and was invited to sit on the Board.¹⁸ He was appointed 'Orang Kaya Besar Sepang' by the Sultan of Selangor and the appointment was effective on 1st. January 1992. This post was created because of the development of the new airport in Sepang. Brig. Jen.(B) Dato' Yahya bin Yusof is retired from the Armed Forces and represents Lembaga Tabung Angkatan Tentera interests in YHS (M) Bhd.

Eliza - The Bumiputera Associate Company

'In line with the Company's efforts to encourage Bumiputera participation in the distribution of the Group's products, the Company intends to enter into an agreement with its Bumiputera staff to set up a company known as Yakin Aneka Sdn. Bhd. This new company shall be majority-owned and managed by the Bumiputera staff with the aim of promoting the Group's products.'¹⁹ Yakin Aneka Sdn. Bhd. was incorporated on 26 July 1991 marketing under the brand name of Eliza. It is an associate company of YHS (M) Bhd which holds 35% and the balance of 65% is held by the Bumiputera staff of YHS (M) Bhd. There is a cross-section of the shareholders, ranging from sales personnel across the board to the executive level. The company is headed by Eliza who holds 36% of the company. There are three directors on the Board, Eliza bte Zainuddin, Mariam bte Nengah and Ng Kow representing YHS (M) Bhd.

TABLE 3
TWENTY LARGEST SHAREHOLDERS IN 1985 YHS (M)

No. Name of Holder	Shares Held	% of Shareholding
1. Yeo Hiap Seng Ltd	15,370,000	35
2. Lembaga Tabung Angkatan Tentera	1,332,000	3
3. DBS Nominees (Pte) Ltd	976,000	2
4. Morgan Guaranty Trust Co. of New York	891,000	2
5. Chase Manhattan (S'pore) Nominees Pte Ltd	539,000	1
6. Leong Realty Sdn Berhad	506,320	1
7. Amanah Saham Mara Berhad	456,000	1
8. YCCY Sdn Berhad	330,000	0.8
9. Employees Provident Fund Board	300,000	0.7
10. Bradeurnes Nominees Sdn Bhd	299,000	0.7
11. Permodalan Nasional Berhad	288,000	0.7
12. Chulan Nominees Sdn Bhd	219,000	0.5
13. The Asia Life Assurance Society Limited	210,000	0.5
14. Eng Guan Chan Sdn Bhd	207,000	0.5
15. Leong & Ong Holdings Sdn Bhd	173,000	0.4
16. The Prudential Assurance Co Ltd	160,000	0.4
17. Hollandswood (Pte) Ltd	150,000	0.3
18. Mr Kong Foo Liong	138,000	0.3
19. Leun Wah Electric Co (Pte) Ltd	135,000	0.3
20. City Nominees Private Ltd	123,000	0.3

Source: Annual Report YHS (M), 1984.

Table 4
LIST OF TOP 20 SHAREHOLDERS AS AT APRIL 3, 1992 YHS (M)

Name	Shares Held	% of Shareholding
Yeo Hiap Seng Limited	33,515,500	40.00
Lembaga Tabung Angkatan Tentera	9,695,500	11.57
HSBC (Kuala Lumpur) Nominees Snd. Bhd.	4,579,750	5.47
Employees Provident Fund Board	2,110,000	2.52
Cartaban (Malaya) Nominees Sdn. Bhd.	1,881,750	2.25
Pemegang Amanah Raya Malaysia – Skim Amanah Saham Bumiputera	1,790,000	2.14
Malaysia National Insurance Sdn. Bhd.	1,693,000	2.02
Citicorp Nominee (Malaysia) Sdn. Bhd.	1,486,000	1.77
The Asia Life Assurance Society Ltd	1,158,000	1.38
Chase Manhattan (Malaysia) Nominees Sdn. Bhd.	886,000	1.06
HSBC (Singapore) Nominees Pte Ltd	763,125	0.91
The Bank Of East Asian (Nominees) Sdn. Bhd.	750,000	0.90
DBS Nominees (Private) Limited	601,750	0.72
Eng Guan Chan Sdn. Bhd.	418,000	0.50
YCCY Sdn. Bhd.	379,875	0.45
Melati Nominees (Private) Limited	375,250	0.45
Prudential Assurance Berhad	351,000	0.42
Sanguine (Malaya) Sdn. Bhd.	301,000	0.36
Dato' Borhan bin Kuntom	300,000	0.36
ASEAM Malaysia Nominees Sdn. Bhd.	291,500	0.35

Source: YHS (M) Annual Report 1991

TABLE 5
SHAREHOLDINGS OF DIRECTORS 1975-1992 YHS (M) BHD

Name of Directors	Directors Shareholdings			% of Shareholding in 1991
	1975	1983	1991	
Alan Yeo Chee Yeow				
Yeo Chee Yan		12,000	29,000	0.04
Datuk Shamsudin bin Nain (deceased 28.2.83)	5,000	30,000		
General Tunku Osman bin Tunku Mohd. Jawa	3,000	6,500	110,100	0.13
Peter Lee Soo Sung				
Yeo Chee Hee				
Yeo Chee Wee				
Ng Chong Teng		2,000	3,000	0.00
Dato' Borhan bin Kuntom (appointed 20.6.83)			300,000	0.36
Raja Redwa bin Raja Tun Uda (appointed 25.3.85)			250,000	0.30
Brig. Jen.(B) Dato' Yahya bin Yusoff (appointed 1991)				

Source: Annual Reports YHS (M) various years

The idea of setting up Yakin Aneka Sdn. Bhd. is welcomed as a method of training and participation of the Bumiputera staff. They operate independently from YHS (M) Bhd. They hope to capture the Bumiputera segment of the drinks market and at present are selling drinks like 'air Bandung', noodles and canned food. They are operating two vans. Although this seems a modest and humble beginning to their venture, the possibilities seem vast as the pioneer of YHS in Singapore did travel the island peddling his products on a tricycle.²⁰

Mr. Yeo Chee Yan

The man who has been working for YHS in Kuala Lumpur since the 1960's and who has been largely responsible for its dynamic growth is the present Managing Director, Mr. Yeo Chee Yan. Mr. Yeo was trained in commerce in Australia and he worked for sometime as a photo journalist for *Asia Magazine* in order to explore the world. The family calling was such that he began his training in YHS (Ltd) in Singapore about two years before coming up to be actively involved in YHS (Bhd).

Mr. Yeo recalled that the 1960's was a challenging period for the company in Malaysia. The only factory in operation was in Petaling Jaya and they transported their goods to Ipoh and Malacca by train or lorries. One interesting fact was that like in Singapore, both in Ipoh and Malacca, the distributor delivered the Yeo's product in a similar goods tricycle which transports the goods in front of it. In 1966 they began the canning of foodstuff especially curries which proved to be popular. They had stiff competition from canned foodstuff from China. The move to can curried chicken and beef was an effective one. They had a contract to supply the army with canned curry especially 'curry kacang panjang' (long beans). In 1967 in another move to modernize, the company changed from bottling soft drinks to the use of tetrahedren, a triangular packet for drinks. This can be said to be the predecessor of tetrapak.

Mr. Yeo can be said to have grown with the company from the initial turbulent years through the New Economic Policy of the Government which resulted in the listing of YHS (Bhd). As Managing Director, he has ably steered the company through its restructuring of the factory and implementation of its policies. Mr. Yeo attributed achievements of YHS(Bhd) to two sectors which were the computerization of the company and the management training programme. YHS (Bhd) was the first company in Malaysia to adopt a complete computerization programme. Members of the staff were encouraged to purchase computers with interest-free loans from the company. Their sales force was equipped with handheld computers which enabled them to have immediate access to the stocks available.

The staff and management in YHS (Bhd) enjoy a friendly relationship as

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proved by the fact that an employee working for 10 years in the company would be considered quite junior. Management training for the staff has also benefited both the company and staff. Two of the four regional managers of the company were trained by this scheme.

New Markets in China

YHS(Ltd) interest in China has developed through joint venture investments. The Success Foods Company had bought the production and licensing rights to produce canned food from YHS (Ltd) in 1991. Success Foods Company is jointly owned by the Zhu Jiang Investment Company set up by a local Chinese Government and an engineering company from Hong Kong. To assist further in the transfer of technology, YHS (Ltd) in 1993 invested US\$5 million to purchase 51% of Success Foods Company. A second joint venture company called North Sea Pte. Ltd. to produce YHS drinks was set up between YHS (Ltd), Guang Xi North Sea Fishery Co. and a company from Hong Kong. In both these joint ventures, there would be a transfer of technology from YHS to China and in return, they would be able to penetrate the China market.

Conclusion

Through shareholding relationships with major Bumiputera institutions such as the Lembaga Tabung Angkatan Tentera, the Police Cooperative, and the Skim Amanah Saham Bumiputera, Yeo Hiap Seng has grasped the reality of survival in the new economic climate. Without actually relinquishing control, the family still at the helm of the business ensures through Bumiputera participation that Yeo Hiap Seng will continue to grow its business interests - from their base operations in Singapore and Malaysia, whilst at the same time, looking outwards to other markets in the true tradition of a conglomerate. By setting up several joint venture companies with the Chinese Government, it can be said that the company has come full circle in their unending search for newer and better market opportunities.

Notes:

1. Cash - Old Chinese currency.
2. Shops set up in Long Yang & Ting Chow.
3. *Star*, August 29, 1984, p.5.
4. Sit, V.F.S., Cremer, R.D. and Wong, Sin Lun, *Entrepreneurs and Enterprises in Macau: A Study of Industrial Development*, 1991.

5. 'In the 30s, the sauce factory took root in Singapore capitalised at \$150'. Cheng Lee Shuang 10.6.1990 'Learning business hope from stratch'.
6. *Star*, 29 August 1984, p.7.
7. On many occasions children of business friends would be married in order to cement business ties. Thian Kew's son married the daughter of Tan Huan Kee.
8. *New Sunday Times*, 9 September, 1990, p.11.
9. Some of the more popular drinks are the soya bean, Yeo's Grass Jelly Drink and the Chrysanthemum Drink.
10. *Second Malaysia Plan*, p.41-42.
11. Yeo Hiap Seng (Malaysia), *Annual Report 1975*.
12. *New Straits Times*, 12 October, 1985.
13. *Business Times*, 6 October, 1978.
14. *Ibid.* Chairman's Statement.
15. In Province Wellesly.
16. Tetra Pak is a group of companies specializing in packaging and distribution of equipment for liquid food. The name tetrapak is now commonly used to mean the packaging of sof drinks in a box as opposed to a bottle.
17. *Star*, 11 May, 1988.
18. *Star*, 25 December, 1991.
19. Chairman statement. *Annual report YHS (M) 1991*, p.8.
20. IBM has a Bumiputera arm along similar lines known as 'Mesiniaga'.

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