

Family & Life

Your FREE guide

WE'RE ONLINE!

Don't want to miss an issue?

Download a FREE copy on your smartphones or at www.familyandlife.sg!



SINGAPORE ISSUE 11 AUGUST 2014

PUBLISHED BY COGENT MEDIA MCI (P) 114/08/2013



Everything you thought you knew about SHARK FINS is a big lie

The GROUPON SINGAPORE brothers want to revamp your grocery shopping

What Is Your MUMMY STYLE? Find out in our simple quiz!

100 WAYS TO COOK AN EGG and more fun food facts

Rolling With The Punches

The straight-talking charismatic Serge Pun, Chairman of Yoma Strategic Holdings, sets the record straight

Impunetrable:

The Story of Serge (Grit, not Graft)

In Myanmar, an emerging economy with a corrupt past and a new leadership who wants to reconnect with the world, Serge Pun is an anomaly. The bespectacled, silver-haired businessman has carved out a squeaky clean reputation over the decades as a man of principle who will not stoop to grease the palms of a government official in order to secure a business deal.

Yet, Pun has managed to build a sprawling business empire with interests in real estate, banking and civil aviation among other industries. Most of these ventures are either parked under the Singapore-listed Yoma Strategic Holdings or its Myanmar affiliates, the SPA Group or First Myanmar Investments. These ventures are three defining symbols telling the world that entrepreneurial success in Myanmar need not be bought or bartered for money and favours.

CORRUPTION IS CANCER

To understand Pun's distaste for corruption and cronyism, you'll have to go all the way back to 1973, when a young 20-year-old crossed the Lowu Bridge at Shenzhen and walked into Hong Kong with just HK\$5 in his pocket and a head full of dreams to sustain him. That young man would go on to work on board berthed ships in the Hong Kong harbour so that he could afford his next meal. Later on, he would land a job selling air sanitizers door to door. When he knocked on a door that belonged to a real estate broker named Elmer Busch, it launched him on a trajectory that would see him set up Serge Pun & Associates Group of Companies in 1983 before finally returning to Yangon eight years later.

For Pun, the idea of reaping rewards without putting in the hard work – the essence of corruption – is discomfiting. "When I see people benefit in an unethical way, it bothers me. It pisses me off," he says. "I think that [corruption] lacks the mutual respect that every human being should give to others."

He compares corruption to cancer. Just as how a body ultimately succumbs to cancerous cells if not treated, a country beset by corrupt bureaucracies will eventually break down. "If you look at the emerging markets in our society today, you'll notice that there are lots of successful economies. But yet, you find that a large majority of the country's population is still poor," asserts Pun.

"The main reason is because the economic benefits do not trickle down. The money is being siphoned sideways into the pockets of a small number of people. That causes the rampant poverty you see around you."

Pun is seated across from me as he shares his views about corruption and I can see the veins in his neck pulsating as he gesticulates with his hands to bring his point across. It's clearly an issue he is incredibly concerned about; Pun is a regular participant in World Economic Forum events that centre on the topics of business transparency and corruption.

MISTRUST AND ALLEGATIONS

Despite his well-documented views on the subject and his global reputation as Mr Clean, Pun still gets thrown remarks from a few detractors who disbelieve that he is able to get to his lofty position without greasing a few palms.

The consequence of my choice was that I had to be prepared to lose business deals. I am prepared for that consequence and my choice is something that I am happy to live with.

Continued on page 8...



We took it as a challenge and we were not going to give up!, thunders Pun. He set out to revolutionise the remittance system, using satellite communications so that he could give his customers the option to remit money to even the remotest areas.

In a conversation with Tony Ong, Chairman of Northern Mining Limited, someone who knows Myanmar and Pun well, says: "Myanmar is still a fairly closed market with a relatively small number of prominent players. Unfortunately, sometimes, diplomats and foreign investors rely on a grapevine that comprises a very small circle of people for commercial intelligence. Depending on who you listen to, this grapevine may be inaccurate that it may cause lost opportunities. Worst still is when one relies on misinformation that is tainted by old biases under the old regime".

"So should one believe this misinformation, or the number of successful global players and conglomerates that are convincingly looking to partner with Pun? Surely their assessment must carry more weight. We all know that the due diligence process undertaken by multilaterals and global MNCs are very rigorous to say the least."

Recently too, a Thomson Reuters Foundation article highlighted the efforts of a few activists who are urging IFC, the financing arm of the World Bank to reconsider a \$30 million loan to Yoma Bank, owned by Pun.

The article references a supposed US embassy cable released by Wikileaks six years ago that recommended that Pun be subjected to US financial sanctions, alongside other known cronies of the regime. That alleged recommendation was never applied on Pun.

Pun speculates that the activists' main target might be at something far bigger than him personally. He remains unperturbed by the allegations, saying "I know what I have done in the past and what I am doing today, and I am totally at peace with my actions." There are no skeletons hiding in his metaphorical closet. Businessmen who know Pun laughed off the suggestions that Pun might be a crony of the regime. Caterpillar's

Khin Maung Win finds the accusations absurd and says that Pun "would be the last person in the world to qualify as a crony".

Khin continues with a chuckle: "Pun doesn't really socialise well with government officials."

In fact, Pun's pursuit of transparency occasionally steered him and his then-burgeoning businesses towards danger. He recalls how his refusal to "play ball" in the past meant that he constantly had to deal with the possible threat of the junta taking over or closing his businesses down. The man, however, does not bow down easily and had planned for that possibility. If his businesses were to fall into the hands of the regime, he wanted the ownership of his companies to be distributed among his employees. "I want to see them try to take the business from them!"

BACK AGAINST THE WALL

Dramatic? Yes. But Pun is a fighter and when you back him into a corner, he comes out swinging. For the best demonstration of this incredible tenacity, you only need to look back a decade ago. In 2003, during a financial crisis The Economist cleverly dubbed the Kyatastrophe, Pun openly disagreed with the decisions made by the general who was handling the fiasco.

He thought the actions the general was taking would lead Myanmar to irrecoverable financial ruin. Pun was right and Myanmar plunged into an economic abyss. Two of the largest

private banks were shut down and rumourmongers were speculating that Pun's Yoma Bank was next. The knock on the door did come but the messengers bore different news. Pun could keep his banking licence but was not allowed to take in deposits or give out loans, the main bread and butter of any bank. Instead, his bank could only carry out domestic remittance services.

To any other bank, such a move would have marked the beginning of the end. Pun, as expected, came out swinging.

"We took it as a challenge and we were not going to give up!" thunders Pun. He set out to revolutionise the remittance system, using satellite communications so that he could give his customers the option to remit money to even the remotest areas. He shortened the waiting period for remitted money to reach the intended receiver to an amazing 10 minutes. He motivated his branch managers to be customer focused and treat it as a fight for survival. They did not let him down. With the largest branch network in the country then and the unrivalled zeal to survive on just remittance fees, Yoma Bank captured the bulk of the domestic remittance market. "The volume of the remittance business that we were doing amazed even myself."

Looking back, Pun reckons the strange decision by the powers to let him keep his banking licence but disallowing him to do any banking business, was a calculated move to make him bleed enough so that he would surrender. "They disallowed us to take deposits or make loans but insisted that every of our 41 branches remain open without any layoffs." Pun recalls. Pun's admission of defeat would have been a Pyrrhic victory for the generals, but a victory nonetheless. Pun would have none of that.

Finally, in 2012, under the new government, Pun's banking licence was fully reinstated.

Shortly thereafter, allegations of Pun's links to the regime surfaced, mainly because Yoma Bank was conspicuously missing from the list of top 100 corporate taxpayers issued by the country's taxation department, while other smaller banks were included.

"How do you expect Yoma Bank to be on the top taxpayers' list in 2013 when our full banking licence was only reinstated in November 2012? We were simply not able to compete with any other bank when our hands were tied behind our backs for a good



Balloons over Bagan, a luxury tourism business of Yoma Strategic Holdings

nine years. Our profits were of course meager compared to other banks.” rebuffed Pun.

“When I got my licence back at the end of 2012, our deposits stood at zero, our loan book stood at zero!. Today, we have about 400 billion kyats in deposits. To put that number into perspective, the largest privately owned bank in the country has approximately 2 trillion kyats in deposits. You can appreciate how far behind we are and how much more work we need to do to become part of the top taxpayers’ list.”

If there is one thing that Pun does admit to, it is that a few high-ranking officials within the regime at that time had his back and helped him to prosper, not because they were given money but because they genuinely believed in

Pun’s vision and felt his passion for the country. “Not everyone in the military was void of conscience. There were good generals within the leadership who knew the difference between good and bad, and who would do the right thing. They allowed me to carry on with my business without any unethical demands,” Pun shares.

These military officials would permit Pun to engage in a variety of different real estate projects because they knew that he could deliver. And he always did.

Now, as Myanmar opens her doors to overseas investors under its current reformist President Thein Sein, Pun is already starting to reap the benefits of his staunch anti-corruption stance. Many of these investors are beating a path to Pun’s door for his knowledge of the local market, above-the-board business ethics, amazing track record and immense capabilities.

ANGEL OF NARGIS

But, there is more to Pun than just savvy business acumen.

When Cyclone Nargis made landfall on 2 May 2008, it devastated the country. The cyclone laid waste to the densely populated Irrawaddy delta and caused at least 138,000 fatalities and US\$10 billion worth of damages. It was a huge catastrophe, made worse by the junta’s initial refusal to accept foreign aid under conditions set by the donors.

Relief efforts were hindered by the blockage of supplies coming in; for the whole month of May, the United Nations, through no fault of their own, could only schedule one flight of supplies into the affected areas.



View from an apartment in Pun Hlaing Golf Estate, one of Pun's signature property projects in Myanmar

I want to contribute my own bit to the global agendas that have a big impact on the world. Top on this list, predictably, is tackling corruption.

Andrew Kirkwood, the then country director of Save the Children, which was one of the few charities allowed to operate in Myanmar, was becoming desperate. One of Kirkwood’s associates gave him Pun’s number and told him that he was the man that could help.

Kirkwood approached Pun and told him, in no uncertain terms, that tens of thousands of people would perish if Kirkwood could not fly in the emergency supplies and aid. Pun didn’t need convincing.

“Let me tell you, Pun is the unsung hero of the Nargis relief efforts. While the UN could only arrange one flight in May, the man somehow managed to arrange 16 flights to come in and distribute US\$65 million worth of supplies,” says Kirkwood. It was a dangerous move by Pun due to the political climate back then. Pun could have potentially upset the ruling military government, who were already not his biggest fans, to the point that they would shut him down permanently. “He put all his big business interests at risk to do what he thought was right,” states Kirkwood.

Doing the right thing did not come easy. Pun stayed in the shadows, seeking out his contacts and quietly negotiating for landing permits. And once he did all he could do, Pun disappeared as swiftly as he came. The torrent of news reports and media

coverage never once mentioned Pun’s central role in the relief efforts. And the silent angel of Nargis never craved for it. He chose to help. That was it.

Today, there is an Environmentally Sustainable Pilot Village at Aw Pyone Wa located at the mouth of the Bay of Bengal, fully rebuilt after its total destruction, by Pun with the support of the Singapore Red Cross and other donors standing as evidence of what he did in relief and reconstruction.

The more than 1,000 relief volunteers that Pun organised from his rank and file within days of the disaster have long tales to tell about their Chairman during those challenging months, but they were never used it as self serving or promotional fodder.

LEGACY OF PUN

Choice.

It’s a fitting word to describe Pun’s pragmatic approach in life, whether he’s battling corruption, running his business or raising his family. As Pun eloquently puts it, participating in corruption was a choice and he elected not to play it.

“The consequence of my choice was that I had to be prepared to lose business deals. I am prepared for that consequence and my choice is something that I am happy to live with,” says Pun.

It’s an attitude that he has passed on to his four children. One of his four sons, Cyrus, remembers a childhood filled with lessons about morality. “My dad never said that he wanted us to be successful or to be rich. He just wanted us to do the right thing. He set the perfect example that you can still be successful in Myanmar without being corrupt.” And now, as Pun approaches the golden years of his life and with his sons making a name for themselves in the business world, Pun is starting to contemplate retirement, though not in the traditional sense of the word. Instead, Pun has set his sights on a mission grander than the advancement of his business interests – helping to improve society.

“I want to contribute my own bit to the global agendas that have a big impact on the world,” says Pun. Top on this list, predictably, is tackling corruption. Just a bit further down is advocating for more transparency in government.

It is Pun’s little way of penning his name down in the history books. Everyone must leave something behind when they pass on from this life, whether it’s a painting, a garden or the life of someone they touched forever. For Pun, you can see his handiwork in the gated community of FMI City, the Pun Hlaing Golf Estate, the Star City project, the Irrawaddy Literary Festival and the Yoma Yangon Marathon which he sponsors, the relief efforts of Cyclone Nargis and most importantly, the lessons he has taught his children. He is no longer penniless. He has achieved his dreams. He has blazed a trail. Pun is a game-changer. 🌟