

Rebuilding Myanmar

HARD WORK HELPED SERGE PUN ESCAPE TURBULENT CHILDHOOD TO BECOME A TYCOON INSTRUMENTAL IN NATION'S DEVELOPMENT

By **BEN YUE** in Naypyidaw
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An iconic building in the heart of Myanmar's biggest city, Yangon, will soon be reincarnated as one of Asia's plush hotels with help from Serge Pun, a businessman who has led an eventful life, but one with its fair share of hardship too.

The Myanmar Railways Headquarters, built in 1877 in the colonial Victorian style, is undergoing major restoration. In three years' time, the building plus its tropical garden will become a brand new five-star hotel, part of The Peninsula Hotels group.

Pun is the developer of the landmark project which includes the hotel and surrounding four hectares of land. He says he is very happy to have attracted the Hong Kong-based hotel group and is confident the Yangon hotel will set a high standard.

"The Peninsula has a reputation for being selective. We are excited to work with them and make our project more influential," he says.

Serge Pun & Associates Group (Myanmar) Limited (SPA) owns 650 hectares of property in Yangon. It is an appreciating core asset, especially given that Myanmar is now opening up and pursuing economic development. The conglomerate is also engaged in other promising sectors such as financial services, agriculture, healthcare, transportation and retail.

Over the past 21 years, Pun has seen his business in Myanmar grow from a small seven-person company to a 5,000-employee group. It now has some 40 subsidiaries, including two flagship public companies, First Myanmar Investment (FMI) and Yoma Strategic Holdings, a Singapore-listed firm.

"Now is an exceptional time to invest in Myanmar," Pun declares. "If I may compare with our neighboring countries' experiences, it is like China in the 1980s or Vietnam from the late 1990s to early 2000s. This is an historic opportunity that won't repeat itself in decades."

Since 2010 it has been "the second spring of Myanmar's economy," he says, predicting that the government will pursue a friendly attitude towards businesses and foreign investors.

"I'm bullish in every sector, that's why I invest in them," Pun says.

In September 2012, his Yangon-based com-

pany launched FMI Air Charter to cater to the growing demand for air travel in Myanmar, for example, starting regular flights between Yangon and the new capital Naypyidaw.

FMI, along with its affiliate Yoma Strategic, also owns 30 percent of a joint venture with Asian retail giant Parkson. The venture's maiden store opened in May 2013, next to Yangon's tourist attraction Bogyoke Aung San Market.

In the transportation sector, the group secured the coveted license to be the authorized service provider of Volkswagen and Mitsubishi vehicles in Myanmar. It owns a ferry company that plies the Yangon and Bago rivers, both of which flow through the city of Yangon.

FMI and Yoma Strategic bought a stake in a travel company that runs an air balloon service, Balloons Over Bagan, a popular trip that takes tourists over the ancient temples and pagodas of Bagan.

Meanwhile, Yoma Bank, the second-largest private bank in the country, has gained a full service retail banking license.

Besides this, the group's private hospital service, laundry outlets and elevator service business have been expanding.

Pun got into business in Myanmar in early 1991, in time for what he calls "the first spring of the economy" — 1992 to 2003. The government had earlier passed a foreign investment law in 1988. As part of its move away from totalitarianism, the regime began to permit a modest expansion of the private sector and some foreign investment.

As a Myanmar-born ethnic Chinese who had established a successful property business in Hong Kong during the 1980s, Pun was invited by the government to return to Myanmar.

"Myanmar is my first home where I have deep feelings," says Pun, adding that a desire to help was a major reason for his return.

At that time, SPA already had operations in a few countries. "I had two office buildings in China, one in Thailand, and one in Malaysia. Myanmar certainly was a great opportunity, but it was not my only option," he recalls.

In the 1990s, Myanmar severely lacked housing because construction had been suspended for decades. SPA recognized this need and expanded rapidly over the course of 10 years, while also tapping into other sectors.

The journey was not always an easy one, however, and Pun notes that after 2005 Cronism became a problem. Without the blessing of those higher up the system, every step

was painful going for the property developer.

"The difficulties in 2008 and 2009 came not only from the sluggish global economy but also our domestic policies," he says.

Although sidelined, Pun held on to his principles and this helped him gain recognition in the country and abroad as a professional entrepreneur.

"The most important thing is we didn't compromise on our principles," he says, "and pulled through during the tough times. Now we are recognized by international investors. It's a privilege for us."

In order to raise capital during that period, Yoma Strategic listed on the Singapore Exchange in 2006. It was the first company in Myanmar to list on an international stock exchange and remains the only one.

Pun acknowledges that he did consider the possibility of leaving Myanmar for a while.

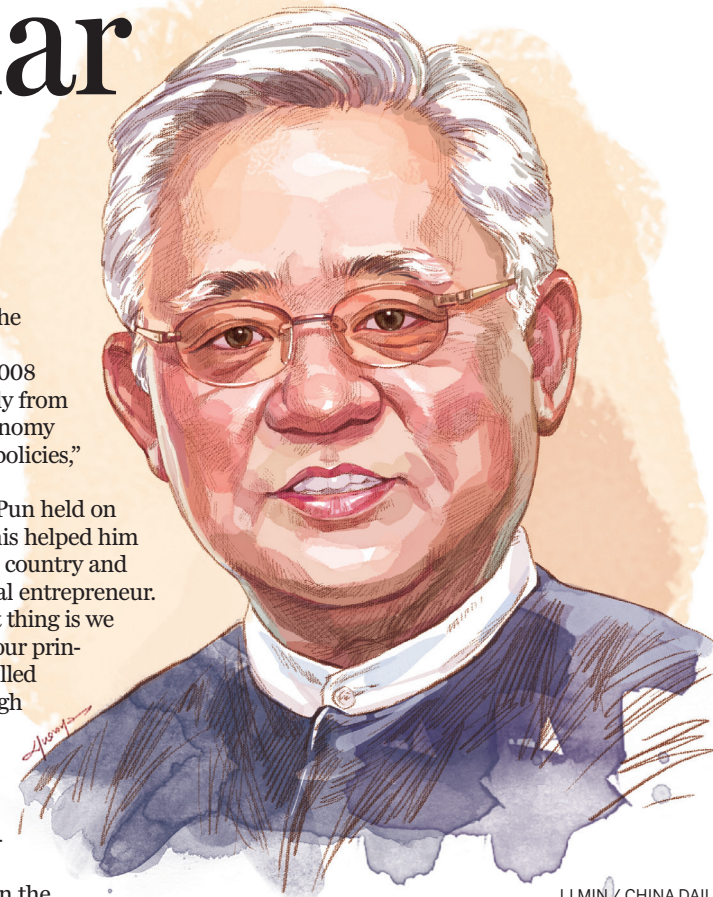
"As a businessman, if there is no opportunity, you have to leave. We were waiting and watching what will happen to the country," he says. "Thanks to the 2010 election, the weather finally changed."

Now his company is going all out for the Star City project in Yangon, a property development on the south side of the Bago river aimed at the city's rising middle class. The Yoma Bank is also expected to post increased returns this year.

All this is a far cry from Pun's humble beginnings. In 1965, when he was 12 years old, his middle-class family left Myanmar and went into exile in Beijing due to political turbulence at home. But the Cultural Revolution followed in China. Pun's family was separated and he was sent to a teenage Red Guard unit working in a "re-education camp" in Yunnan province in Southwest China.

After surviving this tough period, Pun left the Chinese mainland and arrived in Hong Kong in the early 1970s. He started as a salesman of air sanitizers before moving into property.

Pun was a young man without impeccable educational qualifications or connections in Hong Kong. But he worked tirelessly and



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quickly became a star salesman.

"There is no secret to success per se, but hard work is a must," Pun says. "I've never seen any successful people who didn't work hard."

In 1983, Pun founded SPA in Hong Kong. By the end of the 1980s, the property developer had completed many high-end residential projects during the economic boom in Hong Kong.

In 1988, SPA opened its first overseas branch in Bangkok, followed by branches in Kuala Lumpur, Shenzhen, Chengdu, Dalian and Taipei.

Pun says he does not regret the hardship he endured earlier in life, as the experience and the friendships he gained helped a lot in his career as a businessman.

He describes his work now as managing just 40 senior people, giving complete freedom to them as leaders of SPA's subsidiaries and helping them when needed.

"My next challenge is to retire properly," he says. With his three sons working in the company in important roles, Pun is starting to think of a successor. He says this may not necessarily be one of his own children. And he has some simple advice for anyone hoping to follow in his footsteps as a successful entrepreneur.

"Don't chase the money. Once you do it, the money will run," he says with a laugh. "If you do a good job, the money will chase you."

BIO

SERGE PUN

Founder and chairman of Serge Pun & Associates (SPA)

CAREER MILESTONES:

2006: Yoma Strategic Holdings listed on the Singapore Exchange

1993: Established Yoma Bank, one of the first private banks in Myanmar

1991: Founded SPA Myanmar in Yangon

1983: Founded SPA in Hong Kong

QUICK TAKES:

1. Any suggestions for foreign investors interested in Myanmar?

Myanmar needs different kinds of capital for different sectors. I think sectors easy to enter include tourism and manufacturing, while other types of infrastructure need large capital and a long time to see returns.

2. What advice do you have for Chinese investors?

Chinese investors are among the first movers in Myanmar. However, many of them are contractors instead of real investors. I think it's better for them to study more about the local market. I also think there are many good opportunities for small private companies.

3. Are you developing projects in other cities in Myanmar?

Not yet, currently just Yangon. I think to centralize our resources is important and efficient in doing projects.

4. What is your business philosophy?

To be sincere is my priority. Once you make a promise, you have to keep it. Even though you may have made a loss you need to keep your promise. Sincerity will pay you back. It will change your luck in difficult times.

5. How do you spend your spare time?

I really enjoy chatting with old friends. No particular topics, just chatting. I have some old friends I made in China when I was very young, and some I made in the 40 years of my business life. Good friends are very hard to find.

Born: 1953