

Me&MyMoney

Entrepreneur streak started early for timber scion

Exposure to business on trips with dad to Myanmar stood him in good stead, now he's eyeing expansion in country



Rachael Boon

Frequent business trips to the once closed-off Myanmar a decade ago might seem mundane to a teenager, but Mr David Yong was happy to tag along with his father back then.

Those memories have come in handy, as Mr Yong, 28, expands the family's timber trading business and his own new enterprises in the now-flourishing South-east Asian nation.

"My dad has been doing business there for close to 30 years. Since I was in secondary school, I have been travelling there with him and he has taken me on a lot of business trips, and even meetings with the bank," he says. "All this heightened my curiosity and desire to be an entrepreneur."

The family influence also played a major role. His maternal grandparents, who are from Sibu, Sarawak, founded a logging firm in Sarawak and Indonesia.

Mr Yong's father, who is a Singapore citizen, later started his own firm, Evergreen Teak Trading, which had a turnover of US\$10 million (S\$14 million) last year.

"Before he started his own company, my dad was just a regular employee. He didn't rely on my grandparents, who started off poor and were already quite successful when my mum and dad got married," says Mr Yong.

Business lessons were aplenty, but the key is trust, adds Mr Yong, who is trained as a lawyer and works with a firm to take on ad hoc cases when he can.

"When you start from zero, it is hard to get suppliers, banks and customers to trust you, because you do not have a reputation to back you up."

"My dad always emphasised that, regardless of the scale of business, having the trust of business partners, customers and employees is vital."

Mr Yong recently took over the firm - its Myanmar operations have 400 workers and include four factories to process sawn timber, as well as a furniture retail arm he started - but has come up with new businesses to tap industry knowledge he has acquired over the years.

The new furniture arm, Burma Teak Asia, was set up in February last year to produce a designer line in teakwood. "We do raw materials, and now we've moved into manufacturing and retail."

Burma Teak Asia is valued at \$5 million and has done well, thanks to fast-growing Myanmar, achieving a turnover of \$2.5 million in its first year, Mr Yong adds. "They are setting up a lot of hotels over there, so we take up a lot of projects, such as furnishing a whole boutique hotel or restaurants, as a one-stop solution."

The company has also started to make corporate loans and invest in promising Myanmar firms.

"We started at the end of 2013. I realised there are many companies with very good ideas and business models, but they are not getting the required support as potential investors or lenders don't take the time to understand their operations and they just get written off."

Mr Yong, who hopes to buy a commercial retail space for Burma Teak Asia in Singapore, says diversifying the business into new lines was possible because of his family's history in raw materials and the timber industry.

He wants to change the retail experience the firm offers in Yangon, and is planning to adopt an Ikea-style concept.

"Myanmar is lacking in the holistic retail experience that we have in Singapore, and I want to bring that experience to Myanmar," says Mr Yong.

Q Moneywise, what were your growing-up years like?

A I had to work for whatever I wanted, it was not served to me on a silver platter, which sparked my desire to become an entrepreneur.

I used to get \$50 a week in primary school but I would save the money to buy goods or special items whenever we travelled, that weren't available in Singapore yet and sold them to friends.

I also bought products when I was in university in Britain, to try and sell them in Singapore. I always maximised my allowance and used it for other purposes, rather than just spend it on myself.

My maternal grandfather and father had some influence on me. They both started out really poor, but worked hard and did well.

Q How did you get interested in investing?

A I had a friend who became a stockbroker and so I opened an account. From my national service days until university, I made a bit of money in the stock market but lost it all and my capital. I invested blindly and followed stock tips.

I realised in my final year of university that trying to strike it rich by investing in stocks might not be the most appropriate way for me, so I decided I should start investing in proper businesses and start-ups.

Q Describe your investing strategy.

A To look for businesses that are of good value, in comparison to the open-market value of companies in similar industries, and also companies that have immense potential for growth. As an estimate, whatever I invest in should be able to double within three years.

The valuation of a business is often the trickiest and hardest aspect to determine, as there are many factors that would be unknown to a potential investor, so prudence and proper due diligence are the most important. I also need to understand the firm's core team who is running the day-to-day aspects of the business.

Q What is in your portfolio?

A Most of my investments are in businesses based in Myanmar, as we have strong roots there.

I have Burma Teak Asia but I recently sold off 40 per cent of the shares because the new investor and partner that is coming in has the network to grow the business regionally.

The firm invested in a 45,000 sq ft furniture showroom in Yangon in the middle of this year and it will be fully functional in the first quarter of next year. It has various products like teak and modern furniture. In six months, the retail section alone has had a turnover of at least US\$4 million. Myanmar banned the export of raw timber logs in April last year, so we also sell processed timber products to go into the manufacturing and processing of timber and timber furniture.

I also finance and invest in a number of Myanmar companies that have immense potential but are lacking financing or the expertise to manage their business. Last year, financing and investing was about US\$7 million to US\$8 million, and the firm recovered 20 per cent to 30 per cent, in terms of profit.

Making 20 per cent in a year is really not bad. A lot of schemes promise 20 per cent a month, but



Worst and best bets

Q What has been your biggest investment mistake?

A When I invested in penny stocks during my national service (NS) and early university days, foolishly thinking listening to rumours would make me rich.

I lost about \$60,000 to \$70,000 there. I had saved that money from NS and the early small businesses that I did.

I was trying to find an easy way to get fast money but I realised that it's not possible to make that

kind of quick buck.

Q And what has been your best investment move?

A Burma Teak Asia. In the span of one year, for an initial capital of \$500,000, it achieved a growth of 10 times. It was a good move as I tapped into my family's expertise in the timber industry and manufacturing, and used it to my advantage to build the brand.

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PRUDENCE NEEDED

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MR DAVID YONG

Q What is one meaningful thing you have done with your money?

A I extended a loan to a friend who was facing bankruptcy this year because he was a personal guarantor for a business.

I have also given back to society by sacrificing my time and effort taking on various pro bono cases to help the needy who cannot afford costly legal fees.

Our firm, G S Lim & Partners, also received the Volunteer of the Year Award this year, among the small-sized law practices.

I also organised a Christmas gala dinner for orphans, where we gave them a heartwarming experience to usher in the festive season.

Q What meaningful plans do you have for your money?

A When all my investments bear fruit, I hope to start a trust foundation for the needy, especially for the orphans and elderly in our society.

I strongly feel that they are the most vulnerable members of our society, who have been neglected far too often by the public.

Q What are your immediate investment plans?

A To be invested heavily in Myanmar. We have diversified our business and will be starting a new business importing machinery into Myanmar in the first quarter of next year. It is a new and developing economy, so there will be a huge demand for machines.

I am also putting together a venture capital fund for investment in lifestyle and fitness start-ups. The plan is to invest about US\$8 million in these two businesses next year.

I am also planning a food and beverage concept - cafe or bistro style - in the furniture retail space in Yangon. Similar to Ikea's concept, it is to be a one-stop hub where people can enjoy their recreation and their household needs.

Q Home is now...

A A semi-detached house in the east.

Q I drive...

A A Porsche Cayenne.

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Mr David Yong

learnt many

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Trading. Mr Yong

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arm Burma Teak

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