

Chapter 5

Hai-O's Secret: Give More, Take More.

Happiness is found in helping others. Tan once proudly declared: "Hai-O's initial capital was RM168,000. This might seem a lot but it was really very, very little. But despite the small sum, we donated RM4,000 to four Chinese high schools in Klang on our first day of business." Since then, giving donations has become part of Hai-O's tradition. Every year for over 40 years, it has faithfully donated to charitable causes – a visible testament to its corporate culture of "from society, for society".



Hai-O was inaugurated on Labour Day (May 1) 1975 to symbolise that all the shareholders were once labourers, and also to signify that Labour Day was the social justice that they were looking for. On this day, not only was the company inaugurated, but hope for a new life was planted; most importantly, they found the anchor for their socialist ideals.

True, Hai-O shareholders were financially constrained, but this in no way doused their passion, ambition nor charitable spirit. On the first day of business, they demonstrated their benevolence through a cash donation despite relatively having a small capital.

Tan proudly declared: “Hai-O’s initial capital was RM168,000. This might seem a lot but it was really very, very little. But despite the small sum, we donated RM4,000 to four Chinese high schools in Klang on our first day of business.”

This act of giving wasn’t a common gesture by a new company, let alone on its inauguration day, and it is safe to say that Hai-O is the first enterprise to have made a donation to Chinese schools on its first day of business.

Tan recalled that when friends heard he was going to start a company, many of them showed enthusiastic support and wanted to attend the opening ceremony. Among them were notable figures in the local Chinese community, including the late Tan Sri Lim Geok Chan, the late former Dong Zong president Mr Lim Fong Seng, and the then Chinese education leader Mr Loh Teng Yi. Their presence at the opening ceremony created much buzz, attracting the media and public. Since then, many business activities of Hai-O have been attended and supported by notable local Chinese businessmen and elites, including Tan Sri Lee Yan Lian, Tan Sri Wee Boon Ping and Tan Sri Wong Tok Chai. Tan

fully leveraged on this “celebrity effect”, describing it as a manifestation of “adversity leads to diversity and diversity leads to prosperity”. (Read more in Appendix: Annals of Hai-O 《海鸥飞处有蓝天》.)

When Tan learnt that his friends were coming from Kuala Lumpur to attend Hai-O’s opening ceremony in Klang, Tan and his fellow shareholders were so moved that they wanted to give them a token of appreciation.

“We thought that gifts were too superficial. Since these notable people were mostly leaders from the local Chinese community and educational field, why not make a donation to Chinese high schools? By supporting Chinese education, we were supporting our people. It was the most practical and meaningful act.”

They gave despite not knowing when the company would start making money and how long the RM168,000 capital would last. They figured that since the shareholders were mostly poor, they could blame on luck if the company was unprofitable. However, they believed that they would earn more by giving more, in line with the saying, “Everything needs a little bit of give and take.”

“Any socialist will help any person in need even if he himself was poor or starving. So, even though our funds were very limited, we believed we should support Chinese education,” Tan said.

Contribute to win trust and confidence

Hai-O’s corporate culture of “Give and Take” is also the driving force behind the company’s continuous growth. This is a





conviction that Tan and the Hai-O shareholders have clung to all these years. Today, if anyone probes for the secret of Hai-O's success, he will find that its business strategy is just a secondary factor; having a "give and take" attitude is the paramount reason for its success.

Hai-O was destined to be different since it was established.

"The donation (to the schools) caused a sensation as everyone knew that Hai-O shareholders didn't come from well-to-do backgrounds. We were not rich, but we wanted to contribute to society, even if it was just a small sum. Because of that, people believed in us, that we are not a profit-oriented business."

During the initial stage, Hai-O was more like a big family than a company.

"We had many volunteers who were comrades and friends who offered to help and didn't want to get paid. We worked all day and at night, after the shop closed, we would all sit down to eat together, drink and chat. It was like the good old days when we were working together in LPM. It didn't feel like we were running a business; it was more like doing something with like-minded friends in pursuit of an ideal."

This like-mindedness and concerted effort set Hai-O on the path to great success. The shareholders forged a strong brotherhood and great sense of belonging. Together, they laid the foundation that would withstand any temptations, obstacles and challenges in the days and years to come.

"I believe that it was because we didn't really care about making profits. We used a 'low margin, high volume' strategy. With our products' own charm and selling them at a lower

price, we were able to attract more customers.” As the head of Hai-O, Tan has indeed lived up to the shareholders’ expectation. Despite the very limited funds and fiercely competitive market, Tan demonstrated his marketing genius and brilliant networking skills.

“I have to thank An Hong bosses, Woo Swee and Lee Fong Teck, for giving me the opportunity to learn how to do business. Anyway, I really don’t see myself as a businessman. I am just doing social work, not business.” Even with Hai-O’s huge success today, Tan, who is the soul of the company, would always say, “I don’t know how to run a business!” These are not words of pretention or modesty because deep down, Tan has always hoped to be a social activist or be involved in promoting culture, and not just as a successful businessman.

Hai-O Group Media Relations Manager Teoh Soo Hin revealed that Tan prefers to be addressed as “Mr Tan” and not the “boss”, as “Mr Tan” reflects equality and friendliness whilst “boss” highlights the social class difference. Tan definitely does not want to confine himself in his own social class when interacting with people.

“It’s true,” Tan said. “But everyone at the office prefers to address me as ‘boss’. Well, it’s their choice!”

Give more, receive more

Despite Tan describing himself as one who does not know how to run a business, Hai-O has spread its wings and soared to great heights under his leadership. And the more it receives, the more it gives.





“At any time, our priority is ‘giving’! First, we give more to our customers, then our suppliers and every shareholder. Every product is sold based on a ‘low margin, high volume’ policy as we want to penetrate the bigger markets with our low-price strategy. We are not profiteers. Our goal is that as long as the customers can afford our products, we can make justifiable profits. That’s it.”

Hai-O has always upheld the low-margin principle. Today, at Hai-O stores, most of the products are relatively cheaper than similar ones in the market. For example, the current prices for *Ling Zhi Chiew* and *Baji Chiew* are still very affordable.

Nonetheless, Hai-O’s biggest gift is to society in the form of donations, a practice that it started right on the first day of business. “We spent before we started earning, which is why donation has become a Hai-O tradition. Every year, regardless of our profits, we will give a pre-allocated amount to charity. At the same time, we have also incorporated the ‘charity factor’ into our products’ promotional campaigns. We have always believed that as long as we make enough for our living, and the company has enough funds for its development, we should be contented. Making huge profits is not our main goal. On the contrary, we would feel happier and have more self-worth by giving more to society.” Indeed, ever since Hai-O went public, it has been one of the companies on the Kuala Lumpur Stock Exchange with the highest dividend pay-out.

As Hai-O’s business prospers with each passing day, its contributions to society have also increased. From the late 1980s and throughout the 1990s, Hai-O’s logo and Tan’s figure were visible at many cultural, literature and community activities related to the Chinese community.

Hai-O too had organised many cultural activities. Among them was “Hai-O Literature Awards”, a significant award that has since been renamed “Hai-O Youth Literature Award”. A business enterprise and a literature award are as different as chalk and cheese, but to Hai-O, the award was (and still is) a natural thing to promote. This is because Tan admires and is passionate about Chinese culture, and he especially respects writers and scholars.

Hai-O Group Media Relations Manager Teoh Soo Hin disclosed that Tan had always felt that he lacked cultural education as he missed the opportunity for a good education due to his deprived childhood and troubled youth. Because of this, he highly respects intellectuals and likes to surround himself with people that he can learn from.

The Hai-O Literature Awards recognises and pays tribute to notable Malaysian Chinese writers. Some of the recipients include the late Yuan Shang Cao, Wei Yun and Fang Bei Fang. To encourage younger writers (aged below 35 years), Hai-O later renamed the award “Hai-O Youth Literature Award”.

Passionate in promoting cultural events

In Malaysia, it is rare to find an enterprise like Hai-O that actively organises and sponsors cultural activities. Most enterprises will support activities that are related to the nature of their business, but for Hai-O, it is all about culture and education. More accurately, Hai-O will do its utmost to support any activities related to Malaysian Chinese.

“It’s because we don’t see Hai-O as a company. Everything we do feels like it is social work. Things that are relevant to





society, liked by customers, of concern to the Chinese community and beneficial to the country – these are the things that we should strive to do.”

Besides the Chinese community activities, Hai-O and Tan also enthusiastically participate in activities promoting bilateral relations between Malaysia and China.

In the 1990s, when people were able to travel freely between the two countries, Hai-O invited many cultural and acrobatic troupes from China to perform in Malaysia, which greatly satisfied Malaysian Chinese’s longing for cultural activities closely connected to their roots.

By 2000, as Hai-O gained greater financial strength, it began to organise and sponsor international events to promote bilateral Malaysia-China relations. On Feb. 8, 2009, in honour of the 35th anniversary of diplomatic ties between Malaysia and China and in conjunction with Chinese New Year, the Federation of Chinese Associations Malaysia teamed up with Malaysia-China Friendship Association and Malaysia-China Business Council to bring in the “Cultures of China, Festival of Spring” troupes to perform in Kuala Lumpur. The gala show, sponsored by Hai-O Group, was graced by the then Prime Minister Datuk Seri Najib Razak.

In 2014, Hai-O Group collaborated with the Embassy of China in Malaysia and the Malaysia-China Friendship Association to sponsor a highly acclaimed cultural performance, “China Oriental Arts Performance”, to commemorate 40 years of bilateral relations between the two nations. The performance was held in Kuala Lumpur (Oct. 6, 2014) and Melaka (Oct. 8, 2014). That same year, Hai-O also sponsored and took part in the Yellow River Cantata.



In 1991, Tan followed the Writers' Association of Chinese Medium of Malaysia to China and visited his most admired writer, the famous Madam Bing Xin.



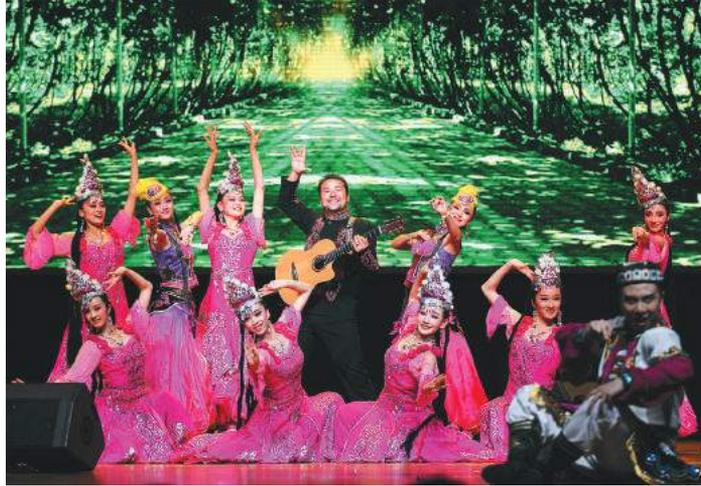
In 1987, Hai-O donated RM70,000 to the charity performance by the Acrobatic Troupe of China, which marked the first ever cultural exchange between Malaysia and China.



The outstanding performance by the Acrobatic Troupe of China won rave reviews.



In 2014, in conjunction with the 40th anniversary of Malaysia-China diplomatic ties, the Malaysia-China Culture & Arts Association invited Choir of Xiamen University to perform “Yellow River Cantata” and “Malaysia-China Chorus Exchange Concert” in Malaysia.



In 2014, the grand show put up by the China National Song & Dance troupe in commemoration of 40 years of Malaysia-China diplomatic ties had garnered favourable reviews from audiences.



Took on responsibility to promote Malaysia-China development

It is a well-known fact that Tan has a heart made of “China”. If a sponsor is needed for a Chinese cultural activity, Tan will be the first person that comes to mind. In fact, he paved the way for the establishment of the Malaysia-China Friendship Association and Malaysia-China Culture & Arts Association.

“Hai-O was established with Chinese goods. China has helped us a lot, which is why we should and we must support China. Furthermore, strengthening the bilateral relations between Malaysia and China benefits both nations. And this is Hai-O’s mission and responsibility.” Tan attaches great importance to the bilateral relations between Malaysia and China, and it is no wonder that the Chinese media has often described him as the “unofficial ambassador” of the two nations, a most fitting honour that he so deserves.

The Malaysia-China relationship is so dear to him that any news about improved bilateral development between the two nations would send him reeling in ecstasy. When President Xi Jinping announced during his official visit to Malaysia in 2013 that the bilateral relations between the two nations would be upgraded to “strategic partnership”, Tan was over the moon, describing it as an incredible development by leaps and bounds.

He also credits the Malaysian Chinese in playing a significant role in promoting Malaysia-China bilateral relations.

“Malaysian Chinese have contributed a great deal to our country! Malaysia-China bilateral relations have been able to grow by leaps and bounds for the past 20 years because





of the long-term efforts of the Malaysian Chinese, who have also helped our friends of other races to understand China.” To Tan, Malaysia and China are his homelands, which he loves equally and patriotically.

Patriotism is one unyielding belief in his life. “Patriotism is a belief. Everyone should love their country and it is our duty to contribute to the country. In Malaysia, we especially need to help other races understand China; this is essential in promoting harmonious coexistence of all ethnic groups.”

Tan has been faithful to his belief in patriotism. In the process of promoting Malaysia-China bilateral relations, Tan has placed great importance in involving other ethnic groups. He established Malaysia-China Friendship Association, and the first president was the late Dato’ Dr Usman Awang, a National Laureate who passed away in November 2001. He was succeeded by Dato’ David Chua. In 2003, the late Dr Rajakumar was elected the President. In April 2005, Dato’ Abdul Majid Ahmad Khan, an experienced diplomat and former Malaysian Ambassador to China was unanimously elected the third and current President. All this while, Tan was (and still is) entrusted with great responsibilities as the Secretary-General.

Tan has helped found many associations related to Malaysia-China relations; however, he is not necessarily their leader. The Malaysia-China Friendship Association is one good example. Another example is the Malaysia-China Chamber of Commerce, where Tan helped establish in 1990 and where he nominated a prominent merchant from Melaka, the late Datuk Goh Kok Kee, as the founding president. Regardless of the position that Tan was appointed to or even when he was relegated to the role of consultant, he would be ever ready to give his fullest support.

With all the associations he has helped found, Tan has never aimed for the president position but to enthusiastically support a good cause that will benefit the community and country. It is this “giving” attitude and life philosophy that has set Tan apart from many successful corporate and community figures.

Trustworthiness that wins support

Tan believes that the more you give, the more you will receive. The “give and take” process is a virtuous cycle, and based on this conviction, Hai-O has grown from a small company to a quality and listed company.

Many people are curious as to how Hai-O has managed to grow from a company without any advantages or favourable ties to a successful large enterprise. Furthermore, it seems as if its journey has always been smooth-sailing and crisis-free, and it has had the capacity to sponsor a lot of major and big events. What are Tan and his team’s secrets?

“No secrets. We just do it! I believe that our support to the different activities and events has created a credible and trustworthy image for consumers. We are not very commercial, we stand together with our customers and I believe this is how we have been able to win their support.”

What needs to be emphasised is that most of the donations and sponsorships announced by Tan were actually from his own pocket, according to Hai-O Group Media Relations Manager Teoh Soo Hin. However, he often made the contributions in the name of Hai-O. To him, there isn’t any difference.





There had been times when Tan was committed to donating a certain sum, only to find that the company could only afford to give a lower amount than the committed sum. In those cases, Tan would fork out the balance to honour the commitment.

According to Teoh, Tan is oblivious to numbers. He doesn't make donations based on the company's accounts books; instead, he makes donations spontaneously and based on the needs of the situation. This actually shows how generous Tan is when it comes to helping the needy.

One of the most significant and prominent charitable activities organised by Hai-O is the "Ai Hua Jiao" charity concert tour, a collaboration with *Sin Chew Daily* since 2010. In the past seven years, "Ai Hua Jiao" has raised over RM73 million for 53 Chinese-medium schools. For Hai-O's commitment, it was awarded the "Social Empowerment Award" in Asia Responsible Entrepreneurship Awards 2016 held by Enterprise Asia, the region's foremost non-governmental organisation for entrepreneurship.

Tan's wish is for Hai-O foundation to be sustainable and pass from generation to generation to help more people in need.

"I have never thought I would lead such a good and comfortable life, so I have to give more! I'm so happy that I have the ability and capacity to help people," he said.

As of Aug. 8, 2017, the total market capitalisation of Hai-O Group was RM1.2 billion

| Year founded | Start-up capital | Year of listing | Total dividend pay-out | Equity growth rate |
|--------------|------------------|-----------------|------------------------|--------------------|
| 1975 | RM168,000 | 1996 | RM304 million | 1590% |

Brilliant record of dividend pay-out

According to a report published in *The Edge* on June 25, 2015, Hai-O Group was one of the top 10 companies on the Kuala Lumpur Stock Exchange with the highest dividend pay-out. Hai-O's share was the fund manager's top recommendation and the investors' favourite.

In 2006, Hai-O announced an exciting policy of allocating at least 50% of its net profit as a dividend pay-out to shareholders. Hai-O has been keeping its promise; its shareholders have been enjoying handsome investment returns every year since then.

Hai-O's net profit and dividend pay-out 2008-2017

Table 1: 2008-2012

| Year | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------|--------|--------|--------|--------|--------|
| Net profit | 48.535 | 52.290 | 70.597 | 28.369 | 34.003 |
| Dividend pay-out amount | 24.808 | 26.212 | 36.187 | 14.941 | 17.794 |
| Dividend pay-out rate | 51% | 50% | 51% | 53% | 52% |

Table 2: 2013-2017

| Year | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|--------|--------|--------|--------|--------|
| Net profit | 47.153 | 40.271 | 29.760 | 36.344 | 59.475 |
| Dividend pay-out amount | 27.584 | 27.416 | 29.195 | 28.972 | 46.322 |
| Dividend pay-out rate | 58% | 68% | 98% | 80% | 68% |





In 2007, Hai-O donated RM100,000 to the Beijing Foreign Studies University to promote the latter’s Malay Language Research Centre.

In the photo, Tan Sri Osman S. Cassim (left) hands over a mock cheque to Councillor Gu Jingji. Tan is in the centre. Professor Wu Zongyu played an important role in contributing to this cultural exchange sponsorship.

On Dec. 18, 2014, in conjunction with the 40th anniversary of Malaysia-China diplomatic ties, the Chinese Embassy in Malaysia awarded Tan a commemorative medal of “China-Malaysia Friendship Star”. Those who receive the commemorative medal are also given a five-year multiple entry visa to China.





During the 2017 Annual General Meeting, Hai-O announced an astonishing sales performance growth. The photo shows the board members of Hai-O Group (from left): Soon Eng Sing, Chia Kuo Wui, Datuk Jimmy Choo, Tan Keng Kang, Tan, Datin Sunita, Hew Von Kin, Chow Kee Kan and Tan Kim Siong.



Hai-O board members at a press conference after the Extraordinary General Meeting on March 15, 2017.



On March 21,2017, Hai-O Group held the Sahajidah Hai-O Marketing dinner party and launched the Infinence hijab collection in the fashion capital of Milan. This was one of Sahajidah Hai-O Marketing's strategies in the international fashion arena. A collaboration with renowned Malaysian designer Rizman Ruzaini, Infinence hijabi collection features elegant and colourful designs that combine both glamour and simplicity.