

# Big investor goes with gut instinct

SingXpress executive chairman's No. 1 investment rule is to ignore what others say

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Hong Kong-born Chan Heng Fai, who is the executive chairman of property firm SingXpress, has an eye for opportunities – and it has served him well.

He was pursuing a business management diploma in London North Western Polytechnic (now London Metropolitan University) in 1969 when he embarked on his first business venture.

Back then, he could not afford to fly home during vacations and realised that other foreign students had a similar problem. That was how aircraft-chartering firm Inter-Asia came about. Mr Chan, now 66, found out that by chartering an entire aircraft, he could sell tickets to students at a fraction of regular commercial prices and still generate healthy profits. It cost him just £100 (\$200) to set up the business. In 1972, the firm – with its 12 offices globally – was sold for £500,000. He was 28 then.

He lost his wealth in stock trading a year later and accumulated a debt of HK\$10 million (\$1.6 million), but persevered to perfect his skills. He joined Wing Full Security as a remiser and cleared his debt in about eight years.

In 1984, he migrated to Vancouver, Canada, after he sold off an asset securities firm which he had set

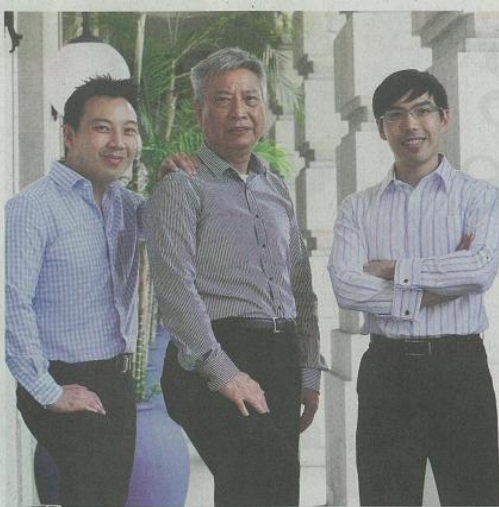
up four years earlier. In 1988, he acquired a US commercial bank, American Pacific Bank, for US\$350,000 (\$5424,000). It was close to bankruptcy but he restructured and grew it, finally listing it on Nasdaq. In 2005, he sold it for US\$34 million to Riverview Bancorp. His stake then was 44 per cent.

Meanwhile, he returned to Hong Kong in 1993 and bought Hong Kong-listed Xpress Group. He restructured it to become the master holding firm for all his business activities, such as his Singapore property investment arm SingXpress Land. SingXpress projects include Southbank Soho, a home-office concept condo, and cluster housing Charlton Residences.

Mr Chan is married to housewife Kong Yoke Keow, 60. They have two sons, Tong Wan, 36, and Tung Moe, 32, a daughter, Mary-Ann, 40, and six grandchildren. Both sons are directors at SingXpress Land.

**Q: Are you a spender or saver?**  
I am definitely not a saver... I spend when I need to, but not frivolously. I do not budget between investments and savings. I am willing to aggressively move between being fully invested with nothing set aside for savings, to fully "in cash", depending on my market outlook.

**Q: How much do you charge to your credit cards every month?**  
I'm a pioneer of the credit card business and have operated three credit card businesses in my life, as part of my banking business. I fully pay down my credit card each month. I avoid interest charges and never draw cash on my credit card.



ST PHOTO: DESMOND FOO  
Mr Chan, 66, with his sons Tong Wan (left), 36, and Tung Moe, 32, both of whom are directors at his property investment company SingXpress Land.

My average balance really depends on my prevailing spending needs. For example, I have bought a Mercedes Benz on my credit card before. If I need cash I write a cheque and have someone take it to the bank to withdraw the cash for me, to save time. I generally carry three to four cards.

**Q: What financial planning have you done for yourself?**  
I am an aggressive investor. I target 20 per cent returns a year on my capital and have generally achieved that since the 1980s. For my personal investments, I am more of a trader than a long-term investor. For example, at this moment I am 99 per cent in cash because I read the short-term momentum and the global financial market uncertainties as bearish. But despite that, my medium- and long-term outlook on markets is bullish.

Prior to shifting to cash in May, I had more than a quarter of a HK\$1 billion in blue chips like Apple, Microsoft, Citicorp, 10 Japanese stocks, Singapore real estate in-

vestment trusts, Bank of China and Henderson Land.

I also had HK\$40 million to HK\$50 million in Hongkong Bank preference shares yielding 7 per cent to 8 per cent a year. My No. 1 rule of thumb is not to listen to other analysts, but to believe in my own gut feeling. My advice to retail investors is to really go long-term and choose the best fundamental stock that pays a lot of dividends and sit on it. About 95 per cent of traders lose money, so don't try to be short-term traders.

**Q: Moneywise, what were your growing-up years like?**  
I am the oldest of five children. My father ran a business distributing tablecloths, bedspreads and pillow cases in Hong Kong. He was a traditional Chinese businessman running an old Chinese shop and was very respected in his business. He was hard-working and kind-hearted, which greatly influenced me.

We had little money and lived in a rented shophouse at On Hing Terrace in Central. My "bedroom"

## WORST AND BEST BETS

**Q: What has been your worst investment to date?**

Between 1995 and 1997 – after I returned from America as a successful businessman – I made a number of personal investments in China. They included joint ventures with the city government in two cement plants, two breweries, one medical saline manufacturer and the biggest duck farm in China. The typical formula of the shareholding was 80 per cent (mine) and 20 per cent (the government's). In reality, the government's 20 per cent shareholding was more "powerful" than mine. Once the money went into each joint venture, I found that I lost all

control and was blocked and undermined. I estimated that I lost about HK\$300 million to HK\$400 million (\$550 million to \$560 million) on those investments.

**Q: And your best?**

They are Inter-Asia, an aircraft chartering business I started while in college in London, and American Pacific Bank, a US commercial bank which I acquired in 1988. Under my guidance, it became a Nasdaq-listed high-asset quality bank, with zero loan losses for over five years consecutively before it was ultimately bought and merged with Riverview Bancorp.

was sometimes under the staircase and sometimes on top of cabinets.

In terms of handling money I became the total opposite of my family, who were extreme savers. I was a spender hungry for the finer things in life. Despite the lack of money, as a teenager I would save for half a year, and then spend it all taking a friend to a stylish meal at Peninsula Hotel. The funding for my overseas studies came from the Catholic Church via a scholarship.

**Q: How did you get interested in investing?**

In the early 1970s I lost my entire fortune and more in stock market speculation right after selling Inter-Asia. I didn't know what I was doing and simply relied on rumours and tips fed to me by my brokers. This experience spurred me to turn professional. I studied every publication and scrap of material available on the topic of security trading.

**Q: What property do you own?**

Over the years I have held Hong Kong, British and Canadian passports. I recently became a Singaporean. One reason is because I'm confident about the property market here. In mid-June, I bought a 14,500 sq ft good-class bungalow in the Bukit Timah/Holland area for approximately \$29 million.

I maintain my 6,500 sq ft home

in Hong Kong at 11 Pollock's Path, located at The Peak. I bought it in 2004 for HK\$45 million. It is worth HK\$500 million based on my neighbour's recent transaction.

**Q: What's the most extravagant thing you have bought?**

In 1972, I bought a three-storey mansion with a basement in Hampstead Heath, England. It occupied 0.2ha and I paid approximately £250,000. Within six months, I was offered £350,000, so I sold it for a £100,000 profit. I consider it one of my life's biggest misses in that I did not hold on to it. It would now fetch in excess of £20 million.

**Q: What's your retirement plan?**

I do not have a retirement plan. I was able to retire when I was 28, but I enjoy the creativity of my work. I won't retire... not until the day I cannot leave the hospital.

**Q: Home is now...**

My primary home is my bungalow in Singapore and my secondary home is at The Peak in Hong Kong.

**Q: I drive...**

I have a tiffany blue Rolls-Royce, a burgundy Mercedes Benz and a champagne gold Toyota Alphard in Hong Kong. In Singapore, I own a silver Toyota Alphard.

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