COVER STORY

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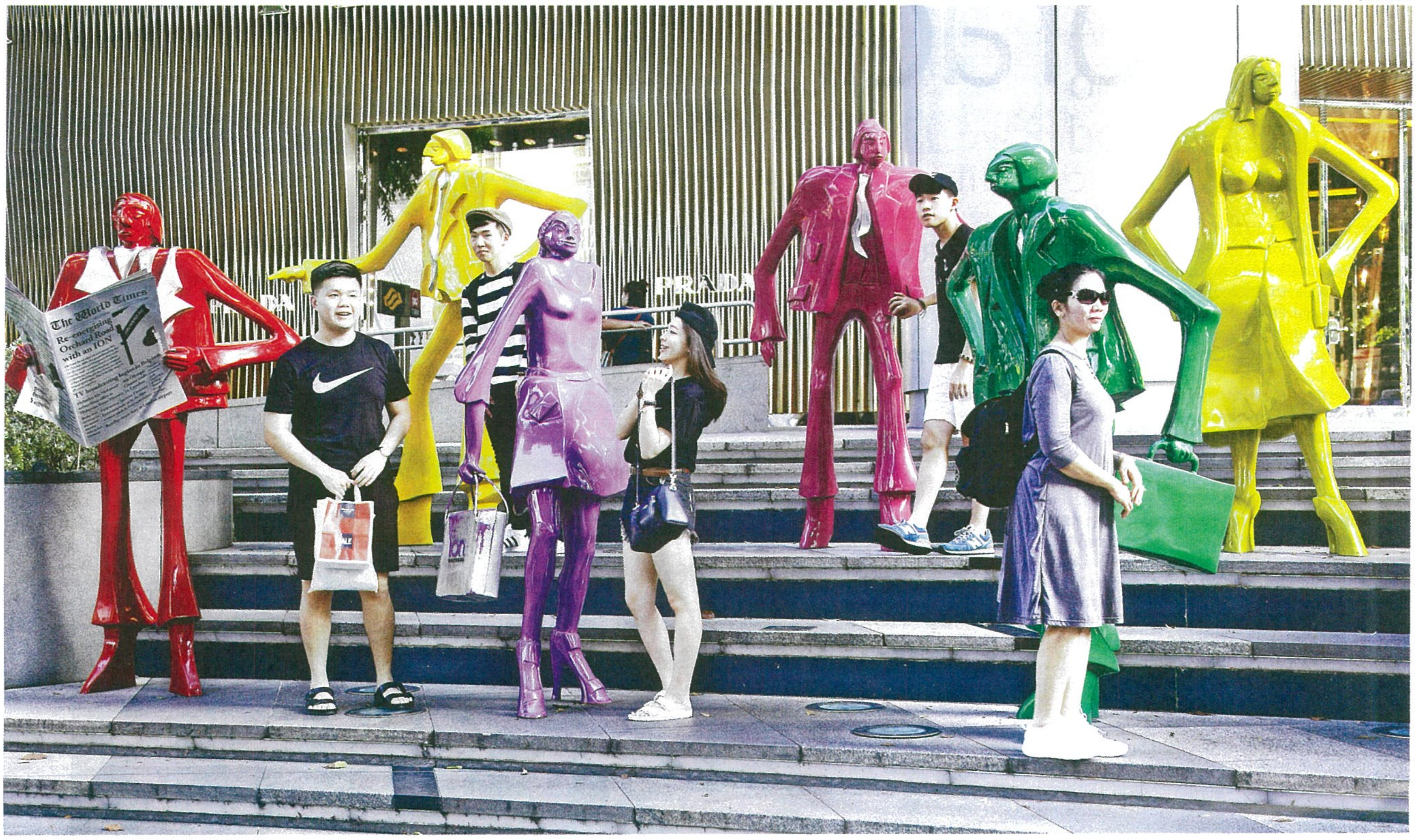


CRAZY RICH AND ASIAN

The Hollywood movie has received its share of both rave reviews and detractors. Yet, amid the seemingly carefree lives of the rich and famous are real concerns of wealth preservation and transfer.

BY **JEFFREY TAN**

Asia is, without a doubt, home to a fast-growing number of the world's richest people. For the first time, Asian billionaires have outnumbered their US counterparts, on the back of the rise of China's entrepreneurs. A new billionaire is created in Asia every other day, according to UBS and PwC in a joint report on the billionaire set. There were 162 new billionaires in Asia in 2016, compared with 39 in the US and 24 in Europe. However, while the US still commanded most of the wealth, Asia is likely to overtake it in four years, if the current trend of growth continues.

Mukesh Ambani, chairman of conglomerate **Reliance Industries**, is Asia's richest man. He is worth US$44.3 billion ($60.7 billion), according to some estimates. Following close behind is **Alibaba Group Holding** founder Jack Ma, who is reportedly worth US$44 billion.

Many of the region's richest families can be found in Southeast Asia. Malaysia's Kuok family, led by patriarch Robert Kuok, is worth US$14.8 billion, according to *Forbes Asia*. The Kuok family derived much of its wealth from its commodities trading business in the 20th century, and has now expanded into other businesses such as property and hospitality. Indonesia's Widjaja family, helmed by Eka Tjipta Widjaja, is worth US$9.1 billion, according to *Forbes Asia*. The Widjaja family gained much of its wealth from a variety of businesses, such as paper, real estate, financial services, agribusiness and telecoms.

In Singapore, the list of 50 richest people is led by brothers Robert and Philip Ng, who control private landlord and property developer Far East Organization. They are reportedly worth $11.9 billion, according to *Forbes Asia*. Others on the list include property tycoon Kwek Leng Beng of Hong Leong Group and **City Developments**, who is worth $7.6 billion; and banking magnate Wee Cho Yaw of **United Overseas Bank** (UOB), who is worth $6.4 billion. Peter Lim, who was formerly a stockbroker and now invests in property, healthcare and sports, is worth $2.5 billion. He derived much of his wealth from cashing out of palm oil giant **Wilmar International** several years ago.

Many of these high-net-worth individuals (HNWIs) are the creators of their own wealth. The UBS/PwC report also observed that the proportion of self-made billionaires has been increasing over time, and now accounts for some 60% of the current billionaire cohort. Their riches were obtained through successful businesses founded in the last century, and the latest surge in wealth is driven in part by the synchronised global economic growth over the past year, coupled with the boom in equity markets.

Today, many of the first generation HNWIs are in their twilight years. Some have retired, while others have taken more of a backseat at the businesses they control, though they still exert some influence.

Given this backdrop, a rush in wealth transfer from one generation to the next is expected. "We foresee a significant wealth transfer of US$2.1 trillion in the next 20 years globally. With the rise of Asia-Pacific, we will be witnessing one of the largest wealth transfers, as 45% of wealth will be transferred in the next five years and around 70% in the next 10 years," Anurag Mahesh, Asia-Pacific head of the global family office group at UBS Global Wealth Management, tells *The Edge Singapore* via email.

Young Jin Yee, managing director and market group head for Singapore at Credit Suisse, concurs. "In Asia, a lot of wealth is now in the transition phase. We do have new sectors such as technology where people are creating new wealth. Most of our clients are actually from the first generation and now into the second generation; a few of them are from the second generation now into the third," she tells *The Edge Singapore* in a recent interview.

Along with wealth transfers, planning is another key area of focus for wealthy families. According to the 2017 UBS Global Family Office Report, nearly half of family offices in Asia-Pacific say they are in the process of developing a succession plan. In Singapore, 67% of family offices in Singapore are in the process of developing a succession plan. This compares with 29% of Hong Kong family offices. "Based on our discussion with family offices, succession planning has always been a key priority for our clients," says Mahesh.

Lee Wong, head of Asia's family services at Lombard Odier, agrees. She says this is a potential point of conflict within a family and the business, especially if the process of picking a successor is conducted in an ad-hoc manner. "If succession planning is not discussed explicitly, it is a disruption from within," Wong tells *The Edge Singapore* in a recent interview.

So, how are wealthy families in Asia transferring their wealth to their posterity and selecting the successor of their businesses?

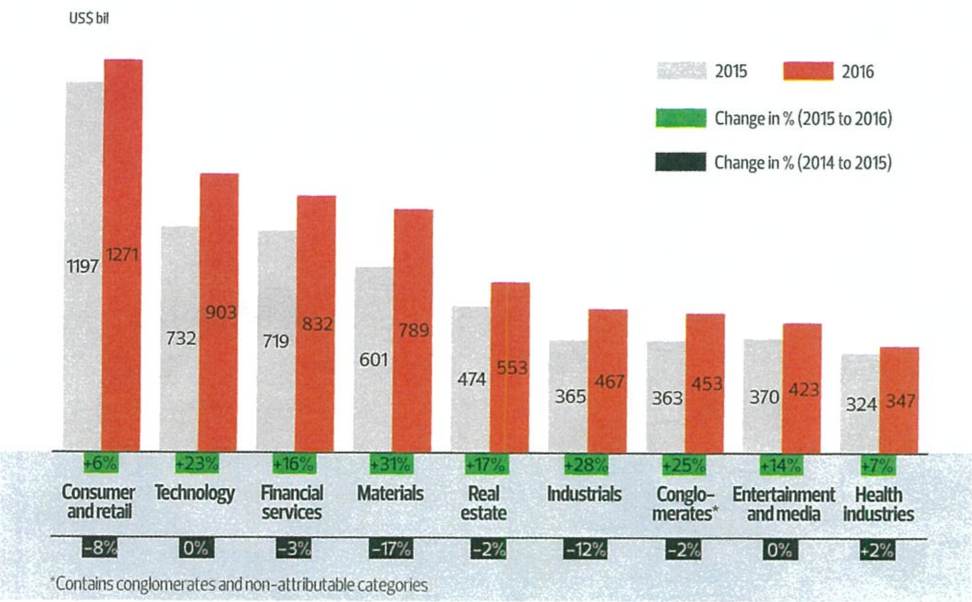
Transferring wealth

In the West, a trust is usually the preferred vehicle used by wealthy families to pass on their wealth to the next generation. This is because a trust has advantages over a will, says Young of Credit Suisse. In particular, a trust can distribute wealth over multiple generations under certain terms set out by the trustor. For example, a child gets only $1 million each year upon reaching 21 years of age, instead of getting the entire share of wealth. "Parents are [mindful] of this fact. They want to give it slowly," she says.

In Asia, however, this has yet to catch on, though there are some early adopters, says Young. This is because wealth is still growing in Asia. "In Europe, wealth was created some time ago; it is now about preservation and distribution. In Asia, typically, it is in the midst of creation. We are still in the growth mode," she says.

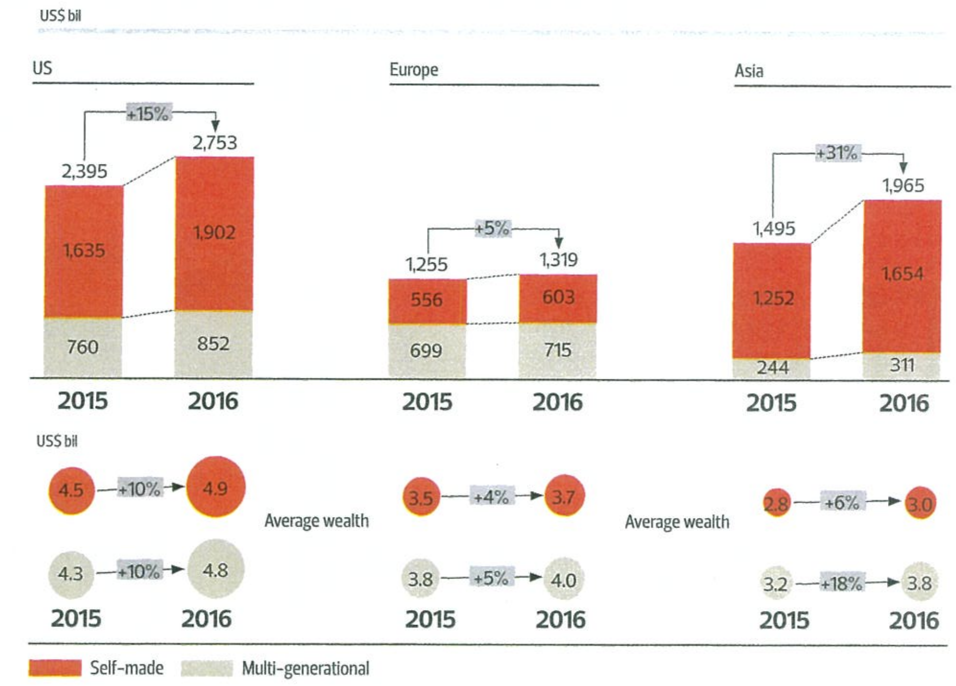
Tan Kuan Ern, head of Singapore coverage for investment banking and capital markets at Credit Suisse, says most of the founders of businesses in Southeast Asia tend to still stay in the business. He says he has seen a minority of cases in which the patriarch or matriarch

Global industry distribution of wealth (2015 to 2016)



CHARTS: UBS BILLIONAIRES INSIGHTS 2017

Regional wealth dynamics 2016 billionaire cohort



sells the business and passes the proceeds to the next generation. "The wealth is ultimately not passed on until there is a share transfer to the kid. The only exception is the patriarch or matriarch chooses to sell the company and distribute the proceeds. Or, they hand down the shares to the next generation. But not that often," he says.

Still, some families have gone down the acquisition route. Young recalls one of the bank's clients, where the son decided to buy out his father's controlling share of the company. This enables the son to have full control of the company and the ability to dictate the future direction of the company. On the other hand, the father receives the proceeds from the sale of his stake. This can then be distributed to his other children, through a trust or will.

More often than not, however, the parents tend to encourage their children to join the family business. As such, a big chunk of wealth is also usually transferred to the successor of the family business. And, the children are given senior positions and at an increasingly younger age, says Tan. "In the past 10 years, there has been a transition where more offspring are coming into the business earlier than we have ever seen before. But the patriarch or matriarch is still the decision maker. It is still very traditional — they run it as a paternalistic or maternalistic type of structure."

This can be seen in conglomerates, of which "a different piece of the empire" is given to a son or daughter-in-law to lead, says Tan. Those who are in their late 30s or early 40s are usually appointed as heads of divisions or a subsidiary, he explains.

However, only 20% of children join the family business, says Lombard Odier's Wong. The majority either prefer to start their own business or pursue a high-flying career at a prestigious company, she says. "[The main reason] they want to branch out is because they are bored with the family business. It doesn't engage them. The inability to express their autonomy and control of [what] the future brings are other reasons," she says.

Striking out

Indeed, one in four heirs to the world's biggest family fortunes is pursuing his own venture, independent of the family business, according to the Next Generation Study by PwC consultants, released late last year.

The study, which surveyed 100 scions from across the world, suggests that many find work within the family business stifling, especially if they are the youngest individual bearing the family name.

Other observers estimate the number of next-generation members who start their own business could be as high as 40%. They may not be able to implement changes or shape the future of the business, says Lombard Odier's Wong. And they may not even be earmarked for key positions. Among those surveyed by PwC, many are also inspired by their family's enterprising spirit to start their own venture.

Indeed, more businesses are being started than ever before, especially in Asia. According to UBS' Billionaire Insights 2017, most billionaires in Asia and the US are self-made men.

There has been a rapid growth in the number of billionaires in this region, with wealth creation driven by technology. Spurred by this trend, entrepreneurs, even from the richest families, are starting more businesses than ever. "Entrepreneurs will continue to benefit from megatrends such as accelerating technological change, Asian urbanisation and ongoing financialisation," says the UBS report.

Meanwhile, most family firms are transitioning from the second generation to the third. "As business families grow beyond the second generation, it is only natural that not every member of the much larger group of cousins joins the family firm. [A similar case is] half-siblings in hybrid families: The larger and more diverse the group, the more likely it is that not everyone joins the family firm, so we will naturally see more family members starting their own businesses as business families grow larger," says Marleen Dieleman, an expert on strategy and governance in Asian family business groups at the National University of Singapore.

Interestingly, venturing outside the family stable is — very often — encouraged by families. "Many of the entrepreneurial next gens find their own funding to start their new ventures, but some have been given family cash to get them off the ground, though this is usually personal money, not an investment from the family firm," notes the PwC study. Some families, PwC found, believe the younger generation who have worked outside the family business can bring new approaches to solve challenges in the family business.

One of the most prominent examples of a "next generation" starting their own venture comes from the Kuok family, Asia's 15th richest family on the Forbes 2018 list. Kuok Meng Ru, son of Kuok Khoon Hong, the nephew of Malaysian tycoon Robert Kuok and founder and CEO of agribusiness giant Wilmar, channelled his interest in music into a business. He is the co-founder of BandLab Technologies, a music making start-up, and the managing director of music gear retailer Swee Lee. Meng Ru also bought a 49% stake in global music brand Rolling Stone. His brother, Meng Han, is the founder of Camtech Management, which incubates biotech, diagnostics and technology start-ups.

Meanwhile, Wee Teng Wen, son of UOB CEO Wee Ee Chong, is running a hospitality and restaurant business. The Lo & Behold Group started in 2005 with a capital of US$400,000. The group operates upscale restaurants and bars. Last year, it opened The Warehouse Hotel.

In Malaysia, Rachel Lau, daughter of the late real estate magnate Lau Boon Ann, is now running her own venture capital firm, RHL Ventures. She started the firm in 2016 with two other heirs of prominent Southeast Asian families: Raja Hamzah Abidin, son of a former Malaysian minister, and Lionel Leong, son of Leong Hoy Kum, who leads the **Mah Sing Group**. RHL Ventures champions Asean growth stories by taking a 10% to 30% stake in businesses that want to operate in Southeast Asia. It has made three investments so far, comprising a healthcare platform, a sports chatbot and a concert mobile application. "My mum is a big believer in charting your destiny," says Lau. "As the world becomes increasingly global, we have seen more people falling behind. RHL aims to create a platform that fosters real innovation [that has scale] and leaves no one behind."

In Thailand, Korawad Chearavanont, grandson of the head of the Charoen Pokphand conglomerate, has gone on his own path as well. He founded a mobile messaging platform for large companies called Eko Communications. It serves clients, including **Charoen Pokphand Foods** and Thanachart Bank, and is backed by prominent venture capitalists, including 500 Startups and Gobi Partners. It has raised more than US$9 million. Korawad's family business has one of the world's biggest animal feed and livestock operations, and his father, Suphachai Chearavanont, and his siblings are worth US$30 billion.

Another descendant of one of the richest families in Southeast Asia to step outside of the family stable is Howard Sy. His grandfather, Henry Sy, is worth more than US$20 billion and controls **SM Investments** with businesses that range from malls to banks and mining. Howard started StorageMart, a self-storage company based in Makati, Philippines. That is a move, he claims, that was inspired by watching American reality TV series *Storage Wars*.

Succession planning

The inclination of the younger generations to strike out on their own could be a future problem for the continued success of the family business. The sibling who exhibits entrepreneurial qualities and attitude — suitable to lead the family business — usually wants to start his own business. "I wouldn't say that those who venture out are the suitable ones to be a successor. But there is a danger that that might be the case," says Wong of Lombard Odier.

So, how do you solve the problem of children not wanting to join the family business?

One way is to set up venture capital arms

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LOMBARD ODIER

Wong: If succession planning is not discussed explicitly, it is a disruption from within

Young: In Asia, a lot of wealth is now in the transition phase

PICTURES: CREDIT SUISSE

Tan says most of the founders of businesses in Southeast Asia tend to still stay in the business

COVER STORY

Private banks run next-gen programmes to keep business in family

BY **CHAN CHAO PEH**

Money K has not seen the movie *Crazy Rich Asians* nor read the book that it is based on. And he is not keen to. He tells *The Edge Singapore* in an interview that, actually, some clients whom he met in Hong Kong had told him they found the movie — based on what they had seen in the trailer — exaggerated and offensive. "They felt a bit insulted that they are being caricatured and pigeon-holed as the rich, spoiled, next generation," he says.

K is global head of Citi Private Bank's so-called next-generation programme, an initiative that private banks have for high-net-worth clients and their children. Apart from investment advice, the programmes cover a range of activities and courses: Credit Suisse holds art appreciation classes and UBS ran a wine-tasting session in New York with Jon Bon Jovi's son Jesse. Lombard Odier, meanwhile, shares its own story with the clients. It is now run by the sixth and seventh generation of the firm's founding families.

K, for Citi, has brought participants to visit start-ups in Silicon Valley; invited Harvard professors to lead case study discussions; and roped in colleagues to impart to participants the finer aspects of capital management. Other versions of Citi's next-generation programmes have included sessions on estate planning and family governance. Many families often face what is known as "the cousin consortium", which is a growing concern as wealth gets transferred and families expand into the third generation. That is when differences occur. Some family branches might want to take the lead and manage the empire, while others are just happy to receive a regular stream of dividends. Still others might want to cash out. Each situation is unique, but programme participants can learn how other families before them have dealt with the same issues.

"There are some crazy rich Asians out there, I'm sure," says K. "But I've not seen them in my next-generation programmes. Most probably, they wouldn't be interested to take part anyway. There's too much reading to do," says K, referring to the rigorous preparation work before the scions meet for each of the multi-day programmes.

ALBERT CHUA/THE EDGE SINGAPORE

K says the various types of 'next generation' have different priorities

He believes that the vast majority of wealthy people have a sense of social responsibility and are active in charity work. While the older generation used to practise "cheque book philanthropy", the younger generation, because of their education, want to do something with more social impact, such as addressing inequality. "It is not all about materialism. You'd be surprised how the next generation sacrifices time, effort and money to pursue their causes. It is really humbling," says K. "I've never done surveys, but yeah, Crazy Rich Asians? Crazy."

Before the younger generation is able to make a difference in society, they have to learn how to grow, and not merely preserve, their family's wealth. The adage that wealth does not last beyond the third generation has rung true; studies have shown that just 20% of family businesses flourish into the second generation and only 5% make it to the third. "That's a very high attrition rate," says K.

As he explains, the various types of "next generation" have different priorities that require wealth managers to run multiple, differing programmes. There are those in their 20s whose outlook on life would be different from those in their 30s, who may already be holding key positions in the family businesses. Then, there are also those in their 50s, already decision makers, but who still have to acquiesce to the family patriarch.

K seems especially proud of one programme on "exponential technologies", which he started last year. The aim of the programme is to help families, many of whom have built up their store of wealth in traditional industries, manage disruptive challenges ahead. K recalls how a 72-year-old client, an engineering graduate from the renowned California Institute of Technology, insisted on taking part in the programme along with his son.

During the three-day course in Silicon Valley, participants visit both start-ups working on breakthrough projects and tech companies poised to disrupt traditional business models. The companies hosting the participants are Citibank's corporate banking clients, and all are happy to showcase what they can do. "Potentially, the participants can be investors or partners," K explains.

It is not all work and no play, though. A regular item on the agenda for the Silicon Valley programme is dinner overlooking a vineyard. "Some of the best networking takes place over a glass of wine," K adds. The participants keep in touch after finishing the programmes and some matches beyond business have also been made; K discloses that there have been two marriages among his charges.

At the end of the day, the wealth managers also have their own reasons for trying to build ties with the next generation: A fruitful relationship with a family patriarch that has lasted years is no guarantee the family will remain as a client. Management consultants at McKinsey have done studies showing how 90% of the inheritors want to change their private bankers, some simply because "they don't want to use their father's bank", says K. PwC, meanwhile, estimates that proportion at 50%.

For now, Citi says it does business with one-third of Asia's billionaire families. "We are working on the other two-thirds," quips K. "Whatever the percentage, 25%, 50% or 90%, [it] is still a cause for worry for any private bank. We want to engage the next generation, build relationships with them. This is a very sticky programme, and it helps to keep the business in the bank."

Wealth advisers remain popular, but Asia's young and rich venture out

BY **TRINITY CHUA** & **JEFFREY TAN**

The next generation among Asia's rich will be playing an increasingly critical role in managing their families' wealth. According to some wealth managers, some families are happy to let their children handle the money, but more are getting professionals to do so. Family offices are now a growing source of investment funds. For example, for the recent listing of Temasek Holdings-linked Astrea's private equity bonds, a quarter of the offer was taken up by family offices.

Even if the families do not entrust everything to the professionals, they are giving them a bigger proportion of their wealth to manage, says Young Jin Yee, managing director and market group head for Singapore at Credit Suisse. Still, that does not mean the younger generation is not interested in investments. Rather, they are simply more selective in their approach. They will be "hands on" where they have a personal interest, especially when it comes to private equity deals.

For example, some of the next generation family members have joined managers of incubator funds to visit companies in Israel, a hotbed of high technology start-ups. "They are also [interested] in deals that are more private in nature, such as private equity deals or mezzanine deals. They are personally involved because that's their interest," she says.

According to UBS, two out of every five clients are allocating a bigger proportion of their portfolio to this asset class. Many Asian family offices are actively evaluating private equity deals, weighing the risks and returns versus public market opportunities. They are also reducing their concentration on home markets by looking for investment elsewhere, says Anurag Mahesh, Asia-Pacific head of the global family office group at UBS Global Wealth Management.

But while there is growing interest in private equity deals, the bulk of family wealth is still typically invested in traditional asset classes. "People here still like real estate investment trusts, bonds, things with recurring cash flow. Most of them want to ensure a good chunk of [their wealth is] in stable, recurring cash flow. You will see that [in areas such as] real estate. A very diversified portfolio of bonds is becoming very popular," says Tan Kuan Ern, head of Singapore coverage for investment banking and capital markets at Credit Suisse.

In fact, in the context of the longest US bull market run in history, equities have remained popular among Singapore family offices. According to the 2017 UBS Global Family Office Report, 22.1% of the family portfolios are allocated equities, although real estate is a close number two with 20.4%.

Wealth growth versus wealth preservation

Most of the families in Asia-Pacific are still headed by the founding patriarchs, and the hunger for growth remains strong. According to UBS, 25% of Asia-Pacific families prioritise wealth preservation, versus 40.6% that want to grow. Quite often, the ambition transcends generations.

"My dad is a first-generation entrepreneur. I got to see his whole entrepreneurial journey, and that process rubbed off on me," says Andy Lim, whose father, John Lim, co-founded ARA Asset Management, with the backing of Hong Kong tycoon Li Ka-Shing. Today, the firm and its associates manage some $77.2 billion worth of real estate assets across the region. *Forbes* estimates the elder Lim, whose father was a school teacher, to have a net worth of US$780 million ($1.07 billion).

"I feel that we are still in the growth phase of the business. A lot of people suggest that as the next generation, you should diversify. But for us, it still makes sense to focus on our key strength [in real estate]," says Andy, who is the executive director of the JL Family Office, which is the Lim family's investment holding company. JL's portfolio includes ARA Real Estate and Fund Management as well as Straits Real Estate, a joint venture between the family office and **The Straits Trading Co** in 2013.

Besides real estate, Andy invests in stocks and bonds too. He is targeting returns of mid-to-high single-digit percentages a year. The intention, he says, is to eventually use some of this wealth to grow his real estate play.

Growing the family business, he says, is the best way to preserve wealth. "To be prudent, to successfully preserve our wealth now, it also means to continue to grow. It is our hedge against current economic uncertainties," he explains. "The privilege that I have compared with my father's is I can choose to manage my risks a bit better because I have more options to take a more calculated risk that my dad may or may not have [had] at that time."

Facing disruption

As entrepreneurs who built their wealth by sensing and growing new growth markets, these business families should also be sensitive to changes in the business environment. Traditional industries and business models are being disrupted by new technologies on an unprecedented scale. Yet, several different surveys point to a worrying trend: the majority of the families are not quite adapting to changes.

A survey by PwC found that fewer than half of family businesses have discussed the threat of technology disruption at the board level. One in three members of the next generation say they have a hard time getting the business to understand the urgency to go digital, according to PwC's Next Generation Survey of Family Business Leaders 2016.

AmAsia, a venture firm based here, in November last year surveyed 100 family business principals and heads of family offices. About 73% of participants admit that their business is at risk of disruption. Almost the same number, 77%, feels that a generational gap poses a hurdle to conversations about tech disruption between generations.

This could have nudged the younger generation to go out and find investments among start-ups and new industries. Monk's Hill Ventures managing partner Lim Kuo-Yi estimates that the number of next generation members interested in venture capital has grown nearly three times in the past two to three years. "This comes from an increasing awareness of how technology is driving change and is a form of defensive investment where their existing businesses may be affected," he says.

Whether these tech forays with their venture capitalist counterparts will pay off or otherwise, only time will tell. But John Kim, managing partner of AmAsia, says, "There are those who give up after one failure. But what may help is [family offices] should invest in technology with intention. That means looking at [long-term] plans of how these investments will play out."

Succession planning requires clear and transparent communication

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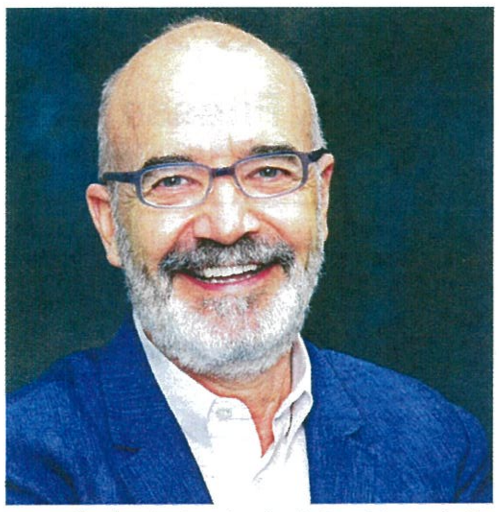
under the family business, says Wong. This is to allow the next generation the freedom to start their own business. Yet, at the same time, they are not totally out of the family business because their business is tied to the VC. Wong says if the start-up thrives, it could be reoriented to become the new core family business.

Sometimes, it is inevitable to pick the less suitable successor. But this does not mean that it will jeopardise the long-term success of the family business, says Wong. She says this can be circumvented by putting in place good advisers to support the successor and compensate for his weaknesses.

Ultimately, clear and transparent communication among all family members is required in succession planning. Wong recalls a client who had groomed his eldest child to eventually succeed him in leading the family business. However, upon his retirement, he felt that the younger sibling was a more suitable candidate. Wong says this led to confusion and embarrassment for the eldest child. This impacts not just relationships within the family but also the business, because the child had been working in the family business and had built relationships with clients.

Wong says families need to understand what their priorities and objectives are in life. Is it to preserve the family or the business? "If you are prepared for the business not to do as well without a hungry, aggressive leader, sure. For some families, it may be more important to preserve relationships.

PICTURES: INSEAD



Carlock (left) and Loh in their book: The ultimate aim is to make the family's implicit expectations and aspirations explicit

There is no right or wrong decision. They really need to understand what thrives within the family. There isn't a best answer. There is only an answer suitable for each family [on a case-by-case basis]. That can only come out if they are ready to express, listen and decide," she says.

Randel S Carlock, the Berghmans Lhoist chaired professor in entrepreneurial leadership at INSEAD; and Loh Keng-Fun, managing partner at Family and Business Learnings; are in full agreement. The two are co-authors of a family business planning book entitled *A Family Business on the Moon* that was launched recently. "The ultimate aim is to make the family's implicit expectations and aspirations explicit. For example, what types of returns does the family expect from the business and what types of financial investments is the family willing to make. If there is not a clear meeting of the minds by the family, then every investment or financial decision becomes a potential conflict," they say.

For posterity

While it would appear that in Europe, the home of "old money", the focus is on wealth preservation, that and growing wealth are not mutually exclusive, wealth managers say. "You need to be able to grow wealth in a systematic and sustainable fashion. In that same breath, you're actually preserving," says Lombard Odier's Wong. "The core investment is meant to be sustainable. It has to grow steadily over time at a rate that doesn't fluctuate that much."

Indeed, today's globalised economy presents challenges that were not necessarily so prevalent in the earlier generations. This means new considerations for the family's decision makers. They need to think broader, says Wong. She describes a client of considerable means who is known as the Warren Buffet of Thailand. After this person met Wong, he became aware that his assets, which largely comprised Thai stocks and real estate, have a high home bias. This meant that his portfolio has much of its risk profile concentrated in Thailand. "He realised [that] he needed to diversify out of Thailand," says Wong.

At the end of the day, the great wealth transfer may be debunked as a myth in some quarters, as the baby boomers, current custodians of this wealth, are said to be likely to want to retire in luxury and are expected to spend considerable amounts of money doing so. But there is no denying that the richest generation in history, who rode decades of strong economic growth and development, are ageing and are likely going to have to seek successors for their enterprises and fortunes. And, just as their forefathers have been responsible for much of that growth and development, the next generation that takes over is inheriting the responsibility for progress. — *With additional reporting by Trinity Chua* E

COVER STORY

Dealmakers move from golf clubs to private lounges, seek diversity in urban settings

BY **JOAN NG**

The fifth floor of Duo Tower in Bugis houses the offices of Golden Equator, a private equity and venture capital fund manager that also runs a family office and business consultancy. Tables are neatly grouped in clusters for the various units of the company; there are booths for meetings, reading areas with newspapers, as well as a café.

But there is more to Golden Equator's offices than meets the eye. At one end of the floor, set in the wall, is a hidden panel. It offers, to the in-the-know, access to an exclusive space for dealmaking. A wall slides open to reveal a Gatsby-esque room, with leather banquettes and an impressive collection of whisky. This is Door XXV, which the likes of Japanese venture capitalist Taizo Son frequent.

THE LO & BEHOLD GROUP

Wee: It's an exciting time to be in Singapore, where there are many passionate people driving change across different industries and causes

HOLLANDSE CLUB

Gelinas: It was clear that continuing with the same operating model would not save the [Hollandse Club] from financial failure

GOLDEN EQUATOR

Chua: Door XXV has hosted a variety of small-group, cosy business and lifestyle events for members to facilitate networking opportunities

It used to be that entrepreneurs and businessmen spent their weekends playing golf and networking on the greens or in country clubs. But places such as Door XXV are fast gaining popularity. Shirley Crystal Chua, CEO of Golden Equator, which runs Door XXV, says the space is "a speakeasy-like enclave for C-suites and decisionmakers, where they can have private discussions". Members do not just go there for drinks, but to meet the right people and get the right help.

"Door XXV has hosted and will periodically host a variety of small-group, cosy business and lifestyle events for members to facilitate networking opportunities," Chua says. For instance, Door XXV hosted a Women of Tomorrow series, where female professionals, founders and C-level executives gathered to network and for seminars.

Members of Door XXV can also host their own events in the space, with Door XXV supplementing the guest list. For example, one member wanted to meet people in the investments business and hosted a networking event for her own associates as well as Door XXV members who met the profile. In the future, Chua says, Door XXV will also host master classes on subjects such as whisky or wines.

Connecting people

Social clubs became popular in the 19th century and have grown ever since. Golfers were often members of country clubs. And in cities, there were gentlemen's clubs where men went to eat, drink, socialise and even read. Foreigners who settled in Singapore started various clubs of their own. The Straits Chinese Recreation Club, for instance, was founded at the end of 1884 for settlers from Mainland China. The British Club here was registered in 1983 for British citizens.

These clubs had a variety of objectives — some communal, others commercial — but tended to share one thing in common: They were all about exclusivity. Gentlemen's clubs prohibited women, while the national clubs were open to countrymen only. And the country clubs, with huge joining fees, tended to be for the very wealthy.

Modern-day social clubs, however, are about connecting individuals rather than keeping them out. Marc Nicholson, founder of 1880 Singapore, says he wants to "bring together a collection of different minds — people who create things, people who fund projects, and people who build stuff — and use the space to address the issues we face."

Nicholson's parents have for years hosted a weekly dinner party that came to be known as The Nicholson's Wednesday Night Economic and Political Salon. "Week after week, diplomats, artists, politicians, bankers, clerics, writers, professors, industry leaders, NGO founders, union leaders, celebrities, at least one astronaut, sex workers and students would gather round the table to engage in civil discourse," he says. "To me, this is how humans evolve: By conversing; by constantly challenging the status quo."

At 1880's premises in Robertson Quay, roundtable discussions are attended by upwards of 250 people. "We've done talks on freedom of the press, gender equality, being gay in Singapore, a post-Kim/Trump Summit, the increasing irrelevance of the US, and the impact of smartphones on kids," says Nicholson.

Straits Clan co-founder Wee Teng Wen has similar ideals. "It's an exciting time to be in Singapore, where there are many passionate people driving change across different industries and causes, but working in silos with little opportunity to cross-pollinate. There is currently no central gathering place in Singapore where they can meet and cultivate relationships with other like-minded individuals from different backgrounds," says Wee, who is also managing director of The Lo & Behold Group, which runs Straits Clan.

The club, which opened in May, now has over 800 members from different walks of life. "We've created different membership categories to make for an accessible platform regardless of industry, age, gender, background or economics," Wee says. "We've got members who are corporate lawyers by day and poets by lunch; hedge fund managers who are art patrons; architects with a passion for politics. That plays to the community we're trying to create."

Creating an ecosystem

Roger Egan, co-founder of online grocer RedMart, never thought to join a social club. "I don't have a lot of leisure time," says Egan. Even when he was asked by Wee to consider joining Straits Clan, he was hesitant. "As an entrepreneur, I didn't know how much time I would have. I've never been part of a club before. And although I thought the idea was great, I didn't know exactly what would manifest."

Since joining Straits Clan, however, Egan has gained more than he expected. On a recent night, he says, he met a local entrepreneur. "He bought me a drink, then I bought him a drink, then his friends joined us, and my friends joined us," he says. "The serendipity of running into the right person becomes a high probability instead of a low probability."

Egan says he also likes that the club is in town, which allows him to use it for meetings and company events. And, he enjoys the special events that Straits Clan holds. For instance, in March, the club played host to molecular biologist-turned-Buddhist monk Matthieu Ricard.

Chua of Golden Equator says members of Door XXV and SPECTRUM, another business club that her company runs, have similar experiences. "Golden Equator and SPECTRUM have built an end-to-end blockchain and cryptocurrency ecosystem through its network and members. A few months back, we had a casual evening drink at Door XXV in which a few companies in this blockchain ecosystem attended. We explored the potential of a collaboration and the initial agreement was reached that evening, and we will make the announcement on this collaboration in due time," she says.

Adapting to new demands

Nevertheless, the older, more established clubs do not seem to be in danger of extinction. Avi Himatsinghani, co-founder and CEO of entertainment company Rewind Networks, says he is still making full use of his memberships at both the Tanglin Club and the Singapore Swimming Club. "I tend to use the Tanglin Club for meals with business partners and clients. The Singapore Swimming Club is close to my home and we use it for family get-togethers and meals," he says.

Meanwhile, the clubs are themselves evolving. The Hollandse Club, which was founded in 1908 by Dutch entrepreneur Jacob Christian Koopman, is one example. In 2015, faced with the prospect of bankruptcy, the club on Camden Park had to make drastic changes. "We only had a few months of operating cash flows. It was clear that continuing with the same operating model would not save the club from financial failure. Our membership base was going down fast and our main F&B operations were losing over $200,000 a year," says club president Daniel Gelinas.

Rather than close or merge with another club, Hollandse Club chose to introduce social memberships. "[This was a departure] from the traditional lifetime memberships at country clubs, where members need to buy an equity-like portion... Our social members do not have to put any money down," Gelinas explains, adding that these members would forgo the right to vote on club matters. To maximise rental revenue, the club also outsourced its F&B operations, rented out a unit to a dance studio and opened a co-working space.

The financial impact of these changes has been positive. "In 2015, the club lost over $700,000," Gelinas says. "We still anticipate a loss of about $200,000 in 2018 if all continues as planned, with a return to breakeven for 2019. The financial turnaround has been much slower than anticipated, but the club resurgence is palpable, with an increase from 650 to over 850 members." He believes the club can be profitable after 2019.

In its embrace of greater diversity, Hollandse Club appears to be on the right track. Wee of Straits Clan points out that the early clan organisations were created for an immigrant society. "These groups brought people together and helped them find new opportunities," he says. Modern city dwellers are seeking the same thing, but with greater emphasis on inclusion. E

Door XXV is a speakeasy-like enclave for C-suites and decisionmakers, where they can have private discussions