

# Tricor Rides Asia's Big Wave of Economic and Corporate Expansion as Asia's Leading Business Expansion Specialist

Lennard Yong, Group Chief Executive Officer of Tricor Group, headquartered in Hong Kong, met with Hubbis to explain how UK private equity group Permira's acquisition of Tricor in 2017 has helped refine the firm's focus in the region as Asia's Leading Business Expansion Specialist. He reports that Permira and Tricor are working energetically and effectively to boost the range and volume of activity as Asia's corporations continue their rapid regional and global expansion paths.

**T**HE FIRM IS THE #1 PROVIDER OF business solutions to a massive client base spanning a range of industries and sizes, from Fortune Global 500 companies to start-ups. The company reports that it has been instrumental in the growth of over 40% of the Fortune Global 500 companies, that it has provided investor and IPO services to over 1,200 companies listed on the Hong Kong Stock Exchange, as well as to another 500 plus companies listed in Singapore and Malaysia.

Tricor, Yong explains, emanated out of the Sarbanes-Oxley act changes that took place some 20 years ago and that required many of the major accounting services firms divest some of their diverse, non-core businesses, commonly known as corporate services, which offered business services, tax compliance, incorporations.

#### **From small beginnings...**

“The genesis of Tricor in 2000 was when Bank of East Asia acquired some corporate services businesses from Deloitte’s, later adding other businesses from EY and then PWC,” Yong explains. “And from that significant footprint in Hong Kong, they grew the business into Malaysia, Singapore, and so forth. Today, we have a business that generates revenue in excess of USD200 million that spans primarily Asia, but in total in 21 countries / territories and around 40 cities with roughly 2400 people. The core operations are in China, Hong Kong, Malaysia, Singapore, Japan, and Korea, those countries representing around 95% of our revenue.”

Yong explains that the firm’s core business is corporate services, which incorporation is the major part of it. Corpo-

rate services help clients with corporate governance, such as helping manage the human resources and the AGMs for listed companies. Tricor also provides business services to help clients with accounting and financial reporting. When a business is looking for expansion, becoming a listed company is often the next step. Tricor’s investor services has thus become an important element in their journey. Yong explains that about 20% of the business derives from managing the share registrars, as the firm is responsible as an agent for about 1200 listed corporations in Hong Kong, predominantly Chinese corporations, and about another 300 corporations in Malaysia.

Permira bought Tricor from Hong Kong-based Bank of East

that this is a great Asian company that with a bit more investment and with a more diversified management team could become Asia’s number one partner for business and corporate solutions. And that is our goal.”

#### **Invested in the future**

Yong and several key business leaders at Tricor own what he calls a ‘meaningful minority interest’ in the company, helping them think and act like business owners and thereby valuing Permira’s support in helping the firm on its latest expansion phase.

Currently, he adds, the firm has market-leading positions in Hong Kong, Malaysia, Singapore, Korea, Japan, and Thailand. “Our mission,” he says, “is to further expand on that and to double

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Asia in 2017, having announced the deal in October 2016. The deal size was HKD6.5 billion. Permira is a London based globally-focused private equity fund, run by a group of partners.

Permira, Yong reports, saw an opportunity to buy into what was a sizeable and reputable corporate services business with a broad footprint and solid anchors in the four main capitals of Hong Kong, Kuala Lumpur, Singapore, and Tokyo.

“They have since supported us with technology investments, efficiency goals and so forth,” he reports. “The original thesis was

down on our investments in those respective countries.”

#### **Aiming to be Number One**

“What is unique about Tricor,” Yong observes, “is the opportunity to build Asia’s number one corporate solutions partner. We are closely involved in the global expansion of the Asian corporation, helping them grow around the globe. China is pivotal, as it is expanding into global services far more aggressively than they were before when they were manufacturing economy, where most of their expansion was



LENNARD YONG  
Tricor Group

within South China. Accordingly, today as they move into technology, biotech, financial services, and other areas we are ideally positioned to help China offshore, first into Hong Kong and then across the world.”

To reduce expansion risks and secure on-the-ground knowledge, relationships, and experience through a trusted partner is essential, Yong explains, “Opting to expand your business in Asia may seem low cost, but rarely is due to the complexity of the region with local regulations and regulatory frameworks that can change with alarming frequency, as well as the obvious language and cultural barriers.” A service provider such as Tricor can address these problems for companies, enabling them to focus on their core business growth.

### **Service where it is most needed**

Yong explains that his conversations today are with the boards and the key shareholders as they expand globally. “Last year,” he reports, “we were involved in 121 IPOs, mostly mid-size corporates from China, which greatly require

### **Getting Personal**

Lennard Yong, who now calls Hong Kong his permanent home, is a global citizen having lived in Australia and Europe with experience working for public companies and private equity firms from China, UK, US and Australia.

He moved to Hong Kong in December 2004 to kick off the international stage of his career as regional finance manager for ING Asia-Pacific at that time. In the years that followed through to the global financial crisis, Yong recalls that he witnessed the rapid growth of ING to its peak of EUR1.3 trillion in assets, by when he was working for the group CFO in Amsterdam as Chief of Staff, giving him a remarkable bird’s eye view of the world.

“I had a great view of the peak and then the crisis that followed, all of which is well documented,” he recalls.

He later returned to Hong Kong as the CFO for ING Hong Kong, then becoming CEO in 2011 before overseeing the sale of ING Hong Kong to Pacific Century Group in early 2013, a deal he recalls that generated about a roughly USD1 billion profit for the shareholders.

He then joined insurance group MetLife Hong Kong as the CEO in 2013, before joining JD Group, in 2015. JD Group, he notes, had acquired Ageas for around USD1.4 billion and it was revamped and renamed FTLife, which in late 2018 was sold for about USD2.5 billion to NWS Holdings, part of New World Development.

Yong is married with two children, a daughter at university in the United Kingdom and a son at school in Hong Kong. Spare time is spent with his wife enjoying mid-level activity such as hiking and walks, and the occasional mountain biking when he has time.

He and his wife enjoy their trips to Bristol, where his daughter attends university, taking time to explore the city and nearby places of interest such as the ancient Roman spa town of nearby Bath. “The smaller cities in the major countries are always of great interest to us,” he reports. “Going away from the major cities such as London or New York, it is kind of like you are reading the same book, but you are looking at the subplot more than the plot. And for this year we are thinking about adding something a bit more exotic to our list, Cairo perhaps.”

our global expansion consultancy expertise. Mid-size corporates don't have the infrastructure outside of China, and that is where we come in."

This all means that Tricor is evolving from a relatively simple corporate and accounting services enterprise, where the services are increasingly commoditised, and moving up the value chain towards advisory and consulting as Asia's Leading Business Expansion Specialist.

Yong explains that the firm has very recently signed up with a major Japanese corporate services company that has a similar vision to service their corporations.

"They have also seen increased demand for Japanese companies going outbound as well," he notes. "In Hong Kong alone last year there were some 1.4 million incorporations, led by the US, Japan, and China, so we are an ideal conduit for those and others who are outbound globally. Typically, the first port of call for lot of international capital is via Hong Kong, where we have our core operation with around 700 people, and Singapore, where we have our second largest operation with around 310 people."

### **Foreign Direct Investment thrives in Asia**

He expands his insights on the role of Hong Kong by adding that whether it is driven by the Belt and Road initiative, or financial services, or other areas, Chinese foreign direct investment is going outwards.

"A lesson learned from this activity thus far," he observes, "is that without the right advice it can too often end up being a costly mistake. We have seen examples of corporations or private shareholders soon having to divest assets

### **Key Priorities**

Yong joined Tricor in January 2018 and in July last year Tricor and Permira, which announced the purchase of Tricor in October 2016, decided that they wanted to transform the Tricor strategy to be more nimble and more focused on harnessing its strength and expertise in Asia. As such, Tricor has positioned itself as the leading business expansion specialist in Asia.

"My number one priority now is to drive through on that decision," Yong reports, "a decision taken because we all recognised that we are already substantial, competitive players in seven jurisdictions, and that we want to ride the enormously strong growth trajectory of Asian corporates coming out of China, Japan, ASEAN, and very soon and very profoundly India as well. The vast growth momentum of both the economies and the companies of the Asia region is driving the region's corporations to seek ever-larger global footprints."

Yong explains that his second priority in following through on the July 2018 decision is to seek out and acquire assets that solidify Tricor's footprint in the region. "We need to ensure that we secure the partnerships wherever possible with people who are really the drivers of this global expansion from Asia."

As an example, Yong reports that Tricor is in the midst of forging a partnership with a Chinese global expansion corporation. "I hope and expect to be able to say more on this soon," he remarks. "But to give you a little more information, partnerships to us involve equity participation rather than simply strategic cooperation, but of course we are flexible to consider the latter option if it fits."

His third priority is to enhance the strength and depth of the management team and driving efficiencies in Tricor's business. "We are in the service business, often with administrative and repetitive types of work and for that, we are currently making big investments in AI, which I define as augmented intelligence, which will help drive our efficiency. We will be able to tell you more on this by later this year, by when we will have combined the AI initiative with a brand-new service location plus an offshore centre."

they have acquired, so we believe Tricor is uniquely positioned to help them by providing the advice and expertise required as they venture out of their comfort zone and their home markets.”

He adds that while Singapore is growing rapidly for Tricor, Hong Kong still outpaces that expansion. “For example, high-net-worth-individuals (HNWIs) still consider that Hong Kong continues to have its unique advantages, the legal system, the ease and availability of very highly skilled individuals, freedom of information, freedom of movement, these are fundamentals that underpin

the competitive advantage of Hong Kong.”

In fact, as the largest employer of corporate service professionals in Hong Kong, with more than 120 chartered secretaries, 15 graduate members and 117 students according to the Hong Kong Institute of Chartered Secretaries, Tricor Hong Kong is proud to act as company secretary to 240 companies in 2018 alone.

Tricor differentiates itself, Yong explains, because it is an Asian headquartered operation based in Hong Kong, and across its geographical footprint it has the optimal blend of in-depth

industry expertise, up-to-date understanding of local laws and regulations, and the network of relationships that will simplify operations, while ensuring efficiency and compliance. A service provider such as Tricor can eliminate the hurdles that come with managing a global workforce, ease administrative burdens, mitigate risks, and even connect companies with the right local partners in APAC markets.

Tricor certainly appears to be in the right place at the right time, riding the huge wave of Asia’s economic expansion and increasing global presence. ■

