



From Malaya to South China:

Financing Business Expansion in the Sang Woh-Yan Woh-Yan Sang Firm Network before 1941¹

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Introduction: Firm, Finance, and Chinese Business History in British Colonial Asia

Studies of Chinese business history have, in the course of the 1990s, moved away from an emphasis on Chinese cultural values and its uniqueness as the basis for Chinese business 'success' and 'failure' (especially vis-à-vis modern business enterprises), to the examination of entrepreneurial careers, business organisation, financial and management strategies, and economic and political environments as a means of unraveling the intricate ties between culture, environment, strategy, and structure.²

This is a case study of business and firm expansion in colonial Asia. While the ethnic Chinese have often been described as playing an important role in the modern colonial economy, their predominance vis-à-vis local populations has often been explained in terms of their cultural value systems, business networks, and social institutions, where these very factors have been used to account for their failure to match the scale and scope of modern western enterprises. Whereas Chinese business networks and entrepreneurial stories have attracted much interest, especially in their overlap with traditional and modern institutions and significant social ties in Chinese societies, Southeast Asian Chinese firm structure and business organisation, alongside financial and management strategies and practices, have not enjoyed the same amount of attention, especially in the colonial period.³

Eu Tong Sen and the Eu Yan Sang-Sang Woh-Yan Woh network of branch offices provided such a case study of a Chinese overseas business organization. It poses important questions with regard to culture, tradition, modernisation, firm structure and financial and business strategies. An Anglophile who modeled his lifestyle on the English upper classes (if not royalty) and an entrepreneur whose fortunes were made in the tin industry and the tin states of northwestern and western Malaya, he built a business empire that became increasingly dependent on traditional services and commodities consumed by the Chinese overseas communities, especially those from Guangdong and Guangxi.

The Eu Yan Sang franchise today is synonymous with the traditional Chinese medicine business, with Singapore and Hong Kong as important centres in a wholesale and retail network that covers Malaysia, Macau, and China, and increasingly, the virtual sphere.⁴ It is the survivor of a more diverse business empire built by Eu Tong Sen, a Penang-born Chinese entrepreneur who built on the estates bequeathed by his father (in the revenue farming, property, and the tin industry) and his stepmother (in property within the Kinta valley of Perak), to create a business empire straddling tin, rubber, property, remittances, and Chinese medicine, and a firm straddle straddling British Malaya, the Straits Settlements, and southern China.

Eu Tong Sen's early business career was built primarily on tin and property in the tin-mining states of Perak and Selangor in British Malaya. Together with

rubber, these businesses formed the cornerstone, not only of his business interests but also of the colonial economy. It was only from the mid-1900s onwards that remittance became increasingly important due to the financial challenges faced by Chinese entrepreneurs, including Eu, within the tin and rubber industries and the financial significance of this business for his various Malayan business interests. While both the remittance and Chinese medicine business had begun with Eu Kong's early business and mining ventures in Gopeng, they developed into major trans-regional business operation with Hong Kong as a key base only in the 1910s and 1920s respectively.

Ultimately, it was to be the remittance business that was crucial to his business survival in British Malaya and to his business and firm expansion beyond the tin industry and the tin-mining states. Its significance needed to be understood in terms of the challenges faced by Chinese entrepreneurs within the Malayan colonial economy, both in terms of competition and finance. The remittance business was to provide the financial foundations for his business interests in Malaya and the Straits Settlements (especially tin and rubber, but also Chinese medicine and property development) in as much as it opened up new sources of revenue and income by tapping the growing market for these services as a result of China-Southeast Asia circulations.

The expansion and organisation of his branch network reflected the scale, scope and chronological development of these business interests, as well as the shifts in the geographical focus and market orientation of his business portfolio. He extended his branch network first within the tin-mining states of Perak and Selangor between 1900 and 1906, and subsequently to Singapore, Hong Kong, Guangzhou, Seremban, and Penang between 1907 and 1920. Between 1920 and 1941, he also broadened the scale and scope of the businesses handled by the Hong Kong and Guangzhou branches with further expansion of his Chinese medicine business concern, and redefined the relations within his branch network.

This paper examines the history of the Sang Woh-Yan Woh-Yan Sang network from the perspective of the remittance business and the Hong Kong Eu Yan

Sang branch office and its transformations during the 1920s and 1930s. Using the account books of the Hong Kong Eu Yan Sang, as well as other supplementary material, I shall outline the operations of the remittance business, and the expansion of his Chinese medicine and property businesses in Hong Kong, and discuss their implications for the operations of his branch network as a whole.

From a clearing station for his Malayan/Straits remittance and Chinese medicine business, the Hong Kong branch office became the centre of his new Chinese medicine merchandising/wholesale and pill-manufacturing business in which the Malayan and Straits branches functioned as distributors. It marked his gradual shift from the colonial economy of British Malaya, oriented to the raw material and industrial markets of western Europe and northern America, towards the diasporic Chinese markets in British Malaya and the Straits Settlements, centred on monetary, commodity, and people circulations and movements between Southeast Asia and South China.

These transformations reflected changes in socio-demographic, political, and economic environments in British Malaya and the Straits Settlements, as well as Hong Kong and South China. They also paralleled important global and regional economic and political transitions, not least with the tin and rubber depression after the First World War and the Great Depression between 1929 and the early 1930s. The expansion of the branch network, the relations between the Hong Kong, Malayan/Straits, and Guangzhou branches in terms of money transfers and credit/debit relations, and the transformation of the roles of the Hong Kong branch office within the network and in Eu Tong Sen's business portfolio offer insights into the strategies of adaptation of a Chinese entrepreneur to the changing colonial Asian business environment. Remittance and questions of finance and liquidity were to be key.

The Creation of the Sang Woh-Yan Woh-Yan Sang Branch Network: From Tin and Rubber to Chinese Remittances and Traditional Chinese Medicine

The historical extension of Eu Tong Sen's branch office network reflected the strategic expansion of his business portfolio and related processes of vertical and horizontal integration in his different business concerns. Based initially in Gopeng where his late father's main business office and stepmother's main property and tin-mining interests were located, he was to open new offices in Kampar (1900), Kuala Lumpur (1902), and Ipoh (1906).

The opening of these new branches mirrored the expansion of his tin-mining operations in the Kinta valley and other new mining districts in Perak, such as Batang Padang, as well as in other tin states like Selangor, and even Pahang.⁵ They occurred during a period of rising tin prices between the late 1890s and 1906, before the drastic fall of 1907, and their locations were strategic in terms of the tin industry at that time.

Kampar was then regarded as the mining capital of Kinta, which was itself seen as the heart of the tin industry in Perak in the 1900s. Kuala Lumpur was the business centre of the state of Selangor, and after 1895, the capital of the Federated Malay States, consisting of Perak, Selangor, and Negri Sembilan. Ipoh, was regarded, at that time, as the financial capital of the tin industry in Perak.⁶ Finally, Pahang was then gradually being developed as a new mining frontier, after the British pacification of the region in the 1890s.

Concomitant with the expansion of his tin-mining business would be the expansion of the remittance and 'grocery'⁷ or Chinese medicine business, which were part of the package of services and goods advanced to or provided for the labourers in his mines, or to those operating on their own account in the vicinity as fossickers. The opening of the Ipoh branch was an important step in the expansion of his remittance business.

It was to handle the largest turnovers in terms of telegraphic transfers to Hong Kong and both remit-

tance orders and Chinese medicine orders between 1914 and the 1920s. Although one was to see a significant rise in the transfers, remittances, and Chinese medicine orders handled by other strategic branches like Kuala Lumpur, Singapore, and Penang, the Ipoh branch continued to be the most important branch office from the tin state of Perak dealing with Hong Kong well into the 1920s and even early 1930s.

This presence in the financial capital of the Kinta district provide access to more competitive financial and tin markets, as well as information and service networks needed for his tin, remittance, and Chinese medicine businesses. It was especially important for remittance. The naming of the Ipoh branch, after the original branch, Yan Sang, would set the pattern for his subsequent expansion of his remittance business (and to a certain extent his Chinese medicine business, in terms of purchasing networks) beyond the tin-mining states (with the exception of the Seremban branch).

The period between 1907 and 1920 saw the further of his branch network beyond the tin states of northern Malaya to Singapore, Hong Kong, Guangzhou, Seremban and Penang. This was, in part, a response to the changing local and global conditions affecting the tin industry, and the transformations of the Malayan economy with the introduction of rubber as a major cash crop in the mid-1900s. It was also a response to the growing markets for remittance services and Chinese medicinal products created by Chinese migration into the tin states and the rapid urbanisation of these areas as a result of the expansion of the tin industry since the late 19th century.

The early twentieth century brought several important challenges to the hitherto Chinese-dominated tin industry. Chinese tin entrepreneurs were facing growing pressure within the Malayan tin industry for the mechanisation of mining operations and for new forms of financing within the hitherto Chinese-dominated tin industry, as a result of the changing geological environment in the Malayan tin industry,⁸ competition from European mining companies employing more sophisticated and capital-intensive methods, and the changing attitudes of the colonial state towards Chinese mining enterprises and their

modes of operation in the Malayan states.

New mining enterprises were being floated in the United Kingdom to introduce more advanced capital-intensive technologies to mine at deeper levels, and at greater rates of efficiency. These companies were also successfully in lobbying the colonial state to move against Chinese dominance within the industry, especially in terms of their control of Chinese mining labour. From the late 1880s onwards, the colonial administration in the western peninsular states began to take steps to eradicate what it saw as exploitative and inhumane Chinese labour control practices (often involving what were referred to as 'secret societies') and financing services within the tin industry (such as the truck system).⁹

The growing infrastructural development within the tin-mining regions, with the construction of roads, railways, and transport, as well as the urbanisation and economic development of this frontier, also increased the mobility of Chinese labour and further diminished Chinese capital's control of labour. During the 1900s, like other prominent young Chinese mining entrepreneurs, Eu Tong Sen was introducing new machinery and methods to work for tin more efficiently at deeper levels of mining.

The mechanisation of Eu Tong Sen's mines during this period through the adoption of plants and machinery of higher horsepower to cut down labour and increase the efficiency of mining operations, especially at deeper levels, necessitated higher capital investments and greater strains on the liquidity and cash flow within his tin-mining enterprises.¹⁰ These innovations attracted official attention at a time when the latter was seeking to encourage Chinese adoption of new technologies to work deeper deposits.

In 1910, Eu Tong Sen opened 'Sang Who' Foundry near the Kampar Head Office, taking the same name.¹¹ He also hired a European engineer on his mines, a certain R. Darwood, who was based in Kampar.¹² In the following year, Eu Tong Sen also established a tin-ore buying department in the Kuala Lumpur branch, with a manager and two assistant managers, an accountant-cum-Chinese clerk and three tin re-cleaners (who were in charge of cleaning the tin ore from the mines or from tin-ore dealers

again) (SSD 1913).

This was not only due to the rising prices of tin after 1907 but also the increased opportunities for trading in tin ore with the setting up of the Eastern Smelting Company as a rival to the Straits Trading Company. Such an operation, especially through his network of tin mines in the major districts, and their offices, allowed him to mediate between small-scale miners and fossickers operating in the tin areas, and the European smelting companies located mainly in the larger towns, dealing largely with the large-scale miners¹³

The mid- and late 1900s also saw the rise of rubber as a major export crop in the Malayan economy. Introduced and promoted by the Straits and Federal governments, rising rubber prices led to growing interest among the business communities in the Straits Settlements and the Federated Malay States. This was buoyed by rising rubber prices, which led to a multitude of land-grant applications for the cultivation of rubber from both European and Asian entrepreneurs and the flotation of joint-stock companies in London by agency houses in Malaya to plant rubber on a larger scale.¹⁴

Eu also ventured into rubber planting, beginning with small plantings of 250 and 450 acres prior to 1908, but expanding his stake in the industry after the first rubber boom in Malaya in that year. Between 1908 and 1920, this stake continued to expand in terms of scale and geographical scope, largely in response to the high rubber prices between 1909 and 1910¹⁵. By 1911, it had become important enough for him to list a rubber estate overseer as part of his staff in the Gopeng branch.¹⁶

His expanding tin and rubber concerns created new demands on cash flow and capital for his Malayan branch offices, at a time when older forms of micro- and macro-finance within the colonial economy, either through the truck system of financing mining (especially popular among the Chinese miners) or the revenue farming system, especially the opium farms, were being gradually undermined since the early 1900s.¹⁷ Financing through western banks or the Chettiars and other Asian financial institutions came at high costs and risks, especially for a

commodity whose fortunes were dictated by markets in Europe and North America.

In the mid-1900s, Eu Tong Sen was turning to various old and new forms of finance and institutional business forms then being floated by European and Chinese entrepreneurs in the Straits Settlements and the main tin mining states. Prior to 1906, he was known to have owned shares in opium farm syndicates, and was on a list of primary shareholders submitted by a prominent Penang merchant for the 1905-6 Penang Opium revenue farm. He admitted, in his testimony before the Opium Commission in 1908, that he had made significant financial gains from his investment in the Singapore Opium Farm through a sub-share (*Opium Commission 1908*).

He was also involved in attempts to float the Selangor Tin Dredging Company, the Ipoh Foundry and the Eastern Smelting Company between 1902 and 1909, all of which were relatively new capital-intensive undertakings that requiring heavy technological investments. His pledge to the flotation of the Eastern Smelting Company was the second largest among the contributors. He served as director on the Board for a short period in both the Ipoh Foundry and the Eastern Smelting Company. He also set up a hydraulic mining company in collaboration with other Chinese miners in Perak.

As much as he turned to old and new forms of collaborative investments and firm structures, the main focus of his response seemed to have been the expansion of his own firm structure and the expansion of his remittance and Chinese medicine businesses into full-fledged concerns increasingly autonomous of his tin-mining interests. Remittance, in particular, was to become crucial in the financial restructuring of his business portfolio in the Malayan tin states.

The expansion of his branch office network outside the tin-mining states, not only to Singapore, the financial capital of British Malaya and the Straits Settlements, in 1910, but also to Hong Kong and Guangzhou in 1913 or 1914, suggested that volume of the Chinese remittance business handled by his branches had grown to such a level that substantial savings in transaction costs could be made by integrating remittance transfer and currency conversion

processes previously carried out by agents in these areas within his firm structure. This integration also promised greater control over the quality of these services with a view to maintaining or improving customer satisfaction. The opening of the Singapore branch (1910), and the branches in Seremban (1918) and Penang (1920) respectively, was also aimed at tapping new markets for remittance and Chinese medicine businesses outside the north Malayan tin states, in these key Chinese population centers.¹⁸

The processes of vertical and horizontal integration in his remittance business and the expansion of his branch network need to be understood in terms of the importance of the remittance business to his overall business portfolio in British Malaya and the Straits Settlements, especially with respect to finance and liquidity. The structure of the remittance business and the operations of the Hong Kong Eu Yan Sang office provide important insights into the remittance networks as financial strategies for his Malayan tin, rubber, and property concerns.

Remittance and Finance: The Hong Kong Eu Yan Sang Office and the Sang Woh-Yan Woh-Yan Sang Network

Chinese remitting houses throughout Asia performed important money transfer facilities as well as financial and banking services for the migrant Chinese communities in Southeast Asia. Their popularity vis-à-vis modern western banks stemmed from their lower service and currency exchange costs, their willingness to handle small sums, and their ability to ensure deliveries to the addresses designated, even in the countryside. These remitting houses, and their networks,¹⁹ were able to provide value-added services and provide them at lower charges than the modern banks, both European and Asian.

Often organised on the basis of province or region of origin in China, remittance outlets, together with itinerant carriers, known as the 水客, provided the reach and undertook the risks that the modern banks often did not, especially the European- or American-owned banks. Most remittance houses provided this service in addition to other businesses. In many cases,

remittances constituted a subsidiary business for these business houses or firms.

The incorporation of remittances into Chinese business houses highlighted not only the scale of such money flows and the potential profits to be gleaned from handling them, but also their importance as financial strategies for Chinese businesses in Southeast Asia and southern China handling them, especially in terms of cash flow and liquidity, observations that led to the compilation of a report on this business by the Taiwan Bank in 1914.

The Hong Kong Eu Yan Sang branch office played a crucial role in Eu Tong Sen's remittance and Chinese medicine concerns. However, the account books of the branch showed that it was the remittance business that constituted the bulk of the turnover and operations of the Hong Kong branch office between 1914 and 1927. The Hong Kong branch was the clearing-house for the remittance orders from British Malaya, the Straits Settlements and their surrounding regions to Hong Kong, Guangzhou, Guangdong, and Guangxi, as well as the telegraphic transfers from the Malayan/Straits branches to meet these orders (including those for the Guangzhou branch). The Hong Kong and Guangzhou branches also purchased Chinese medicinal products on behalf of the Malayan and Straits Chinese medicine outlets. Separate accounts were maintained for these outlets to record these transactions.

By extending his branch offices to Hong Kong and Canton, Eu Tong Sen sought to enhance his control over the fund transfers between the Malayan/Straits branches and southern China, and to minimise the costs of operating through agents (especially in terms of service charges and foreign exchange transactions). The presence in Hong Kong and Guangzhou also meant greater control over the remittance transfers and remittance deliveries, deposits, and other services. This not only enhanced his control over the standards and efficiency of services, which were crucial to the standing of his remittance business in Malaya and the Straits Settlements and the maintenance or expansion of this customer base, but also the cash flow within his branch network and greater flexibility over the transfer of money to Hong Kong and southern China

to meet the remittance orders.

The operational (with regards to remittance) and business (with regards to Chinese medicine) advantages from extending his branch network far outweighed the long-term operational costs, which were mainly in the cost of the property (which he owned) and the staff. A good turnover would not only obviate any need for him to commit any capital of his own to meet the remittance orders, but also allow him to use the floating funds in the Hong Kong branch to purchase Chinese medicine for his Malayan and Straits branches at favorable market prices. The remittance office in Hong Kong and Guangzhou also served as information networks for currency prices, the prices of Chinese medicinal products, and the state of these markets and the general political situation in southern China and China as a whole.²⁰

The structure of the remittance business and its expansion played an important role in the cash flow and financial structures of his Malayan and Straits Settlements branches. In addition to the fees charged for remitting these funds, the remittances provided a flow of ready cash for his Malayan and Straits branches, which could be used to meet short-term demands in his different business enterprises in these localities. This was very much due to the temporal cycles of receipts and deliveries in the remittance business and the arrangements within his own branch network for the transfer of remittance funds to southern China.

Key to the significance of the remittance business to the financial structure of his branches would be the time lag between the receipt of the remittances in the Malayan and Straits branches, and their dispatch on the Hong Kong or Guangzhou side. The usual delay between the receipt of the order, and its payment at the counters of the Eu Yan Sang or Yan Woh offices in Malaya and the Straits Settlements, and their receipt in the Hong Kong or Canton branches, was about seven to nine days, depending on the postal services and the steamship shipping lines. The funds to meet these remittance orders were sent in the second half of every accounting month,²¹ in bulk, from selected Straits and Malayan branches to the Hong Kong branch, before they were re-transmitted to the Guangzhou branch. The schedule of these transfers

and the branch handling them did not follow the schedule of remittance receipts and dispatch, or the location where they were received.

The Hong Kong branch office account books showed that the telegraphic transfers to meet the demands of the remittance and money orders from the Malayan and Straits branches were not handled by the individual branches themselves but by selected branches on behalf of the other offices in Malaya. The Ipoh and Singapore branches played important roles in this regard between 1914 and 1918 (ETS III 1914-1918). Thereafter, the Kuala Lumpur and Penang branches also came to handle their own money transfers and for the branches affiliated to them (like Seremban). Nevertheless, the Ipoh and Singapore branch offices continued to send telegraphic transfers for the remittance and Chinese medicine outlets of the other branch offices, especially in the 1930s.²²

Correspondences from the Singapore branch in the early 1930s suggest that the strategic location of his branch offices in these key financial centers allowed the branches to take advantage of relative currency markets and rates in these locations in their buying of Hong Kong dollars and their dispatch of telegraphic transfers to the Hong Kong branch. Thus, the Ipoh, Singapore, Kuala Lumpur, and Penang branches sometimes bought Hong Kong dollars and sent telegraphic transfers for each other if rates were more favourable in their respective locations.

Both the Hong Kong Eu Yan Sang account books and the Singapore correspondences mentioned the handling of these transfers by the Singapore on the behalf of the latter, for both the remittance and Chinese medicine businesses. They were recorded in the Singapore account books, without any actual cash transfer. This means that the remittances collected by the different branches in Gopeng, Kampar, Kuala Lumpur, and Seremban provided a 'virtual' or 'floating' pool of funds at no interest to meet demands in the tin-mining, rubber, remittance or Chinese medicine businesses handled by these branch offices,²³ especially short-term operating costs and the purchasing of tin and rubber (as part of speculation or hedging). This was crucial not only to the financial liquidity of these branches, especially at a time when he was in-

vesting large sums in the planting of rubber, which had a seven-year period of maturation before they could be tapped, but also enabled him to respond flexibly to price movements in these commodities (of tin and rubber) and currency prices.

The remittance business was also crucial to the financing of his other business operations in the Hong Kong branch, especially with respect to his Chinese medicine acquisition operations on behalf of his Malayan and Straits branches. The continuous turnover of funds from the Malayan and Straits branches also provided a pool of funds, sometimes augmented by deposits or money orders²⁴ kept at the Hong Kong branch or returned remittance orders, which could be used to pay for orders of Chinese medicine, or later for daily needs in his property rental and development businesses (from the 1930s onwards). The circulation of money created by the remittances was fully utilised by Eu Tong Sen through the trans-regional branch network he created.

The Taiwan Bank survey in 1914 of the remittance business in Southeast Asia and south China reflected the scale of Eu Tong Sen's Chinese remittance concern in Singapore, Hong Kong, Guangzhou, and Penang, especially among the Cantonese communities in British Malaya and the Straits Settlements, soon after the opening of his Hong Kong and Guangzhou branches. They suggest the substantial cost savings and operational advantages that the expansion of the branch network to Hong Kong and to Guangzhou brought.

The report considered the Hong Kong Eu Yan Sang branch office to be one of the largest Chinese remitting houses on the island. In Canton or Guangzhou, his remitting business was listed as having the largest annual turnover in terms of commercial money transfers (*vis-à-vis* personal remittance orders). This branch office was believed to have accounted for half of the commercial transfers from Southeast Asia, at HK \$600,000, in 1913. The remittances to Guangdong and Guangxi accounted for HK\$4,000,000 out of the total of HK\$20,000,000 remitted from Southeast Asia to South China (Yang 1985).

The Hong Kong account books show a spectacular

growth of the scale of his remittance business, in terms of total telegraphic transfers from his Malayan and Straits branches to Hong Kong, from at least HK\$ 1,400,000 in terms of the turnover from the Singapore branch account (which included the telegraphic transfers for the agencies in Seremban and Penang) in 1915²⁵ to a combined transfer of more than HK\$1,700,000 (to meet remittance commitments in Hong Kong and Canton of almost HK\$ 1,500,000) in 1922, to a little over HK\$3,000,000 transferred in 1938.²⁶ Nevertheless, by 1914, the Hong Kong branch, together with Sam Yick and six other remitting houses in Hong Kong were believed to have handled HK\$7,000,000 worth of remittances passing through the port (Yang 1985: 126).

The expansion of his remittance business and the consequent extension of his branch network also saw the beginning of a new naming and branding strategy for these branch offices. With the exception of the Seremban branch office, which followed the division of the Kuala Lumpur branch (with remittances under Yan Woh and Chinese medicine under Yan Sang), his new branches in Ipoh, Singapore, Hong Kong, Guangzhou, and Penang, were named 'Yan Sang' after the original branch in Gopeng.

The standardisation of names paralleled the standardisation of the telegraphic addresses for his different branch offices. Prior to 1907, each branch office had a different telegraphic address, utilising words like Benevolence, Rich, Grow, or Huge. After 1907, the branches had the same telegraphic address, 'Huge', signifying both his ambitions, and his determination to create a new chain identity for his remittance and Chinese medicine businesses beyond his tin-mining offices and his reputation in the tin-mining states. One should also take into account his relocation to Singapore and subsequently Hong Kong in 1920 and 1928 respectively, and the reorientation of his business portfolio towards these new consumer-based services spanning British island Southeast Asia and south China.

This branding strategy was crucial to his business expansion beyond the tin states, and the expansion of his remittance and Chinese medicine business in the new mass consumer societies of urban Malaya and the

Straits Settlements. They became increasingly important outside the tin states, where the appeal of his remittance services would have been due to his reputation as a successful tin miner in the Cantonese and Hakka communities. This new phase in his business expansion, outside the tin states, with the creation of a network straddling the Straits Settlements, Hong Kong, and Guangzhou, necessitated a new strategy of branding centered on the 'Yan Sang' name.

Chinese Medicine and the expansion of the Hong Kong and Guangzhou Branches: 1920-1941

The Hong Kong branch office had functioned largely as a clearing house for his remittance business in the Guangdong and Guangxi provinces for the first decade of its existence. It was to play a crucial role in the next phase of his business expansion, between 1923 and 1941, which saw the further re-alignment of his business focus in the aftermath of the First World War and the depression in tin and rubber prices that followed, away from the tin and rubber markets in northern Europe and America to the expanding Chinese markets in British Malaya and the Straits Settlement for these services and commodities.

The migration of Chinese capital, labour, and capital played an important role in the development of the Malayan tin economy, and the urbanisation of the west coast of the peninsular, as well as the interior, especially in the Straits Settlements and the interior of the main tin mining states of Perak, Selangor, and Negeri Sembilan, as well as Johor, Kedah, Pahang, Trengganu, and Kelantan (Wong 1965; Yip 1969; Trocki 1979; Trocki 1990; Yen). This migration and circulations between Southeast Asia and China led to the creation of new mass consumer economies in these regions, which both European and Asian capital and entrepreneurs sought to tap. The Chinese medicine business was one such market that Eu Tong Sen sought to tap, especially during the tin and rubber slump after 1920.

The Chinese medicine business became increasingly important within his business portfolio, as part of a gradual diversification of his business concerns

since the late 1900s. In this process, the place and function of the Hong Kong and Guangzhou branches were to change within his branch network, alongside the expanding scope and scale of their business operations.

The Hong Kong branch had been acting as a purchasing agent for the Malayan and Straits branches since its establishment in 1913. In 1915, the combined money transfers to the Chinese medicine outlet accounts for Ipoh, Singapore and Kuala Lumpur amounted to HK\$ 64,025, HK\$ 15000, and HK\$ 50,000 respectively. In 1916, the telegraphic transfers for 罗药号 to the Hong Kong branch were HK\$25,000 (27/7/1916), HK\$40,000 (10/6/1916), and HK\$46,000 respectively. Orders for supplies from Singapore amounted to HK\$50,000 (telegraphic transfer No. 16 dated 19/4/1916), while those for Kuala Lumpur (sent by the Singapore branch office on 8/1/1916) totaled HK\$65,000.²⁷

In 1922, orders for the Malayan and Straits branch offices had grown to about HK\$267,000, with the Penang, Singapore, Ipoh, Kuala Lumpur, Seremban, and Gopeng branch accounts showing expenses of up to HK\$77,129.73, HK\$61138.89, HK\$57,862.66, HK\$43,533.20, HK\$21,407.28 and HK\$5,500 respectively, part of which were paid to the Guangzhou branch. Most of these account were negative vis-à-vis the Hong Kong branch, thus indicating that the Hong Kong branch was footing these orders on their behalf. These liabilities were reduced or settled by telegraphic transfers or from other accounts such as the Guangzhou branch periodically, and usually settled at year's end.²⁸

In 1923, he opened a pill-manufacturing factory in Guangzhou to produce his own medicinal pills for distribution. Three years later, from March 1926, he began preparations for the opening of a Chinese medicine retail outlet on Hong Kong island, which opened on the 1st January 1927. In the same year, he expanded his Chinese medicine business to include wholesale, establishing a 办庄, serving both the Hong Kong and the Malayan/Straits markets, through his respective Chinese medicinal outlets in these areas.

The expansion of his business portfolio in Hong

Kong and southern China between 1923 and 197 meant that the Hong Kong branch office became more than just a purchasing agent for the Malayan and Straits branches for their retail supplies. The new merchandising/wholesale outlet reversed the relationship between the Hong Kong and Malayan/British branches in terms of the Chinese medicine business.

Like the remittance office in the Hong Kong branch earlier, the Malayan/British branches provided the funds for the operation of the wholesale/merchandising outlet. Yet, the Hong Kong branch was no longer the extension of the supply networks feeding the Malayan and Straits branches, where the latter became the distributors for the new Hong Kong wholesale outlet. In as much as the opening of the merchandising/wholesale outlet in Hong Kong represented the vertical integration of the purchasing processes handled by their agents in Hong Kong and Guangzhou, the new outlet became the centre of a new wholesale distribution network consisting of the Malayan and Straits branches alongside the retail outlet in Hong Kong.

Chinese big business in British Malaya and the Straits Settlements during the late nineteenth century was mostly focused on the tin and rubber industries, and oriented towards industrial markets in western Europe and north America. With the depression in tin and rubber prices after the First World War in the 1920s, they faced new challenges. The expansion of first his Chinese remittance business, and subsequently, his Chinese medicine business concerns represented his strategic response to these global factors, which also took into account the importance of the China-Southeast Asia circulations in terms of people, commodities, and culture.

While Eu Tong Sen continued his tin and rubber concerns in Malaya until his death in 1941, his businesses catering to the growing Chinese populations in Malayan cities and towns, the Straits Settlements, and other parts of Southeast Asia, highlight the shifting orientation towards the Chinese economies connecting southern China and the region. His relocation to Hong Kong in 1928, ostensibly for health reasons, also reflected the new strategic importance of the southern Chinese market and region. Yet,

his choices of business expansion, notably in Chinese remittances and Chinese medicine, is rather interesting given his Anglophile tastes and lifestyle. Through the adroit movement of capital between British colonial centers of finance and commerce in Southeast Asia and China, he was able to create new business 'empires' based on remittances and Chinese remittances, effectively tapping the Chinese circulations between southern China and Southeast Asia, especially among the Cantonese (and Hakka) Chinese communities who were the major force in the Chinese tin industry in British Malaya.

While the expansion of his Chinese medicine business in Hong Kong was both a recognition of the importance of this market in Southeast Asia and in southern China, it was also perhaps a strategic movement of capital to what many Southeast Asian Chinese entrepreneurs at that time considered the new frontier of economic expansion, namely China.

With the political reunification of China under the KMT government of Chiang Kai Shek in 1927, China became an important new frontier for Southeast Asian Chinese capital. The likes of Tan Kah Kee, Aw Boon Haw, and Lim Peng Siang, were looking not only towards their own home regions but also the Chinese market as a whole in terms of their business expansion.

In the case of Eu Tong Sen, his entry into the Hong Kong Chinese medicinal wholesale market reflected the gradual diversification of his business base, and the shift of capital from the tin and rubber industries to the remittance and Chinese medicine business. It also paralleled the gradual expansion of his capital investments outside the tin states and the Straits Settlements, to Hong Kong and even Guangzhou. The British-ruled territories of Hong Kong and Kowloon, and Southern China, especially the provinces of Guangdong and Guangxi, became an increasingly important focus of Eu Tong Sen's business expansion from the late 1920s onwards. This was to be reflected in the expansion of his property holdings and development projects in Hong Kong after 1927.

Property Development in Hong Kong: Capital Mobility and Accumulation across British Asia

Until 1925, Eu Tong Sen owned the premises of his shop premises (Shophouse No. 6) and a property referred to as House no. 43 on Hong Kong island, one of which was rented to his own Chinese remittance business. From late 1925 and early 1926 onwards, Eu Tong Sen was to expand his property holdings on Hong Kong island and the Kowloon peninsula. In that year, Eu moved capital from his Straits Settlements branches to finance the purchase of properties in the Central district of Hong Kong island,²⁹ along key thoroughfares such as Des Voeux Road, Connaught Drive, and Bonham Road.³⁰ A new ledger, the 余东旋香港各铺户来租总部, also appears for the first time in the Hong Kong Eu Yan Sang account book collection (HK EYS 1926).

Eu Tong Sen also moved to Hong Kong that year, making the island his new home, and leaving the business operations in British Malaya and the Straits Settlements under the charge of his eldest son, K. C. Eu, in Singapore. It marked another phase of capital movement to Hong Kong from British Malaya and the Straits Settlements. In Hong Kong, he built several imposing residences, one of which was shaped in the form of an English castle, which greatly enhanced his profile in the British port (Chung 2002: 114).

Eu continued to invest in property in the next decade, during and after the Great Depression, venturing beyond Hong Kong island to the Kowloon peninsula, and embarked on several property development projects in Argyle Street, Tai Po, and the Shek Tong area after acquiring properties there in 1937 and 1938.³¹ By 1937, Eu seemed to have acquired additional properties at 干诺中 37, 黄坭涌 73, 德付中 144 to 155, 干诺中 37A 37B 38A 38 40, 74 to 77 (listed also as 德付中 74-77), and 云咸街 3.³²

In 1937, he was also acquiring properties at 蓝塘道(政府地) 5082 and 5083 地段, 温地利街, 並家老街 and other places (e.g. 新地 2段), for a total of no less than HK\$ 62,933 on them. 德付中 149 to 155 and 干诺中 74-77, and 文利2号铺 cost about HK\$ 500,000 which was borrowed from 吉

卿 or the proprietor account the previous year. The cash in his 吉卿 or proprietor's account fluctuated between HK\$ 2.6 million and HK\$ 4.2 million from the first to the eleventh month, with HK\$ 1,000,000 and HK\$ 500,000 being transferred to the construction projects on Eu Villa and the Repulse Bay residence Eucliff.³³

Property was an important mode of investment and capital accumulation for Chinese tin miners in the late nineteenth and early twentieth centuries (Brown 1995). His father, Eu Kong, and his step-mother, were prominent property owners in Gopeng in Perak. Loke Yew became a major property owner in Kuala Lumpur, investing the wealth from tin and revenue farming in property development, and even hiring a European manager for his landed assets (Brown 1995). Yau Tet Shin, another prominent miner in Ipoh, was credited with the building of the new town and the market in the late nineteenth and early twentieth centuries.

Eu Tong Sen had followed the same strategy not only in Perak and Selangor, but also in his business expansion to Singapore. The opening of branch offices in the different parts of Malaya and the Straits Settlements was often followed by the buying up of properties in choice districts in these regions and towns, especially where he chose to reside.³⁴ In Hong Kong, he had even allowed his top managers and power attorneys from Malaya to form a company, the 三利公司, to buy and shop rent properties in Hong Kong, while renting his property to them for their premises. His choice of residence was influenced by strategic considerations with respect to business and financial opportunities and networks.

The tendency to invest profits in property rather than to reinvest them in the respective business enterprises from which they were derived has been blamed for the failure of Asian enterprises to compete with European counterparts in terms of scale and scope due to their interest in speculative profit and rent, rather than enterprise-building and expansion. Yet, the two were not necessarily antithetical. Property was the best hedge against inflation, and generator of value in terms of the rental income and value appreciation. The conversion of liquid capital to property

was a form of savings and capital accumulation often providing much higher returns than depositing in a bank, and providing more stability than the same risks attendant with commodities or currencies, which were much more open to the vagaries of the market.

Although property investment affected cash flow and liquidity in the beginning, it also provided a fairly stable income in the form of rents, in addition to the appreciation in value, which accounted for inflation. These rents generated contributed to the cash pool of Eu Tong Sen's respective branch offices, which were also responsible for the management of his properties, although these assets were entered under his personal account in the balance sheets of these branch offices.

Property investments and development also provided proof of his financial standing, not only in the eyes of the banks and financial institutions in these key commercial and financial centres, but also inspired public trust in his remittance business. In times of need, both were central to the cash flow and liquidity of his branch offices in these places. They also provided the social visibility in the different Chinese communities and among British and European business circles, giving him access to important networks of information and co-operation. Property development was thus both an important economic strategy of capital storage and accumulation, as well as income generation, and an important social strategy to enhance public trust in his financial and business standing.³⁵

Eu Tong Sen's expansion of his property holdings and property development projects in Hong Kong can be seen as another phase in the attempt to maximise the returns on his profits accumulated from his various business ventures. It was the continuation of an older strategy. Between the 1900s and early 1920s, he had been moving capital from the older tin-mining towns, whose fortunes (and property values) would have dimmed or remained stagnant with tin-mining activities and tin prices, to financial and commercial centres in the mining states and the Straits Settlements, like Ipoh, Kuala Lumpur, and Singapore, which promised higher rates of returns on property investments with their higher rates of value appreciation, and were not directly at the mercy of fluctuating

tin prices.

The expansion of his holdings in Hong Kong should be seen in the context of the economic malaise in the abovementioned regions after the first World War, in the midst of the tin and rubber slump affecting British Malaya and the Straits Settlements, as well as the promising business environment in Hong Kong and southern China, in the aftermath of the reunification of China under the KMT government in 1927. It highlighted the mobility of Chinese capital between British Malaya and the Straits Settlements and southern China, and the broad inter-regional frame in which Eu Tong Sen envisioned the parking of his capital and the returns on such investments. Although there was evidence to suggest that he was looking at possible investments in mining industries in Guangxi, he remained within the territorial and commercial spheres of the British empire in Southeast Asia and China, seeing the institutions of the British colonial government as a crucial safeguard for his capital investments.

Conclusion: The Chinese Economy and Business Survival in British Colonial Asia

Eu Tong Sen's strategies of business expansion and the creation of the Sang Woh-Yan Woh-Yan Sang network were a response to the changing economic and business conditions in British Malaya and the changing demographic and socio-economic environments created by Chinese migration and circulation between Southeast Asia and southern China, as well as global and inter-regional conditions which brought growing pressure on the traditional industries in the colonial economies of British Malaya, and posited southern China as a new frontier of possibility and investment.

The extension of his branch office system from the tin-mining states to Singapore, Hong Kong, Canton, Penang and Seremban, was a reflection of the growing importance of his Chinese medicine and Chinese remittance businesses within his portfolio. From an important subsidiary of his tin-mining concerns, they became autonomous businesses in their

own right as seen in their expansion to Singapore, Hong Kong and Canton. His network of branch offices helped to integrate finance and cash flow, not only between branches, but also between the different business concerns managed by each of his branch offices.

His strategies of business expansion were not only attempts to exploit new business opportunities and geographical markets for services already part of his tin ventures and his business portfolio in the tin districts in Malaya, they also represented processes of vertical and horizontal integration concomitant with the models and dynamics of firm expansion discussed by Chandler (1959). Remittance was crucial in this regard. The expansion of his remittance business was also part of a financial restructuring of his Malayan tin and rubber enterprises to meet the challenges of increasing mechanisation and capital-intensive methods in mining, as well as the operational costs of his rubber estates.

Through the vertical and horizontal integration of processes in the remittance business, and extending his branch network to strategic financial centers in Malaya, Singapore and southern China, Eu Tong Sen was able to ensure greater control over money transfers between Malaya and the Straits Settlements, and use the turnover of remittances and the financial position of his different branches to enhance liquidity, cash flow, and capital accumulation within his diverse business portfolio and branch network as a whole. All this came at a time of change within the Malayan tin industry and in the Malayan and Straits economy as a whole, with the growing presence of European, North American, and Japanese capital and enterprises in the key industries of the colonial economy in British Malaya and the Straits Settlements, such as tin and rubber.

The selective expansion of his Chinese remittance and Chinese medicine businesses in the 1910s and in the 1920s, and the expansion of his branch network during this period reflected a diversification of his business portfolio, by expanding the abovementioned businesses into autonomous business concerns increasingly independent of his tin and rubber business. It was a strategic reorientation away from the

industrial markets of Western Europe and Northern America to the Malayan and China-Southeast Asian markets. This reorientation, or the growing importance of Malayan, Southeast Asian, and Chinese consumer markets, away from older patterns of speculative commodity production for industrial economies, could also be seen, in varying degrees, in the entrepreneurial careers of Eu Tong Sen's contemporaries like Tan Kah Kee, Aw Boon Haw, and Lim Peng Siang.

The expansion and reorganisation of his firm structure and branch network was part and parcel of this strategic shift in Eu Tong Sen's business focus. The integration of the remittance and Chinese medicine purchasing operations, hitherto handled by agents, into his firm structure through the opening of new branches in Singapore, Hong Kong, and Guangzhou, and the extension of these businesses to Singapore, Penang, and Seremban highlighted the growing importance of these businesses within his portfolio, as well as the envisioned advantages of expanding his control over the remittance transfer processes and the Chinese medicine acquisition process. The vertical integration of the remittance process was particularly important for the financial liquidity and cash flow of his Malayan and Straits branches, especially with respect to his tin and rubber operations, but no less for his property and his Chinese medicine business.

They became increasingly important, not only as he expanded his tin and rubber operations, but especially with the slump tin and rubber prices after the end of the First World War. This did not mean that he was averse to adopting new business or financial institutional forms. He was involved in various company flotations in Malaya in the 1900s, and co-founded the Lee Wah Bank in Singapore in 1920, in which he later became the majority share-holder and his son became the managing Director. He also served as directors on the Boards of a range of enterprises from departmental stores (Robinson) to insurance companies. While relying on the 'modern' banks, both European and Asian, for his remittance business, he seemed to have avoided reliance on these institutions and their intermediate agencies like the Chet-

tiars, for financing his business expansion, in the way that Tan Kah Kee and other contemporaries did, at high cost.

Remittance was crucial in this regard, alongside the diversification of his capital interests in businesses that promised high returns, stability, and turnovers, such as property and Chinese medicine. The economic malaise in British Malaya and the Straits Settlements caused by the tin and rubber depression in the early 1920s led him to further expand the scope of his Chinese medicine operations, to include pill-manufacturing and the wholesale business. It also led him to increase his property investments on the island and the Kowloon peninsula from 1928 onwards, and marked its growing importance as a preferred location for investing his capital gains from his diverse and transregional business portfolio vis-à-vis Malaya and the Straits Settlements.

The restructuring of the Chinese medicine business essentially redefined the place of the Hong Kong branch within his branch network, especially with respect to the Chinese medicine business, from a purchasing agent to a wholesale distribution centre. His relocation to Hong Kong and growing property presence also highlighted the growing importance of the British port and its hinterland in southern China in his entrepreneurial vision. Hong Kong and south China became increasingly important new frontiers of investment and opportunity, with the reunification of China under Chiang Kai Shek and the Kuomintang Party in 1927, although the Great Depression of 1929 and the Sino-Japanese War in 1937 was to put intermittent brakes on such ambitions. Yet, until his death, it seemed that his strategies of business expansion and the distribution of the branch network paralleled the contours of British imperial influence in Southeast Asia and southern China.

Ultimately, it was his strategic expansion and integration of his remittance business, and the diversification of his business base beyond tin and later rubber, that allowed him to survive the various challenges in the colonial and global economies in the first half of the twentieth century. His adroit exploitation of Southeast Asia-China money and commodity flows, and his ability to straddle both colonial Malaya

and the Straits Settlements and the Chinese business networks linking the region and southern China, allowed him to build a firm structure and underlying financial system that rode on the interregional flows of people, capital, and goods, that was ultimately crucial in the survival of his family business empire until the Second World War, despite the crises affecting the tin and rubber industries of Malaya and the Great Depression of the early 1930s.

His strategic focus on expanding the remittance business distinguished him from other big businessmen in British Malaya and the Straits Settlements in their responses to western business challenges, the travails of the global economy in the 1920s and 1930s, and the fundamental question of finance and liquidity. The nexus of remittances, Chinese medicine, and property brought together on a trans-regional level by the Yan Sang-Sang Woh-Yan Woh network, was crucial to his avoiding the fates of some of his illustrious Chinese business contemporaries like Tan Kah Kee and Lim Peng Siang.

His case study also raises important questions about oft-held assumptions regarding culture, tradition, and modernity in explaining business success or failure in the case of Chinese business history in the early 20th century. Although he was very much an Anglophile and 'modern' in his tastes, with his connections to European business and government circles in Malaya and the Straits Settlements being crucial to his early career, it was these Chinese connections, the Chinese overseas economy, and these semi-'traditional' Chinese businesses that ultimately saved his business empire and came to define his business legacy.

Notes

¹ This paper is still very much work in progress. I would like to thank Kelvin Low for the opportunity to allow this paper to appear in the symposium to solicit comments and criticisms to allow me to improve the final article.

² This does not mean that 'culture' is no longer useful as a concept. What recent studies of Asian business history have emphasised, especially in multi-cultural contexts, is the need to transcend essentialist constructions of Chinese culture, and to distinguish Chinese

business cultures from Asian ethnic cultures. They were often overlapping but not necessarily equivalent or coterminous categories. Business culture needs to take into account considerations of formal rationality (in the Weberian sense) and the cultural and institutional environments. The old cultural paradigm has continued to exercise considerable influence over whether Chinese businesses, through their predilections for interpersonal networks and family ownership, have created inherent limits to firm expansion. Is it possible, one might ask, to talk of business culture as overlapping but not coterminous with ethnic culture?

³ See Brown (1996), Cochran, and others for relatively recent examples. To date, Hong Kong and China entrepreneurs and firms have enjoyed greater attention, especially with department stores such as Sincere and Wing On, cigarette companies, and native banks or money shops (such as the Shanxi native banks). The studies of Kin Tye Lung by Choi have been one of the few studies of Southeast Asian Chinese firms. Several biographies and the autobiography of Tan Kah Kee have dealt with his business career, strategies, and failure. The medicinal balm business of Aw Boon Haw and the sugar business of the Oei Tiong Ham Concern have also been the subject of recent studies by Sherman Cochran and Kunio Yoshihara, among others. Elsewhere, essays on the Ho Hong group by Yong Ching Fatt also merit attention.

⁴ He also had property holdings inherited from his father and stepmother. The Chinese medicine and remittance business were already part of the businesses handled by his branch offices in the 1900s. Nevertheless, they were related, directly or indirectly, to the tin industry, and his tin mining operations in particular.

⁵ See Lian & Koh (2005) and Koh (2001) for details of his tin mining and prospecting activities.

⁶ See the *Proceedings of the Opium Commission*, 1908, for these comments about the relative importance of Kampar and Ipoh in the tin industry.

⁷ This description in Wright (1908) reflected a fundamental difference between traditional Chinese medicine and modern western medicine. Although traditional Chinese medicine distinguishes between manufactured and natural medicinal products, the latter predominates, and is often inseparable from food or what in western eyes would constitute 'grocery' products, although some are more exotic and higher priced than others. Preparation through various cooking methods, whether boiling, steaming, or frying, also highlights the difficulty of separating traditional Chinese medicine from everyday life food products, each of which is also believed to have certain nutritional or counteractive effects.

⁸ Much of the earlier mining was alluvial or surface mining. As the upper layers of alluvial soil were worked out, there was a need to work at deeper levels. While labour-intensive methods utilised by the Chinese were more competitive than that of the early European companies with their capital-intensive methods for alluvial mining, they began to lose this edge at lower levels, where more powerful machinery and equipment were able to remove the top soil at a more efficient rate. See Wong (1965) for more information.

⁹ Wong (1965) provides a very insightful overview of the Malayan tin industry and its transformations during this period. New European mining companies protesting unfair operational advantages through the control of labour by syndicates of Chinese mining operators and entrepreneurs also had an impact on the policies of the Federated Malay States government, as did the emergence of a new generation of high officials with a rather different attitude towards the role and place of the Chinese in the colonial economy and society in these states and in the Straits Settlements.

¹⁰ Annual reports from the Mines Department between 1908 and 1914 show a continuous rise in the horsepower of the power plants on his mines, with a gradual diminution of the labour force on his mines, from about 2,000 in 1910 to between 500 and 650 in 1914. He also began converting his steam plants into diesel-operated plants to reduce long-term costs, and to increase the power and efficiency of his mining machinery.

¹¹ The opening of the Sang Woh foundry was an attempt to lower the costs of production by integrating the manufacturing of mining and milling equipment to integrate the costs of mechanising his mines within his own firm structure and to tap the potential market for such services, equipment, and parts, of Chinese miners seeking to mechanise their mines. The staff consisted of a head fitter and foreman, an English and Chinese clerk respectively, and presumably other labourers on a daily-wage basis.

¹² In 1913, the mines engineer R. Darwood was transferred to the foundry, with another mines engineer, Eu Siang Hye, M.I.M.E., who was hired for the Kampar head office.

¹³ The fossickers were able to tap isolated sites and locations that would not prove viable for larger-scale workings by both open-cast mining and other more 'advanced' methods (Wong 1965). This was ultimately a speculative enterprise which could make use of the communications and information network already established within his branch system, and involved no extra start-up costs except that for labour and the risks from fluctuating tin prices.

¹⁴ See Jackson (1968), Drabble (1983), as well as the

biographies of entrepreneurs like Tan Kah Kee.

¹⁵ The fall in rubber prices during the 1907-1909 slump did not stop the interest in rubber cultivation and production in the F.M.S. and the Straits Settlements. The price surge after 1909 was due to the constriction of wild rubber production in Brazil and the huge potential opened up by the introduction of mass production methods in the motor vehicle industry initiated by Ford. The figure in vehicle sales in the United States showed a dramatic increase between 1909 and 1910. From 65,000 units sold in 1909, it jumped to 127,287 units in 1909 and 187,000 units in 1910 (Drabble 1973: 62).

¹⁶ In June 1910, Eu Tong Sen submitted an application for 5,000 acres in Gopeng for the cultivation of rubber, and one soon after for 3,500 acres, which was not supported by the Assistant district, for Gopeng, a certain R. O. Winstedt, who believed that 'no one, no matter how capable or deserving' should be granted such a large concession of land. The Resident ultimately consented to alienate 2,000 acres, although nothing was known of the actual outcome (Drabble 1973: 75).

¹⁷ See Wong (1965) and Butcher & Dick (1990) for the truck system and revenue farms respectively in British Malaya. Trocki (1990) and Rush (1990) also provide important overviews of the socio-political dynamics of syndicate formation and state-Chinese society relations with respect to such revenue farms.

¹⁸ Yet, the Hong Kong Eu Yan Sang account books from 1914 to 1918 suggest that Eu Tong Sen already had agents in these places, namely Seremban and Penang, handling remittances prior to the opening of a branch office. It could also be that they were just not listed in the Singapore and Straits Directory. He also had separate accounts for remittances coming from Taiping and other towns in Perak besides Kampar, Gopeng, and Ipoh.

¹⁹ On the whole remittance houses are almost always involved in other businesses, be it trade or services like native banking and pawnshops. Like the Eu Yan Sang network, the remittance flows provided an important pool of capital for these firms. See 柯 (1972) and Hamashita (1985) for more information on the structure and dynamics of Chinese remittances both as a business and a financial tool, as well as an institution in Chinese overseas communities and China-Southeast Asia circulations.

²⁰ This was to be crucial in the 1920s with the political events in the Guangdong and Guangxi provinces.

²¹ Each accounting month runs from middle (15th-18th day) of each month. The accounting year begins from the 15th day of the first lunar month. The timing of the telegraph transfers varied over the years. While they have a tendency to be rather disparate in terms

of timing in the 1910s and 1920s, the accounts of the 1930s show a certain standardisation of these transfers being dated to the last day of each accounting month, if not in actual telegraphic transfers, then at least in their record. Similarly, the transfers to the Guangzhou branch account and the transfers to the remittance order accounts of each Malayan/Straits branch were dated on the same day. See the 各号来往 accounts of the Hong Kong Eu Yan Sang Office.

²² Between 1914 and 1922, this seemed to have been primarily the Ipoh and Singapore branches. In 1913, the remittances estimated to have been handled by the Singapore branch office accounted for \$250,000 out of the \$1,250,000 sent to Hong Kong as a whole via the European exchange banks. In Penang, the second largest remittance market in British Malaya after Singapore, a report by the Taiwan Bank in 1914 had a branch of Eu Yan Sang at the top of the list of the six most important remitting houses for that island, although the official opening of the branch did not take place until 1920 (Yang 1985).

²³ The receipts from the Singapore branch in the 1930s suggested that the remittance orders between the Malayan branches and the Straits Settlements were also an important dimension of the Chinese remittance business, although the turnover and delivery was much faster. These funds in transit would provide his branch offices with a continuous inflow of ready money, which could be used to meet short-term demands, such as those of the Chinese medicine business and the tin-mining businesses.

²⁴ The branches also provided a money order service for people traveling between the towns in Malaya and the Straits Settlements, and Hong Kong and Guangzhou, in which customers could buy such orders (or deposit money at one branch) to be drawn on other branches in the networks. These customers could elect to keep the money in these branch offices with or without interest (based on term deposits), whereby the latter would also serve a banking function. This, too, provided an important source of liquid cash, not only for the branches where the orders were bought, but also at the branches where the deposits were meant to be drawn, during the duration before the actual drawing.

²⁵ The books for the period between 1914 and 1920 are incomplete. The remittance letters from Singapore passing through the Hong Kong branch amounted to about HK\$ 426,452.15 and C\$ (Canton Dollars) 20,618.64 respectively. The figure cited above was the total turnover for the Singapore branch. The primary incoming item in this account would be the telegraphic transfers, to meet the primary expenses of the Hong Kong Dollar remittance orders from the Singapore branch.

²⁶ This is based on the transactions in the Hong Kong dollar accounts of the 港纸来往部 for the different Malayan branches for these years.

²⁷ While we cannot comment on the relative scale of his business operations at this time, or the proportion of his supplies coming via the Hong Kong branch, these figures, consisting only of the stock acquired in Hong Kong for 1916, suggested the already considerable scale of his Chinese medicine business.

²⁸ See the 石叻药号 in the 1922 HK Eu Yan Sang 各号来往部 for example. Besides the telegraphic transfers via the modern banks, checks from the different bankers of the Hong Kong Eu Yan Sang (such as the Chartered Bank) were also used to meet these demands. Sometimes, the telegraphic transfers were referred to as 货项单 and differentiated from the other telegraphic transfers, which were presumably for the remittance orders and other operational costs of the Hong Kong branch. One might speculate that the checks from local banks used to meet these order payments might be surplus from the normal telegraphic transfers (or included in them) or paid from the funds of the Hong Kong branch from other sources of income such as the currency conversions.

²⁹ Demonstrating again his reluctance to rely on modern financial institutions and the costs and risks of outside financing, property became an important alternative. Although in this case he turned to outside capital, he was quick to remove this liability and the potential high costs of interest.

³⁰ See the accounts of the 余东旋有限公司 after 1932, and the various cash and rental ledgers in the Hong Kong Eu Yan Sang Collection. In 1930, his properties included 大道中 92-104, 109-115, 137, 143, 145, and 147, 大道西 506-516, 角鄰街 2, 4, 6, 同文街 3 and 5, 文咸东 6 and 97, 永乐 121, 德付西 7, 干诺西 55, 德付西 5, and 山道 (Hill 6 103, in addition to two residential properties House No. 95 and the Repulse Bay (浅湾) villa, Eucliff. He was also constructing Eu Villa at that time.

³¹ See the 余东旋有限公司 account of 1937 for the Tai Po acquisition.

³² He might also have owned a new café (新茶室)

³³ The 余东旋有限公司 office in Hong Kong had about 4-5 personnel drawing a combined salary of less than HK\$ 300.

³⁴ In Kampar, he was believed to have bought up the properties of a prominent Mandailing leader and landholder, Imam Ja Barumun, with whom he was said to have worked closely with in the exploitation of mines in the vicinity of Gopeng and Kampar (Lubis & Khoo 2005: 133, 135).

³⁵ In the case of Singapore, the period between 1916 and 1920, just preceding his move to the port-town, saw the submission of several building plans for new

shophouses and residences, including Eu Villa in Mt. Sophia. He was also building theatres, such as the *Tin Yin Mou Tòi* 天演舞台 (later to become Majestic Theatre), and *Heng Wai Sun* 庆维新 theatre. There were also plans for building a cinema at Eu Court in the 1930s. In 1927, he opened the Southern Hotel or Lam Tin Hotel at the juncture of Eu Tong Sen Street and New Bridge Road. It was one of the highest buildings in Singapore at that time, famous for its cabaret on the highest floor, and was one of the few Chinese-owned buildings at that time with an elevator installed. He also built a spacious villa on Mt. Sophia overlooking parts of the New Town, and facing Fort Canning, better known as Government Hill, together with other villas in rich suburban areas such as Katong.

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