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People

A confident approach to smooth succession

Having worked alongside her father George for many years, Sabrina Chao is now in the driving seat at Wah Kwong



ANNA HEALY FENTON

It's no secret that Sabrina Chao has taken over running the day to day operations of Wah Kwong Shipping since the chairman, her father George, suffered a stroke in December.

The British-educated Ms Chao, 36, has been a director of Wah Kwong since 2002 and has also worked at Jardine Fleming and PriceWaterhouseCoopers. She is by no means the inexperienced boss's daughter drafted in to fill a board seat.

So how is she finding life in the hot seat? "Actually my daily routine hasn't changed that much," she says. "After working with dad for nine years, naturally we have our own sectors, but he has always been my boss and I reported to him."

Mr Chao handled the commercial business while she took care of the financial side, and there was a natural rapport between the two of them. "He would run the numbers past me, having already done them in his head, so it was more for my benefit."

There's more pressure now, she admits, because as well as the added responsibility, suddenly everyone comes to her. "We are in good shape, and that's reassuring, but dad's not there any more, so now I chat to our chief executive officer, Tim Huxley. He's becoming very much my sounding board."

As anyone who has charted the recent turbulent transitions within Macau casino tycoon Stanley Ho's dynasty, it's clear Chinese family businesses can be a minefield. Ms Chao's life is simplified by being the



Able successor: Chao says the family-run business is in good shape.

only sibling directly involved in the shipping side, but how has she, as the third generation, navigated a smooth succession with her brother Hing and sisters Joan and Jane?

"There are challenges — and advantages — for any family business to achieve smooth succession. My dad has been a great teacher, but he held the leash quite tightly — a mixture of give and take, but it's an issue for any family in Hong Kong."

While the company has prospered since her Shanghai grandfather founded it 60 years ago, Wah Kwong has not strayed far from the original business model. "Since grandfather started in 1952, we have kept our steady prudent business model of only dealing with good quality charterers and that allowed us to demonstrate our stability to investors. Shipowning is hugely capital intensive, and we don't want to take on more risk than we have to."

In 2008, Wah Kwong pulled back from an initial public offering. Looking back, Ms Chao does not regret the decision. "To go into the market means only two things: cashing out, or raising money for expansion. In today's market investors want quick returns, so you

get the money and you have to spend it right away." That's definitely the wrong thing to do in the current climate. "Also if I do an IPO I want investors to make money, and if we had gone ahead, they would have suffered. Dad always taught me to leave some money on the table, that way people come back for more business."

The aborted IPO was a steep learning curve, nevertheless. "I learned so much. We tidied up some bad habits in a traditionally run company, it made us think and examine what the company is all about. It was an eye opener for me from the financial side, meeting the bankers and seeing how investors think. I'm very grateful for the experience."

Wah Kwong is now one of Hong Kong's biggest privately owned shipowners with 24 ships, and four more newbuildings joining the fleet this year. "I don't see us chasing

"Dad always taught me to leave some money on the table, that way people come back for more business"

new business wildly, but the market is changing all the time, so holding a bit of cash is good." One thing about being an old established company, she says, is that people come to us, both for business and advice. "Anyway, now is not the right time to expand with asset prices falling."

Wah Kwong definitely qualifies as a "purple chip" companies, which though foreign, have great China connections.

"We were one of the first to use mainland crews, and also among the first export buyers from Chinese shipyards. We have increasingly used Chinese banks for our finance. We have been long supporters of the China P&I Club and Cosco are a major customer, so our relationships are strong."

Wah Kwong has always wanted to expand its presence in China, but it's not quite there yet in terms of the legal and tax framework, she says. Shanghai has been earmarked to be the International Maritime Centre, but many regulation changes are needed to achieve this.

"The political will is there, but the pace of change is too slow, but you can't make an exception by giving special tax breaks for shipping—what about all the other industries?"

While Wah Kwong remains a family company, it has hired a lot of young people, both at sea and onshore in recent years so the need to create a sense of belonging has been critical. "It's a work in progress; it's down to strong management. All our captains are leaders and teachers and there's a strong team spirit. The emphasis is on team building — they must agree with your vision of the company and stick with it and deliver — they must, because we're all in the same boat. It's always a balance between financial incentives and job satisfaction."

As for the future, we'll have 32 ships by 2012 if we don't sell anything, she says. "That's quite a lot of ships to manage. I will continue trying to do a good job and get a good return for my shareholder — my Dad." ■

The Last Word...

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Future view with past secrets: an artist's impression of the Maasvlakte 2 project, showing the area where *Cornelia Maersk* languished from more than 60 years.

What lies beneath

THE wreck of the *Cornelia Maersk*, a 3,150 dwt steamship that was bombed and sank in 1942 off Rotterdam, is still yielding long hidden secrets.

The wreck lay at a depth of between 10 m and 17 m in one of the future docks of Maasvlakte 2, Rotterdam's major container expansion project.

Detailed survey images showed three sections of the ship: the fore, nave and stern. The 85.4 m long vessel was attacked while on its way from Rotterdam to Copenhagen. There were no casualties.

Contractor Puma was commissioned by the port so that the ship wreckage can be brought to the surface in small pieces using a backhoe. The wreck has now been almost completely removed, with the anchor, propeller and boiler brought to surface.

The wreck was dredged free in the summer of 2010 using a suction dredger. It was then blown free of sand.

Following consultation, the best remains of the *Cornelia Maersk* will be made available to AP Moller-Maersk, the former owner of the ship, and to the information centre FutureLand in Rotterdam.

Cornelia Maersk was launched on April 17, 1925 from the F. Schichau shipyard in Elbing, Germany, nowadays Elblag in Poland.

Pirate treasure

DEVOTEES of the BBC television programme *Antiques Roadshow* will have seen a valuable sword presented in recognition of its recipient's role in the British occupation of Aden, now part on Yemen, in 1839.

British Royal Marines landed in Aden in January 1839 specifically in response to growing numbers of pirate attacks on British ships, belonging to the British East India

Co during trade with its colony in India.

The British occupation assumed even greater strategic importance when the Suez Canal opened in 1869 and became a crucial access route for ships to the Red Sea and Indian Ocean.

This action was the start of a British occupation lasting some 128 years until 1967. No one is seriously suggesting such drastic action in 2011 in response to the modern piracy scourge in the region.

There are unlikely to be any such treasures awarded in commemoration of current naval anti-piracy action.

Sigurjón Markússon

LAST Word offers its condolences and sympathy to Finnish shortsea shipping line and terminal operator Containerships, after the sudden death of its chief executive Sigurjón Markússon, and of course to his family.

On February 18, Markússon, 49, was rushed to hospital and underwent emergency surgery after suffering from a subdural hematoma. He remained in intensive care until the following Tuesday, when he passed away.

In a statement, Containerships' chairman and now acting chief executive Kimmo Nordstrom said: "The death of our inspiring leader is a shock for the company and brings deep sorrow to us all. For those working daily with Sigurjón he was more than a great executive: he was our friend. He will be both remembered and sorely missed."

Markússon, an Icelandic national, was appointed managing director of Containerships in early 2007 after it was taken over by Eimskip. Prior to that, he was the Russian shipping expert with Samskip.

He is survived by a wife, daughter and a son. ■

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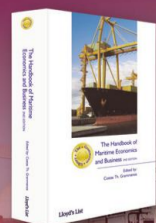
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