

REFLECTIONS OF AN INDEPENDENT DIRECTOR

Interview of Tan Lye Huat by Mak Yuen Teen

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WHY I DECIDED TO INTERVIEW TAN LYE HUAT

In the late 1990s when I started my work in corporate governance in Singapore, Tan Lye Huat was among the first directors I got to know who was deeply interested in the topic. Some directors I met thought that interest in corporate governance would quickly wane. One well-known Chairman asked me why I had set up a corporate governance centre at NUS since we had already issued a Code of Corporate Governance and had already “done” corporate governance. This is the kind of mindset regarding corporate governance that Lye Huat often had to deal with in some of the boards he had served on as an independent director.

Lye Huat is one of the very few independent directors I know who has never wavered from the commitment to good corporate governance and to consistently doing the right thing.

When Lye Huat retired as an independent director for the last time in 2023, I suggested that I should interview him. I felt many current and aspiring independent directors can benefit from his more than two decades of experience as an independent director, and his views would also be relevant to other stakeholders, such as regulators.

This interview shows the great lengths that Lye Huat went through to ensure good corporate governance and to protect the interests of the companies he was a director of, and the interests of the minority shareholders in those companies. In some of these companies, independent directors sided with major shareholders and regulators did not give him support when he was trying to discharge his duties. It demonstrates how difficult it is to be a good independent director in Singapore.

Over the years, Lye Huat would occasionally contact me as a sounding board and I found him to have an admirable attitude towards continuous learning. I am proud to have him as a good friend. He is not one of the “star” directors you find on some boards but he is certainly one of the best in my view when it comes to integrity, competence and commitment.

I would like to thank Lye Huat for his very frank sharing of views. This interview is also my tribute to him for being such a good role model for independent directors.

Professor Mak Yuen Teen
Founding Director, Centre for Investor Protection



HOW IT ALL BEGAN

MYT: Tell us a bit about yourself – your education and your work experience before you became a company director.

TLH: I was basically a self-made accountant of the Institute of Cost and Works Accountants (ICWA) (forerunner of CIMA) and ACCA and started my career as a bank book-keeper and then audit assistant.

Later, I became Finance Director at United Motor Works Pte Ltd (UMW) in Singapore, the unlisted family-controlled private group, and a director of some of the operating subsidiaries. After I left UMW Singapore around the mid-90s and retired from employment, I became a SIMEX trader – what was referred to as a “local” (individual non-clearing member) – and actually traded with Nick Leeson at the Nikkei pit. At that time, many of us were suspicious of his trading approach and some of us brought this to the attention of top management of SIMEX. I did not consider myself to be a good trader and left after a couple of years.

Then I decided that my next journey should be in corporate governance and embarked on the study route to become a Chartered Director of the UK Institute of Directors (UK IOD). I also did a lot of travel, meeting numerous corporate governance (CG) personalities and learning, on a regional and global basis, as part of my education.

Along with beginning to become an independent director (ID), I ran HIM Governance Pte Ltd as well as represented Governance for Owners LLP (GO) in their Stewardship Service, GOSS, in the region. So, my experience after my retirement from employment and before I became a full-time independent director (ID) was in shareholder engagement and activism, although at that time I was already serving on some listed boards.

MYT: Can you share your early experiences in shareholder activism?

TLH: One of my early experiences in shareholder activism was when I was approached by a group of small minority shareholders at Isetan in 2007 to champion their cause. This group of minority shareholders had been unsuccessful over the years in getting the company to pay tax-exempt dividends out of its substantial section 44 dividend imputation credits that were about to expire. At that time, there was double taxation of dividends. I was asked to help to escalate the issue and agreed to a proposed resolution to appoint me as an ID to push the board to consider this issue. It raised attention even though I was unsuccessful in being elected as a director. The Securities Investors Association (Singapore) (SIAS) then stepped in to negotiate with the board and management and that resulted in some payment. This was one of the early examples of successful shareholder activism.

Later on, when I represented GOSS in the region, we banded together with a group of foreign institutional investors to engage actively with a listed bank in Singapore. This was in relation to a proposed resolution on an issue which we felt strongly against. The bank wanted the shareholders to give them a blank cheque for determining the remuneration packages, framework and benchmarks for the senior executives. They were going to give share-based remuneration which required shareholders’ approval. We engaged with the bank and said that if



the proposed remuneration resolution was not withdrawn, we would vote against it. The bank withdrew the resolution just before the AGM.

The UK Railway Pension Fund (Railpen) had invested in that local bank. Typically, they would appoint a specialist corporate governance (CG) firm, like GO, to support and discharge their ownership responsibility by layering a stewardship service over their global or regional listed equity portfolio. I, under HIM Governance PL (HIM), would then represent GO in the region. I had to craft a recommended set of voting policies for Railpen to be applied to each of the countries in which they were invested in the region. They were implemented by me for investee companies and I had to meet up with management to inform them that Railpen would vote in accordance with those voting policies. I would look at the actions of companies to see if they were acting in accordance with those voting policies and recommend to Railpen whether to engage. I learned a lot through this experience. I personally visited a number of companies and talked to other institutional investors in the region like the Employee Provident Fund (EPF) in Malaysia. The EPF and Thai Government Pension Fund (GPF) engaged on behalf of their ultimate shareholders even though they may only be nominees.

Unfortunately, in Singapore even today, we lack domestic institutional investor activism. The Investment Management Association of Singapore (IMAS) is very quiet on this front and CG does not appear to feature much on their agenda. They have stated ownership responsibilities but domestic asset managers are not exercising them in my opinion. This is an important reason why many boards and management act without much accountability.

My experience showed that both private and public engagements can be effective compared to doing nothing.

INFLUENCERS

MYT: Over the years, who have been the biggest positive influences in your career as a director? In what ways have they influenced you?

TLH: The late Dr John Carver, creator of “Policy Governance” and Robert A. G. Monks, co-founder of International Shareholder Service (ISS) and Lens Investment Management (Lens). I was privileged to have learnt firsthand the “supply-side” holistic governance from the former and “demand-side” governance from the latter who also founded GO.

In John Carver’s case, his Theory of Governance¹ is based on first principles. He taught me in Atlanta at his Policy Governance Academy, where I learnt his all-encompassing “model” and believe that it can be relied upon as a major source of understanding of governance for directors and practitioners.

His model provides a clear and comprehensive framework capable of assessing what lies within the workings of a board and management of any governance system. This allows one to identify possible “governance gaps”. Policy Governance is hard work because it needs the board to think through thoroughly and completely before telling management what it can or cannot do on the

¹ See <http://www.carvergovernance.com/model.htm> for an overview of John Carver’s Policy Governance Model.



big issues that affect the company. Like corruption, the board must say to management, this is the values system and it is not acceptable, regardless.



Photo: 2003 Roundtable with Dr John Carver, organised and moderated by Prof Mak Yuen Teen, Director of the Corporate Governance and Financial Reporting Centre, and attended by Tan Lye Huat (partially hidden, third from left)

As for Bob Monks², I have high regard for him as he attended the ExxonMobil AGM year after year to push issues, and he managed to earn the respect of the whole market for his singular ability to stand up to the board and management of any organisation in pursuit of ownership responsibility. He demonstrated how shareholder activism can be effective.

I got to know him through GO and he was known to be the pioneer of governance-focused funds in the UK through a few FTSE governance-related funds that he set up there. He recognised, after some time, that his brand of governance would not work or be accepted in the US. He felt that the funds and institutional investor community in the UK were more receptive to his approach in terms of engagement and developing products for the market. When he set up CG-focused funds and stewardship services, he said to me that you can only get people to part with money if they work.

² See <https://www.ragm.com/books-by-robert-a-g-monks/> for books written by Robert Monks.

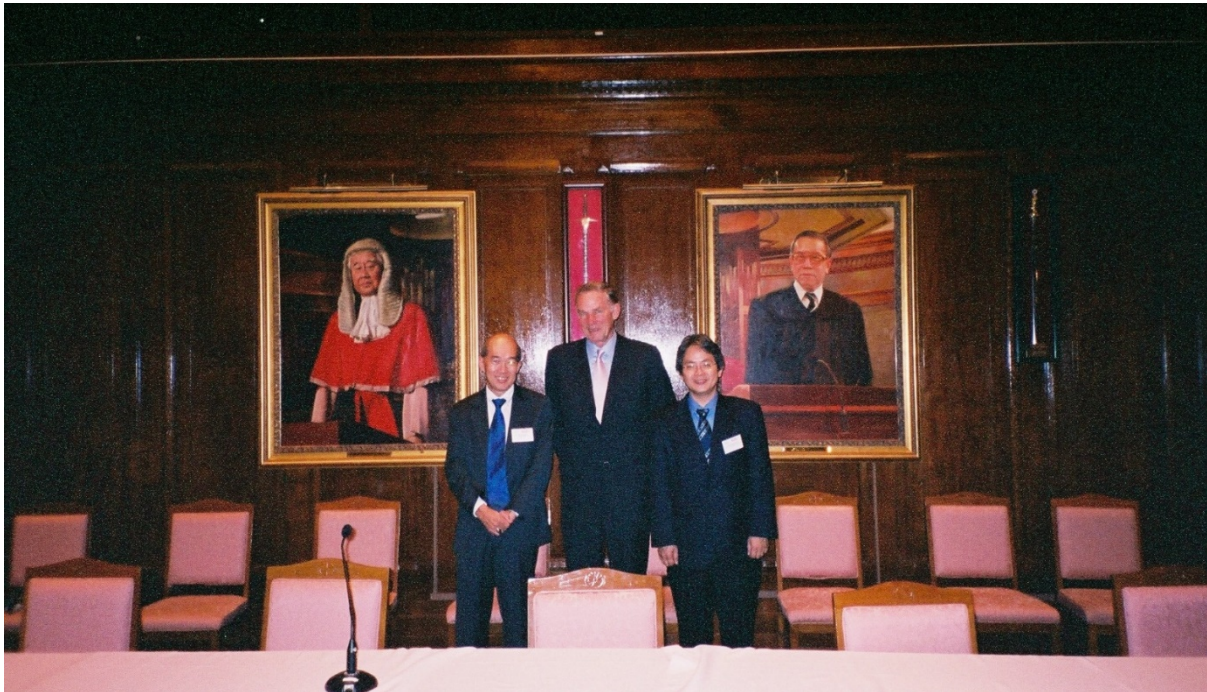


Photo: Robert Monks (centre) with Tan Lye Huat (left) and Mak Yuen Teen (right) at City Hall in Singapore in 2004.

Bob Monks started the IRIS+ system in the US, the generally accepted system for impact investors to measure, manage, and optimise their impact. He was US Department of Labor Administrator of the Office of Pension and Welfare Benefit Programs which gave him jurisdiction over the whole US pension system. He felt there was a lot of money in the stock market and employees needed to be protected from the excesses of the corporate world. He started the requirement for investors and asset managers to vote their proxies. After that, he started ISS and Lens and later went to UK.

In 2003, Bob wrote a letter titled “To Harvard with Love” to Lawrence Summers, then President of Harvard University, where Bob Monks attended St Paul’s School, Harvard College as well as its Law School. That letter was about corporate governance. He said there were two reasons why he decided to write about corporate governance: “only owners can effectively assure corporate functioning compatible with the welfare of citizens and governance is the long term key to returns to investment”. Bob criticised Harvard’s “traditional posture” with respect to corporate governance in the businesses that Harvard is often a substantial owner of. He also said that Harvard received funding from both returns on investment and direct grants from businesses and should not let this interest conflict with its responsibility as a owner. He urged Harvard to adopt a more ethical and responsible approach to its endowment management, emphasising the need to align that with the university's mission and values.³

³ Robert A.G. Monks, To Harvard With Love, October 2, 2003.



CHARTERED DIRECTORSHIP, ACCREDITATION AND DIRECTOR INSTITUTES

MYT: You were the first chartered director from the UK IOD in Singapore. Why did you decide to obtain this qualification?

TLH: I am a firm believer in the need to be qualified in the subject of one's practice and a firm believer of the "Profession of Directorship" at the outset. The UK IOD, being one of the oldest (founded in 1903) and most prestigious professional bodies for directors, was an easy choice.

MYT: What was the process like in obtaining the UK Chartered Director qualification? Did you have to be a director to obtain the qualification?

TLH: For the study route, there was no need for relevant experience. At that time, I was able to go through the study by distance learning and then sit for the examination in Singapore. It was quite academic. I must give credit to the UK IOD for their belief in providing a comprehensive CG programme for international participants, despite the cost of management of the examination. They had to arrange with the British High Commission here for me to sit as a single candidate for the examination. The UK IOD was subsequently granted a Royal Charter by the Queen to award worldwide the title of "Chartered Director" to deserving individuals with relevant qualifications, experience and expertise.

First, I had to study. Then I had to pass an examination to be qualified in its Diploma. I then needed to demonstrate relevant expertise and experience by submitting a dossier of summary data to qualify to make an application for the Chartered Directorship. An application involved the submission of a 10-page verifiable dossier, signed by a very reputable proposal and a seconder. Based on this information, I was then invited to present myself, at my own expense, to be interviewed for about one and a half hours by a Panel in London before I could be accorded the title of a Chartered Director. I had to pay two sets of subscription fees annually as well as agreeing to be subjected to the additional professional standards imposed by its Professional Standards Board, which could take action against me if I failed to observe the standards. This was the process I went through more than 20 years ago. If my memory serves me right, I was No. 87 worldwide amongst about 100 accredited Chartered Directors in the UK IOD's first year.

MYT: Do you think it has benefitted you?

TLH: Obviously, it contributed much towards my initial understanding of the subject as a qualified professional director as well as giving me the desired status. It opened many doors to serious-minded personalities. However, ironically, my pursuit of such a qualification and status might not have helped me in obtaining more directorships as it gave the impression that I could be too serious, difficult or a "troublemaker".

MYT: Why is that so?

TLH: It was quite well known in the market that most majority shareholders would prefer a compliant and easy-going ID, even today. With SME boards, I had experienced occasions when I was told by well-intentioned friends or recommenders that they would not like me to be on their boards because of my serious approach. Another friend introduced me to replace him at a government-linked company and after a number of months, I enquired as to why there was no



news. He said I was probably “not their kind”. Of course, it might not be because I was a Chartered Director that they did not choose me.

MYT: Do you think such a qualification would work in Singapore?

TLH: I was asked about the Chartered Director qualification by certain senior directors after I obtained the qualification and title. However, I told them that it might not be relevant in the Singapore context because there was not much importance or respect given to qualified directors then. The market appeared to place more emphasis on those with the right connections or perceived stature, than an ability to really contribute to the board. The cost of about S\$15,000 then also made them lose interest in the qualification. I was therefore not surprised that only one other Singaporean director has taken it up so far.

The most notable tangible return to me was the recognition extended by certain international D&O insurers which typically granted some discounts to Chartered Directors. In the well-known saga at a company where there was a proposed shareholder resolution to boot me out, Institutional Shareholder Services (ISS) recommended, in their proxy advice, that shareholders vote against my removal and cited the fact that I was a “Chartered Director who did no wrong”.

MYT: What are your views about accreditation of directors in Singapore now, which the Singapore Institute of Directors (SID) has embarked on?

TLH: The main reason I resigned as a member of SID after a few years, including a stint on a committee, was the fact that there was no appetite for a Professional Director qualification at that time. They did not have such an arrangement and had no plans to introduce it.

Years later, a friend who became SID Chairman, requested me to rejoin SID. I informed him that I could not rejoin as there was still no room for Professional Directors then. Finally, now, SID has come out with an accreditation programme. However, to me, the passing of a comprehensive examination, the demonstration of suitability, relevant expertise and experience as well as adherence to applicable standards of the Profession of Directorship are important components. Until this happens, I remain sceptical of the adequacy of the SID’s “Senior Accredited Director/ Accredited Director” programme as it may not achieve the requisite standards and quality expected.

MYT: Were there other reasons why you resigned from SID?

TLH: When I approached SID on the issue I was facing at the company that was trying to remove me as an ID, the response from someone senior there was “we know him” (referring to the company’s Chairman). In other words, because he knew the Chairman, he and SID would not want to say anything. This reinforced my view that SID was not seriously interested in issues and was more of a club instead, and it worried me that they thought it was a non-issue.

Even today, SID does not take a stand on issues.



A TOUGH START TO PROFESSIONAL DIRECTORSHIP

MYT: Let's now talk a bit about your journey as a professional director. When was your first appointment as a director of a listed company?

TLH: It was as an independent director (ID) at CAM International (CAM), a plastics moulder, in 1998. I was no longer working full time by then.

MYT: CAM was infamous as the Managing Director (MD) had committed fraud and was subsequently jailed. How were you approached?

TLH: When I decided to become an ID, it was not easy as I was a "nobody". I let it be known to some close friends with professional contacts that I was "in the market". As it turned out, a friend's banker was one of CAM's creditor banks and he informed me that there was not just one vacancy, but three, as all three IDs appeared to have resigned "at the first sign of trouble". There was not much in the way of a process as the company was not really in a position to select IDs and I was qualified, although not experienced.

MYT: Obviously, this was a somewhat risky appointment. What was your thought process in deciding to accept?

TLH: When presented with the offer, it was very daunting as all the IDs had resigned. I had to think through why I should go in. I had to consider reputational issue, the hard work involved as well as the purpose. I managed to rationalise that I was not part of the history. In fact, I was subsequently asked by a former managing partner of a Big 4 firm when I was being considered to be ID at another firm about my CAM appointment. His Big 4 firm had worked with me at UMW as its external auditor.

He was an ID on both a listed parent company and listed subsidiary and recognised the potential conflicts he might face from time to time. He decided to retire from the board of the listed subsidiary and remained on the listed parent's board. He had passed my resume to the Chairman of the listed subsidiary but then noticed I was at CAM. I explained to him that I had joined CAM "after" the fraud, something he accepted.

I was quite young then and recognised that this was my first appointment and I was not afraid of hard work and felt I could learn. It also crossed my mind that I was going in to do a public good. The company was suspended and we were trying to resuscitate it. I was successful in working with the remaining team in proposing a possible solution which the board thought was beneficial to the company and all shareholders. Unfortunately, it was voted down by the majority shareholder who was the one who went to jail for about 10 years.

MYT: What was the experience like?

TLH: It was a "baptism of fire" of sorts and to top it all, I was unpaid in the end as I failed to submit my claim for director's fees at a creditors' meeting. I had submitted a claim for the first creditors' meeting and thought that since I had already submitted, I did not have to submit again. Unfortunately, no one pointed it out to me. So it was like almost two years of work for no fees.



MYT: I now want to turn to how you made your decision to join the board of another company which was also caught in a fraud perpetrated by the then MD. You were not once bitten, twice shy, after CAM?

TLH: Not at all. I was requested, based on my prior experience, by a senior lawyer to be appointed urgently into that company as an ID to help deal with the creditor banks as the then MD, eldest son of the founder, had just been investigated for fraud.

I was given a very short time to decide. I spoke to the MD's family members to get a sense of the situation before making a decision. They needed an external independent person who was not previously there to hold the fort in a crisis management situation. They also felt a need to rebalance the board from majority family-controlled, to majority controlled by IDs.

I believe I was approached based on my crisis management skills as well as the reputation of trustworthiness in the banking community, something I acquired during the resolution of the financial crisis that I managed for UMW Singapore previously.

Ironically, in the end, I was booted out by a new substantial shareholder/MD brought in to buttress the equity base of the group.

MYT: It must have been tough as a new ID especially given the troubles some of those companies you were in. Did you have a mentor or someone who helped you learn the ropes, so to speak? Did you have any difficulties as a first-time director and how did you overcome it?

TLH: I did not have any mentor. On the other hand, a sound grounding in a basic qualification supplemented with exposure to boundless literature, and participation in seminars and conferences around the region and globally, provided the underpinnings to the requirements of my new job. My initial pre-occupations were to ensure I performed my roles to my level best and to be guided mainly by regulations and best practices. Other than having to "learn the ropes" so to speak, it was not very difficult as I had the benefit of a formal training and right motivation. I therefore felt that I was quite ahead of the curve in many ways.

MORE DIRECTORSHIP OPPORTUNITIES OPEN UP

MYT: Tell me more about the companies in which you have been an ID over the years. And what sort of fees were you being paid?

TLH: Most of them were SMEs, with market capitalisation ranging from S\$50 million to S\$500 million. In recent years, the total fees in each company were in the range of between \$40,000 and \$80,000 per year.

MYT: How many boards of listed companies have you served on over the years?

TLH: The first appointment is usually the most difficult to secure, then it became easier, and then I had to decide on my personal limit as appointments rolled in over the ensuing years. Over the past over 20 years, I probably served on the boards of about 10 listed companies.

MYT: What was the profile of these companies in terms of size, sector, and nature of their business?



TLH: Being a “nobody” and with some known reputation as a “difficult or troublesome director”, I was aware that certain companies would be out of my reach. The majority of my portfolio consisted of small to medium sized SMEs in the commodities trading, industrial, F&B, security, telecommunication and technology sectors. Most of them were also owned and controlled by family or private equity firms.

MYT: We talked a bit about how you were appointed to two troubled companies. How did most of your other appointments come about? What was the process like in general and how formal was the process?

TLH: I had let it be known that I was available to be an ID. I told a few people and explained why I should be considered. I told them my experiences in finance, accounting and crisis management. Having the chartered directorship might have helped a bit but only in a minority of cases. About half were introduced or recommended by people who knew me and the majority shareholders in pre-IPO situations. For example, an active investor had a portfolio of companies in pre-IPO stage. Some were through lawyers or public accountants who knew my professional background.

The other half were by contacts who were aware of my skill sets in crisis management and being able to handle difficult situations. In later years, as NCs became fashionable, I had to meet up with the NC and certain other executive directors (EDs) as suggested by the controlling shareholder. Honestly, I would have preferred that the process be more open and rigorous.

LIMITS ON DIRECTORSHIPS AND BUSY DIRECTORS

MYT: What was the maximum number of directorships you held at any one time? Did you take a personal position on the maximum number of directorships that you would have at any one particular time?

TLH: I had a personal limit of five. I had also contributed to the imposition of this limit in most of the boards that I sat on. Where the company’s limit exceeds five, I would still document and inform the board and its Chairman of my personal limit. As such, I had people in the market approaching me to recommend them to the companies that I would have rejected. There was only once when I breached my personal limit to assist somebody in advancing my name in an IPO application.

MYT: You seem to believe strongly that there should be a limit on number of directorships. Why is this so?

TLH: Putting into practice a personal limit, even though it was not a requirement, reflected my strong conviction on this topic. I recognise that some individuals may be more productive than others but I do believe that a hard limit is necessary in the Singapore context right now. My view is five for SME companies and two for large cap companies. Without such a limit, we face the incredulous situation where I had witnessed, first-hand, of an ID sitting on 10 or more boards, and telling a friend that he “needs more” when approached as to whether he would like to vacate some seats.



MYT: Wow, 10 and he wanted more. Have you ever served on boards where one or more of the other directors were too busy and held too many directorships and other commitments? How did it impact the board's effectiveness?

TLH: Of course, I had the misfortune of sitting on boards with a few "busy directors", especially MPs. In a worst-case scenario, the company appointed only two IDs. With only effectively one working ID, I had to literally shoulder the full weight of three committees' work. These busy directors would generally be "free-riders", limiting quality and capacity of the work of these committees as well as the diversity of opinions at the board level. I fully agree with your view that it is misleading to think that just because there is only a small percentage of busy directors on SGX, we do not have a problem with busy directors. As you said in a commentary, if there are 20 busy directors who serve on 10 boards each, you could potentially have up to 200 boards with at least one busy director. And based on my experience, that one busy director will hinder the effectiveness of that board.

MYT: Did you encounter situations where busy IDs resigned when the company needed more of their time, citing personal interest, other commitments or health reasons?

TLH: No, but they would rather "free ride" on others, relying on them to provide views and which they would then belatedly agree with. They might later find an excuse or ask to leave and then cite the erroneous reason.

TIME COMMITMENT

MYT: When you were an independent director, how often did your boards and board committees typically meet? How many days a year would you estimate you spent on average on each board?

TLH: Typically, the SME Boards and Audit Committees (ACs) met 4 times a year, with Nomination Committees (NCs) and Remuneration Committees (RCs) meeting twice a year. At one company, they wanted to hold only two Board/AC meetings on the basis that there was no requirement for quarterly reporting. I disagreed and since I did not have the support of management and majority shareholders, I resigned. As it turned out, the CFO was subsequently asked to leave and the company also ran into trouble with the regulator. There would typically be more board meetings when circumstances dictate, such as a crisis or where the company was re-structuring.

A typical Board/AC meeting would take almost a full day. NC/RC meetings could also take a full day when combined. Off-site work varied depending on the complexity of the organisation's systems and business, and the level and involvement of the company's management, the Chairman of the board and committees. On average, when I was an ID of five companies, it would typically take away about one third of my time.

I think even for a full-time director, that's as much time as they should be planning to spend under normal circumstances – bearing in mind that the time commitments can change due to special circumstances and it is difficult to keep track of what is going on when one is an ID of too many companies.



MYT: Were there certain companies where you had to spend an unusual amount of time and why was that so?

TLH: Yes, there would be a few and they were usually on account of the following:

- a. Crisis management where a lot of time was spent with management and professionals in handling an ongoing crisis which could be very serious or time sensitive,
- b. Re-structuring or corporate actions where there was a need to procedurally pour over a lot of information and options, and
- c. Internal ongoing improvements, especially for SMEs, to catch up on systems, regulatory requirements and where management needed to be upgraded.

TENURE, NINE-YEAR RULE AND INDEPENDENCE

MYT: SGX has now introduced a mandatory nine-year limit on tenure of IDs. Do you agree that there should be a limit on tenure of IDs?

TLH: In the Singapore context, I agree it is necessary although I don't, in principle, agree with it. I believe that, in a minority of cases, a person can remain independent-minded even after, say nine years. That said, unfortunately, there are many non-independent-minded IDs who will not ship out without such a ruling.

I had witnessed IDs who refused to budge even after being classified by me as "non-independent". Unfortunately, these IDs came up with inexplicable excuses against such a classification and was able to remain as an ID as I did not have the full support of the NC/Board. So, even when IDs were deemed as non-independent by fellow IDs – even by an NC Chairman like myself - some were still classified as independent.

Unfortunately, most of the time, peer reviews and comments were not that useful. I would usually not mince my words if I believed that a person was not independent. But most would not want to say so. At times, even the Chairman would not push it – and that's a problem. In such cases, I had to accept it and ensure that my views were documented.

MYT: That's interesting. Can you share an example of a situation where a director was classified as independent but you did not consider him to be so?

TLH: One sat on the board of a listed parent and a listed subsidiary but was considered independent on both. He would say he was not a nominee on the parent board but in my view, he was appointed because he was well-liked by the family.

Although technically he could be considered independent on both boards under the Code, I did not consider him to be so.

MYT: How long did you serve as an ID on those boards you were on?

TLH: The longest period I would have served on a board would have been about 20 years.



I rejected a number after conducting due diligence that either uncovered some untruths or misrepresentations from an earlier interview. In another, I was told I would be sitting at a Chinese board where proceedings would be conducted in Mandarin and I felt inadequate. The shortest was a few months.

In some companies, I resigned after a few months due to discomfort with the lack of support from the majority shareholders regarding what I thought should be proper board and committee processes.

I have been proven right in a number of cases as the companies subsequently suffered regulatory setbacks.

MYT: Twenty years seems a long time to be an ID. Why did you agree to stay on for so long?

TLH: In this exceptional case, I believed that I was given free rein by the controlling shareholder to conduct myself independently and without any interference whatsoever on their part. As explained, I did not agree, in principle with the nine-year rule and felt confident in my ability to remain independent in spite of the long relationship. It was in the early days when I exceeded the nine-year rule. However, as soon as it was about to kick in, I informed and reminded the Chairman about the impending need for me to comply and that they should arrange for a potential replacement. However, I was told a few times that “it never crossed the minds of the board and the shareholders that I should leave.” Ironically, I left after control of the company passed on to the children under rather unpleasant circumstances.

MYT: How about the boards where your tenure was very short? What made you leave?

TLH: Besides the above reasons already provided for a board with the shortest tenure, there was once when I resigned as the result of the board’s decision, at the behest of the controlling Chinese majority shareholder, to change the medium of communication from English to Mandarin. In the announcement of the reason for resignation, I was queried by the Company Secretary to confirm that “inability to communicate in Mandarin” should be stated publicly as it could limit my chances of securing directorships in the future. I told her to proceed as this was factually correct. Based on my observations, many so-called reasons provided in public announcements about resignations might not be truthful and accurate.

EXPERIENCES AND CHALLENGES

MYT: What were some of positive experiences you had serving as an ID on boards here?

TLH: A sense that I was making contributions, e.g. nurturing SMEs from a raw state to being recognised in awards or selected by the regulator for exemptions from certain requirements under the “Fast Track” initiative. Recognition and support by fellow board/committee members when I pushed the company to aspire to higher standards. For example, in many companies, I was the AC chair, and in areas such as risk management, internal control and financial reporting, I would often push companies to go beyond minimal compliance with the rules. It was satisfying when they agreed with me.



Another example would be recognition by a few serious-minded stakeholders to appoint me to their boards in spite of “negative noises” about me being a “troublemaker”, e.g., being booted out by shareholders and fellow IDs at one company. At that time, I was warned that it would be extremely difficult for me to secure future board appointments unless I succumbed to the pressure to resign quietly. In the end, I earned more directorships, leading a prominent Chairman to remark that the company was proven wrong. I think if one adopts the maxim that “board work is hard work”, be prepared to walk the straight and narrow path, do good and others on the board felt the same way, then it can be a positive experience being an ID.

MYT: What were the biggest challenges you faced over the years as an ID? And what do you see as the biggest challenges in our market?

TLH: I still believe that the lack of understanding of what corporate governance is all about remains one of the biggest challenges. Next is the inability of the community to appreciate and come together to make things work.

We had it relatively good after the Asian Financial Crisis compared with our immediate neighbours Thailand and Malaysia. I witnessed first-hand then how their stock exchanges, securities and company regulators, investor and minority shareholder associations, and budding director associations, worked in concert to raise standards from a crisis situation. They were looking up to us then but these days, not only do we need to look up to see what they have done and are continuing to do, but other emerging markets such as Vietnam and Taiwan are also recognising the importance of corporate governance to strengthen their stock markets.

We had one of the best corporate governance codes at the outset. I believe the regulatory framework may need some tweaking but is generally sound. What we need is to strengthen the monitoring and enforcement actions by the various regulators.

The lack of investor protection and “ownership responsibility” are also a problem here. We pay lip service to the concept of “ownership responsibility”. Most of our local Institutional investors do not seem to care much about it. Hence, there is a lack of pressure being exerted on listed companies that, with some exceptions, are not practising what they should.

Our retail Investors are powerless and they are very unlikely to band together to mount any action on CG issues/lapses unless there is “money hanging in front”.

Shareholder activism by both institutional and retail investors can be a positive to the market but is sadly lacking.

MYT: At that company where you were removed as an ID by shareholders, can you share in detail what happened?

TLH: One day, I was asked for breakfast by the MD who informed me that the board wanted me out and that I should resign, to which I responded that I would check with the then Chairman. The Chairman confirmed, via email, that it was indeed the case.

I was presented with choosing between “leaving quietly as most would do” or “disagree to resign”. I chose the latter. The Chairman and Board realised subsequently that, under the



Companies' Act, directors at a listed company cannot ask a fellow director to step down. Hence, a shareholders' meeting was requisitioned instead to remove me. I sent, through the Board, an initial Letter to shareholders setting out my position.

ACCA and SIAS publicly supported me. The ACCA Chairman of the CG Committee in London issued a statement on my situation. Institutional Shareholder Services (ISS) recommended that shareholders vote against the proposed resolution for my removal citing that I had not done anything wrong and that I was a Chartered Director. Both SID and ICPAS (now called ISCA) refused my approaches to say anything.

In the lead up to the EGM, I was grateful for your commentary which set out the chain of events and providing your views on it. There was also quite a bit of press coverage then. I penned a more detailed second Letter to Shareholders, setting out in chronological order the circumstances and appealing to shareholders for support, as the only conceivable "wrong" I could have done was the "exercise of independence" on my part.

Although I was voted out, it didn't come as a surprise. It was a relief as I was able to present my side of the story to shareholders and allowed me to account to them satisfactorily.

I was told later, ironically, that this became a case study at one of SID's programmes.

MYT: Do you know what triggered management to want you out? Were you objecting to a specific transaction?

TLH: I was asking questions for many years but that was always my practice. Perhaps some of my questions were making management uncomfortable. But to this day, I still don't really know why the major shareholders wanted me out.

MYT: How did you feel about the reactions of the other directors, including the IDs?

The lack of support from the EDs and NEDs was to be expected in the circumstances. However, I was deeply disappointed at the reactions of my fellow IDs. Instead of communicating and finding out what happened, they were persuading me that I should resign and accept the "fait accompli", i.e., the demand by the then MD as if there was nothing much I could do.

I obviously felt let down by the Chairman and the board for not understanding the rule with regards to asking a fellow director to leave. There was no warning or notice of unhappiness, e.g., through director evaluations, etc.

Clearly, the processes pertaining to my ouster were not quite right. In my view, my recent re-election, and the internal documentation about me by peers and my contributions, should have been relevant against the actions of a substantial shareholder/MD who wanted me out. But the IDs, including the Chairman, just went with the wishes of the substantial shareholder/MD.

In my second Letter to Shareholders, I made my feelings known about a fellow ID and the Chairman. Given the behaviour of that ID, I am not surprised that he has been charged in another company saga recently.



MYT: Many IDs in your situation would have gone quietly. What made you decide to make it a “noisy departure”? Did it make companies less willing to have you as their ID after that?

TLH: When I was kicked out, many advised me not to kick a fuss, even my wife. However, an experienced Chairman reminded me to do the right thing as I had to “look at my face in the mirror everyday”. I actually got more invitations to join boards after that and was even appointed Chairman in certain companies. This led that Chairman to say that I had proven a point to the company that wanted me out.

However, it did also negatively affect me in some ways. At another listed company, I was appointed the Chairman. However, an ex-banker and head of M&A, who was not involved as director of the company, apparently whispered to the MD that I was a troublemaker. The owner, a PE fund, heard about it. The MD used that as an excuse to stop me from continuing as Chairman. The PE firm relented. Despite other IDs supporting me, the PE firm agreed with the MD that I not be Chairman. I guess it’s a lesson for me that PE investors will tend to support management as they need management to drive success.

MYT: Did you get support from the regulators?

TLH: For hours on an afternoon, I was on the telephone with the then Chief Regulatory Officer (CRO) of SGX, but I was unable to convince him to order the Board to release my second Letter to Shareholders with regards to the impending shareholders’ meeting. I was told that I should approach ACRA instead, if I was unhappy, which I did. Within days, the Board was ordered by ACRA to release my second Letter to Shareholders. This was well reported in the local press.

ACRA, although very helpful, should, in my view, have also looked at some breaches of the CA.

MYT: What lessons did you learn from this case?

TLH: I had long learnt that an ID’s job can be quite lonely and unprotected. One must be prepared that any support that one might expect will evaporate at the first sign of trouble. The law and regulations impose duties and responsibilities on IDs but when it comes to the crunch, there is often insufficient protection and support from the regulators and fellow IDs.

Other IDs cannot be expected to step in to assist if there is a move by a major shareholder/management. Therefore, one can say that there is no such thing as true independence – you can only be as independent as the major shareholder allows you to be.

MYT: And what happened to this company?

TLH: It was renamed and struggled business-wise and reputation-wise because of regulatory investigations involving some of its key management personnel. In 2021, the former MD who was instrumental in my removal from the Board, together with the former CFO at the time of my tenure, were among three executives charged for false trading in that company’s shares. It was also reported that the former MD’s money exchange was being mired in investigations for money laundering. The company’s business shrank and was eventually privatised.



RESIGNATION OF IDS

MYT: You have resigned from some boards due to disagreements or unhappiness with what was happening? What did you try to do before you resigned? Were there any other cases where you were pressured to resign? Did you feel you were threatened in any way when you voiced disagreements and ultimately resigned?

TLH: Except for that company where I was booted out, there was only one other case where I felt pressured and implicitly threatened with legal action.

Before I left, I ensured there was proper documentation of all my views and actions. In spite of my best efforts and support from the independent Chairman, I had to resign as I assessed that I did not have sufficient management and board support.

At another, I requested, amongst other things, for at least four Board/AC meetings per year. This was not agreed to by Management and the majority shareholders for the reason that Catalyst companies were only required to make two results announcements a year. I felt uncomfortable with the lack of understanding and support, hence I left.

As for the other resignations, they were largely technical, e.g. language, nine-year rule, retirement, etc., and on friendly terms.

MYT: When do you think IDs should resign and what should they do before they do so?

TLH: In the case of CAM or similar situations when IDs are required to remain to hold the fort, I believe they should not resign at the first sign of trouble even if it is not their fault.

Of course, if an ID is the primary cause of a problem, such as fraud or major non-compliance, etc., then he/she should step aside or down immediately,

Beyond that, relationship problems/non-performance, etc. can happen as in a normal employment situation. This typically takes some time to manifest itself into an impossible situation and can be discussed, with a properly planned departure.

One should record one's differing views/actions before a departure. Unfortunately, in most cases, this might not work as our regulator has a tendency to accept the account of the remaining board members who may be biased, and not give sufficient weight to a departing ID's internal documentation and disclosure. That said, for peace of mind to protect the ID from any eventuality, it is advisable to record all views and decisions, and ensure proper disclosures to shareholders.



GOOD, BAD AND UGLY DIRECTORS

MYT: Over the years, you would have served on boards with many other IDs. What do you think distinguished the good IDs from the bad and ugly ones?

TLH: I am guided by the key requirements of corporate governance under the 4Ps/3Cs concept, i.e.,

1. Understand the underlying Principles,
2. Be prepared to craft Policies,
3. Implement Processes, and
4. Surround the board/committees with People with the 3 Cs (Character, Competency and Capacity/Commitment).

Superimposed against boards, committees and individual directors, I would quickly be able to size up the situation. Good directors would possess these attributes.

I agree with a friend who is the only SID Chairman I have a healthy dose of respect for, when he said to me that “there is no such a thing as complete independence”. Therefore, I would witness a spectrum of the exercise of independence. Every serious-minded ID must be prepared to act professionally and independently and be prepared to stand firm, if necessary, to prevail.

In my working career, my life was threatened twice for acting professionally. And I was kicked out of a company on account of my “exercise of independency”. Towards the end of one of my board appointments, I was threatened with legal action for the stance I took.

From my experience, many IDs take the easy route of agreeing with the majority shareholders wittingly or unwittingly. Although I have observed IDs of questionable character, most on my boards were acceptable in character due to the screening processes. Many, however, would lack a thorough understanding of what CG is really about, including the finer points and underlying principles behind various rules and regulations. There is a tendency to comply but “more to explain away” non-compliances, not understanding that these explanations may not address the underlying principles. Many would wonder about the need for certain processes or lack the capacity to work on them or attend to meetings or off-site proceedings.

MYT: Can you share some of the worst IDs you have served on boards with and why were they so bad in your view?

TLH: First, there was the “all-powerful retired ex-senior executive ID who was close to the controlling shareholder”. He could do no wrong and was well-protected, dismissive of others’ views and very self-serving to the extent of over-riding norms and regulations.

Second, was the “yes-man” ID who could not be depended upon to act independently and was very supportive of the controlling shareholder and management, to the extent that it made life very difficult for me in terms of adherence to requirements and arguments.



Third, the “very agreeable busy ID” who didn’t have much time other than agreeing with most of my views, attending meetings late and leaving meetings early for all kinds of reasons and excuses.

Finally, the “hard working and very busy ID” who kept changing previously agreed meeting schedules, thus disrupting meeting arrangements.

FIRST-TIME DIRECTORS

MYT: You had tried to bring in first-time directors on some of your boards when you were NC Chair. How did you go about doing this? What was your experience like? Did these first-time directors fulfil their promise and meet expectations?

TLH: To those veteran IDs who gave the lame excuse that new IDs do not have adequate experience and expertise, I usually told them that “all new mothers also never had any experience in giving birth”.

I believe that deserving senior professionals can be groomed and given an opportunity to become IDs. With that in mind, I started by identifying and agreeing on the skill gaps at the Board and Committees. With hindsight, I should have widened the search process rather than just relying on known leads. I thought we managed to identify the right candidates and went along with orientating and training them.

With proper training and guidance, I believe a completely new ID should be up to speed within one to two years. I wouldn’t say the candidates met all our original expectations but we allowed them to remain.

My view is that it is not easy to judge upfront a person’s character, competency, commitment and willingness to contribute. If I were to do it again, I would recommend that a discussion on performance gaps be conducted more rigorously and should there be no further improvements, that ID should not be recommended for re-election and a fresh search be conducted.

MYT: What is your advice to an aspiring director who wants to develop a career as an ID?

TLH: Do start young, even in one’s 30s, with a right attitude and motivation. Use your time to learn and build a solid foundation. Treat this as a preparation for a future professional endeavour and not just to replace or enhance one’s income upon retirement. I had witnessed young, busy youngsters starting off at non-paying voluntary organisations. It may be a good start to learn the ropes as most not-for-profit (NFP) organisations need energetic young adults to assist with some heavy lifting. It is also a time and place to build meaningful relationships and get recognised.

When the time comes, even when one is in the 40s and having a successful career, and having accumulated sufficient experience, one can, and with the clearance of the employer, let it be known that you are ready for perhaps your first appointment as an ID of a listed company.

Most people wait until they are about to retire to start looking around. There is nothing wrong with this except that one must be prepared to work hard, contribute professionally and honestly,



and not be blinded by the fees and the desire to just support the majority shareholders or management.

IMPROVING INDEPENDENCE AND QUALITY OF DIRECTORS

MYT: What do you think can be done to improve the independence and quality of directors in Singapore?

TLH: In Dr John Carver's holistic Policy Governance (PG) model, all directors of a board, without exception, are expected to be independent. The concept of a mixed non-independent directors and IDs is based on the "Anglo-Saxon" or so-called "traditional governance" model. I had witnessed the popularity and sustainability of PG, although mainly in the NFP sectors of the Western World. Only rarely had I seen PG being practised, even in the Western World, in listed companies, with BP being one of the few early adopters. There are merits to this system. Perhaps, a forward-looking listed company with very diversified shareholding can try this out some day.

We should aim to develop a core of serious-minded and professionally-trained IDs. You will recall, with this in mind, some of us mooted the idea of a separate Independent Directors Association of Singapore (IDAS) more than 20 years ago. We subsequently agreed that Singapore is too small to have two director associations at that time and this was put on the shelf to allow SID to possibly develop something. An accreditation programme has recently been introduced but I am not convinced with the approach or its eventual success. Perhaps you or some other like-minded people should revive this initiative?

Our universities and professional bodies should also assist to start our youngsters along this path and not allow our IDs to be too old and "corrupted" by the time they are appointed. Decades ago, I tried to provide mentorship to some promising young graduates from a local university and a certain professional group but was told that nobody from these institutions was interested as their parents thought it would not pay and there might be "no future". I recruited a young British gentleman who had Masters and PhD degrees in CG from UK to staff my fledgling CG outfit. Today, he has amassed numerous CG-related experiences and is doing well both professionally and financially, I believe. In my view, youngsters should start on this path early by volunteering first at NFP boards. I had witnessed first-hand young females in their 30s chairing NFP organisations that used PG.

Aspiring IDs should start with the right motivation. They should constantly learn and not fear initial difficulties and hard work, and should endeavour to put into practice requirements, and also look at best practices from outside Singapore to level up. I am always reminded by John Carver that "board work is hard work".

Boards and NCs should be willing to bring in fresh talent and professionalise the workings of the board to improve the environment and culture.



MYT: Should there be changes in how IDs are appointed or removed?

TLH: Yes, for too long, recruitment of IDs has depended too much on the majority shareholders/existing directors. Boards/NCs must endeavour to improve the recruitment process. It should start with an honest evaluation of the board/committee needs and the identification of the right mix going forward. Next, there should be a more open and honest nominating process, even advertisements for instance.

I had participated in advocating getting certain non-performing IDs off the board through the director evaluation process, including making clear recommendations as to why they should not continue. Following the evaluation, feedback should be provided to the director and perhaps the director should consider resigning. Many directors appear to be too shy or polite to say so. In the end, I did detect the quiet agreement of certain majority shareholders and peers but they are usually dealt with more diplomatically, e.g. when they are due for re-election.

ROLE OF REGULATORS

MYT: How do you think regulators can better support IDs who want to do the right thing?

TLH: They should develop some protective initiatives to assist at times of open discord or strife. They should give effect to regulations. Often, a well-meaning ID gets shot down by other directors who have no hesitation to point out examples from other companies that have not complied with certain regulatory requirements – and they will say things like: “Since the regulators are not taking any action in those companies, why are you pushing our company to comply?”.

Regulators should adopt a healthy dose of scepticism when confronted with differing views between an ID and the rest of the board.

There is often a feeling of betrayal when an ID departs under very difficult circumstances as the regulator has a tendency to just listen to the remaining biased and conflicted board members.

BOARD EFFECTIVENESS

MYT: How do you think boards can become more effective?

TLH: First, NC and RC chairmen have to play a bigger role. Their reports have to be taken seriously. They need to meet at least twice a year and do preparation work before attending to year-end matters. There is a need to raise the standards for these committees and make sure they do a proper job, like what happens on the AC.

The RC has to be very involved in remuneration framework and packages. Many RCs today don't know how to set KPIs and just accept what the CEO or consultants recommend.

The Chairman of the Board has to take responsibility for the overall governance of the whole company. He or she also has an important role to play in shareholder and stakeholder engagements.

Boards need to ask and know why we are in existence in the first place. Who are your owners and stakeholders? There is often a lot of guessing on boards in terms of what the owners want.



The John Carver model tells us what is the upper limit in terms of good holistic governance. We are struggling and stuck at traditional governance which is just about compliance and, in my opinion, still below Policy Governance. Good corporate governance should be about going beyond the Code – the Code is just minimum standards.

STATE OF THE MARKET

MYT: You have been in the corporate scene for a long time and an ID for over 20 years. What is your observation of the state of our market over the years? Has corporate governance improved or got worse? Has the independence and quality of IDs improved?

TLH: After the Asian Financial Crisis, we led the Region with our very first Code, with substantive Guidelines, following along the lines of the UK Code at that time. After an initial flurry, we degenerated and came up prematurely with a revised Code that was more Principle-based and with fewer Guidelines. To me, we are not quite ready as this assumes that our boards and directors have acquired the requisite education and understanding.

To make matters worse, we put too much faith in the Disclosure-Based Regime. Consequently, what we have today is a very mixed adoption by serious-minded boards as well as those who cannot be bothered as it appears that anybody can generally interpret the requirements according to one's whim and fancy. Some companies make poor disclosures and when queried, can explain themselves quite conveniently away without much repercussion as the regulator does not seem to follow up with any further questions. It is then left simply to the market to decide what may be the truth.

Errant listed entities and directors are generally let off untouched under our "regulation with a light-touch". Under such circumstances, there is insufficient incentive for boards and directors to improve their CG and disclosure standards. There are of course some well-meaning IDs but they are far and few in between. Most listed companies prefer to appoint directors based on their reputation and relationships, while IDs are happy to collect the fat fees and appear to know that at the end of the day, it is management or EDs who are more likely to be implicated should anything go awry.

To me, something is quite wrong with the way our directors are appointed, going about their jobs and held to account.

MYT: Do you have any views as to how the market can be improved?

TLH: I can understand the culture of our pioneer generation of entrepreneur-directors. We should have migrated to the next generation of professionally-trained business leader-directors, supported and matched by equally well-trained professional directors who take care of all shareholders and stakeholders. However, this has not been realised in the past 10 to 20 years, resulting in a lack of confidence in our governance system and investment climate.

I am constantly reminded by Bob Monks that the proof of good CG is in the ability to make one part with money. Right now, investors appear to be discouraged and lack confidence in many of our listed companies other than those usual blue chips that have a better dividend yield. Until



and unless the right conditions and opportunities are created for both retail and institutional investors, our stock market will likely continue to underperform.

Since the formation of the Special Review Committee, there has been no shortage of ideas. My view is simply to restore investor confidence. We should enhance investor protection initiatives along the lines of our regional players. We should implement some changes to current Code, Rules and Regulations to enhance CG standards, e.g. limit on number of directorships, conflicts of interest (COI) situations, interested person transactions (IPTs), director remuneration, etc.

I am of the view that this Review Committee should review what the landscape is like, identify fault lines and what needs to be done. They should issue an Implementation Review Report (IRR) covering the existing Code and Regulations, comment on the extent of implementation by listed issuers as well as by the regulators, and then come up with their recommendations.

What is important is to look at the problems and ensure that our rules are clear. If we just look at the market at a very macro level, we will not be on the right track. The problems are with the governance and management of companies here, and they destroy investor confidence.

Our regulatory regime should be reviewed to ensure independence of regulators as well as the adequacy of enforcement actions, including clarifying enforceability of listing rule breaches.

They should look into how to push institutional investors to exercise their ownership responsibility to engage with their investee companies to effect changes or do the right thing.

Temasek, institutional investors and asset managers should be required to publish their Voting Policies and vote their proxies at all shareholder meetings.

Greater responsibility should be put on Board Chairmen to engage with institutional investors and stakeholders to facilitate ownership responsibility and overall governance.

END OF DIRECTORSHIP JOURNEY

MYT: You have now fully retired as an ID. What is the reason for your decision?

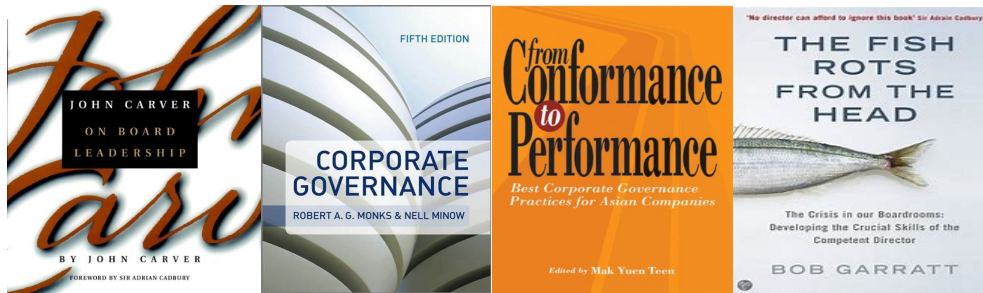
TLH: When I took up directorships more than 20 years ago, I believed that one should set a timeline. I decided then to retire completely from my portfolio of directorships at age 70. However, it took a bit more time as a couple of the companies were undergoing corporate actions. I announced my permanent retirement from directorships publicly last year at the age of 73, when I retired from my last board.



DISCLOSURE BY TAN LYE HUAT

In my early foray into the corporate governance landscape, I met Professor Mak Yuen Teen in the late 1990s. I was interviewed by him together with several other independent directors for a chapter in his first book on corporate governance called “From Conformance to Performance”. I also contributed a chapter. Over the years, we became good friends and continued to keep in touch and exchange views on corporate governance. I admire his untiring writings over many years, and regard Professor Mak as one possessing unsurpassed clear, wide-ranging and courageous views on corporate governance issues in our region. He is well sought after and has a stature in this region not unlike Bob Monks and John Carver.

I have requested Professor Mak to share the following covers of books that have been part of my journey as a director.





COMMENTS ABOUT TAN LYE HUAT BY COLIN LOW, CHAIRMAN AND INDEPENDENT DIRECTOR

Lye Huat is a good role model for independent directors for many reasons. These include:

1. Clear independent mind and the personal drive and values to do the right thing for all stakeholders

Lye Huat has the uncanny ability for fair process and a clear sense of commercial justice to do the right thing not only for the company where he is an ID, but also enabling an opposing company to create value for themselves. I was the Independent Chairman of an SGX-listed company and Lye Huat was the Lead ID and Audit and Risk Committee Chair of another mainboard company listed on SGX. My company was the single largest substantial shareholder in Lye Huat's company, owning more than 40 percent of the shares. At that time, I did not know Lye Huat.

Lye Huat's company was one of my company's largest investments and contributed significant dividends annually to my group. However, in later years, due to the business in Lye Huat's company becoming a sunset business, contributions had waned significantly. As Chairman, I wanted to lead the Board to divest and channel the investment in Lye Huat's company to grow my company on a new trajectory. Substantial shareholders within my group wanted to carve out the investment in Lye Huat's company and redistribute it to shareholders. Together with my company's nominated non-executive director on Lye Huat's Board, we argued that the redistribution of the shares in Lye Huat's company would lead to self-destruction of my company's financial and long-term viability.

The Non-Executive Directors representing the two largest shareholders on my Board gave an ultimatum to the Board that the company be given a year to sell the large block of shares. If this was not done by then, the majority shareholders wanted a distribution of the shares of Lye Huat's company. My company did not manage to sell the shares. The nominee director on Lye Huat's Board and I asked my Board for six months to convince management of Lye Huat's company to buy my company's stake.

We set out to convince Lye Huat that a Management Buyout by his company, with the large stake owned by my company, would help his management team create much better value. Lye Huat personally convinced the Chairman as well as the CEO that there was value for them to buy out my company's entire stake. Eventually they agreed.

This case demonstrates that Lye Huat is an ID who goes beyond his role and responsibilities to help create value on both sides.



2. Chartered Director

Lye Huat, as one of the few Chartered Directors during his time and even today in Singapore, has a deep understanding of CG and board practices. His education and attainment of the Chartered Director qualification, professional accounting and other career experiences, experience as a director and his credibility, made him a very valuable ID for boards. Continuous and lifelong learning undertaken by Lye Huat makes him a role model for aspiring IDs.

3. Sharing of best practices and experiences

Lye Huat is very generous in sharing his rich experience and knowledge of corporate governance. He has many war scars from working with boards and business people who often have their own self-interest at heart rather than the company's interest. Learning from a role model like Lye Huat, without having "to go directly into the trenches" and experience sometimes excruciating and tedious CG incidents, are truly nuggets for IDs. I am learning personally from him even today.



COMMENTS ABOUT TAN LYE HUAT BY SHABBIR HASSANBHAI, INDEPENDENT DIRECTOR

I have had the privilege to know Lye Huat since 2017 when I was nominated as a non-independent/non-executive director of a listed company on SGX by another SGX-listed company that was the single largest substantial shareholder in the former. I served with him on the Audit and Risk Committee, Nominating Committee and Remuneration Committee. I found Lye Huat to be a consummate professional, with wide experience in corporate governance, finance, and risk management. Lye Huat's vast knowledge in all aspects of corporate affairs acquired over time serving in both public and private companies, has benefited companies, leading them through periods of significant growth and transformation and instilling best practices in governance and providing practical advice on complex business decisions. Lye Huat's no-nonsense style has made him a great and learned colleague for like-minded IDs in the boardroom.

Some of the key attributes that make Lye Huat a role model include:

1. Integrity and transparency

Lye Huat is well-known for his high ethical standards and commitment to transparency. He believes that integrity is the cornerstone of effective corporate governance. His insistence on open communication and honesty fosters a culture of trust within the board and among stakeholders, making him an exemplary role model for other independent board members.

2. Expertise in audit committees

As Chair of the Audit Committee, Lye Huat demonstrated a strong understanding of the complexities involved in financial oversight. His ability to interpret accounting standards and applying them to financial statements, assess risk, and ensure accurate reporting has enhanced the effectiveness of the committee and more importantly the assurance to shareholders that the information furnished in the annual report is accurate and informative.

3. Commitment to best practices

Lye Huat advocates fearlessly for implementing best practices in corporate governance. He regularly participated in industry and professional conferences and workshops, ensuring that he stays ahead of emerging trends that affect the corporate governance landscape.



4. Mentorship and support

Lye Huat is a resolute mentor to emerging leaders within the organisation. He encourages collaboration and continuous improvement, often sharing insights from his own experiences. His approachable nature and willingness to listen create an inclusive environment, where diverse opinions are valued.

5. Strategic vision and risk management

Lye Huat's ability to connect financial performance to overarching corporate strategy makes him a vital asset to the board. He also consistently emphasises the importance of ensuring that risk management plays a significant role in strategic decision-making.



ABOUT THE AUTHOR:

Professor Mak Yuen Teen is Professor (Practice) of Accounting and Founding Director of the Centre for Investor Protection at the NUS Business School, National University of Singapore (NUS). He was a former Vice Dean of the School, where he also founded the first corporate governance centre in Singapore more than 20 years ago.

He holds a PhD degree in accounting and Bachelor's and Master's degrees in accounting and finance, and is a member of the Institute of Singapore Chartered Accountants (ISCA).

Professor Mak served on the committee which developed Singapore's first Code of Corporate Governance in 2001 and on two of the three subsequent corporate governance committees which revised the Code. He is currently serving a second three-year term on the Corporate Governance Advisory Committee under the Monetary Authority of Singapore.

As a strong advocate of corporate governance, he often calls out poor governance practices among listed companies and other organisations. He is one of only two individuals to be given the Corporate Governance Excellence Award by the Securities Investors Association (Singapore) in its 25-year history for his contributions to corporate governance in Singapore. He has also been recognised as a CG Pioneer by the Singapore Institute of Directors, and by the Minority Shareholders Watchdog Group in Malaysia with a Corporate Governance Excellence Award for his contributions to corporate governance in the region.

Professor Mak is a member of the Advisory Council of the Vietnam Independent Directors Association and the International Advisory Board of the Hawkamah Institute of Governance in Dubai. He is a founding director of Corporate Monitor Limited, a not-for-profit organisation established in Singapore to enhance investor protection and education.

He supports training initiatives for directors and regulators in the region and is the advisor for the new SGX-approved Board Masterclass Programme introduced by ISCA and SAC Capital for first-time directors of listed companies in Singapore.



ABOUT THE VIEWPOINT SERIES:

The Viewpoint series published by the Centre for Investor Protection is aimed at generating debate on issues relating to corporate governance and investor protection, particularly relating to Singapore. They are written or co-written by members of the Centre. Each issue represents the personal views of the author(s).



NUS
National University
of Singapore

Centre for Investor Protection
NUS Business School

Contact address:

NUS Business School
Mochtar Riady Building, BIZ 1
15 Kent Ridge Drive
Singapore 119245

Website:

<https://bschool.nus.edu.sg/cip/>

Email:

bizmakyt@nus.edu.sg