INTRODUCTION

As a Hakka boy born and raised in Perak, despite its proximity, I only learned about Penang as a trading port established by Francis Light from school history texts. It was not until a trip in the year 2000 that I came to know Penang better personally. Walking around the streets of George Town, the business centre of Penang, I was amazed to see five temple-like kongsi houses standing magnificently in the middle of the town. These five kongsis are believed to have owned at least half of the shops and houses in the old part of George Town. More interestingly, they were once connected with each other by some secret passages and started the worst riots in the British colony at that time. Later, I came to know that a group of wealthy merchants from five Hokkien families founded these kongsis in the nineteenth century. Despite all this mythology, surprisingly, no one has ever seen fit to place them under a scholarly examination. Who were these Hokkien merchants and what roles did they play in Penang? How important were they? It was questions like these that stimulated me to ponder the relationship between those little-known Hokkien merchants and Penang about two centuries ago and to embark on researching the story about them.

In the existing literature, Penang’s history has been framed within a colonial paradigm and studied from a top-down angle. The rise of Penang as a hub of commerce and trade, to many scholars, was due to the British free trade and free port policies as well as the legendary Francis Light. As L.A. Mills commented in 1925:

During these years from 1786 to 1800 the population and trade of Penang were rapidly increasing… This seems to be traceable to three principal causes — the remarkable energy with which Light pushed
forward the development of the settlement, the great trust the natives
had in him, and the system of free trade which prevailed until 1802
(Mills 1925, p. 42).

Seventy years later, echoing Mill’s view, Sundara Raja remarked in 1997
that Francis Light, who promoted free trade, contributed greatly to making
Penang a free port which stimulated vigorous trade and growing migrant
settlement (Raja 1997, pp. 104–8). For these scholars it seems the colonial
factor was central and sufficient in itself to explain the rise of Penang.
But whether intentionally or not, these scholars have marginalized, if not
actually dismissed, significant local elements such as the regional traders
and their networks in the Penang story. I argue, on the contrary, that these
local merchants played an indispensable role in transforming Penang into
a major marketplace. This work thus shifts away from the colonial vantage
point to focus on the crucial but much ignored local experience between
the 1800s and 1890s.

Penang was established during the hundred years between 1740 and
1850, or the “Chinese century”, as Anthony Reid terms it, when modern
Southeast Asia was formed. This “Chinese century” witnessed a remarkable
growth of Chinese activity in mining, agriculture and shipping in Southeast
Asia. To re-evaluate Penang within the “Chinese century”, is not to write the
colonial British out of Penang or the region, but to see how the interests of
both colonial governments and the individual British merchants interacted,
intertwined and operated in a wider regional arena. As Leonard Blussé has
noted, Francis Light’s occupation of Penang in 1786 was the first British
attempt to incorporate the Chinese network in Southeast Asia (Blyss 1999
p. 127). This was why the British established their trading base in Penang,
with the aim of engaging in and capitalizing on the trade connections of
the Chinese merchants spreading across Kedah, Melaka, Selangor, southern
Burma, southern Siam, Java and Sumatra. The rise of Penang was built
upon such networks.

In his recent doctoral thesis, Philip King reveals the importance of
southern Siam in the formation of Penang. He points out that Penang
was closely connected to the east coast of southern Siam through overland
routes; it was the “land track” that fostered the trans-peninsula trade that
rendered Penang’s prosperity (King 2006, pp. 61–71). Originally Kedah
had controlled this route, but with the settlement of Penang, and Kedah’s
weakness, its advantages fell to the British. By demonstrating the active
involvement of the British, Malays, Siamese and Chinese in the tin business
of the Rahman polity, King convincingly argues that the central peninsula
was a historically important centre rather than an inconsequential periphery of sociopolitical and economic development (King 2006, pp. 77–194). Most importantly, King’s work erects the central peninsula as a regional category of analysis.

If King was interested in the land, my focus is on the maritime world and Penang’s important connections with the Straits of Melaka and the Andaman Sea, reaching to Sumatra in the west and touching on southern Burma in the north. This water-based network of Penang’s reached out to its maritime surroundings and the agricultural and mineral-rich states. Thanks to its seaward orientation, nineteenth-century Penang became a regional hub rather than a local entity. By identifying and carefully delineating the operations of its main Chinese business networks, we will show that Penang and the surrounding states formed an organic economic whole, for which Penang was the thriving regional entrepot. But this meant that the surrounding states, particularly southern Burma, southwestern Siamese coast, western Malay states, and the north and eastern coasts of Sumatra, also played an indispensable role in the formation of Penang. In this wide arena, a group of five dominant Hokkien merchant clans were particularly visible, and it is these people and their stories that I am particularly interested in exploring in this book.

**WHY THE BIG FIVE HOKKIEN FAMILIES?**

Examining the literature on the Chinese business in Southeast Asia, one often comes across the buzzwords — Chinese business networks. Many scholars have attributed the Chinese business prominence or success in the region to the web of dynamic and flexible business networks that they discerned around the Chinese. Scholars like Yoshihara Kunio S. Gordon Redding, Joel Kotkin, Michael Backman, Claudia Cragg and Yen Ching-hwang (Kunio 1988; Redding 1990; Kotkin 1993; Backman 1995; Cragg 1995; Yen 2002), have argued that the dynamism and flexibility of the Chinese business networks derived from a set of cultural traits that included the Confucian ethic, personal trust (*xin yong*), personal connection (*guan xi*), frugality, diligence and risk taking. Most importantly, they treat the business networks as Chinese entities in the context of modern nation-state. In this rich body of literature, the “Chinese” are usually presented as a homogenous group sharing common cultural values and single, defined heritage, which facilitated the formation of uniform business networks to serve commercial interests within a concrete nation-state system.
When one comes to explain the Chinese economic pre-eminence in the historical context of Southeast Asia, this model is insufficient and even impertinent. This is because the culturalist perspective and its narrow interpretations tend to obscure and generalize rather than clarify Chinese ethnicity and business networks in a historically fluid, transnational and multi-ethnic sphere like Southeast Asia. However, two scholars, Wu Xiao An and Mark Ravinder Frost (Wu 2003; Frost 2005, pp. 29–66), offer greater insights into the Chinese business networks in the nineteenth-century Southeast Asia. Moving away from the orthodox notion and stereotyped perspective, Wu presents the Chinese business networks as a synthesis of families, politics and business that was crucial not only for Chinese economic prominence but also for the formation of a Malay state, Kedah. Focusing on the Straits Chinese in Singapore, Frost shows that the Nanyang networks which based on junk trade, capital, kinship, and temple turned Singapore into an ever-expanding entrepot. It is clear that the Chinese business networks were not just a configuration of cultural traits, but rather a web of interconnected institutional, organizational, and familial elements.

While Wu confines his study of the networks to a small geographical setting (Penang and Kedah), Frost treats them as Straits Chinese-oriented and centring on Singapore. To expand and deepen our view of the extent and diversity of the Chinese business networks, I try to take a grass-roots view, to examine the “Chinese” according to dialect and locality (Hokkien, Cantonese, Hakka and Teochew) and trace their business networks both within and across ethnic and political boundaries. In other words, the scope of my investigation will extend across state borders, beyond ethnicities and sub-ethnic categories and across socio-economic classes, and although naturally centred on Penang it will also go beyond a limited geographical perspective. My goal is to locate the Penang Hokkien mercantile elite in its own historical context during the nineteenth century. To do so, I focus upon the five most important Hokkien mercantile families of the time, namely the Khoo 邱, the Cheah 谢, the Yeoh 杨, the Lim 林, and the Tan 陈 in Penang — the Big Five. They were all from Fujian province of coastal China. The members of the Big Five were closely connected to each other through generations of intermarriages in their native land (Liu 2004, p. 103). They always banded together to venture on overseas trade and migration. After settling in Penang, the merchants of these five families set up their respective clan kongsis which became the largest congregations of consanguineal kin in Penang and Southeast Asia. Besides clan kongsis, they also founded and controlled all the major Hokkien temples and associations.
The Hokkien Kongsi, for instance, a loose common organization which was founded in 1856 served to coordinate all social welfare activities of the Hokkiens. It was this family network and dominant social role that rendered the five families the existence of essential and group identity. These five Hokkien families comprised merchants and capitalists who had moved about and conducted business in their region since at least the eighteenth century, not only as maritime traders but also as agriculturalists and miners. If not as important as influential Chinese in Singapore like Tan Kim Ching and Cheang Hong Lim, who operated on a higher and larger platform, the big five Hokkien families were in the middle rank of the Nanyang Chinese mercantile elite, ahead of better-known families like the Khaw of Ranong, the Choong in Kedah, or the Wu in Songkla, who operated on a local basis.

Of course I am not the first historian to be drawn to these important economic actors. Existing works on this subject include Jennifer Cushman's _Family and State_ (Cushman 1991), Wu Xiao An's _Chinese Business in the Making of a Malay State 1882–1941_ (Wu 2003, p. 177). Chuleeporn Pongsupath's “The Mercantile Community of Penang and the Changing Pattern of Trade 1890–1940” (Pongsupath 1990), Phuwadol Songprasert's “The Development of Chinese Capital in Southern Siam 1868–1932” (Songprasert 1986), Neil Khor Jin Keong's _Economic Change and the Emergence of the Straits Chinese in Nineteenth-century Penang_ (Khor 2006, pp. 59–83), and _Penang and Its Region: The Story of an Asian Entrepot_, edited by Yeoh Seng Guan, Loh Wei Leng, Khoo Salma Nasution and Neil Khor (Yeoh et al. 2009). Cushman's work focused on the Khaw family in the context of Penang–southern Siam relations. She provided a detailed analysis of the strategies used by the Khaw family — marriage, political and commercial alliances with Siamese nobility, Penang Chinese businessmen, and Australian entrepreneurs — in achieving their economic and political interests. Drawing from British, Thai, Australian primary source materials, plus interviews with family members, family genealogy, and secondary sources on overseas Chinese, Cushman revealed the process in which the Khaw family rose and declined as an influential economic force in northern Malaya and southern Siam from the 1830s to the 1920s.

Unlike Cushman, Songprasert relied mainly on the Thai archival materials to illustrate the intricate connections of the Penang-oriented Hokkien merchants with the southern Siamese states. He detailed the subtle interdependent relationships existing between three parties (the Penang Hokkien businessmen, the ruling power in Bangkok, and the
local elites of the southern Siamese states) in the form of secret society memberships, business partnerships and patron-client relationships, from 1868 to 1932. Through such interlocking relationships, each party exerted influence in order to secure its own economic or political interests in the southern Siamese states. The Bangkok-based central government used the influential and wealthy Hokkien merchants and local Siamese elite to develop the economy of the southern Siamese states for state revenue and to maintain Siamese sovereignty in the Peninsula. The local Siamese elite and the Hokkien merchants, who had access to labour, technology and the market, needed the sanction of the central government to tap the tin mines and revenue farms. With these interdependent relationships, according to Songprasert, the businessmen of the Tan and the Khaw families were able to accumulate capital and expand their influence in the southern Siamese states.

Wu's work examines the role and function of Chinese business enterprise and its networks in the context of Penang–Kedah from 1882 to 1941. Using the leading Chinese families, particularly the Lim family of Penang and the Choong family of Kedah, Wu provides an absorbing account of the complex interplay between the Chinese businessmen, the Kedah ruling elites, the colonial government in Penang and the Siamese government. He observed the constantly changing pattern of alliances and opposition among the various groups as they manoeuvred for profits and power in their various economic and political relationships. With all this, Wu showed economic influence of the leading figures in the Lim and the Choong families and their vigorous involvement in the development of a western Malay state.

Using a similar time-span to Wu's, Pongsupath explored the relationship between changing trade patterns and developments within and between the two major mercantile communities — the Chinese and the Western traders of Penang. Her work elucidated two themes: how the regional entrepot trade of Penang during the late nineteenth century conditioned the rise of Penang Chinese economic influence and the changing pattern of trade and the transformation of the Penang port's function (from an entrepot centre to primarily a Malayan port) in the early twentieth century. This change undermined the leading commercial position of the Penang Chinese but increased the role and influence of Western interests. To illustrate the role and influence of the Penang Chinese mercantile community within the Penang dynamic trade pattern, Pongsupath referred to a group of prominent Chinese capitalists and merchants who were important for their involvement in shipping, planting, tin mining, and revenue farming.
By focusing on three Straits Chinese families — the Koh, the Khoo, and the Lim, Neil Khor unfolded the ways of cultural capital being created and utilized to form inter-family alliances in order to derive the necessary resources and influence for business pursuits and attainment of colonial socio-political status in Penang. The Koh family, with Peranakan Chinese heritage and close relationship with the British, assumed a leadership role over the Chinese community. To strengthen this leadership role and extend business interest into tin mining, the Koh family, through marriages, established alliance with the Khoo family, which controlled the powerful Hokkien secret society and tin mines in Perak and southern Siam. Similarly, the Khoo family constructed marriages with the Koh family to gain access to Peranakan culture and British patronage, which promised both commercial privilege and upward social mobility. The Lim family, which came to Penang in 1850s, identified the socioeconomically and politically importance of the Koh and the Khoo families and forged alliance with their family members through business partnership and marriages to achieve business success and gain entrance to Penang colonial culture.

*Penang and Its Region* contains five essays that touch on some Penang’s businessmen and their networks. In her essay, Low Wei Leng sheds light on the rise of Chinese merchants in Penang’s inter-regional and intra-regional trade and shipping in the mid-nineteenth century. Chuleeporn Virunha’s work scrutinizes the Penang Chinese merchants, who built and controlled the intricate economic and commercial structure of Penang, and their ability to respond to the Western challenge from 1890 to 1940. The essay by Stephanie Chong Po Yin sets out to examine the Eu family that built Eu Yan Sang, a manufacturer and retailer of Chinese medicines in Malaya from 1876 to 1941. It traces the development of this family business from a local provision shop to a regional enterprise which had business interest extended to Singapore, Hong Kong, and China. Carl Trocki’s essay looks at Koh Seang Tat’s revenue farm networks expanding from Penang to other Southeast Asian states like Siam, Sumatra, and Saigon, and as far as to Hong Kong. Wu Xiao An’s study on the Choong family reveals the significance of another Chinese family in the socioeconomic and political development of Penang and Kedah in the period of 1870s–1960s.

While all the six studies touch on the Big Five in some way and clearly demonstrate the preponderant and indispensable role of these Hokkien mercantile families in the economic development of the nineteenth-century Penang region, each author was predominantly focused on other concerns.
We cannot draw a clear picture of nineteenth-century Penang from their studies because even taken together they are missing a central factor, the interactions and activities of the key players, the Big Five. Without considering them collectively, the story of Penang remains fragmented and at times even mysterious.

Penang was closely connected to a sophisticated network of ports, frontier bazaars and agricultural or mineral-producing hinterlands largely because of the economic activities of the Big Five families and their close associates. Together they formed the most powerful and conspicuous economic force in the nineteenth-century Chinese community in Penang. As this book will show, not only were they maritime traders and shippers, they were also capitalists, agriculturalists and mine owners or financiers with extensive socioeconomic connections throughout the whole Penang-centred region. They controlled all the major economic sectors and dominated most of the socioeconomic organizations, which were the local community authorities. Most importantly, their family and partnership networks reached far beyond the Hokkien dialect networks, unlike what the conventional scholarship on overseas Chinese would have us believe. As will be seen in the following chapters, they were closely related to members of the Hakka, Cantonese, and Teochew dialect groups. But this was not all: Malay rulers, Indian chettiers, Siamese elites, Armenian businessmen, British government officers and individual merchants, and even Australian entrepreneurs were all at different times and places intimately involved with the Big Five and their commercial interests. The knitting together of all these elements together constituted the crucial factor holding together the economic structure and commercial mechanism of Penang and its surrounding states. It was not until the early twentieth century that the Big Five slowly succumbed to newly-assertive colonial political power and increased competition with Western capital, neither of which had seriously threatened its Penang-centred regional network for much of the previous century.

The Big Five naturally did not always form a solid bloc, without internal conflicts or competition among themselves. Rather, they functioned more as an interest group which was bound together by common economic pursuits in the Penang-centred region. As an interest group, they were prepared to compromise, accommodate, and negotiate their differences by creating alliances that helped them to achieve or maintain their business domination, whether as a minority in Malay states or in the face of British colonialism. Differences, like competition, conflict, and confrontation were not uncommon within each of the five families, in between the
five families or with other families. What mattered was how the Big Five dealt with these problems. In their most successful decades, the Big Five adopted and manipulated a number of levers designed to counteract discord, including weaving complex webs of intermarriage, creating clan *kongsis*, sworn brotherhood *hui*, and joint business partnerships. Not only did these mechanisms often help to resolve such tensions, they also formalized and institutionalized the cooperative relationships between themselves and other families for various business ventures. On top of this, the Big Five also maintained the continuing links to China through the patronization of temples, schools and other foundations in their native villages and the purchase of titles and degrees from the Qing government. As such, the Big Five played a leading and dynamic role in the formation of the regional business network which provides the key to new concepts, framework and new questions in the analysis of nineteenth-century Penang.

In summary, the Big Five give us an insight into the structure and workings of a web of business networks which reveal the dominant economic reality in Penang and its region. This web of networks consisted of a group of elite families, sworn brotherhood *hui*, *kongsis*, and commercial companies characterized by the inter-family alliances and cross-ethnic/sub-ethnic partnerships that controlled a cluster of transnational and interconnected business activities constituting the economic pillars of the Penang region. Unravelling such business networks allows us to break down conventional spatial categorization and view Penang and its surrounding states as one economically unified geographical region.

This work benefitted and built on the new scholarship on the Southeast Asian Chinese in the last two decades. Among them are Carl Trocki’s *Opium and Empire* (1990), *The Rise and Fall of Revenue Farming*, edited by John Butcher and Howard Dick (1993), “Secret Societies” Reconsidered: Perspectives on the social history of modern South China and Southeast Asia, edited by David Ownby and Mary Somers Heidhues (1993), and James Rush’s *Opium to Java* (1990). They provided broad contexts for the understanding of the Southeast Asian Chinese, and threw new lights onto the Chinese business world, particularly the opium revenue farms and revenue farming systems which were the crucial and integral part of the colonial economy. With this study, I seek to make a contribution to the existing literature on the Southeast Asian Chinese by illuminating three important aspects of Chinese capitalism and entrepreneurship in the nineteenth-century maritime Penang region. Penang, from which radiated an extensive and multifaceted web of Hokkien business networks, became not only a regional entrepot...
and a base for the supply of capital and labour but also a springboard for its business and political elite to penetrate the surrounding states. Riding on the Penang-based Hokkien networks, these business elite were able to channel capital and transform the adjacent hinterlands into an agricultural and mining production powerhouse. On this foundation the European political elite were able to extend their political influence and consolidate colonial political control over the indigenous regimes. Second, the business networks they created, although centred on the Hokkien families in Penang, cut across dialect, ethnic and class boundaries and extended well beyond Penang. Their business partnerships, family relationships, and sworn brotherhood hui incorporated not only Hakka and Cantonese but also Europeans, Siamese, Malays, and Indians. Lastly, opium revenue farms, coolie brokers and hui served as the real key to understanding Penang’s economy. Their economic and political role in the region and in the British empire were the absolute elements that linked all the economic activities into one integrated whole to generate wealth for the Chinese business families and provided financial wherewithal for the colonial powers to construct modern bureaucratic state structures in Southeast Asia.

**METHODOLOGY AND SOURCES**

In this book, I adopt a contextual and interactional approach to delineate and analyse the Big Five Hokkien families as a leading economic force in the transformation and development of Penang and its surrounding states from the nineteenth to the early twentieth centuries. The economic landscape of the Penang region was characterized by a range of vibrant economic activities, such as revenue farming, cash-crop planting, tin mining, and shipping and trading. It was in this setting that the Big Five established their sophisticated socioeconomic organizations and actively interacted with a kaleidoscope of Europeans and locals, exploiting all these economic opportunities and rose to become the dominant economic players. To help reconstruct and revive this historical context, I consulted a large volume of newspapers, including the *Pinang Gazette and Straits Chronicle* (1838–1900), *The Penang Argus and Mercantile Advertiser* (August 1867–March 1873), and *Penang Times* (October 1882–March 1885). While these newspapers have been very much underutilized, my reading of them shows they contain particularly rich social, economic, and political information. Shipping activities, business transactions, trading statistics, and commercial company details also appeared frequently in their pages, as do social aspects, like marriages, festival celebrations, obituaries, riots, and court cases.
Although there were limited details on political affairs, some important government announcements, notices and reports were also publicly disseminated by them. By collecting and collating all this information and data from every issue of the newspapers, it became possible to detect a consistent and subtle pattern of business operations and interactions. To supplement the inadequacy of political information, I also consulted a number of archival collections (Straits Settlements Government Gazettes, Proceedings of the Straits Settlements Legislative Council, Proceedings of the Federal Council of the Federated Malay States, Straits Settlements Original Correspondence, and Straits Settlements miscellaneous papers and original correspondence) and a wide range of secondary sources. On top of these, I also made use of published and unpublished Chinese sources, such as family genealogies, temple records, personal papers and clan magazines, some of them collected from the family members of the Big Five.

**OUTLINE OF THE BOOK**

This chapter introduces an approach to Penang from the regional perspective. With this approach, Penang’s Big Five Hokkien mercantile families (the Khoo, the Cheah, the Lim, the Yeoh, and the Tan), who possessed an extensive regional business network, become the focus. To trace the Big Five's regional business network, this study reveals new dimensions of ethnic interaction, economic cooperation and competition, state and family relationships that shaped Penang and the surrounding states.

Chapter Two demonstrates that Penang was a flourishing regional entrepot for the whole nineteenth century despite the rise of Singapore. Its prosperity was closely related to Singapore's entrepot trade and the enterprising Big Five Hokkien families, who dominated a wide range of business activities (shipping, entrepot trade, tin mining, revenue farming and coolie trading) and possessed extensive business connections with the surrounding states (southern Burma, southwestern Siam, western Malay states, and the northern and eastern Sumatra).

Chapter Three explores the family networks centring on the Big Five. These were the secret of success for the Big Five in establishing their business domination in the Penang region. The family networks of blood and matrimonial ties not only cut across state, dialect, and ethnic boundaries, but also spanned the generations. With this flexible and interlocking family network, the Big Five could use or rely on a substantial number of relatives to manage, secure, and advance their business interests in the region.
Chapter Four makes a close examination of the Big Five’s most profitable business — opium farming. The Big Five not only grouped themselves under the umbrella of a sworn brotherhood hui (the Kian Teik Tong), but also established alliances with other hui like the Hai San, the Ho Seng, and the Indo-Malay Red Flag Societies to protect and pursue their opium farming businesses in the region. In order to gain the monopoly of the opium farms, the Big Five used their hui network to mobilize armed power and financial resources to compete with their arch rival, the Ghee Hin.

Chapter Five looks at tin mining — another lucrative business pursued by the Big Five in the nineteenth century. Larut (Perak), Phuket, and Mergui became magnets for tin traders and miners. By extending their hui network and capital, the Big Five were able to tap the rich tin reserves in the three states. In order to gain their control over the tin business, the Big Five had to compete and manoeuvre along with the Ghee Hin and the Singapore Hokkien mercantile elite.

Chapter Six explores the growing Western business challenge to the Big Five and the response of the Big Five towards the rising Western business competition at the turn of the century. The Royal Dutch Packet Company (KPM) and the British Straits Steamship Company and Straits Trading Company expanded their shipping, tin-trading and smelting interests in the region. In response to Western competition, the Big Five formed the Eastern Shipping Company and the Penang Khean Guan Insurance Company. At the turn of the century, the Big Five amalgamated these two with the other three companies to form a conglomerate — the Khaw Group, to strengthen their business competitiveness.

Chapter Seven rounds off by probing the rise of a new regional order and its impact on the Big Five in the early twentieth century. Equipped with large and unlimited capital, and employing new management skills and technology, Western mercantile interests succeeded in gaining control of the primary commodity production and trade, such as tin and rubber. Concurrently, the expansion of colonial bureaucratic machines and the imposition of restrictive legislation deprived the Big Five of economic privileges like revenue farming monopolies and easy access to landownership. This unfavourable economic and political order not only undermined the Big Five’s economic bases but also crippled the Big Five’s ability to operate as a powerful interest group.
Notes


2. The Khoo, the Cheah, the Yeoh, and the Lim families originated from the Sandu (三都) district in Haicheng (海澄), county of the Zhangzhou (漳州) prefecture in Fujian Province, while the Tan family was composed of the members from Tongan (同安) in Fujian. 张少宽, “十九世纪槟华五大姓初探”, 东方日报 Dong Fang Ri Bao [Oriental Daily News], 28 June 2000, p. A16.
