

“Many years ago, we would say failure is the mother of success. But from my own experience, it could be vice-versa too.”

[几十年前讲失败是成功之母，  
我本人的经验，成功也是失败之母，  
请你们大家要注意这点。]



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*The Golden Rules of Business Success by Tao Zhu Gong:*

**“Ability to handle people.  
Never pre-judge a prospect.”**

Does wealth equal success? If yes, what are the criteria for success? How much money does a man need to have to be considered successful? And is money the only measurement for success?

I believe most people will agree that wealth does not equal success. Although money is a symbol of power, the human

nature naturally wants to see the good in all things. Very few will agree that wealth is the only way to measure success. In fact, people are constantly looking for other factors that contribute to success – things that move them, things that impressed them.

Whether you agree or not, the accumulation of wealth is dependent on one’s luck – a fact acknowledged by many magnates. Although luck may just contribute 1% to a person’s success, it is still a crucial factor. Not everyone can be wealthy; in fact only a few can. So, how can the wealthy minority be accepted by the majority who do not have so much money? It depends on what they do apart from making money.

What else do the rich and wealthy have besides money?

There is a snide saying about the wealthy: “They have nothing but money.” If so, wealth is nothing. Yes, there is more to life than money; family, love, friendship are some of the many things that are more valuable than money. People also desire respect, recognition and reputation.

Therefore, to be a successful person, besides wealth, one also needs to have a happy family, healthy interpersonal relationships, a respectable social status, a strong international influence, and a passionate voice for justice in addition to wealth. These are all crucial factors that help make respected role model.

In the Chinese business circle, we accord higher standards to ‘successful people’. They have to be ‘nice people’ with a successful career; are capable of performing wonders, benevolent, patriotic, modest, polite, filial children; do not have any bad traits; and so many more! A *perfect* person.

Of course, no one is perfect. But there are successful figures who are... almost perfect.

Who among the wealthiest Chinese best fulfills this expectation?

I can only think of one man – Robert Kuok. He is undoubtedly the ‘perfect’ candidate, based on what the public, media, government and business community say of him. With his high profile and esteemed social reputation,

he fully fulfills our requirements for ‘successful people’.

Kuok is well-known in the Chinese community; his feats are not just the topic of conversation within the business world, but also the general public. As one of Hong Kong’s nobilities, he also arouses much curiosity.

### **Wealth and Virtue – The Avenue to Success**

Although topping Forbes Malaysia Rich List, the Kuok family keeps a relatively low profile compared with other Hong Kong tycoons such as the Li family whose second son, Richard Li, provides endless gossips with his liaisons with different actresses. The Malaysian-born Kuok family, on the other hand, has little to do with the entertainment industry. The most renowned hearsay about them was the romance between the eldest son, Kuok Khoon Chen, and the late superstar, Teresa Teng.

Entertainment news is just gossip. What’s worth studying is Kuok’s avenue to success.

How did Kuok stay on top of the ever-changing and competitive business world, yet maintain an honest and sincere heart while shunning the temptation to recklessly jump into a world full of opportunities? We need not discuss the ways he made money. But we really should learn the wisdom that lies beneath his success.

Kuok is known for his countless virtues rather than his wealth. In his pursuit of wealth, he has never strayed from the path of virtue. As he gained wealth, he extended his virtuous acts by founding charity funds, generously donating and contributing to education, the poor and needy, disaster relief and the nation. He never stops his good deeds while keeping a low profile and staying humble.

Indeed, there are many ways for the wealthy to spend their money. Some advertise in every Hong Kong newspaper to woo gorgeous actresses, some spend fortunes on antiques, yachts, diamonds, and so on. Of course, they have every right to spend their money however they choose. But isn't helping to save lives or improve people's lives through education more commendable and meaningful?

This book revolves around Kuok and his business ethics;

however, the focus is not his money-making capability but his virtues – his avenue to success.

The way to make money is to have a good business sense and luck, according to many people. Little do they know that a person's values are reflected in his behaviour. Generally, people do what they want, especially those who are powerful and influential! For the many who start from scratch, some will become upstarts, busily climbing the social ladder to reach the pinnacle. But there are some who will take the initiative to do good deeds to benefit others.

As we study Kuok's success story, it will become obvious that he has stayed true to his virtues – from making small amounts to earning tons. In his business dealings or national causes, he has always upheld his integrity. And the more money he made, the more careful and determined he was to remain upright.

*Tao Zhu Gong's Golden Rules No. 2:* "Ability to handle people. Never prejudge a prospect." A courteous, ethical, honourable, irreproachable businessman like Kuok commands people's respect.



This book will look at some of Kuok's experiences and business ethics. Remember, we want to learn from his business skills, but more importantly, we want to be inspired by his business ethics.



## Malaysia's Favourite Tycoon

*Despite having left Malaysia's sugar industry, many still regard Kuok as the Sugar King.*

*Malaysian consumers admire him as a righteous, responsible man with a sense of justice and patriotism, one who understands and respects the interest of consumers. These qualities were notable during the bread war between his company's bread, Massimo, and a very popular bread.*

*When the war was over, Kuok had attracted even more admirers.*



Ask Malaysians who their favourite tycoon is and Robert Kuok will most probably roll off their tongue.

There are a number of wealthy Malaysian Chinese and some of them are on the Forbes World's Billionaires list. Their business acumen and skills are indeed unquestionable. However, Kuok is undoubtedly the most likeable and endearing.

There was a time when Malaysians were truly proud of Sugar King Robert Kuok.

That was in 1959 when Kuok founded the first sugar refinery in Penang. He imported raw sugar from Thailand, and shipped the refined product throughout the country. This was one great accomplishment that demonstrated his business talent at a young age. But Kuok went a step further – he turned around our dependence on importing raw sugar by growing sugarcane in Perlis.

Kuok is the first entrepreneur who invested in sugarcane cultivation. Before that, the main cultivation in the Peninsula included rice, pepper and cocoa. A discerning

businessman, he established and expanded the sugarcane cultivation industry in Perlis. Under his able leadership, his sugar business thrived and has enabled Malaysia to become not only self-sufficient but export it.

### **Kuok's low sugar price**

In 1970, he purchased a large amount of raw sugar and invested heavily in sugar futures. The global sugar price soon surged. He made a fortune and earned the nickname "Sugar King" that echoed throughout the world. He was only in his 40s then.

For a few decades, Kuok conquered the Malaysia's sugar industry, with an estimated market share of over 80%. Globally, he held 10% of the sugar market through multilateral trading.

With Malaysia's special political environment, some people felt that Kuok was monopolising the sugar industry. In fact, sugar is a price-controlled item with a very low price. The argument of profiteering and monopoly does not hold. Those critical of Kuok were just envious of his success.



The time for Malaysians to enjoy “Kuok’s low-price sugar” ended in November 2009 when Kuok sold all his shares in MSM Malaysia Holdings (sugar refinery) to Felda Global Ventures Holdings through PBB Group. Although this was said to be a normal business transaction, it triggered wild speculation. Even consumers with little business acumen sensed something was amiss.

That was the day when Malaysians realised that Kuok had ceased to be the Sugar King of Malaysia. With Kuok no longer in control of the sugar industry, consumers anticipated sugar price to rise. True enough, from January 2010 onwards, sugar price increased to RM1.65/kg and continued to go up to RM2.84/kg in 2014 after the sugar subsidy was removed as announced in Malaysia Budget 2014. Before Kuok disposed of his shares in November 2009, sugar price maintained at RM1.45/kg for more than 10 years, lower than neighbouring countries.

During Kuok’s time, he repeatedly sought the government’s approval to increase the price but was rejected again and again. With Kuok out of the picture, the government removed the sugar subsidy, giving all sorts of reasons.

Caring for the people’s health was one of them.

Since then, the government has increased the sugar price at least six times. As Malaysians ‘enjoy’ sugar at an expensive price, they began to miss their Sugar King and railed against the government.

How could Kuok make a fortune with the relatively low sugar price? The truth is Kuok did not make money from Malaysia’s sugar retail market. His largest revenue might have been his investment in the international futures, and he made great gains from the international market too. Perhaps that’s why the Kuok Group was able to maintain the sugar price despite the depreciated Ringgit Malaysia exchange rate during the regional currency crisis in 1997.

Soon after selling all sugar units in Malaysia, he purchased the Sucrogen sugar refinery business from CSR Limited in Australia for AUD1.75 billion, through Wilmar International Limited in Singapore. Not only did he gain control over 50% of Australia’s sugar production, he also became the world’s fifth largest sugar producer and the second largest raw sugar exporter. Kuok also owns some 200,000 hectares sugarcane plantation in Indonesia.



Kuok stopped becoming the Sugar King of Malaysia and became the Sugar King of the World instead!

For Kuok, the greatest significance of his sugar business in Malaysia wasn't about making money, but a responsibility and an obligation. After all, he is a Malaysian and the sugar business was the most important starting point of his career. He wanted very much to maintain the fundamental connection with Malaysian consumers in spite of the relatively small market here. However, there were too many unfriendly voices, including those from parliament members, interfering with his business.

Kuok had a few divestment movements prior to divesting his sugar business. In 2005, Kuok agreed to Permodalan Nasional Berhad (PNB)'s offer to privatise developer Pelangi Berhad, and divested most of his real estate business in Malaysia.

In 2007, Kuok sold his plantation business in Malaysia to Wilmar International (Singapore) for RM9 billion. In September 2010, he disposed of Jerneh Asia insurance business at RM600 million. At this point, Shangri-La

Hotels and Resorts was probably his most notable flagship company in Malaysia.

A series of divestment movements led to speculation that Kuok was going to give up the Malaysian market. Fortunately, that was not so!

In 2013, just right before the 505 General Election, Prime Minister Dato' Sri Najib Razak announced that Kuok had invested RM182 million in Iskandar Malaysia to develop the place into a mixed residential and commercial development with a gross development value of over RM1 billion.

Kuok's decision certainly boosted Iskandar's prospects. With him in the lead, more investors will want to jump in. His presence assured investors that Iskandar was a worthwhile project and he unwittingly became Iskandar's spokesperson.

The discerning individual would have realised that announcing Kuok's entrance to Iskandar just before the general election was the Prime Minister's way of trying to gain votes from the Chinese community for Barisan



Nasional. Although the election outcome was not to the PM's favour, we could see Kuok's great influence on the powers-that-be.

### **The Legendary Massimo Bread**

Malaysians' adoration of Kuok can be seen through another incident – the battle between Massimo bread and another popular brand. That battle was so well known that even housewives who are not business savvy were aware of it.

The battle started when Bumiputera entrepreneurs wanted to buy Kuok's Federal Flour Mills Berhad (FFM). The Bumiputera entrepreneurs also owned Malayan Flour Mills Berhad (MFM) and Kuantan Flour Mills Berhad (KFM) which had been sold to them for the usual reason.

Several times the Bumiputera entrepreneurs repeated their offers for FFM but this time around, Kuok refused to let go.

In November 2009, when Kuok divested his sugar business, he also disposed of 30% of his shares in Padiberas Nasional

Berhad (BERNAS) to a subsidiary of a Bumiputera entrepreneur.

This deal set off an unforeseen bread war.

The Bumiputera entrepreneur was a large stakeholder of BERNAS which controls the then bestselling bread. And, the biggest flour supplier for that particular bread was... you guessed it – FFM, owned by Kuok.

The Bumiputera entrepreneur decided to stop buying flour from FFM. With such a major client gone, would FFM be heading for a crisis?

The truth is FFM's business was insignificant to Kuok's business empire, but he cared about the workers who depended on FFM for their livelihood. So, he came up with a bold and brilliant move – he decided to start his own bread production line to protect his workers.

Kuok quickly fully acquired The Italian Baker Sdn Bhd at RM2 per share and made it a subsidiary. He then injected RM120 million to build a bread factory right next to FFM and launched Massimo bread.



The story of how Massimo was born and how Kuok had to divest BERNAS spread far and wide in no time, provoking sympathy and support for Kuok. The “Support Massimo Bread” movement swept the social media and the Internet. Not long after, Massimo defeated that particular famous bread!

The quality of Massimo bread is on par with that particular famous bread brand, and with the Sugar King’s keen support, it quickly became a household name. Despite all the rumours about Massimo, consumers had confidence in their Sugar King.

Most Malaysian consumers feel obliged to support Kuok as a way of thanking for giving them many years of low sugar price. At the same time, Kuok has also helped our government many times, including establishing BERNAS and Malaysia International Shipping Corporation Berhad (MISC).

Many will also remember the former MCA (Malaysian Chinese Association) president Tan Koon Swan’s lawsuit over the Singapore Pan-Electric scandal. It was Kuok who

paid his sky-high bail.

It is Kuok’s righteous acts that have set him apart from the wealthy league!

### **Post Script:**

A friend from who is familiar with the sugar industry commented that the public tend to have a misconception about “Kuok’s low sugar price”. The fact is, during Kuok’s time in the sugar business, the government imposed an astronomical sugar subsidy, which was abolished after Kuok divested his sugar business. The sugar price has since fluctuated according to the world market, thus giving the impression that the sugar price has been constantly increasing.

The friend added that the government can adopt the policy of setting the sugar price according to the world market. However, when the international sugar price depreciated, the government did not reduce the local sugar price! At the time of writing this (April 2014), our sugar price was still a few sen higher than the international sugar price!



## About the Writers

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*“Hotel King”, with nearly 100*

### **The Beautiful Shangri-La – The True Asian Hospitality Experience**

*Besides his moniker “Sugar King”, Kuok is also known as “Hotel King”, with nearly 100 Shangri-La Hotels & Resorts spread across the globe. Kuok’s hotel business philosophy reflects how his corporate philosophy cares for society in many ways.*

*For instance, the ‘Distinctive Asian Standards of Hospitality’ initiated by Shangri-La Hotels & Resorts is renowned throughout the world and has been the core value for many Asian hotels.*

For Kuok, Shangri-La Hotels & Resorts is more than just a successful business – it’s a haven on earth, the fulfillment of his longing for a sanctuary like Shangri-La, a land of peace, tranquility and sheer joy.

On the May 6, 2014, Shangri-La Hotel was launched in London, one of the most luxurious and beautiful landmarks with a rich international flair. It is the 105<sup>th</sup> Shangri-La Hotel in the world.

According to Shangri-La Hotel’s world map, China has the most Shangri-La hotels with 56, followed by Malaysia with ten. Every single Shangri-La Hotel maintains a high standard of service and provides the perfect venue for important political and business activities.

When Chinese President Xi Jinping visited Malaysia in 2013, the local Chinese leaders organised a welcome luncheon at Shangri-La Kuala Lumpur. Kuok flew in from Hong Kong and it was at that event that he announced his RM100 million donation to Xiamen University Malaysia Campus.

Shangri-La Hotel's business philosophy mirrors Kuok's corporate philosophy of caring for society in many various ways.

In 2012, Shangri-La announced that all its hotels and resorts around the world will stop offering shark fin dishes. By December 2012, shark fin dishes were removed from the hotel's menu. At the same time, the hotel also phased out bluefin tuna and Chilean sea bass.

The move received enthusiastic support from environmentalists and demonstrated Shangri-La's social effort towards saving sharks. According to the International Union for the Conservation of Nature and Natural Resources (IUCN), of over 400 existing shark species, more than 100 species are killed by commercial shark fishing, while many are overfished and going extinct. According to WildAid statistics, up to 73 million sharks are slaughtered every year, their fins cut and their maimed bodies tossed into the sea to die a slow death.

Let's look back at how Kuok built his Shangri-La Hotel empire.

“Such a beautiful Shangri-La...” Hold on, is Shangri-La a place or a hotel? Perhaps, the first impression of many people would be – it's a hotel. In fact, Shangri-La first appeared in the 1933 novel, *Lost Horizon*, by British novelist James Hilton. The novel revolved around a magical and heavenly place, Shangri-La – a paradise in the high mountains of Tibet that offers divine tranquility to all who enter. The novel won the famous British literary award, the *Hawthornden Prize*. The *Dictionary of British Litterateur* commended the novel for coining a new English word – Shangri-La – which became synonymous with “earthly paradise”. James Hilton would never have imagined that his novel would have inspired a hotel magnate to build a famous hotel empire on the name.

When Kuok earned his first pot of gold from his sugar business in 1971, he saw the rapid development of world tourism, and thus, jumped into the hotel industry. His thriving hotel business later proved that he had made a wise move.

Today, Shangri-La Hotel is a well-known hotel brand throughout the world, with a reputation as a luxurious place for the nobles, the rich and the famous.



How did he arrive at the name “Shangri-La” for his hotel? Well, Kuok had heard about the story of Shangri-La when he was young, so when he was racking his brain for a name for his hotel, he remembered his favourite story about the earthly paradise. And that was how Shangri-La Hotel came to be.

Kuok teamed up with Singapore Economic Development Board (SEDB) to build the nation’s first 5-star luxury hotel – Shangri-La Hotel, Singapore. It was one of the first luxury hotels in Singapore, a prelude to Kuok’s glorious hotel empire. In recent years, Shangri-La Hotels & Resorts has become Asia Pacific’s most important hotel group, with assets amounting to 47 billion Hong Kong dollars. And not surprisingly, guests at the hotels under the Shangri-La Hotels & Resorts will receive a free copy of the novel, *Lost Horizon*.

Initially, Kuok was invited by three friends to start a business. His friends had bought a piece of land in Singapore and had no idea what to do with it. They asked for Kuok’s help and gave him 10% shares.

With Kuok’s good reputation, they got the support of the Singaporean government to convert the land for industrial and commercial use to build a hotel. Everything was going smoothly until his friends demanded an ‘entrance fee’ from Kuok. This upset Kuok; he felt he was not being respected and wanted to quit. However, after much thought, he continued with the investment as he didn’t want to jeopardise his relationship with his friends.

It is reported that at the first meeting, it was Kuok who stepped up and broke the silence. He took the initiative to plan and make the arrangements, and that was how the world’s first Shangri-La Hotel was born.

Although Shangri-La Hotel Singapore incurred a loss of almost RM300,000, business quickly picked up and it became the most profitable hotel in Singapore. It has since played a significant role in Kuok’s hotel business. Some people from the business world have suggested that Shangri-La Hotel Singapore is the source of Kuok’s confidence in the hotel industry. Its success boosted Kuok’s confidence in the future of the hotel industry and thus, he became deeply committed to his hotel business. If

Shangri-La Hotel Singapore had ended in failure, Kuok wouldn't have had a hotel empire today.

With the success of Shangri-La Hotel Singapore, Kuok established Shangri-La Rasa Sayang Resort in Penang in 1973, followed by Shangri-La Fijian Resort & Spa in Fiji in 1974. Since then, Shangri-La has become the symbol of superiority and distinction.

In the 1970s, Kuok focused on Shangri-La Hotel's development. As soon as the foundation in Singapore and Malaysia was firmly established, he entered the China market.

In 1984, Kuok built the first Shangri-La Hotel in Hangzhou. When Malaysia and China fully opened their doors to each other in the early 1990s, guests flooded Shangri-La Hotel Hangzhou and many Malaysian businessmen gathered at Shangri-La Hotel. People were drawn to Shangri-La because of their confidence in Kuok.

In fact, Kuok had long found China to be a country replete with abundant tourism resources. Its cultural monuments

are unique in the world, and it has beautiful breathtaking landscapes. The only problem was the lack of good hotels. This provided Kuok the perfect opportunity to expand the Shangri-La Hotel business in China.

China World Trade Centre (CWTC) in Beijing is one of Kuok's masterpieces that sealed his position in the eyes of the Chinese government. One fine day in 1985, a friend told Kuok about a big project comprising 400,000 square meters of land in Beijing Jianguomen Outer Street, and asked if Kuok was interested in developing it into an integrated commercial building with office lots and hotels.

Kuok checked out the place to find out who were the competitors. When he confirmed his competitors were the banks of America and Japan, he became interested in the project and thought it would be a great opportunity to expand his hotel business. At that time, he had over USD100 million in Hong Kong Bangkok Bank. He used his funds for a joint venture with the then Chinese Foreign Trade Department to build CWTC and turn it into a landmark building in Beijing. When news of the project spread worldwide, Kuok became the most prominent foreign businessman of his time.

But the world was still not confident with China, and many were not optimistic about Kuok's investment.

In 1989, many foreign businessmen abandoned China after the political turbulence in Beijing led the West to impose sanctions on China. Kuok was unmoved. He reassured the Chinese government he would not withdraw his investment and would complete the CWTC project no matter what happened.

On August 1989, the General Secretary of the Communist Party of China, Jiang Zemin, invited Kuok to a banquet at Diaoyutai. During the banquet, Jiang asked Kuok if the West's sanctions could be lifted within two years. It was the Chinese government's greatest concern.

Kuok answered confidently that it would not take two years and that soon, many foreign businessmen would flock back to China. True enough, six months later, Australia lifted sanctions against China. Kuok is not just a discerning businessman, he is a clear-sighted, observant person with world-class leadership quality.

The highly anticipated CWTC Beijing was erected and has become the most prominent building in Chang'an Avenue, and is the core of modern Beijing central business district.

"I am honoured and proud every time I pass by Chang'an Avenue in Beijing and see all those buildings, getting more beautiful than ever," Kuok said.

He stressed that he is not a budget-conscious person. "I came to China when it was in its poorest conditions." But it was because of the poor conditions that he felt the need to help promote the modernisation of China. Such is his pioneering spirit and dedication.

International standards have always been used as the guideline in any business – from malls to hotels, fashion to cosmetics. Some brands will retain their core ideals while adopting the essence of international trends, creating another trend that will impact the world. For instance, the true Asian hospitality experience was initiated by the Shangri-La Hotel, and has since become popular worldwide.

In fact, it was the Shangri-La Hotels & Resorts that created and propelled a new core value in Asian hotels. UK's *Business Traveller* commented that Asia has the world's best hotel, which implied Shangri-La.

### **An unfavourable start**

It wasn't all smooth sailing for Kuok's hotel business after his success in China. Two Shangri-La hotels that he invested in Kuala Lumpur and Bangkok both had unfavourable starts. Shangri-La Hotel Bangkok lost THB68.9 million, about USD2.64 million, during the first four months after its opening in 1986 when Thailand was facing an economic downturn.

In the initial days of the opening, Shangri-La Hotel Bangkok had a guest rate of 25.4% with a turnover of a mere THB71.1 million. For a hotel built on a total cost of USD80 million, comprising 650 guestrooms and 47 suites, the returns were indeed pathetic. Analysts attributed Shangri-La Hotel Bangkok's loss to two main factors: 1) the lack of group travelers; and 2) there was an oversupply of hotels in Bangkok.

Kuok wasn't discouraged. If he was, we would not see the Shangri-La Hotels standing majestically at Jalan Sultan Ismail and along Bangkok River today. He once said, "The hotel industry is likened to the 'feast or famine' imagery. When tourism is thriving, there will be new hotels emerging. The success stories of hoteliers will inspire more people to build more hotels, which will eventually lead to the oversupply of guestrooms, thus creating a 'famine period' for hoteliers.

"Usually, as the demand and supply achieve a balance state, it will be followed by another 'feasting period'. This is common. However, we have witnessed at least two cities in Southeast Asia with an increased guest rate far beyond our expectation when the cities seemed to be in a 'famine period'. As the room rate got cheaper, and with competitive and extensive marketing promotions, more tourists will eventually come in. The hoteliers will slowly and steadily see their business grow again."

When Kuok mentioned 'the two cities in Southeast Asia', he was of course referring to Kuala Lumpur and Bangkok. Then, Shangri-La hotels in these two cities had to reduce

their room rates to attract more guests. At the same time, hotels in Southeast Asia were all competing with lower room rates and attentive service. In Hilton Hotel Manila alone, it was said that a guest would be served by three persons just for a simple facial treatment – that was how competitive it was!

Due to his firm confidence in the hotel industry and conviction that there's always a rainbow after the 'prolonged famine period', Kuok did not retreat when his hotel business was making losses. Instead, he expanded his investment in the hotel business. His perseverance has indeed borne fruits.

Shangri-La Hotels & Resorts has become one of the biggest hotel groups in Asia Pacific region and his reputation as a 'hotel magnate' has surpassed his reputation as 'sugar king'.

### Distribution of Shangri-La Hotels

Country	Quantity
Australia	3
Cambodia	1
Canada	2
Mainland China	56
Fiji	1
France	1
Hong Kong	4
India	2
Indonesia	3
Japan	1
Malaysia	10
Mauritius	2
Mongolia	1
Myanmar	2
Philippines	6
Qatar	1
Republic of Maldives	2
Saudi Arabia	1
Singapore	5
Sri Lanka	2
Sultanate of Oman	2
Taiwan	2
Thailand	2
Turkey	1
United Arab Emirates	3
United Kingdom	11

(as of October 2017)