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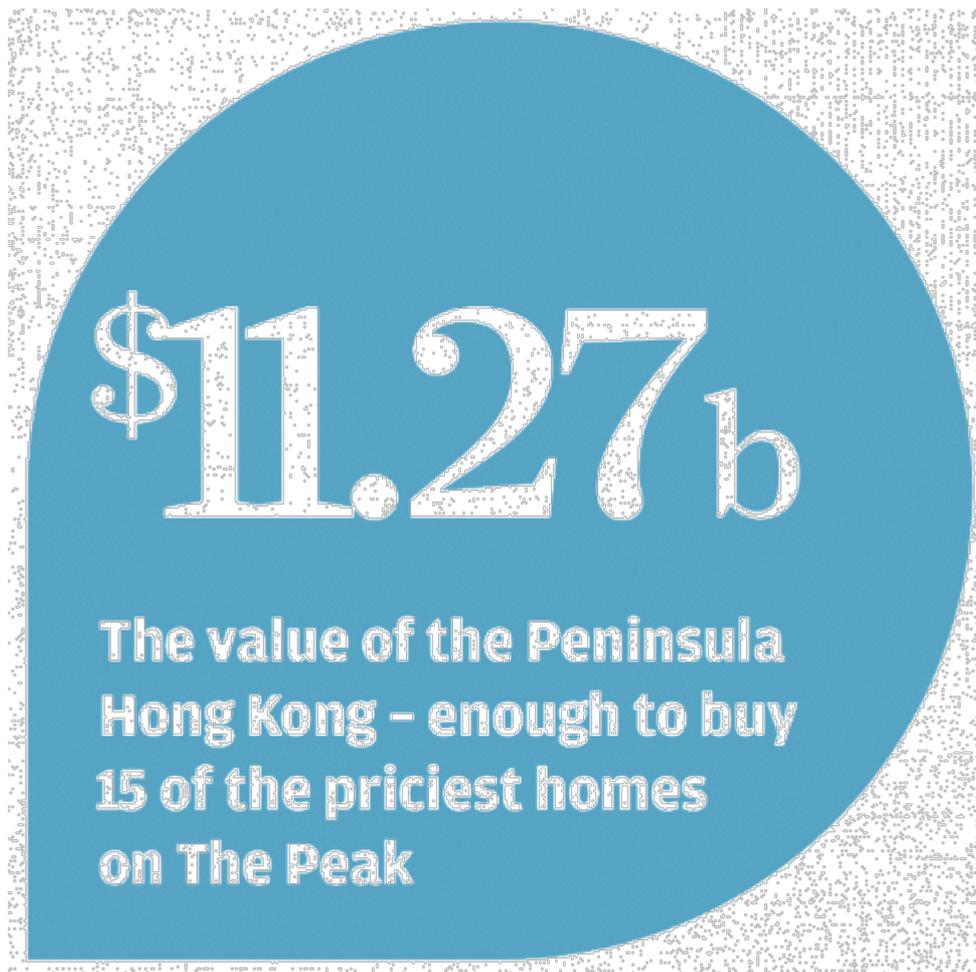
## Michael Kadoorie looks to future with an eye on past (<http://www.scmp.com/business/companies/article/1392597/michael-kadoorie-looks-future-eye-past>) [1]

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Tradition is a key word for Michael Kadoorie, whose family name is woven into Hong Kong's fabric. Stepping into Michael Kadoorie's office on the 24th floor of the St George's Building in Central is like going back in time.



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</sites/default/files/2013/12/30/b6.gif>) [2] Little has changed in the past 60 years. Guests are greeted by a collection of jade antiques with a matching thick green carpet and wood-panelled walls.

Just don't ask the patriarch of the century-old family business that includes the Peninsula Hotels Group

and CLP Power, why he hasn't updated the décor.

"Why? For what reasons? Don't you like it?" he asks. "It's perfectly good."

You might as well have asked him to refit his beloved - and extremely rare - 1933 Fiat 508S Balilla sports car with a new shell.

Not that Kadoorie, 72, is entirely rooted in the past. CLP's 73-year-old former headquarters in Argyle Street, Mong Kok, went under the wrecking ball last year for redevelopment into luxury residential towers, though the old clock tower was retained as a historical monument.

For more than a century, the Kadoorie family has been part of the fabric of Hong Kong.

Much of its heritage originated from the iconic Peninsula Hotel in Salisbury Road, that was labelled a "white elephant" when it opened in 1928 and was then the only building on a barren Kowloon waterfront.

Hidden stories of the family came to light earlier this month in a documentary film Kadoorie commissioned.

It weaves together black and white film footage dating back to the 1900s with modern images of Peninsula hotels in Europe, the US, Shanghai and Southeast Asia.

The documentary chronicles the family's history through wars and economic ups and downs across four generations - Michael, his grandfather Elly, his father Lawrence and his daughter Natalie, 28.

Kadoorie proclaimed that whoever wants to know about the past, present and future of the family or the Peninsula hotel "will not be disappointed".

The 45-minute film, translated into Cantonese, Putonghua and Japanese, took two years to produce and involved sifting through the family's archives and revisiting old family friends.

The production was directed by a long-time friend of Kadoorie's, Elaine Forsgate Marden.

Starting in February, it will screen on the in-house entertainment channels in all the Peninsula group's hotels.

"Tradition means taking account of a wonderful history, but remembering that everybody today looks to the future," Kadoorie says in the film.

"But never forget the future is built on the past, and we have a great legacy there."

It was in the 1880s when Jewish-Iraqi Elly Kadoorie left his hometown of Baghdad for India, then moved to Hong Kong before settling down in Shanghai.

The Sino-Japanese war and second world war dealt a severe blow to the family's interests in Shanghai and led to Michael's late father, Lawrence, and his late uncle Horace to migrate to Hong Kong and rebuild the business in the 1940s.

The Peninsula Hong Kong hotel is currently worth HK\$11.27 billion - enough to buy the most expensive home on The Peak 15 times over. And it is now the crown jewel in a portfolio of nine hotels in cities including Beijing, Shanghai, London, New York and Tokyo, with a new hotel due to open in Paris next August.

Before his death in 1993, Lawrence Kadoorie recalled that the opening of the Peninsula Hong Kong took place on "an extremely hot day". "[It] was laughed at as a white elephant on the Kowloon side, and nobody would ever live there," he says in the documentary. "Kowloon did not have much prestige."

But attitudes began to change in 1931 when one of the city's wealthiest men, the late Robert Hotung,

celebrated his golden wedding anniversary at the hotel.

Hotung, an agent of Jardine Matheson, hosted the party and it became the talk of the town.

Earlier this month, the Peninsula put the final touches to a HK\$450 million refurbishment of 300 guest rooms in time for its 85th anniversary on December 11. This followed another milestone four years ago with the opening of the Peninsula hotel in Shanghai. The expansion filled the hole left when Kadoorie's predecessors fled Shanghai and restored the family's broken link in the Far East.

"The transformation of Shanghai is extraordinary if one considers this has taken place over the past 60 years," Kadoorie says in the film. "I believe my grandfather would be amazed."

He adds: "Shanghai has always been part of the family's history, it's always been part of the [Peninsula] hotel's history."

The other key part of the family's history is its investment in CLP, which has provided electricity to residents of Kowloon, the New Territories and Lantau for more than a century.

While the business has been a cash cow for the family, in recent years it has become a target of green groups complaining about the pollution from power plants.

CLP's annual shareholder meetings have attracted Greenpeace activists protesting against CLP's emissions of pollutants and calling for a reduction in energy consumption.

Yesterday, a group of about 20 members of the Hong Kong Alliance Against Nukes protested outside the St George's Building, demanding the shutdown of CLP's jointly-owned nuclear plant in Daya Bay.

They claimed that nuclear power will cause health hazard and damage the environment.

CLP also receives criticism every year when it unveils its tariffs for the next year, with lawmakers voicing their opposition earlier this month to the company's decision to raise electricity charges by 3.9 per cent on January 1.

Democratic Party legislator Fred Li Wah-ming called for the government to overhaul the regulatory framework for electricity supply when it comes up for renewal in 2018.

CLP and Hong Kong Electric are allowed to earn an annual return of up to 9.99 per cent of their average net fixed assets in use, which means their profits are tied to investments in assets such as generation, distribution and transmission facilities.

Li said this mechanism was outdated in a mature market like Hong Kong and urged the government to consider a return based on a basket of factors including the cost of capital and Hong Kong's inflation rate.

William Chung Siu-wai, a director of City University's Energy and Environmental Policy Research Unit, anticipates that electricity firms will face pressure on profitability after 2018.

Despite the environmental backlash and regulatory uncertainty threatening future profit growth, CLP last month tightened its grip on the power generation business by purchasing a 30 per cent stake in Castle Peak Power Co (Capco) from its US partner Exxon Mobil.

The HK\$12 billion deal - CLP's biggest investment in Hong Kong so far - raised its interest in the three Capco power plants to 70 per cent. CLP also brought in a Chinese state-owned firm, China Southern Power Grid - the sole distributor and transmitter of electricity in five provinces in the southern mainland - to purchase Exxon Mobil's remaining 30 per cent stake in Capco, also for HK\$12 billion.

"As Hong Kong and China are one and we become more involved in time, it's clear that a partnership in

the same manner is of value to both parties," Kadoorie said of the alliance with China Southern Power Grid.

CLP is no stranger to China Southern Power Grid in terms of co-operation in importing nuclear-generated power from Guangdong to Hong Kong over the past two decades. "This is a natural evolution," he said.

The deal means an end to a more than 50-year partnership between CLP and Exxon Mobil, which Kadoorie attributed partly to changes of requirements and operating environment.

In the 1960s, the Kadoorie family needed to raise capital for its investments in CLP.

In 1928, Elly Kadoorie became a shareholder in CLP, then known as China Light and Power, and participated in China Light's policy making.

In 1935, Lawrence Kadoorie became chairman and in the early 1960s he pulled in cash-rich Exxon Mobil, which at the time supplied oil to CLP for the generation of electricity. Kadoorie said that with the city moving towards cleaner energy sources such as nuclear, gas and clean coal, the strategic importance of a partnership with Exxon Mobil was no longer significant.

With an eye to eventual succession, Kadoorie has involved his children in aspects of the business so they are "learning the obligations and responsibilities that come with privileges".

Natalie, the oldest of the three Kadoorie children, has recently been involved in the running of the Peninsula Hotel as well as being involved in charity projects run by the family foundation, the Kadoorie Charitable Foundation.

The two younger children attend family business and charity foundation meetings .

"The family's motto is adhere and prosper," Kadoorie said. "This means you try to maintain those interests which have always been the case. But prosper or not? You have to see, because things can go up or down."

Like his father, Kadoorie said he was prepared to work until his last breath. "My father was working here one day before he passed away," Kadoorie said.

"If I am able to contribute and my health is maintained, I want to contribute to society."



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