17A

ASIA

TAIWAN

Y.C. WANG

Why Wang went to China

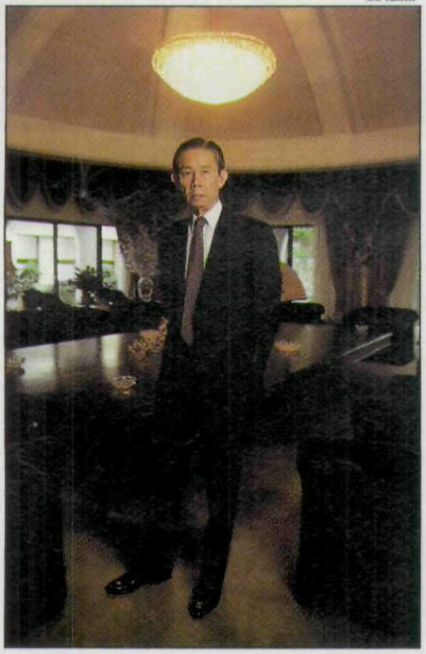
Wang caused a major ruckus this year when he visited the mainland to talk about building a huge plant to produce ethylene, a basic building block for plastics. Even though indirect mainland investments now total an estimated $1 billion, the Taipei government has forbidden Taiwanese to invest in such strategic industry on the mainland. Moreover, Wang, 73, had been a longtime opponent of investment on the mainland.

So why did Wang cross the Formosa Strait? He did it for the same reason he's investing $1.7 billion in the U.S.: He's up against brutal growth limits in Taiwan, which is in a political uproar over pollution. The government has put a production lid on its Chinese Petroleum Corp., Wang's only Taiwan supplier of ethylene for his giant (annual sales, over $6 billion) Formosa Plastics Group.

Wang can't import ethylene because it's too dangerous to ship (it explodes). But he needs more low-cost capacity to maintain market share, even though the prospects for growth in ethylene-supplied businesses are grim over the next 2½ years.

Ah, but the Communists love him. They want a gigantic $5 billion complex, along with all the downstream petrochemical processors, which have to be near the ethylene plant because of transportation dangers. It's a strategic industry Taiwan can ill afford to lose. That makes it a good bet Wang's trip was just a ploy to pry more ethylene production out of Taipei. Sources insist Y.C. will never build on the mainland without at least the tacit consent of Taipei—which is earnestly saying no.—**William Heuslein**

Ed Kashi



Y.C. Wang

KOO FAMILY

Poised to profit (again)

As capital export controls liberalize and Taiwanese money moves overseas, the long-established Koos are preparing to profit. Already, in the 1990 first quarter, net outflows were over $3 billion. Expect a lot of that to land over here: China Trust Chairman Jeffrey L.S. Koo is planning to add several U.S. branches to China Trust Bank, the Koos' New York presence, and a representative office in London.

Back on Taiwan, the government is moving to permit private commercial banks. The well-connected, politically adept Koos are in line to get one of the hotly contested licenses. (As a trust company, China Trust now cannot take checking deposits or make short- or long-term loans.) For Jeffrey Koo, 57-year-old New York University M.B.A., the strategy is to tap Taiwan's growing financial sophistication with ever-broader financial services. China Trust, with 1989 pretax earnings of $103 million, likely will also go public this year.

The main family holding company, Koo Development Corp., includes interests in cement, petrochemicals and shipping, among other things. In January a consortium led by the Koos acquired the U.S.' Wyse Technology for $160 million.

Jeffrey L.S. Koo Excellence Magazine

Connected? Jeffrey's uncle, Koo Chen-fu, 74, is an adviser to the ruling Kuomintang and a central standing committee member. Jeffrey is an adviser to Premier Hau Pei-tsun. Do business in Taiwan, and you're likely to meet the Koos—and soon, maybe here as well.—**William Heuslein**

CHANG YUNG-FA

Flight capital, floating assets

Chang's Evergreen Group, the world's largest container shipper (1989 shipping revenues, at least $1.3 billion), is well into its biggest diversification ever: With permission to begin Taiwan's second international airline, Evergreen has $3.6 billion of Boeing and McDonnell Douglas aircraft on order for its EVA Airways Corp. unit. EVA will compete against state-managed China Airlines and begin flying Taiwan-Southeast Asian routes next year.

Service to Japan and the U.S. will begin later. But the route 62-year-old Chairman Chang wants most doesn't yet exist: the direct Taiwan-mainland-China service.

Evergreen Marine Corp., Chang's major shipping unit, is also expanding despite a 37% drop in net income last year, to $63 million, allegedly due to

Chang Yung-fa Ed Kashi

overcapacity and price-cutting. Five new containerships are planned. The Uniglory Marine unit plans to add four. Chang's considering financing part of this with $200 million of convertible bonds for the Euromarket—a first for him, and investors are wary of Far East debt now. Obviously Chang thinks the overcapacity is in competitors' hands.—**William Heuslein**

HSU FAMILY

Coping with limits

The Hsus' Far Eastern Textile Group has been following the Taiwanese trend of moving manufacturing off the island into the rest of Southeast Asia.

The group's synthetic-fiber division has been one of its big moneymakers. Taiwan's limited domestic supplies of petrochemical-based raw materials hurt synthetic-fiber production at home; so do ever-rising labor and overhead costs. So the Hsus now have a controlling interest in a major Philippine producer. Far Eastern is said to be looking to buy a North American source, too. To finance expansion, it's considering turning to the Euromarket with a $100 million convertible bond offering.

Behind all the moves is Douglas Hsu, a Columbia grad and son of founder and chairman Y.Z. Hsu. The elder Hsu ran a small Shanghai knitting factory but fled to Taiwan in 1949 with Chiang Kai-shek. Diversification began in the late 1950s. Last year the textile conglomerate chalked up sales of $3.4 billion.

Far Eastern's retailing company is Taiwan's top nationwide department store chain, and had record sales last year of $394 million. With foreign retailers moving into Taiwan, some analysts say Hsu should be expanding stores more aggressively. But Douglas knows there are limits to expansion: Far Eastern, like the other Taiwanese conglomerates, is learning that the island's overheated economy cuts both ways.—**William Heuslein**

Douglas Hsu Excellence Magazine

Very big, China

In 1987 Taipei eased foreign exchange controls a bit, but until very recently it didn't much matter. Money chased opportunity at home until the island sloshed in liquidity. Blue-chip stocks sold at 200 times earnings; real estate went just as crazy.

But this spring the stock market collapsed—a 200-P/E stock became a mere 150-P/E stock, then less. Property fell, too, as the island's excess liquidity began to evaporate. Last year there was a net capital outflow of $8.2 billion; much more is going this year. The costs of capital and labor are rising, the local currency is falling and general fears of pollution are slowing or halting industrial expansion *(see Y.C. Wang)*. Crime, especially kidnapping, is on the rise. There are political uncertainties, too, as the old Kuomintang order gradually gives way to an ill-understood new one. Moaned one Taiwanese source to FORBES: "The investment environment in Taiwan is ruined."

So the businessmen are looking beyond the island. Some go to the U.S. *(see the Koo family)*. More go to less expensive Southeast Asia, where Taiwan is now a major investor in virtually every country, often in the old-line, labor-intensive industries Taiwan grew fat on. Rather than try to stem these capital outflows, Taiwan's central bank is moving to offer businesses foreign exchange loans.

The greatest potential is investment in mainland China. There, Taiwanese investors sense a familiar opportunity: cheap currency, cheaper labor, promises of credit—and a government that will brook no social upheaval, nor trade much growth for environmental purity. Taiwanese businessmen like Wang probably figure China could be like the good old days in Taiwan again, only bigger. Much bigger.—**William Heuslein**

Heimo Aga/Contact

Rush-hour traffic in Kaohsiung, Taiwan
Dirty-air constraints on growth.

TSAI FAMILY

What next?

The Tsais could use a new investment idea. Up until now, plays on astronomically priced Taiwan real estate have been a big kicker for life insurance companies in Taiwan, especially the largest—Tsai Wan-lin's Cathay Life (assets under management, $7.2 billion), of which Tsai owns 65%. But the Taipei legislature is working on a new law that's expected to cut the percentage of assets insurance companies can invest in real estate to 25% from 33%. It's yet another move to reduce the head of investment steam in Taiwan real estate.

Excellence Magazine

Tsai Wan-lin

Until now, everything's been great for Cathay Life. About five years ago, when prices were in a trough, Cathay had the cash to pick up bargains. And Tsai did so with enthusiasm. Cathay continues to grow strongly: Premium income rose to $2.4 billion last year from $1.8 billion in 1988—over 50% of the market. And Taipei has started to allow some U.S. companies in.

Yet there are signs of caution. Cathay Construction—Tsai owns 60%—is Taiwan's largest nongovernment construction company. But its growth has slowed because it apparently has not been replenishing its own land bank. Could be the Tsais are too busy looking for the next major opportunity.—**William Heuslein**

DR. SHI H. HUANG AND FAMILY

There was a doctor in the house

☆ In 1978 the Chinese neurosurgeon at Washington University and the V.A. Medical Center in St. Louis got a call from Taiwan. His father was dying and the doctor was needed to take over the family business—one of the largest producers of motorcycles and automobiles on the island. Dr. Shi H. Huang had trained in neurosurgery, not motorcycles, and practiced for a quarter-century in Japan and America. But the Confucian ethic of duty to family is strong. So to motorcycles he went.

Shi H. Huang

Excellence Magazine

Back in Taiwan, he found himself not just burying his father but in a power struggle with his father's old cadre of executives. It was brief: They knew the ropes, but he had control and forced them out.

Today, Dr. Huang, 64 and a new member of the billionaire class, is 12 years into his second career and running one of Taiwan's largest industrial and investment groups. Holding company Ching Fong Investments' interests range from making and selling Honda cars and motorcycles (under exclusive license) to financial services and trading. Privately held San Yang Industry Co. (the Huang family owns around 65%) makes the Hondas; 1989 net profits were $73 million. Nan Yang Industries is the main distributor: It earned $22 million.

Ching Fong also controls $2.2 billion (1989 assets) Cathay Investment & Trust Co., Ltd. Cathay got caught in the notorious Tenth Credit Cooperative banking scandal that shook Taiwan's banking system. In 1985, with Cathay near collapse, the government stepped in. Three years later it persuaded Huang to take over Cathay. He holds 50%; in 1989 it made $98 million. Ching Fong also has interests in construction, high technology and venture capital. It all traces to Shi Huang's father, C.C. Huang, who started a 10-person factory for bicycle lighting sets in 1954. Honda motorcycles came in 1962, and cars in 1969. But it was C.C.'s son, not his factories, that proved his most valuable asset.—**William Heuslein**

KOREA

CHUNG JU-YUNG AND FAMILY

Modern times

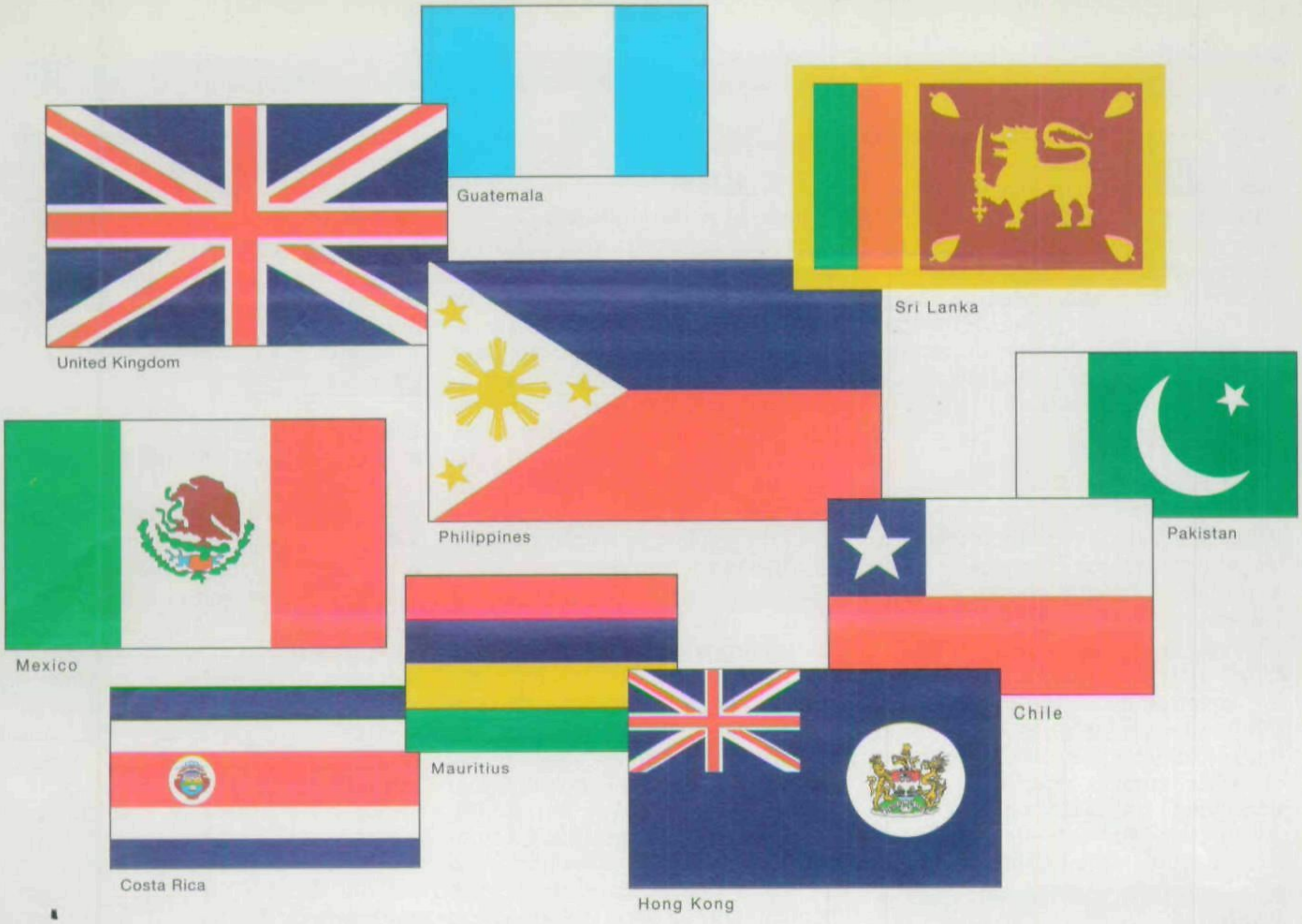
Hyundai in Korean means "modern times." For Chung's Hyundai, Korea's second-largest *chaebol* (conglomerate), modern times has meant labor trouble, but things may be looking up. In this year of tougher government policy and a less robust economy, Hyundai's labor conflicts have been considerably milder than in any of the last three years. Settlements came fast, amounted to a relatively modest 7.5% increase, and much less production was lost.

Hyundai's unions are the largest in the country and its management one of the most unyielding. Honorary chairman and founder Chung Ju-yung, 74, who started Hyundai after World War II, forged the sprawling group with an iron fist. The paternalistic Chung ruled (as opposed to managed) Hyundai's work force. Nominally retired, he still runs the show behind the scenes. But the rise of the labor movement in Korea has cut deeply into his ability to rule.

This is especially important now, when Hyundai is facing tougher international competition in a tougher economic environment and is making an important push into petrochemicals. Traditionally, the government lets a few companies into a new industry, then closes the door and gives the lucky ones preferential treatment. Evidently, the Chungs badly want in,

Charlie Cole/Picture Group

Chung Ju-yung



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badly enough to live with expected short-term overcapacity—eventually, they figure, growing demand would outpace permitted supply. But it all adds up to more pressure to keep down current costs like wages.

Considering this volatile mix, Hyundai's relatively tame settlements—in line with other *chaebol* experience—look like a good augury for Korea.—**William Heuslein**

KOO FAMILY

Power plays

The Koos, along with their relatives by marriage, the Huh family, have a lot of rethinking to do at their Lucky-Goldstar Group. Especially dependent on exports, the group is suffering from the cheaper yen (competing Japanese goods are more attractive) and rising Korean labor costs. Lucky-Goldstar has catching up to do on R&D, product development and improving its manufacturing. L.S. Hwang, of Prudential-Bache Securities in Seoul, worries about "the investment willingness of Goldstar to survive as an electronics company in the more turbulent 1990s."

Koo Cha-kyung

The group's other pillar is petrochemicals, in which it is Korea's biggest. But Seoul is opening the petrochemical industry; overcapacity looms in a key profit producer.

The Koos brought in McKinsey & Co., which apparently recommended emphasizing services rather than manufacturing. But perhaps as important, it recommended pushing decision making further down the line. This means assorted Koos and Huhs would have to delegate power. Currently, power revolves around Chairman Koo Cha-kyung, 66, eldest son of the group's late founder; he has been turning control over to his own eldest son, Vice Chairman Koo Bon-moo, 45. The Koos and the Huhs are not following the McKinsey power-delegation proposal entirely, a decision they may come to regret.—**William Heuslein**

LEE FAMILY

Keeping up with Jones-san

The Lees' Samsung Group is Korea's biggest, best-regarded *chaebol.* It hires carefully, has a reputation for top pay and has the fewest labor problems of the major *chaebol.* But Samsung is striving to catch up with its Japanese competitors as it, like the rest of Korea, moves from labor-intensive businesses into high-tech, capital-intensive manufacturing. Among other things, Samsung has become one of the top four producers of memory chips in the world.

Samsung is seeking cheaper capital, which means looking overseas. It has had to borrow at around 16% in the local market, whereas Japanese competitors borrowed at 7%. As one source puts it, "That's killing them."

Samsung Electronics, one of the stars of the group, has long planned an international bond issue. But the Tokyo crash, Korean labor unrest, a coming Euromarket oversupply and knowledge that Korea plans to open up much more to direct investment in 1992 have weakened demand. Samsung's price now would not look good compared with rival Hyundai, which borrowed at very favorable terms in February. Rather than lose face, Samsung postponed its issue.

Running Samsung (Korean for "three stars") is late founder Lee Byung-chull's third son and handpicked successor, Chairman Lee Kunhee, 48. Influenced by Japan, where he was educated, Lee has a lot of investment planned, especially in R&D. He is determined to make Samsung competitive with Japan. —**William Heuslein**

SHIN KYUK-HO, a.k.a. TAKEO SHIGEMITSU

Accumulate at leisure

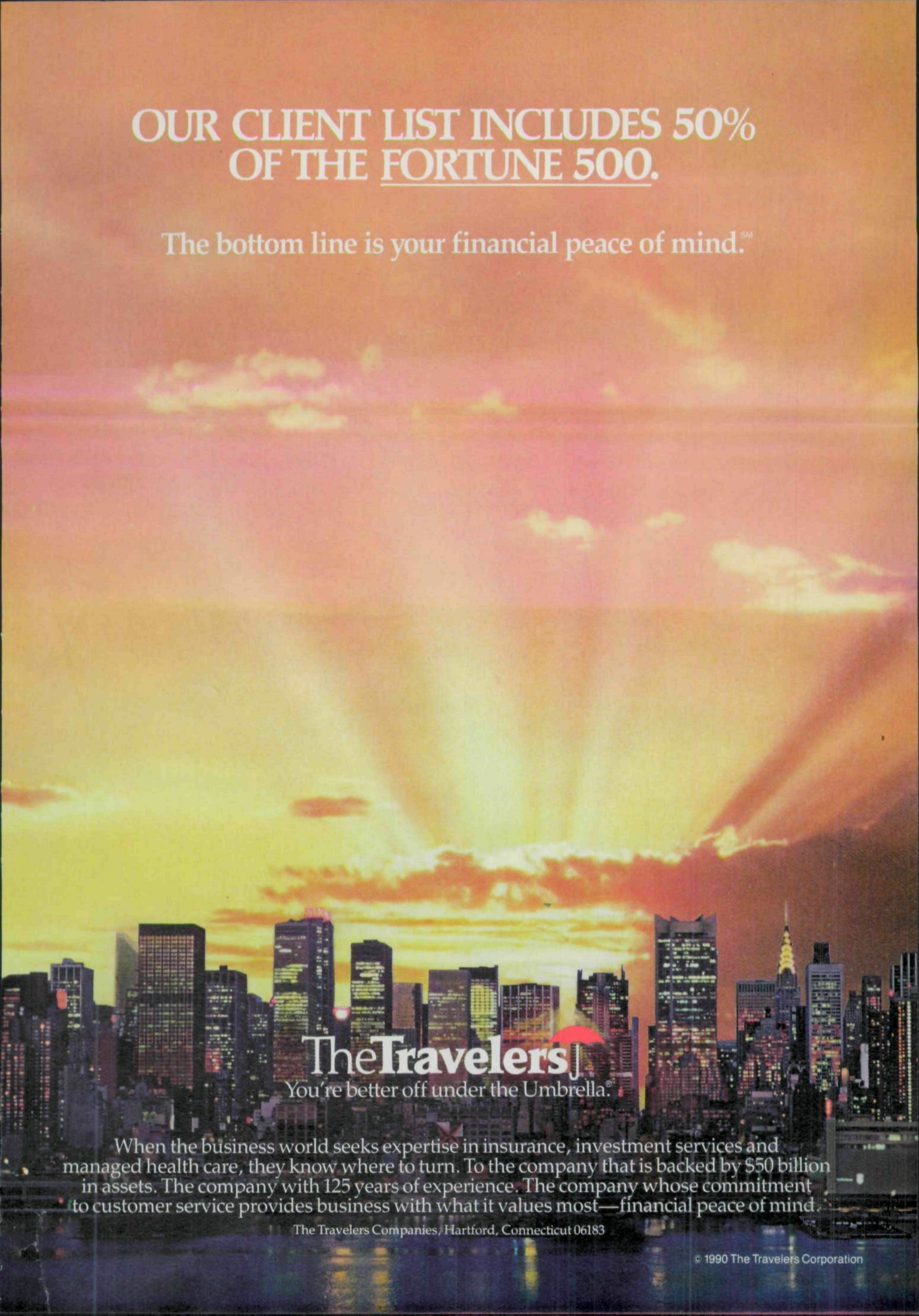
Shin's sprawling $1 billion complex near the Olympic Stadium in suburban Seoul is a monument to the rise of the Korean consumer. It houses the world's largest indoor amusement park, plus hotels, a sports center, department stores and scores of shops.

Shin's Lotte Group starts construction this year on a new hotel and shopping complex in Pusan, Korea's second city. And he's awaiting approval on a 100-story hotel/leisure complex next to the mammoth Lotte World in Seoul. Like Henry Ford, Shin has run ahead of the trend to shorter work weeks, higher real wages and greater disposable income. Leisure- and consumer-oriented businesses bulk ever larger in Korea's economy.

Korean-born Shin, 67, started his estimated $7 billion to $8 billion fortune in Japan, where he uses his Japa-

H. Edward Kim

Lee Kun-hee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The Golden Gate Bridge,
photographed by Alan Ross.

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Shin Kyuk-ho Zaikai

nese name, Takeo Shigemitsu. An aspiring novelist turned engineering student, he built on his post-World War II success in chewing gum by expanding into confectioneries, and invested much of the profit in extensive real estate holdings. In 1967, after diplomatic relations between Japan and Korea were finally normalized, Shin launched a Korean version of his thriving Japanese empire.

Though now one of the ten largest Korean business groups, Lotte doesn't follow the pattern of the all-embracing *chaebol*. His consumer, petrochemical and real estate empire is a multibillion-dollar bet that Korea, too, will be a rich, first-world nation.—**William Heuslein**

HONG KONG

ROBERT MILLER

Duty free croppers

Just when Bob Miller and his partner Chuck Feeney thought they'd gotten the patent on duty free shopping success, the chemistry changed. The two American entrepreneurs are 40%-apiece owners of Duty Free Shoppers Group Ltd.; with over $2.5

Robert Miller

billion in sales from around 160 duty free and duty paid airport and downtown stores in the U.S., the U.K. and the Pacific, it's the world's largest retailer of its kind. (Feeney is a U.S. citizen and appears in the Forbes Four Hundred; Miller holds a British/Hong Kong passport and lives in Hong Kong.) Their shrewd assessment of Japanese gift-buying psychology, backed by the strong yen and virtual monopoly concessions in prime locations, assured profit margins of up to 20% in the past.

But lately the yen has dropped; this and reform of Japan's sales tax have narrowed the gap between overseas and domestic prices to Japanese shoppers. The competition's catching up, too. In 1989 DFS lost the bidding for the San Francisco airport concession to U.K.-based Allders International. In 1988, DFS grossly outbid competitors—by about $700 million—to hang on to Honolulu, the most prestigious duty free spot of all. Late last year DFS did a smaller but expensive repeat in Singapore. A longtime former employee of DFS says overbidding has reduced DFS' margins; he says they are under 10%.

Meanwhile, nations like Taiwan and Korea now want to operate their duty free concessions themselves. DFS has started going partners—in Hong Kong and Singapore, for instance—and is looking to become suppliers to the ones it can't own.

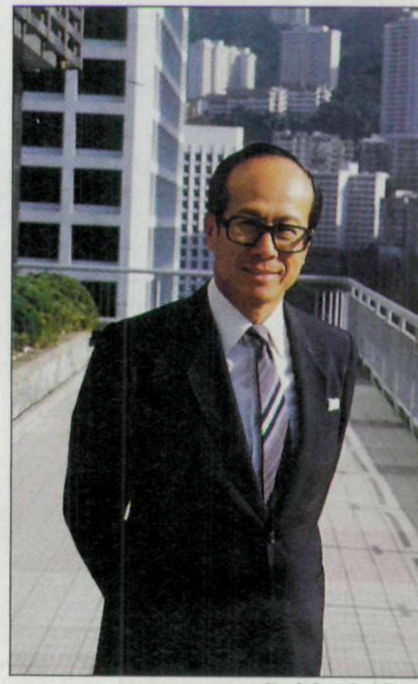
By now, Miller has built up big investments outside of DFS. A dapper 57, he lives flamboyantly with his wife and two daughters in a lavish home on Hong Kong Island, playing with investments in the PRC, real estate and banking in Hong Kong.—**Manjeet Kripalani**

LI KA-SHING

Doing the Hong Kong Shuffle

Li is planning for a future with—or without—Hong Kong. His publicly traded Hutchison Whampoa Ltd., one of the colony's oldest hongs (trading houses), plans to gradually reduce total investment in Hong Kong from the current 80% to 50%.

So maybe Li wasn't so disappointed when Hong Kong's cable TV monopoly went to competitor Sir Y.K. Pao—especially since Li's Hutchison is developing AsiaSat, a joint venture with Hong Kong Telecom, a subsidiary of the U.K.'s Cable & Wireless, and Citic (China International Trust & Investment Corp., Beijing's investment vehicle), due to launch this year and broadcast to all of Asia. The People's



Li Ka-shing Lincoln Potter/Stock House

Republic may own a piece, but the satellite will be high overhead, not in Hong Kong.

Y.K. Pao and Li Ka-shing will probably bang heads again come 1995, when the telephone monopoly comes up for bid. Li's Hutchison Telecom already controls half of Hong Kong's cellular and paging market. But it also has paging interests in Australia.

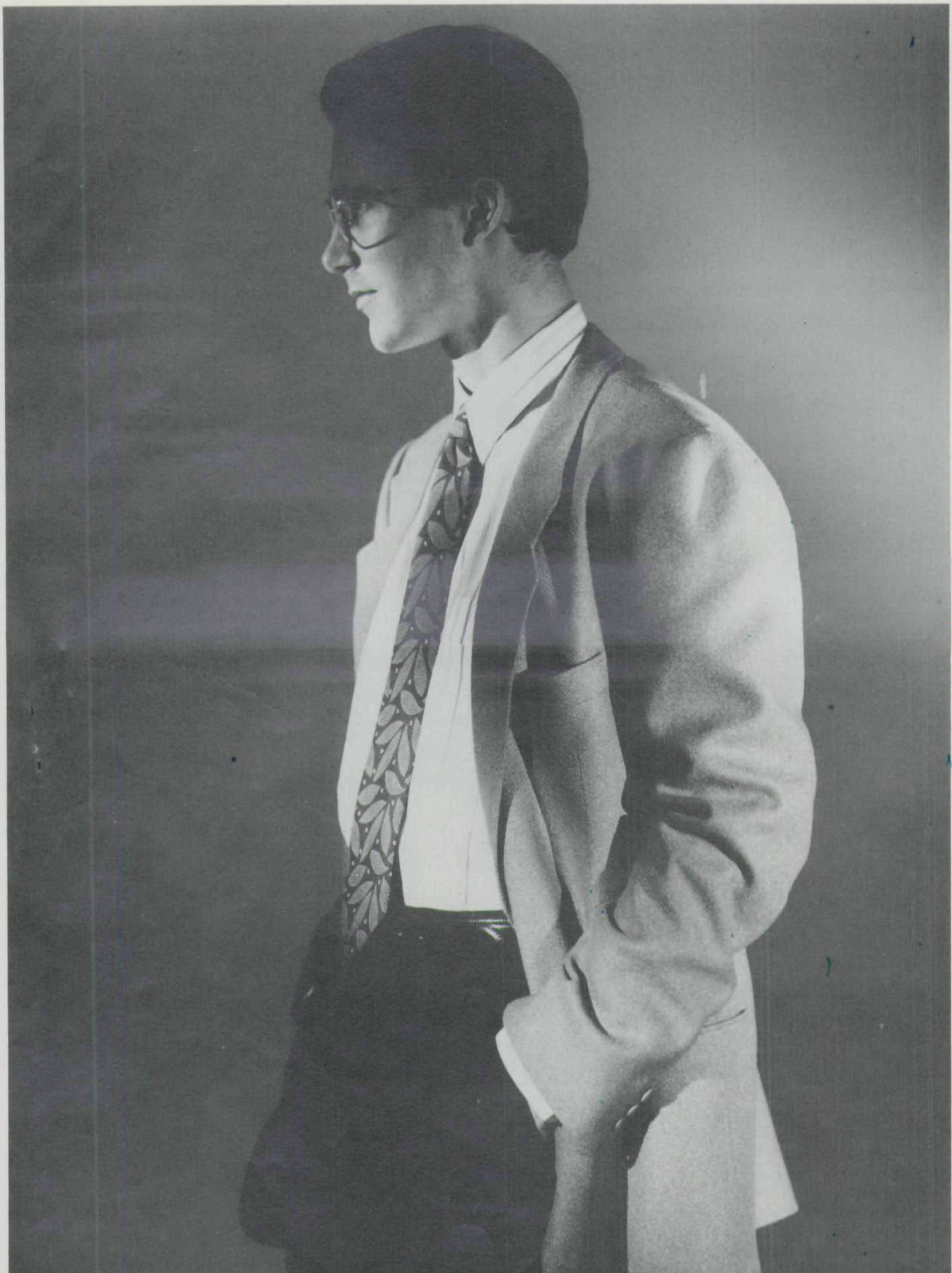
Hutchison Whampoa, the first hong to be taken from *queillo* (foreign) hands, made Li Hong Kong's first Chinese taipan. The man who at 13 was peddling plastic toys and working the night shift now, at 62, controls a net worth of over $1.2 billion.

All of Hong Kong is watching its shrewdest businessman, who is investing personal assets (outside his public companies) overseas. Both sons are Canadian citizens. Stanford-educated Victor, 27, spends half his time in Vancouver, where he helped engineer the $275 million acquisition of 204 acres of the 1986 Expo site. Keep an eye on him.—**Manjeet Kripalani**

SIR YUE-KONG PAO AND FAMILY

Red sails in the sunset?

Last year Sir Yue-kong Pao sold his 10% holding in Britain's Standard Chartered banking group at a reported loss of about $100 million. He also sold his 38% stake in the regional airline Dragonair. He has turned over management of day-to-day operations at his empire to his two sons-in-law,



MANI

Sir Y.K. Pao

Lincoln Potter/Stock House

Peter Woo and Helmut Sohmen. Publicly owned World International and Wharf Holdings are looked after by Woo. Sohmen runs World-Wide Shipping, Pao's 200-vessel private shipping company, reputed to be the world's largest.

The U.S.-educated Woo, a former banker like his father-in-law, is on the move. He's building an office-retail complex on Hong Kong's so-called Times Square. And a consortium dominated by Wharf Holdings won the $700 million franchise for Hong Kong's first cable television network, over Li Ka-shing *(see above)*.

But Woo is hedging with investments elsewhere: In April Wharf paid $165 million for a plum property on Singapore's Orchard Road. Wharf manages 39 Omni Hotels on the East Coast of the U.S. and will soon sign a contract to manage 67 on the West Coast for Metropolitan Life. And last month Pao's World International moved the domicile of its Lane Crawford department store subsidiary to Bermuda, far away from the People's Republic of China.

In the meantime, the influential Helmut Sohmen closely watches the political waters under his World-Wide fleet.—**Manjeet Kripalani**

CHENG YU-TUNG

On the move

Ever since 43-year-old Henry Cheng became managing director of his father's company in January 1989, it seems like New World Development Co. has suddenly become a tiger. Last year debt jumped from a normally cautious $150 million to almost $1 billion. New World bought most of Ramada Inc., sold off some Hong Kong property but increased investment in Hong Kong rental units. It teamed up with Macao casino king Stanley Ho to buy into a TV venture. And in April the Chengs took Hong Kong by surprise by announcing that the family would take private the hotel subsidiary, New World Hotels.

South China Morning Post

Cheng Yu-tung

Henry Cheng's farsighted father, Cheng Yu-tung, 64, fell off the billionaire list when Tiananmen shot down the price of his stock last year. But his stock came back. Like most Hong Kong tycoons, the Chengs are hedging their Hong Kong bets. The Ramada deal is one obvious example. The privatization decision is probably another: Five of New World's hotels are in Hong Kong, but six others are elsewhere in Southeast Asia, and by year-end seven will be in the People's Republic of China.

Other overseas assets include a 16% stake in Singapore's Suntec convention center, a share of the profits of the development of Vancouver's 1986 Expo site and a third of Houston-based Allright Auto, among the world's largest parking lot operators. In his personal life, the elder Cheng is reportedly a keen gambler who wagers on his own golf game—as well as on Hong Kong's future after 1997.—**Manjeet Kripalani**

KADOORIE FAMILY

Michael's turn?

The Kadoories are among Hong Kong's oldest families. Patriarch Lord Lawrence, 91, is as old as the company his father, Sir Elly, bought into in 1919, China Light & Power, one of Hong Kong's two electric utilities; the family's stake is worth over $800 million.

Through a 69% interest in Hongkong & Shanghai Hotels, the Kadoories—Lord Lawrence, brother Sir Horace, 87, and son Michael, 49—also own the Peninsula, one of the world's finest hotels. Unafraid of Beijing, they hold a contract to manage the deluxe Palace Hotel in that capital. But they're not taking any chances, either. There is already a Peninsula in Manila, one in New York, one due to open in Beverly Hills next year and another in Bangkok in 1993. They're actively looking for hotel sites in London, Tokyo and Ho Chi Minh City.

Frank Fischbeck/Stock House

Lord Kadoorie

Asia Series

You can do business in Japan without shelling out a fortune.

For many companies, the biggest barrier to new markets has been the cost of business trips. Restaurants can be expensive, and even the smallest accommodations may carry oversized bills. Yet those willing to be a little adventurous will find that traveling comfortably in Japan doesn't require packing a suitcase full of yen.

Hop on the bus.

A $20 bus ride from Narita Airport may not strike you as a bargain, but compared to a $150 taxi, it is. The buses marked "Airport Limousine" stop at all the major hotels in Tokyo.

Sleep cheap.

Business hotels are a fairly new phenomenon. Catering primarily to Japanese businessmen, they're clean, functional, and conveniently located. Although vending machines replace amenities like room service, at $40 to $50 a night these hotels are a sound investment. Two major chains are the Tokyu Inn (tel. 03/406-0109) and the Washington (tel. 03/434-5211).

Food for naught.

It should come as no surprise that you'll save money eating where the locals eat. Good and reasonably priced restaurants can be found in department stores and the basements of office buildings. At lunch, ask for *teishoku*. It means special of the day, and includes rice, miso soup, salad, meat or fish, and dessert—all for around five dollars. *Ramenya* and *sobaya* (noodle shops) are perfect places for a quick and tasty meal.

Northwest notes.

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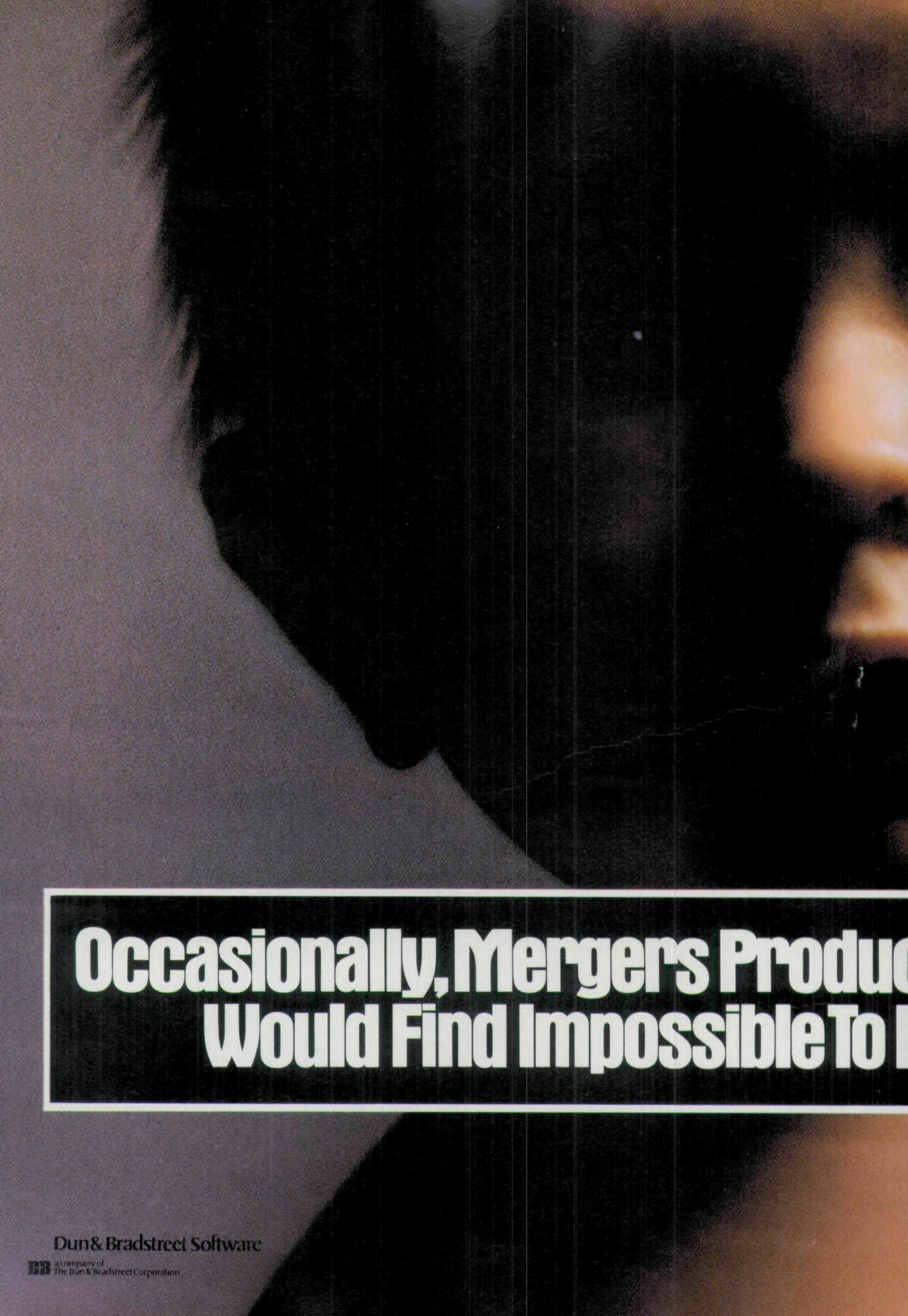
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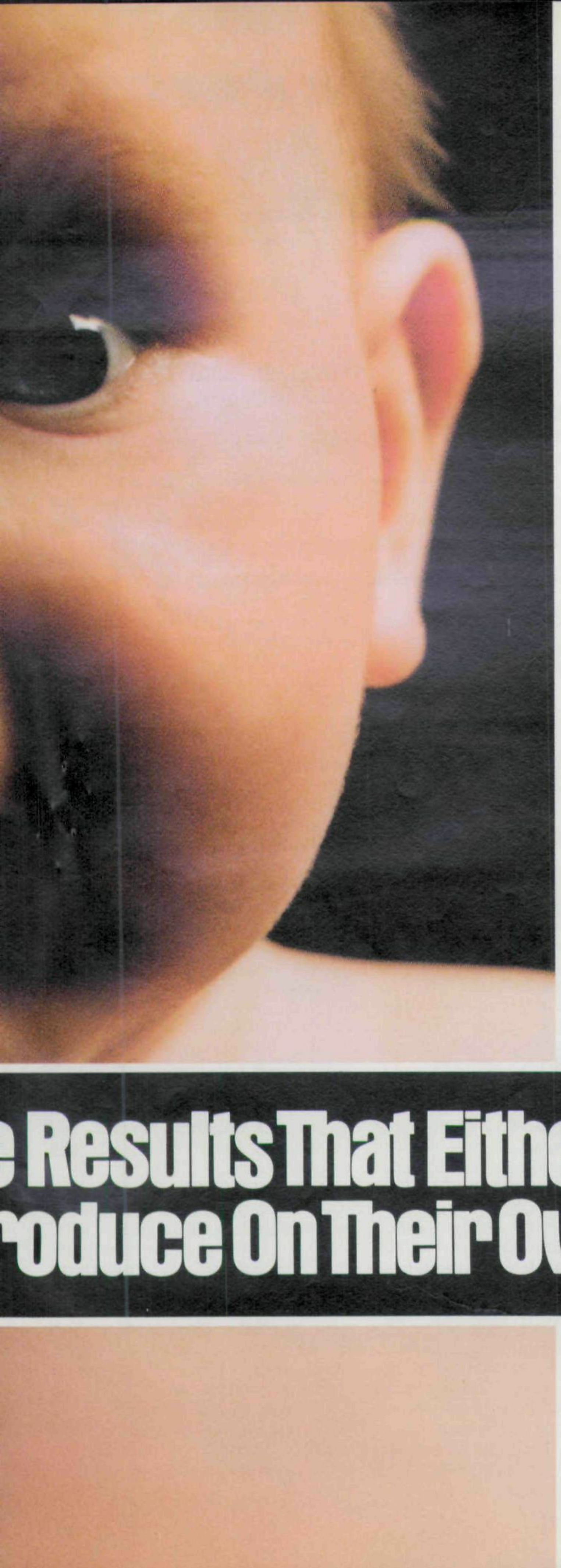

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D&B SOFTWARE

Another part of the family's billion-plus is invested in off-shore interests in carpets and textiles, and in financial services.

Hong Kong benefits from the philanthropy of this old family of Iraqi Jewish extraction, which started its business as brokers in Shanghai. A lot of people are rooting for Lord Lawrence's son Michael. He is still largely regarded as an untried quantity, hidden in the shadow of his elders, but then, he comes from exceptional stock.—**Manjeet Kripalani**

KWOK TAK-SENG AND SONS

Keeping his heart in Hong Kong

Another Hong Kong businessman returning to the list in the wake of Tiananmen Square is Kwok Tak-seng. His 48%-owned Sun Hung Kai Properties is as busy as ever expanding its successful New Town Plaza integrated retail, entertainment, office and residential complexes in Hong Kong's New Territories, where many middle-income earners live.

Kwok's family came from humble origins in Canton. He initially prospered as exclusive agent for postwar Japan's YKK zippers. Seeing the desperation of the thousands of refugees from the People's Republic who flooded Hong Kong in the 1950s, Kwok in the 1960s set up a property development partnership to build affordable housing for the refugees. Thus was born Sun Hung Kai, which now has the largest land bank in Hong Kong (34 million square feet).

Kwok is spreading his public company's risks—but in Hong Kong. It has a piece of Unimix, a local garment manufacturer, and 27% of Sir Y.K. Pao's Hong Kong cable TV franchise. Sun Hung Kai is also interested in bidding on the bridge to Lantau Island, where the new $16 billion airport is to be built.

South China Morning Post

Kwok Tak-seng

Kwok, 79, never learned English, but his three sons—Walter, Thomas and Raymond—are British-educated and in the business. Their private family portfolio includes $110 million worth of San Francisco property, just in case. But their main bet is still on Hong Kong, where they've accumulated a fortune worth at least $1.4 billion.—**Manjeet Kripalani**

SWIRE FAMILY

Staying put, too

The Swire brothers—Sir Adrian Swire, 58, and Sir John, 63—control London-based John Swire & Sons. It gets 70% of its income from Hong Kong, mostly through owning 27% of the publicly traded Swire Pacific, which has been increasing activity in Hong Kong.

In real estate, the Swires favor owning rental properties in the colony instead of selling properties and cashing out. If the Swires are right, they will be sitting on extremely valuable real estate post-1997.

Topham/Image Works

Sir Adrian Swire

But the group's jewel is 51% of Hong Kong's publicly traded monopoly airline, Cathay Pacific, to which the Swires have diplomatically added 30% of Dragonair, a regional airline in which Beijing's investment arm, Citic, has a 20% holding. Through John Swire & Sons, the fifth generation also controls Coca-Cola bottling factories, Kentucky Fried Chicken franchises, 25% of the Australian cold storage market and highly profitable waste disposal companies.

The original John Swire was a small-time trader in Liverpool in the early 1800s; his son John moved to Shanghai, where his textile-import company created the foundation of the family's $1.1 billion-plus fortune. Brothers Adrian and John Swire cheer on Hong Kong. Note, however, that they live in the U.K., bet with the public's money and maintain a fall-back nest egg far beyond Beijing's reach.—**Manjeet Kripalani**

INDONESIA

WILLIAM SOERYADJAYA AND FAMILY

Indonesia's other billionaire

A darling of the booming Jakarta stock exchange this year is an automotive and resource group called PT Astra International. An excited crowd oversubscribed the initial offering 26 times. "It's part of the Soeryadjaya group," notes an analyst at Jardine Fleming in Jakarta.

That explains everything. Patriarch William Soeryadjaya boosted his business with the equivalent of $1,000 borrowed from President Suharto, then an army officer, 27 years ago. But this isn't just an example of Indonesian political grease. The Soeryadjayas are respected in Indonesia for running a thoroughly professional, entrepreneurial operation.

Like other Third World business powers, $1.8 billion (sales) Astra, 76% family controlled, is a grab bag: It has half the automotive market in Indonesia; plywood exports to the U.S. and Japan; the country's largest exporter of raw material for tire rubber (to Goodyear and Michelin); rubber plantations; assembly and sale of everything from tractors to copiers to PCs. There is a privately owned financial services outfit, Summa (assets: $1.4 billion). Run by William Soeryadjaya's eldest son, Edward, Summa is in trading, property and hotel development, oil exploration, equipment leasing and consumer finance, and has ambitious plans for investing in Vietnam *(see box, p. 142)*.

William Soeryadjaya is third-generation Indonesian Chinese. Back from studying in Amsterdam in 1948, he soon grew bored with his leather factory. After Suharto's 1966 overthrow of President Sukarno, Soeryadjaya rented an old GM truck-assembly plant in Jakarta, where he assembled and sold 800 GM trucks. He later joined with Toyota, then Honda. Then Xerox offered him another business, and Astra was on its way.

Described by his sons as a "positive thinker," Soeryadjaya, now 67, has turned management over to his chil-

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dren: Edward, 42, once an Astra Xerox salesman who later set up Summa; Edwin, 41, a graduate of the University of Southern California; Judith, 38, prospecting for hotel development projects; and Joyce, 39, who runs part of Summa operations from Hong Kong. His role now? Replies Edwin: "Working on projects that we consider too risky, making them viable and then selling them to us—at goodwill prices."—**Manjeet Kripalani**

LIEM SIOE LIONG

Big things from working for peanuts

Rumors fly that Indonesia's richest businessman, Liem Sioe Liong, believed to be worth over $2 billion, will soon retire. He has ostensibly handed over daily management of Liem Group to sons Anthony and Andree. Yet Liem, 74, still puts in a 12-hour day, then finds time for jogging and 11 grandchildren. He asserts firmly: "I still have full control."

Liem emigrated to Java at age 20 to work in the peanut oil trade. By the time Suharto took over in 1966, he had close enough ties with the new leader to be granted state monopolies, starting with the clove trade. Flour, cement and steel followed. Today, Liem is most famous as Suharto's *cukong*, or Chinese financier.

Liem and other Indonesian Chinese businessmen are widely resented for their economic clout. Presidential patronage has accounted for much of the group's success, but Suharto isn't getting younger (he's 69). Last year Indocement, Liem's mammoth cement producer, which had to be bailed out with a $200 million state investment, used the stock market boom in Jakarta to go public. The public, along with U.S., European and Japanese securities houses, were not terribly eager to oversubscribe this one. But thanks to a cement shortage in Southeast Asia, Indocement just made full subscription. The stock has since done better.

Apart from his Indonesian holdings, Liem owns land in California—"lots of land," says Johannes Kotjo, executive director of Liem Group—along with three private U.S. banks and a majority of Hong Kong-based international investment company First Pacific Co.

If the Liems choose to emigrate again, they won't go to work for peanuts.—**Manjeet Kripalani**

Liem Sioe Liong

MALAYSIA

ROBERT KUOK

Meet the "Sugar King"

Perhaps one of the most private billionaires in Southeast Asia is Robert Kuok, 67 and new to our list this year. Malaysia's "sugar king" is its best-known international businessman and wields heavy influence inside the country.

The Hong Kong-based Malaysian citizen presides over a hotels and trading empire stretching from Singapore to the People's Republic of China to Fiji. His holdings, estimated to be worth over $1 billion, include: his flagship company, Perlis Plantations in Malaysia (sugar, flour); the deluxe Shangri-La hotel chain; and substantial holdings in two major Hong Kong TV stations, TVB and TVE. From Hong Kong Kuok's private Kerry Trading runs a brisk trade in oil and rice; there are property development portfolios across the ASEAN region and shipping fleets. In the last year alone Kuok has invested at least $200 million to build four Shangri-Las in the Philippines, making him currently the second-largest property developer in that country.

Kuok's background is solidly middle class—his father was a merchant from China—but the senior Kuok provided his children a first-class education. Robert Kuok attended prestigious English College in his hometown in Johor state, and Raffles College in Singapore, where that country's prime minister, Lee Kuan Yew, was a contemporary. By age 26, he and brother Philip were running Kuok Brothers Sdn Bhd in Johor Baharu, trading in rice and sugar.

A series of coups on the commodities markets in the 1960s earned him the title of "sugar king"—and profits enough to expand into property and industry. In 1971 the first of the Shangri-Las opened in Singapore.

While Kuok is fiercely nationalistic—he is politically well connected in Malaysia and reputed to be close to the powerful sultan of Johor—he is also staunchly Chinese. Like many loyal overseas Chinese, he has turned toward the mother country after success in his adopted land. Kuok has five hotels already in China. (Two hotels are near Tiananmen Square; business has been slow.)

Kuok is currently interested in developing land around a reported $500 million project for a second bridge connecting Johor to Singapore. "Robert tends to be the dominant figure," says a senior executive of the Kuok Group in Hong Kong.

Dominant figures don't like to quit.—**Manjeet Kripalani**

SINGAPORE

LEE FAMILY

The blood runs thin

The Lee brothers—Lee Seng Wee, Lee Seng Tee and Lee Seng Gee—are the ultimate in Singapore's old money crowd. They control the venerable Oversea-Chinese Banking Corp., the third-largest in Singapore;

the Lees have an estimated 30%, worth over $800 million. Singapore's richest family also has stakes in about a dozen Singapore blue chips. They are extremely influential and highly charitable. "The family believes they are investors rather than managers," says a Singapore analyst.

Also like old money—but unlike group founder Lee Kong Chian—the Lees are risk-averse. The founding Lee aggressively bought thousands of acres of rubber estates and vacant property in Malaysia and Singapore during the 1930s Depression and built the family's fortune—first rubber, and later palm oil and pineapple plantations now worth hundreds of millions. A lot is in Malaysia, where land is now becoming attractive to space-starved Singapore investors. The family bank is also a significant presence in Malaysia.

The third Lee generation is coming along. With it the Lees are producing doctors and journalists. Only one, Lee Seng Gee's son, is in the family business.—**Manjeet Kripalani**

Dilip Mehta/Contact

Lee Seng Wee

Perestroika east

Hong Kong's Cheng Yu-tung and the Kadoories, Indonesia's Soeryadjayas—what do these billionaires see in Ho Chi Minh City? Maybe Asia's next boomtown?

Bangkok, Kuala Lumpur and Jakarta are surging. But Saigon and Vietnam were held back by communism, decades of war and the U.S. trade embargo. Two years ago, farmers were allowed long-term leases on land. Within 18 months Vietnam was the third-largest rice exporter, after Thailand and the U.S. Foreigners could get 100% equity deals and repatriate profits; now there are 150 foreign joint ventures valued at $1 billion.

"Vietnam will be rebuilding from scratch," says Indonesia's Edward Soeryadjaya, who wants in "before the U.S. lifts the embargo and the multinationals come in." His Indovina Bank has been in Saigon since 1988; his Summa group plans a resort near Saigon and a second Vietnamese airline.

Aside from oil and gas, the largest deal would be Saigon's tallest building, a 15-story, $40 million, 600-room "grand luxe" hotel. The Chengs' New World group hopes to begin construction soon. The Kadoories also plan three-star hotels and office buildings.

Vietnam has 67 million people, compared, say, with France's 56 million. The Vietnamese are eager to improve their lot. English is much spoken. And Hanoi cuts deals now. Foreigners cannot buy land, but can lease it for up to 20 years. Infrastructure is nonexistent; almost everything, even cutlery, has to be imported. Vietnam is considered a bad risk by bankers, so investors must put in their own cash. But from such primitive conditions handsome rewards sometimes flow.—**Manjeet Kripalani**

Bill Wassman/Stock Market

Rex Hotel (left), City Hall (right); Ho Chi Minh City

KWEK/QUEK FAMILY

Face loss

In the 1960s the Kweks ran afoul of the government for tax evasion. Then, last year, Kwek Hong Png, 78, family patriarch and empire founder, was arrested on charges of abetting a relative in corrupt land transactions. A hearing is set for August.

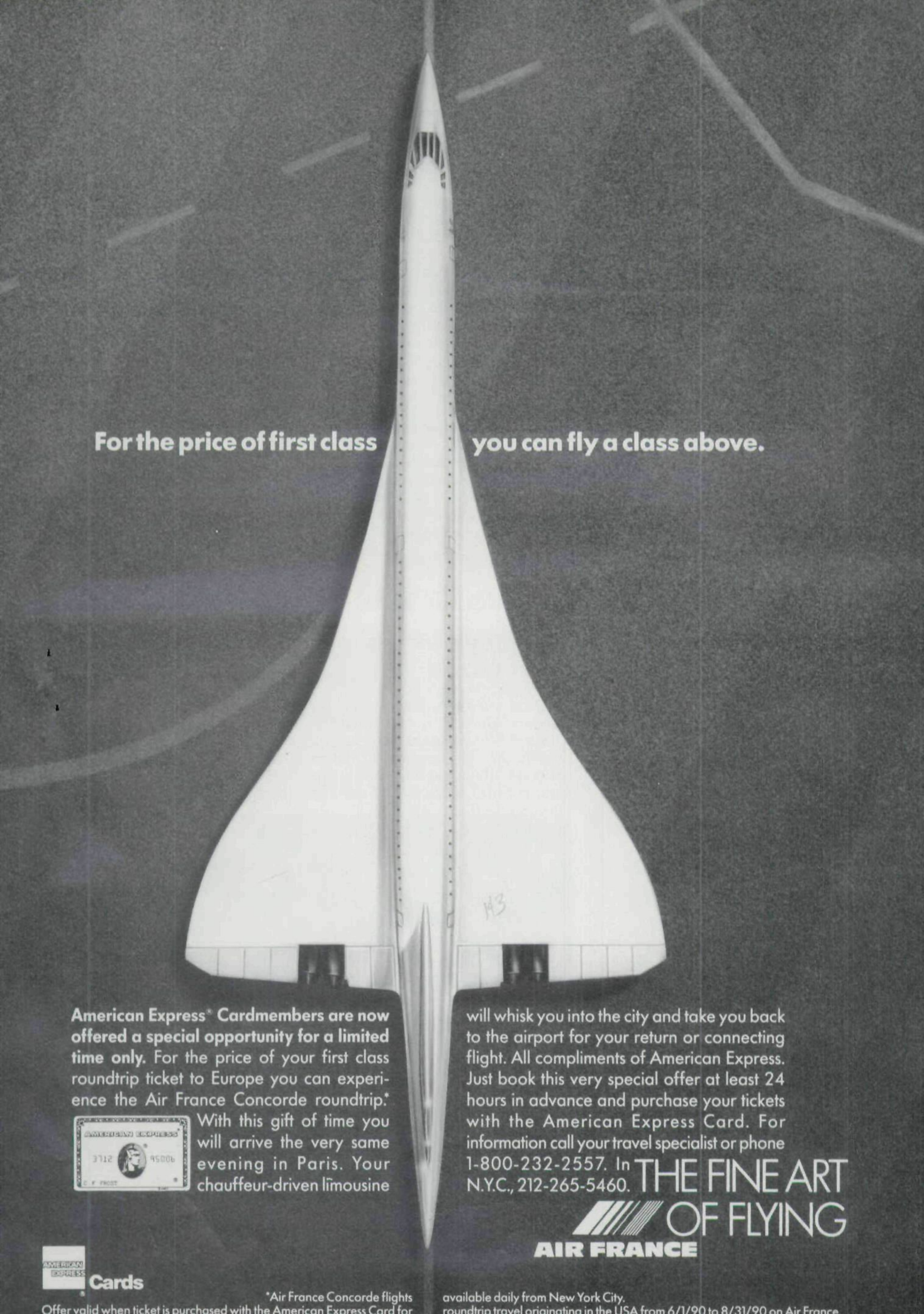
This caused loss of face and of net worth. The group's City Development stock dropped by almost 25%; construction of the 63-story Republic Plaza office tower in downtown Singapore halted before it had even begun; and forget much-wanted banking licenses.

It hasn't, however, taken the family off the billionaire list. Combine their cousins the Queks in neighboring Malaysia (the "Q" was misspelled and stuck), with this hard-nosed Singapore family that made its money on the belief that land "yielded gold," and you get at least $1.2 billion.

Kwek Hong Png, who fled China in

Straits Times

Kwek Hong Png



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1928, and his lawyer son Leng Beng control a real estate, hotel and finance empire from Singapore. From Kuala Lumpur, Quek Leng Chan, the 47-year-old barrister from London's Middle Temple and Hong Png's nephew, runs a separate, fast-growing group. Last year Quek's 35%-held Dao Heng Holdings joined the Kuwait Investment Office and Taiwan's Shi Huang *(which see)* to acquire Hong Kong's big Hang Lung Bank.

So far each of the two families has stuck to its own turf. But Leng Chan's 1988 acquisition of First Capital Corp., a finance company in Singapore, could possibly start a little family competiton—or cooperation, perhaps?—**Manjeet Kripalani**

INDIA

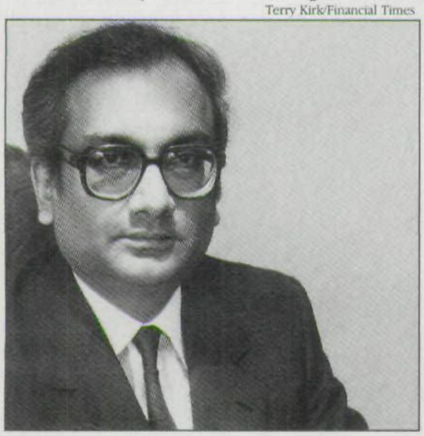
BIRLA FAMILY

"In competition we thrive"

"Competition doesn't bother us," insists Aditya Birla, the 46-year-old MIT graduate who presides over the cream of the Birla companies. "In competition we thrive."

The family is soon to be put to the

Terry Kirk/Financial Times



Aditya Birla

test. The Birlas have been longtime Congress Party supporters, able to obtain near-monopoly licenses in core industries. But the climate is changing. Although Rajiv Gandhi is out of office, many of his reform policies remain. The government is simplifying rules and easing restrictions. Upstart entrepreneurs like Abhey Oswal of Oswal-Agro, an agrochemicals producer, have recently wowed the investing public with big capital issues.

The Birlas, too, are tapping the new public markets. Last year Aditya Birla's Indo Gulf Fertiliser floated a $500 million issue, twice as large as Oswal's. Both were fully subscribed.

The Birlas enter the new era from commanding heights. The family's 200-plus companies (nearly 60 of them listed) span the economy—aluminum, shipping, cotton, autos, chemicals, agro industries, paper, publishing. Group revenues in India are at least $3 billion. Aditya's dozen companies overseas, mostly chemicals and textiles in Southeast Asia, have sales of $1.2 billion.

Of the four male cousins in the current generation, Aditya was the favorite of his grandfather, group founder G.D. Birla. After G.D.'s death in 1983, the business was divided and Aditya wound up managing 45%. Reports of serious antagonism inside the family abound, but when cousin Ashok died in a plane crash earlier this year, Aditya took on the grooming of Ashok's son in business.—**Manjeet Kripalani**

AUSTRALIA

KERRY PACKER

Keeping in touch

It's been an up-and-down year for Down Under's only billionaire. Packer, 52, was partners with Jimmy Goldsmith and Jacob Rothschild in their $14 billion bid for B.A.T Industries. It failed. Back home, deflated millionaire Alan Bond defaulted on $155 million in preference shares held by Packer, who had sold his TV stations to Bond in 1987 for $840 million. Packer converted his shares into a majority of the common stock, a stake now worth some $30 million, and he controls his stations again.

On a happier note, Livonia, Mich.-based Valassis Inserts (1990 estimated revenues, $575 million), one of the three biggest U.S. coupon distributors, has recovered. Packer bought the profitable company for an estimated $400 million in 1986; price wars two years later had flattened sales and curtailed earnings.

Packer has very deep pockets. Mostly using an inherited 12.5% stake in Consolidated Press Holdings, which publishes 70% of Australia's magazines, he took the company private and has expanded into chemicals, natural resources (Muswellbrook Energy & Minerals), livestock and cotton, and engineering. In 1989 he bought a controlling 48% of conglomerate Australian National Industries. The company has since reduced debt by about 80%, and Packer's stock is up 16%, to some $350 million.

A hands-off manager, Packer picks top execs carefully. "If you got a billion dollars, why do you want to come in at 7 a.m.?" says one insider, adding: "He might be on a polo field all day, but he bloody well keeps in touch with key people." FORBES estimates he's got at least $1.5 billion to keep in touch about.—**Katherine Weisman**

Oliver Strewe/Wildlight

Kerry Packer


POLICE
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