

those early days in my native place of Wusih, the belief in "feng shui" was widespread. During the war, with the guerillas running rampant and creating unrest throughout the Japanese-held areas, nine out of ten ancestral graves of wealthy families were destroyed. I was exceptionally fortunate in having been able to preserve the burial grounds of my parents.

After the mainland was taken over by the Communists, there was a great movement about six or seven years ago for building "backyard furnaces" for making iron and steel. The brick wall surrounding our family graveyard was taken apart to build the so-called "native furnaces," and the iron gates at the entrance were fed to the furnace.

I sent my Shanghai agent, Mr Tsui, to have the damaged wall and gates repaired. After the restoration, I received pictures to show the extent of the repairs. The Communist authorities had offered to reimburse me for the cost of repairs, but I refused to accept the money.

During the years since, the upheaval of the Great Cultural Revolution had brought country-wide disturbances, and I have no way of knowing how my parents' graveyard had fared during the intervening years.

CHAPTER X

THE DUBIOUS PEACE AND ITS UNCERTAINTIES

勝利後的徬徨

WHEN news of victory reached Shanghai on August 15, 1945, everyone in the city went wild with joy. I took out several cases of rare imported liquor, given to me by friends over the years, and eight or nine urns of superior Shaoshing wine for a gathering of my friends and colleagues to celebrate our National Day on October 10th.

We drank whole-heartedly during the festivities which lasted several days, not only to mark the victory but also to give vent to our feelings which had been suppressed during eight long years of war.

We knew, however, that although victory had been achieved, the military success came mainly from the assistance and support given by the Allies. The end of the war had brought about grave moral as well as physical problems.

During the eight years of war, people living in the occupied areas had undergone a process of degradation. Similarly, people in the areas controlled by the Government had also degenerated, creating a nationwide moral disintegration.

Faced with the moral crisis, the Government had failed to use Draconian measures, which according to age-old Chinese philosophical teachings, were the only practical methods of restoring the rule of law during periods of widespread lawlessness.

Instead of taking decisive measures, the Government was cowered by the popular mounting pressure to make weak and meaningless proclamations of freedom and democracy. The

social upheaval worsened with the subversive activities of the Communists, and the result was that most people were bent on looking after their own interest. Greed was the order of the day. Those who came from the interior to "liberate" the occupied areas, liberated instead other people's homes, gold bars, cars and girl friends.

Throughout the country, prices soared and the ordinary folks found it difficult to live. Despite the worsening situation, I was stirred by patriotic fervour, and I thought of inviting a group of friends, including Mr Sun Ting, Mr Pao Kuo-liang and the late Mr Yeh Yu-chai, to form a "take-over group," which according to our original idea, was to give advice to the Government on the methods used by the Japanese in taking over enterprises operated by the British and American interests when the Pacific War first began. We thought, in all our ignorance, that the Government might benefit in adopting some of the tactics used by the Japanese.

But when the officials who came from the wartime capital of Chungking viewed all Chinese businessmen in the formerly occupied areas with suspicion, we were so discouraged that we decided to give up the idea.

In the spring of 1946, the Finance Minister of the Government, came to Shanghai and invited business leaders in Shanghai to a meeting at the Shanghai General Chamber of Commerce. During the discussion, he expounded on the wisdom of the Chinese saying of "killing the hen in order to get the eggs". Sickened by the deteriorating situation, I could not help but speak my mind. I spoke without reservation on the many shortcomings of the Government's policy toward the business community in Shanghai. I pointed out frankly the abuses of the Government representatives in seizing properties which allegedly belonged to the Japanese and those who worked for the puppet regime.

I said that it was true that these properties were officially sealed. But while the front doors were "sealed", there were back-doors, side doors, and windows, thus leading to the mysterious disappearance of goods which had been stored in

the "sealed" premises. I asked: "What good did the official sealing do under these curious circumstances?"

Those who listened to my talk were quite moved at the time, but my criticism and exposure did not help materially to remedy the situation. I knew that this would be the case, but I thought it was my duty as a citizen to speak up.

During the war my distaste for working with the Japanese and the acute shortage of material prompted me to run the Wei Ming Factory only on a limited scale in the new plant in the French Concession. This was mainly for the purpose of giving employment to my work force.

When peace finally came, I was so disheartened by the worsening situation that I only had my old plant in Nantao partially resumed. I did nothing to expand my operation.

While I did not want to work with the Japanese and steadfastly refrained from buying foreign exchange because I thought such manipulation would be detrimental to our national economy, I nevertheless managed to preserve my assets in time of depreciating currency by converting my cash reserve into commodities. I had hoped that by so doing I would be able eventually to do something beneficial for my country and the community in which I lived, thus fulfilling my duties as a citizen.

I recall that at first I made plans to establish a glass-making factory and a sulphate plant. But the situation made it impossible for me to put these projects into operation. Subsequently, my efforts to improve the manufacture of the flashlights and the dry cell batteries led me to think in terms of a new product, plastics, as a future avenue of expansion. After the plans for a plastic factory were finalised, the Government had announced the freezing of all foreign exchange. Since the purchase of raw materials as well as new factory equipment required foreign exchange, it was not feasible for me to launch a new plastic factory in Shanghai. I was thus forced to change my plans, and after a considerable amount of further study, I decided that

circumstances left me no choice but to establish my plastic plant in Hong Kong.

I had a man sent to Hong Kong to make a preliminary study and to make immediate preparations for setting up a plant. My intention then was to establish Kader in Hong Kong, and if the enterprise proved successful, I would seek future expansion in China, making the Hong Kong plant a branch of my mainland plastics operation.

At this point, I feel that I should summarise my experience in voluntarily limiting the prices of my products. This was during the period after the war, between 1946 and 1947. At that time the national currency was depreciating rapidly while commodity prices continued to soar. It did not take any effort at all to push sales. Instead, with a daily production of some 100 cases (each case containing 120 dozen), we had a hard time meeting demands. People just fought to buy our products.

As I recall, the price of the "Great Dreadnaught" brand of batteries sold for \$5,400 per dozen wholesale, but on the market my batteries were fetching \$9,000 per dozen. Thus any customer who was able to buy one case of batteries from us, was able to pocket a profit which was equivalent to the price of ten *picul* of the finest quality of rice. At that time rice was selling for \$50,000 per *picul*.

This illustrated the intense demand for our batteries at that time. I had to devise some way of meeting the situation, and the solution was difficult. Finally, I decided to maintain the original wholesale price of the batteries but set up a plan for rationing the supply. A quota was set up based on the total three-month cumulative sales record of the customers. Based on this quota, each customer was given an opportunity to buy a certain amount of batteries.

I found my staff most cooperative, and none of them bought up the batteries privately in order to turn a profit on the open market. The rationing plan was carried out without any trouble and it proved a good system for protecting the interests of the customers who recognised it as being a fair

way of distributing our production and they were satisfied. Even today, I recall this matter with some pleasure.

I also recall now another incident with gratification. This had to do with the Government's rationing of raw material supplies. At that time the Government was enforcing a rigid quota allocation of all imported commodities. Because the market prices were several times the actual allocation prices, people who could get the foreign exchange for the rationed supplies were able to make huge profits.

As a result, manufacturers were fighting for the allocation of foreign exchange at the expense of other manufacturers, in a scramble for big profits. It was an open secret that a great portion of the foreign exchange allocation at official rate was obtained by people with special influence, and the abuses and disputes were widespread.

Zinc sheets used by dry batteries manufacturers were classified in the same category as zinc plates and copper sheets, and manufacturers in these categories were given a combined total in the quota allocation. Out of this total, the batteries industry was given an allocation of 60 per cent.

I was chosen by other battery manufacturers to handle this delicate and crucial matter, partly because I had always had their confidence and also because Wei Ming plant's production represented about 40 per cent of the total output of the entire industry. In my task of acting as the arbiter for my industry, I was ably assisted by Mr Chow Shen-ching.

In order to make the allocations fairly, I convened a meeting of all the manufacturers and explained to them in detail the rationing plan. I requested that each manufacturer should report the actual amount of raw material used without falsifying the claims. Then I had the rationed quantity distributed to each factory so that not a single member factory had reason to complain.

Subsequently, when more than 100 trade and industrial organisations gathered at the General Chamber of Commerce in Shanghai to discuss quota allocations, we proved ourselves highly successful in getting our quota because we were able

to present strong factual evidence to substantiate our claims.

Although later some importers protested that the entire allocation was given to the manufacturers and refused to work with us, we were able to secure fair treatment of our case when the dispute was submitted to a Mr Li, who was an official representing the Quota Allocations Commission.

Today, all this is history. The raw materials which we fought so hard to get from the quota allocation at that time have long since been seized by the Communist regime. Even then, as I recall the sequence of events now I still believe that it was meaningful because I had sought to be fair in my dealings.

Kader Industrial Company Ltd was formally established in Hong Kong in 1947. Immediately thereafter, we built our own factory in North Point. With intensive preparation, we opened our cold storage and ice-making plant in 1948. The plastic plant started production in 1949. In 1948 I made a brief visit to Hongkong, but returned shortly to Shanghai.

It was then my intention to make periodic visits to Hong Kong, perhaps as business-cum-pleasure trips after Kader's business got underway. I thought that I would be able to stay alternately in Shanghai and Hong Kong, with my principal enterprise still concentrated in Shanghai. At that time I never had the intention of leaving Shanghai permanently.

Toward the end of 1948, however, I heard unexpectedly that the situation in Kader was far from satisfactory. I felt that it was imperative for me to come to Hong Kong to look into the matter personally and to help solve the problems if necessary. I flew from Shanghai to Hong Kong on December 22, 1948 and found that our new enterprise was indeed faced with many problems. I stayed for several months and returned to Shanghai on March 17, 1949. But on April 28, 1949 I returned to Hong Kong again. By that time, the situation in Shanghai was already in a state of great chaos, and not long afterwards events took a rapid turn for the worse, with the Communists taking over Shanghai and the rest of the Mainland.

This sudden political change caused me to remain in Hong Kong, and I have not returned since. In the 21 years of my stay in Hong Kong, I was able to take part in the early struggle to establish Hong Kong's new industrial complex.

At the same time, it also gave me the opportunity of averting the threat of bankruptcy which had almost engulfed Kader as a result of the initial incompetence of the original management personnel. Through the years, it was possible for me to build Kader up to become one of the most trusted names among Hong Kong's toy manufacturers — a reward which I never dared to expect when I first arrived in Hong Kong.