

design, their quality and their packaging can successfully compete internationally with the best merchandise produced anywhere. Hong Kong-made goods have without any doubt achieved a position of prominence in the international market place.

But in the course of our development, we have not been free of many problems. To maintain our industrial prosperity and to achieve further progress, we naturally need the cooperative endeavour of all parties. While our exports are more than \$1,000,000,000 annually, one must realise that those actually engaged in manufacturing only represent one-sixth of our total population. This comparative figure shows that our industrial achievement during the last two decades has indeed been a miracle. We can take just pride in the fact that this phenomenal accomplishment has been brought about by the cooperative efforts of the British and Chinese people.

## CHAPTER XIII

### MY EFFORTS TO SAVE KADER FROM COLLAPSE AND MY CONTINUED INDUSTRIAL ENDEAVOUR IN HONG KONG

#### 挽回開達實業公司的敗局和在港爲工業繼續努力的歷程

WHEN I came to Hong Kong in December 1948, I could already see that the situation on the Mainland was in the process of a cataclysmic change. No one could foretell at that stage what would happen to the business and the personnel left behind in Shanghai. Having spent my life in building up a manufacturing enterprise, I was perplexed and disillusioned.

I was not particularly interested in starting anew in Hong Kong. I had earlier established Kader Industrial Company in Hong Kong, but that was merely in an effort to help some friends to set up a business, although I owned some 90 per cent of the shares of the concern. Part of the other money invested in the company came from loans I made to friends.

I had the title of Chairman of the Company, and according to the customary practice in China at that time, the Company Chairman took no actual part in the operation of the firm nor did he deal directly with the company's affairs.

Although I had heard prior to my arrival that the handling of various affairs at Kader was by no means satisfactory, I had not wanted to play a personal part in the company's management. I had hoped that those originally responsible would in time be able to

assume proper control over crucial matters and spare me from concern and personal participation.

However, I discovered after my arrival that although the company occupied a modern, streamlined plant, which gave an impressive appearance of prosperity, its internal administration was by no means in a state of robust health. Its monthly expenditures were in the region of \$40,000 to \$50,000, but its income was extremely limited.

I found that the ice-making department produced about 200 to 300 blocks of ice per month, and the revenue derived from sales was not sufficient to cover wages and the cost of electricity. The cold storage plant was cramped in space and rental derived from the storage was in the region of \$8,000 to \$9,000, a sum too insignificant to make the operation worthwhile.

The plastics department had already started operation, but it was only equipped with two eight-ounce machines and two small two-ounce machines. Whatever production in progress was, in fact, token in nature.

From a purely theoretical point of view, all the departments were in operation and there were some 100 to 200 workers. But in actual practice, one could not really appraise the entire operation in terms of efficiency and productivity. Even proper accounts and invoices were lacking.

There were quite a number of workers but the pay was extremely low and the morale among the employees was unusually poor. There were, for instance, three watchmen on the payroll, working on three shifts, each one of them getting only \$90 a month. This was not enough for a man to live on, and it was impossible to expect such low pay to stimulate his interest in his job or encourage him to work with greater enthusiasm and efficiency.

I found that by 5 p.m., the plant was emptied of

all employees, and at that hour it was not an easy task to find even one single staff member who had stayed behind. Under these circumstances, the company certainly did not appear to be a booming, properly-run business, endowed with a promising future.

I realised, of course, that it was by no means the intention of those in charge to cause the company to deteriorate. The situation was brought about by their lack of experience in handling the affairs of the company properly.

I knew that the company would run into grave jeopardy if the decline was to continue and if I did not seek to correct the situation by providing the proper advice drawn from my long experience in running industrial management. But I found that it was difficult to make the employees fully understand my ideas and my methods during a short period of time, and the results achieved were therefore negligible.

By June 1949, the company was faced with demands from Banque de l'Indochine to settle its outstanding loan by a certain time limit. If it was not able to make good the loan, the only alternative was foreclosure, and the company's assets must then be sold at auction.

All those who were then responsible for running the company were at a loss as to what to do. They repeatedly asked me to take personal charge of what was in fact a desperate situation. In order to save the business and also to insure my own survival in Hong Kong, I had little choice but to abandon my original intention of staying out of active business. On the 1st of July that year, I assumed actual management and full responsibility of the Company as Chairman and Managing Director.

Under my personal direction, I began, as my first task, an internal reorganisation of all the Company's various departments, correcting some of the irrational

errors of the past. In terms of personnel, I did not bring in any new employees who were in any way personally connected with me. Nor did I reduce the number of employees or slash wages.

Instead, by appraising job requirements and capabilities of individual employees, I managed to increase the efficiency of every individual and every department. Furthermore, I succeeded in bringing about an increased interest of each employee in his job by paying him a better wage and giving him better treatment.

Take the case of the watchmen as an example. I reduced the original number from three to one, doubling the salary of the single watchman. The other two were transferred to other departments. I took similar steps with other departments, thus bringing about overall improvement.

I was a novice in the plastics and ice-making industries, but I spared neither time nor effort in studying the basic problems and techniques. In time, I gradually grasped the fundamental points involved in the manufacturing processes.

In ice-making, for instance, I went to work in the plant for a while and found that by adding some minor equipment, I could increase the output and improve the quality with a substantial reduction of both manpower and time. The result was an increase in production from a total of 200 to 300 blocks of ice per month to a daily output of more than 100 blocks.

I made a practice of holding discussion sessions with the staff. During these meetings I would explain clearly the principles on which we based our actions and our management policies. I especially pointed out that in dealing with our employees we entertained no personal prejudices nor did we allow provincial distinctions to influence us in our treatment of each individual employee. I urged that all employees, regardless of their

position, should work with a sense of unity, that they should understand the meaning and significance of their work, and that improved productivity and efficiency were in their own interest as well as in the interest of the Company.

The Company never restrained its workers from forming or joining unions. And as a result of my handling of all matters in a democratic manner, the workers, on their own, all did not wish to form or join a union. This holds true even today. The number of workers in Kader has grown to more than 1,700, but they have continued to maintain this spirit of cooperation.

Speaking now of wages, I recall that 1949, the usual wage scale for a female worker for a 10-hour day was from \$1.90 to \$2. I thought that this was very low since the average cost for food per person was in the region of \$40 to \$50. When I took over control of Kader, I stipulated that the lowest pay for a female worker for a nine-hour day was to be \$3 to \$3.50.

Although this wage level of 1949 would appear extremely low today, it was considered rare in those days. I recall during a visit paid to Kader by the then Governor, Sir Alexander Grantham. He told me that he had often heard from the Labour Department about the exceptionally high wage level at Kader.

He said that the day I came from Shanghai to Hong Kong was a day of good fortune for the people of Hong Kong. I realised that although it was a flattering remark meant to offer me some encouragement, it nevertheless reflected the general impression which the public held of Kader's favourable treatment of its workers.

I waited for a gradual psychological improvement of the workers' attitude and a betterment of their morale before I took active steps to increase productivity, raise the quality and open up new markets. Starting from 1953, the quality of Kader products was beginning to

be recognised by customers in remote markets abroad. There was a steady increase of orders from such industrially advanced countries as Great Britain, the United States and European countries.

In dealing with all my customers, whether big or small, I persisted in my principle of sincerity and good faith, always supplying them with a high quality product at a reasonable price. But I also insisted on equality and reciprocal reasonableness. Before long this was recognised and understood by all my customers, bringing satisfactory results to all parties.

At this moment, there is seldom any firm anywhere in the world which deals in plastics, especially in toys, which does not know the high quality of Kader products and the confidence we command.

Over the years, our product range has increased to some 600 separate items, with a total work force of more than 1,700. We now rank as first or the second among all the plastics manufacturers in the Far East. This, of course, was the result of the cooperative efforts of all our personnel.

When I first started to operate Kader, I had hoped that what was good for the company was also good for those who worked there. I not only wanted all the workers to earn more, but also wanted them to gain more experience in their jobs. In looking back, I feel I may now say that the objectives I set originally have now been achieved in a large measure.

In recent years, with Kader's foundation firmly established, I successively founded, as a necessary link in our expansion programme, Qualidux Industrial Co. Ltd., the Tindux Metal Works, the Mindex Battery Works, Ltd. and Kader Industrial Co. Taiwan Ltd., the latter a branch of the main Kader operation in Hong Kong. Lately, in order to help an old friend, I also launched the Eldex Wool Industries Ltd. All these enterprises have been motivated by my desire to utilise as much

of my resources as a contribution to the well-being of the community.

What has actually pleased me most, however, is not the fact that I had saved Kader from earlier failure and turned it into a success, but that during this period I had helped a Japanese friend, Mr Kataro Okamura, to establish a brass extrusion plant in Kyoto. He has managed and developed the factory with success, with far better results than similar factories owned by the Japanese themselves. Recently, the plant expanded further and added a new department, producing aluminium sheets.

There is another friend, Mr Tan, who as a result of my help, has also become successful. Mr Tan is a native of Shantung Province with whom I had some earlier business dealings. After coming out of the mainland he went to the United States in 1950. I met him in America during my trip in 1951. He asked me to join him in investing in a real estate development business in the San Francisco area. This I did, and the business has since become extremely successful. Mr Tan's firm enjoys a high standing throughout the western part of the United States, and his success has helped to enhance, to a small degree, the prestige of Chinese people living in that part of America.

The success of these two friends has given me the same satisfaction as the success of my own business.

Through the twenty years of my residence in Hong Kong, I have devoted most of my time and efforts to my own area of work, unable to take part in as much social welfare activities as I would wish. The situation in Hong Kong has been such that, with competition as intensive and difficult as it is, a firm which does not grow is apt to be obliterated. Consequently, I had no choice but to give my business my undivided attention, leaving me with no time to devote to a great deal of social and community service activities.

Despite this, I have never allowed myself to forget what I have always believed: that I should devote whatever efforts I could spare to social and educational work. I served as the Chairman of the North Point Kaifong Association in 1966. At the time, the Government granted a piece of land and a loan to help the Association build a school.

I thought that it was an ideal opportunity for me to put my belief into practice. I committed myself, therefore, to underwriting the entire cost of the building programme, amounting to \$250,000. During the ensuing year, I made various payments totalling \$150,000 as construction proceeded. As the building was nearing its completion, some unexpected disputes broke out among various individuals connected with the project.

I was so disheartened by the incident, and I feared that my reputation would be smirched by the controversy. I decided finally to withdraw from the entire project, and the Association subsequently refunded me the money I had advanced.

In retrospect, I could only attribute the untoward outcome of this entire affair to my failure in getting myself accustomed to the social environment in Hong Kong. But despite what happened, I have never lost interest in helping education, and I hope that another opportunity will arise for me to do my small part in this area for Hong Kong.

In addition, I have never forgotten that I came from a poor family, although at this point in my life the Communists would call me a capitalist. I am deeply convinced that my struggle to achieve business success was not motivated by my desire to make a fortune for my own indulgence or for bequeathing it to my offspring. My own bitter experience of struggling without ever receiving any help from anyone has always prompted me to give a helping hand to those in dire need and worthy of help.

I have always made it a practice to offer a sympathetic, generous helping hand to anyone, whether or not I know him, regardless of whether he is rich or poor, so long as he is sincere and honest, and so long as I am convinced that in helping him I would also help him do something useful for society.

I have always had a lingering sense of regret that my resources are limited and I have not been able to reach a wider circle of people in need than those with whom I come into contact. I too have often asked myself the question which a Chinese sage once posed in an introspective moment: "How could I build endless rows of houses to shelter the multitude of improvised scholars so that their faces would light up with the happiness of my compassion?"

Despite this, I feel that the help I was able to give to a number of people through the years afforded me an opportunity to do my part for society. This, in a way, disproves the validity of the Communist concept that all capitalists should be liquidated because they are depraved and socially worthless. I, for one, who struggled from a penniless proletarian to become a successful capitalist, have at least done something for society.