

THE AUSTRALIAN

Curtain falling on generation of Asian tycoons



Billionaire Li Ka-shing's ties to Beijing have waned in recent years. Pic: Bloomberg

WAYNE MA, JAKE MAXWELL WATTS THE WALL STREET JOURNAL 6:42PM June 21, 2017

The curtain is falling on a generation of Asia's tycoons who forged vast fortunes in the fires of the region's political and economic upheaval of the past half-century.

Hong Kong billionaire Li Ka-shing, for decades one of the world's richest people, has told associates that he plans to step down as chairman of his flagship conglomerate, CK Hutchison Holdings by next year, when he turns 90, according to people briefed by Mr Li.

A Chinese-born, Hong Kong-made billionaire, Mr Li built a plastic-flower manufacturer into a global empire spanning property, energy, ports, telecoms and retail.

Passing the baton to his previously anointed successor, his eldest son, Victor Li, would represent the most significant corporate abdication yet among an elite of ageing billionaires in Hong Kong and Southeast Asia.

These tycoons combined business savvy and carefully cultivated political connections — often with authoritarian governments — to prosper in Asia's postcolonial economies and, more recently, from China's economic opening.

With an average age of 80, the current 10 wealthiest tycoons in Hong Kong and Southeast Asia are collectively the world's oldest, according to an analysis of data from Forbes' 2017 billionaires list.

They include sugar-to-palm-oil and hotel baron Robert Kuok, 93, of Malaysia; Thailand's chicken-and-pork king, Dhanin Chearavanont, 78; and Philippines shoe seller-turned mall developer Henry Sy, 92. All are from Chinese emigrant families and became the richest men in their countries.

Mr Kuok hasn't announced succession plans, but his eldest son is now chairman of the family's main private company. Mr Chearavanont handed the reins earlier this year to his sons, appointing his eldest as chairman. Mr Sy has made his six children heirs to his company.



Henry Sy

As these men face succession, some investors question whether their privileged, mostly Western-educated heirs can steer their corporate juggernauts as effectively as their self-made fathers did. Many lack the political ties and hardscrabble upbringing of the patriarchs. They also have less access to easy opportunities.

These 10 families remain a formidable force, with a combined wealth of almost \$US160 billion, according to an analysis of Forbes data. They wield huge power at home and increasingly seek foreign acquisitions. Between them, they have spent almost \$US200 billion on acquisitions over the past decade, according to Dealogic.

Mr Li, known for his horn-rimmed glasses and iron grip on his companies, rode China's economic boom, and extended his reach into UK mobile networks, Australian utilities and Canadian airconditioning firms. A spokesman for CK Hutchison said the chairman "has from time to time talked about his retirement and his confidence in Victor to lead the company." Mr Li, through a company spokesman, declined to be interviewed.

Even so, the stepping back of Mr Li — who is worth \$US33 billion, according to the latest data from Forbes — may create uncertainty among shareholders over CK Hutchison's direction. The company has recently failed with separate bids of more than \$US10 billion for mobile phone and energy assets in the UK and Australia, while homegrown Chinese billionaires are challenging its real-estate and ports businesses.

While the elder Mr Li is known as a charismatic, politically savvy deal maker, his Stanford-educated son Victor is viewed as a more dour, details-oriented businessman who has spent more than three decades shadowing his father. Victor Li, through a company spokesman, declined to comment.

Companies the world over struggle with how best to preserve a founder's legacy. In much of Asia, the issue is acute because tycoons have out-size influence on their domestic economies, and tend to be intensely insular decision makers.

When successions go poorly, the cost to stakeholders can be enormous. A study of around 200 family-run companies in Hong Kong, Singapore and Taiwan by Joseph Fan, a finance professor at the Chinese University of Hong Kong, found that they lost 60 per cent of their value on average during the years around the transfer of power.

Meanwhile, Asia's economic landscape is shifting rapidly. Families that built their fortunes on property, power and commodities have seen their status eroded as Chinese entrepreneurs and tech titans have supplanted them as the world's wealthiest citizens.

As recently as 1996, tycoons from Hong Kong and Southeast Asia made up eight of the 25 richest people on Forbes' global rich list. Mr Li is the only one who remains: He has lately been vying for the title of Asia's richest man with internet titan Jack Ma of Alibaba Group Holding Ltd and property magnate Wang Jianlin of Dalian Wanda Group.

Of all the scions, Victor Li, 52, appears among the best prepared. He joined his father's company in 1985 after studying in the US.

Still, many parts of Mr Li's empire are run by lieutenants who hold considerable power. Victor Li, as well, doesn't have his father's history of relations with China's leaders and experience navigating the factional and complex politics and bureaucracy of China.

"Li Ka-shing's key asset is his outstanding relationships and those relationships aren't easily transferred," said Mr Fan, who has studied Mr Li's career. "His son may not inherit this from his father and be able to make friends with Chinese politicians."

The elder Mr Li's ties to Beijing have waned under President Xi Jinping. Chinese ports are sucking up business from Mr Li's Hong Kong terminals, while homegrown property developers are increasingly moving in on his home turf. Victor is likely to inherit the business empire at a challenging time.

People familiar with the family say Mr Li's younger son, 50-year-old Richard, has more of Mr Li's deal-making skills and charismatic traits. However, Richard early on chose to branch out on his own, using family money to buy

and run media and telecoms companies, with varying success.

Victor Li still lives in the shadow of his celebrity father. A few years ago, when the elder Mr Li and Victor attended the Queen Elizabeth II's birthday party at the British consulate in Hong Kong, diplomats lined up in droves to take selfies with the tycoon while Victor stood to the side unnoticed, according to a person at the event.



Li Ka-shing, centre, and his son Victor Li, meet Canadian Prime Minister Justin Trudeau.

Protocol dictates that Mr Li speaks first during business meetings, attendees say. The elder Mr Li will first hold court, sharing his “big-picture” views on world affairs and the future of China and his concerns and deep affection for Hong Kong, attendees have said. Victor, on the other hand, tends to speak at length about ideas as if he were brainstorming out loud, people familiar with the family say.

Mr Li relies on his personal touch to charm associates. At CK Hutchison's high-rise headquarters, he takes an elevator down to the basement to greet important guests as their cars pull up. In meetings, he asks personal questions about visitors' families and hobbies.

Friends of the Li family say Victor leads an insular life in Hong Kong. He has resided for years in the same mansion with his father, and his wife and children, and limits his socialising mostly to when he goes to Canada, where he has citizenship. Part of Victor's reticence stems from a traumatising ordeal in 1996, when he was kidnapped by an armed Chinese gang and held overnight. He was gagged and badly treated, people familiar with the matter say.

Mr Li paid 1 billion Hong Kong dollars (\$US134 million) to secure Victor's release. The gang leader was later convicted and executed in mainland China.

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