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# Che-woo Lui: A Man with Vision and Determination

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## Introduction

Following the return of Macau's sovereignty to the Chinese Government in 1999, another noteworthy event was the release and bidding for the three gaming concessions in 2002 after the 40-year gaming monopoly by Stanley Ho, a legendary gaming tycoon in Macau, expired. Not surprisingly the first concession

was granted to Ho and the second to Stephen Wynn, another renowned gaming mogul who initiated experience-oriented Las Vegas casino resorts in the 1990s. The third concessionaire, Che-woo Lui from Hong Kong, was considered a dark horse by the press in outbidding the other 18 rival consortiums from Hong Kong, Macau, Malaysia, Taiwan, the United Kingdom and the United States. While he may be unfamiliar to the Western world, Lui is no stranger to people in Hong Kong as he currently heads the Federation of Hong Kong Hotel Owners and is chairman of the K. Wah Group whose many subsidiaries include Stanford Hotels International. He is most credited as a pioneer for introducing franchised management into his flagship hotel in Tsim Sha Tsui East, Kowloon in the early 1980s. This move stimulated many international hotel chains' interests in franchising their hotel trademarks in Hong Kong, and led to the substantial growth of the Hong Kong hotel industry into its current status (Ho, 2005).

Prior to the 1970s, the majority of the hotels, or more precisely inns, in Hong Kong were not customer-oriented; instead, they provided just basic accommodation for travelers. Today, prominent hotel groups such as the Mandarin Oriental, Peninsula and Shangri-La are all based in Hong Kong and their hotel name brands are synonymous to quality services and luxury. While

many individuals have contributed to and observed the growth of the hotel industry in Hong Kong, the history of hotel development in Hong Kong would not be complete without Che-woo Lui, a determined hotelier and entrepreneur.

## The Early Days

Che-woo Lui was born in Jiangmen, China in 1929. Lui's great-grandfather, left China for California during the Ching Dynasty to make a living, and his grandfather lived in the U.S. all his life. Nevertheless, his father decided to relocate back to China and started his own restaurant business in his hometown. During wartime in 1937, the young Lui and his father came as refugees to Hong Kong and later his family started their clothing business. Although war was a disaster for many people, it had significant impact on Lui's emergence as an entrepreneur in the business world (Jiangmen.gd.cn, 2006).

Because of war, Lui was forced to discontinue schooling in his early teens. He could not find a job because of his young age. He then apprenticed himself to his father and learned how to run a business. His father was an easygoing person and was pleased with his stable clothing business. Possibly due to his gifted entrepreneurship, soon Lui realized that he could do more. As a 14 year-old, he analyzed the market demand for food items such as flour and cooking oil which were extremely scarce during the colonial days. With some monetary and spiritual support from his father, Lui partnered with his mother and entered the food wholesale business. "Thinking outside the box" is probably an appropriate phrase to describe one of young Lui's traits. Without cooking oil, he thought creatively and fried certain Dim Sum items at high temperatures very briefly using stir-fried sands. Without flour, he boiled and kneaded tapioca powder into a type of jelly-like sheet pasta traditionally made from flour. These two inexpensive "inventions" made a fortune for the young Lui. In a period of about three years, he earned several million dollars of military coupons, worth almost HK\$ 40 million at that time (Luichewoo.com, 2006). Lui once considered purchasing real estate properties with the military coupons he

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earned to generate rental income but the plan was never carried out due to his father's strong objection. Later these military coupons became waste papers. Nevertheless, this did not dishearten Lui and he continued to seek business opportunities.

After World War II, Lui sensed that the market demand for motor vehicles would increase and decided that he was not going to let the opportunity slip out of his hands. He learned basic vehicle repair craftsmanship as an apprentice to his uncle and later entered the auto parts wholesale business. This visionary move again generated substantial profit for Lui. While Lui could continue his lucrative wholesale business, he was not complacent and his entrepreneurship drove him to find other better opportunities. In the aftermath of the war, machinery was highly desirable for major construction and development projects in Hong Kong during the 1950s. Machinery, goods and materials left behind by the U.S. military after the Korean War were therefore targeted by Lui for resale purposes. At that time the U.S. had put an embargo on the left over goods and materials from the Korean War to China, including Hong Kong, and Lui's plan seemed dormant. However, Lui knew a Japanese graduate from the Waseda University in Japan and through his networking relationship among political circles, Lui was able to obtain approval from the U.S. Consulate General in Japan to purchase those items. When the news came out, Lui was approached by many construction companies in Hong Kong, and banks were willing to issue letters of credit without hesitation for him to complete the deal (Luichewoo.com, 2006). He once again realized sizeable financial gains.

War, on the one hand, discontinued Lui's schooling; on the other hand, war also inspired his efforts for success. It could not be denied that war probably acted as a catalyst for Lui's success in the business world today. Looking back on the history, Lui felt sympathy, but could not do much to help his compatriots as the country was being devastated by war. Perhaps also because of this, Lui became a philanthropist in order to contribute something back to society.

## The Tycoon of Quarry

Realizing that the resale business of the remainder goods and materials from the war would not last for long, the cerebral Lui began to explore new business ideas. Foreseeing the growth of the construction industry in Hong Kong, Lui expected that there would be a massive demand for ore. While he was reselling quarrying machinery to a company, he considered entering the quarrying industry himself. "Suiting the action to the thought" probably is another phrase that properly describes Lui's character. He spent several million Hong Kong dollars purchasing a stope from the government and started his quarrying business in 1955. At the time the quarrying companies in Hong Kong still

excavated mines with manual labor. With quarrying machinery he previously purchased from the U.S. military, and some new equipment in the early 1960s, his quarrying company was able to supply a great deal of construction materials including sand, bricks, concrete, and granite to feed the needs of the construction industry in Hong Kong. This move had therefore established the foundation for his enterprise today (Leechewoo.com, 2006).

Between the 1960s and 1970s, Lui was able to bid for two additional stopes from the government with financial support from the banks and started to get involved in the real estate business. Everything seemed to be going well with Lui's business plan except for some uncontrollable political crisis in 1967. Business in Hong Kong, Lui's company included, suffered a disastrous decline in operations because of the Hong Kong 1967 riots (Wikipedia, 2006) and around twenty quarrying companies went out of business as a result. For Lui, an additional problem was his obligation to pay his suppliers for machinery he had purchased earlier on account. While a credit freeze from the banks prevented Lui from further borrowing, his suppliers, however, did not demand immediate payment. Lui attributed the suppliers' generous treatment to his credibility and the personal relationships he had built previously when doing business. His company went to initial public offering (IPO) in 1977 and he was congruously recognized as "The Tycoon of Quarry".

## A Sensible Move

Lui always showed great foresight. In the late 1970s, he successfully bid for a piece of superior waterfront land in Tsim Sha Tsui East, Kowloon and it was commonly considered a great site for residential buildings at that time. Surprisingly, Lui decided to use the site for building a hotel, thus stepping into a whole new venture for himself, and introduced franchised management into his first and flagship hotel property—the then Holiday Inn Harbour View Hong Kong (currently Intercontinental Grand Stanford Hong Kong). While the majority of people were pessimistic about his unusual move, he later proved that it was an imperative step and cornerstone for the Hong Kong hotel industry. Tsim Sha Tsui at that time was already a heavily saturated area and a famous tourist spot. In Lui's opinion, development of Tsim Sha Tsui East was just a matter of time and the success of the hotel was well anticipated.

Nonetheless, Lui's first motive for building a hotel was not to earn foreign exchange as people would normally think. He was looking at the bigger picture and was aiming at supporting the long-term development of Hong Kong. He was quoted as saying:

*Hotels are a risky business and it takes a long time to recover the investment. Many people tried to convince me to use the prime sea view site for residential development. Nonetheless, I was positive that Hong Kong needed hotels with new*

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*operation concepts in the long run. I had great difficulties, and had to put in a lot of effort to secure bank loans for the project* (Ho, 2005, p.48).

With prominent architecture and hardware facilities in place, an efficient and contemporary hotel management system was something that Lui was eager for before his hotel opened in 1981. Very few international hotel chains at that time had ever tried to establish their identities in Hong Kong. Lui traveled to many places around the world seeking possible franchising opportunities for his hotel and Holiday Inn was eventually selected. Lui met with Kemmons Wilson, founder of Holiday Inn, and was impressed with how Wilson started his hotel business and complimented his attitude of running a hotel. As a pioneer in introducing a prominent hotel chain brand into Hong Kong, Lui, however, further aimed to establish Chinese-owned hotel trademarks in the long term (Ho, 2005).

A combination of "global" and "local" has been one of Lui's business strategies in running his hotel business. He established Stanford Hotels International in 1990 and the corporation has engaged in further hotel development. Lui has clearly and successfully followed the track of learning, owning and eventually managing hotels. Three Stanford hotels are located in Hong Kong and his flagship hotel in Tsim Sha Tsui East entered into a franchise agreement with Intercontinental in 2000. He also partnered with Marriott, Sheraton and Hilton for his 17 other hotels in the U.S. In 1998, Stanford Hotels International was ranked among the top 12 hotel owners and operators in the U.S. by *Hotel Business* (KWah.com, 2006). At the beginning, his strategy of franchising his own hotels with international hotel chains was heavily criticized by his peers in the Hong Kong hotel industry. But today, many local-owned hotels have followed his lead and a number of international hotel chains have established their identities in Hong Kong.

Lui also made efforts to enhance his hotel services. Maintaining water temperature at 37°C (i.e., 98.6°F) 24 hours a day in guestrooms is one of the intimate services for the guests staying at Intercontinental Grand Stanford Hotel. Lui reasoned that normal body temperature is around 37°C and it will be easier for the guest to adjust water temperature when they first turn on water in guest bathrooms. Lui searched for relevant techniques in delivering such service and he was able to achieve the goal in an environmentally-friendly way. Steam from the laundry system and dryers is recycled and pumped into the water tank before 5 a.m. every morning. The initial temperature is set at between 50 to 57°C from the outlet and it will drop to 37°C by the time it reaches the guestrooms as the water runs through the pipes. In 1993, Lui decided to replace traditional wool blankets in guestrooms with thicker down and feather duvets to go with top-

quality Simmons mattresses. This decision not only makes the guests feel warmer and more comfortable during their sleep but also save housekeepers a lot of time as they do not need to tuck blankets tightly underneath the beds. On average 40 duvets are purchased by his customers each year. Intercontinental Grand Stanford Hong Kong has become International Organization for Standardization (ISO) 14001-credited (i.e., environmental protection) in 2000 and ISO 9001-credited (i.e., quality management) in 2002, the first hotel in Hong Kong achieving such recognition (Ho, 2005).

## Training for Hotel Professionals

Lui truly believes that services are the foundation for the hotel and tourism industry and service quality is based upon operations management (Ho, 2005). One of his goals when moving into the hotel industry was to educate and prepare hotel professionals with international vision and management capacity. Partly due to Lui's advocacy, the School of Hotel and Tourism Management (HTM) at the Chinese University of Hong Kong (CUHK) was established in 1999 in an attempt to educate qualified graduates for the hotel and tourism industry in Hong Kong and eventually for greater China.

Although the idea of launching a new hotel and tourism management school at CUHK was initiated in as early as 1993, the plan was never carried out until 1999 for various political reasons. Serving as a trustee of the United College at CUHK, Lui highly supported the idea and lobbied, as chairman of the Federation of Hong Kong Hotel Owners, the then Chief Executive of Hong Kong Special Administration Region, Mr. Tung Chee-hwa for his endorsement. Lui emphasized the importance of educating and training hotel professionals with international vision and management competence not only for the benefit of the Hong Kong but also for greater China. The plan for establishing HTM was finally approved and the first cohort of 50 students enrolled in the fall semester in 1999. Since 2002, Lui has provided annual financial support in terms of scholarship to establish a student exchange program between HTM and the School of Hotel Administration at Cornell University to further broaden the students' horizons (Chinese University Alumni Magazine, 2002).

## Honors and Awards

Just as the corporate mission of the K. Wah Group states:

*It is our mission to focus on customer needs and pursue the spirit of excellence with quality products and services through our commitment to research, design and competitive pricing. With vision, perseverance and teamwork, we strive to provide shareholders the best return on their investment.* (kwih.com, 2006)

Lui has not only worked with vision and strive to provide the

best return for his shareholders, but also contributed generously to Hong Kong and society (see more details on <http://www.luichewoo.com>). His success, accomplishments and philanthropy have been recognized both domestically and internationally and he is a role model for other young entrepreneurs. A list of his honors and awards is provided in Table 1.

**Table 1**

**Che-woo Lui's Honors and Awards**

Year	Honors and Awards
1982	Member of the order of the British Empire (MBE)
1986	Unofficial justice of the peace
1993	Citizen of honor (Jiangmen) Citizen of honor (Guangzhou)
1994	Standing committee member of People's Political Consultative Conference, Jiangmen Citizen of honor (Nanjing)
1995	Naming of "Lui Che Woo Star" asteroid No. 5538
1996	Outstanding contribution award in Guangzhou
1997	Committee member of the 9 <sup>th</sup> Chinese People's Political Consultative Conference
2001	Degree of Doctor of Laws, honoris causa, by the University of Victoria, B.C., Canada
2002	Honorary University Fellowship, by the University of Hong Kong Doctor of Social Science, honoris causa, by the Chinese University of Hong Kong
2004	Degree of Doctor of Laws, honoris causa, by the University of Concordia, Canada
2005	Doctor of Business Administration, honoris causa, by the Hong Kong Polytechnic University

**Che-woo Lui Today**

Apart from holding numerous titles and positions in his consortium of more than 200 subsidiary companies engaging in construction, real estate, hotels and casinos, Lui has devoted himself to various industrial, medical, philanthropic and educational affairs. As chairman of the Federation of Hong Kong Hotel Owners since its inception in 1983, Lui not only fought for the rights and interests for the hotel industry, but also exchanged his views with the Hong Kong Government on issues and policies related to the industry. Prior to the return of Hong Kong's sovereignty to the Chinese Government in 1997, Lui foresaw the critical role the hotel and tourism industry would play for Hong Kong and made an effort to communicate with the government, in an attempt to help Hong Kong become a top tourist destination in Asia.

Lui started his very first business in his early teens and

been involved in many ventures: food wholesaling, auto parts and postwar machinery, quarrying, real estate, and hotel development and management. In early 2006, Lui started a collaboration with the School of Hotel and Tourism Management at the Hong Kong Polytechnic University to initiate extensive research in chain hotel management in China, an attempt that could possibly lead to one of his long-term goals when first stepping into the hotel business twenty some years ago of developing Chinese-originated hotel brands (Ho, 2005). At age of 77 Lui's entrepreneurship journey continued, as he successfully bid for one of the three gaming concessions in Macau in 2002. Rather than being described as a 'dark horse' in the gaming concession bidding, Lui was selected most likely because he is *the* man with vision and determination.

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