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Girish Jhunjhnuwala gained lots of business insights from his father. Photo: EJ Insight

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Jeff Pao

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# HK-born Indian entrepreneur builds hotel empire with a bold bet

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He gained a lot from his father's wisdom, and used it to build his hotel empire.

But for Girish Jhunjhnuwala, a Hong Kong-born Indian entrepreneur, success also resulted from a bold bet he took - buying the property next to where he grew up.

"It was always business with my father. He always talked about business with us during lunch and dinner," Jhunjhnuwala, founder and chief executive of Ovolo Group, told EJ Insight in an interview.

Those nuggets of wisdom inspired him to follow in his footsteps and build his own business.

Moving to Hong Kong from India in 1951, Jhunjhnuwala's father started a textile business in Wong Chuk Hang and later branched out to watch manufacturing.

Born in 1963, Jhunjhnuwala lived with his family in a residential building at 3 Arbutnot Road in Central for 18 years before he left to study at the Marshall School of Business of the University of Southern California.

After graduating in 1984, he returned to Hong Kong to take care of the family business.

"At that time, China was just opening up. I set up our first watch factory in Shenzhen in 1988 and a second one in Dongguan in 1992," he said. "We were the first batch of people to start a factory in



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China in the 1980s.”

Jhunjhnuwala said the factories did very well until market conditions soured in 1998.

“Watch manufacturing was a sunset business,” he said. “You can make a faster computer but not a faster watch. What’s more, the younger generation don’t wear watches as they have their mobile phones.”

He said many Swiss-based watch makers struggled to survive by giving up making quartz analog watches and focusing on automatic ones. “They went backward in a bid to make their products more romantic and sexy.”

Instead of following the Swiss players’ lead, he started downsizing in 2000 and left the watch business two years later.

With the money from the sale of his factories, Jhunjhnuwala bought an entire building at 2 Arbuthnot Road for about HK\$1,500 per square foot and transformed it into a serviced apartment with the brand 2AR. He renamed it Ovolo Central hotel in 2011.

Jhunjhnuwala can view the hotel from his current headquarters on the 15th floor of the Universal Trade Centre at 3 Arbuthnot Road, where he spent his childhood years.

### Bold expansion

Launched in September 2002, the 2AR serviced apartment saw an occupancy rate of 70 percent just before the SARS outbreak hit Hong Kong in 2003 and brought the city’s hospitality industry to its knees.

After the crisis, business picked up and the building’s valuation rose more than 10 times.

“We were lucky ... I was able to utilize the increase in the valuation of that property to buy the next one,” Jhunjhnuwala said.

Over the last decade, he continued expanding his hotel business in the city. He now owns five hotels and serviced apartments in Hong Kong, including Ovolo South Side in Wong Chuk Hang, where his father used to run a factory.

In 2012, Jhunjhnuwala expanded in Australia, starting with two hotels in Melbourne, followed by two more in Sydney in later years,

He said his hotels in different locations have cross marketing campaigns to attract new customers.

Right now, property prices in Hong Kong are quite high, so he is looking for more acquisition opportunities in Australia, taking advantage of its depreciating currency.

### Hong Kong tourism sector

Business from across the border has seen better times. In the first 11 months of 2015, the number of mainland tour groups that visited Hong Kong fell 20 percent from a year earlier amid China’s slowing economic growth, a strong Hong Kong dollar and tighter competition from rival destinations in the region, according to the Travel Industry Council of Hong Kong.

Retail sales fell 7.8 percent from a year ago to HK\$38.08 billion in November, the ninth straight month of decline, while sales volume fell 6 percent, the Hong Kong Retail Management Association said.

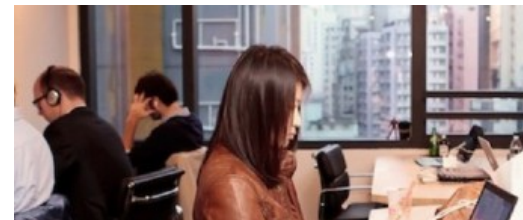
“We all feel the pain. It’s a tough time for people in the tourism industry,” Jhunjhnuwala said.



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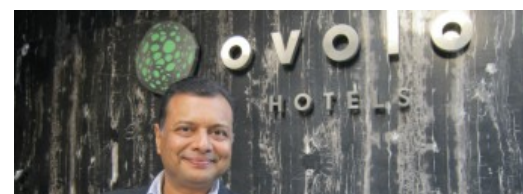
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However, he believes the industry's decline will only have a mild impact on his hotels, which have a diversified customer base and target mainly the younger generation.

He said millennials like to stay in Ovolo hotels as they don't need to pay extra fees for facilities such as gym, washing machines and food and beverage in mini-bars.

### Helping ethnic minorities

Apart from doing business, Jhunjnuwala is also active in supporting education for ethnic minorities in China through his company's corporate social responsibility initiatives and his work at The KeLY Support Group, a Hong Kong-based non-governmental organization.

"Ethnic minorities are very hard-working people. I always help them learn Chinese so they can go for mainstream jobs," Jhunjnuwala said, adding that he was fortunate to have learned Cantonese at a very young age from his Chinese nanny.

"Unfortunately racial discrimination still exists in different parts of the world. Hong Kong should offer equal opportunities and a level playing field to everyone," he said.

He said he also understands why the younger generation feel frustrated about the changing environment in Hong Kong. He urged the government to be more supportive to young people, who are the future of the city.

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Ovolo hotels target the younger generation. Photo: EJ Insight



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