

# EAGLES & DRAGONS



The American Club  
Hong Kong

AUGUST & SEPTEMBER 2019



## Gourmet Icons

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## Connecting the Dots

*Cyril H.C. Fung: Club Member for 53 Years*



*Pioneer Hong Kong venture capitalist Cyril Fung often ate hamburgers when he dined at The American Club with his family as a young boy. Those burgers must have made quite an impression on young Cyril, because when he grew up and founded one of Asia's first venture capital firms, he tapped into his superb networking skills to bring McDonald's into the Asian market ex-Japan.*

*Cyril, who turned 80 in June, recalls that his father, the prominent Hong Kong politician, banker, businessman and philanthropist Sir Kenneth Fung Ping-fan, was "a real joiner". Sir Kenneth, who was*

*the son of one of the co-founders of the Bank of East Asia, Fung Ping Shan, had enrolled his children at some of Hong Kong's best clubs so they could enjoy the facilities and meet new people. In 1954, Sir Kenneth and his wife, the beloved socialite Lady Ivy Fung, were amongst the first Chinese couples invited to become American Club members.*

*After spending time in America as a young man, Cyril returned to Hong Kong, where he became a member of The American Club in 1966 and was awarded a Senior Life Membership in 2005.*





*Cyril's parents, Lady Ivy Fung and Sir Kenneth Fung.*

**Q: Your parents were among the first Chinese members of The American Club. How old were you the first time you visited the Club, and what were your first impressions of the Club?**

**A:** I was quite young the first time I visited the Club. I can't remember exactly how old I was, but I know I was younger than twelve, because I left Hong Kong for America for school after that age. I would go to the Club for weekend meals with my parents. I recall that the Club only had one dining room back then, and it was on the fifth floor of the old Hong Kong and Shanghai Bank Building in Central. In those days, you had to be an American to join. Now, most of the Chinese members who belong to the Club are either US citizens, have lived overseas or are already bi-cultural, so there is a common cultural language that all members share.

**Q: What are some of your fondest early memories of time spent in the Club as an adult?**

**A:** My Swedish wife Kajsa and I used the Country Club a lot, and when we got married over 30 years ago, we hosted a small reception for our friends on the Club's lawn. When my son Carl Nicholas was very young, he took swimming lessons at the Country Club, so we would spend most weekends there as a family. I also played tennis there on occasion. The Country Store was the only place in Hong Kong at the time that used to sell Stouffer's Chip Beef on Toast frozen meals, which I loved, so I would buy those whenever I was there.

Because my wife and son have since moved back to Sweden, I don't use the Country Club as much as I used to, but I still use the Town Club at least four

times a week for business meetings or entertaining friends. When Kajsa and Carl are back in Hong Kong, then we usually all spend a day at the Country Club.

**Q: What do you like best about The American Club?**

**A:** The friendly atmosphere and staff, and how members of varied nationalities and backgrounds mix well here. At the Country Club, I like to have my breakfast outdoors with my wife and son. I also like that many of the Club's members are interesting individuals, and most have a bi-cultural outlook on life. A quality club needs to promote a sense of belonging and not just be a place to dine or watch sporting events. I feel that The American Club fosters this sense of belonging and makes people feel welcomed.

**Q: In the 1960s, you worked for the Bank of East Asia (BEA) in Hong Kong. In 1968, you moved to the United States where you were one of the first Chinese to be employed by the Morgan Guaranty Trust of New York. What prompted this move to the States and what did you learn from your time with the company?**

**A:** My maternal and paternal grandfathers were two of the founders of BEA, so I had obligations to join the family business to explore a possible career as a commercial banker. In those days, BEA was an asset lender like most Chinese banks in Hong Kong. This was an area of banking that did not require much imagination. Because I am by nature a creative person, I realized I was not cut out to be a commercial banker with BEA, so I moved to New York, where I was the second Chinese admitted to



*Cyril and his wife, Kajsa Fung, in Stockholm.*





Young Cyril at his family home in South Bay sitting under the portraits of his grandfather (right) and his parents (left).

Morgan Guaranty Trust's executive training program. I enjoyed my years there, and learnt a lot as an investment analyst servicing the bank's trust and investment department. Morgan Guaranty Trust was a class act. They were known as a banker's bank, and they did things with style. It was like a club, and many of my fellow trainees became very successful executives in the financial sector. One of them became the chairman of Morgan Guaranty Trust and another became the chairman of Credit Suisse.

**Q: You co-founded Inter-Asia Management Co. Ltd, one of Asia's first venture capital funds. What are your proudest accomplishments from your work life in Hong Kong?**

**A:** I co-founded Inter-Asia Management with my friend Lewis Rutherford to support startups. I was involved with the first fund, which brought McDonalds to Hong Kong and Singapore,

and served only as an advisor for subsequent funds. Besides McDonald's, we also partnered with a number of foreign companies and also financed the franchisee of IKEA in Hong Kong. Inter-Asia Management also started the Asian Venture Capital Journal to educate people about the dynamics of venture capital. The Journal subsequently organized an annual conference, which was very well attended by investors and entrepreneurs looking for opportunities.

**Q: You were responsible for structuring the joint venture for McDonald's to successfully enter the Hong Kong market in 1975, which subsequently led to the company's rapid expansion in other parts of Asia. Can you tell us how you saw this deal through?**

**A:** In business you need to always have a plan of action. At one of the Inter-Asia Management partners' meetings, someone said, "Cyril, next time you go to the States, let's talk to McDonald's to see if they're interested in opening in Hong Kong."

I replied, "Yes good idea. I'll do that" but then realized that by the time I got to the US, McDonald's would have received thousands of letters from other interested parties from around Asia. I knew I would have to come up with a plan to ensure I was their top choice for a joint venture in Hong Kong.

My family knew the owners of Northern Trust, which was headquartered in Chicago near Oakbrook, where McDonald's headquarters was located. My family had advised them when they set up their branch in Hong Kong. The CEO of Northern Trust at the time was a close friend, so I called him, and I asked if he could introduce me to the McDonald's people. He said he'd be happy to and put me in touch with a Northern Trust employee who was the private banker of McDonald's founder, Ray Croc. That was the first endorsement I secured.

Next, I knew that Coca-Cola was more or less the informal consultant for McDonald's International Operation because they had been operating worldwide for many years, and when McDonald's wants to set up shop in a new market, they usually consult with Coca-Cola. I also knew a few senior executives at the Hong Kong Coca-Cola head office, so they too put in a good word for me.



My venture fund Inter-Asia Management had voting as well as non-voting members, such as my father as well as respected Hong Kong leaders of industry such as Victor Fung, Philip Kwok, Paul Cheng and Ben Wong as our investors and team members. Because I knew these members, I passed McDonald's smell test. By the time I arrived at McDonald's in Oakbrook, they greeted me with open arms and were ready for a 50/50 joint venture.

**Q: With the world and different cultures being more interconnected than ever, the ability to adapt and assimilate to different cultures is a very valuable business and social skill for one to have. What are your thoughts on this?**

**A:** I left for the US at the age of twelve, where I attended preparatory school for five years, then went on to earn my BA and MBA at Harvard in the 1960s. Later, I was admitted to Morgan Guaranty Trust's executive training program in New York. My time at Harvard and my training at Morgan Guaranty Trust certainly

gave me a boost career-wise. My social skills, however, were already inculcated in me at a young age when I had to help my parents entertain a lot of very interesting and important people from Hong Kong and around the world at their home in South Bay. I am totally at ease socializing with people from all different cultures and walks of life.

**Q: You're very sociable and well loved by your friends and business associates. What's the secret to establishing good relationships?**

**A:** Just be yourself, be sincere, honest and caring. When it comes to successful interpersonal relationships, I will always remember these three things that my father instilled in me.

- *Remember that face is what people give you.*
- *Even if you have lots of money, you cannot eat ten meals a day, as this will put you in an early grave, therefore always remember to give back to society.*
- *If you are nice to people, chances are, most people will be nice to you.*



*Kenneth Fung Ping-fan and his brother Fung Ping-wah celebrate a double wedding of the century in Hong Kong in the 1930s.*