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After Fung King-hey: no hiccups in market

THE death in Canada of Mr Fung King-hey is not expected to change the course of the Sun Hung Kai group which he founded. According to financial sources in Hongkong, Mr Fung had already made plans for any emergencies, including his own demise.

Chairman of the Hongkong and Shanghai Banking Corporation, Mr Michael Sandberg, told *Business Standard* that he had known Mr Fung personally for a long time. Expressing sorrow at the death, Mr Sandberg said: "The loss of a person of such high calibre is sad for Hongkong." He added that although no one could do anything about death, this one was a great tragedy.

According to a leading stockbroker, Mr Fung was a farsighted man who planned for all emergencies, including his own death. "He was very careful in the planning of his company's progress, and even before he went to Canada on a holiday, had made concrete plans for the smooth running of the group in his absence."

The stockbroker added that as far as the local stock market is concerned, it had time to adjust to the even-

tuality of Mr Fung's demise when he suffered the stroke. "In that sense, his death did not catch the market unawares. I don't think that there will be any major hiccups when trading begins," he explained.

Mr Fung was mostly involved in setting up ventures in China and his role in the company's day-to-day activities were minimal, according to market sources. "Even in setting up China-based ventures, Mr Fung played the role of an eminence grise and left the actual execution of the tasks to his senior staff. SHK's most recent venture in China was set up in June when the group, in conjunction with the Bank of China, China Resources (Holdings) Co and Asia Travel Services to set up the Tian An Development Company which is involved in trading activities.

Mr Fung had also consolidated the company's finances when he hived off the Sun Hung Kai Bank to Arab Banking Corporation and re-directed cashflow to ongoing projects, largely in the construction and hotel industries.

Mr Fung's rise to wealth and power typifies the rags-

to-riches story of many a Hongkong tycoon.

He was born in China on February 11, 1922, and was forced to quit home in his early teens after a row with his stepmother. He headed for Hongkong in 1938 where he landed a job at Bailey's dockyard in Hunghom and later as a messenger boy in a money exchange firm.

World War II then cast its shadow and Fung returned to his native Canton (now Guangzhou). In 1949 he trooped back to Hongkong when the communists came to power and booted him and his peers out of their possessions.

Mr Fung displayed his flair for dollars and cents at the outbreak of the Korean War, when he allegedly made money by supplying kerosene, rubber and machine parts to China, which was then blockaded for its role in the Korean War.

His ingenuity was best exemplified when a property boom hit Hongkong following the influx of refugees from the mainland.

In 1958, together with his associates, Messrs Kwok Tang-seng and Lee Sha-kee, he founded Eternal Enterprises, which became the starting point of Sun Hung Kai Properties.

In 1967 Fung was forced to seek refuge in Canada when the cultural revolution in China spilled into the streets of Hongkong. Two years later, he returned to Hongkong, and this time, he ventured into stockmarket and set up Sun Hung Kai Securities. From then he never looked back.

Heading a team of salesmen, Mr Fung set out to capture the lucrative small investor end of the market. In less than eight years since its founding, the company had secured a firm grip on 20% of the stock exchanges turnover.

From stockbroking, the company has diversified into consumer financing, insurance, management consultancy, gold dealing, commodity broking, banking, and trading in US securities.

In 1982, Fung stunned both Hongkong and Wall Street when he sold a 25% stake in the securities firm and 15% of its banking arm to Merrill Lynch.

In return, he gained a 4% interest in the big US brokerage house, making him the biggest single stockholder in the company.

His involvement in the property market, however, also proved to be one of his undoings when the collapse of the market in 1982 forced him to sell some of his Merrill Lynch stock to raise cash.

Merrill Lynch and Banque Paribas of France had to pump more money into Sun Hung Kai to support its then ailing banking unit. Earlier this year Banque Paribas sold its stake in the company to Mr Fung.

Later, Mr Fung sold 75% of the group's banking operations to Arab Banking Corporation. He retained the remaining 25% and remained its chairman.