

A History of the Wong Family Textile Business

by Eleanor Wong

Part One: Life in Shanghai

Wong Chi Yue (王啟宇), known more simply in the latter part of his life as C.Y., following the very Hong Kong habit of calling people by the initials of their given names, was born in 1883 in the small coastal town of Dinghai (定海鎮) on Zhoushan Island, which was then a British protectorate and an important port for international trade.

Chi Yue's father, Wong Zhao Kong (王朝康; born in 1856), was a doctor of Chinese herbal medicine who treated both locals and foreigners in his small shop, where C.Y. often helped out during his boyhood. It was here that C.Y. came to the attention of a Dutch merchant who, in gratitude for the successful treatment he had received from Wong Zhao Kong, offered to use his influence and contacts to obtain a place for the young man at the prestigious St. John's College (聖約翰書院) in Shanghai.

The Early Years (1902–1910)

So in 1902, at the age of 19, C.Y. set off from Dinghai to begin a new life of study and adventure in Shanghai.

After completing one full year of study at the Anglican college, C.Y. very quickly secured a place with a British trading company known as Joseph Crosfield & Sons, Ltd., originally a soap manufacturer that branched out into the rubber business and the trading of chemicals.



St. John's College, Shanghai, in 1905, the year its status changed from college to university, when it was registered in Washington D.C. Its alumni then had the right to enter graduate schools in the United States.

Photo courtesy of Virtual Shanghai.

Their Shanghai firm distributed a number of these chemical products, including caustic soda used in the mercerizing process—a relatively recent technique that made cotton yarn much stronger and more receptive to dye, as well as giving it a lustrous silky appearance—and sodium hypochloride, used in bleaching. The firm was also an agent for the new aniline dyes that had first appeared in China from 1890 and which represented a huge potential to the textile industry for their lower cost and outstanding colourfastness. C.Y., always quick to learn, thoroughly familiarised himself with all the newest developments in the chemicals industry.

C.Y. made a lot of useful contacts at this time, particularly from amongst the Ningbo business community. He also befriended one of his colleagues, who was soon to play a vital role in C.Y.'s life, the master dyer Cui Fuzhuang (崔福莊). Mr Cui not only introduced him to the secrets of traditional dyeing methods, but—most importantly—also introduced him to an English-language manual on textile engineering that covered the processes of mercerizing, bleaching and dyeing.

This got C.Y. thinking. He realised that using these modern methods would result in a far superior product than was possible with traditional domestic methods, with greater profits despite the initial investment required. Plus, he knew he wanted to be more than just a 'company man', so he set his sights on the textile industry, since clothing was one of the four major human requirements: Food, shelter, clothing and transportation (衣食住行). In his spare time, he researched all aspects of the textile business and also immersed himself in economics, world history and the biographies of great men.

The City of Shanghai

At the turn of the 20th century, Shanghai—one of the original five treaty ports established through the Treaty of Nanking in 1842—was essentially a foreign enclave under the jurisdiction of the Shanghai Municipal Council, which had its own police force, fire service



Avenue Edward VII, Shanghai, circa 1916. Originally the course of the Yangjingbang Creek, this road acted as the boundary between the International Settlement and the French Concession. Today this is Yan'an Road East. Photo courtesy of Virtual Shanghai.

and military reserve. The Council was first set up in 1854 to serve what had been three distinct settlements: One for the British; one for the Americans, to the north; and one for the French, to the south.

But when C.Y. arrived in the city, the International Settlement, though still predominantly British, had incorporated the American area and was also home to a number of other Westerners, including Danes, Germans and Italians. In theory, unlike Hong Kong, which had been ceded to Great Britain in 1842, the foreign concessions were still classified as Chinese sovereign territory. In reality, however, the Shanghai Municipal Council exercised a significant degree of political autonomy over all citizens within its borders—no Chinese resident, for example, was allowed to serve on the Council until 1928. The Council also had a monopoly on all gas supplies, electricity production and water services.

The Bund, the area along the Huangpu River, was home to most of the major trading houses, banks, insurance companies and other vital businesses, all housed in elegant and attractive European-style architecture.

The French Concession, to the south of the International Settlement, was established in 1849. Originally part of the Shanghai Municipal Council, it broke away in 1862 to form its own independent administrative area. Its wide, tree-lined boulevards and avenues soon attracted residents of all nationalities, particularly during the 1920s when many British and Americans opted to live in this area, where homes were more spacious and exclusive. The French Concession also welcomed a growing number of Russian émigrés and many of the more prominent Chinese merchants and entrepreneurs, amongst whom were C.Y. Wong and his family.

The number of Japanese nationals living in Shanghai was also becoming more pronounced, although the Japanese tended to congregate in Hongkou (虹口), in the north of the International Settlement and beyond. This area became known as Little Tokyo.

The Foundation for Growth (1911–1918)

The environment at this time in Shanghai was one of innovation and experimentation, when most things seemed possible, given sufficient vision, effort and willpower. In 1911, Chi Yue and his friend Cui Fuzhuang, along with Yang Xingdi (楊杏堤), a textile engineer who had studied in Japan, resolved to set up their first small workshop to test the new technologies. The three partners bought a few thatched cottages in Tangshan Road (塘山路) in the Hongkou (虹口) area of Shanghai, on the northern border of the International Settlement. They divided their space into three areas: One for mercerizing, one for bleaching and one for dyeing. This was the base for their long hours of experimentation with the chemicals, dyes and vats that they had imported from Japan, thanks to a modest loan from one of the traditional Ningbo banks, with whom C.Y. had good contacts.

Unfortunately, their early attempts at mercerizing did not go well. The cotton yarn shrank and cracks appeared when they tried to stretch it. These difficulties, however, only inspired C.Y. to work harder; he commuted every day between the suburbs and the city, where he continued his job as comprador at Crosfield's, while his evenings and every weekend were spent out at the cottages continuing his research and trying out many different methods to perfect the processes. C.Y. and Cui Fuzhuang then decided to recruit a dozen experienced dyeing technicians from Jiangyin (江陰), Mr Cui's home town. With their assistance, the workshop eventually succeeded in mercerizing and dyeing the high-end imported yarn, which they had chosen for its greater resistance and shine than domestic yarn, to the standard that C.Y. insisted on.

They already had access to water via a pump from a small nearby creek, so the next hurdle was access to a power source. Obtaining electricity at such rural cottages, even for

simple electric lighting, was by no means easy. C.Y.'s advantage was that he spoke English and had an unshakeable belief in what he was doing. Armed with a written proposal and with his usual dignity and grace, he went in person to visit the British manager of the power company that was then developing an electrical grid for emerging industries in the eastern part of the International Settlement. Pleasantly surprised by C.Y.'s confidence and fluent English, the manager agreed to visit the site and was won over by his articulate presentation of the case. The workshop was now connected by cable to the grid. This was C.Y.'s first independent negotiation with a foreigner, notably one in a position of authority—it must have taken courage and he must have felt quietly euphoric at its success.

Establishment of Da Feng Weaving and Dyeing Factory (1913)

C.Y.'s clear and strong vision was now truly taking shape. They had power, they had water and, most importantly, they had succeeded with their mercerizing experiments, resulting in a product that was comparable in terms of quality and style to imported yarn—the first Chinese company to do so.

The next logical step, and in fact the only option, was to expand. However, this required a significant capital investment that the three partners did not have. C.Y. thought long and hard and decided to take the bull by the horns. In 1913, he resigned from his job as comprador at Crosfield's and, with his two founding partners, brought in nine investors to the business, raising a capital of 27,000 *liang* (taels), or Regulatory Element Silver (規銀元), the money denomination at the time. Each of the nine investors was carefully chosen for his ability and financial means, as much as for his network of contacts.

Thus was Da Feng Weaving and Dyeing Factory (達豐染織廠) officially established as a semi-industrial workshop, exactly one century ago, with C.Y. as director, Cui Fuzhuang as manager and Yang Xingdi as technical director. Along with these three founders, plus the nine business investors, Da Feng employed 16 workers, making a total of 28 men involved in the new company.

Of the nine investors, one was Yu Baosan (余葆三), a successful Ningbo merchant who served on the Zhenhutatang Association of Foreign Clothes Sellers (振華堂洋布公所) and worked as a comprador for another British textile firm, Ilbert & Co. (老公茂洋行), one of the first foreign cotton factories in China, which produced and sold fine yarns and through which Da Feng was able to purchase the imported yarn it needed.

Two of the other investors, Chen Zixun (陳子燻) and Xu Chengxun (徐承勳), were bankers from the flourishing Ningbo network of traditional banks. The three founders also brought in Zhou Xinbo (周辛伯), owner of a traditional cotton distribution company; Wu Linshu (吳麟書), also associated with Zhenhutatang and a shareholder of Ewo Cottons Mills (怡和紗廠), part of Jardine Matheson & Co.; Wu Xiqing (吳希慶), who specialised in importing dyes; Bao Fengsheng (包奉生), founder of one of the first enamel factories in China; and Jiang Yangshan (蔣仰山), comprador to British firm Dunlop Rubber Co. Ltd. Ye Peizhi (葉沛之) took on the role of secretary and bookkeeper.

As well as his earlier efforts to perfect the mercerizing process, C.Y. had spent some time looking into traditional dyeing methods and discovered it was not only time consuming, but results were unpredictable, particularly for indigo blue, the most common of the natural dyes used. He realised that mechanisation and modernisation—including the use of aniline dyes and obtaining machinery from overseas—was the only way forward. However, the investment required for that was not yet in their grasp.

Instead, C.Y. resolved to focus on the cash cow of mercerized cotton, which was relatively quick to produce, fast selling and highly profitable. With its greatly boosted capital, the new company acquired more land in Tangshan Road, adjacent to the original cottage workshops, built a new mill and purchased more equipment.

While most local textile factories were using mid-grade yarn, Da Feng used only high-quality cotton to produce a high-count combed yarn that did not snap or fray and which had good lustre. The company soon found an enthusiastic client base among the tailors of fine fabrics and other local purveyors who wanted to match the quality and style of imported products, but at the lower prices that a domestic manufacturer like Da Feng could offer.

The Great War (1914–1918)

Meanwhile, from 1914 to 1918, the Great War—as the First World War was called then—was ravaging huge swathes of Europe and affecting other locations around the globe. While its European allies were busy across the waters, Japan was carefully and methodically consolidating its position in China, seizing German possessions and setting up factories and businesses in Shanghai, including textile mills. In fact, by 1916, Japan had overtaken Britain as the country with the largest number of its nationals living in the city.

As a direct result of the Great War, imports of all kinds to Shanghai dropped sharply—most pertinently, imports of yarn, cloth and dyes. The supply of mercerized yarn produced by Da Feng could now simply not keep up with demand.

In this environment, and thanks in large part to C.Y.'s excellent management and meticulous attention to all details of running the business, Da Feng rapidly took off. In little over a year, the company became the undisputed market leader of mercerized yarn and had accumulated profits of 70,000 silver *liang*, at a time when the value of silver had overtaken that of gold and had appreciated greatly against the pound sterling.

Other Chinese merchants also made their fortunes during this period and many were seeking outlets in which to invest their profits. C.Y.'s already extensive network of contacts and his finely honed social networking skills now came to the fore.

The Years of Expansion (1919–1928)

This was a crucial turning point for the fortunes of the Wong family and C.Y. was quick to take advantage of the opportune timing for further expansion. In 1919, the three founders decided to sell off part of their land in the Hongkou area, keeping some of it for what they called the 'old factory', thereby recouping some 60 percent of their original investment. This they used to buy a seven-acre plot of land in the outlying township of Caojiadu (曹家渡), to the west of the International Settlement, on the north bank of Suzhou Creek (蘇州河), and began construction of a new factory. From the factory, you could see St. John's (now a university) on the opposite side of the creek, to the south.

Caojiadu had only recently opened up to industrialisation, with just eight other industrial plants located there. The choice to transfer production to this area made absolute sense. Not only were land and labour costs significantly lower, but a basic infrastructure was already available, including gas, electricity, a postal service and a nearby train station—plus, of course, the all-important river traffic, where goods and supplies could be quickly and easily transported by barge.

In 1920, C.Y. began the long-drawn-out process of officially registering Da Feng as a limited liability partnership, with the formal establishment occurring in July 1921. The company raised 500,000 *liang* in capital and issued 25,000 shares. C.Y. received an award for his efforts and his company was simultaneously recognised by the Chinese government as a 'pioneer in the dyeing industry', winning a five-year tax exemption grant. At this point in its history, Da Feng, the first truly domestic dyeing and finishing factory in the country, was also known by its English-language name, China Dyeing Works, Ltd.

C.Y. was now ready to make the full move into machine dyeing and finishing. Over the next couple of years, Da Feng underwent huge expansion, evolving from the original

In 1911, Wong Chi Yue (王啟宇), Cui Fuzhuang (崔福莊) and Yang Xingdi (楊杏堤) set up their first small experimental workshop, which by 1913 had taken on semi-industrial status with the official establishment of Da Feng Weaving and Dyeing Factory (達豐染織廠). Further expansion took place in July 1921, when the company was formally registered as a limited liability partnership. This certificate, issued on 8 June 1928, records that event with the company premises at Caojiadu on the north bank of Suzhou Creek. Its subsidiary office location is given as Tangshan Road in the Hongkou district of Shanghai.

Members of the Board of Directors are named as Yu Baosan (余葆三), Zhou Xinbo (周辛伯), Chen Zixun (陳子燻), Xu Chengxun (徐承勳), Wu Linshu (吳麟書), Jiang Yangshan (蔣仰山) and Wang Zuolin (王作霖). Advisory Board members are named as Zhu Zhangheng (朱掌衡), Chen Shaozhou (陳少舟) and Shen Jinshun (沈覲舜).



cottage workshop into a true commercial factory. The construction of the new factory in Caojiadu was proceeding apace; now, with their newly raised capital, C.Y. and his partners seized the opportunity with both hands and invested heavily in machinery and equipment. They purchased a water pump and a steam engine, with a full set of rollers, cables and pipes to channel the electricity, steam and water to various parts of the plant, and, through their British contacts, they imported everything necessary for the industrial finishing of yarn and fabrics. This included machines for scorching, mercerizing and stentering; dyeing vats; and steel tanks and rollers for calendaring. They also invested in the new aniline dyes and ensured a good supply of chemicals essential to the production of good-quality cotton yarn and cloth. The total cost of all this investment, plus the land and the construction of the new factory, with its adjacent housing for workers, came to 325,000 silver *liang*, an unprecedented sum at the time.



The Da Feng factory buildings in Caojiadu

As well as the new factory, with its adjoining land and housing for the workers, Da Feng retained part of its original holdings in Hongkou, where the old mill was still running. The company also owned a warehouse space and an office located at 349 Ningbo Road (寧波路), in the heart of the International Settlement.

The first shareholders' meeting of the newly registered company was held in March 1921, when they set up a very clear company and accounting structure, similar in many ways to the traditional Ningbo associations, but also set within a modern business framework. The company was to be headed by an executive board consisting of seven members, each of whom served for three years with an option for re-election. The next step was to register the new Caojiadu factory with the Shanghai Chamber of Commerce and the Association of Ningbo Residents in Shanghai. Then, at the second shareholders' meeting, in 1922, Yu Baosan was elected president of the Board of Directors, while C.Y. was officially named the chief executive officer. Production began at the new Caojiadu factory in 1922.

Zhen Tai Spinners Company

It seems unbelievable thinking about it now, given how many other things were being juggled, but at the same time as reorganising Da Feng Weaving and Dyeing Factory into its incarnation as the pioneer in machine dyeing, C.Y. and his partners were also setting up Zhen Tai Spinners Company (振泰紡織廠), a new spinning and weaving business. C.Y.'s vision and daring seemed to know no bounds; he had set himself the mighty task of establishing China's first fully integrated industrial textile complex, incorporating everything from spinning raw cotton to weaving and finishing.

In 1920, the partners had bought a second plot of land, right next to Da Feng. They immediately began construction of Zhen Tai's new mill, with 25,000 spindles. A formal event was held at the Ningbo Residents' Association of Shanghai (寧波旅滬同鄉會) in 1921 to celebrate the founding of both companies.

Like its sister business, Zhen Tai began operations in 1922 under the able leadership of C.Y. Wong, who co-ordinated and harmonised the production at both factories for mutual benefit.

It soon transpired that Da Feng, with only a few dozen manual looms, was not able to process all the yarn produced by Zhen Tai. So at the 1922 board meeting, the directors of Da Feng resolved to purchase 200 new automatic looms from Britain. The company's debt was thereby increased, but C.Y. felt the risk was well worth taking. And so it soon proved. Once the looms had arrived and were in place, Da Feng was able to use all the yarn produced by Zhen Tai, as well as all the mercerized yarn from the old workshop in Hongkou.

The next problem for C.Y. to solve was that of power, which was sporadic at the best of times. Electricity consumption at the two Caojiadu plants was growing fast; not only that, but the dyeing mill needed steam. Always on the lookout for ways to be independent and to improve conditions, C.Y. realised if they invested in their own generating plant, the spare steam and residual heat could be utilised by both mills, while simultaneously reducing operating costs.

He called a meeting of the directors to discuss the idea and an agreement was quickly reached—C.Y. then ordered a 2,000-watt generator from Sulzer Brothers Ltd. of Switzerland (蘇爾壽洋行) and, in 1924, set up Feng Tai (豐泰), a 60:40 joint venture between Da Feng and Zhen Tai. The engineer Zhou Lunyuan (周倫元) was hired to head up the new company, which not only supplied all the necessary power for the two factories to ensure regular output, but also provided spare electricity that could be put to use elsewhere.

Murmurs of Unrest and the May 30th Movement of 1925

But life was not just about hard work and astonishing success, although that of course took up a lot of C.Y.'s time and energy—like any other educated man of the day, he would also have been acutely aware of events going on in the country as a whole.

When C.Y. had first arrived in Shanghai in 1902 as a student, the Qing Dynasty was in its dying days. The Republic of China was formally established on 1 January 1912, under the presidency of Sun Yat-sen, overthrowing two thousand years of Imperial rule—but the new government itself was far from stable, with its own internal conflicts and deep divisions. The Republicans were split between a number of different ideologies and political parties, including the Nationalists—notably a group later known as the Kuomintang, or KMT (國民黨)—and the Communists.

Meanwhile, the north of the country was under the thrall of feuding warlords, some supported by Japan, others by the Soviet Union. And amongst all this, a rising tide of anti-foreign sentiment was sweeping the country. The combination of all these factors was a powder keg, particularly for such a cosmopolitan city as Shanghai.

In the early 1920s, pro-Chinese and anti-Imperialist propaganda fuelled a number of strikes in the city. Then a series of savage confrontations at one of the Japanese cotton mills led in May 1925 to an escalation of hostilities, with students and unionists demonstrating against Japanese-run industries. Some ringleaders were arrested. At the trial, on 30 May, further clashes broke out between the protestors and the Shanghai Municipal Police, with a large, angry crowd assembled outside the police station on Nanking Road (南京路; now written as Nanjing Road). The police, perhaps in panic over shouts of 'Kill the foreigners', opened fire, resulting in the deaths of nine demonstrators, with dozens wounded.

The repercussions of this incident, known as the May 30th Movement, were swift and dramatic, with several outbreaks of violence, often extreme, against foreigners and foreign-run businesses; a great number of strikes and demonstrations; and the closure of a significant number of Chinese businesses in protest, all of which quickly spread across China. This was a shocking turn of events for many in the city.

The discord did not burn out until nearly the end of the year, by which time a boycott of Japanese- and Western-produced goods had taken firm root. The only silver lining to this tragic event was that Chinese factories had to step up production to meet the growing demand for domestic goods. Zhen Tai was no exception. Taking advantage of the situation, the company purchased an additional 400 looms and began production of high-quality greige goods and its own Hongfu brand (鴻福) of Oxford weave cotton cloth, to support Da Feng's output.

Bao Xing Cotton Mill

Profits and output were rising dramatically at both Da Feng and Zhen Tai. Taking a long-term view, C.Y. realised the necessity of keeping up with burgeoning demand. So, in 1925 he raised an initial capital of 700,000 *liang* to establish a second cotton spinning mill, the Bao Xing Cotton Mill (寶興紗廠), this time in Gucun township (顧家村) in the district of Baoshan (寶山), to the north of the city and on the banks of the Yangtze River (揚子江). Bao Xing started with 12,500 spindles, producing its own brand of cotton yarn, Gold Treasure Star (金寶星).

Raising the Stakes

Such enormous growth could only be sustained by a continuous influx of raw materials, machinery and power—and, of course, buyers for its merchandise. In this, Da Feng benefited hugely from the unprecedented emerging mass market in the major cities of China, particularly Shanghai, with the recent trend towards large shopping centres and department stores. Da Feng was also quick to make use of modern marketing methods and advertising campaigns.

By 1928, Da Feng had become the most successful dyeing works in the industry, while Zhen Tai and Bao Xing were also making significant annual profits. To stay ahead of the game, Da Feng now raised its capital once more. That same year, Da Feng was distributing its yarn and fabrics under 14 separate commercial brands, several of which quickly overtook the imported brands from Japan or Britain. Amongst these, the Peacock Blue brand (孔雀士林藍) had a salutary tale behind it.

Aniline Dyes and the Battle with I.G. Farben

Da Feng had been the first Chinese factory to use imported aniline dyes. Since registering as a limited liability partnership in 1920, all its products were labelled with a trademark approved by the Department of Trade and Commerce (政府工商部), 'China's first machine printing and dyeing factory', along with a logo that stated, 'Rain or shine, the colour never fades!' (日曬雨淋, 永不脫色). Unfortunately, the company had not yet grasped the necessity of copyrighting the logo, an oversight that later caused a problem.

The main aniline dye importer in China was the powerful German firm, I.G. Farben (德國德浮洋行), whose dominance was absolute—particularly with its indanthrone blue. Despite the fact that Da Feng had been using the slogan since 1920, I.G. Farben objected, wanting the phrase for its own exclusive use. This resulted in a commercial battle that continued for several years until an inequitable ruling, in 1927, handed the sole rights to the German firm, which then went on to flood the market with its 'Rain or Shine' labels, given out free with every barrel of dye they sold, with a discount offered to any manufacturer who used

the labels on products dyed with I.G. Farben's anilines. The years of fighting over the 'Rain or Shine' slogan taught C.Y. a hard lesson, which was that he always had to stay one step ahead of his competitors. It also intensified his resolve to put quality and integrity first in everything he did.

To counteract the setback with their own logo, C.Y. allied himself more fully with the British aniline importers and designed a new publicity campaign for Da Feng, based on Da Feng's own Peacock Blue brand, also dyed using an indanthrone blue but purchased through his British contacts. Da Feng's Peacock Blue brand soon became one of the most popular Chinese brands.



The famous Peacock Blue brand of Da Feng Weaving and Dyeing Factory, also known as China Dyeing Works, with the government-approved trademark: 'China's first machine printing and dyeing factory' (中國首創) of Shanghai.

The British Connection and William Charles Gomersall

Da Feng was a 100-percent Chinese owned, managed and run company. However, as with most of the budding domestic enterprises at the time, it relied heavily on the foreign community of Shanghai for imports of machinery and materials from overseas. In the case of Da Feng, their support came mainly from the British and, in particular, a man named William Charles Gomersall, who was to play a pivotal role in the destiny of the Wong family.

Gomersall, a talented electrical engineer who arrived in Shanghai in 1919 to take charge of Jardine's power and electrical department, had a rare gift for forging both personal and business friendships amongst the Chinese industrialists. It is not clear exactly how or when he and C.Y. first met, but they certainly began their lifelong business relationship and friendship around this time in Shanghai.

Gomersall also acted as an agent to buy machinery and equipment from Britain for businesses in China, Da Feng amongst them. In fact, C.Y. was one of Gomersall's financial backers when he later set up his own engineering services company in 1928—along with a handful of other leading local textile entrepreneurs, C.Y. became a director of China Engineers Ltd. (信昌洋行), which remained interconnected with C.Y.'s family businesses for many years to come. It was through Gomersall's company that Bao Xing obtained its initial spindles and looms on credit.

C.Y. had the foresight to make use of the technical superiority of the British engineers as a means for his company to evolve and grow. Over the years, he recruited a number of British technicians on short-term contracts of two to five years, to act as consultants and to train Da Feng's own workers to a high standard of independent proficiency. He did this in 1922, when he needed the technological input for the complexities of the printing and dyeing business, by hiring two British engineers, with a number of their skilled technicians, from Ewo Cotton Mills (怡和紗廠), another of Jardine's businesses in Shanghai. He paid them well and, in return, the engineers provided the vital technological backbone for success, bringing the local employees up to date with all the latest developments.

Shanghai's Shopping Boom

During the 1920s and into the 1930s, Shanghai sprouted a number of large department stores, notably on Nanking Road, in the heart of the International Settlement, a road that opens up at its eastern end onto the Bund and which even today is considered one of the world's foremost shopping streets.

Da Feng's most important client was the Hong Kong-based Wing On department store, which opened its Shanghai branch on Nanking Road in 1918. In the mid-1920s, Da Feng had up to 70,000 pieces at Wing On, including trousers, shirts, linen, coats and a range of different woven and printed fabrics. This relationship with such a prestigious store did much to intensify the popularity of Da Feng's products.

Wing On Department Store on Nanking Road, circa 1918



The Winds of Change (1928–1936)

Up to now the story had been one of phenomenal self-control and efficiency in the midst of the staggering and highly complex growth of C.Y.'s enterprises. It seems he was an unstoppable force who was able to channel everyone's energies into a highly structured organisation, simply through the strength of his will, determination and vision. However, this high degree of order and astonishing progress was soon to be rocked by chaos and drama. Surely C.Y. could not sustain this growth? Or could he...?

The increasing ideological split between the left and the right had led to outright civil war in 1927. On 12 April of that year, the escalating conflict between the Nationalists and the Communists came to a head in Shanghai, when the Kuomintang (KMT) purged their party of left-wing factions, leading to the arrest and execution of hundreds of Communist party members. By July 1928, the Nationalist party of the Kuomintang had become the internationally recognised official government of a nominally unified Republic of China, under the leadership of Chiang Kai-shek.

As soon as the new government was ensconced, it started to take over previously autonomous organisations, such as the Chinese Cotton Spinning Merchants Association (華商紗廠聯合會) in Shanghai, of which C.Y. had been a director since 1924. In 1928, this became the All China Cotton Mills Federation (中華紡織業聯合會) and C.Y. was invited to be a director. He also assumed duties as a director of the All China Industry and Commerce Federation (中華全國工商業聯合會). The KMT now also began to intervene in the operations of some of the banks.

T.Y. Makes His Mark

By the end of 1928, both C.Y.'s eldest sons were working in the family business, his first son Kin Sun (王芹孫; later known as K.S.) in his managerial role at Da Feng and his second son Toong Yuen (王統元, T.Y.) in a lesser position as engineer at Bao Xing. In T.Y.'s case, he recognised that Bao Xing was in dire need of an overhaul. Far from letting himself get despondent, T.Y. took on the task of surveying everything, from production to processes, after which he devised a number of new management strategies and technological innovations.

C.Y. took a careful look at his son's plans and was very pleasantly surprised, so he immediately gave his consent to T.Y.'s bold reforms, which paid off in a very short time. New looms and spindles were imported from Britain and installed, quickly bringing T.Y.'s plan to fruition. Bao Xing's Gold Treasure Star (金寶星) soon became a much sought-after brand of cotton yarn. Some of T.Y.'s suggestions for improving output and conditions were then also transferred to Zhen Tai. This was C.Y.'s first inkling of his son T.Y.'s extraordinary capabilities.

At this point, production at the Shanghai mills was nearing saturation point, so C.Y. took the next step and established another mill, this time in Nantong (南通), in Jiangsu Province, to ensure the regular demand for greige goods could be met. The new company was called Da Ji Cotton Mill (達記織布廠) and was set up in 1930 in a rented plant, starting with 200 looms. T.Y. was now entrusted with the managerial role at both Bao Xing and Da Ji. He commuted between Shanghai and Nantong several times a month to fulfil his duties in the two factories, both of which made rapid progress thanks to his indisputable managerial flair.

C.Y. Diversifies His Assets

Meanwhile, C.Y. felt able to step back a little from the day-to-day operations of all his businesses; his two eldest sons could now take some of the weight off his mind. By the end of 1928, Da Feng was the most productive dyeing works in the industry, while Zhen Tai and Bao Xing were both well managed and productive. It made sense for C.Y. to begin thinking about diversifying his assets.

As well as becoming a director of China Engineers, C.Y. also had a finger in many other pies. He invested in the Zhoushan Shipping Company (舟山輪船公司) in 1930; the Xinhe Cotton Mills (信和紗廠) in 1933; the Tai Shan Insurance Company (泰山保險公司), which he jointly established in 1934 with Xu Xinliu (徐新六) of the Zhejiang Xingye Bank (浙江興業銀行); the Shanghai Worsted Mill Limited (上海毛絨紡織廠), also in 1934; and the Xingye Iron Works Limited (興業鋼鐵廠) in 1935.

C.Y. also decided to invest in a number of banks, including the Tong Yuan Bank (統原銀行) and the All China Quan Gong Bank (中華勸工銀行), of which he became a director. Thus, C.Y. extended his interests far beyond the textile field.

As if he didn't have enough to do, in 1933 C.Y. also invested in a small, run-down silk and embroidery business called Dai Wai, taking a 100-percent stake in the company. Located at 1299 Kangding Road (康定路), in the International Settlement, it originally produced silk-poplin, but had been running at a loss for a number of years. This business was later to become highly significant to the family.

Despite the winds of change during these years, Shanghai's economy was booming and many of the industrialists, including C.Y., were enjoying prosperous times.

Conflict and the January 28th incident of 1932

But the tide was turning faster than anyone could have foreseen. On 19 September 1931, the Japanese invaded Manchuria and established a puppet government under their control. This provoked anti-Japanese sentiment throughout the country, from which Shanghai was not immune. Protests and violence erupted on the streets of the city and, once again, calls went out for a boycott of Japanese-made goods.

On 28 January 1932, a Japanese aircraft bombed Shanghai and troops attacked various targets in the city, basically taking control of Hongkou in the north of the International Settlement. Chinese forces soon arrived and put up a fierce resistance, while the conflict spread further out towards much of Chinese-controlled Shanghai. By the end of February, Japan had over 100,000 troops in the city, backed up by aerial and naval bombardments. The Chinese forces, outnumbered and outmanoeuvred, with insufficient ammunition or

reserves, withdrew on 3 March 1932. The Japanese retained control of Hongkou, wresting authority away from the Shanghai Municipal Council, and installed their own armed forces in the district. The Chinese were now forbidden to station any troops in Shanghai. Sporadic fighting and outbursts of dissent continued for a few months, but an uneasy peace soon prevailed, although the atmosphere in the city was necessarily muted for some time to come. But some were lucky—apart from the area of Hongkou, the International Settlement and the French Concession were left relatively unscathed.

War Years (1937–1945)

It was not until 1937 that full-scale war broke out between the Republic of China and the Empire of Japan. The Second Sino-Japanese War, as it became known, was sparked by the July 7th Incident, when Chinese and Japanese forces clashed at Lugou Bridge (Marco Polo Bridge; 廬溝橋), on the outskirts of Beijing. C.Y.'s fifth and youngest son Foo Yuen (王福元, F.Y.) was then a student at Yenching University (燕京大學) in Beijing. Realising that events would now turn much nastier than the other so-called 'incidents' that had plagued the country for several years, C.Y. immediately summoned F.Y. back to Shanghai.

The Second Sino-Japanese war was the largest in Asia during the 20th century and lasted until the end of 1941. At that point, it merged into the Pacific War, one of the major fronts of the Second World War.

The Battle of Shanghai and the Destruction of the Factories

On 13 August 1937, the fighting arrived on the city's doorstep. The Battle of Shanghai was the first of many major engagements fought between the two sides, in fact one of the largest of them all, with the highest number of casualties. The district of Baoshan, in the far northeast of the city, was extremely hard hit and fell to Japanese control on 6 September. The Bao Xing mill was heavily bombed and the property was totally destroyed.

Next to be affected were Da Feng and Zhen Tai, in Caojiadu, both of which were forced to stop production. These two factories, the lifeblood of C.Y.'s business empire, were then requisitioned by the Japanese military and handed over to Toyota Spinners Ltd. (豐田紗廠), along with all machinery, raw materials, yarn, greige goods and other stock, as well as the Sulzer generator.

C.Y.'s thriving business, built up so carefully and methodically over many years, now lay in ruins. What was of primary concern to him and to his son T.Y. was that the livelihood of all their workers was tied up in the factories—they both felt a deep and abiding sense of responsibility towards all their employees.

Luckily, a small amount of stock was still safe in some of the warehouses outside the city. That was sold to provide an immediate cash flow and a little breathing space between bank loan repayments. C.Y., together with his sons and partners, clearly had some serious thinking to do if they were to find a way to recover from these blows.

Salvage Operations and Rebuilding the Enterprise

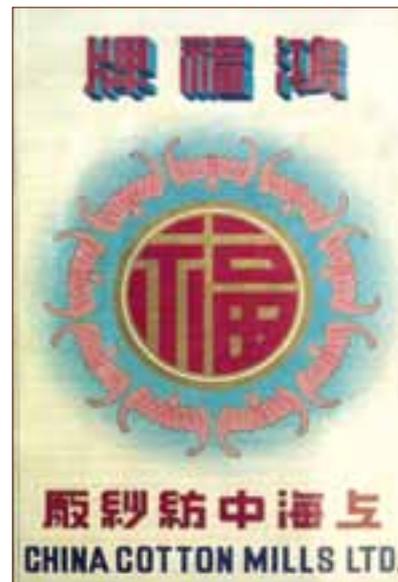
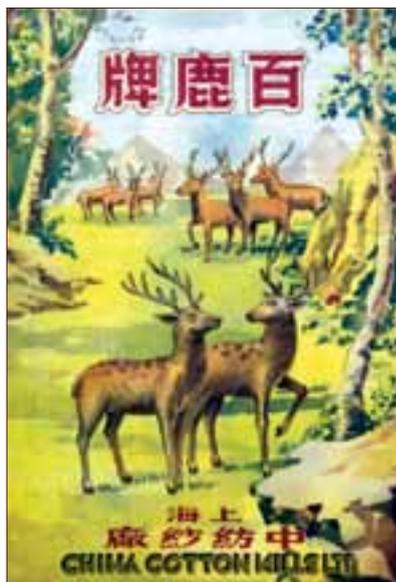
Neither C.Y. nor T.Y. were the kind of men to sit around and let disaster swallow them up; they immediately looked for ways to reverse the situation. The first thing to do was to salvage whatever equipment and machinery they could.

T.Y.'s most urgent task was therefore to recover what he could from Bao Xing. As soon as it was reasonably safe to do so after the bombing, he surreptitiously went to the ruins of the factory with two of his colleagues, Yu Tifong (俞體芳) and Zhou Yukong (周豫康). They arranged to transfer anything and everything salvageable, initially to a building they had temporarily rented for that purpose in the French Concession.

Meanwhile, C.Y. obtained a loan from the All China Quan Gong Bank, of which he was a director, and rented some vacant land on Yanping Road (延平路), in the western part of the International Settlement. There he built a more permanent structure to store all the spindles and other equipment T.Y. had rescued from Bao Xing, as well as anything that had been removed from Da Feng and Zhen Tai—T.Y. had also gone to Caojiadu with his two loyal colleagues, Mr Yu and Mr Zhou, at great risk to themselves, under deep cover of night when no Toyota staff would be present, to secretly dismantle and cart off as much of the equipment as they could.

It seemed there was only one option that could lead to the avoidance of further Japanese interference. So, with a number of other industrialists, C.Y. applied to the British government in Hong Kong via diplomatic channels to register their businesses under the British flag. First, he commissioned his old friend and business associate William Gomersall to negotiate with the Japanese for the return of C.Y.'s Caojiadu premises, sadly to no avail.

Undaunted, C.Y. and T.Y. decided that for greater management efficiency and to cut costs, including those for transporting raw materials during wartime, they would liquidate Da Feng, Zhen Tai and Bao Xing and re-establish them under one umbrella. The new company, founded in 1939 and now registered as a British public limited company, was known as China Cotton Mills Ltd. (中紡紗廠).



C.Y. then put all his energies into rebuilding his business enterprise. On the land in Yanping Road, he began construction of a new factory with the printing and dyeing equipment rescued from Da Feng and all the spindles removed from Zhen Tai, along with all those still usable from the bombed-out Bao Xing mill. In all, they had a respectable 20,000 spindles. China Cotton Mills was ready to begin production early in 1940. So successful were they that the directors decided to list the company on the Shanghai Stock Exchange and to issue shares on 4 September 1941, resulting in a record oversubscription. This illustrated not only the prominence of the company, but also the remarkable amount of idle funds available in Shanghai at the time.

The business community as a whole was also doing its utmost to overcome the severe adversities of the day. A new association of textile industrialists was founded in Shanghai around this time, the Six-District Cotton Spinning Industry Association (Jiangsu-Zhejiang-Anhui-Jiangxi-Shandong-Shanghai) (蘇浙皖贛魯滬六區棉紡業者同業者公會). Because of his exemplary reputation and his widely recognised business acumen, C.Y. was unanimously voted in as chairman.

The Second World War and the Occupation of Shanghai

Just when people thought they could breathe again, world events took a dramatic turn for the worse. On 8 December 1941, on the day the Japanese attacked Pearl Harbour, closer to home the British Royal Navy river gunboat HMS *Peterel* was sunk by the Japanese cruiser *Izumo* after refusing to surrender. In a matter of hours, the Japanese invaded the International Settlement and the French Concession, where the Wong family lived. Thousands of leaflets were dropped from planes over the area, exhorting the people to stay calm and to ‘trust in the benevolence of the Imperial Japanese forces’. Troops were everywhere, controlling the streets, the schools and the transportation. It was a frightening time; many Chinese people, as well as foreigners, were arrested, detained or disappeared; many banks and businesses were sequestered by the Japanese—including China Cotton Mills. Shanghai was now a fully occupied city.

Once again, the Wong family businesses had no choice but to completely cease operations; all the employees had to be dismissed. This was a catastrophe of massive proportions and a serious blow to the morale of both C.Y. and his son T.Y., who was now managing China Cotton Mills with C.Y. taking a supportive back-seat role.

Soon after the invasion, the Japanese Military Commerce Federation (日軍統商會) imposed a monopoly on all textile products. They ordered a compulsory sale of all remaining stock from the company’s warehouse on Ningbo Road, for which they paid half in gold and half in Japanese wartime money coupons, which were basically worthless. The finished bolts of printed cloth at China Cotton Mills suffered the same fate. So now there was no production, no stock and no employees. Also, sea transport in and out of Shanghai was suspended, so raw materials and supplies were out of reach. Even food was rationed during these times.

Yet again, lateral thinking and the willingness to take a risk were required. T.Y. discovered a loophole that could be exploited—the weaving of cotton was now prohibited in the city by anyone but the Japanese mills, but in the countryside weaving with local cotton, of a lesser quality and in only small quantities, was still permitted. China Cotton Mills therefore rented a small weaving workshop out in the village of Luodian (羅店) and began spinning operations with only 800 spindles. A number of other local cottage industries, albeit small scale, were also set up in the surrounding areas.

In 1942, at the age of 33, T.Y. set up a new company, Tai Shan Textile Company (泰山紡織廠) in Changshu (常熟), to the northwest of the city, taking the helm with his youngest brother F.Y. as deputy. With 4,000 spindles, plus the output from the smaller cottage workshops, production just reached sufficient levels to ensure operational viability during this critical time. The family was back in business once more.

The following summer, F.Y.—who in July 1941 had just embarked on his business career as secretary at China Cotton Mills—went on to run the Fu Xin Trading Company (福新貿易公司), transporting the cotton yarn from the Wong family’s recently established small-scale mills to sell to the inland provinces. He was also involved, in 1945 when the political and economic situation was still tumultuous, in organising and overseeing the conversion of profits from sales of this yarn into gold bars and bringing those back from Anhui Province (安徽省) to Shanghai at a time when money could not be transferred any other way.

These years, working with both his father C.Y. and his brother T.Y., gave F.Y. a solid grounding in all areas of his family’s business, from the practical aspects of spinning and weaving, to the administration and management of mills and other related logistical and investment businesses. He also learned the importance of supporting and helping those who worked for the family. F.Y.’s own, ultimately unique story also later played a determining role in the history of the Wong family business.

Planning for the Future (1945–1948)

With the end of the Second World War and the surrender of the Japanese on 15 August 1945, a collective sigh of relief was heaved. The general feeling was that things could only return to normal, slowly but surely.

Business Restructuring

C.Y. was now making plans to restructure and revive his business empire. He already had supreme confidence in T.Y.'s abilities to take over the reins and, having watched his youngest son during the difficult years of the war, he also recognised F.Y.'s competence. C.Y. was thus assured of the prospects for the family businesses and, moreover, had sufficient peace of mind to start contemplating his own future retirement plans.

Conditions were ideal in Shanghai. The International Settlement and the French Concession had reverted to Chinese control and it seemed the new Nationalist government was relatively stable. The Japanese mills, now in the hands of the government, had previously accounted for about half the industry, so competition was essentially eliminated. Imports were once again flooding into the city—prices for raw cotton were low, while those for yarn, fabric and clothing were high after the shortages of so many years. This was a golden opportunity for the textile industry. A general feeling of optimism pervaded the city and the business community.

C.Y.'s first step, in 1945, was to invest personally in his small 100-percent-owned Dai Wai mill. This was completely restructured in September and registered as Dai Wai Textile Manufacturing Works (大緯織造廠), now jointly owned by C.Y. along with his five sons and each of their wives. This factory, on Kangding Road, soon expanded into greige goods and other speciality products. C.Y. entrusted this to the management of his youngest son F.Y.



A banquet of honour given for Wong Chi Yue (王啟宇) and other directors of Da Feng, held in the grounds of C.Y.'s home in Shanghai. Standing in the back row: C.Y.'s fifth son, Foo Yuen (王福元, F.Y.), first left; third son, Lien Yuen (王濂元, L.Y.) second left; second son, Toong Yuen (王統元, T.Y.) first right. Front row: C.Y., fourth left; first son, Kin Sun (王芹孫, K.S.), far right.

F.Y. took on this responsibility with gusto, improving management practices and reducing production costs, while concurrently ensuring higher and more consistent quality. Within a surprisingly short time, F.Y.'s efforts had paid off and Dai Wai's good reputation was firmly established, along with healthy profits. F.Y.'s skill as a manager and entrepreneur in his own right was now unassailable.

Also, with the Japanese withdrawal from Shanghai, the Caojiadu premises were back in the hands of the family. The first thing to do was cancel the British business registration for China Cotton Mills and to re-register with Chinese status. A new Board of Directors was elected and the company was re-established in 1946 under T.Y.'s control. It was then expanded into two plants, the first in Yanping Road and the second back in Caojiadu, in the old Zhen Tai factory building.

T.Y. was acutely aware of the need to properly equip the mill. He placed an order for 30,240 spindles from a British company, Tweedales & Smalley, through their Shanghai agent, China Engineers. Meanwhile, production went ahead with the spindles already in place in the Yanping Road factory, as well as those still in the repossessed Caojiadu plant. He also grasped the imperative of introducing new vocational and technical training programmes. Accordingly, T.Y. launched a two-year technical training programme at China Cotton Mills for 35 staff members. Such advanced training—ranging from quality assessment of raw cotton to quality control of cotton-mix fabrics, as well as providing a solid grounding in various cutting-edge production and management systems—was rare for private enterprise at the time. But success for China Cotton Mills followed quickly on the heels of these moves.

In addition to and in conjunction with this in-house programme, T.Y. also hired a number of Japanese textile specialists as consultants to train his staff and to improve quality in all areas. Chen Defang (陳德方)—T.Y.'s old boss from when he first worked at Bao Xing Cotton Mill in the 1930s—was now manager of the Chinese-government owned No. 17 Mill, previously a leading Japanese mill known as Naigai Cotton Company (內外棉). T.Y. and Mr Chen had stayed in touch after the latter left Bao Xing and had become good friends. Knowing T.Y.'s desire to pursue excellence in all things, as well as his admiration for the technical mastery of the Japanese, Chen Defang introduced him to the Japanese expert Mr Hasegawa (長谷川), who had chosen to stay on in Shanghai after the war and to continue his work at No. 17 Mill. T.Y. saw this as the perfect opportunity to inject the superior technologies and management systems used by the Japanese into China Cotton Mills, so he immediately employed Mr Hasegawa along with his small team of technicians. Together, they set up an intensive series of training programmes for a group of T.Y.'s most trusted staff, including K.J. Leigh (雷克儉), F.T. Shaw (邵輔佐), S.C. Cheng (程世昌), H.F. Yu (虞孝傳), S.H. Luk (陸成憲), C.C. Ho (何青長) and C.F. Sun (孫志芬). A couple of years later, in 1949, all these gentlemen would move to Hong Kong to work at the newly established Hong Kong Cotton Mills.

C.Y. now also felt a great desire to restore the fortunes of his original dyeing and weaving business as a separate entity to support the spinning mill. With this in mind, at the beginning of 1947 he re-established Da Feng Weaving and Dyeing Factory (China Dyeing Works), in its Yanping Road premises. This business had become very run down during the war years, with production at a near standstill. C.Y. invited his youngest son F.Y. to take on the day-to-day running of this factory as general manager, a task he rose to with alacrity.

F.Y. realised that his task would not be possible without significant financing, so he borrowed money from his brother T.Y., using Da Feng's original mill at Caojiadu as surety. He then initiated sweeping reforms that resulted in a return to profitability within only one year. He hired new staff, strengthened management and the overall organisation of the factory and focused on quality. Every Saturday afternoon he met with members of the administrative team at the factory, discovering first-hand what the issues and difficulties were at every level and proposing optimal solutions.

Under his stewardship, Da Feng soon achieved significant gains, making it the most profitable enterprise in the sector and re-establishing its leading position in the Chinese dyeing industry. The essential loan from T.Y. that enabled his brother F.Y. to make such a dramatic turnaround in this important family business was quickly repaid in full.

Resumption of War: Out of the Frying Pan and into the Fire (1946–1948)

In July 1946, just six months after C.Y. had announced a desire to step back from active business life and while in the midst of various business restructuring initiatives, the civil war between Nationalist and Communist forces resumed with a vengeance, principally in the north. At first, it all seemed very far away from Shanghai and so, while aware of the situation, many people were not overly concerned—at least not initially.

But the dangers soon became clear. The ongoing and worsening civil war raised increasing concerns for people's physical safety, while rampant corruption and mismanagement by the government drained the country of foreign currency reserves. Now hyperinflation, frequent and sudden changes in the monetary scrip and compulsory surrender of gold to the KMT government all meant that financial and economic existence was extremely precarious. To safeguard against this, C.Y. and T.Y. had been gradually re-routing substantial deposits to Hong Kong.

T.Y. had been travelling back and forth between Shanghai and Hong Kong for some months now, investigating the options and possibilities of setting up a business there. In 1947, with C.Y.'s blessing, he established the family's first cotton spinning business in Hong Kong, Peninsula Spinners Ltd. (九龍紗廠), one of the first three such mills in Hong Kong, with 7,000 old spindles that had been retrieved from the Tai Shan mill.

In the early months of 1948, to add to the chaos resulting from new victories by the army of Mao Tse-tung, the KMT government prohibited all foreign imports of machinery and equipment. They also seized control of all foreign exchange, thus effectively ruling out letters of credit as a viable business transaction.

All T.Y.'s carefully laid plans to rebuild and restructure China Cotton Mills, with new modern equipment and machinery from overseas, were now completely stymied.

Big Decisions (1948–1949)

After one year of operating Peninsula Spinners, T.Y. had gained a reasonable degree of confidence in Hong Kong. In the face of the sudden impending disaster back home, he displayed very quick thinking by establishing a second company there, on 31 March 1948, as a private limited company registered under the business laws of the British Crown Colony of Hong Kong. This was Hong Kong Cotton Mills Ltd. (香港紗廠).

On 30 June 1948, an important meeting of the directors of China Cotton Mills was held in Shanghai, attended by C.Y., T.Y. and his elder brother K.S, Cui Fuzhuang (崔福莊) and William Gomersall. They promptly reached an agreement to divert the planned shipment of 30,240 spindles from Britain—now prohibited from being delivered in Shanghai—to the new company in Hong Kong, where payment could be made using funds previously deposited in the colony.

T.Y. also immediately implemented a training programme for approximately 800 workers, both men and women, from the Yanping Road factory and the Caojiadu plant. His plan was to send these trained workers to Hong Kong by ship in groups of about 200 at a time, a process that began in May 1949.

The agreement reached that day in June 1948 was decisive; there was now no turning back. It was clear to C.Y. and T.Y. that Shanghai was no longer feasible; there was no option but to leave their beloved city. But where to go was the issue...

The Pros and Cons of Hong Kong

Many other Shanghai industrialists were similarly wondering about the future and looking at their choices. Some contemplated Taiwan, others Brazil. But after much careful thought and a thorough investigation, T.Y. was reassured that Hong Kong was a viable alternative. But why Hong Kong, a place with so many disadvantages?

Hong Kong was, and is, incredibly hot and humid—and as every textile worker knows, humidity is the great enemy of cotton spinning. Also, the population of Hong Kong at that time was only about 500,000, insufficient to be assured of a pool of labour, let alone a workable market for the yarn. A third drawback, and one that had to be seriously considered, was its close proximity to China. If the civil war escalated even further, would Hong Kong be immune? On top of that, its status as an entrepôt was deteriorating fast, so even moving into trade, rather than manufacturing, was dubious. Plus, the quality of life in Hong Kong was a definite step down from that in Shanghai.

However, one of the main benefits of Hong Kong was its free port status—materials and machinery could be imported from anywhere in the world and products could be safely exported globally. Even though the Wong family had never really had to think about exports—China being more than big enough a market for its businesses—T.Y. had a feeling that having a window to the world and getting into the intricacies of exporting would become critical to business survival. There was also the fact that Hong Kong, being a British Crown colony, was run under the rule of law; the British might also act to protect Hong Kong in the event of any incursion by China. As well, Gomersall's company, China Engineers, had a branch in Hong Kong so there was friendly assistance and a close business connection already in place. And finally, there was a sense that there simply wasn't any other choice.

T.Y. understood that it was a risk, but he firmly believed that in order to win, you had to take risks—and the bigger the risk, the bigger the potential win. The decision to move to Hong Kong was made.

Family Discussions and Business Arrangements

The Communist forces were getting closer each day, while the current Nationalist government was in chaos. C.Y. now called the family together for a conference. This was a very tense time, often with stony faces around the table. C.Y. and T.Y. were both adamant about leaving Shanghai and moving to Hong Kong—in fact, of C.Y.'s five sons, it was only F.Y. who remained unconvinced. He was the sole member of the family who chose to stay and make a go of things in Shanghai. As the youngest son, he felt in some way responsible for looking after the family's assets in the city. By then, too, F.Y.'s business career was really taking off—he had a successful factory to manage, a lovely home, good friends and a happy family and social life. He was understandably reluctant to give all this up for an uncertain future in an unknown place. Plus, he had confidence, albeit perhaps naïvely, that Communism might just work; in any case, he felt it was worth giving it a chance and he felt he could really do something for his country. His eternal optimism, coupled with his delight in rising to challenges, gave him hope that he could deal with whatever was to come and that he could make a success of it.

Before they took any further steps, C.Y. worked closely with his second son T.Y. to ensure that China Cotton Mills was left in safe hands. C.Y., T.Y. and K.S. together still owned over 60 percent of the company shares, the rest divided between the other four directors, including William Gomersall and Cui Fuzhuang. When both C.Y. and T.Y. were satisfied that everything was in order at the company, they wasted no time initiating plans for the next chapter of their lives.

Options for getting out of the country were now narrowing fast. The only way to obtain transportation was through having good connections and influence; the only way to pay for

tickets, of any kind, was in gold bullion. Throughout the year of 1949, therefore, the majority of the Wong family left Shanghai in small, separate groups using different routes and a variety of transportation. F.Y. remained in the city with his own immediate family.

By 1 October 1949, Mao Tse-tung and his Communist Party had won the war and proclaimed the People's Republic of China, with its capital in Beijing. The country was now closed off; nobody could get in or out for many years to come.

Life in Shanghai under the Communists (1949–1959)

At first, things seemed to be going well for F.Y. in Shanghai. Thanks to his reputation as a 'patriotic industrialist' and his clear talent, he was initially treated with respect. He was elevated to a number of official posts, including, in 1950, to the board of the newly established Shanghai Textile Association (上海市染織業工會), where his opinion was sought on a number of issues. Thus, F.Y. was able to use his experience and initiative to guide and influence the management of the textile industry in Shanghai, at least in the early stages.

But it was not long before the Communists started introducing changes that meant production at the factories in Shanghai became increasingly difficult to maintain as the supplies of raw cotton dried up. Little by little, but inexorably, the independence and entrepreneurial spirit of the Shanghai business community was eroded. The Communist government started closing down markets and imposed very strict price controls. F.Y. could no longer buy cotton directly from overseas, but rather had to buy from the government at a price they stipulated and sell the cloth at a fixed price of their determination. This of course negated most, if not all, of the profits.

The government then started to compel businesses to reorganise into large co-operative structures, while new unions of workers were set up, based not on skill or experience or ability, but rather, the lowest-paid workers were now able to issue orders to their employers. This turned every common-sense business practice on its head. Not surprisingly, all normal commerce came to a standstill and businessmen like F.Y. became increasingly powerless within their own companies.

The Final Straw

In the face of many changes and challenges, F.Y. continued to do his utmost to ensure the continual operations of the family's businesses. As part of its First Five-Year Plan (1953–1957) for economic development, the Communist government was demanding that factories be merged into single large-scale businesses. They put increasing pressure on F.Y. to agree to the merger of Dai Wai, which was 100-percent owned by the Wong family, with other factories. Eventually, despite every attempt to resist the coercion, F.Y. had no choice but to succumb.

So, in July 1954, Dai Wai and Da Feng, both then under F.Y.'s leadership, applied to the Shanghai Industrial Production Committee (上海工業生產委員會) to amalgamate with China Cotton Mills, C.Y. and T.Y.'s concern, under the umbrella of a large government-run business. This new co-operative structure was put in place on 1 October 1954, while an official celebration to mark the amalgamation was held at the end of November 1954. The new company—now only partly privately owned and under government control (公私合營)—was placed in the hands of the Shanghai Spinning and Weaving Control Bureau (上海棉紡織業同業公會), with F.Y. still nominally the general manager.

What this meant in reality, however, was that C.Y. Wong and the family had completely lost control of their hard-won heritage.

To be continued...