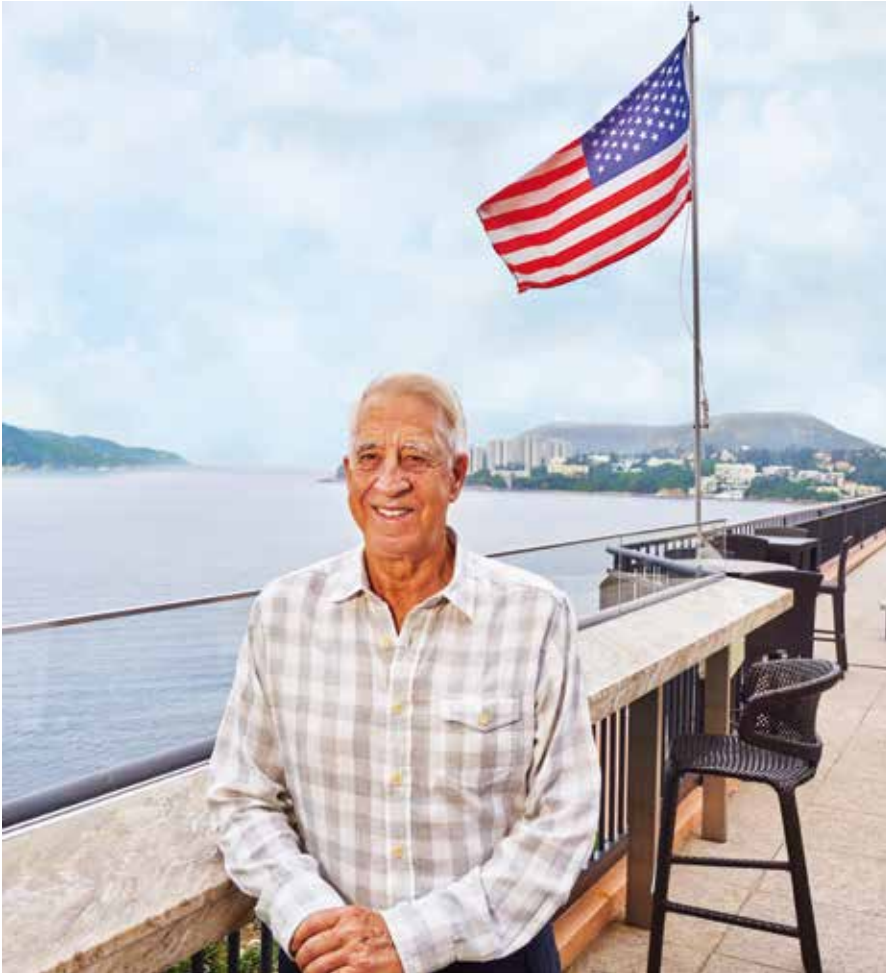


Two Locations, One Club

Bold decision secures positive future



Rick Kroos stands in his namesake, Rick's, taking in the panoramic views of Stanley Beach and Tai Tam Bay.

The Country Club's poolside bar is a tribute to Mr. Kroos, who, as the Club's 1982 President, spearheaded the purchase of the Club's town and country properties. This daring and momentous decision played an instrumental role in shaping the Club's direction and securing its future.

In his own words, Mr. Kroos recounts his long and storied relationship with the Club.

A new home in Hong Kong

As a young, aspiring commissioned officer in the U.S. Army Corp of Engineers, I arrived in Hong Kong from Vietnam in July 1969. My thoughts were filled with excitement and anticipation. Hong Kong was a completely foreign experience to me. It was rich and old, exotic and historic. It had an addictive avant-garde flavor that I was keen to explore, and perhaps settle.

Soon after, I joined J. Roger Preston & Partners (JRP), a prominent British building services design consultancy.

My first assignment was to commission JRP's designed engineering systems in St. George's Building. At the time it was Hong Kong's tallest and most technically advanced building, known for its bronze-colored, aluminum curtain wall facade.

Fortuitously, this introduced me to the Kadoorie family, the owners of St. George's Building. They had unwavering confidence in Hong Kong and were committed to completing the building, despite the drastic downturn in the office market. In meetings with them I learned a valuable lesson of what the American presence and the Club meant to Hong Kong. The Kadoories expressed a strategy to entice The American Club to become the core tenant at St. George's Building. They understood the intrinsic value the Club had within the local community and believed the move would attract American corporations.

This experience with the Kadoories left an indelible impression on me that would prove invaluable a decade later during my Club presidency in 1982.

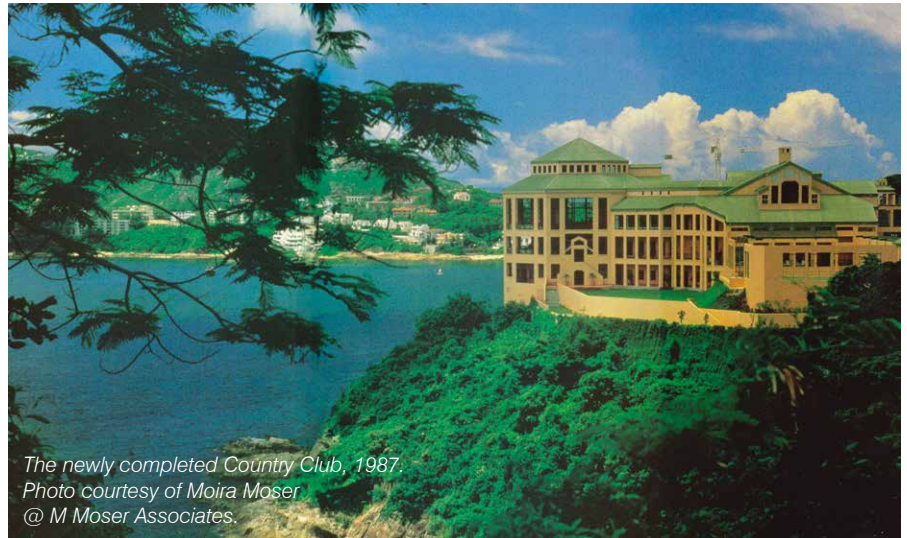
Hamburgers, hot dogs and a dilemma

The Club became our family's home away from home. We enjoyed swimming galas, chaperoning our daughters to Cotillion events, attending holiday celebration parties, and of course partaking in the American tradition of hamburgers and hot dogs. It became our key social connection with local and expat families.

Globally, there was a great deal of volatility and uncertainty during the early 1980s. In Hong Kong, it was a time of general malaise that would cause the Club deep concern and soul searching. The territory was dealing with a world oil recession, bank interest



The architects, (L/R) Karl Smith with Moira Moser and William Turnbull Jr. on the Country Club site before construction. Photo courtesy of Moira Moser @ M Moser Associates.



The newly completed Country Club, 1987. Photo courtesy of Moira Moser @ M Moser Associates.

rates that reached almost 20%, and a property market in the doldrums. Furthermore, concerns about the upcoming handover in 1997 resulted in a 'brain-drain' as talented local families emigrated overseas.

Faced with a large rental increase at St. George's Building, the Club's options were limited. It could either cap future membership and increase members' dues to meet an operational breakeven or be bold and devise a debenture scheme to raise money to purchase Club premises. The decision was made even more difficult because American corporations and entrepreneurs insisted on a country club facility for families, as well as a business-oriented town club, if they were to purchase debentures. Overnight we were looking for two Club properties requiring a much greater investment than initially budgeted. However it was not all doom and gloom. There was optimism on the horizon.

Town and country

Upon reflection, a turning point for me, career-wise, was an invitation to become a JRP equity partner in 1975. I soon understood that ownership came with responsibilities to employees and their families during challenging times, but that the



The lawn and swimming pool, 1987.

rewards of controlling one's destiny were worth calculated risks over the long term.

In 1979, the U.S. and China re-established diplomatic relations and signed a bilateral trade agreement that would open Chinese markets to U.S. corporations and consumers, so we anticipated an influx of American companies and had good reason to believe the Club's membership would grow.

The decision to purchase properties was driven by a timely opportunity to negotiate reasonable terms with a local developer. Hongkong

Land was our chosen developer for several reasons. Foremost, they had purchased the site for Exchange Square at a price that was substantially greater than the market value. In phase 1, they planned to construct 1.2 million square feet of space in a market that was virtually non-existent. And it just so happened JRP were the consultants involved, allowing me to be privy to the owner's dilemma in letting this office space.

Crucially, HongKong Land was also able to offer a site on the southside of the Island in Tai Tam, close to the American school and where many Club members lived.



The formal dining room was fitted out with decorative trusses and a central lighting fixture inspired by local squid nets.

Negotiations were challenging until both parties realized it would be a win-win. Fortunately, Hongkong Land agreed to finance the Club shortfall in debenture sales until the economy improved. We proceeded to raise HK\$200 million to finance the purchase, construction and fitout of both the country and town properties. The Club, for the first time, would take control of its destiny by owning tangible assets and the leases on both properties.

Risky business

It was an audacious and bold move, but I felt confident we could make a success of it. With the support of the Club and membership, we pitched a comprehensive proposal in an Extraordinary General Meeting on February 28, 1983.

Before that, I made a commitment with fellow board members Terry Ahearn (Club President 1983) and Tom Greer (Club President 1984), that they would succeed me as President and see the projects through to completion. Our relationships went beyond friendship — it required a strong chemistry and a shared optimistic ethos to honor the trust the

membership had bestowed upon us. I feel particularly proud having spent the three years after my presidency overseeing the construction and completion of both properties, on time and within budget.

Interiors and exteriors

The choice of professionals to design the Country Club and interior of the Town Club was extremely important. We advertised internationally and invited shortlisted candidates to Hong Kong for interviews.

We commissioned Texas-based Gary Whitney of 3DI for the Town Club. His creative and novel designs included a family-style '49ers chuckwagon' with denim upholstery for the seating, and a grill room for formal dining with majestic views of the harbor. Wisely, Whitney provided a grand staircase to connect the Club floors and function rooms.

Architect William Turnbull Jr. won the commission for the Country Club. He was a mild-mannered, unpretentious person who instantly captivated the committee with his delicate and sympathetic approach to the landscape. He positioned the Country Club to take full advantage of the vistas overlooking Tai Tam Bay. The buildings have an old-school colonial appeal and sit graciously on the site

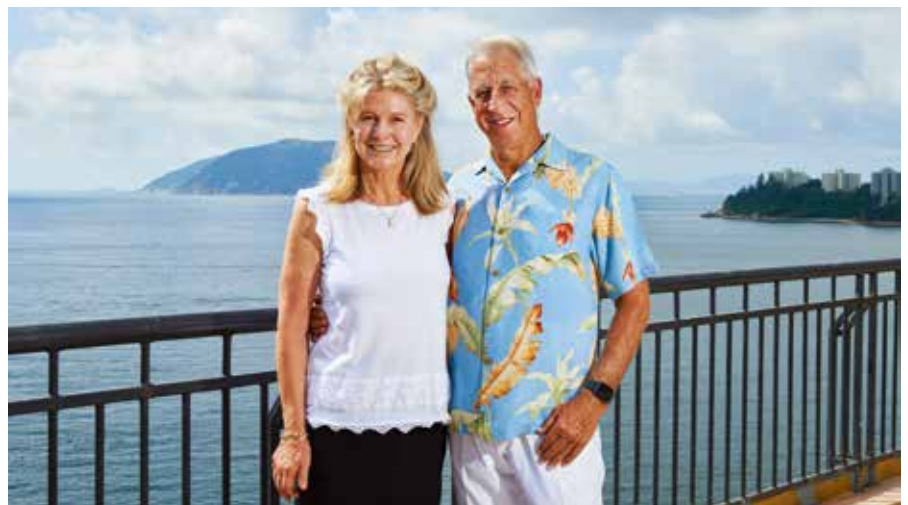
with their attractive hexagonal turrets and connecting breezeways.

M Moser Associates were commissioned as the local design company. They played an essential role in transforming Turnbull's concepts into reality, while ensuring compliance to Hong Kong building codes and regulations. It proved to be quite a team effort.

Looking ahead

As Club members celebrate this historical centennial, my wife Pamela and I extend our very best wishes to all those who make The American Club the most prestigious members' club in Hong Kong. We are truly honored!

I conclude by saying that the Club should not shy away from future challenges and continue to embrace the expectations of its members. Maintaining the Club's premier status requires bold optimism. The Hong Kong government has provided a caveat that could allow the Club to maximize its full potential on the Tai Tam site. In the early 1980s we did not have the finances to extend the construction eastward to enjoy even greater views over Tai Tam Bay. Now the Club has this short-term window of opportunity on very favorable terms and conditions. Let leadership prevail.



Rick Kroos with his wife Pamela.