

SUNDAY MONEY

# Investors' safe haven

## Drawing cards are security, stability

**L**ocation, location, location says it all for Hong Kong investors here. Vancouver isn't fast, our business climate is tepid compared with that of Hong Kong, and Vancouver is nowhere near as

profitable. But the city and province offer three assets deemed invaluable to Hong Kong's monied — stability,

investment security and excellent educational institutions.

And that's enough to keep driving in the dollars.

Hong Kong isn't the biggest source of Asian investment here, but it is the fastest-growing source.

Over a five-year period between 1983 and 1987 it grew at an annual compound rate of 44 per cent.

By contrast, investments from the United Kingdom grew at 12 per cent annually and U.S. investment grew at only five per cent annually.

If anything, the pace has quickened since, and Provincial Secretary Elwood Veitch, the minister responsible for immigration, says the trend will continue.

"B.C. will continue to be a beneficiary as long as we offer an attractive and stable investment climate," says Veitch.

There have been several waves of Hong Kong investment. The latest and most sustained began with the signing in 1984 of the

Sino-British accord that will return the colony to Chinese control in 1997.

It has been aided and abetted by Canada's business immigration programs which have thrown the doors wide open.

Hong Kong's residents have responded enthusiastically.

They are the dominant Asian foreign investment force, which has at times resulted in backlashes from both the Chinese-Canadian and the European-Canadian communities.

Real-estate investment still dominates their investment decisions and billions of dollars of property is under their control.

In the West End alone, The Province found that approximately 127 commercial properties out of 500 are held by Asians (not all from Hong Kong).

Hong Kong and allied interests also hold a fair slice of downtown office buildings and some major hotels.

Hundreds of millions of dollars have gone into new key property developments such as Ron Shon's Cathedral Place office tower, where Sir Run Run Shaw, the Hong Kong movie mogul, has a 30-per-cent interest.

Another Hong Kong-backed development is the Pacific Landmark tower on West Pender, built by the Great Eagle group.

Hong Kong interests have also developed Bridgepoint market and the Aberdeen Centre in Richmond. More millions have been soaked up by the residential market.

With something like 200,000 plus ethnic Chinese now residing in the Lower Mainland, there is a comfort factor for investors who are ever so slowly using the business skills honed on the ultra-fast, merciless business lanes of Hong Kong to branch out into non-real-estate ventures.

There's a host of small manufacturing operations springing up,

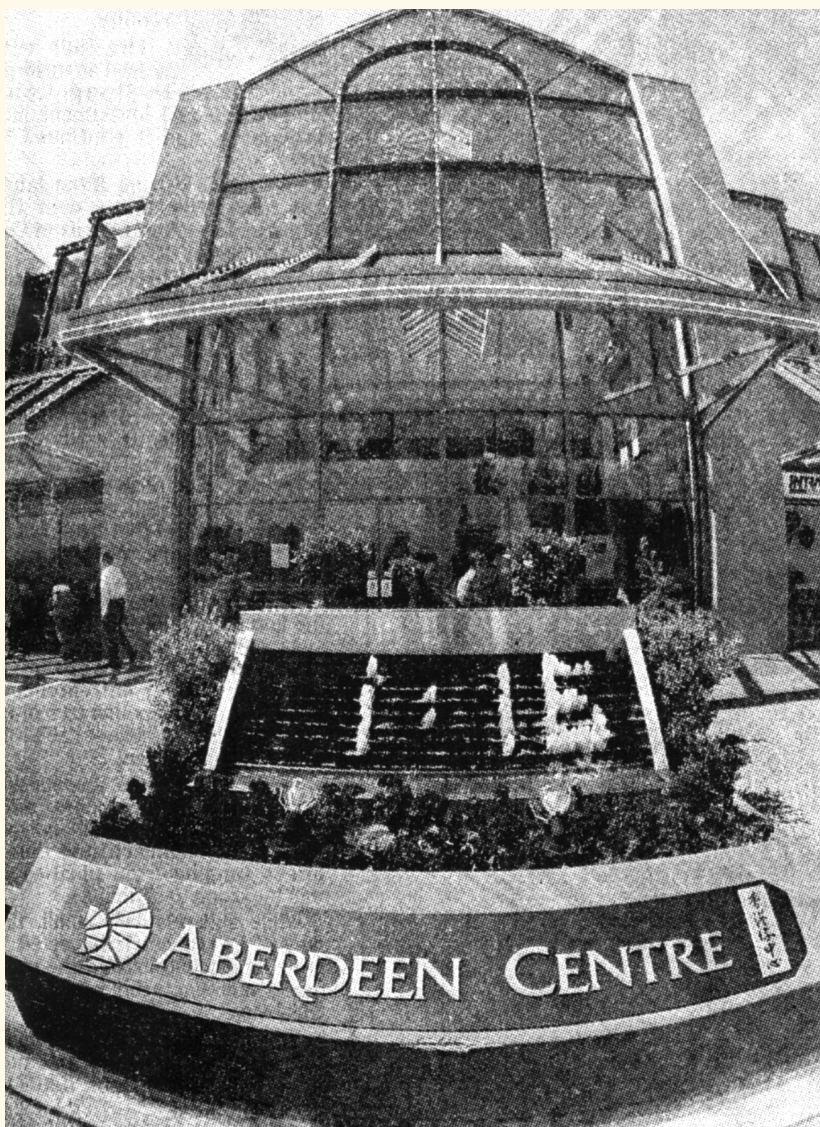
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**THE ASIA FACTOR**

ranging from watchmaking to shirt-making, electronics, plastics and food and beverages.

Importantly, this investment dragged in its wake major Hong Kong business organizations.

Apart from Li Ka-shing's presence, there's the likes of Jardine Matheson, one of the so-called "hongs," or trading houses, Cathay Pacific Airways, the Hong-kong Bank of Canada, Standard Chartered Bank and the Lai Sun Group.

In a few short years the Hong Kong-Canada Business Association has quickly become one of the largest Asian-Canadian groups of its type.



Richmond's Aberdeen Centre attracts about 5,000 shoppers a day. Staff photo by Colin Price

## Breaking new ground on road to success

### Thomas Fung went from bakeries to shopping malls

**A**s a family member of the Sun Hun Kai finance group, one of Hong Kong's most powerful business dynasties, Thomas Fung might be expected to ply his business in the colony.

But in the best traditions of Chinese portfolio divestment, Fung — who was educated here — also prefers doing business here.

In a rare interview, Fung said Canada — Vancouver in particular — is a good place to do business.

His has been a typical road to success, largely self-driven. Like other Asian investors he was not afraid to break new ground.

In 1986 Fung went into the bakery business, opening the St. Germain bakery on Cambie Street.

The business is expanding — "we will have four or five shops soon" — and is even exporting specialty breads to Seattle.

With his banking and real-estate background, it was logical that Fung would gravitate into development.

The result is Aberdeen Centre in Richmond, North America's largest Asian mall, which attracts 5,000 shoppers a day — three-quarters of them Asian.

The \$20-million mall gets its name from

Hong Kong's famous harbor, and houses 60 shops and restaurants and a Chinese cinema.

Fung is the proverbial one-man band.

He does virtually everything himself, from listing and leasing to promotion, planning and even design.

"If you want to do a job your way you have to do it for yourself," he said.

There were many doubters when Fung decided to build his centre. Conventional Canadian retailers reasoned that Fung, with little mall experience, was treading in dangerous waters.

He went out and proved them all wrong.

Using his business skills, he trolled for tenants in both Hong Kong and the Asian community here.

Now he is building on that success and constructing a second mall right next door to be known as Parker Place. It will have 80,000 square feet of retail space and cost in the vicinity of \$25 million.

"It is already 60 per cent pre-sold and I am surprised that people have been so quick to decide," he said.

Unlike Aberdeen Centre, Parker Place is being sold on a strata basis.

Fung is mindful of the sensitivity surrounding the inflow of Hong Kong money and the fast rules that some newcomers think they can play by.

He is determined to deter speculators flipping units and to that end has written stringent requirements into purchasing agreements to dissuade speculation.

Why is Hong Kong money so attracted to Vancouver with its slower business pace, lower profitability and high taxes?

"Asians find Vancouver more friendly than anywhere else in Canada," he said. "The profits may be lower, but then so are the risks, and that is important."