

BC BUSINESS

March 1993

Rising Fortunes

Renaissance man Thomas Fung demonstrates there's more than one way to make bread by David Leidl

Thomas Fung's offices provide little hint of his growing empire. Yes, they're housed in a discreetly elegant two-storey building on Cambie Street in Vancouver. But they sit on top of a bakery. Upstairs, a common staircase opens directly into austere offices. No lavish waiting room; in fact, no regular sit-down reception area at all. If the schedules are off, a visitor is apologetically parked at one of the six employees' desks. Still, that's balanced by the aroma of fresh-baked pastries wafting up the staircase. Call it the smell of success. Thomas Fung certainly does; he owns the bakery.

Fung started the Japanese-style **St. Germain Bakery** in 1984, his first Canadian business venture and a first for Canada. He's proud of it. Fung has displayed a gut feeling for unexplored markets whether in bakeries or shopping centres. And recently he's made a move into the world of media with the purchase of a radio station and a bid to buy an ethnic TV network.

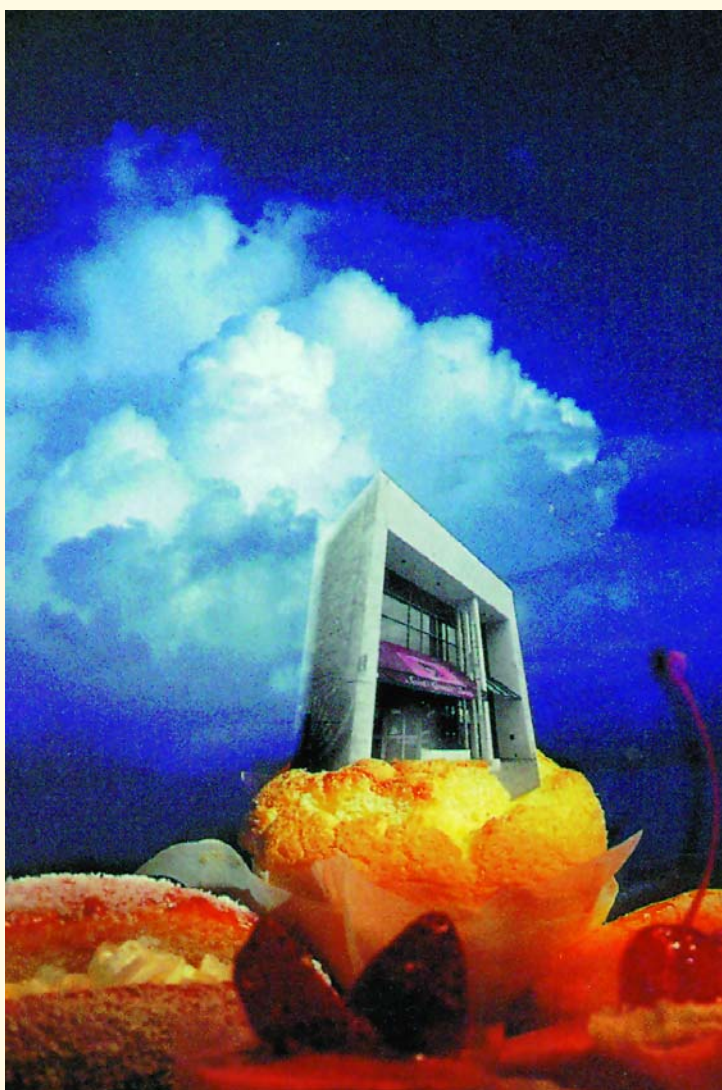
The scion of a powerful Hong Kong merchant banking empire, self-admitted shy guy — no pictures, please — and president and hands-on overseer of **Fairchild Holdings**, the 42-year-old Fung has been changing the Lower Mainland real estate scene. The bellwether projects: the \$22-million **Aberdeen Centre** in Richmond (North America's largest Asian-oriented enclosed shopping mall), which opened in 1990; and the adjacent **Parker Place**, an 80,000-square-foot, \$25-million experiment in small-scale, strata-title retail. (While critics decry its cut-down interior, Fung sold its 100 units within a month.)

"I identify a niche and then start out with it in a small way," says Fung. "After some time we get to know the business more and also prove that small can be workable. And then with the financial results we can grow according to the market." Born in Hong Kong, Fung and his whole family emigrated to Canada in 1967. A few years later he returned to Hong Kong and spent the next decade "learning banking and

fiscal and economic training." With whom? A modest pause. "Actually, I was the director of a bank." He still is — family-controlled **Sun Hung Kai & Co.** is one of Hong Kong's largest merchant bankers (1991 sales: approx. C\$850 million).

He then spent two years in New York training with Wall Street heavyweights **Merrill Lynch** (Sun Hung Kai is a shareholder), **Bear Sterns** and **ACLI Commodity**. He says the 12 years in Hong Kong and New York gave him "some background knowledge of different aspects of various types of businesses." In his spare time, he took courses in film production, design and photography at New York University.

In 1984, believing Vancouver was the "right place" for him to be, he returned for good, looked around, realized there was a need for Japanese-style bakeries, and took a (careful) chance. Following a positive taste-test "with some Canadian friends, not Chinese friends," he opened



Mind into matter. Thomas Fung's visions of sugarplums turned into a bakery chain

what's become a four-outlet bakery chain.

In 1985, **Steven Kwok** of **Anson Realty** introduced Fung to developer **Andre Molnar**. Taking fire from Molnar's enthusiasm over the municipality of Coquitlam — which Fung says has "all the basic ingredients" of transportation,

PHOTOGRAPHY: BRAD STRINGER

ANNOUNCEMENT



Samantha Legge

Peter Legge, President and Publisher of Canada Wide Magazines Ltd. is pleased to announce the appointment of Samantha Legge to the Board of Directors of Canada Wide Magazines Ltd.

Ms. Legge graduated magna cum laude from the British Columbia Institute of Technology in marketing, promotions and public relations. A highly respected professional in her field, Ms. Legge currently serves as an account executive with Spectrum Public Relations, a division of BBDO Canada Inc.

Canada Wide Magazines Ltd. is the largest independently-owned publishing company in Western Canada. Its publications include TV Week, BC Business, Manitoba Business, Westworld, Going Places, Leisureways, Grocer Today, B.C. Home Digest, Award Magazine and numerous trade and special interest publications.

HOT PROPERTY

population, price and proximity — he started his development activities there. Over the next six years he developed a half-dozen residential and commercial projects in the Lower Mainland.

Then came his idea to stake everything on a shopping centre in Richmond. According to then-current logic, it should never have flown. Bad enough that Fung had no retail development experience. Even worse, he was talking about the largest Asian-oriented enclosed speciality mall in North America. "The partners [of the proposed mall], all the financial partners, were scared away when they saw the plan," says Fung. Ditto for potential tenants and leasing agents. With the project fast a'building, Fung decided "the only way to rescue it was to put myself in as anchor tenant — and practically all the tenants." Lack of experience be damned; Fairchild threw in a restaurant, cinema, bowling alley and a bakery (natch).

"Since no one wanted to dare to act as a leasing agent," Fung took up the "challenge" (he had little choice), parlayed his "many years" of advertising/PR experience with Hong Kong ad agency PhotoCine (Fung was the CEO, by the way, and remains a major shareholder), put together his own presentation and packaged a complete turn-key system, from employee hiring to accounting and security. It worked and he filled all the space.

Buoyed by Aberdeen Centre's success (the mall draws an average 5,000 well-heeled shoppers a day), Fung then built and sold off the nearby strata-title Parker Place. Fairchild then set its sights on a new niche: a low-key, high-security residential enclave in Richmond.

Meanwhile, Fung has other plans, some of which are still up in the air. Last year Fairchild Holdings and partners Steven Kwok of Anson Realty, Brian Hui of the Park Georgia Group and Wardley Canada (a wholly-owned subsidiary of the Hongkong Bank of Canada) put down \$5.1 million (it includes severance pay, management fees and other niceties) and picked up radio station CJVB. Fung says the ethnic format "is helping immigrants assimilate to Canadian society and to appreciate the living style."

Then, under the banner of Fairchild Communications, late last November Fung and 20-per-cent teammate TVB International of Hong Kong made a \$9.25-million bid for Toronto-based Chinavision Canada Corporation. Almost simultaneously, Fairchild Broadcasting (Fung and minority partner TVB) covered its bases with a \$3.8-million pitch for Chinavision rival Cathay International TV of Vancouver. Both deals are subject to approval from the CRTC. But until it rules and Fairchild completes its own due diligence prior to final negotiations (the price is firm but "a lot of different areas" aren't) Fung won't speculate on the media deals. But he says the likelihood of both bids being successful is "difficult to tell at the moment." □

Growth potential. Maybe. Holding company Kwan Developments has a preliminary DP for a nascent unnamed rental edifice at 1204/1242 Robson near Bute. Thanks to the area's "discretionary" height restrictions, the 30,261-square-foot site may see anything grow from the current 70-foot maximum profile, right up to the 400 feet of a nearby hotel. Then again, company prez Michael Kwan stresses the joy of status quo. "We want to sort of explore where the possibilities are first and see where the city sets the goalposts." Until the firm gets "more feedback" regarding height, any formal DP application is up in the air; all plans and options are purely speculative. Still, the Paul Merrick Architects pencils are lightly sketching out a 14-storey, about 160-foot tower with 95,000 square feet gross buildable divided into about 70 market rental units above a two-storey commercial podium. Assuming the city council gods smile, it might get its DP this month, although any final build-out ETA rests on ultimate height approval and is thus "interminable."

By now, joint-venture partners St. Moritz-based CII Ltd., Seattle-based Admiralty Development and Genoa Pacific Group of Vancouver will likely have flogged the last of 60 strata-title retail spaces in the proposed Hamilton Doyle & Associates-designed 65,000-