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B U S I N E S S

ENTREPRENEURS

A New Chinese Empire

Thomas Fung's Malls and Media Sweep Vancouver

He spent his teenage years amid the snow-capped peaks and blue-water bays of Vancouver, Canada. Perhaps it was there, far from his native Hong Kong, that Thomas Fung developed an independent streak. Refusing to enter the family business — which happened to be Sun Hung Kai, Hong Kong's top retail brokerage — Fung set out for a less certain career on his own. At New York University, he studied finance, dabbling on the side in film making and photography. "I lived in run-down neighborhoods," he recalls. Back in Hong Kong, he made a low-budget avant-garde movie that never got to the cinemas. He was more successful arranging financing for the Roger Moore film *Wild Geese*, and in starting a photo processing lab.

But the shy young man soon tired of the Hong Kong lifestyle — "all that socializing," he says — and in 1984 he moved back to Canada. Since then he has built a media and retail empire serving Vancouver's booming Chinese community, now 20% of the city's 1.5 million population. His first venture, a single Japanese-style cake shop, blossomed into a chain that exports as far south as Seattle. He also owns two shopping malls, is developing residential property all over Vancouver, and has a virtual monopoly on Chinese-language broadcasting in Canada. He recently set up a merchant-bank-style operation focused on the mainland Chinese market.

Still somewhat reticent at 43, Fung has found it impossible to stay on his pre-

ferred side of the camera. In 1989 when his first mall, Aberdeen Center, was ready to open in Richmond, the suburb of choice for recent Hong Kong immigrants, it had no tenants. "Things weren't looking too good," Fung recalls. He solved the problem by filling the mall with his own businesses, then turning them over to tenants. But some of those tenants were there only to qualify for investor immigrant status. Fung says that wasn't the case for long. Soon the retail operation was so successful that some of Richmond's long-time Caucasian residents complained of discrimination from the shopkeepers. The developer suddenly found himself before local media vowing to "caucasianize" the mall. He tried to raise rents to increase diversity, but most of the existing tenants opted to renew their leases. Fung's second mall, Parker Place, is now open next door and BMWs and Mercedes jam both parking lots.

Last year Fung created a new stir with the buyout of both of Canada's established Cantonese-language TV stations. In mid-1993 his Happy Valley Investments swept up the ruins of Chinavision, a national pay-TV network, for \$6.6 million. In December he paid \$2.7 million for Cathay TV, a popular Vancouver station. By the time Fung stepped in, Cathay was some \$1.4 million in debt, though moderately profitable, and Chinavision was in receivership. While normally wary of monopolies, the Canadian Radio and Television Commission decided two Chinese stations under one roof was better



Bayne Stanley

Fung: Learning the art of the deal

than none at all. Cathay was renamed Talentvision; Chinavision, with 140,000 subscribers, became Fairchild TV.

Broadcasting regulations require that 20% of Fairchild programming be produced locally today, 40% in three years. Sonny Wong, the president of Hamazaki Wong Advertising in Vancouver, is unconcerned: "There are a lot of Chinese journalists coming, with not a lot to do. The talent is there."

The timing for the TV investments looks good. The latest wave of Hong Kong Chinese understand the value of TV advertising. Meanwhile, mainstream firms are recognizing the enormous buying power of the Chinese community. "In the last few years we've seen tremendous interest in reaching the ethnic market," says Wong. Since the takeover and programming changes, says Fairchild and Talentvision's general manager, Joseph Chan, advertising volume has tripled.

Still, nine out of ten of Fairchild's customers remain Chinese retailers. "We know mainstream advertisers are serious about going into the ethnic market," says Chan. "They just don't know how to tap it." Agrees Jeff Domansky, public relations director for ad agency Scali McCabe Sloves: "No one knows the demographics and psychographics, what the market will buy." Fairchild has teamed with other Chinese media to form the Vancouver Chinese Media and Marketing Association. Top priority: providing vital statistics on the Chinese community.

Fung's late father, who had been a director at Hong Kong broadcaster TVB, would be proud. Now TVB owns 20% of Fung's Fairchild TV. In fact, Fairchild's TV logo even looks like TVB's. But Fung says family ties have had little to do with his businesses. Fung senior always frowned on nepotism, he explains. "You were hired if you could do the work." Success must just run in the blood. ■



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Hong Kong TV personality Deborah Moore, third from left: Emigrant talent

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