

THE VANCOUVER SUN

Bakker visited World Vision foster child
Agency will work to identify possible victims of sex abuse
BY JEFFREY

We're the bank robbery capital of Canada



The Year of the Monkey begins

Six robbers commit 43 per cent of stickups
BY LIA

Small-scale robberies are the most common type of crime in Canada, according to a new report from the Statistics Canada. The report shows that 43 per cent of all stickups are committed by six or more robbers, while 43 per cent of all stickups are committed by one or two robbers.

Film unions consider wage cuts

Rising income may make Canada less attractive for film
BY JEFFREY

Media, police in conflict

Police say media is not helping in fight against crime
BY JEFFREY

THE VANCOUVER SUN

www.vancouversun.com

THURSDAY, JANUARY 22, 2004

FINAL EDITION

THE DAILY SPECIAL

THE DAILY SPECIAL

HE'S MAKING HIS OWN MILLIONS

RICHMOND | Entrepreneur-developer goes his own way to create a business empire he's about to expand into U.S.



BY MICHAEL McCULLOUGH
VANCOUVER SUN

Two days before Christmas — typically the busiest shopping day of the year — and the lower floor of the Daiso department store in Richmond has been roped off for a "grab-and-dash" game. Eleven contestants have 12 minutes to grab as much stuff as they can and keep it, for free.

Ignoring the announcer's instructions not to run, they assault the racks of merchandise, scooping up armfuls of picture frames, wrapping paper, wicker baskets, wine glasses and assorted knick-knacks.

When it's all tallied up, Brenda Evans has made the biggest haul: nine bags containing 584 items. The store's managers and staff pose for a photograph with the contestants.

But the man behind this publicity stunt lingers behind the cameras, among the onlookers. "I had the idea six months ago when I was worried whether people would be interested," says Thomas Fung.

He need not have worried. Daiso's opening in early December turned out to be the most successful in the Japanese discount chain's history. Cars have been lining up around the block to get one of only 300 parking spaces available while work continues on an adjoining hotel.

Fung, whose joint venture with the Japanese retailer aims to spread its toonie-store concept around North America, has been fielding calls from would-be franchisees as far away as North Carolina. The morning of the contest he got a call from the CEO of Toys 'R' Us proposing to put Daiso outlets in a number of big-box toy stores currently set to close.

Yet Daiso is only the tip of the shopping cart. Fung, 52, who has built a real estate, retail and media empire in the relative obscurity of Vancouver while his family and childhood friends lived a life of power and prestige in Hong Kong, has an even more ambitious vision just beginning to unfold. He means to create an entirely new shopping experience that blends Asian and European influences on the shelves and appeals to a new generation of westernized Asian shoppers.

The redeveloped and so far only partly reopened Aberdeen Centre is his testing ground. With only a handful of other stores open so far and construction workers still roaming the concourses, you can just get a glimpse of its form. Where the other Asian malls around this part of Richmond appear clustered, even claustrophobic to Caucasian sensibilities — rabbit warrens of tiny shops and stalls



TOMORROW

piled high with merchandise — the new Aberdeen is wide and airy, with natural light filtering down from skylights three storeys above.

The architecture is curvy and sensuous in contrast to the concrete and metal bunkers that squat amid vast parking lots all around it. The lights are hidden behind the mouldings, the signage is muted, and the parking (once it's finished) will be in a multi-storey garage.

The tenants will be all new, too. Although the lease rates for the new Aberdeen Centre are about on par with conventional malls such as Oakridge and Richmond Centre, they are too rich for the small owner-operated shops that filled the old mall.

"Our new rental rate is at least three to four times higher than the previous Aberdeen," Fung says. "A lot of operators never paid that type of rent before."

But the new idea for Aberdeen is about more than jacking up the rent. It's about the changing customer base in Vancouver and other cities with substantial Asian populations.

"The original Aberdeen Centre was successful but it only captured the Asian market," Fung explains. "In terms of business it makes more sense to attract more customers from different segments of the community."

That does not mean the new Aberdeen will be like mainstream malls, with the Bay or Sears for an anchor tenant and the usual suspects of mall stores. He envisions a shopping centre filled with European and Asian names making their first foray into the North American market. So far the new Aberdeen contains furniture and fashion stores heavy on designer labels. When it's all finished, there will be 250 similar stores here. Fung plans an Italian festival to take place in the mall next summer, featuring performances, wine tasting, fashion shows and a product showcase. Plus, he has set aside 20 per cent of the space for European retailers that he will be visiting in the coming months.

A big part of the customer base will be the children of Asian immigrants who have grown up in Canada and look down on the tiny Asian retailers with their no-name products where their parents shop, or find them intimidating with their haggling and hard sell.

"The second generation does-

n't speak the Asian mother tongue that much. They're getting Westernized. But they don't find anything they can feel proud of. With the new Aberdeen hopefully we can achieve that," Fung says.

He wants the new Aberdeen to be the kind of place they bring their non-Chinese friends and spouses. He also hopes it will attract Caucasians, as well as new immigrants from Asia, especially mainland China. As immigration policies have skewed more towards business and investor immigrants, he theorizes, the new arrivals are better off. Hence they also are looking for higher-end merchandise in a more upscale environment, but one that is still geared to Asian tastes.

If it works here, Fung wants to spread the model to cities from Edmonton to Houston. Either by building copies of Aberdeen Centre or partnering with off-shore retailers to locate stores in existing malls, he aims to spread his wings as a retail magnate. And for the first time, he'll be dipping into his family's deep pockets to do it.

Thomas Fung's life story reads a bit like a Victorian novel, about an independent-minded young man who defied his wealthy father and struck out on his own in a far-off land.

Fung's father, Fung King Hey, rose from poverty to found what quickly became a real estate and securities powerhouse with Lee Shau-kee and Kwok Tak-seng, in 1969. (The three later parted ways, with Fung taking the financial services arm, Sun Hung Kai & Co., then the largest Chinese-owned brokerage in Hong Kong.)

Two years earlier, the elder Fung had bought a home in Vancouver, where a teenage Thomas attended Magee secondary school and the University of B.C.

His father then lined up a kind of internship for Thomas at the New York headquarters of brokerage house Merrill Lynch, of which he was the largest shareholder. More interested in creative pursuits, Thomas took night courses at New York University on design and filmmaking on the sly.

Back in Vancouver, he opened a photo studio and dabbled in real estate, whereupon he met Stephen Kwok, one of his closest associates to this day.

"Back then I didn't know his background. I didn't know that

his father runs a big empire," recalls Kwok, who owns Anson Realty with his wife, Grace.

But the pressure to work at his father's business was strong. By then a Canadian citizen, Fung returned to Hong Kong in 1974 and began a 10-year stint at Sun Hung Kai.

Visiting him in Hong Kong a few years later, Kwok was astonished by the opulence of his surroundings.

"[I] said, 'Wow, this is a pretty fancy place,'" Kwok remembers. Fung clearly chafed under the suit that had been made for him, however. Against his father's wishes, he left Sun Hung Kai and returned to Vancouver in 1984.

Using his own savings, he set up The Fairchild Group and began developing residential real estate. He bought the Saint Germain Bakery on Cambie Street and expanded it into a small chain of Japanese-style bake shops. As Hong Kong emigres resettled in Canada in the early 1990s, he cobbled together a Chinese-language media group that now includes five radio stations, local cable channels in Vancouver and Toronto, a national cable service, a magazine and an Internet provider.

But the move that really made his fortune and cemented his reputation as a visionary was the development of Aberdeen Centre. In 1987 he picked up two pieces of cow pasture near the north end of No. 3 Road, Richmond's main drag, for just under \$10 million. Over the next three years he almost single-handedly developed the first Asian-themed mall in North America.

As the project neared completion, prospective investors and even tenants who had earlier expressed interest in the project got cold feet. So Fung simply filled the building himself. He built and operated a bowling alley, a restaurant, a herbal tea shop and a movie theatre.

Aberdeen Centre opened in 1990 to a crush of customers. Offering a more contemporary Asian shopping experience to Vancouver's fading Chinatown, it quickly became the focus of the new immigrant community from Hong Kong, and was copied by other malls in the area such as Yaohan Centre, President Plaza and Fung's own Park-er Place. The presence of the malls in turn helped make Richmond the preferred address of Asian immigrants.

From the outset Fung had meant for Aberdeen to be a



Thomas Fung, described by business partner Stephen Kwok as 'a pretty deep thinker,' chafed in the role his father made for him in Hong Kong so he came to Vancouver to create his own real estate and retail empire, The Fairchild Group.



Winners of Thomas Fung's 'grab-and-dash' contest opening the new Daiso department store in Richmond's redeveloped Aberdeen Centre include (from left) Brenda Evans Shown, Akemi Kunigawa, Bonnie Miller and Luzviminda Libunao.

bridge between cultures, not a Chinese island in a Canadian sea. He was stung by criticism, both within and outside the Chinese community, that the mall had no signs in English and was unfriendly to non-Asians.

By the mid-1990s, Fung was already talking publicly about redeveloping the mall into something less exclusively Chinese.

The months following 9/11 seemed an inauspicious time to launch a new, internationally themed retail concept. But when Dominion Construction, hard up for business, came along with what Fung calls "a really exceptional offer" to demolish the old mall and rebuild in just 18 months, he elected to proceed.

Still, many retailers took a wait-and-see approach, and once again Fung will be his own largest tenant. In addition to a majority interest in Daiso, Fung

owns O-Zone (youth fashion from Japan, Hong Kong, Spain and Italy), Smart Living Design Gallery (furniture from Thailand and Europe) and St. Germain Bakery. He'll also be opening a retro-themed jukebox cafe called Seventh Heaven and a hobby shop combining remote-controlled planes and boats with virtual-reality amusements.

"I like to do something adventurous, different," he says with a shrug.

Again fate has turned in Fung's favour in that the inventory he's buying for his stores in falling U.S. and Asian currencies is selling for rising Canadian dollars. And after he lined up a Los Angeles-based partner to help him roll out little Aberdeens in the U.S., foreign retailers came on board.

"A lot of the tenants are committed to go with me wherever we go," Fung says. He hopes to set up a holding company out of Fairchild called Aberdeen Partners to bring the concept to other cities, sell franchises and supply goods wholesale.

Fung King Hey, aged 63, died following a stroke while visiting Vancouver in 1985, possibly still

believing his son's businesses were little more than hobbies. But, having sold its (somewhat diminished) controlling stake in Sun Hung Kai in 1995, the family — Fung's mother, brother and two sisters in Hong Kong and sister in Vancouver — has agreed to help finance the retail experiment as needed at terms Fung could never get from a bank.

"They need to invest and now they see I've been doing well the past 10 years — more than 10 years — why not invest in this," he says.

Despite his family connections, Fung still operates like an outsider. He cold-calls prospective partners in Asia and Europe and heads off on business trips with a folder of news clippings about his companies as a way to introduce himself.

Stephen Kwok describes Fung as driven, far-sighted and ferociously independent.

"In the time I've known Thomas he hasn't ceased to surprise me. He's a pretty deep thinker. Sometimes it's scary for me," he says. "[You] never know exactly what he's thinking until it's up and running."

On the day of our interview, Fung has to pick up his son Joseph at the airport. Freshly graduated from Cornell University, Joseph won't be railroaded into a job with the Fairchild Group, his father promises. "I don't want to push. I went through that experience before," Fung says. "If he doesn't have a passion for [his work], it's tough on him and no good for the business and for the working staff."

Thomas Fung has a passion for his work. To him, experimenting with new business concepts is a creative outlet. "I put a lot of time into work, weekends and nights almost non-stop. I don't play golf. I don't have many hobbies. But I really enjoy what I'm doing," he says.

"There's no consecutive generations of wealth — something like that. I can see that, over 90 per cent [of the time], it's true."

THE DAILY SPECIAL LOOKS AT HOWIE MEEKER:

Sports columnist Gary Mason enjoys a hockey game with Parksville's Howie Meeker