



HONG KONG FOCUS



Summer 2000 Volume 11, Number 2

BUILDING BRIDGES FROM AMERICA TO HONG KONG

A major trade initiative was launched in the U.S. this spring to help small and medium-sized enterprises in leading regional centers access business opportunities in China and the rest of Asia through partnerships with Hong Kong businesses.

Jointly organized by the U.S. Chamber of Commerce in Washington, D.C. and the Hong Kong Trade Development Council (TDC), the business outreach involves presentations to seven U.S. cities that have a keen interest in Asia-Pacific markets. The initial series of events were held from May to June in Miami, Atlanta, Philadelphia, Salt Lake City, Denver and Kansas City. St. Louis is scheduled for September 6.

The initiative also involves a coast-to-coast newspaper advertising campaign by TDC, alerting American businesses to important new opportunities accessible through Hong Kong as a result of Asia's economic rebound, China's impending accession to the World Trade Organization (WTO) and the Hong Kong driven take-off of the internet in Asia.

The seven participating cities have strengths in a diverse range of sectors, from transportation, industrial equipment and information technology, to financial services, agriculture and biotechnology.

During the trade events, TDC provides consultation and in-depth matchmaking services to businesses to help connect them with potential partners in Hong Kong.

The U.S. is Hong Kong's second largest trading partner after the Chinese mainland. Last year, total trade between the U.S. and Hong Kong exceeded \$53.76 billion. U.S. exports to Hong Kong were valued at \$12.63 billion, of which more than half were re-exported to China and other markets in the region.

PITCHING HONG KONG TO AMERICA'S HEARTLAND AND SOUTH

Michael Lee, director of the Hong Kong Economic & Trade Office in San Francisco, and Dennis Yau, deputy executive director of the Hong Kong Trade Development Council, inaugurated the roadshow that is taking Hong Kong's marketing message to America's midsection and the heart of the south in presentations through September.

Joining them are outstanding panels comprised of U.S. and Hong Kong business leaders who have first-hand experience in dealing with Hong Kong.

The following are some of their remarks at the Denver presentation June 7.

Michael Lee *Hong Kong: Opportunities and Challenges*

Michael Lee acknowledged that the U.S. already has a foothold in Hong Kong in import/export; financial markets, insurance, professional services, transportation and entertainment and an expatriate population of some 40,000 American citizens, and cited the initiatives by the government of Hong Kong intended to position the region as an innovation and technology hub:

- *Launching of a \$640 million innovation and technology fund to upgrade Hong Kong's technology level to increase the competitiveness of traditional businesses*
- *Decision to establish an applied technology and research institute to perform mid-stream research and development work. Legislation is now being established to make this a reality.*
- *A concerted effort to attract skills.*
- *Launch of the Growth Enterprise Market (GEM) akin to the U.S. NASDAQ.*



Michael Lee speaks at the Salt Lake City program.

- *Cyberport to provide high quality working and living environment for multinational companies.*
- *Establishment of a council of advisors on innovation technology by Hong Kong's Chief Executive.*

"We are heading into innovation thanks in some ways to the Asian financial turmoil," said Mr. Lee. "It was a rude awakening but a blessing in disguise. It taught us not to rely too heavily on the property market."

Touting the benefits of China's hope for accession to the World Trade Organization (WTO), Mr. Lee said: "It is in our interest. China is our main trading partner. More trade opportunities will benefit Hong Kong by more stable relations between China and the U.S."

He cited Hong Kong's long and special relationship to China in trade, culture and language as providing a special competitive edge.

(Michael Lee retired from the civil service in June. The new Economic & Trade Office director is Annie Tang.)

(continued on page 2)

KWOK ON HK ANTI-CORRUPTION

Hong Kong's renowned efforts to maintain a corruption-free civil service and business environment were outlined by Tony Kwok, the first head of operations for the Independent Commission Against Corruption (ICAC), during a HKASC luncheon meeting in May.

The ICAC was established in 1974 to spearhead Hong Kong's fight against corruption and its success has been recognized around the world. The agency's study on corruption was chosen as one of Hong Kong's top 10 milestones in the last 150 years. Mr. Kwok joined the agency as an investigator in 1975 and was appointed Deputy Commissioner in 1996.

With an annual budget of \$94 million (\$15 per capita), the ICAC is one of the most expensive anti-corruption units in the world and larger than Africa's entire anti-corruption effort.

"Corruption can cost a country an annual decrease in growth of 1 %," said Mr. Kwok. "ICAC helps maintain clean, efficient government and is working for Hong

Kong to maintain a competitive edge." Anti-corruption efforts account for 0.3 % of Hong Kong's budget.

Mr. Kwok said that when he began in the mid-70s Hong Kong was considered to have a "corrupted system from womb to tomb," particularly in the police force. Within three years, the agency had prosecuted more than 200 officials and 150 police officers. In the 1980s, it turned to the business sector.

In 1997, the ICAC enhanced its investigating force with its

1,300 officers taking a proactive approach and letting the media know about it.

"China has a corruption problem. They themselves admit it is a big problem," said Mr. Kwok in the question and answer session. "The most important ingredient is top level commitment and they are getting serious about corruption. Ten years ago there was no system in China to deal with it." The ICAC has a mutual assistance team with China.



HKASC President Christopher Leu (r) presents gift to Tony Kwok (l).

(PITCHING HK...continued from page 1)

Dennis Yau
Hong Kong: Your Fast Track to the Markets of China and the Asia-Pacific Region

Outlining unprecedented business opportunities unfolding in Asia as the economic recovery gathers momentum, Mr. Yau cited a United Nations' report predicting an average growth of 6.2 % across the developing economies of Asia this year, which is expected to rise to 6.4% in 2001.

He also pointed to Hong Kong's extraordinary beachhead in guiding the region's economy, with more than 200 licensed and restricted licensed banks operating in Hong Kong and loans to finance international trade totaling \$98 billion.

Hong Kong is China's largest source of foreign investment and as a result banks based in Hong Kong already have a large clientele in the Chinese mainland.

Having now largely converted from a manufacturing-based economy, Hong Kong's service-oriented economies contribute some 84% of Hong Kong Gross Domestic Product (GDP). In contrast, services account for less than 40% of GDP in the Chinese mainland and manufacturing has largely been relocated from Hong Kong to other areas of China.

Mr. Yau predicts that the continued economic opening of China will bring a new wave of medium-sized multinational companies to Asia, perhaps for the first time.

"Because of China's size and diversity, it is not a single market," said Mr. Yau. "Hong Kong will continue to represent an ideal 'one stop shop,' with a critical mass of supporting services and networking contacts in the region."

He cited the increased competitiveness of Hong Kong since the Asian financial crisis as "market forces have actually driven many of the costs of business sharply downward. Deflation has brought down rents, salaries and other prices and begun to reshape productivity," he said.

Mr. Yau outlined HK's omnipresent relationship with the U.S., which is the second largest foreign investor in the manufacturing sector and third in the services sector.

Mr. Yau offered a helping hand from the TDC to those who want to "seize the opportunity" of trading in Hong Kong through access of relevant contacts and potential partners; expert research; a global network of offices; and timely market intelligence and business news.

FOND FAREWELLS

HKASC sponsored a farewell luncheon May 22 at the Empress Pavilion restaurant in Los Angeles for Michael Lee, director of the Hong Kong Economic and Trade Office, and welcomed his successor Annie Tang.



Shown (l to r, seated) Subrina Show; Grace Yung Chew; Annie Tang; Christopher Leu; Michael Lee and Ernie So, (back row) John Coleman; Chester Chong; Kathy Smith, HK Tourist Association; Daphne Ng; Raymond Cheng; John Gilbaur; Sou Ho; Tony Wong and David Lang.



Jane Chou gets lively send off from HKASC friends (l to r, seated) Sou Ho; Christopher Leu; Chou; Daphne Ng, (back row) Daniel Kowk; Tony Wong; Wilson Tang; Raymond Cheng; John Coleman; James Tong; Don Leung; Joseph Tseng and Chester Chong.

Jane Chou, who served on the HKASC board of directors for five years, has relocated to northern California and moved from market manager at Toshiba to product marketing manager for Cisco Systems, responsible for networking products. We will miss Jane tremendously and are deeply grateful for the efforts she put into sponsorships, particularly securing AT&T's support of our Annual Chinese New Year Gala while she was Chinese market manager for the company.

MEMBER PROFILES

United Commercial Bank

United Commercial Bank (UCB) has focused on serving the ethnic Chinese communities in California and today is the largest U.S. commercial bank to do so, with total assets of \$2.28 billion.

Founded in 1974 as United Federal Savings & Loan Association, it changed its name to UCB in 1998, to reflect a new emphasis on commercial banking and received regulatory approval to convert from a savings and loan to a commercial bank.

Today it trades on the NASDAQ as "UCBH" and operates 27 offices located in the San Francisco Bay area, Sacramento, Stockton, metropolitan Los Angeles and Orange County.

The bank offers a full array of deposit and loan products. Its bilingual website (www.unitedcb.com) provides online banking and extensive information on services.



聯合銀行

UNITED COMMERCIAL BANK

United Commercial Bank, 711 Van Ness Ave., San Francisco, CA 94102-3224.
Tel. (415) 928-0700; fax (415) 885-0258.

McGladrey & Pullen

McGladrey & Pullen, LLP is one of the largest certified public accounting firms in the nation to focus on the needs of middle-market, owner-managed companies. It maintains more than 65 offices nationwide.

Last year the firm sold its non-audit assets and business to H&R Block, establishing RSM McGladrey, Inc., as an indirect, wholly owned subsidiary of the Block organization to provide tax, consulting and business advice to clients.

The two organizations are the seventh largest provider of accounting, tax and consulting services in the U.S. and the McGladrey Network of independent accounting firms extends through an additional 80 firms across America.

As a member of RSM International, the world's eighth largest accounting and consulting organization, McGladrey & Pullen has an international affiliation of more than 17,000 professionals in 550 offices in 75 countries that benefit its clients who are interested in expanding overseas or gaining insight into global practices.

RSM McGladrey's international consulting services include business planning, information technology, financial management, human resources, operations and a Family Business Group - Management Development Institute.

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Tel. (714) 520-9561; fax (714) 520-0898;
website - www.mcgladrey.com.

Sonia Sonju Houses Southern Californians

For more than two decades, Sonia Sonju's goal has been to find better housing options for Southern Californians.

She pioneered new single family housing in Compton in the 1980s, heading a multi-faceted consortium of companies specializing in the development and construction of quality, affordable housing in Southern California.



Builder/developer
Sonia Sonju

As managing general partner of AFCOM Park Village Partners, Ltd., she continues to confront Southern California's housing crisis by reclaiming and restoring properties. Selected by the City of San Bernardino to participate in its Acquisition, Rehabilitation and Resale Program, her company acquires dilapidated homes from the city and restores them to near original condition, ultimately reselling them to income-qualified first time buyers.

"The program has been very successful in returning previously abandoned homes to good use and giving people with income limitations

the opportunity to become homeowners," said Ms. Sonju.

Her company is also a trailblazer in development and management of subsidized housing, with its 164-unit Park Village in Compton, a community housing 866 adults and children, reconstructed from the former site of a deteriorating World War II housing development known as Victory Park. "This type of subsidized housing is a last refuge for many low income people," said Ms. Sonju.

Earlier in her career, Ms. Sonju was Planning Director for the cities of Loma Linda and Rosemead and as a Cypress City Council member chaired the Cypress Planning Commission.

Ms. Sonju believes that she and her company's skills in planning and development of affordable housing in Southern California can translate to alleviating housing pressures in Hong Kong and Asia and is looking for opportunities to joint venture.

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FMA Looks To The Long Term



Gene Tsui, Senior Vice
President FMA

Disciplined research is the central philosophy of Financial Management Advisors (FMA), founded in Los Angeles in 1985, allowing it to anticipate long-term trends and identify market opportunities.

The independent investment company has more than \$1.5 billion in assets under management from its institutional and high net worth clients, offering investment in U.S. equities, fixed income and cash management products.

"FMA's investment process begins with a top down analysis of economic and interest rate trends," said Gene Tsui, senior vice president. "Four areas that receive special attention are world wide inflation, flow of funds, fiscal and monetary policy and domestic and international political environments. They provide a model for evaluating the relative attractiveness of the general market sectors."

FMA president and founder Kenneth Malamed, who has managed client assets for

more than 30 years, leads an experienced investment team in creating diversified portfolios, individually tailored to each client's investment objectives and risk tolerance.

Financial Management Advisors, Inc.,
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Los Angeles, CA 90067.
Tel. (310) 229-2940; fax (310) 229-2975;
web site www.fma-inc.com.



A TIP OF THE
HAT...

to Raymond Cheng

Too often we neglect to give adequate thanks to those who do exceptional, selfless works that we start taking for granted. Such is the case with the efforts of Raymond Cheng, the dedicated chair of the HKASC'S Annual Chinese New Year Celebration now in its eighth year.

Raymond has molded this event into one of the most successful celebrations of any association in the world. We want to thank him for the enjoyment he's provided us all with this event and look forward to his creative vision next year and for many years to come.

Thanks, Raymond!

CALENDAR 2000

- SAT 8/26** ANNUAL SUMMER PICNIC. Jurassic Park Upper Cove, Universal Studios, Universal City.
- WED 9/20 6:30-8:30 p.m.** ELEVENTH ANNUAL MEMBERS' MEETING & JOINT MIXER with the Industry Manufacturers Council and other trade associations. The Crossroads Atrium, 13191 Crossroads Parkway, City of Industry.
- TUES 9/26 Noon** SPEAKER LUNCHEON with John Tsang, Commissioner for Customs and Excise, HKSAR, "An Update on Customs Control and Protection of Intellectual Property Rights in Hong Kong." Los Angeles Marriott Downtown. Co-organized with the Hong Kong Economic & Trade Office, San Francisco.
- WED 10/25 6:30-8:30 p.m.** MEMBER MIXER with Export Managers Association of Southern California. Empress Pavilion Restaurant, 988 N. Hill Street, Los Angeles

MAY MIXER AT THE ALMANSOR COURT

The May 24 Mixer at the Almansor Court brought together a large crowd enjoying each others company and networking.



Shown (l to r) Corporate Sponsors: Armando Acosta, Senior Vice President, Domestic Prestige Banking Manager of Far East National Bank; Sharon Berrick, Vice President of City of Hope, National Medical Center; Don Leung, Account Manager of Cathay Pacific Airways; Iliki Haradiran, Marketing Manager of PacLink.net/hongkong.com; Christopher Leu, HKASC President; Joseph Tseng, Director; Tony Liu, International Sales of United Parcel Service and Wilson Tang, Director.

CHECK OUT THESE
E-COMMERCE RESOURCES



tdctrade.com
hkta.org
hkasc.org

WELCOME TO HKASC NEW MEMBERS

SUSTAINING MEMBER

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Gloria Tang

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Design, Inc.

HONG KONG EVENTS

Mid-Aug to Mid-Sept

SoHo Food Festival

Sept. - Nov.

Autumn Crabfest

Sept. 10

Hong Kong Open Luminous Dragon Dance Competition

Oct. 1

3rd International Kung Fu Master Performance & Championship

Oct. 22 - Dec. 31

Celebration of Hong Kong Performing Arts: A Tribute to the New Millennium

Oct. 29

Hong Kong International Triathlon

Information provided by the Hong Kong Tourist Association (www.hkta.org).

NEWS IN FOCUS

U.S. HOUSE PASSES PNTR

The U.S. House of Representatives has approved legislation granting China permanent Normal Trade Relations (PNTR) status. Hong Kong's Commissioner to the U.S. Jacqueline Willies, emphasized that "a stable and cooperative trading relationship between the U.S. and China is extremely important for Hong Kong, as Mainland China and the U.S. are Hong Kong's two largest trading partners." The U.S. Senate must vote on the legislation for it to become law.

HK CYBERPORT PROJECT AGREEMENT SIGNED

The Hong Kong SAR has signed the Cyberport Project Agreement with Pacific Century CyberWorks and Cyber-Port Limited. Apart from the \$782 million Cyberport, the developer will also construct a residential development to generate revenue to drive the project.

The government is to receive the Cyberport in phases over three consecutive years beginning in 2001. To date, 15 multinational companies have signed letters of intent to become anchor tenants, including IBM, Cisco, Microsoft, Sybase, Hewlett Packard and Yahoo!

-HKASC members who have stories for Hong Kong Focus should contact the HKASC Secretariat at the Hong Kong Trade Development Council. Telephone: (213) 622-3194 extension 201 Fax: (213) 613-1490

-HK Focus layout is designed by Chok Design Associates, Los Angeles and copy/edit by BJR Public Relations, Culver City