

Affluent HK investors for Canada

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A new immigrant category under the recently amended Canadian Immigration Act is expected to lure more affluent Hongkong investors to that country as emigration, this year and next, grows substantially, officials said yesterday.

"We've had a number of inquiries," said Stuart Reider, assistant general manager, International Investment Management, Canadian Imperial Bank of Commerce (HK).

"We haven't been overwhelmed but I think they're serious," he added.

The number of people who emigrated to Canada last year ranged from 85,000 to 90,000. The figure this year is expected to rise to between 105,000 and 115,000.

In 1987 the top of the range is expected to hit 125,000, according to the Canadian Commission.

On January 1 Canada's Immigration Act was amended so that the investor category will be yet another step towards furthering the government's policy of encouraging the country's banks to boost direct foreign investment through venture capital management.

Investors with an accumulated net worth of C\$500,000 fit the government's criteria for privately administered investment syndicates to invest in projects in Canada's provinces for a minimum of three years.

The government's criteria stipulates that each syndicate member must live in Canada permanently. If absent for six months without a returning residence permit, the investor will be considered as having abandoned the residence.

Generally, investment projects are also expected to contribute to the provinces' employment opportunities and be of an overall economic benefit.

According to the Act, the investor category includes applicants who intend to establish, purchase or expand a business or commercial venture, become a member in an investment pool or open to government's administering a venture capital fund.

"It will take time to clarify the third criterion but it's moving ahead," Mr Reider said.

On January 15 representatives from Canada's provinces will meet to work out what is expected to be a uniform criteria for the review by provincial authorities of the investment projects.

Discussions are also being held with provincial authorities pending approval for what Mr Reider believes will be the first investment syndicates to be offered to Hongkong investors by a Canadian bank.

He said the CIBC's role as advisors and managers, in conjunction with its functions as distributor and escrow agent, will have YCL Capital Corp in Ontario and likely to be affiliated with firms in Quebec, British Columbia and Alberta, as its fund manager.

Mr Reider said a CIBC syndicate will consist of 12 investors, each with C\$250,000 and committed for three years. The assets manager will propose various projects to the shareholders who will then accept or reject the proposal.

"We think this is a particularly good safeguard," he said. "However, there are risks involved as in any venture. There's no question about that."

The bank's financial advisor in Canada will be Clarkson Gordon, an Arthur Young partner, and Osler, Hoskins, Harcourt of Toronto and Ottawa who will serve as legal counsel.

While pressure mounts to close certain immigrant categories, such as the "assisted relatives and other independent immigrants," the new investor category has taken the general "business immigrants" class another step up from the entrepreneur and self-employed categories.

Sources cautioned that investors cannot put their money into a project, obtain an investor visa to show they live in Canada and then reside in Hongkong.

Mr Reider said the money must also be accumulated through investors' own managerial talents and not constitute a legacy.

"This means they must be capable business people with a proven track record," he added.

He said the bank took a neutral attitude "in that we don't encourage anyone to settle anywhere else but that those interested will be told about the programme's approach."