

HOW MUCH ARE THOSE FAMILY DIRECTORS REALLY WORTH ?

Mr David Li Kwok Po, Chairman and Managing Director of The Bank of East Asia Ltd, awarded himself an additional \$HK5.50 million from the coffers of his bank for the Financial Year, ended December 31, 1999.

He, now, is receiving about \$HK1.46 million per month in Emoluments from the bank that he heads.

The Total Emoluments, paid to The Bank's 5 Directors, amounted to \$HK28.08 million, last Year, compared with the sum of \$HK19.40 million, paid out by The Bank in the 1998 Financial Year.

The increase in Total Emoluments, paid to Directors, followed a fall-off in the Operating Profit, after taking into account Provisions for Bad and Doubtful Debts, which dropped from the 1998 figure of about \$HK1,056.45 million to the 1999 figure of about \$HK551.54 million.

This represents a fall of about 47.79 percent, Year-On-Year -- while Directors' Total Emoluments rose nearly 43 percent in the same period.

The Operating Profit of an enterprise must be considered the all-important factor in determining that enterprise's success or failure as a moneymaking corporate '*machine*', since the Operating Profit, normally, indicates recurrent earnings, as opposed to one-off gains, which may never be repeated.

As such, an enterprise, which sticks to its knitting, so to speak, would put emphasis, one would presume, on its core business: At the end of the day, it is the core business upon which the enterprise competes with rivals.

One would think, therefore, that when the Operating Profits sink, an enterprise would suck in its corporate stomach, tighten up the expenditure belt, a notch, at least, in order to determine how best to tackle the matter of dwindling Operating Profits.

One would not expect that an entity would reward its directors with a bonus for doing a lousy job.

But that seems to be happening more and more in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), these days.

This does not happen too much in the PRC, proper -- because the money just isn't available, legally.

And, if it did/does happen in the PRC proper, it would not be seen in the accounts of a company since that would be courting disaster.

The PRC philosophy is: Misery Likes Company.

Mr David Li Kwok Po shared the Emoluments' booty with certain of the Li Family members. They included:

Mr Li Fook Woo

Mr Arthur Li Kwok Cheung

Mr Alan Li Fook Sum

Ms Aubrey Li Kwok Sing

In the 1999, The Bank paid 2 Executive Directors between \$HK4.50 million and \$HK5 million, each -- which appeared not to have left too much for any of the others, taking into account Mr David Li Kwok Po's multi, million-dollar whack.

Poor chaps!

The Lim Por Yen Family

The Lai Sun Group of Companies, those publicly listed, that is, is a classic example of a family run company -- which is doing poorly, corporate-wise, while the family, Lim Por Yen, et al, which tries to run the Group, is doing very nicely, thank you very much.

There are 4 publicly listed companies in this Group: Crocodile Garments Ltd; Lai Sun Development Company Ltd; Lai Sun Hotels International Ltd; and, Lai Fung Holdings Ltd.

The one consistent factor with all of the above-named companies is that they, all, lost money in the 1999 Financial Year.

While the companies lost out, the Directors and Senior Management were not out of pocket for an instant.

Crocodile Garments Ltd

Crocodile Garments Ltd, the garment retailer and manufacturer of the Group, had the following Executive/Non-Executive Directors and Senior Management in the 1998 Financial Year, ended July 31:

Mr Lim Por Yen -- Paterfamilias	Ms U Po Chu -- Materfamilias
Mr Peter Lam Kin Ngor -- Number Two Son	Ms Vanessa Lam Wai Shan -- Grandchild
Mr Lam Kin Ko (it is not known whether this gentleman is part of the Family, but TARGET is assuming that he is a close relative of the Paterfamilias)	

The above-listed Directors and persons, designated as being '*Senior Management*', in spite of being part of the Lim Por Yen Family, directly or indirectly, between them, took Total Emoluments, amounting to \$HK8.83 million in the 1998 Year, with Directors' Emoluments, only, totalling just \$HK5.33 million.

Two 2 Directors took between \$HK1.50 million and \$HK2 million, each, one Director received between \$HK1 million and \$HK1.50 million, and the rest took \$HK1 million, each.

Crocodile enjoyed an Operating Loss of about \$HK99.47 million in the 1998 Year.

The following Year, more Executive/Non-Executive Directors were added to the Board of Directors, resulting in Directors Total Emoluments, rising to about \$HK5.90 million.

At the same time, the Operating Loss for that Year fell to just \$HK280,000 short of \$HK170 million.

The Executive/Non-Executive Directors and members of the Senior Management for 1999 were:

Mr Lim Por Yen -- Paterfamilias	Ms U Po Chu -- Materfamilias
Mr Peter Lam Kin Ngor -- Number Two Son	Mr Lam Kin Ming -- Number One Son
Ms Vanessa Lam Wai Shan -- Grandchild	Mr Mathew Lam Kin Hong -- Number Three Son
Mr Lam Kin Ko	

The sharing of the 1999 Emoluments' booty, in the case of Crocodile, was, just about, the same as the apportionment in the 1998 Year.

That all sounds fine ... except for the other, and perhaps, more important Lai Sun companies:

Lai Sun Development Company Ltd

In the 1998 Year, ended July 31, the Total Emoluments, paid to the Paterfamilias's immediate family members plus Senior Management, including close friends of the Lim Por Yen Family, in respect of their duties in Lai Sun Development, totalled \$HK33.50 million.

The Family members and close friends of the Family, who took part in the carve up of the Emoluments' booty, in the case of this Company, included:

Mr Lim Por Yen -- Paterfamilias

Mr Peter Lam Kin Ngor -- Number Two Son

Ms Nancy S.H. Lin -- not an immediate family member, but thought to be a close family friend

Ms U Po Chu -- Materfamilias

Mr Lam Kin Ming -- Number One Son

In the 1998 Year, one Executive Director received between \$HK19 million and \$HK19.50 million, 2 Directors received between \$HK8.50 million and \$HK9 million, one Director received between \$HK6.50 million and \$HK7 million, another Director received between \$HK3.50 million and \$HK4 million, and, presumably, Ms Nancy Lin got the measly sum of between \$HK16 million and \$HK16.50 million.

The last-named lady appears to be doing quite nicely, one might say, considering that she is/was only one of the girlfriends of the Number Two Son of Paterfamilias Lim Por Yen.

One does not need to be a mathematical genius to discover that the Executive Directors took from the top of their 'pay scale', not from the bottom.

Which is understandable since, when a child is offered the choice of a chocolate or an ice cream, the child's answer will, invariably, be: *'Thank you.'* (meaning: *'Thank you. I want both.'*)

In the 1998 Year, the Operating Profits amounted to just a tad shy of \$HK469 million.

It is well that the Executive Directors got in while the going was good in that Financial Year because, in the following Financial Year, ended July 31, 1999, the Operating Profits tumbled to an Operating Loss of about \$HK1 billion.

In the 1999 Year, to be totally fair to the Lim Por Yen Family, the Executive Directors showed a great deal of heart, taking only \$HK34.44 million, between them.

This represented a reduction of 30.52 percent, compared with the Total Emoluments, paid out in the 1998 Year.

The Directors and Senior Management for the 1999 Year included the same sextet:

Mr Lim Por Yen -- Paterfamilias

Mr Peter Lam Kin Ngor -- Number Two Son

Ms Nancy S.H. Lin -- not an immediate family member, but thought to be a family friend

Ms U Po Chu -- Materfamilias

Mr Lam Kin Ming -- Number One Son

The 1999 breakdown of the sharing of the Emoluments' booty was that one Director got between \$HK15.50 million and \$HK16 million, one Director received between \$HK5.50 million and \$HK6 million, one Director obtained between \$HK4 million and \$HK4.50 million, one Director received between \$HK3 million and \$HK3.50 million, and poor Ms Nancy Lin obtained just about \$HK6.50 million.

So, TARGET assumes that Ms Nancy Lin is/was on the way out at the end of the 1999 Year.

Lai Sun Hotels International Ltd

When Lai Sun Hotels International Ltd bought the Furama Hotel in Central Hongkong, questions were raised as to whether or not it was madness on the part of Management -- because it appeared that the price, paid for the hotel, could not be justified from a purely ... [CLICK TO ORDER FULL ARTICLE](#)

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