

**SW KINGSWAY CAPITAL HOLDINGS LTD :
ON PAPER, THESE SHARES LOOK CHEAP**

While it is very clear that SW Kingsway Capital Holdings Ltd (Code: 188) is a family-run company, no matter how one may try to colour the situation, it is, also, very clear that it is a successfully run family company.

SW Kingsway, the shares of which are expected to be traded on the Main Board of The Stock Exchange of Hongkong Ltd, next Friday, is well known in stockbrokerage circles as being an aggressive little company that has blazed its path through the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) since it was first founded in about 1982, under the name of Bill Lam and Associates.

Today, this Company is looking at Net Profits Attributable to Shareholders of not less than \$HK172 million for the Financial Year, ended June 30, 2000. (Prospectus at Page 12)

The Company describes itself as being '*principally engaged in Investments in Securities and the provision of a wide range of financial advisory and related services, including corporate finance, stockbroking, financing and fund management.*' (Prospectus at Page 4)

The following are the Results of SW Kingsway Capital, as a group, since it was first incorporated in its present form:

	All Figures are Denominated in \$HK'000			
	December 4, 1995 to June 30, 1997	July 1 to June 30, 1998	July 1 to June 30, 1999	Nine Months to March 31, 2000
Turnover	91,536	100,296	63,777	286,925
<u>Operating Expenses:</u>				
Commission Expenses	(15,140)	(15,315)	(6,573)	(21,154)
Consultancy Fee Expenses	Nil	(8,610)	(3,691)	(126)
General and Administrative Expenses	(10,943)	(16,211)	(9,069)	(23,127)
Other Operating Expenses	(6,668)	(14,539)	(4,844)	(9,353)
Profit from Operations	58,785	45,621	39,600	233,165
Interest Expenses	(4,559)	(5,942)	(4,974)	(4,445)
Share of Loss of an Associated Company	Nil	(4)	Nil	Nil
Profit before Taxation	54,226	39,675	34,626	228,720
Taxation	(6,733)	(3,367)	(1,205)	(33,568)
Profit after Taxation	47,493	36,308	33,421	195,152
Minority Interests	(4,586)	(202)	(30)	5

Profit Attributable to Shareholders	42,907	36,106	33,391	195,157
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With regard to the composition of the Turnover, the massive jump, in the 9 months to March 31, 2000, was brought about largely due to a \$HK194.19-million gain in investments in marketable securities.

In the 1999 Financial Year, the Company logged in about \$HK21.45 million in gains on investments in playing the stock market.

Without the \$HK194.19-million gain in trading profits, the Turnover would have been reduced to about \$HK92.73 million -- which, still, would have been a 45-percent improvement over the 12-month, 1999 Financial Year.

No matter how one cuts it, it is apparent that Management knows what it is doing when it comes to investing in the stock market and in any of its 4 principal activities as (a) investor in listed shares (b) stockbroking (c) underwriting and placement of shares for third parties and (d) corporate advisory services.

On the negative side of the ledger, however, TARGET notes that staff costs have ballooned between the end of the 1999 Financial Year and the 9 months of the 2000 Financial Year.

In 1999, staff costs totalled about \$HK9.07 million, rising to \$HK23.13 million in the 9 months to March 31, 2000.

The 155-percent increase in staff costs was brought about by Management, paying out about \$HK16.81 million in what is termed at Page 139 of the Prospectus: *'Salaries, commissions, bonuses and other allowances.'*

Further, it appears that either the Chairman or the Chief Executive Officer of SW Kingsway, Mr Jonathan Koon Shum Choi and Mr William Lam Ka Chung, respectively, helped himself to a \$HK12-million remuneration package, during the first 9 months of the 2000 Financial Year.

The Chairman and the Chief Executive are brothers-in-law, by the way.

The Family of SW Kingsway

Aside from the brothers-in-law Jonathan Choi and William Lam, Ms Mary Lam Yuk Sin, aged 46 years, sits as an Executive Director. She is the wife of Mr William Lam, the Chief Executive Officer.

In addition, there is Executive Director Michael Koon Ming Choi, aged 32 years, who is responsible for the Company's fund management. He is the brother of Mr Jonathan Koon Shum Choi, the Chairman of the Company.

There are, also, 2 other Lam/Choi Family members, working in SW Kingsway: Ms Katherine Lam Ka Jen, the sister of the Chief Executive; and, Ms Elina Yuk Lan Choi, the sister-in-law of the Chief Executive.

Ms Katherine Lam Ka Jen, aged 34 years, works in Kingsway Capital Ltd while ... [CLICK TO ORDER FULL ARTICLE](#)

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