

**I-WOOD INTERNATIONAL HOLDINGS LTD :  
WORMS IN THE WOODWORK ?**

I-Wood International Holdings Ltd (Code: 162) is one new listing that thinking investors should, no doubt, cross off their books almost at the moment that they have finished scanning the Prospectus of the Company.

Because there are as many reasons for making a determination not to invest in this company as there are for deciding not to sleep with a cantankerous female lioness -- in heat.

And, standing out in the Prospectus of the Company, like a festering boil on the tip of a very ugly person's nose, is the fact that Mr Yau Kwai Tun, the Founder and Chairman of this Company, is making only a little less money for himself, in cash, out of this flotation, than the Company, itself.

Which is preposterous, considering everything, as subscribers will understand as they read further into this analysis of this Company.

Chairman Yau Kwai Tun has just banked about \$HK20 million, gross, by selling 25 million of his shares in the Issued and Fully Paid-Up Share Capital of the Company, while I-Wood has just picked up \$HK21.50 million, net of expenses, by Placing and Offering a total of 37.50 million shares in the Issued and Fully Paid-Up Share Capital of the Company.

(The Company picks up the tab for going public – payments to lawyers, accountants, printers, promoters, and etc -- while the Chairman just gets the cash for selling some of his holdings)

The fact that Chairman Yau Kwai Tun is selling out part of his equity holdings in I-Wood is not easy to find, on the first reading of the Prospectus, unless one knows one's way to scan this type of a document.

But, once put on one's guard as to the probability that there is something unusual going on, it is not too difficult to prove the facts.

I-Wood, whose applications for shares closed on Friday, October 13, is due to be traded on The Stock Exchange of Hongkong Ltd, this Friday.

This Company, a designer and manufacturer of wooden furniture, operating out of the People's Republic of China (PRC), Offered 13.75 million, 10-cent shares at a Premium of 70 cents per share and a further tranche of 23.75 million shares were Placed on the same terms.

At the same time, Chairman Yau Kwai Tun sold 20 million of his personal stock of shares in the Company, also on the same terms.

For the past 2 Financial Years (the Financial Year ends March 31), Chairman Yau Kwai Tun has been using I-Wood as his personal little '*bank*'.

As at March 31, 2000, Chairman Yau Kwai Tun owed I-Wood about \$HK22.06 million (more about this matter later).

So, the sales by Placement of his 20 million shares in I-Wood was, probably, due to the fact that he needed the money in order to settle matters with the Company that he founded.

By any measure, this is a tiny manufacturer of wooden furniture and its days of reasonable Profit Margins may soon be numbered as the PRC becomes a member of the World Trade Organisation (WTO), an event which is

due to come to fruition before the end of this calendar year.

The reason that TARGET makes this statement is that one of the prerequisites for a country to become a new member of the WTO is that there must be uniformed tariffs among WTO members.

As such, it is reasonable to assume that the PRC Government will lower its import tariffs on imported, foreign-made wooden furniture, thus cutting into the profits of I-Wood.

That is in the near future, of course, but, for the past 3 Financial Years, I-Wood has been doing rather ... [CLICK TO ORDER FULL ARTICLE](#)

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