

**WORLD TRADE BUN KEE LTD :
IN THE COMPANY OF THE TSANGS**

When investing in family run companies, one always has to be aware that, more often than not, the concerns of the controlling family come first – outsiders come second ... or third ... or fourth ... or nowhere.

One saw that, clearly demonstrated last year, in the case of the Mr Tse Sui Luen, the Founder of Tse Sui Luen Jewellery (International) Ltd (Code: 417, Main Board, The Stock Exchange of Hongkong Ltd), the man who, it could be said without reasonable argument from anybody, including Mr Tse, single-handedly sank one of the largest jewellery manufacturing and gold and jewellery retailing groups in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Notwithstanding some *'funny'* business in the PRC, which cost Tse Sui Luen Jewellery tens of million of Hongkong dollars in losses – TARGET may not comment on this matter – Mr Tse, simply put, placed his once solid company in terrible jeopardy by his personal habit of gambling on property and stocks and shares, using company funds – when he was not fornicating with new floozies, that is.

Today, Mr Tse is an undischarged bankrupt in the HKSAR.

His often irascible son, Tommy, now runs the publicly listed company, while the *'brains'* of the family, daughter, Winnie, has stepped out of the picture, completely, in favour of raising a family, far from the madding Tse Sui Luen crowd.

World Trade Bun Kee Ltd (Code: 380), one of the December *'flock'* of companies, seeking a listing on The Stock Exchange of Hongkong Ltd, is, also, a family run company, which can trace back its origins to 1949.

The Company is in the business of importing and selling a large variety of pipes, fittings and other related accessories of different materials, used in the building trade.

In addition, it operates warehouses in the HKSAR.

The Company's pipes and fittings are sold in 3 shops, all rented properties, as well as sales to wholesalers.

World Trade Bun Kee is run by the Tsang Family, headed by 57-year-old Mr Eric Tsang Sik Yin, the present Managing Director.

Mr Eric Tsang's Number Two, so to speak, is his younger brother, 54-year-old Tsang Chung Yin, an Executive Director of the Company.

The younger sister of Mr Eric Tsang, 53-year-old Dr Tsang Ngan Chung, also serves as an Executive Director.

Lastly, there is the 52-year-old Tsang Yin, an Executive Director who is a younger brother of Mr Eric Tsang.

Each of the above-named, 4 Executive Directors has signed a 3-year employment contract with the Company, commencing December 1, 2000, whereby they will each receive a monthly housing allowance of \$HK40,000, plus annual salaries, ranging from Mr Eric Tsang's \$HK155,000 per month, the highest paid Tsang Family member, to Dr Tsang Ngan Chung and Mr Tsang Yin, both of whom only receive a monthly paycheck of \$HK75,000.

In all, the Tsangs will be taking, annually, not less than \$HK7,068,000 out of the Company, effective immediately.

Each of the Tsangs, also, is entitled to the use of a motor car, and all expenses, in respect of these motor cars, are paid by the Company.

In addition, they will, each, be entitled to a discretionary Management Bonus, which *'shall not exceed 15% of the consolidated net profit before taxation and minority interests'*. (Page 172 of the Prospectus)

While this may all appear reasonable to many people, TARGET's analyst notes that Performance/Discretionary Bonuses from 1997 to 1999 have been climbing steadily, as the following table * illustrates:

	Financial Year ended December 31			Six Months to June 30, 2000
	1997	1998	1999	
	All Figures are Denominated in \$HK'000			
Basic Salaries, other allowances and benefits in kind	6,587	6,837	6,411	3,474
Performance/Discretionary Bonuses	3,637	3,576	5,109	4,513
Commission	Nil	Nil	Nil	842
TOTALS	10,224	10,413	11,520	8,829

* Taken from Page 105 of the Prospectus

For the 2000 Financial Year, ended December 31, 2000, the Company paid to the Directors about \$HK12.92 million – a record level.

Even so, many people may consider that that amount of money, paid to Founding Family members, is not excessive, all things considered, but, if one weighs the total emoluments, paid to the Tsangs, against the Trading Results of World Trade Bun Kee Ltd, then one begins to wonder whether or not more objective and detached Management ... [CLICK TO ORDER FULL ARTICLE](#)

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