

**KIU HUNG INTERNATIONAL HOLDINGS LTD :
ANOTHER FAMILY COMPANY, MAKING CUDDLY TOYS**

It must be considered a joke to any sophisticated, international investor, and, in fact, it should be considered a joke to most people, who know anything about well-regulated stock exchanges and investing in stocks and shares.

But, to the investment community of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the flotation of Kiu Hung International Holdings Ltd (Code: 381 – the Main Board, The Stock Exchange of Hongkong Ltd) is just par for the course.

Kiu Hung International pitched an 11-million, New Issue of 10-cent Shares and Placed another 44 million New Shares, all 55 million shares, being Offered at a Premium of 90 cents per share.

This maker of stuffed toys and decorative gift items is one of the smallest companies to seek a listing on the Main Board of The Stock Exchange of Hongkong Ltd for some time.

Aside from being terribly small, in terms of annual sales of toys and gift items, this Company is completely controlled by the Hui Family: Go-Go (Big Brother); Sai-Lo (Younger Brother); Sai-Mui (Younger Sister); and Ma-Ma (Materfamilias).

These 4 people represent the entire, senior management team, with all but the Materfamilias, being the entire Board of Directors.

The New Issue Prospectus, at Page 81, describes the Board of Directors as being:

Chairman

Mr Hui Kee Fung, aged 40 years, the Founder of the Company in 1991, having *'over 9 years of experience in the decorative gift and toy industries.'*

Vice Chairman

Mr Hui Ki Yau, aged 38 years, joined Kiu Hung International soon after it was founded by his elder brother, Chairman Hui Kee Fung, and *'has over 9 years of experience in the sales and marketing field.'*

Executive Director

Madame Teresa Hui Hung Tan, aged 32 years, joined Kiu Hung International about one year after it was founded and *'has over 8 years of experience in the toy and decorative gift industries.'*

It is stated that she is responsible *'for the formulation of corporate policies'* and has *'over 20 years of experience in the gift and toy industries.'*

No doubt, Madame Hui So Hing taught her 3 children how to play with toys and gifts when they were very young; and, this has placed them in good stead for their careers as makers of toys and what-have-you.

These 4 experts, believe it or not, control a workforce of some 1,721 people, who produce toys and gift items in the Fujian Province of the PRC.

While one may make light of the length of time that the Brothers Hui have been in business, but one cannot make light of their accomplishments over the past decade.

The following is lifted, directly from the Prospectus, and shows the accomplishments of this quartet since 1997:

	Financial Year ended December 31			Nine Months to September 30
	1997	1998	1999	2000
	All Figures are Denominated in \$HK'000			
Turnover	90,608	90,626	115,922	103,442
Cost of Sales	(47,929)	(46,801)	(64,807)	(44,289)
Gross Profit	42,679	43,825	51,115	59,153
Gross Profit Margin	47.10 percent	48.36 percent	44.09 percent	52.14 percent
Other Revenue	582	1,896	3,640	2,596
Selling and Distribution Costs	(6,695)	(6,845)	(6,426)	(5,954)
Administrative Expenses	(14,357)	(12,876)	(12,837)	(9,211)
Profit from Operating Activities	22,209	26,000	35,492	46,584
Finance Costs	(4,173)	(4,152)	(4,802)	(3,531)
Profit before Taxation	18,036	21,848	30,690	43,053
Taxation	(2,966)	(3,089)	(4,463)	(6,834)
Net Profit from Ordinary Activities Attributable to Shareholders	15,070	18,759	26,227	36,219
Net Profit Margin	16.63 percent	20.70 percent	22.62 percent	35 percent

Throughout the track record, listed above, the Brothers Hui have paid themselves handsomely – as was their right, of course.

In the 1997 Year, they paid themselves \$HK6.20 million in dividends (about 41 percent of the Net Profits).

In the 1998 Year, they paid themselves \$HK8.30 million in dividends (about 44 percent of the Net Profits).

In the 1999 Year, they paid themselves \$HK24.44 million in dividends (about 93 percent of the Net Profits).

And, for the 9 months of the 2000 Year, they paid themselves \$HK28 million in dividends (about 77 percent of the Net Profits).

For the Financial Year, just ended on December 31, 2000, the Brothers Hui ... [CLICK TO ORDER FULL ARTICLE](#)

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