

**SKY HAWK COMPUTER GROUP HOLDINGS LTD :
FRUGALITY SEEMS TO BE THE NAME OF THE GAME**

With the world's intake of personal computers, networking products and computer accessories, shrinking at ever-faster rates, there is every reason to think that, eventually, this situation will catch up with Sky Hawk Computer Group Holdings Ltd (Code: 1129, the Main Board of The Stock Exchange of Hongkong Ltd).

However, it would appear, on studying the Prospectus of Sky Hawk Computer, that Management has every confidence in the near-term future of the Company, which just happens to be in the business of manufacturing exactly those products that are under fire, just now.

The Company issued its Prospectus on January 8 when it Offered 15 million, 10-cent Share at a Premium of 40 cents per share, and, at the same time, it Placed another tranche of 85 million Shares on the same basis as the Offered Shares.

The money, to be raised, the Prospectus states, is to be used as follows:

1. \$HK10 million to beef up the Company's research and development team;
2. \$HK15 million to expand the existing sales and marketing channels;
3. \$HK2 million to establish Surface Mounted Device and Automated Optical Inspection production lines;
4. \$HK8 million to establish a network system assembly production centre; and,
5. \$HK3 million to be tipped into the General Working Capital Account.

Not a penny of the money is to be used to retire any of the Company's debts which, as at November 30, 2001, stood at about \$HK10,179,630, comprising short-term bank loans of about \$HK1 million and trust receipt loans of about \$HK9,179,630.

The loans outstanding are not at all significant when one stacks them against the Company's Net Tangible Assets, as at June 30, 2001: About \$HK102.99 million.

This Company's history can be traced back to March 1992 when the husband-and-wife team of Mr Wang Chia Chin and Ms Ko Su Mei established San Hawk Technic Company Ltd in Taiwan. That company is, today, a wholly owned subsidiary of Sky Hawk Computer.

Two years and 3 months later, Sky Hawk Computer (Shenzhen) Company Ltd was founded in the People's Republic of China (PRC).

That was the launching pad, it appeared, so that, today, Sky Hawk Computer employs about 1,818 workers, of which number 1,791 workers are employed in the PRC, 25 workers are employed in Taiwan, and 2 workers are employed in the Hongkong Special Administrative Region (HKSAR) of the PRC.

For the 42 months, ended June 30, 2001, this Company has seen its Bottom Line remain fairly flat and, for the Financial Year, ended December 31, 2001, Management is looking for Net Profits Attributable to Shareholders of not less than \$HK30 million. (Page 10 of the Prospectus)

Page 103 of the Prospectus is devoted to Sky Hawk Computer's financial results over the past 42 months:

	Financial Year ended December 31			Six Months to June 30
	1998	1999	2000	2001
	All Figures are Denominated in \$HK'000 (unless otherwise stated)			
Turnover	319,853	260,760	220,424	114,695
Cost of Sales	(251,712)	(198,711)	(170,142)	(87,637)
Gross Profit	68,141	62,049	50,282	27,058
Gross Profit Margin	21.30 percent	23.80 percent	22.81 percent	23.59 percent
Other Net Income	2,639	3,124	3,365	1,047
Selling Expenses	(25,054)	(19,587)	(18,432)	(8,112)
Administrative Expenses	(10,427)	(8,975)	(9,619)	(5,556)
Profit from Operations	35,299	36,611	25,596	14,437
Financing Costs	(593)	(600)	(1,363)	(773)
Profit from Ordinary Activities before Taxation	34,706	36,011	24,233	13,664
Taxation	(2,583)	(2,457)	(2,443)	(1,250)
Profit from Ordinary Activities after Taxation	32,123	33,554	21,790	12,414
Appropriations to Statutory Reserve *	(19)	(40)	(24)	Nil
Retained Profit for the Year/Period	32,104	33,514	21,766	12,414
Net Profit Margin	10.04 percent	12.85 percent	9.87 percent	10.82 percent

* PRC legal requirements in respect of the Company's operating subsidiary.

Over the track-record period, sales of personal computer accessories ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.