

**KENFAIR INTERNATIONAL (HOLDINGS) LTD :
READING IS BELIEVING**

It would be interesting to learn whether or not prospective shareholders and extant minority shareholders of Kenfair International (Holdings) Ltd would approve of the purchase of a flat by the Company in order that the Managing Director maintain the standard of living to which he has become accustomed.

Especially, when the cost of the flat, at \$HK15.20 million, is equal to a little more than 10 percent of the Turnover of Kenfair International for the Financial Year in which the flat was purchased, that is 2001.

But that is the situation; and, Mr Cheung Shui Kwai, today, is happily living in his Mid-levels flat, buckshee, with Kenfair International, footing the bill for the flat and granting to Managing Director Cheung Shui Kwai, a residential accommodation allowance of \$HK13,333.33 per month.

On an aside, the Capital Value of the flat, in its existing state, as at December 31, 2001, just about one year after it was purchased by Kenfair International, is \$HK13 million – which is a reduction of \$HK2.20 million from the purchase price.

But that, still, is not everything about this matter of the purchase of this luxury flat because the private company from which Kenfair International purchased this flat, Top Victory Enterprises Development Ltd, was/is owned by none other than the Managing Director, himself.

These facts are all contained in the Placing and Public Offer Prospectus of Kenfair International, which was first promulgated on March 25, 2002, with valid applications for shares, closing 3 days later, on March 28, 2002.

It may be, of course, that Managing Director Cheung Shui Kwai is well worth his salt, but he better be worth his salt because, in relative terms, this Mid-levels's flat cost Kenfair International a bomb.

In terms of the Adjusted Net Tangible Assets of the Company, the cost of this flat represents about 39.30 percent – and that includes the net proceeds, derived from the Placement Shares, estimated to have been about \$HK31 million.

Kenfair International describes itself as being engaged in the organisation of trade fairs, trade shows, and the like.

The Company was started by Mr Ip Ki Cheung, the current Chairman, who owns 30 percent of the Issued and Fully Paid-Up Share Capital of Kenfair International, via Capital Concord Profits Ltd. He is the largest single shareholder.

The remaining 50 percent equity interest of Capital Concord is owned as to 30 percent by Harbour Rich Finance Ltd – which is, in turn, owned by Managing Director Cheung Shui Kwai – and 20 percent by Pace Maker Finance Ltd – which is, in turn, owned by the remaining Executive Director of Kenfair International, Mr Chan Siu Chung.

This management troika comprises the entire Executive Board of Directors, which, in aggregate, is being paid not less than \$HK5.63 million, per annum, or about \$HK156,417 per month per man.

As TARGET has, already, commented with regard to Managing Director Cheung Shui Kwai, this 3-man, Board of Directors had better be worth its salt.

The Flotation

Of the 72 million, one-cent Shares that were on Offer, 14.40 million Shares were New Shares, Offered at a Premium of 99 cents per share, 21.60 million Shares were New Shares, being Placed, also at a Premium of 99 cents per share, and 36 million Shares were labelled as 'Sale Shares'.

The Sale Shares, representing 50 percent of all the shares, being flogged in this cash-raising exercise, are coming from the Management troika, via Capital Concord Profits Ltd.

So, Messrs Ip, Cheung and Chan have made visits to their respective banks, armed with \$HK36 million, in aggregate, while Kenfair International ended up with \$HK31 million, net of expenses.

The money, raised in this exercise, is to be used as follows, the Prospectus states at Page 64:

1. \$HK4 million for the expansion of existing trade shows;
2. \$HK8 million for the development of new shows;
3. \$HK4 million for the development of the market for trade shows in the People's Republic of China (PRC); and,
4. \$HK15 million to be used as General Working Capital.

It is difficult not to criticise the greed that is only too evident with regard to the Management troika, but, at the same time, one cannot help but be impressed by the success of the Company, at least during the past 43 months

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