

FX CREATIONS INTERNATIONAL HOLDINGS LTD :
THIS COMPANY IS SOMEWHAT OF A FAILURE, YOU KNOW

Considering that the Company is about 7 years old, it must be considered somewhat of a failure.

That is not to say that it has not made a little money since it was founded in 1995, but its financial results are only just about enough to feed the founding family – if that.

The Company is FX Creations International Holdings Ltd, Stock Code Number 8136, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd.

FX Creations is in the business of retailing bags and accessories under its FX Creations brand name.

These are what the Company terms, business bags, sports bags, backpacks, handbags, wallets, belts, watches, spectacles and umbrellas.

The Company sells its wares through 7 retail shops in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and via 4 counters, located in departmental stores, scattered throughout the HKSAR.

It, also, retails its goods in Taiwan through 9 departmental stores.

It does not own any property of its own, with all of the HKSAR shops, being rented.

FX Creations employs 94 people in the HKSAR, at this time, but one of the shops is to be closed in the near future so that one may suppose that some of the staff will be made redundant when that shops shuts its doors.

The Company was founded by the Ho Family and Ng Family and, today, they, jointly, own about 70 percent of the Enlarged Issued and Fully Paid-Up Share Capital.

FX Creations launched its Placing and Public Offer Prospectus on May 8 when it Placed 41 million, one-cent Shares at a Premium of between 24 cents per Share and 26 cents per Share and Offered another tranche of 40 million, one-cent Shares on the same basis.

The estimated net proceeds of this flotation were put at about \$HK13.30 million, and it is earmarked for the following purposes, according to the Prospectus at Page 66:

1. \$HK1.50 million to establish additional retail shops in the HKSAR;
2. \$HK1 million to conduct an advertising campaign and to enrich the Company's corporate image;
3. \$HK10.30 million to buy some equipment in order to establish a manufacturing base; and,
4. \$HK500,000 to finance geographic expansion.

One wonders just how far will \$HK500,000 go in order to assist FX Creations expand geographically.

Further, item number 3 seems too little a sum of money in order to establish a manufacturing base for handbags and what-have-you.

Pages 62 and 63 put its 'Future Plans and Prospects' thusly:

'The Group intends to vertically integrate its operations by establishing its own manufacturing capacity through a processing agent in the PRC. In order to achieve this goal, the Group intends to acquire plant, machinery and production facilities and to work with a processing agent in the PRC ...

'... Under the intended processing agent arrangement, the Group will be responsible for the provision of plant, machinery, related leasehold improvements and fixtures whereas, the processing agent will be responsible for the provision of production premises, water and electricity and labour ...

'The costs of financing the acquisition of plant, machinery and production facilities are estimated to be approximately HK\$12 million, of which approximately HK\$10.3 million will be funded from the proceeds of the Share Offer and the balance will be funded from the internal resources of the Group. As for the working capital of the manufacturing facilities, it will be funded from the Group's internal resources ...'

It would appear to TARGET that FX Creations is shoestring operation, which is attempting to enter the big time.

But it, sadly, does appear to be undercapitalised.

The type of goods that this Company produces is being retailed, internationally ... [CLICK TO ORDER FULL ARTICLE](#)

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