

**CHITALY HOLDINGS LTD :
A ONE-PRODUCT COMPANY IN ONE MARKET**

The 3 Executive Directors of Chitaly Holdings Ltd are riding, on what must surely be, biggest gravy train in their 5-year history.

Their Total Emoluments have risen from about \$HK1.38 million in 1999 to about \$HK9.28 million in 2001.

In addition to obtaining record-high salaries, housing benefits and other goodies, the 3 Executive Directors, also, had the benefit of about \$HK6.89 million in unsecured, interest-free loans from the Company, during the year.

All this is spelled out in the Placing and Public Offer Prospectus of Chitaly, dated May 2, 2002.

The 3 Executive Directors are:

- Mr Tse Kam Pang, the 47-year-old, Chairman and Founder
- Mr Lam Toi, the 39-year-old, Deputy Chairman and Co-Founder
- Ms Joanna Lam Ning, the 30-year-old, sister of the Deputy Chairman

Not bad going for this trio which, for the Current Financial Year, ending December 31, 2002, will be taking home about \$HK5.88 million, plus out-of-pocket expenses and medical expenses.

Considering the Turnover and Net Profit Attributable to Shareholders of Chitaly for the past 3 Financial Years, the growth in Directors' Emoluments might be considered quite extraordinary: From 1.34 percent of the Turnover in 1999, to 4.41 percent of the Turnover in the 2000 Year, and, then, rising again to 5.63 percent of the Turnover in the 2001 Year.

Chitaly is a Company, which is engaged in the design, manufacture and sale of home furniture.

It went to the Main Board of The Stock Exchange of Hongkong Ltd on the second day of May when it Placed 34.50 million, New 10-cent Shares at a Premium of 90 cents per Share, and, at the same time, it Offered another tranche of 5.75 million New Shares on the same terms.

The Chairman and Deputy Chairman, Messrs Tse Kam Pang and Lam Toi, determined to take the opportunity to Place 17.25 million of their own shares, also on the same basis.

Messrs Tse and Lam, after the flotation, still retained 37.50 percent, each, of the Issued and Fully Paid-Up Share Capital of the Company, while the General Public was sold 25 percent of the Issued and Fully Paid-Up Share Capital.

After the dust had settled, the Company was left with about \$HK33 million, being the net proceeds from the float.

This money, the Prospectus states at Page 67, is to be used as follows:

1. \$HK10 million for the construction of a new plant;

2. \$HK12 million to purchase some new machinery;
3. \$HK5 million for marketing and promotional expenses; and,
4. \$HK6 million to be used a General Working Capital.

The History

Relatively speaking, Chitaly is a young company, having been established in August 1997, about one month after the Government of the People's Republic of China (PRC) assumed sovereignty over Hongkong and renamed it the Hongkong Special Administrative Region (HKSAR) of the PRC.

About one month after its establishment, Chitaly had expanded into the PRC, having entered into an agreement with a PRC entity in order to wrest control of Guangzhou Huangpu Baixing Furniture Manufactory.

Guangzhou Huangpu Baixing Furniture Manufactory was, at that time, '*principally engaged in the manufacture and processing of furniture in the PRC.*' (Page 32 of the Prospectus)

Today, this furniture manufacturer, which sells about 97 percent of its total production in the PRC, has seen its Turnover rise from about \$HK102.82 million in 1999 to about \$HK164.76 million in 2001 ... [CLICK TO ORDER](#)

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