

**PEOPLE'S FOOD HOLDINGS LTD :  
FANCY A PORK CHOP ?**

The buildup of cash at People's Food Holdings Ltd (Code: 708, Main Board, The Stock Exchange of Hongkong Ltd), over the past 16 months or so, has been quite phenomenal, rising from about \$HK97.05 million, as at Balance Sheet Date, ended December 31, 2000, to about \$HK528.77 million, as the April 30, 2002.

One cannot help but ask: Can't Management find a way to make better use of its cash, other than leave it in banks, gathering paltry interest rates?

People's Food was listed on the Main Board of The Stock Exchange of Hongkong Ltd by way of an Introduction on October 21, 2002.

It did not seek to Place any of its shares or to engage in any other kind of cash-raising exercise at the time of publication of its Prospectus.

The Company is in the business of the production, distribution and sale of meat products in the People's Republic of China (PRC), proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC.

It is controlled by Mr Ming Kam Sing, the Chairman of the Company, who, beneficially, owns 44 percent of the Issued and Fully Paid-Up Share Capital of the Company.

Messrs Zhou Lian Kui and Zhou Lian Liang, brothers, beneficially own 13.48 percent and 5.23 percent of the Issued and Fully Paid-Up Share Capital, respectively, and make up the ruling triumvirate, Chairman Ming Kam Sing and these 2 gentlemen, being the only Executive Directors. (Page 35 of the Prospectus)

Each Executive Director is paid \$HK2 million per annum, Page 180 of the Prospectus states.

This Company's primary listing is on The Singapore Exchange Securities Trading Ltd, the main trading exchange of the Republic of Singapore.

It was first listed on that equity market on February 28, 2001 when it Offered 142.50 million shares to the investing public of that Republic, which is controlled and operated by Mr Lee Kuan Yew, the godfather of about 2.53 million of his people, who pay homage to him, either directly or via his appointees.

For the past 40 months, People's Food has gone from one record level of profit to another record level of profit – and there appears to be no stopping it.

The following table is taken from Page 89 of the Prospectus:

	Financial Year ended December 31			Four Months ended April 30
	1999	2000	2001	2002
	<b>All Figures are Denominated in Renminbi'000 (unless otherwise stated)</b>			
Turnover	2,297,853	3,173,896	4,236,880	1,540,935
Cost of Sales	(1,775,332)	(2,443,782)	(3,238,988)	(1,158,353)
Gross Profit	522,521	730,114	997,892	382,582

<b>Gross Profit Margin*</b>	<b>22.74 percent</b>	<b>23 percent</b>	<b>23.55 percent</b>	<b>24.83 percent</b>
Other Revenue	1,450	1,649	8,138	2,608
Distribution Costs	(38,362)	(65,960)	(95,515)	(36,082)
Administrative Expenses	(79,762)	(110,878)	(129,760)	(46,647)
Other Operating Expenses	(4,543)	(5,523)	(12,178)	(4,526)
Profit from Operating Activities	401,304	549,402	768,577	297,935
Financing Costs	(31,100)	(23,375)	(14,459)	(5,126)
Profit before Taxation	370,204	526,027	754,118	292,809
Taxation	(67,587)	(96,047)	(139,276)	(42,449)
Net Profit Attributable to Shareholders	302,617	429,980	614,842	250,360

\* This is TARGET's calculation

Throughout the track-record period, People's Food has paid dividends, ranging from 150 million renminbi in 1999, to 110 million renminbi in 2000, to 124.29 million renminbi in 2001.

The Dividend Payout Ratio, therefore, would appear to have been 49.67 percent, falling to about 25.58 percent, and, then, dropping again to about 20 percent, respectively, during the track-record period.

It appears that, as the Company's Net Profits rise, the ruling triumvirate becomes more and more niggardly in respect of dividend payments as a percentage of the Bottom Line.

While all this was taking place, over the past few years, there has been an almighty buildup of cash in the Company's coffers ... [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](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*