

**CHANCO INTERNATIONAL GROUP LTD:
ANOTHER MOMMA-AND-PAPA SHOP**

The important things to remember about most family owned companies of Asia is that there is a guarantee:

- (a) They will never grow to any great extent, no matter how long they stay in business;
- (b) The determinations of Management nearly always take into account the interests of the family, first; and;
- (c) Management will brook no dissention from outsiders, no matter how many people the entity employs.

This appears, clearly, to be the case in studying the Prospectus of Chanco International Group Ltd, a company, which went public on the Main Board of The Stock Exchange of Hongkong Ltd on February 28, 2003.

This Company is engaged in *'the design and manufacture of branded men's and ladies' leather accessories, including finished belts and small leather goods, such as wallets, key rings and organisers.'* (Taken from Page 41 of the Prospectus)

Chanco International Offered a total of 93.80 million, one-cent Shares at a Premium of 59 cents per Share.

Of those 93.80 million Shares, 84.42 million Shares were Placed and, of that number of Shares, 56.28 million Shares were New Shares, with 28.14 million Shares, being those, belonging to Chan Family members, the Chan Family, being the Founders of the Company.

The investing public was Offered 9.38 million Shares.

The money, raised in this exercise, is to be used as to:

1. \$HK7 million for vertical integration of the organisation;
2. \$HK5.80 million for strengthening the product development;
3. \$HK5.80 million for further development of production facilities;
4. \$HK5.80 million for promotional activities;
5. \$HK1 million for geographical expansion; and,
6. \$HK6.30 million to be used as additional Working Capital.

As will become very evident as one reads further about this Company, the above reasons for the flotation are questionable in the light of the finances of this Company and of the modus operandi of the history of Chanco International since it was founded.

One cannot help but wonder as to the reason that Chanco International would bother to spend about \$HK24.58 million on various professionals in seeking and obtaining the status of a public company in the first place – because its benefits appear to be far outweighed by the additional recurrent costs, involved in maintaining a

publicly listed entity in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Executive Board of Directors

The Executive Board of Directors comprises:

Mr Edwin Chan King Hong, the 45 year-old Chairman and Managing Director;
Mr Stanley Chan King Yuen, the 42 year-old Managing Director, the brother of the Chairman;
and,
Ms Rebecca Chan Wai Po, the 39 year-old Production Director, who is the sister of Messrs Edwin Chan and Stanley Chan.

In what the Prospectus terms, '**Senior Management**', at Page 58, there are 2 ladies, who stand out, most prominently:

Ms Li Shuk Han, the 38 year-old General Manager of the Group, who is the wife of the Chairman; and,
Ms Chan Wai Foon, the 47 year-old Accounting Manager of the Group, who is another sister of the Chairman.

It is clear, from the above, that there will never be dissention in the ranks of senior management of this Company.

And, mind you, this is not a small company since it has a workforce of some 1,097 people. (Page 59)

In case subscribers are wondering, the Chan Family owns 69.50 percent of the Issued and Fully Paid-Up Share Capital of Chanco International. (Page 40)

The history of this Company goes back to the 1970 when the father of the current Chairman, Mr Chan Won Man, founded a sole proprietorship for the manufacture and trading in handbags in Hongkong, as the territory was, then, known.

Mr Chan Woon Man was joined by his sons about one decade after the Company was up and running. Today, 33 years later ... [CLICK TO ORDER FULL ARTICLE](#)

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