

**ANEX INTERNATIONAL HOLDINGS LTD :  
NET ASSET VALUE : 64 CENTS PER SHARE  
MARKET PRICE : 16 CENTS PER SHARE**

After 3 years of losses, it looks at though publicly listed Anex International Holdings Ltd is coming out of the red ink in spite of, perhaps, the Company, suffering a first half loss.

Anex International, primarily a manufacturer of electrical appliances - toasters and irons, etc - and motor-car accessories, which 2 divisions account for about 71 percent of the Total Turnover, appears to be turning the corner.

According to targetnewspapers.com's analysis of the situation in this Company, it could record a profit of about \$HK3 million in the Current Financial Year, ending March 31, 2000.

There are a number of reasons for targetnewspapers.com to take this bullish stand toward this Company, but one of the most of important factors is that its 51-percent-owned Cosmedia Division - Cosmedia Ltd, Cosmedia Group Company Ltd, and Zhuhai China Media Company Ltd - has recently come into an exclusive agreement to the rights to distribute Formula One racing in the People's Republic of China (PRC).

The \$HK20-million-a-year contract was signed in January this year and runs until the year 2001.

The PRC television stations, about 200 of them, will telecast the races and will receive the programming, free of charge, as well as being paid about \$HK7 million to boot.

At the end of the day, all things being equal and after all other costs, Anex International should be able to bank about \$HK8 million, annually, from this exclusive distributorship.

The \$HK8-million gross profit is a long way from the 1997-1998 Year's \$HK10.51-million loss situation.

In a conversation with an official of Procter and Gamble Guangzhou Ltd - targetnewspapers.com has agreed not to publish the official's name - this reporter was told that, in the past few years, there have been a number of problems with television stations in the PRC.

She said that, while many PRC television stations sign contracts for advertising P&G products, during allotted prime times slots, only too often it is a matter of who pays the most that gets the spots - regardless of any contract between an advertiser and the television station.

P&G, as it is known in the PRC, manufactures soaps, shampoos, Oil of Ulan, toothpastes and toothbrushes, feminine napkins (Whisper), and laundry detergents, mainly, all of which are manufactured in plants in Huangpu, Chengdu, Shaoguan, Beijing, Tianjin and Xiqing.

P&G came into an agreement with Anex International's Cosmedia Group, which has been purchasing serials and dramas from the television stations in the HKSAR and Taiwan, and agreed to sponsor some of the programming.

But problems arose with some of the PRC television stations, which did not live up to their agreements with Cosmedia, and, as a direct result, about 10 percent of the gross revenue, which should have gone to Anex International, had to be written off in the books of the Company.

P&G has, now, amended its agreements with various programme distributors in the PRC so that P&G's payments are made, directly, to the distributors on a performance basis, along with a hold-back clause of about 30 percent

of the contracted sum of money, which is released after it has been determined that the PRC television stations have lived up to their part of the bargains.

This problem is the reason that, in the 1998-1999 Year, on a turnover of about \$HK16.12 million in the distribution of films, television dramas and sports programmes, Anex International had to bite the bullet to the extent of about \$HK10.51 million, this sum of money, being the Operating Loss for this Division of the Company.

However, with this problem behind the Company, and with the Formula One contract in the bag, so to speak, Anex hopes to log in a profit from this Division by March 31, 2000.

### **The Non-Debts:**

Entertainment aside, Anex International is one manufacturer of some 300 household items, ranging from huge boilers, to coffee pots, to electric irons, to toasters.

It has, virtually, no debt.

During the past 3 Financial Years, this Company tightened its belt and has paid off all creditor banks, leaving it clean, lean and mean.

According to tolfm.com (TARGET's Computerised On-Line Information Service), the amount of money that the Company has paid back to creditor banks, since the end of the 1996 Year, has been in the region of \$HK110 million.

In addition, since 1996, Anex International has spent more than \$HK10 million in compensation for loss of office to some 400 workers in the PRC, ... [CLICK TO ORDER FULL ARTICLE](#)