

**TECHPACIFIC.COM LTD :
DRESSING UP A BOARD OF DIRECTORS DOES NOT A PROFIT MAKE**

Now, here we have a situation whereby 11 members of the senior management's establishment of 13 members have only been with the company for 2 months, with the exception of one member, who has been with the company for 5 months.

And this is one of the latest candidates for entry to the ranks of The Gem, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd.

And, strangely, it may result in this company making the grade in due course, provided that the stock markets of the world do not take a prolonged nosedive.

The company is techpacific.com Ltd, an entity that describes itself as being '*a leading business to business Internet-based company operating in Asia's technology sector. Techpacific.com's focused line of business is fostering the development of, and arranging finance for, start-up and early-stage technology ventures.*'

That this statement is a slight exaggeration of the facts is without question because techpacific.com only has 28 staff members on its payroll, most of whom have not been in the Company's employ longer than 5 months, with the majority, having been with the Company just 2 months.

But the quality of the staff that has been recruited in the past few months is very impressive.

The question is, of course: Will they stay with the Company?

If these staff members are willing to give up their previous jobs at the drop of a hat, literally, will they desert if somebody else offers them \$HK5 more per hour?

The Prospectus of techpacific.com makes it very clear that all of these newcomers are to reap the benefits of being members of a publicly listed entity.

An example of this is seen on Page 215 of the Prospectus. It states that the Company's sole 3 Executive Directors, Messrs Robert John Richard Owen, Johnny Chan Kok Chung and Ilyas Tariq Khan, are to have their annual remuneration increased as follows:

<u>Director</u>	<u>Before April 15, 2000</u>	<u>After April 15, 2000</u>
Robert John Richard Owe	\$US833 per month	\$US12,500 per month
Johnny Chan Kok Chung	\$US12,500 per month	\$US16,600 per month
Ilyas Tariq Khan	\$US1 per month	\$US16,600 per month

On a US dollar-Hongkong dollar conversion rate of \$US1 to \$HK7.78, Mr Owen will be receiving \$HK97,250 per month and Messrs Johnny Chan and Tariq Khan will be receiving \$HK129,661 per month, each, effective this Friday.

These 3 Directors have signed a 2-year contract with the Company and, in addition to the basic salaries, as indicated above, they will be entitled to discretionary bonuses.

This Company is Placing 270 million shares and is offering another tranche of 30 million shares, both tranches, being offered at the price of not more than \$HK1.68 per share.

The Net Proceeds of this flotation, amounting to about \$HK417 million, is intended to be applied as follows:

1. \$HK191 million to form regional joint ventures and to acquire strategic stakes in companies;
2. \$HK80 million to assist, what the Company perceives to be, up-and-coming new technology companies, not associated with techpacific.com, by offering financial assistance;
3. \$HK78 million to increase the Company's financial commitments in its managed funds;
4. \$HK26 million to invest in new technology;
5. \$HK12 million for promotional exercises and advertising campaigns; and,
6. \$HK30 million to be tipped into the Working Capital Account.

The Financials

As at January 31, 2000, this Company had no debt, the Prospectus states at Page 105.

Between December 5, 1998 (the date that the Company first started operations) and December 31, 1999, techpacific.com earned \$US1,011,954 (about \$HK7.87 million) on which, after all expenses, the Company recorded a Profit After Taxation of \$US101,311 (about \$HK788,000).

During the first year's operations, techpacific.com claims to have helped 4 clients to raise equity capital, thereby allowing the Company to receive cash placement fees of \$US666, 842 (about \$HK5.19 million).

The cash placement fees amounted to nearly 66 percent of the Turnover for the period.

The remainder of the Turnover, \$US345,112 (about \$HK2.68 million), was obtained by offering '*corporate finance and other advisory service fees*' -- Page 107.

On the basis of the historical value of this Company, therefore, if the stock market turns south, so will the profits of techpacific.com.

The Adjusted Net Assets of techpacific.com are said to be \$US83,077,000 (about \$HK646.34 million), taking into account the estimated net proceeds of the Share Offer, assuming that the shares can be sold at the highest level of \$HK1.68 per share, of \$US59,598,000 (about \$HK463.67 million).

Also, the calculation of the Adjusted Net Assets includes an amount of \$US15,898,000 (about \$HK123.69 million), being the net proceeds of 2 share placements, concluded in February and March, this year.

But, Page 150 of the Prospectus indicates that it has been the habit of the Company to fund Directors and shareholders and, when necessary, to borrow cash from them, also.

As at December 31, 1999, the Company's records show that, under Current Assets, techpacific.com was owed about \$HK572,000 from shareholders and Directors and a 'related company' owed it another \$HK1.75 million.

With regard to the last-mentioned item, Note (e) to the Current Assets states:

'Amount due from a related company

'The balance represents an amount due from Nirvana Capital Limited which is a fund managed by the Group and in which the Group invested US\$1 million subsequent to 31st December, 1999. The balance is unsecured, interest free and has no fixed terms of repayment. The balance was settled in cash subsequent to 31st December, 1999'

One would hope that, as a publicly listed company, Management would make a clear distinction between the funds, belonging to the Company, and the funds, belonging to individuals, who may be in the employ of the Company.

Also, as TARGET has mentioned, ad nauseam, one would hope that Directors are restrained from dipping into the Company's coffers, for whatever reason, when the spirit moves them.

This float is fully underwritten by 6 parties ... [CLICK TO ORDER FULL ARTICLE](#)

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel to e-mail your views to targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

 [Site Meter](#)