

**NEW WORLD CYBERBASE LTD :
A NEW WORLD LOSER**

One has to start to wonder, after 3 Financial Years in which the Company dropped more than \$HK932 million, whether or not publicly listed New World CyberBase Ltd (Code: 276) will ever come right.

For the Financial Year, ended March 31, 2000, New World CyberBase reported a Loss Attributable to Shareholders of about \$HK313.90 million.

For the Financial Year, ended March 31, 1999, New World CyberBase reported a Loss Attributable to Shareholders of about \$HK369.54 million.

And, for the Financial Year, ended March 31, 1998, this Company reported a Loss Attributable to Shareholders of about \$HK249.47 million.

The 2000 Financial Year must be considered a horror Year for the Company because, in that Year, the Company raised about \$HK1.13 billion in a series of New Issues of Shares and the issuance of Convertible Notes, bearing interest at the rate of 5 percent per annum.

And, still it dropped a 'bomb', even with all the new, free cash, coming into the kitty.

It should be mentioned, lest New World CyberBase's Management comes down hard on TARGET's tail, that, subsequent to the 2000 Balance Sheet Date, all the Convertible Notes were converted into 1.25 billion Ordinary Shares in the Company.

Putting it all together, therefore, New World CyberBase pissed away \$HK830 million-plus, during the 2000 Financial Year, with about \$HK301.54 million, being held in cash and bank deposits, as at the Balance Sheet Date.

And adding to the woes of this Company, on December 20, 2000, it was announced that, for the 6 months to September 30, 2000, New World CyberBase had dropped another \$HK119.38 million.

That figure compared with the like period in 1999, when the Company reported a Loss Attributable to Shareholders of about \$HK15.85 million.

It must be held, and it would be difficult to contradict this statement, that the financial situation is deteriorating at what would be considered, by most businessmen, to be an alarming rate.

This is because it is quite clear that there will be other write-offs of investments in the Current Financial Year, ending March 31, 2001.

According to the Interim Statement of New World CyberBase, at Page 21, there will be another loss on the disposal of a subsidiary of this Company, amounting to about \$HK229 million.

Page 21 reads as follows:

'On 9th November, 2000, New World Cyberbase (B.V.I.) Limited, a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (the "Agreement") with INFA Technologies Holdings Limited ("INFA"), a company wholly owned by a Director, pursuant to which New World Cyberbase (B.V.I.) Limited agreed to sell the entire issued share capital of its subsidiary, New World CyberBase (H.K.) Limited ("NWCBHK"), and the shareholder loan to INFA at a consideration of

approximately HK\$62.5 million. This is also a connected transaction by virtue of the Director's interest in INFA.

'NWCBHK is principally engaged in the PowerPhone operation. The total consideration of HK\$62.5 million shall be satisfied by cash in full, of which a deposit of HK\$1 million has been paid by INFA upon signing of the Agreement and the remaining balance of approximately HK\$61.5 million shall be payable by INFA upon completion.'

'Based on the terms of the Agreement, the Directors estimated that loss on disposal of NWCBHK will be approximately HK\$229 million, representing the difference between the proceeds of the sale, and the carrying amount of its net assets of HK\$164.5 million together with the attributable goodwill which has previously been eliminated against reserves and has not previously been charged in the profit and loss account amounting to HK\$127 million.'

'Consequently, the Directors are of the opinion that as the carrying amounts of certain fixed assets of NWCBHK have declined below their recoverable amounts, additional depreciation was provided for on these fixed assets in order to write down their carrying amounts to their recoverable amounts (note 5).'

So, for the 42 months to September 30, 2000, New World CyberBase has lost not less than \$HK1.18 billion.

That figure of \$HK1.18 billion compares with New World CyberBase's investments in its portfolio of Internet-related companies, some publicly listed and some privately held, investments made since June 1999, aggregating about \$HK1.54 billion.

Pity the minority shareholders of New World CyberBase Ltd!

What Is New World CyberBase ?

In a word, New World CyberBase is a gamble.

It has invested in not fewer than 21 companies, all of which are engaged in what has come to be known Internet-related businesses.

The 2 companies, in which New World CyberBase invested and which are listed on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, are:

Asia Information Resources (Holdings) Ltd (Code: 8025); and,
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095).

According to the Chairman of this Company, Mr Henry Cheng Kar Shun, New World CyberBase has 4 areas of focus:

e-commerce infrastructure;
e-commerce solutions;
e-commerce communities; and,
Investment activities.

For the Current Financial Year, the Chairman makes the statement: *'The NWCB (New World CyberBase) business model is designed to generate a significant revenue stream over the short-term and long-term. During the coming two-year period the revenue and profit picture brightens considerably. In this time frame, China will enter the World Trade Organisation ("WTO"), further refine its Internet policy ... '*

The good Chairman is quite correct in stating that the PRC is likely to join the world 'club', the WTO, but what has that to do with the price of Shanghainese hairy crabs?

And how much longer will the world have to wait for that historic event?

(One would be well advised not to hold one's breath, waiting for that to happen.)

In fact, what is the reasoning for Chairman Henry Cheng to take the view that the PRC Government, joining the WTO, will be good for New World CyberBase's business?

It could have a negative impact on this loser of a public company, if that were possible.

How the PRC's ascension to the purple of the WTO can assist the fortunes of New World CyberBase has yet to be ascertained because, if, in the rather closed business environment of the PRC, today, New World CyberBase cannot make it, what will the situation be like when competition, on a grand and international scale, moves in on the PRC?

Further, it is noted that Chairman Henry Cheng issued his dribble just months before his company (assumed by TARGET), INFA Technologies Holdings Ltd, agreed to take over New World CyberBase (Hongkong) Ltd, causing the publicly listed company, New World CyberBase Ltd, to take a 'bath' on the deal, ... [CLICK TO ORDER FULL ARTICLE](#)

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