

**M21 TECHNOLOGY LTD :
THIS COMPANY HAD ONLY \$HK2 TO ITS NAME,
JUST SIX MONTHS AGO**

The most important, single question, to be asked in respect of one of the latest candidate companies to go for a listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, is whether or not entities, domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), can successfully compete against entities, engaged in similar pursuits in India and Thailand.

Because that is the essence of that which M21 Technology Ltd (Code: 8153) hopes to do: Compete with India and Thailand in the provision of pre-mastering and mastering services – the steps required in replicating discs for the home-entertainment industry.

M21 Technology could, properly, be described as a spin-off of publicly listed Mei Ah Entertainment Group Ltd (Code: 391, Main Board, The Stock Exchange of Hongkong Ltd) since that company lent about \$HK10.83 million to M21 Technology in what could only be described as '*seed capital*'.

This is all spelt out in the Placing Prospectus of M21 Technology in its attempts to Place 93.75 million, one-cent shares at a Premium of 32.50 cents per share.

M21 Technology, which will be owned as to 29.25 percent by Mei Ah at the date of its listing on The GEM – today -- is hoping to raise \$HK22.30 million, net of expenses, that money, being earmarked for the following purposes:

1. \$HK8 million '*for the installation of a CD/VCD/DVD/recordable DVD mastering production line*';
2. \$HK1.50 million '*for the setting up of a clean room for the mastering production line*';
3. \$HK11 million '*for research and development on MPEG-4 and MPEG-7 compliant compression algorithm**';
4. \$HK1.80 million '*as general working capital of the Group*'.

* MPEG-4 and MPEG-7 relate to Moving Picture Experts Group, an ISO standard for standardisation of data compression format.

This Company has been in business since February 5, 1999, having recorded aggregate losses to January 31, 2001 of about \$HK4.19 million.

The following trading results are lifted from the Accountants' Report, located at Page 135 of the Company's Prospectus:

	All Figures are Denominated in \$HK'000	
	Period from February 5, 1999 to March 31, 2000	Six Months to September 30, 2000
<u>Turnover:</u>		
Sales of Stampers for Audiovisual Products	2,217	1,983
Provision of Pre-Mastering Services	Nil	962
Sub-Total	2,217	2,945
Cost of Sales	(2,084)	(1,872)
Gross Profit	133	1,073

Other Revenue	77	Nil
General, Administrative and Other Expenses	(2,094)	(1,646)
Operating Loss	(1,884)	(573)
Financing Costs	(348)	(384)
Loss for the Period	(2,232)	(957)

For the 4 months to January 31, 2001, M21 Technology reported another loss of \$HK997,000.

The Adjusted Net Tangible Assets of this Company, taking into account the \$HK22.30 million from this cash-raising exercise, is about \$HK26.30 million – or, put another way, about 8.40 cents per share on the basis of 312.50 million shares, being the Issued and Fully Paid-Up Share Capital of the Company.

This means that the flotation of M21 Technology has broken the record in being the smallest company, ever, to be listed in the HKSAR, on either the Main Board or The GEM.

One of the reasons that this Company is as small as it is, is due to the fact that, prior to this cash-raising exercise, it had a negative net worth of about \$HK3.19 million.

As at September 30, 2000, it had just \$HK2 in the bank (no, there is no mistake), with Current Liabilities, exceeding Current Assets by about \$HK129,000.

Long-Term Liabilities, as at September 30, 2000, stood at about \$HK15.33 million, with \$HK10.83 million, being owed to the Mei Ah Entertainment Group of Companies ... [CLICK TO ORDER FULL ARTICLE](#)

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