

**BILLYBALA HOLDINGS LTD :
IT'S ALL A GAME, FOLKS**

Having been operational for about one year, when the first, arcade game-on-demand was launched, Mr Cheng Kar Shing, the brother of the Chairman of New World Development Company Ltd (Code: 17, Main Board, The Stock Exchange of Hongkong Ltd), Mr Henry Cheng Kar Shun, decided that it was high time that his newly established, private company should seek fresh money from the many investors, who were ready and willing to back his latest gamble.

That is much better than Mr Cheng Kar Shing, pumping more money into the loss-maker, he, presumably, reasoned.

The company that Mr Cheng Kar Shing founded is, now, known as Billybala Holdings Ltd.

It is designated as Stock Code Number 8117, The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Billybala Placed 73,334,000, \$HK0.005 (half a Hongkong cent) shares at a Premium of 29.995 cents per share (this is the first time in the history of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) that the Par (Nominal) Value of a share has been less than one cent).

(It is the law of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) that the shares of a company may not be issued at less than their Par Value.)

At the same time of the Company's Share Placements, Mr Cheng Kar Shing and his mates determined that this was an excellent opportunity to sell some of their shareholders in the Company.

So they tendered another Placement of 36,666,000 shares on the same basis as the Company's Share Placements.

Mr Cheng Kar Shing et al grossed near enough to \$HK11 million, while Billybala netted about \$HK16.38 million – which seems like a fair go, one could say.

Billybala is in the business of providing arcade game-on-demand services via the Internet by converting existing arcade games into online versions in an effort to try to serve the Greater China Region (the PRC, Taiwan, the HKSAR, and the Macau Special Administrative Region (MSAR) of the PRC).

In December 2000, Billybala successfully launched a children's Internet game website *'for the purpose of promoting the Group's brand name and arousing market awareness which has attracted about 14,000 registered users as at 31 August 2001.'* (Page 27 of the Placing Prospectus)

That appears to have been sufficient proof to Mr Cheng Kar Shing and his friends that hundreds of millions of dollars could be earned by this single concept.

Thus far, however, things have not turned out exactly as expected (**TARGET's** assumption) since the Company has not turned a cracker in profits since being founded.

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