

**CODEBANK LTD :
JUST HOW DESPERATE WAS THE SITUATION IN THIS COMPANY ?**

The financial situation at Codebank Ltd must have been bordering on desperation, last September, because the Chairman had to cough up \$HK1.40 million – in order to cover working capital expenses.

This is, clearly, stated at Page 139 of the Placing Prospectus of this Internet company, the Prospectus, being dated December 17, 2001.

The entry in the Prospectus states:

‘Subsequent to 30th September, 2001 ... a shareholder loan of approximately HK\$1.4 million was granted from Mr. Yu (Mr Herman Yu Hang Chung, the Chairman of Codebank) for working capital purpose. The loan was unsecured, interest-free and repayable upon the listing of the Company’s shares on the GEM (The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd). This loan repayment will be financed by the net proceeds from the issuance of the shares of the Company for the purpose of the listing of the Company’s shares on the GEM.’

Codebank, now designated GEM Stock Code 8162, between July 23, 1999 and September 30, 2001, managed to incur losses, aggregating about \$HK137.67 million.

And there would appear to be every likelihood that the Company will continue to lose money in the years to come.

That, being the case, last December, Codebank was a prime candidate for a listing on The GEM – naturally.

The Company pitched a Placement of 105.24 million, New, 10-cent Shares at a Premium of 40 cents per share. Super Code Ltd, a company, which is 72.02 percent beneficially owned by the Chairman of Codebank, Mr Herman Yu, took the opportunity to pitch a little Share Placement of its own of another 44.76 million shares on the same basis that the Company’s shares were Offered.

Super Code, therefore, managed to bag about \$HK22.38 million, gross, while Codebank Ltd gathered in about \$HK40 million, net of expenses.

Which is not bad going for the chairman and the company that he founded, a Company that has the distinction of being the smallest corporate entity, ever, to seek a listing on an organised stock market, recognised in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), excluding the net proceeds from the Placement of Shares.

The Net Assets of Codebank, as at September 30, 2001, was just \$HK719,000. (Page 126) — which is insufficient to purchase a semi-luxury motor car in the HKSAR.

Page 2 of the Placing Prospectus states that this Company is thought to be *‘one of the leading Internet technology and platform providers in Hong Kong. The Group develops and implements enabling technologies and products with a focus on three areas, namely, e-Education solutions, e-Business solutions and multiple access platform.’* (TARGET does not know, on reading this statement, what the Company claims to be implementing)

Codebank claims to be one of the pioneers in the development and provision of e-Education solutions, permitting *'interactive learning and effective administration in school education.'*

It is further claimed that some 780 primary schools, secondary schools and other educational institutions in the HKSAR, today, use Codebank's e-Education solutions.

The History

Codebank Ltd can trace its history back to April 1997 when Mr Herman Yu determined to establish a company, dedicated to the provision of e-Business solutions: The design and implementation of Intranet systems and portal development in order to accommodate and facilitate the buying and selling of products and services, using the Internet as the platform.

Since 1999, it would appear that it has had very limited success, in terms of turning a dollar. ... [CLICK TO ORDER FULL ARTICLE](#)

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