

**BYD COMPANY LTD :
THE SWEET TASTE OF SUCCESS !**

The company is just 7 years old and, for the past 2 years, it has enjoyed an average growth rate of about 137 percent!

For the Current Financial Year, ending December 31, 2002, Management is forecasting a growth rate of about 167 percent over the 2001 Financial Year.

This is a company that is producing just one item: Batteries for mobile telecommunication devices and other consumer electronics and home appliances.

And, of course, this is a company, which is domiciled in the People's Republic of China (PRC) with very heavy reliance on sales to that country.

BYD Company Ltd, now known as Stock Code Number 1211, Main Board, The Stock Exchange of Hongkong Ltd, went public in the Hongkong Special Administrative Region (HKSAR) of the PRC in late July when it Offered 130 million, one renminbi Shares at a price of not more than \$HK12.20 per share.

It started production of batteries in 1995 and, since that date, it appears that it has gone from one plateau of strength to another – without any real difficulty and without foreign competition, nipping at its heels.

The principal products of this Company comprise Li-ion rechargeable batteries, NiCd rechargeable batteries, and NiMH rechargeable batteries.

Li-ion batteries are those storage places of electricity that power mobile telephones, notebook computers, and camcorders, among others.

NiCd batteries power electric toys and cordless telephones, power tools, and emergency lights.

NiMH batteries are an alternative to NiCd batteries.

Production of NiCd batteries commenced for the first time in 1995: It was the first item to come off the assembly line of this Company.

Page 67 of the Offer/Placement Prospectus makes the claim that BYD is one of the largest producers of rechargeable batteries in the PRC, today.

As at April 30, 2002, this Company was filling the rice bowls of some 15,400 PRC workers.

It claims to have a daily production capacity of about 300,000 units of Li-ion batteries and 2 million units of NiCd and NiMH batteries. (Page 66)

The Net Profits Attributable to Shareholders have gone from about 40.67 million renminbi in the 1999 Financial Year, to a forecast Net Profit Attributable to Shareholders of about 560 million renminbi for the Current Financial Year, ending December 31, 2002.

That translates down to an increase of about 1,277 percent within a period of just 4 Financial Years!

There appears to be few valid reasons for this Company to go public on The Stock Exchange of Hongkong Ltd in view of its very strong financial position, which is made known on reading the Profit and Loss Accounts and the Consolidated Balance Sheets, contained at Pages 172 and 173 of the Prospectus.

Of the 130 million Shares on Offer, 117 million Shares were Placed with institutional investors, and just 13 million Shares were, actually, Offered to the investing public.

The net proceeds from this flotation, estimated to be about \$HK1.35 billion, is earmarked for the following purposes, according to Page 129 of the Prospectus:

1. \$HK188.70 million to expand production capacity and research, and to acquire a piece of land in the Guangdong Province, the PRC;
2. \$HK94.30 million for development and manufacture of chemical compounds, used in producing Li-ion batteries;
3. \$HK84.90 million for product research, development and manufacture of rechargeable batteries to power electric motor vehicles and electric bicycles;
4. \$HK84.90 million for product research, development and manufacture of fuel cells and solar cells;
5. \$HK141.50 million for product research, development and manufacture of display products for mobile telephones;
6. \$HK377.40 million to retire some bank debts;
7. \$HK188.70 million to have the cash available should an acquisition, which could complement the Company's operations, come into view; and,
8. \$HK190 million to be added to the General Working Capital Account.

(The above usages of the net proceeds of the float were based on an Offer Price for the Company's shares, being \$HK10.825, each. However, the Offer Price was fixed at \$HK12.20 per share, giving the Company an added \$HK240 million. This money was thrown into the General Working Capital Account)

In respect of Item Number 6 of the Use of Proceeds, Page 113 of the Prospectus shows that the indebtedness of BYD stood at about 494.30 million renminbi, as at May 31, 2002.

The section on borrowings states that the indebtedness is ... [CLICK TO ORDER FULL ARTICLE](#)

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