

**DATASYS TECHNOLOGY HOLDINGS LTD :
THIS IS A GOOD EXAMPLE OF HOW THINGS ARE DONE IN CHINA**

When Trade Receivables are equivalent to nearly 44 percent of a company's Total Turnover at Financial Year's end, and when about 45 percent of those Trade Receivables have been outstanding for between 3 months and 2 years, with most of them, being at least 6 months old, then, one has to wonder whether or not '*Something is rotten in the state of Denmark*', in the words of William Shakespeare.

Such a situation exists in Datasys Technology Holdings Ltd, an Information Technology (IT) company that went public on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd on July 31, 2002.

According to the Placing Prospectus of this Company, there has been considerable trouble, at least during the 2 Financial Years, ended December 31, 2001, in being able to get paid in full from its customers.

Provisions for Bad and Doubtful Debts have had to be made, during those 2 Years.

The entry, to be found at Page 166 of the Prospectus, is as follows:

Outstanding Balances with Ageing	Financial Year ended December 31	
	2000	2001
	All Figures are Denominated in \$HK'000	
0 days to 30 days	2,817	6,758
31 days to 60 days	6,924	10,607
61 days to 90 days	8,429	12,326
91 days to 180 days	12,735	5,449
181 days to one year	9,337	12,420
Between one year and 2 years	1,368	8,575
More than 2 years	593	1,568
Less: Provision for Doubtful Debts	(1,970)	(2,168)
TOTAL	40,251	55,535

For a service company with a Turnover in 2000 of about \$HK88.71 million, and with a 2001 Turnover of about \$HK127.44 million, it means that Trade Receivables, as at Balance Sheet Date, were equal to about 45.37 percent and 43.58 percent for the 2 Financial Years, respectively.

Further, it is only too apparent that debts of more than one year old have been mounting since the 2001 Year.

This does not speak too well of Management, does it?

Then, again, this Company only does business in the People's Republic of China (PRC), proper, as distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

That may, just about, say it all.

The Company

Datasys Technology describes itself, at Page 69 of its Prospectus, in the ... [CLICK TO ORDER FULL ARTICLE](#)

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