

**UCL GROUP LTD :**  
**WATER, WATER, EVERYWHERE, BUT NOT A DROP TO DRINK**

UCL Group Ltd is in need of your money.

Of that, there can be little question.

That is the reason that it found its way onto The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd (GEM Stock Code: 8203).

UCL is a Company that is engaged in *'the provision of technical services for water treatment systems ... which involve the design of the systems and procurement of the related equipment and materials for the systems ...'*. (Page One of the Placing Prospectus)

The Company was founded in July 1996 and, clearly, it has done very poorly.

It pitched its story, contained in its Prospectus, dated October 31, 2002, in order to allow the risk of failure to be spread to other shareholders, other, that is, than the 3, existing major shareholders, all of whom are the Co-Founders of the Company, holding 75 percent of the Issued and Fully Paid-Up Share Capital, in aggregate.

In June and July, this year, the 3 Co-Founders were, it appears, forced to lend to the Company about \$HK5 million in 3 separate tranches.

Those loans, subsequently, were converted into Common Shares. (Page 89 of the Prospectus)

If those loans had not been converted into Common Shares, the Company would not have had the wherewithal to repay the Co-Founders, in any event.

Since the loans were interest-free and unsecured, one must conclude that banking facilities had been utilised, fully, or that the Company could not afford to pay interest to its traditional lenders of working capital, even at today's historic low levels.

The GEM was created for just such companies, but this one looks to be a real doozie of a loser.

The following are the financial results of UCL for the past 2 Financial Years:

	Financial Year ended March 31	
	2002	2001
	All Figures are Denominated in \$HK'000	
Turnover	6,866	4,149
Cost of Sales	(3,713)	(3,075)
Gross Profit	3,153	1,074
Other Revenue	29	46
Selling Expenses	(267)	(270)
Administrative Expenses	(1,362)	(1,110)
Profit/(Loss) before Taxation	1,553	(260)
Taxation	(60)	Nil
Net Profit/(Loss) Attributable to Shareholders	1,493	(260)

UCL issued its Placing Prospectus on October 31, 2002 in order to raise about \$HK14.80 million, net of expenses.

The Company Placed 55.20 million, 5-cent New Shares at a Premium of 30 cents per Share.

The 3 Co-Founders of this Company ... [CLICK TO ORDER FULL ARTICLE](#)

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