

**DATASYS TECHNOLOGY HOLDINGS LTD:
CAN THIS COMPANY STAY THE COURSE FOR 2005 ?**

The chances would appear to be quite high that publicly listed [Datasys Technology Holdings Ltd](#) (Code: 8057, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) would not be able to stay the course for the next 12 months.

Unless, of course, some white knight comes charging in to rescue the company, financially.

To state that cash is very tight in this Information Technology (IT) company need not be repeated because anybody with a little moxie would understand that by just the smallest glimpse of the latest Interim Report.

The situation in Datasys Technology must be approaching crisis proportions because, today, it is having trouble even in paying seemingly small sums of money to suppliers.

The latest claim against this publicly listed company has come from IFN Financial Press Ltd, which lodged a claim in the Small Claims Tribunal in respect of an alleged unpaid service charge, according to the database of **TOLFIN** (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider).

Since the limit of any single claim in The Small Claims Tribunal is \$HK50,000, it is clear that, unless there are moral grounds for non-payment of the claim of IFN Financial Press, the cost of defending such a smallish claim is greater, in terms of time, alone, than in paying the purported bill.

On August 13, 2004, Datasys Technology informed its shareholders of the financial results for the period, ended June 30, 2004.

The following is an abstract of that Interim Report:

		<i>(Unaudited)</i> <i>Current Last</i> <i>Period</i> <i>from 01/01/2004</i> <i>to 30/06/2004</i> <i>\$'000</i>	<i>(Unaudited)</i> <i>Corresponding</i> <i>Period</i> <i>from 01/01/2003</i> <i>to 30/06/2003</i> <i>\$'000</i>
<i>Turnover</i>	:	20,018	21,201
<i>Profit/(Loss) from Operations</i>	:	(4,847)	(6,658)
<i>Finance cost</i>	:	(1,302)	(1,893)
<i>Profit/(Loss) after Taxation and</i> <i>Minority Interests Attributable to</i> <i>Shareholders</i>	:	(6,149)	(7,992)

But that is only part of the story because, on close inspection of the Interim Report, one discovers:

1. Shareholders' Funds are, today, at least Negative \$HK22.24 million;
2. Net Current Liabilities stood at \$HK26.11 million, as at June 30, 2004;
3. Cash and cash equivalents, as at June 30, 2004, stood at about \$HK788,000;
4. Trade Receivables, aged between one year and 2 years, stood at about \$HK31.50 million, as at June 30, 2004, with \$HK23.16 million, having been owed for more than 2 years; and,
5. Trade Payables, aged more than one year, aggregated about \$HK5.76 million.

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