

**AKM INDUSTRIAL COMPANY LTD:
WILL THE COMPANY BE ABLE TO MAINTAIN ITS GROWTH RATE ?**

The Third Quarterly Report of AKM Industrial Company Ltd (Code: 8298, The Growth Enterprise Market [The GEM], The Stock Exchange of Hongkong Ltd) is just too good to be true.

One has to wonder: How in the world did it, all, happen?

Perhaps, a better question is: May one expect such a growth in the months and years to come?

When it comes to companies, controlled by organs of the Government of the PRC, of course, anything is possible.

Because the results of the Third Quarter, ended September 30, 2004, indicated:

1. The Turnover had risen, Year-on-Year, by about 144.09 percent, from about \$HK78.27 million to \$HK191.05 million;
2. The Net Profit Attributable to Shareholders had risen, Year-on-Year, by about 216.63 percent, from \$HK9.50 million to \$HK30.08 million; and,
3. Earnings Per Share had risen from the 2003 figure of 2.37 cents to the 2004 figure of 7.12 cents.

The gains, it appears, primarily came from sales of single-sided, flexible printed circuits, double-sided, flexible printed circuits and multi-layer, flexible printed circuits in the People's Republic of China (PRC).

Page 4 of the Third Quarterly Report gives a breakdown of the Turnover as follows:

Geographic Markets	Nine Months, Ended September 30		Three Months, Ended September 30	
	2004	2003	2004	2003
	All Figures Are Denominated In Hongkong Dollars			
The PRC, Proper	176,617,683	71,003,293	55,526,018	25,532,679
The Hongkong Special Administrative Region (HKSAR) of the PRC	14,429,402	7,266,327	6,094,523	1,918,481
TOTAL	191,047,085	78,269,620	61,620,541	27,451,160

It seems incredible that the above could have been achieved in such a short space of time, but, as **TARGET** has stated, many times in the past, in the PRC, proper, it appears nearly anything – and everything – is possible.

The Flotation

AKM Industrial went public on The GEM on August 10, 2004, and the Third Quarterly Report was published one day shy of 3 months later, on November 9, 2004.

The Company Placed a total of 140 million, 10-cent Shares at a Premium of 28 cents per Share, netting about \$HK43.60 million. (Page 100 of the Placing Prospectus)

The money*, raised in this exercise, is to be used, the Prospectus states, for the following purposes:

1. About \$HK43.95 million for the acquisition of additional machinery and its installation;
2. About \$HK2.55 million for the renovation of the Company's production plant; and,
3. \$HK2 million for the expansion of the Company's sales and marketing team.

<p>* The above estimates of the net proceeds were, originally, based on the Offer Price, being 41.50 cents per Share, netting about \$HK48.50 million.</p>
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While it is obvious that AKM Industrial has done very nicely, in terms of profits in respect of the first quarter of the 2004 Financial Year, following the publication of the Company's Prospectus when the Company pitched its story in its road show, the response from prospective placees for the Shares on Offer was far from being effervescent, with the 140 million Shares, only being fully subscribed with the assistance of 33.60 million Shares, being subscribed by one of ... [CLICK TO ORDER FULL ARTICLE](#)

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