

**TRADELINK ELECTRONIC COMMERCE LTD:
NOW, WHO ARE THE WISE MEN AND WHO ARE THE FOOLS ?**

There are all kinds of people in this world of ours, some of whom are very clever and some of whom are really stupid.

Then, there is the other kind ... the kind which gives one the appearance of being very clever, but, in reality, this kind is really, very, very dumb.

Investors fall into the above 3 categories, to be sure, and one is left to consider into which category one must place those investors who subscribed for the shares of Tradelink Electronic Commerce Ltd (貿易通電子貿易有限公司) on Friday, October 21, 2005.

The Initial Public Offering (IPO) of Tradelink Electronic resulted in a total of 8,096 valid applications, being received for an aggregate of 3,368,432,000, 20-cent Shares, representing an over-subscription of about 144 times for the 23,328,000 Shares on Offer in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The HKSAR Public Offer Tranche of the IPO tied up about \$HK4.35 billion.

To say that the IPO was a success would be to state the obvious.

Totally, the number of Shares on Offer was 233,280,000, but the Government of the HKSAR got the lion's share of the net proceeds of the flotation.

The flotation was divided into the following:

1. Tradelink Electronic Commerce Ltd –52,488,000 New Shares, sold by International Placement;
2. HKSAR Government Sale Shares – 157,464,000 existing Shares, sold by International Placement;
3. Tradelink Electronic Commerce Ltd, HKSAR Offer Shares –5,832,000 New Shares, sold by Public Subscription; and,
4. HKSAR Government Sale Shares – 17,496,000 HKSAR Offer Shares, sold by Public Subscription.

The Offer Price was struck at \$HK1.25 per Share after all of the haggling was over, with the Company, netting about \$HK57 million, it was announced on October 26, 2005.

The official announcement of October 26, 2005, stated that the Net Proceeds from the IPO would be used as to \$HK40 million *'for the identification and development of new electronic services such as the electronic submission of advance information and manifests in respect of cargoes carried by the road mode of transport across the land boundary, and new services relating to application of RFID (radio frequency identification) technology in logistics; and the remaining balance as our general working capital ...'*

The above use of the net proceeds sounds very reasonable except that the Consolidated Balance Sheets of the previous 40 months, ended April 30, 2005, shows that Tradelink Electronic has been swimming in cash, all

along.

The following is lifted from these Consolidated Balance Sheets:

	Financial Year, Ended December 31			Four Months, Ended April 30
	2002	2003	2004	2005
	All Figures Are Denominated in \$HK'000			
Current Assets				
Trade Receivables	17,048	21,159	20,242	18,213
Other Receivables and Prepayments	18,880	11,994	11,986	13,066
Cash and Cash Equivalents	322,726	394,667	417,472	391,818

Ergo: Tradelink Electronic did not need to raise money in the first place; it did not need \$HK40 million *'for the identification and development of new electronic services'*; and, it did not need any additional Working Capital, at all.

What this flotation did accomplish, however, was to allow the HKSAR Government to cash in to the extent of \$HK200 million or so.

What Is Tradelink Electronic Commerce Ltd?

Tradelink Electronic describes its activities ... [CLICK TO ORDER FULL ARTICLE](#)

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