

**DBA TELECOMMUNICATION (ASIA) HOLDINGS LTD:
PLEASE NOTE – THIS IS THE MANNER OF THE COMMUNIST STATE**

The flotation of DBA Telecommunication (Asia) Holdings Ltd (DBA()) (Code: 3335, Main Board, The Stock Exchange of Hongkong Ltd) is another one of those **Initial Public Offerings (IPOs)** for which there appears to be no earthly reason for the Company to go, cap in hand, looking for fresh capital.

As at December 31, 2005, DBA Telecommunication had cash and bank balances of about 156.46 million renminbi (about \$HK150.44 million) with total borrowings of about 6 million renminbi (about \$HK5.77 million).

The Company was only looking to raise about \$HK277 million from the investing public so that anything and everything that Management had/has in mind was easily fundable via normal channels of finance – banks, finance companies, private placements of shares, etc.

TARGET () notes, however, that the founding shareholders of this Company bagged a little nest-egg by the flotation.

The IPO

DBA Telecommunication issued its New Issue and Offer for Sale Prospectus on April 26, 2006, when it Placed a total of 195 million, 10-cent (Hongkong) Shares at the Offer Price of \$HK1.26 per Share.

The Public Offer tranche of the flotation was 25 million, New Shares, while another tranche of 30 million Shares were Placed, those shares, formerly belonging to Daba International Investments Ltd ().

Daba International is a company, beneficially belonging to the Chairman of DBA Telecommunication, Mr Yu Long Rui (), and his immediate family members.

The Company claimed, at Page 156 of the Prospectus, that it wanted to raise about \$HK277 million in order to strengthen the Group's capital base and to enable the Group to achieve its business strategy.

Such twaddle!

The use of the net proceeds will be applied for the following purposes:

1. \$HK70 million for the purchase of land and the construction of new production facilities;
2. \$HK65 million for the acquisition of advanced production equipment and machinery;
3. \$HK36 million for the expansion of the Company's sales and marketing team in the People's Republic of China (PRC) and certain other markets in Asia;
4. \$HK33 million for the development of 'FTTH' Products*;
5. \$HK 29 million for the enhancement of existing products; and,
6. \$HK25 million to be added to the General Working Capital Account.

* FTTH = Fibre To The Home – The installation of optical fibre

from the carrier directly into the home or office.

On May 8, 2006 (last Monday night), it was announced that the 25-million, Public Offer Shares had been over-subscribed about 293.60 times and that the 225-million Placing Shares had been '*well over-subscribed*'.

The net proceeds from the flotation, it was announced, were about \$HK258 million (assuming that the Over-Allotment Option is not exercised).

Trading in the shares of this Company will commence tomorrow morning.

The business of DBA Telecommunication is in the design, manufacture and sales of telecommunication equipment and related products, the Prospectus states.

The lion's share of ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*