

COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LTD :
NO THANK YOU, MR SONG

There are 2 major problems, one extant and one prospective, with regard to the flotation of Coslight Technology International Group Ltd.

And either one of these major problems could, at any time, hit the profits of the Company, right in the arse where it, could, hurt badly.

The 2 problems, which TARGET raises, concern the incredibly high profit margins of this battery manufacturing company over the past 3 Financial Years; and, the effects on the Company's Profits once the People's Republic of China (PRC) enters the most exclusive trade 'club' in the world: The World Trade Organisation (WTO).

Coslight Technology is about to raise \$HK113.46 million, gross, coming down to \$HK98 million, net of expenses, by offering and placing 90.77 million, 10-cent Par Value Shares at a Premium of \$HK1.15 per share over the Par Value.

While the Company's Profits' record for the past 3 Financial Years is enviable, the Forecast Profit for the Current Year, ending December 31, indicates the lowest growth rate, in terms of Net Profits, since the end of 1996.

The following is taken directly from the Prospectus of the Company:

	Year ended December 31			Four Months to April 30
	<i>(All Figures Are Denominated In \$HK '000)</i>			
	1996	1997	1998	1999
Turnover	66.11	113.39	178.28	47.41
Gross Profit	35.13	55.84	92.94	26.72
Profit Before Taxation	28.04	42.34	63.16	15.92
Net Profit Attributable to Shareholders	28.04	42.34	60.99	14.53

What must pop out as being incredible, at this point, are (a) The Company paid no tax in the 1996 and 1997 Years and paid almost nothing by way of taxes for the 1998 Year, and will be paying about 9 percent in taxes in the Current Year and (b) the Net Profit Margins are unreal -- out of this world.

The following is a TARGET table, indicating the Net Profit Margins for the past 3 Years:

	1996	1997	1998	Four Months to April 30, 1999

Net Profit Attributable to Shareholders	\$HK28.04 million	\$HK42.34 million	\$HK60.99 million	\$HK14.53 million
Net Profit Margin	42.41 percent	37.34 percent	34.21 percent	30.65 percent

For the Current Financial Year, the Company is forecasting a Net Profit of not less than \$HK62.60 million.

This would indicate that Coslight Technology is expecting that the Net Profits for this Year will grow by about 2.64 percent – which is, definitely, the lowest growth rate for the Company since 1996 -- at least.

The reason that this battery maker has been able to achieve such a high margin of profit ... [CLICK TO ORDER FULL ARTICLE](#)

