

**QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LTD :
ANOTHER COMPANY TO FORGET**

Of course! If senior management is not being paid very much in the way of remuneration, and if a company does not own anything, thereby incurring no debt, anything is possible in an artificial entity, known as a limited liability company.

This appears to be the situation with regard to the latest GEM offering – Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – where a so-called Information Technology (‘IT’ is the buzzword, these days) company is seeking to raise about \$HK39.50 million by issuing 70 million, 10-cent shares at a Premium of 96 cents per share (that’s right, no mathematical mistakes).

The company is Qianlong Technology International Holdings Ltd, a Taiwanese Company, initially at least, which was founded in 1988 by a Messrs Fan Ping Yi, Yang Ching Shou, Yu Shih Pi, Chan Ming Chuan and Chao Kuo Hsiao.

This Company is engaged in *‘the development, production and distribution of securities analysis software in the People’s Republic of China.’* (Page One of the Prospectus)

The Prospectus explains that the function of the Company is *‘to process and compute real time digital information transmitted either directly from satellite or other information vendors like television stations relating to securities traded on the SHSE (Shanghai Stock Exchange) and the SZSE (Shenzhen Stock Exchange) into tabular formats and technical analysis indices.’*

What is amazing about this flotation is the track record for the past 30 months, and the Margin of Profit that it is claiming to have achieved.

This is what is being claimed:

	(Year Ended December 31)					
	1997	Margin of Profit	1998	Margin of Profit	Six Months to June 30, 1999	Margin of Profit
	<i>(All Figures Are Denominated In renminbei '000)</i>					
Turnover	61,370		48,365		15,731	
Gross Profit	48,430	78.90 %	31,714	65.60%	8,721	55.40%
Other Income *	6,226		5,269		1,237	
Profit Before Taxation	50,193		31,973		6,841	
Taxation	(2,383)	4.70%	(3,530)	11%	(820)	12%
Profit After Taxation	47,810	77.90%	28,443	58.80%	6,021	38.30%

* Note: Other income includes interest income, Value Added Tax refunds and other miscellaneous income.

One of the major reasons that the Company has been able to achieve such high Margins of Profit is due to the fact that senior management does not appear to be taking much in the way of salaries and other perquisites of office.

For the Current Financial Year, ending December 31, 1999, Page 117 of the Prospectus states that it is estimated that the aggregate remuneration of all Directors will be about renminbei 2,026,000 (about \$HK1.89 million).

This would appear to indicate that the Directors are getting paid, on average, about \$HK22,541.17 per month per Director.

It is all very unreal to TARGET’s way of thinking.

No Debt And No Assets

With the regard to indebtedness, it is stated, on Page 77 of the Prospectus, that, as at September 30, 1999, the Company owed nothing to anybody.

At the same time, of course, it is noted that the Company, also, owns nothing by the way of real property – bricks and mortar and suchlike.

As at June 30, 1999, the Company had Current Assets, standing at renminbei 41.15 million, with Current Liabilities of renminbei 18.39 million.

The Current Assets comprised cash of about renminbei 13.26 million and *'Prepayments, deposits and other receivables'*, amounting to about ... [CLICK TO ORDER FULL ARTICLE](#)