

**SUNEVISION HOLDINGS LTD :  
THIS IS UNLIKELY TO BE A WINNER,  
OR EVEN A MONEY-SPINNER**

Well, if one is going to go for the big bucks, go for the big bucks -- and throw caution to the wind: Why in the world not!

And that is, exactly, what Sunevision Holdings Ltd is doing: Going for the golden ring on the money merry-go-round of The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Actually, compared with other companies in a similar genre to Sunevision Holdings, that is, the so-called hi-tech companies, Sunevision Holdings is superior to most of the latest bunch of companies which have mopped up billions of dollars of investors' funds of late.

Sunevision Holdings is trying to raise about \$HK2,929,000,000 by Placing 270 million, 10-cent shares at \$HK10.38 per share and is making another 30-million Share Offer to all comers at the same level: \$HK10.38 per share.

This Company -- actually, it is a group of companies -- is a spin-off of the very successful Sun Hung Kai Properties Ltd, a company, which is listed on The Stock Exchange of Hongkong Ltd.

The business of Sunevision is spelled out on Page One of the Prospectus:

*The Group's IT (Information Technology) infrastructure operations began in 1992. In that year Sun Technology (Services Ltd) commenced business in the design, installation and maintenance of network infrastructure systems, namely SMATV (Satellite Master Antenna Television System) systems, in residential buildings, including SHKP (Sun Hung Kai Properties Ltd) developments. In 1993, Sun Technology expanded its business operations to include the installation and maintenance of security surveillance and smart card systems. The Group further developed its network infrastructure business in 1999, when iHON (iHON Ltd) commenced operations, designing, installing and maintaining fibre optic and other broadband networks...'*

The 'parent' of Sunevision is, of course, the very financially sound property developer, Sun Hung Kai Properties Ltd. This company, formed back in 1972, may, indeed, be the largest property developer in these 416 square miles.

Management of Sun Hung Kai Properties has an excellent track record and the Kwok Family, which controls Sun Hung Kai Properties, all know their eggs.

But, in the case of Sunevision Holdings, their latest offspring, the Kwoks will have to rely on the people that they employ to run this hi-tech company because it is highly unlikely that the Kwoks can be all things to all men.

The senior management staff at Sunevision Holdings is all unknown, as far as TARGET is concerned, but, no doubt, they all have established their pedigrees with the Kwoks.

Having them on the Sunevision Holdings's payroll, today, is one thing; keeping them in the Sunevision Group may well be another matter.

The reason that TARGET makes the above statement is that most of today's whiz-kids in this type of business seem to lack one simple quality: Loyalty.

So, if another company were to offer one or more of them a little bit more money than they are now receiving, they could be off like an eagle, chasing a hare.

### **The Indebtedness**

According to the Prospectus, at Page 129, Sunevision Holdings owed Sun Kung Kai Properties nearly \$HK717 million, as at December 31, 1999.

In addition to this not inconsiderable sum of money, on March 3, 2000, Sunevision Holdings acquired some properties from Sun Hung Kai Properties for a total consideration of \$HK605 million.

On February 29, 2000, the total debt to Sun Hung Kai Properties aggregated \$HK1.46 billion.

Sun Hung Kai Properties then capitalised \$HK730 million of this debt and converted the remaining \$HK730-million debt to an Unsecured, 3-percent, Convertible Note, due 2003.

The '*gifts*' from Sun Hung Kai Properties dressed up the Balance Sheet of Sunevision Holdings very nicely so that, as at December 31, 1999, Sunevision Holdings was showing Total Assets less Current Liabilities of \$HK696.71 million.

However, after deducting nearly \$HK717 million, that sum of money, being due to Sun Hung Kai Properties, the Bottom Line is that Sunevision Holdings is enjoying Net Liabilities of about \$HK20.23 million.

The \$HK2.93 billion, to be raised in this cash-call, is to be used as follows:

1. \$HK2,175 million to be used to buy computers and what-have-you for a member of the Sunevision Group as well as to be used as working capital for that member company;
2. \$HK200 million to be used for promotions and marketing;
3. \$HK121 million to be kept in reserve, just in case a suitable purchase can be found;
4. \$HK433 million to be used as working capital for other companies within the Group;
- and,
5. Anything else left over will be added to the working capital account.

The amount of money, which will be raised, this time around, is unlikely to satisfy the voracious appetite for cash, which this company envisages, the Prospectus states, very definitively.

On Page 50, there is a paragraph in bold type, which states, in a nutshell, that Sunevision will be looking for more money down the road.

That being the case, one may assume that the money, invested by Sun Hung Kai Properties ... [CLICK TO ORDER FULL ARTICLE](#)