

COMBA TELECOM SYSTEMS HOLDINGS LTD
PLEASE MR GOVERNMENT, MAY I HAVE SECONDS ?

The success or failure of Comba Telecom Systems Holdings Ltd rests, entirely, on Management's ability to keep its 2 major customers – very, very sweet.

Because, in the event that these 2 customers should become disenchanted with Management of Comba Telecom, the bottom could easily fall out of this relatively newly listed public company, which was floated on the Main Board of The Stock Exchange of Hongkong Ltd in the middle of this year.

The 2 customers, about which **TARGET** is referring, are China United Telecommunications Corporation and China Mobile Communications Corporation.

China United Telecommunications Corporation is the holding company of China Unicom Ltd (Code: 762, Main Board, The Stock Exchange of Hongkong Ltd), while China Mobile Communications Corporation is the holding company of China Mobile (Hongkong) Ltd (Code: 941, Main Board, The Stock Exchange of Hongkong Ltd).

According to the Offer Prospectus of Comba Telecom, which was published and disseminated on July 3, 2003, the group of companies, under China Mobile Communications Corporation, accounted for more than 70 percent, on average, of the sales of the goods and services of the Company for the track-record period, January 1, 2000 to April 30, 2003.

As for the companies under China United Telecommunications Corporation, sales to this group of goods and services of Comba Telecom accounted for between 16 percent and 23.50 percent, respectively, during the track-record period.

The 5 largest customers of Comba Telecom accounted for sales of 99.10 percent in the 2000 Financial Year, ended December 31, 99.40 percent in the 2001 Financial Year, 97.30 percent in the 2002 Year, and 99.60 percent for the 4 months, ended April 30, 2003.

To state, that for an entity to be controlled by just 5 customers is a dangerous position for management of that entity to find itself, is to state that which everybody knows, or should know.

However, after **TARGET**, making that statement, which is a negative for Comba Telecom, it does appear that this Company is doing very nicely, thank you all the same.

The only reason for this situation, as far as **TARGET** can deduce, must be that Management of Comba Telecom has an in with the high-ranking muckamuck in Beijing.

What other reason could there be for 2 of the largest, mobile telecommunication carriers of the PRC, proper, both of which are controlled by organs of the State, to give such a large percentage of their respective businesses to a relatively new, and as yet, untested private entity, controlled by just one man – who is, clearly, not a Chinese Communist Party Member?

The Flotation

Comba Telecom made a Global Offering of 200 million, New, 10-cent Shares at a Premium of not more than \$HK2.025 per Share on the Main Board of The Stock Exchange of Hongkong Ltd; and, the Company received Stock Code Number 2342 for its efforts.

As it turned out, however, in spite of the 200 million Shares, being oversubscribed about 8.80 times, the Offer Price was set at \$HK1.88 per Share, at the end of the day.

The Company, therefore, grossed about \$HK376 million in this exercise, which is not to be sneezed at, under any circumstances.

The Company said, at Page 106 of its 307-Page Prospectus, that ... [CLICK TO ORDER FULL ARTICLE](#)

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