

**NETEL TECHNOLOGY (HOLDINGS) LTD:  
PAY UP AND GET OUT !**

Contrary to that which Senior Management of [Netel Technology \(Holdings\) Ltd](#) (Code: 8256, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd) would have the world believe, the situation in the company is deteriorating, rapidly.

This company, which specialises in selling telephone calling cards, mainly to the Filipina maids and other Filipinos, engaged in a variety of menial tasks in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), recently brought out its results for the 6 months, ended November 30, 2004 .

The results indicated, conclusively, that the company's business is continuing to decline, with losses, continuing to mount.

Then, at the beginning of this month, Silver Holdings Ltd, a wholly owned subsidiary of Netel Technology, was sued by its corporate landlord for \$HK420,000 – and Possession!

According to High Court Action Number 235, Fidelity Realty Ltd, the Registered Owner of Shop Number 6 on the Ground Floor of De Victoria, Numbers 9-15, Yee Wo Street , Causeway Bay , Hongkong, has alleged that Silver Holdings Ltd has not paid rent on the shop since September 1, 2004 .

Silver Holdings Ltd, it is alleged at Paragraph 2 of the Statement of Claim, attached to Writ of Summons Number 235, entered into a 2-year lease for the shop on July 4, 2003 .

The rent on this shop is \$HK70,000 per month, but it appears that there is not sufficient money in the Silver Holdings's kitty to pay that which is, allegedly, due to Fidelity Realty.

The corporate landlord is not interested, it appears, in wasting any more of its time on Silver Holdings Ltd and just wants to see its money – and the back of its erstwhile tenant, yesterday.

For the first half of the Current Financial Year, Netel Technology enjoyed a Loss Attributable to Shareholders of about \$HK6.21 million on a Turnover of about \$HK18.06 million.

The following is part of that which the company told its shareholders on January 12, 2005 :

	(Unaudited) <i>Current Period from 01/06/2004 to 30/11/2004 (\$HK'000)</i>	(Unaudited) <i>Last Corresponding Period from 01/06/2003 to 30/11/2003 (\$HK'000)</i>
<i>Turnover</i>	: 18,056	28,432

<i>Profit/(Loss) from Operations</i>	<i>: (6,077)</i>	<i>(7,632)</i>
<i>Finance cost</i>	<i>: (129)</i>	<i>(129)</i>
<i>Profit(Loss) after Tax and Minority Interests</i>	<i>: (6,206)</i>	<i>(7,761)</i>

The first half of the Current Financial Year appears to fly in the face of the Chairman's prognostications of last August, contained in the Annual Report of the company for the Financial Year, ended May 31, 2004 .

Mr James Ang, the Chairman of Netel Technology (Holdings) Ltd, informed his shareholders at Page 12 of his missive, contained in that Annual Report:

*'The end-user direct sales – calling card business for foreign domestic helpers market will still be very competitive, especially for the Philippines calling cards in Hong Kong . However, with anticipation of certain reduction in the IDD (International Direct Dialing) traffics costs in the coming year, and more loyalty programs and offerings to be launched in our retail outlets – Lotus Club, we hope both the turnover and gross profit margin for calling card business can be improved.*

*'We are optimistic on the carrier sales business as we have decided to refocus on this business and established a sophisticated business network with our telecom business partners since last year. We hope the carrier sales business can be doubled in the coming year with a better profit margin.*

*'Apart from the existing lines of business, we will start the mobile phone content offering and multi-media service business. By leveraging our strong business relations in Philippines, we have developed co-operating relationships with relevant the Philippines mobile phone content providers and well established mobile solution software houses for enhancing our SMS (Short Message Service) and multi-media applications. Supported by our well established retail network in Hong Kong for the foreign domestic workers, we believe there will be a great potential in this new business development.*

*'After the year end, the Company raised HK\$6 million by issuing 6,230,000 new shares of the Company to one of the Philippines investors. This indicates that our Group's existing business and new business opportunities are promising.'*

<p><u>Editor's Note:</u> This has been copied verbatim. All errors and omissions are for the account of the draftsman of the above statement.</p>
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Netel Technology went public on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd on December 20, 2002 , and, since going public, it has managed to continue to lose money.

There is every reason to believe that this company will continue along its chosen path ... [CLICK TO ORDER FULL ARTICLE](#)

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