

**NETEL TECHNOLOGY (HOLDINGS) LTD:  
THIS LOOKS LIKE A FORCE-MAJEURE SITUATION ...  
OR IS IT ?**

The company, clearly, cannot repay that which is owed to its Chairman and Founder so, the only thing to do is to capitalise a goodly part of the Chairman's loan to the company in the amount of \$HK10.80 million.

The company, to which **TARGET** () is referring, is Netel Technology (Holdings) Ltd ([]) (Code: 8256, The Growth Enterprise Market, The Stock Exchange of Hongkong Ltd).

Just before the commencement of the Chinese New Year celebrations (Thursday, February 7, 2008,) Netel Technology put out a 9-page announcement, stating, in principle, that it is the intention of the company to capitalise about 74.48 percent of a \$HK14.50-million loan, having been advanced by Mr James Ang (), the Chairman, to the company.

The company is proposing that Mr James Ang subscribe for 98,181,800 New Netel Technology Shares at a Capitalisation Price of 11 cents per share, satisfied by that amount of money, advanced by Mr James Ang to the company, some years before.

That amount of scrip, 98,181,800 New Shares, represents about 25.26 percent of the Issued and Fully Paid-Up Share Capital of Netel Technology, as at February 4, 2008, and about 20.16 percent of the Enlarged Issued and Fully Paid-Up Share Capital by the allotment of the New Shares.

The aggregate amount of money, owed to the Chairman by Netel Technology, is about \$HK14.50 million, that sum of money, being unsecured, non-interest bearing and (technically) payable on demand.

The purpose of the Chairman's loan was to keep Netel Technology solvent because, over the years, it has enjoyed one financial problem after another.

Without the Chairman's loan, it is unlikely that the company would have been able to survive.

Mr James Ang, as at February 4, 2008, owned, beneficially, about 52.55 percent of the Issued and Fully Paid-Up Share Capital of the company.

On the assumption that shareholders of the company, attending the Extraordinary General Meeting to endorse the proposal to capitalise part of the Chairman's loan, Mr James Ang will, beneficially, own about 62.12 percent of the Issued and Fully Paid-Up Share Capital.

It seems that this matter is a fait accompli because, according to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), Netel Technology has an unbroken chain of losses, going back to at least the 2003 Financial Year.

The following is lifted from the database of **TOLFIN** by permission:

	Financial Year, Ended May 30				
	2007	2006	2005	2004	2003

	All Figures Are Denominated In \$HK'000				
Turnover	6,355	11,693	26,189	52,829	46,096
Loss Attributable To Shareholders	(6,007)	(5,245)	(13,289)	(18,481)	(9,358)
Shareholders' Funds (Deficit)	(26,328)	(20,321)	(15,076)	(7,755)	10,726

For ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*