

**TELECOM SERVICE ONE HOLDINGS LTD:  
NO, NO, NO! NO, THANK YOU !**

All things considered and on scanning the Placing Prospectus of this Company, one comes to the realisation that it was only in the past few years that Telecom Service One Holdings Ltd () (Code: 8145, The Growth Enterprise Market [The **GEM**], The Stock Exchange of Hongkong Ltd) has made any material advances in its business in terms of earning dollars and cents.

The Company has, now, come to The GEM in order to raise somewhere in the region of \$HK15 million (actually, only \$HK14.90 million were the Net Proceeds from the Placement). That amount of money will be utilised:

1. To buy a commercial property in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) to be used as a Customer Service Centre (about \$HK17.70 million); and,
2. To bolster the Company's General Working Capital by about \$HK2 million.

By the looks of things, Telecom Service dearly needs some quick cash because, as at January 31, 2013, the Consolidated Statements of Financial Position, contained at Appendix I-5 of the Placing Prospectus, shows that, under Current Assets, it had Bank Balances and Cash, amounting to \$HK5,117,000, with Pledged Bank Deposits of \$HK4,101,000.

But, under Current Liabilities, the Company had Bank Borrowings of \$HK20 million, Tax Payable to the HKSAR taxman of \$HK3,835,000, and Trade and Other Payables of \$HK6,425,000.

**The Placing**

Telecom Service is Placing 30 million, one-cent Shares at a Placing Price Per Share, ranging from \$HK1.00 to \$HK1.34.

When valid applications for shares were tallied, the Sole Lead Manager determined the Placing Price at \$HK1.00 per share.

The Placing Prospectus was published and disseminated on May 23, 2013, and trading in the shares began yesterday (Thursday, May 30).

The business of this Company could well be described as being that of an outsourced repair and refurbishment corporate adjunct of major, international producers of such electronic devices as iPads, iPhones, personal electronic products – personal computers – paging devices, etc.

As such, the success of those companies that account for a goodly slice of the consumer electronics industry, worldwide, (and especially those, producing mobile telephones) and those that have contracts with Telecom Service or one or more of its subsidiaries will be a major determinant of the future financial growth of this GEM company.

The risk, facing Telecom Service, today, is that its profitability is dependent, to a very great extent, on the

success of the sales of the electronic products, designed and engineered by just five of its customers.

These five customers accounted for between 60.90 percent and 65.60 percent of this Company's revenue in respect of the two Financial Years and of the 10 months, ended January 31, 2013 ... [CLICK TO ORDER FULL ARTICLE](#)

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