

**TELECOM DIGITAL HOLDINGS LTD:
THE CHEUNG BROTHERS STRIKE, AGAIN**

Last Friday's listing and first day of trading on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd of Telecom Digital Holdings Ltd () (Code: 8336) is another IPO – Initial Public Offering –that appears, on the face of it, to defy logic with regard to a company, wanting to obtain interest-free money.

This Company published and disseminated its Placing Prospectus on Monday, May 26, 2014, and commenced trading in its shares the following Friday (May 30, 2014).

It Placed 100 million, one-cent Shares at \$HK1.00 Per Share, raising approximately \$HK77.70 million, net of expenses.

This seemingly insignificant amount of money, relative to the Company's annual turnovers and history, is to be utilised, according to Page 271 of the Placing Prospectus, as follows:

- Approximately, 12.90 percent of the net proceeds, that is about \$HK10 million, to expand the Company's shop network as well as opening flagship stores;
- Approximately, 72.10 percent of the net proceeds, that is about \$HK56 million, *'for expansion of our head office and logistics vehicle fleet. Total capital expenditure for the purchase of premises and the expansion of our office is estimated at about HK\$86.8 million which we intend to finance by the net proceeds of HK\$54.0 million from the Placing in about 12 months after Listing and the remaining by bank mortgage loan, whereas total capital expenditure for addition of trucks is estimated at about HK\$2.0 million, which we intend to fully finance by the net proceeds from the Placing within 24 months after Listing'*;
- Approximately, 6.40 percent of the net proceeds, that is about \$HK5 million, *'for implementation of an ERP (Enterprise Resource Planning) system;* and,
- Approximately, 8.60 percent of the net proceeds, that is about \$HK6.70 million, to be chunked into the General Working Capital Account.

The 100 million, Placing Shares represented 25 percent of the Issued and Fully Paid-Up Share Capital of Telecom Digital, the remaining 75 percent of the Share Capital, being beneficially owned by members of the Cheung Family – King Shan (five percent), King Shek (five percent), Bobby King Chuen (five percent), and Sunny King Fung (five percent) – plus Amazing Gain Ltd, a company that is wholly owned by the Cheung Family Trust, that owns 55 percent of the Issued Share Capital via CKK Investment Ltd, a corporate entity, domiciled in the British Virgin Islands, being a wholly owned subsidiary of Amazing Gain.

Before continuing with this analysis of Telecom Digital, it may be considered important to bring to the attention of Subscribers of **TARGET** () that the Cheung Family, also, owns the lion's share of the Issued Share Capital of publicly listed [Telecom Service One Holdings Ltd \(\)](#), a company, incorporated in the Cayman Islands with limited liability on August 3, 2012.

This company is, also, listed on The GEM, being Stock Code, Number 8145.

On May 23, 2013 – exactly one year prior to the IPO of Telecom Digital – Telecom Service One Holdings Ltd pitched an IPO on The GEM, raising about \$HK15 million by Placing 30 million, one-cent Shares at the Placing Price of \$HK1.00 Per Share.

The Cheung Family ... [CLICK TO ORDER FULL ARTICLE](#)

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