

i-CABLE COMMUNICATIONS LTD : DON'T TOUCH IT

The most striking elements of one of the latest companies to come to tap the main board of the stock market for some 'bread' is that the parent of this company has lent it about \$HK7.70 billion over the past 6 years or so; and, that the Accumulated Losses, from December 31, 1995 to December 31, 1998, aggregated to about \$HK2.94 billion.

The company is, of course, i-Cable Communications Ltd, which is seeking to offer 36 million shares at \$HK10.39 per share, those 36 million shares, representing 10 percent of the total cash-raising exercise of this company, which is a subsidiary of The Wharf (Holdings) Ltd, itself a publicly listed company, quoted on The Stock Exchange of Hongkong Ltd.

i-Cable describes itself as being the only pay-TV system operator in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

It serves more than 430,000 pay-TV subscribers, as at September 30, 1999, and this figure represents about 26 percent of the total number of homes in the HKSAR, those homes with access to cable television, that is, the Prospectus states.

i-Cable, Chaired by Mr Gonzaga Li Wei Jen, has a record of losses from Day One, and there appears to be no suggestion in the Company's Prospectus that there will ever be a profit, generated from normal operations.

Chairman Gonzaga Li has the distinction of having less than a distinguished history in business in the HKSAR; and, there have been suggestions that, perhaps, he should be held somewhat responsible for the falling from grace of the once premier departmental store, Lane Crawford International Ltd.

Lane Crawford has gone from being the best departmental store in the HKSAR to a shadow of its former self. It is, now, privatised so one is unlikely to know how much money it is losing these days.

i-Cable is hoping to raise about \$HK3.25 billion by a global offering of shares.

The money is said to be used:

1. \$HK2,552,000,000 to repay The Wharf Holdings part of what it owes; and,
2. \$HK698 million to be used to fund some of the expansion plans of the Group.

Appendix I of the Prospectus shows the Combined Results of the Company since 1996:

	Financial Year Ended December 31			
	1996	1997	1998	Six Months to June 30, 1999
	<i>(All Figures Are Denominated in HK\$'000)</i>			
Turnover	779,615	1,229,300	1,514,443	778,898
Operating Expenses	1,444,772	1,917,892	1,903,718	910,800
Operating Loss	665,157	688,592	389,275	131,902
Financing Expenses	241,620	236,591	331,620	69,520
Net Loss	909,302	923,061	719,605	201,181

One does not need to be a chartered accountant to understand what the above table means: More of the same kind of losses for the foreseeable future.

Nowhere in the Prospectus is there a suggestion from the Directors of this Company that it appears that the situation will improve.

In fact, on Page 105 of the Prospectus, there is this statement:

'The Company believes that ... in the absence of unforeseen circumstances, the combined loss after taxation but before extraordinary items of the Group for the year ending 31st December, 1999 is unlikely to be more than HK\$450 million... '.

On the same Page, there is the statement that *'The Directors do not presently intend to recommend any dividend for the foreseeable future ... '.*

Since the wording of a Prospectus are supposed to be the truth, ... [CLICK TO ORDER FULL ARTICLE](#)