

**HOP HING HOLDINGS LTD :
HOW BAD ARE ITS TROUBLES ?**

Hop Hing Holdings Ltd appears to be in very serious hot oil; and, questions must now be raised as to whether or not the publicly listed Company can weather the latest financial storm.

Hop Hing reported an Interim Loss for the 6 months to June 30, 1999 of \$HK46.83-million.

This followed a loss for the 1998 Financial Year, ended December 31, of about \$HK123.66 million.

The latest problem is over the small matter of an alleged debt of \$US4,858,247.10 (about \$HK37.75 million).

High Court Action Number 1213 of 2000 is between Yutaka Yuge, Hideyo Suzuki, Masahiko Ueno and persons duly appointed by the Tokyo District Court to represent and act for Toshoku Ltd as trustees of Toshoku Ltd under the Corporate Reorganisation Law of Japan and Wytak Ltd formerly known as Hong Bong Company Ltd.

Wytak, according to the 1998 Annual Report of Hop Hing, is a wholly owned subsidiary, engaged in the importation and wholesaling of edible oils. Wytak's Issued and Fully Paid-Up Share Capital is \$HK1.90 million.

The Statement of Claim, attached to the Writ of Summons, alleges, at Paragraph 2: *'In or about September 1997, at the request of the Defendant (Wytak) and in consideration of the Defendant agreeing to pay the purchase price charged by Toshoku America Inc., a company incorporated under the laws of the United States of America ("TAI"), TAI agreed ("Agreement") to sell and the Defendant agreed to purchase certain oil products ("Goods") from TAI.'*

Paragraph 3 alleges that between November 17, 1997 and November 24, 1997, TAI delivered goods to the value of \$US4,858,247.10 to Wytak.

Paragraph 4 claims that *'... No complaint whatsoever about the Goods has ever been received from the Defendant ...'*, but Wytak has either failed and/or refused to settle its debt to TAI.

Paragraph 5 of the Statement of Claim then explains that TAI assigned its claim against the Hop Hing subsidiary to the Plaintiffs of High Court Action Number 1213 of The Hongkong Special Administrative Region Court of First Instance on December 22, 1999 and that due notice of the Assignment had been given to Wytak, that notice being served on January 21, 2000.

Toshoku Ltd is emphatic in chasing its claim against the Hop Hing subsidiary: It wants its money.

Hop Hing is in the business of *'extraction, refining, blending and distribution of edible oils, the operation of a bakery chain and property investment'*, according to the 1998 Annual Report of the Company.

The 16-chain bakery outlet is the Maria's Bakery, which was acquired in June 1998 after the former owners got into financial hot water.

On April 12, 1999, Hop Hing announced that it had entered into a moratorium of its debts with its Principal Bankers: The Bank of East Asia Ltd; Credit Agricole Indosuez; The Dai-ichi Kangyo Bank Ltd; Hang Seng Bank Ltd; The Hongkong and Shanghai Banking Corporation Ltd; and, Standard Chartered Bank Ltd.

On Page 27 of the 1998 Annual Report, Note One states that the total indebtedness to banks was about \$HK639 million and that the Company had suffered a loss of \$HK124 million in the 1998 Year.

On May 27, 1999, the Auditors of Hop Hing, Ernst and Young, had this to say about the 1998 Results:

'... In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements, which explain the circumstances giving rise to the fundamental uncertainty relating to the proposals currently being developed by the Group for a rescheduling of the Group's bank indebtedness (the "Debt Rescheduling"). The directors are optimistic that the Debt Rescheduling will be successful.

'The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Debt Rescheduling. The financial statements do not include any adjustments that would result should the Debt Rescheduling be unsuccessful. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.'

While the Company took a loss of about \$HK124 million in the 1998 ... [CLICK TO ORDER FULL ARTICLE](#)