

**WAH YUEN HOLDINGS LTD:  
DID THIS COMPANY GO PUBLIC OF ITS OWN ACCORD,  
OR DID ITS BANKERS ASK IT TO GO PUBLIC ?**

It could have been an administrative error, of course, but Management of The Bank of East Asia Ltd (Code: 23, Main Board, The Stock Exchange of Hongkong Ltd) is unlikely to have made a mistake in respect of money due and owing to it.

The Bank of East Asia sued Wah Yuen Foods (Hongkong) Company Ltd, a wholly owned subsidiary of Wah Yuen Holdings Ltd (Code: 2349, Main Board, The Stock Exchange of Hongkong Ltd) for about \$HK1.02 million on June 14, 2002 for money due and owing.

**TOLFIN** (**TARGET's** Computerised Online Financial Intelligence Service and Credit-Checking Provider) indicates this situation, quite clearly, with the entry that The Bank of East Asia launched High Court Action Number 2309 in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in June, last year.

In addition to suing, Wah Yuen Foods (Hongkong), The Bank of East Asia, also, sued the following parties:

Chung Yuen Fung (alias Chung Wing Yue and Chung Lai Leng)	First Defendant
But Chai Leung	Second Defendant
But Ching Pui	Third Defendant

**TOLFIN** has identified the Third Defendants as being the Chairman of Wah Yuen Holdings Ltd.

The Writ of Summons in respect of High Court Action Number 2309 states that the First, Second and Third Defendants are '*customers of the Plaintiff*' (The Bank of East Asia).

The essence of the bank's Claim was that the First Defendant borrowed money from The Bank of East Asia and all of the other Defendants were guarantors in respect of an \$HK864,527.09 mortgage loan.

Since the First Defendant failed to pay up, the other Defendants were left to live up to their '*undertakings*'.

Although not stated in the Writ of Summons, Mr But Chai Leung must be part of the family of paterfamilias But Ching Pui.

However, the Prospectus of Wah Yuen Holdings Ltd, dated June 13, 2003, states, at Page 234:

*'Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.'*

The key consideration, here, is whether or not a figure of \$HK1.02 million is to be considered of '*material importance*'.

In terms of the Net Profit Attributable to Shareholders of Wah Yuen Holdings for the Financial Year, ended December 31, 2002, the claim by The Bank of East Asia Ltd represents about 3.51 percent.

One has to assume that The Bank of East Asia is a responsible HKSAR bank and that it would not engage in issuing frivolous litigation.

Clearly, this matter has been settled, but it must leave a little bitter taste in the mouth of the Chairman of this Company.

### **The Debts**

According to the Offer and Placing Prospectus of Wah Yuen Holdings, at Page 86, it is stated that, as at March 31, 2003, the outstanding indebtedness of Wah Yuen Holdings was about \$HK147 million.

That figure was broken down into short-term secured bank borrowings of about \$HK88 million, obligations under finance leases of about \$HK11 million, and long-term secured bank loans of about \$HK48 million. A further breakdown of the short-term secured bank borrowings put it at bank ... [CLICK TO ORDER FULL ARTICLE](#)

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