

**WING HONG (HOLDINGS) LTD:
JUST HOW BAD IS THE SITUATION AT THIS COMPANY ?**

Within 20 months of [Wing Hong \(Holdings\) Ltd \(0\)](#) (Code: 745, Main Board, The Stock Exchange of Hongkong Ltd), pitching its Initial Public Offering (IPO), raising about \$HK40 million from the investing public, it is clear that the construction company is in serious financial trouble.

Recently, the company's auditors, Ernst and Young, resigned and was replaced by HLB Hodgson Impey Cheng () because, it was claimed by Chairman Hui Chi Yung (), no agreement could be reached with regard to the audit fees to be paid to Ernst and Young in respect of the Financial Year, ended March 31, 2006.

In addition, Melofield Nursery and Landscape Contractor Ltd sued a wholly owned subsidiary of Wing Hong (Holdings), namely Wing Hong Construction Ltd (), for \$HK972,519, being money, allegedly due and owing.

Melofield Nursery, which is the Plaintiff in District Court Action Number 1837, alleges that it entered into an agreement with Wing Hong Construction, going back to March 8, 2003, [prior to the listing of Wing Hong (Holdings) on The Stock Exchange of Hongkong Ltd], whereby it was agreed that it would '*carry out tree transplanting work at a site of N.K.L.L. No. 6277, Beacon Hill Road, Kowloon, for the Defendant in a sum of HK\$271,600.00 main transplanting ("Work").*'

Additional work followed, as requested by Wing Hong Construction, it is alleged, and, by March 26, 2004, Melofield Nursery had issued invoices to Wing Hong Construction in an aggregate amount of \$HK1,593,719.

But only a partial payment in the amount of \$HK621,200 was ever received, it is alleged at Paragraph 5 of the Statement of Claim, attached to District Court Action Number 1837.

That left an amount of \$HK972,519 outstanding, and Melofield Nursery has been unable to obtain that amount of money to which it is alleged to be owed by the subsidiary of the publicly listed company.

Melofield Nursery's claim is not the only such complaint from corporate entities which, allegedly, had been commissioned to perform tasks for this publicly listed company, or companies, under its umbrella.

According to the database of **TOLFIN** () (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), the following 3 material claims have been lodged in various courts of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) since Wing Hong (Holdings) obtained its listing on The Stock Exchange of Hongkong Ltd:

Name of Defendant	Name of Plaintiff	Amount of Claim	Nature of Claim	Date of Claim	Court
Wing Hong Contractors Ltd and Kwong Tai Engineering Company Ltd ()	Siu Ting Kwok ()	Not Stated	Damages	January 5, 2005	High*

Wing Hong Contractors Ltd and Tung Yuen Hong Electrical Company Ltd () (in liquidation)	United Electrical Company Ltd	\$HK20,471,904.06	Money Due and Owing	July 26, 2005	High
Wing Hong Construction Ltd	Speed Profit Engineering Ltd ()	\$HK600,000.00	Work Done	September 2, 2005	District

* A claim, lodged in the HKSAR High Court, must be for a minimum claim of \$HK1 million

In addition to the above 3 material claims, **TOLFIN**'s records show that there have been a total of 5 claims, lodged in the Small Claims Tribunal of the HKSAR, with the Defendant, in all cases, being Wing Hong Contractors Ltd.

Those claims range from outstanding balances, allegedly due and owing, to a compensation claim.

(The maximum amount of a single claim, lodged in the HKSAR Small Claims Tribunal, is \$HK50,000)

The Latest Financial Statements

On December 23, 2005, Wing Hong (Holdings) brought out its Interim Report for the 6 months, ended September 30, 2005.

That Interim Report showed that, on a Turnover of about \$HK72.49 million, the company had recorded a Loss Attributable to Shareholders of about \$HK1.98 million.

That result compared with the like period in 2004 when the company announced that, on a Turnover of about \$HK148.39 million, it had recorded a Net Profit Attributable to Shareholders of about \$HK422,000.

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