

**MING HING HOLDINGS LTD:
THIS COMPANY WILL GO NOWHERE, VERY FAST**

When one studies the history of Ming Hing Holdings Ltd () (Code: 402, Main Board, The Stock Exchange of Hongkong Ltd) and its track record for the 42 months, ended September 30, 2005, one cannot help but reach the conclusion that this is a construction company, whose future is very limited.

And, for the Financial Year, ended March 31, 2006, the Company has forecast that its Bottom Line will not be very much better than that of the 2005-Year: Up about 7 percent, Year-On-Year, in fact.

Also, **TARGET** () notes a number of rather disturbing aspects of this Company, which are detailed below.

The Flotation

Ming Hing Holdings went public on the Main Board of The Stock Exchange of Hongkong Ltd on March 3, 2006, when it Offered a total of 80 million, 10-cents Shares at a Premium of 62 cents per Share.

Of the total number of Shares on Offer, 40 million Shares were Placed and 40 million Shares were Offered to investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Initially, the Offer Price was pitched between 63 cents per Share and 75 cents per Share, but because the number of applications for the Offered Shares (originally only 8 million Shares were Offered), amounting to an Over-Subscription level of 122 times, adjustments were made, and the Offer Price was established at 72 cents per Share.

As for the Placing Shares, one was told, on March 13, 2006, that they were '*slightly over-subscribed*'.

(**TARGET** has no idea as to the reason that this flotation was the success that it was claimed to have been)

The money, raised in the flotation, is to be used as follows, according to the Prospectus:

1. About \$HK16 million '*for the acquisition of machinery and equipment required for water mains replacement and rehabilitation projects*';
2. About \$HK6.50 million '*for the acquisition of machinery and equipment required for roads and drainage and slope upgrading projects*';
3. About \$HK4 million '*for hiring staff for current and new projects and the expansion of the business of the Group*';
4. About \$HK2.50 million '*for exploring and developing waterworks business opportunities in the PRC*';
5. About \$HK5 million '*for the repayment of the Group's existing bank loan*'; and,
6. About \$HK3 million to be used '*for general working capital of the Group*'.

Since Ming Hing Holdings was able to garner about \$HK44 million from the flotation instead of the \$HK37 million, as mentioned in the Company's wish list, one assumes that the additional \$HK7 million will be applied to the General Working Capital requirements.

However, at this point, red flags are hoisted, in **TARGET**'s opinion.

As at March 31, 2005, this Company had cash and bank balances of about \$HK79.96 million, and, as at

September 30, 2005, that figure had fallen to about \$HK46.45 million.

Which makes one wonder about Items 5 and 6 in the use of the net proceeds from the flotation – \$HK5 million for the repayment of a bank loan and \$HK3 million to be tipped into the General Working Capital Account.

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

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