

**CO-WINNER ENTERPRISE LTD:  
IT'S A LOSER, NOT A WINNER !**

While Co-winner Enterprise Ltd () (Code: 8108, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd) restructures its activities and undergoes a share consolidation after raising \$HK1,702,000 in a Share Placement, the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is hot-to-trot to squeeze money out of the publicly listed company.

To this end, The Commissioner of Inland Revenue of Hongkong has slapped a District Court Writ on a wholly owned subsidiary of Co-winner Enterprise, claiming \$HK723,909.85 in respect of alleged, non-payment of past-due taxes.

The wholly owned subsidiary is Sun-iOMS Ltd (), a company with an Issued and Fully Paid-Up Share Capital of \$HK80,000.

This company is supposed to be dormant, according to the 2005 Annual Report of Co-winner Enterprise.

The subsidiary was mentioned at Page 65 of the 2005 Annual Report in the following terms:

**'30. CONTINGENT LIABILITIES**

*'At the balance sheet date (December 31, 2005), the Group has the following contingent liabilities:*

- (a) A wholly-owned subsidiary of the Company, Sun-iOMS Limited, was a defendant of a legal action brought by its customer. The directors consider that, after obtaining legal advice, the aforesaid subsidiary has a strong case in the aforesaid action. In addition, an ex-director of the Company, Mr. Yue Chung Wing, Patrick, has indemnified the Group in respect of all liabilities that may arise out of or in connection with any of the claims and legal costs that may be payable to the plaintiff and any legal cost to be incurred in respect of the abovementioned claim. In view of the above, the directors are of the opinion that the above legal action would not have any significant impact on the financial position of the Group, hence, no provision is considered necessary by the directors at the balance sheet date.'*

How in the world Co-winner Enterprise is going to be able to pay the Hongkong taxman that which is being demanded will be interesting to watch because the company has not earned a cracker in the past 5 Financial Years, at least.

The aggregate Losses Attributable to Shareholders for those 5 Financial Years was about \$HK83.16 million.

In the 2005-Year, this company, for the first time, enjoyed Shareholders' Funds that were in deficit to the tune of about \$HK6.28 million.

The principal activity of Co-winner Enterprise is in the sales of household products, according to Page 42 of the 2005 Annual Report.

On a turnover of about \$HK22.66 million, the company produced Gross Profits of about \$HK2.04 million from this division.

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