

**CHEUK NANG TECHNOLOGIES (HOLDINGS) LTD :
A SLIGHTLY DIFFERENT NAME,
BUT THE SAME OLD GAME**

He's at it again!

Mr Cecil Chao Sze Tsung, Chairman of publicly listed Cheuk Nang Technologies (Holdings) Ltd, has sold another house to his mother, via her private company.

This is the fourth piece of property that Cheuk Nang Technologies (formerly known as Cheuk Nang Properties (Holdings) Ltd) has sold to members of Chairman Cecil Chao's immediate family, or to the Chairman, himself.

The latest announcement states that Cheuk Nang sold to Lucky Faith Properties Ltd, Unit A, Ground Floor, Block One, Villa Cecil, Phase II, Number 192, Victoria Road, Hongkong.

The consideration was said to be \$HK23 million in cash even though the development of the project is under construction and will not be completed for another 2 years.

The official Cheuk Nang announcement made it very clear that the purchase price of \$HK23 million would be used *'to expand our technology business and reduce existing loans.'*

TARGET readers will recall our report of September 17, 1999, headlined: **'CHEUK NANG PROPERTIES (HOLDINGS) LTD: WOULD ANYBODY WANT TO BUY THIS PUBLIC COMPANY?'**

In that report, our financial analyst pulled the wings off this publicly listed corporate *'butterfly'* whose Chairman is known more for his propensity to things sexual than any natural, innate proclivity to business.

TARGET traced at least 3 other pieces of property, which Cheuk Nang had sold to the Chairman's family, or to himself, in the previous Financial Year.

They are:

<u>Address of Property</u>	<u>Consideration</u>	<u>Purchaser(s)</u>
Villa 4B, Villa Cecil Number 200, Victoria Road, Hongkong	\$HK22 million	A private company, owned beneficially, by Messrs Frank Chao and George Chao, 2 brothers of Chairman Cecil Chao
Villa 4A, Villa Cecil Number 200, Victoria Road Hongkong	\$HK21 million	Madame Chao Nyi Ya Tsung, the mother of Chairman Cecil Chao
Happy Lodge, Villa Cecil, Number 200, Victoria Road, Hongkong	\$HK83.84 million	Chairman Cecil Chao

In each case, the property disposals were said to have thrown up profits for Cheuk Nang. And there is no reason to doubt this.

But what does it all mean?

May one induce, from the above indisputable official Company records, that Cheuk Nang is unable to find anybody but the Chairman and the Chairman's family members to purchase Cheuk Nang's properties?

Or is there a hidden agenda of Chairman Cecil Chao, yet to be unearthed?

Cheuk Nang Enters Hi-Tech ?

On February 24, 2000, there was the big hurrah when Cheuk Nang Properties changed its name to Cheuk Nang Technologies and executed a 10-for-one share subdivision.

The official announcement, also, stated: *'It is the intention of the Company to seek a listing status on NASDAQ meanwhile, the Board there is no specific plan regarding such an intention and no financial adviser has been appointed.'* (the grammatical and syntactical mistakes are those of the Company, not TARGET's)

In an interview with an English daily, published in South China the following day, Chairman Cecil Chao was reported to have stated that Cheuk Nang would invest between \$HK600 million and \$HK900 million in information technology within the next few years.

Presumably, the money for this grand plan would come from US investors, via NASDAQ.

Because Cheuk Nang has never seen so much money -- at any time in its corporate life.

There was a little excitement in the Cheuk Nang counter, following this announcement and the Cecil Chao interview ... and then things went dead -- which was the correct and proper thing to happen: For the counter to go dead, that is.

About 13 days before the announcement that Chairman Cecil Chao was going to try to list Cheuk Nang on the NASDAQ, he announced that, through his private company, Yan Yin Company Ltd, a total of 33 million shares, representing about 16 percent of the Issued and Fully Paid-Up Share Capital of Cheuk Nang, as at that date, had been placed with 3 independent securities dealing companies at a price of \$HK1.40 per share.

The Placing Price was said to be a 30-percent discount to the then \$HK2 market price of the shares.

Prior to this Placing, Yan Yin held 67.50 percent of the Issued and Fully Paid-Up Share Capital of Cheuk Nang. After the Placing, Yan Yin's holding was reduced to 51.80 percent.

Some people may find it strange that Chairman Cecil Chao would cash in some of his Cheuk Nang '*chips*' for a paltry \$HK46 million when there was soon to be between \$HK600 million and \$HK900 million for the taking, according to his own words.

Further, when TARGET interviewed Chairman Cecil Chao, in August 1999, in preparation of the September 17, TARGET Intelligence Report, he stated, categorically, that his Company was worth at least \$HK6 per share (please see TARGET Intelligence Report, Volume One, Number 98).

TARGET did not agree with the good Chairman and proved, conclusively, that, at most, the shares had an underlying market value of not more than about \$HK2 each, taking into consideration the Company's indebtedness and what Hongkong property agents claimed was the then market value of Cheuk Nang's property assets on an as-is basis and on the basis of a willing buyer and willing seller.

Today, with the announcement of the most-recent disposal of a residential unit to the mother of Chairman Cecil Chao, it is clear that TARGET was right on the money.

Regardless of all this and of the pie ... [CLICK TO ORDER FULL ARTICLE](#)

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