

**CIL HOLDINGS LTD :
WHEN WILL THE WRITS STOP FLYING ?**

The situation in publicly listed CIL Holdings Ltd (Code: 479 - \$HK0.04) must be nothing short of a disaster area, as the High Court Writs pile up against the Company, one atop another.

According to TOLFIN (TARGET's On-Line Computerised Information Service), since January 1, 1999 through to today, CIL and its wholly owned subsidiary, Collections Interior Ltd, have been on the receiving end of not less than 28 High Court Writs, claiming not less than \$HK61 million.

Taking a look at the entire CIL Holdings '*shooting match*', the CIL Group has been sued not less than 44 times in the High Court, alone, with the aggregate amount of money, being claimed from the Group, being not less than \$HK77 million.

This is an enormous amount of money, considering that the market capitalisation of CIL Holdings is only about \$HK74.40 million, as at today's stock market price of about 4 cents per share.

In addition to the High Court Writs, issued against the Company over the past 17 months, there have been a total of 3 Winding-Up Petitions, lodged against Collections Interior Ltd, one Winding-Up Petition, lodged against another subsidiary, Carpet Gallery Company Ltd, and 2 Winding-Up Petitions, filed against the holdings company.

And, in addition to that, the Chairman of CIL Holdings, Mr Joseph Szeto, along with his Deputy Chairman, Mr Peter Ho Pui Tsun, have been named as Co-Defendants in a High Court Writ, filed in September 1999, a Writ which is claiming about \$HK3 million.

The publicly listed Company, which has yet to publish its Interim Report for the first 6 months of the 1999 Financial Year, to December 31, 1999, is in breach of The Listing Rules of The Stock Exchange of Hongkong Ltd.

And the Company is well aware of the situation, having been forced to put out a statement, earlier this month.

The Company's statement said, inter alia, that the 1999 Interim Results were expected to be published between June 19, 2000 and July 3, 2000 -- 6 months late -- and that the 1999 Annual General Meeting of the Company, for the Year, ended June 30, 1999 '*is proposed to be convened and held on or before 19 July 2000*' -- 12 months late.

The problem, according to Management, is that the auditing firm of Ernst and Young '*have not yet obtained all the information they consider necessary for the purpose of finalizing their audit of the Company's accounts for the year ended June 30, 1999, including the confirmation which is so material and may affect the audit result and the auditors' report from one client in respect of our substantial claim in a construction contract in particular; the final results for publication have been further delayed ...*'. (TARGET has made no alterations to the original copy)

The disputed claim is for the princely sum of about \$HK50 million.

The matter is in the process of being arbitrated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Company has stated.

CIL Holdings is engaged in the business of interior decoration and renovation, building construction, electrical and mechanical engineering, and the trading in interior decoration materials.

The latest piece of information about the Company was announced on May 16, 2000 when it was stated that the Company had acquired a 65-percent shareholding in AVT Electronics Ltd, a multi-media and digital communication producer.

The purchase price was said to be \$HK37.50 million, satisfied by the issuance of shares in the Issued and Fully Paid-Up Share Capital of CIL Holdings to the extent of \$HK25 million, and the remaining \$HK12.50 million to be satisfied by the issuance of Convertible Notes.

The CIL Holdings's shares were issued to a Mr Lee Bing Kwong, the 70-percent holder of the Issued Share Capital of AVT, at 10 cents per share.

This compares to the stock market rated price of the shares of CIL Holdings, as at that date, of about 4 cents per share – a 138-percent premium over the price, quoted on The Stock Exchange of Hongkong Ltd.

The issuance of the CIL Holdings's shares means that Mr Lee Bing Kwong took a 9.60-percent stake in the Company, that stake falling to about 8.70 percent, taking into consideration the Enlarged Issued and Fully Paid-Up Share Capital after the acquisition of AVT and the issuance of the new CIL Holdings's shares.

As for the Convertible Notes, they are convertible into 125 million Common Shares in the Share Capital of CIL Holdings at the price of 10 cents per share. They, also, carry a 4-percent, per annum coupon.

If Mr Lee Bing Kwong converts the Notes into Common Shares, he will own a total of about 12.90 percent of the Issued and Fully Paid-Up Share Capital of the Company.

AVT has given a warranty that it will earn not less than \$HK10 million for the Financial Year, ending March 31, 2001.

This stacks up against a loss of \$HK146,000 for the period August 1, 1999 to February 29, 2000.

The CIL Holdings's announcement stated: *'Prior to 1 August 1999, AVT does not have any business activities. The total assets and total liabilities of AVT as at 29 February 2000 was approximately HK\$4,722,000 and HK\$222,000 respectively as shown on its unaudited balance sheet as at 29 February 2000.'* (TARGET has not altered the original text)

So it would appear that the Company is far from being down and out.

Over the past 6 months or so, it issued oodles of shares in order to make certain purchases, using the Company's scrip as the medium of exchange.

But that did not stop the legal actions from being issued.

It is, also, noted, however, that CIL Holdings did not have to put up a penny to get control of AVT.

At the same time, at this point in the history of this company, ... [CLICK TO ORDER FULL ARTICLE](#)

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