

B-TECH (HOLDINGS) LTD : IS THE FINAL CURTAIN COMING DOWN ?

The final curtain may be soon be coming down on long-suffering B-Tech (Holdings) Ltd (Code: 412 – Main Board, The Stock Exchange of Hongkong Ltd) as Ampittia Incorporated, an off-shore company, takes on the publicly listed company in trying to recover about \$HK20.31 million.

The Chairman of B-Tech (Holdings), Mr Vincent Wong Chun Hung, knew of the impending High Court Action, Number 338 of 2001, at least 5 days before the actual filing of the Writ of Summons, by taking action on January 15 when he applied to The Stock Exchange of Hongkong Ltd for a voluntary suspension of trading in the shares of B-Tech (Holdings).

The Indosorment (sic!) of Claim, attached to the Writ of Summons, drafted by the solicitors firm of Chan, Lau and Wai, states only:

'The Plaintiff's claim against the Defendant is in the sum of HK\$20,312,602.74 being money due and owing by the Defendant to the Plaintiff, as to HK\$20,000,000.00 being the principal of the Loan so lent and as to HK\$312,602.74 being interest on the Loan from the 28th November 2000 to the 10th January 2001 at the rate of Prime Rate plus 3.5% per annum together with further interest thereon at the said rate of Prime Rate plus 3.5% from 11th January 2001 up to the date of repayment and legal costs of this action.'

High Court Action Number 338 of 2001 was the second High Court Writ, issued against B-Tech (Holdings) in a period of one week since, on or about January 17, 2001, Chung Nam Finance Ltd issued High Court Action Number 302.

That Writ demanded from B-Tech (Holdings) the sum of just \$HK8 million, being an amount due, it was alleged in the Writ of Summons.

As is common in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), when lionesses close in on their prey, hyenas look to see what scraps they can grab from the carcass after the big cats have had their fill.

B-Tech (Holdings) is no stranger to financial problems, although it has not attracted much attention from the High Court of the HKSAR for a long period of time, since the Company had been in the habit – obviously as a last resort in order to put a financial finger in its leaking money dyke – of borrowing money from just about anybody with a little spare cash and one who can be persuaded to part with it for a period of time.

The raison d'être for such actions must have been, and must still be, that traditional banking sources were/are reluctant to lend any more money to the HKSAR publicly listed Company.

This must be the case because, otherwise, for what reason would B-Tech (Holdings) be willing to pay the relatively high rates of interest that non-banking sources have been charging the Company?

The Annual Report of B-Tech (Holdings) for the Financial Year, ended March 31, 2000, states, at Pages 82 and 83, that about \$HK79 million had been borrowed by the Company from 4 separate parties (assumed) on 4 separate dates (confirmed).

Details of these loans are:

1. May 9, 2000 --- B-Tech (Holdings) entered into a \$HK15-million, short-term loan agreement from an independent third party. The loan was unsecured and bore interest at the rate of the then Hongkong dollar Prime Rate plus 2 percent per annum, repayable on or about November 18, 2000, or on demand. The loan was linked to B-Tech (Holdings) entering into an agreement for the public Company to acquire a 20-percent equity interest in a private investment company for a cash consideration of \$HK36 million. To that company, B-Tech (Holdings) lent \$HK4 million, unsecured, interest-free and with no fixed term of repayment;
2. July 17, 2000 --- B-Tech (Holdings) entered into a loan agreement with an independent third party to borrow \$HK14 million. The loan was unsecured, bore interest at one percent per month and was repaid in August 2000;
3. July 18, 2000 --- B-Tech (Holdings) entered into a loan agreement with an independent third part to borrow a short-term loan of \$HK20 million. The loan was secured by shares in a private, Internet-related company, which B-Tech (Holdings) acquired on April 18, 2000 at a cost of \$HK60 million. The equity interest in this Internet-related company was increased to \$HK90-million worth of shares when, on June 7, 2000, B-Tech (Holdings) topped up its exposure to 19.35 percent of the Issued and Fully Paid-Up Share Capital. The July 18, 2000 loan bore interest at the rate of the then Hongkong dollar Prime Rate plus 2 percent per annum and was repayable on October 18, 2000; and,
4. July 28, 2000 --- B-Tech (Holdings) entered into a loan agreement with an independent third part to borrow a short-term loan of \$HK30 million. The loan was secured by a bank deposit of \$HK30 million and bore interest at the rate of one percent per month. It was repayable on October 28, 2000.

The auditing firm of Ernst and Young stated, on August 29, 2000, in its Report ... [CLICK TO ORDER FULL ARTICLE](#)

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