

WAH TAK FUNG HOLDINGS LTD IS LOOKING FOR ITS PAST CHAIRMAN

Long-suffering publicly listed Wah Tak Fung Holdings Ltd (Code: 297, Main Board, The Stock Exchange of Hongkong Ltd) has taken the rather unusual step of suing its former Chairman in an attempt to recover about \$HK26 million.

Mr He Chenguang, the former Chairman of Wah Tak Fung, is on the receiving end of 2 High Court Writs, Numbers 1031 of 2001 and 1032 of 2001.

High Court Action Number 1031 relates to an aborted purchase by Wah Tak Fung of a company in the People's Republic of China (PRC), a company that was said to be engaged in a Global Positioning System application.

The Plaintiff to this Action is a wholly owned subsidiary of Wah Tak Fung: Global Ideas Technology Ltd.

The matter of this proposed acquisition was mentioned in the Interim Report of Wah Tak Fung, published on or about December 28, 2000.

Wah Tak Fung's Interim Report, at Page 9, said:

'On 29 June 2000, the Group had entered into an agreement with Mr. He for the acquisition of 65 ordinary shares in Drury Profits Limited ("Drury") which owns 85% interest of a GPS (Global Positioning System) application system based company at a consideration of HK\$65 million. Since the Group had not been able to obtain sufficient relevant financial and other information relating to the joint venture and conditions such as the valuation of the business and due diligence exercise could not be fulfilled on or before the deadline of fulfillment of the conditions. Pursuant to a cancellation agreement entered into between Mr. He and the Group on 29 September 2000, the agreement was terminated and the \$10 million deposit paid to Mr. He is to be refunded to the Group.' *

It is, now, alleged by Global Ideas Technology that, to date, it did not receive back its deposit money; and, it is claiming it from Mr He:

1. *'The sum of HK\$9,830,918 arising from a breach of an Agreement dated 29th June 2000 made between the Plaintiff and the Defendant;*
2. *'Interest on the sum of HK\$9,830,918 at the prevailing court rate from 18th September 2000 to 3rd March 2001 in the sum of HK\$562,247.71 and thereafter at the prevailing court rate from 4th March 2001 to date of judgment and thereafter at the judgment rate until payment pursuant to Section 48 of the High Court Ordinance;*
3. *'Costs;*
4. *'Further and/or other reliefs.'*

In respect of High Court Action Number 1032 of 2001, another wholly owned subsidiary of Wah Tak Fung, Uphill Resources Ltd, is claiming against Mr He about \$HK16 million.

In the General Indorsement of Claim, it is claimed:

1. *'The sum of HK\$16,000,000 arising from a breach of an Agreement dated 14th April 2000 made between the Plaintiff and the Defendant;*

2. *'Interest on the sum of HK\$16,000,000 at the prevailing court rate from 2nd December 2000 to 3rd March 2001 in the sum of HK\$504,109.59 and thereafter at the prevailing court rate until judgment and thereafter at the judgment rate until payment pursuant to Section 48 and 49 of the High Court Ordinance;*
3. *'Costs;*
4. *'Further and/or other reliefs.'*

This matter is, also, referred to in the Interim Report of Wah Tak Fung, at Page 9, in the following terms:

*'During the period under review, on 14 April 2000, the Group had entered into a conditional agreement with Mr. He Chenguang ("Mr. He"), the former director of the Group, pursuant to which, subject to the fulfillment of certain conditions, the Group was to acquire from Mr. He 40% of the issued share capital of Holdenby Enterprises Limited ("Holdenby") at a consideration of HK\$32 million. Holdenby was in the process of acquiring a 51% interest in Hei Long Jiang Sida Paper Co., Ltd., a sino-foreign joint venture enterprise whose principal business is the production and trading of various types of paper and related products. However, certain conditions relating to Holdenby and the Joint Venture had not been fulfilled by Mr. He on or before 31 May 2000, which has been extended to 29 November 2000 by the Group. In the circumstances, the agreement lapsed and the Group had, on 18 December 2000 issued a written demand to Mr. He for the refund of HK\$16 million deposit.'**'

For the 6-month period, ended September 30, 2000, Wah Tak Fung recorded a Net Loss Attributable to Shareholders of about \$HK118.16 million.

Clearly, it can ill afford to lose the deposit monies, paid to the former Chairman of the Company, a Chairman who held his post from April 7, 2000 to November 23, 2000, just 7 months and 16 days. ... [CLICK TO ORDER FULL ARTICLE](#)

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