

**FOR WHAT REASON WOULD INNOVATIVE INTERNATIONAL
TEAM UP WITH A BUST PRC COMPANY ?**

The walls appear to be closing in on the Chairman of publicly listed Innovative International (Holdings) Ltd (Code: 729, Main Board, The Stock Exchange of Hongkong Ltd) as a bank, incorporated in the People's Republic of China (PRC), starts to tighten the proverbial screws, bringing the walls, closer and closer together.

Bank of Communications, the PRC bank, which is seeking about \$HK43.20 million from Innovative International's Chairman, Mr Chang Lien Hing, also known as Mr Stephen Chang Lien-hing, is claiming, in High Court Action Number 1103 of 2001, inter alia:

'By an Order dated 10th December 1999 ("the Order") made by Master Cannon in High Court Miscellaneous Proceedings No. 5696 of 1999, the Borrower (Mr Stephen Chang Lien Hing) inter alia is ordered to pay to the Plaintiff the sum of HK\$84,584,521.03 together with interest on the sum of HK\$66,994,981.29 at the rate of 10% per annum from 26th October 1999 to 10th December 1999 and thereafter at the judgment rate until payment ("the Judgment Debt").'

According to TOLFIN (TARGET's Computerised Information System), Miscellaneous Proceedings Number 5696 of 1999 was in the matter of a mortgage, entered into between Bank of Communications and Group Empire Ltd.

Group Empire Ltd, according to Innovative International's Interim Report, for the period, ended September 30, 2000, was 50 percent owned by Walden Investment Ltd and 50 percent owned by Richness Hill Company Ltd.

Between these 3 companies, Innovative International had lent \$HK93,369,000, as at the date of the Interim Report, which was signed by Chairman Stephen Chang Lien Hing on December 18, 2000.

Both Walden Investment and Richness Hill are/were 50 percent owned by Innovative International, at least as at the 2000 Balance Sheet Date of March 31, 2000.

The loans to Walden Investment and Richness Hill, in the aggregate sum of about \$HK75,578,000, were, in turn, lent to Group Empire at a zero interest rate as was the \$HK17,791,000 lent, directly, to Group Empire Ltd by Innovative International.

The total of the loans to these 3 companies, amounting to \$HK93,369,000, represented about 41.14 percent of the Turnover of Innovative International for the Financial Year, ended March 31, 2000.

Group Empire was engaged in a property development project in Causeway Bay, the Hongkong Special Administrative Region (HKSAR), until December 1, 2000 when it was sold for about \$HK52 million by public auction.

A Provision has been made in respect of losses with regard to this project.

According to TOLFIN (TARGET's Computerised Information System), Group Empire is/was in Receivership, with Mr Chau Ho and Ms Tina Lee Wai Ping, both of the solicitor's firm of Koo and Partners, having been appointed Joint and Several Receivers of the property, which is situated at Numbers 12 and 14, Pak Sha Road.

Innovative International purchased the property for \$HK66 million on April 30, 1994, TOLFIN indicates.

Bank of Communications, on June 30, 1995, extended an \$HK80-million mortgage on the property, the money, having been lent to Group Empire.

It would appear, therefore, that Innovative International dropped at least \$HK173 million on the Pak Sha Road project, which is behind Hennessy Centre, Causeway Bay: \$HK80 million, obtained from Bank of Communications; plus, loans extended to the project in the sum of about \$HK93.37 million.

The recovery, by way of the forced sale of the property, was only in the amount of \$HK52 million, the result of the public auction of the property, carried out on December 1, 2000.

Enter, The Dragon ?

Walden Investment Ltd and Richness Hill Company Ltd, both of which are owned as to 50 percent by Innovative International, as already stated, have, as their other shareholders, Hop Kin Development Ltd and Hop Kin Engineering Development Ltd, respectively.

Both of these companies share the same address:

Island Centre,
21st Floor,
Number One, Great George Street,
Causeway Bay, Hongkong

According to TOLFIN, there is no registration in the Hongkong Companies Registry of Hop Kin Development Ltd, but there is a registration for Hop Kin Engineering Development Ltd.

In turn, Hop Kin Engineering is in Receivership, according to TOLFIN's records, having been in that pleasant state financial suspension since December 1998.

Mr Joseph K. C. Lo and Mr Dermot Agnew, of the accounting firm of Deloitte Touche and Tohmatsu, were appointed and Joint and Several Liquidators on December 11, 1998.

TOLFIN's records indicate that the 2 Hop Kin companies (assuming that there are/were 2 such companies) are, in turn, owned and/or controlled by China Fujian Corporation for International Techno-Economic.

As far back as 1991, China Fujian Corporation for International Techno-Economic was in serious financial trouble.

TOLFIN's records show that not less than 47 Plaintiffs have gone for this, presumably, PRC, State-run company.

The aggregate amount of these High Court Writs, issued against China Fujian Corporation for International Techno-Economic, was not less than \$HK700 million ... [CLICK TO ORDER FULL ARTICLE](#)

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