

**LUEN CHEONG TAI INTERNATIONAL HOLDINGS LTD :
SHOULD THE CHAIRMAN AND MANAGING DIRECTOR
MAKE A DEFINITIVE STATEMENT – NOW ?**

Or Should Somebody Else Say Something ?

Henceforth, if one talks about directors of publicly listed companies, using their publicly listed company, in which they hold a high, visible position of fidelity, as their private little '*banks*', the names of 2 Directors of publicly listed Luen Cheong Tai International Holdings Ltd (Code: 1190, Main Board, The Stock Exchange of Hongkong Ltd) should spring, immediately, to mind.

Henceforth, if one talks about how '*to bury*' relatively large, interest-free loans, owed to a publicly listed company by the Chairman and Managing Director, the names, Messrs Chan Man Chuen and Vong Pak Cheong (also known as Wong Pak Cheung), should, immediately, spring to mind.

And, henceforth, if one talks about how to execute the above without any major fall-out from other shareholders, and without the Regulatory Authorities of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Regulatory Authorities which are supposed to be protecting the innocent and the ignorant, taking any action, whatsoever, then the Chairman and the Managing Director of publicly listed Luen Cheong Tai International Holdings Ltd, Messrs Chan Man Chuen and Vong Pak Cheong (also known as Wong Pak Cheung), are among the first names to spring to mind, immediately.

TARGET zeroed in on Messrs Chan Man Chuen and Vong Pak Cheong (also known as Wong Pak Cheung), following our financial analyst, scanning the 2000 Annual Report of the Company and realising that something was, clearly, terribly wrong.

But the Securities and Futures Commission and The Stock Exchange of Hongkong Ltd, the 2, supposed watchdogs of HKSAR, appear to be completely oblivious of the situation.

Which is not too surprising, all things considered.

Only a handful of accountants at PricewaterhouseCoopers, the Auditors of Luen Cheong Tai International, appeared to realise the enormity of the situation at this Company, that accountants' firm, having qualified the accounts of the construction company for the 2000 Financial Year, ended May 31, 2000.

Working backwards in regard to corporate events, over the past few years, at Luen Cheong Tai International, this is the crux of what TARGET has discovered about this Company.

The Chairman and Managing Director of publicly listed Luen Cheong Tai International Holdings are about to be hauled before the beak for, allegedly, owing more than \$HK30 million to Bank of China, Hongkong Branch.

They are Messrs Chan Man Chuen and Vong Pak Cheong (also known as Wong Pak Cheung), respectively.

Bank of China, in High Court Action Number 1518 of 2001, alleges that the duo '*jointly and severally executed a deed of guarantee dated 7th July 1993 (the "Guarantee") in favour of the Plaintiff and jointly and severally covenanted, inter alia, to pay to the Plaintiff (Bank of China) on demand in writing all sums of money debts and liabilities (whether certain or contingent) owing or incurred due to the Plaintiff from or by the Borrower (Winmost Investments Ltd).*'

Winmost Investments was granted a Demand Loan Facility of \$HK31,768,609.54, which was subject to the terms and conditions as stated in the purported Facility Letter of Bank of China, dated October 25, 2000, the first paragraph of the Statement of Claim, attached to the Writ of Summons, alleges.

Paragraph 8 of the Statement of Claim alleges that *'all amounts advanced under the Demand Loan will become immediately due and repayable if the Borrower fails to pay any principal, interest or other costs and expenses payable to the Plaintiff thereunder on the due date ...'*

Paragraph 10 of the Statement of Claim alleges that Winmost Investments utilised the Demand Loan.

Paragraph 11 alleges that Winmost is in default in making repayment of the Demand Loan.

Paragraph 12 alleges that, as at March 3, 2001, Winmost Investments owed the bank \$HK29,202,434.12.

In accordance with the terms and conditions of Guarantee, it is alleged that Messrs Vong (or Wong) and Chan *'are jointly and severally liable to pay to the Plaintiff the said outstanding sum ...'*

However, according to Paragraph 16 of the Statement of Claim, *'despite repeated demands ... the 1st and 2nd Defendants have respectively failed to pay the amounts demanded by the Plaintiff or any part of them or at all.'*

According to TOLFIN (TARGET's Computerised On-Line Information System), on June 2, 1993, Winmost Investments Ltd purchased Commercial Units 101 and 102, First Floor, New East Ocean Centre, Number 9, Science Museum Road, Tsimshatsui East, Kowloon, from Jinli Lighting Enterprise (Hongkong) Ltd for \$HK25,608,060 (Memorial Number 5681556).

On February 21, 2001, Winmost Investments sold those offices to Barex International Ltd for \$HK8.85 million, TOLFIN's records indicate (Memorial Number 8323319).

In Miscellaneous Proceedings Number 1867 of 2001, Bank of China issued legal proceedings against Winmost Investments in the matter of a mortgage.

The date of that Action was April 3, 2001.

Winmost Investments, according to the Annual Report of Luen Cheong Tai International Holdings Ltd, for the Financial Year, ended May 31, 2000, was a company with which Luen Cheong Tai International did business.

Page 50 of the said Annual Report makes this statement:

'During the year, the Group entered into the following transactions in the normal course of business with its related companies ... Rental of land and buildings payable to Winmost Investments Ltd ... Messrs. CHAN Man Chuen and VONG Pak Cheong, directors of the Company, have beneficial interest.'

The clear indication is that the publicly listed Company had been paying to Winmost Investments \$HK768,000 per annum for the privilege of renting the property, which was beneficially owned by Luen Cheong Tai International's Chairman and Managing Director.

PricewaterhouseCoopers, the Auditors of the Company, at least in respect of the 2000 Financial Year, ended May 31, 2000, qualified its opinion ... [CLICK TO ORDER FULL ARTICLE](#)

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