

**CHINA BIO-MEDICAL GROUP LTD :
MOICHE : IS THIS KOSHER ?**

One wonders whether or not questions should be raised with the existing Management of publicly listed China Bio-medical Group Ltd (Code: 140, Main Board, The Stock Exchange of Hongkong Ltd) in respect of its present insolvent position – and how material sums of money have been frittered away over the past year or so.

The Company cannot pay its bills as they fall due: The classic definition of insolvency.

But Management appears to have created this situation, all by itself: It needed nobody's assistance.

In the 2000 Annual Report of China Bio-medical, it states: '*...The Group was unable to repay principal and interest of certain bank borrowings, totalling approximately \$46,171,000 when they fell due ...*'.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is known to house hundreds of thousands of apathetic shareholders of public companies, most of whom seem to accept their lot in respect of their companies, without any questions being asked.

TARGET cannot be counted along with this group of people because, as far as this medium can ascertain, Management of China Bio-medical should be taken to task for that which it did – as well as that which it failed to do.

Following on from last week's report on this Company (Please see [TARGET Intelligence Report, Volume III, Number 143 of August 3](#)), TARGET looked into the accounts of China Bio-medical and discovered, what would appear to be, matters that deserve the utmost urgent attention.

Because, had it not been for these seeming anomalies, The Commissioner of Inland Revenue of the HKSAR would, most likely, not have had to issue legal proceedings in order to recover about \$HK1.96 million in back taxes, allegedly owed to the Government of the HKSAR by Global Shipping Ltd, a 70-percent-owned subsidiary of China Bio-medical; and, the Company would not have hit the rocks.

Anomaly Number One

Published information, regarding China Bio-medical, informs shareholders that, on October 4, 2000, Mr David Wong Wai Chi resigned as Chairman and Managing Director.

The Annual Report of China Bio-medical states that Dr Wan Kwong Kee was appointed Chairman of the Company on July 26, 2000, some 70 days prior to Mr David Wong Wai Chi's official resignation.

On June 5, 2000, Kong Tai International Holdings Ltd, as China Bio-medical was then known, sent a circular to shareholders, the essence of which was that an agreement had been signed between the Company's wholly owned subsidiary, Talent Power Technology Ltd, and Global Link Cyber Corporation Ltd – which had been incorporated on April 26, 2000 -- whereby Talent Power would pay \$HK54 million to Global Link to acquire the rights for the operation of a voice-over-the-Internet '*telephone*' system in the HKSAR.

The licence for this system was for 10 years, was a non-exclusive right to the system, was non-transferable, and included the software, hardware, related documentation and media.

The circular stated that the business had been valued at \$HK600 million by '*independent professional valuers*', that determination, having been made on ... [CLICK TO ORDER FULL ARTICLE](#)

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