

**WHO'S QUICK ON THE TRIGGER WITH TARGETS
NOT MUCH BIGGER THAN A PINPOINT AT NUMBER ONE ?**

It would appear that some finance companies of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) are getting rather jittery, these days, and, as such, they are getting pretty quick on squeezing ye olde writ trigger.

Unless there is something cabalistic and/or insidious behind the recently filed claim of CIT Financial (Hongkong) Ltd against publicly listed Codebank Ltd (Code: 8162, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd), CIT Financial would appear to have a hair trigger when it comes to firing off claims in the High Court of the HKSAR.

CIT Financial issued Proceedings against Codebank, last Thursday, claiming the best part of \$HK1 million in respect of a purported December 2000 Lease Agreement with regard to some computer equipment and accessories.

High Court Action Number 2171 alleges that CIT Financial entered into a Lease Agreement with Codebank on December 11, 2000 for a period of 22 months, whereby Codebank agreed to rent the computer equipment and agreed to pay '*a first payment of HK\$1,339,219.00 due on the date of the (Lease) Agreement and by subsequent 21 equal payments of HK\$159,789.00 each due on the 11th day of each month after the date of the Agreement.*' (Paragraph One of the Statement of Claim, attached to the Writ of Summons)

Paragraphs 3 and 4 of the Statement of Claim alleges:

3. *'In breach of the Agreement and despite repeated reminders, the Defendant (Codebank) as at 29th May 2002 failed to pay one monthly Rental. On 29th May 2002, the Plaintiff ... wrote to the Defendant to terminate the leasing of the Goods (the computer equipment and accessories).*
4. *'As at 3rd June 2002, the total Rental in arrears under the Agreement was HK\$157,789.00 and the interest at the Overdue Interest Rate calculated up to that date was HK\$55,476.90, making a total of HK\$215,265.90.'*

According to the terms and conditions of the purported December 2000 Agreement, CIT Financial is entitled to interest at the rate of 2 percent per month in respect of late payments, the Statement of Claim alleges.

Codebank is being asked to cough up arrears of rental, amounting to \$HK215,265.90, interest on the sum of \$HK159,789 at the rate of 2 percent per month for the rental in arrears, \$HK622,033.66 in respect of non-payment of monthly rentals, less the '*Discount for acceleration*', and interest on the sum of \$HK622,033.66 at the rate of 8.14 percent per annum from June 4, 2002, and costs of this Action.

This is the second time the CIT Financial has sued Codebank, according to **TOLFIN** (**TARGET's** Computerised Online Financial Service).

On December 3, 2001, CIT Financial sued Codebank and its Chairman and Founder, Mr Herman Yu Hang Chung, for about \$HK1.50 million for money due and owing.

But, other than this one High Court Writ, Codebank has been pretty clear of claims, lodged in HKSAR Courts.

The Company claimed, at the time of going public, that it was *'one of the leading Internet technology and platform providers in Hong Kong, the Group develops and implements (sic) enabling technologies and products with a focus on three areas, namely, e-Education solutions, e-Business solutions and multiple access platforms.'* (Page 2 of the Placing Prospectus, dated December 17, 2001.

It is noted by **TARGET** that Codebank went to The Growth Enterprise Market just a fortnight after the filing of High Court Action Number 5191 of 2001.

When Codebank went public, **TARGET** wrote, in the opening 7 paragraphs of its 45-paragraph analysis of this Company:

'The financial situation at Codebank Ltd must have been bordering on desperation, last September, because the Chairman had to cough up \$HK1.40 million – in order to cover working capital expenses.

'This is, clearly, stated at Page 139 of the Placing Prospectus of this Internet company, the Prospectus, being dated December 17, 2001 ... [CLICK TO ORDER FULL ARTICLE](#)

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