LEROI HOLDINGS LTD :
HOW CLOSE DID CHAIRMAN SO COME TO BEING MADE A BANKRUPT ?

One cannot help but wonder just how close did the Chairman of LeRoi Holdings Ltd come to bankruptcy, during the past few years.

TARGET's rumination is based on statements, made in the Offer and Placing Prospectus of LeRoi Holdings, dated October 23, 2002.

At Pages 52 and 53 of this Prospectus, it is stated that Mr So Chi Hiu, the Chairman of LeRoi Holdings, is still paying off his debts to Bank of China, Hongkong Branch, and Wing Hang Bank Ltd, following these 2 banks, obtaining separate Judgments against him.

According to **TOLFIN** (**TARGET**'s Computerised On-Line Financial Service and Credit-Checking Provider), the High Court Actions, in which these 2 banks obtained Judgments, are: Number 369 of 2001; and, Miscellaneous Proceedings Number 5855 of 1998.

Bank of China was the larger of the 2 claims where Judgment was rendered in favour of the bank and against Mr So, whose Co-Defendant to the Action was Mr Chuy Ching Chu.

The amount of money, claimed by Bank of China, was $HK22,602,387.80.

Judgment was obtained by the bank against the Defendants, the bank, being an organ of the Government of the People's Republic of China (PRC), but enforcement of the Judgment was forborne upon an agreement between the bank and Mr So whereby Mr So agreed to pay $HK22,586,900 to Bank of China in 120 equal installments of $HK247,139.82 per installment, commencing October 19, 2001.

By simple arithmetic, therefore, Mr So will, at the end of 10 years, have paid to Bank of China $HK29,656,677.84 in order to stave off becoming an undischarged bankrupt – which could have been the natural outcome of this matter had not Mr So succumbed to the demands of the bank.

In the case of Wing Hang Bank – MP 5855 of 1998 – this Action was between Godlap Company Ltd, the So Family Trust company, Kent Trinity Ltd, Chairman So Chi Hiu and Mr Cheng Lin Hing, alias Vincent Cheng Lin Hing, and was in respect of a mortgage on a workshop at Hongkong Industrial Centre.

Wing Hang Bank obtained Judgment against the Defendants in this Action; and, a Settlement Agreement was entered into between the Defendants and the bank whereby Chairman So agreed to a repayment schedule with the bank in exchange of the bank, forbearing Execution of Judgment against him.

The amount that was owed to Wing Hang Bank was only $HK2.40 million, but it was agreed that Mr So should pay that amount of money to the bank by 120 equal instalments of $HK20,000 per instalment, commencing August 7, 2002.

Evidently, Wing Hang Bank did not charge interest on the amount that was owed to it by Chairman So, et al.

Since the amount of money that was owed to Wing Hang Bank was, relatively, small, one can only surmise what would have happened had not Mr So been able to persuade the bank to forebear action in this case.

TOLFIN's records, also, indicate some other matters, not stated in the Prospectus of LeRoi Holdings, however.

In short, it appears that Mr So has been somewhat of a wheeler and dealer in properties in the Hongkong Special Administrative Region (HKSAR) of the PRC since 1996.

Via Kent Trinity Ltd, Mr So purchased about $HK30-million worth of property in Kowloon, and sold one flat for $HK7.40 million.

Kent Trinity is, and always has been, beneficially owned by Chairman So.

Kent Trinity must have made a profit, but it appears that this company forgot to pay tax to The Inland Revenue Department, which promptly sued Kent Trinity for $HK526,457 in 1998 and, again, in 1999, the Hongkong taxman came after Kent **... CLICK TO ORDER FULL ARTICLE**

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