

**LUEN CHEONG TAI INTERNATIONAL HOLDINGS LTD :  
HAS SOMEBODY BEEN A LITTLE NAUGHTY, HERE ?**

The High Court's decision to appoint Messrs Yeo Boon Ann and Stephen Liu Yiu Keung, both of the accounting firm of Ernst and Young, to be the Joint and Several Liquidators of Luen Cheong Tai Construction Company Ltd, is likely to have caused a number of jealous little wing feathers to become somewhat ruffled, no doubt, but the determination of the Honourable Justice Kwan, in making her decision, leaves a host of questions to be answered.

And some of these questions appear to have far-reaching implications, perhaps, reaching the heights of certain professional disciplinary bodies.

The biggest question, of all, of course, is whether or not there were improprieties, perpetrated by the accounting firm of RSM Nelson Wheeler Corporate Advisory Services Ltd and/or the solicitors' firm of Horvath and Giles and/or Messrs William Nicholas Giles and Alan Hubert Day, both of the firm of Horvath and Giles.

Whether or not the regulatory authorities of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) will become involved in this case is a matter for the relevant HKSAR Authority(ies), of course, but it seems clear that, regardless, that which has come to light appears to leave a rather unpleasant taste in one's mouth, to be sure.

**The Case**

Luen Cheong Tai Construction Company Ltd, a wholly owned subsidiary of Luen Cheong Tai International Holdings Ltd (Code: 1190, Main Board, The Stock Exchange of Hongkong Ltd), is the subject of Winding Up Petition, Number 190 of 2002.

Luen Cheong Tai International is the subject of Winding Up Petition, Number 584 of 2002.

A Hearing was heard in the Chambers of the Honourable Justice Kwan of the HKSAR High Court, pursuant to directions, given by the Court on October 8, 2002 on the Application of the Official Receiver and Provisional Liquidator to consider the Resolutions, passed at the First Meetings of the Creditors and Contributories of Luen Cheong Tai Construction on August 19, 2002 and to consider the Appointment of Liquidators and the members of the Committee of Inspection.

There are, in total, 33 registered trade creditors of this company, who, in aggregate, are claiming to be owed about \$HK67.50 million.

There are, in addition, some 32 former employees, who are said to be owed about \$HK5.80 million.

On July 15, 2002, a Winding-Up Order was made against Luen Cheong Tai Construction on the Petition of Hennabun Resources Ltd.

As a result, the Official Receiver became the Provisional Liquidator.

The Honourable Justice Kwan Ordered, on September 5, 2002, the Appointment of Provisional Liquidators of Luen Cheong Tai International on the Application of The Bank of China (Hongkong) Ltd, the largest creditor of this publicly listed company.

The Petition to wind up Luen Cheong Tai International was adjourned in order to allow the Provisional Liquidator time to identify and to secure an investor to effect a restructuring of this company and/or of the entire Luen Cheong Tai Group of Companies.

At the First Meeting of Creditors of Luen Cheong Tai International, held on August 19, 2002, prior to the appointment of Provisional Liquidators, the following ... [CLICK TO ORDER FULL ARTICLE](#)

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