

**CEDAR BASE ELECTRONIC (GROUP) LTD:
AU REVOIR, MR CHAIRMAN !**

On the eve of the largest claim, ever being laid at the foot of publicly listed [Cedar Base Electronic \(Group\) Ltd](#) (Code: 855, Main Board, The Stock Exchange of Hongkong Ltd), the Chairman, Mr Tong Yiu Lun, informed the world that he is in negotiations to sell his stake in the company.

Actually, the way that the official company announcement was worded, one is supposed to believe that, out of the blue, along came an investor, who is terribly excited at the prospects of gaining control of this manufacturer – which is a loss-maker.

On January 11, last Saturday, Dah Sing Bank Ltd, a subsidiary of Dah Sing Financial Holdings Ltd (Code: 440, Main Board, The Stock Exchange of Hongkong Ltd), sued Cedar Base Electronic Ltd and its parent company, the publicly listed company, Cedar Base Electronic (Group) Ltd, for about \$HK3.73 million.

One day earlier, that is, last Friday, Cedar Base Electronic (Group) announced the following:

'The Company was notified by Great Wonder (Investments Ltd), the substantial shareholder of the Company, which held approximately 21.3% of ordinary shares of the Company, they have been approached on a preliminary basis by a potential investor, who is independent third party not connected with and not parties acting in concert with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules [of The Stock Exchange of Hongkong Ltd]), about the possibility of this investor acquiring Great Wonder's entire shareholding in the Company. Great Wonder is a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Tong Yiu Lun, the Chairman of the Company. The potential investor and parties acting in concert with it currently did not hold any shares in the Company.'

'Apart from Great Wonder, the Company has no other substantial shareholder. The remaining 78.7% of the ordinary shares of the Company are held by the public.'

'The Company was also notified by Great Wonder that no binding agreement has been entered into with such potential investors and no definitive terms and conditions have been reached regarding the above-mentioned possible transaction. Therefore, the possible transaction may or may not proceed. Further announcement will be made if such negotiations materialise or lapse.'
(This is a verbatim transcript of the announcement – **TARGET**)

The High Court Writ, issued by Dah Sing Bank Ltd, Number 132 of 2003, names Cedar Base Electronic as the First Defendant and the publicly listed company as the Second Defendant, the publicly listed company said to be the guarantor to the bank in respect of borrowings by Cedar Base Electronic.

The Statement of Claim, attached to the Writ of Summons, alleges that banking facilities were afforded to Cedar Base Electronic, going back to August 7, 2001, and that Cedar Base Electronic (Group) guaranteed those banking facilities up to \$HK8.50 million.

Paragraphs 7 and 8 of this Statement of Claim alleges:

'The 1st Defendant has utilized the said facility and as at 8th January 2003, the 1st Defendant is indebted to the Plaintiff in the total sum of HK\$3,726,131.15 ...

'As a result of default in repayment and by 2 letters of demand both dated 9th January 2003 to the 1st Defendant and the 2nd Defendant respectively, the Plaintiff duly demanded payment from the 1st and 2nd Defendants and despite demand, the 1st and 2nd Defendants have defaulted in making payment to the Plaintiff.'

The Writ from Dah Sing Bank is Number 9 in a line of legal Actions, having been taken against Cedar Base Electronic (Group) and/or its subsidiaries, over the past 2 months or so.

According to **TOLFIN** (**TARGET**'s Computerised Online Financial Service and Credit-Checking Provider), the following legal Actions have been filed in various Courts of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China since November ... [CLICK TO ORDER FULL ARTICLE](#)

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