

**THE LEGACY OF MR RAYMOND CHAN FAT CHU :
MR JENKIN CHEUNG YU SHUM TO THE RESCUE**

The Chairman of Tem Fat Hing Fung (Holdings) Ltd (Code: 892, Main Board, The Stock Exchange of Hongkong Ltd), Mr Jenkin Cheung Yu Shum, is unlikely to be too happy, these days, following the filing of a High Court Writ, the contents of which will affect the publicly listed company.

Hang Fai Finance Company Ltd has sued Tem Fat Hing Fung (Capital) Ltd, Chimstar Ltd and Mr Raymond Chan Fat Chu for about \$HK8.95 million.

Mr Raymond Chan Fat Chu, the Third Defendant in High Court Action Number 597, was the former Chairman of Tem Fat Hing Fung (Holdings) Ltd, while the Second Defendant, Chimstar Ltd, is/was a subsidiary of Tem Fat Hing Fung (Holdings).

Tem Fat Hing Fung (Capital) Ltd is not part of Chairman Jenkin Cheung's bailiwick, according to **TOLFIN** (**TARGET**'s Computerised Online Financial Intelligence Service and Credit-Checking Provider), however, there is a company, named Tem Fat Hing Fung Capital Ltd, which is/was a wholly owned subsidiary of the publicly listed company.

According to the Statement of Claim, attached to the Writ of Summons, on May 18, 2000, Tem Fat Hing Fung (Capital) Ltd came into an agreement with Hang Fai Finance Company Ltd whereby Hang Fai Finance agreed to lend to Tem Fat Hing Fung (Capital) \$HK6 million at an interest rate of 3.20 percent per month, equivalent to 38.40 percent per annum.

The loan was supposed to be for a period of 2 months, only, Paragraph 2 of the Statement of Claim alleges.

One of the conditions for this loan was that Tem Fat Hing Fung (Capital) secure acceptable parties or persons to stand as guarantor for the loan, together with interest accrued.

In addition, it was an express condition for the loan that the Second Defendant, Chimstar Ltd, then a subsidiary of the publicly listed company, Tem Fat Hing Fung (Holdings) Ltd, as the registered holder of 30 million old shares in RNA Holdings Ltd (Code: 501, Main Board, The Stock Exchange of Hongkong Ltd), deposit these shares with Hang Fai Finance as further security of the loan.

RNA is/was an associate of Tem Fat Hing Fung (Holdings) Ltd, as at April 30, 2001, according to **TOLFIN**, with Tem Fat Hing Fung (Holdings), being the beneficial owner of 34.49 percent of the Issued and Fully Paid-Up Share Capital of RNA.

Paragraph 4 is the killer, as far as the present, new management of Tem Fat Hing Fung (Holdings) is concerned, because it alleges:

'4. (a) In the compliance of terms of the said Agreement the 1st Defendant (Tem Fat Hing Fung (Capital) Ltd) elected the 2nd and 3rd Defendants (Chimstar Ltd and Mr Raymond Chan Fat Chu, respectively) and Tem Fat Hing Fung (Holdings) Limited jointly and severally to act as its guarantors by executing a

Corporate or Personal Guarantee (as the case may be) individually on the 19th May 2000 respectively in favour of the Plaintiff (hereinafter collectively refer to as “the said Corporate/Personal Guarantee”).

(b) The said Tem Fat Hing Fung (Holdings) Limited was subsequently being served with an (sic) winding up petition by its creditor Yu Ming [Yu Ming Investments Ltd (Code: 666, Main Board, The Stock Exchange of Hongkong Ltd)] in the Supreme Court of Bermuda Companies under (Winding-up) No. 171 of 2001.’

Paragraph 6, then ... [CLICK TO ORDER FULL ARTICLE](#)

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