

**GREATERCHINA TECHNOLOGY GROUP LTD:
WOULD THIS BE CONSIDERED A MATERIAL MISSTATEMENT ?**

It used to be that a handshake was sufficient to seal a bargain.

But that, it appears, is relegated to the past in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

That would appear to be the contention of Venture Target Ltd, a company, which appears to be a facilitator of certain types of stock-market deals in the HKSAR.

According to High Court Action, Number 1797, Venture Target is claiming that GreaterChina Technology Group Ltd (formerly known as GreaterChina Technology Corporation Ltd) broke its promises to senior management of Venture Target, which is, today, alleging that it is owed at least \$HK1.20 million by this publicly listed company.

The story, according to Venture Target, goes along the following lines:

- On April 6, 2000, GreaterChina Technology became a company, listed on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, having raised about \$HK261 million by Placing its shares to investors;
- In or about January 2000, there was a purported meeting, held at the Mandarin Oriental Hotel in Central, Hongkong, at which time, Mr Godfrey Mak Shiu Chung (who resigned in February, this year), an Executive Director of GreaterChina Technology, talked in some length to Mr Simon Wong Kai Tung, a Director of Venture Target. It is alleged that Mr Godfrey Mak told Mr Simon Wong that GreaterChina Technology would like to secure '*an international internet strategic investor which could be any of the major United States of America ("USA") or international internet portal operators to improve the corporate image, the value of the Defendant (GreaterChina Technology) and enhance the internet industry profile*' (Paragraph 5 of the Statement of Claim, attached to the Writ of Summons);
- Mr Simon Wong is alleged to have told Mr Godfrey Mak that he knew people at Lycos Asia Pte Ltd and that an introduction could be arranged with a view to having this company, or one of the group of Lycos companies, to be GreaterChina Technology's '*pre-IPO (Initial Public Offering) strategic investor*';
- It is alleged, at this point, that Venture Target came into an oral agreement with GreaterChina Technology, to be known in this Statement of Claim as the First Agreement;
- The terms and conditions of this First Agreement included, inter alia:
 - Venture Target would introduce to GreaterChina Technology, Lycos Asia (Hongkong) Ltd or Lycos-Asia;
 - Venture Target would arrange meetings for and on behalf of GreaterChina Technology with staff of Lycos Asia (Hongkong) with a view to persuading Lycos Asia (Hongkong) to invest in GreaterChina Technology by purchasing shares in the company;
 - Venture Target would provide Lycos Asia (Hongkong) with information on the business of GreaterChina Technology and the HKSAR and Asian Internet industry information;
 - Venture Target would assist GreaterChina Technology to attend the meetings in respect of negotiations to induce Lycos Asia (Hongkong) to buy shares in GreaterChina Technology;
 - Venture Target would, if Lycos Asia (Hongkong) or any other Lycos company purchased shares in GreaterChina Technology, be entitled to receive payment of \$US1 million as a Finder's Fee, provided that the purchase of GreaterChina Technology shares was not less than 5 percent of the

- pre-IPO flotation total issued shares; but, in the event that Lycos did not subscribe to 5 percent or more of the New Shares of GreaterChina Technology *'for each 1% shortfall of the share subscription, the Finder's Fee will be reduced by 20%'*; and,
- o GreaterChina Technology *'should pay the Finder's Fee to the Plaintiff (Venture Target) within one month after the successful listing of the Defendant on the GEM Board.'*

The Statement of Claim then outlines the work that Mr Simon Wong did in order to bring about a situation whereby Venture Target could claim success.

Picking up from Paragraph 10 of the Statement of Claim:

'10. As a result of work done by the Plaintiff pursuant to the First Agreement as set out hereinabove, the senior management of Lycos-Asia came to Hong Kong to meet Mr. Mak (Mr Godfrey Mak) and Ms Cheng (Ms Kelly Cheng Kit Yin, an Executive Director of GreaterChina Technology) of the Defendant and had discussion on terms and conditions of the proposed share subscription.

'11. Subsequently on 21 February 2000, Lycos-Asia acquired 23,333,333 shares, or 5% of the Defendant before the IPO flotation in the GEM Board at an aggregate subscription price of US\$3 million worth of shares of the Defendant.

'12, Lycos-Asia would not have subscribed for the shares of the Defendant but for the work done by the Plaintiff as particularized in paragraph 9 above.'

The Statement ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.