

**CHINA NAN FENG GROUP LTD AND INTCERA HIGH TECH GROUP LTD:  
AND THE WINDING-UP PETITIONS FLOW**

Two winding-up petitions have been filed against 2, publicly listed companies, operating out of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The 2 companies are:

[China Nan Feng Group Ltd](#), Stock Code Number 979, Main Board, The Stock Exchange of Hongkong Ltd; and,

[Intcera High Tech Group Ltd](#), Stock Code Number 8041, The Growth Enterprise Market (The GEM), The Stock Exchange of Hongkong Ltd.

The Winding-Up Petition against China Nan Feng appears to be the more damaging of the 2 Actions because, in that case, China Nan Feng's Management had to put out an announcement, stating that it was seeking urgent legal advice on this matter, which has been knocking at its door, in one guise or another, since August 2002.

The Petitioner in Winding-Up Petition Number 1131 is a Mr Alfred Siu Wing Fung, who, on September 1, 2003, issued a Statutory Demand on China Nan Feng for \$HK25,840,802.66.

That amount of money was the monetary award, determined by the High Court of the HKSAR in Mr Alfred Siu's favour.

A Hearing on the matter of the Winding-Up Petition is scheduled for December 3, 2003.

Mr Alfred Siu Wing Fung, a former Substantial Shareholder and Director of the company, made a claim against China Nan Feng in the amount of \$HK18,787,500 plus interest and costs, relating to share options that he exercised in 1999.

A Summary Judgment was entered against China Nan Feng in respect of this matter on July 7, 2003.

In the meantime, China Nan Feng is undergoing financial restructuring, following the company, admitting that it was about \$HK122 million in debt, all of which is unsecured.

**TARGET** cannot say that the company is hopelessly insolvent, but it must be approaching that hallowed cemetery, if it has not, already, arrived.

**TARGET** makes reference to the probability that this company is unable to pay its debts as they fall due (Lord Denning's definition of insolvency) due to a number of facts:

- For the 6 months, ended June 30, 20003, this company reported that it had incurred further Losses Attributable to Shareholders of about \$HK72.20 million, which was an increase of about 100 percent, compared with the like period in 2002;

- Mr Tao Ke Wei, Mr Tak Kai On and Mr Peter Ko, all of whom are Executive Directors, have not been paid their salaries, amounting to about \$HK640,000, as at July 31, 2003; and,
- China Nan Feng has not even sufficient money to pay rent on its Wanchai offices.

China Nan Feng's Accumulated Losses from January 1, 2000 to December 31, 2002, amounted to about \$HK495 million.

During this period of time, Shareholders' Funds have sunk from about \$HK230.45 million to about \$HK74.47 million.

Still on the subject of China Nan Feng, there was another twist to the story, last week, when High Court Action Number 3761 was filed in the HKSAR.

In that Action, Sun Fook Kong Construction Ltd sued China Convergent Corporation Ltd for about \$HK4,718,865.51.

China Convergent Corporation, according to **TOLFIN (TARGET's Computerised Online Financial Intelligence Service and Credit-Checking Provider)**, is a 12.43-percent shareholder of China Nan Feng.

It is, also, listed on The Australian Stock Exchange.

It is alleged in the General Endorsement, attached to the Writ of Summons, that Sun Fook Kong:

1. Is entitled to \$HK67,082.66, *'being the statutory charges and (HKSAR) government department charges paid by the Plaintiff and due to be reimbursed pursuant to the Defendant's guarantee dated 3<sup>rd</sup> June 1997'*;
2. Is entitled to \$HK150,209.28, *'being legal fees paid by the Plaintiff and due to be reimbursed pursuant to the Defendant's guarantee dated 3<sup>rd</sup> June 1997 alternatively being due to be reimbursed as damages for breach of the Settlement Agreement dated 28<sup>th</sup> September 2000'*;
3. Is entitled to \$HK568,374.87, *'being sums paid by the Plaintiff to contractors employed by Petway Ltd and due to be reimbursed pursuant to the Defendant's guarantee dated 3<sup>rd</sup> June 1997'*;
4. Is entitled to \$HK3,933,193.70, *'being losses, costs and expenses suffered or incurred by the Plaintiff by reason of the acts, omissions, defaults and breaches by Petway Ltd. and due to be reimbursed pursuant to the Defendant's guarantee dated 3<sup>rd</sup> June 1997'*; and,
5. Is entitled to a Declaration *'that the Defendant shall indemnify the Plaintiff against any sums which the Plaintiff may become due to pay to the Hong Kong Housing Authority in relation to remedy and defects for works at Hing Tung Estate, Phase IV pursuant to the Defendant's guarantee dated 3<sup>rd</sup> June 1997.'*

### **The Intcera High Tech Case**

In the case of Intcera High Tech, the Petitioner in Winding-Up Petition Number 1133 of 2003 is Shenyn Wanguo Capital (Hongkong) Ltd.

Shenyn Wanguo was Intcera High Tech's Post-Listing Sponsor, being appointed about 14 months after Intcera High Tech went public on The GEM on July 7, 2000.

Shenyn Wanguo was supposed to be paid ... [CLICK TO ORDER FULL ARTICLE](#)

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