

**CHINA RICH HOLDINGS LTD:
WILL THERE BE AN INVESTIGATION INTO THIS MATTER?**

If the allegations, suggested by innuendo in High Court Action Number 4251 are substantially correct, then, the fallout from the publication of this Writ of Summons could have wide connotations.

Because the logical extension to the allegations, contained in the Statement of Claim, attached to the Writ of Summons, is that the Chairman of [China Rich Holdings Ltd](#) has been very naughty – at least for the 18 months, ended April 6, 2002.

Wing Fai Construction Company Ltd, now under Liquidation, formerly, being a wholly owned subsidiary of China Rich Holdings, has issued legal proceedings in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), demanding that Mr Robert Yip Kwong repay \$HK1.60 million to the bust engineering, construction and industrial consultancy company.

Mr Robert Yip Kwong is the current Chairman of China Rich Holdings (Code: 1191, Main Board, The Stock Exchange of Hongkong Ltd) and was, prior to April 22, 2002, a Director of Wing Fai Construction.

According to the Statement of Claim, at Paragraph 3, between January 5, 2001 and April 6, 2002, Mr Robert Yip Kwong had been drawing \$HK100,000 per month from Wing Fai Construction.

The cash drawings had been paid promptly either on the fifth of each and every month or the sixth of every month, the Statement of Claim alleges.

Paragraph 4, then, alleges:

'Despite demands to repay sums advanced to, or had and received by the Defendants (sic), in particular the first 3 payments of HK\$100,000 each, which became known to the Liquidator of the Plaintiff, the Defendant has failed and/or refused to repay any moneys to the Plaintiff.'

The key word in this Paragraph is, of course, 'advanced', because it makes it very clear that the \$HK1.60 million was not an honorarium, an authorised payment by the Board of Directors for services rendered by Mr Robert Yip Kwong to Wing Fai Construction, or part of the salary/fees of this former Director of Wing Fai Construction.

According to the 2002 Annual Report of China Rich Holdings, the Executive Directors of the company received, in aggregate, about \$HK7.73 million as their salaries and other benefits, during that Financial Year.

At Page 17 of this Annual Report, it is stated that the Executive Directors for that Financial Year were:

Chairman Robert Yip Kwong
Deputy Chairman Ms Kelly Cheng Kit Yin
Mr Kam Shing
Mr Chung Shui Ming (who was appointed on February 2, 2002 and resigned on September 10, 2002)
Mr Vincent Lo Sek Chiu (who resigned on August 3, 2002)

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