

**CHINA RICH HOLDINGS LTD:  
IS THAT A DEATH RATTLE THAT I HEAR ?**

[China Rich Holdings Ltd](#) (Code: 1191, Main Board, The Stock Exchange of Hongkong Ltd) may well be about to gasp its last: The corporate death rattle cannot be far away.

A Writ, issued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is seeking about \$HK186.44 million from the company.

And it is obvious, on a cursory study of the accounts of China Rich Holdings, that the company would be unlikely to be able to pay that kind of money, assuming that judgment was entered in the HKSAR High Court in favour of the Plaintiff in respect of High Court Action Number 2436: Wing Fai Construction Company Ltd.

Wing Fai Construction, formerly a wholly owned subsidiary of China Rich via Benefit Holdings International Ltd, is in Liquidation; and, it is the Joint and Several Liquidators of this company, Messrs David John Kennedy and Cosimo Borrelli, who are bringing this Action against China Rich Holdings on behalf of the company in Liquidation.

According to the Statement of Claim, attached to Writ of Summons Number 2436, there exists a purported contract, made between Wing Fai Construction and China Rich Holdings, dated November 23, 2001.

This contract, it is alleged, states, inter alia, that China Rich Holdings would, for the foreseeable future, provide such funds as to allow Wing Fai Construction to be able to meet its financial obligations as they fell due.

Paragraph 4 of the Statement of Claim alleges that the exact wording of part of this purported contract reads:

*'... in connection with the audit of the financial statements of Wing Fai Construction Company Limited for the year ended July 31 2001, we hereby confirm we will provide adequate funds to enable Wing Fai Construction Company Limited to meet in full its financial obligations as they fall due for the foreseeable future.'*

On reliance of this purported contract, at Paragraph 6 of the Statement of Claim, it is alleged that the auditors of Wing Fai Construction for the Financial Year, ended July 31, 2002, stated:

*'The financial statements have been prepared on going concern basis because the intermediate holding company has agreed to provide adequate funds to enable the Company (Wing Fai Construction) to meet in full its financial obligations as they fall due for the foreseeable future.'*

It is alleged at Paragraph 7 of the Statement of Claim that China Rich Holdings failed to meet its financial obligations to its former subsidiary.

On July 31, 2002, Wing Fai Construction, allegedly, demanded \$HK150 million from China Rich Holdings.

But no money was ever forthcoming.

Today, that \$HK150 million has ballooned into \$HK186,437,179.63 ... [CLICK TO ORDER FULL ARTICLE](#)

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