

**BALIGOLD DEVELOPMENTS LTD:  
A \$HK40-MILLION DEAL GOES SOUR**

It looks, very much, as though a \$HK40-million deal for Kingway Brewery Holdings Ltd (Code: 124, Main Board, The Stock Exchange of Hongkong Ltd) to sell its 50-percent stake in Shandong Huazhong Amber Brewery Company Ltd has, well and truly, come unstuck.

The prospective buyer of the 50-percent stake in the brewery seems to be out of sufficient cash or, for some other reason, unable to complete the purchase.

Alternatively, of course, Best Concept Consultants Ltd, the putative corporate buyer, has had a change of heart.

Whatever may have been the reason, Baligold Developments Ltd, a wholly owned subsidiary of Kingway Brewery, has levelled its sights at Best Concept Consultants and Central China (Asia) Investment Ltd in an effort to wrest the best part of \$HK15 million (**TARGET**'s rough estimate).

High Court Action Number 2810 tells the story, according to the rendition of Baligold Developments.

Parts of Baligold Developments' interpretation of the situation were mentioned briefly in the 2003 Annual Report of Kingway Brewery Holdings Ltd, formerly known as Guangdong Brewery Holdings Ltd. (Please see final paragraphs of this report)

The Statement of Claim, attached to High Court Writ Number 2810, alleges that, on August 9, 2002, Baligold Developments Ltd came into an agreement with Best Concept Consultants Ltd whereby it was agreed that Baligold Developments would sell to Best Concept 10,000 shares in the Issued and Fully Paid-Up Share Capital of Central China (Asia) Investment Ltd, the Second Defendant in the Action.

The Sales and Purchase Agreement for the sale of the 10,000 shares in the Issued Share Capital of Central China (Asia) included an agreement *'to assign and transfer to the 1<sup>st</sup> Defendant (Best Concept Consultants Ltd) all their (Baligold Developments Ltd and Kingway Brewery Holdings Ltd) rights and interests in the interest free loan of the principal amount of HK\$39,999,999.00 due and owing by the 2<sup>nd</sup> Defendant (Central China [Asia] Investment Ltd) ("the Assigned Loan") to the Plaintiff at a consideration of HK\$39,999,999.00 payable by 3 installments due on various specified date as set out in Clause 6 of the Agreement ...'*

The schedule of payments in respect of the interest-free loan was said to be \$HK8,199,999.00 on the signing of the Agreement and, then, 2 further payments of \$HK11,800,000 and \$HK20 million, the final payment, being due on March 9, 2003.

At the time of the Sales and Purchase Agreement between Baligold Developments and Best Concept Consultants, it is alleged that the Second Defendant, Central China (Asia), was indebted to Baligold Developments to the extent of \$HK35,646,071.61. (Paragraph 6 of the Statement of Claim)

Paragraph 10 of the Statement of Claim alleges that the agreement for the sale and purchase of the shares in Central China (Asia) *'should be completed no later than 9 December 2002 or the First Extension Limit as*

defined in the Agreement and that the sale of the Assigned Loan should be completed no later than 9 March 2003 or the Second Extension Limit as defined in the Agreement.'

Paragraph 11 of the Statement of Claim alleges that Best Concept Consultants, on November 29, 2002, paid to Kingway Brewery the first instalment of \$HK8,199,999 and the second instalment of \$HK11.80 million and, in addition, an overdue interest sum of \$HK83,650.69.

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AND  
HAPPY NEW YEAR TO ALL !**

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