

**B AND S ENTERTAINMENT HOLDINGS LTD:
THIS IS WHAT HAPPENS WHEN BUSINESS FRIENDS FALL OUT**

The Controlling Shareholder of publicly listed [B and S Entertainment Holdings Ltd](#) (Code: 8167, The Growth Enterprise Market [The GEM], The Stock Exchange of Hongkong Ltd) has issued legal proceedings in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming 2 of the Founders of the company among the Defendants.

Sparkle China Development Ltd, a company, which is beneficially owned by Mr Lee Man Kwong and Ms Xiong Jing Ling, is the Plaintiff in High Court Action Number 813, the Defendants, being:

Coxwell Corporation	First Defendant
Siu Luen Fat	Second Defendant
Siu Kin Fat	Third Defendant

Editor's Note: Coxwell Corporation, a company, domiciled in the British Virgin Islands, is owned, beneficially, by the Second Defendant and the Third Defendant and Mr Siu Kuen Fat, all of whom are brothers, owning equal shares in the company – **TOLFIN** (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider)

According to the Statement of Claim, attached to High Court Action Number 813, on September 9, 2004, Sparkle China Development acquired from Coxwell Corporation a total of 170.40 million shares in the Issued and Fully Paid-Up Share Capital of B and S Entertainment, representing 42.60 percent of the total Issued Share Capital of the company, as at that date.

The total consideration for the shares was placed at \$HK2 million, equivalent to about 1.17 cents per share.

Mr Lee Man Kwong and Ms Xiong Jing Ling were made well aware, at the time of the takeover of this publicly listed company, that the B and S Entertainment Group had *'aggregate liabilities ...(including present and contingent liabilities) as at the date of completion of the Agreement do not exceed a maximum amount of HK\$15,000,000.00 (Schedule 3).'*

Paragraph 5(g) alleges that Coxwell Corporation *'warranted and represented that there was no matter or fact in existence which might give rise to any legal proceedings or arbitration involving the Company or the Group.'*

Messrs Siu Luen Fat and Siu Kin Fat are said to have been Guarantors, *'on a joint and several basis'* in respect of their company, Coxwell Corporation, and, as such, would hold Sparkle China Development harmless *'from and against all claims, demands, actions, damages, losses (including loss of profit), liabilities, penalties and expenses sustained by the Plaintiff and/or the Group directly or indirectly in respect of any breach by the 1st Defendant of any of the provisions of the Warranties.'*

The date of completion of the Sales and Purchase Agreement with regard to the acquisition by Sparkle China Development of the 170.40 million, B and S Entertainment shares was September 9, 2004, but, on careful examination of the books and records of the company, it was allegedly discovered that the aggregate liabilities of the company was not \$HK15 million, as warranted, but \$HK16,640,534.78.

It is alleged that the Sales and Purchase Agreement called for Coxwell Corporation to deliver to Sparkle China Development 'at any time at the Plaintiff's request' resignation letters from all directors of B and S Entertainment whereby 'each director shall acknowledge that he has no lawful claim for any payment in respect of, inter alia, wrongful dismissal or unfair dismissal or compensation for loss of office and he has no other claim or right of action of any kind whatsoever against the Company.'

The letters of resignation, it is alleged, were never delivered to Sparkle China Development ... [CLICK TO ORDER FULL ARTICLE](#)

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