

**CHINA MERCHANTS DICHAIN (ASIA) LTD:
THE FIGHTS CONTINUES**

Some people never give up what they consider to be the good fight, no matter what the odds of success may appear to be on the surface.

Mr Horace Yao Yee Cheong, the former Chairman of Dransfield Holdings Ltd when it was publicly listed on the Main Board of The Stock Exchange of Hongkong Ltd, appears to be just such a person.

Mr Horace Yao Yee Cheong has been fighting his good fight for more than 15 months, now, and continues to issue Legal Proceedings against his former company, which is, today, called [China Merchants DiChain \(Asia\) Ltd](#) (Code: 632, Main Board, The Stock Exchange of Hongkong Ltd).

In **TARGET** Intelligence Report, Volume VII, Number 144, published on August 3, 2005, this medium exclusively wrote how China Merchants DiChain had managed to offload one of its subsidiaries – just 4 days before a Winding-Up Petition was filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

In case **TARGET** Subscribers cannot guess the name of the subsidiary, it was Dransfield Holdings Ltd, Mr Horace Yao Yee Cheong's old company.

And, in case **TARGET** Subscribers cannot guess the name of the Petitioner, it was Mr Horace Yao Yee Cheong.

In that August 3, 2005, report, headlined, '**WATCH MY RAZZLE-DAZZLE CORPORATE FOOTWORK !**', this medium outlined the case of Mr Horace Yao Yee Cheong and 2 corporate entities, both of which are controlled and owned by Mr Horace Yao Yee Cheong.

That report, also, outlined the grievances of this former Chairman of an HKSAR, publicly listed company.

Today, Mr Horace Yao Yee Cheong and his 2 companies are going for the jugular of China Merchants DiChain in an attempt to enforce the judgment of the HKSAR High Court in respect of Action Number 1245 of 2004.

Mr Horace Yao Yee Cheong, also, is alleging some rather ugly corporate sidesteps on the part of the senior management of China Merchants DiChain.

This is the full Statement of Claim, attached to HKSAR Action Number 1619:

- '1. At all material times, the Plaintiffs are plaintiffs in High Court Action No. 1245 of 2004, wherein Dransfield Holdings Ltd was the defendant.*
- 2. Judgment was granted in favour of the Plaintiffs against the said Dransfield Holdings Limited in the said High Court Action No. 1245 of 2004 on the 14th June 2005 as follows :-*
 - (a) Dransfield Holdings Limited do pay to the 1st Plaintiff the sums of HK\$1,509,128.18 and HK\$54,246.58 together with interest thereon at judgment rate from the date of the judgment;*

- (b) Dransfield Holdings Limited do pay to the 2nd Plaintiff the sum of HK\$1,685,600.00 together with interest thereon at judgment rate from the date of the judgment;*
- (c) Dransfield Holdings Limited do pay to the 3rd Plaintiff the sum of HK\$3,697,274.26 together with interest thereon at judgment rate from the date of the judgment;*
- (d) Dransfield Holdings Limited do pay the costs of the action and costs of the application for summary judgment and all related reserved costs.*
- 3. The said judgment remains outstanding as Dransfield Holdings Limited has up to the date hereof failed to pay to anyone of the Plaintiffs the judgment debt or any part thereof.*
- 4. Dransfield Holdings Limited was prior to the implementation of a scheme of arrangement set out in a circular dated the 28th June 2002 to its shareholders whereby :-*
 - a. Dransfield Holdings Limited changed its domicile from the Cayman Islands to the British Virgin Islands,*
 - b. Dransfield Holdings Limited became a wholly owned subsidiary of the Defendant,*
 - c. shares of the Defendant were introduced on the Stock Exchange of Hong Kong Limited in place of the issued shares of Dransfield Holdings Limited.*
- 5. The said scheme of arrangement was completed on the 27th August 2002 and since then Dransfield Holdings Limited became a wholly owned subsidiary of the Defendant and an intermediate investment holding company of the group comprising the Defendant and subsidiaries of Dransfield Holdings Limited engaged in the following business :-*
 - a. logistic business with a bonded warehouse located at Futian, Shenzhen, Liaoning, the PRC,*
 - b. edible oil manufacturing and distribution business located at Shengyang, Liaoning, the PRC and*
 - c. trading activities relating to electrical appliances and wines and the operation of vending machines.*
- 6. Dransfield Holdings Limited were already indebted to the 1st, 2nd and 3rd Plaintiffs for the said judgment debt prior to the scheme of arrangement.*
- 7. Dransfield Holdings Limited was solvent at the time of the arrangement with a net asset of about HK\$81.9 million. Since completion of the scheme of arrangement, Dransfield Holdings Limited is under the control of the Defendant and does not have its individual financial statement as its financial information is incorporated into the Defendant's consolidated financial statement.*
- 8. The published consolidated financial statements of the Defendant show :-*
 - a. a net asset of HK\$57,587,000.00 as at 31st March 2004,*
 - b. a net asset of HK\$126,770.00 as at 30th September 2004 and*
 - c. the Defendant's core business is its logistic business.*
- 9. On the 29th July 2005, after the Plaintiffs have served a statutory demand on Dransfield Holdings Limited, the Defendant announced that it has disposed of all its shareholding to an independent third party on the 23rd July 2005.*

10. *On the 26th July 2005, the directors of Dransfield Holding Limited declared that the company was insolvent and called for a creditors meeting to wind up Dransfield Holdings Limited.*
11. *The Defendant has thereby carried out acts to evade liability, and to deny the Plaintiffs the benefits, of the said judgment debt.*
12. *The Defendant is liable to the Plaintiffs for the said judgment debt as the veil of corporation between Dransfield Holdings Limited and its controller, the Defendant ought to be lifted and pierced for matters hereinbefore set out.*
13. *The Plaintiffs therefore claims against the Defendant as follows :-*
 - a. *the 1st Plaintiff claims for the sums of HK\$1,509,128.18 and HK\$54,246.58 together with interest thereon at judgment rate from the 14th June 2005,*
 - b. *the 2nd Plaintiff claims for the sum of HK\$1,685,600.00 together with interest thereon at judgment rate from 14th June 2005,*
 - c. *the 3rd Plaintiff claims for the sum of HK\$3,697,274.26 together with interest thereon at judgment rate from 14th June 2005,*
 - d. *costs in High Court Action 1245 of 2004,*
 - e. *interests at such rate and for such period that this Honourable Court sees fit,*
 - f. *costs of this action, and*
 - g. *any other relief that this Honourable Court sees just to grant.'*

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