

**NUBRANDS GROUP HOLDINGS LTD:  
THE COMPANY HAS A NEW NAME,  
BUT THE SAME OLD PROBLEMS SUBSIST**

By all accounts and based on the most-cursory glance at the latest financial statements of the company, it would appear that Nubrand Group Holdings Ltd () (Code: 835, Main Board, The Stock Exchange of Hongkong Ltd) was, until about 6 months ago, on the road to running completely out of cash.

The company, which is engaged in the sales of medical equipment, medicinal and winery products in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China, has not earned a crumb of bread for the past 66 months, with Shareholders' Funds, having sunk to their lowest level on record: About \$HK3.36 million.

According to **TOLFIN** () (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), the aggregate losses of the company for the 66 months, ended September 31, 2005, was about \$HK2.48 billion.

The latest information about this company, which rarely figures into anything of materiality in the HKSAR, is that Sims Trading Company Ltd () has just sued a wholly owned subsidiary for \$HK503,623.70.

According to District Court Action, Number 3259, in which Action, Wanji (Hongkong) Trading Ltd () is the sole Defendant, it is alleged that Sims Trading, a distributor of various products in the HKSAR and the Macau Special Administrative Region (MSAR) of the PRC, entered into a Distribution Agreement with Wanji (Hongkong), that purported Distribution Agreement, having been dated May 15, 2003.

The Distribution Agreement was for a period of 2 years, ended May 15, 2005.

At the termination of this Distribution Agreement, it is alleged at Paragraph 6 of the Statement of Claim, attached to Writ of Summons, Number 3259, that Wanji (Hongkong) was obliged, under the terms of the Distribution Agreement, to pay to Sims Trading, the following sums of money:

<b><u>Amount of Money</u></b>	<b><u>Representing</u></b>
\$HK108,623.70	<i>'being net outstanding advertising and promotion expenses paid by the Plaintiff (Sims Trading) which the Defendant should reimburse pursuant to clause 7.3 of the (Distribution) Agreement.'</i>
\$HK395,000	<i>'being unsold stock kept at the Plaintiff's warehouse and the Defendant's products returned by retailers which the Defendant has contracted to buy back upon termination pursuant to clause 1.1 of the Agreement.'</i>

**TOTAL: \$HK503,62370**

The Statement of Claim, attached to the District Court Writ of Summons, then, continues as follows:

*'7. At a joint meeting held between 2:30 p.m. and 4:15 p.m. on 20th May 2005 at Festival*

*Walk where representatives of the Plaintiff met with director Lam Man Kit of the Defendant and his assistant Ho Yue Wai to discuss on the post-termination follow-up matters, the Defendant accepted the figure of HK\$108,623.70 as the net advertising and promotion expenses payable by them to the Plaintiff and promised settlement of this amount by the end of May 2005.*

*‘ 8. The Defendant further agreed at the same meeting to buy back from the Plaintiff all its unsold Products that had a product expiry date of 30th June 2005 and beyond at a total price of HK\$395,000.00. The Defendant promised to settle this indebtedness by 4 monthly instalments of HK\$98,750.00 each in June, July, August and September 2005.*

*‘9. In breach of the said clauses 7.3 and 1.1 of the said Agreement and the above promises, the Defendant failed to make any of the above agreed payments on the due dates and despite repeated reminders and demands afterwards from the Plaintiff, its recovery agents and lawyer, the Defendant has still failed and/or refused to make any payment.’*

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