

**WARDERLY INTERNATIONAL HOLDINGS LTD:  
NOW, BANK OF CHINA WANTS TO GET IN ON THE ACT**

The 'waters' of The Scheme of Arrangement between publicly listed [Warderly International Holdings Ltd \(\)](#) (Code: 607, Main Board, The Stock Exchange of Hongkong Ltd) and its many creditors have just been muddled a little more.

The Scheme Creditors' Meeting, scheduled for March 16, 2009 – next Monday – may now either have to be rescheduled to a later date or, alternatively, it is going to be a very lively meeting – because, now, there is a new player at the table.

The new player is Bank of China Ltd Macau Branch ().

Bank of China Ltd Macau Branch has just sued Warderly International Holdings Ltd for \$HK13,890,220.56 in respect of Money Due and Owning.

In an Action, filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Action Number 664, Bank of China Ltd Macau Branch alleges, inter alia:

1. Housely (Macao) Commercial Offshore Company Ltd (also known as Housely Comercial Offshore de (Macao) Limitada ()), the '**Borrower**', *'is and was a customer of the Plaintiff.'*;
2. Warderly International Holdings Ltd was a purported Guarantor of Housely (Macao) Commercial Offshore Company Ltd with regard to banking facilities, afforded by Bank of China Ltd Macau Branch to the Borrower up to a maximum of \$HK12 million;
3. On August 17, 2006, Bank of China Ltd Macau Branch executed a Packing Loan Contract in Chinese () in favour of the Plaintiff;
4. Interest on the loan *'shall be payable at a rate of 10.5% per annum ...'*;
5. Warderly International Holdings Ltd *'executed a Deed of Guarantee dated 21 July 2006 in favour of the Plaintiff ...'*;
6. That guarantee *'shall be limited to HK\$30,000,000.00 together with interest and costs.'*;
7. As at February 15, 2009, the Borrower was indebted to Bank of China Ltd Macau Branch in the amount of \$HK13,890.220.56; and,
8. The bank wants its money and, since it cannot obtain it from Housely (Macao) Commercial Offshore Company Ltd, it is seeking it from Warderly International Holdings Ltd, the Guarantor of Housely (Macao) Commercial Offshore Company Ltd.

Trading in the shares of Warderly International Holdings Ltd has been suspended since May 14, 2007, at the request of The Securities and Futures Commission of Hongkong.

On February 20, 2009, Warderly International Holdings Ltd announced to its shareholders the way in which it intended to deal with the many legal claims, filed against it and its subsidiaries, of which Housely (Macao) Commercial Offshore Company Ltd is one.

That announcement stated, inter alia:

*‘Reference is made to the announcements of the Company dated 8 October 2008, 8 January 2009 and 22 January 2009 respectively regarding, among other things, the Company’s proposal to settle all amounts due to the creditors of the Company by a way of a scheme of arrangement to be made between the Company and its creditors pursuant to Section 166 of the Companies Ordinance, Chapter 32 of the laws of Hong Kong (the “**Hong Kong Scheme**”) and a scheme of arrangement to be made between the Company and its creditors pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands (the “**Cayman Scheme**”).*

*‘Unless the context otherwise requires or it is otherwise defined herein, the terms used in this announcement shall have the same meanings as those defined in the announcement of the Company dated 8 October 2008.*

*‘The Board is pleased to announce that the Company’s applications made to (i) the Hong Kong Court and (ii) the Cayman Court for an order to convene a meeting of the Scheme Creditors (as defined in paragraph (a) below) for the purpose of considering and, if thought fit, approving the Hong Kong Scheme and the Cayman Scheme have been granted on 11 February 2009 and 4 February 2009 respectively.*

*‘The Scheme Creditors’ meeting convened at the direction of the Hong Kong Court and the Cayman Court is scheduled to be held on 16 March 2009. Documents of the Hong Kong Scheme and the Cayman Scheme have been despatched to the Scheme Creditors on 20 February 2009.*

*‘Set out below is the major terms of the Hong Kong Scheme and the Cayman Scheme proposed to the Scheme Creditors:*

- ‘(a) Both the Hong Kong Scheme and the Cayman Scheme will be made with all creditors of the Company excluding (a) Up Stand Holdings Limited (“**Up Stand**”) which is a wholly owned subsidiary of the Company; (b) secured creditors to the extent of the value of their security interests agreed with the scheme administrators (the “**Scheme Administrators**”) under the Schemes or upon realisation, the net proceeds of realisation of their security interests; and (c) persons with claims for the costs incurred by the Company in the negotiation, preparation and implementation of the Resumption Proposal, the proposal for the restructuring of the Company, the Hong Kong Scheme and the Cayman Scheme (the “**Restructuring and Scheme Costs**”), to the extent of such claims (the “**Scheme Creditors**”).*
- ‘(b) The Company will transfer a sum of HK\$37 million (the “**Scheme Fund**”) out of the proceeds of the Open Offer to a scheme trust account to be opened by the Scheme Administrators.*
- ‘(c) The Hong Kong Scheme and the Cayman Scheme will be administered by the Scheme Administrators who will hold the Scheme Fund for, first, the full payment of the preferential claims of the Scheme Creditors as at the effective date of the Schemes (the “**Effective Date**”) and admitted by the Scheme Administrators or the scheme adjudicators (the “**Scheme Adjudicators**”), and secondly, settlement of the unsecured and non-preferential claims of the Scheme Creditors as at the Effective Date and admitted by the Scheme Administrators or the Scheme Adjudicators on a pari passu*

basis.

*‘(d) Upon the Hong Kong Scheme and the Cayman Scheme becoming effective, each of the Scheme Creditors will discharge and waive all of its claims as at the Effective Date against the Company in consideration of the right to receive full payment of its admitted preferential claims and participate with other Scheme Creditors in the distribution of the Scheme Fund in respect of its admitted nonpreferential claims, and each of the Scheme Creditors is barred from taking any proceedings against the Company in respect of its claims.*

*‘The implementation of the Schemes will be financed by the proceeds to be raised by the Company by way of the Open Offer. The Open Offer, if successfully implemented, will raise HK\$84.4 million, before expenses, and the said proceeds are intended to be used as follows:*

*‘(1) HK\$37 million as the Scheme Fund mentioned above;*

*‘(2) approximately HK\$10.4 million for the payment of the Restructuring and Scheme Costs and the repayment of the loan due from Up Stand to Mr. Kan, the controlling shareholder of the Company and the underwriter in the Underwriting Agreement, as the interim funding to the Group to meet its general working capital requirements; and*

*‘(3) the remaining amount of approximately HK\$37 million for the general working capital of the Group.*

*‘The amounts mentioned in paragraphs (2) and (3) above are subject to adjustment depending on the actual amount of the Restructuring and Scheme Costs and any increase of the loan due from Up Stand to Mr. Kan.*

*‘Each of the Hong Kong Scheme and the Cayman Scheme will not become effective and binding on the Company and the Scheme Creditors until:*

*‘(i) a majority in number (i.e. over 50% in number) of the Scheme Creditors representing no less than 75% in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Creditors’ meeting, vote in favour of the Hong Kong Scheme and the Cayman Scheme (as the case may be);*

*‘(ii) each of the Hong Kong Scheme and the Cayman Scheme has been sanctioned by the Hong Kong Court and the Cayman Court respectively; and*

*‘(iii) an office copy of the order of the Hong Kong Court or the Cayman Court (as the case may be) sanctioning the relevant Scheme has been delivered to the Registrar of Companies in Hong Kong or the Cayman Islands (as the case may be) for registration.*

***‘The release of this announcement does not necessarily mean that the Schemes will be successfully implemented and completed.***

*‘The Company will make further announcement if and when there is material development in relation to the progress of the Hong Kong Scheme or the Cayman Scheme ...’.*

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