

**YUESHOU ENVIRONMENTAL HOLDINGS LTD:  
WHAT A COCK-UP ! WILL THIS COMPANY BE ABLE TO SURVIVE ?**

Publicly listed Yueshou Environmental Holdings Ltd () (Code: 1191, Main Board, The Stock Exchange of Hongkong Ltd) has fired off another Writ of Summons against the Company's former Chief Financial Officer and Executive Deputy Chairman, her daughter, and Asia Land Offshore Ltd.

Action Number 2503 of 2013, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is between Yueshou Environmental and the following Defendants:

Ms Kelly Cheng Kit Yin ()  
Ms Carmen Cheng Wei Ming ()  
Asia Land Offshore Ltd

First Defendant  
Second Defendant  
Third Defendant

In the Annual Report of Yueshou Environmental in respect of the Financial Year, ended July 31, 2013, it is stated, at Page 9:

***'NEW OUTSTANDING COURT CASES***

*'As at the balance sheet date, the Company has a number of outstanding legal cases of which almost all of them were directly or indirectly related to the Company's former chief financial officer, director and deputy chairman, Ms. CHENG Kit Yin Kelly ("Ms. Cheng"), who on 22 October 2013, pleaded guilty to 11 charges of conspiracy to defraud various banks in Hong Kong by (i) application for the issue of letters of credit ("LCs") via the Company's former subsidiary, Wing Fai Construction Company Limited ("Wing Fai") (In liquidation), and (ii) the falsification of documents required for negotiation of the LCs and (iii) of causing payments to be made where there were no genuine underlying transactions relating to each of the LCs.*

***'Deed of Indemnity***

*'In the past years, Ms. Cheng claimed to have a Deed of Indemnity ("the Deed"), dated 1 March 2000, signed between the Company and herself, covering all the legal expenses incurred by her arising from her tenure with the Company. However, the Company cast doubt on the authenticity of the Deed as (i) the Company has no record of the Deed and (ii) there was no public announcement or disclosure as to the Deed. Besides even if the Deed was genuine, the Deed was defective as (i) there was no Common Seal of the Company (ii) there were no identities of the signatories (iii) there were no identity of the witness and (iv) no insurance policy was purchased to cover the Deed. In view of the above, the Company filed a writ in December 2012 and served it in May 2013 on Ms. Cheng in an attempt to declare the Deed void and claim back all the funds, approximately HK\$14 million, wrongfully paid to her. As the time of this annual report, this case was not yet settled.*

*'As a result of the new development after balance sheet date, the Company believes it has very strong case in refusing to reimburse the legal expenses claimed by Ms. Cheng under the Deed.*

### *'Winding-up Petition*

*'In late May 2013, Ms. Cheng filed a winding up petition with the court claiming the Company owed her a sum of approximately HK\$2.8 million, which was not supported by any documentary evidence and thus wrongly recognised in the Company's books. According to the Company's records, this outstanding sum was indeed unsupported legal expenses claimed by Ms. Cheng under the Deed which had been in dispute. On 18 September 2013, the Company deposited the disputable sum of approximately HK\$2.8 million to the court, and the Company had been solvent. As such, the Company believes it had strong grounds to strike out the winding up petition in due course.*

*'In this connection, the Company filed a writ to the court, but not yet served, against its former auditors, HLB Hodgson Impey Cheng Limited (), for potential professional negligence in connection with the sum of approximately HK\$2.8 million, claimed to be owing to Ms. Cheng. The Company reserves its right to proceed further.'*

Well, true ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,  
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*