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THURSDAY

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KENG FONG SIN KEE SWEATING UNDER 3-PRONGED ASSAULT: CAN THE KONG FAMILY SURVIVE?

A fierce, 3-pronged battle for control of publicly listed Keng Fong Sin Kee Construction and Investment Company Ltd is believed to be under way.

The 3 parties making the bid are understood to be:

- (1) A US-Canadian conglomerate with strong property connections in Hongkong;
 - (2) A South-East-Asian group, as first reported in TARGET on June 10, 1991; and
 - (3) A group of minority shareholders led by local businessman, Mr Nelson Chan Chi Cheong.
- The US-Canadian group is thought to be already holding a sizeable stake in Keng Fong Sin Kee.

According to a TARGET source, representatives of this group have been in Hongkong, meeting other shareholders of the Company, including members of the Kong family.

Although details of the attempted corporate raid have not been revealed, so far, TARGET has been given to understand that the response from certain minority shareholders of Keng Fong Sin Kee has been lukewarm.

At present, the Kong family is thought to hold only about 4.40 percent of the entire Issued Share Capital of Keng Fong Sin Kee.

The Company's Board of Directors, none the less, is made up solely of members of the Kong family, with Mr Johnny N.C. Lee as Chairman and Managing Director.

Mr Johnny Lee is the son-in-law of the late Chairman of Keng Fong Sin Kee, Mr Kong Tak Yan, who died of cancer in 1988 after having been declared a bankrupt in a multi-million-dollar law suit brought against him by publicly listed Wing Lung Bank Ltd.

The South-East-Asian bid for Keng Fong Sin Kee is said to be spearheaded by former business associates of the late Mr Kong Tak Yan, who was at the helm of the company for

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nearly 2 decades before his death.

It is not known whether or not members of this group are already shareholders of Keng Fong Sin Kee.

Businessman Nelson Chan Chi Cheong is a Director of stock-broking firm, Valiant Peacock Investment Ltd.

He and his associates claim already to hold some 13.50 million shares of Keng Fong Sin Kee, or 9.90 percent of the Company's Issued Share Capital.

Mr Chan has started flexing his muscle, and has asked all minority shareholders of the Company to quash 2 resolutions, which are intended to be tabled at the Company's Annual General Meeting, at the end of this month.

The 2 resolutions which shareholders have been asked to adopt are: To re-elect the present Directors; and to appoint new auditors.

Mr Chan alleges that the Company's performance has been continuously shocking, with no chance of Keng Fong Sin Kee ever pulling up its socks; and that none of the present Directors has any substantial interest in the Company.

'I have already got the support of at least 10 minority shareholders, each of whom holds an average of about one percent of the Company's shares,' Mr Chan told TARGET.

'Although a take-over of the Company by myself may seem difficult because of the scattered shareholders, it is not at all impossible. Ultimately, I hope to muster up to 30 percent of the shares, in addition to my own 10 percent, if I have my way. Then, it would be left for the shareholders to decide who should be in the chair,' he said.

According to a recent announcement by Keng Fong Sin Kee, the Directors seek to appoint Wong, Lam and Company Certified Public Accountants as its auditors, replacing Ronald and Company Certified Accountants, which will not stand for re-appointment.

Ronald and Company is none other than the accounting operation of the gaoled, former Chairman of The Stock Exchange of Hongkong Ltd, Mr Ronald Li Fook Shiu.

An employee of Ronald and Company refused to explain why it is not seeking re-appointment as auditors of Keng Fong Sin Kee, or to disclose for how long it has been auditing Keng Fong Sin Kee: 'I suggest that you ask Keng Fong yourself,' he advised TARGET.

None of the Directors of Keng Fong Sin Kee was available for comment, including Chairman Johnny Lee, at the time of TARGET going to Press.

Keng Fong Sin Kee, which is engaged mainly in shares dealing and property investment for rental income, was rumoured to have been on the brink of a take-over in late 1988, after the Company appeared to have sold off most of its fixed assets, including Tak Yan Commercial Building, in Central, one of the Kong family's core properties.

The Company's current assets include an interest in a condominium complex in Vancouver, Canada, and a 70-percent stake in a Malaysian company which owns a luxury, residential property in the Malaysian capital city, Kuala Lumpur.

For the Financial Year ended March 31, 1991, Keng Fong Sin Kee recorded a Loss Attributable to Shareholders of \$HK3.60 million, compared with a Loss of \$HK1.85 million for the previous Year.

There have also been unusual movements in the trading of shares in Keng Fong Sin Kee in

the past week.

At the close of trading on The Stock Exchange of Hongkong Ltd yesterday, the Company's share price stood at 53 cents, up 10 cents on the previous day's closing price.

As one TARGET source put it, it would be interesting to see how members of the Kong family can shake themselves out of their present predicament. May be, only a miracle can do the work.

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HARILELA CLAN SPLIT OVER WHETHER TO LIST IN HONGKONG

A family split has appeared between the great and the powerful at the Harilela Group of Companies, over a proposal to seek a flotation on The Stock Exchange of Hongkong Ltd.

This was told to TARGET today by a reliable source close to the Harilela Family.

Paterfamilias Mr Hari N. Harilela has allegedly put the blocks on any moves to list the Family's businesses on The Stock Exchange, despite, what is said to have been, considerable pressure from his 5 younger brothers, including Bob and George, all of whom hold directorships in, and own shares in, the various Family companies, to push through a flotation on the local market.

According to TARGET's source, it is claimed that Mr Hari Harilela has told his siblings that he can see no advantage in taking the family interests public.

As reported by TARGET on February 1, 1991, the Harilela Family had put on ice a planned listing which was proposed to have taken place earlier in the year, and that this matter would be discussed at a meeting of the clan in May, 1991.

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