

### **Wah Nam Group Limited (In Liquidation) ("the Company")**

#### **Liquidators' Statement**

On 26 July 2000, the High Court of the Hong Kong Special Administrative Region ordered that the Company be wound-up and appointed the Official Receiver as provisional liquidator pursuant to Section 194(1)(a) of the Companies Ordinance pending a first meeting of creditors of the Company. On 27 July 2000 the Court, on the application of the Official Receiver, appointed special managers to the Company.

The first meeting of creditors was held on 24 October 2000. At the first meeting of creditors a dispute between some creditors arose regarding certain creditors' voting rights. As a result of the dispute, the Official Receiver continued as liquidator of the Company with the assistance of special managers.

The Court, on the proposal of the Official Receiver, appointed us as Liquidators of the Company on 27 January 2001 under a regulating order pursuant to Section 227A of the Companies Ordinance.

The role of a liquidator, in summary, is to collect and realise the assets of a company. The proceeds from the realisation of a company's assets are applied in discharging all of the company's debts and liabilities after paying the costs and expenses of the winding-up. Any balance that remains is distributed among the company's shareholders according to their rights and interests or otherwise dealt with as the company's memorandum, articles and by-laws directs.

Following our appointment, we took into our custody the Company's assets, books and records known to exist at the time. From the investigations conducted by us since our appointment, it is highly unlikely that the proceeds from the realisation of the Company's assets will discharge the claims of creditors in full.

The Company's shares were suspended from trading on the Stock Exchange of Hong Kong Limited on 20 July 2000. As a result of the suspension of the Company's shares and the winding-up order, the Stock Exchange placed the Company in the de-listing procedure set out in Practice Note 17 to the Listing Rules with effect from 20 July 2000. On 22 July 2001, the Stock Exchange announced that the Company had been placed into the third stage of the de-listing procedure and that unless a viable resumption proposal was submitted to the Stock Exchange prior to 20 January 2002, the listing of the Wah Nam Shares would be cancelled.

From our preliminary investigations, we concluded that it is likely to be in the best interests of creditors and the Company's shareholders if a resumption proposal could be submitted to the Stock Exchange pursuant to which the Company would facilitate the listing of a new company set up by an investor by introduction. Since our appointment we have spoken to a number of parties who have expressed an interest in facilitating a resumption proposal. A number of potential investors approached us with resumption proposals. After lengthy negotiations with a number of potential investors, on 18 January 2002, the Company submitted a restructuring proposal to the Stock Exchange. On 24 April 2002, the Stock Exchange advised the Company that the third stage of the de-listing procedure had been extended until 31 August 2002 to enable the implementation of the Restructuring Proposal.

A prospectus detailing the restructuring proposal will be sent to all shareholders.

#### **John Robert Lees and Desmond Chung Seng Chiong**

*Joint and Several Liquidators*

28 June 2002