

**DALAM MAHKAMAH TINGGI MALAYA DI KUALA LUMPUR
(BAHAGIAN DAGANG)
PENGGULUNGAN SYARIKAT NO: D3-28-754-2007**

**In the matter of Section 218 (1)
(e) and Section 218 (2) (c) of the
Companies Act, 1965.**

And

**In the matter of the Companies
(Winding-Up) Rules 1972.**

And

**In the matter of CNLT (Far East)
Berhad (No. Syarikat: 13856-U)**

ANTARA

**VEARRIAN TANZANIA LTD
(Formerly known as VIRIAN TANZANIA
LTD)**

... PETITIONER

DAN

**CNLT (FAR EAST) BERHAD
(Company No.: 13856-U)**

... RESPONDENT

GROUNDS OF JUDGMENT

Enclosures (1) and (11)

Enclosure (11)

An application by the Respondent under 0.32 r.6 RHC/0.92r.4 RHC that the court order dated 23/4/08 for the appointment of a provisional liquidator be set aside.

After due consideration of parties' oral and written submissions as well as relevant authorities, **Enclosure (11) is dismissed with costs.**

Grounds are as follows:

The grounds on which this court allowed the appointment of a provisional liquidator remain valid.

1. The likelihood that the Respondent will eventually be wound up.
2. Credible evidence of the risk of dissipation of assets/assets are in jeopardy.

- Two reports, Twin Leaders as well as Ferrier Hodgson point to financial irregularities in the accounts of the Respondent.
- Respondent had disposed of property while under a Restraining Order in contravention of S. 176 (10c) of the Companies Act, 1965

Enclosure (1)

An application by the Petitioner to wind up the Respondent.

After due consideration of parties' oral and written submissions as well as relevant authorities, I allow the Petition to wind up the Respondent with costs.

Grounds are as follows:

1. Respondent is insolvent by any accepted interpretation of 'insolvency'.
 - Inability to pay its debts as it falls due;
 - The Financial Statements of Respondent demonstrate that its liabilities far outweigh its assets;

- Respondent's employees have not been paid at least for the last 4 months.

Authorities:

- **National Mutual Life Association v. Oasis Developments Pte Ltd & Ors [1983] 7 ACLR 758.**
- **Malayan Plant (Pte) Ltd v. Moscow Narodny Bank Ltd. [1980] 2 MLJ 53 (Privy Council).**
- **MBF Finance Bhd v. Sri Hartamas Devt. Sdn. Bhd. [1992] 1 CLJ 160.**
- **Re Sunshine Securities (Pte) Ltd. [1978] 1 MLJ 57.**

2. On Respondent's appeal to restructure:

- No feasible scheme of Arrangement by Respondent; Insufficient evidence that white Knight has firm proposal to support the Respondent's Scheme of arrangement;
- Value of debt owed to supporting creditors greater than opposing creditors;
- Serious doubts of current management's ability.

In short this is a case of "the spirit may be willing but the flesh is weak".

On the evidence as adduced this court is persuaded that the Respondent is insolvent and has not demonstrated that it has a feasible chance to restructure. To allow the Respondent to continue in its terminal state would not be sound commercial morality.

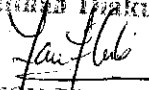
SIGNED

(DR. BADARIAH SAHAMID)
 Judicial Commissioner
 High Court

Dated: 16th January 2009

The parties appeared before the court on 16.1.2009 as per schedule attached.

Name of Parties/Creditors	Name of Solicitors
Vearrian Tanzania Ltd (Petitioner)	1. Alex Chang Huey Wah 2. Mr. R. Shanmugam 3. Datin Rusila Abd Razak <i>(M/s Francis Pereira & Shan)</i>
CNLT (Far East) Berhad (Respondent)	1. Mr. Kalappa a/l Nokiah Naidu 2. Mr. Subramaniam a/l Manickam <i>(M/s Nordin Torji & Partners)</i>
O & M Corporate Advisory (Provisional Liquidator)	1. Mr. Hanif Idris <i>(M/s Hanif & Najmi)</i>

Salingan Diakui Sah

ZAIYATI BINTI YAACOB
 Setiausaha Keadatan
 Y.A. Tuan Abang Iskandar b. Abdul Hashim
 Hakim Mahkamah Tinggi
 KUALA LUMPUR

Kangwal Polyester Co Ltd	1. Mr. Alex Chang Huey Wah 2. Miss Hamidah Salamun <i>(M/s Alex Chang & Co)</i>
Impex Logistics Sdn Bhd	1. Mr. Alex Chang Huey Wah 2. Miss Hamidah Salamun <i>(M/s Alex Chang & Co)</i>
Vaaibz Pte. Ltd	Mr. Wong Rhen Yen <i>(M/s Dennis Nik & Wong)</i>
Export-Import Bank of the United States	Mr. Wong Rhen Yen <i>(M/s Dennis Nik & Wong)</i>
Marquis Yarns Inc	Mr. Wong Rhen Yen <i>(M/s Dennis Nik & Wong)</i>
Perdagangan Gin Thye Sdn Bhd	Mr. James Khong mention on behalf of Mr. L.K. Mak <i>(M/s Kadir, Andri & Partners)</i>
Soon Keh Fah Trading as Fintech Enterprise	Mr. James Khong <i>(M/s Sreenevasan)</i>
Global Trade Well Pte Ltd	Mr. T.S. Lim <i>(M/s Chooi & Co)</i>
Kunalan a/l Rajagopal	Mr. James Khong <i>(M/s Sreenevasan)</i>
Aseambankers Malaysia Berhad	1. Mr. Sean Yeow 2. Mr. C.S. Mong <i>(M/s Lee Hishammuddin Allen & Gledhill)</i>
Negeri Sembilan and Malacca Textile Industries Workers' Union	Nad Segaran <i>(M/s Shearn Delamore & Co)</i>
Dato' Prem Krishna Sahgal	In person

Official Receiver	Mr. Ezwan
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Cases referred to:

1. National Mutual Life Association v. Oasis Developments Pte Ltd & Ors [1983] 7 ACLR 758.
2. Malayan Plant (Pte) Ltd v. Moscow Narodny Bank Ltd. [1980] 2 MLJ 53 (Privy Council).
3. MBF Finance Bhd v. Sri Hartamas Devt. Sdn. Bhd. [1992] 1 CLJ 160.
4. Re Sunshine Securities (Pte) Ltd. [1978] 1 MLJ 57.