

SHOULD THE SFC BE ASKING SOME QUESTIONS, HERE ?

Questions should be asked by the Securities and Futures Commission (SFC) of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) as to what interest, if any, publicly listed Wah Tak Fung Holdings Ltd (Code: 297) has in a recently signed contract between a technology company, located in Shantou, the PRC, and the People's Liberation Army (PLA).

According to a report, emanating from the Beijing, the Capital City of the PRC, a photograph was recently circulated to the PRC Press, purporting to show the official signing ceremony, sealing an agreement between the PLA and a Shantou technology development company.

In the background of this photograph, there stood the Managing Director of Wah Tak Fung, Mr David Chu Yu Lin, plus his wife, Mrs Chu Ho Miu Hing.

There was no reason for Mr and Mrs Chu to be present at this ceremony – except if Wah Tak Fung, presently sinking beneath its weight of debts, was involved, in some way, in the proceedings.

According to the official blurb, put out by the PLA, a 28-year contract has been entered into between the PLA and the Shantou company whereby the Shantou company would own and operate the head office of China Great Wall Communications Technology Development Centre.

China Great Wall is the second largest telecommunications provider in the PRC, right behind China Mobile Communications Corporation, a 75.03-percent shareholder of China Telecom (Hongkong) Ltd (Code: 941).

China Great Wall is now responsible for operating and maintaining all of the communication facilities, including satellite and ground cabling for the PLA throughout the PRC.

The contract was signed between the President of China Great Wall and the head of the Shantou company.

Wah Tak Fung was supposed to be in the business of buying, selling, and maintaining properties the HKSAR, but, of late, it has fallen onto hard times, with its debt burden causing it to plead with bankers to hold back the dogs of war.

The announcement by the PLA in Shantou, coupled with the presence of Mr and Mrs David Chu, plus an announcement, dated, February 15, 2000, appears to indicate that the PLA, plus the Shantou company equals a new direction for financially ailing Wah Tak Fung.

On February 15, 2000, Wah Tak Fung put out this announcement, on instructions of The Stock Exchange of Hongkong Ltd:

'... in a business involved in the operation of Internet securities system in the People's Republic of China ("PRC") and discussions with a fibre optics company in the PRC to conduct broad band broadcasting ("Proposed Project"). The Board (of Directors) announces that the Company is in preliminary discussions with certain parties who are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates ... in relation to the proposed Acquisition and the proposed Project ... '

Surely, putting all of the above into one pot and mixing them up, it means that the PLA agreement with the Shantou company is one that will be of benefit to shareholders of Wah Tak Fung.

Yet, Wah Tak Fung and Mr David Chu Yu Lin, uncharacteristically, are very quiet.

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