

**HONGKONG CONSTRUCTION (HOLDINGS) LTD :
NOW, ITS FORMER SOLICITORS ARE SUING IT**

When a publicly listed company cannot pay its solicitors' fees, going back 9 months or so, then something must, really, be wrong with that publicly listed company.

So worried, it appears, is the solicitors' firm of Wong and Yip, that publicly listed Hongkong Construction (Holdings) Ltd will not be able to meet its financial commits to the firm, that it has sued the Company for its alleged unpaid legal services to this Company, amounting to about \$HK1.50 million.

High Court Action Number 1365 of 2001 alleges that Hongkong Construction (Code: 190, Main Board, The Stock Exchange of Hongkong Ltd, formerly known as Kumagai Gumi (Hongkong) Ltd) has owed money to Wong Yip, going back to June 17, 2000.

It is alleged that 14 bills, rendered to Hongkong Construction, have been left unpaid '*Notwithstanding repeated written demands and requests made by the Plaintiff (Wong and Yip) to the Defendant (Hongkong Construction) for the settlement of the said sum ...*'.

Wong and Yip, from that firm's point of view, may well feel a bit squeamish about the situation since the firm will have to stand in a long line before being paid, it would seem.

According to TOLFIN (TARGET's Computerised Information Service), Hongkong Construction has been sued not less than 6 times, this year, in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The aggregate amount of these claims is not less than \$HK7.50 million.

At the same time, there have been not less than 6 Actions, lodged in the District Court of the HKSAR, the aggregate amount of these claims, being not less than \$HK980,000.

The latest Action was taken, just yesterday, by B.S.C. Sanitarywares Supply Ltd, which company is claiming \$HK424,862.92 from Hongkong Construction.

Last Friday, Geotechnical Instruments (Hongkong) Ltd sued Hongkong Construction for \$HK377,600.

The Claim of Geotechnical Instruments allegedly goes back to August 31, 1999 and relates to 9 invoices, which, allegedly, have not been paid.

Between September 22, 1999 and November 8, 2000, Hongkong Construction collected a total of 13 High Court Writs, with the aggregate amount of those claims, being not less than \$HK18 million.

During that same period of time, the Company collected not less than 5 District Court Writs, with the aggregate amount of money, claimed on those 5 Actions, being not less than \$HK1.17 million.

To date, therefore, claims against Hongkong Construction cannot be less than \$HK30 million (TARGET does not know how many Claims have been settled, if at all).

According to the Interim Report of Hongkong Construction, signed on September 22, 2000, the Company had suffered a Loss Attributable to Shareholders of about \$HK72.90 million for the period to June 30, 2000.

This compared with the like period in 1999 when the Company suffered a Loss Attributable to Shareholders of about \$HK367.40 million.

China Everbright International Ltd (Code: 257, Main Board, The Stock Exchange of Hongkong Ltd) was seen as being a shareholder of record, as at June 30, 2000, to the extent of 35.24 percent of the Issued and Fully Paid-Up Share Capital of Hongkong Construction.

Further, certain bank loans, afforded to Hongkong Construction by its bankers, are dependant on China Everbright, maintaining an interest in Hongkong Construction of not less than 35 percent.

The Chairman of Hongkong Construction is, also, the Chairman of China Everbright. He is Mr Liu Ming Kang.

China Everbright is a company with very strong ties with the Government of the PRC.

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