

CHEUNG KONG SUED FOR \$HK890,000

Has the world gone mad!

For the second time in a week, the Li Ka Shing Empire has been attacked by, clearly, litigious companies, which have taken their complaints, directly, to the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

On Monday, TARGET reported that case of Microware USA Ltd, which sued tom.com Ltd (Code: 8001, The Growth Enterprise Market, The Stock Exchange of Hongkong Ltd) for \$HK652,590.

And, now, Wai Yip (Hongkong) Company Ltd has made a frontal attack on Mr Li Ka Shing's flagship company, Cheung Kong (Holdings) Ltd (Code: 1, Main Board, The Stock Exchange of Hongkong Ltd).

According to the Statement of Claim, attached to the Writ of Summons in High Court Action Number 1410 of 2001, Wai Yip, describing itself as a *'light contractor'*, alleges that it entered into a contract with Cheung Kong in respect of Cheung Kong's construction site at Harbour Front Landmark, Hunghom, a contract, which was said to be worth \$HK1.36 million.

Paragraph 4 claims: *'The agreement was made partly orally and partly in writing.'*

Insofar as the oral part of the Contract was concerned, the Statement of Claim alleges that, on or about December 2, 2000, Cheung Kong's, Mr Cat T. N. Foo, and Wai Yip's, Mr Chan Sum Kuen, came into the agreement at Cheung Kong's plush office tower: Cheung Kong Center.

Insofar as the written part of the contract is concerned, Paragraph 6 of the Statement of Claim alleges that the Agreement *'was contained in and evidenced by a written document entitled "Terms & conditions of the design & construction work for X'mas and 2001 New Year Lighting at Harbourfront Landmark, Hunghom", which was drafted by the Defendant and signed by Chan Sum Kuen of the Plaintiff (Cheung Kong) at the Defendant's office on or about 5th December 2000.'*

But Wai Yip, as it turned out, was not given the job because, according to the Statement of Claim, at Paragraph 11: *'By a letter dated 14th December 2000 the Defendant (Cheung Kong) allegedly confirmed that the Lighting Work would be cancelled and thereby has evinced an intention no longer to be bound by the Agreement and it has repudiated the same.'*

Paragraph 9 of the Statement of Claim states that Cheung Kong's Cat T. N. Foo orally requested Mr Chan Sum Kuen, of Wai Yip, *'to submit an invoice and put down the amount of the costs incurred up to the time when the Lighting Work was put on hold.'* (That date was said to be December 8, 2000, according to Paragraph 8 of the Statement of Claim)

Paragraph 12 of the Statement of Claim alleges that Wai Yip accepted its fate and this was, allegedly, evidenced by a letter, dated December 18, 2000, issued by Wai Yip's solicitors.

Wai Yip claims that it has suffered losses of \$HK890,800, being expenses incurred up to the day that the Lighting Work was put on hold, and \$HK544,000, being *'Loss of profit which the Plaintiff would be able to make if the Lighting Work was not put on hold (\$1,360,000 x 40%).'*

It is alleged by Wai Yip that, despite repeated *'requests and demands'*, Cheung Kong has *'wrongfully failed and/or refused to pay the said sum of \$890,800 or any part thereof to the Plaintiff.'*

TARGET supposes that Wai Yip recognises the consequences of its actions.

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