

**GOLD-FACE HOLDINGS LTD:  
ALL THAT GLISTENS MAY NOT BE GOLD**

The long-running battle between Chun Wo Building Construction Ltd and Gold-Face Holdings Ltd has entered a new phase, with Chun Wo, issuing a Claim in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), demanding nearly \$HK69 million from Gold-Face.

Gold-Face is publicly listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Number 396.

Chun Wo Building Construction is a wholly owned subsidiary of Chun Wo Holdings Ltd, which, in turn, is, also, publicly listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Number 711.

The wholly owned subsidiary of Gold-Face, which is the object of ire of Chun Wo, is Lipson Enterprises Ltd, whose performance, as far as Chun Wo is concerned, has been less than satisfactory, over the past few years.

In the Indorsement of Claim, attached to the Writ of Summons in High Court Action Number 1364, Jones Day, the Solicitor of the Chun Wo puts the case of his client as follows:

*'The Plaintiff's claim is for:-*

1. *The sum of HK\$68,795,866.26 plus interest thereon at the judgment rate from 25<sup>th</sup> March 2003 until payment being the sum due and owing to the Plaintiff by the Defendant pursuant to a Deed of Guarantee dated 10<sup>th</sup> November 1998 (the "Guarantee") and executed by the Defendant in favour of the Plaintiff securing all payments and performance due or becoming due from Lipson Enterprises Limited ("Lipson") to the Plaintiff under a contract made between the Plaintiff and Lipson for the performance and carrying out of certain construction works for a proposed residential development at R.B.L. No.4301 (formerly known as Lots 1874,1875 and 4293) in DD124 Hung Shui Kiu, Yuen Long, New Territories;*
2. *In the alternative, damages to be assessed on the basis of HK\$68,795,866.26 plus interest thereon at the judgment rate from 25<sup>th</sup> March 2003 until payment for breach of Guarantee by the Defendant.'*

The property, at the centre of this dispute, is mentioned, prominently, in the reports of Gold-Face, under the heading: **MAJOR PROPERTIES HELD FOR SALE.**

In both cases, the mention of this property is contained on Page 64 of the 2001 Annual Report and 2002 Annual Report.

In the 2001 Annual Report, it is stated:

*'6 residential units and 104 car parking spaces at the Casa de Oro, Hung Shui Kiu, New Territories. (Gold-Face is said to have a 100-percent interest in this completed project)*

In the 2002 Annual Report of Gold-Face, it is stated that the number of residential units, held for sale, had dropped to 5 units, and the number of car-parking spaces had fallen to 102 spaces.  
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