

**CHUN WO HOLDINGS LTD:  
IS THIS CALLED CRICKET ?**

Chun Wo Holdings Ltd () (Code: 711, Main Board, The Stock Exchange of Hongkong Ltd) has truly got its proverbial knickers in a twist – and it must be hurting the company.

Chun Wo Holdings Ltd is embroiled in a lawsuit with Mr Ho Kuen Fai, trading as Sun Hing Electrical Engineering (), who has sued Chun Wo Holdings Ltd for nearly \$HK3 million.

This amount of money, as far as Chun Wo Holdings Ltd is concerned, is hardly material because its Net Profit Attributable to Shareholders for the Financial Year, ended March 31, 2007, was about \$HK480.40 million.

However, it would appear to **TARGET** () that there is more to this Action, which has been filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), than just money.

There could well be serious ramifications to follow in due course.

The Statement of Claim, attached to HKSAR Writ of Summons, Number 1790, tells a story of how Chun Wo Construction and Engineering Company Ltd (), along with Mr Ho Kuen Fai, allegedly conspired together in order to circumvent certain HKSAR Government rules, regarding those entities, approved by the HKSAR Government as having qualified for a certain category of public works contracts.

Chun Wo Construction and Engineering Company Ltd is a wholly owned subsidiary of Chun Wo Holdings Ltd.

Whether or not there will be a follow-up investigation by certain HKSAR Authorities, **TARGET** cannot comment, but one has to beg the question:

***'If the allegations, contained in HKSAR High Court Action, Number 1790, are anywhere near the mark, is it cricket?'***

The Statement of Claim, attached to HKSAR Writ of Summons, Number 1790, makes the following allegations:

*'1. The Defendant is the main contractor for the works for the structural design and construction of a Primary School and two Secondary Schools ("Main Works") at Fat Tseung Street, Shamshuipo, Kowloon, Hong Kong (West Kowloon Reclamation) ("Work Site"). The Main Works were awarded to the Defendant by the Architectural Services Department ("ASD") of the Hong Kong Government SAR in or about October 2001 under a contract reference ASD Contract No.SS J302 ("Main Contract") with value in excess of HK\$300 million.*

*'2. The Main Contract permitted the Defendant to sublet the Main Works to its domestic sub-contractors and in this connection the Defendant invited the Plaintiff to tender for the works of supply, installation, testing and commissioning of the entire electrical installation ("Sub-contract Works") which were comprised in and formed part of the Main Works. The price for the Sub-contract Works was anticipated to exceed HK\$20 million.*

*'3. The Defendant well knew at the time that the Defendant was not registered in the*

*appropriate category and group of Hong Kong Government's list of approved contractors for public works ("Approved List") and thus in the eyes of ASD the Plaintiff was not qualified to be the Defendant's direct sub-contractor for the Sub-contractors, However as between the Plaintiff and the Defendant they are free to enter into mutually binding contracts. Indeed the Plaintiff had previously undertaken and executed electrical works for the Defendant in a number of the Defendant's building projects for the Hong Kong Government where the Plaintiff, through the Defendant's arrangements, worked under the name of other contractors who were on the Approved List.*

*'4. The Defendant overcame ...* [CLICK TO ORDER FULL ARTICLE](#)

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