

**LI AND FUNG LTD:
INDONESIAN COMPANY SUES
WHOLLY OWNED SUBSIDIARY FOR \$HK7.51 MILLION**

Having been forced to front up at 2 Magistrates' Courts, twice so far this year, on one criminal offence and one application, Li and Fung (Trading) Ltd, a wholly owned subsidiary of Li and Fung Ltd () (Code: 494, Main Board, The Stock Exchange of Hongkong Ltd), has, now, been sued for a little more than \$HK7.51 million.

Li and Fung (Trading) Ltd ([]) is the lone Defendant in Action, Number 2078, filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Plaintiff in this Action is PT. Mataram Tunggal Garment, a corporate entity, domiciled in Indonesia and carrying on the business of manufacturing garments.

Li and Fung (Trading) Ltd is in the business of export trading and investment holdings.

However, according to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), Li and Fung (Trading) Ltd was charged, on February 22, 2007, with '*Procuring, Counselling, Aiding or Abetting Application of False Trade Description to Goods Outside Hongkong* ()'.

About one month later, on March 20, 2007, **TOLFIN**'s records indicate that Li and Fung (Trading) Ltd had to go to another Magistrate's Court in respect of matters, dealing with a Money Lender's Licence.

Today, Li and Fung (Trading) Ltd is being forced to defend its actions with regard to the allegations, brought by the Indonesian garment manufacturer, PT. Mataram Tunggal Garment.

The Statement of Claim, attached to Writ of Summons, Number 2078, alleges that between 1994 and 1995, '*L.F. Brands Marketing Inc., hereinafter referred to as "LFB",... had placed orders with the Plaintiff* (PT. Mataram Tunggal Garment) *directly for the manufacture of garments.*'

LFB, formerly a New York company, had been in the business of marketing its brand of garments under the names of Leslie Fay and Joan Leslie, the Statement of Claim alleges.

At Paragraph 5 of the Statement of Claim, it is alleged that Li and Fung (Trading) Ltd '*became the buying agent of LFB in respect of the placing of orders for the manufacture of garments by the Plaintiff ...*'.

In late December 2003, it is declared at Paragraph 6 of the Statement of Claim that LFB had financial troubles and, subsequently, closed its doors.

From that time on, Li and Fung (Trading) Ltd held discussions, relating to the placing of orders with PT. Mataram Tunggal Garment, directly.

The Statement of Claim, then, goes on to explain the *modus operandi* of Li and Fung (Trading) Ltd with regard to the placing of orders with the Plaintiff for the manufacture and shipment of garments.

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