

**PC PARTNER GROUP LTD:
FRENCH CUSTOMER CLAIMS \$HK36.40 MILLION-PLUS**

PC Partner Group Ltd () (Code: 1263, Main Board, The Stock Exchange of Hongkong Ltd) announced, recently, that a claim against the Company's wholly owned subsidiary, PC Partner Ltd (), in the amount of about \$HK36.40 million *'will not have a material adverse impact on the business, operation and financial position of the Group'*.

That may well be the case, but a claim against PC Partner Group Ltd of more than \$HK36.40 million plus costs is equivalent to about 50 percent of the Net Profit Attributable to Shareholders in respect of the financial results with regard to the 2013 Financial Year, ended December 31.

(The 2013 Annual Results is the latest published report from this Company to shareholders.)

As at the Balance Sheet Date, PC Partner Group Ltd had cash and cash equivalents of about \$HK689 million, according to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider.

The claims against PC Partner come from Archos SA (the Plaintiff), a company, domiciled in France, *'carrying on business as a supplier of consumer electronics'*.

The Statement of Claim, attached to Writ of Summons, Number 1322 of 2014, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), alleges that, during the five-year period to 2012, it *'purchased computer tablets of different generations manufactured by the Defendant ("Tablets") and on-sold them to the end users (ie customers)'*.

It is alleged, at Paragraph 4, that material agreements were entered into between PC Partner and Archos *'whereby the Plaintiff agreed to purchase, and the Defendant (PC Partner) agreed to manufacture and deliver Tablets to the Plaintiff'*.

Some of Archos's customers, in October of 2008, those operating in the US, the European Union and the PRC, discovered that some of the Tablets were defective and these tablets were, subsequently, returned to the PC Partner to be repaired.

On February 9, 2010, it is alleged that, notwithstanding the October 2008 Tablet problems, *'the Plaintiff agreed to purchase and the Defendant agreed to develop, manufacture, supply and deliver Tablets to the Plaintiff'*.

Between February 2012 and August 2013, the Plaintiff paid *'in the total sum of about US\$53.7 million for Tablets manufactured and supplied by the Defendant.'* (Paragraph (5)(c) of the Statement of Claim)

Paragraph 7 of the Statement of Claim alleges that the Defendant *'guarantees that they will, without charge, repair, replace any products which are proved to be defective as a result of a failure in the assembly process, components defaults, material default or due to the fact that [the Defendant] would not have performed the standard inspection and test procedure at the request of [the Plaintiff]'*.

The warranty 'will last 12 months on finished products in accordance with arrangements of the European legislation'.

Paragraph 13 of the Statement of Claim, then, makes the following allegations:

'13. In breach of the Implied Terms:-

- (1) There were epidemic failures in the Tablets. During the period between July 2009 and May 2014, a large number of defective Tablets (amounting to, on average, about 15% of the Tablets ordered and purchased by the Plaintiff from the Defendant) were returned from the Plaintiff's customers. A breakdown of the returned Tablets by month is set out in Schedule II herein.*
- (2) The returned Tablets suffered from serious defects (which were recurring), including but not limited to display issues, booting issues, failure of touch panel, charging or electric current problems, and USB problems.*
- (3) It is further averred that by reason of the above matters, the 1st and/or 2nd Epidemic Failures Clauses were triggered.'*

Archos alleges that it paid to the PC Partner material sums of money ... [CLICK TO ORDER FULL ARTICLE](#)

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