

**HUDSON HOLDINGS LTD :
STEER CLEAR OF THIS ONE**

In the entire history of the Group of Companies, now known as Hudson Holdings Ltd, it has only been engaged in 24 interior decoration, electrical and mechanical, or construction jobs.

Of those 24 jobs, 2 jobs are 51 percent owned by Hudson Group Companies while 3 jobs are 100 percent owned by Wuhan Department Store Group Ltd, which, in turn, is owned as to 51 percent by Hudson, through another company.

The total value of the 24 contracts, dating back to October 1987, amounts to \$HK1.32 billion.

However, \$HK922.56-million worth of these jobs were in-house, so to speak, indicating that only a little less than \$HK400-million worth of contracts had ever been won in open competition with other companies in similar fields.

This is the latest company to come to the marketplace for some money, this time on the Main Board of The Stock Exchange of Hongkong Ltd, not on the GEM – Growth Enterprise Market.

Hudson is offering 75 million, 10-cent shares at a Premium of 90 cents over the Par Value, in an attempt to raise a total of \$HK60 million, net of the expenses which are associated with this flotation.

The Prospectus states that the Company was founded in May 1987 by Mr Choi Wai Him.

The first job, landed by Hudson Decoration Company Ltd, as it was then known, was the interior decoration and electrical and mechanical works for 2 branches of Standard Chartered Bank in Hongkong.

The largest job, landed by Hudson, was the project management and construction of Wuhan Plaza, Wuhan, the People's Republic of China (PRC).

It was started in April 1993 and completed in June 1997.

This job was worth \$HK672.90 million – representing about 51 percent of the total value of jobs, ever obtained since this Group of Companies was founded.

Wuhan Plaza is, effectively, 51 percent owned by Hudson.

In October 1995, Hudson started work on Wuhan Plaza Shopping Arcade, Wuhan. This contract was completed 11 months later and was worth \$HK144.33 million.

It, too, is 51 percent owned by Hudson.

The third largest job, undertaken by Hudson, was the interior decoration contract of World Trade Centre, Shopping Arcade, Wuhan.

This job was started in April 1998 and was completed 16 months later.

It was worth \$HK83.83 million.

It, also, is 51 percent owned by Hudson.

To say that there are a number of risk factors, associated with this Company, is to state the obvious, and the Prospectus, on Page 17, makes mention of it as follows:

'For each of the three years, ended 31st December, 1998 and the six months ended 30th June, 1999, the Group's five largest customers accounted for approximately 80.7%, 87.3%, 80.1% and 75.9% respectively of the Group's total turnover ... The largest customer of the Group for the six months ended 30th June, 1999, an independent third party, accounted for approximately 25.6% of the Group's total turnover ... '.

Aside from the very heavy reliance on a handful of customers, not being third parties, mind you (termed '*related parties*'), this Group of Companies appears to be quite prone to being sued in the High Court of Hongkong as well as in various Courts in the PRC.

Page 196 through to Page 198 lists a number of legal Actions, but it appears that TOLFIN, also, has a number of legal Actions, not mentioned in the Prospectus.

Unless, of course, there are other companies with similar names and in which a gentleman by the same name as Mr Choi Wai Him, Chairman of Hudson, is beneficially the owner.

It is assumed, by TARGET, that the following list of legal Actions, recorded in TOLFIN, in which Hudson was directly or indirectly involved and, in one case, Chairman Choi Wai Him was/is a shareholder in a company, which got clobbered in the High Court of Hongkong, have just been overlooked since, after all, one cannot remember everything.

This is what TOLFIN's records turned up: ... [CLICK TO ORDER FULL ARTICLE](#)