

### PLAYING THE GAME OF CAPITALIST

The parent company of Zhu Kuan Development Company Ltd (Code: 908, Main Board, The Stock Exchange of Hongkong Ltd) has been sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for about \$HK7 million.

The Plaintiff to this Action is a wholly owned subsidiary of another PRC, State-run company: Guangdong (Hongkong) Tours Company Ltd, which is part of Guangdong Investment Ltd (Code: 270, Main Board, The Stock Exchange of Hongkong Ltd).

According to High Court Action Number 2714 of 2001, Guangdong (Hongkong) Tours Company Ltd entered into a Loan Agreement with Zhu Kuan (Hongkong) Company Ltd on January 22, 1997 whereby Guangdong (Hongkong) Tours agreed to lend 20 million renminbi (about \$HK18.35 million, being the translation of renminbi into Hongkong dollars at the rate of \$HK1 = 1.09 renminbi, as at the date of the Loan Agreement) to Zhu Kuan (Hongkong).

Zhu Kuan Uniao Commercial E Industrial Limitada, also known as Zhu Kuan Group Company Ltd, is alleged to have been the guarantor to the First Defendant. (Paragraph 8 of the Statement of Claim, attached to the Writ of Summons)

The loan, Paragraph 2, 6.1 states, would be repaid by 8 equal installments of \$HK2,298,078 per installment.

Unless there is a default in respect of the repayment schedule, which was first initiated on January 1, 1998, it appears, according to TARGET's reading of the Statement of Claim, the loan was to be interest-free.

However, there was a 'Default Rate' of 3 percent per month in the event of the borrower, failing to meet its commitments to Guangdong (Hongkong) Tours.

Paragraph 2, 14.1 of the Statement of Claim spells it out as follows:

***'Rate of Default Interest***

*'If the Borrower fails to pay any sum payable under this Agreement or any Indebtedness when due or (as the case may be) on demand, the Borrower shall in addition to any interest payment and without prejudice to any other rights or remedies of the Lender, whether under this Agreement or otherwise, pay default interest on such sum from and including the due date to the date of actual payment (as well after as before judgment) at the Default Rate.'*

It is alleged at Paragraph 3 of the Statement of Claim that Zhu Kuan (Hongkong) Company Ltd had 'failed to make the 6<sup>th</sup> instalment on 1<sup>st</sup> July 2000 or within 7 days thereafter, thereby triggering an Event of Default.'

Paragraph 6 of the Statement of Claim ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,  
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*