

LAM SOON'S CHAIRMAN GETS SUED FOR \$HK78 MILLION

Mr Whang Tar Choung, the Chairman of the Lam Soon Group of Companies – Lam Soon (Hongkong) Ltd and Lam Soon Food Industries Ltd, both members of the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Numbers 411 and 728, respectively – has been sued for more than \$HK78 million by Dao Heng Bank Ltd.

A Writ of Summons has been filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming Chairman Whang and his wife, Madame Teo Joo Yee, as the 2 Defendants to High Court Action Number 1667.

The Statement of Claim, attached to the Writ of Summons, states that *'Revolving Short Term Loans of US\$20,000,000 ... dated 28th November 1996 and countersigned by the Defendants ... the Plaintiff agreed to make available to the Defendants revolving short term loans ... subject to the terms and conditions therein contained.'*

Those main conditions, allegedly, were:

1. The final maturity date would be November 30, 1997;
2. Loans must be drawn down in multiples of \$US1 million;
3. The maximum tenor of each loan would be 90 days;
4. Interest on all loans would be 2 percent per annum higher than the Hongkong Interbank Offer Rate (HIBOR) for US dollar loans;
5. Interest on each loan would be paid at the final maturity date of each loan; and,
6. Late payment of any loan would be subject to an overdue interest charge.

It is alleged, at Paragraph 4 of the Statement of Claim, that, on November 28, 1996, the 2 Defendants *'advised the Plaintiff of their intention to draw down US\$10,000,000 (equivalent to HK\$75,000,000) on that day and instructed the Plaintiff to credit the following account: -*

<i>Bank :</i>	<i>Dao Heng Bank</i>
<i>Account Name :</i>	<i>Lam Soon (Hong Kong) Limited</i>
<i>HKD Current Account No. :</i>	<i>016478-781002666'</i>

The Statement of Claim continues:

'5. Pursuant to the terms of the Agreement and the Defendants' said advice and instructions, on 28th November 1996, the Plaintiff loaned to the Defendants the sum of US\$10,000,000 by crediting the said account with an amount in Hong Kong dollars equivalent to the said sum of US\$10,000,000.

6. Despite paragraph 3(4) above, SIBOR has been used instead of LIBOR pursuant to paragraph 3(7) above and at the knowledge and acceptance of the Defendants.

7. In breach of the Agreement, the Defendants failed to repay the Plaintiff the said loan in full upon its maturity.

8. Since the said maturity, the outstanding balance of the said loan has been subject to an additional overdue interest charge at the rate of 2% per annum pursuant to paragraph 3(8) above.

9. Up to 18th March 2002, the Defendants had repaid the Plaintiff the total principal sum of US\$352,960.13 on account of the said loan.

10. Since 18th March 2002, the Defendants have not made any repayment to the Plaintiff on account of the said sum. As at 18th March 2002, the total amount outstanding from the Defendants to the Plaintiff stood at US\$10,041,108.19, which was made up as follows:-

Principal	US\$9,647,039.87
Interest	<u>US\$ 394,068.32</u>
	<u>US\$10,041,108.19</u>

11. By a letter dated 26th March 2002, the Plaintiff, through its solicitors, Messrs. Johnson Stokes & Master, demanded from the Defendants payment of the said sum of US\$10,041,108.19 together with the appropriate amount of interest thereon.

12. Despite the said demand, the Defendants have failed to make any payment to the Plaintiff.

13. Interest has accrued and continues to accrue on the said outstanding principal in the sum of US\$9,647,039.87 at the rate of 2% per annum over SIBOR plus 2% per annum, being overdue interest charge from 19th March 2002 until judgment or earlier payment.

14. For relevant periods, SIBOR was at the following rates:-

(1) 19 th March 2002 to 31 st March 2002	1.8758%
(2) 1 st April 2002 to 30 th April 2002	1.8871%
(3) 1 st May 2002 to the date of this Writ	1.8414%

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