

**THE LONG ARM OF THE LI KA SHING EMPIRE:
FORMER U.S. CUSTOMER IS SUED FOR MORE THAN \$HK220 MILLION**

Reach Networks Hong Kong Ltd, a wholly owned subsidiary Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd), has sued one of its former customers for more than \$HK220 million.

The customer, a company, based in San Francisco, USA, named Digital Island Incorporated, is alleged to have breached its agreement with Reach Networks in respect of International Private Leased Circuit (IPLC) services, which were provided by Reach Networks to Digital Island.

From May 1999 to September 2000, Reach Networks contracted with Digital Island in respect of 20 contracts, each contract, governing the provision of IPLC and each contract, being over the minimum commitment period of 5 years, it is alleged.

The monthly basic rentals for each IPLC contract is said to be \$HK6.30 million.

Reach Networks states, in its submission, that: *'The basis for calculating the Monthly Basic Rental ... was understood and accepted by the Defendant as evidenced by the Defendant's payment, prior to cancellation, of invoices rendered ...'*

Reach Networks alleges that Digital Island elected, *'prior to approximately February 2000'* to subscribe to the Gold Term Discount Plan of Reach Networks in order to take advantage of a discounted rate from the monthly basic rental of each IPLC contract.

Then, following the publication by Reach Networks of another plan, known as the Platinum Discount Plan, Digital Island opted for this package in order to obtain even further discounts on IPLC contracts.

The Platinum Discount Plan replaced the Gold Term Discount Plan, it is alleged, and it obligated Digital Island to a contract of not less than a period of 5 years.

Reach Networks alleges that, should a customer desire to terminate, early, his contract with Reach Networks, prior to the expiry of the minimum commitment period, then, the customer shall be liable for payment of the cancellation charges of 15 percent of the IPLC monthly basic rental for the remaining unexpired term.

It is alleged that Digital Island *'terminated each of the IPLC Contracts prior to expiry of their minimum commitment periods by written notice on the following dates:*

- (a) On February 14, 2001, the Defendant's Mr Navin terminated contracts NP 660 and 763.*
- (b) On 20 February 2001, the Defendant's Mr Navin terminated contracts NP 751 and 9001.*
- (c) On 28 February 2001, the Defendant's Mr Navin withdrew the termination notice in respect of NP 9001 only.*
- (d) On 2 April 2001, the Defendant's Mr Navin terminated contract NP 7084.*
- (e) On 17 May 2001, the Defendant's legal attorney, Ms Podolsky terminated contracts 205, 206, 207, 219, 226, 227, 580 and 647.*
- (f) On 26 October 2001, the Defendant's Mr Navin terminated contracts NP 91 and 103.*

(g) *On 15 December 2001, the Defendant's Mr Navin terminated contracts NP 344, 382, 383 and 400.*

(h) *On 7 February 2002, the Defendant's Mr Navin terminated contracts NP 758 and 9001.'*

Reach Networks alleges that the cancellation charges amount to \$HK185,790, 296.90.

It is alleged that *'Despite demand, the Plaintiff has not received payment of the cancellation charges or any part thereof.'*

As an alternative to the cancellation charges ... [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 or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.