

**MANSION HOUSE GROUP LTD :
IS THERE A DOCTOR IN THE HOUSE ?**

One does not have to look too far to realise that publicly listed Mansion House Group Ltd (Code: 376, Main Board, The Stock Exchange of Hongkong Ltd) is not in a very healthy state – because, during the past 4 Financial Years, ended December 31, 2001, it has managed to record an aggregate Loss Attributable to Shareholders of about \$HK257 million.

During those 4 years, the Turnover of the Company has slid from about \$HK184.60 million, in the 1998 Year, to about \$HK57.17 million for the 2001 Year.

And the slide is well expected to continue.

Liu Chong Hing Bank Ltd (Code: 1111, Main Board, The Stock Exchange of Hongkong Ltd) is, obviously, aware of the poor state of affairs at Mansion House and has taken, what it considers, appropriate action to try to safeguard its exposure to the Company.

Liu Chong Hing Bank, just last Friday, sued Mansion House and its Chairman, Mr Evans Carrera Lowe, for about \$HK2.35 million in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

High Court Action Number 3687 alleges that the bank has had a relationship with Mansion House since December 1999 when it agreed to grant the Company an overdraft facility of \$HK1 million.

The interest on this facility was set at 2 percent above the Hongkong Dollar Prime Lending Rate (Prime Rate) of The Hongkong and Shanghai Banking Corporation Ltd, according to Paragraph 3 of the Statement of Claim, attached to the Writ of Summons.

In the event of any default in its financial obligations to Liu Chong Hing Bank, then, it was agreed that default interest would be jacked up to 6 percent above the Hongkong Prime Rate.

On November 22, 2001, Paragraph 4 alleges, Mansion House entered into another agreement with its banker, whereby another \$HK10-million overdraft account was established, against which Mansion House pledged some publicly listed securities in order to secure the facilities.

Paragraph 4 claims:

'By an Agreement for Overdraft Against Securities dated 22 November 2001 made between the Plaintiff and the 1st Defendant (Mansion House) ("Agreement"), and in consideration of the Plaintiff agreeing to grant to the 1st Defendant credit facilities to be operated by way of revolving credit through the Account, in an amount up to but not exceeding an amount equivalent to Hong Kong Dollars Ten Million only, or a percentage designated by the Plaintiff of the market value of the securities more particularly described in Clause 5 of the Agreement (which may be accepted by the Plaintiff); whichever is the lower, the 1st Defendant agreed inter alia ...'.

The Chairman of Mansion House, Mr Evans Carrera Lowe (the Second Defendant to this Action), is alleged to have entered into a Deed of Personal Guarantee ... [CLICK TO ORDER FULL ARTICLE](#)

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