

**CEDAR BASE ELECTRONIC (GROUP) LTD :
CHAIRMAN TONG YIU LUN, FACING THE MUSIC**

It must be excruciatingly difficult for the Chairman of publicly listed [Cedar Base Electronic \(Group\) Ltd](#) (Code: 855, Main Board, The Stock Exchange of Hongkong Ltd), Mr Tong Yiu Lun, to suffer '*the sling and arrows of outrageous fortunes*' with which he, now, has to contend.

Because the latest attacks on this manufacturer of hand-held calculators, principally, have come from the mighty Industrial and Commercial Bank of China (Asia) Ltd and Wing Hang Finance Company Ltd, both of which financial entities have taken legal action against Cedar Base Electronic (Group) Ltd and its subsidiary, Cedar Base Electronic Ltd, in respect of alleged banking facilities and a purported 2001 lease agreement of injection moulding machines, respectively.

Industrial and Commercial Bank is seeking the best part of \$HK1 million with regard to banking facilities, granted to Cedar Base Electronic and guaranteed by the Cedar Base Electronic (Group), going back to May 17, 2001.

This bank is alleging, in its Statement of Claim, attached to a Writ of Summons, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Number 4864, that it had agreed to lend up to \$HK19 million to Cedar Base Electronic.

It is alleged that a Term Loan was afforded and accepted by Cedar Base Electronic on February 7, 2001, and that Cedar Base Electronic, in fact, paid \$HK1.60 million in 32 equal tranches of \$HK50,000 per tranche.

However, on October 17, 2002, the money stopped coming to the bank and there is, still, an unpaid balance of \$HK941,058.41, Industrial and Commercial Bank is contending.

Letters from the bank to Cedar Base et al have failed to do much good, it is suggested, definitively, in the Statement of Claim.

So, now, the bank is after all the money that it can squeeze out of Cedar Base Electronic.

The allegations, made by Wing Hang Finance Company Ltd, are a little different from those allegations, made by Industrial and Commercial Bank, in that it is alleging that it came into a contract with Cedar Base Electronic Ltd whereby it was agreed that Wing Hang Finance would purchase 9, new Welltec plastic injection moulding machines and Cedar Base Electronic would lease the injection moulding machines from it.

The total rental of the 9 machines was to be \$HK2,688,168 and that rental would be paid by Cedar Base Electronic to Wing Hang Finance over a period of 19 months.

The first rental payment was, in total, \$HK560,035, which was paid in 2 tranches, \$HK370,885 on April 28, 2001 and another payment of \$HK189,150, which was paid on May 11, 2001.

For the next 19 months, it was agreed that Cedar Base Electronic would pay the sum of \$HK112,007 per month for the leasing of the machines.

The publicly listed company, Cedar Base Electronic (Group) Ltd, was said to have issued a Corporate Guarantee for and on behalf of its subsidiary in favour of Wing Hang Finance in regard of this lease arrangement.

Payments were made in accordance with the schedule that was said to have been agreed by both parties up until August 27, 2002, but, after that date, Wing Hang Finance is alleging that Cedar Base et al is in breach of the purported lease agreement.

Solicitors for Wing Hang Finance have written to Cedar Base Electronic about this matter, Wing Hang Finance is alleging, but it failed to shake any money out of the Cedar Base Group 'tree'.

Wing Hang Finance wants its outstanding lease rentals plus interest at the rate of 3 percent per month from October 2002, aggregating \$HK557,654.92.

It is because this sum of money, one would assume, was of negligible significance to a publicly listed company of ... [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.