

**401 HOLDINGS LTD:
PROMISES, PROMISES ... AND BROKEN PROMISES**

Publicly listed [401 Holdings Ltd](#) (Code: 401, Main Board, The Stock Exchange of Hongkong Ltd) is the target of yet another lender to this freight-forwarding and property investment company.

China Units Enterprises Ltd, in its second claim against this company, this year, has charged that it is owed not less than \$HK3.20 million – and it cannot get back its money.

China Units has issued a Writ in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), claiming:

'By a convertible bond executed by the Defendant (401 Holdings) dated 30th July 2002 ("Bond"), the Defendant is obliged, inter alia, to repay the Plaintiff on the second anniversary of the date of issue of the Bond ("Maturity Date") for the principal amount outstanding under the Bond together with all outstanding interest accrued. The principal amount of the Bond is HK\$3,000,000.00 ("Principal Amount").'

The Statement of Claim, attached to High Court Action Number 3777, alleges that the Bond was issued with the express understanding that China Units would receive interest on the Principal Amount at the rate of 2 percent per annum over the Prime Lending Rate, published by The Hongkong and Shanghai Banking Corporation Ltd.

According to Paragraph 5 of the Statement of Claim, it is alleged:

'In breach of its payment obligation for payment of interest for the 1st, 2nd and 3rd Quarters under Clause 3(a) of the Bond, the Defendant is obliged to repay the Plaintiff immediately under Clause 11 of the Bond:

- (a) HK\$3,000,000.00 being the Principal Amount;*
- (b) HK\$197,989.74 being the interest for the 1st, 2nd and 3rd Quarters and the period from 1st August 20003 to 10th October 2003; and,*
- (c) HK\$575.34 being daily interest from 11th October 2003 onwards until repayment.'*

On March 26, 2003, this medium reported that Merchant Partners Ltd and China Units Enterprises Ltd had jointly issued Proceedings in the HKSAR, claiming about \$HK6.10 million from 401 Holdings.

That case was, also, in respect of a Bond Issue.

On July 11, 2003, contained in **TARGET** Intelligence Report, Volume V, Number 129, **TARGET** reported that SIIC Finance (Nominee) Company Ltd had sued 401 Holdings, seeking about \$HK5 million in respect of a 2002 Bond Issue.

At the time of that report, **TARGET** mentioned that that was the third such similar claim against 401 Holdings.

Now, there is a fourth one.

The total amount, being claimed against 401 Holdings with regard to Bond Issues and suchlike financial instruments, has, today, jumped to about \$HK14.36 million, according ... [CLICK TO ORDER FULL ARTICLE](#)

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