

**KONG SUN HOLDINGS LTD:
HONGKONG BANK ALLEGES IT WAS ISSUED DUD CHEQUES**

It, probably, would not be unfair to suggest that the Directors of Asia Commercial Bank Ltd (of the Hongkong Special Administrative Region [HKSAR] of the People's Republic of China [PRC]) are not too enthralled with the performance of publicly listed [Kong Sun Holdings Ltd](#) with regard to the way that it has managed its affairs with this smallish bank.

Because Asia Commercial Bank, which is a subsidiary of Asia Commercial Financial Holdings Ltd (Code: 662, Main Board, The Stock Exchange of Hongkong Ltd) has just issued legal proceedings in the HKSAR High Court, seeking about \$US724,601.32 (about \$HK5.65 million) from Kong Sun Holdings, King Sun Holdings, itself, being listed, also, on the Main Board of The Stock Exchange of Hongkong Ltd: Stock Code Number 295.

Asia Commercial Bank has sued Xswim Technology Ltd, a 54-percent-owned subsidiary of Kong Sun Holdings, the publicly listed company, itself, and Mr Kong Li Szu, an Executive Director of Kong Sun Holdings and the son of the Chairman of Kong Sun Holdings, for alleged breaches of financial commitments, owed to the HKSAR bank.

According to Asia Commercial Bank, it afforded facilities to Xswim Technology, starting May 2, 2002, up to a maximum amount of \$HK8 million.

Kong Sun Holdings and Mr Kong Li Szu are alleged to have been guarantors to the facility, it is alleged at Paragraphs 2 and 10 of the Statement of Claim, attached to Writ of Summons Number 254.

At Paragraph 9 of the Statement of Claim, it is alleged that, as far back as July 21, 2003, Asia Commercial Bank 'demanded the 1st Defendant (Xswim Technology) for repayment of the said sum of US\$1,026,581.26 together with further default interest on the said outstanding principal sum as from 17th July 2003 and costs ... By another letter also dated 21st July 2003... the Plaintiff (Asia Commercial Bank) demanded the 2nd Defendant (Kong Sun Holdings) to honour their liabilities and obligations as the guarantor under the Corporate Guarantee and to pay and discharge to the Plaintiff the said sum of US\$1,026,581.26 ...'.

In consideration of Asia Commercial Bank, not issuing legal proceedings against Xswim Technology and/or Kong Sun Holdings, Mr Kong Li Szu issued a Deed of Guarantee to the bank, personally guaranteeing the monies, owed by Xswim Technology/Kong Sun Holdings to this bank.

Then, at Paragraphs 14 and 15 of the Statement of Claim, it is alleged:

'14. On or about 26th August, 2003, Pacpo Investments Limited (a 100-percent-owned subsidiary of Kong Sun Holdings) a shareholder of the 1st Defendant, deposited with the Plaintiff 6 post-dated cheques (particulars of which said cheques are as follows) drawn in favour of the Plaintiff by the said Pacpo Investments Limited, being partial repayment of the monies due and owing from the 1st Defendant to the Plaintiff.

Particulars of the 6 post-dated cheques

<u>Date</u>	<u>Amount (HK\$)</u>
1 September 2003	700,000.00
1 October 2003	700,000.00
1 November 2003	700,000.00
1 December 2003	700,000.00
1 January 2004	700,000.00
1 February 2004	700,000.00

'15. The Plaintiff presented the first cheque (post-dated 1 September 2003) and the second cheque (post-dated 1 October 2003) for payment and applied a total amount of HK\$1,400,000.00 in and towards partial satisfaction of the said sum of US\$1,026,581.26. However, the third cheque (post-dated 1 November 2003) was dishonoured upon presentation for payment by the Plaintiff.'

The Statement of Claim alleges that Asia Commercial Bank ... [CLICK TO ORDER FULL ARTICLE](#)

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