

**KING STONE ENERGY GROUP LTD:
STRUGGLING MANAGEMENT GOES ON THE OFFENSIVE**

But Why Has It Waited More Than Two Years ?

King Stone Energy Group Ltd () (Code: 663, Main Board, The Stock Exchange of Hongkong Ltd) has filed a Writ of Summons in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), seeking \$HK39 million from Linkwealth Pacific Ltd, a company, domiciled in the British Virgin Islands.

King Stone Energy is a coal and silver miner, primarily, but over the past 66 months, it has been having a very difficult time, financially.

So much so, that, in the 2013 Annual Report, it is stated at Page 12:

'As at 31 December 2013, the Group had outstanding interest-bearing borrowings, all of which were denominated in Renminbi, amounting to approximately HK\$1,633.1 million (2012: HK\$1,396 million). Of the Group's interest-bearing borrowings, 70%, 24% and 6% were repayable on demand or within one year, in the second year and in the third to the fifth year, inclusive, respectively (2012: 73%, 12%, 15%). Borrowings of approximately HK\$1,291.8 million (2012: HK\$870.7 million) and HK\$371.3 million (2012: HK\$525.3 million) were interest-bearing with floating interest rates and at fixed rates of 7.2% to 36% (2012: 6.15% to 7.87%) respectively.

'At 31 December 2013, certain loans of approximately HK\$256 million raised by Hengtai have been overdue and were not yet repaid up to date of this report. The Group has been at its best effort trying to negotiate with the bank to extend the maturity dates of such loans.'

Reverting to Linkwealth Pacific Ltd, the Defendant in HKSAR, High Court Action, Number 59 of 2015, very little is known about this company other than it, allegedly, entered into a 'Chinese Loan Agreement' with King Stone Energy on July 5, 2011, whereby King Stone Energy agreed to lend to it the sum of \$HK30 million.

This is according to the Statement of Claim, attached to Writ of Summons, Number 59.

Paragraph Five of the Statement of Claim alleges that the \$HK30-million loan was for a period, ended September 30, 2012.

Taking up the Statement of Claim from Paragraph Four:

'4. The Loan Agreement expressly provides, inter alia:-

a. by Clause 1.2 thereof, that the said sum of HK\$30,000,000.00 shall be credited into the designated account with Hang Seng Bank Limited (A/C No.286-584776-883) of the

Defendant within 3 working days of drawdown notice.

- b. by Clause 2 thereof, that interest would be chargeable at the rate of 10% flat rate per annum. The 1st instalment of interest shall be payable 6 months from the date of drawdown.*
- ‘5. By a Chinese Supplemental Agreement dated 5th June 2012 (“the Supplemental Agreement”), the parties mutually agreed that the due date for repayment of the said sum of HK\$30,000,000.00 and the interest thereon be extended on or before 30th September 2012.*
- ‘6. Pursuant to the Loan Agreement but not otherwise, the Defendant had repaid to the Plaintiff HK\$1,500,000.00 being the 1st instalment of interest on 24th February 2012.*
- ‘7. The Loan Agreement and the Supplemental Agreement are hereinafter collectively referred to as (“the Agreement”).*
- ‘8. Wrongfully ... [CLICK TO ORDER FULL ARTICLE](#)*

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