

**FRANK CHAO HIT BY
A CLAIM FOR MORE THAN \$HK27 MILLION**

The Chairman and President of publicly listed Wah Kwong Shipping Holdings Ltd and his private shipping company have been sued by The Kwangtung Provincial Bank, Hongkong Branch, for more than \$HK27 million.

The essence of High Court Action Number 16885 is that Finex Shipping Ltd, registered in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is the borrower of about \$US2.97 million (about \$HK23 million) and Mr Frank Chao Sze Bang is the guarantor of the loan from The Kwangtung Provincial Bank and that the bank can't get its money.

The Statement of Claim alleges that Finex was granted a term loan facility by The Kwangtung Provincial Bank of up to \$US24 million (about \$HK184 million), *'pursuant to a Loan Agreement dated 24th November 1997.'*

One of the clauses of the Loan Agreement was that if Finex failed to pay any sum of money, payable by the due date, the bank may cause Finex to pay interest on the overdue sum of money at the rate of 6 percent over the prevailing Prime Rate, subject to fluctuation, the Statement of Claim, attached to the Writ of Summons, alleges.

Paragraph 6 alleges that Finex is in breach of its payment obligations and has failed to make payment, together with interest, to the bank and that it owes The Kwangtung Provincial Bank about \$US3,446,087.71 million -- and the clock is ticking to the extent of \$US1,175.78 per day.

Paragraph 7 is where Mr Frank Chao comes directly into the picture because it is alleged that he executed a deed of Guarantee under seal dated 24th November 1997 *'... in favour of the Plaintiff and agreed to from time to time pay the Plaintiff upon first demand the outstanding principal amount of the facility drawn down by the 1st Defendant (Finex) under the Loan Agreement ...'*.

The Statement of Claim then goes on to state that solicitors ... [CLICK TO ORDER FULL ARTICLE](#)