

TARGET

Intelligence Report

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T U E S D A Y

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CHINA METAL RESOURCES UTILIZATION LTD: THE CHAIRMAN OF THE BOARD OF DIRECTORS IS SUED FOR \$HK4,696,674.03

The Chairman of the Board of Directors of China Metal Resources Utilization Ltd (中國金屬資源利用有限公司) (Code: 1636) (Main Board, The Stock Exchange of Hongkong Ltd) has been sued in the High Court, Court of First Instance, Civil Matters, of The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC).

He is Mr Yu Jian Qiu (俞建秋), aged 60 years.

On or about Friday, January 26, 2024, Southwest Securities (Hongkong) Brokerage Ltd (西證[香港]證券經紀有限公司), as Plaintiff, lodged Action Number 173 of 2024 in the Hongkong High Court, claiming, in aggregate, the sum of \$HK4,696,674.03 from Mr Yu Jian Qiu, Defendant.

The Statement of Claim, attached to Writ of Summons, Number 173 of 2024, makes the following allegations against the Defendant:

- 1. The Plaintiff is and was at all material times a securities broker licensed by the Securities and Futures Commission to carry on, inter alia, type 1 regulated business of securities trading and advising on securities as prescribed under the Securities and Futures Ordinance, Cap.571.*
- 2. The Defendant was at the material time a client of the Plaintiff.*
- 3. By a contract made between the Plaintiff and the Defendant on or about 9 December 2016 as evidenced by an Account Opening Form signed by the Plaintiff and the Defendant on or about the even date ("Account Opening Form"), the Defendant agreed to abide by the terms and conditions of a Client Agreement for trading in securities ("**Client Agreement**") through the Plaintiff.*
- 4. The Defendant has maintained a margin securities trading account No.80817838 ("**Margin Account**") with the Plaintiff for the purpose of trading in securities by the Defendant ("**Transaction or***

Transactions”) pursuant to the terms and conditions of the Client Agreement, whereby the Plaintiff agree to provide credit facility to the Defendant to facilitate the acquisition of securities and the continued holding of those securities under the Margin Account and for other related purposes (“Margin Facility”).

‘5. *The Client Agreement contains, inter alia, the following provisions:*

Clause 8 of Client Agreement (Settlement)

(1) *By Clause 8.1 of the Client Agreement, unless otherwise agreed or the Plaintiff is already holding sufficient cash, securities or commodities on the Defendant’s behalf to settle the Transaction, in respect of each Transaction, the Defendant shall pay cleared funds to the Plaintiff or otherwise ensure that the Plaintiff has received such funds by such time as the Plaintiff has notified (whether verbally or in writing) the Defendant in relation to the relevant Transactions, failing which, the Plaintiff is authorized by Clause 8.2 of the Client Agreement to:*

- (A) *in the case of a purchase transaction, sell the purchased securities; and*
- (B) *in the case of a sale transaction, borrow and/or purchase such securities in order to settle the Transaction.*

(2) *By Clause 8.3 of the Client Agreement, the Defendant shall be responsible to the Plaintiff for any loss, costs, fees and expenses incurred by the Plaintiff in connection with the Defendant’s failure to meet the Defendant’s obligation by the due time as set out in Clause 8.1 of the Client Agreement.*

Clause 10 of the Client Agreement (Commission, Charges, Costs and Expenses)

(3) *By Clause 10.3 of the Client Agreement, the Plaintiff shall be entitled to charge interest on all or any of the Defendant’s indebtedness (including interest accruing after a judgment debt is obtained against the Defendant) at such rate(s) (subject to fluctuation) and at such interval to be demanded and notified by the Plaintiff from time to time. The Plaintiff will usually charge interest on a monthly basis. In the absence of such notification:*

- (A) *in the case of Hong Kong dollars indebtedness, interest shall be charged at the following annual rate which is the higher of:*
 - (i) *3 per cent above the Prime Rate quoted by Bank; or*

- (ii) 3 per cent above the Prevailing Overnight HIBOR;
or

Clause 12 of the Client Agreement (Default)

- (4) By Clause 21.1 of the Client Agreement, the following shall, among others, constitute events of default (the “**Events of Default**”):
- (A) The Defendant’s failure to provide sufficient collateral within the time limit upon call from the Plaintiff, deposits, purchase consideration or any other sums payable to the Plaintiff, to submit documents or to deliver securities or commodities to the Plaintiff hereunder when called upon to do so or on due date;
 - (B) default by the Defendant in the due performance or observance of any of the terms and conditions of this Client Agreement;
 - (C) material adverse change in the financial position of the Defendant;
 - (D) the occurrence of any event which, in the Plaintiff’s sole discretion, the Plaintiff feels shall or might put in jeopardy the Plaintiff’s rights conferred under this Client Agreement.
- (5) By ... [CLICK TO ORDER FULL ARTICLE](#)

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