

## Friendly Advice

### **Hong Kong, December 1984:**

In spite of Seb's reassuring remarks over dinner, Lucille had remained restless throughout the night. She was not surprised to hear of political dabblings on the part of Xavier. She had always associated politics with activities that were sinister and underhanded, like the Kennedy assassination and Watergate, and it was something which fitted her husband's character. What irritated her was that her life was being turned upside down in the process. She had somehow to stem the haemorrhage of funds to avoid a scandal. The prospect of cadging legal advice from Seb's old friend also wounded her pride. Christopher's spiteful wife would not be above making wounding remarks behind her back if she got an inkling of what was going on. But beggars couldn't be choosers.

The following day she turned up at the wood-panelled establishment of Rand and Knight. Christopher Knight did not keep her waiting. He came to reception looking prosperous and over-fed, in a three-piece pin-striped suit, and greeted her with warm commercial friendliness.

"Lucille! How are you? Just the woman I want to talk to," he said, taking her hand and ushering her into an easy chair in his office. He sat down on an adjacent chair and rattled smoothly on: "I've been trying to reach Xavier. How long is he going to remain in Japan? When's he coming back? One newspaper speculated this morning he might miss the signing ceremony in Peking. That's not so, I hope. We don't want people are reading the wrong message into his absence at an occasion like that."

"Wrong message?"

"Well, you know how rumour and stories get around here. Some people will attempt to tar us with that fire at a toy factory in Kwangtung. Hell, we've only a very small stake and no management responsibility. But we do have involvement with a lot of other factories and any tightening of fire and factory regulations will affect our investments."

"You don't need Xavier around to spell out those facts of life, do you? His presence isn't going to alter anything."

"Of course, not. But he has a unique way of calming nerves. Across the border, I mean."

"Well, I don't know when he's due back. Can't possibly keep up with his movements."

"Damn! Trying to reach him's a devil of a job. There's apparently no phone, no telex, no nothing in that monastery. No sense of urgency either. Thing's have popped up and I need instructions fairly smartly."

"Have you tried a cleft stick?" Lucille said, smiling innocently.

"What?"

"That was what Sir Reginald suggested."

“That old windbag! Thank God he’s heading for retirement. Has he been trying to reach Xavier too?”

“Yes. I believe it’s some ExCo business.”

“Did the old bird find him?”

“No.”

“Damn! I’m quite stuck now. The comrades in Canton seem to be backpedalling over the organ transplant institute. They don’t always play by our rules, you know. I need to know how to respond. Well, I suppose a few years from now we’ll all be playing by their rules, so we might as well get used to them.”

A slender Chinese secretary entered the room with two cups of tea. She set them down on a small table between the two chairs.

“Thank you,” Knight said. “No calls please.”

The girl nodded, smiled at Lucille and left the room.

“Now, where were we?” Knight said, appearing distracted for a moment. “Ah, yes. Sorry I’ve been going on about my worries when you’ve come for legal advice. Shoot.”

“Well, there are two or three things I’m confused about which I would like to get straight. First of all, you drew up my mother-in-law’s will and trust deeds. There’s a provision about donating the mansion and its contents to the city as a museum when my son reaches the age of twenty-five. Is it possible to make that donation earlier?”

“Earlier? Why would you want to do that? The mansion’s a fine old place. Must be super to live in. Why give it up before you need to? Is that what Xavier wants?”

Lucille smiled innocently again. “I haven’t discussed the matter with him yet. But Gold Star Construction has just completed a block of luxury flats at Pokfulam. The penthouse is gorgeous. With my mother-in-law gone and my son at university, the mansion’s too big, particularly when Xavier’s away half the time. Too expensive to run too. The penthouse will be more convenient for where my son’s studying.”

“I see what you mean. Pity just the same, such a fine old place. Things are never quite as simple as they may appear. You’ll have to go to court. Variation of trust and all that sort of thing. Besides, you’ll have to get the government to accept the gift before the appointed time. As I recall, Xavier cleared the original bequest on the basis he would personally guarantee its running costs for the first five years, in case of a shortfall in trust income. If government takes over the facility earlier, I imagine it will require a similar guarantee.”

“Good gracious! Have things got to be so complicated, even when one is trying to give away a fortune?”

“Afraid so. Otherwise how can we poor solicitors earn an honest meal?”

“My heart bleeds for you. Is this variation of trust the kind of stuff you normally handle?”

“Yes, if someone gives me a retainer to do so. However, speaking as a friend, can’t this wait till Xavier’s back? If he likes the idea he can talk to the government about bringing forward the handover date more easily than I can.”

“I thought you told me once solicitors do not have friends, only clients or opponents.”

Christopher Knight gave an easy laugh and laced his stubby fingers over his comfortable paunch. “Has to be an exception to everything. Since I’m not charging my hourly rate for this interview, I can only regard you as a friend.”

“Thanks,” Lucille said, with a supercilious arching of her eyebrow. “I suppose it does make sense to wait till Xavier’s back. But what about my position as trustee? The trusts control a large chunk of Gold Star shares. Shouldn’t I be sitting on the board to look after the assets?”

“Whoa! Whoa! You’re now talking about playing with the big boys. Have you discussed this with Xavier? I’m not sure I’m the right chap to advise you. My position’s a bit tricky. Possible conflict of interest, you know.”

“Chris, for heaven’s sake stop talking like a lawyer and start explaining things to me as a friend. I don’t know the first thing about Gold Star except that it produces a lot of money.”

“All right. Let’s start with basics. Rand and Knight is not directly involved with the Main Board of Gold Star. We’ve only been retained by nineteen subsidiaries in the group, mainly those involved in venture capital projects. A few of them are also publicly listed companies in their own right. Now and then we handle bits of private work for the Chu family. Got that?”

“Now, Gold Star is essentially a holding company, with its own set of legal advisers. Its shares feature as one of the components in the Hang Seng Index. So everything it does attracts a lot of attention. It has under its umbrella more than a hundred subsidiaries. They also have their own sets of legal advisers. So has Xavier in his personal capacity. Your husband is a firm believer in divide and rule. As Chief Executive he has never allowed anyone to know more than he deems prudent or necessary. Talk in the coffee shops says even his Deputy feels left out. You’re following all this?”

“After a fashion.”

“Good. Now, control over most subsidiaries flows essentially from a commanding stake in the main corporation. Xavier has absolute control because he and his late mother together owned more than fifty-one percent of Gold Star. Old Mrs. Chu never took any interest in the business and left it to Xavier to exercise her voting rights. But now you’re the trustee and your question about a seat on the Main Board suggests you’re thinking of voting separately from Xavier.”

“I wasn’t thinking of voting for or against anything. I just wanted my responsibilities as trustee clarified. I had no idea Gold Star is supporting the entire Hong Kong legal profession!”

Christopher Knight smiled unctuously, unlaced his fingers and rubbed his palms together as if they itched. “Come on, Lucille, don’t forget we’re friends. Something’s going on. When the wife of the Chairman of a corporation like Gold Star starts asking about a seat on the Main Board, something’s afoot. As Mrs. Xavier Chu you may never be in want, come hell or high

water. But most people are not so fortunate. They have to rely on friends to pass them a good tip once in a while.”

Lucille was taken aback. “I don’t know of anything going on! I’m just trying to find out my legal responsibilities as a trustee.”

Knight leaned forward and lowered his voice. “That won’t wash, Lucille. There have been sharp fluctuations in the price of Gold Star shares over the last couple of days. Again this morning. No doubt part of that is due to the factory fire and talk of Xavier possibly missing the signing ceremony. Then you come in here fluttering your innocent eyes and asking about a seat on the Main Board. I’ve been around this place long enough to pick up the scent when something’s cooking.”

“Chris, you’re completely mistaken,” Lucille said. Her mind raced. She had wanted an indication of how best to protect Serenity’s legacy. But, in approaching Chris for legal advice, she had found herself credited with information about price fluctuations she knew nothing about. What a corporate minefield she had stepped into! She wanted to leave. But she was afraid an abrupt departure might confirm Chris’s speculations and lead to more rumours and market volatility.

“Come on, Lucille, you can tell me what’s going on. Xavier’s not going to miss something as big as the signing ceremony unless he’s onto something even bigger. I’m your friend. You can tell me about it. Whatever’s afoot must affect the value of Gold Star shares. It can’t do any harm to take me into your confidence before plans become public, especially now when there’s a dip because of the factory fire.”

“Isn’t that privileged information? I thought it was improper to use insider information.”

“But not illegal. At least, not yet.”

Lucille saw a rapacious glint in Christopher Knight’s eyes. It occurred to her suddenly that the rumour mill could be exploited to support the price of Gold Star shares. Circumstances had left her -- for the moment at least -- stranded in an unfriendly world and she had to come to terms with it. She saw her primary duty as protecting Serenity’s legacy and, indirectly, protecting Ah Yuen’s future as well.

So she said: “Well, Chris, if you promise to keep this absolutely to yourself, Xavier did mention an American conglomerate offering a huge premium to buy into Gold Star. Or at least into a number of its operations. I don’t know the details. With Xavier away I’m not sure what the current state of play is. Do the movements in share prices imply there has already been a leak?”

“Can you see now, Lucille, why it’s important to have friends? They can scratch you in places you cannot otherwise reach. Gold Star shares will rocket once the news is out! You want me to deal for you on the q.t.?”

“No, thanks. My only concern is stability in income for the charitable trusts I’m responsible for.”

“Well, it’s money for jam.”

“Don’t go wild, Chris. I don’t have the details. Don’t go hocking Phoebe’s jewellery on this,” Lucille said with a smile, as she stood up to leave.

Christopher Knight grinned. “Incidentally,” he said, “you’re entitled to a seat on the Main Board. That’s a bit of free legal advice. From a friend.”

As Lucille left the building, her legs felt weak. What had she done? Had she already learnt the first lesson in survival in the commercial jungles of Hong Kong?