

**MR TONG NAI KAN:
GHOSTS OF THE PAST HAVE COME TO HAUNT THIS BUSINESSMAN**

The Chairman and Chief Executive Officer of New Smart Energy Group Ltd () (Code: 91, Main Board, The Stock Exchange of Hongkong Ltd) has been sued for a little less than \$HK18 million.

He is Mr Tong Nai Kan () who, in addition to being the Chairman of New Smart Energy, is, also, an Executive Director of Harmonic Strait Financial Holdings Ltd () (Code: 33, Main Board, The Stock Exchange of Hongkong Ltd).

But the latest attack on this once, high-flying businessman may turn out to be small beer at the end of the day, compared to his confirmed, numerous other problems.

A Mr Lee Hung Shing () is the latest of Mr Tong Nai Kan's problems because he has lodged an Action in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming as the two Defendants:

Market Speed Ltd
Mr Tong Nai Kan

First Defendant
Second Defendant

The database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, indicates that the First Defendant, which is domiciled in the **British Virgin Islands (BVI)**, is wholly owned by the Second Defendant.

The Statement of Claim, attached to Writ of Summons, Number 841 of 2013, alleges that Mr Tong Nai Kan was a Guarantor of a \$HK20-million Loan, granted to the First Defendant by the Plaintiff. A purported Loan Agreement in this regard was, supposedly, signed on June 15, 2011.

The Loan was supposed to have been for a period of three months at an agreed interest rate of 3.30 percent per month, it is alleged at Paragraph One of the Statement of Claim.

Paragraph Four of the Statement of Claim alleges that '*a Convertible Bond issued by Harmonic Strait Financial Holdings Limited (formerly known as Rainbow Brothers Holdings Limited) (Stock Code:33) ("the Company") numbered 167 in the principal amount of HK\$100,000,000.00 which can be converted into 80,000,000 ordinary shares of the Company ("Convertible Bond")*' was part of the securities for the Loan and that the Convertible Bond had been delivered to the Plaintiff's solicitors by the First Defendant and/or the Second Defendant.

Taking up the Statement of Claim from Paragraph 5:

- '5. *Wrongfully and in breach of the Loan Agreement, the 1st Defendant has failed and/or refused to pay the loan or any part thereof on 15th September 2011.*
- '6. *On or about 4th November 2011, the Plaintiff in exercising his right to utilize the security of a*

post-dated cheque issued by 1st Defendant in repayment of the Loan for the sum of HK\$20,000,000.00 banked in the said cheque for such repayment and the said cheque was dishonoured upon presentation and the 1st Defendant and/or 2nd Defendant had been notified of such dishonor.

- ‘7. As a result that the 1st Defendant failed to pay the Loan and any part thereof on 15th September 2011, the Plaintiff demanded of the 2nd Defendant payment of the Loan pursuant to the terms of the Guarantee. Neither the 1st Defendant nor the 2nd Defendant has paid the Plaintiff the Loan or any part thereof.*
- ‘8. By subsequent oral agreement between the Plaintiff and the 2nd Defendant, the 2nd Defendant agreed that the 1st Defendant shall continue to pay interest at the rate specified in the Loan Agreement i.e. HK\$660,000.00 per month to the Plaintiff until full payment of the Loan. Any default of payment of interest by the 1st Defendant shall render the Loan and any outstanding due to the Plaintiff forthwith. The other terms of the Loan and the Guarantee shall continue to have full force and effect.*
- ‘9. Wrongful and in breach of the said oral agreement, the 1st Defendant failed to pay any agreed interest or any part thereof at the sum of HK\$660,000.00 from December 2012 onwards.*
- ‘10. The 2nd Defendant delivered a cheque issued by the 1st Defendant dated 8th February 2013 to the Plaintiff for the sum of HK\$1,320,000.00 in purported payment of the outstanding interest on the Loan for December 2012 and January 2013. On or about 8th February 2013, the Plaintiff banked in the said cheque for such repayment and the said cheque was dishonoured upon presentation and the 1st Defendant and/or the 2nd Defendant had been notified of such dishonor.*
- ‘11. On or about 20th March 2013, the Plaintiff in exercising his right to utilize the security of the Convertible Bond in purported repayment of the Loan and interests thereon had the Convertible Bond converted into 80,000,000 ordinary share of the Company by the issuance of a Share Certificate of the Company with certificate number 004568 of 80,000,000 ordinary shares in favour of the Plaintiff.*
- ‘12. The Plaintiff ... [CLICK TO ORDER FULL ARTICLE](#)*

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