

**KITH HOLDINGS LTD:
IS THIS THE FINAL CHAPTER OF THIS STORY ?**

Kith Holdings Ltd () (Code: 1201, Main Board, The Stock Exchange of Hongkong Ltd) has been accused of failing to honour its financial commitments to one of its creditors.

In Action Number 433 of 2014, filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), China Rise Finance Company Ltd (), the Plaintiff to the Action, has sued the following parties:

Ever Honest Industries Ltd ()	First Defendant
Mr Hui King Chun ()	Second Defendant

The First Defendant is a wholly owned subsidiary of Kith Holdings Ltd. The Second Defendant is the Chairman of Kith Holdings Ltd.

The Statement of Claim, attached to Writ of Summons, Number 433, alleges, at Paragraph Two, that there exists a purported written Agreement, dated March 18, 2012, *'entered into between the Plaintiff, as the Lender, and Kith Holdings, as the Borrower'* whereby it was agreed that a loan facility up to \$HK40 million would be provided by the Plaintiff.

This purported loan Agreement is alleged to state that the loan was due to expire on the ninth month from the date of the agreement, namely December 18, 2012.

This *'First Loan Agreement'* is said to have contained, among other things, that the annual interest rate would be eight percent and that interest shall accrue on a daily basis and shall be paid in arrears.

The First Repayment Date was said to have been three months from date of the First Loan Agreement or any later date to be agreed by the parties in writing.

In the event of a default by the Borrower (Kith Holdings), the interest shall be eight percent plus six percent per annum, aggregating to 14 percent.

The Plaintiff alleges that it did, in fact, advance \$HK40 million to Kith Holdings Ltd.

Paragraph Five of the Statement of Claim alleges that Kith Holdings found itself to be unable to repay the \$HK40-million loan on December 18, 2012 and, as a direct result, *'the Plaintiff, Kith Holdings and the 1st Defendant (as the Lender, the Borrower and the Guarantor respectively), entered into a second written agreement dated 18th December 2012 ("the Supplemental Loan Agreement") in which the parties agreed to extend the repayment date on the terms and conditions as stated therein'*.

The Supplemental Agreement contained, inter alia, the following terms:

1. The Final Repayment Date would be four months from the date of the Supplemental Agreement *'or any later date to be agreed by the parties in writing'*;
2. The First Repayment Date would be on the expiry of three months from the date of the Supplemental Loan Agreement *'or any later date to be agreed by the parties in writing'*;

3. The interest factor with regard to the Supplemental Agreement would be the same as The First Loan Agreement;
4. The Borrower '*shall repay ten million HK Dollars (HK\$10,000,000) together with all interest accrued thereon on The First Repayment Date and the balance of the Loan in full together with all interest accrued thereon on the Final Repayment Date.*'; and,
5. In the event of a default of the financial obligations under the Supplemental Loan Agreement, the interest rate would become 14 percent per annum.

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