

**SUNRISE (CHINA) TECHNOLOGY GROUP LTD:
ANOTHER WEEK; ANOTHER WRIT**

More Problems For The Chairman

For the second time, this month, and the fifth time, this year, [Sunrise \(China\) Technology Group Ltd \(\)](#) (Code: 8226, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd) has found itself in a situation that can only be described as being anomalous – if not extremely burdensome and/or resulting in legal obligations and entanglements by the publicly listed company.

The latest case in the continuing saga of Sunrise (China) is contained in Action Number 1416, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This is an Action, brought by the Plaintiff, Germinate Investments Ltd (), the two Defendants, being:

Zhongyu Group Holdings Ltd ()¹

First Defendant

Shan Xiao Chang ()²

Second Defendant

1. The First Defendant, a company, domiciled in the British Virgin Islands, owns 53.28 percent of the Issued and Fully Paid-Up Share Capital of Sunrise (China), according to the Statement of Claim, attached to Writ of Summons, Number 1416.
2. The Second Defendant is the Executive Chairman and Chief Executive Officer of Sunrise (China).

In brief, the Plaintiff is claiming from the Two Defendants:

- (a) 29 percent of the Issued and Fully Paid-Up Share Capital of Sunrise (China);
- (b) Damages in lieu of or in addition to specific performance;
- (c) Repayment of \$HK50 million;
- (d) Further or alternatively, damages for breach of contract;
- (e) Interest on the sum of \$HK50 million;
- (f) Costs; and,
- (g) Further or other relief.

The Statement of Claim alleges that ‘*In around 2013, the Plaintiff intended to invest in the Listco (Sunrise [China]) and negotiated with the 1st and 2nd Defendants the terms upon which the Plaintiff would acquire 29% shareholding in the Listco (“the Intended Shareholding”).*

Paragraphs 5 to 12 of the Statement of Claim, then, alleges:

- ‘5. *On or about 1 August 2013, the Plaintiff and the 1st and 2nd Defendants entered into a “Deed of Undertaking and Guarantee” () in Chinese (“the Deed”) whereby the 1st and 2nd*

*Defendants agreed to carry out certain transactions (“**the Transactions**”) and the Plaintiff agreed to provide the 2nd Defendant with a fund of HK\$50,000,000 (“**The Fund**”) to finance the Transactions. The parties further agreed that the Plaintiff would acquire the Intended Shareholding at the price of not more than HK\$0.35 per share upon completion of the Transactions.*

‘6. The 1st and 2nd Defendants agreed to carry out the Transactions in the following manner within 14 days from the date when the Plaintiff provided the Fund and the 2nd Defendant received the Fund (Clause 2.1):

6.1 The 1st and 2nd Defendants should apply the Fund to fully repay a loan previously borrowed by the 1st Defendant from another company known as Metal Winner Limited, procure the release of the corresponding charge over the shares of the Listco held by the 1st Defendant, and then provide evidential documents for the said repayment and release of share charge to the Plaintiff (Clause 2.2).

*6.2 Upon completing Clause 2.2, the 1st Defendant should make use of the released Listco Shares to raise money in the sum of not less than HK\$50,000,000, and deposit HK\$50,000,000 into a bank account in Hong Kong to be jointly opened and managed by the representatives of the 1st Defendant and the Plaintiff (“**the Joint Account**”) (Clause 2.3).*

6.3 Upon completing Clause 2.3 ... [CLICK TO ORDER FULL ARTICLE](#)

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