

**SUNRISE (CHINA) TECHNOLOGY GROUP LTD:
CHAIRMAN SHAN XIAO CHANG HAS
ANOTHER PROBLEM TO SOLVE**

The Chairman of publicly listed Sunrise (China) Technology Group Ltd () (Code: 8226, The Growth Enterprise Market [The **GEM**] of The Stock Exchange of Hongkong Ltd) has been sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Mr [Shan Xiao Chang \(\)](#) is the Second Defendant in Action Number 2027 of 2014, recently lodged in the HKSAR High Court, the First Defendant, being Wealth Paramount International Ltd ().

The Plaintiff to this Action is ETC Finance Ltd () which describes itself, at Paragraph One of the Statement of Claim, attached to the Writ of Summons, as being an HKSAR-Registered company and being the holder of a Money Lenders Licence in accordance with Chapter 163 of the Laws of the HKSAR.

Wealth Paramount is said to be the '*the registered owner of the Property*', described at Paragraph Three as being:

Sun Shing Centre ();
Numbers 137-145, Kowloon City Road;
Numbers 96-110, Pau Chung Street; and,
Numbers 48-56, San Shan Road,
Kowloon.

Mr Shan Xiao Chang, according to Paragraph Six of the Statement of Claim, '*... executed a Deed of Guarantee on 11 March 2014 ("the Guarantee") in favour of the Plaintiff ...*' in consideration of the Plaintiff, agreeing to grant a loan to the First Defendant.

The Plaintiff alleges that it entered into a mortgage '*made between the 1st Defendant as Borrower ... and the Plaintiff as Lender ... in consideration of the Plaintiff agreeing to provide general loan facilities to the 1st Defendant ("the Facility")*', according to Paragraph Three of the Statement of Claim.

The principal sum of money, advanced to the First Defendant, was \$HK11.90 million, it is alleged at Paragraph 4.(a).

The interest rate on the principal sum was 11 percent per annum, it is alleged at Paragraph 10.

Paragraph eight through to Paragraph 12, under the heading of '**Default in Payment**', make the following allegations:

- '8. *Wrongfully and in breach of the Mortgage and the Facility Agreement, the 1st Defendant has since 11 June 2014 failed and/or refused and/or neglected to pay any interest or instalments in relation to the Loan pursuant to the Mortgage.*
- '9. *As the 1st Defendant has since the repayment on 11 June 2014 failed and/or refused and/or neglected to pay any interest or instalments in relation to the Loan pursuant to the Mortgage,*

under Clause 6 of the Mortgage, an Event of Default has occurred and all Secured Liabilities (as defined in the Mortgage) (if not then due or payable) shall become repayable immediately on demand, together with interest accrued thereon to the date of repayment in full. Further, pursuant to Clauses 1 and 2 of the Guarantee, the 2nd Defendant shall, on demand by the Plaintiff, pay all Secured Liabilities together with interest accrued thereon to the date of repayment in full payable by the 1st Defendant under the Mortgage to the Plaintiff.

‘10. By two letters dated 27th August 2014 addressed by the Plaintiff’s solicitors, Messrs. Fred Kan & Co., to the 1st Defendant and the 2nd Defendant respectively, the Plaintiff demanded from the 1st Defendant and the 2nd Defendant settlement of sums payable in relation to the Loan under the Mortgage. Particulars of the calculation of interest from 11 June 2014 to 26 August 2014 in relation to the Loan are set out in Annex I attached hereto.

a. Particulars of the indebtedness of the 1st Defendant and the 2nd Defendant in relation to the Loan under the Mortgage as at the date of the filing of the Writ of Summons (13 October 2014) are as follows:-

PARTICULARS OF THE LOAN

<i>(a) the date on which the Loan was made:</i>	<i>On or about 11 March 2014</i>
<i>(b) the amount actually lent to the Defendant:</i>	<i>HK\$11,900,000.00</i>
<i>(c) the rate per cent per annum of interest charged:</i>	<i>Fixed rate of 11.00% per annum</i>
<i>(d) the date when the contract for repayment was made:</i>	<i>5 February 2014</i>
<i>(e) the amount of principal repaid:</i>	<i>HK\$0.00</i>
<i>(f) the total principal due but unpaid as at the date of the Writ of Summons (13 October 2014):</i>	<i>HK\$11,900,000.00</i>
<i>(g) the date upon which such unpaid principal became due:</i>	<i>27 August 2014</i>
<i>(h) the amount of interest accrued due and unpaid on the principal sum of the Loan or the outstanding balance thereof as at 27 August 2014 (Outstanding interest as at 27 August 2014 ADD: Overdue interest as at 27 August 2014 = HK\$274,467.00 + HK\$2,032.11)</i>	<i>HK\$276,499.11</i>
<i>(i) The amount of interest accrued due and unpaid on the principal sum of the</i>	<i>HK\$448,641.58</i>

Loan or the outstanding balance thereof as at the date of the Writ of Summons (13 October 2014)
(The amount of interest accrued due and unpaid on the principal sum of the Loan or the outstanding balance thereof as at 27 August 2014

ADD: *The amount of interest accrued due and unpaid on the principal sum of the Loan or the outstanding balance thereof from 27 August 2014 to 13 October 2014*

$= \text{HK\$}276,499.11$
 $+ \text{HK\$}11,900,000 * 11\% * (5 + 30 + 13) / 365$
 $= \text{HK\$}276,499.11 + \text{HK\$}172,142.47$

- (j) *The total sum due and owing to the Plaintiff by the 1st defendant and the 2nd Defendant as at the date of the Writ of Summons (13 October 2014)*
(The outstanding principal as at the date of the Writ of Summons 13 October 2014)
ADD: *The amount of interest accrued due and unpaid on the principal sum of the Loan or the outstanding balance thereof as at the date of the Writ of Summons (13 October 2014)*
 $= \text{HK\$}11,900,000 + \text{HK\$}448,641.58$
- HK\\$12,348,641.58*

‘11. As at 13 October 2014, the total sum that is still due and owing to the Plaintiff by the 1st Defendant and the 2nd Defendant is HK\$12,348,641.58.

‘12. The 1st Defendant and the 2nd Defendant are also liable to pay the Plaintiff further daily interest on HK\$11,900,000.00 at the rate of HK\$3,586.30 from 14 October 2014 (date after writ of summons) until judgment i.e. at the interest rate of 11.00% per annum and thereafter at the judgment rate on the judgment sum until payment in full.’

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