

**FIRST CREDIT FINANCE GROUP LTD:  
THE CHIEF EXECUTIVE WANTS THE RETURN OF HIS SHARES**

The Chief Executive Officer of First Credit Finance Group Ltd () (Code: 8215, The Growth Enterprise Market [the **GEM**] of The Stock Exchange of Hongkong Ltd) has filed an Action in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), seeking, inter alia, restitution of his rights in respect of 3.68 percent of the Issued and Fully Paid-Up Share Capital of National Arts Entertainment and Culture Group Ltd () (Code: 8228, the **GEM**).

In HKSAR Action, Number 548 of 2017, the Plaintiff, Mr Tsang Yan Kwong (), has sued 360 HK Ltd, the lone Defendant, a company that was incorporated in the HKSAR on December 11, 2015.

In the Endorsement of Claim, attached to the Writ of Summons, it is alleged that a purported '*Loan Agreement*', dated January 26, 2017, was entered into between the Plaintiff and the Defendant, with China Times Securities Ltd (), acting as a custodian for and on behalf of the Defendant.

The Loan Agreement was in the amount of \$US1.60 million (about \$HK12.40 million) and the term of the loan was for two years.

The Plaintiff pledged to the Defendant 147.28 million shares in the Issued and Fully Paid-Up Share Capital of National Arts Entertainment as collateral for the loan, that tranche of shares, held by China Times '*which exercised control over the Pledged Shares as custodian for the Defendant.*'

At today's share price of National Arts Entertainment, this tranche of shares has a market value of about \$HK22.09 million.

This amount of money is about 78.15 percent greater than the Loan amount of about \$HK12.40 million.

At Paragraph Two of the Endorsement of Claim, it is alleged that, '*in breach of the terms of the Loan Agreement, the Defendant caused China Times to transfer and/or sell a substantial proportion of the Pledged Shares, such proportion and the identity of the purchasers being as yet unknown to the Plaintiff.*'

Taking up the Endorsement of Claim from Paragraph Three, it is alleged:

- '3. *The Plaintiff sought to repay all outstanding indebtedness under the Loan Agreement (plus all accrued interest and costs) and redeem the Pledged Shares. The Defendant wrongfully refused the Plaintiff's repayment of the Loan Agreement and redemption on inter alia the ground that the Loan Agreement only provided for early termination one year after the date of the execution of the same (the "**Termination Clause**").*
- '4. *The Termination Clause is void and/or unenforceable as it is in contravention of section 21 of the Money Lenders Ordinance (Cap. 163).*
- '5. *Further or alternatively, the Loan Agreement and the Loan were illegal and therefore void and/or unenforceable by reason that the Defendant is a money lender operating without a license.*
- '6. *In any event, the Plaintiff is entitled to redeem the Pledged Share at any time*

*notwithstanding any clauses in the Loan Agreement.*

***‘AND THE PLAINTIFF CLAIMS:***

*‘(1) A declaration that the Loan Agreement and the Loan were illegal and therefore void and/or unenforceable, and that the Loan is irrecoverable, and an order that the Defendant do transfer forthwith the Pledged Shares to the Plaintiff or such person or entity as the Plaintiff shall direct.*

*‘(2) Alternative to (1) above:*

*(a) a declaration that the Termination Clause is void and/or unenforceable; and that the Plaintiff is entitled to discharge forthwith the Loan by repayment of any outstanding sums (including interest) due to the Defendant under the Loan Agreement.*

*(b) An order that upon the discharge and repayment of the Loan, the Defendant do transfer forthwith the Pledged Shares to the Plaintiff or such person or entity as the Plaintiff shall direct.*

*‘(3) Alternative to (2) above, the declaration that the Plaintiff is entitled to enforce forthwith its equity of redemption in the Pledged Shares by repayment of any outstanding sums (including interest) due to the Defendant under the Loan Agreement.*

*‘(4) A declaration that the sale proceeds of the Pledged Shares (to the extent the Pledged Shares have been sold) be held on constructive trust by the Defendant, its agents and/or nominees (as the case may be) for the Plaintiff.*

*‘(5) Damages for breach of the Loan Agreement.*

*‘(6) Costs.*

*‘(7) Interest.*

*‘(8) Further and/or other relief.’*

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