

**CENERIC (HOLDINGS) LTD:
ON THE WARPATH, HOPING TO COLLECT
AN ALLEGED DEBT OF ABOUT \$HK70 MILLION**

A wholly owned subsidiary of Ceneric (Holdings) Ltd ([]) (Code: 542, Main Board, The Stock Exchange of Hongkong Ltd) has issued legal proceedings in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), claiming 61,315,466.70 renminbi (about \$HK68.98 million) from Regal Honor Group Ltd (), a company, incorporated in The British Virgin Islands (BVI).

In HKSAR, High Court Action, Number 601 of 2017, Born King Investment Holdings Ltd (), the subsidiary of Ceneric (Holdings) Ltd, alleges that *'On or around 1 December 2014', Born King and Regal Honor entered into a contract whereby 'the Plaintiff granted to the Defendant the rights to operate and manage (the "Operating Rights") (the "Hotel") between 1 December 2014 and 8 June 2026, both days inclusive.'* (Paragraph Three of the Endorsement of Claim, attached to Writ of Summons, Number 601)

Taking up the Endorsement of Claim, from Paragraph Four, it is alleged by the Plaintiff:

- '4. Paragraph 5(1) of the Contract provided that the Plaintiff shall receive from the Defendant (i) one-off non-refundable Operating Rights Fees (ii) Monthly Basic Operating Rights Fees (iii) Share of Total Operating Revenue, for the granting of the Operating Rights of the Hotel to the Defendant.*
- '5. Paragraph 5(3)(i) of the Contract provided that from 1 December 2014, the Defendant shall pay to the Plaintiff the Monthly Basic Operating Rights Fees calculated as follows:*
 - (a) From 1 December 2014 to 8 June 2018: RMB5,420,000 x 73%*
 - (b) From 9 June 2018 to 8 June 2026: RMB 5,420,000 x 95%*
- '6. Paragraph 5(3)(ii) of the Contract provided that from 1 December 2014, the Defendant shall pay to the Plaintiff the 10% Share of Total Operating Revenue of the Hotel calculated as follows:*
 - (a) From 1 December 2014 to 8 June 2018: Total Operating Revenue of the Hotel x 10% x 73%*
 - (b) From 9 June 2018 to 8 June 2026: Total Operating Revenue of the Hotel x 10% x 95%*
- '7. In breach of paragraphs 5(1), 5(3)(i) and 5(3)(ii) of the Contract, the Defendant failed to and/or refused to pay to the Plaintiff Monthly Basic Operating Rights Fees and/or 10% Share of Total Operating Revenue since January 2016.*
- '8. Despite repeated requests and demand from the Plaintiff, the Defendant failed to settle the sum of RMB 61,315,466.70 due and owing to the Plaintiff.*
- '9. On 1 March 2017, the Defendant served a written Notice of Termination to the Plaintiff to terminate the Contract.*

‘10. By reason of breach of the Contract by the Defendant, the Plaintiff has suffered loss and damages and therefore is entitled to and does claim against the Defendant for loss and damages of RMB 61,315,466.70 being monies due and owing by the Defendant to the Plaintiff pursuant to the said Contract.

‘11. The Plaintiff hereby claims from the Defendant the followings:

- (a) The said sum of RMB 61,315,466.70 (or equivalent sum in HKD currency) or such sum (or equivalent sum in HKD currency) as this Honorable Court may award;*
- (b) Interest;*
- (c) Further or other relief; and*
- (d) Costs of this action.’*

Ceneric (Holdings) Ltd Explains

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