

# **TARGET**

## **Intelligence Report**

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**VOLUME XXI No. 105**

**T U E S D A Y**

**May 21, 2019**

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**CHINA SAITE GROUP COMPANY LTD:  
HAS MANAGEMENT BEEN CAUGHT SHORT,  
LACKING AN ‘UMBRELLA’ OR A WATER CLOSET ?**

As the ancient proverb goes, when it rains, it pours.

The origin of this proverb is unknown, but its meaning stands in good stead, today, especially for Mr Jiang Jian Qiang (), the Chairman of China Saite Group Company Ltd () (Code: 153, Main Board, The Stock Exchange of Hongkong Ltd).

On April 16, 2019, China Saite Group Company Ltd was sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) by a businessman, said to reside in Beijing, the Capital City of the PRC.

The name of this businessman was given in Writ of Summons, Number 665 of 2019, as (Transliteration: Mr Xie Yong).

Mr Xie Yong is seeking from the Defendant – China Saite Group Company Ltd – the sum of \$HK32,035,000.00, plus interest, costs and further and/or other relief.

The Statement of Claim, attached to the Writ of Summons, follows a trail of purported dealings that the Plaintiff had had with the Defendant, going back to December 6, 2017.

But, by November 15, 2018, the former congenial relationship between the Plaintiff and the Defendant started to be strained, it seems only too obvious, leading to the Plaintiff, becoming more than a little litigious and, as such, being forced to turn to an Officer of the HKSAR High Court in order to obtain justice and recompense.

The following is a verbatim transcript of the Statement of Claim, attached to Writ of Summons, Number 665 of 2019, from Paragraphs Three through to 18:

- ‘3. *By way of a Subscription Agreement dated 6<sup>th</sup> December 2017 (“the 1<sup>st</sup> Subscription Agreement”), the Plaintiff subscribed a debenture issued by the Defendant in the sum of HK\$36,000,000.00 (“the 1<sup>st</sup> Debenture”).*
- ‘4. *In pursuance of the 1<sup>st</sup> Subscription Agreement, the Plaintiff duly paid a total sum of HK\$36,000,000.00 for the purpose of subscribing the 1<sup>st</sup> Debenture. A certificate evidencing the 1<sup>st</sup> Debenture was issued on 6<sup>th</sup> December 2017 by the Defendant to the Plaintiff bearing Certificate No. CSG 151.*
- ‘5. *The maturity date of the 1<sup>st</sup> Debenture was 6<sup>th</sup> March 2018. The Defendant had fully repaid to the Plaintiff the principle of HK\$36,000,000 and interest pursuant to the terms of the 1<sup>st</sup> Subscription Agreement and the 1<sup>st</sup> Debenture.*
- ‘6. *By way of a Subscription Agreement dated 4<sup>th</sup> May 2018 (“the 2<sup>nd</sup> Subscription Agreement”), the Plaintiff subscribed a debenture issued by the Defendant in the sum of HK\$37,000,000.00 (“the 2<sup>nd</sup> Debenture”).*
- ‘7. *In pursuance of the 2<sup>nd</sup> Subscription Agreement, the Plaintiff duly paid a total sum of HK\$37,000,000.00 for the purpose of subscribing the 2<sup>nd</sup> Debenture. A certificate evidencing the 2<sup>nd</sup> Debenture was issued on 4<sup>th</sup> May 2018 by the Defendant to the Plaintiff bearing Certificate No. CSG 230.*
- ‘8. *The maturity date of the 2<sup>nd</sup> Debenture was 4<sup>th</sup> August 2018. The Defendant had fully repaid to the Plaintiff the principle of HK\$37,000,000.00 and interest pursuant to the terms of the 2<sup>nd</sup> Subscription Agreement and the 2<sup>nd</sup> Debenture.*

***‘The 3<sup>rd</sup> Subscription Agreement and the 3<sup>rd</sup> Debenture***

- ‘9. *By way of another Subscription Agreement dated 15<sup>th</sup> August 2018 (“the 3<sup>rd</sup> Subscription Agreement”) duly executed by the parties, the Plaintiff subscribed another debenture issued by the Defendant in the sum of HK\$35,000,000.00 (“the 3<sup>rd</sup> Debenture”, which was also duly executed by the parties.)*
- ‘10. *Apart from the dates and amount of principle involved, the terms in the 3<sup>rd</sup> Subscription Agreement and the 3<sup>rd</sup> Debenture are identical to those in the 1<sup>st</sup> and 2<sup>nd</sup> Subscription Agreements and the 1<sup>st</sup> Debenture and 2<sup>nd</sup> Debenture.*

- ‘11. In pursuance of the 3<sup>rd</sup> Subscription Agreement, the Plaintiff duly paid a total sum of RMB30,702,000.00 (equivalent to HK\$35,000,000.00 at the then exchange rate of 87.72) into a bank account designated by the Defendant at , Account Number: 019801460004051, of an affiliated company of the Defendant in China, (Jiangsu Saite Steel Structure Company Ltd). A certificate dated 15<sup>th</sup> August 2018 evidencing the 3<sup>rd</sup> Debenture was issued by the Defendant to the Plaintiff bearing Certificate No. CSG 284.
- ‘12. Pursuant to Schedule 1 of the 3<sup>rd</sup> Subscription Agreement and the maturity date on the 3<sup>rd</sup> Debenture, the repayment of the principal of HK\$35,000,000.00 and 0.1% interest were due and payable to the Plaintiff on 15<sup>th</sup> November 2018.
- ‘13. The Plaintiff will refer to the 3<sup>rd</sup> Subscription Agreement, the Schedules attached therewith, and the 3<sup>rd</sup> Debenture for its full terms and effects for the purpose of trial of these proceedings.
- ‘14. In breach of the terms of the 3<sup>rd</sup> Subscription Agreement and the 3<sup>rd</sup> Debenture, the Defendant had failed to repay in full the principal and interest thereunder, whether on 15<sup>th</sup> November 2018 or otherwise.
- ‘15. Despite repeated demands by the Plaintiff and repeated reassurances and undertakings given by the Defendant since 15<sup>th</sup> November 2018, the Defendant has, as of the date of this Writ, repaid only the Plaintiff a sum of about HK\$3,000,000.00 on or about 7<sup>th</sup> January 2019.

**‘Particulars of reassurances and undertakings given**

- ‘(1) An undertaking by the Defendant to repay a sum of HK\$3,000,000.00 on or before 31<sup>st</sup> December 2018 (which HK\$3,000,000.00 was not repaid until 7<sup>th</sup> January 2019).
- ‘(2) An undertaking by the Defendant to repay another sum of HK\$16,000,000.00 on 15<sup>th</sup> March 2019, to which the Defendant failed to honour.
- ‘(3) An undertaking by the Defendant to repay another sum of HK\$16,000,000.00 plus all interest payable on 15<sup>th</sup> April 2019, to which the Defendant again failed to honour.
- ‘16. By letter dated 21<sup>st</sup> March 2019, the Plaintiff, through his solicitors Messrs. Hoosenally & Neo issued a letter to the Defendant demanding the immediate repayment of the entire principal and interest (after deducting the HK\$3,000,000.00 paid by the Defendant. Despite the said letter, no reply from the Defendant had ever been received by the Plaintiff.
- ‘17. For the reasons aforesaid, the Plaintiff has suffered loss and damage.

**‘Particulars**

- ‘The outstanding balance owed by the Defendant under the 3<sup>rd</sup> Subscription Agreement and the 3<sup>rd</sup> Debenture in the sum of HK\$35,035,000.00 being the total principal and interest as of the maturity date of 15<sup>th</sup> November 2018 less the part-payment of HK\$3,000,000.00
- ‘18. The Plaintiff is further entitled to interest on said sum of HK\$32,035,000.00 at such

*rate and for such period until judgment as this Honourable Court shall deem just and thereafter at the judgment rate until payment to sections 48 and 49 of the High Court Ordinance, Cap. 4.'*

As at today's date, Management ... [CLICK TO ORDER FULL ARTICLE](#)

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