

# TARGET

## Intelligence Report

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T U E S D A Y

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**KK CULTURE HOLDINGS LTD:  
THE FORMER CHAIRMAN APPEARS  
TO BE IN SOMEWHAT OF A PICKLE**

Mr Chen Jia Rong (), (also known as Chen Jia Rong (), formerly the Chairman of KK Culture Holdings Ltd (KK) (Code: 550, Main Board, The Stock Exchange of Hongkong Ltd), has been sued, once again, in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This is the third time, this year, that this entrepreneur has become a defendant in an Action, lodged in the HKSAR High Court.

Hansom Finance Ltd (), the Plaintiff in HKSAR, High Court Action, Number 858 of 2019, is seeking the aggregate amount of \$HK45,696,987.84 from Mr Chen Jia Rong in respect of money due and owing.

According to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, Hansom Finance Ltd is a wholly owned subsidiary of Freeman FinTech Corporation Ltd () (Code: 279, Main Board, The Stock Exchange of Hongkong Ltd).

In the Statement of Claim, attached to Writ of Summons, Number 858 of 2019, on April 19 and 20, 2018, Hansom Finance Ltd entered into two loan facilities with Mr Chen Jia Rong, labelled the '*1<sup>st</sup> Agreement*' and the '*2<sup>nd</sup> Agreement*', respectively.

The April 19, 2018 loan facility was in respect of \$HK15 million and the April 20, 2018 loan facility was in respect of \$HK40 million.

The loan facilities were alleged to have been for the six-month period, ending October 18, 2018, and October 19, 2018, respectively.

With regard to both loan facilities, the interest rate was allegedly agreed at 1.50 percent per month, according to the Statement of Claim.

At Paragraph Six of the Statement of Claim, it was alleged that, with the exception of the clauses, pertaining to the total credit limit of the 2<sup>nd</sup> Facility and the 2<sup>nd</sup> Final Repayment Date, *‘the material terms and conditions of the 2<sup>nd</sup> Agreement are exactly identical to the 1<sup>st</sup> Agreement.’*

Taking up the Statement of Claim from Paragraph Eight, under the subheading, ***‘Event of Default’***, the Plaintiff makes the following allegations:

**‘Event of Default’**

- ‘8. Pursuant to the 1<sup>st</sup> Agreement, the Defendant issued a Notice of Drawing to the Plaintiff dated 19 April 2018 whereby the Defendant requested to draw HK\$15,000,000 (“**1<sup>st</sup> Loan**”) to the order of the Defendant’s Bank of East Asia account no. 015-248-88-05332-8 (“**Defendant’s Bank Account**”). On the same date (i.e. 19 April 2018), the Plaintiff duly transferred the sum of HK\$15,000,000 to the Defendant’s Bank Account.
- ‘9. Pursuant to the 2<sup>nd</sup> Agreement, the Defendant issued a 2<sup>nd</sup> Notice of Drawing to the Plaintiff dated 20 April 2018 whereby the Defendant requested to draw HK\$40,000,000 (“**2<sup>nd</sup> Loan**”) to the order of the Defendant’s Bank Account. On the same date (i.e. 20 April 2018), the Plaintiff duly transferred the sum of HK\$40,000,000 to the Defendant’s Bank Account.
- ‘10. The Defendant failed to pay or cause to be paid to the Plaintiff all or any part of the 1<sup>st</sup> Loan together with interest by 11:00 a.m. on 18 October 2018, the last time and date that the Defendant could make payment under the 1<sup>st</sup> Agreement.
- ‘11. The Defendant also failed to pay or cause to be paid to the Plaintiff all or any part of the 2<sup>nd</sup> Loan together with interest by 11:00 a.m. on 19 October 2018, the last time and date that the Defendant could make payment under the 2<sup>nd</sup> Agreement.
- ‘12. By reason of the matters aforesaid, the Plaintiff avers that an Event of Default had occurred under Clause 10.1(a) of the 1<sup>st</sup> Agreement and 2<sup>nd</sup> Agreement on 18 October 2018 and 19 October 2018 respectively.

**‘Deed of Settlement’**

- ‘13. On 28 November 2018, the Plaintiff and the Defendant entered into a Deed of Settlement (**“Deed of Settlement”**) by which, inter alia, the Defendant admitted that he was in breach of the 1<sup>st</sup> Agreement and 2<sup>nd</sup> Agreement and agreed to pay a total sum of HK\$61,030,000 (**“Settlement Payment”**) together with interest at 18% per annum (**“Settlement Interest Rate”**) in full and final settlement of all the disputes between the parties arising out of the 1<sup>st</sup> Agreement and 2<sup>nd</sup> Agreement.
- ‘14. Under Clauses 3.1 and 3.4 of the Deed of Settlement, the parties agreed that the Defendant would pay the Settlement Payment to the Plaintiff by way of wire transfer in immediately available funds from a bank account in the Defendant’s name to the Plaintiff’s designated bank account by 7 instalments from 5 December 2018 to 15 March 2019.
- ‘15. Under Clause 3.3 of the Deed of Settlement, it was further agreed should the Defendant “fail to pay any sum falling due under clause 3.1 in full and on time, the [Plaintiff] shall be free to commence proceedings to recover all sums due under the Loan Agreement (including but not limited to the Outstanding Principal and Outstanding Interests)”.
- ‘16. The Plaintiff ... [CLICK TO ORDER FULL ARTICLE](#)

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