

TARGET

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LERTHAI GROUP LTD:

HAS THE COMPANY BITTEN OFF MORE THAN IT CAN CHEW ?

It appears, on the face of it, that Lerthai Group Ltd is having more than a wee spot of bother.

On Friday, September 6, 2019, Lerthai Group Ltd () (Code: 112, Main Board, The Stock Exchange of Hongkong Ltd) informed its shareholders of the following:

‘ANNOUNCEMENT IN RESPECT OF A WRIT OF SUMMONS

*‘This announcement is made by the board of directors (the “**Board**”) of Lerthai Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).*

*‘The Board wishes to inform the Shareholders and potential investors of the Company that a writ of summons dated 6 September 2019 under action number HCA (**H**igh **C**ourt **A**ction) 1660 of 2019 was issued in the Court of First Instance of the High Court of The Hong Kong Special Administrative Region by a bank (“**Bank**”) against (i) LT Commercial Limited (), a directly wholly-owned subsidiary of the Company as borrower of bank loans in the sum of HK\$1.5 billion (the “**Loans**”); and (ii) the Company and Mr. Yang Longfei () (the chairman and an executive director of the Company), both as*

guarantors of the Loans. The writ claimed for, among other things, payment of the Loans and the interest in the aggregate amount of approximately HK\$1.54 billion and all other costs and expenses in relation to the default of the Loans.

‘The Loans were secured by the Group’s commercial properties located in the PRC as collateral (the “Collaterals”). The Company is now actively handling the legal proceeding and claim and discussing with the Bank to explore the different feasible means to repay the Loan, including the feasibility of partial disposal of such Collaterals by way of public auctions for settlement.

‘The Company has been actively negotiating with the Bank to devise and implement other arrangements with respect to the repayment of the amounts due under the Loans. Notwithstanding the above, the Company would like to confirm that (i) the value of the Group’s total assets is more than the above outstanding Loans and related amounts in the aggregate. As at 30 June 2019, as stated in the interim results announcement of the Company dated 30 August 2019, the total assets and net assets of the Group amounted to approximately HK\$26.5 billion and HK\$6.1 billion respectively; and (ii) as of the date of this announcement, the underlying operations of the Group have, in material respects, remained unchanged. As the outstanding principal of the Loans and accrued interests have already been recorded as actual liabilities of the Group in its financial statements as at 30 June 2019 and was reclassified to current liabilities, the Directors consider that the writ of summons would not result in any significant additional contingent liabilities to the Group and no further provision for contingent liabilities is required for the time being.

‘The Board wishes to inform the Shareholders and potential investors of the Company that the Group is still in the process of active negotiation with the Bank with a view to agree on a restructuring of the Loans. The Company is in the course of seeking legal advice in respect of the above matter. Further announcement(s) will be made by the Company as and when necessary.’

The bank, to which the above announcement refers, is Industrial and Commercial Bank of China (Asia) Ltd ([]), more commonly known as ICBC (Asia).

By this medium’s reading of the above-mentioned announcement, there appears to be little question that Lerthai Group Ltd is culpable ... and that Management is shitting bricks.

In Action Number 1660 of 2019, lodged in the High Court of the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)**, ICBC (Asia) is claiming from following three Defendants:

LT Commercial Ltd ()

First Defendant

Lerthai Group Ltd ()

formerly known as

LT Commercial Real Estate Ltd ()

Second Defendant

(Mr) Yang Long Fei ()

Third Defendant

The ... [CLICK TO ORDER FULL ARTICLE](#)

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