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CHINA GREEN (HOLDINGS) LTD:

THE CHAIRMAN IS SUED FOR MORE THAN \$HK129 MILLION

This Company Is In Tsuris !

The Chairman and Chief Executive Officer of China Green (Holdings) Ltd ([]) (Code: 904, Main Board, The Stock Exchange of Hongkong Ltd) has been sued in the High Court of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** for not less than \$HK129 million.

He is Mr Sun Shao Feng () who, according to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, as at December 27, 2019, was deemed to have an equity interest in China Green (Holdings) Ltd, amounting to 5.02 percent of the entire Issued and Fully Paid-Up Share Capital of the publicly listed company.

Rosy Cloud Ventures Ltd, a company, domiciled in the **British Virgin Islands (BVI)**, is the Plaintiff in HKSAR High Court Action, Number 35 of 2020, in which the Defendants are named as being:

Mr Sun Shao Feng

First Defendant

- * The Second Defendant is domiciled in the BVI, according to the database of **TOLFIN**, and the lone Director and Sole Shareholder of this BVI-incorporated company is Mr Sun Shao Feng, the First Defendant.

According to the Statement of Claim, attached to Writ of Summons, Number 35 of 2020, on December 31, 2015, Rosy Cloud Ventures Ltd ‘*entered into a debt acquisition agreement with Tech Winner Investment Limited under which the Plaintiff acquired a loan receivable owed by Keen Wood Group Limited (“Keen Wood”) (the “KW Loan”).*’

Paragraph Four of the Statement of Claim, then, goes on to state that Keen Wood Group Ltd ‘*was a wholly owned subsidiary of IR Resources Limited (“IRR”)*’, a company, listed on The Stock Exchange of Hongkong Ltd.

According to the database of **TOLFIN**, Keen Wood Group Ltd had its name changed to Environment Capital Prosperity Sports Investment Ltd on or about December 31, 2016.

IR Resources Ltd () (Code: 8186, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) has an equity interest, amounting to 31 percent in Environment Capital Prosperity Sports Investment Ltd, as at December 31, 2018.

In the 2015 Financial Year, ended December 31, 2015, Keen Wood Group Ltd was shown as being a wholly owned subsidiary of IR Resources Ltd.

At Page 81 of the 2016 Annual Report of IR Resources Ltd, it was stated, inter alia:

‘Environment Capital Prosperity Sports Investment Limited (“Environment Capital”) (formerly known as “Keen Wood Group Limited”) entered into a loan agreement (the “KW Loan Agreement”) with Mr. Zhang Zhenzhong () (“Mr. Zhang”), the former chief executive office of the Company (IR Resources Ltd). Pursuant to the KW Loan Agreement, Mr. Zhang would provide two loan facilities in an aggregate principal amount of up to HK\$76,300,000 to Environment Capital which was interest bearing at 5% per annum, secured by 100% of the shares in Forest Glen Group Limited (“Forest Glen”) and China Cambodia Resources Limited (“China Cambodia”). As at 31 December 2015, the outstanding balances of the principal drawn down by Environment Capital under the KW Loan Agreement amounted to approximately HK\$37,323,000 and HK\$9,464,000, respectively (collectively, the “KW Loan”), in which, as to HK\$37,323,000 should be repaid on or before 20 May 2015 and the remaining balances

of HK\$9,464,000 should be repaid on or before 20 May 2016. If defaults (the “Defaults”) in the loan agreement is triggered (including but not limited to (1) default in repayment; and (2) the shares of the Company to be listed on the GEM or trading in the shares of the Company has been suspended for a period of more than 60 trading days after the date of the KW Loan Agreement), an additional interest of (i) 15% will be charged for the first 20 business days from said due date; (ii) 30% will be charged for the first 3 months immediately following the first 20 business days; and (iii) 50% will be charged thereafter. On 31 October 2014, a then related company (“RC”, with which a former director of the Company was connected until 14 November 2014) acquired the KW Loan from Mr. Zhang and, therefore, Mr. Zhang was no longer a creditor of the Group as at 31 December 2015. During the years ended 31 December 2015 and 2016, interest accrued on the KW Loan of approximately HK\$13,553,000 (2015: HK\$28,694,000) was recognised in the consolidated statement of profit or loss. In June 2016, the KW Loan together with accrued interest has been fully repaid.’

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