

TARGET

Intelligence Report

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T U E S D A Y

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GT GROUP HOLDINGS LTD: IS THIS TO BE THE END OF THE ROAD FOR THIS COMPANY ?

Cheer Hope Holdings Ltd (展望控股有限公司), a wholly owned subsidiary of China Construction Bank Corporation (中國建設銀行股份有限公司) (Code: 939, Main Board, The Stock Exchange of Hongkong Ltd), has sued GT Group Holdings Ltd (高富集團控股有限公司) (Code: 263, Main Board, The Stock Exchange of Hongkong Ltd – the First Defendant in Action, Number 457 of 2021 – and Mr Lai Leong (黎亮) – the Second Defendant – for \$US54,916,083.14 (about \$HK428,345,448.92).

The Writ of Summons in respect of this Action was lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on Wednesday, March 24, 2021.

The Second Defendant, according to the database of TOLFIN (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, was, until Monday, March 15, 2021, a Substantial Shareholder of GT Group Holdings Ltd.

So much so that, on Monday, March 15, 2021, GT Group Holdings Ltd caused to have published a public announcement, headlined:

'VOLUNTARY ANNOUNCEMENT DISPOSAL OF SHARES BY A SUBSTANTIAL SHAREHOLDER

'GT Group Holdings Limited (the "Company") has noted from disclosure of interest forms shown in the HKEx DION system that an aggregate of 40,668,157 shares ("Shares") of the Company representing 24.17% of the total number of Shares in issue were sold on 12 March 2021 and 15 March 2021, and that on 15 March 2021, Wealth Success Limited, which was wholly-owned by Mr. Lai Leong, ceased to have any interest in any Shares.'

The Annual Report of GT Group Holdings Ltd, with regard to the Financial Year, ended December 31, 2019, it was stated, at Page 20, that, via Wealth Success Ltd, a limited liability company, all the Issued and Fully Paid-Up Share Capital of which was beneficially held Mr Lai Leong, legally owned 40,668,157 Shares of the Issued and Fully Paid-Up Share Capital of GT Group Holdings Ltd.

This equity holding represented 29 percent of the entire Issued and Fully Paid-Up Share Capital of GT Group Holdings Ltd.

It was, also, stated at this Page of the 2019 Annual Report:

‘Wealth Success Limited has provided an interest in the Shares (of GT Group Holdings Ltd) as security to a person other than a qualified lender.’

In the Endorsement of Claim, attached to Writ of Summons, Number 457 of 2021, the Solicitors’ firm, acting on behalf of the Plaintiff, namely Cheer Hope Holdings Ltd, made the following claims against the two Defendants:

- ‘1. The sum of US\$54,916,083.14 (or its Hong Kong dollar equivalent at the time of payment) being money due and owing to the Plaintiff (as of 18 March 2021) pursuant to a subscription agreement dated 21 September 2017 entered into among the Plaintiff, the 1st Defendant and the 2nd Defendant and/or a registered note (including note conditions), dated 22 September 2017, in the denomination of US\$40,000,000 in an aggregate principal amount of US\$40,000,000, issued by the 1st Defendant to the Plaintiff;*
- ‘2. Default interest on US\$40,000,000 at the rate of 25% per annum from and including 19 March 2021 up to the date of judgment or for such periods and at such rates as this Honourable Court think fit pursuant to this Honourable Court’s equitable jurisdiction and/or section 48 of the High Court Ordinance;*
- ‘3. Interest pursuant to Section 49 of the High Court Ordinance; and*
- ‘4. Costs.’*

However, the above-stated ‘Endorsement of Claim’ did not include the fact that Wealth Success Ltd had provided a guarantee with regard to ‘a note in the aggregate principal amount of US\$40,000,000...’.

This intelligence became readily apparent on scanning an announcement, issued by GT Group Holdings Ltd, dated Wednesday, March 24, 2021, hereby three paragraphs of which are reproduced, verbatim:

‘ANNOUNCEMENT ON THE RECEIPT OF A WRIT OF SUMMONS

‘The Company received a High Court writ of summons dated 24 March 2021 issued by Cheer Hope Holdings Limited (as plaintiff) against the Company (as 1st defendant) and Mr. LAI Leong (as 2nd defendant) for the payment of (i) US\$54,916,083.14, being money due and owing to Cheer Hope Holdings Limited as of 18 March 2021 under a note in the aggregate principal amount of US\$40,000,000 dated 22 September 2017 which fell due in September 2019 (the “Note”); (ii) default interest on

US\$40,000,000 at the rate of 25% per annum from and including 19 March 2021 up to the date of judgement or for such periods and at such rates as the court think fit; and (iii) interest pursuant to Section 49 of the High Court Ordinance and costs.

‘The Note is guaranteed and secured by the security interest provided by Wealth Success Limited, a substantial shareholder of the Company at the time. Further information regarding the Note is included in note 17(i) to the unaudited financial statements of the Company for the six months ended 30 June 2020.

‘The Company is seeking legal advice in relation to the action taken by Cheer Hope Holdings Limited and will make further announcement(s) as and when appropriate.’

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

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