TARGET
Intelligence Report

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CHINA CITY INFRASTRUCTURE GROUP LTD: THE CHAIRMAN AND A FORMER VICE CHAIRPERSON HAVE BEEN SUED FOR MORE THAN $HK28 MILLION

Mr Li Chao Bo (李朝波) and Ms Wang Wen Xia (王文霞), the Chairman and the Former Vice Chairperson of China City Infrastructure Group Ltd (中國城市基礎設施集團有限公司), respectively, have been sued in the High Court of the **H**ong**k**ong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**) for $US3,617,926.07 (about $HK28,219,823.35).

Homemain Holdings Ltd (鴻銘控股有限公司), a company, incorporated in the HKSAR, is the Plaintiff in High Court Action, Number 595 of 2021, the two Defendants, being:

Mr Li Chao Bo	First Defendant
Ms Wang Wen Xia	Second Defendant

The First Defendant has been the Chairman and an Executive Director of China City Infrastructure Group Ltd (中國城市基礎設施集團有限公司) (Code: 2349, Main Board, The Stock Exchange of Hongkong Ltd) since March 31, 2016.

He is said to own, beneficially, 23.62 percent of the entire Issued and Fully Paid-Up Share Capital of China City Infrastructure Group Ltd.

The Second Defendant is an HKSAR resident with a residence said to be in North Point, Hongkong Island, at Flat G, 10th Floor, Tower I, Park Towers, Number One, King's Road.

This lady was the Vice Chairperson, an Executive Director and the Chief Executive Officer of China City Infrastructure Group Ltd between October 23, 2009 and May 31, 2018.

In the Statement of Claim, attached to Writ of Summons, Number 595 of 2021, it was stated that, in or about January 2018, the First and Second Defendants '*persuaded the Plaintiff to invest in a pre-IPO opportunity by way of a monetary subscription to become a limited partner in an investment fund known as SBI StellarS Fintech Fund I LP (the "**Partnership**") managed by a general partner …*'.

Under the Sub-heading, '***GUARANTEE***', in the Statement of Claim, it was, also, stated that the Partnership had been structured as an exempted limited partnership, '*formed under the laws of the Cayman Islands.*'

The Partnership, Paragraph 4(a) of the Statement of Claim continues '*would in turn make an equity investment in a portfolio company known as OneConnect Financial Technology Co., Ltd (the "**Investee Company**") scheduled to be listed on the New York Stock Exchange (the "**NYSE**").*'

The Investee Company was expected to be listed on the NYSE in or about a year, Page Two of the Statement of Claim attests.

At Paragraph Five of the Statement of Claim, the following was stated:

> *'5. By a written investment guarantee agreement expressed in Chinese (投資擔保協議) (the "**Guarantee**") dated 24 January 2018 drafted by the Defendants and signed and executed between (1) each of the Defendants qua* (in the capacity of being) *joint and several guarantors and (2) the Plaintiff qua beneficiary of such joint and several guarantees, the Defendants and each of them jointly and severally guaranteed to the Plaintiff a minimum return on the latter's investment to be paid to the Plaintiff under the following express terms:*
>
> *(a) The Plaintiff would invest US$10.5 million comprising US$10 million by way of investment capital with the remaining US$0.5 million constituting subscription fee and fund management fee (**Clause 2**);*
>
> *(b) The Defendants jointly and severally undertook ("承諾") that upon the Plaintiff's exit from the Partnership by receipt ("**Receipt**") from the Partnership of shares in the Investee Company which the Defendants guaranteed and/or estimated would take place within 1 to 2 years ("退出結算時"), the total returns accruing to the Plaintiff's investment of US$10.5 million would be not less than 8% per annum (from the date of the Plaintiff's investment of US$10.5 million until the date of Receipt) with any shortfall below 8% to be compensated by the Defendants to the Plaintiff (**Clause 4**);*
>
> *(c) Upon exit from the investment by sale of shares in the Investee Company ("**Sale**") (referred to as "投資退出時" in **Clause 3** and "投資退出結算時" in **Clause 5**):*
>
> *(i) the Plaintiff would be entitled to all profits accruing to US$5.25 million being 50% of the invested funds with the Defendants being entitled to all profits accruing to the remaining balance of US$5.25 million invested (**Clause 3**); and*
>
> *(ii) the Defendants jointly and severally undertook ("承諾") that they would pay the Plaintiff a fixed return of 8% per annum on*

*US$5.25 million for the period between the date of Receipt and the date of the Sale (**Clause 5**);*

(d) *The Defendants' aforesaid guarantees in respect of the Plaintiff's investment were joint and several and without limit ("個人無限責任擔保") (**Clause 6**).'*

Under … CLICK TO ORDER FULL ARTICLE