

TARGET

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T U E S D A Y

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EMPEROR CAPITAL GROUP LTD: THE EMPEROR GROUP GOES AFTER ITS DEFAULTERS

Two wholly owned subsidiaries of Emperor Capital Group Ltd (英皇證券集團有限公司) (Code: 717, Main Board, The Stock Exchange of Hongkong Ltd) are, today, the Plaintiffs in legal Proceedings, lodged in the High Court of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The wholly owned subsidiaries are Emperor Prestige Credit Ltd (英皇卓越信貸有限公司) and Emperor Securities Ltd (英皇證券[香港]有限公司), both of which are the Plaintiffs in HKSAR High Court Actions, Numbers 1322 and 1323 of 2021 – two separate cases – and Number 1324 of 2021 – one case.

These three HKSAR High Court Actions were all lodged on the same day: Thursday, September 2, 2021.

Both Emperor Prestige Credit Ltd and Emperor Securities Ltd are engaged in the money lending business of the HKSAR.

The plaintiff, in Action Numbers 1322 and 1323 of 2021, is seeking from the Defendants, the aggregate sum of \$HK74,122,861 plus interest and costs of the Actions, while, in respect of Action, Number 1324 of 2021, the plaintiff is seeking \$HK19,097,372.06 plus interest and costs of the Action.

Action Numbers 1322 And 1323 Of 2021

In Action Number 1322 of 2021, the lone Defendant is Mr Xu Xue Ping (徐學平), the current Chairman of Life Healthcare Group Ltd (蓮和醫療健康集團有限公司), Code: 928, Main Board, The Stock Exchange of Hongkong Ltd.

In the Statement of Claim, attached to Writ of Summons, Number 1322 of 2021, it is alleged that, on October 24, 2019, the Plaintiff (Emperor Prestige Credit Ltd) entered into an agreement with the Defendant in respect of an '*on-demand loan facility line tentatively up to a limit of HK\$43,500,000.00 ("the Loan")*', subject to certain terms and conditions.

Repayment of the loan was stated, at Paragraph 3.2 of the Statement of Claim, that '*the ... borrower shall repay the principal amount outstanding under the Loan together with any*

interest accrued thereon to the Plaintiff within three (3) months from the date of the first drawdown (“the Repayment Date”).’

The Statement of Claim goes on to state that the Loan could be extended for another three months from the Repayment Date, ‘*subject to the satisfaction of the Defendant’s credit review by the Plaintiff at its sole and absolute discretion.*’

Under the subheading, ‘*Interest*’ of Statement of Claim, it was stated that the interest rate per annum would be 12 percent.

At Paragraph 3.5 of the Statement of Claim, post-dated cheques, ‘*duly signed by the Defendant in favour of the Plaintiff for the outstanding principal loan amount and interest shall be procured by the Defendant for safe keeping by the Plaintiff for repayment (“the Security Documents”).*’

Then, taking up the Statement of Claim from Paragraph Four, it is alleged:

- ‘4. *By two Drawdown Notices both dated 19 November 2019, the Defendant asked and directed the Plaintiff to remit two sums respectively for HK\$42,184,273.97 and HK\$1,315,726.03 to such accounts as nominated by the Defendant whereas a principal amount of HK\$43,500,000.00 (sic) (HK\$42,184,273.97 + HK\$1,315,726.03) (“the Principal Amount of the Loan”) was advanced to the Defendant comprising the Loan.*
- ‘5. *The Repayment Date, in accordance with Clause 6.1 of the Loan Agreement, shall be three months from the date of the first drawdown, which would expire on 19 February 2020, subject to such extension that the Plaintiff may grant to the Defendant under Clause 6.1 of the Loan Agreement*

VI. Supplement Loan Agreements for Time Extension

- ‘7. *The Defendant was unable to meet his obligation for repaying the Principal Amount of the Loan and the interest so accruing on the Repayment Date, namely on 20 February 2020. At the Defendant’s request, the Plaintiff and the Defendant entered into 4 supplemental agreements respectively dated 7 September 2020, 16 November 2020, 21 December 2020 and 7 April 2021 (collectively “the Supplemental Loan Agreements”) to extend the time for the Repayment Date up to 19 May 2021 (“the Final Repayment Date”). Notwithstanding that Clause 6.1 of the Loan Agreement sets a maximum extension of 12 months from the date of the first drawdown (namely on or before 19 November 2020), the Plaintiff waived its right whereby Clause 6.1 was so varied by the Supplemental Loan Agreements.*

VII. Default – Outstanding Principal, Interest and Default Interest

- ‘8. *In breach of the Loan Agreement and the Supplemental Loan Agreements, the Defendant had not repaid the Principal Amount of the Loan in full and the accruing interest on the Final Repayment Date (i.e. on 19 May 2021).*
- ‘9. *In the premises, as at 23 August 2021 (it being a random cut-off date), the Defendant was indebted to the Plaintiff for the sum of **HK\$32,853,217.62** (comprising HK\$31,500,000.00/the Remaining Principal Amount of the Loan (as defined below) + HK\$348,041.09/Interest + HK\$1,005,176.53/Default Interest) arising from and calculated in the following manner/circumstances ...’.*

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