

# TARGET

## Intelligence Report

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T U E S D A Y

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**CHINA PROPERTIES GROUP LTD:  
THE COMPANY ADMITS, OPENLY,  
THAT IT IS IN FINANCIAL TROUBLE – AND SUFFERING !**

Mr Wong Sai Chung (汪世忠), the Managing Director of China Properties Group Ltd (Code: 1838, 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 \$US225.60 million (about \$HK1,754,558,880.00), plus interest at the rate of 15 percent per annum and, in addition, all fees, charges, costs, expenses, disbursements, and including all legal fees in connections with the legal proceedings.

The Plaintiff to Action Number 1628 of 2021 is China Construction Bank (Asia) Corporation Ltd (中國建設銀行[亞洲]股份有限公司).

The Plaintiff is said to be suing ‘in its capacity as Trustee for the holders (the “**Holders**”) of all outstanding 15.0% Senior Notes due 2021 issued by (Common Code: 189441835; ISIN: XS1894418356) (the “**Notes**”) issued by Cheergain Group Limited pursuant to an Indenture dated 15 October 2018 ... .’

The Indorsement of Claim, dated October 27, 2021, attached to Writ of Summons, Number 1628 of 2021, is hereby copied verbatim:

- ‘1. The Plaintiff is suing in its capacity as Trustee for the holders (the “**Holders**”) of all outstanding 15.0% Senior Notes due 2021 (Common Code: 189441835; ISIN: XS1894418356) (the “**Notes**”) issued by Cheergain Group Limited (the “**Issuer**”) pursuant to an Indenture dated 15 October 2018 executed by the Issuer, the entities listed in Schedule 1 to the Indenture (the “**Subsidiary Guarantors**”), the Defendant as a personal guarantor, and the Plaintiff as the Trustee, and as amended, restated and/or supplemented from time to time thereafter (the “**Indenture**”). The Plaintiff brings this action against the Defendant upon instructions of the Holders provided to the Trustee in accordance with the terms of the Indenture.
- ‘2. Pursuant to Section 3.04(a) (Redemption at the Option of Holders of the Notes) of the Indenture, the Issuer is obliged to repurchase all Notes held by a Holder at any time on or after 15 April 2020 upon

*such Holder's exercise of a put option (the "Put Option"). On 18 June 2021, one of the Holders exercised the Put Option in relation to the Notes held by it and delivered a repurchase notice to the Issuer and the Paying Agent whereby the settlement date of the Put Option was 19 July 2021. As of the date hereof, no payment has been received from the Issuer and by such failure to pay thereupon, an event of default under Section 6.01(a) (Events of Default) of the Indenture has occurred and is continuing.*

- '3. Further, pursuant to Section 6.02 (Acceleration) of the Indenture, upon a request made by certain Holders of the Notes, the Plaintiff issued a Notice of Acceleration dated 18 August 2021 to the Issuer, the Subsidiary Guarantors and the Defendant declaring that the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. In addition, by way of a letter dated 19 October 2021, the Plaintiff demanded, among other things, payment from the Defendant of all sums of money due and payable to the Holders under the Notes and the Indenture. As of the date of this Writ, the Issuer, the Subsidiary Guarantors and/or the Defendant have failed to settle the outstanding amount or any part thereof.*
- '4. Pursuant to the Indenture, the Defendant has guaranteed as principal obligor to each of the Holders and the Plaintiff the due and punctual payment of the principal, premium (if any), interest and all other amounts payable under the Notes and the Indenture.*

***'THE PLAINTIFF CLAIMS AGAINST THE DEFENDANT:-***

- '(1) The sum of US\$225,600,000 (or its Hong Kong Dollar equivalent at the time of payment) being the outstanding principal due and payable under the Notes;*
- '(2) Outstanding Interest accrued and unpaid on the said sum of US\$225,600,000 (or its Hong Kong Dollar equivalent at the time of payment) at the rate of 15.0% per annum (computed on the basis of a 360-day year of twelve 30-day months and in the case of an incomplete month the number of days elapsed) under the Notes, the period of which to be assessed;*
- '(3) Default Interest accrued and unpaid on paragraphs (1) and (2) above at the rate of 16.0% per annum (computed on the basis of a 360-day year of twelve 30-day months and in the case of an incomplete month the number of days elapsed) under the Notes, the period of which to be assessed;*
- '(4) Further or in the alternative to paragraphs (2) and/or (3) above, interest on such sum at such rate and for such period as this Honourable Court shall think fit;*

*‘(5) All fees, charges, costs, expenses, disbursements (including but not limited to all legal costs incurred in respect of or in connection with this legal proceeding) incurred by the Plaintiff herein on an indemnity basis to be assessed; and*

*‘(6) Further or in the alternative to paragraph (5) above, costs on indemnity basis; and*

*‘(7) Further and/or other relief(s).’*

### **Trading In The Shares Is Suspended**

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