

TARGET

Intelligence Report

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T U E S D A Y

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COMTEC SOLAR SYSTEMS GROUP LTD:

'Double, double toil and trouble;

Fire burn and caldron bubble.'

To the senior management of a corporate entity, the shares of which are listed on the premier equity market of The Stock Exchange of Hongkong Ltd, a corporate entity with total revenues of which, in respect of the Financial Year, ended December 31, 2020, were in excess of 54.80 million **renminbi (RMB)** (about \$HK63,638,144.00), one might be inclined to believe that a loan in the amount of \$US550,000.00 (about \$HK4.29 million) was but of small beer.

But if one is unable to meet one's financial obligations to any great extent, an amount of US\$550,000.00 might well be considered akin to a king's ransom.

And this appears to be the situation that Mr John Zhang Yi (張屹), the Chairman of the Board of Directors of Comtec Solar Systems Group Ltd (卡姆丹克太陽能系統集團有限公司) (Code: 712, Main Board, The Stock Exchange of Hongkong Ltd), finds himself, today.

Because Putana Ltd, a company, domiciled in the **British Virgin Islands (BVI)**, has lodged Action Number 468 of 2022 in the High Court of The **Hongkong Special Administrative Region (HKSAR)** of The **People's Republic of China (PRC)** with regard to a purported '*Facility Agreement*', dating back to December 11, 2019, in respect of the sum of \$US550,000.00, plus interest and costs.

In the recitals of Writ of Summons, Number 468 of 2022, the addresses of Comtec Solar Systems Group Ltd, the First Defendant, and Mr John Zhang Yi, the Second Defendant, are said to be one and the same, to wit:

Levels 9 and 11, Lee Garden One,
Number 33, Hysan Avenue,
Causeway Bay,
Hongkong Island,
The HKSAR.

The Statement Of Claim,
Attached To Writ Of Summons, Number 468 Of 2022

Putana Ltd, '**the Lender**', alleges that, on or about December 11, 2019, it came into a '**Facility Agreement**' with the First Defendant, '**the Borrower**', to make available to the Borrower, a term loan facility of \$US550,000.00.

The interest rate on the term loan was agreed at the figure of 15 percent per annum, it is alleged at Paragraph Six of the Statement of Claim.

Repayment on all amounts outstanding under the Facility Agreement '*shall be repaid in one lump sum on 13 March 2019 (sic!) (the '**Maturity Date**')*', it was alleged at Paragraph Seven of the Statement of Claim.

An '**Amendment Agreement**', relating to the \$US550,000.00 Term Facility, dated March 13, 2020, was '*executed by the Plaintiff and the 1st Defendant*' by which it was mutually agreed that the Facility Agreement '*shall be repaid in one lump sum on 12 June 2020 (the '**Maturity Date**')* unless otherwise agreed in writing by the Parties hereto.'

At Paragraph Six of the Statement of Claim, pursuant to the Facility Agreement, the Plaintiff is said to have lent the sum of \$US550,000.00 to the 1st Defendant in the following manner:

*'6. Pursuant to the Facility Agreement, the Plaintiff advanced a sum of US\$550,000 ("**the Loan**") to the 1st Defendant in the following manner:*

*(1) US\$50,000 was applied to set off the interest due by the 1st Defendant to the Plaintiff under the US\$10,000,000 convertible bonds issued by the 1st Defendant to the Plaintiff on 31 July 2018 ("**the Convertible Bonds**");*

(2) US\$500,000 was advanced by the Plaintiff to the 1st Defendant on or around 12 December 2019.

'7. In breach of Clause 7 of the Facility Agreement as amended by the Amendment Agreement, the 1st Defendant has not paid any of the loan and interest outstanding under the Loan on 12 June 2020. Thus, the interest accrued up to 12 June 2020 under clause 6 of the Facility Agreement was $US\$550,000 \times 15\% \times \frac{6}{12} = US\$41,250$. Further, the Plaintiff exercised its right to collect default interest overdue and not paid at 15% p.a. pursuant to clause 13.1 of the Facility Agreement.

'8. On 14 December 2020:

(1) The default interest accrued, as computed under clause 13 of the Facility Agreement, was $US\$(550,000 + 41,250) \times 15\% \times \frac{185}{360} = US\$45,575.52$;

(2) the 1st Defendant paid a sum of US\$320,000 to the Plaintiff to repay the loan and interest under the Facility Agreement, the Convertible Bonds and a US\$150,000 Term Facility Agreement

dated 31 December 2019 executed by the Plaintiff and the 1st Defendant;

(3) A sum of US\$123,833.46 was allotted from the sum of US\$320,000 to the repayment of the Loan, interest, and default interest;

*(4) In the premises, a sum of US\$512,992.06 remained outstanding under the Loan as at 14 December 2020 (“**the Outstanding Principal**”).’*

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