

TARGET

Intelligence Report

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CHINA WOOD OPTIMIZATION (HOLDING) LTD: THE LONG, LONG WAIT FOR MANAGEMENT'S CONSUMMATION

China Huarong International Holdings Ltd (中國華融國際控股有限公司), a limited liability company, ultimately being beneficially owned by the PRC State-owned enterprise, named Ministry of Finance of the PRC (中華人民共和國財政部), has issued proceedings in the High Court of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, claiming \$HK709,243,286.26 from Mr Li Li (李理).

China Huarong International Holdings Ltd is incorporated in the HKSAR, but it is a wholly owned subsidiary of China Huarong Asset Management Company Ltd (中國華融資產管理股份有限公司) (Code: 2799, Main Board, The Stock Exchange of Hongkong Ltd), as well as having equity control of Huarong International Financial Holdings Ltd (華融國際金融控股有限公司) (Code: 993, Main Board, The Stock Exchange of Hongkong Ltd).

Mr Li Li, the lone Defendant in HKSAR High Court Action, Number 759 of 2022, is an Executive Director of China Wood Optimization (Holding) Ltd (中國優材[控股]有限公司) (Code: 1885, Main Board, The Stock Exchange of Hongkong Ltd).

The two addresses of the lone Defendant, one presented in the recitals of the present legal proceedings and one, being obtained from the database of **TOLFIN (泰達資訊)**, the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, are said to be:

Unit 103, First Floor, Block One,
Telecommunication Authority Dormitory,
Number 218, Dongfeng Road,
Yuhua District,
Shijiazhuang City,
Hebei Province,
The People's Republic of China.

and

Unit 103, First Floor, Block One,
Postal and Telephone Office Staff Quarters,

Number 218, Dongfeng Road,
Yuhua District,
Shijiazhuang City,
The People's Republic of China.

The Indorsement of Claim, attached to Writ of Summons, Number 759 of 2022, makes the following claims of the lone Defendant:

- '1. *The Plaintiff is a company incorporated under the laws of Hong Kong with its registered office address located at China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong.*
- '2. *The Defendant is the Chief Executive Officer and Executive Director of China Wood Optimization (Holding) Limited (a company incorporated in Cayman Islands, with shares listed on the Hong Kong Stock Exchange (Stock Code: 1885).*
- '3. *By a facility agreement entered into between the Plaintiff and Brilliant Plan Holdings Limited (佳圖控股有限公司) ("**Brilliant Plan**") dated 26 June 2017 (the "**Facility Agreement**"), the Plaintiff made available to Brilliant Plan a term loan facility in the sum of HK\$540,000,000 (the "**Loan**") at an interest rate of 8.3% per annum.*
- '4. *By a Guarantee made by the Defendant in favour of the Plaintiff dated 26 June 2017 (the "**Guarantee**"), the Defendant irrevocably and unconditionally, inter alia:-*
 - (1) *guarantees to the Plaintiff punctual performance by Brilliant Plan of all its obligations under the Finance Documents (as defined in the Facility Agreement);*
 - (2) *undertakes with the Plaintiff that whenever Brilliant Plan does not pay any amount when due under or in connection with any Finance Document, the Defendant shall immediately on demand pay that amount as if it was the principal obligor;*
 - (3) *agrees with the Plaintiff that if, any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Plaintiff immediately on demand against any cost, loss or liability it incurs as a result of Brilliant Plan not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due.*
- '5. *Wrongfully and in breach of the Facility Agreement, save and except for part repayment of HK\$21,200,000, Brilliant Plan failed and/or refused to repay to the Plaintiff the Loan in full by the Final Repayment Date (as defined in the Facility Agreement) on 27 June*

2020, despite repeated demands from the Plaintiff, including a letter dated 20 July 2020 from Messrs. Li & Partners, the then solicitors for the Plaintiff.

- ‘6. The Defendant as the guarantor under the Guarantee is and was liable to make payment to the Plaintiff all moneys which were due by Brilliant Plan to the Plaintiff.
- ‘7. As at 31 May 2022, the total outstanding sum payable by the Defendant to the Plaintiff was HK\$709,243,286.26, particulars of which are as follows:-

PARTICULARS (as of 31 May 2022)

	<u>HK\$</u>
Outstanding principal/balance of the Loan	518,800,000.00
Default interest accrued on the Unpaid Sum (as defined in Clause 1.1 of the Facility Agreement) pursuant to Clause 8.3 of the Facility Agreement	190,443,286.26
TOTAL	<u>HK\$709,243,286.26</u>

- ‘8. By an ... [CLICK TO ORDER FULL ARTICLE](#)

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