

TARGET

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T U E S D A Y

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**DIFFER GROUP AUTO LTD:
THE FORMER CHAIRMAN IS SUED FOR \$HK10.40 MILLION;
THERE ARE OTHER COMPANY PROBLEMS, EVEN MORE GRIPPING**

The former Chairman of the Board of Directors of Differ Group Auto Ltd (鼎豐集團汽車有限公司) (Code: 6878, 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 \$HK10,000,000.00 in respect of an alleged '*Contract*.'

Mr Hong Ming Xian (洪明顯) is the lone Defendant with regard to Action Number 1360 of 2023, the Plaintiff to this Action, being a Mr Huang Jia Chi (黃佳馳).

This Action was filed in the HKSAR High Court on or about Friday, August 25, 2023.

In addition, on or about August 18, 2023, a Mr Shang Lian Fang (尚連芳) filed Action Number 1325 in the High Court of the HKSAR, seeking \$HK10,400,000.00 from Mr Hong Ming Xian, also in respect of an alleged '*Contract*.'

With regard to Action Number 1360, Statement of Claim, attached to Writ of Summons, the Plaintiff, Mr Huang Jia Chi, states that he is '*a resident in the People's Republic of China,*' travelling '*often between Hong Kong and the Mainland of the PRC.*'

In the Statement of Claim, it is alleged at Paragraph Two that Mr Hong Ming Xian '*was at all material times a Hong Kong resident.*'

Also, the Defendant was, at the material time, the Chairman of the Board (of Directors) and an Executive Director of Differ Group Auto Ltd.

Under the subhead, '*Agreement with the Company,*' it is alleged:

3. *On 10th May 2021 and 12th May 2021 respectively, the Company and the Plaintiff entered into two written Chinese-language instruments, namely “認購協議” (the “Subscription Agreement”) and “債券文據” (the “Bond Instrument”) (together, the “Agreement”) whereby the Company will issue and the Plaintiff will subscribe for unsecured and non-convertible bonds in an aggregate principal amount of*

HK\$10,000,000.00 (the “**Bonds**”), which was to mature in 24 months after the date of issuance.

‘4. The Plaintiff will rely on the terms and conditions of the Agreement in full for their legal meanings and effects. Without prejudice to the generality of the foregoing, the Agreement contains, inter alia, the following provisions:

(1) The Bond Instrument recorded that it was entered in the form of a deed.

(“本債券文據於2021年5月12日由鼎豐集團控股有限公司以契據方式訂立”)

(2) Clause 1.1 of the Bond Instrument defined the Bonds’ issuing date was 12th May 2021 and the maturity date was defined as the next day of the expiry of the twenty-fourth month after the date of issuance (i.e., 12th May 2023).

(““發行日” 2021年5月12日，即公司依照本文據發行本金總額為港幣10,000,000元的債券之初始日期；

...

“到期日” 發行日後第24個月屆滿後的第二日，若該日非營業日則為其後的第一個營業日；”)

(3) Clause 2.1 of the Bond Instrument and Clause 2A of the Subscription Agreement stated that the principal of the Bonds shall be HK\$10,000,000.00.

(Clause 2.1 of the Bond Instrument: “本債券本金總額為港幣10,000,000.00元。”

Clause 2A of the Subscription Agreement: “根據本協議之條款及條件，認購人須按債券面值認購或促使其代名人按債券面值認購本金總額[10,000,000 -]港元之債券。”)

(4) Clause 2.4 and Clause 6.1 of the Bond Instrument provided that the Company shall redeem the Bonds by paying the value of the Bonds when it expires.

(Clause 2.4: “在不違反本文據規定的前提下，本債券未清償本金數額以及依照本文據條款應付的附加款項依照本債券條款於到期日予以清償。清償或贖回債券必須依照本文據條款進行。”

Clause 6.1: “依照本文據條款於到期日未贖回或兌換之所有債券須由公司於到期日以與該等債券本金完全相等的金額自動贖回。...”)

(5) Clause 4.1 of the Bond Instrument stated that interest rate of the Bond is 4% p.a., payable at maturity date, Preamble (B) of the Subscription Agreement contained provisions of similar effect.

(Clause 4.1 of the Bond Instrument: “年利率為4%。利息于到期日支付。”

Preamble (B) of the Subscription Agreement: “根據本協議下列條款，本公司已同意發行年息 4%、無抵押及不可換股 24 個月債券及認購人已同意按條款並根據本協議所載條件認購該等債券。”)

‘Performance by the Plaintiff

- ‘5. In due compliance of the Subscription Agreement, the Plaintiff duly paid HK\$10,000,000.00 to the Company, being the principal amount of the Bonds, on 12th May 2021.*
- ‘6. A certificate for the Bonds (“債券憑證證書”) dated 12th May 2021 (the “Bond Certificate”) was issued by the Company to the Plaintiff. The Bond Certificate clearly stated that the maturity date of the Bonds will be on 11th May 2023 (“一千萬港幣債券 (2023 年 5 月 11 日到期”).*

‘The Company’s Breach

- ‘7. After the Bonds expire, i.e., either 11th May 2023 according to the Bond Certificate or 12th May 2023 according to the Agreement, the Company is required to repay the Plaintiff the principal of the Bonds, HK\$10,000,000.00 and interest thereof for the period between 12th May 2022 and 11th May 2023, calculated at 4% p.a, i.e., HK\$40,0000.00 (together, in the total amount of HK\$10,400,000, the “Debt”).*
- ‘8. Wrongfully and in breach of the Agreement, the Company has failed and/or refused to pay the Plaintiff any part of the Debt. As such, the Plaintiff did on 6th June 2023 ... [CLICK TO ORDER FULL ARTICLE](#)*

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