Aquascutum’s Chinese owner Shandong Ruyi is the subject of a potential lawsuit over unpaid invoices, as fears over a liquidity crisis persist.

A Portuguese fabrics manufacturer called Calvelex, which supplies to British luxury brand Aquascutum, is planning to take the Chinese group to court to force it to pay more than €100,000 (£83,600) in unpaid bills.

The Portuguese firm is expected to file papers in a Hong Kong court this week, according to The Sunday Times.

Shandong Ruyi, which also owns Sandro, Maje and Claudie Pierlot, tried to position itself as China’s LVMH through an aggressive M&A campaign, spending over $4 billion in overseas acquisitions.

But the strategy has had its problems, and the group’s credit rating was recently downgraded after it struggled to show it can repay its large debt pile. In addition to loans totalling $310 million with maturity coming due in October and November, the company has to address $345 million of offshore notes due in December.

According to Global Ratings, Shandong Ruyi is now looking at selling several assets to raise funds.
In the year ended March 2018, Aquascutum posted a 36% decline in sales to £8 million and pre-tax losses of £6 million. Its latest accounts for the last financial year are two months overdue.

Shandong Ruyi fashion empire also includes Gieves & Hawkes and a controlling stake in handbag maker Bally.

By Barbara Santamaria