

A MAGICIAN'S SLIGHT OF HAND ?
OR, WHO OWES WHAT TO WHOM ?

A private company, in which the Chairman of publicly listed Magician Industries (Holdings) Ltd (Code: 526, Main Board, The Stock Exchange of Hongkong Ltd) is the beneficial owner, has been sued by Hang Seng Bank Ltd (Code: 11, Main Board, The Stock Exchange of Hongkong Ltd) in an Action, which may have far-reaching implications.

Hang Seng Bank issued High Court Action, Number 3616, last Saturday, against Concept Developments Ltd, First Defendant, and Kazuhiro Hachiya, Second Defendant, and Keiko Hachiya, Third Defendant.

The bank is seeking only about \$HK1.20 million from the 3 Defendants, but it is the smallness of the alleged claims that is likely to make eyebrows twitch.

Concept Developments is mentioned in the Annual Report of Magician Industries at Page 23 in the following terms:

'Mr Kong Yick Ming (the Chairman of Magician) is deemed to have a beneficial interest in 153,492,000 ordinary shares of the Company (meaning Magician) through Concept Developments Limited, the entire issued share capital of which is owned by Topwell International Limited ("Topwell"). Rainbow Pacific Limited ("Rainbow") holds 336 A shares in Topwell, representing 33.6% of the issued share capital of Topwell. Rainbow is a company wholly-owned by Centre Trustees (C.I.) Limited, as a trustee for a discretionary trust. The Rainbow Trust, the beneficiaries of which are the family member of Mr. Kong Yick Ming.'

It is clear, therefore, that should something untoward happen to Concept Developments, then questions could be raised as to the legal/beneficial ownership of about 35.34 percent of the Issued and Fully Paid-Up Share Capital of Magician.

The claim by Hang Seng Bank against Concept Developments is that Concept Developments was a customer of the bank – the past tense is used, at his point, so TARGET assumes that Concept Developments no longer is a customer of Hang Seng Bank – and that the Second and Third Defendants *'jointly and severally covenanted to pay and satisfy to the Plaintiff on demand all and every sum or sums of money which were then or should at any time be owing remaining due and unpaid to the Plaintiff anywhere on any account whatsoever from the 1st Defendant ... the said Guarantees shall not exceed in the aggregate the Total Guarantee Limit of HK\$5,000,000 ...'* (Paragraph 3 of the Statement of Claim)

Paragraph 6 of the Statement of Claim alleges that, as at August 7, 2001, the indebtedness of Concept Developments to the bank was as ... [CLICK TO ORDER FULL ARTICLE](#)

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