

DELOITTES THROWS DOWN THE GAUNTLET: PAY UP OR FIGHT !

A punch-up has broken out between publicly listed Neolink Cyber Technology (Holdings) Ltd (Code: 8116, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd) and an 'arm' of the accounting firm – one of the largest in the world, by the way – Deloitte and Touche Corporate Finance Ltd.

Deloitte is claiming against Neolink Cyber the sum of \$US51,000 plus interest (about \$HK400,000).

It is the contention of Deloitte that it had entered into a binding arrangement with Neolink Cyber, evidenced by a signed Engagement Letter, dated April 17, 2001.

Deloitte, it seems, had an obligation to assist Neolink Cyber to find investors for a Private Placing of 0-percent Short-Term Notes, convertible into Common Shares of Neolink Cyber.

The Engagement Letter is purported to have outlined the fee structure, payable to Deloitte, in respect of its duty of fidelity to Neolink Cyber, and it, also, stated that, should Neolink Cyber decide to withdraw from the arrangement, at any time and for whatever reason, Deloitte had the right to charge an 'Abort Fee' of \$US50,000 (about \$HK389,000).

In addition, in the event that an Abort Fee was due and owing to Deloitte, it had the right to charge any reasonable out-of-pocket expenses incurred in connection with its engagement.

Neolink Cyber did withdraw from the arrangement, as it turned out, but Deloitte is claiming that it did not get its money, despite repeated requests and demands.

There was, at the time of the appointment of Deloitte, a great deal of talk about Private Share Placements of shares in Neolink Cyber by the controlling shareholder of the Company.

On May 17, 2001, however, the Company announced: 'The private placement of 10,000,000 Shares by the controlling shareholder of the Company will not proceed.'

A few days later, the Company made this announcement:

'... Reference is made to the announcement of the Company dated 7 May 2001 in relation to a private ... [CLICK TO ORDER FULL ARTICLE](#)

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