## INSIGNIA BROOKE (HONGKONG) LTD: DID SOMEBODY FAIL TO ADD UP THE FIGURES, CORRECTLY?

Unless somebody has a very good defence of a recently filed Action, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), that somebody could be out-of-pocket to the tune of at least \$HK41 million.

This is because the Liquidator of publicly listed Wah Nam Group Ltd, along with that company's wholly owned subsidiary, Great Strategy Properties Ltd, has just issued legal proceedings against the following parties:

Insignia Brooke (Hongkong) Ltd, formerly known as Brooke International (China) Ltd First Defendant

and

Mr Cheng Chak Ho

Second Defendant

High Court Action Number 661, in essence, accuses the Defendants of either incompetence or grave negligence in that a piece of property, situated in the Guangdong Province of the PRC, proper, was valued by either or both of the Defendants at a price, which was inflated by about 11 times.

The Statement of Claim, attached to the Writ of Summons, alleges that Wah Nam Group Ltd was a publicly listed company, quoted on the Main Board of The Stock Exchange of Hongkong Ltd, but it was Ordered, by the HKSAR High Court, to be wound up on July 26, 2000.

Great Strategy Properties Ltd was its wholly owned subsidiary, that company, being domiciled in the **B**ritish **V**irgin **I**slands (BVI).

Insignia Brooke, the First Defendant, is and was a firm of surveyors and, inter alia, valuers of land.

The Second Defendant, Mr Cheng Chak Ho, also known as Mr Tony Cheng Chak Ho, was an employee of the First Defendant between February 1998 and September 2000.

He is described as being a 'general practice surveyor and valuer'.

Paragraph 7 of the Statement of Claim alleges that, in June 1999, 'Wah Nam was contemplating the purchase of a parcel of vacant land with a site area of approximately 66,600 square metres located in Xiao Liu Bu, Tian Shui District, Ya Xi Town, Guangdong Province, the People's Republic of China.'

To this end, it is alleged that Wah Nam instructed the Second Defendant, at a fee of \$HK95,000, to:

- 1. Survey and value the land;
- 2. Conduct and undertake a feasibility study for a proposed development on the land; and,
- 3. Advise Wah Nam, accordingly.

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