

**DYNAMIC GLOBAL HOLDINGS LTD:
WILL LAST YEAR'S PROFITS BE WIPED OUT
BY MOUNTING LITIGATION ?**

A property design company has issued legal proceedings in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming publicly listed [Dynamic Global Holdings Ltd](#) as the lone Defendant in an attempt to obtain an alleged \$HK2.30-million debt, going back to 2001.

Dynamic Global (Code: 231, Main Board, The Stock Exchange of Hongkong Ltd) is hardly a virgin when it comes to fending off legal claims – because this is the second, major claim, made against this property company-cum-toll-bridge operator in the PRC, proper, this year.

On January 20, 2004, a former Executive Director of Dynamic Global, Mr Chan King Nin, sued the company, claiming just about \$HK2 million in respect of money due and owing to him with regard to the terms and conditions, contained in his employment contract.

Now, A and B Design Consultants Ltd has issued its claim in the HKSAR, alleging that, in late 2000, Dynamic Global *'has agreed to manage the Defendant's project team, to provide consultation services on affairs relating to the design and technical aspects pertaining to the development projects of the Defendant and to execute the Defendant's directives relating to property development and other affairs for the duration from 1st January 2001 to 31st December 2001, both in Hongkong and in the People's Republic of China.'* (Paragraph 3 of the Statement of Claim, attached to High Court Action Number 1071)

The Statement of Claim, then, goes on to allege:

- '4. On 21st March 2001, two receipts were issued by the Plaintiff acknowledging the receipt of HK\$70,000 and HK\$30,000 respectively from Fairyoung Development Limited for payment of the monthly retainer for consultation services to the group.*
- '5. It s (sic) averred that by an unsigned contact dated 1st January 2001 between the Plaintiff and the Defendant which was in the identical terms as that set out in the letter in paragraph 6 below, the intention of the parties to reduce the Oral Contract into written form in accordance with the terms as set out therein was established.*
- '6. It is averred that by a letter dated 2nd October 2002 issued by the Mr Joe Wong on behalf of the Defendant acceptance of which was acknowledged by Mr Anthony Chan of the Plaintiff (the "Letter") the terms of the agreement between the Plaintiff and the Defendant was set out therein subsequent to the meeting referred to in the Letter (the "Written Contract").*
- '7. Furthermore, Mr Anthony Chan, by his letter of behalf of the Plaintiff dated 15th January 2003 (the "Reply Letter"), confirmed the existence of the Written Contract for the provision*

of like services as that enunciated in paragraph 3 above for the period from 1st January 2002 to 31st December 2002.

'8. The relevant terms for payment of the fee charges set out in the Letter are set out as follows:-

"As agreed, the fee payable to you shall be a total of HK\$1,200,000.00 (say Hong Kong Dollars One Million and Two Hundred Thousand Only) for the period from 1st January 2002 to 31st December 2002 payable in the following manner:-

- A. A monthly retainer fee of HK\$70,000.00 in cash.*
- B. A lump sum of HK\$160,000.00 in cash on 31st December 2001, and*
- C. An allotment of publicly listed stock worth HK\$200,000.00 on 31st December 2001.*

All payments shall be due on the 14th day of each calendar month or on a specified date as agreed.

Exclusions

- I. Professional fees for other consultants, for example, architects, structural engineer, E&M engineer, quantity surveyor, local Design institute etc.*
- II. Travelling and lodging expenses.*
- III. Lithography and reproduction costs etc."*

'9. The Plaintiff avers that a like fee arrangement was agreed in the Oral Contract between the parties for the services rendered in the year 2001 as reflected by the written agreement in paragraph 5 herein.

'10. The Defendant have agreed to settle all payments due for the services rendered by the Plaintiff on the professional consultation retainer as well as all the payments due for the services rendered for the year 2001 on or before 15th March 2003 which was set out in the Reply letter.

'11. As the Plaintiff have performed all the services required of them under both the Oral Contract in 2001 and the Written Contract in 2002 respectively, the Plaintiff is entitled to full payment of the fee charges under the Oral Contract and the Written Contract less any payments already received from the Defendant, particulars of which are set out below:

Particulars

<u>Year</u>	<u>Annual Fee Charges</u>
2001	HK\$1,200,000.00
2002	HK\$1,200,000.00
Less: 2 Payments received on 21 st March 2001	(HK\$70,000) (<u>HK\$30,000</u>)
Sub-Total of Receipts	(HK\$100,000)
Total:	<u>HK\$2,300,000.00</u>

'12. Mr Joe Wong, who is the ex-Chairman of the board of directors of the Defendant, has made a statutory declaration on 21st November 2003 declaring that the Plaintiff have duly

provided and performed the services set out in the Written Contract before he left the office of chairmanship of the board of directors of the Defendant.

- '13. *In breach of the Oral Contract and the Written Contract and despite repeated demands made by the Plaintiff orally which eventually culminated in the written demand letter issued by the plaintiff's solicitors on 15th March 2004, the Defendant has failed and/or refused to make payment of the said HK\$2,300,000.00 as stated in paragraph 9 to the Plaintiff or any part thereof which remained due and owing to the Plaintiff.*
- '14. *Further, the plaintiff is entitled to and claims interest on the aforesaid sum of such rate and for such period as the Court shall think fit pursuant to Section 48 of the High Court Ordinance (Cap. 4).*

The Plaintiff Claims:

- 1. The said sum of HK\$2,300,000.00 as particularised in paragraph 11 hereof;*
- 2. Further or alternatively, damages to be assessed;*
- 3. Interest thereon pursuant to Section 48 of the High Court Ordinance (Cap. 4);*
- 4. Such further or other relief as the Court may deem appropriate; and*
- 5. Costs of this action.'*

The Case For Mr Chan King Nin

In respect of the case of Mr Chan King Nin – High Court Action Number 124, filed on January 20, 2004 – it was alleged that ... [CLICK TO ORDER FULL ARTICLE](#)

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