

**CITIC DAMENG HOLDINGS LTD:
KNIGHT FRANK IS SUED FOR MORE THAN \$HK2 MILLION**

A subsidiary of CITIC Dameng Holdings Ltd () (Code: 1091, Main Board, The Stock Exchange of Hongkong Ltd), to wit, CITIC Dameng Investments Ltd (), has issued legal proceedings in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming Knight Frank Hongkong Ltd ([]) as the First Defendant and an employee of Knight Frank, namely Ms Kwan Mei Yi, also known as Sanny Kwan, as the Second Defendant.

The Knight Frank Organisation is well known, internationally, as, inter alia, an estate agent. The HKSAR branch, at its website, describes itself as being '*Hongkong's Leading Independent Real Estate Consultancy*'.

The Plaintiff in HKSAR High Court Action, Number 862 of 2014, Statement of Claim, attached, however, is claiming more than \$HK2 million from the two Defendants '*and/or any other sums to be assessed, being the damages for the reckless or negligent misrepresentation under section 3 of the Misrepresentation Ordinance (Cap. 284), and/or breach of the agent's duties*'.

The Statement of Claim

At Paragraphs Two and Four of the Statement of Claim, it is alleged that Knight Frank was '*retained by the Plaintiff for locating a premises (sic) ... (a) Office No. 1 on 35th Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong (hereinafter called "Suite 3501"); (b) Office No. 2 on 35th Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong (hereinafter called "Suite 3502")*'.

The First Defendant is alleged to be '*the employer of Mr. Sit Hoi Tat (also known as Sherman Sit) ... and the 2nd Defendant and therefore shall be vicariously liable for all acts (including but no (sic) limited to it (sic) negligence, breach, omission and/or tortious acts of Mr. Sit and the 2nd Defendant*'.

Taking up the Statement of Claim from Paragraph 6:

- '6. *In or around May 2010, the Group was in the process of applying for listing in Hong Kong and therefore the Plaintiff, by virtue of the past working relationship between the Plaintiff's related or associate company and the 1st Defendant (including Mr. Sit and the 2nd Defendant), reposed trust and confidence on and upon the 1st Defendant and therefore approached the 1st Defendant to offer the estate agent service.*
- '7. *Subsequently, by an oral agreement entered into between the Plaintiff and the 1st Defendant (the "**Agreement**"), the 1st Defendant agreed to provide estate agency services to the Plaintiff and assigned Mr. Sit and the 2nd Defendant as the Plaintiff's estate agents to locate a suitable premise as the Groups' headquarters and principle place of business in Hong Kong.*
- '8. *The Agreement is evidenced by, inter alia, the following documents:*
 - (a) *the offer letter dated 10th June 2010 prepared and issued by the 1st Defendant to the Plaintiff (the "**Offer Letter**");*

(b) *the letter prepared and issued by the 1st Defendant to the Plaintiff in or around late June 2010 confirming the payment of agency fee by the Plaintiff for the introduction of the Premises (“Agency Fee Letter”).*

‘9. *The Plaintiff requested the 1st Defendant that the potential premises have to meet the following conditions, which are also conditional precedents for the Plaintiff to lease the premises.*

(a) *In respect of the size and/or efficiency ratio of the premises:*

The size of the premises shall be not less 3,000 gross square feets (sic) and the efficiency ratio of the premises shall be around 70% so as to meet the need of the Group in that the Plaintiff would be able to partition the premises into not less than one meeting room, one pantry and several office rooms to be used by its directors and/or senior managements (sic) of the Group.

(b) *In respect of the location of the premises:*

The location of the premises shall be in Central or Admiralty.

(Collectively called the “Conditions”)

‘10. *Acting upon and in accordance with the Conditions, the 1st Defendant (including Mt. (sic) Sit and the 2nd Defendant) located various potential premises (including the Premises) to the Plaintiff for its consideration.*

‘D. Misrepresentation by the 1st Defendant (including Mr. Sit and the 2nd Defendant)

‘11. *At all material times, the 1st Defendant (through Mr. Sit and/or the 2nd Defendant for which it is vicariously liable) continuously and repetitiously made the following representations to the Plaintiff:*

(a) *The size of Suite 3501 has approximately 1,000 gross square feets (sic);*

(b) *The size of Suite 3502 has approximately 2,800 gross square feets (sic);*

(c) *The aggregate size of the Premises has approximately 3,800 gross square feets (sic);*

(d) *The efficiency ratio of the Premises is about 68%.*

(Hereinafter called the “Representations”)

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