

**HENG XIN CHINA HOLDINGS LTD:  
SOLICITORS' FIRM SUES FOR MORE THAN \$HK2 MILLION**

C.L. Chow and Macksion Chan (), a solicitors' firm, its Principal Place of Business, being the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has issued proceedings in the HKSAR High Court, naming Heng Xin China Holdings Ltd () (Code: 8046, The Growth Enterprise Market [the **GEM**], The Stock Exchange of Hongkong Ltd) as the lone Defendant.

C.L. Chow and Macksion Chan, the Plaintiff to this Action, is seeking \$HK2,016,225.24 from the Defendant.

The Statement of Claim, attached to Writ of Summons, Number 248 of 2018, makes the allegation that, on or about October 18, 2016, the Plaintiff was instructed by the Defendant *'to provide professional legal services and/or advice to the Defendant in relation to the suspected misappropriation of the Defendant's capital injections in Shanxi Zhongze Heng Yuan Biological Technology Company Ltd () ("Shanxi Zhongze")*.

Paragraph A **1st Engagement** (1) of the Statement of Claim continues by alleging that the Plaintiff and the Defendant *'signed a written retainer on or about 21 November 2016 in relation to the Shanxi Zhongze matter.'*

In accordance with the terms of the retainer, the Plaintiff allegedly agreed to pay the fees and disbursements for work done and services rendered.

Paragraph A (2) of the Statement of Claim, then makes the following allegation:

*‘The Plaintiff duly provided legal services to the Defendant in accordance with the scope of the retainer letter including but not limited to reviewing the operation of Shanxi Zhongze, carrying out internal investigations in Shanxi Zhongze and interviewing its associated persons. Pursuant to the instructions of the Defendant, the Plaintiff further coordinated with PRC lawyers to lodge criminal complaint with the Public Security Bureau (“PSB”) in the PRC regarding the suspected misappropriation of funds and breach of fiduciary duty of Shanxi Zhongze’s personnel and procured the PSB of the Shandong Province to open a file for investigation in or about October 2017.’*

On October 13, 2017, it is alleged that the Plaintiff issued a bill, dated October 12, 2017, demanding the sum of \$HK608,398.14, *‘being the outstanding amount of the Plaintiff’s professional service charges and disbursements as spent on the Defendant’s behalf for the period from 21 November 2016 to 12 October 2017 in relation to the 1st Engagement net of all costs on account ...’*.

The Statement of Claim, then, continues with some details with regard to the **2nd Engagement**, being Paragraph B (1) where it is alleged:

- ‘(1) On or about 4 November 2016, the Defendant instructed the Plaintiff to provide professional legal services and/or advice to the Defendant in relation to recovery of refundable deposits paid by the Defendant pursuant to the Memorandum of Understanding (“MOU”) for acquisition of Daqing AORUI Bioenergy Co., Ltd. () (“Daqing”) dated 1 December 2015. The Plaintiff and the Defendant signed a written retainer on or about 21 November 2016 in relation to the Daqing matter, whereby the Defendant agreed to pay the fees and disbursements for the work done and services rendered by the Plaintiff in accordance with the terms of retainer.*
- ‘(2) The Plaintiff duly provided legal services to the Defendant in accordance with the scope of the retainer letter. On 24 March 2017, pursuant to the instructions of the Defendant, the Plaintiff commenced proceedings (HCA 704/2017) on behalf of the Defendant in Hong Kong to recover the refundable deposit paid by the Defendant pursuant to the MOU amongst other claims. Up to the date hereof, the Plaintiff has drafted and filed the relevant Statement of Claim, applied for service out of jurisdiction and substituted service and subsequently arranged for service by the PRC Court.’*

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