

WILL SUN HUNG KAI HAVE TO BITE THE BULLET ON THIS ONE ?

On the eve, so to speak, of the appointment of Provisional Liquidators of publicly listed Leading Spirit High-Tech (Holdings) Company Ltd (Code: 606, Main Board, The Stock Exchange of Hongkong Ltd) and China DigiContent Company Ltd (Code: 1197, Main Board, The Stock Exchange of Hongkong Ltd), the Chairman of both publicly listed companies was sued for a cool \$HK54 million.

Mr Wong Shi Ling is the First Defendant in High Court Action Number 2091 while Mr Huang Zhou Ling, the Second Defendant, allegedly stood guarantor for Mr Wong Shi Ling.

The Plaintiff to this action is a wholly owned subsidiary of Sun Hung Kai and Company Ltd (Code: 86, Main Board, The Stock Exchange of Hongkong Ltd): Sun Tai Cheung Credits Ltd.

In view of what transpired, with the appointments of Provisional Liquidators of Leading Spirit and China DigiContent, questions must be raised as to whether or not Provisions have been made in the accounts of Sun Hung Kai and Company Ltd in respect of the allegations, contained in the Statement of Claim, attached to the Writ of Summons in High Court Action Number 2091.

The Statement of Claim

On October 14, 1996, Mr Wong Shi Ling is alleged to have pledged certain securities with Sun Tai Cheung in order to secure a loan from this finance company. (Paragraph 2)

The loan agreement was amended on March 12, 1998 by mutual agreement, and there was a further amendment, executed on December 2, 1999, it is alleged.

Paragraph 5 of the Statement of Claim alleges that Mr Wong Shi Ling agreed to settle his debt to the finance company in 36 equal instalments, commencing January 2000.

However, it is alleged that *'A cheque for the 14th instalment was deposited with the Plaintiff's bank on 28 February 2001 ... was dishonoured and subsequently returned to the Plaintiff on 1 March 2001 ...'* (Paragraph 6)

This paragraph then goes on to allege that the cheque was redeposited with the Plaintiff's bank on March 15, 2001, but it was, once again, dishonoured and was subsequently returned to Mr Wong Shi Ling.

Mr Wong Shi Ling, evidently, gave a new cheque to Sun Tai Cheung in the amount of \$HK200,000, and this cheque was successfully encashed.

But, on March 30, 2001, the cheque, covering the 15th instalment, bounced – as did the cheque, supposedly covering the 16th instalment of the loan.

Paragraph 9 of the Statement of Claim then states: *'In breach of the Deed of Settlement, the 1st Defendant has failed to make payment of the 14th instalment for HK\$2,217,845.51 on 28th February 2001, the 15th instalment for HK\$2,217,845.50 payable on 30 March 2001 and the 16th instalment for HK\$2,217,845.50 payable on 27 April 2001. Clause 6 of the Deed of Settlement provides that if the 1st Defendant fails to pay any two or more of the 36 monthly instalments for any reason whatsoever, or upon occurrence of any one of the events of default set out in Clause 7 therein, the whole outstanding Loan, Interest and the Further Interest after taking into account the sums already paid to the Plaintiff shall become immediately due and payable.'*

It is alleged by Sun Tai Cheung that it sent a letter to Mr Wong Shi Ling on March 19, 2001, formally demanding HK\$2,217,845.51.

On May 3, 2001, it is alleged in Paragraph 12 that Sun Tai Cheung formally demanded, from Mr Wong Shi Ling, the outstanding sum of money, totalling \$HK53,223,469.94.

It is alleged that the Plaintiff has yet to see this money.

On December 2, 1999, the Second Defendant, Mr Huang Zhou Ling, stood guarantor for the Chairman of Leading Spirit/China DigiContent, the Statement of Claim contends.

Sun Tai Cheung hit this gentleman with the same claim as Mr Wong Shi Ling, but Mr Huang Zhou Ling did not respond with the cash, it is alleged at Paragraph 15.

Sun Tai Cheung is making the following claims against the Defendants:

- 1) *Against the 1st Defendant, the sum of HK\$52,421,389.44 ...;*
- 2) *Against the 1st Defendant, all costs and expenses ... ;*
- 3) *Against the 1st Defendant ... interest in the sum of HK\$1,446,246.87 and further interest at the continuing daily rate of HK\$12,913.47;*
- 4) *Against the 2nd Defendant, the sum of HK\$52,421,389.44 ...;*
- 5) *Against the 2nd Defendant, all costs and expenses including legal fees ... ;*
- 6) *Against the 2nd Defendant ... interest in the sum of HK\$113,100.94 and further interest at the continuing daily rate of HK\$12,593.88.'*

Background

Mr Wong Shi Ling Shi Ling is no stranger to the High Court ... [CLICK TO ORDER FULL ARTICLE](#)

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