

**FOUR SEAS STANDS ACCUSED OF NEFARIOUS ACTS**

Four Seas Mercantile Holdings Ltd (Code: 374, Main Board, The Stock Exchange of Hongkong Ltd) may well be facing an uphill battle in its legal fight against a former supplier of instant noodles – provided the Plaintiffs can prove the allegations against the snack-food purveyor.

Because a wholly owned subsidiary of Four Seas Mercantile Holdings, Four Seas Mercantile Ltd, has been hit with a claim for more than \$HK9 million in respect of allegations of (a) failures to honour its commitments to the Plaintiffs and (b) poaching product from the Plaintiff's suppliers and passing that product off as its own creation.

The Plaintiffs to High Court Action Number 77 of 2002 is Manyung Trading Ltd and Tung I Distributors Ltd, trading as President Foods (H.K.).

The Statement of Claim, attached to High Court Action Number 77, alleges that the Plaintiffs are the owners of a wide range of instant noodle and rice vermicelli products, known as Fuku Brand Instant Noodles/Vermicelli.

On or about May 14, 1999, Manyung and Tung I allegedly entered into an Agency Agreement with Four Seas whereby Four Seas was appointed the sole and exclusive agent for a period of 5 years, commencing June 1, 1999, for the sale and promotion of the products of Manyung and Tung I in the territories of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and the Macau Special Administrative Region (MSAR) of the PRC.

It is alleged at Paragraph 4 of this purported agreement that Four Seas covenanted to purchase not less than \$HK30 million of product from the Plaintiff per year, starting from September 1, 1999.

The agreement covered such matters as the duty of fidelity that the Defendant would owe to the Plaintiff, which included, inter alia:

1. To use its (Four Seas) endeavours to promote the sales of the Defendants' products;
2. Not to act in a manner that would be prejudicial to the interests of the Plaintiff or the Plaintiff's products;
3. Not to establish a business which may be in direct or indirect competition with the products of the Defendant;
4. Not to make secret profits; and,
5. Not to make use of confidential information, acquired in the course of the Agency Agreement for Four Seas's personal benefit.

It is alleged, at Paragraph 7 of the Statement of Claim, that Four Seas *'Failed to use its best endeavours to promote and extend the sale of the Products (of Manyung and Tung I) throughout the Territories ...'*

Paragraph 7, also, states that during the *'25 1/2 months period when the Defendant was acting as the Plaintiffs' agent, the Defendant had failed to, (in) any material way, promote and extend the sales of the Products. This*

*included failing to cause the advertising and promoting of the Products in the mass media or in any way to promote the sales of the Products.'*

It is further alleged in this paragraph, at 7(b)(i), that Four Seas had failed to purchase the minimum amount of product from the Plaintiffs in the first year of the agreement, ended 31 August 2000, '*contrary to Clause 3 of the Agreement.*'

During the period September 1, 1999 and August 31, 2000, it is alleged that Four Seas purchased only product of the value of \$HK23,448,504.30 from the Plaintiffs.

This was more than \$HK6.55 million less than the minimum amount to which the parties had agreed when they signed on the dotted line of the Agency Agreement.

The situation, it appears, deteriorated further, following a series of letters, sent by the Plaintiffs to the Defendants.

The Agreement was terminated on October 14, 2001.

There had been an express understanding between the Defendant and the Plaintiffs that 2 cents out of every packet of Product would be set aside as a reserve for the purpose of mass media advertising.

This is claimed at Paragraph 7(d)(i) of the Statement of Claim.

It is alleged that such a reserve was never established and:

*'Hence, during the entire period when the Defendant was acting as the agent of the Plaintiffs, especially during the last few months of the terms of the Agreement, no money was spent on the promotion of sales of the Products through mass media.'* Paragraph 7(d)(iv)

It is at about this point that the Statement of Claim gets even juicier ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,  
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*