

PART II

**GARMENT MANUFACTURERS FACE CRITICAL TIMES:
SWEETMART GARMENT WORKS LTD TO BE WOUND UP!
ANOTHER MANUFACTURERS CALL IT QUILTS !**

At least 4 other garment manufacturers, all of which are linked by common shareholders, and all of which are domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), are confirmed to be in desperate financial straits.

And 2 of these companies are being wound up under Section 228A of The Companies Ordinance, Chapter 32 of the laws of the HKSAR.

This is the fifth such company to have been discovered by **TARGET** Newspapers Ltd, of late, to have hit a brick wall with regard to keeping creditor wolves away from its doors.

The holding company of these 4 garment factories /service companies to come under **TARGET**'s microscope appears to be Maxford Garments Ltd (萬福製衣有限公司), which was incorporated in the HKSAR on February 18, 1992, and is legally owned by:

1. Mr Wong Wah Lap (黃華立)	60 percent
2. Mr Bolly Leung Tat Ming (梁達明)	30 percent
3. Mr Kavin Wong (黃家榮)	10 percent

More about this breaking situation, later on in this exclusive report, but first, **TARGET** Subscribers will recall that, in last Friday's [TARGET Intelligence Report, Volume VII, Number 180](#), this medium unearthed the facts about Sweetmart Garment Works Ltd and the undeniable conclusion that it was not very long for this world.

In that report, **TARGET** asked the question, in the headline:

***'GARMENT MANUFACTURERS FACE CRITICAL TIMES:
HOW MANY WILL CLOSE THEIR DOORS ?'***

That report centred on the troubles that many HKSAR textile and garment manufacturers are facing, today, due in large part to the recent bilateral agreement between the PRC Government and the European Union (EU) in respect of Chinese-produced textile/garment imports into the EU.

Sweetmart Garment Works Ltd was the first company to have been identified by **TARGET** as suffering, financially, due, in the main, to this July determination of the EU and the PRC Government.

Since last Friday's report, Sweetmart Garment Works Ltd has been sued twice again in the HKSAR High Court, by Citibank N.A. and by The Bank of East Asia Ltd (東亞銀行有限公司).

In addition, Oversea-Chinese Banking Corporation Ltd (華僑銀行), a putative creditor of Sweetmart Garment Works Ltd, has petitioned the winding up of the company.

The Petition, lodged by Oversea-Chinese Banking Corporation Ltd, has come right out of left field, so to speak – because there is no record in **TOLFIN** (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider) of this giant bank ever having been a lender to Sweetmart Garment Works, at least, not in the HKSAR.

With regard to the recent claim by the US bank, Citibank N.A., which has branches in the HKSAR, it has hit Sweetmart Garment Works and its beneficial owners with a claim for \$HK3,387,340.55.

The beneficial owners of Sweetmart Garments Works, who are the other 3 Defendants in High Court Action Number 1862, are:

Mr Joseph Wong Chit Ming (王哲明)	Second Defendant
Mr Eric Wong Tze Cheong (王子昌)	Third Defendant
Mr Spencer Wong Tze Tim (王子添)	Fourth Defendant

The Wong Family members are said to be Guarantors of loans, afforded to Sweetmart Garments Works by Citibank, the Statement of Claim, attached to the Writ of Summons alleges.

The Citibank loans to Sweetmart Garment Works are relatively new, having been agreed on October 20, 2004, the Statement of Claim states, at Paragraph 2, but the association of Sweetmart Garment Works/the Wong Family with this bank appears to go back at least 3 years because, at Paragraph 4 of the Statement of Claim, it is alleged that the Wong Family members *‘executed jointly and severally a Guarantee & Indemnity dated 16th August 2002 ... in favour of the Plaintiff (Citibank) to guarantee unconditionally the liabilities due by the 1st Defendant (Sweetmart Garment Works) to the Plaintiff.’*

Yesterday, The Bank of East Asia Ltd (Code: 23, Main Board, The Stock Exchange of Hongkong Ltd) launched High Court Action Number 1893, naming Sweetmart Garment Works Ltd and the Wongs as the 4 Defendants to the Action.

The Bank of East Asia is alleging that Sweetmart Garment Works is indebted to this bank, the largest, Chinese-owned bank of the HKSAR, as at August 19, 2005, in the amount of \$HK5,113,403.03 and that the 3 Wongs are guarantors of the financial obligations of their garment-making company in respect of loans, afforded to Sweetmart Garment Works by the bank.

According to the Statement of Claim, attached to Writ of Summons Number 1893, the Wongs executed a Deed of Guarantee on December 1, 2004.

On July 5, 2005, The Bank of East Asia, through its HKSAR solicitors, demanded repayment of all moneys, owed to it, but *‘the Defendants have not paid the amount claimed and the same remains due and owing by the Defendants to the Plaintiff.’*

Lastly, with regard to Sweetmart Garment Works, et alii, in what may well be viewed as an act of desperation, Mr Eric Wong Tze Cheong appears to have issued 4 cheques, which, on presentation, have been dishonoured.

According to Delta Asia Credit Ltd (匯業信貸有限公司), Mr Eric Wong issued cheques to this finance company, all dated in the month of July, this year, and all of which were dishonoured.

The aggregate amount of the 4 cheques is \$HK5.95 million, Delta Asia Credit Ltd alleges in High Court Action Number 1871, issued last Friday.

Delta Asia Credit Ltd, unable to obtain the money from Mr Eric Wong, has asked the HKSAR High Court for a ruling on this matter.

Maxford Garments Ltd

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