## THE WONGS GET INTO THE SPIRIT OF LITIGATION: WHO IS CUTTING WHOSE THROAT, NOW ?

The situation at the home of the Wong Family, formerly the family which owned and operated the 42-year-old <u>Sweetmart Garment Works Ltd (威馬製衣廠有限公司)</u>, has turned very ugly, with one member of the Wong Family, suing other members, and 2 members of the Wong Family, suing the former accountant and secretary of Sweetmart Garment Works.

Within the past fortnight or so, not less than 3 material claims have been lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), with the aggregate amount of the claims, being about \$HK55 million.

The biggest claim has been filed in the HKSAR High Court by the brothers, Eric Wong Tze Cheong and Spencer Wong Tze Tim.

The Defendants of High Court Action Number 2376 are the ladies, Julia Kiang Ip Wah (江壹樺) and Cheng Mei Mei.

High Court Action Number 2376 was penned and filed, it appeared, by the Brothers Wong, who have claimed that the Defendants owe \$HK38,681,176.78 with interest to Sweetmart Garment Works.

The Endorsement of Claim, signed by the Brothers Wong, states, only:

'The  $1^{st}$  and  $2^{nd}$  Plaintiffs claim in their own right and as agent for a Sweetmart Garment Works Ltd. against the  $1^{st}$  and  $2^{nd}$  Defendants and each of them for :-

- '1. Payment in the sum of \$38,681,176.78 together with interest as claimed by a Luenmay Enterprise Co. Ltd. against the 1<sup>st</sup> and 2<sup>nd</sup> Plaintiffs and the said Sweetmart Garment Works Ltd. pursuant to wrongful representation made by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants, as the accountant and secretary respectively of Sweetmart Garment Works Ltd. and agents for the 1<sup>st</sup> and 2<sup>nd</sup> Plaintiffs.
- <sup>6</sup>2. Alternatively, damages to be assessed for the wrongful representation made by the 1<sup>st</sup> and 2<sup>nd</sup> Defendants as the accountant and secretary respectively of Sweetmart Garment Works Ltd. and agents for the 1<sup>st</sup> and 2<sup>nd</sup> Plaintiffs.
- '3. Interest;
- *'4. Costs;*
- '5. Further and/or other relief.'

The paterfamilias of the Wong Family, Mr Joseph Wong Chit Ming (王哲明), has, also, determined to get in on the litigation action and has sued his 2 sons, Messrs Eric Wong Tze Cheong (王子昌) and Spencer Wong Tze Tim (王子添), along with the garment factory that he founded in the early part of the 1960s, namely, Sweetmart Garment Works Ltd.

Mr Joseph Wong, in his Statement of Claim, attached to High Court Action Number 2381, alleges:

- '1. The Plaintiff is the father of the  $2^{nd}$  and  $3^{rd}$  Defendants.
- *2. (a)* The Plaintiff at the material time was and still is a shareholder of the 1<sup>st</sup> Defendant.
  - (b) The Plaintiff resigned as director of the 1<sup>st</sup> Defendant with effect from 1<sup>st</sup> May 2005 and since then, the Plaintiff has not been the director of the 1<sup>st</sup> Defendant.
- '3. At all material times, the Plaintiff was a shareholder and has been and is still a director of Luenmay Enterprises Company Limited ("Luenmay").
- <sup>6</sup>4. At all material times, the 1<sup>st</sup> Defendant is and was a company incorporated in Hong Kong under the Companies Ordinance (Chapter 32) and the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants are and were at all material times the majority shareholders and executive directors of the 1<sup>st</sup> Defendant.
- <sup>6</sup>5. At the request of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Defendants, the Plaintiff procured loan advances in the total sum of HK\$9,381,918.47 by Luenmay to the 1<sup>st</sup> Defendant during the period from April 2004 to July 2005. A breakdown of the loans advanced is shown in Annex I hereto.
- '6. The 1<sup>st</sup> Defendant made two IOUS for the sum of HK\$8,381,718.47 both dated 18<sup>th</sup> June 2005 (the "First IOUS") in favour of Luenmay, promising to pay to Luenmay on demand of Luenmay or the Plaintiff the sum of HK\$8,381,718.47. The First IOUS were respectively signed by the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants singly. By the First IOUS, the 1<sup>st</sup> and 2<sup>nd</sup> Defendants respectively gave personal guarantees to Luenmay and the Plaintiff for repayment of the aforesaid sum of HK\$8,381,718.47.
- '7. The 1<sup>st</sup> Defendant made another IOU for the sum of HK\$9,381,918.47 dated 22<sup>nd</sup> July 2005 (the "Second IOU") in favour of Luenmay (for replacement of the First IOUS as a result of further loan advances made by the Plaintiff at the request of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Defendants), promising to pay to the Plaintiff on demand of Luenmay or the Plaintiff the sum of HK\$9,381,918.47. By the Second IOU, the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants both gave personal guarantees to Luenmay and the Plaintiff for repayment of the aforesaid sum of HK\$9,381,718.47.
- *\*8. Despite repeated requests and demands, the 1<sup>st</sup> to 3<sup>rd</sup> Defendants have failed and still fail to pay the amounts as mentioned in paragraphs 5 and 7 hereof or any part thereof.*
- (1) AND THE PLAINTIFF claims against the  $1^{st}$ ,  $2^{nd}$  and  $3^{rd}$  Defendants for:-
  - (a) the sum of HK\$9,381,918.47 as referred to in paragraphs 5 and 7;
  - (b) interest on the above sums pursuant to Sections 48 & 49 of the High Court Ordinance (Chapter 4);
  - (c) further or other relief; and
  - (d) costs of this action'

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