

**WO KEE HONG (HOLDINGS) LTD:
THE HONORARY CHAIRMAN IS SUED
FOR TENS OF MILLIONS OF DOLLARS**

The Honorary Chairman of Wo Kee Hong (Holdings) Ltd (()) (Code: 720, Main Board, The Stock Exchange of Hongkong Ltd), Mr Lee Wing Sum, has been sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for what could well turn out to be many tens of millions of Hongkong dollars.

High Court Action Number 433 is between:

Citibank Berhad	First Plaintiff
Citibank Malaysia (L) Ltd	Second Plaintiff
and	
Genesis Development Ltd	First Defendant
Proud Success Ltd	Second Defendant
Pai Yuing Company Ltd ()	Third Defendant
Dr Paul Hsieh	Fourth Defendant
Mr Lee Wing Sum ()	Fifth Defendant

The First Defendant and the Second Defendant are both domiciled in the British Virgin Islands and the Third Defendant is domiciled in Taipei, Taiwan.

The Fourth Defendant is said to be a resident of Taipei, Taiwan, while the Fifth Defendant is the father of the Executive Chairman of Wo Kee Hong, Mr Richard Lee Man Fai (), and who is a resident of the HKSAR.

The Indorsement of Claim, attached to Writ of Summons Number 433, refers to a purported Guarantee, dated February 20, 1997, made between Citibank Berhad and Genesis Development Ltd in the sum of \$US11,875,000 (about \$HK92,625,000).

It is alleged that Classic Lane (M) Sendirian Berhad was the borrower of that amount of money under a purported Loan Agreement, dated December 26, 1996, made between Citibank Malaysia (L) Ltd and Classic Lane.

As at today's date, it is alleged that Genesis Development Ltd owes to the Plaintiffs the sum of \$US16,166,188.96 (about \$HK126.10 million) and 450,308.48 renminbi (about \$HK432,989).

The other 4 Defendants are all said to be Guarantors of the loan, those Guarantees, going back to June 4, 1997.

Picking up the Indorsement of Claim, from Paragraph 2, it is alleged:

'2. As against the 2nd Defendant:

2.1 Pursuant to clause 2.01 of a Guarantee dated 4 June 1997 made between the 1st Plaintiff and the 2nd, 3rd, 4th and 5th Defendants (the "Cash Shortfall Guarantee"),

20% of the amount of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) which the Borrower has failed to pay to the Plaintiffs.

- 2.2 Further or alternatively, an indemnity for 20% of all losses, liabilities, damages, costs and expenses whatsoever incurred by the 1st and/or 2nd Plaintiffs arising out of the failure by the Borrower to make due and punctual payment of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) pursuant to clause 4 of the Cash Shortfall Guarantee.*
- 2.3 Payment and/or reimbursement of all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by the 1st and/or 2nd Plaintiffs:*
 - (a) in connection with the preparation and execution of the Cash Shortfall Guarantee and any amendment to or extension of, or the giving of any consent or waiver in connection with, the Cash Shortfall Guarantee pursuant to clause 9.01(a) of the Cash Shortfall Guarantee;*
 - (b) in exercising any of its or their rights or powers under the Cash Shortfall Guarantee and in suing for or seeking to recover any sums due under the Cash Shortfall Guarantee or otherwise preserving or enforcing its or their rights under the Cash Shortfall Guarantee pursuant to clause 9.01(b) of the Cash Shortfall Guarantee.*
- 2.4 Payment of interest on all monies payable under the Cash Shortfall Guarantee from the due date to the date of payment at the rates and in the manner specified in clause 15 of the Loan Agreement pursuant to clause 9.02 of the Cash Shortfall Guarantee.*
- 2.5 Further or alternatively, an indemnity pursuant to clauses 10.01 and 10.02 of the Cash Shortfall Guarantee.*
- 2.6 As at the date hereof, the Plaintiffs' claim against the 2nd Defendant is in the total sum USD1,490,047.16 and RM450,308.48, with interest and other charges continuing to accrue in accordance with the terms of the Cash Shortfall Guarantee from the date hereof, until payment.*
- 2.7 Further or alternatively, the Plaintiffs claim such other sum as this Honourable Court shall deem fit.*

'3. As against the 3rd Defendant:

- 3.1 Pursuant to clause 2.01 of the Cash Shortfall Guarantee, 6.8184% of the amount of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) which the Borrower has failed to pay to the Plaintiffs.*
- 3.2 Further or alternatively, an indemnity for 6.8184% of all losses, liabilities, damages, costs and expenses whatsoever incurred by the 1st and/or 2nd Plaintiffs arising out of the failure by the Borrower to make due and punctual payment of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) pursuant to clause 4 of the Cash Shortfall Guarantee.*
- 3.3 Payment and/or reimbursement of all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by 1st and/or 2nd Plaintiffs:*
 - (a) in connection with the preparation and execution of the Cash Shortfall Guarantee and any amendment to or extension of, or the giving of any consent or waiver in connection with, the Cash Shortfall Guarantee pursuant to clause 9.01(a) of the Cash Shortfall Guarantee;*
 - (b) in exercising any of its or their rights or powers under the Cash Shortfall Guarantee and in suing for or seeking to recover any sums due under the Cash Shortfall Guarantee or otherwise preserving or enforcing its or their rights under the Cash Shortfall Guarantee pursuant to clause 9.01(b) of the Cash Shortfall Guarantee.*
- 3.4 Payment of interest on all monies payable under the Cash Shortfall Guarantee from the due date to the date of payment at the rates and in the manner specified in clause 15 of the Loan Agreement pursuant to clause 9.02 of the Cash Shortfall Guarantee.*

- 3.5 Further or alternatively, an indemnity pursuant to clause 10.01 and 10.02 of the Cash Shortfall Guarantee.
- 3.6 As at the date hereof, the Plaintiffs' claim against the 3rd Defendant is in the total sum of USD1,061,584.67 and RM450,308.48, with interest and other charges continuing to accrue in accordance with the terms of the Cash Shortfall Guarantee from the date hereof, until payment.
- 3.7 Further or alternatively, the Plaintiffs claim such other sum as this Honourable Court shall deem fit.

'4. As against the 4th Defendant:

- 4.1 Pursuant to clause 2.01 of the Cash Shortfall Guarantee, 6.8184% of the amount of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) which the Borrower has failed to pay to the Plaintiffs.
- 4.2 Further or alternatively, an indemnity for 6.8184% of all losses, liabilities, damages, costs and expenses whatsoever incurred by the 1st and/or 2nd Plaintiffs arising out of the failure by the Borrower to make due and punctual payment of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) pursuant to clause 4 of the Cash Shortfall Guarantee.
- 4.3 Payment and/or reimbursement of all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by the 1st and/or 2nd Plaintiffs:
- (a) in connection with the preparation and execution of the Cash Shortfall Guarantee and any amendment to or extension of, or the giving of any consent or waiver in connection with, the Cash Shortfall Guarantee pursuant to clause 9.01(a) of the Cash Shortfall Guarantee;
 - (b) in exercising any of its or their rights or powers under the Cash Shortfall Guarantee and in suing for or seeking to recover any sums due under the Cash Shortfall Guarantee or otherwise preserving or enforcing its or their rights under the Cash Shortfall Guarantee pursuant to clause 9.01(b) of the Cash Shortfall Guarantee.
- 4.4 Payment of interest on all monies payable under the Cash Shortfall Guarantee from the due date to the date of payment at the rates and in the manner specified in clause 15 of the Loan Agreement pursuant to clause 9.02 of the Cash Shortfall Guarantee.
- 4.5 Further or alternatively, an indemnity pursuant to clauses 10.01 and 10.02 of the Cash Shortfall Guarantee.
- 4.6 As at the date hereof, the Plaintiffs' claim against the 4th Defendant is in the total sum of USD1,061,584.67 and RM450,308.48, with interest and other charges continuing to accrue in accordance with the terms of the Cash Shortfall Guarantee from the date hereof, until payment.
- 4.7 Further or alternatively, the Plaintiffs claim such other sum as this Honourable Court shall deem fit.

'5. As against the 5th Defendant:

- 5.1 Pursuant to clause 2.01 of the Cash Shortfall Guarantee, 66.3632% of the amount of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) which the Borrower has failed to pay to the Plaintiffs.
- 5.2 Further or alternatively, an indemnity for 66.3632% of all losses, liabilities, damages, costs and expenses whatsoever incurred by the 1st and/or 2nd Plaintiffs arising out of the failure by the Borrower to make due and punctual payment of the Secured Indebtedness (as defined in the Cash Shortfall Guarantee) pursuant to clause 4 of the Cash Shortfall Guarantee.
- 5.3 Payment and/or reimbursement of all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by the 1st and/or 2nd Plaintiffs:

- (a) *in connection with the preparation and execution of the Cash Shortfall Guarantee and any amendment to or extension of, or the giving of any consent or waiver in connection with, the Cash Shortfall Guarantee pursuant to clause 9.01(a) of the Cash Shortfall Guarantee;*
- (b) *in exercising any of its or their rights or powers under the Cash Shortfall Guarantee and in suing for or seeking to recover any sums due under the Cash Shortfall Guarantee or otherwise preserving or enforcing its or their rights under the Cash Shortfall Guarantee pursuant to clause 9.01(b) of the Cash Shortfall Guarantee.*

5.4 Payment of interest on all monies payable under the Cash Shortfall Guarantee from the due date to the date of payment at the rates and in the manner specified in clause 15 of the Loan Agreement pursuant to clause 9.02 of the Cash Shortfall Guarantee.

5.5 Further or alternatively, an indemnity pursuant to clauses 10.01 and 10.02 of the Cash Shortfall Guarantee.

5.6 As at the date hereof, the Plaintiffs' claim against the 5th Defendant is in the total sum of USD2,997,063.88 and RM450,308.48, with interest and other charges continuing to accrue in accordance with the terms of the Cash Shortfall Guarantee from the date hereof, until payment.

5.7 Further or alternatively, the Plaintiffs claim such other sum as this Honourable Court shall deem fit.

'6. Further or alternatively, the Plaintiffs claim against the 1st, 2nd, 3rd, 4th and 5th Defendants:

6.1 Interest pursuant to sections 48 and 49 of the High Court Ordinance (Cap 4) at such rate and for such period as the Court thinks fit;

6.2 Costs; and

6.3 Further or other relief.'

How Much Will The Kwong Sang Hong International Ltd Have To Shell Out?

Due to the fact that this matter is sub judice, **TARGET** () may not comment on any of the matters, outlined in the Writ of Summons or the Indorsement of Claim.

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