

SECOND DIVISION

[G.R. No. 129507, September 29, 2000]

CHAN SUI BI, JOHNNY C. ONG, BOBBY C. ONG, PHILLIP C. ONG, HOMER C. ONG, DAVID C. ONG, HELEN C. ONG-MAYPA, AND GLENN C. ONG, AS SUBSTITUTED WIDOW AND CHILDREN OF THE LATE JOSE C. ONG IN HIS PERSONAL CAPACITY, ROBSON ONG, AND DAVID C. ONG, AS SPECIAL ADMINISTRATOR OF THE INTESTATE ESTATES OF UY HIAN AND ONG CHUAN, RTC-ILOILO SP. PROCS. NOS. 2647 AND 2370^[*], PETITIONERS, VS. COURT OF APPEALS, SOFIA DALIPE, ROLANDO D. ONG, SPOUSES LORENZO D. ONG AND VILMA TAN-ONG, SPOUSES EDDIE D. ONG AND LIZA TE-ONG, HENRY D. ONG, YELSON D. ONG, WILSON D. ONG, ASUNCION ONG-JARDIOLIN, MA. LOURDES ONG, LAS TRES ESTRELLAS TEXTILES CO., GOLDEN GATE REALTY CORPORATION, AND GOLDEN PORTALS INDUSTRIES, INC., RESPONDENTS.

DECISION

QUISUMBING, J.:

For review is the Decision promulgated on December 19, 1996 by the Court of Appeals in CA-G.R. CV No. 32242, affirming with modification the judgment of the Regional Trial Court in Iloilo City, Branch 28, in Civil Case No. 17530.

The facts as narrated by the Court of Appeals,^[1] are supported by the records as follows:

Petitioner Chan Sui Bi is the widow of the late Jose C. Ong, one of two sons of Ong Chuan and Uy Hian whose settlement of estate is being contested. The others Johnny, Bobby, Phillip, Homer, David, Helen Ong-Maypa and Glenn are the children of Chan Sui Bi and Jose Ong. David Ong is the appointed Special Administrator of the intestate estate of Ong Chuan and Uy Hian. Co-petitioner Robson Uy is the other son of Ong Chuan and Uy Hian.

Private respondent Sofia Dalipe is Ong Chuan's common-law wife. The other respondents, Rolando, Lorenzo, Eddie, Henry, Yelson, Wilson, and Asuncion are their children. Las Tres Estrellas Company, Golden Gate Realty Corporation (GGRC), and Golden Portals Industries, Inc. (GPII) are among the corporations established by private respondents, which petitioners claim are part of the estate of Ong Chuan and Uy Hian.

Ong Chuan, also known as Ong See Lim, was a Chinese national who had settled in Iloilo City. He left his wife Uy Hian and his two sons, Jose and Robson, in Hongkong. He commuted between Hongkong and the Philippines. In Hongkong, Ong Chuan bought the Golden Gate Building and the land on which it was located at No. 18

Kimberly Street. Uy Hian resided in a portion of the building. Robson administered the building, and remitted Ong Chuan's share in the income from the building to the latter's account with the Hongkong and Shanghai Bank in Hongkong.

While in the Philippines, Ong Chuan lived with his common-law wife, Sofia. They had eight (8) children, namely: Rolando, Lorenzo, Henry, Yelson, Wilson, Asuncion, Sonia and Maria, all surnamed Ong.

In Iloilo, Ong Chuan put up Las Tres Estrellas (Ong Chuan & Co.), a textile merchandising business in partnership with his son Jose (Sy Dee), who had become a Filipino citizen. On February 6, 1964, Jose, sold all his shares in the partnership to his father and put up his own business.

Ong Chuan continued Las Tres Estrellas, which prospered. In 1977, when he retired at age 76, he filed gross receipts amounting to P1,609,345.93 with the Bureau of Internal Revenue. He and his partner Juan Tong also decided to sell their holdings in Hongkong. Ong Chuan executed a General Power of Attorney in favor of Rolando, one of his sons by Sofia, while Juan Tong similarly named as attorney-in-fact his son, Jose Tong. The sons were given instructions to sell the Hongkong properties owned by the fathers. On April 30, 1979, Rolando and Jose sold the land and the Golden Gate Building to Denkin Limited, for HK\$11,500,000.00. Rolando and Juan received the check issued in the names of Ong Chuan and Juan Tong. They left the check with Solicitor Jerry Chung in Hongkong. Ong Chuan told his son that as soon as the former recovered from his heart ailment, he and Juan Tong would go to Hongkong to encash the check, settle obligations, and pay the commission of the solicitor. Ong Chuan and Juan Tong left Manila about a week after Rolando arrived in Hongkong. As of January 19, 1979, Ong Chuan had a bank balance of HK\$351,426.00 reflected in his bank statement.

Meantime, Sofia and her children also engaged in various businesses in Iloilo: farming, real estate, retail merchandising, and textile manufacturing. Sometime in 1960, about 21 years before the death of Ong Chuan, Sofia started farming a 10-hectare farmland in Alimodian, Iloilo, from which she derived an annual income of P5,000.00 to P10,000.00. Rolando worked for his father with a monthly salary. In April 1968, Sofia, with P30,000.00 of her own money and a P120,000.00 loan from the Pacific Banking Corporation purchased a parcel of land with a two-storey four-door commercial building located in Aldeguer St., Iloilo City, using the lot and building as collateral. On April 26, 1968, on the basis of a Deed of Absolute Sale between Jose Marquez and Sofia, TCT No. 23149 of the Registry of Deeds of Iloilo City was issued in the name of Sofia, who was referred to in said title as 'single'. Sofia leased portions of the building, and put up two registered businesses in the premises, the Perma Press Enterprises and the Sofillems Fabrics and Knitwear. Subsequently, Sofia and her children acquired real estates in Manduriao, Alimodian and Iloilo City. Rolando with his brother Eddie set up Octagon Gift Shop also in Iloilo City; and together with his sister Asuncion, the Casa Rey and Linea Italiana Dress Shop. They inherited seven parcels of land from Sonia, one of the siblings who died intestate. Rolando and Sofia also put up Las Tres Estrellas Textiles Co. (also known as Rolando D. Ong & Co.).

On December 2, 1978, Uy Hian died in Hongkong. Her sons, Jose and Robson, claiming to be the legitimate children of Ong Chuan and Uy Hian, filed a petition with the Regional Trial Court of Iloilo City for the settlement of the intestate estate

of Uy Hian, docketed as *Special Proceedings No. 2647*. Jose and Robson alleged that they are the legitimate heirs of the couple and that Uy Hian had an interest of 50% in the following real and personal properties: a parcel of land valued at P376,000.00 located in Aldeguer St., Iloilo City; a building worth P167,172.84 on said lot; a parcel of land valued at P215,672.00 in Las Tres Estrellana, JM Basa St., Iloilo City; assets of Golden Gate Realty Corp. (GGRC) Iloilo City valued at P1,000,000.00; a savings deposit of HK\$524,000.00 (P752,464.00) with Shanghai Banking Corp. Kowloon Branch; and HK\$5,750,000.00 (P8,275,000.00) cash c/o Ong Chuan, in Iloilo City.

On November 19, 1979, Ong Chuan filed an Opposition to the petition alleging that Jose and Robson were not the legitimate sons of Uy Hian and that the two had no interest whatsoever in the estate of Uy Hian.

About four months earlier, on June 29, 1979, when S.P. NO. 2647 was still pending, Rolando, Eddie and Jose Juan Tong, Luisa Tan, Feliza Cheng and Lucio Juantong as incorporators, established the GOLDEN GATE REALTY CORPORATION (GGRC). Rolando was Treasurer while Jose Juan Tong was President and Chairman of the Board of Directors. On July 17, 1979, GGRC bought the parcels of land described in TCT Nos. 53007, 53008 and 53011 from Frolu Locsin and Dennis Locsin.

On December 13, 1979, Jose Juan Tong, Lucio Juan Tong, Lily Juan Tong, Victoria Siady, with Sofia Dalipe, Rolando Ong, Eddie Ong and Henry Ong incorporated GOLDEN GATE PORTALS, INDUSTRIES, INC. (GGPII). Rolando was Chairman of the Board of Directors. GGPII secured loans from Allied Banking Corporation and used said loans for the purchase of four parcels of land, in Iloilo City.

Per records of the Assessor's Office, GGRC also owned 5 parcels of land, all in Iloilo City. Lorenzo owned 3 pieces of property also in Iloilo City. Rolando, Eddie and Sofia had lands in Alimodian.

On June 24, 1981, during the pendency of the case for the settlement of the estate of Uy Hian, Ong Chuan died. Rolando and his siblings were substituted as oppositors in *S.P. No. 2647*.

On October 13, 1981, Jose and Robson filed a petition in the RTC for the settlement of the intestate estate of Ong Chuan docketed as S.P. No. 2370. Rolando and his siblings filed their opposition thereto. The two (2) estate proceedings, *S.P. No 2647 and S.P. No. 2370* were heard jointly. On November 22, 1985, the Court promulgated its Decision appointing Jose Ong administrator of the estate of Uy Hian and Ong Chuan and requiring said Jose Ong to file an administrator's bond of P10,000.00.^[2] The intestate court found that Jose and Robson were children of the deceased Uy Hian and Ong Chuan, and that the oppositors were the children of Ong Chuan and his common-law wife, Sofia Dalipe.^[3]

The decision was appealed and docketed as CA-G.R. Nos. 10526 and 10527-CV. During the pendency of said appeal, GGRI sold over a hectare of land covered by TCT No. 71948 to the Iloilo Central Commercial High School Alumni Association, Inc. (ICCHSAAI). A new title, TCT No. 72352 was issued in lieu of TCT No. 71948.^[4] On April 20, 1987, petitioners filed *Civil Case No. 17530*, for the declaration of nullity of the aforementioned sale and the reconveyance of the land and all the fruits thereof