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SFC obtains disqualification order against former executive director of Tack Fiori International Group Limited

30 Mar 2015

The Securities and Futures Commission (SFC) obtained a disqualification order in the Court of First Instance against Mr Lam Yick Sing, a former executive director of Tack Fat Group International Limited (Tack Fat or the Company), now known as Tack Fiori International Group Limited (Notes 1, 2 & 3).

Lam was disqualified from being a director or being involved in the management of any listed or unlisted corporation, without leave of the court, for a period of six years effective from 27 March 2015.

The order was made after Lam admitted that he:

- failed to ensure that Tack Fat gave its shareholders all the information they might reasonably expect, and to comply with the disclosure requirements under the Listing Rules of the Stock Exchange of Hong Kong Limited;
- abdicated his responsibilities as a director of a publicly listed company;
- breached his duties as a director in failing to exercise reasonable care and diligence in the management of Tack Fat, to act in good faith and in the best interests of Tack Fat, and to implement a sound and prudent system of financial control so as to minimise the risk of misappropriation of company assets; and
- was partly responsible for the business or affairs of Tack Fat having been so conducted.

Lam also admitted that he signed documents pledging the Company's and subsidiary's assets to secure loans to related parties which were improperly hidden from shareholders. He further signed attendance sheets for two board meetings in which Tack Fat approved a sham transaction involving an undisclosed connected party in an acquisition of 40% of a Cambodian timber company.

Lam admitted that he did not know any information about the vendor or other details of the transaction. He conceded that he only did what he was told without any due exercise of independent commercial judgement nor was he clear on the duties of disclosure by a listed company.

In granting the order, The Honourable Mr Justice Lam said a six-year disqualification period was appropriate because Lam was demonstrably lacking in diligence, competence and independence as a director, and had disregarded the responsibilities he owed to the Company and those who had interests in it.

The SFC's Executive Director of Enforcement, Mr Mark Steward, said: "Lam's misconduct was deplorable. His duty was to protect the interests of the Company and its shareholders; instead he betrayed them - to the financial detriment of both. The SFC will continue to take action to uphold appropriate standards of conduct expected from listed company directors."

The SFC has earlier obtained a disqualification order against another former executive director of Tack Fat and is also seeking similar orders against two other former executive directors, including the former chairman and executive director, Mr Kwok Wing (Notes 4 & 5).

Kwok last week sought a stay of these proceedings pending the conclusion of criminal proceedings also arising from the affairs of Tack Fat but was refused by The Court of First Instance.

End

Notes:

1. Tack Fat was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 29 April 2002. Tack Fat changed its name to Tack Fiori International Group Limited on 23 November 2011. Lam was an executive director of Tack Fat from 24 June 2008 until his resignation on 9 September 2008.
2. The SFC commenced proceedings under section 214 of the Securities and Futures Ordinance (SFO) against former chairman and executive directors of Tack Fat in March 2014. Please see the SFC's press

release dated [14 March 2014](#).

3. Under section 214 of the SFO, the court may, inter alia, make orders to disqualify a person from being a director or being involved, directly or indirectly, in the management of any corporation for a period up to 15 years, if the person is found to be wholly or partly responsible for the company's affairs having been conducted in a manner, amongst others, involving defalcation, fraud, misfeasance or other misconduct towards it or its members.
4. Please see the SFC's press release dated [9 October 2014](#).
5. Apart from seeking similar orders against two other former directors of Tack Fat, the SFC is seeking an order that the former chairman repays the Company, or other entities as the court thinks fit, \$26 million, being the subscription price of 40 million shares in Tack Fat allotted to his nominees and/or accounts for any profits he has made through the trading of those shares, and further or alternatively, the loss avoided or such sum as the court thinks fit resulting from the trading in those shares to the counterparties of those trades or any other person, together with any ancillary orders or directions to effect such payment.

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