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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has taken the following actions pursuant to section 194 of the Securities and Futures Ordinance (**SFO**):
  - (a) revoked the licence of Nerico Brothers Limited<sup>1</sup> (**NBL**); and
  - (b) prohibited Jerff Lee Cheuk Fung<sup>2</sup> (**Lee**), a director of NBL, from doing all or any of the following in relation to any regulated activities for life:
    - (i) applying to be licensed or registered;
    - (ii) applying to be approved under section 126(1) of the SFO as a responsible officer of a licensed corporation;
    - (iii) applying to be given consent to act or continue to act as an executive officer of a registered institution under section 71C of the Banking Ordinance; and
    - (iv) seeking through a registered institution to have his name entered in the register maintained by the Monetary Authority under section 20 of the Banking Ordinance as that of a person engaged by the registered institution in respect of a regulated activity.
2. The SFC found that NBL has:
  - (a) misused funds from its client (**Company X**) for its own purposes, without Company X's knowledge, instruction, authorization or consent between June 2020 and June 2021;
  - (b) knowingly facilitated the misappropriation of Company X's funds since 2021; and
  - (c) knowingly provided false or misleading information to the SFC.
3. The SFC further found that NBL's misconduct was directly attributable to the actions of Lee, who also knowingly provided false or misleading information to the SFC during the SFC's investigation.

### Summary of facts

4. **Company X opened a trading account (Account) with NBL in June 2020.**

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<sup>1</sup> NBL is licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), and Type 9 (asset management) regulated activities. NBL was ordered to be wound up by the High Court of Hong Kong on 3 May 2022.

<sup>2</sup> Lee is a director of NBL. While Lee was not a licensed person under the SFO during the relevant period, he falls within the definition of a "regulated person" under section 194(7) of the SFO, which includes a person who is, or at the relevant time was, involved in the management of the business of a licensed corporation.

5. By September 2021, Company X had transferred over US\$172 million into the Account. Since October 2021, Company X has repeatedly demanded that NBL return all funds in the Account, which stood at approximately US\$154 million as of January 2022. Despite these repeated requests, NBL has failed to return the account balance to Company X.

**I) Misuse of Company X's assets**

6. Between June and December 2020, Company X deposited over US\$77 million with NBL for spot forex (**SFX**) trading. However, less than 12% of the funds were allocated for SFX trading on behalf of Company X. The remaining funds, totalling over US\$68 million, were used by NBL, without Company X's knowledge, to subscribe for shares in two segregated portfolios of a Cayman-incorporated fund (**Fund**) on 6 occasions for NBL's own account. By June 2021, the shares were fully redeemed, and the subscription principals were returned to the Account, while NBL retained the profits arising from the subscriptions.
7. NBL's use of Company X's funds for its own subscriptions violated the express terms of the client agreement governing the Account (**Client Agreement**), which stipulated, among other things, that NBL shall maintain and operate the Account in accordance with Company X's written instructions and under the permissible conditions outlined in the Client Agreement.
8. Specifically, NBL breached the Client Agreement by using Company X's funds to make the relevant subscriptions for its own benefit without:
- (a) obtaining Company X's written instruction, authorization or consent; and
  - (b) meeting the conditions outlined in the Client Agreement.
9. NBL's misuse of Company X's funds not only violated the express terms of the Client Agreement but also breached General Principle (**GP**) 8 and paragraph 11.1(a) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**), which require licensed persons to ensure that client assets are promptly and properly accounted for and adequately safeguarded.

**II) Facilitating the misappropriation of Company X's assets**

10. The SFC found that NBL knowingly facilitated a scheme orchestrated by Neo Ng Yu (**Neo Ng**)<sup>3</sup> and his connected persons / entities, resulting in the misappropriation of approximately US\$154 million of Company X's funds held in the Account since January 2021.
11. Between January and August 2021, NBL transferred almost all of Company X's funds in the Account to one of the segregated portfolios of the Fund (**Sub-fund**) purportedly for the acquisition of "liquidity provider units" (**LP Units**)<sup>4</sup> from the Sub-fund. Neo Ng served as a director of the Sub-fund from 1 April 2019 to 30 July 2021 and was the ultimate sole shareholder and a director of the company that

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<sup>3</sup> Neo Ng has been a substantial shareholder of Company X's holding company, a company formerly listed on the Main Board of The Stock Exchange of Hong Kong Limited, since 23 December 2020. He also served as a director of Company X from 15 July 2021 to 20 January 2022.

<sup>4</sup> According to NBL, its clients were required to purchase LP Units issued by a fund in order to trade currency with the issuing fund.

acted as the fund manager for the Sub-fund during the relevant period<sup>5</sup>.

12. During the SFC's inquiry and investigation, NBL presented two contradictory narratives to explain the relevant transactions:

- (a) In response to a request made under section 180 the SFO, NBL claimed that Company X's funds were transferred to the Sub-fund to acquire LP Units issued by the Sub-fund. This explanation relied on a set of transaction documents and account statements purportedly pertaining to LP Units issued by the Sub-fund.
- (b) Subsequently, in response to notices issued under section 183 of the SFO, NBL claimed that Company X's funds were transferred to the Sub-fund to acquire from the Sub-fund LP Units issued by a separate Cayman-incorporated fund (**Second Cayman Fund**). In support of this narrative, NBL provided the SFC with a different set of transaction documents and account statements purportedly pertaining to LP Units issued by the Second Cayman Fund.

13. The SFC's investigation revealed that:

- (a) Contrary to NBL's claims, neither the Sub-fund nor the Second Cayman Fund had issued any LP Units at any material time. Therefore, Company X's funds could not have been transferred to acquire LP Units, as asserted.
- (b) Company X's funds transferred by NBL to the Sub-fund were misappropriated by Neo Ng and his connected persons / entities. After Company X's funds were transferred to the Sub-fund:
  - (i) a substantial amount of the traceable proceeds were transferred to a corporate vehicle of Neo Ng, part of which was further dissipated to accounts belonging to Neo Ng and his other corporate vehicles; and
  - (ii) some of the traceable proceeds were used by the Sub-fund for its own purposes, including fulfilling redemption requests, paying dividends, and settling charges.
- (c) NBL and Lee were closely connected with Neo Ng.
- (d) The two contradictory narratives presented by NBL to the SFC were both false and concocted to conceal the misappropriation and the true whereabouts of Company X's funds. NBL either fabricated or employed fabricated documents to further such purposes.

14. By knowingly facilitating the misappropriation of Company X's funds, NBL breached GP 8 and paragraph 11.1(a) of the Code of Conduct (see paragraph 9 above), as well as GP 1 of the Code of Conduct, which requires licensed persons to act honestly, fairly, and in the best interests of their clients and the integrity of the market in conducting their business activities.

### **III) Provision of false or misleading information to the SFC**

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<sup>5</sup> See also the SFC's press release dated 28 August 2025 for the SFC's related disciplinary actions against Amber Hill Capital Limited (**AHCL**) (the manager of the Sub-fund at the material time) and its senior management. Neo Ng was AHCL's director from 1 March 2019 to 1 November 2021 and ultimate sole shareholder since 26 February 2019.

15. Under section 180(15) of the SFO, **it is an offence** for a person, in purported compliance with a requirement under section 180 of the SFO, to knowingly or recklessly produce any record or document or give an answer that is false or misleading in a material particular.
16. Similarly, under section 184(2) of the SFO, **it is an offence** for a person, in purported compliance with a requirement under section 183(1) of the SFO, to knowingly or recklessly produce any record or document, give any explanation, or say or state anything that is false or misleading in a material particular.
17. As set out in paragraphs 12 and 13 above, **NBL provided the SFC with two false narratives in response to inquiries under sections 180 and 183 of the SFO, relying on two sets of fabricated documents to support these narratives.**
18. **NBL's shift from one false narrative to another as the SFC's investigation progressed, along with its possession and use of two contradictory sets of supporting documents, demonstrated a clear intention to mislead and deceive the SFC.**
19. The SFC found that NBL knowingly produced records and documents and made representations to the SFC that were false or misleading in a material particular, in breach of sections 180(15) and 184(2) of the SFO.

#### ***IV) Misconduct of Lee***

20. The above misconduct of NBL was directly attributable to the actions of Lee. Specifically:
  - (a) Lee, as a director of NBL and the person in charge of handling Company X and its funds, was the directing mind and will behind NBL's conduct in misusing Company X's funds and facilitating their misappropriation by Neo Ng, with whom he had a close connection.
  - (b) Lee caused NBL to produce false or misleading information and documents to the SFC to conceal and disguise the misappropriation by Neo Ng.
21. Furthermore, Lee personally breached section 184(2) of the SFO by knowingly providing false or misleading answers and explanations during his interviews with the SFC.
22. His conduct was fundamentally incompatible with the standards expected of the senior management of a licensed person under GP 9 of the Code of Conduct<sup>6</sup> and casts seriously doubt on his fitness and properness to be regulated persons.

#### **Conclusion**

23. Having considered all the circumstances, the SFC is of the view that NBL and Lee are guilty of misconduct and their fitness and properness to carry on regulated activities have been fundamentally called into question.
24. In deciding the disciplinary sanctions set out in paragraph 1 above, the SFC has

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<sup>6</sup> GP 9 of the Code of Conduct provides that the senior management of a licensed corporation should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the firm.

taken into account all the relevant circumstances, including:

- (a) the conduct of NBL and Lee was egregious and serious, undermining the confidence of investors and the public in market integrity;
- (b) their honesty and integrity were compromised;
- (c) their conduct caused significant losses to Company X; and
- (d) they each had an otherwise clean disciplinary record.