

SFC seeks disqualification orders against former chairman and executive directors of Tack Fiori International Group Limited

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The Securities and Futures Commission (SFC) has commenced proceedings to disqualify four former directors of Tack Fat Group International Limited (Tack Fat or the Company), now known as Tack Fiori International Group Limited (Notes 1 & 2).

They are the Company's former chairman and executive director Mr Kwok Wing, and former executive directors Mr Norman Ho Yik Kin, Ms Michelle Kwok Choi Ha and Mr Lam Yick Sing (collectively referred to as the Directors) (Note 3).

The first hearing of the petition was heard in the Court of First Instance today. The SFC alleges that:

- The Company proposed to acquire a 40% interest in a timber company in Cambodia, shortly before the Company was placed into provisional liquidation, falsely announcing that the vendor was an independent third party when in fact the transaction was a sham involving an undisclosed connected party.
- The Company failed to ensure shareholders were given all information they might reasonably expect in relation to various loan agreements entered into between the Company and various money lenders between June and July 2008, again shortly before the Company entered provisional liquidation. Some of these loan agreements involved the pledging of significant assets of the Company, which indicated a serious deterioration in the financial position of the Company.
- Again, shortly before the Company was placed into provisional liquidation, the Company allotted share options in respect of 40 million shares in the Company, which were converted without payment and sold for the benefit of the former chairman between June and July 2008, gaining an unfair advantage not only over other members of the Company but also the investing public, in particular approximately 110 counterparties. The former chairman possessed material non-public price sensitive information in respect of the Company and made a profit of approximately \$20 million out of the information.
- The Directors failed to discharge their duties required of executive directors and manage the Company with the necessary degree of skill, care, diligence and competence as reasonably required.

The SFC is also seeking orders that the former chairman repays the Company or other entities as the court thinks fit \$26 million, being the subscription price of the 40 million shares in the Company allotted to his nominees, and/or accounts for any profits he has made through the trading of those shares.

End

Notes:

1. Tack Fat was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 29 April 2002. The Tack Fat group principally engaged in the manufacture and sale of garment products, with manufacturing base in the People's Republic of China and Cambodia. Trading in the shares of Tack Fat was suspended from 30 July 2008. Following the Company's application for winding-up on 10 September 2008, provisional liquidators were appointed on 11 September 2008, whose duties were discharged on 5 August 2011 upon completion of the restructuring of the group. Trading in the shares of Tack Fat resumed on 9 August 2011 and the Company changed its name to Tack Fiori International Group Limited on 23 November 2011.
2. Under section 214 of the Securities and Futures Ordinance, 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 other, involving defalcation, fraud, misfeasance or other misconduct towards it or its members.
3. The former chairman left Hong Kong before the Company was placed into provisional liquidation. He returned to Hong Kong in 2013, was arrested and is currently on remand facing charges laid by the Commercial Crime Bureau.