

SFC seeks disqualification order against former chief financial officer of Fujian Nuoqi Co., Ltd.

4 Jun 2019

The Securities and Futures Commission (SFC) has commenced legal proceedings in the Court of First Instance to seek a court order to disqualify the former chief financial officer, company secretary and executive director of Fujian Nuoqi Co., Ltd. (Nuoqi), Mr Au Yeung Ho Yin (Notes 1 to 4).

The SFC's action follows an investigation into certain withdrawals amounting to a substantial portion of the net proceeds of approximately RMB236.52 million from Nuoqi's global offering of its shares shortly after the company was listed on SEHK in January 2014. **The withdrawals were made without proper approval from Nuoqi's board of directors, nor did they serve any genuine commercial purpose.**

The SFC alleges that despite Au Yeung's knowledge of red flags regarding the withdrawals, he failed to discharge his duties as the chief financial officer and later as an executive director of Nuoqi in that he did not properly inquire into the basis for those withdrawals, alert and advise Nuoqi's board of directors about them, and ensure that the disclosure of information about the use of the global equity offering proceeds in Fujian Nuoqi's 2013 annual report was accurate.

End

Notes:

1. Nuoqi, which was listed on the Main Board of the Stock Exchange of Hong Kong Limited (SEHK) on 9 January 2014, is principally engaged in retailing of men's casual apparel.
2. Au Yeung, who was the chief financial officer and company secretary of Nuoqi at the time of its listing, became an executive director of the company on 14 June 2014. He resigned from all positions on 25 July 2014.
3. The legal proceedings were commenced under section 214 of the Securities and Futures Ordinance (SFO). **The first hearing will be held in the Court of First Instance on 26 June 2019.**
4. 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 of 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.

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