

**FAR EAST GLOBAL GROUP LTD:
THIS IS A FIRST FOR THIS MEDIUM –
THE CHIEF EXECUTIVE OFFICER OF AN I.P.O. IS ARRESTED !**

It is not very often that the Chief Executive Officer of a publicly listed company, one pitching its **Initial Public Offering (IPO)** in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is arrested along with 2 of the employees of a wholly owned subsidiary of the parent company, but such is the case in respect of Far East Global Group Ltd () (Code: 830, Main Board, The Stock Exchange of Hongkong Ltd).

The Chief Executive Officer is Mr Kwok Yeung Kwong () who was arrested on February 8, 2010, a little more than one month before Far East Global Group Ltd published its Global Offering Prospectus.

The wholly owned subsidiary of Far East Global Group Ltd that was raided by officers of The Hongkong Customs and Excise Service () on September 17, 2009, is Far East Aluminium Works Company Ltd ().

It took, therefore, nearly 5 months for a determination to be made as to whether or not to arrest Mr Kwok Yeung Kwong, following the raid on the offices of Far East Aluminium Works Ltd.

A précis of this matter is given at Pages 35 and 36 of the Global Offering Prospectus as follows:

*‘On 17 September 2009, the Hong Kong Customs and Excise Department (“**Customs**”) carried out a raid in the office of our indirect wholly-owned subsidiary in Hong Kong, FEA, at 17/F, Eight Commercial Tower, No. 8 Sun Yip Street, Chaiwan, Hong Kong on suspicion that (i) certain computer hard disks installed with computer software programs in electronic form were in infringement of copyright works and (ii) computer and computer accessories which appear to contain or likely to contain evidence of an offence under the Copyright Ordinance (Chapter 28 of the laws of Hong Kong) (the “**Copyright Ordinance**”) could be found on the office premises of FEA. On that date, Customs seized 53 computers containing 55 hard drives. As a result of the raid, two of FEA’s employees were arrested and on 8 February 2010, our CEO, Mr. Kwok Yeung Kwong, was arrested on suspicion of infringement of the Copyright Ordinance and have since been released on bail. As at the Latest Practicable Date, no charges or civil claims have been made against us, any member of our Group, our Directors or employees. We cannot however assure you that we, members of our Group, our Directors or employees will not be subject to legal prosecution and civil proceedings in the future, in connection with the abovementioned raid.*

‘The Directors have taken legal advice from the Company’s legal advisers and confirm that in the event we are held criminally liable under the Copyright Ordinance, we may be subject to a fine of up to HK\$50,000 per infringing copy. Our Directors may also be subject to a fine if any of them are held criminally liable under the Copyright Ordinance. Apart from the possible criminal liability, the copyright owner may also commence civil proceedings against us for copyright infringement and claim for, amongst others, a permanent injunction, declaration of infringement, an order for disclosure of past dealings of the alleged infringing software, destruction and removal of the infringing software, payment of damages (including additional damages) or an account of profits derived from the infringement, as well as an

order for legal costs. In the event any civil proceedings are brought against us, we may be liable to pay to the copyright owner damages presenting the value of its loss of sale of its genuine software in question, additional damages of an amount generally up to 10% of the total damages payable and legal costs. If any criminal or civil proceedings are brought against us, any member of our Group, or any of our Directors or employees in connection with the abovementioned raid, our reputation, business and financial condition may be adversely affected.'

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