

TARGET

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FAR EAST HOLDINGS INTERNATIONAL LTD: BEWARE THE LONG ARM OF THE SECURITIES AND FUTURES COMMISSION !

After investigations that lasted far in excess of 14 years, The Securities and Futures Commission (The **SFC**) of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** has obtained Disqualification Orders against former Senior Executives of Far East Holdings International Ltd (遠東控股國際有限公司) (Code: 36, Main Board, The Stock Exchange of Hongkong Ltd).

The SFC is an independent statutory body, charged with regulating the securities and futures markets of the HKSAR.

On Tuesday, February 9, 2021, the SFC caused to have published the following announcement:

'The Securities and Futures Commission (SFC) has obtained a disqualification order in the Court of First Instance against Mr Duncan Chiu (邱達根), former managing director and chief executive officer of Far East Holdings International Limited (Far East) (Notes 1 to 4).

'In the same proceedings, the SFC obtained a disqualification order against Mr Michael Lui Hung Kwong (呂鴻光), a former company secretary and financial controller of Far East and discontinued its action against Duncan Chiu's brother Mr Derek Chiu (邱達偉), a former non-executive director of Far East.

'The Court ordered that Duncan Chiu and Lui be disqualified from being a director, or being directly or indirectly involved in the management of Far East or any corporation in Hong Kong for four years and three years, respectively (Notes 5 to 6).

'The orders were made after they admitted the following misconduct: (i) the transfers of a total of \$61 million to the personal bank accounts of the then chairman Mr Deacon Chiu Te Ken (邱德根), the late father of Duncan Chiu and Derek Chiu, without proper authorization of Far East's board of directors; (ii) the lack of any agreement on the apportionment of

investments and profits or losses between Far East and its chairman; and (iii) the failure to return the unused monies to Far East in a timely manner.

‘Duncan Chiu also admitted that he had made a false and/or misleading disclosure of the \$61 million as an “amount due from a director”.

‘The Court found that Far East’s business or affairs had been conducted in a manner involving other misconduct under section 214 of the SFO, resulting in Far East’s shareholders not having been given all the information as they might reasonably expect.

‘The SFC’s action follows an investigation into Far East’s transfers of a sum of \$61 million in 2007 from Far East’s bank accounts to the personal account of the company’s chairman purportedly for the subscription of initial public offering shares on behalf of Far East (Note 7).

‘Notes:

- 1. Far East, formerly known as Cheong Sun Development Company Limited (昌生興業有限公司), was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 12 February 1973. It was known as Far East Technology International Limited (遠東科技國際有限公司) before it changed to its present name on 27 February 2007. Far East was and is principally engaged in the business of securities investment and trading, property development and investment, and manufacturing and sale of garments.*
- 2. The legal proceedings were commenced under section 214 of the Securities and Futures Ordinance (SFO).*
- 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 business or affairs having been conducted in a manner, amongst other, involving defalcation, fraud, misfeasance or other misconduct towards it or its members.*
- 4. The orders were made following the Court’s approval that the proceedings could be disposed of by way of Carecraft procedure where the Court determines the appropriate orders to be made based on an agreed statement of facts and agreed proposed orders.*
- 5. Duncan Chiu is disqualified from being a director, or being directly or indirectly involved in the management of Far East or any corporation in Hong Kong for four years, except Hong Kong Information Technology Joint Council Limited (香港資訊科技聯會有限公司), Innovate for Future Limited, Hong Kong Cyberport Management Company Limited (香港數碼港管理有限公司), Hong Kong Squash (香港*

壁球總會), *Hospital Authority Board* (醫院管理局大會) and *Lai Yuen Company Limited* (荔園有限公司).

6. *The judgment is available on the Judiciary's website (Case No.: HCMP 458 / 2018).*

7. *Please see the SFC's press release dated 10 April 2018.'*

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