

## SFC obtains disqualification order against former executive director of Life Healthcare Group Limited

18 Sep 2019

The Securities and Futures Commission (SFC) has obtained a disqualification order in the High Court against Ms Michelle Kwok Choi Ha, a former executive director of Tack Fat Group International Limited (Tack Fat), now known as Life Healthcare Group Limited (Note 1).

Kwok was disqualified from being a director or being involved in the management of any listed or unlisted corporation, without leave of the court, for a period of six years effective from 17 September 2019.

The order was made after Kwok admitted her involvement in the following misconduct at the material time:

- Kwok signed various documents pledging the assets of Tack Fat and its subsidiary to secure six loans totalling \$98 million for the company without making independent enquiries. These loans were also undisclosed to the shareholders and she had therefore permitted the company to act in breach of the Listing Rules (Notes 2 & 3);
- Kwok was involved in approving the grant of share options to two Tack Fat's employees and signed the board minutes without exercising independent judgement as to their financial ability to pay the subscription price of the shares. The allotment of shares to the two employees was not supported by any payment to Tack Fat;
- A subsidiary of Tack Fat entered into an acquisition agreement to acquire 40% of a Cambodian timber company, which transpired to be a sham transaction involving an undisclosed connected party. Although Kwok knew nothing about the transaction, she signed attendance sheets for two board meetings approving the transaction and the Tack Fat's public announcements; and
- Tack Fat failed to maintain a financial management system.

Kwok also accepted that:

- despite being an executive director of Tack Fat, she did not fully understand the nature, responsibilities or requirements of being a director or an executive director;
- she was not a competent executive director of the company;
- she had little or no experience or expertise in managing financial matters of the company and had relied on the other executive directors at the time to do so; and
- she breached her duties as a director in failing to exercise reasonable care and diligence in the management of the company, to act in good faith and in the best interests of Tack Fat, and to implement a sound and prudent system of financial control so as to minimise the risk of misappropriation of company assets.

In granting the order, The Honourable Madam Justice Au-Yeung found that whilst Kwok did not personally benefit from the misfeasance or misconduct, her conduct reflected a high degree of incompetence and an irresponsible attitude.

The SFC has previously obtained similar orders against two other former executive directors of Tack Fat (Notes 4 & 5).

End

Notes:

1. Tack Fat was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 29 April 2002. Tack Fat changed its name to Tack Fiori International Group Limited on 23 November 2011 and to Life Healthcare Group Limited on 2 May 2017.
2. Under rule 13.09 of the Listing Rules in force at the material time, an issuer is required to disclose price-sensitive information as soon as reasonably practicable.
3. Kwok was an executive director of Tack Fat from 1 September 2007 until her resignation on 20 March 2009.
4. Please see the SFC's press releases dated [9 October 2014](#) and [30 March 2015](#).
5. 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.

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