

HEINBRO GROUP

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SFC Circular - SFC seeks court orders to disqualify former directors and ex-chief financial controller of China Candy Holdings Limited

The Securities and Futures Commission (SFC) has commenced legal proceedings in the Court of First Instance (CFI) to seek disqualification orders against seven former members of the board of directors of China Candy Holdings Limited (China Candy) and the company's former chief financial controller .

The eight respondents named in the SFC's legal proceedings under section 214 of the Securities and Futures Ordinance (SFO) are: Mr Xu Jinpei, former chairman and executive director; Ms Hong Yinzhi, former chief executive officer and executive director; Ms Li Yuna and Ms Yvonne Hung, former executive directors; Mr Nicholas Chiu Sai Chuen, Mr Fangus Chu Wai Wa and Mr Ong King Keung, former independent non-executive directors; and Mr Wang Zhihong, former chief financial controller.

The SFC's legal action follows an investigation which found that China Candy's 2016 interim report and 2016 annual report had falsely and misleadingly portrayed the company's financial strength by overstating the cash and bank balances by 87% and 97% as of 30 June 2016 and 31 December 2016 respectively. To this end, falsified bank and accounting records were created to cover up the overstatement of the company's cash and bank balances (Fraudulent Scheme).

The SFC alleges that Xu, Hong and Wang were, at the material time, the instigators and perpetrators of, or at least knowingly permitted, acquiesced or turned a blind eye to the Fraudulent Scheme. As for the remaining former executive and independent non-executive directors, the SFC alleged that they were negligent and/or in breach of their duties owed to China Candy including, inter alia, duties of care, skill and diligence and duties to act in the best interest of the company.

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中文版本

證監會尋求法庭頒令取消中國糖果控股有限公司前董事及前財務總監的資格

證券及期貨事務監察委員會（證監會）已在原訟法庭展開法律程序，尋求對中國糖果控股有限公司（中國糖果）的七名前董事會成員及該公司的前財務總監作出取消資格令。

證監會根據《證券及期貨條例》第214條提起的法律程序指名的八名答辯人為：前主席兼執行董事許金培（男）；前行政總裁兼執行董事洪蔭治（女）；前執行董事李宇娜（女）及洪綺婉（女）；前獨立非執行董事趙世存（男）、朱偉華（男）和王競強（男）；及前財務總監王志洪（男）。

證監會經調查後採取上述法律行動，調查發現，中國糖果的《2016中期報告》及《2016年報》載有關於該公司的財政能力的虛假及具誤導性描述，即分別將截至2016年6月30日及2016年12月31日的現金及銀行結餘誇大87%及97%。為此，該公司曾偽造銀行及會計紀錄來掩飾其現金及銀行結餘被誇大的情況（欺詐計劃）。

證監會指，許金培、洪蔭治及王志洪在關鍵時間是欺詐計劃的始作俑者及犯案者，或至少明知而准許或默許該計劃，或對該計劃視而不見。至於其餘的前執行董事及獨立非執行董事，證監會指他們曾疏忽職守及／或違反了他們對中國糖果負有的責任，其中包括以小心謹慎、技巧和勤勉盡責，及維護該公司最佳利益的態度行事的責任。

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