



## Hong Kong SFC Obtained HK\$595 Million Compensation Order and up to 15 Year Disqualification Against Shadow Director and Senior Officers of Superb Summit International Group Limited Under Section 214 of the Hong Kong Securities and Futures Ordinance

On 21 January 2026, the Hong Kong Securities and Futures Commission (SFC) published an [enforcement news](#), stating that it has obtained a number of court orders against directors and senior executives of Superb Summit International Group Limited (Company). Three former directors and senior executives were held liable. They were Mr Yang Dongjun (Yang), a shadow director; Mr Wu Tao (Wu), a former executive director; and Mr Chan King Chung (Chan), a former chief financial officer and company secretary. The orders obtained include a total of HK\$595 million compensation order and disqualification orders for up to 15 years against these persons. The Hong Kong Court of First Instance (Court) delivered its judgment in the case of *Securities and Futures Commission v Superb Summit International Group Limited & Ors* [2026] HKCFI 301 dated 14 January 2026. The Court found that Yang orchestrated two fraudulent acquisition schemes. These schemes spanned from 2007 to 2014. The SFC commenced proceedings under section 214 of the [Hong Kong Securities and Futures Ordinance](#) (Cap. 571) ("SFO") in December 2020. This judgment concludes enforcement action against all 13 former directors and officers of Superb Summit. Ten former directors were disqualified in earlier proceedings in June (published by SFC on [11 July 2025](#)) and August 2025 (published by SFC on [2 September 2025](#)). Disqualification periods across all former directors range from two and a half years to 15 years.

### Superb Summit International Group Limited: Corporate History

The Company was incorporated in the Cayman Islands on 29 January 2001. It was registered as a non-Hong Kong company under the Hong Kong [Companies Ordinance \(Cap. 622\)](#). The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (SEHK) on 18 September 2001 under the stock code 01228. The principal business of the Company and its subsidiaries comprised development and management of timber resources in Mainland China and distribution, marketing and sales of timber products. In 2012, the Company diversified into bulk resources commodity trading and new energy technology.

On 15 December 2015, trading in the Company's shares was suspended by the SEHK at the SFC's direction pursuant to section 8 of the [Securities and Futures \(Stock Market Listing\) Rules \(Cap. 571V\)](#). On 4 June 2020, the SEHK cancelled the listing status of the Company pursuant to [Rule 6.01A of the Listing Rules](#). On 30 April 2021, the Company was struck off the register in the Cayman Islands and dissolved. On 26 June 2025, Justice Kawaley ordered the Company restored to the register in the Cayman Islands, followed by a winding up order and appointment of

Joint Official Liquidators. The Company was restored onto the register on 4 July 2025. One purpose of restoration was to enable the Company to take the benefit of any compensation order made in these proceedings.

## **The Respondents and Their Roles**

The SFC's petition named 16 respondents. The trial in question before Hon Linda Chan J concerned the following three respondents who contested the proceedings:

Yang Dongjun (2nd Respondent) served as CEO and President of the China region from 2008 to 2012/2013, and thereafter as a consultant. He controlled 22.69% of the Company's shareholding, of which 20.18% was held through Magic Stone Fund (China), in which he owned 80.25%.

Wu Tao (4th Respondent) was an executive director from 22 October 2012 to 15 September 2014 and a legal consultant/advisor until May 2016.

Chan King Chung (6th Respondent) was company secretary from 9 October 2012 to 29 May 2018 and chief financial officer from December 2012/January 2013 to 29 May 2018.

The claims against the 5th and 7th to 15th respondents were disposed of by way of Carecraft procedure, with disqualification orders made by Harris J. The SFC was unable to serve the petition on the 3rd respondent (Jing Bin) and the SFC did not pursue its claim against the 16th respondent (Zhu Guang Qian).

## **The Fraudulent Schemes as identified**

### *The Forestry Acquisitions (2007 and 2009)*

The Company acquired 100% shareholding in Green and Good Group Limited (GGL), a BVI company, in two tranches. GGL's only asset was 100% equity in Leeka Wood Company Limited (Leeka Wood), a Mainland company whose principal business was development and management of forestry resources.

*The 2007 Acquisition:* On 16 May 2007, the Company entered into a Share Sale and Purchase Agreement to acquire 70% shareholding in GGL from Superview International Limited (Superview) at HK\$1.38 billion. The Company announced that GGL Group possessed about 329,000 Chinese mu (21,933 hectares) of timber resources in Yunnan, Hunan and Hebei provinces, and that Leeka Wood was stated to have forest ownership letters issued by local forestry authorities for three forests located in Jiangcheng, Heishan and Mapu in Yunnan Province, with land size of 228,900 mu representing 69.4% of total land size (Alleged Forests), were. The 2007 Acquisition completed on 8 October 2007.

*The 2009 Acquisition:* On 10 July 2009, the Company entered into a Conditional Share and Equity Transfer Agreement to acquire the remaining 30% shareholding in GGL. The consideration was HK\$751,990,000. The Company announced that Leeka Wood owned forest land of 316,000 mu and that GGL Group's audited consolidated net asset was HK\$2,984 million as at 30 June 2009. The 2009 Acquisition completed on 29 November 2009.

*The Court's Finding on the Alleged Forests:* The Court found that Leeka Wood never owned the Alleged Forests or the Alleged Forestry Rights, whether at the time of the 2007 and 2009 Acquisitions or at all. The China Securities Regulatory Commission confirmed in June 2016 that no Forestry Bureau had issued any letters or forest ownership certificates to Leeka Wood or its subsidiary. The seals affixed on the three forest ownership letters were different from the official seals of the Forestry Bureaux. The three Alleged Forests had never been registered at the Forestry Bureaux.

### **The JFT Acquisition (2014)**

On 2 March 2014, the Company through its indirect wholly owned subsidiary, Superb Summit International Energy Holdings Limited (SSIE), entered into a Share Sale and Purchase Agreement to acquire 51% shareholding in Cosmic Summit Limited from Sherri Holdings Resources Limited (Sherri Holdings). The acquisition was made on the basis that Cosmic Summit indirectly held 80% equity in 北京金菲特能源科技有限公司 (JFT), which owned the intellectual property rights of a hydrogenation engineering technology (Target Technology). The consideration was determined by a formula but was not to exceed HK\$600 million.

The Company announced on 3 March 2014 that Sherri Holdings and its ultimate beneficial owner were "third parties independent of and are not connected with the Company and the connected persons of the Company." The Company further announced that the consideration was "arrived at after the arm's length negotiations." The Company also issued a further announcement on 23 March 2014 stating that the Target Technology the value of

JFT's equity as at 31 December 2013 was RMB 1,283.2 million and the Target Technology's value was RMB 1,237.2 million ("Valuation"), and therefore consideration would be set at HK\$600 million.

*The Court's Finding on the Target Technology:* The Court accepted the unchallenged expert opinion that the Target Technology was at a "proof of concept" stage rather than a "process technology" and had no or minimal commercial value at the time of the acquisition. The expert found that the technology's maturity scored only 10 out of 100 in the valuation report. The Court stated at paragraph 114:

*"The Expert Opinion is well reasoned and supported by the empirical and market data referred to by the Expert and has not been challenged by Rs. I accept the Expert Opinion and find that the Target Technology had no or minimal value at the time the Company entered into JFT Acquisition."*

The Court's found that there is a misappropriation of a total of HK\$248 million paid by the Company to unrelated parties. Only HK\$50 million out of the total HK\$298 million paid by the Company was paid to Jin Jun (the inventor and guarantor) under Cheque 7, whereas the remaining HK\$248 million was paid to unrelated parties. Five cheques (Cheques 2 to 6) totalling HK\$198 million were paid to Zhiku Capital Investment Limited, Everjoy Technology Development Corporation, and Everjoy International Media Corporation. These entities were not parties to the JFT Acquisition. The Court found them to be beneficially owned by Yang. Additionally, HK\$50 million under Cheque 1 was paid to Sherri Holdings, which the Court found was also beneficially owned by Yang.

The Company provided copies of seven cheques to the SFC purporting to show all payments were made to Sherri Holdings. The Court found five of these were forgeries, created to conceal the identity of the actual recipients from the SFC. The Court stated at paragraph 153:

*"As the issuing banks and cheque numbers of the Purported Cheques and Cheques 2-6 actually issued and cleared by the banks are identical, the Purported Cheques must be forgeries, and must have been created for the purpose of concealing the identity of the actual recipients of HK\$198 million from the SFC."*

## **The Court's Findings on Yang Dongjun: Shadow Director and Mastermind**

### **Beneficial Ownership of Superview**

The Court found that Yang was the ultimate beneficial owner of Superview from October 2006. In October 2006, Yang paid the initial fees for acquiring Superview as an off the shelf company using funds from his personal bank account. Neither Ho Kam Hung nor Qian Mingjin, the purported shareholders, claimed ownership or had any involvement in Superview's affairs. Neither received any dividend or distribution. On 13 May 2011, Yiu Yat On transferred all shares in Superview to Yang for nominal consideration of US\$100. The Court stated at paragraph 89:

*"The only inference which can be drawn from the above evidence (or the absence thereof) is that R2 [Yang] was, at all material times from the date Superview was acquired up to 13 May 2011 when he caused Superview to allot 2,363 shares to R3 [Jing Bin, the former executive director and CEO of the group], the sole beneficial owner of Superview and the 3 Shareholders were holding their shares in Superview as nominees of R2 [Yang]."*

### **Shadow Director Status**

The Court applied the definition in section 2 of the Companies Ordinance, citing *Cyberworks Audio Visual Technology Ltd v Mei Ah (HK) Co Ltd* [\[2020\] HKCFI 398](#) at paragraph 56(7). Three elements must be proved: the person directed the directors on how to act; the directors or a majority acted in accordance with those directions; and the directors were accustomed to act in a pattern where they did not exercise independent discretion.

The Court found cogent evidence that Yang was a shadow director from 2008. The CEO (Jing Bin) admitted that Yang was "the actual controller of the company" and that on "substantial events," Yang made the final decision. Wu Tao admitted acting on Yang's instructions. Chan King Chung admitted that "the ultimate boss" was Yang and described his own role as limited to carrying out instructions from senior management, particularly Yang.

Since February 2011, Yang was an authorised signatory for all the Company's bank accounts at Bank of China. The CEO was required to obtain Yang's signature for any cheque exceeding HK\$100,000. Yang had the power to appoint his son as a bank signatory from 2014. The Court stated at paragraph 110:

*"R2 alone had since 2011 the power to control the use of the Company's funds to the exclusion of all the de jure directors."*

## **Fraudulent Breach of Fiduciary Duties**

The Court found that Yang orchestrated and perpetrated a fraud on the Company by causing Superview to sell GGL's shareholding to the Company on the false basis that GGL Group owned the Alleged Forests and the relevant forestry rights. In respect of the 2009 Acquisition, Yang concealed his personal interest in Superview, acted in a position of conflict, failed to disclose that the Alleged Forestry Rights did not exist, and caused the Company to enter into the transaction at a gross overvalue.

In respect of the JFT Acquisition, the Court found "overwhelming evidence" that Yang was the mastermind who orchestrated the acquisition and misappropriated the HK\$248 million from the Company. Yang had power to control the use of the Company's funds and at the same time he was the beneficial owner of Sherri Holdings. He was actively involved from the negotiations stage through to completion. He co-signed Cheques 2 to 6 knowing the funds would be paid to companies which he is the beneficial owner of. He co-signed the forged cheques to conceal from the SFC that HK\$198 million had been paid to entities unrelated to the acquisition. The Court stated at paragraph 186:

*"The above acts of R2 [Yang] constituted a fraudulent breach of fiduciary duties owed to the Company."*

## **The Court's Findings on Wu Tao: Active Participation in Fraud**

The Court found that Wu Tao was actively involved in the fraudulent scheme orchestrated by Yang for the purpose of misappropriating HK\$248 million through the JFT Acquisition.

Wu Tao was actively involved in dealing with the affairs of Sherri Holdings both before and after completion. In October 2013, he sent emails giving instructions to Ng Yat Cheung (the nominee shareholder of Sherri Holdings) on how to set up Cosmic Summit and Chongcheng SH (the Mainland subsidiary for Cosmic Summit). He created documents relating to Sherri Holdings' internal affairs, including draft investment cooperation agreements and share transfer documents. He facilitated the change of nominee shareholder of Sherri Holdings by preparing a draft transfer agreement and introducing Liang Juan (Yang's secretary) as the transferee.

Wu Tao also did not raise any concern or issue as to why he had to be involved in dealing with the affairs of the counterparty to JFT Acquisition.

Wu Tao also had extensive involvement in meetings and discussions relating to the Target Technology well before the acquisition, including site visits, expert reviews, and cooperation framework agreements with China State Shipbuilding Corporation. Despite acquiring knowledge that the Target Technology was at an infant stage, Wu Tao never brought these matters or any concern about the valuation of the Target Technology to the attention of the Board.

Wu Tao "took the lead" in the due diligence and background check of Sherri Holdings. He continued to act for the Company in negotiating terms, dealing with financial advisers and auditors, attending Board meetings, and approving the JFT Announcement and JFT Acquisition, all while suppressing the fact that he was in a position of conflict and that Sherri Holdings was not an independent party. The Court stated at paragraph 200:

*"In acting in the above manner, R4 [Wu] acted in fraudulent breach of his fiduciary duties owed to the Company."*

## **The Court's Findings on Chan King Chung (CFO and Company Secretary)**

### *Fiduciary Duties of a Non Director Officer*

The Court held that although Chan King Chung (Chan) was not a director, he owed fiduciary duties to the Company. The Court applied the test from *Leader Screws Manufacturing Company Ltd v Huang Shunkui* [2021] HKCFI 141 at paragraphs 46 to 48, holding that objectively assessed, Chan stood in a position where legitimate expectations existed that he would not utilise his personal position in a way adverse to the interests of the Company and owed fiduciary duties as a senior officer of the Company. The Court also cited *Re Anxin-China Holdings Ltd* [2025] HKCFI 839 at paragraph 26:

*"The importance of the CFO in a listed company cannot be understated. He or she is the goalkeeper in*

*respect of the finance of the company. The investing public rely on the integrity and reliability of the management and CFO to safeguard the company's financial interests."*

In any event, as an employee of the Company, Chan owed duties of care at common law to act with due care and skill, and to acquire sufficient knowledge and understanding of the Company and its subsidiaries' business so as to enable him to properly discharge his functions.

The Court rejected the argument that Chan's part time status and monthly salary of HK\$60,000 limited his duties. The Court held that the evidential burden was on Chan to adduce evidence on the terms of his employment, and he failed to do so. The Court characterised Chan's power as CFO to review and endorse payments as analogous to that of a trustee entrusted with the funds of a principal. The Court stated at paragraph 213(2):

*"In this context, the nature of R6's [Chan] power qua CFO in reviewing and endorsing payment was analogous to that of a trustee entrusted with the funds of the principal, in that they both owed fiduciary duties to the principal in respect of the use of the funds under their control."*

### *Chan's Involvement in the Fraud*

The Court found that Chan was involved in the fraud through four channels.

*The First HK\$100 Million:* The Court found that Chan was aware of and involved in arranging payment of HK\$100 million to Jin Jun for the purpose of the JFT Acquisition. A "Cashflow Document" found on Chan's external hard drive, created and last saved on 3 January 2014, detailed the fund flow from Holysun International Limited (a remittance agent for the Company) to Rosy Song Limited and onwards to Cosmic Summit, with the annotation "煤转油项目" (coal to oil project). Chan introduced Holysun to the Company in late 2012. Wong Yun Wai, Holysun's sole shareholder, confirmed that all instructions came from Chan and that all monies in Holysun's account were related to the Company.

*The JFT Announcement:* The Court found that Chan was responsible for preparing and circulating the draft JFT Announcement to the Board. Chan's own pleaded case stated that he ensured announcements were made in compliance with regulations and that information disclosed was "as accurate as possible in view of the information available to him at the time." The JFT Announcement falsely stated that Sherri Holdings was independent of the Company and that the consideration was arrived at after arm's length negotiations, it also did not disclose the fact that the Company was involved in arranging payment of the first HK\$100m to Jin Jun more than 2 months before the sale and purchase agreement and the JFT Announcement.

*The Seven Cheques:* Chan admitted involvement in preparing the Seven Cheques, including checking payee names and amounts and signing payment requisition forms as "reviewer" (審核人). The Court found that five of the seven cheques provided to the SFC were forgeries. Chan bore the evidential burden to demonstrate he had been misled but failed to discharge it.

*Sherri Holdings' Affairs:* Two documents relating to Sherri Holdings' internal affairs were found on Chan's external hard drive, created by him in June/July 2014. The Court found that Chan's involvement in dealing with the counterparty's affairs, without any explanation, demonstrated his awareness that Sherri Holdings was not independent but was related to, if not controlled by, Yang.

### *Causation and Compensation*

The Court applied the causation principles from *Libertarian Investments Ltd v Hall* (2013) 16 HKCFAR 681 and *Zhang Hong Li v DBS Bank (Hong Kong) Ltd* (2019) 22 HKCFAR 392. The plaintiff need only show a loss arising out of a transaction to which the breach was material. The onus then shifts to the defaulting fiduciary to disprove the apparent causal connection. The Court stated at paragraph 254:

*"Without R6's [Chan] involvement in endorsing and signing on the Payment Forms, Cheques 1-7 would not have been issued by the Company."*

Chan failed to disprove the causal connection. The Court made a compensation order of HK\$248 million against Chan, jointly and severally with Yang and Wu Tao.

## **Compensation Orders and Losses Suffered**

The Court calculated the Company's losses as follows:

**2009 Acquisition:** The net consideration paid was HK\$417 million (after accounting for the Profit Guarantee set off). The Alleged Forestry Rights represented 83.22% of the total value of forestry assets held by GGL at the time. The loss was HK\$347 million (being HK\$417 million multiplied by 83.22%).

**JFT Acquisition:** The loss was HK\$248 million, being HK\$298 million paid by the Company less HK\$50 million paid to Jin Jun under Cheque 7. The remaining HK\$248 million was paid to entities unrelated to the JFT Acquisition and constituted misappropriation.

**Amount against Yang alone:** HK\$347 million for the 2009 Acquisition.

**Amount against Yang, Wu and Chan on a joint and several basis:** HK\$248 million for the JFT acquisition.

Simple interest was ordered from the date of the Petition (18 December 2020) to the date of judgment, and thereafter at judgment rate until payment.

## Disqualification Orders against former Directors

The Court imposed disqualification orders against all 13 former directors and officers across the proceedings. Yang received 15 years, the maximum period. The Court held this was justified as “a particularly serious case” falling in the top bracket, citing *Re Long Success International (Holdings) Ltd* [2021] HKCFI 624. The fraud spanned 2007 to 2014, involved two separate acquisitions, and Yang was the ultimate beneficiary who operated behind the scenes as a shadow director.

Wu and Chan each received 12 years. The Court held that Wu’s role and participation in the fraudulent scheme placed him in the top bracket, comparable to *Re Sound Global* (12 years for embezzlement of HK\$85 million) and *Re First Natural Foods Holdings* (12 years where the respondent derived no personal benefit). For Chan, the Court gave weight to the importance of the CFO role, his responsibilities for managing financial activities and ensuring regulatory compliance, his responsibility for coordinating due diligence, and his knowledge and involvement in the payment arrangements, the JFT Announcement, the Seven Cheques, and Sherri Holdings’ affairs.

The earlier Carecraft orders, made by Harris J in June and August 2025, resulted in disqualification of ten further respondents: Lee Chi Kong (ED and chairman) for 10 years; Wong Yun Kuen (INED) for 7 years; Lam Ping Kei, Wong Choi Fung and Yeung Kwong Lun (EDs) for 5 years each; Chan Chi Yuen (INED and Audit Committee Chairman) for 4 years; Law Wai Fai and Cheng Man For (EDs) for 3.5 years each; Qiu Jizhi (INED) for 3 years; and Li Jun (ED and vice chairman) for 2.5 years.

All ten breached their duties by failing to take steps to ensure proper and reasonable due diligence. They were found to be incompetent, reckless or negligent in approving the acquisitions.

## The Applicable Legal Principles Under Hong Kong Law

### Section 214 of the Securities and Futures Ordinance

The SFC must satisfy three conditions for relief under section 214(1): the corporation is or was listed; the business or affairs complained of are those of the corporation (including subsidiaries under its control, applying a “realistic approach”); and the conduct falls within one or more of the four heads of misconduct specified in subsections (a) to (d).

The Court summarised these heads as follows. “Oppressive conduct” under subsection (a) involves abuse of majority rights or powers that are unfair or prejudicial to complainants who by reason of minority status can only submit. “Defalcation” under subsection (b) refers to misapplication, including misappropriation, of property of the listed corporation or its subsidiaries. “Misfeasance” overlaps with breach of fiduciary duty and covers a director’s breach of duties to exercise reasonable care and diligence and to act in good faith in the best interests of the company. “Other misconduct” connotes improper behaviour, mismanagement, or culpable neglect of duties. Subsection (c) is complementary and covers situations of misleading or false announcements. “Unfairly prejudicial” conduct under subsection (d) does not have to be wrongful per se. The touchstone is that the conduct prejudiced the interests of members.

### *The Drawing of Adverse Inferences*

The Court applied *Prest v Petrodel Resources Ltd* [2013] 2 AC 415 and *R v Inland Revenue Commissioners, Ex parte TC Coombs & Co* [1991] 2 AC 283. Where a prima facie case calls for an answer and the defendant is in a good position to answer but fails to give evidence, the silence of the party may convert that evidence into proof

in relation to matters within the knowledge of the silent party. However, there must be a reasonable basis for some hypothesis in the evidence or inherent probabilities before the Court draws useful inferences from a party's failure to rebut it.

### *Causation for Breach of Fiduciary Duty*

The Court applied *Libertarian Investments Ltd v Hall* (2013) 16 HKCFAR 681. Once the plaintiff provides evidence of loss flowing from the breach, the onus shifts to the defaulting fiduciary to disprove the apparent causal connection. In applying the "but for" test, the Court takes a common sense view with the full benefit of hindsight. All that is required of the plaintiff is to show that the loss would appear to flow from the breach. The Court stated at paragraph 245:

*"Once the plaintiff has shown a loss arising out of a transaction to which the breach was material, the plaintiff is entitled to recover unless the defendant fiduciary, upon whom is the onus, shows that the loss or damage would have occurred in any event, ie without any breach on the fiduciary's part."*

## **Shadow Directors: Accountability Beyond the Boardroom**

The judgment establishes with particular clarity the circumstances in which a person who holds no formal directorship will be treated as a shadow director and held to the full range of fiduciary duties that follow.

Under section 2 of the [Companies Ordinance \(Cap. 622\)](#), a shadow director is "a person in accordance with whose directions or instructions (excluding advice given in a professional capacity) the directors, or a majority of the directors, of the body corporate are accustomed to act." As the Court noted, citing *Cyberworks Audio Visual Technology Ltd v Mei Ah (HK) Co Ltd* [2020] HKCFI 398, three elements must be proved: the person directed the directors on how to act in relation to the relevant sphere of the company's activity; the directors or a majority acted in accordance with those directions; and the directors were accustomed to do so in a pattern of behaviour where they did not exercise independent discretion but acted as directed.

In finding that Yang was a shadow director from 2008 onwards, the Court relied on multiple strands of evidence:

- i. *Admissions by senior officers:* The CEO (R3) described Yang as "the actual controller of the company" to whom he would report on all important matters. The executive director (R4) acknowledged acting on Yang's instructions and described Yang's role as supervisory over directors. The CFO (R6) referred to Yang as "the ultimate boss."
- ii. *Control over corporate funds:* Since February 2011, Yang was an authorised signatory for all of the Company's bank accounts. Any cheque exceeding HK\$100,000 required Yang's signature, regardless of the purpose of the payment, effectively giving Yang exclusive control over the deployment of company funds.
- iii. *Pattern of control over appointments:* Yang caused R3 to be appointed as director of the Company in October 2007, even before Yang held any formal position. This control over board composition was consistent with, and explicable by, the fact that upon completion of the 2007 Acquisition, Yang (through Superview) became a substantial shareholder.

The Court observed that Yang was in any event a person "wholly or partly responsible" for the company's affairs under section 214(2)(d). However, the finding of Yang as a shadow director provided the legal foundation for imposing fiduciary duties and, critically, for the compensation order.

## **The Standard of Proof for Fraud Allegations in Civil Proceedings**

The judgment reaffirms the *Re H* principle, as explained in *Nina Kung v Wong Din Shin* (2005) 8 HKCFAR 387: where a civil allegation of criminal or similarly serious misconduct is made, the balance of probabilities standard applies, but the Court must recognise that the more serious the allegation, the less likely it is that the event occurred, and hence the stronger the evidence must be before the Court is satisfied the allegation is established. The Court adopted a "disciplined approach" to drawing inferences, requiring that any inference of fraud be "compelling" and "properly grounded in the primary facts found."

In practical terms, the Court's approach to evidence merits particular attention:

- i. *Adverse inferences from silence:* Where the SFC established a prima facie case calling for an answer, and the respondents were in a good position to answer but failed to give evidence, their silence converted what would otherwise be a prima facie case into a strong case. The Court cited *Re South Asia Group (HK) Ltd* [2024]

[HKCFI 2070](#), *Re China Best Group Holding Ltd* (HCMP 745/2013), and *Re Styland Holdings (No 2)* [\[2012\] 2 HKLRD 325](#) in support of this principle.

- ii. *Admissibility and weight of pleadings*: Main points include that the points of defence verified by statements of truth were treated with the same seriousness as affidavits. Admissions or statements against a party's interest were admissible as exceptions to the hearsay rule. However, positive averments supportive of the respondents' defence, where disputed and unsupported by documentary evidence or oral testimony, were treated as unproved.
- iii. *Shifting of evidential burden*: In the context of a claim for breach of fiduciary duties, once the plaintiff has showed a prima facie case that assets had been misapplied, the evidential burden shifted to the directors to demonstrate the propriety of the transactions, applying *Bishopsgate Investment Management Ltd (in liq) v Maxwell (No 2)* [1994] 1 All ER 261.

## Fiduciary Duties of Senior Officers Who Are Not Directors

One of the most significant aspects of the judgment is the Court's analysis of fiduciary duties owed by a CFO and company secretary who was never a director.

The Court held that Chan's fiduciary duties arose from the nature of the power entrusted to him. As CFO, Chan was required to sign each payment requisition form as "reviewer" (審核人) before it could be submitted to a director for approval. The Court characterised this power as analogous to that of a trustee entrusted with the funds of a principal, requiring Chan to exercise the power of reviewing and endorsing payments for a proper purpose and in the interests of the Company, and prohibiting him from exercising it for any collateral or improper purpose.

The Court specifically rejected Chan's argument that his part-time status and modest salary (HK\$60,000 per month) limited his duties, holding that the evidential burden was on Chan to adduce evidence of his employment terms and that he had failed to do so. Citing *Re Anxin-China Holdings Ltd* [\[2025\] HKCFI 839](#), the Court emphasised that a CFO serves as "the goalkeeper in respect of the finance of the company" and that the investing public relies on the integrity and reliability of the CFO to safeguard the company's financial interests.

The Court also applied the test from *Leader Screws Manufacturing Company Ltd v Huang Shunkui* [\[2021\] HKCFI 141](#), holding that objectively assessed, Chan stood in a position vis-à-vis the Company where legitimate expectations existed that he would not utilise his personal position in a way adverse to the interests of the principal, and that an employee entrusted with the company's money is likely to owe fiduciary duties in relation to that money, even if a junior employee.

## Summary of Disqualification Orders

The length disqualification orders across all respondents in the Superb Summit proceedings illustrate the factors considered by Hong Kong courts, such as their roles and level of involvement, which are summarised below:

Respondent	Role	Disqualification	Summary of Basis
Yang Dongjun	Shadow director, substantial shareholder	15 years	Mastermind of two fraudulent schemes; self-dealing; maximum period justified as exceptional case
Wu Tao	Executive director	12 years	Active participation in fraudulent JFT Acquisition; involvement in Sherri Holdings' affairs
Chan King Chung	CFO and company secretary	12 years	Knowledge and involvement in payment arrangements, false announcements, and counterparty's affairs
Lee Chi Kong	ED and chairman	10 years	Negligence in approving 2009 and 2014 acquisitions (Carecraft)
Wong Yun Kuen	INED	7 years	Negligence in approving 2007 and 2009 acquisitions (Carecraft)
Lam Ping Kei, Wong Choi Fung, Yeung Kwong Lun	EDs	5 years each	Negligence in approving 2007 acquisition (Carecraft)

Chan Chi Yuen	INED, Audit Committee Chairman	4 years	Negligence in approving 2007 and 2009 acquisitions (Carecraft)
Law Wai Fai, Cheng Man For	EDs / company secretary	3.5 years each	Negligence; dual roles as ED and financial controller/ company secretary (Carecraft)
Qiu Jizhi	INED, Audit Committee member	3 years	Negligence in approving 2007 acquisition (Carecraft)
Li Jun	ED and vice chairman	2.5 years	Negligence in approving 2007 acquisition (Carecraft)

The Court drew on comparable authorities including *Re Sound Global* (12 years for embezzlement of HK\$85 million) and *Re First Natural Foods Holdings* (12 years where the respondent derived no personal benefit). Yang's 15-year disqualification i.e. the maximum, was justified by the wide-spanning nature of the fraud, the involvement of two separate acquisitions, and the fact that Yang was the ultimate beneficiary who operated behind the scenes.

For the Carecraft respondents, the Court (Harris J) noted the importance of understanding the specific context in which board meetings took place and how directors exercised their approval. Directors must scrutinise proposals, particularly important ones impacting shareholder interests, rather than simply approving them on the basis that a director tasked with a particular area of responsibility endorses them.

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