

# SFC seeks court order to wind up Combest Holdings Limited

21 May 2020

The Securities and Futures Commission (SFC) has presented a petition to the Court of First Instance to wind up Combest Holdings Limited (Combest) and to disqualify the company's executive directors, Mr Liu Tin Lap and Mr Lee Man To, and a suspected shadow director, Mr Ng Kwok Fai under the Securities and Future Ordinance to protect the interest of Combest's shareholders, creditors and the investing public (Notes 1 to 3).

The SFC has also applied to the Court of First Instance for the appointment of provisional liquidators over Combest and the application will be heard on 30 and 31 July 2020 while the first hearing of the SFC's petition will be on 12 August 2020.

The SFC's investigation found evidence to suggest that Ng, Liu and Lee caused Combest and one of its subsidiaries to enter into two overpriced acquisitions (Notes 4 & 5).

The SFC also alleges that Combest overstated its revenue by more than 84% to 99% during various accounting periods between 2016 and 2019 by including in its financial statements revenue generated by the artificial and/or fictitious businesses acquired in the above-mentioned overpriced acquisitions, which are currently still the main businesses of the company. The overpriced acquisitions and the artificial and/or fictitious businesses have caused losses of more than \$293 million to Combest.

End

Notes:

1. Combest has been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (SEHK) since 8 February 2002. On 29 May 2019, the SFC directed SEHK to suspend trading in the shares of Combest under section 8 of the Securities and Futures (Stock Market Listing) Rules. The suspension remains in place.
2. Section 212 of the SFO provides that the SFC may apply to wind up a company under the Companies Ordinance on the ground that it is just and equitable to do so where it appears to the SFC that it is desirable in the public interest that the company should be wound up.
3. Section 214 of the SFO provides that where it appears to the SFC that the business or affairs of a listed corporation have been conducted in one or more prescribed manners, the SFC may seek, among other things, orders to disqualify individuals wholly or partly responsible for the business or affairs of the listed corporation having been so conducted from being a director, or being concerned, whether directly or indirectly, in the management, of any company for up to 15 years.
4. On 4 January 2016, Combest announced that its wholly-owned subsidiary, Ample Precious Holdings Limited, had on the same day entered into a sale and purchase agreement with Grand Castle Limited to acquire from it one share of Giant Goal Limited (Giant Goal), being the entire issued share capital of Giant Goal, at a consideration of \$70 million. Giant Goal and its subsidiaries principally engaged in money lending, provision of credit, provision of lending consultancy services and provision of company secretarial services.
5. On 1 April 2017, Combest announced that it had on the same day entered into a sale and purchase agreement with Novel Shine Limited to acquire a 51% interest in Ultra Rich Global Limited (Ultra Rich) at a consideration of \$170 million. Ultra Rich and its subsidiaries principally engage in fund management business.

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