

DT Case No. 2025-02(M)
Decision No. DT 02/2025

**DISCIPLINARY TRIBUNAL
OF THE HONG KONG CHARTERED GOVERNANCE INSTITUTE
AND HONG KONG/CHINA DIVISION OF THE CHARTERED GOVERNANCE INSTITUTE**

**DECISION
relating to
Mr. Ng Kwok Fai ACG HKACG (#4042680)
(Respondent)**

Date of Hearing: 16 July 2025
Date of Decision: 7 August 2025

1. In this Decision, The Hong Kong Chartered Governance Institute is referred to as the '**Institute**'. The Institute is, and represents, the Hong Kong/China Division of The Chartered Governance Institute ('**CGI**') in this Decision.
2. On 17 October 2006, the Respondent was elected as an Associate Member of the CGI and the Institute. The Respondent undertook to observe and be bound by the provisions of the Charter and Byelaws of CGI and the Institute Articles for the time being in force.

A. Background

3. In October 2024, the Secretariat, through routine monitoring, discovered, under a Securities and Futures Commission (**SFC**) press release (**Press Release**) dated 16 September 2024, that a person with a similar name to the Respondent had reached a settlement with the SFC to pay compensation of HK\$192 million to Combest Holdings Limited (**Combest**) jointly with two other executive directors for distribution to independent public shareholders of Combest, already delisted, to resolve the summary court proceedings against them at the High Court.
4. As stated in the Press Release, this was the first-of-its-kind settlement to compensate public shareholders. Also, as stated under the Press Release:

'Ng [the Respondent] was a shadow director of Combest since 2016, and Liu and Lee who were the only executive directors at the material time, followed Ng's directions and instructions to operate Combest's affairs.

Ng, Liu and Lee caused Combest to enter into acquisitions of two subsidiary groups in 2016 and 2017. Both acquisitions were substantially overvalued by a total of \$229 million. The acquisitions enabled Ng to siphon money off from Combest to benefit himself and create the false impression that Combest had a substantial level of operations and assets to warrant the continued listing of its securities.

The two acquired subsidiary groups were comprised of fictitious or artificial businesses procured by Ng.

Ng, Liu and Lee also caused Combest to borrow loans and make payments of fees and interests of about \$64million for no commercial reasons.

Ng, Liu and Lee artificially inflated the revenue of Combest during various accounting periods between 2016 and 2019 and caused Combest to suffer a total loss of over \$293 million.

By reason of the above, Ng, Liu and Lee breached their fiduciary duties owed to Combest.'

5. On 7 October 2024, the Investigation Group sent the Respondent a first inquiry letter, enclosing the Press Release, to inquire whether he is the subject person referred to in the Press Release. Fourteen days were given for a reply, with a reminder that:

'Failure to respond is a ground for discipline, and we trust in any event, you will support the HKCGI/CGI Investigation Group's important disciplinary work.'

The Respondent did not respond to the first inquiry letter, which was sent by email and courier in accordance with the personal records provided by the Respondent to the Institute. Additionally, the courier's receipt stated that the Respondent signed the receipt for the first inquiry letter and the email sent was not bounced back with any indication of failed delivery.

6. On 6 November 2024, the IG sent the Respondent a follow-up letter, referring and enclosing the first inquiry letter of 7 October 2024, and stated in capital words:

'PLEASE BE ADVISED THAT ANY FAILURE TO RESPOND WILL RESULT IN THE COMMENCEMENT OF DISCIPLINARY ACTION AGAINST YOU.'

Twenty-one days were given to the Respondent to respond to the follow-up letter, which was sent by double-registered post. The Hong Kong Post had confirmed delivery on 8 November 2024.

7. The Institute, as with the first inquiry letter, has not received any response from the Respondent. The Secretariat's attempts to contact the Respondent on 27 November 2024, via the phone number he had provided to the Secretariat, were also unanswered.
8. Institute Article 20 states the following:

'Details of Members, Graduates and Students

Each of the Members [including the Respondent], Graduates and Students shall be obliged to provide the following details to the Institute for inclusion in the register and advise the Institute of any changes thereto in a timely manner-

(a) their home ..., telephone numbers and email address;'

9. Article 25.1 of the Institute Articles states that the Disciplinary Tribunal (DT) can impose any of the penalties set out in Article 27 where a Member (which includes the Respondent), Graduate or Student has:

'(d) acted in breach of the Articles of Association of the Institute...;

(f) failed to comply or co-operate with a disciplinary investigation;'

10. Likewise, under CGI Byelaw 23.8(g), if a member (including the Respondent) fails to comply or co-operate with a disciplinary investigation, the DT for CGI can impose any of the penalties set out in Byelaw 24.

B. IG's determination, etc.

11. The IG met on 24 February 2025 and, based on the inability to reach the Respondent from the records supplied by him to the Institute, which stymied the IG's investigation, it was considered that there were *prima facie* breaches by the Respondent of all the matters set out under paragraph 9.

IG's findings

12. At the same meeting, and based on its own independent assessment of the facts. The IG considered that there were *prima facie* breaches by the Respondent of HKCGI Articles of Association 20 and 25.1, which form part of the HKCGI/CGI's disciplinary rules. However, it remains at the DT's discretion whether to pursue any disciplinary case against the Respondent.

IG Charges laid to DT

13. Accordingly, the IG resolved that:

(a) A *prima facie* case merits and warrants consideration of disciplinary actions against the Respondent because of the Respondent's potential breaches of the Institute Articles and CGI Byelaws identified in paragraph 12 above.

(b) The matter should be referred to the DT for consideration.

14. The IG asked the DT to conduct its disciplinary hearing to consider and determine whether the Respondent was in breach of the following:

Breaches of Codes, Rules & Regulations

- (1) **Institute Article 20** failed to provide and/or advise the Institute of the Respondent's changes thereto in a timely manner of his home addresses, telephone numbers, and email addresses and/or co-operate with the Institute's disciplinary investigation.
- (2) **Institute Article 25.1(f)** – failed to comply or co-operate with the Institute's disciplinary investigation.
- (3) **CGI Byelaw 23.8(g)** – failed to comply or co-operate with the Institute's disciplinary investigation.

Discredit/Disrepute of the Institute or Profession

- (1) **Institute Article 25.1(c)** – applicable where a member has conducted themselves, whether by act or default, in a manner that might or is likely to be discreditable to the Institute or the Profession.
- (2) **CGI Byelaw 23.8(g)** – failed to comply or co-operate with a disciplinary investigation.
- (3) **CGI Byelaw 23.8(f)** – broken any of the Institute's Byelaws, Charter or Regulations;

C. Disciplinary Hearing

- 15. The DT, having considered the Charge Sheet, resolved that there was a case against the Respondent to answer and decided to convene a disciplinary hearing, fixed for 16 July 2025. On 13 May 2025, the Secretariat served the Notice of Disciplinary Hearing (with the Charge Sheet) to the Respondent by post and by email to his addresses according to the records of the Institute. There was no reply by the Respondent up to the date of the hearing.
- 16. At the DT's disciplinary hearing on 16 July 2025, in the absence of the Respondent, the charges and the Respondent's submissions were considered.
- 17. The DT considered:
 - (a) The IG Charge Sheet dated 21 March 2025; and
 - (b) The inability to receive any response from the Respondent, to inquire on an SFC, stymied the investigation into a particularly egregious matter relating to issues around shadow directorship, breach of fiduciary duties, and conduct that might have brought

discredit or disrepute to the Institute, CGI and/or the profession, where the Respondent was the subject person under the Press Release.

D. Decisions

The DT **DECIDES** that the charges against the Respondent, as set out under the IG Report, are established to the extent set out below.

Breaches of Articles & Byelaws

18. By reason of the Institute not having received any response from the Respondent after due diligence by the Institute in serving the first inquiry letter and subsequent reminder by post and email and making telephone calls to the Respondent on his addresses and phone number on the records of the Institute and his apparent receipt of at least the first inquiry letter on a disciplinary inquiry matter, and it is important to maintain professional standards, the DT finds that the Respondent is in breach of the following provisions of the Institute Articles and CGI Byelaw:

- (a) **Institute Article 20** – as the Respondent has failed to update his contact information with the Institute in a timely manner; OR **Institute Article 25.1(f)** – where the Respondent has deliberately not responded to the IG inquiries and/or the DT's disciplinary hearing.
- (b) **Institute Article 25.1(d)** – for any of the alternatives under paragraph 18.
- (c) **CGI Byelaw 23.8(g)** - for any of the alternatives under paragraph 18.

E. Sanctions

19. Taking into consideration the above factors, the DT **ORDERS** that:

- (a) The Respondent's membership is to be excluded and his name removed from the appropriate register under Institute Article 27.1(a) with immediate effect;
- (b) The Respondent shall be expelled as a CGI member and have his name removed from the membership register under Byelaw 24.1(h) with immediate effect.
- (c) The Respondent shall pay the Institute's costs of HK\$10,000 under the Institute Article 27.1(g) and CGI Byelaw 24.1(b) within 28 days from the date that notice is served to the Respondent by post.
- (d) This Decision will be published on the Institute's website, with a summary in the CGJ journal.

- (e) This Decision shall take effect after the expiry of the period to file an appeal with the Appeal Tribunal ('AT') or, in case of an appeal, until after the exhaustion of the appeal procedures.

Note: According to the Institute Article 28 and CGI Byelaw 25, the Respondent shall be entitled to appeal against the Decision or any part of it by submitting, in writing, a request that the matter should be considered by the AT, specifying in the request the grounds to be relied on in support of the appeal. The Institute must receive the notice of intention to appeal within 28 days from the date of the Respondent being advised of this DT decision. It may be given to the person by whom the notice of the Decision was given, to the Secretary of the Institute, or any person authorised to receive such notice. If the notice of intention to appeal is provided by telephone or other electronic methods, it must be confirmed in writing within 14 days.



Duffy Wong FCG(CS, CGP) HKFCG(CS, CGP)
Chairman, the Disciplinary Tribunal
The Hong Kong Chartered Governance Institute
China Division of The Chartered Governance Institute