

Court rules on appeals by former Rontex directors

17 May 2011

The Court of Appeal has dismissed the appeals by Mr Cheung Keng Ching and Ms Chou Mei – both former directors of Rontex International Holdings Limited (Rontex) – against orders of the Court of First Instance requiring the company, now known as Siberian Mining Group Company Limited, to obtain court approval for any compromise or settlement of its proceedings against Cheung, Chou and another former director Mr Kevin Lau Ka Man.

In the same ruling, the Court of Appeal allowed Chou's appeal on the length of her disqualification, reducing it from five years to four years.

The Securities and Futures Commission (SFC) originally brought proceedings against Cheung, Chou and Lau seeking that they be disqualified from the management of all companies because of misconduct and for orders directing Rontex to bring proceedings against all three directors for compensation.

This was the first case in which the Court of First Instance had ordered a listed company to bring compensation proceedings against former directors because of misconduct (Note 1). Cheung and Chou complained that the company should be able to settle its claim against them without having to obtain court approval of the settlement (Note 2).

The Court of Appeal disagreed and ruled that it was appropriate that any settlement should be approved by the court.

The Court of Appeal also made an order for Cheung and Chou to pay 75% of the costs of the appeals of the SFC.

End

Notes:

1. Please see SFC's [press release](#) dated 18 March 2010 regarding details of the SFC legal proceedings and High Court orders. Lau, who was subject to the compensation and disqualification orders granted, did not pursue any appeal.
2. The company has commenced legal proceedings against the former directors in accordance with the orders obtained by the SFC seeking up to approximately \$19 million in damages. The company has been trying to settle these claims for about \$11 million but the court has so far not given its approval to these terms of settlement.
3. The Court of Appeal's judgment will be available on the Judiciary's website (http://www.judiciary.gov.hk/en/legal_ref/judgments.htm).

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