



Hong Kong: SFC Obtains Three-Year Disqualification Order Against Former Executive Director of National United Resources Holdings Limited for Fictitious Fuel Oil Transactions and Breach of Directors' Duties

On 14 January 2026, the Hong Kong Securities and Futures Commission (SFC) published an [enforcement update](#) stating that it has obtained a [disqualification order \[2025\] HKCFI 6449](#) from the Court of First Instance against Mr Lo Ka Wai (Lo), a former executive director of National United Resources Holdings Limited (NUR, Stock Code: 254). The Court issued a disqualification order against Lo for a period of three years. The order prohibits him from acting as a director, liquidator, receiver, or manager of, or being involved in the management of, any listed or unlisted corporation in Hong Kong. Lo was also ordered to pay the SFC's legal costs. The order arose from proceedings under Section 214 of the [Hong Kong Securities and Futures Ordinance](#) (Cap. 571) (SFO). The SFC commenced these proceedings in July 2022. The case concerned fictitious back-to-back fuel oil transactions executed by NUR's subsidiary in 2015. Lo admitted to breaching his directors' duties and to negligence in approving payments totalling HKD 302 million. The Court adopted the summary procedure, commonly known as the Carecraft procedure, to dispose of the matter on the basis of an agreed statement of facts.

National United Resources Holdings Limited: its Operations and the type of License holding

[National United Resources Holdings Limited](#) was incorporated in Hong Kong on 28 July 1972. It was initially named Success Holdings Limited. The company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (SEHK) since 16 November 1972 under Stock Code 254.

NUR operated as an investment holding company and the group's principal business segments comprised resources trading (coking coal, aluminium rod and fuel oil), an online platform business (trading and deferred spot delivery of precious metals), and a media and advertising business.

NUR Clean Energy Investment Limited (NUR Clean) is a wholly-owned indirect subsidiary of NUR. NUR Clean was principally involved in the group's trading activities. It is the entity through which the fictitious transactions at the centre of these proceedings were executed.

NUR is the holder of Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance), Type 7 (Providing Automated Trading Services) and Type 9 (Asset Management) licences under the SFO.

How the SFC Traces Liability

The SFC's proceedings under Section 214 of the SFO were brought against six respondents in total. Lo Ka Wai was the 4th Respondent.

Lo served as an executive director of NUR from 17 October 2013 to 19 May 2017. He was also a director of NUR Clean from 22 January 2014 to 8 May 2015. The Court's reasons for decision record that Lo, together with the 2nd and the 5th Respondent, was in control of the company's cash flow.

The remaining respondents included Li Hui (1st Respondent), an executive director of NUR and director of other relevant companies; Feng Yongming (2nd Respondent), an executive director of NUR; Tian Songlin (3rd Respondent), the vice president and executive director of NUR and director of NUR Clean; Lam Man Kit (5th Respondent), the company secretary, financial controller and authorised representative of NUR and company secretary of NUR Clean; and Li Tao (6th Respondent), whom the SFC described as the de facto and shadow director of the company. Li Tao was known to staff as the "Big Boss" and regularly gave instructions to employees of NUR and its subsidiaries. The SFC's proceedings against the remaining respondents are ongoing.

The 2015 Fictitious Transactions

On 25 August 2015, NUR Clean purportedly entered into two back-to-back fuel oil supply and sale transactions. These are referred to in the judgment as the "2015 Transactions."

Under the first transaction (the 2015 Supply Transaction), Huge Power Company Limited agreed to supply 140,000 metric tons of straight run fuel oil to NUR Clean at USD 269 per metric ton. Under the second transaction (the 2015 Sale Transaction), NUR Clean agreed to sell the same quantity to Wealthy Union Pte Limited at USD 270 per metric ton. The profit margin was approximately 0.88 per cent. The credit terms were also seriously mismatched, in particular, the supplier (Huge Power) required payment within 90 days while the customer (Wealthy Union) was granted 180 days to pay. The SFC's case, accepted by the Court, was that these transactions were fictitious.

Counterparties Controlled by NUR and Connected Persons

The Court accepted that neither Huge Power nor Wealthy Union was a genuine counterparty to the 2015 Transactions.

Huge Power

Huge Power was incorporated in Macau on 28 July 2015, less than one month before the Supply Contract was signed. The instruction to incorporate Huge Power was given by Gary Chan, the Finance Manager of First Concept Industrial Group Limited (a wholly-owned indirect subsidiary of NUR) and was accustomed to act in accordance with the directions of Li Hui and Li Tao.

During a search operation at NUR's offices on 14 June 2016, the SFC found the original passports of Huge Power's two registered directors on the desk of Feng Tao, a director of First Concept who also acted under instructions from Li Hui and Li Tao. The SFC also found Huge Power's business registration and tax documents at NUR's offices.

One of the registered directors, Wang Na, told the SFC that she was instructed by Feng Tao to set up Huge Power. She stated that she did not know what business Huge Power was engaged in.

Based on the above, the SFC was of the view that Huge Power is an entity controlled by NUR or persons closely connected to NUR or its subsidiaries and is therefore not a genuine counterparty.

Wealthy Union

Wealthy Union was incorporated in Singapore on 28 August 2015, three days after the Sales Contract was purportedly signed on 25 August 2015 and was struck off on 5 April 2018. The instruction to incorporate it was again given by Gary Chan to the company secretary of Wealthy Union in Singapore.

During the relevant period, the sole shareholder and one of the two directors of Wealthy Union was Chu Wenyao. The other director was Wang Fang, who was from Wealthy Union's company secretary, CS Corporate & Advisory Services Pte Limited. Chu Wenyao and Feng Tao (a director and deputy general manager of First Concept) shared the same contact number (86-135-1082-5210).

During the Search Operation, the SFC discovered processed bank remittance forms on Gary Chan's desk. The forms showed that, between 16 and 23 March 2015, Gary Chan submitted HK\$124 million in remittances to OCBC Bank in Singapore on behalf of Wealthy Union, purportedly to settle the 2015 Sale Transaction. The SFC also found pre-signed bank remittance forms of Wealthy Union containing the signature of Chu Wenyao (Wealthy Union's sole shareholder) in the drawers of Gary Chan's desk at NUR's offices during the same search operation. Wealthy Union's email account was created via a fixed IP address at NUR's offices. Wealthy Union was subsequently struck off by the Singapore regulator in April 2018.

Based on the above findings, the SFC was of the view that Wealthy Union is an entity controlled by NUR or persons closely connected to NUR or its subsidiaries and is therefore not a genuine counterparty.

Fictitious Bills of Lading

The delivery of fuel oil under the 2015 Sale Transaction was purportedly supported by three bills of lading. The SFC conducted independent enquiries with the shipper, the carrier, the shipping agent and the receiving party.

PMI Trading Limited, the shipper named on the NUR Bills of Lading, confirmed that it did not order the shipment stated on those documents. PMI further confirmed that NUR, NUR Clean, Wealthy Union and Huge Power were not its customers.

Pleiades Shipping Agents S.A., the owner and manager of the vessel M.T. ALIAKMON named on two of the NUR Bills of Lading, confirmed that it did not ship the fuel oil as stated.

Transmarine Navigation Corporation, the shipping agent named on the third bill of lading, confirmed that the document purporting to contain its signature was not prepared by it and did not appear in its files.

The actual cargo was delivered to Zhoushan, China and Tanjung Pelepas, Malaysia for parties entirely unconnected to NUR or its counterparties.

Round-Robin Fund Flows

The Purchase Money

NUR Clean paid approximately HKD 302 million to Huge Power between 30 October 2015 and 14 December 2015 in purported settlement of the 2015 Supply Transaction. Approximately HKD 271 million of this sum was remitted by Huge Power to Sincere Logistics Limited. Sincere Logistics then remitted approximately HKD 268 million to First Concept (a subsidiary of NUR). First Concept then repatriated approximately HKD 237 million back to NUR.

Sincere Logistics is found to be linked to NUR because its corporate documents were found at Feng Yongming's (2nd Respondent) home, and its operations were managed by NUR employees and associates. Its secretarial fees were paid by NUR-managed cheques, its bank accounts were controlled by Feng Tao and Gary Chan at LI TAO's direction. Wang Na served as a nominee director and authorised signatory and seven tranches of the transfers were effected online via a fixed IP address at NUR's offices.

As stated in the judgment, "there was no genuine business relationship between NUR Clean, Huge Power, Sincere Logistics and the Company as they were related parties and the aforesaid payments pertaining to the 2015 Supply Transaction were round-robin and served no genuine commercial purpose."

The Sales Money

Wealthy Union, with a portion of funds sourced from Sino King Trading (HK) Co Limited which was managed by Gary Chan, paid approximately HKD 150 million to NUR Clean between 18 March 2016 and 16 June 2016 in purported settlement of the 2015 Sale Transaction. These funds were channelled back to Wealthy Union through transfers involving NUR Clean and companies connected to NUR, including Huge Power, China Wish Limited and Upper Target Limited. Based on the above facts, the Court concluded that there was no genuine business relationship between NUR Clean, Wealthy Union, Huge Power, China Wish, Upper Target and Sino King as they were related parties and the payments pertaining to the 2015 Sale Transaction were round-robin and served no genuine commercial purpose.

False or Misleading Statements in the 2015 Annual Results and Annual Report

On 30 March 2016, NUR's board of directors approved the audited financial statements for the year ended 31

December 2015. Lo attended this board meeting.

The 2015 Annual Results and the 2015 Annual Report contained several statements that the SFC submitted, and the Court accepted, were false or misleading. These included, amongst others, that the group had “expanded its resources trading business in the second half of 2015, which now includes resources such as coking coal, aluminium rod and fuel oil.” They also stated that the group recorded total revenue of HKD 382,789,000, of which HKD 337,729,000 was attributed to resources trading, that a single customer in Singapore had contributed HKD 304,971,000 of the group’s revenue and misstatements in relation to the group’s financials as these figures and disclosures referred to the fictitious 2015 Supply Transaction and 2015 Sale Transaction. The Court found that the customer referred to was Wealthy Union, an entity controlled by NUR or persons closely connected to it. The group had not in fact expanded its resources trading business in the second half of 2015.

The SFC’s Case Against Lo Ka Wai

The SFC’s case against Lo rested on two grounds: negligence in committing NUR Clean to the 2015 Transactions, and wrongfully allowing false or misleading statements to be published. Given that Lo held degrees in commerce, is a member of the Hong Kong Institute of Certified Public Accountants as well as CPA Australia and has abundant experience in financial management and corporate finance from working as a chief financial officer/company secretary for various SEHK-listed companies, the standard of care expected of Lo as director of NUS will be considered in light of his experience.

Negligence in Approving the Transactions

Lo approved seven payment requests totalling HKD 302.3 million from NUR to NUR Clean for the purported settlement of the 2015 Supply Transaction. He did so without convening a board meeting. The judgment records that had Lo scrutinised the 2015 Supply Transaction before approving the seven payment requests, he would have noticed that there was little commercial sense in committing NUR Clean to the 2015 Transactions given the narrow profit margin and serious mismatch of credit periods between the purported supplier (90 days) and the purported customer (180 days). The SFC claimed that Lo was negligent in committing NUR Clean to the 2015 Transactions and did not properly discharged his duty as a reasonably prudent director of the Company for failing to inquire into the background of the 2015 Transactions and purpose of the fund transfers.

Approval of False or Misleading Statements

Lo approved the publication of the misleading and faulty statements as set out above at the board meeting held on 30 March 2016. The SFC submitted that Lo wrongfully allowed the false or misleading information to be published by either approving the statements or omitting to provide material information regarding the true state of affairs of the 2015 Transactions to the board.

By reason of the acts or omissions of LO, the business or affairs of NUR have been conducted in a manner that is: (a) oppressive to its members or any part of its members within the meaning of section 214(1)(a) of the SFO; (b) involving defalcation, fraud, misfeasance or other misconduct towards the Company or its members or any part of its members within the meaning of section 214(1)(b) of the SFO; (c) resulting in its members or any part of its members not having been given all the information with respect to its business or affairs that they might reasonably expect within the meaning of section 214(1)(c) of the SFO; and (d) unfairly prejudicial to its members or any part of its members within the meaning of section 214(1)(d) of the SFO.

Mitigating Factors and the Carecraft Procedure

The proceedings against Lo were disposed of by way of the Carecraft procedure, based on a Statement of Agreed Facts dated 28 July 2025. Under this procedure, the Court determines the appropriate orders on the basis of agreed facts and proposed orders, without a full trial.

The agreed mitigating factors were as follows. Lo had been cooperative with the SFC and accepted liability. He adopted a reasonable course of action in agreeing to the Carecraft procedure, saving time and costs. There was no dishonesty or lack of integrity on his part. He made no personal gains from the misconduct. He had never previously been the subject of any SFC proceedings.

Lo’s counsel submitted that his role was not central to the orchestration of the fictitious fund flows or counterparties. His role was limited to approving payments at the parent level. He had ceased to be a director of NUR Clean before the 2015 Transactions were executed.

The Disqualification Order and Carve-Out

The Court disqualified Lo for a period of three years. The Court accepted that Lo's conduct fell within the middle of the minimum bracket (up to five years) for disqualification orders. The maximum period of disqualification under Section 214 of the SFO is 15 years.

Lo successfully applied to carve out Star Point Limited (SPL) from the disqualification order. SPL is a private, family-owned, property-holding company incorporated in May 2008. Lo is its sole director and 2 per cent minority shareholder. His wife holds 98 per cent and serves as company secretary. SPL's sole asset is a residential property at South Horizons which serves as the family home. SPL has no employees, no business operations and no connection with NUR or the group.

The Court accepted that "the carving out of SPL would not be against public interest. The important purpose of protecting the public and the deterrent function of disqualification could still be achieved notwithstanding the carving out."

Lo was also ordered to pay agreed costs of HKD 420,000 to the SFC within 28 days of the order.

How Licensed entities in Hong Kong can ensure Compliance

- i. **Transaction surveillance triggers.** Compliance teams may consider establishing automated alerts for back-to-back transactions with newly incorporated counterparties, transactions with profit margins below a defined threshold, and credit period mismatches exceeding a specified ratio. Transactions where the supplier and customer share common directors, shareholders, registered agents, IP addresses or office premises warrant immediate escalation.
- ii. **AML and suspicious transaction reporting.** The round-robin fund flows in above discussed case bear the hallmarks of layering. Compliance teams at banks and licensed corporations may consider cross-referencing remittance instructions against the IP addresses, registered offices and authorised signatories of the originating and receiving entities. The fact that pre-signed blank remittance forms were found in an employee's desk is a red flag for money laundering controls under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).
- iii. **Counterparty due diligence.** Enhanced due diligence may be considered and applied to counterparties incorporated within a short period before the transaction, counterparties whose incorporation costs are paid by the transacting entity or its subsidiaries, and counterparties whose directors or shareholders are nominees with no knowledge of the business. Corporate records, beneficial ownership registers and independent verification of the counterparty's operating history may be considered mandatory elements of the approval process.
- iv. **Governance frameworks.** Board-level approval may be considered to be mandated for all transactions above a defined materiality threshold. Payment requests for intercompany transfers that relate to trading transactions may be considered to be accompanied by underlying contracts, counterparty due diligence reports and independent verification of delivery documents. It has been established through the case here in above discussed that the directors who approve payments without these supporting documents expose themselves to personal liability.
- v. **Escalation pathways.** Where an executive director identifies a transaction with the red-flag indicators described above, the matter may be considered to be escalated to the audit committee and, where appropriate, to the company's external auditors and legal advisers. Failure to escalate may constitute a breach of the duty of care.
- vi. **Independent audits.** External auditors may consider applying heightened scrutiny to revenue derived from transactions with newly incorporated counterparties, particularly where the revenue constitutes a material proportion of the group's total turnover. The auditor's verification of bills of lading and shipping documents should include independent confirmation with the carrier, shipper and receiving party.

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