

MEDIA RELEASE

RECORD FINE FOR DIRECTOR WITH MULTIPLE COMPANIES ACT BREACHES

Singapore, 19 July 2018 – On 17 July 2018, a company director was convicted and fined a record \$57,000 for 38 charges (\$1,500 per charge) in the State Courts. Lawrence Fong Kok Liong pleaded guilty to the charges for offences under section 175 and 197 of the Companies Act (CA) for failing to hold the annual general meeting (AGM), and failing to file annual returns (AR) in relation to 19 companies. Fong had been convicted in 2014 for similar offences and compounded 60 similar offences. A further 78 charges were taken into consideration for the purpose of sentencing.

2 The holding of AGM and filing of AR are important statutory requirements. The AGM provides a forum for shareholders to be informed of the financial position of the company and to engage the directors of the company on the matter. Filing annual returns on time enables timely public disclosure of key information such as the health and status of the company.

ACRA stepping up regulatory action against persistent offenders

3 This latest conviction comes on the back of the convictions of five other directors for similar filing offences in April and May 2018. Two of the five directors were given a record fine of \$1,800 per charge, which were above the range of \$800 to \$1,200 per charge usually meted out for such offences. Said Mr Andy Sim, Assistant Chief Executive (Legal Services & Compliance), “ACRA takes a serious view of offenders who persistently fail to comply and hold AGM and file AR on time. The high fine that the Courts are prepared to impose, reinforces our view on the importance of directors complying with their statutory obligations, and we will continue to hold directors to account and press for high fines in egregious cases.”

4 Fong and the other five directors prosecuted in April and May 2018, will also be disqualified as directors of the companies to which they have been appointed. As a deterrence to persistent offenders, ACRA disqualifies directors who have been convicted of three or more filing related offences under the Companies Act within a period of five years, or had three or more companies struck off the register by ACRA within a period of five years. Once disqualified, an individual will not be allowed to be a company director or take part in the management of any local or foreign company for five years, effective from the date of the conviction. These disqualified directors cannot take on any new appointment as a director, or be in any way directly or indirectly concerned or take part in the management of a company.

Status of disqualified directors to be published on ACRA's register

5 With effect from 25 Jul 2018, ACRA will publish on its public register, all directors who have been disqualified from acting as directors. The disqualified status for a director will be displayed in the business profile and directors profile report of the company. This will help investors and interested stakeholders conduct due diligence on a company. Members of the public can purchase the business profile and directors profile report from ACRA's online business registration and filing portal for a small fee.

6 Company directors are reminded to take their statutory duties on convening and holding AGMs and the timely filing of annual returns seriously. The public can come forward and alert ACRA if they have reason to suspect that breaches to the Companies Act have taken place.

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For media enquiries, please contact:

Ms Karen Lee
Senior Manager, Corporate Communications
Email: Karen_lee@acra.gov.sg

About ACRA

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities, public accountants and corporate service providers in Singapore. We promote a trusted and vibrant environment for businesses to thrive and flourish, and contribute towards making Singapore the best place for business.

For more information, please visit: www.acra.gov.sg.