

Enforcement Actions

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9 June 2004

Chung Man Keung Sentenced to Suspended Imprisonment in Market Manipulation Case

The SFC has successfully prosecuted Mr Chung Man Keung for intentionally creating both a false market in the shares of MUI Hong Kong Limited (now renamed Morning Star Resources Limited), contrary to section 135 of the Securities Ordinance, and an artificial price for dealings in the shares of MUI, contrary to section 295 of the Securities and Futures Ordinance.

An SFC investigation found that on 10 days between 9 January 2003 and 21 May 2003, Chung had placed through his internet securities trading account a series of single-board-lot orders to buy 2,000 shares of MUI shortly before market close, at prices higher than the then prevailing market price. His orders subsequently pushed up the closing price of the stock 8% to 60% higher than the previous close and misled the market to believe that the stock price was going up.

Chung pleaded guilty today before Mr Ian Candy, a Magistrate at Eastern Magistracy, to 10 summonses in relation to his manipulation activities. Chung was concurrently sentenced on each count to two months' imprisonment suspended for two years plus a fine totalling \$20,000. He was also ordered to pay investigation costs of \$21,959 to the SFC.

An SFC spokesman said any person trading through internet should be aware that their orders are placed directly to the market and therefore they should ensure that their orders comply with all regulatory requirements.

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