
Enforcement News

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27 September 2004

SFC Prosecutes Yeung Ka Sing Carson for Breaching the Securities (Disclosure of Interests) Ordinance

The SFC has successfully prosecuted Mr Yeung Ka Sing Carson, a substantial shareholder of Cedar Base Electronic (Group) Limited, under the Securities (Disclosure of Interests) Ordinance (SDIO).

Yeung failed to disclose his holdings in Cedar Base shares and such SDIO (Note 1) breaches from 18 May and this continued till July 2001. On five occasions, Yeung held more than 20% of the total issued shares in Cedar Base and on 1 June 2001, he held 25% (or the public float). Only by 12 July did his holding fall to 8.4%.

Yeung was also prosecuted for allegedly intentionally creating a false or misleading appearance of active trading in the shares of Cedar Base between 17 and 24 May 2001 contrary to section 135 and section 139 of the Securities Ordinance. During this seven-day period, 194 incidents of wash sales (Note 2) involving Yeung were identified with the majority taking place on 18 and 21 May 2001.

On the first day of hearing on 1 June 2004, Yeung pleaded guilty before Mr William Lam, a Magistrate at Kwun Tong Magistracy, to 14 SDIO summonses but contested the market manipulation charge. After a trial of five days this month, Mr Lam found that Yeung had raised sufficient doubt and acquitted him of the market manipulation charge but Mr Lam accepted that the prosecution expert and witnesses were all truthful, and Yeung had brought suspicion upon himself and this was compounded by his failure to disclose his SDIO interests.

For the SDIO breaches, Yeung was fined a total of \$43,000 and ordered to pay investigation costs of \$7,398 to the SFC.

Ends

Notes to Editor:

1. Any person holding 10% or more issued shares in a listed company has to disclose that fact to the HKEx and the relevant listed company.
2. Wash sales mean transactions in which a person buys or sells securities without a change of beneficial ownership.

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