

## Enforcement Actions

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21 March 2006

### **SFC Prosecutes Ng Hon Chung, Ng Kwok Wing and Cheung Joe Kin Cho for Market Manipulation**

The SFC has successfully prosecuted Mr Ng Hon Chung, Mr Ng Kwok Wing and Mr Cheung Joe Kin Cho for creating a false and misleading appearance of active trading in the shares of GP NanoTechnology Group Limited, contrary to section 135 and 139 of the Securities Ordinance.

An SFC investigation found that between 18 January 2002 and 11 June 2002, the three persons had acted together to create a false appearance of active trading for the purpose of maintaining the share price of GP Nano in order to attract people to invest in the shares. Each of the three persons was found to have engaged in suspicious trading which included buying and selling at the same price, and buying at a high price and selling at a low price. There were also frequent intra-group trades among the three. As a result, the market turnover of GP Nano increased significantly.

The three persons today pleaded guilty before Mr Josiah Lam, a Magistrate at Eastern Magistracy and each was sentenced to two months' imprisonment suspended for 12 months. They were also ordered to pay investigation costs of \$103,300 in total to the SFC.

In passing the sentence, Mr Lam pointed out that market manipulation was a serious offence and he would impose immediate custodial sentence should the three persons have been found guilty after trial. Mr Lam further stressed that a financial penalty could not reflect the seriousness of the crime, he therefore imposed suspended sentence on all three persons.

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