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## Enforcement News

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3 September 2008

### **SFC seeks court order to ban former Wah Sang Gas chief from all company directorships**

The Securities and Futures Commission (SFC) has commenced proceedings in the High Court against Mr Shum Ka Sang, the former chairman, CEO and executive director of Wah Sang Gas Holdings Limited (Wah Sang Gas), and one other former company director seeking an order to disqualify them from acting as company directors or being involved, directly or indirectly, in the management of any corporation for a period to be specified by the court (Note 1).

These proceedings follow an SFC investigation of the company into suspicions that the company's accounts had been falsified and asset values were overstated for the financial year ended 31 March 2004. On the SFC's order, the company's shares were suspended from trading on 6 April 2004.

The SFC alleges that Shum, who resigned as a director of the company on 22 October 2007, knew or was involved in falsifying the accounts or was otherwise responsible by failing to exercise reasonable skill, care and diligence and to act in the company's best interests.

The same allegations are also made against another former director, who is named in the proceedings but who has not yet been located and notified of these proceedings.

An independent audit led to the reconstruction of the company's accounts. In new financial results finally filed with the Stock Exchange of Hong Kong (SEHK) on 11 July 2007, the company reported a reduction in the value of net assets as at 31 March 2004 of approximately \$720 million (Note 2).

Trading in Wah Sang Gas shares remains suspended and resumption of trading is subject to the SFC's approval (Note 3). Listed in the Growth Enterprise Market since March 2000, the company is engaged principally in providing gas connection service through its subsidiaries on the Mainland.

The court today set a timetable for the next steps in the proceedings against Shum and ordered him to file his evidence in opposition within 21 days. The case will return to the

High Court following these steps.

End

Notes:

1. Under section 214 of the Securities and Futures Ordinance, the court may make orders disqualifying a person from being a company director or being involved, directly or indirectly, in the management of any corporation for up to 15 years, if the court finds the person is wholly or partly responsible for the company's affairs being conducted in a manner involving defalcation, fraud or other misconduct.
2. These results were filed following new management being appointed to run the company. On 15 February 2008, the company filed with the SEHK financial results for the financial year ended 31 March 2005, 31 March 2006 and 31 March 2007. Together with the financial results filed with the SEHK on 11 July 2007, these announcements contain more information about the overstatement of the company's financial position and the reconstruction of the company's accounts.
3. The company announced to the market on 29 May 2008 a Restructuring Proposal, which will be the subject of a Circular that it must issue to shareholders no later than 30 September 2008.

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