

SFC bans Tsap Wai Ping for two years

19 May 2017

The Securities and Futures Commission (SFC) has prohibited Mr Tsap Wai Ping from re-entering the industry for two years from 19 May 2017 to 18 May 2019 for fitness and properness concerns (Note 1).

The SFC found that between June and September 2012, Tsap caused invitations to subscribe for the shares in Yinfu Gold Corporation (Yinfu) to be issued to the investing public without authorization from the SFC. At the material time, Tsap was the President, CEO and Sole Director of Yinfu, whose shares were traded on the OTC Pink Marketplace in the United States. A total of 140 share subscriptions were made by 65 Hong Kong subscribers involving 13 million of Yinfu shares and US\$1.3 million of subscription proceeds (Notes 2 & 3).

In the circumstances, the SFC considers Tsap’s conduct casted serious doubts on his fitness and properness to be a licensed person.

End

Notes:

1. Tsap was licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities) regulated activities and was accredited to Chinawide Securities Limited until July 2012. He is not currently licensed by the SFC.
2. At the material time, Yinfu was a company registered in the state of Wyoming in the United States.
3. Referring to the legislative provisions in force during the material period, under section 103(1) of the SFO, it is unlawful for any person to issue an invitation which contains an invitation to the public to enter into an agreement to subscribe for securities unless the issue is authorized by the SFC. In addition, under section 342(3) of the Companies Ordinance (CO), it is unlawful to issue to any person in Hong Kong a form of application for shares of a company incorporated outside Hong Kong unless the form is issued with a prospectus that complies with the requirements specified in the Third Schedule to the CO. Yinfu did not issue a prospectus with the form of application for the shares.

[A copy of the Statement of Disciplinary Action is available on the SFC’s website](#)

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STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has taken disciplinary action against Mr Tsap Wai Ping (**Tsap**) for fitness and properness concerns pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. Tsap was licensed under the SFO as a representative to perform regulated functions in Type 1 (dealing in securities) regulated activities and was accredited to Chinawide Securities Limited until July 2012. Tsap is not currently licensed by the SFC.
3. The SFC found Tsap's competency and reliability in the performance of regulated functions has been called into serious question and that his conduct casted serious doubts on his fitness and properness to be licensed. Tsap is prohibited from re-entering the industry for two years from 19 May 2017 to 18 May 2019.

Summary of facts

4. The SFC commenced its investigation after receiving a complaint in July 2012 about Yinfu Gold Corporation (**Yinfu**) offering its shares (**Shares**) for subscription in Hong Kong. It was found that during the period from June to September 2012 (**Relevant Period**), Yinfu was a company registered in the state of Wyoming in the United States with shares traded on the OTC Pink Marketplace, and Tsap became the President, CEO and Sole Director of Yinfu in June 2012.
5. Among others, the SFC obtained 166 sets of documents in relation to the subscription of the Shares and the relevant Share certificates from Yinfu's office in Mongkok (**Subscription Documentation**). In general, each set of the Subscription Documentation includes a share subscription agreement, customer information form, copies of the subscriber's identity and address proof, and receipt for the payment of subscription proceeds.
6. The Subscription Documentation shows that 166 subscriptions for the Shares were made by 80 subscribers during the Relevant Period. Among these subscriptions, a total of 140 subscriptions were made by 65 Hong Kong subscribers involving 13 million of Shares and US\$1.3 million of subscription proceeds. Tsap signed on the Subscription Documentation on behalf of Yinfu, and was specifically identified as the representative and contact point of Yinfu in the subscription agreement.
7. The evidence also shows that minimal information in relation to the Shares and Yinfu was provided to the subscribers in the form of information published on a website apparently maintained by Yinfu during the Relevant Period, and no prospectus was issued with the form of application for the Shares.

Conclusion

8. Under section 103(1) of the SFO, it is unlawful for any person to issue an invitation which contains an invitation to the public to enter into an agreement to subscribe for securities unless the issue is authorized by the SFC. Further, under section 342(3) of the Companies Ordinance (**CO**), it is unlawful to issue to any person in Hong Kong a form of application for shares of a company incorporated outside Hong Kong unless the form is issued with a prospectus that complies with the requirements specified in the Third Schedule to the CO.¹
9. In the circumstances, Tsap acted on behalf of Yinfu and caused the invitations to subscribe for the Shares to be issued to the Hong Kong public without authorization from the SFC, and did not issue a prospectus with the form of application for the Shares. Tsap's conduct casted serious doubts on his fitness and properness to be a licensed person.

¹ referring to the legislative provisions in force during the Relevant Period