

Enforcement Actions

28 October 2002

SFC Successfully Prosecutes Daniel Hung for Market Manipulation

The SFC has successfully prosecuted Mr Daniel Hung for manipulating the shares of Climax International Company Limited.

Hung today pleaded guilty before Mr Simon Jenkins, a magistrate at Western Magistracy, to one summons of intentionally creating a false and misleading appearance of active trading in the shares of Climax during the period 20 September 2000 to 20 October 2000. Sentencing for Hung was adjourned until 11 November 2002 pending his background report.

The SFC investigation found that Hung had used three trading accounts maintained by his then girl friend with three different brokers to trade in the shares of Climax during the relevant period. Hung traded actively in Climax shares on 19 out of the 21 trading days during the relevant period. Hung effected 19 instances of purchases and sales of Climax shares which involved no change in the beneficial ownership of 8,350,000 shares.

Trading conducted by Hung during the relevant period had not only raised the market turnover and the share price of Climax, but had also aroused market interest in the stock. Hung's trading activities created a false and misleading appearance of active trading in Climax shares, and contravened section 135(1)(a) and section 139 of the Securities Ordinance.

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