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## Enforcement News

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10 July 2008

### SFC charges four with conspiracy to manipulate market

The SFC has commenced criminal proceedings against four individuals for conspiring to manipulate the market to trade shares of Asia Standard Hotel Group Limited (ASH Group), a company listed on the Stock Exchange of Hong Kong.

The SFC alleges that from August 1 to September 5, 2005, Mr Chan Chin Yuen, Miss Elaine Au Yeung Man Chun, Mr Chan Chin Tat, and Mr Chui Siu Fung, conspired to create a false or misleading impression of the market for ASH Group shares, in breach of section 295 of the Securities and Futures Ordinance. More specifically, the SFC alleges:

- the trading activities in question raised the share price of ASH Group by 78%, ramping up the company's market capitalisation by HK\$4 billion and creating a false or misleading impression of depth and liquidity in the market for ASH Group shares;
- one defendant funded trading conducted by the other three who traded largely among themselves; and
- their trading constituted more than 50% of ASH Group shares traded during the period on turnover of approximately HK\$190 million.

The defendants appeared today at the Eastern Magistracy. No plea was taken and the case was adjourned for four weeks until 7 August 2008 to enable an application to be made by the Department of Justice to transfer the case to the District Court.

The case will then be the second indictable prosecution for an offence under the Securities and Futures Ordinance (SFO) (Note 1).

The SFC also applied for bail conditions to be imposed on the four defendants, given the seriousness of the case. The Court granted Chan Chin Yuen court bail of \$200,000. He is required to report to the Lok Ma Chau police station on the last day of each month. The other defendants were granted court bail of \$100,000 each.

Simultaneously, the SFC has also commenced criminal proceedings against Chan Chin Tat and Chui Siu Fung for failing to answer questions as required under the SFO and without reasonable excuse during the SFC's investigation into the trading of ASH Group shares.

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Note:

1. The first indictable prosecution under the SFO was commenced in February 2008 following an SFC investigation (see SFC media releases dated [28 February 2008](#) and [17 March 2008](#)).

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