
Enforcement News

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12 April 2007

SFC Prosecutes To Shu Fai and Daido Group Ltd for False Statements and To, Top Synergy Associates Ltd and Vision Harvest Ltd for Late Disclosure to the Stock Exchange

The SFC has successfully prosecuted Mr To Shu Fai and Daido Group Limited for providing false or misleading information to the Stock Exchange, contravening section 384 of the SFO.

The SFC has also successfully prosecuted To, Top Synergy Associates Limited and Vision Harvest Limited for failing to disclose their disposal of their interests in 200 million shares or 6.67% of the total issued share capital in Daido Group Limited within three business days as required by the SFO.

The Court convicted To and Daido Group and fined them \$50,000 each for providing false and misleading information to the Stock Exchange.

The Court also convicted To, Top Synergy and Vision Harvest on a total of 10 summonses for their failure to lodge a change in substantial shareholding in Daido Group and fined them \$5,000 for each summons. To was also ordered to pay investigation costs of \$15,166 to the SFC.

Today's convictions followed an SFC investigation that found that:

- Top Synergy disposed of 200 million shares in Daido Group on 16 October 2003 and was under an obligation to disclose its disposal of these shares to the market;
- To and Vision Harvest had a disclosable interest in Top Synergy's shares and were also under an obligation to disclose the disposal of these shares;
- The Stock Exchange noticed a significant rise in turnover of shares in Daido Group and queried the company about whether there was any notifiable interest to be disclosed on 16 October 2003;

- To was the chairman of Daido Group and was aware of the sale of 200 million shares;
- Daido Group falsely replied to the Stock Exchange that there was no notifiable interest to be disclosed; and
- The substantial shareholding notices were eventually lodged on 15 December 2003.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "These are the SFC's first convictions after trial for false and misleading information under Dual Filing. The SFC will not hesitate to take action against listed companies and their directors who deliberately mislead the market, as in this case."

Ends

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