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## Enforcement News

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28 June 2007

### Wash Trader Sentenced

A man was today sentenced to perform 240 hours of community service for creating a false and misleading appearance of active trading in the shares of Sino Technology Investments Limited and for misleading the SFC investigation.

Mr Li Kam Shing had pleaded guilty to six summonses before Principal Magistrate Mr Garry Tallentire at Eastern Magistracy on 14 June 2007. The Court adjourned sentencing to today pending probation order and community service order suitability reports (Note 1).

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "This was a case the SFC was ready to prosecute in February 2005, but by then Li had gone to ground and was believed to be in the Mainland. The message in this case is the SFC will not give up pursuing offenders, even those who think they can escape the consequences of their misconduct by leaving Hong Kong and then returning when the coast is clear."

Ends

Notes:

The SFC investigation revealed that between August and November 2002, Li used four securities accounts with four different brokers using the name Ms Katherine Wan to buy and sell his own shares in Sino Technology. The SFC alleges these transactions did not involve any change of ownership of the shares because Li set up the transactions to ensure he traded with himself at all times through the four accounts. The SFC also alleges this kind of trading – which is called wash trading – manipulated the market for Sino Technology shares by inflating turnover and volume and ultimately fixing an artificial price. The SFC investigation also revealed that Li had provided misleading information to an SFC investigator. Li

falsely denied during an interview with the SFC that he knew Wan. Wan was convicted in February 2005 for aiding and abetting market manipulation. For more details, please see [SFC press release dated 14 June 2007](#).

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