

Enforcement News

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Second listed company director disqualified for misconduct

The Securities and Futures Commission (SFC) has obtained an order in the High Court against Mr Ong Hong Hoon, a former director of GP NanoTechnology Group Ltd (GP Nano), disqualifying him from being a company director or being involved in the management of any company, without leave of the court, for a period of five years (Note 1). The disqualification order is to take effect on 18 December 2008.

The disqualification order was based on Ong's misconduct as a director of GP Nano. The SFC is also taking similar action against four other former directors of the company (Note 2).

The SFC alleged that Ong had:

- provided misleading information to the market regarding five questionable transactions in two announcements;
- abdicated responsibility as director of publicly listed GP Nano;
- failed to exercise reasonable skill, care and diligence and/or to act in the best interests of the company;
- made misrepresentations or misstatements of his own duties as executive director in the company's prospectus and annual reports; and
- failed to ensure the company complied with the relevant rules and regulations, namely the Growth Enterprise Market listing rules and the Code on Takeovers and Mergers.

The SFC held that Ong had acted with gross incompetence.

The Honourable Madam Justice Kwan stated that when exercising the jurisdiction to make disqualification orders, the court will consider two important objectives. "Firstly, protection of the public against the future conduct of persons whose past records as directors of listed companies have shown them to be a danger to those who have dealt with the companies, including creditors, shareholders, investors and consumers; and secondly, general deterrence in that the sentence must reflect the gravity of the

conduct complained of so that members of the business community are given a clear message that if they break the trust reposed in them they will receive proper punishment.”

“This is the second disqualification order made by the court against a listed company director for misconduct (Note 3),” said Mr Mark Steward, the SFC’s Executive Director of Enforcement. “The SFC will continue to take action against directors who breach the trust given to them by shareholders especially where they are involved in providing misleading information to the market (Note 4).”

The reasons for decision are available on the Judiciary website (www.judiciary.gov.hk).

End

Notes:

1. The company was listed on 17 July 2001. Trading in the shares of the company was suspended on 7 August 2003 and the company was delisted on 10 June 2005. The company was ordered to be wound up on 17 August 2005. The SFC commenced proceedings against Ong in 2006 (see SFC [press release](#) dated 30 March 2007).
2. In the same proceedings, the SFC also seeks disqualification orders against four other former directors of GP Nano. Hearing dates of the applications in relation to the other four former directors have not yet been fixed.
3. Please see SFC [press release](#) dated 30 May 2007 for details.
4. The SFC has commenced civil proceedings against nine current and former directors this year alleging misconduct in relation to grossly incompetent or negligent conduct and/or announcements to the market and seeking compensation orders in two of those proceedings. Please see SFC publication [Enforcement Reporter](#), Issue No. 60, October 2008, for more information.

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