

## SFC seeks final orders in Hontex case

19 May 2011

The Securities and Futures Commission (SFC) today filed an application at the High Court seeking final orders to secure a return of funds to those who subscribed for shares in the initial public offering (IPO) of Hontex International Holdings Company Limited (Hontex) or purchased shares in the company after its listing in December 2009.

The SFC alleges contraventions of the Securities and Futures Ordinance (SFO) by Hontex in relation to its IPO and is also seeking declarations to that effect.

The SFC's allegations include:

- Hontex disclosed materially false or misleading information in its IPO prospectus dated 14 December 2009 which was likely to have induced investors to subscribe for and purchase Hontex shares contrary to section 277 and section 298 of the SFO;
- Hontex's financial position, as disclosed in its IPO prospectus, was materially overstated;
- Hontex provided false or misleading information to the Stock Exchange of Hong Kong contrary to section 384 of the SFO; and
- Hontex employed a fraudulent or deceptive scheme in relation to its listing in Hong Kong contrary to section 300 of the SFO.

The SFC is seeking orders requiring Hontex to take a number of steps to offer affected investors their money back in return for the cancellation of their shares. The steps will require the company to convene a general meeting to approve the return of capital to subscribers and shareholders.

The Court has made interim orders freezing up to \$997.4 million held by Hontex and its four subsidiaries following an urgent application by the SFC on 29 March 2010 (Note 1 and 2).

The SFC subsequently located \$832 million held in bank accounts of Hontex and its four subsidiaries in Hong Kong.

The case will return to Court on 15 June 2011.

End

Notes:

1. Hontex was listed on the Stock Exchange of Hong Kong on 24 December 2009. The four wholly owned subsidiaries of Hontex which are also parties to the proceedings are Easy Venture International Limited, Star Guide Investments Limited, Prosper Advance International Limited and First Heritage Limited.
2. The proceedings were commenced under section 213 of the Securities and Futures Ordinance. The SFC made the original application on 29 March 2010 and obtained an interim injunction ex parte on the same day.
3. Please see SFC press release dated [8 April 2010](#), [7 September 2010](#) and [12 November 2010](#).
4. On 30 March 2010, the SFC issued a direction to the Stock Exchange of Hong Kong, pursuant to section 8(1) of the Securities and Futures (Stock Market Listing) Rules, to suspend trading in the shares of Hontex. The direction was issued for the purpose of maintaining a fair and orderly market and to protect investors.

Page last updated : 1 Aug 2012