

SFC obtains court order to disqualify former senior executives of Sunlink for failures to make timely disclosure of price sensitive information

20 Mar 2013

The Securities and Futures Commission (SFC) today obtained orders in the High Court to disqualify Mr Andy Wong Shu Wing, former chairman and executive director of Sunlink International Holdings Ltd (Sunlink), and its former financial controller and company secretary Mr Lee Chak To for failing to make timely disclosure of price sensitive information to the market concerning the company's financial position in 2008 (Note 1 & 2).

The Honourable Mr Justice Harris granted the order to disqualify Wong for a period of five years and Lee for a period of three and a half years, without leave of the Court, from:

- being, or continuing to be, a director, liquidator, or receiver or manager of the property or business of any listed corporation in Hong Kong, including Sunlink, or any subsidiaries and affiliates of such corporation; or
- in any way directly or indirectly being concerned, or taking part, in the management of any listed corporation in Hong Kong, including Sunlink, or any subsidiaries and affiliates of such corporation.

The disqualification orders will take effect on 10 April 2013 (Note 3).

Both Wong and Lee accepted that they:

- failed to manage Sunlink with the necessary degree of skill, care, diligence and competence as is reasonably expected of persons of their knowledge and experience and holding their offices and functions within Sunlink;
- failed on a number of occasions to ensure Sunlink complied with the disclosure requirements under the Listing Rules of the Stock Exchange of Hong Kong (SEHK) and to give shareholders all the information they might reasonably expect; and
- were wholly or partly responsible for the business or affairs of Sunlink having been so conducted.

The SFC alleged that Wong and Lee should have disclosed to the market a number of price sensitive information related to material events in October and November 2008 concerning the substantially depleted financial position of Sunlink, including:

- the mounting pressure from banks for the repayment of bank loans and the threat of legal proceedings being issued against Sunlink and its subsidiaries by the banks for repayment;
- the winding up petition being presented against Sunlink by a supplier for failure to pay trade debts;
- serious liquidity problems resulting from customers refusing to settle purchases as a result of product defects;
- occurrence of labour strikes in Sunlink's factory on the Mainland causing disruption to rectification of defective products; and
- the appointment of an independent financial adviser for debt restructuring.

The SFC's Executive Director of Enforcement, Mr Mark Steward, said: "Listed company directors know that they have a duty to ensure the company keeps the market properly informed. Investors need timely information about material issues so they can make better investment decisions. These are serious failures. Equal access to material information is one of the cornerstones of a vital, modern, efficient and fair market" (Note 4).

End

Notes:

1. Sunlink was listed on the main board of SEHK in March 2003. The company is principally engaged in the sales of semiconductors, terminals and accessories for automobiles tracking and monitoring systems, industrial wireless and communication modules and devices. Trading in the shares of Sunlink was suspended from 2 December 2008 to 27 February 2012.
2. Please see SFC's press release dated [20 January 2011](#) for more details of the proceedings.
3. Under section 214 of the Securities and Futures Ordinance, the Court may, among other things, make

orders to disqualify a person from being a director or being involved, directly and indirectly, in the management of any corporation for up to 15 years, if the person is found to be wholly or partly responsible for the company's affairs having been conducted in a manner: (a) oppressive to its members or any part of its members; (b) involving defalcation, fraud, misfeasance or other misconduct towards it or its members; (c) resulting in its members or any part of its members not having been given all the information with respect to its business or affairs that they might reasonably expect; or (d) unfairly prejudicial to its members or any part of its members.

4. The new statutory disclosure regime, which requires listed corporations to disclose inside information to the public in a timely manner, came into operation on 1 January 2013. Please see SFC's press release dated [3 May 2012](#) regarding the gazettal of the Securities and Futures (Amendment) Ordinance 2012.