

**THE SOUTH CHINA GROUP OF COMPANIES:
OUCH ! THAT HURTS !**

The Securities and Futures Commission (SFC) of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is baring its teeth more and more these days.

The many and varied attacks of the SFC are, without question, causing publicly listed companies and a number of their employees to feel the excruciating pain of being relieved of very material amounts of money.

Some of the SFC's targets have, of late, found themselves, obtaining a striped suntan in one of the HKSAR's prisons.

Crooks and snooks, watch out: The SFC is your worst enemy.

On December 19, 2007, Mr Richard Howard Gorges was fined \$HK250,000 and was banned by the SFC 'to act as a responsible officer of any licensed corporations, suspended his Type 6 licence* for 18 months from 29 November 2007 to 28 May 2009 ...'.

*Type 6 Licence is advising on corporate finance, according to the SFC.

The official SFC announcement stated, inter alia:

'The SFC's investigation found that Gorges (Mr Richard Howard Gorges) was not familiar with the internal control structures of three companies of which he was a responsible officer, and failed to properly, actively and diligently supervise the performance of duties by those to whom he had delegated them. The SFC found that Gorges' failures contributed to the breaches and failures of these companies:

- *from July to October 2003, South China Research (South China Research Ltd []) failed to enforce its staff dealing policy to avoid conflicts of interest arising;*
- *from May 2002 to October 2003, South China Securities (South China Securities Ltd []) failed to comply with the Financial Resources Rules under the Securities Ordinance and the Securities and Future (Financial Resources) Rules (collectively FRR), the Securities and Futures (Client Money) Rules (CMR); and*
- *from October 2002 to October 2003, South China Capital (South China Capital Ltd []) failed to adequately carry out its due diligence responsibilities when acting as the sponsor of a listing applicant for listing on the Growth Enterprise Market (Note 2) and to ensure representations made to regulators were true, accurate, complete and not misleading in a material aspect ...'.*

With regard to Note 2, above, it is stated in the official SFC announcement that The Stock Exchange of Hongkong Ltd rejected the application of the company, seeking a listing on The Growth Enterprise Market.

The concept of ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*