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## SFC prosecutes PME Group and its director for false or misleading announcements

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The Securities and Futures Commission (SFC) has commenced criminal proceedings against PME Group Ltd (PME), a Hong Kong-listed company, and its director, Ms Ivy Chan Shui Sheung, in relation to allegations that PME made false or misleading stock exchange announcements.

Both Chan and PME are each charged with three counts under section 384 of the Securities and Futures Ordinance (SFO) which makes it an offence for a person to provide false or misleading information to the Stock Exchange of Hong Kong (SEHK).

Between 11 February 2008 and 28 February 2008, the closing price of shares in PME rose by approximately 136% with increased turnover. Following queries made by the SEHK, PME made three announcements on 15 February 2008, 18 February 2008 and 20 February 2008 respectively. In each announcement, PME said that it knew of no negotiations or agreements which were disclosable to the market nor were its directors aware of any price sensitive matter (Note 1).

The SFC alleges that these announcements were false and misleading because PME was simultaneously taking steps to acquire control of a private entity holding approximately 50% of ZZNode Technologies Company Ltd (now renamed China Oriental Culture Group Ltd), another Hong Kong-listed company, with a market value of about \$145 million. The SFC alleges this was a material acquisition for PME and ought to have been disclosed in response to the inquiries made by the SEHK in light of the substantial movement in the share price of PME (Note 2).

PME's representative and Chan appeared today at the Eastern Magistrates Court, which adjourned the case for four weeks until 2 August 2012 when pleas will be taken.

End

Notes:

1. The announcements referred to an earlier transaction that had already been the subject of an announcement and is unrelated to the circumstances of this case.
2. PME announced the acquisition to the market on 12 March 2008.
3. The maximum penalties under section 384 of the SFO are two years jail and/or a \$1 million fine.

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