
Enforcement News

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1. SFC Prosecutes Chan Shing Chun for Short Selling and Market Manipulation 2. SFC Prosecutes Choy Tin Woo Johnnie for Short Selling

Chan Shing Chun

The SFC has successfully prosecuted Mr Chan Shing Chun for short-selling shares in China Mobile (Hong Kong) Limited and intentionally creating a false market in respect of the shares in China Mobile on 2 May 2002.

Chan pleaded guilty today before Ms Polly Lo, a magistrate at Western Magistracy, to three summonses in relation to short-selling securities and one summons of intentionally creating a false market in respect of securities. Chan was fined \$60,000 and ordered to pay costs of \$14,612 to the SFC.

The SFC investigation found that at all material times, Chan was an account executive of Concord Capital Brokerage Limited. On 2 May 2002, Chan, through a nominee account in the broker firm at which he worked, placed ask orders to sell a total of 1.5 million shares in China Mobile while not having a presently exercisable and unconditional right to vest the securities in the purchaser of them. In placing these ask orders, Chan had no genuine intention to sell the securities and he intended to lead the market to believe that there was a great pressure to sell the shares in China Mobile so as to depress its share price.

Chan committed the offences of short selling contrary to sections 80(1) and (2) of the Securities Ordinance and market manipulation under sections 135(1)(b), 135(2)(c) and 139.

Choy Tin Woo Johnnie

The SFC has successfully prosecuted Mr Choy Tin Woo Johnnie for short-selling 3.6 million shares in Digital World Holdings Limited on 14 March 2002. Choy pleaded guilty today before Ms Polly Lo, a magistrate at Western Magistracy, to one summons in relation to his short-selling securities in contravention of section 80 of the Securities Ordinance. Section 80(1) of the Securities Ordinance prohibits the sale of securities when the seller does not have a presently exercisable and unconditional right to sell them.

Choy, who is registered as a dealing director of Stockwell Securities Limited, was fined \$25,000 and ordered to pay costs of \$22,429 to the SFC.

Registrants subject to disciplinary proceedings

An SFC spokesman said the offences committed by Chan and Choy are very serious especially they are registered persons. The SFC reminds the industry of the importance of complying with relevant legislation, Code of Conduct and Management, Supervision and Internal Control Guidelines. The SFC will not hesitate to take any necessary action against registered persons who

breach the relevant laws, Code of Conduct or Guidelines. In this regard, in addition to the court sentences, both Chan and Choy will be subject to disciplinary proceedings.

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