

SFC bans Lin Ko Ming

5 Oct 2009

The Securities and Futures Commission (SFC) has banned Mr Lin Ko Ming from re-entering the industry for seven years from 30 September 2009 and 29 September 2016 (Note 1).

The disciplinary action follows an SFC investigation into the conduct of Core Pacific-Yamaichi International (H.K.) Ltd (CPYI) in relation to its role as lead underwriter in the listing of Shaanxi Northwest New Technology Industry Ltd (SNNT) (Note 2). The SFC found that CPYI caused the level of demand for the new shares to be misrepresented by:

- offering high margin facilities to employees of SNNT who had insufficient financial means to support their subscriptions;
- allowing CPYI employees to subscribe for the shares without properly disclosing or obtaining the consent of Hong Kong Exchanges and Clearing Ltd as required; and
- causing SNNT to announce to the market an inaccurate over-subscription rate and public float of its shares (Note 3).

The SFC found that CPYI's failures were committed with Lin's connivance and were attributable to Lin as CPYI's responsible officer. In addition, Lin was found to have concealed his own subscription of 12 million SNNT shares in breach of the Growth Enterprise Market Listing Rules (Note 4). Further, the Marketing Statement signed by Lin on behalf of CPYI contained inaccurate information as to the placement of SNNT shares (Note 5).

In deciding the disciplinary sanction, the SFC took into account that:

- Lin has no disciplinary record with the SFC;
- the age of the conduct; and
- Lin co-operated with the SFC by consenting to the disciplinary action.

End

Notes:

1. Lin was licensed under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities and was a responsible officer for various licensed corporations under the Core Pacific-Yamaichi group of companies, including CPYI, until 8 November 2004. Since then, he has not been licensed or accredited to any licensed corporation.
2. SNNT was listed on the Growth Enterprise Market (GEM) on the Stock Exchange of Hong Kong (SEHK) on 3 July 2003.
3. See SFC [press release](#) dated 17 April 2008.
4. At the relevant time, GEM Listing Rule 10.12(4) required the identification and announcement of different groups of placees. In particular, note 1 to Rule 10.12(4) required an announcement on the placement of shares to connected clients. Note 2 to Rule 10.12(4) defined connected clients to include employees and directors of the lead broker and their associates.
5. At the relevant time, GEM Listing Rule 10.12(6) required the lead broker to lodge the Marketing Statement (Form D) with SEHK before the commencement of dealings in shares. Section C to the Marketing Statement required the disclosure of placement of shares to the issuer's employees, the directors of the lead broker and their associates.