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## Enforcement News

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27 March 2009

### **SFC secures another insider dealing criminal conviction**

An accounting manager of Chinese Estates Holdings Ltd (Chinese Estates) was today convicted on two criminal charges of insider dealing in the shares of Chi Cheung Investment Co, Ltd (Chi Cheung).

Mr Andy Lam King Hung was remanded in custody pending sentence on 20 April 2009.

Lam faced four charges in October 2008 following a Securities and Futures Commission (SFC) investigation (Note 1) which found that:

- in around August 2007, whilst employed as an accountant by a subsidiary of Chinese Estates, Lam learned of price sensitive information about Chi Cheung, namely a proposed asset swap transaction between Chinese Estates and Chi Cheung;
- Lam placed orders in the accounts of his and his wife, Ms Fung Lai Sha, to buy Chi Cheung shares before the asset swap proposal was announced publicly;
- after the transaction was announced, the share price of Chi Cheung shares surged some 30%; and
- Lam, together with Fung, made a 140% profit totalling \$209,000 from the alleged insider trading.

"This marks the third criminal conviction for insider dealing secured by the SFC in the last 12 months," said Mr Mark Steward, the SFC's Executive Director of Enforcement.

"This case was a serious one because it involved a professional misusing confidential information gained in his job. Insider dealing is a dishonest act and the SFC will continue to prosecute these cases and seek jail terms wherever appropriate to ensure Hong Kong's markets remain clean," he added.

Fung, who also faced two charges in the case, was acquitted.

End

Notes:

1. Please see SFC [press release](#) dated 23 October 2008.

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