

## Enforcement Actions

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11 May 2006

### **SFC Prosecutes Kingston Finance Limited for Contravening Part XV of the Securities and Futures Ordinance**

The SFC has successfully prosecuted Kingston Finance Limited under Part XV of the Securities and Futures Ordinance.

Kingston Finance is a licensed money lender in Hong Kong (Note 1). From 8 October 2002 to 31 July 2003, Kingston Finance held 1,345,448,000 shares in Medtech Group Company Limited as security for a loan. On 1 August 2003, the borrower repaid the loan and withdrew the Medtech shares from Kingston Finance. Kingston Finance was under a duty to notify the Stock Exchange of Hong Kong and Medtech Group of the change of nature of its interest in the shares, within three business days of the release of the charge, but it failed to do so.

Kingston Finance today pleaded guilty to two summonses before Mr Li Wai Chi, a Magistrate at Eastern Magistracy. Kingston Finance was fined \$8,000 and ordered to pay investigation costs of \$7,279 to the SFC.

Ends

1. An interest in shares is an exempt security interest if it is held by a qualified lender. The term "qualified lender" under the SFO does not include licensed money lender. Therefore, licensed money lenders are required to make notifications to the Stock Exchange of Hong Kong and the listed company an interest in shares that it holds by way of loan collateral.

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