

Retail investor convicted of illegal short selling

25 Jul 2013

The Eastern Magistrates' Court today convicted Mr Law Kwong Shing of one count of illegal short selling in the shares of China Properties Investments Holdings Limited (China Properties).

Law, who pleaded guilty, was fined \$3,000 and ordered to pay the Securities and Futures Commission's (SFC) investigation costs.

The court heard that on 3 May 2011, Law sold 199,940,000 excess rights shares to be issued by China Properties after he had applied for them. The sale occurred before Law received the shares and confirmation as to the quantity of or allocation of excess rights shares, as well as before any public announcement by China Properties on the allocation result of the excess rights shares application (Note 1).

Law's conduct constitutes illegal short selling contrary to section 170 of the Securities and Futures Ordinance because at the time of the sale, Law did not have reasonable grounds to believe that he had a presently exercisable and unconditional right to sell the shares.

End

Notes:

1. In February 2011, China Properties conducted a rights issue in which its shareholders were entitled to receive 30 rights shares for each existing share. Apart from subscribing for the rights shares, the investors could also apply for excess rights shares.
2. The SFC also prosecuted Mr Fok Ken Oi Kin and Premium Stars Investments Limited (Premium Stars) for illegal short selling in relation to the same incident of rights issue of China Properties shares. Fok's case was adjourned to 15 August 2013 for plea taking. The case of Premium Stars was adjourned to 5 September 2013 for a pre-trial review.

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散戶投資者非法賣空罪成

2013年7月25日

東區裁判法院今天裁定羅廣盛（男）一項非法賣空中國置業投資控股有限公司（中國置業）股份的控罪罪名成立。

羅承認控罪，被判罰款3,000元並須支付證券及期貨事務監察委員會（證監會）的調查費用。

案情指，羅在申請認購由中國置業發行的199,940,000股額外供股股份後，在收到該等股份及就股數及額外供股股份配發接獲任何確認之前，於2011年5月3日將該等股份出售，而當時中國置業亦未公布認購額外供股股份申請的配發結果（註1）。

羅在售賣時沒有合理理由相信自己具有即時可行使而不附有條件的權利出售該等股份，因此他的行為構成非法賣空，違反了《證券及期貨條例》第170條。

完

備註：

1. 中國置業在2011年2月進行供股，股東每持有一股現有股份便可獲配發30股供股股份。除認購供股股份外，投資者亦可申請額外供股股份。
2. 證監會同時亦就中國置業股份供股一事對霍靄堅（男）及Premium Stars Investments Limited (Premium Stars) 控以非法賣空的罪名。霍的案件押後至2013年8月15日聽取答辯，而Premium Stars的案件則押後至2013年9月5日進行審前覆核。

最後更新日期：2013年7月25日