

SFC Takes Action Against Ms Au Suet Ming Clarea

19 Jul 2001

The SFC announced today that it had reprimanded Ms Au Suet Ming, Clarea (Ms Au), a dealer's representative under the Securities Ordinance (SO) and a dealer's representative under the Commodities Trading Ordinance (CTO), under section 56 of the SO and section 36 of the CTO.

The reprimand follows on SFC inquiry into the placement of shares of Kin Don Holdings Limited (Kin Don) on 23 June 1999.

Many people who bought Kin Don shares in the course of that placement had the mistaken impression that they were buying shares placed by Kin Don's controlling shareholder who would then replenish his interest through a top-up arrangement to raise funds to exploit a trading right that the press reported Kin Don had recently acquired. Kin Don subsequently issued an announcement denying the market rumors and press reports stating that it was not aware of any reason for the price movements in its shares following which Kin Don's share price fell by approximately 47% to \$0.88 on 25 June 1999. Following the conduct of the placement, the SFC received complaints from members of the public about the placement.

The Commission found that Ms Au in the course of soliciting other brokers to act as sub-placing agents had told them that the placement was a top-up placement and that Kin Don had recently acquired a trading right in China. The Commission found that Ms Au had failed to take all reasonable steps to verify the accuracy or otherwise of this information before informing the prospective sub-placing agents. As a result, misleading information was disseminated to the market about the placement.

In deciding on the public reprimand the SFC took into account that Ms Au had surrendered her registrations under the SO and the CTO for a period of eight months.

The SFC places great emphasis on the important role registered persons play in a placement in ensuring that no false information is disseminated, no false market develops and those taking shares in the placement are treated fairly. The SFC expects all registered persons to take great care when involved in and marketing a placement.

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