
Enforcement News

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SFC secures second jail sentence for insider dealing

Another person has been jailed for insider dealing in Hong Kong – the second jail sentence passed by a court on insider dealing within a month (Note1).

Mr Andy Lam King Hung, a former accounting manager of Chinese Estates Holdings Ltd (Chinese Estates), was today jailed for eight months for insider dealing in the shares of Chi Cheung Investment Co, Ltd (Chi Cheung). The court also ordered Lam to pay a fine of \$130,000 and investigation cost of \$54,394.

Lam was convicted of two criminal charges of insider dealing on 27 March 2009 (Note 2). The court heard 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 price of Chi Cheung shares surged some 30%; and
- Lam, together with Fung, made a 140% profit totalling \$209,000 from the insider trading.

"This is the seventh person convicted of criminal insider dealing since June 2008 and the second case in which the court has imposed an immediate jail sentence. The SFC is committed to stamping out illegal insider dealing and will continue to pursue an aggressive program in tackling such market misconduct," the SFC's Executive Director of Enforcement, Mr Mark Steward said.

End

Notes:

1. Two people were jailed for insider dealing in the shares of Egana Jewellery & Pearls Ltd earlier this month. Please see [SFC press release](#) dated 1 April 2009.
2. For details of Lam's conviction, please see [SFC press release](#) dated 27 March 2009.

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