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Former CITIC Pacific senior executive convicted of insider dealing

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Former assistant director of finance at CITIC Pacific Limited (CITIC Pacific), Mr Simon Chui Wing Nin, was convicted on two counts of insider dealing in the shares of CITIC Pacific in the Eastern Magistrates' Court after he pleaded guilty to the charges he had denied during an earlier trial.

Chui was convicted on 26 October 2012 after pleading not guilty to the same charges. The convictions were set aside on appeal and the Court of First Instance ordered a re-trial (Note 1).

On 30 January 2014, Chui pleaded guilty to those charges and was sentenced to nine months' imprisonment and fined a total of \$612,000. In determining the sentence, the Magistrate took into account, among others, the fact that Chui pleaded guilty to both summonses, avoiding the cost of a re-trial.

Chui was also disqualified from being a director of corporations in Hong Kong, including listed corporations, for three years and ordered to pay the Securities and Futures Commission's investigation costs.

The court heard that CITIC Pacific had incurred material mark to market losses on several target redemption forward contracts entered into by CITIC Pacific to hedge its position in funding an Australian subsidiary and that this information constituted inside information before CITIC Pacific disclosed it in a public announcement on 20 October 2008 (Note 2).

Chui was involved in assessing the impact of the fall in the Australian dollar on the target redemption forward contracts that CITIC Pacific had entered into and knew about the inside information. Whilst in possession of this information and before it was generally available, Chui sold a total of 81,000 shares of CITIC Pacific on 9 and 12 September 2008.

On 20 October 2008, CITIC Pacific announced a mark to market loss, as at that point, of over \$14.7 billion. The share price fell approximately 60%.

End

Notes:

1. Please see the Securities and Futures Commission's press releases on [25 August 2011](#), [20 October 2011](#), [29 February 2012](#), [23 April 2012](#), [26 October 2012](#), [27 November 2012](#) and [10 September 2013](#).
2. Target redemption forward contracts were like accumulator contracts and required CITIC Pacific to purchase a multiple amount of Australian dollar if it fell below designated strike rates.

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