

9 July 1998

JOINT PRESS RELEASE

Action against Lippo Securities Limited and

Its Accredited Officers

The Securities and Futures Commission ("SFC") and The Stock Exchange of Hong Kong Limited (the "Exchange") jointly announce today that they have taken action against Lippo Securities Limited ("Lippo Securities"), a securities dealer and a Member of the Exchange, and its Dealer's Representatives, Mr Cheng Ka Wa ("Mr Cheng") and Mr Ng Kwok Fung ("Mr Ng").

The action against Lippo Securities arose from the SFC's inspection on Lippo Securities carried out in mid 1996. A subsequent inquiry revealed that Lippo Securities had:-

- i. adopted practices which were unable to adequately safeguard its clients' assets, therefore breaching sections 81(1), 84(1) and 84(3) of the Securities Ordinance (the "Ordinance"), and C11 of the Code of Conduct for persons registered with the SFC;
- ii. failed to maintain proper books and records, therefore breaching section 83(1) of the Ordinance; and
- iii. failed to demonstrate its ability to maintain sufficient liquid capital and erred in computations under the Financial Resources Rules ("FRR") as at 31 May 1996, therefore breaching sections 6 (1) and 11(6) of FRR respectively.

The action against Mr Cheng and Mr Ng arose because during the period 15 February to 31 August 1995:-

- i. they had signed as a witness on the Lippo Securities client account opening forms where the clients did not actually execute the forms in their presence; and
- ii. they had failed to establish the true and full identity of each of their clients and their financial situations.

Both the SFC and the Disciplinary Committee of the Exchange (the "Disciplinary Committee") have respectively decided to publicly reprimand and censure each of Lippo Securities, Mr Cheng and Mr Ng. In addition, the Disciplinary Committee has also decided to fine Lippo Securities HK\$30,000 and each of Mr Cheng and Mr Ng HK\$7,000.

Both the SFC and the Regulation Division of the Exchange have issued a warning letter to Mr Woo Ping, Peter ("Mr Woo"), Chairman, Chief Executive Officer and Dealing Director of Lippo Securities, in respect of the deficiencies in Lippo Securities. To provide comfort to the SFC and the Exchange, Mr Woo has transferred some of his previous functions within Lippo Group to other supervisory directors.

In determining the above disciplinary actions, the SFC and the Disciplinary Committee took into account the following:-

- i. Lippo Securities had cooperated fully with and actively assisted in the SFC's inquiry;
- ii. Lippo Securities had promptly appointed independent auditors to perform a comprehensive compliance review of its internal control systems and procedures. It had taken steps to implement the recommendations of the auditors and those implementation steps will be the

subject of an independent review commencing forthwith;

- iii. Lippo Securities' holding company had agreed to establish an audit committee comprising directors of the holding company to ensure the quality and reliability of the financial information and the operational systems of Lippo Securities; and
- iv. No client was found to have suffered monetary loss.

A copy of the Notice of Public Censure published by the Exchange is enclosed for your reference.

For further information, please contact Mr Bill Weeks or Mr Chan Chi-keung of the SFC at 2840-9287 or Mr Henry Law of the Exchange at 2840-3862.

* * *

July 9, 1998

NOTICE OF PUBLIC CENSURE

The Stock Exchange of Hong Kong Limited (the "Exchange") announces that on 16 June 1998, the Disciplinary Committee heard the cases of the Member, Lippo Securities Limited ("Lippo Securities"), and its Sales Representatives, Mr Cheng Ka Wa ("Mr Cheng") and Mr Ng Kwok Fung ("Mr Ng"). The Disciplinary Committee found a charge against each of Lippo Securities, Mr Cheng and Mr Ng for breach of the Rules of the Exchange proved.

The substance of the charge proved against Lippo Securities was that Lippo Securities had:-

- i. adopted practices which were unable to adequately safeguard its clients' assets, therefore breaching sections 81(1), 84(1) and 84(3) of the Securities Ordinance (the "Ordinance"), and C11 of the Code of Conduct for persons registered with the Securities and Futures Commission;
- ii. failed to maintain proper books and records, therefore breaching section 83(1) of the Ordinance; and
- iii. failed to demonstrate its ability to maintain sufficient liquid capital and erred in computations under the Financial Resources Rules ("FRR") as at 31 May 1996, therefore breaching sections 6(1) and 11(6) of FRR respectively.

The substance of the charge proved against each of Mr Cheng and Mr Ng was that during the period 15 February to 31 August 1995:-

- i. they had signed as a witness on the Lippo Securities client account opening forms where the clients did not actually execute the forms in their presence; and
- ii. they had failed to establish the true and full identity of each of their clients and their financial situations.

Having considered that:-

- i. Lippo Securities had cooperated fully with and actively assisted in the inquiry;
- ii. Lippo Securities had promptly appointed independent auditors to perform a comprehensive compliance review of its internal control systems and procedures. It had taken steps to implement the recommendations of the auditors and those implementation steps will be the subject of an independent review commencing forthwith;
- iii. Lippo Securities' holding company had agreed to establish an audit committee comprising directors of the holding company to ensure the quality and reliability of the financial information and the operational systems of Lippo Securities; and
- iv. No client was found to have suffered monetary loss,

the Disciplinary Committee resolved that a penalty of public censure plus a fine of HK\$30,000 be imposed on Lippo Securities and a penalty of public censure plus a fine of HK\$7,000 be imposed on each of Mr Cheng and Mr Ng. The penalty of public censure is hereby imposed on each of Lippo Securities, Mr Cheng and Mr Ng.

For and on behalf of

The Stock Exchange of Hong Kong Limited

Fanny Chung

Secretary - Disciplinary Committee

Hong Kong, 9 July 1998

聯合新聞稿? - 證監會及聯交所對力寶證券有限公司及其認可的職員採取紀律行動

1998年7月9日

證券及期貨事務監察委員會（「證監會」）及香港聯合交易所有限公司（「聯交所」）今天聯合公布，已對證券交易商兼聯交所會員力寶證券有限公司（「力寶證券」）及其交易商代表鄭家華先生及吳國風先生採取紀律行動。

證監會及聯交所對力寶證券採取紀律行動是由於證監會於1996年年中查核力寶證券，並於隨後的查訊中發現力寶證券曾：-

- (i) 採用一些未能充份保障其客戶資產的運作模式，因此觸犯《證券條例》（《條例》）第81（1）、84（1）及84（3）條，以及觸犯《證監會註冊人操守準則》第C11條；
- (ii) 未有保存適當的賬目及紀錄，因此觸犯《條例》第83（1）條；及
- (iii) 截至1996年5月31日止，力寶證券未能根據《財政資源規則》（《規則》）顯示其有能力維持充足的速動資金，以及在計算上出現錯誤，因此分別觸犯《規則》第6（1）及11（6）條。

證監會及聯交所對鄭氏及吳氏採取紀律行動是由於在1995年2月15日至8月31日期間：-

- (i) 雖然力寶證券的客戶未有在他們面前簽署開戶表格，但他們卻在表格上簽署，表示見證客戶在表格上署名；及
- (ii) 他們未有確定每名客戶的真實及全部身份，以及未有確定客戶的財政狀況。

證監會及聯交所紀律委員會（「紀律委員會」）決定公開譴責力寶證券、鄭氏及吳氏。同時，紀律委員會亦決定向力寶證券罰款港幣30,000元，以及向鄭氏及吳氏各罰款港幣7,000元。

證監會及聯交所監察科均就力寶證券的缺失向其主席、行政總裁及交易董事胡平先生（「胡氏」）發出警告信。胡氏亦已將其以往在力寶集團的一些職能轉交其他負責監督的董事，以令證監會及聯交所有信心。

證監會及紀律委員會在決定採取上述紀律行動時，曾考慮下列各點：-

- (i) 力寶證券在證監會的查訊中充份合作及主動提供協助；
- (ii) 力寶證券已即時委任獨立的核數師，對其內部控制系統及程序作出全面的監察檢討，並已採取行動以實行核數師的建議，以及即將進行一項獨立的檢討，以監察力寶證券所採取有關實行建議的行動；
- (iii) 力寶證券的控股公司已同意成立一個由其控股公司的董事組成的稽核委員會，以確保力寶證券的財政資料及運作系統的質素及可靠性；及
- (iv) 力寶證券的客戶並無蒙受金錢上的損失。

本新聞稿隨附由聯交所發出的公開譴責聲明，以供參照。

如有進一步查詢，請致電證監會韋克志先生或陳志強先生（2840 - 9287）或聯交所羅文慧先生（2840 - 3862）。

* * *

1998年7月9日

公開譴責聲明

香港聯合交易所有限公司（「聯交所」）宣布，紀律委員會於1998年6月16日聆訊會員力寶證券有限公司（「力寶證券」）及其營業代表鄭家華先生（「鄭氏」）及吳國風先生（「吳氏」）的個案。紀律委員會裁定一項有關力寶證券、鄭氏及吳氏觸犯《交易所規則》的指控成立。

對力寶證券成立的指控是指力寶證券曾：

- (i) 採用一些未能充份保障其客戶資產的運作模式，因此觸犯《證券條例》（《條例》）第81（1）、84（1）及84（3）條，以及觸犯《證券及期貨事務監察委員會註冊人操守準則》第C11條；
- (ii) 未有保存適當的賬目及紀錄，因此觸犯《條例》第83（1）條；及
- (iii) 截至1996年5月31日止，力寶證券未能根據《財政資源規則》（《規則》）顯示其有能力維持充足的速動資金，以及在計算上出現錯誤，因此分別觸犯《規則》第6（1）及11（6）條。

對鄭氏及吳氏成立的指控是指在1995年2月15日至8月31日期間：

- (i) 雖然力寶證券客戶未有在他們面前簽署開戶表格，但他們卻在表格上簽署，表示見證客戶在表格上署名；及
- (ii) 他們未有確定每名客戶的真實及全部身份，以及未有確定客戶的財政狀況。

紀律委員會經考慮下列各點：

- (i) 力寶證券在查訊中充份合作及主動提供協助；
- (ii) 力寶證券已即時委任獨立的核數師，對其內部控制系統及程序作出全面的監察檢討，並已採取行動以實行核數師的建議，以及即將進行一項獨立的檢討，以監察力寶證券所採取有關實行建議的行動；
- (iii) 力寶證券的控股公司已同意成立一個由其控股公司的董事組成的稽核委員會，以確保力寶證券的財政資料及運作系統的質素及可靠性；及
- (iv) 力寶證券的客戶並無蒙受金錢上的損失，

議決對力寶證券作出公開譴責及罰款港幣30,000元的處分，以及對鄭氏及吳氏作出公開譴責及各罰款港幣7,000元的處分。本聲明即為對力寶證券、鄭氏及吳氏的公開譴責。

香港聯合交易所有限公司

紀律委員會秘書

鍾妙芝謹啟