SFC Prosecutes Tianjin Investment Holdings Limited & Tsinlien Group Company Limited for Contravening the Securities (Disclosure of Interests) Ordinance

5 Sep 2001

The Securities and Futures Commission (SFC) announced today that it had successfully prosecuted Tsinlien Group Company Limited (Tsinlien) and Tianjin Investment Holdings Limited (Tianjin Investment), two corporate substantial shareholders of Tianjin Development Holdings Limited (Tianjin Development), under the Securities (Disclosure of Interests) Ordinance (SDIO).

Both Tianjin Investment and Tsinlien pleaded guilty to a total of 8 summonses relating to their failure to report to the Hong Kong Exchanges and Clearing Limited and Tianjin Development their disposals and acquisitions of 662,000 and 1,824,000 shares of Tianjin Development on 8 December 1999 and 16 December 1999 respectively. Under the SDIO both Tsinlien and Tianjin Investment had a duty to disclose within five days following the date of the transactions.

Ms Polly Lo, a Magistrate at Western Magistracy, fined Tsinlien and Tianjin Investment a total of $40,000 and ordered them to pay costs totalling $25,898 to the SFC. In passing sentence, Ms Polly Lo took into account the two defendants' mitigation that they assumed they only had a duty to disclose if they bought or sold more than 1% of the total number of shares in issue.

An SFC spokesman stated that substantial shareholders are reminded that they have an obligation to report whenever their percentage holding changes from one whole percentage figure to another. For example if a substantial shareholder held 10.9% and purchased an additional 0.2% he has a reporting obligation because his new holding rises to 11.1%, however, if he sold the like amount he does not have a reporting obligation because he still holds 10.7%. All such reporting requirements cease when a shareholder holds less than 10%.

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