

Corporate investor convicted of illegal short selling

5 Sep 2013

The Eastern Magistrates' Court today convicted Premium Stars Investments Limited (Premium Stars) after it pleaded guilty to one count of illegal short selling in the shares of China Properties Investments Holdings Limited (China Properties).

The court fined Premium Stars \$3,000 and ordered it to pay investigation costs to the Securities and Futures Commission (SFC).

An SFC investigation found that, on 3 May 2011, Premium Stars sold 68,000,000 excess rights shares to be issued by China Properties after it had applied for them. However, Premium Stars sold the shares before it received confirmation of the allocation and quantity of excess rights shares.

Premium Stars committed illegal short selling contrary to section 170 of the Securities and Futures Ordinance because, at the time of selling, it did not have reasonable grounds to believe that it had a presently exercisable and unconditional right to sell the shares.

In July 2013, the SFC also prosecuted two other investors for illegal short selling arising from the same China Properties rights issue (Notes 1 & 2).

End

Notes:

1. On 25 July 2013, Mr Law Kwong Shing pleaded guilty to one count of illegal short selling in China Properties shares. Law was fined \$3,000 and ordered to pay the SFC's investigation costs. Please see the SFC's press release dated [25 July 2013](#).
2. On 15 August 2013, Mr Fok Ken Oi Kin pleaded not guilty to one charge of illegal short selling in China Properties shares and his case was adjourned to 4 October 2013 for a pre-trial review.

Page last updated : 5 Sep 2013