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## SFC bans and fines Lam Chun Yin and Yeung Chok Cheong

10 Aug 2016

The Securities and Futures Commission (SFC) has banned and fined two former representatives of United Simsen Securities Limited (United Simsen), for failing to take all reasonable steps to avoid conflicts of interest, and for trading ahead of and on the basis of non-public information about a pending share acquisition of a client (Notes 1 & 2).

Mr Lam Chun Yin, former responsible officer of United Simsen, is banned from re-entering the industry for 36 months from 10 August 2016 to 9 August 2019 and Mr Yeung Chok Cheong, his subordinate, is banned from re-entering the industry for 30 months from 10 August 2016 to 9 February 2019. In addition, Lam and Yeung are fined \$111,000 and \$51,830 respectively, which are the profit each of them made from trading shares of Renhe Commercial Holdings Co., Ltd. (Renhe) on 31 December 2013.

At the material time, United Simsen was engaged by Pacific Plywood Holdings Limited (Pacific Plywood) to provide corporate advisory services. Lam and Yeung were responsible for preparing a draft announcement for Pacific Plywood on its acquisition of 80 million Renhe shares on 31 December 2013.

In the morning of 31 December 2013, Lam and Yeung purchased a total of 1.2 million and 392,000 Renhe shares respectively before Pacific Plywood placed its order with United Simsen to buy 80 million Renhe shares. Lam and Yeung sold their Renhe shares during and shortly after Pacific Plywood's acquisition of the Renhe shares.

Lam's and Yeung's conduct fell short of the standard set out in the Code of Conduct and the Corporate Finance Adviser Code of Conduct, and cast doubts on their fitness and properness to be a licensed person (Note 3).

In deciding the sanction, the SFC took into account all relevant circumstances, including that both Lam and Yeung had no previous disciplinary record with the SFC.

End

Notes:

1. Both Lam and Yeung were licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and were accredited to United Simsen Securities Limited until April 2014. Neither of them are currently licensed by the SFC.
2. United Simsen is now known as Huarong International Securities Limited.
3. General Principle 2 (diligence) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct) provides that a licensed person should act with due skill, care and diligence in conducting business activities. In addition, General Principal 6 (conflicts of interest) of the Code of Conduct and paragraph 4 of the Corporate Finance Adviser Code of Conduct provide that a corporate finance adviser/licensed person should try to avoid conflicts of interest.

[A copy of the Statement of Disciplinary Action is available on the SFC website](#)

Page last updated : 10 Aug 2016

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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has taken disciplinary action against Mr Lam Chun Yin (**Lam**) and Mr Yeung Chok Cheong (**Yeung**) for failing to take all reasonable steps to avoid conflicts of interest and for trading ahead of and on the basis of non-public information about a pending share acquisition of a client pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. Both Lam and Yeung were licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and were accredited to United Simsen Securities Limited (now known as Huarong International Securities Limited)(**United Simsen**) until April 2014. Neither of them are currently licensed by the SFC.
3. The SFC found Lam's and Yeung's conduct was in breach of United Simsen's internal policies, breached the Code of Conduct and the Corporate Finance Adviser Code of Conduct, and cast doubts on their fitness and properness to be a licensed person.
4. Lam is banned from re-entering the industry for 36 months from 10 August 2016 to 9 August 2019 and Yeung is banned from re-entering the industry for 30 months from 10 August 2016 to 9 February 2019. In addition, Lam and Yeung are fined \$111,000 and \$51,830 respectively, being the profit each of them made from the trading of shares on 31 December 2013.

### Summary of facts

5. At the material time, United Simsen was engaged by Pacific Plywood Holdings Limited (**Pacific Plywood**) to provide corporate advisory services, which include the preparation of public announcements.
6. In the afternoon of 30 December 2013, Pacific Plywood sought the advice of Lam, United Simsen's responsible officer and associate director, on the implication of an intended purchase of the shares of Renhe Commercial Holdings Co., Ltd. (stock code: 1387)(**Renhe**) under the Listing Rules and asked Lam to prepare a draft announcement for the acquisition. Lam estimated that Pacific Plywood could purchase 80 million Renhe shares without calling a shareholders' meeting.
7. Lam then asked his subordinate, Yeung, to prepare the relevant draft announcement. The manuscript of the draft announcement prepared by Yeung on 30 December 2013 for Pacific Plywood's board meeting indicates Pacific Plywood would announce that it acquired 80 million Renhe shares on 31 December 2013.

8. At around 6:00 pm on 30 December 2013, Pacific Plywood's board of directors by way of resolution decided to acquire 80 million Renhe shares. The emails from the printer to Pacific Plywood's company secretary, Lam and Yeung at 7:26 pm and 9:20 pm suggest Pacific Plywood would announce that it acquired 80 million Renhe shares on 31 December 2013.
9. In the morning of 31 December 2013, Lam bought a total of 1.2 million Renhe shares through his securities trading account at United Simsen between 9:30 am and 9:35 am, and Yeung bought a total of 392,000 Renhe shares through his securities trading account at United Simsen between 10:20 am to 11:11 am.
10. At around 11:33 am, Pacific Plywood placed an order with United Simsen to buy 80 million Renhe shares at market price and United Simsen executed the order between 11:45 am and 11:54 am (**Buy Order**).
11. Between 11:52 am and 11:56 am, Lam sold all of his 1.2 million Renhe shares and gained a total of \$111,000 from the trades, and Yeung sold all of his 392,000 Renhe shares and gained a total of \$51,830 from the trades.
12. Around 7:09 pm, Pacific Plywood issued an announcement that it had acquired 80 million Renhe shares.

## **Conclusion**

13. General Principal 2 of the Code of Conduct stipulates that a licensed representative is expected to exercise due skill, care and diligence, and act in the best interests of clients when carrying on regulated activities. Further, General Principal 6 (conflicts of interest) of the Code of Conduct and paragraph 4 of the Corporate Finance Adviser Code of Conduct provide that a corporate finance advisor/licensed person should try to avoid conflicts of interest, and when they cannot be avoided, should ensure that its clients are fairly treated.
14. In addition, United Simsen had internal policies and procedures in place to prevent misuse of privileged information and to avoid conflicts of interest. These policies and procedures provide that staff members should try to avoid conflicts of interest, and when they cannot be avoided, should ensure that its clients are fairly treated. Staff were also prohibited from dealing ahead of known agency order. Moreover, the compliance department can decide on exceptions to the relevant staff dealing rules on a case by case basis.
15. As a licensed corporate financial advisor's representative, it was Lam's and Yeung's duty to take all reasonable steps to avoid conflicts of interest. In the circumstances, they should not have traded the Renhe shares unless trading approval was obtained from the compliance department. There is no evidence to show Lam or Yeung had contacted the compliance department before their purchase of the Renhe shares, nor did they take steps to made disclosure to and obtain consent from Pacific Plywood for their trading of the Renhe shares.
16. Lam's and Yeung's conduct breached the Code of Conduct and the Corporate Finance Adviser Code of Conduct, and their misconduct cast doubts on their fitness and properness to be a licensed person.
17. In coming to the decision to take disciplinary action against Lam and Yeung as set out in paragraph 4 above, the SFC took into account all relevant

circumstances, including their clean disciplinary records at the time of the misconduct.

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## 證監會禁止林進賢及楊作暢重投業界並處以罰款

2016年8月10日

證券及期貨事務監察委員會（證監會）禁止天行聯合證券有限公司（天行聯合）兩名前代表重投業界並處以罰款，原因是他們沒有採取一切合理措施以避免利益衝突，以及根據一名客戶將要購入股份的非公開消息，在有關交易發生前進行買賣（註1及2）。

證監會禁止天行聯合的前負責人員林進賢（男）重投業界，為期36個月，由2016年8月10日起至2019年8月9日止，並禁止其下屬楊作暢（男）重投業界，為期30個月，由2016年8月10日起至2019年2月9日止。此外，林及楊分別遭證監會處以111,000元及51,830元的罰款，相當於他們於2013年12月31日買賣人和商業控股有限公司（人和）股份各自所賺取的利潤。

在關鍵時間，太平洋實業控股有限公司（太平洋實業）委聘天行聯合提供企業顧問服務。林及楊負責就太平洋實業於2013年12月31日購入8,000萬股人和股份的交易擬備公告初稿。

於2013年12月31日上午，林及楊在太平洋實業向天行聯合落盤購入8,000萬股人和股份之前，分別購入合共120萬股及392,000股人和股份。林及楊在太平洋實業購入人和股份期間及之後不久便出售他們持有的人和股份。

林及楊的行為並不符合《操守準則》及《企業融資顧問操守準則》所訂的標準，令他們作為持牌人的適當人選資格受到質疑（註3）。

證監會在決定上述處分時，已考慮到所有相關情況，包括林及楊以往在證監會並無遭受紀律處分的紀錄。

完

備註：

1. 林及楊曾根據《證券及期貨條例》獲發牌進行第1類（證券交易）及第6類（就機構融資提供意見）受規管活動，並隸屬天行聯合證券有限公司，直至2014年4月為止。他們目前並非證監會持牌人。
2. 天行聯合現稱為華融國際證券有限公司。
3. 《證券及期貨事務監察委員會持牌人或註冊人操守準則》（《操守準則》）一般原則2（勤勉盡責）規定，持牌人在經營其業務時，應以適當的技能、小心審慎和勤勉盡責的態度行事。此外，《操守準則》一般原則6（利益衝突）及《企業融資顧問操守準則》第4段規定，企業融資顧問／持牌人應盡量避免利益衝突。

[有關紀律處分行動聲明載於證監會網站](#)

最後更新日期：2016年8月10日

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## 紀律處分行動聲明

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### 紀律處分行動

1. 證券及期貨事務監察委員會（**證監會**）根據《證券及期貨條例》第 194 條對林進賢（男）及楊作暢（男）作出紀律處分，原因是他們沒有採取一切合理措施以避免利益衝突，以及根據一名客戶將要購入股份的非公開消息，在有關交易發生前進行買賣。
2. 林及楊曾根據《證券及期貨條例》獲發牌進行第 1 類（證券交易）及第 6 類（就機構融資提供意見）受規管活動，並隸屬天行聯合證券有限公司（現稱為華融國際證券有限公司）（**天行聯合**），直至 2014 年 4 月為止。他們目前並非證監會持牌人。
3. 證監會發現，林及楊的行為違反了天行聯合的內部政策以及《操守準則》及《企業融資顧問操守準則》，令他們作為持牌人的適當人選資格受到質疑。
4. 證監會禁止林重投業界，為期 36 個月，由 2016 年 8 月 10 日起至 2019 年 8 月 9 日止，並禁止楊重投業界，為期 30 個月，由 2016 年 8 月 10 日起至 2019 年 2 月 9 日止。此外，林及楊分別遭證監會處以 111,000 元及 51,830 元的罰款，相當於他們於 2013 年 12 月 31 日買賣股份各自所賺取的利潤。

### 事實摘要

5. 在關鍵時間，太平洋實業控股有限公司（**太平洋實業**）委聘天行聯合提供企業顧問服務，包括擬備公告。
6. 於 2013 年 12 月 30 日下午，太平洋實業就購入人和商業控股有限公司（股份代號：1387）（**人和**）股份的計劃會否受到《上市規則》的規限，諮詢天行聯合的負責人員兼聯席董事林的意見，並要求林就該項購入擬備公告初稿。林估計太平洋實業可購入 8,000 萬股人和股份而無須召開股東大會。
7. 其後，林要求其下屬楊擬備公告初稿。楊於 2013 年 12 月 30 日為太平洋實業的董事會會議擬備的公告初稿的原稿顯示，太平洋實業將於 2013 年 12 月 31 日公布已購入 8,000 萬股人和股份。
8. 於 2013 年 12 月 30 日大約下午 6 時正，太平洋實業的董事會通過決議案，決定購入 8,000 萬股人和股份。印刷公司於下午 7 時 26 分及下午 9 時 20 分發給太平洋實業的公司秘書、林及楊的電郵顯示，太平洋實業將於 2013 年 12 月 31 日公布已購入 8,000 萬股人和股份。
9. 於 2013 年 12 月 31 日上午，林在上午 9 時 30 分至上午 9 時 35 分期間透過其在天行聯合的證券交易帳戶買入合共 120 萬股人和股份，及楊在上午 10 時 20 分至上午 11 時 11 分期間透過其在天行聯合的證券交易帳戶買入合共 392,000 股人和股份。

10. 大約在上午 11 時 33 分，太平洋實業向天行聯合落盤按市價購入 8,000 萬股人和股份，及天行聯合在上午 11 時 45 分至上午 11 時 54 分期間執行有關買盤（買盤）。
11. 在上午 11 時 52 分至上午 11 時 56 分期間，林出售其持有的全部 120 萬股人和股份並從有關交易合共獲利 111,000 元，而楊則出售其持有的全部 392,000 股人和股份並從有關交易合共獲利 51,830 元。
12. 大約在下午 7 時 09 分，太平洋實業刊發公告，表示其已購入 8,000 萬股人和股份。

## 結論

13. 《操守準則》一般原則 2 訂明，持牌代表在進行受規管活動時，應以適當的技能、小心謹慎和勤勉盡責的態度行事，以維護客戶的最佳利益。此外，《操守準則》一般原則 6（利益衝突）及《企業融資顧問操守準則》第 4 段規定，企業融資顧問／持牌人應盡量避免利益衝突，而當無法避免時，應確保其客戶得到公平的對待。
14. 此外，天行聯合訂有內部政策及程序，以避免不當使用保密資料及避免利益衝突。這些政策及程序訂明，員工應盡量避免利益衝突，而當無法避免時，應確保其客戶得到公平的對待。員工亦不得在已知的代客執行買賣指示之前進行買賣。此外，合規部門可視乎情況決定相關員工交易規定的例外情況。
15. 身為持牌企業融資顧問的代表，林及楊有責任採取一切合理措施以避免利益衝突。在上述情況下，除非已取得合規部門的交易批准，否則他們不應買賣人和股份。沒有證據顯示林或楊在購入人和股份之前曾經聯絡合規部門，他們亦沒有採取任何措施就買賣人和股份向太平洋實業作出披露及取得同意。
16. 林及楊的行為違反了《操守準則》及《企業融資顧問操守準則》，他們的失當行為使他們作為持牌人的適當人選資格受到質疑。
17. 證監會在決定對林及楊採取上文第 4 段所述的紀律處分行動時，已考慮到所有相關情況，包括他們在干犯失當行為時並無遭受紀律處分的紀錄。