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Court continues interim injunction to freeze assets of Titan's senior staff member

21 Dec 2012

The Court of First Instance has, by consent, extended an interim freezing order against Augustine Cheong Kai Tjieh following legal proceedings brought by the Securities and Futures Commission (SFC) against Cheong on alleged insider trading in the shares of Titan Petrochemicals Group Limited (Titan) between 3 January 2012 and 5 January 2012 (Notes 1 and 2).

The SFC is also seeking injunction orders and restoration orders to reverse the alleged insider dealing transactions of Cheong, who is employed as a director of business development in the Singapore office of Titan.

On 6 December 2012, the Court made an ex parte interim freezing order of assets up to HK\$13,618,203 which the SFC alleges are the sale proceeds of 52,500,000 shares of Titan sold by Cheong in January 2012.

The SFC alleges Cheong sold his shares in Titan whilst in possession of non-public information that Titan was almost inevitably going to default on its repayment obligations of US\$105.87 million in respect of Senior Notes it issued.

Titan issued an announcement on 18 March 2012 to the effect that it would default on the repayment obligations of the Senior Notes scheduled to mature in March 2012.

Trading in Titan's shares was suspended and winding up proceedings were subsequently commenced against the company.

The interim freezing order was continued pending a hearing on 25 January 2013.

The SFC's investigation is continuing.

End

Notes:

1. Trading in shares of Titan, which has been listed on the Stock Exchange of Hong Kong Limited since 17 June 1998, remains suspended at the request of the company.
2. The proceedings were commenced under section 213 of the Securities and Futures Ordinance. The SFC made the original application on 5 December 2012 and obtained on 6 December 2012 an interim injunction ex parte which means without notice to Cheong. Accordingly, Cheong did not have a chance to respond to the SFC's application.

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