

2 April 2002

**Takeovers and Mergers Panel Disciplinary Decision  
Sanctions imposed on Mr. Anthony Wong Man Shek and  
Asia Financial (Assets Management) Limited in respect of  
dealings in the shares of Tack Hsin Holdings Limited**

The Takeovers and Mergers Panel today announces that it has imposed an order denying Mr. Anthony Wong Man Shek ("Mr. Wong") direct or indirect access to the securities markets (a cold shoulder order) for a period of 5 years. Mr. Wong was formerly the chief executive and a director of Asia Financial (Assets Management) Limited ("AFAM") and is registered as an investment adviser director and commodity dealer with the SFC. The Panel also publicly censures Mr. Wong in relation to his conduct and intends to report Mr. Wong's conduct to the SFC for consideration of his conduct.

The Panel also publicly censures AFAM. AFAM is an investment management company registered with the SFC as an investment adviser and commodity trading adviser. The Panel intends to report AFAM to the SFC and any other appropriate regulatory authorities in respect of its conduct and management.

**Background**

The background to this matter is that from June 2000 to March 2001 AFAM acquired more than 35% of shares in Tack Hsin for seven investment companies in breach of Rule 26.1 of the Takeovers Code. AFAM provided discretionary management services for the seven investment companies. Mr. Wong was the Chief Executive and the director of AFAM who undertook the day-to-day management of AFAM and made the investment decisions regarding the acquisitions of Tack Hsin shares.

The Panel found that AFAM and the investment companies were acting in concert. As a result the Panel found that AFAM had breached Rule 26.1 of the Takeovers Code in acquiring more than 35% of the shares in Tack Hsin for those investment companies without making a general offer. Rule 26.1 of the Takeovers Code that was effective at the time provided that when two or more persons are acting in concert and they collectively hold not less than 35% (this threshold was reduced to 30% on 19 October 2001) a mandatory offer obligation is triggered. Failure to make such an offer amounted to a breach of the Code.

**Sanctions against Mr. Wong**

In reaching its decision to sanction Mr. Wong, the Panel paid particular regard to Mr. Wong's overall role in causing AFAM to breach Rule 26.1 of the Code and to the standards of behaviour and integrity that might reasonably be expected of a registered person engaged in the management of funds on behalf of third parties. As the Chief Executive and one of two directors of AFAM registered with the SFC, Mr. Wong had a clear and evident responsibility for the proper management of AFAM both as regards matters of commercial integrity and regulatory compliance. Viewed as a whole the Panel considers that the actions of Mr. Wong were wholly inconsistent with the standards expected of the chief executive of a registered investment management company and a registered person. Mr. Wong's actions directly led to the breach of Rule 26.1 of the Code by AFAM. The Panel concluded that a

severe sanction was merited having regard to the facts of and the reasoning set out in its decision.

### **Sanctions against AFAM**

As regards its decision to sanction AFAM, the Panel found that AFAM itself had made no efforts to comply with the mandatory offer provisions of Rule 26.1 of the Code but retained (as at the dates of the Panel meetings) the benefit of the fees arising out of the transactions that led to that breach.

The Panel also had regard to the circumstances which allowed Mr. Wong to operate as he did and to the lack of remedial measures that AFAM itself took in response to the discovery of the breach. The Panel believes that, AFAM contributed in no small measure to its own predicament. Its management and conduct fell far short of that which the Panel would expect of a registered investment management company and member of a substantial financial services group.

The Panel considers these to be serious matters that fully merit the sanctions imposed.

A copy of the Panel Decision is [attached](#).

A copy of the Panel Decision and the relevant Takeovers Code provisions can be found in the Takeovers and Mergers Panel Decisions section of the SFC Website at <http://www.hksfc.org.hk>.

*Page last updated: 2 April 2002*