

Press Releases

29 January 2003

SFC Sanctions Raffles International Holdings Limited and Lai Kam Wing Jimmy in relation to a Breach of the Takeovers Code Concerning Dealings in Shares in FT Holdings International Limited
The SFC announces today that disciplinary action has been taken against Raffles International Holdings Limited and Mr Lai Kam Wing, Jimmy in relation to a breach of the Hong Kong Code on Takeovers and Mergers:

1. The Takeovers and Mergers Executive has imposed an order denying Lai direct or indirect access to the securities markets (a Cold Shoulder Order) for a period of six months commencing on Thursday 30 January 2003.
2. The Executive also publicly censures Lai and Raffles in relation to their conduct in this matter.

The background to this matter is that on 20 January 2003 Raffles, a company of which Lai is the sole owner and sole director, increased its shareholding in FT Holdings International Limited from 34.99% to 36.05%. No general offer has been made in breach of Rule 26.1 of the Takeovers Code. This is because the old 35% threshold for triggering a mandatory general offer obligation applies to Raffles under the Takeovers Code as it had held between 30% and 35% interest in FT Holdings since immediately before the reduction of the trigger to 30% on 19 October 2001.

The Executive considers that the conduct of Lai and Raffles has resulted in a clear breach of a fundamental provision of the Takeovers Code that merits strong disciplinary action. Lai and Raffles accept that they have breached the Code and accordingly that shareholders of FT Holdings should have received a general offer.

However, Lai has indicated that he is not in a position to finance any such offer. In the circumstances, Lai and Raffles have agreed to disciplinary action being taken against them. Lai apologises for the breach in question and has undertaken to use his best endeavours to reduce Raffles' shareholding to below 35% as soon as possible after the Cold Shoulder Order has expired by disposing of its shares to independent third parties. In the meantime, Lai has also agreed not to exercise the voting rights attached to the 3,650,000 additional shares acquired by Raffles on 20 January 2003.

The Executive wishes to take this opportunity to remind practitioners and parties who wish to take advantage of the securities markets in Hong Kong that they should conduct themselves in matters relating to takeovers and mergers in accordance with the Code. If they do not, they may find that they are subject to sanction. If there is any doubt about the application of the Takeovers Code, the Executive should be consulted at the earliest opportunity.

Ends

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SECURITIES AND FUTURES COMMISSION

Mr Lai Kam Wing, Jimmy

The Executive Director of the Corporate Finance Division of the SFC ("Executive") hereby **REQUIRES** that all registered and exempt dealers, investment advisers, dealer's representatives and investment representatives within the meaning of the Securities Ordinance (Cap. 333) shall not, without the prior consent of the Executive in writing:

- act or continue to act directly or indirectly in their capacity as registered and exempt dealers, investment advisers, dealer's representatives and investment representatives for Mr Lai Kam Wing, Jimmy or any corporation controlled by him (as defined in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases) other than FT Holdings International Limited; or
- knowingly assist directly or indirectly in a breach of this Order;

during the period commencing on 30 January 2003 and ending on 29 July 2003.

BY ORDER

Brian Ho

On behalf of the Executive

29 January 2003

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