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## Market Misconduct Tribunal sanctions Augustine Cheong and his mother for insider dealing in Titan shares

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The Market Misconduct Tribunal (MMT) has found that a former senior executive of an affiliate of Titan Petrochemicals Group Limited (Titan), Mr Augustine Cheong Kai Tjeh, and his mother, Ms Gan Ser Soon, engaged in insider dealing in the shares of Titan in January 2012 (Notes 1 & 2).

Cheong and Gan were found to have sold their Titan shares while they knew inside information that Titan faced extremely difficult financial problems related to the likelihood of defaults by Titan and/or its subsidiaries on outstanding bank loans and certain fixed rate senior notes. Cheong gave Gan the inside information.

The MMT has ordered Cheong and Gan:

- to disgorge the losses they avoided totaling \$2,425,174 by selling Titan shares (Note 3);
- not to deal, directly or indirectly in Hong Kong, in SFC regulated financial products for two years and one year, respectively;
- not to insider deal again; and
- to pay the SFC's legal and investigation costs and the costs of the MMT.

The MMT took into account the admissions in a Statement of Agreed and Admitted Facts signed by Cheong and Gan, and considered that the orders the SFC proposed and agreed by them were proportional, sensible and acceptable in the circumstances.

The SFC has also instituted parallel proceedings in the Court of First Instance under section 213 of the Securities and Futures Ordinance against the two for their alleged insider dealing in Titan shares. In these proceedings, the SFC seeks an order to restore relevant counterparties of Cheong and Gan's sales of Titan shares to the positions they were in before they bought those shares from Cheong and Gan (Note 4).

End

Notes:

1. Titan was listed on the Main Board of The Stock Exchange of Hong Kong Limited in June 1998.
2. Gan is also known as Gan Chir Seam.
3. Trading in the shares of Titan was suspended on 19 June 2012 and resumed on 15 July 2016. The loss avoided of \$2,425,174 was determined with reference to the sales of Titan shares by counterparties of Cheong and Gan who sold their Titan shares before 19 June 2012 at the same or higher prices than their purchase prices. As some of the counterparties of Cheong and Gan are still holding the Titan shares, it is possible that these counterparties may sell part or all of the Titan shares after trading in the shares resumed on 15 July 2016 at the same or higher prices than their purchase prices. The MMT has also ordered such potential losses avoided be disgorged, the exact amount of which is to be determined by an administrator to be appointed in the SFC's parallel section 213 proceedings instituted against Cheong and Gan.
4. For more details, please see the SFC's press releases dated [21 December 2012](#), [25 January 2013](#) and [6 December 2016](#).
5. The MMT's report is available on its website (<http://www.mmt.gov.hk/>).

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