

Press Releases

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LCQ6: Investigation into the affairs of CITIC Pacific Limited

Following is a question by the Hon James To and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (February 18):

Question:

On October 20 last year, CITIC Pacific Limited, a listed company in Hong Kong, issued a profit warning revealing that the Group had incurred huge losses due to the holding of leveraged foreign exchange contracts. Although the Group had been aware of the exposure arising from such contracts as early as September 7 last year, it still declared in a circular which was issued on September 16 that its directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2007. This incident has aroused the concern of the public and investors. The Securities and Futures Commission (SFC) also indicated on October 22 last year that it had commenced an investigation into the incident. In this connection, will the Government inform this Council whether it knows the latest progress of the investigation and its results (including whether false declaration and insider trading had been involved), and whether it will release the results of SFC's investigation; if it will, when such results will be released?

Reply:

President,

On October 22, 2008, the Securities and Futures Commission (SFC) issued a press release confirming that it has launched an investigation into the affairs of CITIC Pacific. On the same date, the Hong Kong Exchanges and Clearing Limited issued a press release confirming that the Stock Exchange of Hong Kong Limited (SEHK) would be looking into the situation as part of its normal practice to make enquiries to verify compliance with the Listing Rules and it will consider any issues raised. The investigation is still continuing and SFC does not have further comment to offer. Neither can the Administration nor SFC offer any comment on SEHK's enquiries.

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