

SFC's response to Hon Dennis Kwok and Hon Albert Ho's enquiries

We refer to two letters dated 20 and 21 May 2013, respectively, from the Clerk to the Legislative Council Panel on Financial Affairs (the Panel) to the Secretary for Financial Services and the Treasury attaching the enquiries from Hon Dennis Kwok and Hon Albert Ho that relate to the Apex Horizon case. Set out below is our response to their enquiries.

First, the matters raised by Hon Dennis Kwok and Hon Albert Ho are not matters of policy relating to the regulation of Collective Investment Schemes but matters that relate directly to the Apex Horizon case which is ongoing. As the SFC made clear in its announcement dated 13 May 2013, the steps to be taken by Pearl Wisdom Ltd, as vendor of the hotel room units in the Apex Horizon Hotel, are intended by Pearl Wisdom Ltd to forestall immediate proceedings by the SFC under section 213. Proceedings under section 213 would be designed to put all the parties back into the same positions they were in before the sales were effected and to unwind the scheme. They are not penalty proceedings.

Secondly, Pearl Wisdom has agreed to give **all** purchasers of the units (including those who have sought to rescind the agreements after paying the deposit) a full refund together with interest plus costs (for which they are offered \$10,000) by 30 May 2013. Purchasers have had ten days to decide whether to accept this offer or not. The additional ten days for payment is to ensure there is time to deal with any inquiries or problems and to calculate the costs, if additional costs over \$10,000 are payable. The SFC considers this is reasonable.

In the meantime, the SFC's investigation is still ongoing.

In light of the foregoing, there appears to be no issue for the Panel at this stage.

Securities and Futures Commission
24 May 2013