
Enforcement Actions

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24 July 2006

Administrator Appointed for Tiffit Securities (Hong Kong) Limited

Mr Edward Middleton and Mr Jacky Chung Wing Muk, of KPMG, have today been appointed by the Court to administer the property of Tiffit Securities (Hong Kong) Limited and property it holds on behalf of clients.

The SFC applied for the appointment of administrators under section 213 of the Securities and Futures Ordinance.

This action follows a restriction notice that was issued by the SFC against Tiffit on 18 July 2006. The restriction notice prohibited Tiffit from carrying on all of the activities for which it is licensed, disposing of or dealing with any assets held by it or held on behalf of its clients, and assisting, counselling or procuring another person to dispose of or deal with any such property.

The administrators have been appointed principally to protect the interests of Tiffit's clients. The Court has granted the administrators wide powers including the power to investigate Tiffit's affairs, to verify clients' claims and to return client assets.

The application for appointment

In addition to the deficiency in Tiffit's liquid capital, the apparent window dressing of its liquid capital position and irregular movements in a number of client accounts, there is evidence to suggest that client securities of a significant value are missing. It therefore appears to the SFC that there have been or may have been contraventions of a number of provisions of the Securities and Futures Ordinance and subsidiary legislation made under the SFO.

In view of the serious nature of these breaches, the SFC does not consider it to be in the public interest or in the interest of the investing public to permit Tiffit and its management to verify clients' positions and handle the return of client assets. The

SFC considers there is a need for an independent and experienced professional accountant to administer the affairs of Tiffit, verify clients' positions and return securities in a prompt and orderly manner.

The order appointing the administrators is an interim order and the matter will come back to the Court for another hearing on Friday, 28 July 2006 at which time Tiffit will have the opportunity to oppose the continuation of the order and to present evidence and arguments.

Tiffit clients

The administrators will send a circular to Tiffit's clients within the next 36 hours to explain the situation and invite them to submit to them a statement of their claims. Tiffit clients may contact the administrators at their hotline at 3121 9888 between 8:30 am – 7:00 pm from Monday to Friday. They may also contact Ms Christy Wong at 3121 9846/e-mail: christy.wong@kpmg.com.hk or Ms Lorraine Law at 3121 9823/e-mail: lorraine.law@kpmg.com.hk.

SFC's inquiries into the conduct of Tiffit and its management will continue.

The SFC and the administrators will make further announcements when appropriate.

Ends

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