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### 3 Chinese jailed for insider trading, fined \$11.2 mln

HANGZHOU, Feb. 4 (Xinhua) -- A Chinese court on Monday handed down jail sentences of 18 to 30 months to three people for insider trading of a construction firm's shares. Two of them were fined a total of 80.74 million yuan (11.2 million U.S. dollars).

The Lishui municipal intermediate people's court in the eastern Zhejiang Province made a first instance judgment to sentence Luo Gaofeng, the 27-year-old securities representative of the Shanghai-listed Hangxiao Steel Structure, to 18 months jail for disclosure of insider information.

The court jailed a former securities director of the company, Chen Yuxing, for 2.5 years. Stock investor Wang Xiangdong received 18 months with a two-year reprieve for insider dealing. It confiscated the illegal gains from the dealing, 40.37 million yuan, and fined each 40.37 million yuan.

Chen, who quit Hangxiao Steel Structure in January 2007, received information that the company was in talks with a partner on a 30 billion yuan overseas construction project on Feb. 11. He informed Wang, who bought more than 2.7 million shares the next day.

Wang previously agreed to give 30 percent of the gains to Chen.

Chen confirmed the news and got more details after he called his former underling Luo on Feb. 12. He then told Wang to buy about 4.2 million shares on Feb. 13 and Feb. 14.

Wang sold the 6.96 million shares on March 16 after finding out the securities regulatory authorities was planning to investigate for insider dealing, and made a 40.37 million yuan profit.

Hangxiao's share price stood at 4.55 yuan on Feb. 12 last year and 10.75 yuan on March 16 when Wang sold out his shares.

Luo and Chen said they would not appeal after Monday's court ruling, while Wang said he was undecided whether to appeal or not in the near future.

The Hangxiao case was the first since the China Securities Regulatory Commission (CSRC) implemented new regulations in January 2007 on the release of financial information by listed companies.

Hangxiao shares surged 9.35 percent to 12.87 yuan on Monday. They reached a record high of 31.58 yuan after the stock market manipulation, but plunged when authorities investigated the case.

In May, the CSRC fined the firm 400,000 yuan for releasing misleading information about contracts it was supposed to have signed.

Company Chairman Shan Yinmu and President Zhou Jinfa were issued warnings and each fined 200,000 yuan.

The Hangzhou Intermediate People's Court said in December it had received 51 lawsuits by

stock investors claiming 2.7 million yuan of compensation for losses they suffered from the misleading information.

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