

# \$1m CPA shares go missing

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HOLDERS of at least 186,000 Cathay Pacific Airways shares have not yet received their share certificates, although the offer closed more than a month ago.

According to informed sources 72,660 envelopes were mailed to successful applicants for Cathay shares, and 186 have not reached their destinations, while another 77 certificates are awaiting collection at the offices of the share registration company, Central Registration.

No accurate figure for the number of shares involved in the lost mail element was available yesterday, but more than 40,000 of the successful applicants received 1,000 shares each.

The acting Commissioner for Securities, Mr Derek Murphy, last night urged people who had not received their shares to contact the registration company immediately, and, if still not satisfied, the commission itself.

For Cathay and Swire Pacific, the missing certificates - worth a total of about \$1 million - are proving to be something of an embarrassment, coming as they did after the firm had completed the biggest single share issue in Hongkong's history with few hitches.

A Cathay spokesman described the controversy as a "storm in a teacup," and referred all queries to the registration company.

Many of the applicants - successful and otherwise - to the Cathay issue were first-time stock market investors, and may be bewildered by the flow of paper back and forth, not recognising that their shares are actually missing.

People on vacation and those who provided unclear or inaccurate addresses may also be among those registered as "missing."

Although the question of the "missing" share certificates has been minimised by the companies involved, and exaggerated by some of the victims, the law does provide a solution.

Responding to the increasingly hysterical debate aired on phone-in radio, the acting Commissioner for Securities, Mr Derek Murphy, said shareholders who were still not satisfied should contact the commission.

The Securities Commission is charged with administering the Protection of Investors Ordinance, and will act to ensure that sharehol-

ders' rights are respected.

As soon as a claim is made, and verified, the shareholding is immediately protected, so that the shares will under no circumstances be transferred to a third party.

Cathay shares are denominated in board lots of 1,000, so that no single share certificate can have been issued for a number lower than 1,000.

Notices are then placed in the press on two occasions, a process that can take eight to 10 weeks, and while the shareholder is protected throughout he may not trade in the shares, which remain under the control of the registration company.

A check is made with the stockbroker involved in the transaction, to provide independent confirmation of the shareholder's identity, and once all the formalities are over the shareholder will receive the shares.

The entire process can, however, take up to three months, and this is why the authorities have urged immediate action.

A spokesman for Central Registration, which handled the logistics of the Cathay float, including the despatch of refund cheques and share certificates, said yesterday

the loss ratio of 0.25 per cent was unusually low.

The loss ratio will not, however, represent a meaningful or consoling statistic to shareholders left out of pocket, and those left waiting vainly for the mail are understandably incensed.

As all return addresses were provided by the applicants - who in some cases neglected to include the floor number in a multi-storey building, or forgot to include the district in the address - errors were to be expected, the spokesman said.

Since Cathay's shares were listed the price has fluctuated between \$5.10 and \$5.80, briefly touching the latter level two weeks ago before dipping to \$5.50.

While shareholders unable to gain access to their shares may complain of lost selling opportunities, an inability to trade could equally serve them well, provided the shares are eventually forthcoming.

If, for example, the share price stages a substantial recovery from current levels, perhaps to levels beyond \$6, those who may have sold at \$5.50 or even lower and were prevented from doing so will have stood to gain from the delay.