

**REPORT OF THE
MARKET MISCONDUCT TRIBUNAL
OF HONG KONG**

on whether any market misconduct has taken place
in relation to the listed securities of

Meadville Holdings Limited

on and between 14 September and 17 November 2009

and on other related questions

INDEX

	Paragraphs
Chapter 1	INTRODUCTION 1-10
	- The Notice 3-10
Chapter 2	THE LAW 11-28
	- Insider dealing 12-14
	- Specific information 15-21
	- The Standard of Proof 22-23
	- Circumstantial evidence and inferences 24
	- Good character 25-26
	- Lies 27
	- Prejudice from delay 28
Chapter 3	THE EVIDENCE 29-125
	<i>The factual evidence</i>
	(i) <i>Ms Wong Mei Mei</i> 30-56
	- Inordinate and prejudicial delay 32-37
	- Section 183 (1) Notices: 10 April and 14 May 2010 38
	- Provenance of the monies used to buy shares in the account of Ms Li 39
	- Records of telephone calls between Mr Tang and Ms Li 40
	- 29 and 30 October 2009: negotiations between Meadville and TTM 41-45
	- Ms Li's dealing in Meadville shares 46-47
	- 31 October 2009 48-49
	- 11 and 16 November 2009 50
	- Public information about Meadville 51-52
	- Instructions to the SFC's expert witness 53-56
	(ii) <i>Mr Tang Chung Yen, Tom</i> 57-88
	- Relationship with Ms Li 58-62
	- Money transfers to Ms Li 63-68

	Paragraphs
- Counselling or procuring Ms Li to deal in Meadville shares and/or disclosing relevant information to Ms Li	69-72
- Leakage of information in relation to Meadville	73-88
<i>(iii) Ms Li Yik Shuen</i>	89-125
- Personal background	89
- Ms Li's relationship with Mr Tom Tang	90-93
- Ms Li's purchase of shares	94-95
- Ms Li's purchase of a flat at Laguna Verde	96-97
- Ms Li's purchase of Meadville shares	98
- The circumstances in which Ms Li traded in Meadville shares	99-113
- The purchase, payment for, sale of Meadville shares and remittance of the proceeds	114-125
- 23 October 2009	115-119
- 27 October 2009	120-121
- 28 October 2009	122
- 30 October 2009	123-124
- 17 November 2009: the sale of the balance of Ms Li's Meadville shares	125
Chapter 4	
EXPERT EVIDENCE	126-319
<i>(i) Mr Karl Lung</i>	126-225
Meadville	126-129
(a) Shares in issue	126
(b) Financial performance	127
(c) Trading in Meadville's shares	128-129
(i) Price	128
(ii) Volume	129
The SFC's Instructions	130-153
<i>Who were accustomed, or would have been likely, to deal in the shares of Meadville?</i>	133-135

	Paragraphs
<i>Was that information generally known to those persons accustomed to or likely to deal in Meadville shares?</i>	136-140
<i>If known, would it likely have materially affected the price of Meadville shares?</i>	141-142
<i>How and to what extent would it have affected the price? Would it have been likely to have had a materially positive effect on the share price between 23 and 28 October 2009?</i>	143-146
<i>What was the main reason for the price and volume at which Meadville shares traded in the period 23 October to 16 November 2009?</i>	147-149
<i>What was the main reason for the price and volume at which Meadville shares traded after the Announcement?</i>	150-153
- The increase in the price at which Meadville shares traded in 2009: 3 periods	154
- The reasons for the increase in the price at which Meadville shares traded in 2009	155-156
- Context: Meadville's shares underperformed the HSI (February 2007 to October 2009)	
- Media reports: factors relevant to the rise in the price/volume of trading in Meadville's shares	157
- Meadville's Annual General Meeting: 2 June 2009-media reports	158-165
- Meadville's Interim Report 2009: 17 August 2009	166-172
- 18 August 2009: media reports	173-182
- 6-27 October 2009: media reports 7 and 8 October 2009	183-190
- 30 October 2009: 22.66 per cent drop in Meadville share price and suspension of trading at 3:19 p.m.	191-200
- 31 October 2009: media reports-Apple Daily and Ming Pao Daily News	201-206

	Paragraphs
- Media reports: November 2009	207-220
- 11 November 2009	207-209
- 12 November 2009	210-212
- 16 November 2009	213-215
- 17 November 2009	216-220
- Mr Lung’s opinion: unlikelihood of news/rumours circulating in the market for about a year before 30 October 2009	221-225
<i>(ii) Mr Clive Rigby</i>	226-287
- The price and volume of trading in Meadville shares	226
- Those accustomed to or would be likely to deal in Meadville shares	227
- Trading in Meadville shares:	228-230
(i) May to June 2009	228-229
(ii) June to October 2009	230
- Leaks of the negotiations	231-232
- 3 June 2009: TTM’s revised offer	233-236
- Due diligence	237
- 2 October 2009	238-242
- Other contributing factors to the rise in price and volume of trading in Meadville shares	243-258
Meadville:	243-247
(i) positive news	243-247
Mr Henry Tang:	248-249
(ii) the Chief Secretary and (iii) aspirant CE	
(iv) Meadville’s underperformance: Hang Seng Index and IPO price of \$2.25	250
- ‘Stock in Play’	251-254
- 29 October 2009	255
- 30 October 2009: trading in Meadville shares	256
- Individual traders	257

	Paragraphs
- Panic selling/margin calls/stop-loss orders	258
- <i>During the period 23 October to 17 November 2009, was information relating to the Transactions generally known?</i>	259
- Media reports on 31 October and in November 2009	260-262
- Attribution of ‘rumours’ asserted in the media	263-268
- Generally known	269
- Specific information	270-273
- Mr Lung’s opinion that information of the Transactions was not generally known	274-283
(i) No media reports of rumours of the Transactions prior to suspension of trading	275-281
(a) Media reports of the names of the parties to the Transactions	276-278
(b) The structure of the deal	279
(c) The price per Meadville share	280-281
(ii) No SFC/SEHK investigation	282
(iii) Rumours of the Transactions/collapse: the rise and fall to be expected of Meadville’s share price	283
- 23 October 2009: the Meadville Board meeting	284
- Trading in Meadville shares: 23-29 October 2009	285
- The performance of Meadville shares after the Announcement of 16 November 2009	286-287
(iii) <i>Mr Charles Li</i>	288-319
- Rumours of the Transactions: generally known	288-295
- Materially affect the price	296-297
Conclusion: the information was generally known and not relevant information	298-300
- The causes of the rise in price at which Meadville shares traded	301

	Paragraphs
Conclusion	302-305
- Other factors	306-319
- Mr Henry Tang	306-307
- Meadville's underperformance	308
- Growth momentum	309-310
- Trading liquidity of Meadville shares	311-315
- No media reports of rumours of the proposed transaction prior to 31 October 2009	316-319
Chapter 5 FINDINGS	320-401
- Specific information	322-326
- Not generally known to those who were accustomed or would be likely to deal in Meadville shares	327
- Who were accustomed or would be likely to deal in Meadville shares?	
- Delay	328-336
- Prejudice from delay	337-340
- Not generally known	341
- Media reports: 1 April to 30 October 2009	342-345
- 31 October 2009: Apple Daily and Ming Pao Daily News	346-349
- Media reports in November prior to the Announcement on 16 November 2009	350-354
- <i>Generally known: the significance of the absence of any media reports of rumours of the proposed transactions</i>	355-359
- <i>Would knowledge of the specific information have materially affected the price at which Meadville shares traded?</i>	360
- 17 November 2009: the resumption of trading in Meadville shares	361-363
Conclusion	364
- Ms Li's dealing in Meadville shares	365

	Paragraphs
- The circumstances of Ms Li's purchase of Meadville shares	366-369
- Ms Li's credibility	370
- Ms Li's records of interview	371-374
- Ms Li's relationship with Mr Wu Feng	375-378
- The reasons for Ms Li's purchase of Meadville shares	379-380
- Ms Li's possession of relevant information	381-384
- Ms Li's receipt of the relevant information from Mr Tang	385
Conclusion	386
- Mr Tang Chung Yen	387-388
- Did Mr Tang disclose relevant information to Ms Li or counsel or procure her to deal in Meadville shares?	389-392
- Mr Tang's relationship with Ms Li	393-395
- Mr Tang's financial support of Ms Li	396-397
- Did Mr Tang counsel or procure Ms Tang to deal in Meadville shares?	398
- Did Mr Tang disclose relevant information to Ms Li?	399
- Did Mr Tang disclose the relevant information knowing or having reasonable cause to believe that Ms Li would use the information to deal in Meadville shares?	400
Conclusion	401
The profit gained by Ms Li as a result of her market misconduct	402

Attestation to the Report

APPENDICES

		Pages
1	- Referral of case from SFC to DoJ	A 1-5
2	- Orders to buy and sell placed by Ms Li for Meadville shares from 1 August 2009 to 15 January 2010	A 6
3	- The quantity and price of Meadville shares acquired and sold in response to Ms Li's orders to buy and sell	A 7
4	- Payments made from Mr Tang's bank accounts to the HSBC account of Ms Li in 2009	A 8
5	- Meadville Stock Historical Data/Stock Price Details	A 9-14

CHAPTER 1

INTRODUCTION

1. Meadville Holdings Limited (“Meadville”), was a company incorporated in the Cayman Islands, and was formally listed on the Stock Exchange of Hong Kong Limited (“SEHK”). Meadville’s principal businesses were the manufacture and distribution of printed circuit boards (“PCB Business”) and laminates and prepregs (“Laminate Business”). On 30 October 2009, Meadville shares fell from HK \$2.78 to HK \$2.15, when trading in the shares was suspended at 15:19 hours. On 16 November 2009, Meadville issued an Announcement of:¹

- (a) the signing of transaction agreements for the sale by Meadville of the PCB Business to TTM Technologies, Inc. (“TTM”), a company incorporated in Delaware, United States of America, whose shares were listed on the NASDAQ stock exchange, the sale of the Laminate Business to Top Mix Investments Limited, a British Virgin Islands-incorporated company, indirectly owned by Tang Hsiang Chien; and
- (b) the proposed distribution to shareholders on the Distribution Date by way of dividend of the aggregate consideration from the sale of the PCB Business and the Laminate Business in cash and TTM shares, so that the aggregate value of each Meadville share was approximately HK \$3.47.²

2. On 17 November 2009, trading in Meadville shares resumed and the price rose, from the price at which trading was suspended on 30 October 2009, namely HK \$2.15, to HK \$3.05.

The Notice

3. By a Notice³, dated 10 September 2019, issued pursuant to section 252(2) and Schedule 9 of the Securities and Futures Ordinance, Cap. 571 (“the Ordinance”) the Securities and Futures Commission (“the SFC”) informed the Market Misconduct Tribunal (“the Tribunal”) that it appeared to the SFC that “market misconduct within the meaning of section 270, Part XIII of the Ordinance has or may have taken place in relation to dealings” in the securities of Meadville, to whom it referred to as MHL, and required the Tribunal:

¹ HB-1, pages 156-279.

² HB-1, page 159.

³ Tribunal Bundle, pages 4-9.

“to conduct proceedings and determine:

- (a) whether any market misconduct has taken place;
- (b) the identity of any person who has engaged in the market misconduct found to have been perpetrated; and
- (c) the amount of any profit gained as a result of the market misconduct found to have been perpetrated.”

4. Further, the Notice stipulated:

“Persons suspected to have engaged in market misconduct

- (1) Tang Chung Yen, Tom (“**Tang**”)
- (2) Li Yik Shuen (“**Li**”)

5. In the ‘Statement for Institution of Proceedings’, it was stipulated that:

- “(a) Tang was an Executive Director and the Chairman of MHL; and
- (b) Tang and Li were in an intimate relationship.”

6. Of the steps taken in the negotiations between the parties that led to the Announcement, dated 16 November 2009, it was stated that:

- “2. In around January 2008, TTM Technologies, Inc. (“**TTM**”), a company incorporated in the United States whose shares were listed on the NASDAQ stock exchange, approached MHL regarding a potential acquisition/merger.
- 3. Negotiations ensued and by late July 2009 the proposed acquisition was expected to be proceeded with by separate sales of the PCB Business to TTM and the Laminate Business to the Tang family (headed by Tang’s father, Tang Hsiang Chien). The sales proceeds would then be distributed to MHL’s shareholders (“**Proposed Transaction**”).
- 4. By the beginning of October 2009, it was expected that the amount to be distributed to MHL’s shareholders would be about HK\$3.40 per share.
- 5. On 23 October 2009, a board meeting of MHL was held to discuss the Proposed Transaction (“**Board Meeting**”). Tang chaired the meeting. The directors of MHL resolved, *inter alia*, to proceed with the Proposed Transaction.

6. Following a pause in the subsequent negotiations between TTM and MHL the share price of MHL fell by about 23%, from HK\$2.78 to HK\$2.15, on 30 October 2009⁴. Trading in MHL’s shares was suspended in the afternoon of 30 October 2009 and remained suspended until the end of 16 November 2009.”
7. Of the significance of that information, it was asserted:⁵
- “9. The information that it was proposed that MHL sell its principal businesses and that there would be the payment of a dividend of about HK\$3.40 per share to MHL’s shareholders (“**Information**”) was specific information about MHL and its listed securities.
10. The Information was not generally known to the persons who were accustomed or would have been likely to deal in the shares of MHL until 16 November 2009, but would if generally known to them before then have been likely to materially affect the price of MHL’s shares.
11. The Information was accordingly “relevant information” within the meaning of section 245(2) of the Ordinance (as applicable to dealings in 2009)⁶.”
8. Of Mr Tang, it was asserted:
- “12. As a director or employee of MHL, Tang was a person “connected with” MHL (by virtue of section 247(1)(a) of the Ordinance).

Tang’s possession of the relevant information

13. By reason of the fact that:

- (a) he was involved in the negotiations between TTM and MHL;
- (b) he was an Executive Director and the Chairman of MHL; and
- (c) he was present at the Board Meeting,

Tang had the Information.”

9. Of Ms Li’s dealings in Meadville shares it was stated:

“14. Li purchased MHL shares in the morning of 23 October 2009 (the date of the Board Meeting). She bought 161,000 shares at between HK\$2.57 and HK\$2.58 per share. She had never previously purchased MHL shares.

⁴ During the month of October 2009, MHL’s share price rose from HK\$2.03 on 2 October to HK\$2.78 on 29 October, an increase of about 37%. By comparison, the Hang Seng Index rose by about 4.4% during the same period.

⁵ Tribunal Bundle, pages 6-7.

⁶ It is to be noted that “relevant information” was the term used in the context of insider dealing prior to the amendments to the Ordinance which came into effect on 1 January 2013. These amendments made no substantive change to the definition of what is now called “inside information”.

15. On 27 October 2009, Li bought a further 169,000 MHL shares at between HK\$2.65 and HK\$2.78 per share.
 16. On 28 October 2009, Li bought a total of 1,812,000 MHL shares at between HK\$2.78 and HK\$2.79 per share.
 17. In total, Li bought 2,142,000 MHL shares over 3 consecutive trading days (26 October 2009 was a public holiday).
 18. On 30 October 2009, Li sold 100,000 MHL shares at HK\$2.48 per share in the afternoon before trading was suspended.
 19. When trading resumed on 17 November 2009, Li sold her entire shareholding in MHL shortly after the market opened, at between HK\$3 and HK\$3.13 per share.
 20. The total purchase price paid by Li for the 2,142,000 MHL shares was HK\$5,954,298.01 (including fees and charges). The total proceeds received by her from the sales of the same shares were HK\$6,501,115.44 (net of fees and charges)."
10. Finally, allegations of insider dealing were made against Mr Tang and Ms Li:⁷

“Insider dealing by Tang

21. Being a person connected with MHL and having the Information which he knew was relevant information in relation to MHL, Tang:
 - (a) counselled or procured Li to deal in MHL’s shares, knowing or having reasonable cause to believe that she would deal in them; and/or
 - (b) disclosed the Information, directly or indirectly, to Li, knowing or having reasonable cause to believe that she would make use of the Information for the purpose of dealing in MHL’s shares.
22. Accordingly, Tang engaged or may have engaged in market misconduct contrary to sections 270(1)(a)(ii) and/or 270(1)(c) of the Ordinance.

Insider dealing by Li

23. Li,
 - (a) having the Information which she knew was relevant information in relation to MHL and which she received, directly or indirectly, from Tang;
 - (b) knowing that Tang was connected with MHL;
 - (c) knowing or having reasonable cause to believe that Tang held the Information as a result of being connected with MHL;

⁷ Tribunal Bundle, pages 8-9.

(d) dealt in MHL's shares as set out in paragraphs 14 to 19 above.

24. Accordingly, Li engaged or may have engaged in market misconduct contrary to section 270(1)(e)(i) of the Ordinance.”

CHAPTER 2

THE LAW

11. Given that the misconduct alleged against Mr Tang and Ms Li occurred in October 2009, the relevant statutory provisions are those in the Ordinance which were in force at that date.

12. Section 270 (1) of the Ordinance provided:

(1) Insider dealing in relation to a listed corporation takes place—

(a) when a person connected with the corporation and having information which he knows is relevant information in relation to the corporation—

(i) ...

(ii) counsels or procures another person to deal in such listed securities or derivatives, knowing or having reasonable cause to believe that the other person will deal in them;

(c) when a person connected with the corporation and knowing that any information is relevant information in relation to the corporation, discloses the information, directly or indirectly, to another person, knowing or having reasonable cause to believe that the other person will make use of the information for the purpose of dealing, or of counselling or procuring another person to deal, in the listed securities of the corporation or their derivatives, or in the listed securities of a related corporation of the corporation to or their derivatives;

(e) when a person who has information which he knows is relevant information in relation to the corporation and which he received, directly or indirectly, from a person whom he knows is connected with the corporation and whom he knows or has reasonable cause to believe held the information as a result of being connected with the corporation—

(i) deals in the listed securities of the corporation

13. Section 245 (2) provided that:

“relevant information”, in relation to a corporation, means specific information about—

- (a) the corporation;
- (b) a shareholder or officer of the corporation; or
- (c) the listed securities of the corporation or their derivatives,

which is not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but which would if it were generally known to them be likely to materially affect the price of the listed securities;

“securities” (證券) means—

shares, stocks...

“listed securities” (上市證券) means—

- (a) securities which, at the time of any insider dealing in relation to a corporation, have been issued by the corporation and are listed;

“listed” (上市) means listed on a recognized stock market, and for the purposes of this definition, securities shall continue to be regarded as listed during a period of suspension of dealings in those securities on the recognized stock market;

14. Section 247 (1) provided that:

For the purposes of Division 4, a person shall be regarded as connected with a corporation if, being an individual—

- (a) he is a director or employee of the corporation or a related corporation.

Specific information

15. The term “specific information” is not defined in the Ordinance. However, it has been considered on a number of occasions by the Insider Dealing Tribunal and subsequently by this Tribunal. In the Report of the Insider Dealing Tribunal in *Chinese Estates Holdings Limited*, dated 25 June 1999, the Tribunal, under the chairmanship of Hartmann J as he was then, said:⁸

“Specific information is information which possesses sufficient particularity to be capable of being identified, defined and unequivocally expressed. In this primary sense it is to be contrasted with mere rumour, with vague hopes and worries or with unsubstantiated conjecture. Of course, in the ebb and flow of business affairs, what begins, for example, as a vague hope or worry may over time acquire sufficient substance and particularity to be properly defined as specific information. If and when such a transformation takes place is a question of fact.”

⁸ *The Report of the Insider Dealing Tribunal in Chinese Estates Holdings Limited*, page 39.

16. In the Report of the Insider Dealing Tribunal in *Firstone International Holdings Limited*, dated 2 April 2004, the Tribunal, under the chairmanship of McMahon J said:⁹

“...the proposed placement whether described as under contemplation or at a preliminary stage of negotiation must, in our view, have more substance than merely being at the stage of a vague exchange of ideas or a “fishing expedition”. When negotiations or contacts have occurred, as in the present case, there must be a substantial commercial reality to such negotiations which goes beyond a merely exploratory testing of the waters and which is at a more concrete stage where the parties have an intent to negotiate with a realistic view to achieving an identifiable goal.”

17. The Tribunal went on to add:¹⁰

“...there is no need to impose any additional requirement that there be any foresight that the transaction will “probably” or “likely” come to fruition before information concerning the contemplated transaction becomes sufficiently specific.

In this regard we adopt the reasoning set out in the Report of the Tribunal in the *Stime Watch* inquiry.”

18. In the Report of the Insider Dealing Tribunal in *Stime Watch International Holding Limited*, dated 6 December 2002, under the chairmanship of the then Deputy High Court Judge McMahon, the Tribunal said:¹¹

“It seems to this Tribunal that there can be no additional requirement that information, otherwise specific, which relates to a proposed transaction can only be specific if, by some objective or even subjective measure, that proposed transaction is more probable than not to proceed or come to fruition.”

19. The Tribunal went on to explain:¹²

“The requirement that information be specific relates to the characteristics and contents of the information concerning the company’s affairs itself and does not logically depend on whether or not the subject matter of the information, if a proposed course of action, has any particular likelihood of fruition or success.”

20. In *Securities and Futures Commission v Chan Pak Hoe Pablo*¹³, Macrae J, as Macrae VP was then, dismissed the appellant’s appeal against his conviction for an offence, contrary to section 291(5) and (8) of the Ordinance. In doing so, he considered the ambit of the term

⁹ *The Report of the Insider Dealing Tribunal in Firstone International Holdings Limited*, pages 60-61.

¹⁰ *The Report of the Insider Dealing Tribunal in Firstone International Holdings Limited*, page 61.

¹¹ *The Report of the Insider Dealing Tribunal in Stime Watch International Holding Limited*, pages 84-85.

¹² *The Report of the Insider Dealing Tribunal in Stime Watch International Holding Limited*, page 85.

¹³ *Securities and Futures Commission v Chan Pak Hoe Pablo* [2011] 5 HKC 484.

‘specific information’. Having cited with approval the various statements of the Insider Dealing Tribunal in the reports quoted earlier, Macrae J said that he agreed, “For the reasons articulated in the *Stime Watch* case”, that there was no requirement that a stage had to be reached in negotiations where there existed a probable consequence that the agreement would be successfully concluded before information concerning the transaction became sufficiently specific.

21. In determining that the appellant was possessed of specific information, Macrae J said:¹⁴

“The proposed sale of all Globalcrest’s shares in Universe to Goldwyn was clearly beyond the exploratory stage of ‘testing the waters’, mere rumour or a ‘fishing expedition’. The parties had spent substantial costs in engaging professional financial consultants and lawyers to advise on the details of the transaction... The fact that the details of the proposed transaction had encountered obstacles and needed further negotiation, and would ultimately have to be approved by the Board of Directors of Universe, the minority shareholders and the regulators did not take it outside the meaning of ‘specific information’.”

The Standard of Proof

22. Section 252 (7) provided that:

“...the standard of proof required to determine any question or issue before the Tribunal shall be the standard of proof applicable to civil proceedings in a court of law.”

23. As this Tribunal stated in its Report in *Sunny Global Holdings Limited*:¹⁵

“That standard is the “balance of probabilities”. In *Solicitor (24/7) v The Law Society of Hong Kong* [2008] 2 HKLRD 576 the Court of Final Appeal accepted, the correctness of the approach to the civil standard of proof expressed by Lord Nicholls of Birkenhead in *Re H & Others (Minors) (Sexual Abuse: Standard of Proof)* [1996] AC 563 at p.586 D-G:

“The balance of probability standard means that a court is satisfied an event occurred if the court considers that, on the evidence, the occurrence of the event was more likely than not. When assessing the probabilities the court will have in mind as a factor, to whatever extent is appropriate in the particular case, that the more serious the allegation the less likely it is that the event occurred and, hence, the stronger should be the evidence before the court concludes that the allegation is established on the balance of probability.”

¹⁴ *Securities and Futures Commission v Chan Pak Hoe Pablo*, paragraph 32.

¹⁵ *The Report of the Market Misconduct Tribunal in Sunny Global Holdings Limited*. (Part 1 & II)-21 July 2008.

Circumstantial evidence and inferences

24. In his judgment in the Court of Final Appeal, with which all the other judges agreed, in *HKSAR v Lee Ming Tee*¹⁶ Sir Anthony Mason NPJ addressed the proper approach to the drawing of inferences in circumstances of allegations of gross misconduct:

“In the present case, where the allegation is that senior officers of the SFC deliberately and improperly terminated an investigation into Meocre Li’s conduct in the Kin Don placement, in order to avoid the need to make a disclosure which might compromise Meocre Li’s standing as an expert witness in the trial, that conclusion was not to be reached by conjecture nor, as the respondent submitted, on a mere balance of probabilities. It was to be plainly established as a matter of inference from proved facts. It is not possible to state in definitive terms the nature of the evidence which the court will require in order to be satisfied, in a civil proceeding, that a serious allegation of this kind, is made out. It would not be right to say that the requisite standard prescribes that the inference of wrongdoing is the only inference that can be drawn (*cf Sweeney v Coote* [1907] AC 221 at p.222, per Lord Loreburn) for that is the standard which applies according to the criminal standard of proof. In the particular circumstances, it was for the respondent to establish as a compelling inference that very senior officers of the SFC had deliberately and improperly terminated the investigation into Meocre Li’s conduct for the ulterior purpose alleged, sufficient to overcome the inherent improbability that they would have done so (see *Aktieselskabet Dansk Skibsfinansiering v Brothers & Others* (2000) 3 HKCFAR 70 at pp. 91H, 96G-I, PER Lord Hoffmann).”

Good character

25. The good character of a Specified Person supports his/her credibility in respect of both his/her evidence in the Tribunal and in his/her records of interview conducted by the SFC outside the Tribunal. A person of good character is less likely than otherwise might be the case to have committed the alleged misconduct.

26. There is no dispute that the conduct alleged against the Specified Persons is serious misconduct. In that context, the observations made by Lord Scott of Foscote NPJ in *Nina Kung alias Nina TH Wang and Wang Din Shin*¹⁷ are apposite. In the context of allegations that Mrs Wang had procured the forgery of a document and, in a conspiracy with another person, was attempting to obtain probate of it as her husband’s will, which she knew to be forged, Lord Scott said:¹⁸

“The probability of these allegations being true must be judged on the evidence adduced in the case. But it must also take account of propensity. If such an allegation is made against a person with a record of involvement in forgery and fraud, the strength of the

¹⁶ *HKSAR v Lee Ming Tee* (2003) 6 HKCFAR 336; at page 362 E-J, paragraph 72.

¹⁷ *Nina Kung alias Nina TH Wang and Wang Din Shin* (2005) 8 HKCFAR 387.

¹⁸ *Nina Kung alias Nina TH Wang and Wang Din Shin*, paragraph 626.

other evidence necessary to satisfy the balance of probability test is obviously less than would otherwise be required. Evidence of propensity must go into the balance... Evidence to a very high standard of cogency indeed is necessary before the court can be justified in finding either to be dishonestly involved in a conspiracy to promote a forged will.”

Lies

27. Lies by themselves prove nothing, save that they have been told. Of course, the fact that the person has told lies may be relevant to an assessment of his/her credibility. There may be reasons for lies that are consistent with the absence of any wrongdoing, or the particular alleged wrongdoing. A Specified Person may have lied, not out of a realisation that they are culpable of insider dealing, but out of a fear that they may have committed some other wrongdoing, or that others would view their conduct as improper or a feeling that truth was unlikely to be believed. It is only if such reasons for lying by a Specified Person can be excluded that the lies of the Specified Persons can be used to confirm or support other evidence which is indicative of their culpability of insider dealing. Then, it can be used to support an inference of insider dealing. Before a lie of a Specified Person can be used in that way, the Tribunal must be satisfied that the lie was deliberate and material.

Prejudice from delay

28. It is to be noted that, although the SFC began its enquiry into dealings in Meadville’s shares prior to the Joint Announcement of Meadville and TTM on 16 November 2009, at least as early as 19 November 2009, it did not issue the Notice to the Tribunal instituting these proceedings until 10 September 2019. On 11 September 2019, the Tribunal directed the SFC to serve the Notice, together with other related material, on the Specified Persons. As noted subsequently, the Specified Persons have raised the issue of prejudice said to result to each of them in the conduct of their cases from that passage of time. The Chairman has directed the Tribunal that it is to consider and to take into account, if appropriate, whether or not the passage of time, from the occurrence of the events the subject of this hearing to the serving of the Notice on the Specified Persons, has resulted in an inability in the Specified Persons to retrieve or collect evidence, in particular relating to what specific information was available in the market at the relevant time. Similarly, the Tribunal is to have regard to those matters in respect of the loss of memory of relevant events generally likely to have occurred to either or both of the Specified Persons. In doing so, the Tribunal is to have regard to whether or not either or both of the Specified Persons was responsible in any way for the delay in instituting these proceedings. The Tribunal has been directed that, if it finds such prejudice to have occurred to

one or both of the Specified Persons, to take that into account in their favour in making its findings and determinations.

CHAPTER 3

THE EVIDENCE

29. At the hearing the Tribunal received evidence in the form of documents produced by the SFC, reflecting relevant material obtained in their enquiries, including in large part responses in writing by persons responding to notices from the SFC to adduce documentation or provide explanations. In addition, that material included two records of interview of each of Mr Tang and Ms Li, conducted of the former on 18 May and 20 July 2010 and the latter on 20 April and 9 July 2010. Also, the SFC adduced into evidence two witness statements of Ms Wong Mei Mei, a senior manager of the SFC, and three expert witness statements from Mr Karl Lung. For their part, Mr Tang and Ms Li each provided written witness statements and each relied on an expert witness statement produced on their behalf, by Mr Clive Rigby for Mr Tang and by Mr Charles Li for Ms Li. The Tribunal received oral evidence from each of those witnesses.

The factual evidence

(i) Ms Wong Mei Mei

30. Ms Wong Mei Mei testified that she was one of 24 officers of the Enforcement Division of the SFC who were the recipients of a written ‘Direction to Investigate’ signed by Ms Karen Ngai, the Director of Enforcement, dated 20 January 2010. It stated:¹⁹

“I have reasonable cause to believe that during or around the period from 14 September 2009 to 17 November 2009:

- (a) offences of insider dealing may have been committed in respect of dealing in the shares of Meadville Holdings Limited, contrary to section 291 of the Securities and Futures Ordinance (Cap. 571);
- (b) persons may have engaged in insider dealing in respect of dealing in the shares of Meadville Holdings Limited, contrary to section 270 of the Securities and Futures Ordinance (Cap. 571).”

31. Ms Wong said that it was only after receipt of that Direction that she became involved in the investigation²⁰. However, it is apparent from the letters and Notices served by the SFC

¹⁹ HB-4, page 1784.

²⁰ Transcript; Day 1, page 22.

and the returns from recipients that the SFC investigations began as early as 19 November 2009. For example, by a letter of that date, the SFC informed Meadville that it was “conducting an enquiry into the dealing in shares of Meadville prior to” Meadville’s Announcement, dated 16 November 2009.²¹ The SFC requested that Meadville provide information as to the date on which the terms of the transactions set out in the Announcement were determined, the date on which the dividend distribution was first contemplated and the terms of the dividend distribution determined, in particular who was privy to that information. In addition, it requested Meadville to provide a timetable of events leading up to the Announcement. For its part, Meadville responded to that request by a letter to the SFC signed by Mr Tang on behalf of Meadville, dated 4 December 2009.²²

Inordinate and prejudicial delay

32. Those events are given particular relevance by the complaints made on behalf Mr Tang and Mr Mak in their respective Opening Submissions filed with the Tribunal, dated 14 September 2020. For Mr Tang, Mr Yu SC contended that the “inordinate delay” in bringing these proceedings before this Tribunal has “occasioned prejudice to Mr Tang.” The prejudice was said to have different components: namely, the inability “to retrieve or collect evidence relating to what precise information was available in the market” and Mr Tang’s “inevitable loss of memory”, so that he would have difficulties in recalling “matters which could assist him in demonstrating his innocence, and/or exonerate him from the suspicions that arise.” For his part, Mr Mak, on behalf of Ms Li, invited the Tribunal to have regard to the “substantial delay on the part of the SFC in commencing the present proceedings i.e. more than 10 years’ time has lapsed since Ms Li dealt in the Meadville shares and/or since the SFC initiated investigations against Ms Li and Tang” when having regard to the resulting “prejudice and/or unfairness caused to Ms Li.”

33. It was in those circumstances that the Tribunal requested the Presenting Officer in a letter, dated 28 September 2020, to present evidence of the circumstances that had resulted in the fact that, notwithstanding that the impugned events occurred in October 2009, the Notice from the SFC to the Tribunal was served on only 10 September 2019. For her part, Ms Wong responded on the same day by producing a chronology under the rubric “Referral of case from

²¹ HB-2, pages 1002-1003.

²² HB-4, pages 1042-1062.

SFC to DoJ”.²³ On 4 July 2011, the Enforcement Division of the SFC had sought legal advice from the Director of Public Prosecutions. Ms Wong said that the advice sought extended beyond the Specified Persons to “other persons”. That advice had been sought because the SFC considered that criminal prosecutions might be brought against some of the traders.²⁴ Legal advice was received by the SFC on 1 August and 13 October 2011. On 30 November 2011, the SFC was advised that the Department of Justice was considering seeking a Production Order. On 6 September 2012, a third legal advice was received. On 12 November 2012, legal advice was received on the preparation of evidence. On 4 January 2013, on the instructions of the Department of Justice, the SFC referred evidence in respect of possible money-laundering offences to the Commercial Crimes Bureau. Within a week, the SFC expressed its concerns to the Department of Justice of the delay in providing advice on the issue of insider dealing. In October 2013, the Commercial Crimes Bureau completed its investigation.

34. In the years 2014, 2015, 2016 and 2017 the SFC was advised that the requested advice was not available. The SFC was told that the counsel was busy with other matters. On 9 April 2018, the SFC received the final advice from the Department of Justice that there was insufficient evidence to prosecute any of the traders for any offence. In August 2018, the SFC engaged counsel to consider the possibility of commencing proceedings in this Tribunal. On 27 June 2019, the SFC sought the consent of the Department of Justice to proceed in the Tribunal, which consent was received on 8 August 2019.

35. Ms Wong explained²⁵ that section 252A (1) of the Ordinance provided that the SFC could not institute proceedings in the Tribunal unless it had obtained the consent of the Secretary for Justice and that consent could be withheld in respect of any conduct only if and so long as:

“(a) proceedings for an offence under Part XIV are contemplated in respect of the same conduct; or

(b) proceedings for an indictable offence (other than an offence under Part XIV) are contemplated, or have been instituted, in respect of the same conduct and the

²³ Ms Wong’s witness statement; WMM-6, pages 16-20. **Appendix 1.**

²⁴ Transcript; Day 1, page 25.

²⁵ Transcript; Day 1, pages 29-32.

institution of proceedings under section 252 would be likely to cause serious prejudice to the investigation or prosecution of that offence.”

36. In cross-examination by Mr Yu, Ms Wong said that the concerns about money-laundering and the consideration of an application for a Production Order had nothing to do with Mr Tang. It was her recollection that the suspicions of money laundering were in relation to Ms Li’s accounts.²⁶ She agreed that on 9 January 2013 the SFC had raised concerns with the Department of Justice about delay in the insider dealing investigation. The Direction to investigate had been issued by the Director of Enforcement of the SFC on 20 January 2010. Notwithstanding, the delay, consideration had not been given to applying to the Secretary for Justice for consent to initiate proceedings in this Tribunal.²⁷ For her own part, she reported to the “senior management” of the SFC with an update of progress in the case of the SFC every three months. That was a report to a board of the Enforcement Division, including the Executive Director of Enforcement, and consisted of a written report and an oral presentation. There was no dispute that Mr Mark Stewart had been Executive Director of Enforcement from 25 September 2006 to 24 September 2015, after which Ms Maureen Garrett was Interim Head of Enforcement from 24 August 2015 to 2 May 2016. Then, Mr Thomas Atkinson became Executive Director of Enforcement on 3 May 2016 and remained in that position to date. In cross-examination by Mr Mak, Ms Wong acknowledged that Ms Maureen Garrett was an Assistant Presenting Officer in these proceedings.²⁸

37. Ms Wong said that she was unable to assist as to what action, if any, the senior management had taken to get the Department of Justice to take action so that the matter was not unduly delayed.²⁹

Section 183 (1) Notices: 10 April and 14 May 2010

38. In a consideration of the delay in commencing the proceedings, it is relevant to note that Notices, pursuant to section 183 (1) of the Ordinance, were served on Ms Li and Mr Tang on 12 April and 14 May 2010 respectively. Those Notices stated:³⁰

“You are a person under investigation.

²⁶ Transcript; Day 1, page 80.

²⁷ Transcript; Day 1, page 81.

²⁸ Ms Wong's witness statement; WMM-8.

²⁹ Transcript; Day 1, pages 83-84.

³⁰ HB-5, page 2585. HB-6, page 2839.

I require you to:

- attend before me at... and answer any question relating to the matters under investigation that I may raise with you, and
- give full assistance in connection with our investigation which you are reasonably able to give.”

Attached to the Notices were copies of the Direction to Investigate, dated 20 January 2010, together with copies of sections 182-5 and 187 of the Ordinance. Section 184 provides that a failure to comply with the requirements is a criminal offence.

Provenance of the monies used to buy shares in the account of Ms Li

39. In cross-examination by Mr Yu, Ms Wong confirmed that there was no evidence of which she was aware that the monies used by Ms Li to purchase Meadville shares, as detailed in WMM-1, came from Mr Tang. Moreover, she agreed that the evidence showed that the bulk of those monies certainly did not come from Mr Tang.³¹

Records of telephone calls between Mr Tang and Ms Li

40. Ms Wong agreed that the half page schedule entitled “Summary of phone calls”³² between two stipulated telephone numbers of Mr Tang and Ms Li in October 2009 was not a complete record of telephone calls between telephones known to be used by them. Ms Wong said it was a “Highlight”.³³ She was aware of another telephone number used by Ms Li and acknowledged that the telephone records of telephone calls made from that telephone to Mr Tang’s telephone described telephone calls from one to the other on 1, 4, 6, 9 and 11 October 2009.³⁴ She was not aware of any telephone conversation between Mr Tang and Ms Li on 23, 27 and 28 October 2009.³⁵ She agreed that the pattern of telephone calls between the two of them were of calls of a short duration, generally at lunchtime or in the afternoon.³⁶

29 and 30 October 2009: negotiations between Meadville and TTM

41. Ms Wong acknowledged that the response by Meadville, dated 4 December 2009, to multiple enquiries made of the company by the SFC, dated 19 November 2009, included a

³¹ Transcript; Day 1, page 32.

³² Ms Wong’s witness statement; WMM-3, page 3.

³³ Transcript; Day 1, page 35.

³⁴ HB-4, pages 1946-1949.

³⁵ Transcript; Day 1, pages 40-41.

³⁶ Transcript; Day 1, page 42.

schedule under the rubric, 'Timetable of Events Leading Up to the Announcement dated 16 November 2009'. In respect of 29 October 2009, it asserted:³⁷

"The intended date of signing of the transaction agreements and the credit agreement was cancelled and all relevant parties (including the banks) were informed of the cancellation."

42. Ms Wong said that a colleague had made the note of a telephone conversation apparently held with Mr Joseph Wong, legal counsel of Meadville, on 11 December 2009 which noted that:³⁸

"He mentioned that the cancellation was mostly due to disagreement between managements from Meadville and TTM regarding future distribution of corporate management responsibilities and non-compete agreement... All signing parties including bankers and lawyers were also informed. No definite signing date was decided then."

43. Ms Wong replied in the negative to a question from the Chairman when asked if there was any "primary evidence-emails, letters, notes-showing that bankers and lawyers were informed that there had been a hiccup in the signing?"³⁹ She said that Merrill Lynch, TTM and UBS all provided descriptions of the events of 29 and 30 October 2009 in chronologies they had provided to the SFC in response to similar enquiries made of them, dated 19 November 2009. Merrill Lynch said: "Meeting in Hong Kong between Meadville and TTM to discuss transaction structure in terms." TTM said: "TTM and Meadville meet in Hong Kong to negotiate transaction agreements. TTM updates UBS following the discussions." Finally, UBS said: "TTM and Meadville meet in Hong Kong to try to negotiate transaction agreements." None of them had mentioned cancellation of the signing of agreements.⁴⁰

44. For her part, she had asked TTM in an email, dated 19 January 2011:⁴¹

"According to our information, there was a plan to sign the transaction agreements in Hong Kong between 29 and 30 October 2009 but was cancelled eventually. We would be much obliged if you could provide the following information ...

(Insert: the answers received by the SFC from TTM are in italics)

³⁷ HB-2, page 1061.

³⁸ HB-6, page 3056.

³⁹ Transcript; Day 1, page 56.

⁴⁰ Transcript; Day 1, pages 57-58.

⁴¹ HB-3, page 1065.

- 1) Whether there was a plan to sign at the time. If yes, why the signing was cancelled?

The meetings in Hong Kong on Oct 29 and Oct 30 were part of the ongoing negotiations. At the meeting we decided to pause the negotiations while both sides assessed the situation.

- 2) When, where and the time that the decision about the cancellation was made;

We paused the negotiations on the morning of Oct 30.

- 3) The identities of all persons who became aware of the potential for termination.

Representing TTM were...

Representing Meadville were Tom Tang, Mai Tan (g), Canice Chung, Joseph Wong, and Rachel Ng.”

Ms Wong acknowledged that no direct answer was received as to whether or not there was a plan to sign at the time or as to when the problem surfaced.⁴²

45. It is to be noted that, for his part, in his witness statement Mr Tang said, “on 29 October 2009, TTM and MHL were scheduled to finalise the terms of the transaction agreement. The signing of the transaction agreements was expected to occur around those two days.” He said that, TTM having requested additional restrictive conditions on the shares held by the Tang family, there was no immediate agreement “and we paused our negotiations.”⁴³

Ms Li’s dealing in Meadville shares

46. HSBC provided the SFC with a Schedule setting out Ms Li’s trading in Meadville shares.⁴⁴ It described buying of Meadville shares on 23, 27 and 28 October 2009 and selling those shares on 30 October and 17 November 2009. Ms Wong agreed that the column headed “Order Placing Time (Execution Time)” in fact described the time the order was placed. She agreed that the column headed “Remarks” in which there was described “Execution quantity” in fact described the quantity of the order. An earlier reply from HSBC to the SFC stated of Ms Li’s account:⁴⁵

“The modes of order placing: By Internet

⁴² Transcript; Day 1, page 59.

⁴³ Mr Tang’s witness statement, paragraph 13.

⁴⁴ HB-4, page 2051. **Appendix 2.**

⁴⁵ HB-4, page 1816.

The types of order placing: Limit Order”

47. A Schedule, WMM-1, attached to Ms Li’s witness statement described the quantity and price of Meadville shares acquired and sold in response to Ms Li’s orders to buy and sell.⁴⁶ It stipulated that overall Ms Li had made a profit of \$546,817.43. Ms Wong agreed that the telephone records provided to the SFC by Smartone Mobile Communications Ltd described a telephone call initiated from the telephone registered in Ms Li’s name to a number registered in Mr Tang’s name at 12:44:55 on 30 October 2009.⁴⁷ It was 44 seconds in duration. HSBC records described an order in Ms Li’s account to sell 100,000 Meadville shares at 13:13:29 on 30 October 2009, which was executed that afternoon at \$2.48 per share.⁴⁸ The last trade in Meadville shares on 30 October 2009 was a transaction involving 10,000 shares at 15:18:51 hours.⁴⁹ At the request of Meadville, trading in its shares was suspended on the SEHK at 15:19 hours that day.⁵⁰ Ms Wong agreed that clearly there was ample time available for Ms Li to have placed other sell orders prior to suspension of trading if she had so wished.⁵¹

31 October 2009

48. Ms Wong agreed that on the following day, 31 October 2009, both the Apple Daily⁵² and the Ming Pao Daily News⁵³ published articles describing the plunge in the Meadville’s share price to \$2.15, on a turnover of \$103 million, which represented a drop of about 23% on the day. Ms Wong pointed out that the articles were published after Meadville shares have been suspended the previous afternoon.⁵⁴ The Apple Daily said, “an outpouring of sell orders was caused by a market rumour that the sell-out transaction encounters hiccups and may therefore fall through.” The Ming Pao Daily News said, “...there have been diverse (speculations) in the market, among which a more widely held view was that... a US-funded enterprise had made an acquisition offer at the price of \$3 per share. It was also said that the substantial shareholders intended to privatise (the company) and then sell the entire company. However, it was said yesterday that the US-funded buyer had decided to call off the negotiation, triggering the recent massive sell-off by funds speculating on the notion of a sale of Meadville.”

⁴⁶ Ms Wong’s witness statement, page 1. **Appendix 3.**

⁴⁷ Transcript; Day 1, page 60. HB-4, page 1954.

⁴⁸ HB-4, page 2051.

⁴⁹ HB-6, page 3096.

⁵⁰ HB-2, page 995; Meadville’s Announcement on 30 October 2009.

⁵¹ Transcript; Day 1, page 63.

⁵² HB-1, pages 118-120.

⁵³ HB-1, pages 114-117.

⁵⁴ Transcript; Day 1, page 67.

49. In cross-examination by Mr Mak, Ms Wong agreed that the SFC had not made enquiries of either Apple Daily or Ming Pao Daily News of the basis on which they stipulated in the respective articles an offer price of \$3 per share.⁵⁵

11 and 16 November 2009

50. Ms Wong agreed that a subsequent article in the Ming Pao Daily News on 11 November 2009 also referred to the rumour of a US-funded enterprise's offer to acquire Meadville at \$3 per share.⁵⁶ The article asserted "Financial website Infocast cited information as saying yesterday that Meadville is currently in talks with North American PCB manufacturer TTM Technologies over details of the merger and acquisition".⁵⁷ She acknowledged that an article in the Apple Daily on 16 November 2009 said that the substantial shareholder of Meadville "may sell all of its shares to a US NASDAQ-listed industry peer TMM Technologies at \$3.50 per share."⁵⁸

Public information about Meadville

51. In her witness statements, Ms Wong described two separate searches that had been made by the SFC to obtain public information about Meadville. Each of those searches had been performed through Wisers' News platform, operated by Wisers Information Ltd, which she said maintains "a database of all major key local newspapers and magazines and hundreds of local and regional publications" covering "newspaper publication and web news of all regions (Mainland China, Hong Kong, Macau, Taiwan and overseas)." In cross-examination by Mr Yu, she agreed that the searches did not cover "social media blogs or online forums".⁵⁹

52. The first search, conducted on or around 17 November 2009, encompassed the period 30 October to 18 November 2009 and produced 43 articles. A second search conducted on 25 June 2018, encompassed the period 6 June 2008 to 17 November 2009 and produced 178 articles, although she noted that 10 of the articles found in the first search were not found in the second search. The second search was conducted in the course of preparing instructions to an expert witness, Mr Karl Lung, the date of 6 June 2008 was chosen to match the date at which Meadville and TTM approached each other.

⁵⁵ Transcript; Day 2, page 4.

⁵⁶ Transcript; Day 1, pages 68-70.

⁵⁷ HB-1, pages 109-110.

⁵⁸ Transcript; Day 1, page 72.

⁵⁹ Transcript; Day 1, page 75.

Instructions to the SFC's expert witness

53. In instructions to its expert witness, Mr Karl Lung, the SFC posed a series of questions of him in relation to the period 23 October to 16 November 2009. The former date was the date of Meadville's board meeting. The instructions stated that the related board minutes described "the proposed sale of Meadville's principal businesses (i.e. the PCB and laminate businesses) and the payment of a special dividend of around HK \$3.40 per share to Meadville shareholders".⁶⁰ In cross-examination by Mr Yu, Ms Wong agreed that the minutes did not contain a specific reference to "a special dividend of around HK \$3.40 per share". Rather, the consideration, from which the dividend was to be distributed, was a combination of cash and TTM shares. She agreed that the value of the final dividend depended on the price of TTM shares at the time of completion of the transaction.⁶¹ The Joint Announcement by Meadville and TTM of the completion of the transaction, dated 9 April 2010, said that the proposed distribution was the "equivalent to each Shareholder receiving a dividend of approximately HK \$3.17 for each Meadville Share."⁶² Ms Wong agreed that the closing price of TTM shares quoted on NASDAQ fluctuated: on 6 June 2008 it was US \$14.63, on 20 November 2008 it was US \$3.90; on 23 October 2009 it was US \$11.19, whereas on 28 October 2009 it was US \$9.99.⁶³

54. Meadville's Announcement, dated 16 November 2009, described the component parts of the proposed distribution by way of dividend per Meadville share, namely HK \$1.867 cash and 0.0185 of a TTM share. Based on the closing price per TTM share on the last trading date of US \$11.21, it was stated that the dividend represented approximately HK \$3.47 for each Meadville share.⁶⁴ US \$11.21 was the closing price of TTM shares on 13 November 2009.

55. It is to be noted that in cross-examination by Mr Duncan, Mr Tang acknowledged that in discussions between Meadville and Merrill Lynch, on or around 2 October 2009, about the financial modelling of the proposed dividend distribution, each party had produced a spreadsheet,⁶⁵ from which it could be readily calculated that Meadville estimated that the dividend would be \$3.35, whereas Merrill Lynch calculated it would be \$3.452.⁶⁶

⁶⁰ Expert Bundle-1, page 14.

⁶¹ Transcript; Day 1, pages 89-90.

⁶² HB-2, page 995-4.

⁶³ Transcript; Day 1, page 92.

⁶⁴ HB-1, pages 193-194.

⁶⁵ HB-3, pages 1138-1141.

⁶⁶ Transcript; Day 2, pages 70-74.

56. Her attention having been drawn by Mr Mak to the upward movement in the price and volume of trading in Meadville shares in the period 1 April to 14 September 2009, namely from a daily High of \$0.88 to \$2.00 respectively, with only about 7 million shares traded on 19 May, but more than 37 million and 48 million shares traded on 22 May and 3 June 2009 respectively, Ms Wong acknowledged that, as far as she was aware, the SFC had made no enquiries as to what accounted for the rise in price and traded volume of April shares. Similarly, she accepted that no investigation had been made by the SFC as to whether there were leaks in that period on the discussions regarding the transaction.⁶⁷

(ii) Mr Tang Chung Yen, Tom

57. Mr Tom Tang was the Chairman and an executive director of Meadville, which was listed on the SEHK in 2007.

Relationship with Ms Li

58. In his witness statement, Mr Tang said that he met Ms Li for the first time in a Bar in Macau in around 1999 or 2000. He did not wish to disclose his real identity and introduced himself by the *alias*, Stephen. For her part, she said that she was called Miao Jing. He understood that she was from Lanzhou in Gansu province. Nevertheless, they conversed with each other in Cantonese. He kept in contact with her by telephone and then they met from time to time. They shared a common interest in cuisine and wine.

59. In cross-examination, he said that he had always referred to her as Miao Jing and did so even until today. He acknowledged that they enjoyed a sexual relationship. He said that he had told her that he was married on the first occasion that they met.⁶⁸ In 2000 or 2001, she came to live in Hong Kong and lived at different addresses in Hung Hom. Sometimes they met in a restaurant and on other occasions at her home. In about 2003-2004, Ms Li told him that she had a daughter. He testified that he did not come to know her name, Li Yik Shuen, until after the first record of interview had been conducted of him by the SFC on 18 May 2010.⁶⁹ Mr Tang denied that he was “very fond” of Ms Li, rather he was fond of her. The relationship had petered out in about 2017-2018.⁷⁰ In their conversations, he did not ask what she did to make a living,

⁶⁷ Transcript; Day 2, pages 5-8.

⁶⁸ Transcript; Day 2, page 81.

⁶⁹ Transcript; Day 3, pages 2-3.

⁷⁰ Transcript; Day 2, pages 75-76.

although he knew that the monies that he provided her did not accommodate her totally. They never discussed financial matters or the state of the stock market.⁷¹

60. Notwithstanding their intimate relationship, Mr Tang said in his witness statement that he “purposefully did not disclose my real name, details of my family, the name of our company, details of my work or even my work or home address” to Ms Li. Nevertheless, Mr Tang went on to say in his witness statement that he had explained to Ms Li that “I was in the manufacturing business concerning electronic components and had to visit my factories in Dongguan and Shanghai.”⁷²

61. Notwithstanding those statements, in his evidence-in-chief, Mr Tang said that he took extra care to keep his personal and business life separate and that Ms Li “actually did not know about my business or my company.”⁷³ In cross-examination, Mr Tang said “my business is in the manufacture of printed circuit board and... laminates. Electronic business could be anything.”⁷⁴

62. In cross-examination, Mr Tang was reminded that in his first record of interview, conducted on 18 May 2010, having been asked if the person he knew as Miao Jing “know your occupation in Hong Kong, know what business you were engaged in? Did you tell her?”, Mr Tang had answered “I have not told her anything about my occupation, which field I am in, who I am. All of these have never been mentioned.” When asked if the answer was truthful, Mr Tang responded in the affirmative.⁷⁵

Money transfers to Ms Li

63. In his witness statement, Mr Tang said “since around 2001” he had helped Ms Li financially by transferring \$30,000-\$50,000 by ATM or bank transfer every month or two. The attachment to Ms Wong’s statement, WMM-2, described payments made from Mr Tang’s bank accounts to the HSBC account of Ms Li in 2009.⁷⁶ Mr Tang was wrongly described as the ‘payee’. In fact, he made the payments and Ms Li was the recipient. There were two types of payments: ‘ATM Transfer’ and ‘Credit as advised’. There were eight ATM Transfers of

⁷¹ Transcript; Day 2, pages 82-84.

⁷² Mr Tang’s witness statement, paragraph 25.

⁷³ Transcript; Day 2, page 25.

⁷⁴ Transcript; Day 2, page 82.

⁷⁵ Transcript; Day 2, page 91.

⁷⁶ Ms Wong’s witness statement, page 2. **Appendix 4.**

\$50,000 on eight different months and two transfers of \$30,000 in January 2009. The ‘Credit as advised’ transactions were for \$900,000 and \$50,000 respectively. In total, \$1,410,000 was transferred from Mr Tang’s bank accounts to the HSBC bank account of Ms Li in 2009.

64. In cross-examination, Mr Tang said that it was probably around 2007 that he had begun making regular monthly payments to Ms Li in amounts of \$50,000 or so. Those payments probably continued until 2017, but he had forgotten when they stopped.⁷⁷

65. In his witness statement, Mr Tang said that in August 2009, he had issued a cheque in favour of Li Yik Shuen in the sum of \$900,000. He had done so at the request of Ms Li to help her purchase premises in which to live. He did not ask her for any details about price or the address of the property. She provided him with the details of the payee’s name, Li Yik Shuen.

66. In cross-examination, having regard to the name of the payee in the cheque, he said that he did not presume that in fact she was Li Yik Shuen. He had no reason to do so. It could have been the name of her agent, her friend or a company representative.⁷⁸ It having been pointed out to him in cross-examination that the related deposit form did not provide any details of a cheque, rather it referred to the transaction as a ‘Transfer’, and having been told that the SFC had been unable to find such a cheque, Mr Tang said that he was not sure that he had made out a cheque in the sum of \$900,000 as he had stated in his witness statement. Similarly, it having been pointed out to him that the deposit form stated that the payment of \$50,000, dated 12 November 2009, made from his bank account to that of Ms Li had been made by way of ‘Transfer’ and that the name Li Yik Shuen was printed on the form, Mr Tang said that he was “pretty sure” that he had received copies of the form when he undertook the payment. He acknowledged that it was obvious that the recipient was Li Yik Shuen. Nonetheless, he denied the suggestion that he knew that to be her name by that date.⁷⁹

67. In re-examination, he said, “I believe at that time I went to the bank and gave the teller an account number that I would like to transfer \$900,000 into that account.” He said that was “probably because I didn’t want to give her a cheque.” Finally, he said that he gave that testimony “because there’s only two ways, right, either cheque or counter, right?”⁸⁰ He agreed

⁷⁷ Transcript; Day 2, page 77.

⁷⁸ Transcript; Day 3, pages 3-4.

⁷⁹ Transcript; Day 3, pages 7-8.

⁸⁰ Transcript; Day 3, pages 31-33.

with Mr Yu's suggestion that he had no independent memory of how the money was advanced. Similarly, he agreed that if he had not been shown the deposit form in respect of the transfer of \$50,000 to Ms Li's account on 12 November 2009, he had no recollection of the transaction at all.

68. In the second record of interview conducted of him by the SFC, Mr Tang was asked how much money he had provided Ms Li in 2009. He replied, "the year 09-into account, that should be about \$400,000. Yes, I guess that there was \$400,000, \$300,000-\$400,000."⁸¹ Having informed the SFC that Ms Li had recently bought the premises at which she lived in Hung Hom, Mr Tang was asked, "Did you give her money for buying it?" Mr Tang replied, "...she asked me verbally to lend, lend her a sum of money, but the amount was very small, that is, of course, it was not in the amount of that 1 million odd that you are talking about. A small amount of money was lent to make up the shortfall." Having been told that it was necessary that he disclose the actual amount of money, Mr Tang said "it was 900,000". In cross-examination, Mr Duncan suggested to Mr Tang that in describing the amount of money as "very small" Mr Tang was not providing a truthful answer to the SFC. For his part, Mr Tang asserted that his answer was truthful, explaining "the answer in reference to is did I give her several million dollars to invest in securities, that was coming way before in the interviews." In re-examination, Mr Tang explained the context of his answer as being, "the question before was trying to find out whether I lent or gave her money for security investments, equity investments, stock investments." He said that when he mentioned "1 million-odd, I think it's the 5 million-odd, I think it's a slip of tongue." That was a reference to the \$5 million that Ms Li had spent in buying Meadville shares.⁸²

Counselling or procuring Ms Li to deal in Meadville shares and/or disclosing relevant information to Ms Li

69. In his evidence-in-chief, Mr Tang denied the allegation made in paragraph 21 of the Notice, namely that knowing that he was possessed of relevant information in relation to Meadville, in particular that it was proposed that it sell its principal businesses and that there would be the payment of a dividend of about HK \$3.50 per share to Meadville shareholders, which information was not generally known to the persons who were accustomed or would have been likely to deal in Meadville shares until Meadville's Announcement on 16 November

⁸¹ HB-6, pages 3004-3005, counter #s 126-131.

⁸² Transcript; Day 3, pages 29-31.

2009, he had counselled or procured Ms Li to deal in Meadville's shares, knowing or having reasonable cause to believe that she would deal in them; and/or that he had knowingly disclosed that relevant information directly or indirectly to Ms Li, knowing or having reasonable cause to believe that she would make use of it for the purpose of dealing in Meadville's shares. That denial resonated with his response to the SFC in his second record of interview, conducted on 20 July 2010, when asked if he had disclosed to Ms Li "the contents of Meadville's announcement in November", namely "Of course not."⁸³

70. In his evidence-in-chief, Mr Tang explained:⁸⁴

"Mr Chairman, this is actually rather easy to answer. Number one, I've been sitting on a listed company for a certain number of years, and I do know this is illegal. I do know this is a criminal offence, so I will not do it.

Number two, Miao Jing, which you guys refer to as "Ms Li", and I has a relationship of which I took extra care and extra awareness to keep my personal life and business life separate. So Miao Jing actually did not know about my business or my company. Actually, I never really -- I never told her my real name.

Number three, I was -- if I were to somehow benefit Miao Jing, I just need to give her money. There is no need for me to give her a tip.

And number four, at that time, when the allegation was said, I did not know the final price, the transaction price of this TTM/Meadville Holdings deal because part of the consideration was going to be in TTM shares, and TTM shares may fluctuate."

71. In his witness statement, Mr Tang said that, until he was informed by the SFC in mid-2010, he was completely unaware that Ms Li had bought Meadville shares in the period 23 to 28 October 2009.⁸⁵ That statement resonated with Mr Tang's answer to the SFC in his second record of interview.⁸⁶ He said that he was unaware that Ms Li traded in any listed shares.⁸⁷ Similarly, he was unaware that she had sold some Meadville shares on 30 October and 17 November 2009. Further, he did not know, and was surprised to learn from the SFC, that she possessed \$5.9 million, which monies she had used to buy those Meadville shares.⁸⁸

72. At the conclusion of cross-examination, having regard to his pecuniary generosity to Ms Li, Mr Duncan asked Mr Tang if his generosity to Ms Li extended "to providing her with

⁸³ HB-6; page 3006, counter #156-157.

⁸⁴ Transcript; Day 2, pages 25-26.

⁸⁵ Mr Tang's witness statement, paragraph 38.

⁸⁶ HB-6, page 3007, counter #s 162-165.

⁸⁷ Mr Tang's witness statement, paragraph 45.

⁸⁸ Mr Tang's witness statement, paragraph 41.

information about the proposed sale by MHL of its businesses.” Mr Tang denied that had happened.⁸⁹

Leakage of information in relation to Meadville

73. In his witness statement, Mr Tang said “I do not exclude the possibility of information leakage in relation to MHL in around October 2009, prior to the announcement of the PCB Sale and the Laminate Sale.”⁹⁰ Earlier in that statement, he had adverted to the conduct of formal due diligence from “around August to September 2009”. Of that, he said, “As part of TTM’s due diligence on the operations and supply aspects of the PCB business of MHL, TTM sent their representatives to various factories and sites of MHL businesses, including our major factory in Dongguan, Guangzhou, which was one of the biggest factories in the region.” Of the manner in which due diligence had been conducted, he said “...the representatives, most of whom were foreigners, along with their translators and assistant staff, talked with the local general managers and could be seen to be walking around the Dongguan premises.”⁹¹ Of that, he said “I suspect that it would not be difficult for the locals of Dongguan to speculate that there could be a major acquisition to be made on MHL.”⁹²

74. Mr Tang said that in around late September 2009 he and other representatives of Meadville had flown to Washington DC to attend a preliminary meeting with CFIUS.⁹³ He was in the United States for about five days.⁹⁴ The Timetable of Events provided to the SFC by Meadville described the meeting as having been attended by representatives of both Meadville and TTM and having occurred on 22 September 2009.⁹⁵

75. On 2 October 2009, representatives of Merrill Lynch, Meadville’s financial adviser, met representatives of Meadville “to discuss the financial modelling of the dividend distribution.”⁹⁶ Merrill Lynch and Meadville each produced a spreadsheet, dated 1 October 2009, addressing the financial modelling of the proposed dividend distribution to Meadville shareholders.⁹⁷ In examination by Mr Duncan, Mr Tang agreed that it could be readily

⁸⁹ Transcript; Day 3, page 15.

⁹⁰ Mr Tang’s witness statement, paragraph 43.

⁹¹ Mr Tang’s witness statement, paragraph 10.

⁹² Mr Tang’s witness statement, paragraph 44.

⁹³ Committee on Foreign Investment in the United States.

⁹⁴ Mr Tang’s witness statement, paragraph 11.

⁹⁵ HB-2, page 1060.

⁹⁶ HB-2, page 1060.

⁹⁷ HB-3, page 1072 and pages 1138-1141.

calculated from the spreadsheets that Meadville estimated that the dividend would be \$3.35 per Meadville share, whereas Merrill Lynch calculated it would be \$3.452 per share.⁹⁸

76. On 3 October 2009, Meadville's lawyers received draft transaction agreements from TTM's lawyers. On 8 October 2009, negotiations between the respective lawyers began on the terms of the agreements.⁹⁹

77. In his witness statement, Mr Tang said that at a meeting of the board of directors of Meadville on 23 October 2009, the terms of the transaction had been approved, as evidenced by the minutes of that meeting.¹⁰⁰ In cross-examination by Mr Duncan, Mr Tang agreed that at that date he understood that the proposed dividend was approximately in the range of \$3.45 per Meadville share.¹⁰¹

78. On 13 October 2009, the board of directors was given notice by Meadville's company secretary of the meeting to be held on 23 October 2009 to consider the proposed transactions.¹⁰² By email, dated 20 October 2009, the directors were circulated draft documents for the board meeting.¹⁰³ At the board meeting on 23 October 2009, Meadville presented slides which described the purchase price of the PCB business as being, "a combination of cash (HK \$0.45 per MHL shares) and TTMI (0.0185 shares of TTMI shares per MHL shares).¹⁰⁴ The minutes of the meeting noted that it was proposed to distribute as a dividend to shareholders "the sale proceeds from the PCB sale and the Laminate sale" and that it was resolved "to proceed with the Proposal on substantially the same terms as that set out in the Documents."¹⁰⁵

79. Mr Tang said in his statement, "... My family business and I had a lot of related media coverage in relation to potential rumours and news regarding the PCB sale and/or the Laminate sale."¹⁰⁶ Attached to his statement were copies of newspaper articles obtained from the SFC ("TCYT-8") and copies of news articles, located by his solicitors, published in Hong Kong and on the Mainland and online discussion forums relating to Meadville in the period 2007 to 2009 ("TCYT-10"). The material was divided into three sections: Section 1, which contained six

⁹⁸ Transcript; Day 2, pages 71-74.

⁹⁹ HB-2, page 1060.

¹⁰⁰ Mr Tang's witness statement, paragraph 12.

¹⁰¹ Transcript; Day 2, pages 69-70.

¹⁰² EB-1, page 283.

¹⁰³ EB-1, page 201.

¹⁰⁴ EB-2, page 711.

¹⁰⁵ EB-1, pages 265-276 at paragraphs 9 and 20.1.

¹⁰⁶ Mr Tang's witness statement, paragraph 43.

articles, addressed ‘Online news articles in relation to market rumours re: Meadville shares’; Section 2: which contains six items, addressed ‘Online discussions and forums regarding market rumours’; and Section 3, which contained two items published in 2007, addressed ‘Online news in relation to press coverage of Mr Henry Tang Ying Yen’.

80. In cross-examination, Mr Tang agreed that each of the articles contained in TCYT-8 was published on a date after the suspension of Meadville shares on 30 October 2009.¹⁰⁷ Similarly, he agreed that, except for the article dated 21 November 2007, the articles contained in section 1 of TCYT-10 were all published after the suspension of trading in Meadville shares on the SEHK on 30 October 2009. In respect of the articles contained in section 2, Mr Tang agreed that none of them made any reference at all to a possible sale by Meadville of its businesses.¹⁰⁸

81. In cross-examination, initially Mr Tang denied that he was following press articles in 2009 about Meadville. He explained, “I’m not reading price-sensitive articles, reason being, not interested in the share price at that time.”¹⁰⁹ However, subsequently he agreed that he was following press articles relating to Meadville. He accepted that in doing so he was aware of articles published from time to time that referred to the association between Mr Henry Tang and Meadville.¹¹⁰ He obtained information as to the movement of Meadville shares from an online programme on his computer on his desk. He did not look at the share price every day.¹¹¹

82. In re-examination, he explained that at the time he did not have the practice of reading Chinese media articles, rather he read the Wall Street Journal and the South China Morning Post. He said that his lack of interest in Meadville share price was due to the fact that the Tang family could not buy or sell Meadville shares and that, whilst the price of TTM shares was a component to the proposed transaction, the price of Meadville shares was not.¹¹²

83. Whilst Mr Tang agreed that from time to time there were press reports that referred to speculation in Meadville shares, he agreed that he did not read any press reports between April and October 2009 which referred to the possibility of Meadville selling its businesses.¹¹³ Mr

¹⁰⁷ Transcript; Day 2, pages 33-34.

¹⁰⁸ Transcript; Day 2, pages 41-42.

¹⁰⁹ Transcript; Day 2, page 45.

¹¹⁰ Transcript; Day 2, page 62.

¹¹¹ Transcript; Day 2, page 59.

¹¹² Transcript; Day 3, page 25.

¹¹³ Transcript; Day 2, page 64.

Tang agreed that if there had been a widespread rumour to that effect, as a director of Meadville, he would have been concerned about the lack of confidentiality. However, he said that the decision of whether to make an announcement, as required by the Listing Rules, was deferred to Mr Canice Chung, as chief executive officer of Meadville. When it was suggested to him that he didn't hear "a whisper... between April 2009 from the press or from your subordinates that there were rumours in the market that the company would be selling its businesses", Mr Tang replied three times "Not in the printed form." However, he answered in the negative when asked if he had heard that "independently of the printed form". He agreed specifically that he was "not aware of any circulation in the market of the possibility of MHL selling its businesses".¹¹⁴

84. In re-examination, Mr Tang's attention was drawn to a statement by Mr Karl Lung in his statement at paragraph 38, namely that "After the announcement was made, several news reports stated that the rumour of possible mergers and takeover of Meadville had been circulating in the market for about one year." For his part, Mr Tang said that he agreed with that statement.¹¹⁵ It is to be noted that Mr Karl Lung went on to state, "I was unable to find any corresponding news report mentioning such rumours... prior to the trading suspension on October 30, 2009."

85. Mr Tang's attention was also drawn to an article in the Ming Pao Daily News, dated 11 November 2009¹¹⁶, and an article in PCB Partner, dated 12 November 2009.¹¹⁷ Both articles reported that Meadville was in talks with TTM Technologies, a North American PCB manufacturer, over details of merger and acquisition. Ming Pao Daily News, went on to assert that, "...insider information from Meadville already revealed as early as last year that the company was in talks with a large North American factory for the sale of equities or cooperation in the form of share swap." In re-examination, the following interchange ensued:¹¹⁸

"Q. ...Were you aware that such rumours were already circulating in 2008?

A. Yes, because printed circuit board manufacturing was, and still is, a rather small circle. We all use the same suppliers, for example.

Q. How did you hear about or learn about these rumours?

¹¹⁴ Transcript; Day 2, page 67.

¹¹⁵ Transcript; Day 3, pages 18-19.

¹¹⁶ HB-1, pages 109-110.

¹¹⁷ Mr Clive Rigby's statement, CR-5.

¹¹⁸ Transcript; Day 3, pages 19-20.

- A. Mostly through my suppliers asking me questions. Specific questions, "Were you talking with TTM?"
- Q. I see. And can you recall the -- perhaps the number of occasions where you were actually asked such questions?
- Q. In 2018.
- A. 2008, yes. It wasn't very frequent. It's only certain rather large suppliers that supply to both sides heard some rumour on this.
- Q. And then in 2009?
- A. Of course in 2009 the financial crisis, then everything stopped, then when we restart the negotiation, then many investment banks and banks and law firms got involved so the rumour was quite well known."

86. The PCB Partner article asserted that, "there was already information coming from within Meadville last year claiming that Meadville had been negotiating with a large North American productions business either on a sale of shares or a collaboration through convertible shares. After such relevant information was leaked from a select circle of people at that time last year, Meadville stock prices increased substantially."

87. Having confirmed that he had only seen the article recently and not at the time of its publication, the following exchange ensued with counsel in re-examination:¹¹⁹

- "Q. Are you able to say to the Tribunal from your knowledge and understanding whether that is an accurate depiction of what happened?
- A. I would say this is an accurate depiction because the Meadville Holding Ltd share price was increasing -- had increased substantially during the year 2019 -- 2009.
- Q. And the part about the relevant information being leaked?
- A. Yes. The reason that I suspect relevant information was being leaked was mainly because of the share prices would not have sky rocketed like that back in 2009 unless there were information being leaked.
- Q. So the question I'd like to ask you is this: as far as you were aware -- and you put yourself back in 2008-2009 -- all right?
- A. Yes.
- Q. Put yourself back in 2008-2009. Were you aware that there was leakage of information regarding the proposed transaction with TTM up in the market?
- A. Yes, I was aware.
- Q. And were you aware that that had an impact on the traded price of Meadville in the Stock Exchange?

¹¹⁹ Transcript; Day 3, pages 22-23.

A. Yes.”

88. In the context of that evidence, at the conclusion of Mr Tang’s evidence the following exchange ensued with the Chairman:¹²⁰

“CHAIRMAN: What did you do about this when you found out about this in 2008 and 2009?”

A. Actually, 2008, there is not much happening on the share prices at that time. 2009, when the share price is moving up very significantly, and there is really not much we can do about it.

CHAIRMAN: Did you report it to your board?

A. The board was quite aware of it.

CHAIRMAN: Did you report it to your board?

A. I did not report it to the board. That's the CEO's job to report this.

CHAIRMAN: That's Canice Chung?

A. Yes.

CHAIRMAN: Did he report it to the board?

A. I am not aware of it. He may have or may not have.

CHAIRMAN: Well, you were a member of the board, you were the chairman.

A. We did not have meeting on this.

CHAIRMAN: Did he report it to you?

A. Yes.

CHAIRMAN: Was it documented?

A. No.

CHAIRMAN: How was it reported?

A. His office was right next to mine, he said, "The share price is moving quite a lot lately".

CHAIRMAN: Did he say that's because there has been a leak?

A. No, he didn't say there had been a leak. He said the share price has been moving quite a lot lately.

CHAIRMAN: So there is nothing to document any of this. Is that what you're saying?

A. Yes.”

¹²⁰ Transcript; Day 3, pages 35-37.

(iii) Ms Li Yik Shuen

Personal background

89. In her witness statement, Ms Li Yi Shuen said that, having been born on 24 December 1972 in Lanzhou, in Gansu province, she had graduated from Senior High School there in 1991. Then, in 1995 she travelled to live and work in Shenzhen. There, she met a Hong Kong man and they married on 28 October 1996. He lived and worked in Hong Kong, but she continued to live and work in Shenzhen, where in 1998 or 1999 she met Mr Wu Feng. He was from Chaozhou, but had also travelled to live and work in Shenzhen. He was successful in manufacturing and became involved in lending money for profit. They formed an intimate relationship and he paid for her flat and in 2000/2001 made a gift to her of RMB 1 million,¹²¹ which he invested for her. By 2009, through investment, those monies had grown to about RMB 5 million.¹²² However, as time went on, she found out that he was married with children.

Ms Li's relationship with Mr Tom Tang

90. There came a time when she met Mr Tom Tang. He introduced himself as Stephen. For her part she said that she was Miao Jing. That was an *alias* that she had adopted when she made a domiciliary registration in Shenzhen. She could not recall where it was that they had met. They exchanged telephone numbers and he contacted her as a result of which they started "dating", meeting to do so in Shenzhen every one or two months. He made gifts to her of a "few \$10,000" per month. Nevertheless, her relationship with him was not as close as the relationship she enjoyed with Wu Feng. After they had known each other for a year or so, he told her that he too was married.

91. In 2001, having received approval from the Immigration Authorities in Hong Kong, she came to live in Hong Kong. She was issued a Hong Kong Identity Card in May 2001. Having done so, she rented her own accommodation, her marriage having become distant. It was at this time, that she told Stephen that she too was married. However, having agreed to do so, in 2002 she and husband filed for divorce. At the end of 2003, she moved back to live in Shenzhen. Then, in 2005, she moved to live in Dongguan, where Meadville operated an electronics manufacturing factory of considerable size, which was known to almost everyone who lived there.

¹²¹ Ms Li's witness statement, paragraph 44.

¹²² Ms Li's witness statement, paragraph 45.

92. By chance, in 2005 or 2006, whilst in Dongguan she watched a television news report about Meadville and saw pictures of Stephen, from which she guessed that he was amongst the senior management of Meadville. As a result, she made a computer search about Meadville and confirmed that was the fact. Also, she found out his Chinese name, namely Tang Chung Yen and his fraternal relationship with Henry Tang Ying Yen. Notwithstanding her discovery, she did not mention it to Mr Tom Tang, whom she continued to call Stephen.

93. In 2007, she moved back to Hong Kong and began living in rented premises at Laguna Verde in Hung Hom. Having done so, she said that she was aware of further media reports on Meadville, that it was a listed company, and of Stephen and the Tang family. In fact, Meadville was listed on the SEHK on 2 February 2007 and Mr Henry Tang was appointed Chief Secretary on 1 July 2007.¹²³ At the conclusion of her evidence, in answers to questions from the Chairman as to when it was that she first knew that Stephen's English name was Tom Tang, Ms Li said that she could not remember if it was when she made a computer search or some time after she came to Hong Kong, but it was before 2009.¹²⁴ Ms Li testified that although she received monies on a regular basis from Mr Tom Tang, she had always had a job. In 2009, she worked with a friend "dealing in red wines and other wines in Shenzhen and other alcohol."¹²⁵

Ms Li's purchase of shares

94. Ms Li said in her witness statement that she had an account with HSBC through which she was able to trade in stocks on the SEHK. On 12 March 2008 she bought stocks for just over \$56,000, which she had sold at a profit of about \$1000 on 17 March 2008. In her oral evidence, she said that she could not remember if that was a trade on her own behalf or in partnership with others.¹²⁶ On 17 September 2009, she bought 10,000 shares of each of BYD Electronic and ICBC for a total of just over \$108,000.¹²⁷ She bought those shares in partnership with a female friend in the Mainland. Ms Li's HSBC statement describes the sale of all the ICBC shares on 28 October 2009 and the purchase and sale of BYD Electronic shares on and between 28 October and 20 November 2009, with the effect that she held none of those shares by the end of the month.¹²⁸

¹²³ Mr Karl Lung's statement; KL-10.

¹²⁴ Transcript; Day 5, pages 37-38.

¹²⁵ Transcript; Day 3, page 56.

¹²⁶ Transcript; Day 3, page 52.

¹²⁷ HB-4, page 1865.

¹²⁸ HB-4, pages 1868-1871.

95. Ms Li said that, in 2009, “Meadville’s stock price performed very well. All along I had been considering purchasing Meadville stocks. However, as I had decided to purchase property first, therefore I temporarily put the matter of purchasing Meadville stocks on one side.”¹²⁹

Ms Li’s purchase of a flat at Laguna Verde

96. Ms Li’s decision to buy real property led to her signing a Provisional Agreement for Sale and Purchase on 6 August 2009,¹³⁰ for a flat located above the one in which she lived as a tenant in Laguna Verde for a consideration of \$7,180,000. The agreement called for the signing of the Formal Agreement for Sale and Purchase on 20 August 2009, together with the deposit of \$468,000, and payment of the balance of \$6,462,000 on or before 15 September 2009.

97. In anticipation of the purchase of real property, on 15 April 2009, through transfer, Ms Li became the sole shareholder of Golden Jubilee Asia Pacific Investment Limited, which company was eventually used to purchase the Laguna Verde flat.¹³¹ At her request, in order to produce proof of her assets to DBS Bank, Mr Wu Feng transferred about \$5 million to her HSBC bank account through three transfers through remittance agents on 17 August 2009. On 18 August 2009, she transferred those monies, together with \$1 million of monies she had remitted earlier from her Mainland account, to her DBS account. She did so by drawing three cheques. Having demonstrated proof of her assets, in two transactions on 4 and 11 September 2009 Ms Li transferred about \$5.4 million to Mr Wu Feng. She did so in response to his urging that she return the monies to him.¹³² Earlier, although she had sufficient funds of her own to complete the transaction, Ms Li said that, at her request, on 6 August 2009 Mr Tom Tang had transferred \$900,000 to her HSBC account.¹³³ She told him that she was short of money.¹³⁴

Ms Li’s purchase of Meadville shares

98. On 23, 27 and 28 October 2009, Ms Li bought a total of 2,142,000 Meadville shares in her HSBC account for a total cost of \$5,954,298. On 30 October and 17 November 2009 she sold all those shares in that account for a total consideration of \$6,501,115.¹³⁵

¹²⁹ Ms Li’s witness statement, paragraph 60.

¹³⁰ Ms Li’s witness statement; paragraph 53 and **Appendix 2**, page 11.

¹³¹ Ms Li’s witness statement, paragraph 46.

¹³² Ms Li’s witness statement, paragraph 57.

¹³³ Ms Li’s witness statement, paragraph 52.

¹³⁴ Transcript; Day 3, page 58.

¹³⁵ Ms Wong’s witness statement, WMM-1. **Appendix 3**.

The circumstances in which Ms Li traded in Meadville shares

99. As noted earlier, in her witness statement Ms Li said that in 2009 Meadville's stock price performed very well and that "all along" she had been considering buying some of its shares.¹³⁶ She explained her reasons:¹³⁷

"Stephen was in the Meadville's senior management...we had been dating for such a long time, I knew he was mature and very successful in his work and career. I had faith in him, and for that reason I also believed that this company must not be bad...I also paid attention to the various media reports about Meadville. I noticed that during that time, the stock price of Meadville was also on an upward trend. I also noticed that many media reports at that time mentioned that Henry Tang Ying-yen would run in the Chief Executive election. These also gave me confidence in Meadville's stocks."

100. In her oral evidence, she agreed that she had formed that idea after she came to Hong Kong. She paid attention to the share price, although she did not do so proactively. She obtained information about the price of Meadville shares from newspapers, sometimes magazines and also on TV. However, she could not remember the names of the newspapers in which she had read such reports. She agreed that in 2009 Meadville's share price was on a generally upward trend.¹³⁸ Ms Li confirmed that prior to 30 October 2009 she had not read any report in the media stating that Meadville was about to sell its businesses.¹³⁹

101. In cross-examination, Ms Li was reminded of the explanations that she had given to Ms Wong Mei Mei, in the record of interview conducted of her on 20 April 2010, of the reasons why she had bought Meadville shares on 23, 27 and 28 October 2009. Ms Li acknowledged that, in advance of the interview, she had received a letter, dated 12 April 2010, from the SFC informing her that she was a "**person under investigation**" and requiring her to attend an interview with the SFC, attached to which was a **Notice to attend an interview**, under section 183(1) of the Ordinance, a copy of the **Direction to Investigate**, dated 20 January 2010, and copies of sections 182-185 and 187 of the Ordinance.¹⁴⁰

102. In the letter, Ms Wong Mei Mei informed Ms Li that she must answer every question at the interview, but that section 187(2) of the Ordinance limited the admissibility in evidence of a question and her answer, if the answer intended to incriminate her and before making the

¹³⁶ Ms Li's witness statement, paragraph 60.

¹³⁷ Ms Li's witness statement, paragraph 68.

¹³⁸ Transcript; Day 3, page 45.

¹³⁹ Transcript; Day 3, pages 46-47.

¹⁴⁰ HB-5, pages 2585-2598. Transcript; Day 4, pages 31-36.

answer she made a claim to that effect. Further, she was advised that she might attend the interview with a lawyer. The Notice to attend an interview attached the Direction to Investigate, which stated that the SFC had reasonable cause to believe that during or around the period 14 September to 17 November 2009 offences of insider dealing may have been committed in respect of dealing in the shares of Meadville, contrary to section 291 of the Ordinance, and persons may have engaged in insider dealing in respect of dealing in the shares of Meadville, contrary to section 270 of the Ordinance.

103. At the outset of the interview, having been referred to the terms of the Direction to Investigate, Ms Li was told by Ms Wong Mei Mei:¹⁴¹

“...you are a person under investigation because we suspect that (you) were holding some insider information at the time when you traded (the shares of) Meadville Holdings Limited. Therefore, only (because of this) do we identify you as a person under investigation. So, you must answer truthfully and to the best of your ability any questions as I may put to you in relation to this investigation, and give me all assistance which you are reasonably able to give in respect of my investigation.”

Then, Ms Li was referred to the letter, dated 12 April 2010, and the copies of the various sections of the Ordinance, which material she acknowledged having received and read. Finally, Ms Li acknowledged that she understood the rights and obligations.¹⁴²

104. Of the reason why it was that she had first purchased Meadville shares on 23 October 2009, Ms Li said in the record of interview:¹⁴³

“I saw that its factory in Dongguan was very large. I knew about that, and then (I) read the newspapers. I came to know that this Holdings (limited)... Meadville Electronics belonged to Henry TANG Ying-yen. So, Henry TANG Ying-yen is a high-ranking official, a rich man, therefore, (I) had confidence in this stock.”

105. When pressed by Ms Wong Mei Mei as to whether or not there was “any special reason” for the purchase on 23 October 2009, Ms Li denied that to be the case. It having been pointed out to her that the purchase of 2,142,000 Meadville shares for a consideration of over \$5 million was “extremely different from your previous habit of buying (shares)”, Ms Li was asked if

¹⁴¹ HB-6; pages 2600-2601, counter # 9.

¹⁴² HB-6; pages 2601-2602, counter #s 9-16.

¹⁴³ HB-6; page 2611, counter #161.

there was any other reason for the purchase. She answered in the negative on three occasions. Then, the following exchange ensued:¹⁴⁴

“Q. Actually, do you know any persons related to Meadville Holdings? I am referring to, for example, people working in its factory in Dongguan, staff members, majority shareholders (or) directors, do you know the relevant persons of this company?”

A. No, (I) don’t.”

106. Having been reminded by Mr Duncan that it was her evidence that she knew the man she called Stephen, Mr Tom Tang, to be a member of the senior management of Meadville, she was asked why she had kept that from the interviewer? Ms Li said:¹⁴⁵

“At that time, part of me was thinking that it’s not-it’s unseemly that I was going out with two different boyfriends, so to speak, and that, furthermore Stephen deliberately did not tell me who he was and I felt that I shouldn’t be digging up about him, and added to that was that I was quite confused during the interview. I didn’t know how to answer the questions, and I believe that I didn’t go about this interview in a good way and I was-because I was confused at the time.”

107. Ms Li denied that she had kept that information from the SFC because Stephen had given her some information about the shares which contributed to her purchasing Meadville shares.

108. Subsequently, in cross-examination of Ms Li, Mr Duncan returned to the record of interview of Ms Li. Ms Li agreed with Mr Duncan’s suggestion that when she attended the first interview she knew that “ ‘insider dealing’ broadly meant trading in shares when you had special information not known to the general public.”¹⁴⁶ However, Ms Li denied that she knew that the fact that she was in a relationship with Mr Tang would be something that the SFC would be interested in at the interview. She said, “No, I don’t agree. I didn’t think of that.”¹⁴⁷ Having been reminded that she had answered in the negative the question posed of by Ms Wong Mei Mei, “Do you know any persons related to Meadville Holdings? I am referring to, for example, people working in its factory in Dongguan, staff members, majority shareholders (or) directors, do you know the relevant persons of this company?”¹⁴⁸, Ms Li was asked whether

¹⁴⁴ HB-6; page 2615, counter #s 210-211.

¹⁴⁵ Transcript; Day 3, page 70.

¹⁴⁶ Transcript; Day 4, page 43.

¹⁴⁷ Transcript; Day 4, page 44.

¹⁴⁸ HB-6; page 2615, counter #s 210-211.

when she gave that answer she did know that Stephen was a member of the senior management of Meadville. Ms Li said:¹⁴⁹

“At the time of that question, because I was nervous and confused, there was also the matter that Stephen never told me who he actually is so I did not know how I should answer because I know Stephen, who never said anything being part of Meadville, so I did not know how to answer. Say, for example, he was there with me in the meeting and they pointed him out as “You are Mr Tang?” and he said “Yes”, then the answer would have been very different. But that was not the case. So I was very confused as to how I should answer that question. About that, I also explained in my own statement.”

109. Having been reminded that in her witness statement she had said that she had used a computer to search for information about Meadville and had come to know Stephen’s Chinese name and that he was “senior personnel of Meadville”, Ms Li acknowledged that, at the time she was asked the question by Ms Wong Mei Mei in the record of interview, she knew that to be the case.¹⁵⁰ When asked if there was any reason why she had concealed that information from the SFC, in her reply to Ms Wong Mei Mei, Ms Li said, “...when I was asked that question at SFC, I felt that it was embarrassing to reveal the actual nature of the relationship.”¹⁵¹

110. Subsequently, when asked in cross-examination if, in denying that she knew any persons related to Meadville, she was lying, Ms Li repeated what she said were her difficulties in answering the question, given that she and Stephen had never talked about what he did for a living and his identity. She said:¹⁵²

“So because of that, it made answering that question very difficult. When I did answer the question, I wasn’t very clear about the law, and then I didn’t- at that point of time I wasn’t trying to go, “Oh, I’d better make up something, I’d better lie about it”, that’s not what I thought. It’s more that I was being put on the spot, so to speak. So it was not a good answer but it was definitely not an intentional lie.”

111. Then, Ms Li was reminded that in the first record of interview she had been asked, “Do you have any friend who has any business contact with Meadville Holdings?” and that she had answered, “No, (I) don’t.”¹⁵³ When asked whether the person she knew as Stephen was a friend who had such a contact, Ms Li said, “So I am still going to say the same thing. I couldn’t answer the question then, and as for why or how I couldn’t answer the question, I have explained in

¹⁴⁹ Transcript; Day 4, pages 48-49.

¹⁵⁰ Transcript; Day 4, page 50.

¹⁵¹ Transcript; Day 4, page 51.

¹⁵² Transcript; Day 5, page 6.

¹⁵³ HB-6; page 2654, counter #s 773-774.

my statement.”¹⁵⁴ When asked if, when she gave that answer, she had complied with the obligation to answer questions truthfully, Ms Li repeated her explanation about her confusion at the time and said that she was troubled by the question and unable to answer it properly. However, when the question of whether she had answered truthfully was repeated, she said “I did. Although at that time I might not have fully understood how the question should have been answered.” She denied the suggestion that she withheld the information that she knew Stephen because she didn’t want the SFC to know about their relationship. Similarly, she denied the suggestion that the reason for that was because Stephen “had been talking to you about the MHL shares before you purchased them.” She said, “He didn’t say anything about that.”¹⁵⁵

112. During the first record of interview, Ms Li was asked whether she knew a number of persons, both men and women, whose names were supplied to her. She answered in the negative when asked, “...apart from hearing the name of Chief Secretary Henry TANG Ying Yen, regarding the two (persons) of Meadville Holdings-- the Chairman Tom Tang, or Mai Tang, do know these two persons?”¹⁵⁶ When asked by the Chairman if that answer was truthful, given her evidence that she knew Stephen to be called Tom Tang prior to 2009, Ms Li said, “About this question, where the name Tom Tang is mentioned, my answer to that question, my explanation about that would be the same to the answer I gave earlier this morning.”¹⁵⁷

113. In a second record of interview, conducted of Ms Li by Ms Wong Mei Mei on 9 July 2010, Ms Li acknowledged that the phone number 9038 0591 belonged to a friend called Stephen. When asked if she knew his surname, she said “No idea.”¹⁵⁸ When asked if the answer was truthful, Ms Li said:¹⁵⁹

“I don’t think I was lying by saying that, it was just that there was a line that I felt that I could not cross.”

The purchase, payment for, sale of Meadville shares and remittance of the proceeds

114. In her witness statement, Ms Li said that Mr Wu Feng had not kept his promise to return her monies to her within a month of her having remitted them to him in mid-September 2009. She said that she became “very angry and anxious” and, having decided that it was no longer

¹⁵⁴ Transcript; Day 4, page 54.

¹⁵⁵ Transcript; Day 4, pages 55-56.

¹⁵⁶ HB-6; pages 2627-2628, counter #s 402-403.

¹⁵⁷ Transcript; Day 5, pages 38-39.

¹⁵⁸ HB-6; page 2768, counter #s 56-69.

¹⁵⁹ Transcript; Day 5, page 4.

safe to leave her money with him, she said that she “wanted to get back the money as soon as possible”.¹⁶⁰ Although she had urged him to return her money to her, he did not do so. So, she determined to buy Meadville shares with money she had available in Hong Kong and, having informed Mr Wu Feng of her purchase, requested that he immediately remit her monies to her in Hong Kong.¹⁶¹

23 October 2009

115. Ms Li bought Meadville shares through her HSBC account on 23, 27 and 28 October 2009. As noted earlier, **Appendices 2 and 3** set out the detail of that trading. On 23 October 2009 she purchased a total of 161,000 Meadville shares for a total cost of over \$415,000. In cross-examination, she agreed that she had never spent that sort of money on “a share of any sort”.¹⁶² When asked why it was that she had first bought Meadville shares on 23 October 2009, Ms Li said, “So what happened was that there was \$5 million. I had 5 million which I gave to my previous boyfriend on 15 September. Part of it was sort of I lent it to him but it was also for investments, but at any rate, it was returned to me on 15 October.”¹⁶³ Ms Li acknowledged that she knew now, but did not know then, that on 23 October 2009 the Board of Meadville approved in principle the transactions of the sale of Meadville’s businesses. She denied that had anything to do with her decision to purchase Meadville shares on 23 October 2009.¹⁶⁴ Having been shown her HSBC bank statement for October 2009, she acknowledged that the statement evidenced the deposit of about \$5 million on 27 October, not 15 October 2009.¹⁶⁵ Further, she accepted that the same bank statement evidenced the fact that she had a balance in that account during September 2009 that clearly enabled her to have bought the Meadville shares then that she purchased on 23 October 2009.¹⁶⁶

116. When asked again what had caused her to buy Meadville shares for the first time on 23 October 2009, Ms Li said:¹⁶⁷

“That day it was mainly because, as I said, there was the money I had with the previous boyfriend and I told him to arrange for it to be given back to me, but then I waited for over a week so I thought I should actually go and purchase some shares to show him

¹⁶⁰ Ms Li's witness statement, paragraph 62.

¹⁶¹ Ms Li's witness statement, paragraph 63.

¹⁶² Transcript; Day 3, page 51.

¹⁶³ Transcript; Day 3, pages 48-49.

¹⁶⁴ Transcript; Day 3, page 49.

¹⁶⁵ Transcript; Day 3, page 51.

¹⁶⁶ Transcript; Day 3, pages 50-51.

¹⁶⁷ Transcript; Day 3, page 54.

that, “Hey, I’ve used my money to buy shares so you better arrange for that money to be sent over back to me”.

117. Although Ms Li acknowledged once again that spending \$415,000 on shares was a large amount for her to spend on 23 October 2009, she went on to say:¹⁶⁸

“Compared to the money I had with the previous boyfriend, 400,000 is not that much. So that’s one thing. And then why MHL? For that I feel that’s because that’s the stock I knew more about. But I don’t really do much research regarding stocks in Hong Kong, but MHL is one that I feel I know more about. I can’t say there is something special or anything that made me go and buy it. That’s how I feel about the stock.”

118. Of the fact that she had placed her Buy order at 9:46:24 hours on 23 October 2009, Ms Li said “The earlier that I buy the shares, the quicker I could show the actual purchase to my previous boyfriend so that it would urge him to transfer the money back to me.”¹⁶⁹

119. Ms Li’s HSBC bank statement evidenced the deposit of monies into her account on 24 October, namely \$500,000, and on 27 October, namely \$5.3 million. The latter comprised one cash deposit of \$300,000 together with seven ‘house cheques’.¹⁷⁰

27 October 2009

120. On 27 October 2009, Ms Li bought a total of 169,000 Meadville shares. She placed two Buy orders for a limit of 200,000 shares, at 10:14:45 and 10:36:45 hours. However, she cancelled them via the Internet at 10:20:45 and 11:05:11 hours respectively. The first Buy order resulted in the purchase of 21,000 Meadville shares at \$2.65 per share, whereas the second order resulted in the purchase of 12,000 and 36,000 Meadville shares at \$2.72 and \$2.73 per share respectively. She placed a third Buy order at 11:06:07 hours, which resulted in the purchase of 100,000 Meadville shares at \$2.78 per share.

121. In cross-examination, Ms Li said that it was most likely that she was in Hong Kong on that date.¹⁷¹ She could not remember why the orders had been cancelled. However, she said that having regard to Ms Wong Mei Mei’s Schedule, WMM-1 (**Appendix 3**), and the HSBC schedule of the details of her orders and their execution she said, “I would have to say that the orders were cancelled because the specified amounts could not be purchased as the prices kept

¹⁶⁸ Transcript; Day 3, page 55.

¹⁶⁹ Transcript; Day 3, pages 55-56.

¹⁷⁰ HB-4, page 1847.

¹⁷¹ Transcript; Day 5, page 19.

going up, so they had to be cancelled and orders had to be placed again to purchase shares, and that went on for three different times.”¹⁷² She said that it appeared from the different orders that her target was 200,000 shares. She said that she had probably obtained information about the trading in Meadville shares from accessing the banks’ websites. She did not think that she was closely monitoring the prices including in Meadville shares. When asked if she was making her decisions on her own or discussing them with some other person, she said “on my own.”¹⁷³

28 October 2009

122. On 28 October 2009, Ms Li bought 1,812,000 Meadville shares. At 10:02:06 hours she placed a Buy order for 800,000 Meadville shares, as a result of which 12,000 shares were acquired at \$2.78 per share. She cancelled that order via the Internet at 10:12:04 hours. At 10:07:57 hours she had placed another Buy order for 800,000 Meadville shares, which order was executed at \$2.79 per share. Similarly, two further Buy orders she placed at 10:22:24 and 14:38:21 hours for 900,000 and 100,000 Meadville shares respectively, which orders were executed. Of her purchases, Ms Li said in cross-examination:¹⁷⁴

“On that day, I think I was just buying without restraint, so to speak. Because what happened was over the previous several days I tried to contact my previous boyfriend, but he did not reply. Usually, when there are matters-money matters in question, then...he would pay a lot of attention to those. But in those several days, he did not reply at all so I was thinking, “Oh, if you don’t reply then I would just use all that money to buy shares.

I think it was a way of taking out the frustration and also in the hope that if I purchased more shares and then let him know I did, it would make him actually care about it.”

30 October 2009

123. On 30 October 2009 Ms Li sold 100,000 Meadville shares at \$2.48 per share. She placed a Sell order at 13:13:29 hours on that date. The ‘Summary Table of MHL Trading Volume as at 30 October 2009 on 30-minute Interval Basis’¹⁷⁵ indicated that the price had dropped in the morning from \$2.78 to \$2.47 at 12:30, the closure for lunch. The drop in the 30 minutes to 12:30 was from \$2.67 with 4.4 million shares traded.

124. In cross-examination, Ms Li said that she was together with Mr Wu Feng on 30 October 2009. During the morning the price of Meadville shares went down. Both of them were worried

¹⁷² Transcript; Day 5, page 27.

¹⁷³ Transcript; Day 5, pages 30-31.

¹⁷⁴ Transcript; Day 5, page 33.

¹⁷⁵ HB-6, page 3058.

about that fact.¹⁷⁶ She acknowledged that at 12:44 hours that day she initiated a telephone conversation with Mr Tom Tang. She said that she had initiated that call to inform him where she was, “so that he would not call me during that time.” She denied that the conversation between them was about Meadville shares.¹⁷⁷ She said that she could not remember why she had sold 100,000 Meadville shares rather than any other amount of those shares, “I can only remember thinking I should sell some of it.”

17 November 2009: the sale of the balance of Ms Li’s Meadville shares

125. In her statement, Ms Li said that the suspension of trading in Meadville shares had caused her to be “very worried every day”. She did not know when she could recover the money. Having decided to sell the shares if and when trading resumed, on 17 November 2009 she sold the remaining balance of her Meadville shares.¹⁷⁸ As a result of her sales of her Meadville shares on 30 October and 17 November 2009 she received net proceeds of \$6,501,115. Her profit was \$546,817.43. On 18 November 2009, at Mr Wu Feng’s directions she remitted \$5,129,500 by cheque in favour of Thai Hang trading company. In cross-examination, she said that she had done so, “for him to help me invest.” She said that she was still emotionally involved with him.¹⁷⁹

¹⁷⁶ Transcript; Day 4, page 3.

¹⁷⁷ Transcript; Day 4, pages 4-5.

¹⁷⁸ Ms Li's witness statement, paragraphs 79-80.

¹⁷⁹ Transcript; Day 4, pages 10-12.

CHAPTER 4

EXPERT EVIDENCE

(i) Mr Karl Lung

Meadville

(a) Shares in issue

126. The Joint Announcement, dated 16 November 2009, made by TTM and Meadville stated that the total number of Meadville shares in issue was 1.964 billion, of which Mr Tang Hsiang Chien held 72.2% either in his capacity as a trustee of a trust or in his personal capacity through a wholly-owned company, so that there were 27.8% independent shareholders.¹⁸⁰ In his first statement, Mr Karl Lung described Meadville as having a “small market capitalisation” and, having noted that the controlling shareholder held over 70% of Meadville shares during the relevant period, he said that there was a “low level of free float”, with a “low turnover”.¹⁸¹ For his part, Mr Charles Li took issue with those assertions and, having noted that Meadville had had a “market capitalisation of approximately HK \$4.2 billion” immediately prior to suspension of trading in its shares on 30 October 2009, said that “was not small and that its shares had also been actively traded.”¹⁸² Mr Rigby said of Meadville, “whether one calls it a second-or a third-liner- is not a household name, it’s not a widely followed stock.”¹⁸³

(b) Financial performance

127. In his statement, Mr Karl Lung provided a brief sketch of Meadville’s financial performance since it was listed on the SEHK on 2 February 2007. Its IPO price was \$2.25 per share¹⁸⁴. He noted that in the financial years 2007 and 2008 Meadville reported profit of \$342 million and \$402 million respectively. On 17 August 2009 it reported its interim profits for the first six months of the year as being \$95 million.¹⁸⁵ Meadville’s shareholder equity for the financial years 2007 and 2008 was \$2,823 million and \$3,204 million respectively and \$3,357 million at the end of June 2009.¹⁸⁶

¹⁸⁰ HB-1, pages 186 and 162.

¹⁸¹ Mr Karl Lung’s first statement, paragraph 27.

¹⁸² Mr Charles Li’s statement; paragraph 9.6, pages 34-35.

¹⁸³ Transcript; Day 10, page 66.

¹⁸⁴ Transcript; Day 5, page 91.

¹⁸⁵ Mr Karl Lung’s first statement, KL-9.

¹⁸⁶ Mr Karl Lung’s first statement, paragraph 22.

(c) *Trading in Meadville's shares*

(i) *Price*

128. Of trading in its shares, Mr Karl Lung noted that in the middle of 2008, when negotiations began with TTM, Meadville shares typically traded between \$1.70 and \$2.00. In October 2008, Meadville share price experienced a sharp decline, reaching about \$0.90.¹⁸⁷ It reached a Daily Closing Low of \$0.66 on 21 January 2009.¹⁸⁸ He observed that the Hang Seng Index was 31,600 on 30 October 2007, whereas on 9 March 2009, which he described as the “bottom of the financial crisis”, it was 11,344.¹⁸⁹ Around the end of March 2009, Meadville's share price started “to turn into an upward trend” and its closing price on 28 October 2009 was \$2.79.¹⁹⁰

(ii) *Volume*

129. Of turnover in trading of Meadville shares, he said that initially it was low, with “just a few million dollars per day with days of less than \$1 million also commonly seen.” Around mid-May to mid-June 2009 there was “a brief period of active turnover” with turnover of more than \$10 million per day commonly seen. Having returned to previous levels, in October 2009 daily turnover of more than \$10 million was common. On 30 October 2009, turnover exceeded \$100 million.¹⁹¹

The SFC's Instructions

130. Mr Lung said that he had been provided with Instructions by the SFC and asked to provide opinions on stipulated questions posed by the SFC.¹⁹² Attached to the Instructions were documents set out in Appendices, including news articles from Wisers Search during the period 6 June 2008 to 17 November 2009. In answering the stipulated questions, Mr Lung was instructed to refer to the “information and documents provided with these Instructions, and/or any other information or documents publicly available”.¹⁹³ In addition, in providing his opinions in respect of the stipulated questions, he was instructed to “...take into account the

¹⁸⁷ Mr Karl Lung's first statement, paragraph 23.

¹⁸⁸ Transcript; Day 7, page 46.

¹⁸⁹ Transcript; Day 7, page 49.

¹⁹⁰ Meadville Stock Historical Data/Stock Price Details, HB-1, pages 1 – 2-4. **Appendix 5.**

¹⁹¹ Mr Karl Lung's first statement, paragraph 24.

¹⁹² EB-1; pages 11-14.

¹⁹³ EB-1; page 14, paragraph 23.

prevailing market conditions at the relevant time, all relevant news and announcements about Meadville, and all relevant views and commentaries about the shares of Meadville.”¹⁹⁴

131. In his statement, Mr Lung responded to that direction by stating, “As the events described in the Instructions took place about 10 years ago, it was practically not possible for me to comply with the instruction set out in paragraph 24.” Rather, he said, “Instead I have provided my answers taking into account those factors based on my best knowledge and further search of additional information, on a practical approach, that might be relevant in providing my answer.”¹⁹⁵ In his oral evidence, Mr Lung explained that, given that the events occurred more than 10 years ago, he could not say that he had “covered all views, all news, all commentaries.” Rather, he said that he had considered “commentaries that I know of which I believe should typically represent what is the prevailing view at that moment.”¹⁹⁶

132. In cross-examination by Mr Yu, Mr Lung said that, if he had been instructed to provide his opinions in November 2009, he thought that he would have had “more access to the information prevailing at that time.” He would have been better able to answer the questions posed of him.¹⁹⁷ He agreed that as “time passes there will be more news being lost”. On the other hand, he said that the two searches conducted by Ms Wong Mei Mei using Wisers Search, of which he said that loss was less likely, “because that is a company which keeps history of news”.¹⁹⁸

Who were accustomed, or would have been likely, to deal in the shares of Meadville?

133. Question (a) posed by the SFC, required Mr Lung to provide his opinion of the persons “who were accustomed, or would have been likely, to deal in the shares of Meadville” in the period 23 October to 16 November 2009. In his evidence, Mr Lung said that his opinion was not based on empirical evidence, rather it was based on experience.¹⁹⁹ In his statement, he said that interest to deal in Meadville shares might arise from a variety of factors such as, “demand, supply, and competition of the sector or the company, technical analysis, news, rumours, recommendations by investment advisers or other persons”. However, having regard to Meadville’s small market capitalisation of 2 billion shares with a “low level of free float”,

¹⁹⁴ EB-1; page 14, paragraph 24.

¹⁹⁵ Mr Karl Lung's first statement, paragraph 25.

¹⁹⁶ Transcript; Day 5, page 54.

¹⁹⁷ Transcript; Day 6, page 59.

¹⁹⁸ Transcript; Day 6, pages 59-62.

¹⁹⁹ Transcript; Day 5, page 57.

given that the Tang family held over 70% of the shares, he said that trading in Meadville shares “was unlikely to appeal to typical institution investors”, whose preference was for higher market capitalisation and free float and better liquidity. Nevertheless, he noted that Meadville was a newly listed company in the technology sector and that the Tang family had excellent connections in the Mainland, which factor might attract some institutional investors. In the result, it was his opinion that those who were accustomed to or would be likely to deal in Meadville shares included, “both institutional investors as well as individual retail investors and speculators.”²⁰⁰

134. In his evidence-in-chief, Mr Lung’s attention was drawn to Mr Rigby’s description in his written statement of “certain stock market speculators will often trade on any stock, even one they have never heard of before, if they believe that there are profits to be made. This belief can be based purely on optimism unsupported by analysis but fuelled by sources such as tips, rumours, market gossip exchanged with like-minded acquaintances, chat groups, obscure financial newsletters and financial blogs.”²⁰¹ Mr Lung testified that his reference in his statement to speculators as being amongst those who were accustomed to or would be likely to deal in Meadville shares included the specific category of speculators that Mr Rigby identified.²⁰² Of Mr Rigby’s reference to chat groups, Mr Lung said, “We are talking about 11 years ago. And social media, yes, they exist, but the scale is much, much smaller than what it is today. And I think I just read through some of the news articles of Meadville on 2 and 3 June and they are talking about just the launch of the 3G system in China.”²⁰³

135. For his part, when asked in cross-examination by Mr Duncan if he accepted that “social media plays a much greater part today than it did back in 2009?”, Mr Rigby said, “I understand it’s growing but I have no idea of the comparisons-particularly in the financial field, I couldn’t compare them.”²⁰⁴

Was that information generally known to those persons accustomed to or likely to deal in Meadville shares?

136. Question (b) posed the question of Mr Lung of whether in the period 23 October to 16 November 2009, prior to the Announcement, information about the Transactions as

²⁰⁰ Mr Karl Lung's first statement, paragraph 27.

²⁰¹ Mr Clive Rigby's statement, paragraph 20.

²⁰² Transcript; Day 6, page 37.

²⁰³ Transcript; Day 6, pages 39-40.

²⁰⁴ Transcript; Day 10, page 52.

described in Meadville's Board meeting minutes of 23 October 2009²⁰⁵, namely the proposed sale of Meadville's principal businesses, its PCB and Laminate businesses, and the payment of a special dividend of around \$3.40 per share to Meadville shareholders, was generally known to those persons accustomed to or likely to deal in Meadville shares?

137. In his statement, Mr Lung said, "...in my opinion, information is considered generally known to the market and/or investing public if it had been publicly announced or widely reported in the mass media."²⁰⁶

138. Of the first matter, Mr Lung said that there was no announcement of information of the Transactions until the Meadville's Announcement on 16 November 2009. Similarly, there was no mention of the Transactions in the media articles provided to him by the SFC prior to the suspension of trading. However, Mr Lung noted that, following suspension of trading in Meadville shares on 30 October 2009, reports in the Apple Daily and Ming Pao Daily News on 31 October 2009 "mentioned the recent strong performance of Meadville's share was related to a possible sale of the company, and the collapse in share price on October 30, 2009 was due to rumour that the plan to sell Meadville fell through."²⁰⁷ Further, on 11 November 2009 Sing Tao Daily and Ming Pao Daily News reported that, "based on information from financial website Infocast, Meadville was in discussion with TTM for possible merger or takeover." Of that information, Mr Lung said "these were only rumours, which are unconfirmed information and is more often unfounded than being real."²⁰⁸

139. It was his opinion that the information about the transaction was not generally known in that period to those who were accustomed or would have been likely to deal in Meadville shares.²⁰⁹

140. Mr Lung went on to note that, after the Joint Announcement of Meadville and TTM on 16 November 2009, "several news reports stated that the rumour of possible mergers and takeover of Meadville had been circulating in the market for about one year." Of that assertion, Mr Lung said that he, "had been unable to find any corresponding news report mentioning such rumours" in the media material provided to him by the SFC "prior to the trading suspension on

²⁰⁵ HB-1, pages 282-294.

²⁰⁶ Mr Karl Lung's first statement, paragraph 28.

²⁰⁷ Mr Karl Lung's first statement, paragraph 31.

²⁰⁸ Mr Karl Lung's first statement, paragraph 31.

²⁰⁹ Mr Karl Lung's first statement, paragraph 32.

October 30 2009.” In those circumstances, he said that “...even (if) those rumours existed and might have contributed to the strong performance of Meadville shares that started in March 2009, their circulation would likely be very limited and not known by typical Meadville investors.”²¹⁰

If known, would it likely have materially affected the price of Meadville shares?

141. Question (c) posed the question of Mr Lung: if information about the Transactions had been known to those accustomed to or likely to deal in Meadville shares, would it have affected the price of Meadville shares in the period 23 October to 16 November 2009?

142. Mr Lung said in his statement that, having regard to the fact that the offer to Meadville shares was valued at around \$3.50 per share and the shares traded at a daily Low of \$2.08 on 30 October and at a daily High of \$2.82 on 28 and 30 October 2009, it was his opinion that if the information about the Transactions had been known to those persons it would have had “a positive impact on the share price”. The offer price was “significantly above” the price at which Meadville shares traded in the period. He acknowledged that the offer included TTM shares, the value of which fluctuated with the price of which TTM shares were traded. Nevertheless, he said that the “premium of the offer was significant enough to absorb such risk.”²¹¹

How and to what extent would it have affected the price? Would it have been likely to have had a materially positive effect on the share price between 23 and 28 October 2009?

143. Question (d) posed the questions of Mr Lung: how and to what extent would knowledge of information about the transactions have affected the price of Meadville shares, given the market conditions at the material time? Would it have been likely to have had a materially positive effect on the share price of Meadville between 23 and 28 October 2009?

144. Having noted in his statement that the value of the offer “represented a premium of at least 24%” over the price at which Meadville shares traded in the period 23 to 28 October 2009, Mr Lung said in his opinion the share price of Meadville shares was likely to respond positively when information about the Transactions became generally known to those accustomed to or likely to deal in Meadville shares. He said that, having regard to the risks associated with the Transactions, namely that they were subject to shareholder and regulatory approval and the fluctuation in the price at which TTM shares traded, the share price of Meadville was unlikely

²¹⁰ Mr Karl Lung's first statement, paragraph 38.

²¹¹ Mr Karl Lung's statement, paragraphs 33-34.

to reach \$3.50. Nevertheless, he said that “the upside was likely to remain attractive and the magnitude was likely to be material.”²¹²

145. Mr Lung said that even if the rumours of possible mergers and takeover of Meadville existed, reported in the media after the Announcement as having circulated in the market for about one year, given that there were no such reports in the media prior to the suspension of trading in Meadville shares it was his opinion that their circulation “would likely be very limited and not known” to those accustomed to deal or likely to deal in Meadville shares. In the result, in his opinion information of the Transactions was still “fresh news” for them, which news would stimulate their interest in buying Meadville share, as the “potential upside remained attractive.”²¹³

146. In his opinion the positive effect on the share price of Meadville was likely to be material in the period 23 October to 16 November 2009, which included the period specifically identified of 23 to 28 October 2009.²¹⁴

What was the main reason for the price and volume at which Meadville shares traded in the period 23 October to 16 November 2009?

147. Question (e) posed the questions of Mr Lung: what was the price and volume at which Meadville shares traded in the period 23 October to 16 November 2009? What was the main reason, if any, for that trading?

148. Mr Lung noted in his statement that, having closed on 22 October at \$2.57, Meadville shares advanced on both 23 and 27 October 2009, closing at \$2.78 on the latter date. It traded around that level on 28 and 29 October 2009. He said that the volume of trading on those dates was “close to \$20 mn”. It is to be noted that, whilst that statement was true of the other trading days, it was not true of 29 October 2009, when only about \$9.7 million of shares were traded. Of the rise in the price and volume of trading on those dates, Mr Lung said that it was possible that “rumour about the transactions, with limited circulation” had contributed.²¹⁵

149. Mr Lung noted that on 30 October 2009 the “share price of Meadville plummeted 22.66% to \$2.15 on very high turnover of \$100 mn.” He said that reports in the media on

²¹² Mr Karl Lung’s statement, paragraphs 36-37.

²¹³ Mr Karl Lung’s statement, paragraph 38.

²¹⁴ Mr Karl Lung’s statement, paragraph 39.

²¹⁵ Mr Karl Lung’s statement, paragraph 40.

31 October 2009 attributed the sharp decline to “rumours that a third-party’s plan to acquire Meadville or its asset had fallen through.” Finally, he noted that trading in Meadville shares were suspended in the afternoon of 30 October and resumed on 17 November 2009.²¹⁶

What was the main reason for the price and volume at which Meadville shares traded after the Announcement?

150. Question (f) posed the questions of Mr Lung: what was the price and volume at which Meadville shares traded after the announcement? What was the main reason, if any, for that trading?

151. Mr Lung noted in his statement that, having closed at \$2.15 following suspension of trading on the afternoon of 30 October 2009, when trading resumed on 17 November 2009 Meadville share price surged on a high turnover of \$168 mn to close at \$3.05, a rise of 41.86%. That was the rise of 9.3% over the closing price of \$2.79 on 28 October 2009.²¹⁷

152. Mr Lung said that the closing price of \$3.05 was a discount of 12.1% to the value of the transaction of \$3.47 per Meadville share identified in the Announcement. The discount reflected the risk associated with the Transaction. He said that the sharp decline in the price at which Meadville shares traded on 30 October 2009 might have contributed to a higher discount, given that investors would be more concerned about the Transaction and the volatility of Meadville shares. Also, there might have been selling pressure from those that had bought Meadville shares on 30 October 2009 and had already made a very significant return.²¹⁸

153. Mr Lung noted that, from 17 November 2009 until the end of the month, the price at which Meadville shares traded “softened to around \$2.90” and turnover dropped to “around \$10 mn per day towards the end of the month.” In fact, on 30 November 2009 the closing price of Meadville shares was \$2.88 and turnover \$6.9 million. He said that the decrease in the traded price of Meadville shares “was in line with the softening in the share price of TTM from US \$11.88 on November 16 2009 to around US \$10.50 after the Transactions was announced.”²¹⁹

²¹⁶ Mr Karl Lung’s statement, paragraphs 41-42.

²¹⁷ Mr Karl Lung’s statement, paragraph 43.

²¹⁸ Mr Karl Lung’s statement, paragraph 44.

²¹⁹ Mr Karl Lung’s statement, paragraph 45.

The increase in the price at which Meadville shares traded in 2009: 3 periods

154. As noted earlier, Mr Karl Lung invited the Tribunal to note that having reached the Closing Low of \$0.66 on 21 January 2009, from around the end of March 2009 the trading price of Meadville shares began an upward trend closing at \$2.79 on 28 October 2009. He identified three discrete time periods of that upward trend in the price of Meadville shares:²²⁰

- (i) from the end of January/early February to mid-April, reaching a closing price of \$1.00 on 17 April 2009;
- (ii) from around mid-April, from a closing price of around \$1.00, until the end of June, at a closing price of about \$1.50; and
- (iii) in October 2009 from around \$2.00 per share, commencing on 6 October 2009 on which date the share rose 12.44% from its previous closing price, to 27 October 2009, on which date it closed at \$2.78.

The reasons for the increase in the price at which Meadville shares traded in 2009

Context: Meadville's shares underperformed the HSI (February 2007 to October 2009)

155. In his evidence-in-chief, Mr Lung said that the context in which the rise in the traded price of Meadville shares in 2009 was to be viewed was its performance against the Hang Seng Index since its IPO on 2 February 2007 at a share price of \$2.25. He illustrated that by reference to two charts, which covered that period and described the relative performance of Meadville shares against the Hang Seng Index.²²¹ One was a Bloomberg chart and the other made by the SFC at his direction. Meadville shares underperformed the Hang Seng Index until the second week of October 2009. Having acknowledged that the period encompassed the global financial crisis of 2008-2009, he said that, nonetheless, he could find no specific reason for the underperformance until its upward trend in 2009.²²²

156. In cross-examination by Mr Yu, Mr Lung agreed with his suggestion that in the period of April to September 2009 the price at which Meadville shares traded outperformed the Hang Seng Index by a "very wide margin". Specifically, he agreed that the closing price of Meadville had increased from \$0.92 on 30 April 2009 to \$2.03 on 2 October 2009, an increase of 120%,

²²⁰ Transcript; Day 5, pages 92-93.

²²¹ EB-3, pages 133-887/888. KL-8.

²²² Transcript; Day 5, pages 83 and 99-100.

whereas the Hang Seng Index had increased by only 31.2% over the same time.²²³ Mr Lung said that he agreed with Mr Rigby's description that over that period of time trading in Meadville shares "outpaced" the Hang Seng Index.²²⁴ Further, he agreed with Mr Yu's description that the rise was "spectacular".²²⁵ Similarly, he agreed that the volume of Meadville shares traded in the months May to October 2009 was on the whole greater than in the past.²²⁶

Media reports: factors relevant to the rise in the price/volume of trading in Meadville's shares

157. From his review of the media articles, Mr Lung identified various factors relevant to a consideration of the reasons for the upward trend of Meadville shares:

- positive comments about Meadville: forecasts that its business was recovering and the improving PCB market;²²⁷
- the Chief Executive story, in particular reports that Henry Tang might be a candidate;²²⁸
- the Interim Results of 17 August 2009, in which Meadville announced it was still making a profit, albeit much reduced, and that "they are still paying dividend every time"²²⁹ and the Chairman announced that business prospects were recovering.

Meadville's Annual General Meeting: 2 June 2009-media reports

158. In his evidence-in-chief, Mr Lung said that the spate of articles in the media on 2 and 3 June 2009 followed Meadville's Annual General Meeting, held on 2 June 2009, after which there was a meeting between the management and reporters.²³⁰

159. Finet HK, which Mr Lung said was a Hong Kong-based newswire listed on the SEHK,²³¹ reported the event under the heading, "*Orders dropped by 10% in the first five months but are expected to rebound in the second half of the year.*" It reported that Mr Tom Tang said after the meeting that:²³²

²²³ Transcript; Day 6, pages 66-67.

²²⁴ Transcript; Day 6, page 69.

²²⁵ Transcript; Day 6, page 84.

²²⁶ Transcript; Day 6, pages 76-79.

²²⁷ Transcript; Day 5, pages 94-95.

²²⁸ Transcript; Day 5, pages 97-100.

²²⁹ Transcript; Day 5, pages 84-85.

²³⁰ Transcript; Day 6, page 3.

²³¹ Transcript; Day 6, page 14.

²³² EB-3, pages 133-504.

“...due to the global financial crisis, export orders dropped by 20% year-on-year in the first five months of this year. Except for the increased printed circuit board sales of Meadville’s key client, Apple, sales to other clients was generally dismal. Still, benefiting from the central government’s move to stimulate domestic demand, the company’s Mainland orders went up 10% year-on-year during the period, making the overall orders decrease slightly by 10% year-on-year.

Tom Tang Chung-yen anticipated that export orders would pick up in the second half of the year since clients are running out of printed circuit board stock and the peak season can be expected during the Christmas period. He remained optimistic about the sales prospects.”

160. The ET Net, which Mr Lung described as the web news of the Hong Kong Economic Times, reported that Mr Tom Tang had said that the launch of 3G services on the Mainland was “directly stimulating the demand for the company’s printed circuit boards” and that “in response to a spike in orders”, Meadville had reopened its Guangzhou plant, which was resuming full-scale production, and its Suzhou plant, which was resuming at 50% of production capacity.²³³ Also, it noted that the CEO, Chung Tai Keung had said that it was:

“...anticipated that there will be orders pouring in from the sector of 3G infrastructure construction in the next 12-18 months and that with the application of 3G networks, the market demand for high value-added printed circuit boards is likely to pick up (such as the printed circuit boards for mobile television and wireless products), which will in turn open up greater business opportunities for the company.”

For his part, Mr Lung said that “the majority of the article is positive”.²³⁴

161. Similarly, Mr Lung said that the report of the events in the Hong Kong Economic Journal, dated 3 June 2009²³⁵, was of matters “all positive about the company.”²³⁶ In addition to the matters reported elsewhere, it reported that Mr Tom Tang had said that:²³⁷

“...the company had previously been certified to manufacture aviation and aerospace printed circuit boards and had received orders from an Airbus supplier. He believes that, as the Mainland aviation and aerospace industry is embarking on the development path of self-manufacturing parts and accessories, there will be an explosive growth in the aviation and aerospace printed circuit board market.”

²³³ EB-3, pages 133-496.

²³⁴ Transcript; Day 6, page 15.

²³⁵ EB-3, pages 133-494/495.

²³⁶ Transcript; Day 6, page 18.

²³⁷ EB-3, pages 133-494/495.

162. However, it also noted that the CEO had said that he anticipated, “that the earnings from aviation and aerospace printed circuit boards will only account for a small proportion of the total revenue in the next 1 to 2 years, but the operation might possibly contribute 10% to the company’s overall earnings after 5 to 8 years.”

163. In cross-examination by Mr Yu, Mr Lung agreed that the closing price of Meadville shares on 2 and 3 June 2009 reflected rises from the closing price of Meadville shares on 1 June 2009, namely \$1.22, to \$1.34 and \$1.49 respectively. That represented rises of 9.8% and 11.1% respectively.²³⁸ Mr Yu informed Mr Lung that Mr Rigby accepted that “as a result of this optimism expressed at the AGM, there were a certain amount of possible effect on the share price”.

164. In his evidence-in-chief, having noted that Mr Lung had attributed the rise in the price at which Meadville shares traded after Meadville’s AGM on 2 June 2009 to the “forward looking” statements made after the shareholders meeting, Mr Rigby said:²³⁹

“I would agree that that would very likely have contributed to it. To what extent, it’s not possible to say, in my view.”

165. Subsequently, Mr Rigby said:²⁴⁰

“...the results weren’t good, but there were forward-looking statements that were optimistic. I believe that that optimism would have been played out... -by the middle of August, I think the optimism due to the turnaround was ‘played out’.”

He explained that he meant that it would no longer impact on trading in Meadville shares.

Meadville’s Interim Report 2009: 17 August 2009

166. In his statement in Meadville’s Interim Report, dated 17 August 2009, Mr Tom Tang said in the Chairman’s statement:²⁴¹

“The first half-year of 2009 was a challenging period for the Group. However, the Group was able to achieve profitable results and generate positive net operating cash flow during the period in spite of the unprecedented global economic crisis.

Our performance can be attributed to a number of factors-stringent cost control measures taken since the fourth quarter of 2008, temporary scaling down of available

²³⁸ Transcript; Day 7.

²³⁹ Transcript; Day 9, pages 17-18.

²⁴⁰ Transcript; Day 9, page 28.

²⁴¹ EB-3, page 133-892. KL-9.

capacity and the Group's capability to continuously attract demand for high technology PCB."

167. The statement went on to explain that the drop in the Group's turnover and profit "was primarily due to lower PCB export sales by about 20% to export sales of 2008. However, this was partially compensated by higher PCB local sales in Mainland China by about 13.7% to local sales of 2008 as benefited from China's 3G set-up." The statement went on to note:

"In February, orders from local China customers began to gradually pick up largely due to the plans to pull ahead the implementation of 3G technology in the Mainland by almost a year.

To cope with higher PCB demand, the Group restarted operations at the GME plant in Guangzhou in February 2009 and at the MAS plant in Suzhou in March 2009."

168. Of other developments in 2009, the statement said:²⁴²

"The Group's Hong Kong operation was AS9100B certified in the first half of 2009. This allows the Group in supplying the PCB requirements for aerospace industry which requires very stringent quality and reliability performance. The Group has already obtained orders from a European multinational corporation which supplies component parts to aircraft manufacturers."

169. Under the rubric "*Future Prospects*" the statement said:²⁴³

"Despite the challenging economic climate, the Group maintains a positive outlook on future prospects due to its continuous focus on the key sectors of high technology and high value-added PCB which enables the Group to enjoy a strong and long-standing position in Mainland China.

With the second half of 2009 showing gradual improvement in the global economy and the Group's recent order bookings situation, the business for export sales is expected to improve in the second half this year."

170. The statement concluded, "Barring any unforeseen circumstances, the Group expects to see improved results for the second half of 2009."²⁴⁴

171. In cross-examination, when asked what was the response to the traded price of Meadville shares on 17 August 2009, Mr Lung said that it dropped 4%.²⁴⁵ The closing price of Meadville shares on the last trading day, 14 August 2009, was \$1.84. Meadville's closing price

²⁴² EB-3, page 133-893.

²⁴³ EB-3, page 133-894.

²⁴⁴ EB-3, page 133-895.

²⁴⁵ Transcript; Day 7, page 32.

on 17 and 18 August 2009 was \$1.76 and \$1.68 respectively. They represented a drop in the closing price on each day of 4.34% and 4.54% respectively. Mr Yu suggested that despite the “positive outlook” presented in the Chairman’s statement in the Interim Results, it was not accepted by the market as positive news. In response, Mr Lung said that Meadville had provided “a good update on 2 June”, at the AGM, of the performance of the company, so that the information was not to be found entirely in the Interim Report. Furthermore, he said:²⁴⁶

“...if you compare the price (of the) share on 2 June before that rise, that is \$1.22 and in August when this was announced, the price before the two-day drop is \$1.84. So the share price roughly went up 50% already in 2 ½ months.”

172. Mr Lung said that, albeit that he was not sure, his expectation was that what was driving the share price was that investors were “seeing the end of the tunnel”, that Meadville was “delivering what they are talking about gradually.”

18 August 2009: media reports

173. In cross-examination, Mr Lung was taken to a number of articles published on 18 August 2009. The headline above an article about Meadville’s Interim Results in *Finet China* was:²⁴⁷ “*Meadville Holdings now dropped 3.41%, with interim earnings lowered and dividend cut.*” The article said:

“Affected by the drop in its interim results and decrease in dividend, Meadville... is now dropping 3.41% to HK \$1.70, with trading volume of HK \$1,488,600. The company announced a 66% year-on-year decrease in profit for the first half of 09 to HK \$94.9 million, a reversal of profit growth momentum since its listing in February 07. The drop is attributable to a decrease in revenue, an increase in administrative expenses and a decrease in profit attributable to its associated companies. The interim dividend of HK \$0.015 per share was also 46% lower year-on-year.”

174. In response to the suggestion that the article did not treat the interim results as positive, Mr Lung said, “...if you look at the headline, 66% decline, dividend cut... that did not look good. And that is why some people may consider it negative... that is the previous six months.”. On the other hand, he said if regard was had to the details in the announcement, “the announcement is suggesting it’s quite a good turnaround, quite good aspect in the future.”²⁴⁸

²⁴⁶ Transcript; Day 7, page 33.

²⁴⁷ EB-3, page 133-409.

²⁴⁸ Transcript; Day 7, page 36.

175. Mr Lung said that the article in the Hong Kong Commercial Daily, dated 18 August 2009²⁴⁹, had a “more positive tone”.²⁵⁰ Its headline, “*Meadville saw pickup in orders last month*” was positive, as was the report attributed to the CEO that, “the company’s orders were picking up in July, close to that in the same period last year...that overseas customers had started planning new product sales and [he] expected that the performance in the third quarter will be better than the second.” Further, Mr Lung noted that whilst the drop in the company’s revenue was attributed to the “significant year-on-year 20% drop of printed circuit board export sales”, the CEO had said “part of the exports were offset by a 13.7% increase in domestic sales, benefiting from the 3G business in Mainland China.”²⁵¹

176. Mr Lung acknowledged that the article in the Ming Pao Daily News, dated 18 August 2009²⁵², reported a 65.9% drop in Meadville’s year-on-year profits and a 12.6% drop in revenue. He said that the report, attributed to the CEO of Meadville, that “the company’s revenue in the second quarter was up 20% quarter-on-quarter and [he] is confident that the third quarter would be better than the second quarter. The fourth quarter is expected to see further improvement”, was positive news.

177. The Sing Pao article, dated 18 August 2009²⁵³, appeared beneath a heading “*Meadville earns 65% less as printed circuit board sales dropped*”. It reported that Mr Tom Tang had said that the drop in revenue was “mainly due to the decline in printed circuit board export sales. Although the early launch of 3G network systems in Mainland China has led to an increase in printed circuit board sales in the Mainland market, this could only partially offset the effect of the decrease in exports sales.” Mr Lung said that the article was incorrect in stating that “no dividend will be distributed”. In explaining why he considered the article as “positive”, Mr Lung said:²⁵⁴

“the interim result is reporting the period from January to June 2009, which was the past at that time. And what they are talking about the future is positive. We are buying stock for what they will earn or their performance in the future.”

²⁴⁹ EB-3, page 133-410.

²⁵⁰ Transcript; Day 7, page 39.

²⁵¹ Transcript; Day 7, pages 39-40.

²⁵² EB-3, pages 133-414/415.

²⁵³ EB-3, pages 133-417/418.

²⁵⁴ Transcript; Day 7, page 43.

178. Mr Lung said that the concluding statement in the report was to be regarded as stating that “future prospects is positive.”²⁵⁵ It stated “as the implementation of next phase 3G system in the Mainland will create demand for high-density printed circuit boards, Tang is optimistic and hopeful about [Meadville’s] business performance for the remainder of the year and is confident that export sales and performance will improve in the second half of the year.”

179. Mr Lung accepted that he was not saying that the interim results would have no impact on the share price, rather he said “it will impact the share price before this event”. The global financial crisis had been worsening and the market had anticipated the consequences.²⁵⁶ He said:²⁵⁷

“market shares are trading on expectation of the future, not what has already happened...the result announcement is telling you what has already happened. But we are buying the future prospect of the company. So the result, yes, it is important. We have to look at what they are doing is going to what we have been expecting. But the more important is the future.”

180. Mr Lung agreed that in his opinion the expressions of optimism and the positive outlook stated by Meadville, in particular in relation to the PCB business, was one factor that accounted for the rise in Meadville shares in the period April to October 2009. In response to Mr Yu’s suggestion that factor could not account for the magnitude of Meadville’s share price rise in that period, Mr Lung said, “I know that the magnitude may look huge, but given the volatility of the market at that time, I think that was sufficient to explain the rise.” He disagreed with the suggestion.²⁵⁸

181. Mr Lung agreed that the positive news and positive outlook expressed by Mr Tom Tang and by the CEO at the AGM and on the occasion of the Interim Results Announcement would be absorbed by the market over a period of time.²⁵⁹ Of the period of time over which it would be absorbed by those who were accustomed to deal in Meadville shares, he said that whilst it could be as long as a month, normally it would be “a few days, one week probably maximum. But this special time, it’s difficult to say.”

²⁵⁵ Transcript; Day 7, page 44.

²⁵⁶ Transcript; Day 7, pages 44-45.

²⁵⁷ Transcript; Day 7, page 47.

²⁵⁸ Transcript; Day 7, pages 50-52.

²⁵⁹ Transcript; Day 7, pages 54-56.

182. For his part, Mr Rigby said in cross-examination by Mr Duncan, that he agreed that the optimism expressed at the press conference after the AGM on 2 June and the Chairman's statement in the Interim Results, dated 17 August 2009, "combined with a general turnaround after the GFC (Global Financial Crisis), would have been a factor". However, he said, "I believe that by the middle of August that factor was thoroughly built into the price. And my reason for believing it is that within a few days of the Chairman's statement the price, instead of going up, as it had after 2 June, actually went down for a few days."²⁶⁰ The closing price of Meadville shares on 14, 17 and 18 August 2009 was \$1.84, \$1.76 and \$1.68 respectively. Having acknowledged that its closing price on 15 September 2009 was \$2.04, Mr Rigby accepted that the drop in Meadville's share price had been somewhat temporary.²⁶¹

6-27 October 2009: media reports 7 and 8 October 2009

183. In disagreeing with Mr Yu's suggestion that there was no positive news about Meadville reported in articles in the period 6-27 October 2009, Mr Lung pointed to articles in the Ming Pao Daily News and Apple Daily, dated 7 and 8 October 2009 respectively. The Ming Pao reported under the headline "*Tang's 'Family stock' reverse as bad fortune: Meadville finally 're-surfaced' after 'deep diving' for 32 months since its listing.*" It said:²⁶²

"...the printed circuit board industry has become very 'hot'. Added to the fact that the stock prices of many peer companies in Taiwan have been pushed up, yesterday it took advantage of the upward trend, the stock price of this industrial company which is being controlled by the family of the Secretary of Administration, Henry Tang Ying-yen, took advantage of the upward trend yesterday, closed at close to its highest price of the day at [HK] \$2.26, increased by a striking 12.44% and recorded a rarely seen [large] trading volume of [HK] \$18.65 million."

184. In response to the suggestion that the information about optimism over the PCB industry had been in the public domain for some time, Mr Lung said, "...it seems that what you are suggesting almost seems to me just binary, good or bad. But it's not just, oh, it is what good, then it is good. It is (,) how good it is (?)" He went on to point out that the earlier information as to the positive performance in the PCB industry "is just the one-sided message from Meadville." Having referred to the printed circuit board industry as "has become very 'hot'", the article referred to the stock prices of many companies in Taiwan having been pushed up. Of that, he said "so it is not just something that based on Meadville itself is saying. They

²⁶⁰ Transcript; Day 10, page 17.

²⁶¹ Transcript; Day 10, page 23.

²⁶² EB-3, pages 133-372/373.

are making reference to other peer companies and the industry as a whole.”²⁶³ When asked whether or not he agreed with what Mr Rigby would say, namely the positive news about the PCB industry had been absorbed and was “played out” by this time, Mr Lung said he had no idea because he was not following the PCB sector.²⁶⁴

185. The article in the Apple Daily, dated 8 October 2009²⁶⁵, under the heading ‘*Speculation in the laggard stock of Meadville*’, noted that Meadville:

“...finally ‘resurfaced’ after the second anniversary of its ‘deep dive’, hitting a new high for two consecutive days. Meadville was the last in line to attract investors. After speculating on the stock of KP LAMINATES, investors began to speculate on the stock of Meadville because there is no other stock left to speculate; they prefer to speculate on laggard stocks and demand & supply”.

186. The author of the article went on to say that the only reason that he could think of for investors to speculate on Meadville was because of the Tang family connection, namely that Tang Ying Yen was the Chief Secretary for Administration, whereas his brother, Mr Tom Tang, and his sister managed the company.

187. Of Mr Yu’s suggestion, in cross-examination, that the fact that Mr Henry Tang was the Chief Secretary had nothing to do with the performance of Meadville, Mr Lung said that, whilst there might be no substance in the implied collusion, “there will be people speculating on these factors”.²⁶⁶ The reference to Meadville as a ‘laggard stock’ reflected the fact that, since the IPO, Meadville was still performing behind the Hang Seng Index.²⁶⁷

188. In response to being asked by Mr Yu, that in explaining the performance of Meadville’s shares, whether he preferred the factors which he had enumerated, namely: (i) the fact that Mr Henry Tang was Chief Secretary; (ii) that he was a candidate for the office of Chief Executive (iii) the optimism expressed by Meadville about the PCB business; and (iv) the fact that Meadville underperformed the Hang Seng Index, rather than Mr Rigby’s assertion that there were rumours circulating in the market that there was a transaction between Meadville and another company for the sale of Meadville’s businesses, Mr Lung said:²⁶⁸

²⁶³ Transcript; Day 7, pages 57-58.

²⁶⁴ Transcript; Day 7, page 60.

²⁶⁵ EB-3, pages 133-369/371.

²⁶⁶ Transcript; Day 7, page 62.

²⁶⁷ Transcript; Day 7, page 60.

²⁶⁸ Transcript; Day 7, pages 64-65.

“these four factors, to me, could contribute to the strong performance of Meadville shares in this period. However, I do not rule out there will be other factors which would include...well, whether there is a leakage or rumour that may also contribute.”

189. Mr Lung went on to explain:²⁶⁹

“I cannot rule out that factor, but I think I explained...that I do not see evidence of the rumour being widely circulated. There may be rumours that limited circulation or even leakage, not necessarily implied rumours that may have contributed to the share price. But these, I don’t know. So I cannot say yes or no. So they are possible.”

190. Earlier in his evidence, having been taken to Mr Rigby’s evidence, in which he adverted to the chronology of events provided by Meadville to the SFC, dated 4 December 2009,²⁷⁰ which described due diligence activities and meetings with numerous bankers, lawyers and accountants in the period July to October 2009,²⁷¹ Mr Lung said that he could not rule out the possibility of leakage of information of the transaction.²⁷²

30 October 2009: 22.66 per cent drop in Meadville share price and suspension of trading at 3:19 p.m.

191. Having closed at \$2.78 on 29 October 2009, Meadville shares traded as high as \$2.82 in the first few minutes of trading on 30 October 2009, but fell back to \$2.78 within about 15 minutes.²⁷³ The Summary Table of Meadville’s Trading in 30-Minute Intervals on 30 October 2009²⁷⁴ describes a gradual decline in the price of trading in the shares up and until about 11:30 a.m. at a volume of about 1.5 million shares. With increased volume of turnover, the price of trading in the shares dropped to \$2.67 at about noon. Thereafter, it fell sharply to \$2.47 at 12:30 p.m., in greatly increased turnover of 4.4 million shares. Between 2:30 p.m. Meadville shares traded at broadly declining prices from \$2.49 to \$2.16 at 3:00 p.m., in very greatly increased turnover of over 29 million shares. Trading in the shares was suspended on the application of Meadville at 3:19 p.m., “pending the release of an announcement in relation to price-sensitive information”²⁷⁵, at a closing price of \$2.15.

²⁶⁹ Transcript; Day 7, page 65.

²⁷⁰ HB-2, pages 1057-1060.

²⁷¹ Mr Clive Rigby’s statement, paragraph 14.

²⁷² Transcript; Day 6, page 81.

²⁷³ HB-6, page 3059.

²⁷⁴ HB-6, page 3058.

²⁷⁵ HB-2, page 995.

192. In his evidence-in-chief, Mr Lung was reminded that it was Mr Rigby's opinion, in respect of the reasons for the sharp drop in the price of Meadville shares on 30 October 2009, that it was reasonable to infer that "the cancellation of the signing leaked widely".²⁷⁶ For his part, Mr Lung said that "there is the possibility and it might be the case that it has contributed or triggered some concern in the market on 30 October".²⁷⁷ However, he added that most of the decline had occurred in a very short period of time, so that:²⁷⁸

"...it seems more to me that a lot of them are just panic selling or there could be some... involved margin call or a very common way of people, especially individual investors, is that they always have a 'stop-loss' so they will sell irrespective of what is happening."

Also, he added:²⁷⁹

"In fact, if we take the view that the rise in October is caused by this rumour and now there's the rumour saying that it cannot go through, then actually the share price will have gone back to maybe the beginning of October, and I will doubt there will be a lot of people willing to buy the shares. But in fact, there is.... very high turnover, 45 million shares."

193. In cross-examination, Mr Lung added another possibility to the events that might have caused the price of Meadville shares to drop sharply on 30 October 2009, namely "people taking profit". However, he accepted that was speculation.

194. Mr Lung agreed that it was possible that a rumour that the transaction had fallen through or hit some obstacles had caused the drop in the share price. He added, "the rumour that someone is saying there was a deal, that reason caused the share price rise, and now it is-could be collapse or hit obstacles would be a more likely reason."²⁸⁰ He went on to agree that it was likely that there was a leakage of what was happening in the negotiations to the market.²⁸¹ He said:²⁸²

"On the basis that if the rise since April was mainly driven by the rumour rather than the factors that I mentioned. Then if there's a rumour that this would break down, then it will probably drop close to the level back in April."

²⁷⁶ Mr Clive Rigby's statement, paragraph 17.

²⁷⁷ Transcript; Day 6, page 33.

²⁷⁸ Transcript; Day 6, page 33.

²⁷⁹ Transcript; Day 6, page 34.

²⁸⁰ Transcript; Day 6, page 118.

²⁸¹ Transcript; Day 6, page 131.

²⁸² Transcript; Day 7, page 79.

195. However, when Mr Yu suggested that his statement was “fallacious”, because “trading was suspended. So, there's no opportunity for the share price to fall further below the level at which it closed?” Mr Lung said “Right.” However, in re-examination when the double question posed by Mr Yu was separated into two questions, obviously he agreed first, that the market had been suspended at 3:19 p.m. on 30 October 2009. Secondly, he disagreed that his statement was fallacious.

196. Having been provided with the Summary Table²⁸³ describing the detail of all trades in Meadville shares that day²⁸⁴ and noting that the daily Low in trading was \$2.08, which had occurred at 2:52 p.m., Mr Lung said:²⁸⁵

“So for a period of more than half an hour... the trading was quite stable in this range, around 2.10, 2.20. So if there is further panic selling, it should have come out already. And at this level it is well supported... Well, it started at 2.45 until trading suspension at 3.18.”

197. For his part, Mr Rigby said:²⁸⁶

“Had trading not been suspended, it is quite possible that prices would have dropped lower... But of course the stock was suspended before the end of the session, so the share price drop, let's call it a panic selling, didn't have time to be widely diffused and widely noticed.”

198. Subsequently, Mr Rigby said:²⁸⁷

“But I don't think one can, on the basis of half an hour's trading, decide that the stock had bottomed out. I do not think that's a reasonable assumption.”

199. In response to Mr Yu's suggestion in cross-examination that, “...if there was leakage on 30 October, it was not a limited amount. It was quite a widespread leakage”, Mr Lung said:²⁸⁸

“I won't say it's a very wide leakage. I believe that it is not a very small, because at least it appeared to be having an impact on the share price. But looking at the news at least on 31 October, there are only... two or at most three newspapers are saying that there's such a rumour happening in the market. It is not being widely reported by the

²⁸³ HB-6, page 3058.

²⁸⁴ HB-6, pages 3059-3115.

²⁸⁵ Transcript; Day 8, page 72.

²⁸⁶ Transcript; Day 9, page 60.

²⁸⁷ Transcript; Day 9, page 61.

²⁸⁸ Transcript; Day 7, page 66.

media. If it is widely (sic) and everyone knows about it, I will expect more wider coverage of the news.”

200. Mr Lung went on to accept that there were articles addressing that issue after 31 October 2009, but said, “these leakage may happen after the trading on 30 October. And it’s not leakage necessarily that already happened on 30 October.”²⁸⁹

31 October 2009: media reports-Apple Daily and Ming Pao Daily News

201. On October 31, 2009, the Apple Daily reported that in the afternoon session of 30 October 2009 trading in Meadville shares had been suspended at 3:19 p.m. at a closing price of \$2.15.²⁹⁰ It said:

“Market rumour has it that (the stock price of) Meadville suddenly plummeted because its sale transaction has been hindered or even called off.”

The article went on to say:

“Yesterday, Meadville’s stock price experienced a sudden freefall in the afternoon session. An outpouring of sell orders was caused by a market rumour that the sell-out transaction encounters hiccups and may therefore fall through. (The stock) closed the day with a turnover of \$103 million.”

202. In his evidence-in-chief, Mr Lung described the article as “very weak”, noting that it merely said that the Tang family were planning to sell Meadville, but “there is no indication on how it will be carried out and no indication on at what price.” Moreover, it did not contain any information with regard to the proposed structure of any sale.²⁹¹

203. The Ming Pao Daily News reported the same details of the drop in the share price and said:²⁹²

“...there have been diverse (speculations) in the market, among which a more widely held view was that, as mentioned above, a US-funded enterprise had made an acquisition offer at the price of about \$3 per share. It was also said that the substantial shareholders intended to privatise (the company) and then sell the entire company. However it was said yesterday that the US-funded buyer had decided to call off the negotiation, triggering the recent massive sell-off by funds speculating on the notion of

²⁸⁹ Transcript; Day 7, page 67.

²⁹⁰ EB-3, pages 133-360/362.

²⁹¹ Transcript; Day 6, page 25.

²⁹² EB-3, pages 133-355/358.

a sale of Meadville. There was another source saying that the plunge in Meadville's share price might be related to the sudden closure of a US-funded hedge fund."

204. Of the accuracy or inaccuracy of the articles in relation to the information in respect of the proposed transactions, Mr Lung said in his evidence-in-chief that the price of about \$3 per share stipulated in the Ming Pao Daily News article was "a material difference from what is actually being talked about, whether it is \$3.47 or \$3.50. So I think that is a very major difference from the actual information."²⁹³ Of the suggested alternative explanation for the collapse in Meadville share price the previous day, namely that it might be related to the sudden closure of a US-funded hedge fund, Mr Lung said that, as far as he could see, it was only mentioned in this article.

205. In cross-examination by Mr Yu, Mr Lung said that the stipulated price of \$3.00 per share identified in the Ming Pao Daily News, suggested that they were "guessing it rather than knowing the price."²⁹⁴ He went on to say, "...if you know the share price has been trading around 2.70, 2.80 before that drop, if they want to say a price, then 3, 3.50 is the most logical range. You don't need someone to be an insider."²⁹⁵ He concluded:²⁹⁶

"I just don't see sufficient evidence here that convinces me the leakage on the price has happened. The possibility is there but I don't think it is to a likely level."

Subsequently, he said "...well if someone really knows about the-insider knows about what is going on, they should know that it is \$3.50. So actually the rumour from the beginning is not quite correct."²⁹⁷

206. Of the report that the transaction had been "called off", Mr Lung said that was incorrect, "...as we all know it proceeded and as far as I'm concerned it was not being called off, just has-the more correct way, hit some obstacles and needed further negotiation."²⁹⁸

²⁹³ Transcript; Day 6, page 24.

²⁹⁴ Transcript; Day 6, page 141.

²⁹⁵ Transcript; Day 6, page 143.

²⁹⁶ Transcript; Day 6, page 143.

²⁹⁷ Transcript; Day 7, page 82.

²⁹⁸ Transcript; Day 6, page 142.

Media reports: November 2009

11 November 2009

207. An article published by the Ming Pao Daily News on 11 November 2009, adverted to the collapse in the price in trading in Meadville shares and the 10-fold surge in volume of the trading on 30 October 2009, resulting in suspension of trading “pending announcement of price-sensitive information.” It asserted:²⁹⁹

“Market rumours on the same day had it that Meadville, whose stock price had a cumulative gain of more than 40% previously, had actually been in talks with a US-funded enterprise which offered to acquire it for about \$3 per share. It was even suggested that the majority shareholder intended to conduct privatisation first before disposing of the entire company. However, rumours had it on that day that the US-funded buyer already decided to cancel the deal, thus triggering the major sell-off by investors whose speculative activities had been underpinned by the notion of the sale of Meadville.”

208. Of the current circumstances, the article asserted:

“Financial website Infocast cited information as saying yesterday that Meadville is currently in talks with North American PCB manufacturer TTM Technologies over details of the merger and acquisition matter, and is expected to resume trading this week the earliest.”

209. Of the past, the article asserted:

“insider information from Meadville already revealed as early as last year that the company was in talks with a large North American factory for the sale of equities, or cooperation in the form of share swap.”

12 November 2009

210. PCB Partner published an article, dated 12 November 2009, on its website under the heading “*Rumours: Meadville (03313) in talks over details of merger and acquisition arrangement might resume this week at the soonest*”.³⁰⁰ In the context of the collapse of Meadville share price and suspension of trading in its shares on 30 October 2009, it said “Newswire received information that the company was in talks with the largest PCB manufacturer in North America, TTM Technologies, over details of merger and acquisition,

²⁹⁹ EB-3, pages 133-352/353.

³⁰⁰ Mr Clive Rigby's statement, CR-5.

and that Meadville's trading might be resumed this week at the earliest." Then, it went on to assert:

"There was already information coming from within Meadville last year claiming that Meadville had been negotiating with a large North American productions business either on a sale of shares or a collaboration through convertible shares. After such relevant information was leaked from a select circle of people at that time last year, Meadville stock prices increased substantially."

211. In his evidence-in-chief, Mr Lung said that prior to reading Mr Rigby's witness statement he had never heard of PCB Partner.³⁰¹ He had accessed the PCB Partner website. He said that in its company profile, it said that the company provided professional Internet services in relation to the PCB market as a "professional B2B vertical web portal."³⁰² He understood that it was not a newswire, rather it was a trading platform for business to business. He understood that the reference to 745 after the phrase "number of times web page visited" meant just that, namely a total of 745 visits since it was posted on 12 November 2009.

212. For his part, in his evidence-in-chief, Mr Rigby cautioned that the number of visits to the website did not mean that dissemination of the information was limited to 745 people. He said, "An interested observer, a stockbroker, for example, who might have read that article, could in turn talk to a multitude of clients."³⁰³

16 November 2009

213. In an article, published on 16 November 2009, the Ming Pao Daily News said, in respect of the suspension of the trading of shares of Meadville, that Meadville had announced that it would make an announcement at 5 p.m. that day. Of the issue of rumours, it said:³⁰⁴

"...market rumours suggest that a third party had approached Meadville regarding potential acquisition, and that the company intended to privatise before selling its business. But at the end of October, it was suddenly rumoured that the relevant potential transaction fell through. It was also rumoured that Meadville is negotiating with the North American printed circuit board manufacturer, TTM Technologies about details of a merger and acquisition."

³⁰¹ Transcript; Day 6, pages 40-41.

³⁰² Transcript; Day 6, page 48.

³⁰³ Transcript; Day 9, page 48.

³⁰⁴ EB-3, page 133-335.

214. In an article, published on the same day, the Apple Daily said that “market sources disclose” that the Tang family “may sell all of its shares to a US NASDAQ listed industry peer TTM Technologies at \$3.50 per share.” The article went on to assert:³⁰⁵

“...in fact Meadville has had the sale proposal in the pipeline since a year ago and has mainly negotiated with TTM with which it already has business dealings. The mode of transaction varied from time to time and there had been plans to deal by way of share swap. At the end of last month, (some) news suddenly emerged that both sides failed to come to any agreement which might cause the transaction to fall through. Meadville’s share price also dropped drastically... and closed 23% lower at \$2.15 before trading was unexpectedly suspended at 45 minutes prior to the market close.”

215. On the same day, at 10:09, the ET Net News Agency, asserted that the Tang family, “is under negotiation to sell its shareholding to TTM, North America’s largest manufacturer of printed circuit boards, at a price of \$3.50 per share... The share sale will involve a general offer with the consideration amounting to a maximum of \$6.87 billion to be payable by the buyer. It is reported that TTM also intends to delist Meadville.”³⁰⁶

17 November 2009

216. On 17 November 2009, after the Joint Announcement had been made by Meadville and TTM on 16 November 2009, it appears, Mr Tom Tang had been asked questions and given answers to the press, and many newspapers reported the transaction. Mr Lung testified that there were such articles in no fewer than 20 different newspapers.³⁰⁷

217. In an article published on 17 November 2009, the Ming Pao Daily News reiterated its assertion as to the existence of rumours:³⁰⁸

“...the merger of Meadville and TTM has in fact been exposed to the market in advance. As per the brokers and fund managers, rumours about this had already spread in the market for at least over a year. The share price of Meadville was abnormally volatile since October this year, and recorded a cumulative growth of over 40% this month, far outstripping its peers and Hang Seng Index... There were market rumours on the day that the US-funded corporate intending to acquire Meadville decided to cancel the transaction, which caused the investors to dump their shares.”

³⁰⁵ EB-3, pages 133-336/338.

³⁰⁶ EB-3, page 133-344.

³⁰⁷ Transcript; Day 8, page 66.

³⁰⁸ EB-3, pages 133-293/295.

218. Also, having said, “the share price of Meadville suddenly plunged by over 20% in the early afternoon on 30 October, forcing the company to announce the suspension of trading”, the article attributed remarks to Mr Tom Tang, saying that he:

“...did not give a positive response yesterday to the true reason why the Meadville (shares) were dumped on the day, and only stated that the merger had been negotiated for nearly one and a half years and he was also aware of various market rumours during the period. (He said,) ‘We had to seek financing from seven banks, (and) the financial advisers and 4 to 5 law firms were also involved. The whole project involved many people and it is difficult to find out where the problem [(regarding) the protection of confidential information] came from.’ ”

219. In cross-examination, Mr Lung agreed with Mr Yu’s suggestion that he could not say whether or not the articles published in the media after the suspension of trading in Meadville shares that “news or rumours circulating around in the market for about-for even over a year” were true or not. He agreed that he had no basis to say that the authors of the articles had made up those statements.³⁰⁹ Nevertheless, he went on to say:³¹⁰

“I will put it this way: I cannot be certain whether this is true or not, but there are reasons that I believe that they are unlikely to be what is being described. It is not fact that I know for fact that they are not correct, but there’s reason that I believe that the situation is unlikely to be that.”

220. Mr Lung went on to accept that there had been leakage of the transaction “after the suspension, before the announcement.”³¹¹ Of that period, Mr Lung said:³¹²

“...this media publication already gave some knowledge about there could be a possible acquisition. But again those are rumours, they are not information. And it is also not as specific as giving the price, the structure, what is the deal like, not only until maybe just a few hours before the official announcement. But even then I have not seen a single news article that has correctly mentioned the structure of the deal and the share price.”

³⁰⁹ Transcript; Day 6, page 93.

³¹⁰ Transcript; Day 6, page 94.

³¹¹ Transcript; Day 6, page 103.

³¹² Transcript; Day 6, page 102.

Mr Lung's opinion: unlikelihood of news/rumours circulating in the market for about a year before 30 October 2009

221. Of his reasons for his statement that, in his opinion, it was unlikely that news or rumours had been circulating in the market for about a year before the suspension of trading in Meadville shares, Mr Lung said:³¹³

“I think, first of all, leakage is different than “rumour”. Leakage not necessarily implies rumour. If the leakage is just-I think I remember seeing one article saying that in a selected circle, so it will be just that select circle know about it, but not a rumour that is circulating around...there are several reasons that lead me to think that even if there are leakage, it will be quite limited.

The first reason is that before suspension, we have quite a large number of news articles about Meadville, and you are suggesting that this has been at least maybe 6 or 12 months there, some over one year, but I do not see any mention of those rumour. Of course in a news as a simply reporting the result announcement, I don't expect that to be covered. But if you look at some of the articles are actually stock recommendations just like the last two articles before the suspension on 6 and 7 October”. [Italics added.]

222. Of the Apple Daily article, dated 8 October 2009,³¹⁴ in which Meadville had been described as a laggard stock, but of which it had been noted that it “...finally ‘re-surfaced’ after the second anniversary of its ‘deep dive’, hitting a new high for two consecutive days”, Mr Lung observed:³¹⁵

“but there is no mentioning of the rumour and if there is rumour that is widely circulating, I think this is the best place for them to mention this: there is rumour about a potential takeover.”

223. Mr Lung made the same point in respect of the Ming Pao Daily News article, dated 7 October 2009.³¹⁶ The article referred to the PCB industry, in effect, as being ‘booming’, that the share prices of peer companies in Taiwan had been pushed up and that on 6 October 2009 Meadville’s price had increased to \$2.26, “a striking 12.44%, and recorded a rarely seen [large] trading volume of \$18.65 million.” Of the position of an author of such an article, he said, “Even though I do not agree or whatever, I think it’s simply a duty that you have to point out that there is the rumour that has been driving the shares in the past.”³¹⁷

³¹³ Transcript; Day 6, pages 104-105.

³¹⁴ EB-3, pages 133-369/371.

³¹⁵ Transcript; Day 6, page 106.

³¹⁶ EB-3, pages 133-372/373.

³¹⁷ Transcript; Day 6, page 107.

224. Of his examination of media reports, in considering the assertion made in some media reports that rumours of the information of the Transactions had been circulating in the market for over one year, Mr Lung said:³¹⁸

“I am looking for supporting evidence and these two are just small examples, when I look at like there might be 100 articles before the suspension. If you say something exists but then I cannot find evidence, then I have to also question whether that exists or not and I have a lot of doubt.”

225. Subsequently, Mr Lung returned to enumerating the reasons he gave for his opinion that it was unlikely that rumours of the transaction had been circulating widely in the market for over a year:³¹⁹

“*The second reason* is that if there is really rumours widely circulate, generally known, and has been a year and causing the share price-or let’s stay with 2009-share price to go up from maybe \$1 to \$2 something, I will be very surprised that either both the Stock Exchange or SFC are not aware of this or they are aware and decided to take any action. I believe both the SFC and Stock Exchange, they should have market surveillance and if it is-they should know it well before it is to the level of generally known. And if such a major cooperate (?) action going on, moving up the share price, I think they will ask the company to make an announcement, “Either you say there is no such thing or you give update what is happening.”

The last reason I have briefly talked about before, that is the collapse of the share price on 30 October. If the rumour has been again generally known and that was the major reason, people buying the shares in the past six months, I think all of them will be very panicked... If the rise from 92 cents, the major driving force was this rumour of a takeover and now it is saying that the rumour-the trade may be collapsed. My downside would be 92 cents. Even at 2.15 I would still selling. I am looking for more than 50% loss on my investment. But if you look at the turnover, at \$2.15 or \$2.16, the turnover was very high. So it is not collapse without turnover. There are a lot of people willing to buy the shares at \$2.15 level which was above the level in May, June, July, August or end of September.” [Italics added.]

(ii) Mr Clive Rigby

The price and volume of trading in Meadville shares

226. Having referred to charts of the period December 2007 to the end of January 2010 reflecting: (i) the price and volume of trading in Meadville shares; (ii) the price and volume of weekly trading in the Hang Seng Index; and (iii) the price and volume of weekly trading in the S&P Index in the United States of America, in his statement Mr Rigby observed, “It is

³¹⁸ Transcript; Day 6, page 108.

³¹⁹ Transcript; Day 6, pages 111-113.

noticeable that Meadville generally tracked the broader Hong Kong and American markets very well with the noticeable exception of a price surge beginning in May 2009.”³²⁰

Those accustomed to or would be likely to deal in Meadville shares

227. In Mr Rigby’s opinion a specific type of speculator was to be added to the broad category of speculators to which Mr Karl Lung had made reference in his statement as persons who were accustomed to deal or would be likely to deal in Meadville shares. They were those who believed there was a profit to be made and whose belief “can be based purely on optimism unsupported by analysis but fuelled by sources such as tips, rumours, market gossip exchanged with like-minded acquaintances, chat groups, obscure financial newsletters and financial blogs.” He said that such speculators were often drawn to “surges in share prices and trading turnover, which trading could be triggered by the buying activities of ‘insiders’ ”. In addition, Mr Rigby identified the friends and families of Meadville employees as another group of persons who were accustomed to deal or were likely to deal in Meadville shares.³²¹

Trading in Meadville shares:

(i) May to June 2009

228. Mr Rigby said that in May to June 2009 there was a “remarkable increase” in the price and volume of trading in Meadville shares. The price rose from \$1.00 to \$1.75 per share, whereas the volume of trading increased from around 5 million shares to about 47 million shares per day.³²² At the end of re-examination, he clarified that the period he identified was up to mid-June 2009.³²³ On 12 June 2009 the Daily High of trading in Meadville shares was \$1.75 and 11.2 million shares were traded.³²⁴ Mr Rigby observed that negotiations between Meadville and TTM, which had been put on hold in January 2009, were resumed in April 2009. Of the rise in the price and volume of trading in Meadville shares, it was his view that it was, “reasonable to believe that this was related.”³²⁵

229. It is to be noted that although Meadville shares closed at around \$1.00 on a number of days in early May it was not until 19 May 2009 that the closing share price of Meadville shares maintained the level of above \$1.00. It did so with a significant increase in the volume of

³²⁰ Mr Clive Rigby’s statement, paragraph 11.

³²¹ Mr Clive Rigby’s statement, paragraph 22.

³²² Mr Clive Rigby’s statement, paragraph 13.

³²³ Transcript; Day 11, pages 8-9.

³²⁴ HB-1, page 2-2.

³²⁵ Mr Clive Rigby’s statement, paragraph 13.

trading on certain days in which the closing price increased significantly from the closing price on the previous trading day:

- 21 May, 11.8 million shares were traded and the closing price was \$1.18, up 8.257%;
- 22 May, 37.2 million shares were traded and the closing price was \$1.23, up 4.237%;
- 2 June, 12.7 million shares were traded and the closing price was \$1.34, up 9.836%;
- 3 June, 48.2 million shares were traded and the closing price was \$1.49, up 11.194%.

(ii) June to October 2009

230. Mr Rigby said that in the period of June to 30 October 2009 “Meadville’s share price continued to outpace the broad market indices.” Its share price rose from approximately \$1.50 to about \$2.80.³²⁶ At the end of re-examination, he clarified that the period began in mid-June 2009. On 18 June 2009, the closing price of Meadville shares was \$1.49. By reference to the Timetable of Events provided to the SFC by Meadville, UBS, TTM and Merrill Lynch, extracts of which he used to comprise the chronology at CR-11, of the overall period he noted: due diligence had been conducted by TTM, including a visit to Meadville’s factory in Dongguan³²⁷; and that there had been multiple discussions with bankers, lawyers, accountants and other advisors in relation to the possible Transaction. In particular, he noted that in early July and on 17 July 2009 Meadville made presentations to representatives of 12 banks in relation to the proposed Transaction. Meadville and TTM made a joint presentation to those representatives on 24 July 2009. Noting that, in total, those listed as Transaction team members numbered over 150 persons, Mr Rigby expressed the opinion in his statement that “it would be very naïve to trust that presentations made to so many bankers could be kept confidential.”³²⁸

Leaks of the negotiations

231. In his evidence-in-chief, Mr Rigby testified, having regard to the Bloomberg chart describing the price and volume of trading in Meadville shares in the period December 2007

³²⁶ Mr Clive Rigby's statement, paragraph 14.

³²⁷ HB-2, page 1059. Meadville’s Timetable of Events stated: "August-September 2009: Meadville and TTM prepared for and conducted formal due diligence on each other on the financial, legal, tax, property, FCPA and operational aspects."

³²⁸ Mr Clive Rigby's statement, paragraph 14.

to January 2010, overlaid by references he had made to events in the negotiations between Meadville and TTM,³²⁹ that:³³⁰

“in all likelihood, at various stages of negotiation between Meadville, TTM and their various advisers, that leaks occurred that will have had an effect on the price.

232. He explained that, having had regard to media reports in which he had seen “various references to rumours”, he had concluded that there were leaks. He reiterated the statement that he had expressed in his statement that with so many advisers privy to the information of the transactions, together with their support staff, that “I would find it very, very surprising that there should be no leaks.”³³¹

3 June 2009: TTM’s revised offer

233. In a note that he appended to the Meadville stock price chart, Mr Rigby noted developments that had occurred in the negotiations between the parties on 3 June 2009. First, that the Timetable of Events provided to the SFC by Meadville stated that the parties had agreed that Meadville’s Laminate business could be excluded from the proposed transaction and pricing.³³² Secondly, TTM had made a revised offer for each Meadville share. In an email, dated 3 June 2009, Mr John Lee, of Merrill Lynch, advised Mr Canice Chung, the CEO of Meadville, of a formal communication that morning from UBS, advisers to TTM, that the latter’s board “has agreed to increase the cash portion of the offer to \$0.45 per share (from \$0.3) with the share consideration remains the same.”³³³

234. In his evidence-in-chief, Mr Rigby acknowledged that by an email, dated 29 September 2008, Mr Canice Chung had informed TTM that Meadville were prepared to “move ahead” with due diligence on the basis of a counter proposal by TTM of “HKD 0.83 cash per share plus a conversion of [TTM’s] share at 0.0185 per share of [Meadville] plus [Meadville] can take back” the Laminate business.³³⁴ Mr Rigby agreed that the documentation prepared by Meadville for its board meeting on 23 October 2009 described the consideration to be paid by

³²⁹ Mr Clive Rigby’s statement; CR-1, pages 1-4.

³³⁰ Transcript; Day 9, page 12.

³³¹ Transcript; Day 9, page 13.

³³² HB-2, page 1057.

³³³ HB-3, page 1088.

³³⁴ HB-3, page 1085.

TTM as the “purchase price of PCB” as being “a combination of cash (HK \$0.45) (and (0.0185))” TTM shares per Meadville share.³³⁵

235. Of the significance of the increased cash offer of \$0.45, dated 3 June 2009, Mr Rigby said:³³⁶

“...it is a step towards pricing a deal. If one compares it to the stock market at the time, it shows that there is plenty of upside in the price.”

He went on to explain:

“What I mean by that is that the share at that time was trading at about \$1.50. And I believe that at that time, the 45 cents per share, in cash, plus 0.0185 of a TTM share, those two items I believe equated to \$1.75, onto which one would have to add the value of the laminate business.”

236. It is to be noted that the closing price of TTM shares on 3 June 2009 was US \$8.95.³³⁷

Due diligence

237. Of the possibility of leaks of information about the transactions emerging from the due diligence process, Mr Rigby explained in his oral testimony:³³⁸

“Well, somebody either from TTM or engaged by TTM might go to a supplier to check that they are actually supplying product necessary for the sales that are claimed by Meadville... if a supplier is approached by a third party wanting to know if they have actually supplied -- so somebody from TTM goes to Meadville suppliers and says, "Are you really supplying this material, how much material are you supplying?" Now, that supplier could normally be expected to regard that as confidential information and tell them to mind their own business. So to ensure that the answers are given, support might be given by Meadville, telling the suppliers, "Yes, yes, it's all right for you to answer those questions," the same to the customers perhaps.”

2 October 2009

238. Mr Rigby observed that there was a meeting between representatives of Meadville and Merrill Lynch on 2 October 2009 to discuss the financial modelling of the dividend distribution, at which spreadsheets of their respective valuations of the proposed Transaction expressed in HK dollar value per Meadville share were presented and discussed. He said that the value stipulated by Meadville was \$3.35 and that of Merrill Lynch \$3.45 per Meadville share. In that

³³⁵ EB-2, page 711.

³³⁶ Transcript; Day 9, pages 20-21.

³³⁷ EB-2, page 888.

³³⁸ Transcript; Day 9, page 15.

context, he noted that “in the following few days share turnover increased markedly along with a price rise from about HK \$2.00 to over HK \$2.40.”³³⁹

239. In his evidence in chief, Mr Rigby said:³⁴⁰

“So, if you are looking at the share price of around \$2 and a valuation of \$3.35 or \$3.45, there is clearly upside in the price.”

240. It is to be noted that, having closed at \$2.03 on 2 October, the closing price of Meadville shares on 6 and 7 October 2009 was \$2.26 and \$2.34 respectively on greatly increased turnover of 8.4 million and 12.8 million shares. The increase in the share price was 12.44% and 3.54% respectively.³⁴¹

241. In that context, in his statement Mr Rigby expressed the opinion:³⁴²

“...it would be reasonable to infer that through some combination of the due diligence activities and numerous meetings with bankers, lawyers and accountants, news of the Transaction would have been leaked from a variety of sources and that such leaks would have caused the increase in trading activity and the price rise during this period.”

242. In his oral testimony, Mr Rigby took issue with the three periods of surges in the price at which Meadville shares traded identified by Mr Lung.³⁴³ He said that Mr Lung ought not to have excluded the period from the end of June to 6 October 2009. During that period the price at which Meadville shares traded had increased from \$1.50 to \$2.26 on 6 October 2009. He said that was an increase of about 33% and included the period in which Meadville had held meetings with the representatives of 12 bankers on several occasions in July 2009. In fact, the increase was over 50%. Similarly, he took issue with Mr Lung’s evidence that professionals, including bankers, were unlikely to leak confidential information.³⁴⁴ On the contrary, he said “Leaks from financial professionals over the years have been widespread.”³⁴⁵ He suspected “rather strongly’ there would have been a leak.

³³⁹ Mr Clive Rigby’s statement, paragraph 14.

³⁴⁰ Transcript; Day 9, page 21.

³⁴¹ HB-1, page 1.

³⁴² Mr Clive Rigby’s statement, paragraph 15.

³⁴³ Transcript; Day 5, pages 92-93.

³⁴⁴ Transcript; Day 5, pages 116-117.

³⁴⁵ Transcript; Day 9, pages 32-35.

Other contributing factors to the rise in price and volume of trading in Meadville shares
Meadville

(i) positive news

243. Of Mr Lung's evidence of factors that, in combination, may have contributed to the rise in the price and volume of trading in Meadville shares, Mr Rigby acknowledged, in cross-examination by Mr Duncan, that the media reports of the AGM and the ensuing press conference on 2 June 2009 were 'positive' as to future prospects of Meadville.³⁴⁶ Similarly, he agreed that media reports, published on 18 August 2009, of the Chairman's statement attached to the Interim Results announced the previous day, contained positive news.³⁴⁷ On the other hand, whilst he was prepared to agree that the article in the Ming Pao Daily News, published on 7 October 2009, was "favourable" to Meadville, Mr Rigby repeated the observations that he had made in his evidence-in-chief³⁴⁸, namely the newspaper was "a general circulation newspaper rather than a financial paper" and that "the tenor of the article doesn't strike me as one written by serious financial journalists."³⁴⁹

244. Of the suggestion that 'positive' news had an ongoing effect on trading in Meadville shares, Mr Rigby said³⁵⁰

"I'm not saying that it's non-existent, all right, but as a driver of the prices, I believe that the turnaround-the optimism and the turnaround was played out, as I might have said before, by the middle of August, and that the price rises after that can't be explained purely by this general optimism. I find it far more plausible that events going on in the background were leaking."

245. Having noted that the spreadsheets prepared by Meadville and Merrill Lynch respectively and used at a meeting on 2 October 2009 between those parties stipulated a valuation of Meadville shares for the proposed Transactions of \$3.35 and \$3.45 respectively, Mr Rigby said, "I suspect strongly that leaking out is a far more plausible explanation than stale news, as I think of it, played out news..."³⁵¹

³⁴⁶ Transcript; Day 10, page 21.

³⁴⁷ Transcript; Day 10, page 22.

³⁴⁸ Transcript; Day 9, pages 38-39

³⁴⁹ Transcript; Day 10, pages 25-26.

³⁵⁰ Transcript; Day 10, pages 26-27

³⁵¹ Transcript; Day 10, page 27.

Articles in the media on 7 and 8 October 2009-no reference to 'rumours' about Meadville

246. Mr Rigby replied in the negative when asked in cross-examination by Mr Duncan if he was surprised, given that in his opinion that there were substantial rumours in the market at that time of the proposed Transactions, that there was no reference to such rumours in the Ming Pao Daily News, published on 7 October 2009. Under the heading "*Meadville finally resurfaced after deep diving for 32 months since its listing*", the article noted that on 6 October 2009 Meadville share price had closed at \$2.26, finally above the IPO price of \$2.25. That was described as an increase of "a striking 12.44%", together with "a rarely seen [large] trading volume of HK \$18.65 million." Also, the article said, "...recently the printed circuit board industry has become very 'hot'. Added to the fact that the stock price of many peer companies in Taiwan have been pushed up." Mr Rigby explained:³⁵²

"Well, first of all, it's not a financial newspaper. Many rumours move around markets without making the newspapers. I've frequently been interested in stocks where I've been aware of rumours that I could not read about in the South China Morning Post or the Financial Times or the Wall Street Journal. No, I'm not surprised."

247. Mr Rigby responded in similar vein to the same question from Mr Duncan in cross-examination in respect of the article in the Apple Daily, published on 8 October 2009. Under the heading, "*Speculation on the laggard stock of Meadville*", the article said, "Meadville Holdings (3313) finally 're-surfaced' after the second anniversary of its 'deep dive', hitting a new high for two consecutive days... investors began to speculate on the stock of Meadville because there is no other stock left to speculate". Mr Rigby explained:³⁵³

"I am not surprised that rumours don't appear in newspapers where-at a time when they can't be justified or if a journalist-a journalist might hear of a rumour but be told by the person who gave it to them that they can't repeat it. No, I'm not surprised."

Mr Rigby added:

I just don't think of this as serious financial journalism. And even serious financial journalists, they don't get all the rumours on all the stocks by any means."

Mr Henry Tang: (ii) the Chief Secretary and (iii) aspirant CE

248. Of the second factor identified by Mr Lung, namely that Mr Henry Tang, the Chief Secretary, was involved with Meadville, Mr Rigby said "it is a positive, it's not a negative"³⁵⁴,

³⁵² Transcript; Day 10, page 34.

³⁵³ Transcript; Day 10, page 37.

³⁵⁴ Transcript; Day 10, page 28.

but added, “I wouldn’t say totally irrelevant but nothing like a major factor.”³⁵⁵ Of the third factor, namely the fact that the media reported that Mr Henry Tang was an aspirant candidate for the office of Chief Executive, Mr Rigby acknowledged “I believe it would be a factor”.³⁵⁶ In his evidence-in-chief, Mr Rigby said of that factor:³⁵⁷

“I think it would have been reasonable to assume that if indeed he had aspirations to high office, it would be highly appropriate for the family to divest itself from a commercial enterprise, if only to avoid being accused of favouritism or corruption.”

249. Of the role that factor would play in the performance of Meadville’s shares, Mr Rigby said:³⁵⁸

“...then that could easily be taken to imply a sale of the family business, and if the family business is to be sold, it’s to be sold at a reasonable price, which is arguably higher than the market price.”

(iv) Meadville’s underperformance: Hang Seng Index and IPO price of \$2.25

250. Of Mr Lung’s evidence that from its IPO on 2 February 2007, the price of Meadville shares had underperformed the Hang Seng Index and not returned to its IPO level of \$2.25 until the second week of October 2009, Mr Rigby said “I believe Mr Lung was wrong in saying that the stock, i.e. Meadville, started to outperform the Hang Seng Index only in October.”³⁵⁹ Further, of Meadville’s share price returning to its IPO level, he said, “I just don’t see the relevance of it.”³⁶⁰ He added, “...if we’re going back to the IPO, then why has the stock not performed well after the IPO? One possibility that occurs to me is that the IPO was very well marketed, very well sold and fully priced at the time of its launch.”³⁶¹ Finally, he said that he did not agree that underperformance of Meadville’s share price may have been a factor in the rise in the price at which Meadville shares traded.³⁶²

‘Stock in Play’

251. Having observed that the price of Meadville shares reached “as high as HK \$2.80”, Mr Rigby noted that they did so on “high trading volume”. Of that, he said that Meadville shares had the “hallmarks” of being a “Stock in Play”. He added, “Indeed, we can see various

³⁵⁵ Transcript; Day 10, page 29.

³⁵⁶ Transcript; Day 10, page 31.

³⁵⁷ Transcript; Day 9, page 42.

³⁵⁸ Transcript; Day 9, page 43.

³⁵⁹ Transcript; Day 10, page 42.

³⁶⁰ Transcript; Day 10, page 43.

³⁶¹ Transcript; Day 10, page 45

³⁶² Transcript; Day 10, page 51.

references in the press to contemporaneous rumours of a deal between TTM and Meadville.”³⁶³ In that context, he referred to the articles published on 31 October 2009 in the Ming Pao Daily News³⁶⁴ and the Apple Daily,³⁶⁵ which he said “mentioned a takeover of about HK \$3 per share and the calling-off of negotiations triggering a massive sell-off.”³⁶⁶ In the result, it was his opinion that, “the price rise over this period was fuelled by leaks.”

252. In cross-examination by Mr Duncan, Mr Rigby confirmed that, in referring to media reports of “contemporaneous rumours”, he was referring to “press reports dated after 30 October referring to rumours having been circulating before 30 October”. He agreed with Mr Duncan’s suggestion that he had not seen one press report or social media reference in all of the material put before the Tribunal “which bears a date before 30 October and which refers to the circulation of rumours.”³⁶⁷

253. In a later part of his statement, Mr Rigby expressed the opinion that speculators had seen Meadville as a “Stock in Play” even earlier, and that the rise in the price and volume of trading in Meadville shares, fuelled by leaks and market rumours, explained the rises as “early as April, May 2009.”³⁶⁸ Mr Rigby went on to say, “the market had, since at least March-April 2009, been driven by leaks and rumours that can now no longer be thoroughly examined due to the long passage of time. That these leaks occurred, appears to me to have been inevitable in view of the very large number of persons aware of the likelihood of the Transaction.” He concluded:³⁶⁹

“...it is my view that these rumours are the most likely driving force for both the rise in prices and trading activity from March 2009 onwards as well as the price collapse of 30 October 2009 along with its huge surge in share trading volume.”

254. In his evidence-in-chief, Mr Rigby explained what he meant by the term “Stock in Play” namely “a stock that is the target of a potential takeover.”³⁷⁰ Of his opinion that Meadville had the hallmarks of being a “Stock in Play” he explained:³⁷¹

³⁶³ Mr Clive Rigby's statement, paragraph 16.

³⁶⁴ EB-3, pages 133-355/358.

³⁶⁵ EB-3, pages 133-360/363.

³⁶⁶ Mr Clive Rigby's statement, paragraph 16.

³⁶⁷ Transcript; Day 10, pages 14-15.

³⁶⁸ Mr Clive Rigby's statement, paragraph 31.

³⁶⁹ Mr Clive Rigby's statement, paragraph 39.

³⁷⁰ Transcript; Day 9, page 30.

³⁷¹ Transcript; Day 9, pages 31-32.

“The press itself referred to takeover rumours, with varying degrees of accuracy or closeness to what eventually transpired. The share price had been running up sharply. There were a large number of advisers involved in advising and negotiating the transaction. It would be very surprising for none of that to leak, and my belief is that the leaks go a considerable way to explaining the price rises.

Indeed, that belief, in my mind, is reinforced by the share price drop, perhaps that might be too strong a word, of 30 October, which was widely attributed to a breakdown in talks.”

29 October 2009

255. In his witness statement, Mr Rigby said that “On 29 October 2009, the intended date for signing the agreement between MHL and TTM, the signing was cancelled.”³⁷² The provenance of that assertion appears to be a statement to that effect in the Timetable of Events provided by Meadville to the SFC on 4 December 2009.³⁷³ None of the other parties to the negotiations, who provided similar responses to the SFC, ascribed that description to 29 October 2009. In its reply to the SFC, Merrill Lynch said of 29 and 30 October 2009 that there was “meeting in Hong Kong between Meadville and TTM to discuss transaction structure and terms”.³⁷⁴ TTM said of those days, “TTM and Meadville meet in Hong Kong to negotiate transaction agreements.”³⁷⁵ UBS gave an identical description.³⁷⁶

30 October 2009: trading in Meadville shares

256. Having noted that, on 30 October 2009, almost 45 million Meadville shares were traded at a High of \$2.82, a Low of \$2.08 and that they closed at \$2.15, when trading was suspended, Mr Rigby expressed the opinion:³⁷⁷

“...it would be reasonable to infer that, in comparing the price drop with the most obvious explanation, the cancellation of the signing leaked widely, otherwise, the volume of selling would not have been so large, nor would it have involved such a large number of individual sellers.”

Individual traders

257. In his evidence-in-chief, Mr Rigby referred to information of identified individuals trading in Meadville shares on 30 October 2009, obtained from Returns made by multiple

³⁷² Mr Clive Rigby's statement, paragraph 17.

³⁷³ HB-2, page 1061.

³⁷⁴ HB-2, page 1015.

³⁷⁵ HB-2, page 1021.

³⁷⁶ HB-2, page 1033.

³⁷⁷ Mr Clive Rigby's statement, paragraph 17.

brokers to the SFC of trading in Meadville shares in the period 6 October to 17 November 2009.³⁷⁸ There was no information of the time on 30 October 2009 the orders were placed or executed. The information was collated in the form of a Summary by the 1st Specified Person's solicitors.³⁷⁹ Mr Rigby said that there were about 430 individuals trading in Meadville shares on 30 October 2009. He noted that the trading also included trading by brokers, without any identification of the individuals on whose behalf they traded. Of the significance of that information, he said:³⁸⁰

“...there was a meaningful number of individuals trading the stock, which I believe is supportive of the notion that the rumour was widely dispersed.”

Panic selling/margin calls/stop-loss orders

258. Of Mr Karl Lung's evidence in respect of the sell-off of Meadville shares on 30 October 2009 that, in addition to the possibility that a leak of information of the cancellation of the signing of the Transaction agreements, “it seems more to me that a lot of them are just panic selling or there could be some... involved margin call or a very common way of people, especially individual investors, is that they always have a stop-loss”,³⁸¹ Mr Rigby said in cross-examination by Mr Duncan, “I am not comfortable with, as it reads here. I don't think it's widespread for clients to place a stop-loss order.” In particular, he took issue with Mr Lung's assertion that they “always” have a stop-loss order. On the contrary, he said that applied to “a distinct minority of clients.”³⁸² Whilst Mr Rigby agreed that he too attributed the sell-off to panic selling, he explained:³⁸³

“...assuming that I bought shares because I believe in a story about a takeover, I then hear that the takeover is off, cancelled, deferred, that might well encourage me to sell in a panic and dump my shares. You know, the panic is caused by something.”

During the period 23 October to 17 November 2009, was information relating to the Transactions generally known?

259. In his statement, Mr Rigby addressed the question of whether, during the period 23 October to 17 November 2009, information relating to the Transactions was generally known to those who were accustomed to deal or would be likely to deal in Meadville shares.

³⁷⁸ HB-6, pages 3136-3192.

³⁷⁹ HB-6, pages 3125-3135.

³⁸⁰ Transcript; Day 10, page 6.

³⁸¹ Transcript; Day 6, page 33.

³⁸² Transcript; Day 10, page 60.

³⁸³ Transcript; Day 10, page 61.

In his opinion, the references in the press to “rumours as well as the clear patterns of trading and dissemination of news” demonstrated that “information relating to the Transaction was in the market.”³⁸⁴

Media reports on 31 October and in November 2009

260. Having adverted to the articles published on 31 October 2009, in the Ming Pao Daily News³⁸⁵ and the Apple Daily,³⁸⁶ and the article by PCB Partner³⁸⁷, published on 12 November 2009, Mr Rigby asserted that they “represent clear evidence that leaks regarding negotiations had been a major driving force of the changes in Meadville’s stock price and turnover.”³⁸⁸ They represented “specific hard evidence” supporting his belief that “leaks... were circulating in the market during the previous months’ price rise.”³⁸⁹

261. In cross-examination by Mr Duncan, Mr Rigby said that he had never heard of PCB Partner before he had compiled his report. He acknowledged that the PCB Partner article asserted that:

“There was already information coming from within Meadville last year claiming that Meadville had been negotiating with a large North American productions business either on a sale of shares or a collaboration through convertible shares. After such relevant information was leaked from a select circle of people at that time last year, Meadville stock prices increased substantially.”

262. Mr Rigby said that, as far as he could recall, he had not come across any “specific hard evidence” in other reports suggesting that the information came “from within Meadville”. He answered in the negative enquiry as to whether or not he had come across any such specific hard evidence in other reports that information was leaked “from a select circle of people.”³⁹⁰

Attribution of ‘rumours’ asserted in the media

263. In re-examination, Mr Rigby confirmed by reference to various media reports of “rumours” that none of the reports provided information of a specifically identifiable and traceable source of the ‘rumours’ reported in the article. He agreed that the Ming Pao Daily

³⁸⁴ Mr Clive Rigby's statement, paragraph 23.

³⁸⁵ EB-3, pages 133-355/358.

³⁸⁶ EB-3, pages 133-360/363.

³⁸⁷ Mr Clive Rigby's statement; CR-5, pages 17-18.

³⁸⁸ Mr Clive Rigby's statement, paragraph 19.

³⁸⁹ Mr Clive Rigby's statement, paragraph 18.

³⁹⁰ Transcript; Day 10, pages 53-55.

News article, dated 11 November 2009³⁹¹, merely asserted that the revelation that “as early as last year that the company was in talks with a large North American factory for the sale of equities or cooperation in the form of share swap” was attributed to “inside information from Meadville.”³⁹²

264. It is to be noted that the assertions in the same article that a “US-funded enterprise... offered to acquire it for about \$3 per share” and that the “majority shareholder intended to conduct privatisation before disposing of the entire company” were attributed simply to wholly unspecified “market rumours” on 30 October 2009, as was the assertion that the “major sell-off by investors whose speculative activities had been underpinned by the notion of the sale of Meadville” was caused by “rumours... that the US-funded buyer already decided to cancel the deal.”

265. Mr Rigby agreed that the article in the Sing Tao Daily, dated 11 November 2009, made no attribution at all of the genesis of its assertion³⁹³, “It has always been reported that the Tang family intended to sell its stake in Meadville to a large North American factory or to cooperate with it in the form of share swap.”³⁹⁴

266. An article in the Apple Daily, dated 16 November 2009, asserted that, “Meadville has had the sale proposal in the pipeline since a year ago and has mainly negotiated with TTM with which it already has business dealings. The mode of transaction varied from time to time and there had been plans to deal by way of share swap. At the end of last month, (some) news suddenly emerged that both sides failed to come to any agreement... Meadville’s share price also dropped drastically in a sudden.”³⁹⁵ Mr Rigby said that the only attribution of any of the information in the whole article was at the outset, where it had been asserted that “market sources disclose” that the Tang family may sell all of its shares to TTM at \$3.50 per share.³⁹⁶

267. Finally, Mr Rigby agreed that the article in the Ming Pao Daily News, dated 17 November 2009³⁹⁷, which asserted, “The merger of Meadville and TTM has in fact been exposed to the market in advance. As per the brokers and fund managers, rumours about this

³⁹¹ EB-3, pages 133-352/353.

³⁹² Transcript; Day 11, page 2.

³⁹³ Transcript; Day 11, pages 3-4.

³⁹⁴ EB-3, pages 133-350/351.

³⁹⁵ EB-3, pages 133-336/238.

³⁹⁶ Transcript; Day 11, page 5.

³⁹⁷ EB-3, pages 133-293/295.

had already spread in the market for at least a year”, provided no further source of that information. He agreed that the same was true of the assertion that, on 30 October 2009, “there were market rumours... that the US-funded corporate intending to acquire Meadville decided to cancel the transaction, which caused investors to dump their shares.”³⁹⁸

268. Mr Rigby said that the fact that articles did not identify the particular source of the rumours to which reference was made did not matter to the opinion that he had formed, namely that they represented clear evidence that leaks regarding the negotiations were circulating in the market and had been a major driving force of the changes in Meadville’s stock price and turnover. He explained:³⁹⁹

“It would be nice if the rumour were given a more credible source... But the fact-well, the reporting by various people of rumours, I believe, speaks for itself.”

Generally known

269. Whilst Mr Rigby did not take issue with Mr Lung’s statement that information is considered generally known to the market and/or investing public, “if it had been publicly announced or widely reported in the mass media”, he said that was “far too restrictive in an era where many people obtain their news and views over the internet from chat groups, online forums, blogs and mobile phones.”⁴⁰⁰ He added, given the ephemeral nature of the distribution of that information, it was “hard to review years after dissemination.” Finally, he was critical of Mr Lung for not having considered media sources from the Mainland.

Specific information

270. However, Mr Rigby entered a *caveat* as to the ambit of the information to which he referred. In his view, even if the information known to such speculators was “limited to the understanding that TTM was involved in negotiations without necessarily including the price”, that would not have prevented them from “jumping on the bus.”⁴⁰¹

271. Subsequently in his statement, Mr Rigby took specific issue with the ambit of the information identified by the SFC in its questions of Mr Lung as constituting specific information. The SFC had asked Mr Lung to give his opinion as to whether information about

³⁹⁸ Transcript; Day 11, pages 5-6.

³⁹⁹ Transcript; Day 11, page 7.

⁴⁰⁰ Mr Clive Rigby’s statement, paragraph 33.

⁴⁰¹ Mr Clive Rigby's statement, paragraph 23.

the Transactions described in Meadville's board minutes, dated 23 October 2009, was generally known in the period 23 October to 16 November 2009 to persons accustomed to deal or who were likely to deal in Meadville shares. The SFC identified the key elements of that information as being:

- the proposed sale of Meadville's businesses, namely the PCB and Laminate businesses, and
- the payment of a special dividend of around \$3.40 per share to Meadville shareholders.

For his part, Mr Rigby said that was "too restrictively defined both as to the time period and to the degree of specificity of relevance and of exact date."⁴⁰²

272. Mr Rigby said that, given the lengthy passage of time from the occurrence of the events in question, it was not possible to know whether the rumour referred to a "special dividend of around HK \$3.40". Nevertheless, he asserted that "having regard to the accuracy of the press reported rumours published on 31 October 2009...and various dates in November 2009⁴⁰³... relating to the dramatic price drop of 30 October 2009, they may well have been."⁴⁰⁴

273. In Mr Rigby's opinion, "...many interested market participants had been trading Meadville's share price based on broadly accurate, though not necessarily detailed information that had been widely leaked in the market."⁴⁰⁵

Mr Lung's opinion that information of the Transactions was not generally known

274. In his evidence, Mr Rigby addressed the three reasons advanced by Mr Lung for his opinion that the information relating to the Transactions was not generally known to those who were accustomed to deal or would be likely to deal in Meadville shares: namely that, prior to the suspension of trading, (i) there were no media reports of rumours; (ii) there was no evidence of an SFC/SEHK investigation; and (iii) if the rise in the price of Meadville shares had been

⁴⁰² Mr Clive Rigby's statement, paragraph 30.

⁴⁰³ HB-1, page 58-21st Century Business Herald (17 November 2009); page 81-Ming Pao Daily News (17 November 2009); page 107-ET Net (18:10 16 November 2009); page 110-Ming Pao Daily News (11 November 2009); and page 136-Sing Pao (17 November 2009).

⁴⁰⁴ Mr Clive Rigby's statement, paragraph 32.

⁴⁰⁵ Mr Clive Rigby statement, paragraph 37.

caused by rumours of the Transactions, it was to be expected that rumours that the Transactions may collapse would cause the shares to fall to the earlier level.

(i) No media reports of rumours of the Transactions prior to suspension of trading

275. Mr Rigby took issue with Mr Lung's opinion that, given that he had been unable to find any media report of rumours of a possible merger and takeover of Meadville in the press prior to the suspension of trading in Meadville shares on the afternoon of 30 October 2009, if such rumours existed "their circulation would likely be very limited and not known by typical Meadville investors".

(a) Media reports of the names of the parties to the Transactions

276. Mr Rigby pointed out that the article, published by PCB Partner on 12 November 2009⁴⁰⁶, "was specific as to the parties involved in merger and acquisition talks." In fact, the article stated, "Newswire received information that the company was in talks with the largest PCB manufacturer in North America, TTM Technologies, over details of merger and acquisition". Also, he said that the article asserted that, "There was already information coming from within Meadville last year claiming that Meadville had been negotiating with a large North American productions business either on a sale of shares or a collaboration through convertible shares."⁴⁰⁷

277. Of the fact that only two newspapers, Ming Pao Daily News and Apple Daily, reported on rumours in respect of Meadville on 31 October 2009, in the context of Mr Rigby's opinion that rumours of the proposed transaction had been circulating in the market for months prior to that, in re-examination Mr Rigby said:⁴⁰⁸

"Well, a stock like Meadville-whether one calls it a second-or a third-liner-is not a household name, it's not a widely followed stock. It's of no great interest to newspapers until and unless something interesting happens.

Now, the drop on the 30th was interesting. But for journalists who hadn't been following the company, or hadn't been interested in the company... other than its connections to the Tang family, simply wouldn't have been up to speed to get articles out. Well, they wouldn't have been able to dig around and get the contacts, to get the rumours to produce the articles."

⁴⁰⁶ Mr Clive Rigby's statement, CR-5, pages 17-18.

⁴⁰⁷ Mr Clive Rigby's statement, paragraph 39.

⁴⁰⁸ Transcript; Day 10, page 66.

278. Of the accuracy of the information published in media articles after the suspension of trading in Meadville shares on the afternoon of 30 October 2009, in his oral evidence, Mr Rigby said that the fact that the report in the Ming Pao Daily News published on 11 November 2009⁴⁰⁹ stipulated TTM Technologies as being the North American company in talks with Meadville meant, “They were clearly informed. Who by, I have no way of knowing.” In fact, the article stated, “Financial website Infocast cited information as saying yesterday that Meadville is currently in talks with North American PCB manufacturer TTM Technologies over details of the merger and acquisition matter...”.

(b) The structure of the deal

279. Of the assertion in the article that “...insider information from Meadville already revealed as early as last year that (Meadville) was in talks with a large North American factory for the sale of equities, or cooperation in the form of a share swap”, Mr Rigby said that was “essentially true”. However, he went on to acknowledge that it was “a mixture”.⁴¹⁰ In fact, the consideration was partly in cash and partly in TTM shares. For his part, Mr Rigby said, “...the general drift appears correct. A speculator in shares doesn’t pay too much attention necessarily to the detail.”

(c) The price per Meadville share

280. Of Mr Lung’s evidence, that the reference in the articles in the Ming Pao Daily News, published on 31 October and 11 November 2009, to a price of \$3.00 per Meadville share as the consideration, suggested that it was a “guess”,⁴¹¹ Mr Rigby said that he did not agree, “...you have two articles which are at \$3.50. The other one, which is at about \$3, is perhaps laziness, perhaps bad journalism, perhaps an assumption that \$3.50 is about \$3.00. I don’t know, I can’t answer.”⁴¹²

281. It is to be noted that the “two articles which are at \$3.50” to which Mr Rigby was referring, the one in the ET Net⁴¹³ and the other in the Apple Daily⁴¹⁴, were published on 16 November 2009. Meadville’s Timetable of Events state that on the night of 13 November 2009 representatives of Meadville and TTM “...concluded their negotiation on the terms of the

⁴⁰⁹ EB-3, pages 133-352/353.

⁴¹⁰ Transcript; Day 9, pages 51-52.

⁴¹¹ Transcript; Day 6, pages 140-141.

⁴¹² Transcript; Day 9, page 55.

⁴¹³ EB-3, page 133-344.

⁴¹⁴ EB-3, pages 133-336/338.

Transaction agreements and agreed to sign the Transaction agreements on 16 November 2009.” On 16 November 2009, the Credit agreement and the Transaction agreements were signed and an application was made to the SEHK for the resumption of trading in Meadville shares.⁴¹⁵

(ii) No SFC/SEHK investigation

282. Of the second reason advanced by Mr Lung in his evidence as to why, in his opinion, rumours as to the proposed Transactions were not widely circulated in the market prior to the suspension of trading in Meadville shares, namely that there was no evidence of an SFC or SEHK investigation prior to the suspension of trading in Meadville shares, Mr Rigby said:⁴¹⁶

“I rather doubt that the Stock Exchange or the SFC run around investigating every rumour that’s circulated around the market every day. They would be swamped.

My experience is that the SFC investigates after something has happened, so after an event has occurred, they suspect that something has gone around, at that point they go around looking for the rumours.”

(iii) Rumours of the Transactions/collapse: the rise and fall to be expected of Meadville’s share price

283. Of the third reason advanced by Mr Lung, namely that, if the rise in the price of Meadville shares had been caused by the leakage/rumours of the Transactions, it was to be expected that rumours that the Transactions may collapse would cause the share price to fall to its earlier level, as noted earlier, Mr Rigby said that, given that trading in Meadville shares had been suspended it was not known if the share price would have dropped lower, “I don’t think one can, on the basis of half an hour’s trading, decide that the stock had bottomed out. I do not think that’s a reasonable assumption.”⁴¹⁷ Further, given the evidence that there were at least 430 individual traders trading in Meadville shares on 30 October 2009, it was his opinion that supported his view that the “rumour was widely dispersed”.⁴¹⁸

23 October 2009: the Meadville Board meeting

284. By a Notice from the company secretary, dated 13 October 2009, the board of directors of Meadville was advised of a meeting to be held at 3:30 p.m. on Friday, 23 October 2009 for the purpose of considering matters arising from Project Tetons including the consideration of and, if appropriate, the approval of related agreements and announcements and the formation

⁴¹⁵ HB-2, page 1062.

⁴¹⁶ Transcript; Day 9, page 57.

⁴¹⁷ Transcript; Day 9, page 61.

⁴¹⁸ Transcript; Day 10, page 6.

of an independent board committee to advise independent shareholders.⁴¹⁹ By an email, dated 20 October 2009, the company secretary circulated to the directors and others draft documents for the board meeting.⁴²⁰ At the board meeting, Meadville presented slides, including a Transaction Summary which described the consideration to be paid as the purchase price of the PCB as being “a combination of cash (HK \$0.45 per MHL shares) and TTMI (0.0185 shares of TTMI shares per MHL shares)”.⁴²¹ For its part, Merrill Lynch distributed and presented material at the meeting.⁴²² The minutes of the meeting noted that the board of directors resolve to “proceed with the Proposal on substantially the same terms as that set out in the Documents”.

Trading in Meadville shares: 23-29 October 2009

285. In trading in Meadville shares on and between 23 and 29 October 2009 the closing price rose from \$2.57 on 22 October to close at \$2.78 on 27 October, at around which level it traded on 28 and 29 October 2009. Having noted that the volume of trading in those shares was “considered active and the average was close to \$20mn each day”, Mr Lung acknowledged that “it is possible that rumour about the Transactions, though with limited circulation, had contributed to the gain”. Mr Rigby took issue with the opinion that it was “possible”. On the contrary, it was “most likely”.⁴²³

The performance of Meadville shares after the Announcement of 16 November 2009

286. On 17 November 2009, its first day of trading after the suspension of trading, Meadville shares closed at \$3.05, compared with \$2.15 when trading was suspended in Meadville shares at 3.19 pm on 30 October 2009. That was a rise of 41.86%. It was Mr Rigby’s opinion that the level of \$2.15, at which trading was suspended, reflected “the panic sell-off triggered by the rumours of a collapse in negotiation.” As a measure of the reaction to the announcement of the Transactions, Mr Rigby said that he was “more comfortable” with having regard to the price of \$2.79 at which Meadville shares had traded prior to the share collapse on 30 October 2009. The closing price of Meadville shares on 17 November 2009 reflected a 9.3% rise over \$2.79. In his opinion that rise was “the continuation of the price rise that occurred between the end of April 2009 and 29 October 2009, the day before the share suspension.”⁴²⁴

⁴¹⁹ EB-1, page 283.

⁴²⁰ EB-1, page 281.

⁴²¹ EB-1, page 265 at paragraph 4. EB-2, page 711.

⁴²² EB-1, page 266, paragraph 5. EB-2, pages 737-758.

⁴²³ Mr Clive Rigby’s statement, paragraph 40.

⁴²⁴ Mr Clive Rigby’s statement, paragraph 43.

287. In his evidence-in-chief, having been reminded that Mr Karl Lung had accepted that, for the purpose of determining the effect of the announcement of 16 November 2009 on the trading of Meadville shares that the “appropriate comprador” in respect of the price at which the shares traded is “the closing price of the shares before the sudden collapse”, Mr Rigby said that he agreed. He said that one difference between the position on 28/29 October 2009 and 17 November 2009 was that, by the latter date, “the deal has actually been signed”. In his opinion the 9.3% rise in the closing price at which Meadville traded reflected the removal of that uncertainty and “the greater dispersion or diffusion of the knowledge and understanding of the deal.”⁴²⁵

(iii) Mr Charles Li

Rumours of the Transactions: generally known

288. Having noted that section 245 of the Ordinance applicable in 2009 provided that “relevant information” in relation to a corporation is specific information about the corporation or its listed securities “which is not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but which would if it were generally known to them be likely to materially affect the price of the listed securities”, in his statement Mr Charles Li adverted to the articles published in the Apple Daily and Ming Pao Daily News on 31 October 2009. He said that the articles asserted that, “the strong performance of MHL shares prior to its trading suspension was related to the rumours regarding the possible sale of MHL’s principal businesses and thereafter, the privatisation of MHL, while the collapse in MHL share price on 30 October 2009 was due to the rumours that the plan to sell such business may fail (fall?) through.”⁴²⁶ Mr Li said that the fact that they were published prior to the signing of the Transaction agreements suggested that:

“there were market rumours and speculations of the possible transaction in issue resulting in the price fluctuations of MHL shares prior to its trading suspension.”

289. In examination-in-chief, Mr Li acknowledged that his opinion was based on articles published only after the suspension of trading in Meadville shares on 30 October 2009. Given that there were no articles prior to 31 October 2009 which adverted to rumours in the market

⁴²⁵ Transcript; Day 10, pages 8-10.

⁴²⁶ Mr Charles Li’s statement; paragraph 5.1, page 17.

in respect of Meadville, Mr Li explained the basis on which, nevertheless, he had formed his opinion:⁴²⁷

“Ming Pao and Apple Daily. They both reported categorically the proposed transactions, including the possible takeover, the privatisation and also I think the price of \$3.... So I would say reporters, typically, when they see a certain situation, they will talk to their friendly brokers, a few of them, ask around, ask what’s going on. And once they have a collective view on the likelihood of a transaction, they would report that as a rumour. So that’s not just from Ming Pao. Apple Daily actually did also mention similar findings. And also subsequent to 31 October, you could see also there have been a number of occasions reporters mentioned that the rumours had been in the market for close to or over a year. So that, to me, I would say they must have been done... due diligence in respect of what’s going on. And that actually resembles quite closely to what’s actually happened, happening when the announcement was made.”

290. Mr Li contended that Mr Karl Lung had accepted as much in his witness statement⁴²⁸, “KL also confirmed in paragraph 38 of his report that ‘several news reports stated that the rumour of possible mergers and takeover Meadville had been circulating in the market for about one year.’ ”⁴²⁹ In the result, Mr Li concluded:⁴³⁰

“As such, I am of the view that rumours of the Proposed Transaction, which contained the key elements of the Information, was already generally known to the persons who were accustomed or would be likely to deal in the listed securities of the corporation at the time when Ms. Li made the dealings because of the existence of market rumours, and hence the Information was not and would not constitute “relevant information” under section 245 (1) of the SFO.”

291. For his part, in his evidence-in-chief Mr Karl Lung refuted Mr Li’s assertion. He said:⁴³¹

“In fact, I think he has misquoted me because in paragraph 38, from the beginning, I already said:

“After the announcement was made, several news reports stated that the rumour of possible mergers and takeover of Meadville had been circulating in the market for about one year.”

So again I’m just quoting what was being said in the newspaper, but he has incorrectly said that I confirmed that there were market rumours. So I am saying that there’s newspapers are saying there are rumours, but it’s not me saying that there are rumours.”

⁴²⁷ Transcript; Day 11, pages 15-16.

⁴²⁸ Mr Charles Li’s statement; paragraph 5.2, page 17.

⁴²⁹ Mr Karl Lung’s statement, paragraph 38.

⁴³⁰ Mr Charles Li’s statement; paragraph 5.2, pages 17-18.

⁴³¹ Transcript; Day 6, page 29.

292. In cross-examination by Mr Duncan, Mr Li said that he understood that Mr Lung was not accepting that the rumours had been circulating, rather he was citing what news reports had suggested were rumours.⁴³²

293. Earlier in his statement, Mr Li had noted that the SFC's Synopsis described "Information" as being the proposal that MHL sell its principal businesses and that there would be the payment of a dividend of about HK \$3.4 per share to MHL's shareholders.⁴³³

294. In support of that opinion, Mr Li invited the Tribunal to note that in its response to the SFC, dated 4 December 2009, Meadville had identified over 135 persons who were involved in processing the Transactions. Mr Li said that in his experience, in those circumstances, "the leakage of information was also highly likely."⁴³⁴

295. Mr Li noted that the closing price at which Meadville shares traded on 29 October 2009 was \$2.78. Of the "big fall in the price" of Meadville shares on 30 October 2009 and the suspension of trading in its shares, Mr Li said in his opinion, "it was likely caused by the market rumours".⁴³⁵

Materially affect the price

296. On 30 October 2009, following the suspension of trading in Meadville shares at 3:19 p.m., the closing price was \$2.15. Following the resumption of trading on 17 November 2009, the closing price was \$3.05. Mr Li suggested that the price of \$2.15 "could be identified as the neutralised price when the effects of the rumours of the Proposed Transaction were taken away". Of that, he said, "by 29 October 2009, the market had already substantially priced-in the prospect of the Proposed Transaction, and the relatively moderate increase in share price on 17 November 2009 (compared with the share price on 29 October 2009) merely reflected the effect of the official confirmation of the Proposed Transaction". Further, in his opinion the "big swing in prices was also strong circumstantial evidence tending to show that there were rumours of the information in the market at the material time."

297. For his part, in cross-examination by Mr Yu, Mr Lung said, "I would not totally disagree", but went on to add "I do not agree that there is widespread rumours or I am not

⁴³² Transcript; Day 11, page 36.

⁴³³ Mr Charles Li's statement; paragraph 3.2, page 7.

⁴³⁴ Mr Charles Li's statement; paragraph 5.3, page 18.

⁴³⁵ Mr Charles Li's statement; paragraph 6.5, page 24.

seeing evidence of widespread rumours”. Of 30 October 2009, he said, “there is evidence there are rumours around, but I don’t know the magnitude, how wide it was being spread... If you believe in the collapse just happened in half an hour, mostly in the afternoon, I doubt how well it would be spread within that short period of time... I accept there is likely to be rumours on 30 October but I don’t know the magnitude of its reach”⁴³⁶

Conclusion: the information was generally known and not relevant information

298. In the result, Mr Li expressed the opinion that the “Information was not relevant information as its key elements were already generally known to the persons who were accustomed or would be likely to deal in” Meadville shares at the time when “Ms Li made the dealings because of the existence of the rumours of the Information/Proposed Transaction.” Furthermore, Mr Li said that, “given the existence of market rumours... coupled with the observation of high turnover of MHL shares... I hold the view that the Information was not known only to a few but generally known to the market.”⁴³⁷

299. In his evidence-in-chief, Mr Li stipulated what, in his opinion, were the key elements of the transactions:⁴³⁸

“The key elements, in my view, were the takeovers or the acquisitions. Secondly, is the privatisation, possible privatisations. And thirdly, was the price as quoted in the newspaper, was like \$3, which was approximate to the \$3.47 which was the price for the privatisation.”

300. Of the basis of his opinion that those key elements were generally known in the market before 23 October 2009 to those accustomed or likely to trade in Meadville shares, Mr Li said:⁴³⁹

“It’s a combination of, first of all, the news articles prior to the announcements were reporting on the rumours. And second of all, it’s a combination of its significant increase in the volume of trade in October... together with the increase in the price in October. That would lead to my observation and conclusion, because it’s very unusual that you see both a substantial increase in price, together with the (volume) increase.

⁴³⁶ Transcript; Day 8, pages 15-16.

⁴³⁷ Mr Charles Li’s statement; paragraphs 5.6 and 5.7, page 21.

⁴³⁸ Transcript; Day 11, page 19.

⁴³⁹ Transcript; Day 11, page 20.

The causes of the rise in price at which Meadville shares traded

301. Mr Li invited the Tribunal to note that the increase in the price at which Meadville shares traded “started generally in April 2009.” Of that, he said “This might have been attributed to the fact that news of the resumption of negotiations for the sale of Meadville’s businesses was already widely known to the market”. Of what he described as the “sharp increase” in the price at which Meadville shares traded in early October 2009, Mr Li said, “This could also be attributable to the rumours on the Proposed Transaction, and in particular, the accelerated works of the professional parties from 2 October 2009 to 13 October 2009.”⁴⁴⁰

Conclusion

302. In the result, Mr Li said “...based on the observation on the market news and the large number of people involved in the preparation stage of the Proposed Transaction, the gradual surge in the share price of MHL in the few months leading up to the peaking of the share price on 29 October 2009... was highly likely caused by (i) the rumours of the Proposed Transaction, and fuelled by (ii) the market favoritism over MHL due to the lagger (?) catch up mentality of the PCB sector.”⁴⁴¹

303. In his examination-in-chief, Mr Li gave his opinion as to the relative significance of each of the two factors:⁴⁴²

“In my opinion, I would say that the...first factor would be more significant. As I mentioned...the significant increase in the volume as well as the price, that’s an indication that a particular company has been contemplating a transaction or a price-sensitive transaction at that moment. Whereas, I would say, the PCB sector also plays an auxiliary role in this because at that time, back in 2009, PCB sector was actually also quite a hot sector.”

304. Of his opinion of the significance of optimism towards the PCB sector playing a role in the surge in price and volume of Meadville shares from April to October 2009, Mr Li said:⁴⁴³

“So if you say the-the frenzy in the PCB market would lead to also the frenzy in respect of the price in MHL, I would not say-I would not say that it would be a contributing or primarily contributing factor.”

⁴⁴⁰ Mr Charles Li’s statement; paragraphs 6.3 and 6.4, page 24.

⁴⁴¹ Mr Charles Li’s statement; paragraph 6.6, page 24.

⁴⁴² Transcript; Day 11, page 21.

⁴⁴³ Transcript; Day 11, page 22.

305. In cross-examination by Mr Duncan, Mr Li said that he did not accept Mr Lung's opinion that the positive news of Meadville as a manufacturer in the PCB sector would have been a contributing factor to the increased price and volume at which Meadville's shares traded over the months up to the end of October 2009.⁴⁴⁴

Other factors

Mr Henry Tang

306. In his evidence-in-chief, Mr Li went on to address the other factors to which Mr Lung had referred as causing the surge in price and volume at which Meadville shares were traded between April and October 2009. Of the fact that Mr Henry Tang was the Chief Secretary, Mr Li said, "I don't think that would be a lot of excitement in the market. So not a significant effect."⁴⁴⁵

307. Of the evidence that Mr Henry Tang was a possible candidate for the post of Chief Executive, Mr Li said that "there is a possibility" that fact contributed to the increase in price and volume at which Meadville shares were traded in that period. However, he qualified that evidence immediately by saying, "When in combination with the other news, it's a credible piece of information." He explained that he had in mind, "the rumours that have been reported-that there would be a proposed transaction." Of that factor by itself, he said, "By itself, I don't see how that would provide excitement to the investment public."⁴⁴⁶ In cross-examination by Mr Duncan, Mr Li reiterated that position, namely that it would have been a contributing factor "...in combination with other factors...but not by itself."⁴⁴⁷

Meadville's underperformance

308. Of the issue of Meadville's underperformance, Mr Li said in his evidence-in-chief that he did not accept that Meadville shares had underperformed the Hang Seng Index between April and October 2009. He said "No, I disagree, because I think Meadville shares-the increase is much higher than the Hang Seng Index." Of his opinion of whether or not the fact that Meadville shares had traded below its IPO price for some time before April 2009 could have contributed to the rise in the price and volume at which Meadville shares traded in the period April to October 2009, Mr Li said, "Not necessarily." Having explained that it was necessary

⁴⁴⁴ Transcript; Day 11, page 64.

⁴⁴⁵ Transcript; Day 11, page 28.

⁴⁴⁶ Transcript; Day 11, page 29.

⁴⁴⁷ Transcript; Day 11, page 66.

to look at the performance of “companies in the same sector”, he said that there were “many reasons” why shares might trade below the IPO price.”⁴⁴⁸ In cross-examination by Mr Duncan, Mr Li said that he disagreed with Mr Lung’s opinion that it was a contributing factor.⁴⁴⁹

Growth momentum

309. Mr Li said that, in support of his opinion, he had regard to “growth momentum” in trading in Meadville shares. Having regard to the closing price of Meadville shares on 23 October 2009, namely \$2.68, he calculated the growth in the closing price from earlier dates, namely one week, one month, two months and three months earlier. He noted that the increase in the closing price for those periods had been 9.4%, 32.7%, 48.1% and 71.8% respectively. In his opinion, growth momentum of Meadville shares had been strong.

310. Mr Li said that the growth of 9.4% in the week before the closing price on 23 October 2009 was “sufficient to entice any retail investors to participate in the trading of such.” In his opinion, “the share price spike of MHL, particularly in October 2009, was caused by market rumours about the Proposed Transaction and hence the information as well as the then stock market enthusiasm over the PCB industry. This heated sentiment would induce retail investors like Ms Li to make purchase in such hot stock.”⁴⁵⁰

Trading Liquidity of Meadville shares

311. Mr Li calculated the average daily trading volume of Meadville shares on the SEHK and the relationship that the resulting figure bore to the total number of Meadville shares held by “independent shareholders”. He took the latter figure of independent shareholders, namely 27.8%, from the Circular issued by TTM and Meadville, dated 11 February 2010, which itself took the calculation from “the latest practicable”, for the purpose of including information in the Circular, as being 8 February 2010.⁴⁵¹

⁴⁴⁸ Transcript; Day 11, page 32.

⁴⁴⁹ Transcript; Day 11, page 68.

⁴⁵⁰ Mr Charles Li’s statement; paragraph 6.8, page 27.

⁴⁵¹ Mr Charles Li’s statement; Appendix I, page 55.

2009-Month	Average daily trading volume	% of daily trading volume to the total number of Meadville shares held by an independent shareholders
April	2,317,050	0.42%
May	6,650,158	1.22%
June	8,704,682	1.59%
July	1,800,273	0.33%
August	2,303,190	0.42%
September	2,219,035	0.41%
October	19,119,333	3.50%

312. In the result, Mr Li invited the Tribunal to note that the average daily turnover in Meadville shares in October represented approximately 3.50% of the total “number of issued MHL shares held by independent shareholders”. It was his opinion that the “strong increase” in the trading of Meadville shares in October 2009 was “highly likely attributable to the rumours of the Proposed Transaction or Information whereas fuelled by the market enthusiasm over the PCB industry at the same time.”⁴⁵²

313. For his part, when his attention was drawn to this part of Mr Li’s statement by Mr Yu in cross-examination, Mr Karl Lung said that he disagreed with the assertion that the strong increase in the trading in Meadville shares was “highly likely attributable” to the rumours of the proposed transaction. It was “not highly likely.”⁴⁵³ Rather, he said “it might have contributed to the rise.” He pointed out, “...if there are rumours, it also depends on who are acting on those rumours.” He said “...even with the increase in the turnover in the month of October, the amount involved, absolute amount, is not very significant.” Also, he said that the rise in the volume of trading in Meadville shares “only started from around 21 October onwards, otherwise half the times are still less than HK \$10 million a day.”

314. Although a pattern of five consecutive days of trading in Meadville shares of more than HK \$10 million began on 21 October 2009, there were five other days earlier in the month that

⁴⁵² Mr Charles Li’s statement; paragraph 7.3, page 30.

⁴⁵³ Transcript; Day 8, page 18.

trading was in excess of Hong Kong \$10 million per day. In fact, on 6 and 7 October 2009 trading was more than \$18.6 million and \$30.5 million respectively.⁴⁵⁴

315. In cross-examination by Mr Yu, Mr Lung agreed that the volume of trading in Meadville shares at the relevant time was an indication that specific information, which would cause people to trade in the shares, was in the public domain. However, he added, “an increase in trading volume cannot be automatically seen as the information is there. There could be many reasons that cause an increase in trading volume.”⁴⁵⁵

No media reports of rumours of the proposed transaction prior to 31 October 2009

316. In cross-examination by Mr Duncan, Mr Li was asked if he was surprised, given his opinion that there were rumours circulating in the market of the proposed Transaction, so much so that it was generally known to investors, that there were no references in any of the media reports, which had been located, to such rumours prior to 31 October 2009. Mr Li said:⁴⁵⁶

“It would not surprise me because you see both Ming Pao and Apple Daily, they reported rumours when Meadville was suspended. And I would say the reporters would not to do some due diligence as well. I mean, rather than just hearsay. And so if you put them together, I wouldn't be surprised to see that there was no specific news about rumours prior to 31 October.”

317. Mr Li acknowledged that the two newspapers, Ming Pao Daily News and Apple Daily, had each published articles, on 7 and 8 October 2009 respectively, that were quite extensive in their observations with regard to the performance of Meadville shares. Nevertheless, when asked if, in those circumstances, he was surprised that there was no reference to the existence of any sort of rumour in either newspaper, he said:⁴⁵⁷

“No, actually. Because rumours need not-market rumours, particularly, need not be reported to be rumoured. I mean I'm sure prior to Ming Pao and Apple Daily reported the incident, they must have called a number of brokers, asked them what's going on, particularly in connection with the suspension. And that was, you know, a good moment to report a rumour, rather than prior to that... they would also concern about the implications as a reporter.”

⁴⁵⁴ HB-1, pages 1-2.

⁴⁵⁵ Transcript; Day 8, pages 21-22.

⁴⁵⁶ Transcript; Day 11, page 37.

⁴⁵⁷ Transcript; Day 11, page 38.

318. Mr Li agreed with Mr Duncan that he was suggesting that there was a “high possibility” that the persons who had written the articles in those newspapers on 7 and 8 October 2009 would have known about the rumours, but kept them to themselves.⁴⁵⁸

319. Mr Li acknowledged that the Apple Daily article noted that Meadville shares had “finally ‘re-surfaced’ after the second anniversary of its ‘deep dive’, hitting a new high for two consecutive days”, that it went on to assert “investors began to speculate in the stock of Meadville because there is no other stock left to speculate” and concluded, “the only reason for investors to speculate on this stock that I could think of is the family of Tang Hsiang Chien, father of the Chief Secretary for Administration, Henry Tang Ying Yen, which is behind the company”. In response to Mr Duncan’s repeated question of whether or not he was surprised that there was “nothing at all about rumours”, Mr Li said:⁴⁵⁹

“...they are trying to explain...what was the cause? But again, I would not be surprised not to find reference to rumours here because I don’t think they have done any due diligence at that time, or serious due diligence to...warrant a reporting of the rumours openly to the public.

As I mentioned earlier, rumours may or may not be seen in the media. It could actually be circulating amongst the brokers. And from the brokers, it could be through their customers.”

⁴⁵⁸ Transcript; Day 11, pages 38-39.

⁴⁵⁹ Transcript; Day 11, page 49.

CHAPTER 5

FINDINGS

320. In making our findings we have had regard to all the evidence and, in particular, to the submissions made by the parties in opening and closing.

321. Section 245 (2) of the Ordinance provides that relevant information is:

- specific information about the company or its listed securities;
- which is not generally known to those who are accustomed or be likely to deal in those securities; but
- which, if generally known to those persons, would likely materially affect the price of the listed securities.

Specific information

322. The SFC's Notice identified the proposal that Meadville:

- sell its principal businesses; and
- that there be a resulting payment of a dividend of about \$3.40 per share to Meadville shareholders

as being 'specific information' about Meadville and its listed securities.

323. The SFC's Notice asserted that, by the beginning of October 2009, it was expected that there would be a dividend distributed to Meadville shareholders of about \$3.40 per share. In his written closing submissions, Mr Duncan suggested that the basis for the stipulation of that figure was that it was the average of the estimated dividend distribution to be made by Meadville, as calculated by Meadville of \$3.35 per share and that of Merrill Lynch of \$3.452, per Meadville share. That, can be readily calculated from their respective spreadsheets, dated 1 October 2009, which were discussed at the meeting between them on 2 October 2009.

324. The issue that arises is: whether at around that date there was "substantial commercial reality to such negotiations" between Meadville and TTM, which went beyond a mere

exploratory testing of the waters and had reached a stage at which the parties have “an intent to negotiate with a realistic view to achieving an identifiable goal.”⁴⁶⁰

325. It is to be noted that, in late September 2009, Mr Tang had travelled with colleagues from Meadville to Washington DC to attend a meeting of CFIUS, attended jointly by representatives of TTM on 22 September 2009. Immediately after Meadville’s discussions on 2 October 2009 with its financial adviser, Merrill Lynch, about the value of the proposed dividend distribution, on 3 October 2009 TTM’s lawyers provided a draft of the transaction agreements, which were then negotiated between the parties. Negotiations between the parties on the transaction agreements began on 8 October 2009.⁴⁶¹ Then, on 13 October 2009 notice was given to Meadville’s directors of a meeting to be held on 23 October 2009 to consider the proposed transactions.⁴⁶²

326. Although the proposed transactions not only had to be approved by the board of directors and were subject to further negotiations with TTM but also they were subject to the approval of minority shareholders and the regulator, CFIUS, clearly in advance of the board meeting itself specific information was in existence. We are satisfied that specific information came into existence by at least 13 October 2009, when notice was given to Meadville’s directors of the board meeting to be held on 23 October 2009. Obviously, by that stage very considerable expenses had been incurred by Meadville in engaging a range of professional advisers to advise on the proposed transactions. Clearly, the fact that Meadville gave notice of its board meeting evidenced the progress in those negotiations. The minutes of Meadville’s board meeting of 23 October 2009 simply recorded the resolution of the Board to proceed with the proposed transactions as set out in the Documents provided to the board.⁴⁶³

Not generally known to those who were accustomed or would be likely to deal in Meadville shares

Who were accustomed or would be likely to deal in Meadville shares?

327. In providing their opinions as to the categories of persons who were accustomed or would be likely to deal in Meadville shares at the material time the expert witnesses did so based on their experience, not on any empirical evidence. We accept Mr Rigby’s observation

⁴⁶⁰ *The Report of the Insider Dealing Tribunal in Firststone International Holdings Limited*, pages 60-61.

⁴⁶¹ HB-2, page 1060. HB-3; page 1072, paragraph 10.

⁴⁶² EB-1, page 283.

⁴⁶³ EB-1; page 273, paragraph 20.1

that whether or not Meadville was described as a second-or-third liner, it was not a household name and not a widely followed stock. There is some force in Mr Lung's observation that, given the fact that the majority shareholder controlled over 70% of the issued shares and that for significant periods of time there was a low volume of trading in its shares, Meadville was unlikely to appeal to typical institutional investors, albeit that as a newly listed company in the technology sector, with its connection with the Tang family, it might attract some institutional investors. No doubt, the retail investors included family and friends of Meadville employees together with speculators, including those identified by Mr Rigby to be attracted by sharp movements in the price and volume at which Meadville shares were traded on occasions.

Delay

328. In considering the issue of what information was available to those who were accustomed or would be likely to deal in Meadville shares at the material time, we have had regard to the complaint of the Specified Persons of prejudice to them arising from the "inordinate delay" by the SFC in initiating these proceedings by Notice to this Tribunal, dated 10 September 2019. The primary complaint appears to be that articulated by Mr Yu, namely the inability "to retrieve or collect evidence relating to what precise information was available in the market."

329. The SFC began its investigation with commendable expedition by sending letters to various parties, dated 19 November 2009, stating that the SFC was investigating dealing in Meadville shares prior to the Announcement of 16 November 2009 and that it sought a wide range of related information. A Direction to Investigate to SFC officers was issued by the Director of Enforcement on 20 January 2010. However, an extraordinary 9 years and 10 months elapsed after the SFC began those enquiries before the Specified Persons were informed by the SFC's Notice to this Tribunal that they were the subject of these proceedings. How did that come about?

330. On its face, the chronology of events described by Ms Wong under the heading "Referral of case from SFC to DOJ" describes a woeful tale of delay.⁴⁶⁴ In those circumstances, at the request of the Tribunal, the Presenting Officer attached a copy of the document, together with a transcript of Ms Wong's evidence, in a letter to the Director of Public Prosecutions,

⁴⁶⁴ Appendix 1.

dated 6 October 2020. That was done out of fairness and transparency. The Tribunal has received no communication from the Director of Public Prosecutions.

331. The SFC first sought the advice of the Department of Justice on 4 July 2011. Ms Wong testified that the advice was sought in respect of an unspecified number of other persons, in addition to the Specified Persons, because the SFC considered that criminal prosecutions might be brought against some of those who traded in Meadville shares. Ms Wong said that on 9 April 2018 the SFC received the final advice from the Department of Justice that there was insufficient evidence to prosecute any of the traders for any offence.

332. In August 2018, the SFC briefed counsel to consider the possibility of commencing proceedings in this Tribunal. Having sought the consent of the Department of Justice on 27 June 2019 to proceed in the Tribunal and having received consent to do so on 8 August 2019, the SFC's Notice to this Tribunal was filed on 10 September 2019.

333. The Tribunal is acutely conscious that the material produced in evidence in this hearing is likely to be but a small portion of the material gathered by the SFC in its overall enquiries. The Tribunal has received no evidence of the volume of material provided by the SFC to the Department of Justice for the purpose of receiving legal advice. It appears that there was a regular flow of information and documents supplied by the SFC to the Department of Justice, and advice provided in return, up and until the end of 2013. Nevertheless, thereafter the delay in the SFC obtaining any further legal advice from the Department of Justice was extraordinary, extending as it did for more than four years until 9 April 2018.

334. The concerns of the SFC about the delay in the insider dealing investigation were raised with the Department of Justice on 9 January 2013. Although Ms Wong testified that she reported regularly to a senior management committee on the progress of this enquiry, she said that she was not involved in what, if anything, was discussed in "high-level meetings between DOJ and SFC."⁴⁶⁵ She was unable to assist us to what if anything the SFC had done to try to expedite the provision of legal advice.

335. On the evidence made available to the Tribunal, we are satisfied that there was a wholly unjustified delay of many years in reaching a determination to commence these proceedings

⁴⁶⁵ Transcript; Day 1, page 84.

before the Tribunal. It appears that the primary responsibility for that unjustified delay lies with the Department of Justice for their failure to provide legal advice to the SFC in a timely manner.

336. It has not been suggested that the Specified Persons contributed in any way to the delay in initiating these proceedings.

Prejudice from delay

337. One element of the contended prejudice to the Specified Persons from the delay in initiating proceedings against them arises from the fact that the two searches of media reports performed by the SFC on 17 November 2009 and 25 June 2018 were limited to the Wisers' News platform, which Ms Wong conceded did not cover social media blogs or online forums. The first search was of a very limited time period, namely 30 October to 18 November 2009. All of the articles that were located were published after the suspension of Meadville shares in the afternoon of 30 October 2009. The second search encompassed the period 6 June 2008 to 17 November 2009. Ten of the articles located in the first search were not located in the second search. A search of social media blogs or online forums by the 1st Specified Person's solicitors produced some additional material, including the PCB Partner article, dated 12 November 2009. It was suggested that this success begged the question of what other material had gone missing in the meantime. On the other hand, notwithstanding that *lacuna* in the SFC's search, it is clear that the Wisers Search produced a very extensive array of mainstream media articles. We note that Mr Lung described Wisers as "a company which keeps history of news".⁴⁶⁶ We take that to mean that it performed an archive function.

338. As noted earlier, the Financial Newswire Service, 'Infocast', was cited in media reports on 11 November 2009 as asserting that Meadville was in discussions with TTM for a possible merger or takeover. In his witness statement, Mr Tang said that, in making enquiries of Infocast in February 2020, his instructing solicitors had been informed that they kept records for only six months from the date on which the article was published.⁴⁶⁷ In that case, it follows that those records no longer existed, even at the time that the 1st Specified Person was first interviewed by the SFC on 18 May 2010.

339. The media articles published after the suspension of trading in Meadville shares that reported long-standing rumours circulating in the market of negotiations by Meadville to sell

⁴⁶⁶ Transcript; Day 6, page 62.

⁴⁶⁷ Mr Tang's witness statement, paragraph 43.

its businesses did not specify with any identifiable particularity the provenance of such accounts.

340. The Tribunal accepts that an element of prejudice to the Specified Persons might have been caused by the very considerable delay before they were alerted, by the initiation of these proceedings by the SFC, to the need to search social media blogs and online forums. On the other hand, we accept there is substance in Mr Lung's evidence that the use of those forms of communication in 2009 was very much less than it is today.

Not generally known

341. Mr Clive Rigby and Mr Charles Li did not confine their opinions to the "relevant information" identified in the SFC's Notice. Rather, it was their opinions that rumours of the negotiations generally in which Meadville was involved circulated widely for many months, so that they were "generally known" and that they caused the rise in the price and volume of trading in Meadville shares. Mr Rigby said that was the case even though the price of the consideration may not have been known.

Media reports: 1 April 2009 to 30 October 2009

342. In the period from the beginning of April 2009 until 30 October 2009 there were over 40 media reports in which some reference was made to Meadville. Those reports were published in a broad range of publications: Sing Pao, Sing Tao Daily, Ming Pao Daily News, Apple Daily, Oriental Daily News, Hong Kong Daily News, Hong Kong Commercial Daily, The Sun, Economic Digest, Hong Kong Economic Journal, Hong Kong Economic Times, Information Times, Ta Kung Pao, Wen Wei Po, SCMP, Money Times, Electronic Bulletin, ET Net, Finet HK and Finet China. None of them published any report of the possibility of Meadville selling its businesses.

343. For his part, Mr Tang agreed in cross-examination that he had not read any press reports in that period which referred to the possibility of Meadville selling its businesses. None had been brought to his attention.⁴⁶⁸ Similarly, Ms Li said that up and until the time that she had sold some of her Meadville shares on 30 October 2009 she had not seen any media report that Meadville was to sell its businesses.⁴⁶⁹

⁴⁶⁸ Transcript; Day 2, pages 64-65.

⁴⁶⁹ Transcript; Day 3, pages 46-47.

344. Many of the more than 40 media reports were about Meadville's performance and prospects: 8 April 2009, under the heading 'Meadville Posts Steady Earnings and Awaits Opportunities for Breakthrough', having noted that Meadville shares had opened the previous day at \$0.89 and having reached a High of \$0.98 and closed at \$0.96, the Sing Pao made a 'Buy' recommendation of Meadville shares with a 'Short-term target price' of \$1.54⁴⁷⁰; 2/3 June 2009, after the AGM and a press conference (12 reports in 8 publications); 17/18 August 2009, after the announcement of Meadville's Interim Report and another press conference (14 reports in 11 publications); 13 September 2009, a 'Buy' recommendation of Meadville shares "for the middle term at the target price of \$2.15" was published in the Oriental Daily News⁴⁷¹; articles in the Ming Pao Daily News⁴⁷² and the Apple Daily⁴⁷³ on 7 and 8 October 2009 respectively.

345. If rumours of the negotiations generally in which Meadville was involved had circulated widely for many months, so that they were generally known, why is it that there was no mention whatsoever of any of them in such reports? In particular, given that the reports of 7 and 8 October 2009 referred to the share price hitting a new High and the Ming Pao having noted a "striking 12.44%" rise in price with a large trading volume, why was there no reference to such rumours? If such rumours were circulating at that time and were generally known they were clearly relevant to the subject of those reports. Of course, those articles were published after Meadville had identified with Merrill Lynch on 1 and 2 October 2009 a dividend for distribution to Meadville shareholders in the range of \$3.35 to \$3.45 and a draft of the transaction agreements had been exchanged on 3 October 2009, which formed the basis of negotiations.

31 October 2009: Apple Daily and Ming Pao Daily News

346. The reports in the Apple Daily and Ming Pao Daily News on 31 October 2009 were not contemporaneous reports of the rumours described by Mr Clive Rigby and Mr Charles Li. They were commentaries on the reasons for the collapse in Meadville share price on 30 October 2009. It is to be remembered that the articles were written in the context that trading in Meadville shares had been suspended at 3:19 p.m. on 30 October 2009 at the request of Meadville,

⁴⁷⁰ EB-3, pages 133-530/532.

⁴⁷¹ EB-3, pages 133-402/404.

⁴⁷² EB-3, pages 133-372/373.

⁴⁷³ EB-3, pages 133-369/371.

“pending the release of an announcement in relation to price-sensitive information.”⁴⁷⁴ No doubt, that begged the question: what price-sensitive information?

347. The Ming Pao Daily News qualified its report by stating: “Market participants have diverging views on the reasons for the share price plunge of Meadville”; “there have been diverse speculations in the market”.⁴⁷⁵ On the other hand, it did assert:

“It was said that Meadville which has accumulated a share price surge by over 40% recently, had actually been approached by a third party for acquisition, and that the company intended to privatise, followed by a sale. However, the potential transaction was said to have fallen through yesterday, triggering a massive sell-off by funds”.

It added:

“a more widely held view was that...a US-funded enterprises made an acquisition offer price of about \$3 per share. It was also said that the substantial shareholders intended to privatise the company and then sell the entire company. However, it was said yesterday that the US-funded buyer had decided to call off the negotiation, triggering the recent massive sell-off by funds speculating on the notion of a sale of Meadville.”

348. The Apple Daily reported, “Market rumour has it that the stock price of Meadville suddenly plummeted because it’s sale transaction had been hindered or even called off.” It added “market rumour has it that as with (businesses in) other industries, Meadville’s business suffered a blow from the financial turmoil breaking out in the fourth quarter of last year, which triggered the major shareholder’s intention to sell out the company or merge (it) with another company of similar kind.”⁴⁷⁶

349. It is to be noted that the media reports of market rumours of a sale of Meadville were published in only two media outlets. As has been noted earlier, media reports of other significant events concerning Meadville, such as its AGM and the Interim Results had resulted in reports in multiple media outlets. If the rumours of the negotiations by Meadville were widely circulated, so that the information was generally known, why was it reported in only two media outlets? Moreover, the “offer price of about \$3 per share” was significantly incorrect. We accept Mr Lung’s evidence that there was a “material difference” between the price per Meadville share quoted in the article from “the actual information”. As Mr Tang confirmed in his evidence, by 23 October 2009 he understood the approximate value of the consideration

⁴⁷⁴ HB-2, page 995.

⁴⁷⁵ EB-3, pages 133-355/358.

⁴⁷⁶ EB-3, pages 133-360/362.

when distributed as a dividend to each Meadville shareholder was about \$3.45. Given that the closing price of Meadville shares on 29 October 2009 had been \$2.78, there is force in Mr Lung's opinion that the stipulation of an offer price of about \$3.00 per share was perhaps no more than a guess. Similarly, the assertion that, "it was said yesterday that the US-funded buyer had decided to call off the negotiation" was also incorrect. The negotiations were paused, but only briefly.

Media reports in November prior to the Announcement on 16 November 2009

350. The reports in the media in November prior to the Announcement on 16 November 2009 occurred whilst trading in Meadville shares was suspended, but the negotiations with TTM continued throughout. Mr Tang said that, having learnt on the evening of 30 October 2009 from the Chairman of TTM that the request that restrictions be imposed on the Tang family shares was a request of the US Department of Defence, not TTM, it was agreed that night to proceed on that basis. Mr Tang said that negotiations between the parties proceeded and that he flew to the United States of America to attend a board meeting of TTM at their headquarters in Santa Ana, California. He was in the United States from 4 to 6 November 2009. Agreement was reached on 13 November 2009 and the transaction agreements signed on 16 November 2009.

351. The report attributed to Infocast, cited by the Ming Pao Daily News and Sing Tao Daily on 11 November 2009, that Meadville was currently in talks with TTM over a merger and acquisition was accurate. Given that negotiations between the parties continued apace throughout the period of suspension of trading in Meadville shares and that the inevitable result would be an announcement by Meadville of either a successful conclusion or disclosure of the failure of negotiations, there was likely a much-reduced imperative of confidentiality amongst those dealing with the negotiations. The fact that, as time went on, increasingly accurate reports were published by the media of what was eventually announced on 16 November 2009 is irrelevant to the issue of what was generally known to the market prior to the suspension of trading in Meadville shares.

352. In the context of the suspension of trading in Meadville shares on 30 October 2009, pending the release of an announcement in relation to price sensitive information, the report of current negotiations begged the question of when the negotiations had first begun. For its part the Ming Pao Daily News, went on to assert, "...insider information from Meadville already

revealed as early as last year that the company was in talks with a large North American factory for the sale of equities, or cooperation in the form of a share swap.” The Sing Tao Daily said “It has always been reported that the Tang family intended to sell its stake in Meadville to a large North American factory or to cooperate with it in the form of share swap.”

353. On 12 November 2009, PCB Partner repeated the Infocast report of current negotiations of a merger and acquisition between Meadville and TTM and went on to assert, “There was already information coming from within Meadville last year claiming that Meadville had been negotiating with a large North American productions business either on a sale of shares or a collaboration through convertible shares. After such relevant information was leaked from a select circle of people at that time last year, Meadville stock prices increased substantially.”

354. None of the reports identified with any particularity the provenance of the information nor its recipients. They were hearsay. Their veracity could not be tested. They did not address the ambit of the distribution of that information nor, if it had been in circulation since the previous year, why it had not been reported earlier.

Generally known: the significance of the absence of any media reports whatsoever of the widely circulating rumours of the proposed transactions

355. Mr Clive Rigby testified that the absence of any media reports of what he said was the widely circulating rumours of the proposed transactions, or at least the negotiations with Meadville, did not mean that the information was not generally known to those accustomed to or who might deal in Meadville shares, “many rumours move around markets without making the newspapers.” Mr Charles Li suggested that it was highly possible that the authors of the Ming Pao Daily News and the Apple Daily on 7 and 8 October 2009 knew of the rumours but made no reference to them because they had not done “serious due diligence to... warrant a reporting of the rumours openly to the public.” By contrast, he asserted that the authors of the articles published on 31 October 2009 in the Ming Pao Daily News and the Apple Daily “must have done... due diligence”. There is no evidence whatsoever in respect of either assertion, which are clearly entirely speculative.

356. We accept that rumours of information about companies, even specific information, may move around markets without being reported in the newspapers. However, clearly that is less likely if the rumours are sustained over a period of time and significantly affect the price

and volume of trading in the shares of the company. Clearly, it is even less likely if the performance and prospects of the company are the subject of regular reports in the media.

357. We accept that it is likely that some information about the fact of negotiations between Meadville and TTM and the developing progress of those negotiations reached some traders in the market and played some part in the increased price and volume at which Meadville shares traded over the months from April 2009 until trading in the shares was suspended on the afternoon of 30 October 2009. We accept the force in Mr Rigby's evidence that the sharp rise in the price and volume at which Meadville shares traded in early October 2009⁴⁷⁷, shortly after the meeting of Meadville and its financial adviser, Merrill Lynch, on 2 October 2009 at which the range of the proposed dividend was identified as being \$3.35 and \$3.45, suggested a leak of the information to some persons trading in the market. However, a leak of information to some traders by itself does not mean that the information was generally known to those accustomed to or likely to deal in Meadville shares.

358. In the context of regular media reports of the performance and prospects of Meadville, given the absence of any reports whatsoever in the media of information of the fact of the negotiations between the parties, let alone the progress of those negotiations, prior to the suspension of its shares, we are satisfied that the information was not generally known to those accustomed or who would be likely to trade in Meadville shares. More particularly, we are satisfied that the specific information that Meadville was to sell its businesses and distribute a dividend of about \$3.40 per Meadville shares was not generally known to those persons on and between 23 and 30 October 2009, when Ms Li traded in Meadville shares.

359. We are satisfied that a range of other factors also contributed to the increased price and volume at which Meadville shares traded over the months from April 2009 until 30 October 2009. For example, the PCB industry generally was viewed increasingly as buoyant. Also, as economies emerged from the 2008 financial crisis, more optimistic views were expressed about Meadville's prospects. Significantly, it is to be noted, that both of these factors were cited in media reports about Meadville. The Ming Pao Daily News, dated 7 October 2009, noted that the stock price of many PCB companies in Taiwan had been pushed up, asserted that "... recently the printed circuit board industry has become very 'hot'." There is no dispute that, following Meadville's AGM and the announcement of its Interim Results, on 2 and 3 June

⁴⁷⁷ On 5 October 2009, Meadville shares closed at \$2.01. On 7 October 2009, Meadville shares closed at \$2.34.

2009 and 17 and 18 August 2009 respectively many media outlets published reports that were positive of Meadville's prospects. The 'Buy' recommendation for Meadville shares, published in the Oriental Daily News on 13 September 2009 noted its improving performance and anticipated increase in orders, stating that Meadville was anticipated to register a substantially improved performance in the second half of the year.

Would knowledge of the specific information have materially affected the price at which Meadville shares traded on the days when Ms Li bought Meadville shares?

360. Having noted that the value of \$3.47 per Meadville share of the proposed dividend distribution identified in the announcement of 16 November 2009 represented a premium of at least 24% over the price of which Meadville shares had traded in the period 23 to 28 October 2009, it was Mr Lung's opinion that, if the information about the transactions had become generally known to those accustomed to or likely to deal in Meadville shares, the rise in the price at which the shares traded was likely to be material. Nevertheless, given that the transactions were subject to shareholder and regulatory approval and the fact that the value of the proposed dividend distribution to Meadville shareholders was in part contingent on the performance of TTM's shares, it was his opinion, that the rise in the price at which Meadville shares would likely trade once the information was generally known, was unlikely to reach \$3.50.⁴⁷⁸

17 November 2009: the resumption of trading in Meadville shares

361. Following the announcement on the afternoon of 16 November 2009, Meadville's shares resumed trading on 17 November 2009, closing at \$3.05 per share. Although Meadville shares at the time of suspension on 30 October 2009 had closed at \$2.15 per share, Mr Lung and Mr Rigby were agreed that for purposes of gauging the response of the market, once the specific information became generally known, it was more appropriate to have regard to the closing price on 28 October 2009, namely \$2.79 per Meadville share.⁴⁷⁹ That was the price at which Ms Li had bought 1.7 million of the 1.812 million Meadville shares on 28 October 2009. Mr Lung said that he chose that price because it was the higher of the two closing prices on 28 and 29 October 2009. On the latter date, Meadville shares closed at \$2.78.

⁴⁷⁸ Mr Karl Lung's first statement, paragraphs 36-37.

⁴⁷⁹ Transcript; Day 8, pages 23-25.

362. The closing price of Meadville shares of \$3.05 on 17 November 2009 represented an increase of 9.3% over the closing price of \$2.79 on 28 October 2009. We accept Mr Rigby's evidence that one difference between the state of affairs on 28 October 2009 and the resumption of trading on 17 November 2009 was that the uncertainty of whether the agreement would be signed had been resolved.⁴⁸⁰ On the other hand, it is relevant to note that the resumption of trading in Meadville shares on 17 November 2009 occurred after a lengthy period of suspension in trading of the shares from 30 October 2009 and followed the precipitous fall in the price at which Meadville shares were traded on 30 October 2009 from a high of \$2.82 to a closing at suspension of \$2.15 per share. No doubt, Ms Li was not alone amongst her fellow Meadville shareholders who had found the period of suspension in trading very worrying and had determined to sell if and when trading resumed.⁴⁸¹ If so, like her, they were able to do so at a profit, given that Meadville shares traded at a High of \$3.18, a Low of \$2.99 and closed at \$3.05 on 17 November 2009, significantly higher than all previous trading. Perhaps, that may have contributed to establishing a higher discount in the price at which Meadville closed on 17 November 2009 from the price of \$3.47 per share stipulated in the announcement.

363. The detail contained in the Announcement of 16 November 2009 of the components of the distribution of the consideration by way of a dividend, stipulated to be approximately \$3.47, to be paid per Meadville share, namely HK\$0.45 in cash and 0.0185 of a TTM share, was relevant to the market determining the discount from \$3.47 to trade Meadville shares, but it was not part of the specific information, which was simply that Meadville was to sell its businesses and to make a distribution of a dividend of around \$3.40 per Meadville share. The undisputed evidence that Mr Tang was aware of the details of the two components, whilst relevant to a consideration of his case, is irrelevant to a consideration of materiality.

Conclusion

364. We have no hesitation in accepting Mr Lung's evidence that knowledge of that specific information in those accustomed or likely to trade Meadville shares would have materially affected the price at which Meadville shares traded on 23, 27 and 28 October 2009.

⁴⁸⁰ Transcript; Day 10, pages 9-10.

⁴⁸¹ Ms Li's witness statement, paragraphs 79-80.

Ms Li's dealing in Meadville shares

365. The issues that arise from Ms Li's undisputed dealing in Meadville shares on and between 23 and 30 October 2009 are:

- Did she do so in possession of information which she knew to be relevant information in relation to Meadville?
- If so, did she receive the relevant information from Mr Tang?
- Did she know him to be connected with Meadville?
- Did she know or have reasonable cause to believe that Mr Tang held that information as a result of being connected with Meadville?

The circumstances of Ms Li's purchase of Meadville shares

366.

- Ms Li bought 2,142,000 Meadville shares for about \$5.95 million on three trading days in the period on and between 23 and 28 October 2009.
- Prior to that, her trading in any shares at all was very limited: the purchase of just over \$56,000 of shares in March 2008, which were sold for a profit of about \$1,000 within a few days; the purchase on 17 September 2009 of 10,000 shares in each of BYD Electronic and ICBC for just over \$108,000.
- A large part of the money, to a total of \$5.8 million, used to pay for the purchase of the shares was transferred into her bank account with HSBC on 24 and 27 October 2009.

367. Ms Li said that she bought the shares because she had come to know that Mr Tang was a member of the senior management of Meadville and he was a successful businessman. She paid attention to the media reports of Meadville and was aware of reports that Henry Tang would run in the Chief Executive election. That gave her confidence in Meadville's shares. In 2009, she noticed that Meadville shares were on an "upward trend".⁴⁸² At her request, Mr Wu Feng transferred her own money to her from the Mainland on 24 and 27 October 2009, which money she used to pay for the Meadville shares she had bought.

368. Ms Li said that she knew now, but not at the time, of the decision of Meadville's board on 23 October 2009 to approve the sale of Meadville's businesses and the distribution of the consideration to its shareholders by way of a dividend. That information had nothing to do with

⁴⁸² Ms Li's witness statement, paragraph 68.

her decision to buy Meadville shares on 23 October 2009.⁴⁸³ She denied that Mr Tang had talked to her about Meadville shares before she purchased them. She said that Mr Tang did not know that she had purchased Meadville shares. She did not tell him.

369. Mr Tang accepted that he knew that Meadville was to sell its businesses and distribute the consideration to its shareholders by way of a dividend payment of around \$3.40 per share. He denied that he had given that information to Ms Li and/or counselled her to deal in Meadville shares.

Ms Li's credibility

370. Highly relevant to an assessment of the credibility of Ms Li's account under affirmation to the Tribunal are the differences in that evidence from the account that she had given in her earlier records of interview to the SFC. Some of those differences are flat contradictions, whilst others are omissions to give any account in the earlier records of interview that now loom large in her testimony before the Tribunal.

Ms Li's records of interview

371. We are satisfied that nature and seriousness of the record of interview was made quite clear to Ms Li before she made any answers at all in her first record of interview, dated 20 April 2010. By a letter, dated 12 April 2010, Ms Li was informed that she was "a person under investigation" and advised that she was required to answer the questions to be put to her, but that the admissibility of her answers would be limited if, before making the answer, she made a legitimate claim in respect of answers that might incriminate her. The Notice to attend an interview informed her that the SFC had reasonable cause to believe that, during the period 14 September to 17 November 2009, persons may have committed offences of and/or misconduct in respect of insider dealing. At the outset of the interview, which she attended together with a lawyer, she was informed that she was a person under investigation, "because we suspect that (you) were holding some insider information at the time when you traded (the shares of) Meadville."⁴⁸⁴ Not surprisingly, in cross-examination she acknowledged that she knew that insider dealing broadly meant trading in shares when in possession of special information not known to the general public.⁴⁸⁵

⁴⁸³ Transcript; Day 3, page 49.

⁴⁸⁴ Transcript; Day 4, pages 31-36.

⁴⁸⁵ Transcript; Day 4, page 43.

372. Given her very limited and modest history of dealing in shares, the obvious and very simple scheme of the questions asked of Ms Li in the first record of interview was to explore why she had bought Meadville shares at such considerable expense and to enquire as to the provenance of the monies used to pay for those purchases. Those topics of enquiry were relevant to her relationship with Mr Tom Tang and Mr Wu Feng. In her answers to the SFC, Ms Li lied and prevaricated.

373. Ms Li testified to the Tribunal that as early as 2005/2006, having seen a television report of the Meadville factory in Dongguan in which Mr Tang was depicted, she had conducted research and established that he was a member of the senior personnel of Meadville and had come to know of his relationship with Mr Henry Tang. Nevertheless, in her records of interview with the SFC, Ms Li denied that she knew any persons related to Meadville. Similarly, she denied that she had any friend who had a business contact with Meadville. Further, she denied knowing the chairman of Meadville, Mr Tom Tang. Finally, in the second record of interview she denied knowing the surname of the person she described as Stephen and his relationship with Mr Henry Tang. Those denials were all admittedly untrue, although in her evidence Ms Li was unwilling to accept that to be the case.

374. We do not accept Ms Li's convoluted explanations for why she had made those untrue statements to the SFC. We do not accept Ms Li's denial in her evidence that at the records of interview she did not know that her relationship with Mr Tang would be of interest to the SFC. We reject her denial that she withheld information about her relationship with Mr Tang simply because she did not wish the SFC to know that they enjoyed an intimate relationship. We are satisfied that she deliberately concealed her relationship with Mr Tang from the SFC and that she did so knowing that it was material to the allegation made by the SFC that she had inside information at the time when she traded in Meadville shares.

Ms Li's relationship with Mr Wu Feng

375. In her witness statement, Ms Li said that she and Mr Wu Feng met in 1998/1999 and became lovers. Notwithstanding her discovery that he was married, she remained deeply in love with him and hoped they would marry at an appropriate time. He was a successful, self-made man and had given her RMB 1 million, which he invested for her. By 2009, it had accumulated to about RMB 5 million. Although she had succeeded in persuading him to remit \$5 million of her money to her HSBC account in Hong Kong on 17 August 2009, at a time

when she was trying to disentangle herself from Mr Wu Feng, on 4 and 11 September 2009 she returned the money to him. Similarly, although he had belatedly remitted to her a total of over \$5 million on 24 and 27 October 2009, to enable her to pay for the Meadville shares that she bought, after she had sold the shares on 17 November 2009, on 19 November 2009 she remitted most of the proceeds to him to continue to invest for her.

376. In cross-examination, Ms Li described an ongoing emotional relationship with Mr Wu Feng, notwithstanding her long-standing intimate relationship with Mr Tang. She accounted for the pattern of her purchase of Meadville shares as arising, in part, by a desire to attract his attention, given her concerns that he had formed a new relationship. When he failed to respond to the several messages that she sent him to inform him that she had purchased Meadville shares on 23 October 2009, she bought more Meadville shares on 27 October 2009. Again, she messaged him to tell him of that purchase. Again, there was no reply.⁴⁸⁶ Of her purchase of over 1.8 million Meadville shares on 28 October 2009 she said, “I would not say that I had a strong desire to buy the shares in and of itself.” Rather, she said she wished to demonstrate to her previous boyfriend that all the money had been spent on shares.⁴⁸⁷

377. In the first record of interview, Ms Li had identified Mr Wu Feng as the person who had remitted those monies to her in October 2009. However, although she acknowledged that they were “friends” who had known each other for around 10 years, when asked if they were intimate friends, she said that he was “a friend whom (I) trust much”, but denied that they were a couple.⁴⁸⁸ Similarly, although Ms Li provided various responses in the first record of interview to the repeated question as to why it was that she had bought Meadville shares in October 2009, she did not suggest in any way whatsoever that she did so as a way of getting Mr Wu Feng’s attention because of her ongoing emotional attachment to him.

378. It is to be noted that Ms Li had been asked in the first record of interview if there were reasons other than her initial explanation, namely that she had read about it in the newspapers, knew that it had a factory in Dongguan and belonged to Henry Tang, of why she had purchased Meadville shares. In the context of the suggestion made to her that her purchase of 2,142,000 Meadville shares at a cost of over \$5 million was “extremely different” from her earlier trading in shares, she was asked three times if there was any other reason for the purchases. She denied

⁴⁸⁶ Transcript; Day 3, pages 62-64.

⁴⁸⁷ Transcript; Day 5, page 33.

⁴⁸⁸ HB-6; pages 2648-2649, counter #s 691-703.

three times that there was any other reason.⁴⁸⁹ The fact that she did not mention once that a reason for doing so, and a very significant reason for doing so in respect of the purchases of Meadville shares after 23 October 2009, was because of the reasons she gave in her oral evidence, namely her volatile emotional relationship with Mr Wu Feng, is highly relevant to her credibility.

The reasons for Ms Li's purchase of Meadville shares

379. On Ms Li's testimony, the fact that she began to purchase Meadville shares only after the time at which we have found specific information had come into existence, namely that Meadville proposed to dispose of its businesses and distribute the consideration as a dividend of around \$3.40 per share, was purely coincidental. She had been minded to buy Meadville shares for many months. It just so happened that she began purchasing them on 23 October 2009. Added to that coincidence, is the fact that the amount of her purchases was wholly out of character, having regard to her very modest previous trading in the shares of listed companies. Also, regard is to be had to the price at which she purchased those shares. Having purchased 161,000 shares at \$2.57/\$2.58 on 23 October 2009, she continued to buy Meadville shares on 27 October 2009, to a total of 169,000 shares, at ever-increasing prices in the range from \$2.65 to \$2.78 and bought 1,812,000 shares at \$2.78/\$2.79 on 28 October 2009. Of the shares that she bought on the latter date, 1.7 million were bought at \$2.79 per share. In total, she spent \$5,954,298 in buying those shares. In order to pay for the shares, she caused funds to be remitted to her account in Hong Kong from the Mainland: \$500,000 on 24 October and a total of \$5.3 million on 27 October 2009. On her own account, at the very least, those purchases very seriously depleted her available monies. Not having spent much more than \$100,000 on shares before, she had spent more than \$5.9 million on buying one share and had done so in the space of a few days.

380. Having regard to all those factors, we do not accept Ms Li's evidence that she bought those Meadville shares at that time because of her earlier determination that it was a good share to buy for the various reasons she advanced in that respect. Similarly, we do not accept her evidence that she bought the shares, particularly on 28 October 2009, in order to attract the attention of Mr Wu Feng and demonstrate to him her frustration that he ignored her. That explanation was wholly fanciful evidence.

⁴⁸⁹ HB-6; pages 2613-2615, counter #s 190-209.

Ms Li's possession of relevant information

381. Having rejected Ms Li's evidence of why she had bought Meadville shares at the time, volume and price at which she purchased those shares on 23, 27 and 28 October 2009 it is necessary to have regard to her conduct in the context of her long-standing relationship with Mr Tang. Clearly, the purchase of 2,142,000 Meadville shares for over \$5.95 million in three successive trading days was wholly exceptional behaviour. Why did she put at risk such a large proportion of her assets in buying one share that she had never bought before? The purchases on 23 October 2009 were met by funds available in her HSBC account. However, the purchases on 27 and 28 October 2009 were met by funds that were remitted to her account. Why did she behave in that very unusual way? We are satisfied that Ms Li's pattern and scale of buying Meadville shares at ever-increasing prices when funds were available for her to make the purchases strongly implies that she was very confident that there was a very comfortable margin of profit to be made. What was the basis of that confidence?

382. There is no dispute that Mr Tang was in possession of the relevant information at the time of and before Ms Li dealt in Meadville shares. Similarly, there is no dispute that at that time Ms Li and Mr Tang were in a long-standing intimate relationship. She knew him to be in the senior management of Meadville. Whilst Mr Tang denied telling Ms Li of the negotiations with TTM or the proposed sale of Meadville businesses, it is to be noted that he acknowledged that in conversations with Ms Li he might have mentioned to her "that I was busy at work, that many foreigners had flown over to have meetings with me, and that I had to go to the factory in Dongguan and the United States for more meetings."

383. There is no direct evidence of Ms Li being in possession of the relevant information. However, clearly there was ample opportunity for her to come into possession of the relevant information from Mr Tang. Obviously, that could have occurred without Mr Tang having specifically identifying the information to Ms Li as being relevant information, let alone counselling or procuring her to deal in Meadville shares. Clearly, it could have come about as a result of a series of pieces of information Ms Li received from Mr Tang about the very matters that he acknowledged he might have mentioned in the conversations about his work which, when collated by Ms Li, constituted the relevant information. We are satisfied that it is appropriate to draw the compelling inference that those were the circumstances in which Ms Li received the relevant information from Mr Tang.

384. Having regard to all the evidence, we are satisfied that, at the time that she bought Meadville shares, there is a compelling inference to be drawn, which we draw, that Ms Li was in possession of the specific information, namely that it was proposed that Meadville was to sell its businesses, the consideration for which was to be distributed to shareholders at a value of about \$3.40 per share, which she knew to be relevant information.

Ms Li's receipt of the relevant information from Mr Tang

385. There is no evidence before the Tribunal that anyone other than Mr Tang could have been the source of Ms Li's possession of the relevant information at the material time. In all circumstances, we are satisfied that there is a compelling inference to be drawn, which we draw, that Ms Li received the relevant information from Mr Tang, whom she knew to be connected with Meadville, knowing that Mr Tang held that information as a result of being so connected.

Conclusion

386. For the reasons that we have given, we are satisfied that in buying Meadville shares on 23, 27 and 28 October 2009, Ms Li was culpable of insider dealing, contrary to section 270(1)(e)(i) of the Ordinance.

Mr Tang Chung Yen

387. At the material time Mr Tang was the executive chairman and an executive director of Meadville. In Meadville's 2008 Annual Report he was described as being 48 years of age, a Justice of the Peace and the chairman of the Hong Kong Exporters Association, the Hong Kong Standards and Testing Centre Limited and the Hong Kong Safety Institute Limited.⁴⁹⁰

388. There is no dispute that at the relevant time, that as the executive chairman and an executive director, pursuant to section 247(1)(a) of the Ordinance, Mr Tang was a person connected with Meadville. Given that Mr Tang was directly involved in the negotiations between Meadville and TTM in respect of the sale of Meadville's businesses and the distribution of the consideration as a dividend to Meadville shareholders, we are satisfied that he was in possession of information which he knew to be relevant information, in particular that the proposed dividend having been identified by Meadville and Merrill Lynch on 1 and 2 October 2009 as being \$3.35 and \$3.452 respectively per Meadville share, and that at the

⁴⁹⁰ HB-1, page 146.

meeting of the board of directors of Meadville, which he chaired on 23 October 2009 he knew its value to be approximately \$3.45.

Did Mr Tang disclose relevant information to Ms Li or counsel or procure her to deal in Meadville shares?

389. The issues that arise are whether, in those circumstances:

- Mr Tang counselled or procured Ms Li to deal in Meadville shares?
- If so, in doing so did he know or having reasonable cause to believe that Ms Li would deal in them? Or,
- did he disclose relevant information, directly or indirectly, to Ms Li knowing or having reasonable cause to believe that Ms Li would make use of the information to deal in Meadville shares?

390. There is no direct evidence of Mr Tang conducting himself in the manner described above. At issue is whether or not the circumstantial evidence permits the Tribunal to draw the compelling inference that he had conducted himself in that manner.

391. In his evidence-in-chief, Mr Tang denied that he had conducted himself in that way as alleged in the SFC's Notice to the Tribunal. Amongst the reasons he advanced in support of that denial was the assertion, "I h've been sitting on a listed company for a certain number of years, and I do know this is illegal. I do know this is a criminal offence, so I will not do it." He added that if he wished to benefit Ms Li, "I just need to give her money. There is no need for me to give her a tip."⁴⁹¹

392. In his witness statement, Mr Tang said that he was unaware that Ms Li traded in any listed shares and was unaware that she had purchased Meadville shares in the period 23 to 28 October 2009. He had no idea that Ms Li had available to her the money needed to purchase that number of Meadville shares.

Mr Tang's relationship with Ms Li

393. By October 2009, Mr Tang and Ms Li had enjoyed an intimate sexual relationship for many years. Mr Tang said that they had first met in a bar in Macau in around 1999 or 2000. Ms Li did not remember when or exactly where they had first met. Bizarrely, each provided

⁴⁹¹ Transcript; Day 2, pages 25-26.

the other with an *alias*, which they used throughout their relationship. Mr Tang explained that he used an *alias* because he did not wish to disclose his real identity, namely a member of the Tang family. Ms Li said that she came to know Mr Tang's identity as a member of Tang family and a member of the senior personnel of Meadville. However, she never told Mr Tang of that discovery. For his part, Mr Tang said that he had not discovered Ms Li's real name until it was disclosed to him by the SFC in a record of interview in May 2010.

394. On Ms Li's evidence, it appears that throughout her relationship with Mr Tang she enjoyed an intimate relationship with Mr Wu Feng, to whom she was more emotionally attached than Mr Tang. She concealed that relationship from Mr Tang.

395. Mr Tang said that sometimes they met at a restaurant or on other occasions he visited her home. They made contact with each other by telephone. The relationship continued as Ms Li moved to live in different places: in Shenzhen until 2001, when she came to live in Hong Kong; in Shenzhen again, to which she returned to live in 2003; in Dongguan, from 2005 to 2007, at which latter date she returned to live in Hong Kong. Given the many years over which they maintained their relationship, they each described an extraordinarily limited range of conversation with each other: cuisine, wine and coffee. Mr Tang said that he had deliberately not disclosed details of his family or work at Meadville and its address. On the other hand, he said that he had told Ms Li that he was in the manufacturing business of electronic components and had to visit factories in Dongguan and Shanghai. He testified that Ms Li "did not know about my business or my company." That was incorrect. Ms Li said that she had discovered a connection between Mr Tang and the Meadville factory in Dongguan in 2005 or 2006 and of his fraternal connection to Mr Henry Tang. However, she had not told him of those discoveries. Mr Tang said that he was unaware that Ms Li had been married. Clearly, there was an on-going mutual lack of trust between Mr Tang and Ms Li.

Mr Tang's financial support of Ms Li

396. By 2009, Ms Li had enjoyed receiving financial support from Mr Tang for many years. Mr Tang said that from around 2001 he had provided her with transfers of money, \$30,000-\$50,000, average one or two months to her bank account. In 2009, Mr Tang made eight transfers of \$50,000 and two transfers of \$30,000 to Ms Li's bank account. In addition, on 6 August 2009, at her request, he had transferred \$900,000 to Ms Li's bank account in order to

help her purchase an apartment in which to live in Hong Kong. For her part, Ms Li testified that she told Mr Tang that she was “short of money” to complete the purchase.

397. In approaching the consideration of whether it is appropriate for the Tribunal to draw an inference from the circumstantial evidence that Mr Tang had misconducted himself as alleged in the SFC’s Notice mindful of the gravity of those allegations. The conduct alleged is a species of fraud which involves a breach of trust. As chairman of the board of directors of Meadville the allegation against Mr Tang is of an egregious breach of trust. In those circumstances, it is necessary to have regard to Mr Tang’s position, as man of mature years occupying the most senior position of the officers of a publicly listed company, in determining whether the evidence is sufficient to overcome the inherent improbability that he would have misconducted himself to be satisfied that there is a compelling inference that he is culpable of the conduct alleged. Also, we take account of propensity. Having regard to the evidence about Mr Tang, he is less likely than might otherwise be the case to have committed the alleged misconduct.

Did Mr Tang counsel or procure Ms Li to deal in Meadville shares?

398. Whilst we are satisfied that when Ms Li dealt in Meadville shares on 23, 27 and 28 October 2009 she did so knowing that she was in possession of relevant information received from Mr Tang, we are satisfied that there is no evidence that Mr Tang had counselled or procured her to deal in Meadville shares.

Did Mr Tang disclose relevant information to Ms Li?

399. We are satisfied that the relevant information received by Ms Li was disclosed to her by Mr Tang. We are satisfied that it is appropriate to draw the compelling inference that, in his conversations with Ms Li about his work, Mr Tang provided a series of pieces of information which, when collated by Ms Li, constituted the relevant information. We are not satisfied that Mr Tang set out to provide Ms Li with relevant information, but nevertheless we are satisfied that is the effect of what he did.

Did Mr Tang disclose the relevant information knowing or having reasonable cause to believe that Ms Li would use the information to deal in Meadville shares?

400. As we have already found, we are satisfied that Mr Tang did not counsel or procure Ms Li to deal in Meadville shares. Similarly, in disclosing the relevant information to Ms Li

we are satisfied that Mr Tang did not do so knowing or having reasonable grounds to believe that Ms Li would use the information to deal in Meadville shares. In reaching that conclusion, we have had regard to the circumstances in which Mr Tang made disclosure of the relevant information to Ms Li and to the evidence of his knowledge of her financial circumstances. We accept Mr Tang's evidence that he was unaware of her ability to access the money which she used to buy Meadville shares in October 2009. On Ms Li's evidence, the money was remitted by Mr Wu Feng, a boyfriend whose very existence had been concealed from Mr Tang by Ms Li. Further, there is no dispute that Mr Tang had made regular payments to Ms Li in 2009 to a total of \$510,000 to support her living expenses. Also, he had made a payment of \$900,000 on 6 August 2009 to enable her to complete the purchase of her apartment.

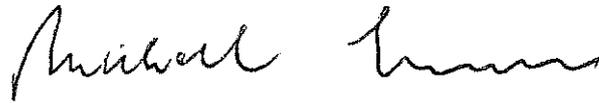
Conclusion

401. For the reasons that we have given, in all the circumstances we are not satisfied that Mr Tang engaged in market misconduct contrary to section 270(1)(a)(ii) and/or section 270(1)(c) of the Ordinance.

The profit gained by Ms Li as a result of her market misconduct

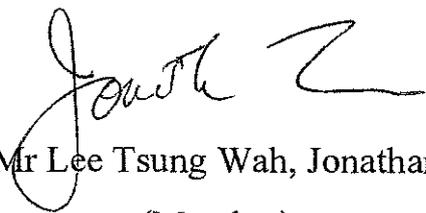
402. We accept Ms Wong's undisputed evidence that the overall profit made by Ms Li from her trading in Meadville's shares was \$546,817.43.⁴⁹² She made that profit as a result of the market misconduct of which we have found her culpable.

⁴⁹² Ms Wong's Witness Statement, paragraph 15. **Appendix 3.**

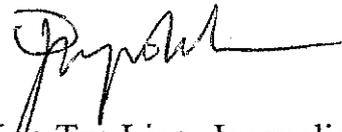


Mr Michael Lunn, GBS

(Chairman)



Mr Lee Tsung Wah, Jonathan
(Member)



Ms Koo Tze Ling, Jacqueline
(Member)

Dated 14 December 2020

APPENDIX 1

Referral of case from SFC to DoJ



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

28 September 2020

Our Ref: 102/LG/0801/5139

Ms Amanda Au
Secretary to Market Misconduct Tribunal
Room 702, 7/F, Tower Two, Lippo Centre
89 Queensway
Admiralty
Hong Kong

By Hand and
By Email
(amandaau@fstb.gov.hk)

Contact:
Maureen Garrett (2231 1482)
Simone Hui (2231 2208)

Dear Ms Au

Market Misconduct Tribunal (“MMT”) Proceedings – In the Matter of the Listed Securities of Meadville Holdings Limited (Former Stock Code: 3313)

We refer to the letter issued this afternoon to the Presenting Officer, Mr Peter Duncan, SC.

In light of the Tribunal’s request, the Investigating Officer Ms Wong Mei Mei will produce and refer to the enclosed chronology during the course of her evidence.

Yours sincerely

Maureen Garrett
Assistant Presenting Officer

Encl.

- c.c.:
- (1) Mr Peter Duncan, S.C., Presenting Officer
 - (2) Mr Yuan Shan Cao, Assistant Presenting Officer
 - (3) Ms Simone Hui, Assistant Presenting Officer
 - (4) Messrs Kwok Yih & Chan, Solicitors for Tang (Ref: WY/ON/10503.002)
 - (5) Messrs Francis Kong & Co., Solicitors for Li (Ref: C1/25513/19/57)

Meadville Holdings Limited

Referral of case from SFC to DoJ

Date	Event
2011	
4 July 2011	Letter (together with four box files) from SFC (Enforcement) to DPP asking for advice ¹ .
7 July 2011	Letter from DPP to confirm the receipt of the relevant papers and SADPP was assigned to handle this case.
1 August 2011	SFC received the first legal advice from SADPP.
15 Sept 2011	SFC provided further information to DoJ.
30 Sept 2011	SFC provided further information to DoJ.
12 October 2011	SFC provided further information to DoJ
13 October 2011	SFC received the second legal advice from SADPP.
30 November 2011	SFC received a Memo from DoJ stating that an application for a production order under section 4 of Organized and Serious Crimes Ordinance, Cap 455 ("OSCO") was being considered.
29 December 2011	SFC provided further information to DoJ (four box files).
2012	
16 January 2012	SFC received a Memo from DoJ stating that an advice would be provided by middle of February 2012.
6 Sept 2012	SFC received the third legal advice from SADPP.
17 October 2012	SFC provided further information to DoJ.
22 October 2012	SFC provided further information to DoJ.
5 November 2012	SFC provided further information to the DoJ.
12 November 2012	SFC received legal advice from DoJ re: the preparation of evidence.
2013	

¹ Advice extended to SPs and other persons.

4 January 2013	On the instructions of the DoJ, the SFC referred evidence re possible money laundering to CCB.
9 January 2013	SFC staff meet with DoJ (new advising counsel), to raise its concerns about the delay with the insider dealing investigation.
4 July 2013	DoJ informed the SFC that they would advise CCB to continue the money laundering investigation and review all materials.
25 July 2013	SFC provided relevant documents to CCB.
October 2013	CCB completed the investigation of money laundering and passed the case to DoJ. DoJ stated their advice on Money Laundering should be ready by the end of January 2014.
2014	
20 February 2014	DoJ informed the SFC that there was no progress in reviewing the insider dealing investigation as the advising counsel was tied up with other cases. The advising counsel would try to set up a special meeting with the SFC ASAP to discuss the issues.
30 April 2014	DoJ was unable to tell the SFC when the special meeting could be held to discuss the case.
24 September 2014	DoJ informed the SFC that the advising counsel was reviewing the money laundering advice and she would start to review the insider dealing investigation soon.
22 October 2014	DoJ informed the SFC that the advising counsel had finished her review of the money laundering charge and would further consider certain technical issues concerning the case. She stated she might be able to review the insider dealing investigation by the end of October 2014.
1 December 2014	SFC passed files to DoJ again as per their request.
18 December 2014	DoJ informed the SFC that the advice would be provided to the SFC in January 2015.
2015	
10 February 2015	DoJ informed the SFC that the advising counsel was tied up with other court cases and would try to give the advice to the SFC in March 2015.
9 April 2015	DoJ informed the SFC that the advising counsel would try to give the advice by the end of April 2015.
17 July 2015	DoJ informed the SFC that the advising counsel was very busy with trial cases and should be able to review the charges by

	the end of August.
14 Sept 2015	DoJ informed the SFC that the advising counsel would try to review the charges by the end of September.
9 December 2015	DoJ informed the SFC that the advising counsel would provide the advice by the end of January 2016.
2016	
22 April 2016	DoJ informed the SFC that the advising counsel would try to provide the advice by the end of June 2016.
7 November 2016	The advising counsel was moved to a new team within the DoJ.
2017	
27 February 2017	DoJ informed the SFC that the advising counsel remained the same.
11 April 2017	The SFC was informed that the case had been transferred to a different counsel to advise on the case.
9 June 2017	The new DoJ advising counsel informed the SFC that her advice should be ready in July 2017.
14 November 2017	DoJ informed the SFC that the advising counsel was still working on the advice amongst other SFC files but informed the SFC that this case was on her priority list.

2018	
23 January 2018	DoJ informed the SFC that the draft advice would be ready for her immediate supervisor's review soon and upon his review, will get it cleared with DDPP and DPP. She anticipated that the advice would be issued in February 2018.
9 April 2018	The SFC received the advice from the DoJ advising counsel.
August 2018	Outside counsel engaged by the SFC with regard to possible MMT proceedings.

2019	
27 June 2019	Letter sent to the SJ seeking consent, in accordance with section 252A(1) of the SFO, to institute proceedings in the MMT.
8 August 2019	Consent received from the SJ under section 252A(1) of the SFO, to institute proceedings in the MMT.

APPENDIX 2

Orders to buy and sell placed by Ms Li for Meadville shares from
1 August 2009 to 15 January 2010

Appendix E

The order placing time for all orders placed by the following client for his / her dealing in shares of Meadville Holdings Limited from 1 August 2009 to 15 January 2010:

(e) Li Yik Shuen (Account No. 591-384318-380)

Item No	Order Type	Order Placing Date (Execution Date)	Order Placing Time (Execution Time)	Quantity	Remarks
1	Buy	23-Oct-2009	9:46:24	133,000	-Execution Quantity 200,000
2				28,000	-Cancellation-Auto Expired by System on 23 Oct 09 at 16:35:41
3	Buy	27-Oct-2009	10:14:45	21,000	-Execution Quantity 200,000 -Order cancelled as per customer request via Internet on 27 Oct 09 at 10:20:45
4	Buy	27-Oct-2009	10:36:45	12,000	-Execution Quantity 200,000
5				36,000	-Order cancelled as per customer request via Internet on 27 Oct 09 at 11:05:11
6	Buy	27-Oct-2009	11:06:07	100,000	
7	Buy	28-Oct-2009	10:02:06	12,000	-Execution Quantity 800,000 -Order cancelled as per customer request via Internet on 28 Oct 09 at 10:12:04
8	Buy	28-Oct-2009	10:07:57	800,000	
9	Buy	28-Oct-2009	10:22:24	900,000	
10	Buy	28-Oct-2009	14:38:21	100,000	
11	Sell	30-Oct-2009	13:13:29	100,000	
12	Sell	17-Nov-2009	10:03:22	526,000	
13				516,000	
14	Sell	17-Nov-2009	10:13:47	204,000	
15				20,000	
16				46,000	
17				356,000	
18				374,000	

Note: No statement for the period from 1 August 2009 to 22 August 2009 and from 24 December 2009 to 15 January 2010 as no transaction recorded during these period.



APPENDIX 3

The quantity and price of Meadville shares acquired and sold in response to Ms Li's orders to buy and sell

Li Yik Shuen

Trading Date	Closing Price	Number of shares Purchase	Number of Shares Sold	Price	Consideration	(Consideration plus other trading expenses) Settlement Amount (Purchases)	(Consideration plus other trading expenses) Settlement Amount (Sold)
2009-10-23		133,000		\$ 2.57	\$341,810.00	\$343,297.38	
2009-10-23	\$ 2.68	28,000		\$ 2.58	\$72,240.00	\$72,240.00	
2009-10-27		21,000		\$ 2.65	\$55,650.00	\$55,850.13	
2009-10-27		12,000		\$ 2.72	\$32,640.00	\$33,110.09	
2009-10-27		36,000		\$ 2.73	\$98,280.00	\$98,280.00	
2009-10-27	\$ 2.78	100,000		\$ 2.78	\$278,000.00	\$278,998.02	
2009-10-28		12,000		\$ 2.78	\$33,360.00	\$33,497.00	
2009-10-28		800,000		\$ 2.79	\$2,232,000.00	\$2,240,012.88	
2009-10-28		900,000		\$ 2.79	\$2,511,000.00	\$2,520,014.49	
2009-10-28	\$ 2.79	100,000		\$ 2.78	\$278,000.00	\$278,998.02	
2009-10-30	\$ 2.15		100,000	\$ 2.48	\$248,000.00		\$247,109.68
2009-11-17			526,000	\$ 3.13	\$1,646,380.00		\$1,634,689.18
2009-11-17			516,000	\$ 3.12	\$1,609,920.00		\$1,609,920.00
2009-11-17			204,000	\$ 3.04	\$620,160.00		\$620,160.00
2009-11-17			20,000	\$ 3.02	\$60,400.00		\$60,400.00
2009-11-17			46,000	\$ 3.01	\$138,460.00		\$138,460.00
2009-11-17			356,000	\$ 3.00	\$1,068,000.00		\$1,068,000.00
2009-11-17	\$ 3.05		374,000	\$ 3.03	\$1,133,220.00		\$1,122,376.58
Sub-Total		2,142,000	2,142,000			\$5,954,298.01	\$6,501,115.44

Profit Gain Calculation:

No. of shares involved:	2,142,000
Settlement Amount (Sold)	\$6,501,115.44
Less Settlement Amount (Purchases)	\$5,954,298.01
Net proceed from selling	<u>\$546,817.43</u>

APPENDIX 4

Payments made from Mr Tang's bank accounts to the HSBC account of
Ms Li in 2009

Account number	Date	Particulars	Deposit \$	Withdrawal	Payee	Account Number
591-384318-833 Li Yik Shuen	24/01/2009	ATM Transfer	30,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	29/01/2009	ATM Transfer	30,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	21/02/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	09/03/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	02/04/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	05/05/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	05/06/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	06/07/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	HSBC 178-0-034367
	06/08/2009	Credit as advised	900,000.00		(Tang Chung Yen Tom)	HSBC 560-048688-888
	06/08/2009	Cheque 248554		(250,000.00)	Dai Fan (vendor of Hung Hom premises)	
	18/08/2009	Cheque 248557		(468,000.00)	IU, LAI & LI Solicitors	
	01/09/2009	ATM Transfer	50,000.00		(Tang Chung Yen Tom)	178-0-034367
	12/11/2009	Credit as advised	50,000.00		(Tang Chung Yen Tom)	560-048688-888
	04/12/2009	ATM Transfer (3-12-2009)	50,000.00		(Tang Chung Yen Tom)	178-0-034367
Subtotal			1,410,000.00			

APPENDIX 5

Meadville Stock Historical Data/Stock Price Details

Stock Historical Data

Stock	03313 - MEADVILLE	Total Volume	245,111,759 shares
Date (dd/mm/yyyy)	01/09/2009 - 17/11/2009	Daily Average	4,539,107 shares
Max / Min Closing Price	3.05 / 1.71	Total \$ Turnover	605,088,090
Max / Min Price	3.18 / 1.65	Average \$ Turnover	11,205,335
Weighted Average Price	2.469		

Date	Volume	\$ Turnover	High	Low	Close	%Change	HSI Close
01/09/2009	802,259	1,396,545	1.760	1.720	1.730	-1.14	19,872.30
02/09/2009	1,332,000	2,291,020	1.770	1.700	1.710	-1.16	19,522.00
03/09/2009	396,000	684,580	1.750	1.710	1.720	0.58	19,761.68
04/09/2009	1,889,000	3,236,060	1.730	1.700	1.710	-0.58	20,318.62
07/09/2009	3,304,000	5,672,530	1.760	1.650	1.710	0.00	20,629.31
08/09/2009	974,000	1,669,420	1.740	1.680	1.730	1.17	21,069.81
09/09/2009	1,873,000	3,352,600	1.810	1.740	1.800	4.05	20,851.04
10/09/2009	4,027,000	7,446,090	1.880	1.810	1.830	1.67	21,069.56
11/09/2009	3,466,000	6,405,270	1.880	1.820	1.840	0.55	21,161.42
14/09/2009	8,175,000	15,908,340	2.000	1.830	1.960	6.52	20,932.20
15/09/2009	1,981,000	3,984,190	2.050	1.970	2.040	4.08	20,866.37
16/09/2009	3,851,500	7,902,525	2.110	1.960	2.030	-0.49	21,402.92
17/09/2009	2,273,000	4,581,710	2.060	2.000	2.010	-0.99	21,768.51
18/09/2009	1,376,000	2,776,150	2.050	1.980	2.050	1.99	21,623.45
21/09/2009	2,268,000	4,596,510	2.060	1.980	2.040	-0.49	21,472.85
22/09/2009	2,027,000	4,110,730	2.060	2.010	2.050	0.49	21,701.14
23/09/2009	1,123,000	2,273,000	2.050	2.010	2.020	-1.46	21,595.52
24/09/2009	2,326,000	4,648,640	2.030	1.980	2.000	-0.99	21,050.73
25/09/2009	2,645,000	5,267,860	2.030	1.950	2.010	0.50	21,024.40
28/09/2009	1,751,000	3,503,660	2.030	1.990	2.000	-0.50	20,588.41
29/09/2009	490,000	993,890	2.040	2.010	2.020	1.00	21,013.17
30/09/2009	469,000	945,160	2.030	2.010	2.020	0.00	20,955.25
02/10/2009	423,000	849,110	2.030	1.990	2.030	0.50	20,375.49
05/10/2009	1,242,000	2,503,730	2.030	2.000	2.010	-0.99	20,429.07
06/10/2009	8,452,000	18,655,320	2.270	2.020	2.260	12.44	20,811.53
07/10/2009	12,865,000	30,544,290	2.450	2.290	2.340	3.54	21,241.59
08/10/2009	4,044,000	9,427,670	2.390	2.280	2.350	0.43	21,492.90
09/10/2009	2,089,000	4,829,660	2.390	2.290	2.310	-1.70	21,499.44
12/10/2009	5,125,000	12,279,290	2.450	2.340	2.370	2.60	21,299.35
13/10/2009	3,286,000	7,821,750	2.420	2.330	2.380	0.42	21,467.36
14/10/2009	2,625,000	6,181,150	2.380	2.320	2.350	-1.26	21,886.48
15/10/2009	4,486,000	10,696,200	2.410	2.350	2.400	2.13	21,999.08
16/10/2009	6,322,000	15,489,890	2.490	2.370	2.450	2.08	21,929.90
19/10/2009	2,832,000	6,934,720	2.470	2.420	2.450	0.00	22,200.46
20/10/2009	3,274,000	8,021,310	2.470	2.430	2.470	0.82	22,384.96
21/10/2009	7,064,000	17,668,670	2.540	2.450	2.530	2.43	22,318.11
22/10/2009	4,837,000	12,175,620	2.570	2.450	2.570	1.58	22,210.52

23/10/2009	6,917,000	18,394,720	2.690	2.570	2.680	4.28	22,589.73
27/10/2009	9,109,000	25,130,600	2.810	2.600	2.780	3.73	22,169.59
28/10/2009	8,092,000	22,515,420	2.820	2.740	2.790	0.36	21,761.58
29/10/2009	3,551,000	9,762,980	2.780	2.730	2.780	-0.36	21,264.99
30/10/2009	44,939,000	103,175,210	2.820	2.080	2.150	-22.66	21,752.87
02/11/2009	0	0	--	--	2.150	0.00	21,620.19
03/11/2009	0	0	--	--	2.150	0.00	21,240.06
04/11/2009	0	0	--	--	2.150	0.00	21,614.77
05/11/2009	0	0	--	--	2.150	0.00	21,479.08
06/11/2009	0	0	--	--	2.150	0.00	21,829.72
09/11/2009	0	0	--	--	2.150	0.00	22,207.55
10/11/2009	0	0	--	--	2.150	0.00	22,268.16
11/11/2009	0	0	--	--	2.150	0.00	22,627.21
12/11/2009	0	0	--	--	2.150	0.00	22,397.57
13/11/2009	0	0	--	--	2.150	0.00	22,553.63
16/11/2009	0	0	--	--	2.150	0.00	22,943.98
17/11/2009	54,719,000	168,384,300	3.180	2.990	3.050	41.86	22,914.15

Stock Price Details

03313.HK ARTGO HOLDINGS

Date (dd/mm/yyyy)	01/04/2009 - 31/08/2009	Total Volume	452,170,000.000 shares
Max / Min Closing Price	1.870 / 0.850	Daily Average	4,347,788.462 shares
Max / Min Price	1.880 / 0.840	Total Turnover (HKD)	629,931,282.000
Weighted Average Price	1.393	Average Turnover (HKD)	6,057,031.558

Date	Volume	Turnover (HKD)	High	Low	Close	%Change	HSI Close
01/04/2009	726,000	623,380.000	0.880	0.840	0.860	+1.176	13,519.540
02/04/2009	1,710,000	1,467,890.000	0.890	0.850	0.850	-1.163	14,521.970
03/04/2009	946,000	822,410.000	0.880	0.840	0.880	+3.529	14,545.690
06/04/2009	1,727,000	1,513,010.000	0.890	0.850	0.880	0.000	14,998.040
07/04/2009	2,722,000	2,538,190.000	0.980	0.890	0.960	+9.091	14,928.970
08/04/2009	1,483,000	1,376,710.000	0.990	0.880	0.910	-5.208	14,474.860
09/04/2009	1,660,000	1,568,570.000	0.960	0.910	0.960	+5.495	14,901.410
14/04/2009	2,869,000	2,827,820.000	1.010	0.960	0.980	+2.083	15,580.160
15/04/2009	1,612,000	1,578,320.000	0.990	0.970	0.990	+1.020	15,669.620
16/04/2009	1,200,000	1,164,270.000	1.010	0.940	0.970	-2.020	15,582.990
17/04/2009	1,976,000	1,964,800.000	1.020	0.960	1.020	+5.155	15,601.270
20/04/2009	5,827,000	6,367,030.000	1.150	1.020	1.130	+10.784	15,750.910
21/04/2009	5,301,000	5,421,980.000	1.050	1.000	1.010	-10.619	15,285.890
22/04/2009	4,113,000	3,972,850.000	1.040	0.910	0.920	-8.911	14,878.450
23/04/2009	1,895,000	1,770,400.000	0.960	0.900	0.960	+4.348	15,214.460
24/04/2009	963,000	913,570.000	0.970	0.930	0.950	-1.042	15,258.850
27/04/2009	2,169,000	1,941,430.000	0.940	0.880	0.890	-6.316	14,840.420
28/04/2009	1,618,000	1,421,310.000	0.890	0.860	0.880	-1.124	14,555.110
29/04/2009	2,197,000	1,907,390.000	0.890	0.850	0.850	-3.409	14,956.950
30/04/2009	3,627,000	3,312,690.000	0.940	0.870	0.920	+8.235	15,520.990
04/05/2009	6,701,000	6,681,880.000	1.090	0.950	0.950	+3.261	16,381.050
05/05/2009	2,584,000	2,510,290.000	1.010	0.950	0.980	+3.158	16,430.080
06/05/2009	3,921,000	3,943,140.000	1.030	0.940	1.010	+3.061	16,834.570
07/05/2009	3,493,000	3,478,850.000	1.050	0.970	1.000	-0.990	17,217.890
08/05/2009	3,925,000	3,943,510.000	1.020	0.990	1.020	+2.000	17,389.870
11/05/2009	3,648,000	3,702,830.000	1.040	0.980	0.990	-2.941	17,087.950
12/05/2009	609,000	607,180.000	1.010	0.990	1.000	+1.010	17,153.640
13/05/2009	2,041,500	2,030,445.000	1.010	0.970	0.980	-2.000	17,059.620
14/05/2009	1,775,000	1,675,630.000	0.970	0.920	0.950	-3.061	16,541.690

15/05/2009	997,000	964,900.000	0.970	0.960	0.960	+1.053	16,790.700
18/05/2009	633,000	618,900.000	0.990	0.950	0.970	+1.042	17,022.910
19/05/2009	7,408,000	7,571,890.000	1.050	0.990	1.050	+8.247	17,544.030
20/05/2009	8,275,000	9,006,220.000	1.130	1.040	1.090	+3.810	17,475.840
21/05/2009	11,864,500	13,711,105.000	1.220	1.090	1.180	+8.257	17,199.490
22/05/2009	37,219,000	46,436,710.000	1.310	1.180	1.230	+4.237	17,062.520
25/05/2009	6,799,000	8,325,950.000	1.270	1.200	1.210	-1.626	17,121.820
26/05/2009	5,602,000	6,555,250.000	1.200	1.150	1.160	-4.132	16,991.560
27/05/2009	14,531,000	17,838,730.000	1.250	1.160	1.240	+6.897	17,885.270
29/05/2009	4,327,000	5,303,440.000	1.240	1.210	1.240	0.000	18,171.000
01/06/2009	3,588,000	4,408,490.000	1.250	1.210	1.220	-1.613	18,888.590
02/06/2009	12,787,000	16,464,020.000	1.350	1.220	1.340	+9.836	18,389.080
03/06/2009	48,243,000	71,123,210.000	1.510	1.390	1.490	+11.194	18,576.470
04/06/2009	7,731,000	11,271,190.000	1.500	1.400	1.480	-0.671	18,502.770
05/06/2009	11,766,000	17,738,960.000	1.550	1.480	1.510	+2.027	18,679.530
08/06/2009	11,137,000	17,148,620.000	1.610	1.490	1.600	+5.960	18,253.390
09/06/2009	5,409,000	8,278,640.000	1.610	1.480	1.550	-3.125	18,058.490
10/06/2009	11,371,550	17,928,127.500	1.690	1.490	1.660	+7.097	18,785.660
11/06/2009	31,127,000	52,020,600.000	1.720	1.630	1.710	+3.012	18,791.030
12/06/2009	11,201,000	18,730,810.000	1.750	1.600	1.670	-2.339	18,889.680
15/06/2009	4,841,000	7,782,140.000	1.680	1.590	1.600	-4.192	18,498.960
16/06/2009	7,169,000	10,881,760.000	1.580	1.480	1.540	-3.750	18,165.500
17/06/2009	3,675,000	5,585,680.000	1.560	1.480	1.520	-1.299	18,084.600
18/06/2009	2,573,450	3,848,042.500	1.520	1.480	1.490	-1.974	17,776.660
19/06/2009	2,059,000	2,993,140.000	1.500	1.410	1.440	-3.356	17,920.930
22/06/2009	1,163,000	1,704,430.000	1.490	1.430	1.460	+1.389	18,059.550
23/06/2009	891,000	1,245,590.000	1.410	1.390	1.390	-4.795	17,538.370
24/06/2009	1,839,000	2,635,350.000	1.470	1.370	1.440	+3.597	17,892.150
25/06/2009	1,140,000	1,686,550.000	1.500	1.470	1.490	+3.472	18,275.030
26/06/2009	5,999,000	9,325,070.000	1.620	1.480	1.600	+7.383	18,600.260
29/06/2009	1,183,000	1,852,940.000	1.590	1.540	1.560	-2.500	18,528.510
30/06/2009	4,610,000	7,232,680.000	1.600	1.520	1.570	+0.641	18,378.730
02/07/2009	1,326,000	2,038,240.000	1.580	1.510	1.510	-3.822	18,178.050
03/07/2009	1,006,000	1,529,160.000	1.540	1.490	1.530	+1.325	18,203.400
06/07/2009	1,102,000	1,688,910.000	1.560	1.520	1.530	0.000	17,979.410
07/07/2009	461,000	707,910.000	1.540	1.510	1.520	-0.654	17,862.270
08/07/2009	1,222,000	1,809,140.000	1.520	1.460	1.460	-3.947	17,721.070
09/07/2009	268,000	390,420.000	1.480	1.430	1.470	+0.685	17,790.590
10/07/2009	2,671,000	3,996,990.000	1.540	1.430	1.510	+2.721	17,708.420
13/07/2009	555,000	833,120.000	1.510	1.480	1.500	-0.662	17,254.630
14/07/2009	2,025,000	3,009,780.000	1.520	1.470	1.490	-0.667	17,885.730
15/07/2009	885,000	1,325,650.000	1.520	1.480	1.520	+2.013	18,258.660

16/07/2009	976,000	1,488,370.000	1.540	1.500	1.500	-1.316	18,361.870
17/07/2009	2,310,000	3,491,620.000	1.540	1.470	1.500	0.000	18,805.660
20/07/2009	1,431,000	2,184,190.000	1.550	1.500	1.510	+0.667	19,502.370
21/07/2009	1,150,000	1,753,640.000	1.550	1.510	1.530	+1.325	19,501.730
22/07/2009	1,751,000	2,710,740.000	1.570	1.520	1.530	0.000	19,248.170
23/07/2009	1,979,000	3,086,310.000	1.570	1.540	1.560	+1.961	19,817.700
24/07/2009	5,634,000	9,272,070.000	1.680	1.570	1.680	+7.692	19,982.790
27/07/2009	3,643,000	6,076,100.000	1.710	1.600	1.620	-3.571	20,251.620
28/07/2009	3,221,000	5,280,290.000	1.670	1.620	1.630	+0.617	20,624.540
29/07/2009	2,602,000	4,212,720.000	1.650	1.580	1.640	+0.613	20,135.500
30/07/2009	728,000	1,184,650.000	1.650	1.620	1.630	-0.610	20,234.080
31/07/2009	2,660,000	4,437,550.000	1.700	1.630	1.690	+3.681	20,573.330
03/08/2009	7,970,000	13,847,830.000	1.800	1.680	1.790	+5.917	20,807.260
04/08/2009	6,712,000	12,327,290.000	1.860	1.800	1.840	+2.793	20,796.430
05/08/2009	2,826,000	5,217,190.000	1.870	1.810	1.870	+1.630	20,494.770
06/08/2009	2,510,000	4,672,510.000	1.880	1.830	1.870	0.000	20,899.240
07/08/2009	2,758,000	5,077,730.000	1.880	1.800	1.800	-3.743	20,375.370
10/08/2009	835,000	1,542,070.000	1.870	1.820	1.850	+2.778	20,929.520
11/08/2009	1,430,000	2,614,220.000	1.850	1.800	1.820	-1.622	21,074.210
12/08/2009	1,188,000	2,083,280.000	1.780	1.700	1.750	-3.846	20,435.240
13/08/2009	1,610,000	2,956,080.000	1.870	1.780	1.830	+4.571	20,861.300
14/08/2009	281,000	514,460.000	1.850	1.810	1.840	+0.546	20,893.330
17/08/2009	726,000	1,283,320.000	1.830	1.750	1.760	-4.348	20,137.650
18/08/2009	4,336,000	7,246,110.000	1.720	1.630	1.680	-4.545	20,306.270
19/08/2009	2,445,000	4,088,800.000	1.710	1.650	1.710	+1.786	19,954.230
20/08/2009	2,929,000	5,180,330.000	1.800	1.690	1.790	+4.678	20,328.860
21/08/2009	1,780,000	3,164,510.000	1.800	1.760	1.770	-1.117	20,199.020
24/08/2009	2,675,000	4,788,582.000	1.810	1.760	1.810	+2.260	20,535.940
25/08/2009	483,000	869,200.000	1.810	1.770	1.800	-0.552	20,435.240
26/08/2009	2,107,000	3,827,970.000	1.860	1.790	1.820	+1.111	20,456.320
27/08/2009	956,000	1,694,320.000	1.820	1.750	1.810	-0.549	20,242.750
28/08/2009	1,312,000	2,297,590.000	1.800	1.730	1.740	-3.867	20,098.620
31/08/2009	498,000	863,410.000	1.750	1.700	1.750	+0.575	19,724.190

Stock Price Details

03313.HK ARTGO HOLDINGS

Date (dd/mm/yyyy)	17/11/2009 - 30/11/2009	Total Volume	119,029,500.000 shares
Max / Min Closing Price	3.050 / 2.840	Daily Average	11,902,950.000 shares
Max / Min Price	3.180 / 2.810	Total Turnover (HKD)	354,884,378.000
Weighted Average Price	2.981	Average Turnover (HKD)	35,488,437.800

Date	Volume	Turnover (HKD)	High	Low	Close	%Change	HSI Close	HSI Close
17/11/2009	54,719,000	168,384,300.000	3.180	2.990	3.050	+41.860	22,914.150	22,914.150
18/11/2009	17,848,500	53,324,168.000	3.080	2.920	2.960	-2.951	22,840.330	22,840.330
19/11/2009	14,059,000	40,072,760.000	2.960	2.810	2.840	-4.054	22,643.160	22,643.160
20/11/2009	6,681,000	19,261,300.000	2.910	2.830	2.870	+1.056	22,455.840	22,455.840
23/11/2009	5,219,000	14,872,580.000	2.890	2.820	2.870	0.000	22,771.390	22,771.390
24/11/2009	5,696,000	16,349,660.000	2.890	2.830	2.870	0.000	22,423.140	22,423.140
25/11/2009	6,468,000	18,719,400.000	2.940	2.860	2.910	+1.394	22,611.800	22,611.800
26/11/2009	2,285,000	6,620,680.000	2.930	2.880	2.900	-0.344	22,210.410	22,210.410
27/11/2009	3,648,000	10,375,830.000	2.860	2.830	2.840	-2.069	21,134.500	21,134.500
30/11/2009	2,406,000	6,903,700.000	2.890	2.830	2.880	+1.408	21,821.500	21,821.500