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**Enforcement News**

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28 June 2011

**Former HAECO director charged with insider dealing**

The Securities and Futures Commission (SFC) has commenced criminal proceedings against Mr Lam Kwong Yu, a former independent non-executive director of Hong Kong Aircraft Engineering Company Limited (HAECO), for alleged insider dealing in the company's shares on 4 June 2010 (Note 1).

Lam appeared in the Eastern Magistracy today and pleaded not guilty to one count of insider dealing. Magistrate David Dufton fixed the pre-trial review on 9 August 2011.

The SFC alleges that Lam purchased 4,000 shares in the company on 4 June 2010 through an online securities trading account after being told about a proposed deal in which Cathay Pacific Airways Limited, a substantial shareholder of HAECO, would sell its entire stake in the company to Swire Pacific Limited. The deal triggered a general offer for all shares in HAECO and proceeded at \$105 per share, representing a premium of about 25% over the market price. It was announced to the market by HAECO on 7 June 2010.

The SFC also alleges that Lam sold the shares in the company after the announcement, making a profit of \$80,000.

The SFC's investigation followed a letter from Lam's solicitor in which Lam explained he bought the shares inadvertently without obtaining approval from the chairman of HAECO's board of directors, as required by internal company policy.

End

Note:

1. Lam resigned as an independent non-executive director of HAECO on 6 June 2010.

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