

Court dismisses appeals against convictions for manipulating the market

13 Jan 2014

The Court of First Instance today dismissed the appeals of a former broker Mr Chan Yuk Hing and his client Mr Paul Frederic Chane Yin against their convictions for market manipulation (Note 1).

On 29 June 2012, the Eastern Magistrates' Court convicted Chan and Chane of creating a false or misleading appearance with respect to the share price of Multifield International Holdings Limited (Multifield) in 2009.

The court found that Chane bought 50,000 Multifield shares through his broker, Chan, at an average price of \$0.2261 per share in the morning trading session on 23 November 2009. Shortly after the afternoon session started, Chan asked Chane to buy a single board lot of Multifield shares (the lowest amount that could be purchased) at \$1.00 per share, which was four times the prevailing market price of \$0.25. Chane agreed and instructed Chan to proceed. Chane's purchase caused Multifield's share price to rise four-fold to \$1.00. Shortly before trading closed that day, Chane sold the 50,000 shares he had earlier bought at an average price of \$0.2261 for an average selling price of \$0.4258 (Note 2).

The court found that Chane's trading was not genuine because it was designed to artificially inflate the price for Multifield to facilitate the off-loading of the shares bought in the morning and that Chan's and Chane's intentions were to create a false or misleading appearance in respect of Multifield's share price.

The Honourable Mr Justice Fung in the Court of First Instance today upheld the convictions of market manipulation against Chan and Chane stating that a genuine buyer in a market of genuine supply and demand is one who aims to purchase shares at the lowest possible price and by doing otherwise, Chan's and Chane's conduct constituted false trading.

End

Notes:

1. Please see the Securities and Futures Commission's press releases dated [29 June 2012](#) and [13 July 2012](#).
2. Chan was a licensed representative of KGI Asia Limited at the relevant time.
3. The Court of First Instance's judgment (HCMA558/2012) will be available on the Judiciary's website at www.judiciary.gov.hk (in Chinese only).

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