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SFC commences Market Misconduct Tribunal proceedings over alleged insider dealing in Meadville Holdings Limited shares

16 Sep 2019

The Securities and Futures Commission (SFC) has commenced proceedings in the Market Misconduct Tribunal (MMT) against Mr Tom Tang Chung Yen, the former chairman and an executive director of Meadville Holdings Limited (Meadville), and Ms Li Yik Shuen, for alleged insider dealing in Meadville shares in 2009 (Notes 1 & 2).

The SFC alleges that Tang had tipped off Li about a proposed sale of Meadville's principal businesses and Li went on to purchase Meadville shares before Meadville issued an announcement on 16 November 2009 regarding the sale of its core printed circuit board and laminate businesses as well as the distribution of a special dividend.

Li bought a total of over two million Meadville shares over three consecutive trading days and disposed of her entire shareholding in Meadville when trading of its shares resumed on 17 November 2009 and rose more than 40 per cent (Note 3).

The SFC seeks, among other things, orders for Li to disgorge \$546,817, which was the profit she made from disposing of the Meadville shares.

End

Notes:

1. Meadville was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 2 February 2007 and was delisted on 19 April 2010.
2. The Notice to the MMT which contains the statement setting out the grounds for commencing the MMT proceedings is available on the MMT's website (www.mmt.gov.hk).
3. Trading in Meadville shares was suspended in the afternoon of 30 October 2009.

Page last updated : 16 Sep 2019

**IN THE MATTER OF THE LISTED SECURITIES OF
MEADVILLE HOLDINGS LIMITED
(FORMER STOCK CODE: 3313)**

**NOTICE TO THE MARKET MISCONDUCT TRIBUNAL
PURSUANT TO SECTION 252(2) OF AND SCHEDULE 9 TO THE
SECURITIES AND FUTURES ORDINANCE CAP. 571 (“ORDINANCE”)**

Whereas it appears to the Securities and Futures Commission (“**Commission**”) that market misconduct within the meaning of section 270 of Part XIII of the Ordinance has or may have taken place in relation to dealings in the securities of Meadville Holdings Limited (Former Stock Code: 3313) (“**MHL**”) formerly listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Market Misconduct Tribunal is hereby required 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.

Persons suspected to have engaged in market misconduct

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

Statement for institution of proceedings

1. At all material times:
 - (a) MHL was a Cayman Islands incorporated company whose shares were listed on the SEHK. MHL's principal businesses were the manufacture and distribution of printed circuit boards ("**PCB Business**") and laminates and prepregs ("**Laminate Business**");
 - (b) Tang was an Executive Director and the Chairman of MHL; and
 - (c) Tang and Li were in an intimate relationship.

The acquisition of MHL by TTM

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 2009¹. 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. On 16 November 2009, MHL issued an announcement ("**Announcement**") setting out, *inter alia*:
 - (a) the signing of transaction agreements for the sale of the PCB Business to TTM and the sale of the Laminate Business to Top Mix Investments Limited, a British Virgin Islands-incorporated company indirectly wholly owned by Tang Hsiang Chien; and
 - (b) the proposed distribution of the sale proceeds to shareholders by way of dividend, the aggregate value of which was approximately HK\$3.47 per MHL share.
8. On 17 November 2009, trading in MHL's shares resumed. The share price rose about 42% from HK\$2.15 (when trading was suspended on 30 October 2009) to HK\$3.05.

The relevant information

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

¹ 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.

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)².

Tang's connection with MHL

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.

Li's dealings in MHL shares

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.

² 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).

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;

(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.

Dated this 10th day of September 2019

Securities and Futures Commission

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證監會在市場失當行為審裁處就涉嫌對美維控股有限公司股份進行的內幕交易展開研訊程序

2019年9月16日

證券及期貨事務監察委員會（證監會）在市場失當行為審裁處（審裁處）對美維控股有限公司（美維）前主席兼執行董事唐慶年先生及李奕璇女士展開研訊程序，指二人涉嫌於2009年就美維股份進行內幕交易（註1及2）。

證監會指唐曾向李洩露美維擬出售其主要業務的消息。李遂在美維於2009年11月16日公布將會出售其核心印刷線路板和面板業務並派發特別股息之前購入美維股份。

李在連續三個交易日合共買入超過200萬股美維股份，並在該公司股份於2009年11月17日恢復買賣且股價上升超過40%時，將其在美維持有的全部股權賣出（註3）。

證監會尋求審裁處作出裁定，包括頒令要求李交出她因出售美維股份而獲得的546,817元的利潤。

完

備註：

1. 美維於2007年2月2日在香港聯合交易所有限公司主板上市，並於2010年4月19日除牌。
2. 證監會向審裁處發出的通知可於審裁處網站 (www.mmt.gov.hk) 取覽，當中陳述證監會在審裁處展開研訊程序的理據。
3. 美維股份於2009年10月30日下午暫停買賣。

最後更新日期：2019年9月16日