
Enforcement News

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SFC prosecutes fourth insider trading case this year

In its fourth such prosecution this year, the Securities and Futures Commission (SFC) has commenced criminal proceedings against a former financial advisor and a former fund manager for alleged insider dealing offences related to JCDecaux Pearl & Dean Ltd's acquisition of a majority stake in a then Hong Kong-listed rival outdoor advertising agency.

Mr Allen Lam Kar Fai, a former investment banking director at CLSA Equity Capital Markets Ltd (CLSA) and Mr Ryan Fong Yen-hwung, a former fund manager at HSZ (Hong Kong) Ltd (HSZ), appeared at the Eastern Magistracy today on a total of three charges of insider dealing. No plea was taken.

The charges concern alleged trading in the shares of Media Partners International Holdings Inc, a Shanghai-based company then trading in Hong Kong under stock code 8072, prior to an announcement on 21 September 2005 that JCDecaux Pearl & Dean would acquire from it a 73.38% controlling interest at \$1.141 per share.

At the time of the alleged offences, CLSA was engaged as the financial adviser for the purchaser. The SFC alleges that, while employed by CLSA, Lam knew about the acquisition before it was announced and disclosed information about the transaction to Fong, who was at the time a director of HSZ.

The SFC also alleges, while in possession of such information before the announcement of the acquisition, Fong purchased a total of 10,626,000 shares of Media Partners for an HSZ fund and for himself at prices ranging from \$0.6 to \$0.83 from 21 July 2005 to 12 September 2005. After the acquisition was announced, Media Partners' share price rose and Fong was able to sell the shares at prices ranging from \$1.09 to \$1.10.

The case was adjourned until 16 October 2008 to enable an application to be made by the Department of Justice to transfer it to the District Court.

This is the fourth criminal insider dealing case commenced by the SFC this year (Note 1).

End

Notes:

1. See SFC media releases dated [28 February 2008](#), [5 June 2008](#) and [11 July 2008](#) for the earlier cases. The second case led to the first criminal conviction for insider trading on 17 July 2008 (see SFC [media release](#) issued on that day).

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