

Court dismisses appeal by former VST Holdings chairman against price rigging convictions

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The Court of Appeal today dismissed an application by the former chairman of VST Holdings Limited (VST), Mr Li Jialin, for leave to appeal against his convictions for price rigging.

Li was convicted of manipulating the nominal price of VST shares through the use of “matched” trades between three accounts that he controlled. A “matched” trade is a transaction that does not result in any change in beneficial ownership.

In his application for leave to appeal, Li argued that the trial judge had made a legal error by using the nominal price, or, in other words, the last traded price and the prices that buyers and sellers are currently offering as displayed by The Stock Exchange of Hong Kong Limited to determine the price effect of Li’s matched trades. The court rejected this argument and found that in this case the nominal or displayed price was an appropriate reference point from which to assess whether Li’s conduct had the effect of rigging the price for VST shares.

The court said the nominal price, in this case, is the relevant price as it was “precise, readily calculable...and easily understood” and took into account “actual transactions (i.e., the last traded price) as well as the most likely transaction price indicated by the highest bid and lowest ask queues, and...reflects general or specific market sentiment which may govern those transactions.”

Li was convicted on 22 October 2012 after a trial in the District Court and sentenced to six months of imprisonment in this case prosecuted by the Department of Justice (Note 1).

End

Notes:

1. Please see the SFC’s press releases dated [30 September 2010](#), [25 November 2010](#), [14 December 2010](#), [15 September 2011](#), [22 October 2012](#) and [31 October 2012](#).

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