

VST Holdings chairman convicted of price rigging

22 Oct 2012

The chairman of VST Holdings Limited (VST), Mr Li Jialin, was today convicted in the District Court of 10 counts of price rigging and 16 counts of failing to disclose his interest in shares of VST (Note 1).

Li's conviction followed an eight-day trial in September 2012 before the Honourable Judge Douglas Yau. He was granted bail and directed to appear in the District Court for sentencing on 31 October 2012.

Li had pleaded not guilty to the 11 counts of price rigging and was acquitted of one count. He pleaded guilty to 16 charges of failing to disclose the extent of his interest in VST shares as required by the Securities and Futures Ordinance (SFO) (Note 2).

The Court heard that, between August 2007 and January 2008, Li operated three different accounts, one in his own name, another jointly with his wife and a third in his brother's name, through which he bought and sold VST shares in transactions that involved no change in the beneficial ownership of those shares. The Court found that these transactions had the consequence of increasing the price of VST.

The Securities and Futures Commission (SFC) alleges that the increase in VST share price supported both a share placement that took place in October 2007 and the year-end share price performance.

The SFC's Executive Director of Enforcement, Mr Mark Steward said: "Price rigging attacks one of the cardinal functions of an open market. Investors must be able to trust that a company's share price has been set by genuine forces of supply and demand. Li's conduct inevitably misled the market for VST shares, undermining the economic interests of all those with a stake in the company's future and risking confidence in our market."

The case was investigated by the SFC and prosecuted by the Department of Justice on behalf of the HKSAR.

End

Notes:

1. The judgment will be available on the judiciary website (<http://www.judiciary.gov.hk>).
2. Li was charged under section 296 of the SFO. Please see SFC's press releases dated [30 September 2010](#), [25 November 2010](#), [14 December 2010](#) and [15 September 2011](#).

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