

**IN THE MATTER OF THE LISTED SECURITIES OF
BANK OF CHINA LIMITED (STOCK CODE 3988) AND
CHINA CONSTRUCTION BANK CORPORATION (STOCK CODE 939)**

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

Whereas it appears to the Commission that market misconduct within the meaning of section 270 ("Insider Dealing") and section 274 ("False Trading") of Part XIII of the Ordinance has or may have taken place arising out of the dealings in the securities of Bank of China Limited (Stock Code 3988) ("BOC") and China Construction Bank Corporation (Stock Code 939) ("CCB"), 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 or loss avoided, if any, as a result of the market misconduct.

**Persons and/or corporate bodies suspected to have engaged in market
misconduct activities**

Tiger Asia Management LLC ("Tiger Asia"), Mr Bill Hwang Sung Kook ("Hwang"), Mr Raymond Park ("Park") and Mr William Tomita ("Tomita").

Statement for institution of proceedings

1. At all material times, Tiger Asia was a limited liability company incorporated in Delaware, USA which managed hedge funds carried on through Tiger Asia Fund LP and Tiger Asia Overseas Fund Ltd ("the 2 Funds").

2. Hwang was at all material times the managing member of Tiger Asia and had overall responsibility for managing its investments. He was the sole principal and portfolio manager for the 2 Funds.
3. Park was at all material times a director or employee of Tiger Asia. Since April 2006, his job title at Tiger Asia has been Managing Director, Head of Trading. He was responsible for managing Tiger Asia's trading desk, supervising its orders and managing its broker relationships. Park was the head trader for the 2 Funds managed by Tiger Asia.
4. Tomita was at all material times a director or employee of Tiger Asia. He was responsible for supporting Tiger Asia's trading activities.
5. At all material times, Park and Tomita were authorised by Tiger Asia to place orders for securities trading on its behalf with CLSA Singapore Pte ("CLSA") (Tiger Asia maintained an account with Calyon Securities (USA) Inc and CLSA handled Calyon Securities (USA) Inc's orders for trading stocks in Hong Kong and other Asian countries), Nomura International (Hong Kong) Ltd ("Nomura") (as agent for Nomura Securities International Inc), Fox-Pitt Kelton (Asia) Ltd ("Fox Pitt") (as agent for Fox-Pitt New York or Fox-Pitt London), Daiwa Securities SMBC Hong Kong Ltd ("Daiwa") (on behalf of Daiwa Securities America Inc), BNP Paribas Securities (Asia) Ltd ("BNP"), China International Capital Corporation Hong Kong Securities Ltd ("CICC"), and Hong Kong and Shanghai Banking Corporation Ltd ("HSBC") (on behalf of HSBC Securities (USA) Inc).
6. On 31 December 2008, UBS AG on its own behalf placed 3,377,860,684 H-shares in BOC at HK\$1.93 per share ("31 December Placement").
7. On 7 January 2009, UBS AG, on behalf of Bank of America Corporation ("BOA"), placed 5,623,655,000 H-shares in CCB at HK\$3.92 per share ("7 January Placement").
8. On 13 January 2009, Morgan Stanley & Co International PLC and ABN AMRO Bank N.V. Hong Kong Branch and BOCI Asia Limited, on behalf of The Royal

Bank of Scotland Group PLC (“RBS”), placed 10,809,154,259 H-shares in BOC at HK\$1.71 per share (“13 January Placement”).

31 December Placement

9. On 19 December 2008, Park, after giving an undertaking that Tiger Asia would not thereafter trade BOC shares, received the following information from Mr Peter Guenthardt of UBS AG, who was connected with BOC within the meaning of section 247 of the Ordinance:
 - a. UBS AG wished to sell its entire shareholding in BOC of 3,378 million shares worth approximately US\$1 billion via a club deal after the expiry of the lock-up period on 31 December 2008;
 - b. The trade date and value date would be 31 December 2008 so settlement would be on a T+0 basis (i.e. trade date);
 - c. The price would be at a discount to the closing price on 30 December 2008 and the discount would be between 8% - 10%;(together the “UBS Placing Information”).
10. The UBS Placing Information was relevant information as defined in section 245 of the Ordinance in that it was specific information about BOC, a shareholder of BOC, namely UBS AG, and/or the listed securities of BOC, which information was not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but which would, if it were generally known to them, be likely to materially affect the price of the listed securities.
11. Park relayed the UBS Placing Information to Hwang who (1) decided on behalf of Tiger Asia to subscribe to the 31 December Placement and (2) procured Park and/or Tomita to place short selling orders of BOC shares ahead of 31 December 2008.
12. Between 19 to 30 December 2008, Tiger Asia and Park and/or Tomita (acting as agents for and on behalf of Tiger Asia) being in possession of the relevant

information (i.e. the UBS Placing Information) which they received from a person (Mr Guenthardt) whom they knew or had reasonable cause to believe was connected with BOC, dealt in the listed securities of BOC by short selling 104 million BOC shares through Daiwa, BNP, HSBC and CICC at the average price of HK\$2.2359 per share.

13. On 31 December 2008, the 2 Funds managed by Tiger Asia were allocated a total of 199 million BOC shares at the price of HK\$1.93 per share. On 31 December 2008 and 2 January 2009, the average traded price of BOC shares was HK\$2.1478. By short selling the shares ahead of the placing news being publicly known to the market after it closed on 31 December 2008 at an average price of HK\$2.2359 per share, Tiger Asia was able to sell the 104 million shares at HK\$0.0881 per share higher than the average traded price on 31 December 2008 and 2 January 2009. This resulted in a profit of HK\$9,126,116 after taking into account the transaction costs.

7 January Placement

14. On 6 January 2009, Park, after giving an undertaking that Tiger Asia would not thereafter trade CCB shares, received information from Mr Samuel James Kendall of UBS AG, who was connected with CCB within the meaning of section 247 of the Ordinance that BOA wished to sell its 5.6 billion shares in CCB on similar terms to a previous proposal in mid-December 2008, which was at a discount of about 15% to the closing price (the “BOA Placing Information”).
15. The BOA Placing Information was relevant information as defined in section 245 of the Ordinance in that it was specific information about CCB, a shareholder of CCB, namely BOA, and/or the listed securities of CCB, which information was not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but which would, if it were generally known to them, be likely to materially affect the price of the listed securities.
16. Park relayed the BOA Placing Information to Hwang who (1) decided on behalf of Tiger Asia to subscribe to the 7 January Placement and (2) procured Park

and/or Tomita to place long, short selling and long selling orders of CCB shares ahead of 7 January 2009.

17. On 6 January 2009, Tiger Asia and Park and/or Tomita (acting as agents for Tiger Asia) being in possession of the relevant information (i.e. the BOA Placing Information) which they received from a person (Mr Kendall) whom they knew or had reasonable cause to believe was connected with CCB, dealt in the listed securities of CCB by buying 17 million CCB shares through CLSA throughout the day at an average price of HK\$4.5912 per share and then sold these 17 million shares during the closing auction session on the same day at HK\$4.45 per share through Daiwa.
18. In addition, Tiger Asia short sold 93 million shares of CCB on 6 January 2009 (50 million through Nomura and 43 million through Fox Pitt) at an average price of HK\$4.5263 per share.
19. On 7 January 2009, Tiger Asia was allocated a total of 1,977 million CCB shares at the price of HK\$3.92 per share. On 7 January 2009, excluding the placing shares, the average traded price of CCB shares was HK\$4.1788. By short selling the 93 million shares ahead of the placing news being publicly known on 7 January 2009 at an average price of HK\$4.5263, Tiger Asia was able to sell the 93 million shares at HK\$0.3475 per share higher. This resulted in a profit of HK\$32,067,618 after taking into account the transaction costs.
20. Further, the placing of some of the buy and short sell orders by Park and Tomita on 6 January 2009 resulted in transactions that did not involve a change in the beneficial ownership of them.
21. The purpose and effect of the buy order of 17 million shares was to acquire shares so that a sell order of 17 million shares (placed through Daiwa) could be inputted during the closing auction session on 6 January 2009 so as to depress the closing price of CCB shares. Accordingly, so long as the share price reacted as intended, Tiger Asia would be able to receive the CCB placing shares on 7 January 2009 at a lower price.

22. The buy and sell orders of 17 million CCB shares on 6 January 2009 were carried out with the intention that, or being reckless as to whether, such transactions had, or were likely to have, the effect of creating a false or misleading appearance with respect to the market for, or the price for dealings in, CCB securities traded on the Stock Exchange of Hong Kong.

13 January Placement

23. On 12 January 2009, Park, after giving an undertaking that Tiger Asia would not thereafter trade BOC shares, received information from Mr Justin Haik of Morgan Stanley, who was connected with BOC within the meaning of section 247 of the Ordinance, that RBS intended to sell its entire holding of 10.8 billion shares in BOC if there was such demand from investors; the timing to launch the BOC block sale was expected to be within the next 24 to 48 hours and the indicative discount would be within the range of 7 to 11% to the closing price on that day (“RBS Placing Information”).
24. The RBS Placing Information was relevant information as defined in section 245 of the Ordinance in that it was specific information about BOC, a shareholder of BOC, namely RBS, and/or the listed securities of BOC, which information was not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the corporation but which would, if it were generally known to them, be likely to materially affect the price of the listed securities.
25. Park relayed the RBS Placing Information to Hwang who (1) decided on behalf of Tiger Asia to subscribe to the 13 January Placement and (2) procured Park and/or Tomita to place short selling orders of BOC shares ahead of 14 January 2009.
26. On 12 and 13 January 2009, Tiger Asia and Park and/or Tomita (acting as agents for Tiger Asia) being in possession of the relevant information (i.e. the RBS Placing Information) which they received from a person (Mr Haik) whom they knew or had reasonable cause to believe was connected with BOC dealt in the listed securities of BOC by short selling 256,432,000 BOC shares (through

short selling shares directly onto the market and by entering into an equity swap) through CLSA and BNP at the average price of HK\$1.8718 per share.

27. On 13 January 2009 after the market closed, Tiger Asia was allocated 450 million BOC shares at the price of HK\$1.71 per share. On 13 January 2009, the closing price of BOC shares was HK\$1.85. On 14 January 2009, the share price closed at HK\$1.90. By short selling the shares ahead of the placing news being publicly known after the market closed on 13 January 2009, Tiger Asia was able to sell 256,432,000 shares at HK\$1.8718 per share. However, this turned out to be lower than the average traded price of the BOC shares on 14 January 2009 of HK\$1.9121, which translated into a loss of HK\$10,307,816 after taking into account the transaction costs. The emergence of Hopu Investment Management Company as an important placee in the RBS Placement and the rumours of Central SAFE Investments Ltd being one of the placees and that China Investment Corporation was buying the shares in the market after the placement would have had a significant effect on the share price performance after the placement. These unexpected events tend to explain the unexpected share price rise when the RBS Placing Information was publicly known on 14 January 2009.
28. Accordingly, by reason of all the matters set out above, Tiger Asia, Hwang, Park and Tomita engaged or may have engaged jointly or severally in market misconduct contrary to sections 270 and/or 274 of the Ordinance.

Dated this 11th day of July 2013

Securities & Futures Commission

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