

REPORT OF THE MARKET MISCONDUCT TRIBUNAL OF HONG KONG

Part III

on whether any market misconduct
in the nature of insider dealing has taken place
in relation to the listed securities of

ASIASEC PROPERTIES LIMITED

formerly known as Dan Form Holdings Company Limited

(Stock Code: 271)

and on other related questions

CHAPTER 17

CONSEQUENTIAL ORDERS

703. Having issued Part II of our Report on 5 June 2025, the Tribunal gave directions to the parties fixing a hearing on 26 June 2025 for the receipt of oral submissions in the Tribunal's consideration of the appropriate consequential orders to be made. Also, directions were given for filing such written submissions that the parties wished the Tribunal to receive in advance of the hearing.

The Commission's submissions

Wen Lide: reasonable opportunity of being heard

704. In its written submissions, dated 19 June 2025, the Commission invited the Tribunal to be satisfied, pursuant to section 257(3) of the Ordinance, that the 2nd Specified Person, Mr. Wen Lide, had been afforded a reasonable opportunity of being heard, so that the Tribunal was entitled to make orders against him, pursuant to section 257(1).

705. At the hearing, the Commission filed an affirmation of Ms. Leung Siu Kwan Catia, an Assistant Presenting Officer, dated 25 June 2025, in which she described the service by the Commission of material by Ms. Chan Yan Man, Jasmine on Mr. Wen Lide following the issue of Part II of the Tribunal's report and the Tribunal's directions, dated 5 June 2025. Attached to an email to the Tribunal, dated 19 June 2025, with a copy to Mr. Wen Lide at wenlide@126.com, were the Commission's submissions on Consequential Orders, List and Bundle of Authorities and the 3rd Affirmation of Ms. Chan Yan Man, Jasmine. Microsoft Outlook reported delivery of the email to Mr. Wen at wenlide@126.com as, "complete, but no delivery notification was sent by the destination server". The same material was sent by ordinary post on 19 June 2025 to Mr. Wen Lide at Room 1502, No. 32, Lane 100, Zhong Tan Road, Shanghai, 200061, PRC.

706. Attached to an email to the Tribunal, dated 24 June 2025, copied to Mr. Wen Lide at wenlide@126.com, were the Commission's Reply submissions and List and Bundle of Authorities. Ms. Chan received the same delivery acknowledgement in respect of Mr. Wen's email address as before. The same material was sent by ordinary post on 19 June 2025 to Mr. Wen at the same address as above.

707. It is to be noted that in emails to the Tribunal filing the written submissions, List and Bundle of Authorities and Reply submissions of the 1st Specified Person, dated 19 June 2025

and 24 June 2025 respectively, it was stated that the material had been copied to *wenlide@126.com*.

Seriousness of the misconduct

708. The Commission submitted that in making orders against the Specified Persons, pursuant to section 257(1) of the Ordinance, the Tribunal ought to have regard to: first, the seriousness of the misconduct committed by the Specified Persons; secondly, the need to protect the investing public from the risk of their future infringements; and thirdly, the need to ensure that they did not profit from their wrongdoing.

709. Of the gravity of Mdm. Cynthia Chen's misconduct, the Tribunal was reminded that throughout the material period of time she was the company secretary of Dan Form, in which position she was privy to confidential inside information. Her misconduct was a breach of trust.

710. Of Mr. Wen Lide's misconduct, the Tribunal was reminded that it had found that, in denying to an officer of the Commission that he had traded in Dan Form shares in 2016, his answer was "manifestly false" and a "barefaced, brazen lie". Further, the Tribunal determined that the movement of monies through Mr. Lam Wai Ho's HSB bank account was done deliberately to conceal the provenance of the monies, namely dealing in Dan Form shares, that was ultimately paid into the bank account of Mdm. Cynthia Chen.

711. The market misconduct of both Mdm. Cynthia Chen and Mr. Wen Lide was premeditated and successful, in that they made profit. The purchase of Dan Form shares after 2 September 2016 occurred on multiple occasions in multiple accounts.

Suggested orders

Cold shoulder order

712. In inviting the Tribunal to make a 'cold shoulder' order against the 1st and 2nd Specified Persons, the Commission submitted that the purpose of such an order, made pursuant to section 257(1)(b) of the Ordinance, was to protect the integrity of Hong Kong's financial markets.

Cease-and-desist order

713. Similarly, it was submitted that the purpose of a 'cease-and-desist' order against the 1st and 2nd Specified Persons, made pursuant to section 257(1)(c) of the Ordinance, was to protect the market, not as a penalty against the Specified Persons. It afforded the market an element of

future protection.

Disgorgement

714. Having noted that the Tribunal had found that profits were gained in dealing in Dan Form shares on the basis of inside information after 2 September 2016, the Commission set out a ‘Calculation of Profits’ in Annex 3 of its submissions. The calculation was made on the basis of the following dealing in Dan Form shares:

- total cost of buying, after 2 September 2016 up to and including 19 September 2016;
- total cost of selling, on and after 29 September 2016;
- calculation of average selling price per share;
- calculation of sales proceeds for sale of the relevant number of shares in each account; and
- profit for purchase of the relevant number of shares in each account.

715. The calculation was sub-divided into dealings in three accounts:

- (i) Mr. Wen Lide’s Shenwan account;
- (ii) Mr. Wen Lide’s Grand Investment account; and
- (iii) Mdm. Li Qian’s Grand Investment account.

Orders sought

716. In its written submissions, the Commission invited the Tribunal to make the following orders against the 1st and 2nd Specified Persons, pursuant to the Ordinance:

- (i) pursuant to s.257(1)(b)-that without the leave of the Court of First Instance, in Hong Kong, they shall not directly or indirectly in any way acquire, dispose or otherwise deal in any securities, futures contract or leveraged foreign exchange contract or an interest in any securities, futures contract or leveraged foreign exchange contract or collective investment scheme for a period of 48 months;
- (ii) pursuant to s.257(1)(c)-they shall not again perpetrate any conduct which constitutes the misconduct proscribed by sections 270, and 274 to 278 inclusive of the Ordinance;

- (iii) pursuant to s.257(1)(d)-they shall jointly and severally by way of disgorgement of profit gained as a result of their market misconduct, pay to the Government the sum of HK\$1,067,309.01;
- (iv) pursuant to s.259-they shall jointly and severally pay compound interest on the aforesaid sum of HK\$1,067,309.01, calculated from 26 October 2016 with yearly rests;
- (v) pursuant to s.257(1)(e)-they shall jointly and severally pay to the Government the sum of HK\$[*to be supplied*] being costs and expenses reasonably incurred by the Government in relation or incidental to these proceedings, to be taxed if not agreed;
- (vi) pursuant to s.257(1)(f)(i)-they shall jointly and severally pay to the Commission its costs and expenses reasonably incurred in relation or incidental to these proceedings, to be taxed if not agreed, with a certificate for two Counsel;
- (vii) pursuant to s.257(1)(f)(ii) and (iii)-they shall jointly and severally pay to the Commission the sum of HK\$618,945, being costs and expenses reasonably incurred by the Commission in relation or incidental to the investigation of their conduct or affairs carried out before these proceedings were instituted and/or carried out for the purposes of these proceedings;⁶⁸⁸ and
- (viii) pursuant to s.257(1)(g) and 262(2)(b)(v)-the Tribunal shall refer Part II and Part III of the Report of the Tribunal to the Hong Kong Chartered Governance Institute, with a recommendation that it takes disciplinary action against the 1st Specified Person, Mdm. Cynthia Chen.

717. Finally, the Commission invited the Tribunal to give notice in writing to the Court of First Instance to register the orders of the Tribunal, pursuant to section 264(1) of the Ordinance.

Mdm. Cynthia Chen: Fellow Member of the Chartered Governance Institute of Hong Kong

718. As the basis for its suggestion that the Tribunal refer Part II and Part III of its Report to The Hong Kong Chartered Governance Institute, the Commission invited the Tribunal to receive a 3rd Affirmation, dated 17 June 2025, of one of the Assistant Presenting Officers, Ms. Chan Yan Man Jasmine in which she adduced evidence that Mdm. Cynthia Chen was a Fellow

⁶⁸⁸ Annex 1 of the Commission's submissions, dated 19 June 2025, set out in detail the basis on which the claim was made.

Member of the Institute. The Tribunal was invited to note that, having described Mdm. Cynthia Chen as its Company Secretary, the 2023 Annual Report of Asiasec Properties Limited, dated 20 March 2024, described her as “...a fellow member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.” Of her role as Company Secretary, it stated:

“All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with the Shareholders and management.”

719. In addition, Ms. Jasmine Chan adduced evidence from the Registrar of Companies of a series of Certificates of Change of Name, including one dated 20 July 2021, which led to the adoption of the current name, namely The Hong Kong Chartered Governance Institute, and a Special Resolution dated 16 December 2024, in which new Articles of Association of the Institute had been adopted. Originally, the Institute had been incorporated, on 25 May 1990, as the Institute of Chartered Secretaries and Administrators in Hong Kong Limited. The Articles of Association requires compliance by Members with standards of professional conduct and practice of Members and provides for a regime of investigation and disciplinary proceedings in face of a complaint or a report of stipulated conduct, including a Member conducting herself, “... in a manner that might or is likely to be discreditable to the Institute or the Profession.”

720. Further, Ms. Jasmine Chan adduced evidence of a screenshot, dated 17 June 2025, of the Directory of Members taken from the website of The Hong Kong Chartered Governance Institute in which Mdm. Cynthia Chen was described by an acronym as a Fellow of the Institute.

Submissions for Mdm. Cynthia Chen

721. In her written submissions, dated 19 June 2025, Ms. Tania Tse reserved the right to make reply to the proposed orders sought by the Commission once they had been articulated.

Suggested orders

722. However, she submitted generally that it would be sufficient for the Tribunal to make an order, pursuant to section 257(1)(a) of the Ordinance that Mdm. Cynthia Chen shall not, without leave of the Court of First Instance, be concerned or take part in the management of Asiasec Properties Limited, and an order, pursuant to section 257(1)(b), that for a specified period Mdm. Cynthia Chen shall not, without the leave of the Court of First Instance, in Hong

Kong, directly or indirectly in any way acquire, dispose or otherwise deal in any securities or interest in any securities.

Costs Orders

723. In respect of orders as to costs to be made against Mdm. Cynthia Chen, the Tribunal was asked to take into account the delay from the time of the events the subject of the Inquiry, namely 2016, to the commencement of the substantive hearing in late 2024. The Commission had taken, "...an unduly long period of time in its investigative work". Costs should be discounted to reflect the reasonable costs incurred. Notwithstanding the length of its investigation, the Commission had failed to call Ms. Lucy Tsui as a witness. It fell to the Tribunal to require her to give evidence. She did so without the preparation of a witness statement. In consequence, the leading of her evidence was not as efficient as it could have been. Further, the Commission had failed to seize the email records of Mr. Brian Liu, although they had searched his place of work and seized records of others. As a result, the Tribunal was required to issue a Notice to secure the presentation of that evidence at the hearing. In consequence, it was necessary to recall Mr. Brian Liu. That resulted in wasted costs. In addition, the Commission had failed to identify and select relevant material from all of the material, which failure had led to an unnecessary repetition of material in the Hearing Bundles and had resulted in an excessive number of such Bundles. In consequence, the Commission had constituted three Core Bundles and a Miscellaneous Bundle during the hearing itself. Finally, it was submitted that any order of costs ought to apportion costs having regard to the involvement of Mr. Wen Lide in the events the subject of the Inquiry.

724. Although irrelevant to the making of consequential orders, Ms. Tse stated in her written submissions that she made an application for extension of time, in which to make an application for leave to appeal a determination or finding by the Tribunal in Part II of the Tribunal's Report on a question of fact, to a date 14 days after the issuing of the Tribunal's consequential orders under section 257 of the Ordinance. The Tribunal dealt with the application in a separate Ruling.⁶⁸⁹

725. In her Reply submissions, dated 24 June 2025, Ms. Tse accepted that it was appropriate for the Tribunal to make a 'cold shoulder' order, pursuant to s.257(1)(b), and a 'cease-and-desist' order, pursuant to s.257(1)(c) of the Ordinance. She made no submission as to the

⁶⁸⁹ Appendix VI of Part III of the Report.

duration of such orders.

Disgorgement order

726. Of the exercise of the power to order disgorgement of the profit gained, pursuant to section 257(1)(d), Ms. Tse submitted that the power was to be exercised, as far as possible, to restore the *status quo ante*, and it was not a penalty.⁶⁹⁰ Secondly, it was contended that in its calculations of the profit gained, the Commission had erred in failing to take account of the transaction costs incurred in dealing in those Dan Form shares and the tax liability. Thirdly, the exercise of the power was discretionary. Given that the Tribunal had not made a finding as to the apportionment of the profit gained between Mdm. Cynthia Chen and Mr. Wen Lide, and that Mdm. Cynthia Chen had made no admission of having an interest in the profits, an order that they be jointly and severally liable for an order of disgorgement of all the profits would result in an order in excess of the actual profit gained by Mdm. Cynthia Chen. Further, the Tribunal had made no finding of any beneficial interest of Mdm. Cynthia Chen in the respective accounts of Mr. Wen Lide and Mdm. Li Qian with Grand Investment in which profits had been gained from dealing in Dan Form shares. Accordingly, it was inappropriate to make a disgorgement order in respect of those profits.

Recommendation to take disciplinary action

727. In considering whether to exercise its power to recommend that the Hong Kong Chartered Governance Institute take disciplinary action, the Tribunal was invited to note that Mdm. Cynthia Chen had been a qualified company secretary well before 2016 and had not engaged in any other market misconduct or been the subject of any disciplinary enquiry. In the result, the Tribunal was invited not to make any such recommendation.

Costs and expenses

728. Objection was taken to specific components of the costs order sought by the Commission for its costs and expenses pursuant to section 257(1)(f)(ii) and (iii), namely reasonably incurred in relation or incidental to any investigation of the person's conduct or affairs carried out before the proceedings were instituted and carried out for the purposes of the proceedings, set out in Annex 1, to a total of HK\$618,945.

729. Objection was taken, in particular to costs and expenses claimed in respect of work

⁶⁹⁰ *Chau Chin Hung v Market Misconduct Tribunal* [HCAL 123 of 2007] (unreported-22 September 2008 at paragraph 42).

done with Ms. Pao Hui Ming, Winnie who had been engaged to prepare a report as a market expert, but who did not give evidence and whose report was not adduced before the Tribunal. Also, objection was taken to 50% of the costs of the preparation of an expert report by Mr. Brian Leung, whose report, it was contended, was of “limited relevance”, given the need to supply him subsequently with the emails and other materials obtained on the order of the Tribunal during the hearing in relation to Mr. Brian Liu at ASM.

Mr. Wen Lide

730. Consistent with his conduct throughout the Tribunal’s Inquiry, the Tribunal received no communication whatsoever from or on behalf of Mr. Wen Lide from the issuance of the Part II Report on 5 June 2025 and the oral hearing conducted on 26 June 2025, at which he was neither in attendance nor was he represented.

The hearing

‘Profit gained’-costs and expenses of trading

731. During the oral hearing, it having become apparent that the Commission had taken no account of the transaction costs involved in buying and selling Dan Form shares in the various accounts in respect of which orders of disgorgement was sought, the Commission having been granted an adjournment to do so, filed a revised version of Annex 3, setting out the ‘Calculation of Profits’. The revised version now provided for the deduction of costs and expenses in trading the shares.

‘Notional’ selling price per share

732. Also, the original calculation of profit having been made on the basis of the actual sale price of the shares over the overall period on and between 29 September and 26 October 2016 in which the shares were actually sold, Annex 3 was revised further to reflect the ‘notional’ selling price, namely the price at which the market had had a reasonable opportunity to digest the information when the information was made public and reflect that in the price of the share.⁶⁹¹ The fact that shares were retained and sold subsequently was irrelevant to the calculation of the ‘profit gained’ by use of the inside information.

733. For the Commission, Mr. Charlie Liu submitted the appropriate ‘notional’ price to be taken was the closing price of Dan Form shares on 27 September 2016, namely HK\$2.66 per

⁶⁹¹ *Insider dealing Tribunal v Shek Mei Ling* (1999) 2 HKCFAR 205 at 211 C-D.

share. The Joint Announcement by Dan Form and others of the acquisition of Mr. Dai's shares was published on 22 September 2016 and trading resumed at 9:00 a.m. on 23 September 2016⁶⁹². The turnover and price at which Dan Form shares traded in the following days were:⁶⁹³

- on 23 September 2016, 50,653,314 shares were traded to a value of HK\$134,550,147.04, with a high of HK\$2.68, a low of HK\$2.62 and a closing price of HK\$2.66;
- on 26 September 2016, 21,221,100 shares were traded to a value of HK\$56,505,189.00, with a high of HK\$2.69, a low of HK\$2.65 and a closing price of HK\$2.68; and
- on 27 September 2016, 10,126,156 shares were traded to a value of HK\$27,012,858.72, with a high of HK\$2.69, a low of HK\$2.66 and a closing price of HK\$2.66.

734. Mr. Liu invited the Tribunal to note that in his Report, Mr. Leung Yiu Man said that the average daily turnover and average daily trading volume of Dan Form shares between 1 June and 19 September 2016 was HK\$8,070,187 and 4,215,782 shares respectively.⁶⁹⁴ In that context, he invited the Tribunal to accept that the closing price at which Dan Form shares traded on 27 September 2016 reflected the fact that market had “digested” the information contained in the Joint Announcement of 22 September 2016.

735. In the final revised version of Annex 3, the ‘Calculation of Profits’ for the three respective accounts, the profit was stipulated to be:⁶⁹⁵

- (i) Mr. Wen Lide's Shenwan account-HK\$794,347.44;
- (ii) Mr. Wen Lide's Grand Investment account-HK\$171,880.53; and
- (iii) Mdm. Li Qian's Grand Investment account-HK\$34,186.56.

736. In her oral submissions, Ms. Tse initially took issue with Mr. Charlie Liu's submission the appropriate ‘notional’ price was the closing price on 27 September 2016, namely HK\$2.66. However, in the course of her oral submissions, she resiled from that position and stated that it was accepted that the appropriate ‘notional’ price to be taken for the calculation of the ‘profits

⁶⁹² Core Bundle 1, pages 11-30 at page 14.

⁶⁹³ Core Bundle 1, page 8.

⁶⁹⁴ Core Bundle 2, page 105 at paragraph 28.

⁶⁹⁵ Appendix VII of Part III of the Report.

gained’ was as contended by Mr. Liu, namely HK\$2.66.

737. In the course of oral submissions, in the context of the Commission’s application for an order that the 1st and 2nd Specified Persons were jointly and severally liable to disgorge the profits gained in all three accounts, the Chairman invited Mr. Lee to assist the Tribunal as to the relevance of the Ruling of the Chairman, Mr. McWalters, in the Report of this Tribunal in its Inquiry into dealings into the listed securities of *China Vanguard Group Limited and Yunbo Digital Synergy Group Limited*⁶⁹⁶.

738. By the Commission’s Notice it was alleged that Mr. Iu was involved in market misconduct in the form of false trading in relation to the shares of the two companies. The false trading was done through trading in those shares through an account operated by Mr. Iu’s mother, to which Mr. Iu had accessed by Internet, and an account operated by a Hedge fund, Tarascon Capital Management (Hong Kong) Limited, (“Tarascon”) of which Mr. Iu was a director and Chief Investment Officer. Tarascon suffered a loss in trading of about HK\$5.35 million and Mdm. Iu’s account enjoyed a profit of HK\$5,616,040.

739. The parties submitted a Statement of Agreed and Admitted Facts in which Mr. Iu admitted false trading, contrary to section 274 of the Ordinance, which had resulted in a profit gained of HK\$5,616,040 in his mother's account. However, the draft proposed Order, drawn up by the parties, did not include a claim for disgorgement of those monies as profit gained. At his instigation the Chairman received submissions, as to the ambit of the power of disgorgement, pursuant to section 257(1)(d).

740. At the conclusion of a lengthy ‘Ruling on the Interpretation of section 257(1)(d) of the SFO’, the Chairman ruled: ⁶⁹⁷

“...the Tribunal is directed that in determining whether it should make an order under section 257(1)(d) of the SFO the Tribunal does not have to be satisfied that the identified person received or enjoyed the benefit of the illicit profit or was in a position to exercise control over it. All that needs to be shown are that the identified person committed market misconduct as a result of which a profit was gained or a loss was avoided. Once that is proven the Market Misconduct Tribunal is empowered to make a section

⁶⁹⁶ *Report of the Market Misconduct Tribunal of Hong Kong on whether any market misconduct has taken place in relation to the listed securities of China Vanguard Group Limited and Yunbo Digital Synergy Group Limited* - 28 June 2024.

⁶⁹⁷ *Ibid*, Annexure F, paragraph 125.

257(1)(d) order. Whether it does so and in what amount will be a matter for the Tribunal in the exercise of its discretion.”

741. That direction was repeated verbatim in Chapter 5 of the Report itself, under the rubric ‘Legal Principles Relating to Each Order’⁶⁹⁸. In applying that direction to the evidence, the Tribunal found that, “...given the admissions made by the Specified Person, the evidential ... issue of whether an order *can* be made, as opposed to whether it *should* be made, does not arise.”⁶⁹⁹

742. The Tribunal determined that, “...the pattern of the false trading reveals a clear intention to generate a profit for the mother’s account at the expense of the Fund.”⁷⁰⁰ However, the Tribunal said, “...the obvious questions of why Mr Iu did what he did and what happened to the profits gained remain unanswered.”⁷⁰¹ Nevertheless, the Tribunal concluded that, “Mr Iu’s false trading was conducted in order to benefit the mother” but that, “...the mother cannot be shown to have been a knowing participant in Mr Iu’s market misconduct”.⁷⁰² Moreover, the Tribunal acknowledged that, “...it cannot be shown that Mr Iu personally enjoyed any part of the profits gained”. However, the Tribunal concluded that in view of the Chairman’s Ruling:⁷⁰³

“...it matters not who the ultimate beneficiary was of that gain, whether the Specified Person himself or his mother or, if both he and his mother, how much of the profit gained each received. All that matters is that the Specified Person deliberately manipulated the market in order to generate an illicit profit and succeeded in doing so to the extent of \$5,617,540.”

In the event, the Tribunal ordered that Mr. Iu shall pay the Government the amount of HK\$5,617,540, being the profit gained from his market misconduct.

743. In response to the Chairman’s observation that, in *China Vanguard Group Limited*, in considered submissions leading counsel for the Commission had submitted that in those factual circumstances the Tribunal had no power to make an order of disgorgement against Mr. Iu, Mr. Lee indicated that, nevertheless, the Commission now accepted that the Ruling was correct. However, he acknowledged that the exercise of the powers of disgorgement was a matter of

⁶⁹⁸ *Ibid*, paragraph 109.

⁶⁹⁹ *Ibid*, paragraph 112.

⁷⁰⁰ *Ibid*, paragraph 130.

⁷⁰¹ *Ibid*, paragraph 131

⁷⁰² *Ibid*, paragraph 134.

⁷⁰³ *Ibid*, paragraph 135.

the Tribunal's discretion. In that regard, he reminded the Tribunal of its findings in respect of the two Grand Investment accounts, namely that the accounts of Mr. Wen and Mdm. Li Qian had the:⁷⁰⁴

“...hallmarks of personal securities accounts operating at modest levels of activity...in which only Mr. Wen and his wife had an interest. They were and were operated as their personal accounts.”

Profit gained in the two Grand Investment accounts

744. Ms. Tse emphasised the very strong objection that was made in her written submissions to disgorgement orders being made against Mdm. Cynthia Chen in respect of the two Grand Investment accounts, one of Mr. Wen Lide and the other of Mdm. Li Qian.

745. She submitted that the facts were wholly different from those obtaining in *China Vanguard Group Limited*. In the instant case, there was no evidence that Mdm. Cynthia Chen has any beneficial interest in either of the two trading accounts; there was no close familial relationship; there was no evidence of any control over the account; and, there was no evidence of a flow of funds between the two accounts and accounts connected with Mdm. Cynthia Chen.

Cost and expenses reasonably incurred by the Commission in relation or incidental to investigation of the person before proceedings were instituted and for the purposes of the proceedings

746. During the hearing, the Commission and the 1st Specified Person reached agreement as to the quantum of the costs and expenses to be paid to the Commission, pursuant to section 257(1)(f)(ii) and (iii) of the Ordinance, in respect of its investigation of the 1st Specified Person before the institution of proceedings and for the purpose of these proceedings, which agreement was to be reflected in the proposed order that the 1st and 2nd Specified Persons were jointly liable to pay the Commission HK\$582,702.80. Of course, the 2nd Specified Person not having been present and not having participated at all in these proceedings was not a party to that agreement.

Costs and expenses reasonably incurred by the Commission in relation or incidental to the proceedings

747. At the hearing, Ms. Tse invited the Tribunal to determine to apportion the costs of the

⁷⁰⁴ Part II of the Report, paragraph 598.

proceedings between the 1st and 2nd Specified Persons on the one hand and the 3rd and 4th Specified Persons on the other hand in the ratio of 70% to 30%. In making that submission, Ms. Tse reminded the Tribunal that it had ordered that the 3rd and 4th Specified Persons each pay 25% of the costs of four of the hearing days. On the other hand, she acknowledged that there were a total of 24 hearing days.

748. In reply, Mr. Lee invited the Tribunal to order that the 1st and 2nd Specified Persons were jointly and severally liable to pay costs of 20 of the 24 hearing days. He invited the Tribunal to make the same order in respect of the four days in which the 3rd and 4th Specified Persons were concerned.⁷⁰⁵

A consideration of the submissions

749. We are satisfied that Mr. Wen Lide has been afforded a reasonable opportunity to be heard, as required by section 257(3), so that the Tribunal may make orders against him.

The seriousness of the misconduct

750. In Part II of our Report we addressed in detail the serious nature of the misconduct of Mdm. Cynthia Chen in being culpable of insider dealing in respect of the shares of Dan Form, the company of which she was company secretary. Moreover, it is clear that Mdm. Cynthia Chen was also trusted by Mr. Dai to occupy a management role within the company. Having taken advantage of those roles to obtain information of the negotiations between ASM and Mr. Dai for the sale of his shares in Dan Form throughout those negotiations, on 2 September 2016 she became possessed of inside information. In possession of that information, she counselled and procured Mr. Wen Lide to buy Dan Form shares. Mr. Wen Lide bought Dan Form shares on various dates on and between 5 September 2016 and 19 September 2016. Clearly, Mdm. Cynthia Chen was in breach of the trust reposed in her not only as company secretary but also as part of the management of Dan Form.

751. The insider dealing enterprise having proved successful, the profits of the enterprise were channelled, in part, to Mdm. Cynthia Chen by process of layering through the accounts of other persons, in particular Mr. Lam Wai Ho. Clearly, the objective of that exercise was to conceal the provenance of the monies in Mdm. Cynthia Chen's account.

⁷⁰⁵ Part I Report, paragraph 17

"Having regard to their limited participation in the proceedings in December 2024, the Tribunal determined to apportion 25% to the 3rd Specified Person and 25% to the 4th Specified Person of the costs and expenses of the Tribunal...for 4 only of the 13 days on which the Tribunal sat."

Mdm. Cynthia Chen

752. We are satisfied that, in order to protect the integrity of the market, it is necessary to impose an order that that Mdm. Cynthia Chen should not be a manager of Asiasec Properties Limited or any other listed corporation for 4 years. Similarly, we are satisfied that it is appropriate to make both a ‘cold shoulder’ order, pursuant to section 257(1)(b) for a period of four years, and a ‘cease and desist’ order, pursuant to section 257(1)(c).

Mr. Wen Lide

753. We are satisfied that in respect of Mr. Wen Lide, it is appropriate to make both a ‘cold shoulder’ order, pursuant to section 257(1)(b) for a period of four years, and a ‘cease and desist’ order, pursuant to section 257(1)(c).

Disgorgement

Profits gained

754. For the reasons advanced eloquently and succinctly by Mr. Charlie Liu at the hearing, finally accepted by Ms. Tse, we are satisfied that it is appropriate to take the closing price of Dan Form shares on 27 September 2016, namely HK\$2.66 per share, as the ‘notional’ selling price of the shares traded in the three accounts for the purposes of calculating the profit gained in those accounts by the insider dealing. We are satisfied that by that date the market had digested the information contained in the Joint Announcement published on 22 September 2016 and it was reflected in the closing price of Dan Form shares on 27 September 2016.

(i) Mr. Wen Lide’s Shenwan account

755. The Tribunal has no hesitation in determining that it is appropriate to make an order that the 1st and 2nd Specified Persons jointly and severally pay the Government the profit gained by their insider dealing in the account in the name of Mr. Wen Lide with Shenwan, namely HK\$794,347.44. Clearly, their conduct was in the nature of a joint enterprise for which each is wholly responsible.

(ii) Two Grand Investment accounts

756. The Chairman has directed the Tribunal that in all the circumstances, in particular given the very late stage at which the issue was raised with the Tribunal at the Hearing and the paucity of reasoned arguments advanced, it is not appropriate or necessary to determine whether or not there is a power to make an order of disgorgement of profits gained against the 1st Specified

Person in respect of the two Grand Investment accounts. At the Chairman's direction, the Tribunal has proceeded on the assumption that there is such a power.

757. Having regard to all the evidence, the Tribunal has no hesitation whatsoever in determining that, in the exercise of its discretion, it would be wholly inappropriate to make an order of disgorgement in respect of the 1st Specified Person in respect of the profits gained in those two accounts. As Mr. Lee readily acknowledged at the hearing, there is no evidence that the 1st Specified Person was even aware of the existence of the two Grand Investment accounts, let alone that there was dealing in Dan Form shares in those accounts in possession of inside information or that she had any beneficial interest in the profits gained. Accordingly, the Tribunal declines to make any disgorgement order against the 1st Specified Person in respect of the profits gained in the two Grand Investment accounts

758. We are satisfied that, pursuant to section 257(1)(d) of the Ordinance, it is appropriate to make disgorgement orders against Mr. Wen Lide in respect of the profits gained by his insider dealing in the two Grand Investment accounts, namely that he pay the Government:

- HK\$171,880.53 in respect of the profit gained in the account in his name with Grand Investment; and
- HK\$34,186.56 in respect of the profit gained in the account in the name of Mdm. Li Qian with Grand Investment.

Compound interest

759. Having regard to the fact that the 1st and 2nd Specified Persons have been in possession and have had the use of the profits gained from their insider dealing since 26 October 2016, we are satisfied that it is appropriate, pursuant to section 259 of the Ordinance, to order that they pay compound interest on the monies ordered to be paid by them to the Government from 26 October 2016, with yearly rests.

Recommendation to take disciplinary action

760. Given the premeditated, sustained and egregious nature of the misconduct in breach of trust of her duties as a company secretary, we have no hesitation at all in determining that it is appropriate pursuant to ss.257(1)(g) and 262(2)(b)(v) of the Ordinance that the Tribunal make a recommendation to the Hong Kong Chartered Governance Institute for it to consider taking disciplinary action against its fellow member, Mdm. Cynthia Chen.

Cost and expenses reasonably incurred by the Commission in relation or incidental to investigation of the person before proceedings were instituted and for the purposes of the proceedings

761. We are satisfied that, pursuant to sections 257(1)(f)(ii) and (iii) of the Ordinance, it is appropriate to order that the 1st and 2nd Specified Persons jointly and severally pay the Commission HK\$582,702.80. Although Mr. Wen Lide was not a party to the agreement between the Commission and the 1st Specified Person as to the appropriate quantum of the order to be made pursuant to the two sub-sections, we are satisfied that it is appropriate to make him a party to the joint and several order in that sum of money.

Costs and expenses of the proceedings

762. It is the nature of an Inquiry that on occasions the Tribunal exercises its powers to require evidence to be adduced. Those were the circumstances in which the Tribunal issued a Notice which resulted in the production of emails to and from Mr. Brian Liu at ASM, which necessitated his recall to give further evidence. Similarly, it was the Tribunal that required that Ms. Lucy Tsui give oral evidence. Although, in her case, there was no available witness statement, nevertheless her oral evidence was adduced readily on the foundations of an extensive record of interview and the audio recordings of her telephone conversations with Mr. Wen Lide. The resulting costs and expenses were clearly incurred in relation to or incidental to the proper conduct of these proceedings. Mdm. Cynthia Chen is not entitled to any discount from the amount of the order to be made against her for such costs and expenses.

763. We are satisfied that, pursuant to section 257(1)(f)(i) of the Ordinance, it is appropriate to order that the 1st and 2nd Specified Persons jointly and severally pay 50% of the costs and expenses of four days of the hearing and jointly and severally pay all of the costs and expenses of 20 days of the hearing, with a certificate for two Counsel, to be taxed if not agreed.

Costs and expenses of the Government reasonably incurred in relation or incidental to these proceedings

764. We are satisfied that, pursuant to section 257(1)(e) of the Ordinance, it is appropriate to order that, in respect of the costs and expenses reasonably incurred by the Government in relation or incidental to these proceedings, the 1st and 2nd Specified Persons jointly and severally pay HK\$2,673,442.09, being:

- (i) 50% of those costs and expenses, up to and including 30 November 2024;

- (ii) 50% of those costs and expenses for four days of the hearing, which commenced on 2 December 2024; and
 - (iii) all of the costs and expenses of 20 days of the hearing
- to be taxed, if not agreed.

CHAPTER 18

ORDERS

765. The Tribunal made the following orders, pursuant to the Ordinance, namely that:

- (a) pursuant to section 257(1)(a) of the Ordinance, the 1st Specified Person shall not, without the leave of the Court of First Instance, in Hong Kong, be a manager of Asiasec Properties Limited or any other listed corporation or in any way, whether directly or indirectly, be concerned or take part in the management of a listed corporation for a period of 4 years;
- (b) pursuant to section 257(1)(b) of the Ordinance, the 1st and 2nd Specified Persons shall not, without the leave of the Court of First Instance, in Hong Kong, directly or indirectly, in any way acquire, dispose of or otherwise deal in any securities, futures contract or leverage foreign exchange contract, or an interest in any securities, futures contract, leveraged foreign contract or collective investment scheme for a period of 4 years;
- (c) pursuant to section 257(1)(c) of the Ordinance, the 1st and 2nd Specified Persons shall not again perpetrate any conduct which constitutes the market misconduct of:
 - (i) Insider dealing under section 270 of the Ordinance;
 - (ii) False trading under section 274 of the Ordinance;
 - (iii) Price rigging under section 275 of the Ordinance;
 - (iv) Disclosure of information about prohibited transactions under section 276 of the Ordinance;
 - (v) Disclosure of false or misleading information including transactions under section 277 of the Ordinance; and
 - (vi) Stock market manipulation under section 278 of the Ordinance;
- (d) pursuant to section 257(1)(d) of the Ordinance:
 - (i) the 1st and 2nd Specified Persons shall jointly and severally pay the Government HK\$794,347.44;
 - (ii) the 2nd Specified Person shall pay the Government HK\$171,880.53; and
 - (iii) the 2nd Specified Person shall pay the Government HK\$34,186.56;

- (e) pursuant to section 259 of the Ordinance, the payment of the three sums of money to the Government stipulated at (d) above shall carry compound interest calculated from 26 October 2016, with yearly rests;
- (f) pursuant to section 257(1)(e) of the Ordinance, the 1st and 2nd Specified Persons shall jointly and severally pay the Government HK\$2,673,442.09, the costs and expenses reasonably incurred by the Government in relation or incidental to the proceedings, to be taxed if not agreed;
- (g) pursuant to section 257(1)(f)(i) of the Ordinance, the 1st and 2nd Specified Persons shall jointly and severally pay the Commission all of the costs and expenses reasonably incurred by the Commission of 20 days of the hearing of the proceedings and 50% of the costs of four of the days of the hearing of the proceedings, with a certificate for two Counsel, to be taxed if not agreed;
- (h) pursuant to section 257(1)(f)(ii) and (iii) of the Ordinance, the 1st and 2nd Specified Persons shall jointly and severally pay the Commission HK\$582,702.80, to be taxed if not agreed;
- (i) pursuant to section 257(1)(g) and section 262(2)(b)(v) of the Ordinance, the Tribunal orders that it be recommended to the Hong Kong Chartered Governance Institute that it takes disciplinary action against the 1st Specified Person as one of its members and that it be provided with a copy of all three of the Parts of the Tribunal's Report; and
- (j) pursuant to section 264 of the Ordinance, notice in writing be given to the Court of First Instance inviting the Court of First Instance to register the Tribunal's orders.



Mr. Michael Lunn, GBS

(Chairman)



Mr. Chan Chun-wing, Bryan

(Member)



Ms. Yuen Sze-ling, Vicky

(Member)

Dated: 2 July 2025.

Presenting Officer: Mr. SW Lee.

Assistant Presenting Officer: Mr. Charlie Liu.

1st Specified Person: Ms. Tania Tse, instructed by Li & Lai Solicitors.

2nd Specified Person: Absent and not represented.