

**Notice under section 209(3) of the
Securities and Futures Ordinance (Cap.571) (SFO)**

On 20 November 2024, the Securities and Futures Commission (**Commission**) issued a notice to Soochow Securities International Brokerage Limited pursuant to sections 204 and 205 of the SFO (**Notice**).

On 13 December 2024, the Commission received a written notice under section 208(1) of the SFO from Loeb & Loeb LLP acting for and on behalf of their client Yinxin Group Limited (**Applicant**), requesting the Commission to withdraw the prohibitions or requirements imposed against the account of the Applicant (account number 98002306) from the list of accounts tabulated at paragraph 1 of the Notice (**Application**).

Upon considering the Application, the Commission decided to refuse the Application. The reasons for the refusal are set out in the attached Statement of Reasons.

THE COMMISSION GIVES NOTICE THAT:

1. For reasons set out in the attached Statement of Reasons of this date, the Application is refused.
2. Under section 217 of the SFO, a person aggrieved by a specified decision of the Commission made in respect of him may by notice in writing given to the Securities and Futures Appeals Tribunal, apply to it for a review of the decision.

This Notice takes effect at the time it is served on the Applicant.

Dated this 23rd day of May 2025

For and on behalf of the Commission

Julia Leung
Chief Executive Officer

Statement of Reasons
Under section 209(3) of the Securities and Futures Ordinance
(Cap. 571) (SFO)

The Application of Yinxin Group Limited (Applicant) for removing its account from the list of accounts in the notice issued to Soochow Securities International Brokerage Limited (Specified Corporation) pursuant to sections 204 and 205 of the SFO

1. On 20 November 2024, pursuant to sections 204 and 205 of the SFO, the Securities and Futures Commission (**Commission**) issued a notice (**Notice**) to Soochow Securities International Brokerage Limited (**Soochow**), one of the Specified Corporations (as defined in the statement of reasons dated 20 November 2024), and imposed on it, *inter alia*, the following prohibitions and restrictions:
 - (a) it was prohibited from disposing of or dealing with, or assisting, counselling or procuring another person to dispose of or deal with, any assets in any way in the account of the Applicant (**Account**, with account number 98002306) up to a specified restriction amount of HK\$11,717,160 (**Restriction Amount**); and
 - (b) it was required to notify the Commission immediately upon receipt of any instruction from any authorized person of the Account, and/or by any person acting on his behalf.
2. Copies of the Notice, along with the statement of reasons dated 20 November 2024 (**Previous SOR**) stating the reasons for imposing the Notice were sent to the Applicant pursuant to section 209(4) of the SFO.
3. The Restriction Amount represents the proceeds received by the Applicant in the Account from suspected manipulative activities in relation to the shares of Powerwin Tech Group Limited (**Powerwin**).
4. On 6 December 2024, the Applicant's legal representative, Loeb & Loeb LLP, submitted an application for review of the Notice in accordance with section 217(6) of the SFO to the Securities and Futures Appeals Tribunal for a review of the Commission's decision to impose the prohibition and requirements in the Notice against the Account with the Specified Corporation. On 17 December 2024, the Commission agreed to consider the application as an application for the withdrawal of the prohibitions or requirements imposed against the Account under the Notice made pursuant to section 208 of the SFO (**Application**).
5. The Applicant submitted in the Application that there is no evidence showing that the imposition of the prohibitions and requirements is desirable in the interest of investing public or in the public interest within the meaning of section 207(e) of the SFO, and provided the following explanations in support of its assertion that the proceeds in the Account were gains from ordinary and proper trading activities, rather than proceeds from any manipulative activities:

- (a) The Applicant already held a substantial amount of Powerwin shares since 29 December 2023 and increased its shareholding between January and May 2024, with a total holding of 4,756,000 shares as at 31 May 2024.
 - (b) On 5 November 2024, Soochow made a margin call by email to the Applicant, alerting it that there was a margin shortfall and requested for a sum of HK\$245,456.62 to cover the shortfall as soon as possible, while reserving the right to carry out forced liquidation without further notice.
 - (c) Having noted the share price of Powerwin had risen, the Applicant decided to sell part of its holdings in such shares to satisfy the margin call. Orders for sale were executed between 09:33 to 10:13 hours on 6 November 2024 for a total of 3,064,000 shares.
 - (d) After the disposals, in the afternoon on the same day, the Applicant purchased 400,000 shares back. The margin call was satisfied after the transactions.
 - (e) The disposal of shares therefore preceded the purchases on 6 November 2024. The Applicant could not have made use of any aggressive purchases to inflate the share price of Powerwin in order to obtain substantial profit from any subsequent disposals.
 - (f) The share transactions did not create any effect on the share price.
 - (g) The Applicant's account had neither been hacked by anyone, nor had it participated in any manipulative trading or deceptive scheme in relation to its account.
6. For the reasons further elaborated below, the Commission has decided to refuse the Application. The Commission considers that the imposition of the prohibitions and requirements set out in the Notice remains desirable in the interest of the investing public or in the public interest.
7. As explained in the Previous SOR, the Commission received reports from a brokerage firm in relation to unauthorised access to various client accounts via the Internet. This resulted in a number of unauthorised stock purchases involving shares of two companies listed on The Stock Exchange of Hong Kong Limited (**SEHK**). It is suspected that the client accounts (**Hacked Accounts**) might have been hacked by market manipulators and certain traders (**Traders**) might have been involved with the suspected hackers in manipulative trading and/or participated in a deceptive scheme. This scheme involved inflating the share prices to an artificially high level, allowing the Traders to later sell these shares at significant profits. As the Commission had reasons to suspect that market misconduct might have taken place and/or persons might have breached or committed offences under various provisions of the SFO, it believed that it is necessary to prevent the Traders and/or any person(s) connected with the Traders from operating and dealing with the accounts which contain the sale proceeds of the suspected manipulative activities. This serves to preserve the status quo pending further investigation.
8. The Commission's investigation is ongoing. To date, the Commission has found that on 6 November 2024, the Applicant and other Traders sold a substantial amount of their shares in Powerwin at high prices, with a significant portion of their disposals being taken up by the Hacked Accounts. Furthermore, the sell orders and purchase orders were matched within 22 to 25 seconds. This finding supports the suspicion that the Applicant was connected to other Traders and sold their Powerwin shares in a coordinated manner.

9. The Applicant's explanations fail to dispel the Commission's suspicion. Indeed, the Applicant's explanations are inconsistent with the evidence so far gathered by the Commission. The Commission's response to the Applicant's explanations is as follows:

(a) Whether the Applicant accumulated Powerwin shares over an extended period of time or whether those purchases resulted in the inflation of the share price at the material time is irrelevant. The purchase of 400,000 shares in the afternoon on 6 November 2024 is also irrelevant. The prohibitions and requirements imposed on the Account under the Notice were based on the Commission's suspicion of a manipulative scheme amongst the Traders and/or the hackers in relation to the sale and purchase of Powerwin shares on 6 November 2024.

(b) The explanation that the disposal of Powerwin shares by the Applicant on 6 November 2024 was for the purpose of satisfying the margin call is unconvincing. The disposal of shares for the value of HK\$11.71 million is clearly disproportionate to the margin shortfall of HK\$245,456.62.

(c) The Notice was not issued on the basis of an allegation that the disposal of Powerwin shares on 6 November 2024 caused a significant effect on the share price.

(d) It was not alleged that the Account had been hacked.

10. Given the Applicant has confirmed that the Account contains proceeds from the sale of stock under investigation on 6 November 2024, it is even more important that the Account be protected from any dissipation before the Commission concludes its investigation and rules out the Applicant's involvement in the suspected manipulative activities.

11. In the premises, the Commission believes that it remains necessary to prevent the Applicant and/or any person(s) connected with it from operating and dealing with the Account and to preserve the cash and securities in the Account pending further investigation.

12. As the potential risk of dissipation remains, the Commission considers that it is desirable in the interest of the investing public or in the public interest to impose on the Applicant the prohibitions and requirements as set out in the Notice.

13. For the above reasons, the Application is refused.

Dated this 23rd day of May 2025.

For and on behalf of the Commission

Julia Leung
Chief Executive Office