

**Notice under Sections 204 and 205 of the  
Securities and Futures Ordinance  
Cap. 571 (the "SFO")**

It appears to the Securities and Futures Commission (the "**Commission**"), for the reasons set out in the Statement of Reasons of this date, that the Commission should exercise the powers conferred by sections 204 and 205 of the SFO.

**THE COMMISSION GIVES NOTICE THAT:**

Except with the Commission's prior written consent, such consent to be granted by any two Executive Directors of the Commission:

1. Under sections 204(1)(a) and 205(1) of the SFO, China International Capital Corporation Hong Kong Securities Limited (the "**Specified Corporation**") is, in respect of the following client account (the "**Account**"):

<b>Account no.</b>	<b>Amount to be restricted ("Restriction Amount")</b>
<b>1016836</b>	<b>HK\$9,571,752.89</b>

- (a) prohibited from disposing of or dealing with, assisting, counselling or procuring another person to dispose of or deal with, any assets in any way in the Account, up to the Restriction Amount listed in the table above, including:
  - (i) entering into transactions in respect of any securities;
  - (ii) processing any withdrawals or transfers of securities and/or cash on the instructions of any authorized person of the Account or by any person acting on their behalf;
  - (iii) disposing of or dealing with any securities and/or cash on the instructions of any authorized person of the Account or by any person acting on their behalf; and/or
  - (iv) assisting another person to dispose of any relevant property or deal with any relevant property in a specified manner; and
- (b) 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 their behalf, regarding:
  - (i) any request to withdraw any securities or cash from the Account which would result in the value of assets remaining in the Account to fall below the Restriction Amount; and/or
  - (ii) any request to enter into any transaction using those assets subject to the prohibitions in (a) above; and/or
  - (iii) any requests to dispose of or deal with any securities and/or cash which concern those assets subject to the prohibitions in (a) above.

2. Notwithstanding paragraph 1, the Specified Corporation may deal with or dispose of securities in the Account to cover the negative cash balance in the Account. The cash and securities remaining in the Account following the disposal of securities shall remain in the Account and be subject to the prohibition in paragraph 1 above.
3. Under section 217 of the SFO, an application may be made to the Securities and Futures Appeals Tribunal for a review of the Commission's decision to impose the prohibitions and/or requirements set out in this Notice. Such application must be made within twenty-one days after the day on which this Notice is served on the Specified Corporation.
4. Under section 208 of the SFO, the Specified Corporation may apply to the Commission for the prohibitions and/or requirements imposed by this Notice to be withdrawn, substituted or varied.

This Notice takes effect at the time of service upon the Specified Corporation.

Dated this 7<sup>th</sup> day of December 2023

For and on behalf of the Commission

Julia Leung  
Chief Executive Officer

## Statement of Reasons

### Under section 209(2) of the Securities and Futures Ordinance (Cap. 571)

1. China International Capital Corporation Hong Kong Securities Limited (the “**Specified Corporation**”) is a corporation licensed under the Securities and Futures Ordinance (the “**SFO**”) to carry on Types 1, 2, 4, 5 and 6 regulated activities.
2. It appears to the Securities and Futures Commission (the “**Commission**”) that the imposition of the prohibition and the requirement set out in the Notice of this date issued by the Commission under sections 204 and 205 of the SFO is desirable in the interest of the investing public or in the public interest.
3. The Commission has reached this view on the basis of the following matters:
  - (a) After market-close on 11 September 2023, a corporation listed in Hong Kong (the “**Listed Corporation**”) announced that a board meeting would be held on 21 September 2023 (“**Board Meeting**”) to consider, among others, the proposed declaration of a special dividend (“**Special Dividend**”) to the shareholders of the Listed Corporation.
  - (b) On 12 September 2023 following the announcement, share price of the Listed Corporation rose significantly by 50%.
  - (c) On 20 September 2023, the share price of the Listed Corporation dropped by 47.4%.
  - (d) Before market opened on 21 September 2023, the Listed Corporation made an announcement stating that its controlling shareholder had voluntarily disposed of 34,343,000 shares of the Listed Corporation on open market on 20 September 2023. Subsequently, after market-close on 21 September 2023, the Listed Corporation made another announcement that the Board Meeting was cancelled.
  - (e) On 22 September 2023, the share price closed at HK\$1.03, down 8.9% from the previous close.
  - (f) Whilst the investigation is still ongoing, evidence obtained by the Commission to date suggests that person(s) who might have information which he/she knew was inside information in relation to the Listed Corporation and which he/she received, directly or indirectly, from a person whom he/she knew was connected with the Listed Corporation and whom he/she knew or had reasonable cause to believe held the information as a result of being connected with the Listed Corporation, dealt in the shares of the Listed Corporation.
  - (g) The Commission has reasons to suspect that such person(s), in respect of the dealing in the shares of the Listed Corporation, may have engaged in insider dealing contrary to section 270 of the SFO, or offences of insider dealing may have been committed contrary to section 291 of the SFO.
  - (h) One of the accounts used for the suspected insider dealing is the account of a client of the Specified Corporation (“**Client**”) held with the Specified Corporation,

which is the subject of the Notice. The Commission has reasons to believe that the suspected person, having knowledge of inside information in relation to the Board Meeting and/or the Special Dividend and that such information was received from a person connected with the Listed Corporation, conducted trades in the shares of the Listed Corporation through this account.

- (i) As such, the Commission has reasons to believe that the securities and cash in the account specified in the Notice might represent part of the proceeds of insider dealing.
- (j) Where it appears to the Commission that a person has contravened any of the provisions of the SFO specified above, the Court of First Instance ("CFI"), on the application of the Commission, may make an order requiring the person to take such steps as the CFI may direct, including steps to restore the parties to the transaction to the position in which they were before the transaction was entered into, or to pay damages under section 213 of SFO.
- (k) The Commission believes that it is necessary to prevent the Client and/or person(s) connected with the Client from operating and dealing with the account specified in the Notice and to preserve the cash and securities in the account of up to HK\$9,571,752.89 pending further investigation.
- (l) As there is a potential risk of dissipation, the Commission considers that it is desirable in the interest of the investing public or in the public interest to impose on the Specified Corporation the prohibitions and requirements as set out in the Notice to which this Statement of Reasons is attached.

Dated this 7<sup>th</sup> day of December 2023

For and on behalf of the Commission

Julia Leung  
Chief Executive Officer