

## Court extends interim injunctions freezing assets of suspected manipulators of GEM stock

27 Aug 2019

The Securities and Futures Commission (SFC) has commenced proceedings (the proceedings) under section 213 of the Securities and Futures Ordinance (SFO) against a group of local and overseas investors suspected of manipulating the shares of GEM-listed Ching Lee Holdings Limited (Ching Lee) through a large scale and highly organised manipulative scheme (Note 1).

The proceedings were initiated on 11 July 2019 when the SFC applied for urgent interim injunctions, with a view to ensuring that there are sufficient assets to meet the restoration orders that the court may make for the benefit of affected counterparties to the impugned transactions involving Ching Lee shares.

Deputy High Court Judge Liu yesterday ordered that the interim injunctions granted to the SFC on 15 July 2019 be continued, freezing assets of up to \$124.9 million held by 15 local and overseas entities. This represents the combined profit made by them and their nominees in their alleged manipulation activities involving Ching Lee shares. The injunctions against several overseas entities cover their assets worldwide.

The SFC's application for interim injunctions was made as part of the proceedings against 20 individuals and corporate entities (the defendants) alleging that they had devised, executed, or were otherwise involved in a scheme to manipulate Ching Lee shares, contrary to the SFO (Note 2).

The SFC alleged that the manipulative scheme was planned and commenced before Ching Lee's listing on 29 March 2016, and lasted for more than five months, resulting in the artificial inflation of the share price and turnover of Ching Lee shares between 29 March 2016 and 6 September 2016 and the collapse of the Ching Lee's share price by 90% on 7 September 2016.

The SFC is also seeking orders against the defendants to disgorge their profits and/or restore the affected counterparties to their pre-transaction positions if the Court finds the defendants in contravention of the relevant provisions of the SFO (Note 3).

The Court of First Instance further ordered that the interim injunctions against 15 of the defendants be continued until a substantive or directions hearing for the injunctions or further order.

The SFC's Executive Director of Enforcement, Mr Thomas Atkinson, said: "Seeking injunction and restorative orders from the court against alleged cross-border manipulators is a key element of the SFC's enforcement strategy to prevent alleged wrongdoers from cashing-in on their misdeeds and preserve suspected ill-gotten gains for future compensation to affected parties. Underscoring the Commission's commitment to zero tolerance of market misconduct and safeguarding the interests of the investing public and market integrity, the SFC will continue to take appropriate and necessary actions to combat market manipulations."

End

Notes:

1. Ching Lee was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited on 29 March 2016.
2. The injunction application was made on an ex parte basis (that is, without advance notification to the defendants) against 16 of the defendants. Freezing injunctions have been granted and continued against 15 defendants.
3. A market manipulator may also be liable to criminal prosecution in which the maximum penalty is \$10,000,000 and 10 years of imprisonment, which can be imposed upon conviction on indictment.

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## 法院延長臨時強制令以凍結創業板股份的涉嫌操縱者的資產

2019年8月27日

證券及期貨事務監察委員會（證監會）根據《證券及期貨條例》第213條展開了對一群本地及海外投資者的法律程序（該法律程序），懷疑他們透過一項規模龐大及經仔細安排的操縱計劃，操縱於創業板上市的正利控股有限公司（正利）的股份（註1）。

該法律程序在2019年7月11日展開。證監會為了確保有足夠資產履行可能由法院作出的任何回復原狀令，同時申請了緊急臨時強制令，以保障因涉及正利股份的可疑交易而受影響的對手方的利益。

高等法院暫委法官廖文健昨天命令，於2019年7月15日向證監會頒布的臨時強制令將繼續生效，以凍結由15個本地及海外實體持有的不多於1.249億元的資產，金額相當於他們及其代名人在被指涉及正利股份的操縱活動中所得的合計利潤。針對多個海外實體的強制令涵蓋他們在全球的資產。

證監會申請的臨時強制令是對20名人士及公司實體（被告）展開法律程序的一部分。證監會指他們曾構思、執行或以其他方式參與一項操縱正利股份的計劃，違反了《證券及期貨條例》（註2）。

證監會指該項操縱計劃在正利於2016年3月29日上市之前已被策劃及展開，並持續超過五個月，令正利的股價和成交額在2016年3月29日至2016年9月6日期間以人為方式飆升，以及導致正利的股價在2016年9月7日大跌90%。

證監會亦正尋求法院向被告作出命令，飭令他們在法院裁定被告違反《證券及期貨條例》下相關條文的情況下，須交出他們的利潤及／或使受影響的對手方回復至交易發生前的狀況（註3）。

原訟法庭進一步頒令，針對15名被告的臨時強制令將會繼續生效，直至就有關訴訟展開實質聆訊或指示聆訊或另行頒令為止。

證監會法規執行部執行董事魏建新先生（Mr Thomas Atkinson）表示：“尋求法庭頒布針對涉嫌跨境操縱者的強制令及回復原狀令，是證監會的執法策略的主要部分，藉以防止涉嫌不法分子從不當交易中獲利，及將懷疑以不當手法獲取的收益保存下來，以便日後向受影響人士作出賠償。證監會將繼續採取適當及必要的行動打擊市場操縱活動，以突顯本會承諾以零容忍的態度對待市場失當行為，及致力維護投資大眾的利益和市場廉潔穩健。”

完

備註：

1. 正利於2016年3月29日在香港聯合交易所有限公司創業板上市。
2. 是次的強制令申請是證監會單方面針對16名被告而作出的（即未有事先知會被告）。法庭已授出並會繼續其針對15名被告的凍結強制令。
3. 市場操縱者亦可能面臨刑事起訴；一經循公訴程序定罪，最高刑罰為罰款10,000,000元及監禁10年。

最後更新日期：2019年8月27日