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## SFC seeks court orders to compel disclosure by Qunxing Paper's chairman and vice-chairman

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The Securities and Futures Commission (SFC) today made an application to Court of First Instance to seek orders against Mr Zhu Yu Guo and Mr Zhu Mo Qun, the former chairman and vice-chairman of Qunxing in its ongoing proceedings against Qunxing Paper Holdings Company Limited (Qunxing) and its subsidiary, Best Known Group Limited (Best Known).

The SFC is seeking orders to compel the Zhus to provide information to Qunxing about the bankruptcy proceedings in the PRC of Qunxing's main operating company, Shandong Qunxing Paper Limited (Shandong Qunxing).

Today's application followed the urgent application by the SFC last Friday for the appointment of interim receivers and managers over Qunxing after the SFC learned that Shandong Qunxing, which purportedly holds the vast majority of Qunxing's assets, was under administration in the Mainland. No information about Shandong Qunxing's bankruptcy proceedings has been provided to the public as required under the Securities and Futures Ordinance (Note 1).

The court has heard from the interim receivers and managers who confirmed from investigations that a PRC court had accepted a restructuring application under the Enterprise Bankruptcy Law of the PRC by Shandong Qunxing.

Qunxing and Best Known have also made an application to discharge the injunction obtained by the SFC on 12 December 2013 freezing up to approximately \$2 billion of Qunxing's assets (of which the SFC has found approximately \$150 million to date). The Court dismissed this application today and awarded costs to the SFC.

The court continued the appointment of the interim receivers and managers until further order and gave directions for the SFC's application against the Zhus.

The SFC's investigation is continuing.

End

Note:

1. On 28 March 2014, the court ordered the appointment of Mr Roderick John Sutton, Mr Fok Hei Yu and Mr John Howard Batchelor of FTI Consulting jointly and severally as interim receivers and managers of Qunxing. Please see the SFC's press release on [31 March 2014](#) on the appointment of receivers and the SFC's press releases dated [20 December 2013](#) and [23 January 2014](#) on the SFC's ongoing proceedings against Qunxing and Best Known.

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