
Enforcement News

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Court continues orders against ex-GOME chairman and wife

The High Court today ordered two companies associated with former chairman of GOME Electrical Appliances Holding Ltd (GOME) Mr Wong Kwong Yu and his wife Ms Du Juan not to dispose of, deal with or encumber 779,255,678 shares of GOME pending further order (Note 1).

The two companies – Shinning Crown Holdings Inc and Shine Group Ltd – deposited with the court share certificates representing these shares pursuant to the interim injunctions ordered against them, Wong and Du, freezing their assets up to the amount of \$1,655,167,000.

The delivery of these share certificates into the custody of the court, together with the orders made today prohibiting disposal of the shares, will preserve them for the purposes of the legal proceedings initiated by the Securities and Futures Commission (SFC). Accordingly, the interim injunctions against the two companies were discharged.

However, the interim injunctions remain effective against Wong and Du.

Separately, the court declined to order the defendants to provide additional assets if the value of the GOME shares deposited with the court fell below \$1,655,167,000.

The SFC is obliged to comply with and follow the court's rules and procedures for due service of the proceedings on Wong and his wife in the Mainland. This process started after the SFC commenced these proceedings. The SFC is continuing to liaise with Mainland authorities with a view to assisting the court to effect service on them.

The SFC alleges that Wong and Du organised a share repurchase scheme by GOME in January and February 2008 to use GOME's company funds to buy shares originally held by Wong to assist the repayment of a \$2.4 billion personal loan owed by Wong to a financial institution. The SFC alleges the scheme caused GOME to incur a loss of approximately \$1.6 billion (Note 2).

The purpose of these interim orders is to prevent the dissipation of assets to ensure there are sufficient assets to satisfy any restoration or compensation orders, if orders are made against Wong, Du and the two companies.

End

Notes:

1. The SFC commenced proceedings against four defendants, namely Wong Kwong Yu, the former chairman of GOME, his wife Du Juan, and two associated companies, Shinning Crown Holdings Inc and Shine Group Ltd. The SFC alleges Shinning Crown Holdings and Shine Group hold GOME shares on behalf of Wong. The proceedings were commenced under section 213 of the Securities and Futures Ordinance on 5 August 2009. Please see SFC press release dated 7 August 2009.

2. Between 22 January 2008 and 5 February 2008, GOME bought back on-market an aggregate of 129.8 million of its shares worth approximately \$2.2 billion.

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