

Court freezes \$1.2 billion Hisense Kelon shares in Greencool proceedings

18 Jul 2014

The Court of First Instance (CFI) today granted an application by the Securities and Futures Commission (SFC) for an interim freezing order over a total of 107,290,000 shares in Hisense Kelon Electrical Holdings Limited (Hisense Kelon), up to a sum of \$1.2 billion, which the SFC alleges is held for the benefit of Gu Chujun, the former chairman and chief executive officer of Greencool Technology Holdings Limited (Greencool).

The SFC earlier initiated proceedings under section 213 of the Securities and Futures Ordinance in the CFI against Gu and in the Market Misconduct Tribunal (MMT) against both Gu and other Greencool senior executives alleging market misconduct (Note 1).

Today's interim order is to preserve assets allegedly held for the benefit of Gu pending trial in the section 213 proceedings in which the SFC is seeking remedial orders for more than 1,300 minority shareholders who purchased Greencool shares during the period the SFC alleges Greencool's disclosed financial position was grossly overstated.

The effect of the interim injunction is that Gu is prohibited from dealing in or disposing of any of those Hisense Kelon shares personally or through a nominee or agent unless he has already maintained within Hong Kong assets exceeding \$1.2 billion and he only deals in those of his assets in excess of \$1.2 billion.

The Hon Mr Justice A Chan also ordered Gu to disclose to the SFC, by an affidavit, all of his assets whether within or outside Hong Kong at a value of \$50,000 or more within 14 days of the service of the order on him.

The SFC is seeking an interim order to freeze up to \$1.59 billion of Hisense Kelon shares allegedly held by or on behalf of Gu. Today's order freezes those Hisense Kelon shares for up to \$1.2 billion and the court has asked for more information on the estimation of both the sum that the MMT may order to be disgorged from Gu and the sum that the court may eventually order Gu to pay to the minority shareholders in these proceedings (Note 2).

A return date of the interim injunction was fixed on 8 August 2014 when the court will review the interim injunction.

End

Notes:

1. Please see the SFC's press release dated [23 June 2014](#).
2. Greencool was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 13 July 2000. On 1 August 2005, trading in Greencool shares was suspended and Greencool was subsequently delisted on 18 May 2007. On 5 March 2010, Greencool was struck off the register of non-Hong Kong companies by the Registrar of Companies of Hong Kong.

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