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Court continues interim injunction to freeze assets of China Forestry's CEO

11 Feb 2011

The Securities and Futures Commission (SFC) has commenced proceedings against Li Han Chun, the Chief Executive Officer of China Forestry Holdings Co., Ltd. (China Forestry) and Li's company, Top Wisdom Overseas Holdings Limited (Top Wisdom) (Note 1).

The proceedings were initiated on 2 February 2011 when the SFC applied for and obtained, on an ex parte basis, an interim injunction to freeze assets up to \$398,219,458 in relation to Li and Top Wisdom (Note 2).

The Hon Madam Justice Chu today ordered that the interim injunction granted to the SFC on 2 February 2011 be continued until 4 March 2011 or until further order of the Court.

The amount of assets frozen by the interim injunction represents the proceeds of the sale of China Forestry shares by Li and Top Wisdom in January 2011.

The SFC's application is part of an investigation commenced by the SFC following the announcement made by China Forestry on 31 January 2011 that the company's auditors had identified possible irregularities in the audit process in respect of the financial year ended 31 December 2010.

The SFC informed the court that on 12 January 2011, Top Wisdom entered into a placing agreement to place an aggregate of 119,000,000 China Forestry shares at \$3.35 per share. The shares were subsequently placed to a number of institutions and funds.

The effect of the interim order is to freeze the proceeds of the sale of these shares by Li and Top Wisdom.

Trading in China Forestry shares has been and remains suspended at the request of the company.

The SFC's investigation is continuing.

End

Notes:

1. China Forestry was listed on the Stock Exchange of Hong Kong Limited on 3 December 2009. Li is the Chief Executive Officer and an Executive Director of China Forestry. Top Wisdom is wholly-owned and controlled by Li.
2. The proceedings were commenced under section 213 of the Securities and Futures Ordinance. The application for the interim injunction was made ex parte which means without notice to Li and Top Wisdom. Accordingly, neither Li nor Top Wisdom had a chance to respond to the SFC's application. Today's hearing was the first time in which the proceedings have been open to the public.

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