

Press Release

15/07/03

Listed company's former chairman and four others face court for alleged fraud over company listing

Five persons, including the former chairman and vice-chairman of the public listed Gold Wo International Holdings Ltd. (Gold Wo), appeared at Eastern Magistracy this (Tuesday) morning for alleged conspiracy to defraud over the listing of the company and applications for Letters of Credit (L/C) totalling over \$290 million.

Fu Chu-kan, 46, Fu Yin-ling, 51, and Lo Chun-nam, 53, respectively former chairman, former vice-chairman and former director of Gold Wo; Li Wing-kei, 37, certified public accountant; and Kwok Shuk-wah, 30, director of Win Dragon Consultants Limited; were charged by the ICAC with a total of four counts of conspiracy to defraud.

No pleas were taken. Magistrate Ms Julia Livesey adjourned the case until August 19, 2003.

Fu Chu-kan, Fu Yin-ling, Lo and Li were each granted cash bail of \$500,000, while Kwok was granted bail of \$300,000 in cash and \$200,000 cash surety.

The defendants were ordered not to leave Hong Kong, surrender all travel documents, report weekly to the ICAC and not to interfere with prosecution witnesses.

They were also ordered to reside at their reported addresses, and notify the court within 24 hours prior to any change of residence.

The first charge alleged Fu Chu-kan, Lo Chun-nam, Li Wing-kei and Kwok Shuk-wah of conspiring with Michael Young Chi-shan and others to defraud the Stock Exchange of Hong Kong (Stock Exchange).

They were alleged to have falsified sales invoices and accounting records to inflate the turnover and profit figures of Gold Wo and its subsidiaries for the financial years of 1998, 1999 and 2000 to satisfy the listing requirements of the Stock Exchange.

The charge also alleged them of misrepresenting the financial position of Gold Wo and its subsidiaries for the above financial years published in the prospectus of Gold Wo, and submitted documents containing the inflated turnover and profit figures, thereby inducing the Stock Exchange to approve Gold Wo's application for listing on the Stock Exchange.

The second charge alleged Fu Chu-kan, Li, Kwok and Fu Yin-ling of conspiring with Young and others to defraud shareholders, investors and creditors of Gold Wo and its subsidiaries and Stock Exchange by dishonestly misrepresenting the sales turnover and profit figures of Gold Wo in its Annual Report for the financial year ended 2001.

The remaining two charges alleged Fu Chu-kan, Lo and Fu Yin-ling of conspiring with Young and others to defraud a number of banks by dishonestly causing Yue Fung Development Company Limited, Gold Wo Melamine Product Company and Richlink Asia Limited to apply for Letters of Credit in favour of various companies (the beneficiary companies).

They were said to have submitted false documents to the banks, which purportedly evidenced genuine underlying commercial transactions between the applicants and the beneficiary companies.

It was alleged that the banks were caused to release \$184,638,161 and \$105,399,425 respectively to the beneficiary companies under the said L/Cs.

The alleged offences took place between November 1998 and December 2002.

The prosecution was today represented by Senior Government Counsel Martin Hui, assisted by ICAC officer Joey Lee.