

24/11/00 Trio admit profit inflating and credit fraud involving Guangnan

Two former senior staff of Guangnan (Holdings) Limited (Guangnan) and the proprietor of another company, charged by the ICAC in two separate cases in relation to alleged profit inflating, embezzlement and credit fraud, pleaded guilty at Eastern Court today (Friday).

In the first case, Huang Xiao-jiang, 35, former director of Guangnan, and Xie Ping, 35, former deputy finance controller of Guangnan, pleaded guilty to six counts of conspiracy to defraud.

Huang and Xie will be committed to the Court of First Instance on December 5 this year for sentence.

Huang and Xie each faced one count of conspiracy to defraud by inflating the operating profits of Guangnan and its subsidiaries over a period of two-and-a-half years between 1996 and 1998.

They were alleged to have conspired with a number of persons to deceive members and creditors of Guangnan.

The duo jointly faced another conspiracy charge.

The alleged co-conspirators named in these three charges included the holding company's former chairman Sun Guan former directors Cen Ting-biao, Du Nan-hai, Huang Bing-tong, Liang Zhen-quan, Li Xiao-jian, Zheng Han-hong, Guangnan's former finance manageress Wang Hong, and KE Chun.

As a result, the annual reports of Guangnan and its subsidiaries had posted profits of \$291,253,000 in 1996, \$368,086,000 in 1997 and \$161,559,000 for the first six months of 1998 respectively.

The remaining three charges alleged that Huang had defrauded the existing and potential shareholders, investors, creditors and auditors of Guangnan with bogus business deals and embezzlement of company funds.

It was alleged that Huang had conspired with Sun Guan, Zheng Han-hong, Du Nan-hai, Wang Hong, Deng Guo-xin, Yang Wei, Qin Shen-xue and others to fraudulently divert company funds to a number of off-shore companies in 1997, defrauding Guangnan a total of \$165 million.

Co-defendant Cen Ting-biao, 58, former director of Guangnan, pleaded not guilty to three counts of conspiracy to defraud and three counts of conspiracy to publish a false statement.

Magistrate Mr Colin MacKintosh adjourned Cen's case until December 7 this year for mention.

The three defendants were remanded in the custody of the Correctional Services Department.

The prosecution was today represented by Charlotte Draycott on a fiat, assisted by ICAC officer Miranda Cheung.

In a separate case, Zhao Shan-ning, 55, proprietor of Tak Ming Trading Company (Tak Ming), today pleaded guilty to five conspiracy charges over the applications of L/Cs supported by false documents.

His wife Chow Kit-ming, 52, who was also charged by the ICAC, had her charges withdrawn by the Department of Justice.

Magistrate Mr Colin MacKintosh adjourned the case until a day to be fixed for committal to the Court of First Instance for sentence.

The charges alleged that Zhao had conspired with Huang Bing-tong and others to defraud two banks between January 1 and November 30, 1998, by falsely representing that commercial transactions between Tak Ming and New Anrong Company Limited, a Guangnan subsidiary, were genuine.

The banks subsequently had released credit facilities totalling about US\$9.3 million to Tak Ming.

Zhao was remanded in the custody of the Correctional Services Department.

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