

31/01/02 Graft probe reveals misappropriation of \$26m listed company's funds

The ICAC has arrested five persons, including one former and three serving senior executives of a public listed company in Hong Kong, for alleged misappropriation of \$26.3 million in company funds, facilitated by corruption.

Arrested in the ICAC operation codenamed "Camper", which commenced on Tuesday (January 29), were the listed company's former managing director, a deputy managing director, a financial controller and a manager, and a director of another company which is the holding company of the listed company.

The investigation arose from a corruption complaint, alleging that some directors of the listed company had offered advantages to its staff for facilitating their misappropriation of company funds.

ICAC enquiries revealed that the former managing director and the serving deputy managing director of the listed company had allegedly signed company cheques totalling \$26.3 million, with false supporting business documents and not in compliance with the company's established procedures.

It was suspected that the financial controller and the manager had been offered advantages to cover up the scam.

It was also discovered that the cheques were first deposited into two local securities firms, which then diverted \$20 million of the funds to a company controlled by the former managing director.

It was alleged that the former managing director subsequently arranged for about \$18 million to be channeled to another company in Australia under his control for repayment of debts.

The arrestees have been released on ICAC bail.

Enquiries into the corruption allegation are continuing.