

Press Release

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Duo jailed for graft over Semtech share placements

A banker and a broker, charged by the ICAC, were today (Wednesday) each sentenced to 23 months' imprisonment at the District Court for accepting advantages in relation to share placements of a listed company formerly known as Semtech International Holdings Limited (Semtech).

Earnest Leung Chi-wah, 50, former senior director of American Express Bank Limited (AE Bank), and Yung Ka-tim, 50, former divisional managing director of VC Brokerage Limited (VC Brokerage), were yesterday each found guilty of one count of accepting an advantage as an agent, contrary to Section 9(1)(b) of the Prevention of Bribery Ordinance (PBO).

In sentencing, Judge Colin Mackintosh described the corruption offences committed by the defendants as cancers, which had to be eradicated from the society.

The judge said the defendants, who were employed as senior employees of two reputable companies at the time of the offences, deserved custodial sentences so as to prevent the society from being overwhelmed by corruption.

The judge added that the conduct of the defendants had also damaged the reputation of the shares market.

The judge ordered that the \$400,000 bribe money accepted by Leung from Kanjanapas Chong Kwong Derek, also known as Derek Wong Chong-kwong, then chairman of Semtech, be forfeited to the government.

The court heard that on July 7, 2004, there was a placement of some 19 million Semtech shares with an exercise price of \$1.3 each.

Six million of the shares were purchased by AE Bank for sale to its clients. As a result, funds totalling over \$7.8 million were received by Semtech.

On July 9, 2004, Leung was paid \$400,000 by Wong as a reward for the purchase of the Semtech shares by AE Bank.

The court also heard that Wong had induced Yung to influence an investment analyst of VC Brokerage to write a "buy" oriented review of Semtech and Semtech shares so as to boost their value. In return, Yung was paid a sum of money by Wong.

Wong, 39, who failed to turn up in court yesterday, was found guilty of two counts of offering an advantage to an agent, contrary to Section 9(2)(b) of the PBO.

A warrant was issued for the arrest of Wong. His case was adjourned until August 15 for mention.

The prosecution was today represented by prosecuting counsel Keith Oderberg, assisted by ICAC officer Christopher Ho.