

Press Release

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Duo guilty of listing and L/C frauds involving listed company

A jury of the Court of First Instance today (Thursday) returned a guilty verdict for a former chairman and a former financial controller of the public listed Fu Cheong International Holdings Limited (Fu Cheong), charged by the ICAC with various offences of conspiracy to defraud.

Ho Wing-cheong, 44, former chairman of Fu Cheong; was found guilty of four counts of conspiracy to defraud in relation to the listing of Fu Cheong, false information contained in Fu Cheong's annual report, and fraudulent applications of Letters of Credit (L/Cs) facilities.

Co-defendant Chan Wing-kui, 38, former financial controller of Fu Cheong, was convicted of two similar charges in relation to the annual report and L/C aspects, but acquitted of the one concerning the listing of Fu Cheong.

Mr Justice Michael Lunn adjourned sentencing to 4:30 pm tomorrow, and remanded the defendants in the custody of the Correctional Services Department.

The court heard that Ho had conspired with other persons to defraud the Stock Exchange of Hong Kong Limited (Stock Exchange) between February 2001 and March 2002.

They had falsified sales invoices and accounting records to inflate the sales turnover and profit figures of Fu Cheong and its subsidiaries for the financial years of 1998, 1999 and 2000 to satisfy the listing requirements of the Stock Exchange.

They had also misrepresented the financial position of Fu Cheong and its subsidiary for the above three financial years published in the prospectus of Fu Cheong, and submitted documents containing the inflated sales turnover and profit figures, thereby inducing the Stock Exchange to approve Fu Cheong's application for listing.

Between February 2001 and April 2002, Ho and Chan had conspired with other persons to defraud shareholders, investors and creditors of Fu Cheong and its subsidiaries, by dishonestly misrepresenting the sales turnover and profits figures of Fu Cheong in its Annual Report for the financial year ended 2001.

The court also heard that between December 1998 and July 2001, Ho had conspired with other persons to defraud a number of banks by dishonestly causing a subsidiary of public listed Yue Fung International Group Holding Limited (Yue Fung) to apply for L/Cs in favour of a subsidiary and an associated company of Fu Cheong (the beneficiary companies).

They had submitted false documents to the banks, which purportedly evidenced genuine underlying commercial transactions between Yue Fung and the beneficiary companies, causing the banks to release over \$79 million under the said L/Cs to the beneficiary companies.

Between July and August 2001, Ho and Chan had conspired with other persons to defraud over \$1 million in L/C facilities by similar fraudulent means, the court was told.

Meanwhile, another co-defendant Kwok Shuk-wah, 34, had earlier pleaded guilty to her

role in the above frauds. Her case will be brought forward for mitigation next Monday (August 20).

The case was today represented by prosecuting counsel Bernard Ryan and Audrey Campbell-Moffat, assisted by ICAC officer Ellen Tong.