

Press Release

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Trio jailed for listing and L/C frauds

The former chairman and two former senior executives of delisted Fu Cheong International Holdings Limited (Fu Cheong), charged by the ICAC, were today (Monday) sentenced to jail terms ranging from six years and nine months to nine and a half years at the Court of First Instance for conspiracy to defraud in relation to the listing of Fu Cheong, false information contained in Fu Cheong's annual report, and fraudulent applications for Letters of Credit (L/Cs) facilities.

Ho Wing-cheong, 44, former chairman of Fu Cheong, received a jail term of nine and a half years, while Chan Wing-kui, 38, former financial controller of Fu Cheong, was jailed for eight and a half years.

Kwok Shuk-wah, 34, former director of Fu Cheong, was sentenced to six years and nine months' imprisonment, which was to run concurrently with the nine-year jail term imposed on her in another case involving delisted Gold Wo International Holdings Limited.

The court also ordered that Ho and Kwok be disqualified from being company directors for 10 years.

In sentencing, Mr Justice Michael Lunn said the defendants' acts had undermined the integrity of the listing system of the Stock Exchange of Hong Kong Limited (Stock Exchange).

The judge also reprimanded Ho for masterminding the listing fraud and fraudulent applications of L/C facilities.

Ho and Chan were earlier found guilty by a jury of four and two counts of conspiracy to defraud respectively, while Kwok had pleaded guilty to two charges of conspiracy to defraud.

The case arose from a corruption complaint. Subsequent ICAC enquiries revealed the offences of conspiracy to defraud.

The court heard that Ho and Kwok had conspired with other persons to defraud the 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, Chan and Kwok 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 then publicly 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.

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