

Ex-listed company executives get four years for \$12m consultancy fraud**24.02.09**

Two former senior executives of a publicly listed telecommunications company, charged by the ICAC, were today (Tuesday) each sentenced to four years' imprisonment at the District Court for conspiracy to defraud the company and its subsidiaries of \$12 million in consultancy fees through bogus agreements.

Hau Tung-ying, 54, former chairman of China Motion Telecom International Limited (CMT), and Li Bin, 41, former executive director of CMT, were earlier found guilty of one count of conspiracy to defraud.

In sentencing, Judge Kevin Browne said offences of this kind were difficult to detect and that many hours of investigation and analysis were involved at huge public expenses.

The Judge also noted that when senior executives of publicly listed companies behaved in this fashion, they seriously undermined the integrity of Hong Kong's international reputation and the efforts of regulatory bodies.

The case arose from a corruption complaint. Subsequent ICAC enquiries revealed the conspiracy offence.

The court heard that between September 2000 and April 2005, the defendants conspired with other persons to defraud CMT and its two wholly owned subsidiaries - ChinaMotion NetCom (Asia) Limited (NetCom) and China Motion Holdings Limited (CMHL).

Without the knowledge of the board of directors, the defendants dishonestly caused NetCom to enter into three consultancy agreements with two contractors, Bioroad Developments Limited and Headwise International Limited.

According to the agreements, the contractors would provide professional services for the operation of NetCom in Asia Pacific and North America at a monthly consultancy fee ranging from \$100,000 to \$432,000.

In fact, the contractors, under the control of the defendants, had never provided NetCom with any consultancy services, the court heard.

NetCom, CMHL and CMT, however, were caused to release payments totalling \$12 million under the consultancy agreements, the court was told.

The CMT management had rendered full co-operation and assistance to the ICAC in the investigation.

The prosecution was today represented by prosecuting counsel Audrey Campbell-Moffat, assisted by ICAC officer Dale Ko.