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Ex-senior executives of listed company jailed for fraud

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Two former senior executives of a listed company in Singapore, charged by the ICAC, were today (Wednesday) sent to jail at the District Court for their respective roles in conspiracy to defraud the Singapore Exchange Limited (SGX) and the existing and potential shareholders of the company as to its true financial position, and six banks of loans totalling over \$7.5 million.

Raymond Chow Yiu-man, 58, former chief executive officer of Daka Designs Limited (Daka Designs), received a jail term of three years and two months; while Mah Pat Y., 56, former executive chairman of Daka Designs, was jailed for two years.

In sentencing, Judge Joseph Yau Chi-lap said the court had to impose custodial sentences on the defendants in view of their serious breach of trust.

The judge reprimanded the defendants for impairing the image of Hong Kong as an international financial centre because their acts prevented the existing and potential investors of the company from making an informed decision as to whether to invest or further invest in the said company.

The defendants' acts had also brought adverse impact on Hong Kong companies planning to seek listing in overseas countries, the judge added.

Chow and Mah were earlier found guilty of a joint charge of conspiracy to defraud. Chow alone was convicted of six similar charges.

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

The court heard that at the material time, Chow was the chief executive officer of Daka Designs, while Mah was its executive chairman.

Daka Designs, which was engaged in the design, development and marketing of innovative products, had its operating office in Hong Kong. Briga Group (Macao Commercial Offshore) Company Limited (Briga Group) was a subsidiary of Daka Designs.

In mid 2003, Daka Designs made an application for the company to be listed on SGX. After being approved by SGX, Daka Designs was listed on its Main Board on July 16, 2004.

The court heard that between early 2003 and August 5, 2004, Chow and Mah falsified goods receipt acknowledgement, commercial invoices, delivery notes and accounting records to inflate the turnover and profit figures of Briga Group in the total sum of over \$8.9 million.

The duo also compiled and published the annual report of Daka Designs for the financial year ended March 31, 2004, which contained the said inflated turnover and profit figures of Briga Group; and caused the issuing of the annual report to SGX.

As a result, they misled existing and potential shareholders of Daka Designs and SGX as to the true financial position of the company, and prevented those shareholders from making an informed decision as to whether to invest or further invest in the company.

The duo also induced SGX to believe that Daka Designs had complied with its obligation to publish a true and accurate annual report, thereby preventing SGX from taking any action against the company for its failure.

The court also heard that between mid 2003 and May 2005, Chow conspired with other persons to defraud six banks in Hong Kong of loans totalling over \$7.5 million.

During the course of investigation, the ICAC had received full assistance from SGX and the Corrupt Practices Investigation Bureau of Singapore.

The prosecution was today represented by prosecuting counsel Juliana Chow, assisted by ICAC officer Susanna Ho.

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