

Press Release

28/03/07

Ex-company chairman gets 10 years for listing fraud and \$85m credit scam

Six persons, including the former chairman of delisted Gold Wo International Holdings Limited (Gold Wo), charged by the ICAC, today (Wednesday) received jail terms of eight to 10 years at the Court of First Instance for their involvement in listing fraud and Letters of Credit (L/Cs) scam involving over \$85 million.

Fu Chu-kan, 49, former chairman of Gold Wo, and Li Wing-kei, 40, certified public accountant, were each jailed for 10 years.

Kwok Shuk-wah, 34, director of Win Dragon Consultants Limited, and Wan Bing-leung, 42, proprietor of Roger B.L. Wan & Co., were each imprisoned for nine years.

Fu Yin-ling, 55, former vice-chairman of Gold Wo, and Lo Chun-nam, 57, former director of Gold Wo, were each sentenced to eight years' imprisonment.

Mr Justice Tong said the sentences should reflect the seriousness of the offences committed by the defendants.

The judge stressed that the credibility of the Stock Exchange of Hong Kong depended on the honesty of the players, and any use of fraudulent accounting to get listing would bring disaster to the public.

The court also ordered that the defendants be disqualified from being company directors for a duration same as their terms of imprisonment.

An ICAC spokesman said due to the immense complexity of the case involving over 7,700 documents and exhibits, which translated into more than 43,000 pages, the investigation lasted about three years.

In addition, the ICAC's Financial Investigation Section had assisted in undertaking a painstaking examination of numerous documents to establish an overstatement of profits amounting to over \$50 million in the three financial years which ended March 31, 2000, the spokesman added.

The defendants were earlier found guilty of a total of five offences by a jury after 219 days of proceedings, one of the longest trials in Hong Kong history.

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

Fu Chu-kan, Lo, Li, Kwok and Wan were convicted of one count of conspiring with other persons to defraud the Stock Exchange.

The court heard that they had dishonestly falsified sales invoices and accounting records to inflate the turnover and profit figures of Gold Wo and its subsidiaries for the three financial years of 1998, 1999 and 2000 in order to satisfy the listing requirements of the Stock Exchange.

They had also misrepresented the financial position of Gold Wo and its subsidiaries for the above financial years published in the prospectus of Gold Wo, and submitted to the Stock Exchange documents containing the inflated turnover and profit figures, the court heard.

As a result, the Stock Exchange was induced to approve the listing application of Gold Wo, the court was told.

Fu Chu-kan, Li, Kwok and Fu Yin-ling were found guilty of another charge of conspiring with other persons to defraud shareholders, investors and creditors of Gold Wo and its subsidiaries and Stock Exchange.

The court heard that they had dishonestly falsified sales invoices, receipts and accounting records to inflate the turnover and profits figures of Gold Wo for the purpose of compiling and publishing a misleading annual report for the financial year ending 2001.

Fu Chu-kan and Lo were convicted of a third charge of conspiring with other persons to defraud a number of banks by dishonestly causing a firm to apply for L/Cs, import loans and trust receipts in favour of various companies (the beneficiary companies).

The court heard that they had submitted to those banks false documents which purportedly evidenced genuine underlying commercial transactions between the firm and the beneficiary companies, causing the banks to pay more than \$58.8 million to the beneficiary companies.

Fu Chu-kan, Lo and Fu Yin-ling were convicted of a fourth charge of conspiring with other persons to defraud a number of banks by a similar fraudulent means, causing the banks to pay more than \$27.1 million to the beneficiary companies.

The remaining charge stated that Fu Chu-kan and Li had conspired with other persons to steal over \$23 million from Gold Wo.

The above offences took place between November 1998 and December 2002.

The prosecution was today represented by prosecuting counsel Michael Poll and Bernard Ryan, assisted by ICAC officer Joey Lee.