

## Press Release

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### Six charged for alleged conspiracy to defraud shareholders and stock exchange

The ICAC has charged six persons, including the former chairman and a former executive director of publicly listed Grand Field Group Holdings Limited (Grand Field), for alleged conspiracy to defraud shareholders of Grand Field and the Stock Exchange of Hong Kong (SEHK) in relation to the acquisition of a joint venture in Chongqing, the Mainland.

The defendants are Wayland Tsang Wai-lun, 48, former chairman of Grand Field; Nancy Kwok Wai-man, 46, former executive director of Grand Field; Li Tai-pang, 55, former representative of Sino Richest Limited (Sino Richest); Charles Cheng Kai-ming, 60, executive director of Upbest Group Limited (Upbest); George Li Kwok-cheung, 46, executive director of Upbest; and David Wong Wai-kwong, 49, independent non-executive director of Upbest.

They will appear in Eastern Magistracy at 9:30 am on Wednesday (July 25) on two counts of conspiracy to defraud, while Tsang further faces one count of conspiracy to publish a false statement.

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

Sino Richest reached an agreement with a Mainland company to form a joint venture engaged in developing gas pipelines business in Chongqing. Grand Field subsequently acquired the interest of Sino Richest in the joint venture, with Upbest, also a publicly listed company, being its financial adviser regarding the acquisition of the joint venture.

One of the charges alleges that between February 1 and September 30, 2002, Tsang, Kwok and Li Tai-pang had conspired with other persons to defraud shareholders of Grand Field and officers of SEHK.

They are alleged to have falsely represented that Grand Field had a genuine intention to acquire interest in a business to develop and construct gas pipelines in Chongqing; and that the consideration for the acquisition was 315 million new shares of Grand Field to be issued to the purported vendors.

As a result of their alleged false representation, they had caused officers of the SEHK to believe that the listing rules would have or had been complied with in relation to the purported acquisition, and caused Grand Field to issue the new shares.

Another charge alleges Tsang, Kwok, Cheng, Li Kwok-cheung and Wong of conspiring with another person to defraud shareholders of Grand Field and officers of the SEHK between March 1 and August 11, 2003.

They are alleged to have falsely represented that there was a genuine sale of the interest of Grand Field in the above joint venture to Logistic China Enterprises Limited (Logistic), causing officers of the SEHK not to raise further queries about the joint venture and inducing shareholders of Grand Field to believe that there was a genuine assignment of debt to Logistic at the consideration of \$32 million.

The remaining charge alleges Tsang of conspiring with other persons between April 15 and June 4, 2002 for Tsang to publish a false public announcement of Grand Field on June 4, 2002, claiming that

the fair market value of the joint venture was \$106 million.

The defendants have been released on ICAC bail, pending their court appearances on Wednesday.