

Press Release

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Six face court for alleged conspiracy to defraud shareholders and stock exchange

Six persons, including the former chairman and a former executive director of publicly listed Grand Field Group Holdings Limited (Grand Field), appeared in the Eastern Magistracy today (Wednesday) for alleged conspiracy to defraud shareholders of Grand Field and the Stock Exchange of Hong Kong (SEHK) in relation to a joint venture in Chongqing, the Mainland.

The defendants were 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.

No pleas were taken. Magistrate Mr Douglas Yau adjourned the case to October 25, 2007 for mention, pending further inquiries and further legal advice.

The defendants were granted cash bail from \$50,000 to \$500,000, and were ordered to surrender their travel documents and not to leave Hong Kong.

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 Securities Company Limited, a subsidiary of Upbest, also a publicly listed company, being its financial adviser regarding the acquisition of the joint venture.

One of the charges alleged 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 were 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 alleged 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 were 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 alleged 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 prosecution was today represented by Senior Government Counsel Peter Daryanani, assisted by ICAC officer Christopher Ho.