

05/12/00 Former Guangnan director and two subsidiary directors admit \$46m embezzlement

Three former company directors, charged by the ICAC for embezzlement in relation to its investigation into various fraud cases involving Guangnan (Holdings) Limited (Guangnan), pleaded guilty at the Court of First Instance today (Tuesday)

Huang Xiao-jiang, 35, former director of Guangnan and Chaozhou Industries (Holdings) Limited (Chaozhou), a subsidiary of Guangnan; Xie Ping, 35; and Chen Li-bin, 38, both former directors of Chaozhou, pleaded guilty to a total of three charges before Mr Justice Ligar-Mawson.

Huang and Xie had earlier pleaded guilty in a separate case in relation to profit inflating, embezzlement and credit fraud involving Guangnan.

Mitigation for the above cases will continue tomorrow. The defendants are remanded in the custody of the Corrections Services Department.

The court today heard that Huang, Xie and Chen, who were authorised signatories of the bank accounts of Chaozhou had, through fraudulent means, diverted company funds totalling \$46.38 million from Chaozhou to two share brokerage companies, the defunct C.A. Pacific Securities Limited and Standard Capital Brokerage Limited, for share speculation.

They were said to have used false payment records to cover up the embezzlement.

Huang Xiao-jiang and Xie Ping today pleaded guilty to one joint charge of conspiracy to commit false accounting; while Xie Ping and Chen Li-bin admitted a similar offence.

The charges accused them of conspiring with others to falsify various accounts in relation to the appropriations of two sums, respectively \$26,780,652 and \$19,600,000, from Chaozhou.

The false entries were said to have purportedly showed that various amounts of "white fish meal", a kind of fish food were purchased by Mexxwin Investment Limited, a subsidiary of Chaozhou, from a number of companies.

Xie Ping, who was then a financial controller of Chaozhou, also pleaded guilty to a false accounting offence which accused him of preparing various false documents to support the above bogus transactions.

The offences took place between September 1997 and March 1998.

The prosecution was today represented by Charlotte Draycott on a fiat, assisted by ICAC officer Terry Chow.