

**19/01/01 Former Guangnan director admits profit inflating**

A former director of Guangnan (Holdings) Limited (Guangnan), charged by the ICAC with conspiracy to defraud by inflating the profits of Guangnan and its subsidiaries, pleaded guilty at Eastern Court today (Friday).

Cen Ting-biao, 58, today pleaded guilty to two counts of conspiracy to defraud.

Magistrate Mr Colin MacKintosh adjourned the case until a date to be fixed for committal to the Court of First Instance for sentence.

The charges alleged Cen of conspiracy to defraud by inflating the operating profits of Guangnan and its subsidiaries in 1996 and 1997.

He was alleged to have conspired with a number of persons to defraud the existing and potential shareholders and investors, creditors and auditors of Guangnan; the Stock Exchange of Hong Kong Limited, and the Securities and Futures Commission and their officers, servants or agents.

The alleged co-conspirators named in the charges included the holding company's former chairman Sun Guan, former directors Huang Xiao-jiang, Du Nan-hai, Huang Bing-tong, Liang Zhen-quan, Li Xiao-jian, Zheng Han-hong, Liang Xian-qian, former deputy finance controller Xie Ping, and former finance manageress Wang Hong.

As a result, the annual reports of Guangnan and its subsidiaries had posted profits of \$291,253,000 in 1996 and \$368,086,000 in 1997.

The defendant was remanded in the custody of the Correctional Services Department.

The prosecution was today represented by Senior Assistant Director of Public Prosecutions Kevin Zervos, assisted by ICAC officer Miranda Cheung.