

## Press Release

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### Seven charged for alleged listing and L/C frauds involving listed companies

Seven persons, who were earlier arrested by the ICAC during a corruption inquiry, have been charged for alleged frauds involving two publicly listed companies in separate cases.

In the first case, the defendants are Ho Wing-cheong, 42, chairman of publicly listed Fu Cheong International Holdings Limited (Fu Cheong); Albert Chan Wing-kui, 35, former financial controller of Fu Cheong; Li Wing-kei, 38, certified public accountant; and Kwok Shuk-wah, 32, former director of Fu Cheong.

The four defendants face a total of four counts of conspiracy to defraud in relation to the listing of Fu Cheong and applications for Letters of Credit (L/C) facilities involving over \$89 million.

One of the charges alleges the defendants of conspiring with other persons to defraud the Stock Exchange of Hong Kong Limited (Stock Exchange).

They are alleged to have falsified sales invoices and accounting records to inflate the sales turnover and profit figures of Fu Cheong and its subsidiaries for the financial years of 1998, 1999 and 2000 to satisfy the listing requirements of the Stock Exchange.

The charge also alleges them of misrepresenting the financial position of Fu Cheong and its subsidiary for the above three financial years published in the prospectus of Fu Cheong, and submitting documents containing the inflated sales turnover and profit figures, thereby inducing the Stock Exchange to approve Fu Cheong's application for listing.

The second charge alleges the defendants of conspiring with other persons to defraud shareholders, investors and creditors of Fu Cheong and its subsidiaries and the Stock Exchange by dishonestly misrepresenting the sales turnover and profits figures of Fu Cheong in its Annual Report for the financial year ended 2001.

Ho alone faces one count of conspiring with other persons to defraud a number of banks by dishonestly causing a subsidiary of publicly listed Yue Fung International Group Holding Limited (Yue Fung) to apply for Letters of Credit (L/Cs) and trust receipts in favour of a subsidiary and an associated company of Fu Cheong (the beneficiary companies).

They were said to have submitted false documents to the banks, which purportedly evidenced genuine underlying commercial transactions between Yue Fung and the beneficiary companies, causing the banks to release over \$88 million under the said L/Cs to the beneficiary companies.

The remaining charge alleges Ho and Chan of conspiring with other persons to defraud over \$1 million under a L/C by similar fraudulent means.

The alleged offences took place between December 1998 and April 2002.

In the second case, Lee Wing-kan, 49, former chairman of Yue Fung International Group Holding Limited (Yue Fung); Lee Wing-chan, 52, former vice-chairman of Yue Fung; and Chu Mei-ye, 36, former clerk of Yue Fung, have been charged for their alleged roles in

L/C frauds involving over \$174 million.

The three defendants face a total of three counts of conspiracy to defraud. One of the charge alleges them of conspiring with other persons to defraud a number of banks of over \$88 million under L/Cs and trust receipts.

Lee Wing-kan and Lee Wing-chan are jointly charged with two other similar offences involving over \$86 million in total.

The alleged offences took place between December 1998 and January 2002.

The seven defendants in the above two cases, currently on ICAC bail, will appear in Eastern Magistracy at 9:30 am tomorrow (Thursday).