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# Gold Wo officials jailed for fraud

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The former chairman and five executives of formerly listed and now defunct Gold Wo International Holdings were jailed for between eight and 10 years yesterday for plotting to defraud the Stock Exchange of Hong Kong to gain listing approval for a HK\$26 million fund-raising in 2001.

They also swindled banks of letters of credit worth HK\$86 million.

The Court of First Instance convicted the six, including former chairman Fu Chu-kan, her elder sister and former vice-chairman Fu Yin-ling, on a total of five counts of conspiracy to defraud and steal from November 1998 to December 2002.

High Court Judge Louis Tong Po-sun said the 'serious offences' had damaged the integrity and creditability of the local stock market and the city's economic wellbeing.

'The credibility of the stock market depends on the players who invite the public to invest their money. Any use of fraudulent schemes brings disaster to the public,' he said.

A deterrent sentence was essential to curb manipulation of listings and attempts to cheat the exchange, he said. The judge disqualified the six from serving as company directors for the same period as their jail terms.

The former chairman; certified public accountants Li Wing-kei and Wan Bing-leung; Lo Chun Man, a former director of a Gold Wo subsidiary; and Wing Dragon Consultants director Kwok Shuk-wah had been found guilty of conspiring to use inflated sales invoices and accounting records to boost turnover and profit.

The court heard they intended to enhance profit figures to match the exchange's minimum requirement. A listing candidate must have at least HK\$50 million of net profit in the three years leading up to a listing.

Gold Wo also took loans from 20 banks using false documents showing genuine commercial deals.

The Independent Commission Against Corruption arrested the six and other executives of two related listed firms - digital camera maker Yue Fung International Holdings and electronic circuit board maker Fu Cheong International, in December 2002. Yue Fung holds 20 per cent of Gold Wo and indirectly holds 14 per cent of Fu Cheong.

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