

## **Kangmei Pharma boss among six banned for US\$4.5b fraud**

*Friday, August 16, 2019*

China has banned six people linked to a US\$4.3 billion scandal at one of the country's biggest listed drug makers from participating in the securities industry, Bloomberg reports.

The financial reporting fraud at Kangmei Pharmaceutical Co was "premeditated, organized, long-term and systematic," the China Securities Regulatory Commission said in a statement released after the market closed today.

Another 16 people will also be punished, the CSRC said.

Kangmei Chairman Ma Xingtian is among those facing penalties.

Kangmei Pharmaceutical said in May it overstated its cash positions by 29.9 billion yuan using false documents and transaction records -- an amount one lawyer said was unprecedented in China.

The firm admitted "serious" deficiencies in its corporate governance and internal controls.

The producer of traditional Chinese medicines, which had been under a regulatory probe for months, said earlier that related parties used its funds to trade its shares.

The CSRC did not name the blacklisted individuals or say how long the bans would last. The ban means the six cannot engage in securities issuance, trading or other intermediary services, or work as a senior executive at a listed firm.

Calls to Kangmei's securities representative office just after 5:00 p.m. in Shanghai went unanswered.

The company's stock has tumbled by 67 percent since saying in a statement to Shanghai's stock exchange that it was being investigated by the CSRC for a suspected disclosure violation.