

Ex-listed company executive director admits takeover fraud

27.11.07

A former executive director of a listed company, charged by the ICAC, today (Tuesday) admitted in the District Court her role in a fraudulent scam to defraud regulatory bodies and shareholders over the acquisition of imGO Limited (imGO), later renamed as Shanghai Land Holdings Limited (Shanghai Land).

Gong Beiyong, 33, former executive director of Shanghai Land, pleaded guilty to two counts of conspiracy to defraud the Stock Exchange of Hong Kong (Stock Exchange), the Securities and Futures Commission (SFC) and shareholders of imGo.

Judge Colin Mackintosh adjourned the case until March 3, 2008 for mention.

The case arose from a corruption complaint. Subsequent ICAC enquiries revealed the above offences.

The court heard that in March 2002, Chau Ching-ngai, a businessman, approached the Bank of China (Hong Kong) Limited (BOCHK) for a loan facility of \$2.15 billion to finance his intended takeover of imGO Limited, a listed company in Hong Kong.

The loan facility was obtained in the name of Global Town Limited (Global Town), a company incorporated in the British Virgin Islands, with Chau being the sole director and only shareholder.

The court heard that during the loan negotiations, Chau, without the knowledge of Stock Exchange, SFC and imGo's shareholders, proposed that after the takeover, he would inject a number of Mainland properties controlled by him into imGO and the cash owned by imGO was to be used to purchase the properties. The proceeds of the sale of the properties would then be returned to BOCHK to repay the loan extended to Global Town.

In order to protect BOCHK's interest in the loan facility and ensure that Chau would repay the loan, it was agreed that after the takeover, the Articles of Association of imGO be amended to establish an executive committee to control its cash flows.

To conceal the above proposal, Gong and Chau had conspired with other persons between April 18 and June 22, 2002 to make false representations in the joint announcement and composite offer and response document to acquire imGO.

Between June 4 and August 13, 2002, Gong conspired with Chau and other persons to publish a false announcement and circular regarding the amendment of the Articles of Association of imGO and the setting up of the executive committee.

As a result of the above false representations, the Stock Exchange and SFC were prejudiced by being prevented from performing their public duties in relation to the listing rules; while the existing and potential shareholders of imGO were misled and prevented from making an informed decision in relation to the amendment to imGO's Articles of Association.

After the takeover, imGO was renamed as Shanghai Land Holdings Limited, the court was told.

Six other persons, who were also charged for their alleged roles in the conspiracy, will appear at District Court for a pre-trial review on Thursday (November 29). Their trial has been scheduled for January 7, 2008.

The prosecution was today represented by prosecuting counsel Ian Lloyd, assisted by ICAC officer TANG Chi-kong.