

Seven jailed for conspiracy to defraud over acquisition of listed company

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Seven persons, including two former senior staff of Shanghai Land Holdings Limited (Shanghai Land) and three lawyers, charged by the ICAC, were today (Friday) sentenced to various jail terms up to 33 months for conspiring to defraud in relation to the acquisition of imGO Limited (imGO) (later renamed as Shanghai Land).

District Court Judge Colin Mackintosh sentenced Shanghai Land's former executive director Angela Gong Beiying, 33, to a jail term of 18 months, and former financial controller Habibullah Abdul Rahman, 44, to one year in jail.

Rowena Ng See-wai, 45, and Fiona Lam Lai-chu, 42, then managing director and vice-president of BOCI Asia Ltd. (BOCI), were each jailed for 21 months.

Solicitors Fan Cho-man, 43, and Donald Koo Hoi-yan, 55, then partners of Koo and Partners, were respectively sentenced to 33 months and two years in jail. Another lawyer Simon Lai Sau-cheong, 47, partner of Deacons, was jailed for 30 months.

In passing jail terms on the defendants, Judge Mackintosh said the offences committed by them were serious and constituted a breach of trust.

The judge also reprimanded the defendants for putting the integrity of the stock market at risk.

The defendants were convicted of two counts of conspiracy to defraud Stock Exchange of Hong Kong (Stock Exchange), the Securities and Futures Commission (SFC) and shareholders of imGO. Fan and Koo were also found guilty of one count of publishing a false statement by company directors.

The case arose from a corruption investigation. Subsequent ICAC enquires revealed the above offences.

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

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

At the time of the offences, BOCI was the financial adviser to Global Town in the acquisition while Deacons, and Koo and Partners were respectively then legal advisers to Global Town and BOCHK in the said loan facility.

The court heard that Chau had planned to sell his properties in Shanghai to imGO after he took over its control and use the sale proceeds to repay the loan that Global Town obtained from BOCHK.

Chau's plan was fully known to Abdul Rahman, Ng, Lam, Fan and Lai when they discussed with Chau and Gong over the loan facility and intended acquisition between April 18 and June 22, 2002.

They had made false representations in May and June in a joint announcement, the composite offer and response documents regarding the acquisition of imGO by concealing Chau's plan.

Fan, Lai and Koo had also conspired with Gong and Chau between June 4 and August 13, 2002 to publish a false announcement and circular regarding the amendment of the Articles and Association of imGO and the setting up of an executive committee.

They had falsely represented that the executive committee was to facilitate the management of the assets of the company. In fact, the real purpose was to control over imGO's cash and activities.

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

The court further heard that Koo, Fan and Gong, being directors of Shanghai Land, had made a false and misleading statement in the directors' report of Shanghai Land for the financial year ending June 30, 2003.

They had concurred in the report that Chau had no material interest in any contract of significance with Shanghai Land despite they were aware that Chau had been in control of various properties acquired by Shanghai Land, and that the proceeds of the sale of the properties to Shanghai Land were used to repay the loan Global Town obtained from BOCHK.

The prosecution was today represented by prosecuting counsel Ian Lloyd and Peter Callaghan, assisted by ICAC officer Tang Chi-kong.