

Press Release

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19 netted in graft probe over company listings allegedly facilitated by false accounting

19 persons have been arrested by the ICAC in an operation which commenced yesterday (Monday) for alleged bribery scams in relation to the listing of three companies on the Stock Exchange of Hong Kong Ltd. (Stock Exchange) facilitated by bogus business transactions and inflated business turnover.

The arrestees included the chairmen of the three listed companies, a certified public accountant, a financial consultant, and a senior manager of an accountant firm.

The remaining arrestees were 11 directors and employees of the listed companies, a company director, and a company proprietor.

During the operation code-named "Sleeping Dragon", ICAC officers searched the premises of the three listed companies and 17 other companies, where bulks of documents were seized.

The ICAC earlier received information alleging that a financial consultant had accepted substantial amounts of bribes from a number of company chairmen for assisting their applications for public listing on the Stock Exchange.

It was alleged that with the help of the financial consultant and the certified public accountant, the directors of the listed companies involved had corruptly conspired together to overstate their total net profits to meet a listing criterion, which requires a minimum cumulative net profit of HK\$50 million for the three years preceding listing.

The listed companies were also alleged to have used bogus business transactions supported by false Letters of Credit and false sales invoices to inflate their business turnovers.

Four of the arrested persons were released on ICAC bail. The remaining 15 are still being detained, pending further inquiries.