

**Ex-listed company chairman and executive director
face court for share options fraud****08.01.08**

The former chairperson and an executive director of a listed company, who were charged by the ICAC for alleged conspiracy to defraud and making false statements in relation to the granting of share options to employees, appeared in Eastern Magistracy today (Tuesday).

Chiang Lily, 46, former chairperson of Pacific Challenge Holdings Limited (PCH), and Shah Tahir Hussain, 45, former executive director of PCH, faced three joint charges - one of conspiracy to defraud and two of publishing a false statement by company directors.

No pleas were taken. Magistrate Mr Garry Tallentire adjourned the case until March 4 for transfer to the District Court.

One of the charges alleged that between February 1 and August 31, 2002, Chiang and Shah had conspired together and with other persons to defraud PCH, existing shareholders and potential investors of PCH, the Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (SEHK).

They were alleged to have falsely represented that share options were to be granted under the share option scheme of PCH to subscribe a total of 23,880,000 shares. They were also alleged to have failed to disclose that the employees or some of them in whose names the share options would be granted would not be their beneficial owners. PCH was allegedly caused to grant the share options, while the SFC and SEHK were concealed from the true extent of the interest of Chiang in the share options.

The remaining two charges alleged that Chiang and Shah, together with another former executive director of PCH, had concurred in publishing two false written statements on April 22 and June 6, 2002 respectively with intent to deceive members of PCH.

The alleged false statements were in connection with the issuing of share options to subscribe shares, in that the employees or some of them in whose names the share options were granted were not their beneficial owners.

Chiang and Shah were each granted cash bail of \$1 million, and ordered not to interfere with prosecution witnesses.

The prosecution was today represented by Senior Assistant Director of Public Prosecutions Alex Lee, assisted by ICAC officer Patrick Lai.