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Duo charged with fraud over acquisition of HK\$500m plantation project

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A former senior executive of a listed company and a proprietor of an investment company have been charged by the ICAC with conspiracy to defraud in relation to the acquisition of a plantation project owned by the proprietor on the Mainland at HK\$500 million.

Lo King-fat, 58, former financial controller cum company secretary of Benefun International Holdings Limited (Benefun), now known as China Environmental Resources Group Limited; and Choy Ping-fai, 48, sole owner of Blackpool Stadium Limited (Blackpool), who were charged yesterday (Wednesday), face a joint charge of conspiracy to defraud.

The defendants will appear in Eastern Magistracy at 9:30 am tomorrow (Friday) for mention.

The case arose from a corruption report. Subsequent ICAC enquiries revealed the above alleged conspiracy offence.

At the material times, one of the businesses of publicly listed Benefun was selling plantation products and organic fertilisers.

Blackpool was a British Virgin Islands-registered company owned by Choy, while Ample Rich Enterprises Limited (Ample Rich), a wholly owned subsidiary of Blackpool, held a plantation project on the Mainland.

The charge alleges that between May 1 and October 20, 2008, the defendants conspired with the then chairman of Benefun and other persons to defraud Benefun.

The defendants are alleged to have falsely represented to the directors and shareholders of Benefun that the consideration of HK\$500 million for the acquisition of the entire issued share capital of Ample Rich by Benefun from Blackpool was determined after arm's length negotiation between Benefun and Blackpool.

They are alleged to have not disclosed a payment of HK\$100 million to a company connected to the then chairman of Benefun.

They are also alleged to have falsely represented that the acquisition would not result in a change of control of Benefun in that there would be no change in its board of directors caused by the completion of the acquisition, except the changes of directorship resulting from normal and usual retirement, resignation, change and appointment of directors.

As a result, Benefun was induced and caused to accept, approve, ratify and confirm the acquisition.

The defendants have been released on ICAC bail, pending their court appearance tomorrow.

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