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Ex-chief executive officer of listed company guilty of fraud and theft

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A former chief executive officer of a listed company, charged by the ICAC, was today (Friday) convicted at the District Court of his roles in deceiving company funds totalling \$10.54 million and misappropriating over \$3.8 million.

Chan Hoi-lam, 51, former chief executive officer of Climax International Company Limited (Climax), was found guilty of four charges - one count of fraud, two of using a false instrument and one of theft.

Judge Johnny Chan Jong-herng adjourned the case until next Tuesday (September 10) for sentence. The defendant was remanded in the custody of the Correctional Services Department.

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

The court heard that at all material times, Climax, a manufacturer of paper products, was a listed company in Hong Kong.

In 2001, the defendant joined Climax and its group companies as executive director. He was later appointed as chief executive officer of Climax and oversaw the overall operation of the group.

Between July and December 2007, the defendant falsely represented that of the \$10.54 million he obtained from Climax, \$9.75 million had been spent on the renovation works of its factory on the Mainland and used as a deposit for the purchase of gloss art paper from a bogus supplier.

In fact, no renovation had ever been carried out and there was no genuine transaction between Climax and the bogus supplier.

With intent to defraud, the defendant induced the then assistant financial controller of Climax, an audit firm and the audit committee of Climax to accept the above representations as genuine, and caused Climax to release the \$10.54 million to him either by cash or transfer to his personal bank account.

The court heard that in July 2007, the defendant used a false contract purportedly signed between Climax and the bogus supplier as well as a false acknowledgement slip purportedly issued by the bogus supplier, with the intention of inducing the assistant financial controller of Climax to accept them as genuine.

In April 2006, the defendant also stole a sum of over \$3.8 million, being proceeds of a loan obtained from a finance company in the name of Climax, the court was told.

The prosecution was today represented by prosecuting counsel Edwin Choy, assisted by ICAC officer Matchy Mak.

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