

Wuliangye comes under regulator's glare

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The regulator said it began to probe the company on July 28 after receiving complaints. [Nan Shan]

The China Securities Regulatory Commission (CSRC) yesterday said it was conducting a full investigation of liquor maker Wuliangye Yibin Co for incomplete and inaccurate information disclosure.

According to the CSRC, Wuliangye made the revenue of one subsidiary 1 billion yuan (\$146 million) higher than actual figures in 2007 and did not correct the material mistake in its financial statement.

The company had about 55 million yuan of investment losses in 2007 and failed to report it. In addition, in 2000, the company borrowed 20 million yuan from a subsidiary for securities investment and lost about 5.2 million yuan. None of these details were incorporated in the financial statements, it said.

In 2000, the company used about 130 million yuan for securities investment. By the end of 2005, it had lost about 42 million yuan. The securities firm went bankrupt in 2007 and Wuliangye got about 4.58 million yuan as compensation.

Yet, the company didn't accrue the impairment provision in the financial reports between 2006 and 2008, the CSRC said.

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The CSRC said it began to probe the company on July 28 after receiving complaints. The regulator said it has discovered that the company had undisclosed material investment losses and also inaccurately disclosed revenue for 2007.

"Wuliangye violated the Security Law on accurate and complete information disclosure. The regulator will try to hunt out all the relevant facts and decide the administrative

penalty," an official with the CSRC said.

On September 9, the company said the CSRC was investigating it for suspected violations of the Security Law. On that day, its shares dived 6.22 percent to 22.60 yuan.

The company's shares has since then been declining steadily. Its shares dropped about 4 percent yesterday to close at 21.60 yuan.

"Publicity, fairness and equality are the footstone of the securities market. Information disclosure is important for increasing the market transparency and protecting shareholders' rights," the official said.

The securities watchdog has been increasingly watching the information disclosure of listed companies. Since 2007, it has investigated about 49 cases of suspected violations on information disclosure and 16 cases have been handed over to the police, the CSRC said.

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