

# **Fuqi International Shares Drop On SEC Investigation**

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By Adam Cancryn DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--Fuqi International Inc. (FUQI) shares dropped sharply Thursday after the Chinese jewelry company said the Securities and Exchange Commission opened an investigation into its failure to timely restate its financial information.

Shares fell 22.4% to \$4.93 in recent trading and have lost 75% of their value since the company slashed its guidance in March and disclosed accounting errors had exaggerated earnings for the first three quarters of fiscal 2009.

The company originally planned to file the corrected results in June but hasn't yet done so. As a result, it received a noncompliance letter from the Nasdaq in August threatening delisting of the stock if the 2009 reports aren't filed by Sept. 28.

As part of its investigation, the SEC sent an subpoena seeking documents related to the incorrect filings.

Fuqi said in a statement late Wednesday that it will cooperate with the SEC but could give no assurances as to the expected outcome of the inquiry, or how long it might take.

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