

17/01/00 Six charged for graft facilitated L/C fraud

Six people, who were among the nine arrested by the ICAC during the weekend for alleged graft facilitated frauds involving Letters of Credit (L/C) worth \$93 million in total, were charged and taken to Western Court this (Monday) afternoon.

Tang Wai-na, 44, deputy general manager of Asian Honour International Limited (Asian Honour); Yip Hiu-sui, 46 director of Fountain Datacom Co. (Fountain Datacom); Cheng Sui-wa, 46, deputy general manager of Create International Ltd. (Createx) and Chiu Hoi-yin, 30, clerk of Createx, were charged in relation to a banking fraud involving L/C worth \$61.2 million in total.

They jointly faced four counts of conspiring with Ricky Fan Yuk-shu, Ma Chi-hang and others, between October 1997 and December 1998, to defraud Guangnan (Holdings) Limited (Guangnan) by dishonestly:

1. causing Guangnan to apply and to utilize credit facilities in the form of L/Cs from the Bank of East Asia Limited, the Sakura Bank Limited, Rabobank and the ABN-AMRO Bank;
2. submitting to the four banks false documents of Guangnan which purportedly evidenced genuine commercial transactions between Guangnan and Createx; and
3. causing the banks to issue \$61.2 million in total to Createx under the L/Cs.

Deputy general manager of Createx Cheng Sui-wa was charged together with Cheung Chi-wai, 49, director of Great Pacific Ltd. (Great Pacific), and Chung Ya-lo, 52, director of Candeson (China) Ltd. (Candeson), in a separate case for similar fraud which involved \$5.6 million.

Cheng and Cheung faced three joint holding charges of conspiracy to defraud the National Commercial Bank and Nanyang Commercial Bank Limited, by dishonestly causing the two banks to issue L/Cs and to pay \$3.5 million in total to Createx.

It was alleged that the two defendants knew that the supporting documents relating to the L/Cs were false and there were no genuine commercial transactions.

The alleged offences took place between February and August 1996.

Cheng and Chung faced two holding charges of conspiracy to defraud Kincheng Banking Corporation (Kincheng) by similar means between February and December 1998.

It was alleged that false documents were used to support the relevant L/Cs, causing Kincheng to release \$2.1 million in total to Createx when in fact there were no genuine transactions between Candeson and Createx.

No pleas were entered in both cases. Magistrate Mr Tsui Shui-wah adjourned the cases to February 21, 2000 for mention. The defendants were remanded in the custody of the Correctional Services Department.

Asian Honour is a subsidiary company of the Guangnan Holdings Limited (Guangnan), while Createx is a Mainland funded company in Hong Kong.

The alleged scam was uncovered in the course of ICAC's earlier investigation into the Guangnan case.

A director of a local trading company and two other employees of Asian Honour arrested in this investigation have been released on ICAC bail, pending further inquiries.

The prosecution was today represented by Senior Assistant Director of Public Prosecutions Alain Sham, assisted by ICAC officer Ada Lau.