

19/05/00 Accountant and company director guilty of \$118m Guangnan credit fraud

A jury of the Court of First Instance today (Friday) convicted a company accountant and a director of a trading company of cheating Guangnan (Holdings) Ltd. (Guangnan) out of HK\$118 million in connection with applications for Letters of Credit (L/Cs) facilities based on bogus commercial transactions.

Lai Wing-hung, Alex, 42, accountant of Ang-du International Corporation Limited (Ang-du), and Eugene Ling Yang foong, 43, director of HKIC Development Limited (HKIC), were convicted of a joint charge of conspiracy to defraud Guangnan, while Ling was further found guilty on three charges of handling proceeds of crimes.

Mr Justice Suffiad adjourned the case to next Wednesday (May 24, 2000) for sentence, and remanded the defendants in the custody of the Correctional Services Department.

The court heard that in March 1997, director of Ang-du, Chio Ho-cheong, also known as Chan Kai-kit (Chan), plotted with Li Rui-hua, an assistant general manager of Guangnan, to fraudulently arrange for Guangnan to apply for L/Cs. It was agreed that Chan would then apply with local banks to discount the granted L/Cs to obtain cash.

Lai appealed to Ling and Chow Hing, Julian, another director of HKIC, for their assistance in preparing bogus documents in relation to fabricated business transactions between Guangnan and HKIC.

It was also agreed between the three of them and Chan that HKIC would receive about 10 percent of the total discounted proceeds as a reward.

As a result of bogus documents submitted by HKIC, the Bank of China Hong Kong Branch (Bank of China), Sin Hua Bank Ltd. (Sin Hua Bank) and United Chinese Bank Ltd. (United Bank) issued three L/Cs to HKIC totalling US\$15.2 million, which were subsequently discounted by Standard Bank London Limited (Standard Bank) for US\$13.9 million.

Chan subsequently failed to repay the money to Guangnan, causing the latter to suffer a loss of HK\$118 million. Ling had received a total of HK\$160,000 from Chow as a reward for preparing the bogus documents.

Lai and Ling was today jointly convicted on one count of conspiring with Chan, Li, Chow and others to defraud Guangnan by dishonestly :

causing Guangnan to apply and utilise credit facilities, in the form of L/Cs, from the Bank of China, Sin Hua Bank and United Chinese Bank;

submitting to the three banks false documents which purportedly evidenced genuine commercial transactions between Guangnan and HKIC;

submitting to Standard Bank false documents, causing Standard Bank to release US\$13.9 million to HKIC under the L/Cs.

The offence took place between January 1997 and June 1998.

Ling was further found guilty of dealing with US\$13.9 million in total, knowing that the money, in whole or in part, directly or indirectly, represented proceeds of indictable offences in April 1997.

Li Rui-hua was arrested by the ICAC in December 1998 and later absconded. The court has issued warrants for the arrest of Li, Chan Kai-kit and Chow Hing, Julian.

The prosecution was today represented by Nicholas Adam on a fiat, assisted by ICAC officer Joey Lee Chi-leung.