

03/04/01 One more convicted of credit fraud involving Guangnan

One more person was convicted of her involvement in cheating multi-million dollars in credit facilities involving Guangnan (Holdings) Limited (Guangnan).

Cheung King, 32, director of Long Spark (HK) Development Limited (Long Spark), today (Tuesday) pleaded guilty to one count of conspiracy to defraud before District Court Judge Li.

The judge adjourned sentencing to April 26, 2001, pending probation and community service reports. The defendant was granted bail of \$150,000 in cash and \$100,000 in own recognizance.

So far, 27 persons have been charged for a series of alleged Letters of Credit (L/C) scams in relation to Guangnan and its subsidiaries. Apart from Cheung King, eight of them were convicted and given prison terms ranging from two years to six years. The alleged L/C scams were worth \$1.8 billion in total.

Meanwhile, warrants have been issued for the arrests of 23 persons who have either absconded bail or left Hong Kong during the course of ICAC investigation in connection with a series of alleged fraud and bribery cases involving Guangnan.

Cheung King today admitted that she had conspired with Cai Chun-sheng, Lo Sioe-chien and others to defraud Societe Generale between June and August 1998, by dishonestly:

- causing Guangnan to apply and utilize credit facilities, in the form of L/Cs, from Societe Generale;
- submitting to the bank false documents which purportedly evidenced
- genuine commercial transactions between Guangnan and Long Spark;
- causing the bank to release US\$891,000 in total to Long Spark under the said L/Cs.

Lo Sioe-chien and Cai Chun-sheng were respectively financial manager and director of Join Wing Limited (Join Wing), a wholly owned subsidiary of Guangnan.

Before becoming a director of Long Spark in July 1997, the defendant was then a business manager of Join Wing.

The court heard that in July 1998, Cai instructed Lo to ask the defendant to assist in fabricating a business transaction on paper between Long Spark and Join Wing, via Guangnan.

The defendant agreed to the scam. She signed an invoice of Long Spark which purported to record the sale of 6,000 metric tons of gas oil to Join Wing at US\$891,000.

The court heard that the false document was submitted by Join Wing to Societe Generale to apply for a L/C in favour of Long Spark, while Guangnan was named as the applicant of the relevant L/C.

As a result, Societe Generale released to Long Spark a total of US\$891,000 in credit facilities, which the defendant subsequently remitted to Join Wing.

The prosecution was today represented by Bianca Cheng on a fiat, assisted by ICAC officer Miranda Cheung.