

## Press Release

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### **Company bosses jailed for defrauding Hang Seng Bank of HK\$932m credit facilities**

The Court of First Instance today (Tuesday) meted out jail terms ranging from four years to nine years to three company directors charged by the ICAC for their roles in defrauding Hang Seng Bank Limited (Hang Seng) in relation to Letters of Credit (L/C) facilities totalling HK\$932 million.

Ho Siu-hoi, 33, director of Au Kiang International Company Limited (Au Kiang) and Dero Enterprises Limited (Dero), was sentenced to nine years' imprisonment.

Co-defendants Tam Kei-kwong, 50, director of Pure Guard Industrial Limited (Pure Guard) and Sparkco International Limited (Sparkco), and Leung Chi-por, 52, director of Pure Guard, each received a four-year jail term. The sentences were to run concurrently with their respective current prison terms of 15 months and one year for a separate L/C fraud case, also dealt with by the ICAC.

The three defendants were convicted by a jury last Friday of a total of seven offences of conspiracy to defraud Hang Seng.

In sentencing, Mr Justice Nguyen said heavy custodial sentences were warranted, as the bank suffered huge losses because of the defendants' protracted, planned action.

Au Kiang was a property investment company owned by Ho and his father Ho Chi-chun, while Dero was a sister company in their control.

The three defendants were convicted of two counts of conspiring to defraud, while Ho and Tam were found guilty of another count of a similar offence.

Ho Siu-hoi was further convicted of four conspiracy offences.

The defendants were said to have caused Au Kiang and Dero to apply and utilize credit facilities from Hang Seng in the form of L/C, and submitted false documents to the bank purportedly evidencing underlying commercial transactions between these two companies and other companies under their control.

The offences took place between June 1995 and April 1998.

As a result of the scam, Hang Seng released \$932 million in total to four companies, namely Star Regent International Limited (Star Regent), Pure Guard, Sparkco and Sunmex Limited (Sunmex), under 258 L/Cs.

Star Regent and Sunmex were shell companies set up by the defendants and co-conspirators for the scheme.

The court also heard that the benefiting companies remitted the funds to Au Kiang and Dero after deducting two to three percent of the loan amount of each L/C as a "handling charge".

Last year, on the application of the ICAC, the Eastern Magistracy issued a warrant for the arrest of Ho Chi-chun for his alleged role in the scam.

The prosecution was today represented by Senior Assistant Director of Public Prosecutions Kevin Zervos, assisted by ICAC officers Dale Ko and Mabel Chu.