

Press Release

23/07/02

Five charged over alleged HK\$3.9 million credit scam involving China Aerospace's subsidiary

Five persons were today (Tuesday) charged by the ICAC and brought to the Eastern Court for their alleged involvement in a suspected HK\$3.9 million Letter of Credit (L/C) fraud involving a subsidiary of the listed China Aerospace International Holdings Ltd. (China Aerospace).

The defendants are: Deng Ku-hon, alias Deng Dongdong, 35, former director of China Aerospace and former deputy general manager of CASIL Clearing Ltd. (CASIL)'s finance department; Luk Chi-keung, 41, deputy general manager of China Aerospace's finance department and assistant manager of CASIL's finance department; Choi Ming-kuen, 47, assistant manager of China Aerospace's finance department; Sung Lai-na, 43, and Kan Kwok-pang, 48, both directors of External Island Ltd. (External).

CASIL is a wholly owned subsidiary of China Aerospace.

The defendants faced a total of four charges of conspiracy to defraud.

No pleas were taken. Magistrate Mr Robert McNair adjourned the case to July 30, 2002, pending transfer to the District Court.

The defendants were each granted bail of \$100,000 cash and were ordered not to leave Hong Kong, not to interfere with prosecution witnesses and report once a week to the Police.

The case arose from a corruption complaint alleging that a director and staff of China Aerospace might have accepted advantages from another company for approving loans and applying L/C facilities on behalf of that company.

ICAC investigations revealed an alleged scam to deceive credit facilities totalling HK\$3,912,000

The charges alleged the defendants of conspiring together to defraud Citibank N.A. (Citibank) and Sin Hua Bank Limited Hong Kong Branch (Sin Hua Bank) by dishonestly:

- causing CASIL to apply for and utilize credit facilities from the banks in the form of L/Cs;
- submitting or causing to submit false documents to the banks purported to evidence genuine underlying commercial transactions between CASIL and External; and
- causing the Citibank to release US\$120,000, and Sin Hua Bank to release US\$120,000 and HK\$2,040,000 to External under the L/Cs.

The alleged offences took place between January 1997 and December 1998.

The prosecution was today represented by ICAC officer Joey Lee.