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Six jailed for \$145m loans fraud

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Six persons, charged by the ICAC, were today (Tuesday) sentenced to various jail terms up to 57 months at the District Court for their roles in defrauding six banks of loans totalling over \$145 million by submitting bogus invoices in relation to the sale and purchase of goods.

Tony Hsu Ming-tung, 48, operator of Gafeng Chemical (Canada) Company Limited (Gafeng), received a jail sentence of 57 months.

Kimbo Lo Ngan-pui, 55, director of Gafeng, was jailed for 32 months, while Wong Shu-fai, 48, manager of Gafeng and director of Join Creator Limited (Join Creator), was sentenced to 36 months' imprisonment.

Bowie Li Yin-ping, 34, director of Brilliant Fine Asia Limited (Brilliant Fine); Yu Shun-lin, 46, and Lee Kin-kwok, 46, both directors of Profit Smooth Technology Limited (Profit Smooth), were each jailed for 48 months.

In sentencing, Judge Kevin Browne said the court had to mete out custodial sentences to the defendants as the case involved a sophisticated and elaborated loan fraud as well as a huge amount of money.

The judge added that a listing fraud, which was also uncovered in the case, impaired the reputation of Hong Kong.

Hsu, Lo, Wong and Li earlier pleaded guilty to a total of 11 charges - eight of fraud, two of dealing with property known or believed to represent proceeds of an indictable offence, and one of conspiracy to defraud.

Yu and Lee were found guilty of a joint charge of dealing with property known or believed to represent proceeds of an indictable offence.

The case arose from a corruption complaint. Subsequent ICAC enquiries revealed the above offences, which took place between January 2006 and October 2008.

The court heard that Gafeng, which was operated by Hsu and Lo, was engaged in the trading of lubricant oils manufactured by its factory on the Mainland. Wong assisted Hsu and Lo in the daily operation of Gafeng.

Hsu, Lo, Wong and Li falsely represented to six banks that invoices presented by Gafeng showing Gafeng had purchased goods from Brilliant Fine, Profit Smooth or Good Billion Corporation Limited or Gafeng had sold goods to Join Creator, which were under Hsu's control, were genuine.

With intent to defraud, Hsu, Lo, Wong and Li induced the six banks to settle the 198 invoices totalling over \$145 million.

The court heard that upon the instruction of Hsu, Li dealt with over \$77 million out of the loan proceeds received from the banks. Yu and Lee dealt with another loan proceed of over \$14 million.

To raise funds for Gafeng's operation, Hsu applied for listing its holding company - China Green Resources Holdings Limited (China Green) - on the then American Stock Exchange of the United States.

Hsu, Wong and Li then dishonestly inflated the turnover and profit figures of Gafeng and Green Energy (China) Far East Limited, another subsidiary of China Green, thereby inducing the then American Stock Exchange to approve the listing application. However, the application was eventually abandoned, the court was told.

The prosecution was today represented by prosecuting counsel Wong Po-wing, assisted by ICAC officer Samuel Wong.

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