

21/02/00 34 more charges for defendants in Guangnan case

Five people, charged by the ICAC in two cases for alleged \$138 million Letters of Credit (L/C) frauds facilitated by graft faced a total of 34 additional charges in Western Court today (Monday).

Seven additional charges were laid in the first case against Tang Wai-na, 44, deputy general manager of Asian Honour International Limited (Asian Honour); Cheng Sui-wa, 46, deputy general manager of Createx International Ltd (Createx); and Chiu Hoi-yin, 30, clerk of Createx.

Asian Honour is a subsidiary company of the Guangnan Holdings Limited (Guangnan), while Createx is a Mainland funded company in Hong Kong.

One new charge alleged the trio of conspiring with Yip Hiu -sui, Fan Yuk -shu, Ma Chi-hang and others, between July and October 1998, to defraud Guangnan by dishonestly:

- causing Guangnan to apply and to utilise credit facilities from The Bank of Tokyo-Mitsubishi Limited in the form of an L/C;
- submitting or causing to submit false documents of Guangnan to the bank purportedly evidencing genuine underlying commercial transactions between Guangnan and Createx;
- causing the bank to grant Guangnan utilisation of facilities under the said L/C; and
- causing the bank to release \$23,342,178.40 to Createx under the said L/C.

The remaining six additional charges were against Cheng.

He was alleged to have conspired with Yip and others between January 1998 and March 1999 to defraud Sin Hua Bank Limited and Nanyang Commercial Bank, causing the two banks to release \$14,113,125 and \$13,443,297 under L/Cs respectively to Fountain Datacom Company, a local trading company owned by Yip.

The three defendants were earlier charged with four counts of submitting false L/Cs to the Bank of East Asia, the Sakura Bank Limited, Rabobank and the ABN-AMRO Bank between October 1997 and December 1998, causing the banks to issue \$61,146,370 to Createx.

Cheng was charged in a separate case together with Cheung Chi-wai, 49, director of Great Pacific Ltd. (Great Pacific) and Chung Ya-lo, 52, director of Candeson (China) Ltd. (Candeson) for similar fraud. They faced 27 additional charges when appearing in court today.

Four were against Cheng and Cheung, alleging them of having conspired to defraud the National Commercial Bank by dishonestly causing the bank to issue L/Cs and to pay \$1,081,350 in total to Createx between January 1996 and April 1997.

The duo allegedly knew that the supporting documents relating to the L/Cs were false and there were no genuine commercial transactions between Great Pacific and Createx.

The remaining 23 new charges alleged Cheng and Chung of conspiring to defraud Kincheng Banking Corporation and Sin Hua Bank by similar means between April 1996 and June 1998, causing the two banks to release \$18,957,050 in total to Createx.

The three defendants were earlier charged with five counts of conspiracy offences involving \$5,559,000 L/C fraud.

Magistrate Mr Kevin Browne adjourned both cases until April 3, 2000 for mention.

Tang continued to be granted bail of \$200,000 in cash and \$200,000 in surety. She was ordered to surrender all travel documents, not to leave Hong Kong and not to interfere with prosecution witnesses. The other four defendants were remanded in the custody of the Correctional Services Department.