

**Press Release**

22/07/02

**Manager found guilty of \$150m L/C fraud involving Guangnan**

A manager of a trading company was today (Monday) convicted by a jury of defrauding twelve banks of about HK\$150 million in Letters of Credit (L/Cs) loans, based on bogus commercial transactions in connection with Guangnan (Holdings) Limited (Guangnan).

Mr Justice Tong adjourned sentencing until 2:30 pm tomorrow, and remanded the defendant in the custody of the Correctional Services Department.

Tsoi Chak-fai, 46, manager of Guangnanyuen Overseas Trading Co. (Guangnanyuen) and Kwok Wah Overseas Trading Co. (Kwok Wah), charged by the ICAC, was found guilty by a jury unanimously at the Court of First Instance on twelve counts of conspiracy to defraud.

The court heard that between April 1 and November 31, 1998, Tsoi had conspired with staff members of Victory Land Limited (Victory Land), a subsidiary of Guangnan, and other persons to dishonestly cause Guangnan to apply and utilise credit facilities in twelve banks.

In order to support the L/C applications, they submitted false documents to the banks purported to evidence genuine underlying business transactions between Guangnan and the two trading companies, Guangnanyuen and Kwok Wah.

As a result, the banks released credit facilities totalling US\$19.3 million (about HK\$150 million) to the two trading companies under the L/Cs and subsequently the various banks suffered losses totalling about HK\$38 million.

Upon receiving the L/Cs, Tsoi reverted the proceeds to Victory Land and other associate companies of Guangnan.

Tsoi was the defendant in the last of a series of trials connected with alleged L/C scams involving the Guangnan and its subsidiaries.

Among the 23 persons (including Tsoi) charged, 15 were convicted and given prison terms ranging from two to nine years.

The prosecution was today represented by Michael Poll on a fiat, assisted by ICAC officer Ricky Cheuk.