



## Crafar farms bid results in charges in Hong Kong

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### SFO investigation into Crafar farms bid results in charges in Hong Kong

One person associated with a bid to purchase the farm assets of the Crafar family (the Crafar farms) has been charged in Hong Kong, and an arrest warrant for a second person has been issued, following allegations of corruption involving the payment of secret commissions and money laundering.

Three charges were laid yesterday (Monday, 17th October) against May Hao (formerly known as May Wang) by the Independent Commission Against Corruption (ICAC).

May Hao (Wang), the former operator of UBNZ Assets Holdings Limited (UBAH), faces one count of conspiracy to offer advantages to an agent and two counts of dealing with property known or reasonably believed to represent proceeds of a crime.

An arrest warrant was also issued against co-accused, Chen Keen (also known as Jack Chen) following his failure to appear in relation to his alleged role in the case.

The conspiracy charge alleges that between May 2009 and March 2010, the defendant conspired together with Chen Keen, then an executive director of Natural Dairy (NZ) Holdings Limited (Natural Dairy), and other persons to offer two properties in Auckland and a sum of over HK\$73 million to Chen. It is alleged that these were offered as rewards for Chen to procure Natural Dairy to acquire UBAH, a company owned by the defendant. The additional charges relate to the alleged laundering of NZ\$150 million in crime proceeds between December 2009 and December 2010.

At the time of the alleged offence, Natural Dairy was listed on the Main Board of the Stock Exchange of Hong Kong.

The charges follow a joint investigation into the company undertaken by the Serious Fraud Office (SFO) in New Zealand and ICAC in Hong Kong.

The SFO commenced its investigation in September 2010 when the Natural Dairy bid to purchase the Crafar farms in 2010 was being assessed by the Overseas Investment Office (OIO).

ICAC opened a separate investigation into Natural Dairy after receiving an allegation of corruption.

SFO Chief Executive Adam Feeley said that contact with ICAC early in the SFO investigation made it obvious for the two agencies to work together on the matter.

"There was information in both countries that was vital to the investigation, and this outcome would not have been possible without early and ongoing collaboration."

Mr Feeley said that the SFO gave consideration to charging the matter in New Zealand.

"We believe that there is clear evidence of offending having occurred in New Zealand. However, the alleged crimes were primarily directed at Hong Kong and Chinese investors and we therefore consider it is more appropriate for the authorities in Hong Kong lay the charges.

"We assessed what possible charges may have been laid in New Zealand, and believe that the action being taken by ICAC fully deals with the concerns we identified in the course of our investigations."

Natural Dairy is involved in manufacturing and exporting dairy products from New Zealand into China. Chen Keen was a director of Natural Dairy and its subsidiaries until October 2010. Neither he nor May Hao (Wang) currently hold any official office within Natural Dairy.

Mr Feeley said that the case highlighted the increasingly cross-jurisdictional nature of the SFO's work.

"The digital age makes it increasingly easy for financial crimes to be committed in more than one country, and highlights the need to have alliances with international law enforcement agencies.

"ICAC and the SFO have forged an excellent relationship from this case, and our law enforcement capabilities in the future will be strengthened by this."

**For further information**

Sarah Knowles  
Serious Fraud Office  
Phone: 021 675 998

**Note to editors**

Jack Chen/Chen Keen

ICAC request that anyone who has information on the whereabouts of Chen or any other information which may lead to his arrest contact them on its 24-hour hotline 2526 6366. Information received will be treated in the strictest confidence.

A photograph of Chen Keen will be available for downloading from the Press Release column on the ICAC website (<http://www.icac.org.hk>).

Chen Keen, about 1.67 metres tall, is of medium build.

**Role of the SFO**

The Serious Fraud Office (SFO) was established in 1990 under the Serious Fraud Office Act in response to the collapse of financial markets in New Zealand at that time.

The SFO operates three investigative teams:

- Fraud Detection & Intelligence;
- Financial Markets & Corporate Fraud; and
- Fraud & Corruption.

The SFO operates under two sets of investigative powers.

Part 1 of the SFO Act provides that it may act where the Director "has reason to suspect that an investigation into the affairs of any person may disclose serious or complex fraud."

Part 2 of the SFO Act provides the SFO with more extensive powers where: "...the Director has reasonable grounds to believe that an offence involving serious or complex fraud may have been committed..."

The SFO's Statement of Intent 2011-2014 sets out the SFO's three year strategic goals and performance standards. It is available online at: [www.sfo.govt.nz](http://www.sfo.govt.nz)