

Press Release

23/07/02

Ten years' jail for manager in last trial of Guangnan series

A manager of two trading companies was today (Tuesday) sentenced to ten years' imprisonment for 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).

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 yesterday by a jury unanimously at the Court of First Instance on twelve counts of conspiracy to defraud.

In sentencing, Mr Justice Tong said in committing the offences, the defendant and other co-conspirators had exploited the trust placed in them by the banks, and undermined Hong Kong's integrity as a financial centre.

The court heard that between April 1 and November 30, 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 the L/C proceeds totally US\$19.3 million (about HK\$150 million) to the two trading companies under the L/Cs. Upon receiving the L/Cs, Tsoi reverted the proceeds to Victory Land and other associate companies of Guangnan.

"The convictions and the heavy sentences imposed by the court in a number of trials connected with various frauds involving Guangnan serve to send a deterrent message to those with the intent to manipulate the financial system to further their dishonest ends," an ICAC spokesman said.

A total of 15 persons were convicted in a series of fraud cases in relation to Guangnan and its subsidiaries. They were given prison terms ranging from two to ten years.

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