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[Archive](#)

Ex-bankers jailed for bribery over loan applications

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Two former senior executives of a bank, charged by the ICAC, were today (Wednesday) sent to jail at the District Court for accepting bribes totalling HK\$5.8 million, five bottles of red wine and a precious watch in relation to applications for loans and extending repayment due dates, and handling crime proceeds.

Derick Chan Po-fui, 51, former Head of Corporate Banking Department of Industrial and Commercial Bank of China (Asia) Limited (ICBC (Asia)), received a jail term of two years, while Chan Yick-yiu, 44, former Head of Real Estate and Finance of ICBC (Asia), was jailed for three years.

In sentencing, Deputy Judge Fred Sham Siu-man said the defendants earned their senior positions in the bank by sheer hard work. No doubt their success was the envy of all the youngsters nowadays.

"Had it not been for the present offences, both men would have been on their way to attain the pinnacle of their career, but they now plumb the depths. And the moral is that corruption doesn't pay," said the deputy judge.

Pointing out that Hong Kong was ranked amongst the most honest cities in the world, the deputy judge said: "In combating corruption, Hong Kong has come a long way since the establishment of the ICAC. The majority of people here have pitched in and in this respect we take pride in being a Hongkonger."

The deputy judge added that the defendants must expect a deterrent sentence of immediate imprisonment as the courts had always been tough on corruption.

Derick Chan earlier pleaded guilty to two counts of agent accepting an advantage, contrary to Section 9(1)(a) of the Prevention of Bribery Ordinance (POBO).

Chan Yick-yiu was found guilty of four counts of agent accepting an advantage, contrary to Section 9(1)(a) of the POBO, and five of dealing with property known or believed to represent proceeds of an indictable offence, contrary to Section 25(1) of the Organised and Serious Crimes Ordinance (OSCO).

The court heard that at the material times, Derick Chan was the Head of Corporate Banking Department of ICBC (Asia), who was the direct supervisor of Chan Yick-yiu, Head of Real Estate and Finance. The duo was responsible for processing loan applications from corporate clients and subsequent applications for extending the repayment due dates.

Zeng Wei, a corporate client of the bank, was engaged in developing properties and operating hotels and golf courses. He also operated Kostar Investments Limited (Kostar) and Shine City International Limited (Shine City).

In August 2006 and March 2007, Zeng applied for two loans of US\$65 million and HK\$200 million respectively with ICBC (Asia) for Kostar. The loans were subsequently approved by the management of the bank, pursuant to the favourable credit proposals endorsed by Chan Yick-yiu.

In October 2007, Zeng applied for a loan of HK\$2 billion with ICBC (Asia) for Shine City. Based on a favourable credit proposal endorsed by Derick Chan and Chan Yick-yiu, the loan was approved by the bank management.

The court heard that between July 2007 and July 2009, Zeng applied for extending the repayment due dates of the two loans for Kostar on six occasions. The applications were subsequently endorsed by Derick Chan and/or Chan Yick-yiu.

In May 2009, Derick Chan also endorsed another application from Zeng for deferring the repayment due date of the loan for Shine City.

Derick Chan accepted HK\$1 million and HK\$2.3 million in cash from Zeng on August 7, 2009 and October 5, 2010 respectively as rewards for the assistance rendered by him in relation to the loan applications. Shortly after Derick Chan accepted the HK\$2.3 million in cash from Zeng at a hotel, they were arrested by ICAC officers at the scene, and the HK\$2.3 million was recovered from him.

Chan Yick-yiu, on separate occasions between 2007 and 2009, accepted five bottles of red wine worth HK\$14,500, a watch worth HK\$33,000, two sums of HK\$500,000 and HK\$2 million in cash from Zeng for the same reason. As Chan Yick-yiu consumed one of the bottles of red wine, ICAC officers recovered the remaining four bottles as well as the watch at his home and office.

After accepting the bribe monies from Zeng, Chan Yick-yiu deposited part of them into his personal accounts with five banks between February 2009 and April 2010, with amounts ranging from HK\$10,000 to HK\$70,000 on various occasions, the court was told.

As for the bribe monies of HK\$2.3 million, 12 bottles of red wines and three precious watches seized from Derick Chan as well as four bottles of red wines and a precious watch seized from Chan Yick-yiu, the deputy judge ordered today that they be confiscated to the government under Section 102 of the Criminal Procedures Ordinance.

Meanwhile, the prosecution applied to the court for other bribe monies of HK\$3.5 million, which Derick Chan and Chan Yick-yiu accepted from Zeng, to be confiscated to the government under Section 8 of the OSCO. A hearing on the confiscation order was set for October 4, 2011.

Zeng, 48, who was also charged by the ICAC, failed to turn up on July 4, 2011 for a trial on three counts of offering HK\$4.3 million and a gift to Derick Chan and Chan Yick-yiu and one of conspiracy to deal with HK\$2.3 million known or believed to represent proceeds of an indictable offence. A warrant was issued by the District Court for his arrest.

The deputy judge also ordered today that Zeng's bail money of HK\$800,000 be estreated.

The prosecution was today represented by prosecuting counsel Peter Callaghan, assisted by ICAC officers Bryan Tang and Steven Gaw.

[Back to Index](#)

[+ back](#)

[+ top](#)