

**09/10/00 Listed company chairman and ex-bank manager arrested over \$90m credit bribery scam**

The chairman of Hung Fung Group Holdings Ltd. (Hung Fung), which is a listed company, Chan Chun-hung, was arrested by the ICAC on Saturday (October 7) in relation to a \$90 million credit scam allegedly facilitated by bribery involving a bank's senior staff.

A former assistant general manager of Dao Heng Bank (Dao Heng), aged 33, was arrested last Wednesday for having allegedly accepted advantages for granting credit facilities to a subsidiary company of Hung Fung. Also arrested was the proprietor of a trading firm, aged 34.

The ICAC's investigation arose from a corruption complaint.

It was alleged that the former bank manager had accepted advantages, including free trips to the Mainland and Macau from Chan for approving about 36 Letter of Credit (L/C) applications based on bogus business transactions with four different shell companies.

As a result, credit facilities totalling \$90 million were granted to those shell companies between April and December last year.

ICAC investigation revealed that two sisters, respectively proprietors of the four shell companies, were Chan's close associates.

Chan had allegedly instructed the sisters to withdraw money from the accounts of the four shell companies on several occasions after Dao Heng remitted the loans.

The funds were transferred to the bank account of Hung Fung's subsidiary shortly afterwards.

Investigation also revealed that in September 1998, the former bank manager had allegedly prepared a favourable report to recommend increased credit facilities to be extended to Hung Fung's subsidiary.

Investigation is continuing.