

## Press Release

05/07/02

### **Company bosses found guilty of defrauding Hang Seng Bank of HK\$900m credit facilities**

Three company directors were today (Friday) convicted by a jury at the Court of First Instance of conspiracy to defraud Hang Seng Bank Limited (Hang Seng) in relation to Letters of Credit (L/C) facilities totalling HK\$900 million.

The defendants were: Ho Siu-hoi, 33, director of Au Kiang International Company Limited (Au Kiang) and Dero Enterprises Limited (Dero); Tam Kei-kwong, 50, director of Pure Guard Industrial Limited (Pure Guard) and Sparkco International Limited (Sparkco); and Leung Chi-por, 52, director of Pure Guard.

They were found guilty of a total of seven offences of conspiracy to defraud Hang Seng Bank Limited.

Mr Justice Nguyen adjourned the case to next Tuesday (July 9) for sentence, and remanded the defendants in the custody of the Correctional Services Department.

Au Kiang was a property investment company owned by Ho and his father Ho Chi-chun, while Dero was a sister company in their control.

The three defendants were convicted of two counts of conspiring to defraud, while Ho and Tam were found guilty of another count of similar offence.

Ho Siu-hoi was further convicted of four conspiracy offences.

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The defendants were said to have caused Au Kiang and Dero to apply and utilize credit facilities from Hang Seng in the form of L/C, and submitted false documents to the bank purportedly evidencing underlying commercial transactions between these two companies and other companies.

The offences took place between June 1995 and January 1998.

As a result of the scam, Hang Seng released \$932 million in total to four companies, namely Star Regent International Limited (Star Regent), Pure Guard, Sparkco and Sunmex Limited (Sunmex), under 258 L/Cs.

Star Regent and Sunmex were shelf companies set up by the defendants and co-conspirators for the scheme.

The court also heard that the benefiting companies remitted the funds to Au Kiang and Dero after deducting two to three percent of the loan amount of each L/C as "handling charge".

The prosecution was today represented by Charlotte Draycott on a fiat, assisted by ICAC officer Edward Cheng.