

A toy manufacturer, charged by the ICAC, was today (Thursday) sentenced to 18 months' imprisonment at the District Court for offering about \$10 million in bribes to two former directors of a subsidiary of an American toy company for obtaining production orders.

The defendant, 71, a major shareholder-cum-director of an industrial company (Company A), was earlier found guilty of four counts of offering advantages to an agent, contrary to Section 9(2)(a) of the Prevention of Bribery Ordinance.

In sentencing, Deputy Judge Eddie Yip Chor-man said he had to impose a custodial sentence on the defendant to serve as a deterrent.

The court heard that Company A was engaged in manufacturing toys, with a production line in Mainland China. One of its major customers was a toy company (Company B), a subsidiary of a toy group in the United States.

The defendant offered monthly bribes to two former directors of the product planning department of Company B for securing production orders from the company.

The bribes were calculated at a rate of not exceeding two per cent of the monthly turnover of business with Company B.

To withdraw money from the bank account of Company A, the defendant provided a former account clerk of the company with blank invoices of another company (Company C).

The invoices falsely represented that Company A had purchased plastic raw materials from Company C, and that the money withdrawn was used to settle the good payments.

Under the defendant's instruction, the former account clerk prepared cheques purportedly drawn for settling payments with Company C. In fact, Company C was a bogus company, which had no business dealings with Company A.

The defendant then cashed the cheques or deposited them into his bank accounts. The monies were then paid to the two former directors of Company B upon the latter's request. The bribe payments ranged from several thousand to several hundred thousand dollars each month.

The court heard that between 1998 and 2003, a total of over \$15.6 million was withdrawn from the account of Company A by using the false invoices of Company C.

Out of the monies withdrawn from Company A, it was estimated that about \$10 million was used by the defendant as bribe payments to the two former directors of Company B, while the remaining sums were for the defendant to settle his personal expenses.

Company B prohibited its employees from soliciting or accepting advantages from manufacturers in relation to the company's business, the court was told.

The prosecution was today represented by prosecuting counsel Jonathan Acton-Bond, assisted by ICAC officer Queenie Woo.