

A toy manufacturer, convicted of offering about \$10 million in bribes to two former directors of a subsidiary of an American toy company for obtaining production orders, has his prison term increased from 18 months to four years.

Wong Hong-leung, 71, major shareholder-cum-director of Fook Key Industrial Company Limited (Fook Key), was found guilty of four counts of offering advantages to an agent in April this year.

The Court of Appeal, comprising Mr Justice Stock, Mr Justice Yeung and Mr Justice Wright, today (Friday) heard a review of sentence lodged by the Department of Justice.

In his submission, Senior Assistant Director of Public Prosecutions Alex Lee asked the court to consider a review of sentence on the basis that the sentence was manifestly inadequate and wrong in principle, given the seriousness of the offence which was committed over a lengthy period, and the substantial amount of money involved.

The appeal court ruled that the starting point of five years be applied and that it should be reduced to four years, taking into account the defendant's old age.

The court heard that Fook Key was engaged in manufacturing toys, with a production line in Mainland China. One of its major customers was Mattel Asia Pacific Sourcing Limited (Mattel Asia) (formerly known as Arco Toys Limited), a subsidiary of Mattel Inc. in the United States.

The defendant offered monthly bribes to two former directors of the product planning department of Mattel Asia 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 Mattel Asia.

To withdraw money from the bank account of Fook Key, the defendant provided a former account clerk of the company with blank invoices of Ko Wah Company (Ko Wah).

The invoices falsely represented that Fook Key had purchased plastic raw materials from Ko Wah, and that the money withdrawn was used to settle the payments of goods.

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

The defendant then cashed the cheques or deposited the sums into his bank accounts. The monies were then paid to the two former directors of Mattel Asia 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 Fook Key by using the false Ko Wah invoices.

Out of the monies withdrawn from Fook Key, it was estimated that about \$10 million was used by the defendant as bribe payments to the two former directors of Mattel Asia, while the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

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

Mr Alex Lee was today assisted by ICAC officer Queenie Woo.