



MANAGING INTEGRITY & STRIVING FOR EXCELLENCE




CORRUPTION PREVENTION PACKAGE
FOR CONSTRUCTION INDUSTRY



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Foreword

The rapid growth of Hong Kong imposes incessant demand for the efficient delivery of a wide range of infrastructure works, reclamation, urban renewal and housing development. Such momentum will keep the construction industry booming in the years ahead.

Under keen competition in the construction industry, time means money. Besides quality control, efficiency is fundamental to construction projects. Project management therefore plays a vital role in every stage, from planning to implementation. Problems now facing the management of construction companies are multi-faceted, including employment of illegal site workers, unlawful dumping of construction waste etc. Yet, one important area which the management should not lose sight of is the staff supervision. If staff supervision is slack, unscrupulous employees will easily make use of the opportunities to abuse their official power for personal gain.

Needless to say, consequences of corruption in the construction field are severe. Corruption not only eats into your profit but also leads to poor quality of the construction work which would cause accidents and endanger human life. Even when these construction defects can be discovered at an early stage, extra budget and time for remedial work are incurred which means higher construction costs. Besides, the reputation of the company involved will be affected too.

Prevention is better than cure. The ICAC has specially produced this package to help the management of construction companies to prevent corruption and corruption-related fraud. The contents comprise some recent corruption cases in the industry and the underlying causes of corruption. We also suggest measures to prevent corruption which can help the management to ensure the quality of work and, to a great extent, enhance the company's competitive edge to achieve the goal of excellence.

Corruption and Fraud Cases



As the management of your construction company, no doubt you would commit to achieving excellence in every aspect of a construction project, say, budget estimation, building plan, resources allocation etc. However, have you ever thought about the following areas or procedures in the project which may be conducive or vulnerable to corrupt practices

Case 1

Competition for Contracts: Offering bribes for tender information

Defendant : A director of a construction company

Facts : The director offered \$265,000 to a contract manager of a public body as a reward for the latter to disclose tender information of other competing contractors. The director was then able to win the contracts by submitting the lowest bid. He was eventually arrested and charged by the ICAC.

Charges : Offering of illegal advantages to a public servant

Penalty : Sentenced to an imprisonment of 15 months



Corruption doesn't pay. The use of bribery to obtain contracts will inflate construction costs and destroy the principle of fair competition. Corrupt practices will also impair a company's reputation and hinder its future development.

Case 2 Appointment of Contractors: Soliciting rebates for allocating jobs

Defendant : An electrical engineer

Facts : The engineer supervising the electrical installation of a construction project was responsible for appointing sub-contractors and estimating labour force required for the work. He took advantage of his office to solicit a rebate of \$200,000 from a sub-contractor in return for allocating jobs to the latter. He even instructed the sub-contractor to claim wages for bogus workers to cover up the bribes. The engineer was finally charged by the ICAC.

Charges : Acceptance of illegal advantages

Penalty : Sentenced to an imprisonment of 2 years and 9 months



The dishonest engineer received illegal rebates in granting contracts. He even induced the sub-contractor to defraud his own company by over-claiming wages for the extra money as bribes to him. If preventive measures are not implemented in the company to guard against corruption and fraud, dishonest staff will exploit every possible loophole for personal gain, causing the company to suffer from financial loss and tarnished reputation.

Case 3

Site Management: Soliciting bribes in delivery of building materials

Defendants : Nine crane operators

Facts : Over a five-month period, the nine crane operators conspired to obtain bribes ranging from \$9,000 to \$12,000 monthly from three sub-contractors as a reward for expediting the delivery process and loading the building materials beyond the safety perimeter of the cranes. In the end, the crane operators were charged by the ICAC.

Charges : Conspiracy to accept illegal advantages

Penalty : The nine crane operators were either fined or sentenced to imprisonment



The corrupt practice of the crane operators and sub-contractors caused unfairness to all others who abided by the rules on the same construction site. In addition, the reckless act of delivering building materials outside the crane's safety perimeter would easily lead to industrial accidents.

Case 4

Personnel Management: Conspiracy in wage fraud

Defendants : A site foreman and six construction workers

Facts : The site foreman colluded with six construction workers to defraud their company of wages and accepted a reward of \$200 from each worker for arranging falsely certified attendance records to hide their unauthorized absence from work. In five months, they deceived the company of wages amounting to \$45,000. Subsequently, all of them were charged by the ICAC.

Charges : Site foreman – Acceptance of illegal advantages
Construction workers – Offering of illegal advantages and using false documents to deceive employer

Penalty : All were sentenced to an imprisonment of 3 - 10 months



The collusion among staff on site in deceiving employer of wages would impose direct loss to the company. At the same time, insufficient number of workers caused by false attendance record could delay the progress of the construction work.

Case 5

Purchasing: Accepting bribes in procurement of building materials

Defendant : A project manager

Facts : The project manager was in charge of the marble works of a construction project. During the procurement, he intentionally altered the material requirements in the tender to favour a supplier who was his relative. Consequently, his relative obtained the contract despite the price of materials was inflated. The project manager later accepted the bribes of around fifty thousand or more dollars from the relative as a reward for the favour. He was then charged by the ICAC.

Charges : Acceptance of illegal advantages

Penalty : Sentenced to an imprisonment of 7 months



Corruption costs. The conspiracy between the manager and the supplier to inflate the price of building materials directly boosted the construction budget and undermined the interests of the employer. At the same time, the materials purchased under corruption usually fell short of the standard and would affect the quality of construction work as well as, in the long run, clients' confidence.

Case 6

Works Inspection: Personal gain by lax inspection

Defendant : A clerk of works

Facts : The clerk of works found that the curtain wall fittings installed by a sub-contractor did not meet the standards set by the developer. He therefore took the opportunity to solicit \$200,000 from the sub-contractor as a reward for turning a blind eye to the substandard work. The clerk of works was caught red-handed by the ICAC when he received \$30,000 as the first instalment of bribes from the sub-contractor.

Charges : Soliciting and acceptance of illegal advantages

Penalty : Sentenced to an imprisonment of 18 months



Turning a blind eye to unqualified work will potentially give rise to building defects, causing the company extra costs on maintenance when problems emerge. Worse still, such faults hidden in construction work are hazardous to public safety.

Causes of Corruption

The aforementioned cases revealed that corruption and other malpractices could exist in different functional areas of a construction project and could involve staff of various levels. Most management of construction companies find staff supervision relatively difficult, particularly for those employees working on construction sites. In fact, the selected corruption cases in this brochure only represent the tip of an iceberg, whereas many others are either unnoticed or unreported. According to the ICAC's past experience, other corruption and unlawful activities include:

- **Improper appointment of contractors/sub-contractors**
Accepting advantages in exchange for putting non-approved contractors/sub-contractors on a tender shortlist.
- **Leakage of privileged information**
Accepting advantages from contractors/sub-contractors for disclosing confidential information of construction projects.
- **Contract alteration**
Assisting favoured contractors/sub-contractors in obtaining contracts at unreasonably low tender bids and then issuing variation orders to allow them to obtain extra sum from the contracts.
- **Improper product substitution**
Accepting advantages for allowing contractors/sub-contractors to use building materials not specified in the contracts.

- **Turning a blind eye to the use of substandard materials**
Accepting advantages for turning a blind eye to substandard materials supplied by contractors/sub-contractors.
- **Improper project payments**
Accepting advantages from contractors/sub-contractors for expediting contract payments or obtaining early settlement of final accounts.
- **Payment fraud**
Colluding with contractors/sub-contractors to over-claim contract fees based on exaggerated records or falsified information.
- **Approval of unjustifiable claims**
Accepting advantages from contractors/sub-contractors for permitting unjustifiable claims for time extension e.g. by exaggerating the effect of bad weather on the progress, so as to facilitate their request for compensation from the company.



Construction personnel engaged in corrupt activities often bypass any construction-related laws by all means in order to gain personal benefits. This would, however, cause inferior quality of construction works, and in most cases, account for a number of industrial accidents. Hence, the management of any construction company should tackle the corruption problems promptly in a hard-and-fast way, or the competitive strength and reputation of the company will be shattered by crimes. Look behind the facade, the causes of corruption mainly include:

- **Lack of a code of conduct**

The company concerned does not have a code of conduct to guide its staff regarding the standards of behaviour expected by the company.

- **Non-enforced code of conduct**

Although the company concerned has formulated a code of conduct, the management never inform its staff and clients of the content, and seldom remind them of the consequences of breaching the code.

- **Weakness in system control**

With weak or non-implemented system control, the management become insensitive or slow in detecting corruption and other malpractices. This provides room for staff in abusing their office for private gain.

- **Insufficient supervision**

Supervisory staff do not supervise subordinates properly, especially those working on construction sites and away from office, and thus fail to remain vigilant against corruption.

- **Low ethical standard of staff**

A staff member with low ethical standard may easily succumb to temptation and resort to corruption when facing financial difficulties. If the management adopt a tolerant attitude towards corruption, crime will spread inside the company until it is beyond control.

Prevention is always better than cure. Being the management, you should be alert to areas most conducive to abuse and take effective measures to guard against corrupt activities.

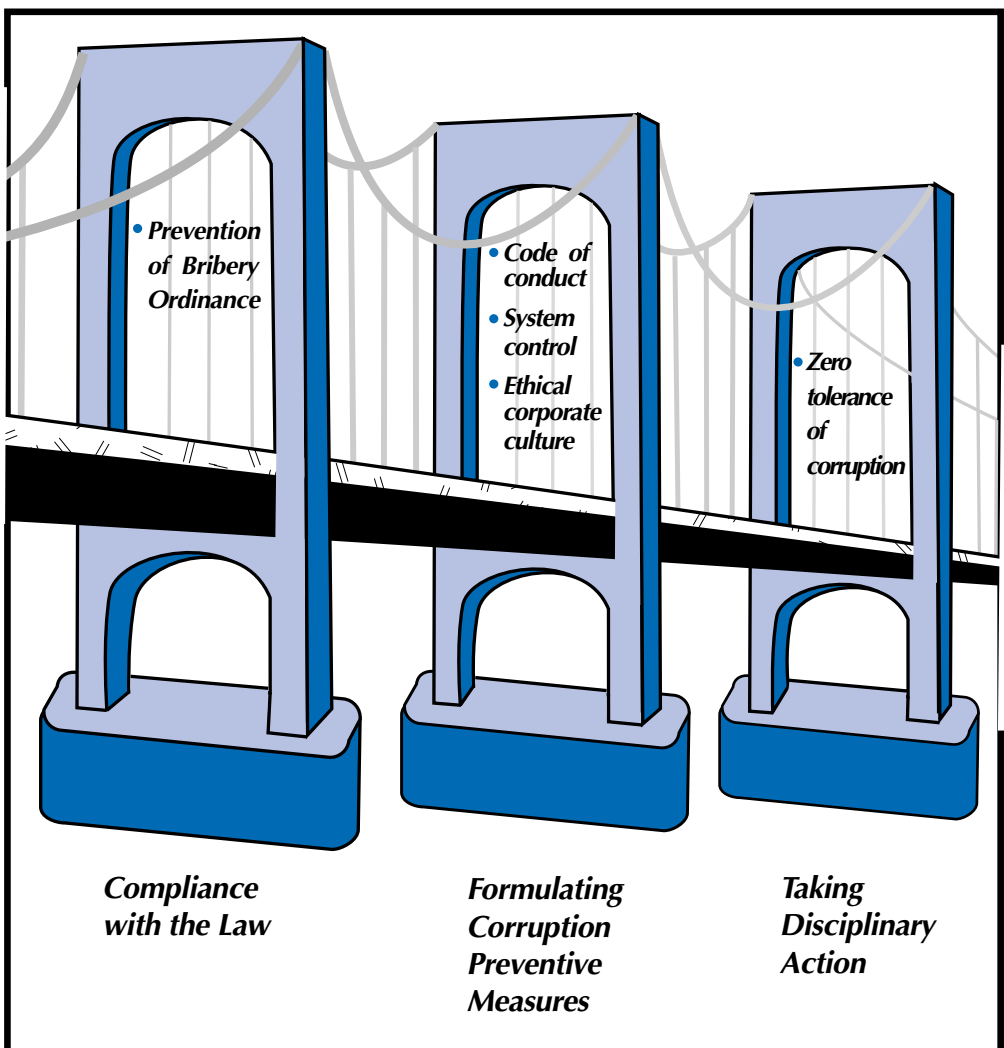
Strategy for Corruption Prevention



Strategy for Corruption Prevention

To take positive steps against corruption, it is important that the management of any construction company should always demonstrate a high level of intolerance of corruption and promote a working environment adhering to integrity. The management should also implement a comprehensive corruption prevention strategy so as to detect corruption at an early stage. Enforcing this strategy, just like undertaking a construction project, must start with a firm foundation. In general, a corruption prevention strategy should comprise the following three foundations:

- **Foundation 1: Compliance with the Law**
- **Foundation 2: Formulating Corruption Preventive Measures**
- **Foundation 3: Taking Disciplinary Action**



Foundation 1 : Compliance with the Law

The Prevention of Bribery Ordinance sets out the standards of behaviour for employees when they are handling employer's business. To prevent staff from breaking the law, the management are obliged to ensure that the staff thoroughly understand the legal requirements and the importance of compliance with the law. This can be achieved through formulating a code of conduct and organizing training courses. Also, the management themselves must be firm in their position that all business dealings are conducted strictly according to the law.

Spirit of the Prevention of Bribery Ordinance

The spirit of the law is to maintain a fair and clean society. It protects the legitimate interests of employers by guarding against corruption committed by unscrupulous employees, and at the same time, safeguards the interests of employees by providing guidance on acceptance of advantages in relation to their official duties.

Provisions of the Prevention of Bribery Ordinance

The law prohibits employees of private organizations and public servants from accepting illegal advantages by abusing their official power. Major points of the Ordinance governing the private and public sectors are provided below for ease of reference. Please refer to the Appendix on page 24 for full text of the Ordinance.

Major Points of the Ordinance Governing the Private Sector

When having dealings with business associates and clients, staff at all levels must understand the following relevant provisions of the Prevention of Bribery Ordinance to avoid committing bribery offences:

- It is an offence for an employee to solicit or accept advantages in relation to his official duties without the permission of his employer. Any person who offers advantages to the employee is also guilty of an offence. Under the law, both the acceptance and the offering of bribes constitute a corruption offence ([Section 9](#)). For example, if a site officer of a construction company, without the permission of his employer, accepts an advantage from a contractor as a reward for awarding a contract or accepting substandard materials/workmanship, the site officer will commit an offence by accepting a bribe and the contractor will commit an offence by offering a bribe.
- It is lawful for an employee to accept advantages related to his official duties with his employer's permission. Such permission has to be sought before the advantage is solicited or accepted. In case the advantage is accepted without prior permission, the employee must apply for his employer's retrospective approval as soon as possible.
- It is also an offence for an employee to use any false document, receipt or account to deceive his employer ([Section 9\(3\)](#)). For instance, a site worker who obtains the wages dishonestly by forging the attendance record is guilty of an offence.

Major Points of the Ordinance Governing Dealings with Public Servants

During project planning or construction period, staff often come into contact with public servants, including government officials and employees of public bodies such as gas or power companies etc. Hence, they should also fully understand the following provisions:

- It is an offence for any person to offer advantages to any public servant as a reward for returning a favour in connection with the public servant's official duties (Section 4). For example, a person who offers an advantage to a government official as a reward for expediting the approval of a construction plan, or to an employee of a power company in return for speeding up an application for electricity supply, is guilty of an offence. It is also a corruption offence for any person to offer advantages such as red packets in festive seasons to any public servant while having dealings with the public servant's office/department (Section 8).
- Any person who offers advantages to public servants in return for their assistance in securing contract from the Government or public bodies is guilty of an offence (Section 5).
- Any person who accepts advantages from another person for not making a tender or bidding at an auction in relation to the Government's or public body's project is guilty of an offence. Moreover, any person who offers the bribes in this situation also commits an offence (Sections 6 and 7).

Points to Note

- The definition of 'advantage' is manifold, including money, gifts etc., but not entertainment (Please refer to the Appendix on page 28 for a detailed definition of 'advantage').
- 'Entertainment' means food or drink for immediate consumption on any occasion. Although offering or acceptance of entertainment does not violate the law, it may easily give others an impression that there may be a corrupt motive if the entertainment provided is too lavish and frequent. In fact, the Government, public bodies and many private organizations have set out policies on acceptance of entertainment for avoiding undue influence on their employees' performance.
- It shall not be a defence to show that any advantage offered or accepted is customary in any profession, trade or festive season such as Lu Ban Festival. The court shall make the judgement based on whether permission is given by the employer.
- Giver and acceptor of an advantage are liable to prosecution so long as a verbal agreement of corruption is reached, and both parties will be guilty notwithstanding that the purpose of bribery not carried out.

Foundation 2 : Formulating Corruption Preventive Measures

Apart from compliance with the law, it is more effective to take positive steps in preventing corruption than simply to react remedially after problems arise. Any construction company should be geared up to implement the following corruption preventive measures that close loopholes and discourage cash-for-favours deals:

- Formulating a Code of Conduct
- Setting up a System Control
- Cultivating an Ethical Corporate Culture

Formulating a Code of Conduct

A code of conduct is a written statement detailing the standards of behaviour expected of staff in a company and its operating principles. In this regard, the Section 9 of the Prevention of Bribery Ordinance which deals with corruption in the private sector gives the legal obligation to the employer in setting up a policy on acceptance of advantages for his employees to follow in relation to their official duties.

Key Areas of a Code of Conduct

A comprehensive code of conduct provides business guidance for staff when they deal with clients, contractors, suppliers and public servants. Its contents include the following key areas:

- policy on acceptance of advantages
- guidelines on handling of conflict of interest situations
- procedure for applying outside employment
- regulations on using proprietary information
- policy on maintaining complete and accurate records and accounts
- rules on preventing the misuse of company assets
- channels of complaint

An Effective Code of Conduct

A code of conduct is an important management tool which can positively shape the culture of a company and improve its reputation. To be properly implemented, the code of conduct must be:

- effectively communicated to all staff members ;
- effectively communicated to clients, suppliers and contractors who have business dealings with the company. The company may also consider including the policy on acceptance of advantages in the business contracts for reminding clients, suppliers and contractors not to offer any advantage to staff ;
- effectively enforced with a reward and punishment scheme ; and
- regularly reviewed to keep in line with the company's development.

Setting up a System Control

An effective system control helps closing corruption loopholes, say if a dishonest construction staff colludes with a contractor to defraud the company, the management are able to stop the crime in time by alerting to the warning signals arisen from the system control. To build up a valid system control, the company must establish clear working procedures in different functional areas including tendering, contracting and sub-contracting, project accounting, procurement, site supervision and staff recruitment.

Principles of a System Control

The management can consider the following principles when setting up a system control:

- Establishing clear working procedures and guidelines for process such as project alterations, variation of building materials, inspection of completed projects etc. and clearly stating the levels of authorization
- Specifying duties and responsibilities for different levels of staff. Supervisory staff are required to conduct random checks on documents and accounts related to construction projects
- Incorporating checks and balances such as adoption of technical audit
- Maintaining proper records such as tenders, quotations etc.
- Protecting sensitive information from leakage such as tender bids, potential project items, terms of construction contracts etc.
- Conducting periodic reviews of systems and procedures

In addition, the Advisory Services Group (ASG) of the Corruption Prevention Department in the ICAC can offer free and consultancy advice to companies on improving internal controls and working procedures. Please refer to page 21 for detailed services provided by the ASG.

Detecting Warning Signs

The management must constantly watch out for warning signs so as to curb corruption and other malpractices as early as they can. The most common corruption symptoms in the construction industry include:

- Leakage of confidential tender information
- Constant dealings with a few suppliers of building materials or the same one
- Frequent errors in site records e.g. overstating claims for workers' daily attendance
- Expedition of project payments without particular reason or appropriate authorization
- Lax inspection of site work e.g. quality of construction work often fails to meet the required standard
- Frequent variations made on the requirements and specifications of construction contracts
- Frequent substitution of building materials which are not specified in the contract requirements
- Construction staff being too close with certain contractors

Cultivating an Ethical Corporate Culture

While equipped with a code of conduct and a tight system control, the company still needs the back-up of an ethical corporate culture. The management can impart the ethical message to staff at all levels through training programmes, and promote the upright principles of the company to contractors and suppliers so that all parties will uphold integrity and fairness in their businesses. Suggestions of the programme include:

- **Organizing training courses**
Training courses are needed regularly for supervisory staff in reminding them of the legislation on corruption and fraud, measures to improve system control and ways to manage staff integrity. The company can also invite contractors/sub-contractors to join the courses for enhancing their cooperation on corruption prevention.
- **Promoting anti-corruption messages on construction sites**
Pamphlets on the anti-corruption law can be distributed to site workers, contractors/sub-contractors and all parties on construction sites. Posters can be displayed at prominent positions on sites to remind staff of the evils and costs of corruption.
- **Establishing channels of complaint**
Channels are established to receive complaints of alleged breaches of the code of conduct. Information of such channels should be displayed at conspicuous areas on construction sites. Most important, complaints received should be followed up promptly.

The ICAC's Community Relations Department has been offering services to a good number of companies in developing training programmes and providing publicity materials on anti-corruption. Companies interested in the services can contact any of the eight ICAC regional offices at the addresses and telephone numbers listed on Page 22.

Foundation 3 : Taking Disciplinary Action

Corruption is a cumulative evil. This is particular the case when corrupt practices are tolerated. Once corrupt staff get away unpunished, other members, especially those with low ethical standard, will consider to follow. Subsequently corruption soon becomes the norm for all kinds of transactions. This will dampen the staff morale as well as the corporate image inevitably.

To report corruption is one of the most effective means of combating graft. Anyone who has reasonable suspicion of corruption can lodge a complaint with the ICAC. All information is kept in strict confidence.

Channels to Report Corruption

Reports can be made in the following ways:

- **By phone**
2526 6366 (24-hour services)

- **By mail**
GPO Box 1000
Hong Kong

- **In person**
 - ICAC Report Centre (24-hour services)
G/F, Murray Road Carpark Building,
2 Murray Road, Central,
Hong Kong.
 - the eight ICAC Regional Offices
Addresses and telephone numbers are listed on Page 22.

ICAC Services

To assist the management of construction companies in developing suitable corruption prevention strategy, the ICAC provides the following professional services:

Formulating Codes of Conduct

The eight regional offices under the Community Relations Department help companies in formulating or improving their codes of conduct according to their operational needs.

Setting up a System Control

The Advisory Services Group of the Corruption Prevention Department offers advice to private organizations on how to tighten up control in the areas of weakness. All services are free and confidential. Acceptance and implementation of the recommendations are entirely at the discretion of the company. To contact the Advisory Services Group, please call 2526 6363.

Developing Training Programmes

The regional offices under the Community Relations Department also assist companies in developing training programmes for various levels of staff. The management can make enquiries at any of the eight regional offices.

Investigating Cases of Corruption and Malpractice

The Operations Department handles complaints and investigates corruption cases prudently in order to bring the corrupt to justice.



Addresses and Telephone Numbers of the ICAC Regional Offices

Regional Office (Hong Kong West/Islands)
Ground Floor, Harbour Commercial Building,
124 Connaught Road Central, Hong Kong.
2543 0000

Regional Office (Hong Kong East)
Ground Floor, Tung Wah Mansion,
201 Hennessy Road,
Wan Chai, Hong Kong.
2519 6555

Regional Office (Kowloon West)
Ground Floor, Nathan Commercial Building,
434-436 Nathan Road, Kowloon.
2780 8080

Regional Office (Kowloon Central)
Ground Floor, 21E Nga Tsin Wai Road,
Kowloon City, Kowloon.
2382 2922

Regional Office (Kowloon East/Sai Kung)
Shop No. 4, Ground Floor Kai Tin Building,
67 Kai Tin Road, Lam Tin, Kowloon.
2756 3300

Regional Office (New Territories South West)
Ground Floor, Foo Yue Building,
271-275 Castle Peak Road,
Tsuen Wan, New Territories.
2493 7733

Regional Office (New Territories North West)
Ground Floor, No. 4-5, North Wing,
Trend Plaza, 2 Tuen Shun Street,
Tuen Mun, New Territories.
2459 0459

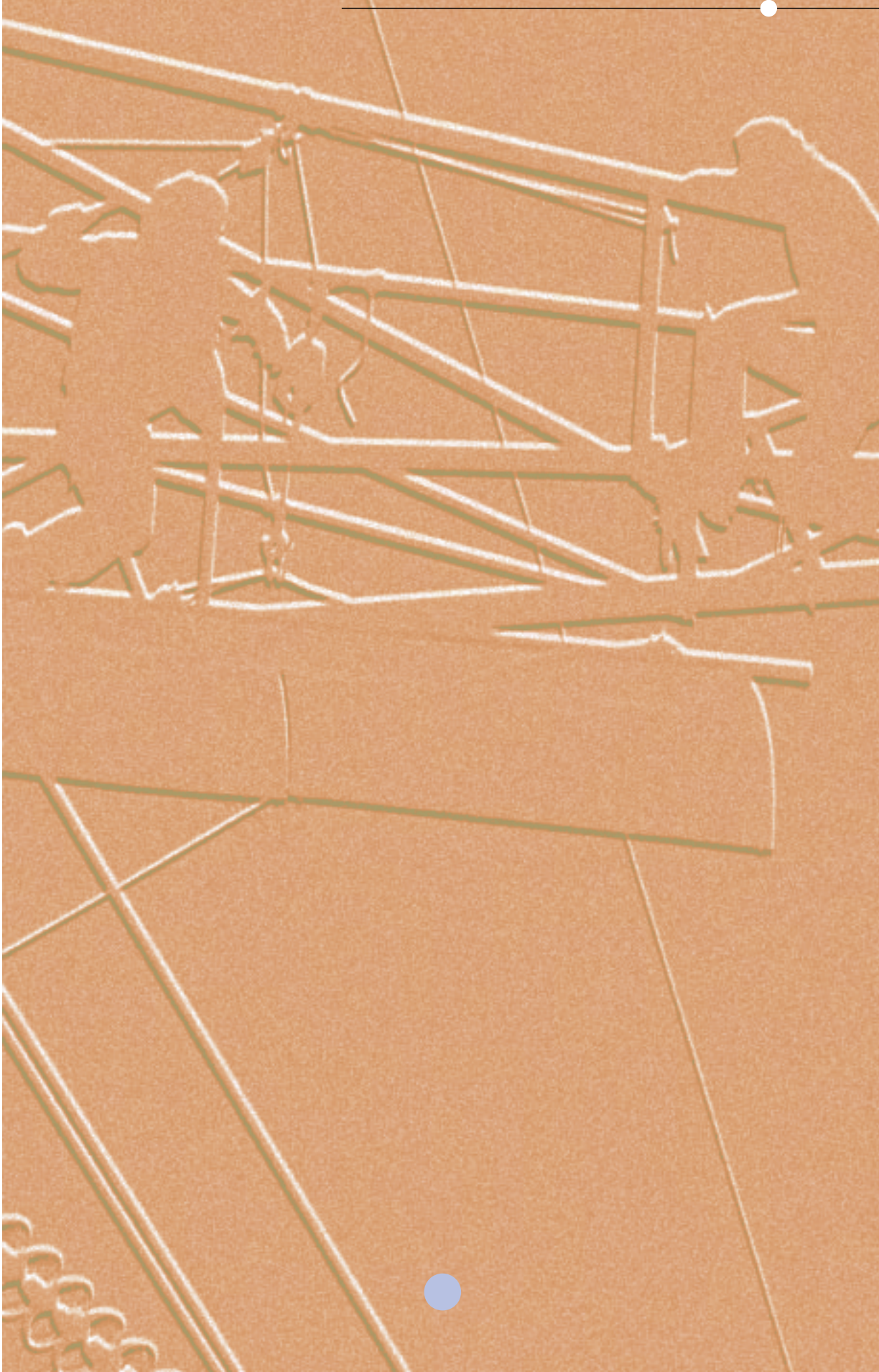
Regional Office (New Territories East)
G06-G13, G/F, Shatin Government Offices,
1 Sheung Wo Che Road,
Sha Tin, New Territories.
2158 5920

Latest Information on Services

ICAC's Homepage

Web site: <http://www.icac.org.hk>

Appendix



Excerpts from the Prevention of Bribery Ordinance

I. Provisions Governing the Private Sector

Section 9

(1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his —

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's —

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document —

- (a) in respect of which the principal is interested; and
- (b) which contains any statement which is false or erroneous or defective in any material particular; and
- (c) which to his knowledge is intended to mislead the principal,

shall be guilty of an offence.

(4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

(5) For the purposes of subsection (4) permission shall —

- (a) be given before the advantage is offered, solicited or accepted; or
- (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

II. Provisions Governing Dealings with Public Servants

Section 4(1)

Any person who, whether in Hong Kong or elsewhere, without lawful authority or reasonable excuse, offers any advantage to a public servant as an inducement to or reward for or otherwise on account of that public servant's —

- (a) performing or abstaining from performing, or having performed or abstained from performing, any act in his capacity as a public servant;
- (b) expediting, delaying, hindering or preventing, or having expedited, delayed, hindered or prevented, the performance of an act, whether by that public servant or by any other public servant in his or that other public servant's capacity as a public servant; or
- (c) assisting, favouring, hindering or delaying, or having assisted, favoured, hindered or delayed, any person in the transaction of any business with a public body,

shall be guilty of an offence.



Section 5(1)

Any person who, without lawful authority or reasonable excuse, offers an advantage to a public servant as an inducement to or reward for or otherwise on account of such public servant's giving assistance or using influence in, or having given assistance or used influence in —

- (a) the promotion, execution, or procuring of —
 - (i) any contract with a public body for the performance of any work, the providing of any service, the doing of any thing or the supplying of any article, material or substance; or
 - (ii) any subcontract to perform any work, provide any service, do any thing or supply any article, material or substance required to be performed, provided, done or supplied under any contract with a public body; or
- (b) the payment of the price, consideration or other moneys stipulated or otherwise provided for in any such contract or subcontract as aforesaid,

shall be guilty of an offence.

Section 6

(1) Any person who, without lawful authority or reasonable excuse, offers any advantage to any other person as an inducement to or a reward for or otherwise on account of the withdrawal of a tender, or the refraining from the making of a tender, for any contract with a public body for the performance of any work, the providing of any service, the doing of any thing or the supplying of any article, material or substance, shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or a reward for or otherwise on account of the withdrawal of a tender, or the refraining from the making of a tender, for such a contract as is referred to in subsection (1), shall be guilty of an offence.



Section 7

(1) Any person who, without lawful authority or reasonable excuse, offers any advantage to any other person as an inducement to or reward for or otherwise on account of that other person's refraining or having refrained from bidding at any auction conducted by or on behalf of any public body, shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his refraining or having refrained from bidding at any auction conducted by or on behalf of any public body, shall be guilty of an offence.

Section 8

(1) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with the Government through any department, office or establishment of the Government, offers any advantage to any Crown servant (Note) employed in that department, office or establishment of the Government, shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with any other public body, offers any advantage to any public servant employed by that public body, shall be guilty of an offence.



III. Definition of Advantage

Section 2

"advantage" means —

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e).

"Entertainment" means the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

Note : The term "Crown servant" mentioned in the Ordinance refers to employees of the Government of the Hong Kong Special Administrative Region.

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