

董建華
中華人民共和國香港特別行政區
行政長官



C. H. TUNG
Chief Executive
The Hong Kong Special Administrative Region
of the People's Republic of China

PERSONAL & CONFIDENTIAL

15 March 2003

Mr Antony Leung Kam-chung GBS JP
The Financial Secretary
12/F Central Government Offices
West Wing
Central
HK

Dear Antony,

Perceived Conflict of Interest in Your Purchase of a Car

This letter sets out formally in writing the decision that I have made on this subject, having considered the written report you gave me on 10 March and the supplementary written report you made to me on 13 March, and having taken into account the standard required of Principal Officials as set out in the Code for Principal Officials under the Accountability System (the Code).

Your written reports indicated that you had been involved closely in the discussion on the proposal to revise the Motor Vehicles First Registration Tax since 31 October 2002. Given your leading role in drawing up the Budget, your purchase of a new car in the period when the First Registration Tax proposal was under active consideration would inevitably arouse public suspicion of conflict of interest.

I can understand that you had an urgent need to buy a car to cater for your family need at the time. I also realise you had a very busy time during the period when you were preparing the Budget. Nevertheless, on the basis of the evidence made available to me, I do consider that your purchase of the car and not reporting the purchase to me before Budget Day have breached sections 5.1 and 5.4 of the Code.

Given your senior position in the Government, I take the matter very seriously. Having considered the evidence before me, I have come to the following conclusion: I accept your explanation that you had no intention to evade the tax liability and that the mistake was an oversight. In coming to this conclusion, I have taken into account the fact that you had given up a very successful career in the private sector to join the Government, and that you have out of your own accord chosen to donate to charity the difference between your former salary as a civil servant and the new salary as a Principal Official. However, what you have done amounts to gross negligence. You have clearly breached parts of the Code and your behavior is highly inappropriate as a Principal Official.

I have given careful consideration to what action I may take in these circumstances. The options open to me under the accountability system include a formal criticism from me or a request to you to resign from your post as Financial Secretary. You indeed offered to resign on 10 March. I take this as an honourable act on your part. Having weighed the full circumstances of the case, I have come to the conclusion that your mistake warrants a formal criticism from me but not your resignation. This letter now sets out my conclusion in writing for the record. You have accepted this conclusion and have withdrawn your offer to resign.

I hope this lesson will serve as a valuable reminder to you that, as stated in section 1.3 of the Code, it is the responsibility of Principal Officials to judge in accordance with the principles set out in the Code, how best to act in order to uphold the highest standards of appropriate conduct. You have an important task ahead of you: to get the Budget passed and to implement its proposals. I look forward to you to continue to do your best to assist me in facilitating the

successful restructuring of our economy and to work for the public good.



Tung Chee Hwa