

**Financial Secretary's Chronology of Events
in his Purchase of a Private Car**

Date	Event
End December 2002	Having regard to the fact that the two cars owned by me at that time (a Porsche coupe and a Toyota jeep) were not suitable for carrying my new baby, My wife and I decided to buy a new saloon car. My plan was to have the car delivered before the expected delivery date of my wife on 26 February 2003, and before the workload relating to preparation of the Budget increased further as we entered February 2003.
4.1.2003 afternoon	<p>My wife and I visited the showroom of Mercedes Benz in Causeway Bay. We browsed over several models and made enquiries about the model E320. As a salesman told me that there was no stock in Hong Kong, it would take some time for delivery of the car, which could be later than the delivery date of my wife, I did not pursue this further and left the showroom with some brochures.</p> <p>My wife and I also visited a nearby showroom of BMW. I enquired about the new 5-series, but was told by a salesman that it was not yet available in Hong Kong.</p>
5.1.2003 afternoon	<p>My wife and I visited the showrooms of two car dealers in Gloucester Road. The salesman in one of the showrooms told me that they have a Mercedes Benz E320 available in stock for immediate delivery. I took note and proceeded to the showroom of Crown Motors nearby.</p> <p>In the showroom of Crown Motors, we were focusing on the model that we first liked, Lexus ES300, which was readily available in stock. But a salesman told me that the LS430 year 2002 model was coming to stock end and they were doing a clearance sale. The actual sales price after discount would be lower than the one listed. I took note at that juncture.</p>
11.1.2003 afternoon	My wife and I test drove a Lexus ES300. We did not find the car suitable for us. Subsequently, I made another appointment to test drive the LS430 year 2002 model on

Date	Event
	18 January 2003.
18.1.2003 afternoon	My wife and I test drove a Lexus LS430 year 2002 model. After the test drive, we liked this model. Since this model was on clearance sale, I asked the salesman about the price after discount. The salesman said that a discount of \$30,000 was on the offer, but he would check and revert on the best price. He called me later and said that he had checked with his supervisor and that the company was offering a discount of \$50,000 off the listed price of \$728,000.
20.1.2003	I signed an Order Form and paid a deposit of \$80,000 by cheque.
23.1.2003	The car was registered by Crown Motors on my behalf.
25.1.2003	The car was delivered to my residence by Crown Motors.
8.3.2003	<p>My Press Secretary called at dinner time and told me that he had received a press enquiry about my purchase of a car prior to my announcement of an increase in Motor Vehicle First Registration Tax (FRT). In response to this enquiry, I told my Press Secretary to confirm that the car was purchased and it was to fulfill a practical need.</p> <p>I phoned up the car salesman for information on the difference in the price of my car before and after the FRT revision. According to him, the listed price of the 2003 model was about \$790,000 before the revision of FRT and about \$840,000 thereafter. The difference was roughly \$50,000.</p> <p>I told my Press Secretary the listed prices of the car before and after the FRT adjustment.</p>
9.3.2003	I read a newspaper article relating to my purchase of a car. I rang my Administrative Assistant at about 9:30am and sought information on the decision dates of the proposed increase in FRT, and the difference in tax payable on a Lexus LS430 before and after the increase in FRT. He said

Date	Event
	<p>he would check and revert.</p> <p>At about 9:45am, my Administrative Assistant called back and informed me that as advised by a colleague in the Financial Services and the Treasury Bureau (FSTB), two papers on FRT were discussed in BSG, around November 2002 and February 2003 respectively (which turned out to be 31 October 2002 and 11 February 2003). The colleague had to check further on the difference in tax payable.</p> <p>I called my Press Secretary around 10:00am and told him that that I wanted to respond to the press report quickly. I briefly discussed with him my proposed line of response and said that I would work on a statement.</p> <p>Around 10:20am, I called the Chief Executive and told him about the newspaper report and that I had bought a car before the Budget Day. I told him that BSG discussed the FRT twice, the first time around November 2002 and the second time in February when the decision was made to increase FRT. The car was purchased to carry the baby and I had no intention to avoid tax. I told him that I was going to do a media stand-up in the morning.</p> <p>Around 10:40am, I called my Press Secretary again and told him to arrange a media stand-up at around 11:30am at my residence to catch the midday TV news.</p> <p>Around 11:00am, my Administrative Assistant called and told me that he had learned from my Press Secretary that I would be doing a media stand-up. He said he would be coming to my residence.</p> <p>My Press Secretary arrived at my residence around 11:15am. We briefly discussed my statement.</p> <p>Around 11:20am, Director of the Chief Executive's Office called my Press Secretary, and I briefly explained the situation to the Director.</p> <p>Around 11:30am, my Administrative Assistant arrived.</p>

Date	Event
	<p>I tried to call the Chief Executive again to brief him on the content of my statement, but I could not reach him.</p> <p>I did a media stand-up around 11:35pm. At the media stand-up, I said that I should have taken precaution to avoid any perceived conflict of interest, and I should not have bought a car at that juncture. To show that I bought a car out of practical need rather than a wish to avoid increase in tax liability, I also said that I would donate to a charity a sum of \$100,000, being double the difference in the retail price of the car before and after the FRT was revised. A copy of my statement is at Annex A.</p> <p>After the stand-up, the Chief Executive called and I briefly reported the situation and what I said at the media stand-up. I said that I would provide him with more information on 10 March 2003.</p> <p>Then I had a further discussion with my Administrative Assistant and Press Secretary. In particular, I asked them to quickly go through our records relating to the matter on Monday 10 March to see whether we had missed anything. My Administrative Assistant told me that he was advised by a FSTB colleague that according to our calculation, the difference in FRT in respect of a Lexus LS430 before and after FRT adjustment was about \$190,000.</p>
10.3.2003	<p>Having reviewed the matter, I decided to increase my donation to the Community Chest from \$100,000 to \$380,000 or double the increased FRT on a Lexus LS430 2003 model. A cheque of this amount was posted. I also told my Press Secretary to explain this in response to press enquiries.</p> <p>I met with the Chief Executive around noontime. I repeated to him my regret over the matter which caused increased pressure on the Government. I told him that I was willing to resign if necessary. After the Chief Executive had done a media stand-up on the incident, I further reflected over the matter that evening and decided to formally tender my resignation.</p>

Date	Event
	<p>In early afternoon, I provided the Chief Executive with a written report on the events.</p> <p>I did a media stand-up around 6:00pm, saying that I accepted the criticism of the Chief Executive. A copy of the transcript of the media stand-up session is at Annex B.</p>
11.3.2003 afternoon	<p>I reviewed my records in greater detail and found out that on 14 January 2003, BSG went through a list of 18 revenue measures / options recommended thus far and considered that some of the items, including the magnitude of increase in FRT, should be further reviewed. As this was close to the date of my car purchase and I did not flag this up in my last report, I informed the Chief Executive of this immediately that afternoon.</p>
13.3.2003	<p>I provided a supplementary report to the Chief Executive.</p>
15.3.2003	<p>I received a letter from the Chief Executive saying that he had come to the conclusion that my mistake warranted a formal criticism from him but not my resignation. At the request of the Chief Executive, I withdrew my offer to resign.</p> <p>I did a media stand-up saying that I fully accept the formal criticism from the Chief Executive. I made an apology to the general public. A copy of the transcript of the media stand-up session is at Annex C.</p>

17 March 2003

Financial Secretary's Statement on 9 March 2003

財政司司長答問全文

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以下為財政司司長梁錦松今日（三月九日）與新聞界的答問全文（只有中文）：

財政司司長：我想談談我買車的事，我是在年初買了一部車，是凌志 L S 4 3 0 型號，二二年的款式，向總代理購買，並在一月二十三日登記及使用。我買車是因為有實際的需要，為了接載嬰兒及家人出入之用。我相信大家都會明白作為準家長是會在嬰兒出生前準備一切。我想指出在二月時我們才作出決定調整汽車首次登記稅。根據代理提供的價錢，我買的汽車型號在二三年的型號款式在稅制調整後的價錢比之前的價錢相差了五萬元。事後看來我當時是應該避嫌，不應在稅項可能調整之前買車，但我的確有這實際需要，買車完全不是為了避稅，為了表白此點，我將會把稅制調整後的車價差額的兩倍，即十萬元，捐給一個慈善機構。

記者：．．．．．

財政司司長：這亦不是，我想這是證明我的誠意。

記者：會不會覺得自己在政治方面不敏感？

財政司司長：事後看來我當時是應該要避嫌，不要在當時買車，不過正如我所說，當然是想在嬰兒出生前準備一切，加上近排要應付財政預算沒有時間應付這些問題。

記者：．．．．．

財政司司長：事後看來我當時是應該要避嫌，暫不買那車。

完

二 三年三月九日（星期日）

Financial Secretary's Statement on 10 March 2003

財政司司長發表聲明全文

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以下為財政司司長梁錦松今（三月十日）日在政府總部西座大堂地下就買車事件發表的聲明全文（只有中文）：

財政司司長：我昨天上午已就我買車的事向大家簡單交代了。今天我亦向行政長官報告了事情的始末與及提交了有關書面資料。我知道行政長官亦剛和傳媒講及他對這次事件的看法。

正如行政長官所說，我在這件事上處理有疏忽，做法亦不恰當，難免令人產生瓜田李下之感覺，亦反映了我政治敏感度不足，今後必須高度警惕。

作為問責官員，我明白必須充份執行律己以嚴之原則，必須在市民大眾眼中達到最嚴格的要求標準。

我承認我在處理這事件上有疏忽，但希望市民能接受我是無心之失，而並非存心避稅。

我會汲取教訓，並期望能繼續以至誠的態度，服務市民大眾。多謝各位。

完

二 三年三月十日（星期一）

Financial Secretary's Statement on 15 March 2003

FS's statement on his purchase of a new car

Following is the statement given by the Financial Secretary, Mr Antony Leung, on his purchase of a new car at the Central Government Offices (West Wing) this evening (March 15):

“I have today received a letter from the Chief Executive concerning my recent purchase of a new car. I understand that the letter has been released to the general public this afternoon.

I fully accept the formal criticism from the Chief Executive. I fully accept his conclusion that what I have done amounts to gross negligence and have clearly breached parts of the Code for Principal Officials under the Accountability System. My behavior is highly inappropriate as a Principal Official.

I would like to make my most sincere apology to the general public.

I would like to reiterate that I had no intention to evade the tax liability and that the mistake is an oversight.

I have offered to resign on 10 March. The Chief Executive has come to the conclusion that my mistake warrants a formal criticism from him but not my resignation. At the request of the Chief Executive, I have withdrawn my offer to resign. The Chief Executive has instructed me to do my best to assist him in facilitating the successful restructuring of our economy and to work for the public good. I shall do so with my utmost dedication and sincerity.

I will give a detailed account of the incident on Monday when I attend the Constitutional Affairs Panel of the Legislative Council.”

End/Saturday, March 15, 2003