

LegCo Panel on Financial Affairs
List of outstanding items for discussion

Progress Report
(as at 26 June 2007)

Item 7: Proposal to write off a judgement debt

Background

The Administration consulted the Financial Affairs (FA) Panel on 6 June 2005 on the proposal to write-off an irrecoverable debt of \$16.8 million (as at 24 June 2005) owed to the Government by the Hong Kong Auctioneers & Estate Agency Ltd. (HKAEAL) [i.e. the contracted auctioneer of the former Government Supplies Department (now Government Logistics Department (GLD)) for disposal of surplus and unserviceable stores]. Members asked whether criminal proceedings should be instituted against the auctioneer and sought further information on the internal investigation conducted. It was agreed that the Panel would further discuss the proposal in due course after the Administration has provided the supplementary information requested.

Latest position

2. The Administration referred the case in July 2005 to the Police for further investigation to establish whether criminal offences might have been committed by the company concerned and its Managing Director. The Police advised GLD on 18 April 2007 that their investigation was completed and there was insufficient evidence to support a charge against any person, hence there would be no prosecution action at this stage.

3. On 20 April 2007, GLD was advised by the Department of Justice (D of J) that the Managing Director of HKAEAL (the 2nd Defendant in the High Court Action) had returned to Hong Kong and that it had obtained a prohibition order, currently valid up to 19 July 2007, to prevent him from leaving Hong Kong. D of J also applied for examination of the Managing Director as to his assets for the purpose of enforcement of the debt. Directions for examination were granted by the High Court on 25 June 2007. D of J will consider petitioning for bankruptcy against the Managing Director if the examination does not reveal any assets.

4. Meanwhile, the Police was informed of the presence of the Managing Director in Hong Kong. They are now further examining the case.

5. The Administration will keep in view the development of the case and will revert further to the FA Panel after the D of J and the Police have completed their action.

Financial Services and the Treasury Bureau
(The Treasury Branch)
June 2007