

To: Miss Connie Szeto,
Clerk to the Select Committee.

25 March 2009

Dear Madam,

With reference to your letter dated 27 February 2009 regarding the inquiry conducted by the Select Committee, I provide the required information and documents as follows:

Appendix IV of your letter

As regards the documents under items 1 and 2, I had only the employment contract but cannot find it in my home. I believe that I must have left it in my temporary office in New World Centre and have not taken it away with me. I trust the Select Committee will be able to obtain this and other relevant documents from NWCL.

As regards documents mentioned under item 3, there is not any written document as I had sought a mutual and unconditional resolution of my employment contract with Mr. Henry Cheng on the phone only.

As regards item 4, a copy of my public statement relating to the resolution of my employment contract with NWCL is attached. (R10)

Appendix V of your letter

Circumstances surrounding the appointment offered by NWCL to me

1. I did not make any plan for post-service work before my retirement from the civil service.
2. I was formally introduced by a personal friend (Mr. Chung Kwok Cheong) to Mr. Henry Cheng for the first time at a cocktail reception at the Hong Kong University in March 2006. Mr. Cheng and I had a long conversation on that occasion. I did not meet Mr. Cheng again after that meeting. In October 2007, I had lunch with Mr. Stewart Leung and several other senior staff members of property companies

(for the first time since my departure from government). Sometime later, Mr. Stewart Leung rang me and said that Mr. Cheng would like to know whether I would be interested in working. We subsequently met for coffee on 22 October 2007. During the meeting, Mr. Leung said that Mr. Henry Cheng would like to know whether I would be interested in joining NWCL to work in China. I said I was interested in principle but would need to give detailed consideration to the matter. I did not, however, go back to either Mr. Leung or Mr. Cheng thereafter. In early May 2008, Mr. Cheng asked me through Mr. Chung Kwok Cheong whether I could have lunch with him. I replied in the affirmative. Subsequently, we had lunch on 8 May 2008. After lunch, Mr. Cheng asked me whether I would be interested in joining NWCL as an Executive Director.

3. The discussion on my terms of employment and duties in NWCL took place between me and Mr. Cheng with no other party present or involved. Mr. Cheng said that, apart from other duties (as detailed in my application for outside work with the Civil Service Bureau), he hoped that I could head up a task force to formulate an overall strategy and establish an effective purchasing system for that company.
4. I verbally accepted in principle the offer by Mr. Cheng at the above-mentioned meeting on 8 May 2008 for two reasons. First, I believe the proposed work only involved properties in China and therefore would not have any real or potential conflict of interest with my past duties in the civil service. Secondly, promotion of environmentally friendly buildings in China and an overhaul of the purchasing systems in NWCL's operations in more than 20 cities in China presented a major challenge and I was attracted by the job. I stressed to Mr. Cheng, however, that I must obtain the permission of government to take up the job in the first instance before I could formally accept his offer.
5. As regards (a), although I knew Mr. Cheng by reputation, I only first came to know him personally in March 2006 as mentioned above. I cannot exactly remember when I first came to know Mr. Stewart Leung but I suspect it was around 1999/2000 when I was Director of Buildings. As regards (b), I did not have any personal or official dealings with Mr. Cheng during my time in the civil service. I had

official dealings with Mr. Stewart Leung whilst in the civil service. As regards (c), my personal dealings with Mr. Cheng and Mr. Leung after my retirement were detailed under items 3 and 4 above.

Information provided by me in the application form submitted to the Civil Service Bureau

6. My major duties and responsibilities as an Executive Director of NWCL were as detailed in my application form to the CSB.
7. As an Executive Director of NWCL, I did not and would not have any involvement in the business of its parent company (i.e. NWDL) and/or its subsidiaries, whatever their businesses are. That is my understanding of my employment terms with NWCL.
8. The addition of the title Deputy Managing Director of NWCL was the result of discussion among me, Mr. Cheng and the Company Secretary of NWCL. It did not affect or alter any of my major duties in NWCL as submitted in my application to CSB. Nor did it have any bearing on my remuneration package as earlier agreed with Mr. Cheng. It was a posting title, designed to enhance my effectiveness in carrying out my duties in NWCL. My substantive appointment remained that of an Executive Director. "Deputy Managing Director" was, however, a last-minute addition to my title and should have been reported to CSB earlier. Both I and NWCL had tendered our explanation and apologies to CSB on this matter.
9. The major duties and responsibilities of an Executive Director and Deputy Managing Director are the same as those listed in my application form submitted to CSB.
10. I did not have any official dealings or contacts with NWCL/its subsidiaries during my service in the government.
11. I had official dealings with NWDL/its subsidiaries in the case of Hunghom Peninsula. I believe I must have other official dealings with this company in the course of my work in the civil service but I just cannot remember all such cases over the years.

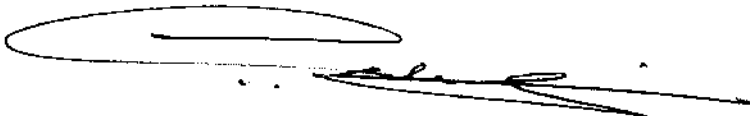
Circumstances surrounding the termination of employment contract between you and NWCL

12. It was I who initiated the termination of contract (verbally) in view of the strong public reaction to my proposed employment with NWCL and the announcement of the government that it had failed to give full consideration to my application in the first place.

13. I asked for a mutual and unconditional resolution of my employment contract with NWCL without any compensation. I did not ask for any pay for the work that I did for the company during the first two weeks in August 2008. There is not, however, any document prepared on this matter. It is a verbal and mutual agreement between me and Mr. Cheng.

I have prepared the information in this letter to the best of my knowledge and ability, and I am happy to see them being taken as evidence in my testimony at the forthcoming hearing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Leung Chin Man', with a large, sweeping flourish above the name.

(LEUNG Chin Man)