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**CONFIDENTIAL**

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**Second Written Statement of Mr Leung Chun-ying  
(also known as CY Leung)  
("Mr Leung")**

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This second written statement sets out matters that Mr Leung considers as relevant to the Study. The terms used in this statement shall have the same meanings as defined in Mr Leung's written statement dated 16 March 2012 (the "first written statement"). For easy reference, the paragraph numbers in this second written statement start with '27' in order not to be confused with the numbers in the first written statement.

PROVISO:

Mr Leung emphasizes that in so far as historical statements in this second written statement are concerned, they are mainly based on his recollection of events some ten years ago, with the help of documents still in his possession. Mr Leung has left DTZ on 31 January 2012 and his personal file is incomplete. Mr Leung has not had the opportunity to fully review the documents submitted by the government to the Select Committee on or before 17 March 2012 in relation to the Competition.

*The Nature of the Competition*

27. In the executive summary of the booklet 'Concept Plan Competition for the Development of an Integrated Arts, Cultural and Entertainment District at the West Kowloon Reclamation, Hong Kong' ("Competition Brief"), it is stated emphatically that "There is **no** linkage between the Competition and the eventual development right of the Scheme Area". It further went on to explain that it was the intention of the government to appoint a team, after the Competition through the 'normal consultants selection process', to finalize a detailed masterplan for the Scheme Area on the basis of the winning conceptual proposals, *if appropriate*. Packages within the Scheme Area suitable for private sector development would be then decided by public tender, which will be open to all.
28. Winners of the Competition would be automatically pre-qualified for inclusion in the list of consultants to be invited for bidding for the masterplanning work and subsequent architectural design competitions for individual buildings or

facilities in the Scheme Area.

29. Hence, apart from the fame and glory that would undoubtedly bestow on the winners, the incentives provided by government to attract entrants were HK\$3 million for the first prize, HK\$1.5 million for the second prize and HK\$0.8 million for each of the three honourable mentions.
30. It is incorrect and misleading to suggest that the Competition was conducive to winning contracts in the West Kowloon Reclamation redevelopment estimated to be worth in the region of HK\$20,000,000,000.

*The Nature of Mr Leung's Declaration*

31. Mr Eric Johnson's fax letter dated 21 February 2002 was the first time when the organizers, on the recommendation of Lord Rothschild (see page 3 of that letter), suggested to the jurors that they should complete a conflict of interests declaration. Mr Leung was only late by one day, such lateness had no effect on the Competition.
32. At the time of making Mr Leung's Declaration, Mr Leung believed that he was required to make a 'declaration of *conflict of interests*', not a 'declaration of interest'. The difference between the two can be illustrated as follows:
  - a. If Mr Leung was asked at the time, "Are you a director or shareholder of any company", he would have answered "Yes, of course".
  - b. If Mr Leung was asked at the time, "Are you a director or shareholder of any company that is likely to be in conflict with the Competition", he would have answered "No, none of my companies is in conflict".

The answers to the two questions could be diagonally opposite. It depends on how the requirements and the declaration form were presented to Mr Leung and what Mr Leung perceived them to mean.

33. On 'requirement', on page 3 of Eric Johnson's letter of 21 February 2002, the sub-heading is "conflict of interest declarations". In the passage reproduced in italics, it also mentioned that the requirement and purpose was one of "conflict

of interest” notification. The declaration form was also attached to the letter. It would therefore be reasonable for Mr Leung to believe that he was required to declare whether or not he would have a conflict of interest acting as a juror in the Competition, not whether or not he was a director or shareholder in any company.

34. Mr Leung’s belief of the requirement and purpose of the declaration was reinforced by the format of the declaration.
- a. It refers to paragraph 16 of the General Conditions of the Competition Document in the Competition Brief;
  - b. Paragraph 16 started with “All those likely to be in conflict of interest are excluded from the Competition etc”;
  - c. Roman (i) to (iv) are examples only, they do not intend to be exclusive;
  - d. In answering the question starting from the middle part of the declaration, it asks Mr Leung to take on board of paragraphs 16(ii), (iii) and (iv) (i.e. the phrase “in relation to”);
  - e. Paragraph 16(iii) and (iv) refer to (i) as well, hence (i) to (iv) have to be considered in the answers;
  - f. Among (c), (d) and (e), only one of them can be chosen. See the “#” and the remarks.
35. Mr Leung’s belief can be further reinforced upon a closer reading of ‘the points to note before completing the form’ on pages 3 and 4 of Mr Eric Johnson’s letter of 21 February 2002. Please refer to paragraphs 39 to 41 in this statement.
36. Mr Leung sets out his purposive reading of the declaration in Annex 1 hereof.
37. If the organizers of the Competition simply wanted to know whether Mr Leung was a director or shareholder of any company, they could have given him a declaration form without the first half of the content starting from “\*(a)”,

the meaning without that first half would then be clearer.

38. Mr Leung noted that in their letter to the Legislators dated 24 February 2012, Home Affairs Bureau (“HAB”) included an attachment entitled “Legislative Council House Committee West Kowloon Reclamation Concept Plan Competition”. On pages 4 and 5 of that attachment, HAB now used the description “Declaration of interests” in describing the requirement. The government’s present presentation of the requirement of the declaration to the Legislators is a ‘declaration of interests’, not a ‘declaration of conflict of interests’, however, it should be pointed out that it was not how the requirement was presented to Mr Leung in the 21 February 2002 letter.

*The Different Roles of the entrants, organizers and jurors in identifying Conflict of Interest*

39. In Mr Eric Johnson’s letter of 21 February 2002, he asked Mr Leung to note the points in pages 3 and 4 before completing the form, in essence:-
- a. Mr Leung and his companies are ineligible to enter the Competition (see (i));
  - b. the onus is on the prospective participant to check whether he has a relationship with any member of the jury (see (ii));
  - c. it is not incumbent upon jurors to make enquiries of any close associate or contact to ascertain whether or not they have entered the Competition (see (iii));
  - d. if a juror has been told by someone who has a relationship with that juror that he has entered the Competition, this will not necessarily be a problem (see (iv));
  - e. the juror is assumed to be aware of the activities of his companies and the onus is on him to ensure that none enters the Competition (see (v));
  - f. the completed declarations will be reviewed by the organizer and Lord Rothschild on 24 February and be discussed at the first jury meeting on

25 February (see vi)).

40. To Mr Leung, the following three groups of people all had some duties in checking conflict of interest:-
- a. *First:* the jurors would have to check whether they might be in conflict of interest when acting as jurors in the Competition;
  - b. *Second:* the prospective participants or entrants would have to ensure that they were not in conflict when they entered the Competition; and
  - c. *Third:* the organizers would have to check conflict and advise the jurors.
41. From the way the points to note were presented in pages 3 and 4 of Mr Eric Johnson's letter of 21 February 2002 (see paragraph 39), the primary obligation to check conflict rested with the prospective participants or entrants as they were the ones who would decide whether or not to 'enter the Competition'.

*The organizers' attitude after the disqualification*

42. Before 28 February 2002, Mr Leung was under the impression that DTZ was not in any way involved in the Competition. After the disqualification of The Entry Concerned, Mr Leung agreed with the organizers to give a supplementary declaration providing a full list of companies in the DTZ group, which Mr Leung did on 11 March 2002. That requirement indicates that the organizers did not at that time take the view that the 'non-reporting or 漏報' was in respect of a conflict of interest or DTZ had entered the Competition.
43. If the organizers considered that Mr Leung had failed to make a declaration on conflict of interest in the original declaration, the organizers would have required Mr Leung to submit a new declaration, deleting (c), (d) and insert DTZ as the company of which he was a director which had entered the Competition in (e), instead of requesting him to simply make a supplementary declaration providing a full list of companies of which he was a director or major shareholder. In his letter dated 15 May 2002, Mr Eric Johnson wrote to

Lord Rothschild that he considered “no further action need be taken in connection with this matter”. Lord Rothschild replied on 27 May 2002 that “it was good to hear that no further action was needed on the conflict of interest declaration point”.

*No Cover-up by Mr Leung and no financial interest to DTZ and Mr Leung*

44. Mr Leung states emphatically that at no time did he ask the organizers, or Mr John Tsang or Mr C.H. Tung to ‘cover up’ the disqualification of The Entry Concerned. Mr Leung had only spoken to Mr John Tsang regarding The Entry Concerned on 28 February 2002. Mr Leung did not speak to Mr C.H. Tung regarding the disqualification of The Entry Concerned.
45. In the morning talk show hosted by the Commercial Radio on 13 March 2012 (see <http://www.youtube.com/watch?v=F97V3V998x0>), Professor Patrick Lau confirmed that the decision to disqualify The Entry Concerned was made unanimously by all the jurors on 28 February 2002.
46. Comments made by Legislators that the Report of the Jury has disclosed 13 entries were disqualified without specifying The Entry Concerned was disqualified only later on 28 February 2002. As can be seen in the Synopsis above, the draft report was circulated to all the jurors for comments. The final draft was approved by all the jurors.
47. Furthermore, if there was a premeditated plan to cover up the involvement of DTZ, The Entry Concerned would not have stated in their submission that DTZ was their Property Advisors.
48. The entrant of The Entry Concerned has now been identified as Dr Kenneth Yeang/T.R. Hamzah & Yeang Sdn Bhd (“Dr Kenneth Yeang”). In his recent interview with the SCMP, Dr Kenneth Yeang clarified that he did not know Mr Leung and he could not distinguish him from ‘a bar of soap’. In his letter to HAB dated 5 March 2012, Dr Kenneth Yeang made it absolutely clear and in no uncertain terms that they do not know anyone from DTZ nor have any contact with them before or after the Competition whatsoever.
49. LWK published a statement on or about 9 February 2012 which clarified that

when participating in the Competition, LWK was entering with Dr Kenneth Yeang as a team. LWK did not contact DTZ on matters regarding the Competition, LWK did not invite DTZ to be its advisers in the Competition. The statement further clarified that the partners of LWK did not know Mr Leung.

50. In their recent announcement published in or about February 2012, Langdon confirmed that in 2001 it requested DTZ to provide simple land value information concerning West Kowloon. Langdon confirmed that DTZ did not charge for any fees and that there were no interests and business arrangements between Langdon and DTZ in respect of this matter. It also stated that it was a common practice in the industry for quantity surveyors to seek from property valuers (including DTZ) for simple, free of charge information and related information.

*The Adjudication process*

51. HAB has provided various summaries, tables and statements on the adjudication process in its letter dated 28 February 2012. Mr Leung has repeatedly asked for the primary documents to be produced without much success. Assuming the information has been correctly presented by HAB, Mr Leung cannot be faulted for voting consistently (4 out of 6 rounds) in favour of The Entry Concerned which, like all other entries, was kept anonymous before all the votes were cast. Mr Leung did not know The Entry Concerned was submitted by Dr Kenneth Yeang. Mr Leung invites members of the Select Committee to note the following:
- a. Mr Leung did not attend Round 1 – if he had intended to ‘ensure’ The Entry Concerned would get ‘admitted’ in the latter rounds of voting, it would be crucial for Mr Leung to attend that Round 1.
  - b. Mr Leung was one of the three jurors to vote for The Entry Concerned in the non-binding vote for first prize (Round 2) and one of the two jurors to vote for The Entry Concerned in the binding vote for first prize (Round 3). Mr Leung was not the only one to have voted for The Entry Concerned for the first prize.



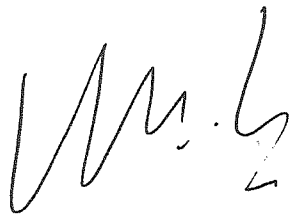
- c. Mr Leung was one of three jurors to vote for the Entry Concerned in the non-binding vote for second prize (Round 5) and Mr Leung voted in the binding vote for another entry which became the winner of 2<sup>nd</sup> prize because 9 out of 10 voted for Mr Philip YK Liao's team. This shows Mr Leung changed his mind during the process.
  - d. Mr Leung voted for three entries for honourable mentions (Round 7) including The Entry Concerned, which was voted by 9 of the 10 jurors (including Mr Leung), that shows The Entry Concerned was a very popular entry indeed.
52. In terms of consistency in voting, Mr Leung would like to point out that consistency was commonplace in the process. Four jurors, viz A, D, E and G, voted consistently and in the same fashion in all 6 rounds.
53. Another point is with regard to entry 109. This entry 109 was not selected for consideration for the first prize, nor for the second prize, in both the non-binding and binding votes. However, in Round 7, when considering the three honourable mentions, entry 109 re-entered the arena and was selected by 8 jurors (Mr Leung did not vote for it) with A, D, E and G all voting for this entry 109.
54. With the disqualification of The Entry Concerned, this entry 109 became top of the honourable mentions, when a day before it was not even being considered by the jurors.

*Mr Leung and DTZ*

55. Mr Leung formally left DTZ on 31 January 2012. He can only describe his position with DTZ in 2001/02 from what he can recall.
56. Mr Leung was the Executive Chairman of DTZ in 2001/02. He was in charge of the North Asia (not including Japan) with the Mainland being the main focus. Mr Leung was responsible for 'the big picture' of DTZ from a global perspective. Mr Leung spent most of his time and energy focusing on areas including expansion, mergers & acquisitions and corporate restructuring.

57. Approximately 30 percent of Mr Leung's time was spent outside Hong Kong working on expansions and M&A matters. 40 to 50 percent of his time would be devoted to public services such as acting as the Convenor of EXCO and Chairman of university. Only approximately 20 percent of his time was given to Hong Kong DTZ.
58. The Hong Kong DTZ valuation operation was well-run and profitable. It was managed by a team of senior executives including Mr KK Chiu and Mr KB Wong. It was very seldom that Mr Leung would be called upon to deal with valuation matters. Whenever there was a need to check conflict of interest, and there were many such occasions due to his position in the EXCO, a staff member would check the book which recorded all jobs performed or which were in the course of being performed by DTZ, and report back to him whether or not there might be a conflict.

Dated the 19th day of March 2012



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Mr LEUNG Chun-ying (also known as CY Leung)

Annex 1

Mr Leung's reading of the declaration form

I am not a director or major shareholder of any company that:-

- (i) has people (including their immediate family members) in it who are closely associated with the Competition;
- (ii) has people (including their immediate family members) in it who are members of the Jury or the Technical Panel, or the Professional Advisor;
- (iii) has in it employees, or persons having an employment-type contract or who are at a continuous and close professional association or partnership with a person in category (i) or (ii) above; or
- (iv) a member in category (i) and (ii) above is a director or major shareholder

and is likely to be in conflict of interest with me as a member of the Jury.