

**LEGISLATIVE COUNCIL OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION**

**Report of the Select Committee to Inquire into
Matters about the Agreement between
Mr LEUNG Chun-ying and
the Australian firm UGL Limited**

July 2020

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Preamble

The Report of the Select Committee consists of the main report, lists of relevant documents as well as the minutes of proceedings. This Report is also accessible on the Legislative Council ("LegCo" or "Council") website at www.legco.gov.hk.

This Report comprises two Parts. Part I (Chapters 1 and 2) is mainly an introduction on the establishment of the Select Committee as well as important matters relating to the work of the Select Committee. Part II (Chapter 3) gives an account of the issues considered by the Select Committee in concluding its work.

Part I Establishment of the Select Committee and its work

Chapter 1 Introduction

Establishment of the Select Committee

1.1 At the Council meeting of 2 November 2016, Hon Kenneth LEUNG and Hon Andrew WAN jointly presented, in accordance with Rule 20(1) of the Rules of Procedure of LegCo ("RoP") (wording of the provision is shown in **Appendix 1**), a petition (**Appendix 2**) in connection with Mr LEUNG Chun-ying's receipt of payments from UGL Limited ("UGL") and related matters ("petition"). Extract from Hansard of the Council meeting of 2 November 2016 showing the 28 Members supporting the request for referring the petition to a select committee is in **Appendix 3**. The petition was thus referred to a select committee pursuant to the then RoP 20(6)¹ (wording of the provision is shown in **Appendix 1**).

1.2 At the House Committee ("HC") meeting on 11 November 2016, Members agreed to appoint a subcommittee to undertake preparatory work for the operation of the Select Committee. The subcommittee submitted a report for HC's consideration on 20 January 2017. HC noted the subcommittee's recommendations on the name and the terms of reference of the Select Committee, and endorsed the subcommittee's recommendations on the membership size of the Select Committee as

¹ The Select Committee was established pursuant to the referral by the Council of a petition presented under the then RoP 20(6) before the provision was amended in December 2017.

well as the procedure for nomination and election of Members for appointment to the Select Committee.

Part I Establishment of the Select Committee and its work

Chapter 2 Matters relating to the Select Committee

Membership of the Select Committee at the inception stage

2.1 The election of Members for appointment to the Select Committee was held at the HC meeting on 3 February 2017. On the recommendation of HC, on 6 February 2017, the President of LegCo appointed the Chairman, the Deputy Chairman and members of the Select Committee in accordance with RoP 78(2) (wording of the provision is shown in **Appendix 1**). The Select Committee comprised the following 11 members²:

Hon Paul TSE Wai-chun, JP (Chairman)

Hon Holden CHOW Ho-ding (Deputy Chairman)

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon MA Fung-kwok, SBS, JP

Hon Kenneth LEUNG

Hon Alvin YEUNG

Hon Andrew WAN Siu-kin

Dr Hon Junius HO Kwan-yiu, JP

Hon LAM Cheuk-ting

Hon YUNG Hoi-yan, JP

² Please refer to paragraphs 2.10 to 2.12 of this Report for subsequent development and changes to the membership of the Select Committee.

Terms of reference

2.2 At the open meeting on 3 March 2017, the Select Committee confirmed its terms of reference as follows:

"The terms of reference of the Select Committee, which reflect the substance of the petition jointly presented by Hon Kenneth LEUNG and Hon Andrew WAN at the Council meeting of 2 November 2016 and referred to the Select Committee under Rule 20(6) of the Rules of Procedure, are as follows:

To inquire into the following matters regarding Mr LEUNG Chun-ying's signing of an agreement with the Australian firm UGL Limited in 2011 ("UGL Agreement") and his receipt of payments amounting to £4 million from UGL Limited ("Payments") in connection with the UGL Agreement after assuming the office of Chief Executive: (i) whether Mr LEUNG had complied with the declaration requirements under Article 47 of the Basic Law and the system of declaration of interests by Members of the Executive Council, (ii) whether the UGL Agreement had given rise to any conflict of interests on the part of Mr LEUNG as the Chief Executive, and (iii) whether the Payments were taxable under the laws of Hong Kong."

Practice and procedure

2.3 At the open meeting on 3 March 2017, the Select Committee endorsed its practice and procedure, which was governed by RoP and the relevant provisions of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) insofar as applicable. The Select Committee's practice and procedure was modelled on the sets of practice and procedure adopted by previous select committees and committees which carried out inquiries, with necessary modifications, taking into account that the Select Committee was established pursuant to the referral of the petition by the Council and not authorized by the Council to exercise the powers under section 9(1) of Cap. 382. A copy of the practice and procedure of the Select Committee is in **Appendix 4**.

2.4 In determining its own practice and procedure, the Select Committee adopted the following principles:

- (a) the practice and procedure should be fair and be seen to be fair, especially to parties whose interests or reputation may be affected by the proceedings of the Select Committee;
- (b) there should be a high level of transparency in its proceedings as far as practicable;
- (c) the practice and procedure should facilitate the ascertaining of the facts relevant to, and within the scope

of, its inquiry, as set out in the Select Committee's terms of reference, which do not include the adjudication on the legal liabilities of any parties or individuals;

- (d) its proceedings should be conducted in a proper, fair and efficient manner; and
- (e) the cost of the proceedings should be kept within reasonable bounds.

Work plan

2.5 At the open meeting on 29 March 2017, the Select Committee decided to conduct its inquiry in three main stages³:

- (a) Stage I for undertaking preparatory work, including drawing up and determining the practice and procedure for the Select Committee; working out the major areas of study; deciding on the information to be obtained from relevant parties and identifying the witnesses to be invited; deciding on the order of the witnesses and the main areas of evidence to be obtained;

³ Initially, the Select Committee's target was to complete the inquiry by April 2018 (The work plan of the Select Committee is set out in SC(2)(UA) Paper No.: L4). However, due to various reasons, including the difficulty in scheduling meetings of the Select Committee owing to members' unavailability for meetings at time slots proposed by the LegCo Secretariat, the storming of the LegCo Complex by some protesters on 1 July 2019 and the outbreak of the coronavirus disease 2019 (COVID-19), the Select Committee was unable to adhere to the target schedule as set out in the work plan.

- (b) Stage II for conducting hearings to obtain evidence from witnesses and for deliberating on the evidence obtained; and
- (c) Stage III for holding internal deliberations for preparing, discussing and finalizing the report of the Select Committee.

Areas of study and issues arising therefrom

Proposed major areas of study prepared by the LegCo Secretariat and members' proposed amendments

2.6 Based on the Select Committee's terms of reference, the LegCo Secretariat drew up the proposed major areas of study in order to facilitate the Select Committee to proceed with its inquiry in a structured manner. **Appendix 5** shows the proposed major areas of study prepared by the LegCo Secretariat for the Select Committee's consideration at the open meeting on 3 March 2017.

2.7 After examining the proposed major areas of study at that meeting, some members indicated their wish that the proposed major areas of study be revised having regard to the views and comments expressed at the meeting. Subsequently, the LegCo Secretariat circulated the revised proposed major areas of study (**Appendix 6**) for the Select Committee's consideration at the next open meeting held on 29 March 2017. Since members continued to have different views on

whether to adopt the revised proposed major areas of study and the way in which the document should be further revised, the Select Committee agreed that individual members should provide their respective proposed amendments to the proposed major areas of study for consideration at a future meeting.

2.8 The Select Committee held its third open meeting on 25 April 2017 to discuss the amendments proposed by Mr Holden CHOW to the revised proposed major areas of study (**Appendix 7**). After discussion, Mr CHOW suggested amending items I(d) and I(e) of the revised proposed major areas of study and adding a new item II(c) (**Appendix 8**). Given members' divergent views on whether to add a new item II(c), the Select Committee, as a result, could not come to any conclusion on the matter at the open meeting held on 25 April 2017.

2.9 On 15 May 2017, the Select Committee held a closed meeting to discuss matters relating to the proposed amendments provided by Mr Holden CHOW. Some members suspected that Mr LEUNG Chun-ying was involved in amending the proposed major areas of study as provided by Mr CHOW and expressed concern over the credibility of the Select Committee. On that day, no decision was reached on the matters discussed.

2.10 The Select Committee scheduled another closed meeting on 19 May 2017 to continue its discussion on the matter as mentioned above in paragraph 2.9. In the morning of 19 May 2017, Mr Holden

CHOW gave notice to the Select Committee in writing of his decision to resign from the Select Committee.

2.11 In view of the resignation of Mr Holden CHOW, who was also the Deputy Chairman, the Select Committee agreed at the closed meeting held on 19 May 2017 to keep the membership size at 11 and to fill the vacancy in the membership and in the office of Deputy Chairman.

2.12 The Select Committee made recommendations to HC on 26 May 2017 to fill the vacancy in the membership and in the office of Deputy Chairman. With HC's endorsement of the recommendations, the nomination and election of a Member for appointment to the Select Committee to fill the vacancy was conducted at the HC meeting on 2 June 2017. With Mr Steven HO elected for appointment to the Select Committee, members of the Select Committee then elected amongst themselves a new Deputy Chairman. Mr MA Fung-kwok was subsequently elected to that office. The above election results were endorsed by HC and submitted to the President of LegCo for appointment on the same day. Since 2 June 2017, the membership of the Select Committee is as follows:

Hon Paul TSE Wai-chun, JP (Chairman)

Hon MA Fung-kwok, SBS, JP (Deputy Chairman)

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon Kenneth LEUNG

Hon Alvin YEUNG

Hon Andrew WAN Siu-kin

Dr Hon Junius HO Kwan-yiu, JP

Hon LAM Cheuk-ting

Hon YUNG Hoi-yan, JP

Endorsed major areas of study of the Select Committee

2.13 The major areas of study endorsed by the Select Committee at the open meeting on 12 July 2017 are set out in **Appendix 9**.

Complaint about suspected disclosure of closed-door deliberations

2.14 Dr Junius HO complained that certain Select Committee members were in breach of the confidentiality requirement as set out in paragraph 26 of the Select Committee's practice and procedure by having disclosed the internal deliberations made at the closed meeting on 15 May 2017. There was a suggestion that sanction(s) for breach of confidentiality or unauthorized disclosure of closed-door deliberations should be imposed.

2.15 Members noted the following information:

- (a) as the Select Committee was not authorized by the Council to exercise the powers under section 9(1) of Cap. 382, RoP 80 and 81 (wording of the provisions is shown in **Appendix 1**) were not applicable;
- (b) there was no express provision in RoP or in the Select Committee's practice and procedure on sanction(s) for breach of confidentiality or unauthorized disclosure of closed-door deliberations in the present case;
- (c) the terms of reference of the Select Committee did not cover investigation or sanction(s) relating to unauthorized disclosure of closed-door deliberations; and
- (d) a former select committee which was formed pursuant to the referral by the Council of a petition under the then RoP 20(6) and was not authorized by the Council to exercise the powers under section 9(1) of Cap. 382 had issued a press release to express regret following a suspected case of unauthorized disclosure of confidential information.

The making of statutory declaration and signing of confidentiality undertaking

2.16 At the open meeting on 21 June 2017, the Select Committee discussed whether to adopt certain measures to prevent unauthorized disclosure of confidential information in the future.

2.17 In relation to the making of statutory declaration, Dr Junius HO and Dr Priscilla LEUNG jointly moved a motion (as set out in **Appendix 10**) suggesting that members who had attended the closed meeting on 15 May 2017 should each make a statutory declaration confirming that they did not disclose or divulge any confidential information to the press or any other person. As there was disagreement on whether to request members to make statutory declarations, the Chairman put the motion to vote. Six members voted in favour of the motion and four members voted against it. The motion was carried.

2.18 Notwithstanding the passage of the above motion, members recognized that LegCo committees had all along been operating under an honour system and there was no precedent where members were under a mandatory requirement to make statutory declarations. Even though a motion was passed by the Select Committee, it was not binding on members. As of the date of this Report, Dr Junius HO and Dr Priscilla LEUNG have each filed a statutory declaration with the LegCo Secretariat.

2.19 In relation to the issue of confidentiality undertaking, there was a suggestion that in considering the proposal of requesting members to sign a confidentiality undertaking, the Select Committee should draw reference from the practice of the Public Accounts Committee of LegCo

("PAC"). Given that the majority of the members of the Select Committee considered it necessary to reinforce the Select Committee's confidentiality requirement and that it was suggested that members should be required to sign a confidentiality undertaking, a proforma written confidentiality undertaking, which was based on PAC's practice, was provided to the Select Committee for consideration. As no members raised objection to the signing of a confidentiality undertaking and the adoption of the version of the undertaking to be signed jointly by all members of the Select Committee, the LegCo Secretariat made arrangements for individual members to sign the confidentiality undertaking. Seven members, including the Chairman, had signed the confidentiality undertaking (see **Appendix 11**).

Request for Mr Kenneth LEUNG to resign from the Select Committee

2.20 Some members were concerned whether the defamation suit brought by Mr LEUNG Chun-ying against Mr Kenneth LEUNG (HCA 533/2017) would give rise to any potential conflict of interest, thereby affecting Mr Kenneth LEUNG's suitability to serve as a member of the Select Committee. At the open meeting on 12 July 2017, Mr WONG Kwok-kin moved a motion (see **Appendix 12**) proposing that the Select Committee should request Mr Kenneth LEUNG to resign from the Select Committee. The motion was carried, with six members voting for and four members voting against it. The voting result is in **Appendix 13**. As of the date of this Report, Mr Kenneth LEUNG has not resigned and continues to serve as a member of the Select Committee.

Suggestion on dissolving and reconstituting the Select Committee

2.21 Some members were of the view that members of the Select Committee had lost mutual trust based on the series of events as mentioned above. There was a suggestion that the Select Committee should be dissolved and reconstituted. To facilitate members' consideration of issues relating to the proposal of dissolving and reconstituting the Select Committee, the LegCo Secretariat provided members with the following information:

- (a) regarding the appointment of members to the Select Committee, RoP 78(2) provided that "the President shall decide the size of every select committee and shall appoint the chairman, deputy chairman and members thereof, taking into account the recommendations of the House Committee". The President's appointment of the Chairman, the Deputy Chairman and members of the Select Committee was based on HC's recommendations;
- (b) regarding the dissolution of a select committee, RoP 78(4) provided that "a select committee shall, as soon as it has completed consideration of the matter or bill referred to it, report to the Council thereon and the committee shall thereupon be dissolved. If the committee is of the opinion that it will not be able to complete consideration of the matter or bill before the end of a term, it shall so report to the Council". RoP 78(5) also provided that "at

the end of a term every select committee of the Council shall be dissolved"; and

- (c) RoP 78(4) and 78(5) were the only existing rules that provided for the dissolution of select committees. At present, no mechanism was provided under RoP for the President to withdraw or revoke the appointment of any member of a select committee. It was up to individual members to decide whether they should resign from the Select Committee.

Divided views were expressed by members on the proposal to dissolve and reconstitute the Select Committee. No conclusion was reached.

**Part II Issues considered by the Select Committee in
concluding its work**

**Chapter 3 Conclusion of the Select Committee based on the
information obtained**

**Obtaining information/evidence from relevant parties/witnesses to
assist the Select Committee in its inquiry**

3.1 At the closed meeting on 17 July 2017, the Select Committee discussed and agreed on the information to be obtained as well as witnesses to be invited to appear before the Select Committee to give oral evidence (see **Appendices 14 and 15**).

3.2 Relevant parties were thereon requested in writing to provide information or to attend hearing(s) of the Select Committee to be scheduled. The responses from the parties invited are summarized below:

- (a) the information requested by the Select Committee (i.e. item I (a) to (h) in **Appendix 14**) have not been provided by Mr LEUNG Chun-ying. Instead, Mr LEUNG provided the Select Committee with a file containing 12 documents, which Mr LEUNG claimed would be sufficient in helping the Select Committee to reach the correct conclusions. Mr LEUNG also indicated that he would not attend any meetings of the Select Committee;

- (b) UGL declined to provide the information requested by the Select Committee (i.e. item II (a) to (k) in **Appendix 14**) and/or to authorize any representatives to attend any hearing(s) of the Select Committee;
- (c) the Judiciary Administration replied that the Chief Justice of the Court of Final Appeal ("Chief Justice") did not consider it appropriate to provide the Select Committee with the requested information (i.e. item III in **Appendix 14**) and/or for the Judiciary Administrator or her representative(s) to attend any hearing(s) of the Select Committee;
- (d) the Commissioner of Inland Revenue ("Commissioner") declined to provide the requested information (i.e. item V in **Appendix 14**) and in that connection referred to the official secrecy provision (i.e. section 4) under the Inland Revenue Ordinance (Cap. 112). The Commissioner also indicated that neither himself nor any other officer of the Inland Revenue Department would attend any hearing(s) of the Select Committee;
- (e) two letters were sent by registered post to the Royal Bank of Scotland plc, the secured creditor of DTZ Holdings plc ("DTZ"). No response has been received;

- (f) Ernst & Young LLP, Joint Administrators of DTZ, provided the Select Committee with a copy of a sale agreement dated 4 December 2011 relating to shares in certain companies and the trade marks owned by DTZ (in administration) and a copy of the Joint Administrators' Statement of Proposals of DTZ (in administration) issued on 23 December 2011; and
- (g) the Executive Council ("ExCo") Secretariat provided
- (i) general information on the system of declaration of interests by ExCo Members at the time when Mr LEUNG Chun-ying assumed the office of the Chief Executive of the Hong Kong Special Administrative Region ("CE") and during his term of office of CE as well as
 - (ii) records of "Annual Declaration of Registrable Interests of Members of the Executive Council" made by Mr LEUNG upon assumption of office and during his term of office of CE.
- However, in line with the principle of confidentiality of ExCo and/or to preserve the integrity of the ExCo system, the ExCo Secretariat declined to accede to the Select Committee's request for record(s) of declaration of interests made by Mr LEUNG at ExCo meeting(s). The ExCo Secretariat did not respond to the Select Committee's request for the Clerk to ExCo or representative(s) of the ExCo Secretariat to attend hearing(s) of the Select Committee.

3.3 In view of the Judiciary Administration's reply in paragraph 3.2(c), the Select Committee decided at the closed meeting on 8 November 2017 that the Judiciary Administration should be requested to provide information on the system of declaration under Article 47 of the Basic Law ("BL") in general (as opposed to specific information regarding the case of Mr LEUNG Chun-ying), including:

- (a) the requirements applicable to CE in relation to declaration of assets under BL 47;
- (b) whether the requirements had to be complied with only at the assumption of office or both at the assumption of office and throughout the term of the office;
- (c) the types of assets required to be declared by CE; and
- (d) whether CE was required to report any changes in the composition or amount of the declared assets during the term of his/her office and, if so, whether CE was required to report at regular intervals, regardless of whether such change had taken place (and if so, how long each interval was), or to report only when there had been a change.

3.4 This apart, taking into account the Commissioner's reply in paragraph 3.2(d) above, the Select Committee decided to approach the Commissioner again to request the provision of general information, as opposed to specific information regarding the case of Mr LEUNG

Chun-ying, on the policy adopted and the applicable taxation principles (including any relevant statutory provisions):

- (a) in the case of payment received by a Hong Kong resident from (i) his employer or former employer and (ii) a non-employer entity, pursuant to a contract or other forms of arrangement imposing restrictive covenants that sought to, for example, prohibit the person from having any business dealings in competition with his former employer, or prohibit the person from soliciting employees of his former employer; and
- (b) in the case where the Hong Kong resident was required under the contract (or other forms of arrangement) to provide assistance in the promotion of the former employer, regardless of whether assistance had in fact been rendered.

3.5 In reply to the Select Committee's request for information mentioned in paragraph 3.3 above, the Judiciary Administration advised that the requirements for the declaration of assets by CE under BL 47 were as set out in BL 47, and that CE was obliged to provide a declaration of his or her assets to the Chief Justice on assuming office in accordance with BL 47. Such declaration was then kept by the Chief Justice. As regards the Select Committee's request for information addressed to the Commissioner mentioned in paragraph 3.4 above, the Commissioner furnished information on the relevant taxation principles (including relevant statutory provisions and case law) applicable to the

cases of payment received by a Hong Kong resident specified in paragraph 3.4(a) and (b). A table summarizing the information provided to the Select Committee by various parties is in **Appendix 16**.

Actions considered to be taken by the Select Committee for the purposes of the inquiry

3.6 Members had considered seeking specialist advice on specific issues which are technical in nature relating to the inquiry of the Select Committee. On Mr Kenneth LEUNG's recommendations, three experts were approached on the possibility of providing the Select Committee with specialist advice on the following issues respectively:

- (a) taxation matters, with particular emphasis on possible tax liability in respect of the "Payments" as referred to in the terms of reference of the Select Committee;
- (b) employment law, with particular emphasis on the structure of incentive payment and "golden handshake" in a merger and acquisition transaction; and
- (c) corporate law and fiduciary duties owed by a director, with particular emphasis on the role of a director in a merger and acquisition transaction.

While one of the experts was willing to render specialist advice to the Select Committee by way of a talk on a complimentary basis, the other two experts declined the Select Committee's invitation having regard to the perceived conflict of interest arising from their employment and/or work. After discussion, members agreed to revisit the matter as and when members were able to obtain additional response/information from the relevant parties. The Select Committee ultimately did not follow up on the proposal to seek specialist advice, given the difficulties encountered by the Select Committee in gathering information/evidence and its decision to bring the inquiry work to an end (to be explained in paragraphs 3.10 and 3.11 below).

3.7 Some members took the view that the Select Committee should obtain further information needed for the purposes of the inquiry. They proposed to (a) seek the Council's authorization for the Select Committee to exercise the powers under section 9(1) of Cap. 382 to order concerned parties to attend before the Select Committee to give evidence, or to produce all relevant papers, books, records or documents in their possession or under their control; and (b) invite the Department of Justice to provide any information in its possession that could assist the Select Committee's inquiry. Other members, however, were of the view that the Select Committee should not embark on a fishing expedition to obtain more information, and that any further attempt to obtain information for the purposes of facilitating the Select Committee's work would unlikely yield any results, and therefore would be a waste of time and resources.

3.8 As members had divergent views on the two proposals as mentioned above in paragraph 3.7, a voting was conducted and both proposals were negatived. The voting results are in **Appendix 17**.

3.9 The Select Committee subsequently decided that its next course of action would be examination of and deliberation on the information obtained. The Clerk to the Select Committee should then prepare the draft report of the Select Committee on the basis of members' observations and conclusions drawn from the information available to the Select Committee.

Difficulties encountered by the Select Committee

3.10 The Select Committee had agreed to divide its inquiry into four major areas of study.⁴ To facilitate members to analyse and deliberate on the information received from various parties, the LegCo Secretariat prepared a summary table of information relevant to the matters to be inquired by the Select Committee under its terms of reference (**Appendix 18**).

3.11 At the closed meeting on 7 May 2020, the Select Committee discussed whether to make use of the summary table at **Appendix 18** to proceed to conducting a detailed examination of the information obtained under each of the four major areas of study. The Select Committee,

⁴ Please refer to **Appendix 9** for the endorsed major areas of study.

having regard to the following considerations, decided to bring the inquiry work to an end:

- (a) the Select Committee had encountered difficulties in obtaining relevant, sufficient and comprehensive information/evidence⁵ for the purposes of its inquiry. Relevant parties also refused to attend hearing(s) of the Select Committee, which prevented the Select Committee from obtaining more information/evidence from witnesses. Members were concerned whether it would be appropriate to attach weight to no more than self-serving statements produced by various parties without the opportunity to ask relevant witnesses to clarify the issues involved; and
- (b) members noted that the information available were general in nature. They agreed that with the limited amount of relevant/useful information on hand, it would not be possible for the Select Committee to arrive at any substantiated findings, observations and conclusions as regards the matters under inquiry in a fair and objective manner, and it would not be appropriate to either implicate or exonerate any person/party in connection with any or all of the allegations forming the subject matter of the inquiry on that basis.

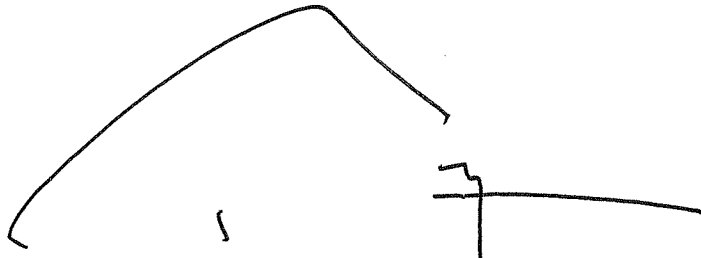
⁵ Please refer to paragraphs 3.1 to 3.5 of this Report for details.

Concluding the work of the Select Committee

3.12 Given the difficult circumstances under which the Select Committee had been operating, members found it difficult to further proceed to inquire into the matters pursuant to its terms of reference and, specifically, to progress to the fact-finding and deliberative stages.

3.13 The Select Committee decided to draw its work to a close and report to the Council in accordance with RoP 78(4).

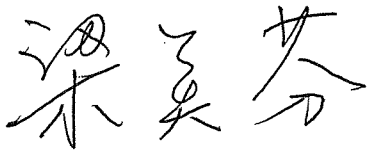
Members of the Select Committee who signed the report



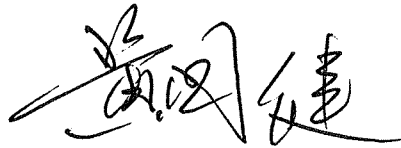
Paul TSE Wai-chun (Chairman)



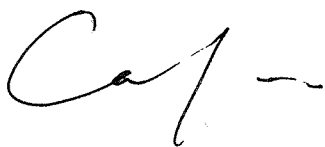
MA Fung-kwok (Deputy Chairman)



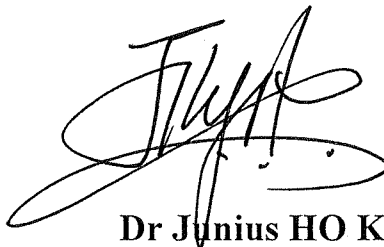
Dr Priscilla LEUNG Mei-fun



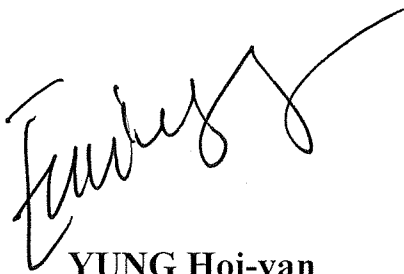
WONG Kwok-kin



Steven HO Chun-yin



Dr Junius HO Kwan-yiu



YUNG Hoi-yan

Members of the Select Committee who did not sign the report

Kenneth LEUNG

Alvin YEUNG

Andrew WAN Siu-kin

LAM Cheuk-ting

Abbreviations

Abbreviations

BL	Basic Law
CE	Chief Executive of the Hong Kong Special Administrative Region
Chief Justice	Chief Justice of the Court of Final Appeal
Commissioner	Commissioner of Inland Revenue
Council	Legislative Council
DTZ	DTZ Holdings plc
ExCo	Executive Council
HC	House Committee of the Legislative Council
LegCo	Legislative Council
PAC	Public Accounts Committee of the Legislative Council
petition	Petition jointly presented by Hon Kenneth LEUNG and Hon Andrew WAN
RoP	Rules of Procedure of the Legislative Council
UGL	UGL Limited

Appendices

**Relevant provisions in the Rules of Procedure ("RoP")
referred to in this Report**

Rules

Wording

RoP 20(1)

A petition may be presented to the Council only by a Member. Every petition shall be in the Chinese language or the English language.

RoP 20(6)
*(before it was amended
in 2017)*

If, immediately after a petition has been presented, a Member rises in his place and requests that the petition be referred to a select committee, the President shall call upon those Members who support the request to rise in their places. If not less than 20 Members then rise the petition shall stand referred to a select committee.

RoP 78(2)

The President shall decide the size of every select committee and shall appoint the chairman, deputy chairman and members thereof, taking into account the recommendations of the House Committee.

RoP 78(4)

A select committee shall, as soon as it has completed consideration of the matter or bill referred to it, report to the Council thereon and the committee shall thereupon be dissolved. If the committee is of the opinion that it will not be able to complete consideration of the matter or bill before the end of a term, it shall so report to the Council.

RoP 78(5)

At the end of a term every select committee of the Council shall be dissolved.

Rules

RoP 80

Wording

Attendance of Witness

- (a) Any standing committee may summon, as required when exercising its powers and functions, persons concerned to testify or give evidence; and
- (b) the House Committee or a Bills Committee, Panel, select committee, investigation committee or any other committee, where so authorised by the Legislative Council, may summon, as required when exercising the committee's powers and functions, persons concerned to testify or give evidence,

but the Chief Executive may decide, in the light of security and vital public interests, whether Government officials or other personnel in charge of Government affairs should testify or give evidence before the Legislative Council or its committees.

RoP 81

Premature Publication of Evidence

- (1) The evidence taken before a committee under Rule 80 (Attendance of Witness) and documents presented to the committee shall not, except in the case of meetings of the committee held in public, be published by a member of the committee or by any other person before the committee has presented its report to the Council.
- (2) Any member of the committee who fails to comply with subrule (1) may be admonished or reprimanded by the Council on a motion to that effect.



呈
香港特別行政區
立法會主席及全體議員

呈請書
(根據議事規則第 20 條提交)

澳洲媒體於 2014 年 10 月 8 日報導，行政長官梁振英在 2011 年參選特首期間，與澳洲企業 UGL 簽訂秘密協議，收取該企業 400 萬英鎊秘密費用，並於在任期間分兩期收取有關款項。

但事件發生至今，仍有不少疑團仍未解開，包括為何行政長官沒有根據《基本法》第 47 條，透過終審法院首席法官及行政會議利益申報制度，就協議或所收取款項作出申報；協議條款內涉及的酬勞及為商業機構提供服務，會否與行政長官的身份構成利益衝突；以及協議內訂明的酬金中，有那些屬於應繳稅項目。但行政長官及政府當局一直未有提交充足資料，向公眾詳細交待。因此，立法會有必要繼續跟進事件。

我們懇請各位議員支持，在立法會轄下成立一個專責委員會，調查上述事宜。

呈請人：

梁繼昌
尹兆堅

2016 年 10 月 14 日

**Extract from Hansard of the Legislative Council meeting of
2 November 2016 showing the 28 Members supporting the request for
referring the petition to a select committee**

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PRESENTATION OF PETITION

PRESIDENT (in Cantonese): Presentation of petition.

In accordance with Rule 20 of the Rules of Procedure, Mr Kenneth LEUNG will present a petition co-signed by Mr Kenneth LEUNG and Mr Andrew WAN to this Council.

MR KENNETH LEUNG (in Cantonese): President, noting your permission for the presentation of this petition co-signed by Mr Andrew WAN and me, I now outline the content of the petition.

In September 2014, it was reported by Australian media that Chief Executive LEUNG Chun-ying had, while running for the post of Chief Executive Election in 2011, signed a secret agreement with UGL Limited ("UGL"), an Australian firm, and received secret payments from it. However, since then, neither the Chief Executive nor the Administration has ever provided any adequate information that can offer the public a detailed account of the incident. Therefore, it is necessary for this Council to continue to follow up the incident.

Hence, I urge Members to join hands to follow up the incident, so as to ensure the standards of probity and integrity in the Chief Executive's discharge of duties and the protection of the core values upheld by Hong Kong.

Thank you, President.

(See Annex I for content of the petition)

(Mr Andrew WAN rose immediately)

MR ANDREW WAN (in Cantonese): President, in accordance with Rule 20(6) of the Rules of Procedure, I request that the petition be referred to a select committee.

PRESIDENT (in Cantonese): I now call upon Members who support this request to rise in their places.

(Members supporting the request rose)

PRESIDENT (in Cantonese): Members please remain standing to allow the Clerk to do a headcount.

(The Clerk indicated to the President that the recording of the names of those Members who were standing had been completed)

PRESIDENT (in Cantonese): Members will please now be seated. Members who support this request are Mr KWONG Chun-yu, Mr James TO, Mr HUI Chi-fung, Dr YIU Chung-yim, Mr SHIU Ka-chun, Mr LEUNG Yiu-chung, Mr LAM Cheuk-ting, Mr Andrew WAN, Dr Helena WONG, Mr IP Kin-yuen, Prof Joseph LEE, Mr WU Chi-wai, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr Jeremy TAM, Dr KWOK Ka-ki, Ms Claudia MO, Ms Tanya CHAN, Mr Alvin YEUNG, Dr CHENG Chung-tai, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Mr Nathan LAW, Dr LAU Siu-lai, Mr LEUNG Kwok-hung, Mr CHAN Chi-chuen and Dr Pierre CHAN. There are 28 Members in total. Do I miss any names of those Members who just stood up?

(No Member made any indication)

PRESIDENT (in Cantonese): If not, we have a total of 28 Members supporting this request.

In accordance with Rule 20(6) of the Rules of Procedure, the petition is referred to a select committee.

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Practice and Procedure of the Select Committee

The procedure of the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee") is governed by the Rules of Procedure ("RoP") of the Legislative Council ("LegCo") and the relevant provisions of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) insofar as they are applicable. By reason of operational needs and in the interest of fair conduct of business, the Select Committee has determined and established its own set of practice and procedure, as detailed in the ensuing paragraphs. The practice and procedure include those not expressly provided for in RoP and Cap. 382.

2. The terms of reference of the Select Committee are as follows:

"The terms of reference of the Select Committee, which reflect the substance of the petition jointly presented by Hon Kenneth LEUNG and Hon Andrew WAN at the Council meeting of 2 November 2016 and referred to the Select Committee under Rule 20(6) of the Rules of Procedure, are as follows:

To inquire into the following matters regarding Mr LEUNG Chun-ying's signing of an agreement with the Australian firm UGL Limited in 2011 ("UGL Agreement") and his receipt of payments amounting to £4 million from UGL Limited ("Payments") in connection with the UGL Agreement after assuming the office of Chief Executive: (i) whether Mr LEUNG had complied with the declaration requirements under Article 47 of the Basic Law and the system of declaration of interests by Members of the Executive Council, (ii) whether the UGL Agreement had given rise to any conflict of interests on the part of Mr LEUNG as the Chief Executive, and (iii) whether the Payments were taxable under the laws of Hong Kong."

Principles

3. In determining its own practice and procedure, the Select Committee has drawn reference from those adopted by previous select committees and committees which carried out inquiries. The Select Committee adopts the following principles:

- (a) the practice and procedure should be fair and be seen to be fair, especially to parties whose interests or reputation may be affected by the proceedings of the Select Committee;
- (b) there should be a high level of transparency in its proceedings as far as practicable;
- (c) the practice and procedure should facilitate the ascertaining of the facts relevant to, and within the scope of, its inquiry, as set out in the Select Committee's terms of reference, which do not include the adjudication of the legal liabilities of any parties or individuals;
- (d) its proceedings should be conducted in a proper, fair and efficient manner; and
- (e) the cost of the proceedings should be kept within reasonable bounds.

Practice and procedure

Term of office

4. In accordance with RoP 78(4) and (5), the Select Committee shall be dissolved upon reporting to the Council or at the end of the Sixth LegCo. If the Select Committee is of the opinion that it will not be able to complete consideration of the matter before the end of the Sixth LegCo, it shall so report to the Council.

Chairmanship

5. All meetings and hearings of the Select Committee are chaired by the Chairman or, in his absence, by the Deputy Chairman. In accordance with RoP 79(3), in the event of the temporary absence of the Chairman and Deputy Chairman, the Select Committee may elect a chairman to act during such absence.

Quorum

6. RoP 78(3) provides that the quorum of a select committee shall be one third of the members excluding the chairman, a fraction of a whole number being disregarded. If a member of the Select Committee draws to the attention of the Chairman on the absence of a quorum as and when there is such absence,

the Chairman shall direct the members to be summoned. If after 15 minutes have expired, a quorum is not present, the Chairman shall then close the meeting or hearing.

Voting

7. Matters for the decision of the Select Committee shall be decided by a majority of the members present and voting, which is done by a show of hands. Abstentions are not counted for the purpose of determining the result of the vote.

8. In accordance with RoP 79(5), 79(6) and 79A(1), divisions in the Select Committee shall be taken by the Clerk who shall ask each member separately how he/she wishes to vote and record the votes accordingly. Neither the Chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided in which case he/she shall give a casting vote, which shall not be exercised in such a way as to produce a majority vote in favour of the question put.

Obtaining evidence

9. The Select Committee may invite any person or body to attend a hearing to give evidence orally. The Select Committee may also request any person or body to give evidence in writing or any person or body to produce specified paper(s), book(s), record(s) or document(s) to the Select Committee.

10. Any person attending before the Select Committee to give evidence or to produce specified paper(s), book(s), record(s) or document(s) before the Select Committee does not enjoy the privileges given to witnesses under section 14(1) of Cap. 382.

Conduct of meetings

General principles

11. In accordance with RoP 79(1), the deliberations of the Select Committee shall be confined to the matter or matters referred to it by the Council. The Select Committee shall focus its work on the areas of study in SC(2)(UA) Paper No.: L3, which may be subsequently amended if necessary, having regard to the terms of reference set out in paragraph 2 above.

12. A schedule of meetings for the Select Committee is usually agreed beforehand, but the Chairman has the authority to determine the agenda, and to vary the schedule by changing the date, time and venue of meetings, which

includes venues outside of the LegCo Complex. Members of the Select Committee will be notified by the Clerk of the agenda or any variations determined by the Chairman.

13. In accordance with RoP 79(2), meetings of the Select Committee shall be held in public unless the Chairman otherwise orders in accordance with any decision of the Select Committee.

Hearings for the examination of witnesses

14. Examination of witnesses will normally be conducted in public. Exceptions to open hearings may be made as decided by the Select Committee, based on the circumstances of each occasion.

15. During open hearings, members should only ask questions for the purpose of ascertaining facts relevant to, and within the scope of, the Select Committee's inquiry. Members should not make comments or statements during these hearings.

16. Open hearings are generally conducted in the following manner:

- (a) at the beginning of each open hearing, the Chairman will remind members of the public and the media that dissemination or disclosure of the evidence given at the hearing outside of the proceedings of the Select Committee is not protected under Cap. 382. Members of the public and the media should be reminded that they may obtain legal advice as to their legal responsibilities;
- (b) before the examination of a witness, the Chairman will remind the witness as appropriate that:
 - (i) the witness does not enjoy the privileges given to witnesses under section 14(1) of Cap. 382; and
 - (ii) any person appearing before the Select Committee who intentionally gives a false answer to any question material to the subject of inquiry during the course of any examination or presents to the Select Committee any false, untrue, fabricated or falsified document with intent to deceive the Select Committee, commits an offence under section 18 of Cap. 382;
- (c) facts are established by witnesses' answers to questions and other evidence given at hearings. Usually, the Chairman will first make

an introduction and then ask the witness an appropriate opening question, giving him/her an opportunity to state his/her case;

- (d) members wishing to ask questions should so indicate by a show of hands and they will ask the questions when called upon by the Chairman. The Chairman will ensure, as far as possible, that members have equal opportunities to ask questions and that the hearing is conducted in a structured and fair manner;
- (e) the Chairman will decide whether a question or a piece of evidence is relevant to, and within the scope of, the Select Committee's inquiry, as set out in its terms of reference;
- (f) short follow-up questions may be allowed for the purpose of seeking further answers to the original question or clarifications to the answers given. The Chairman has the discretion to decide whether a question is a follow-up question and whether it should be allowed or otherwise; and
- (g) the privileges provided in Cap. 382 are available to Members only within the context of the hearings. All Members, including non-Select Committee Members, should refrain from making comments relating to the hearings outside of the proceedings of the Select Committee. Evidence given in closed hearings should not be made public by any members.

17. Subject to the Select Committee's decision, witnesses attending before the Select Committee may be allowed to be accompanied by other persons, including legal adviser(s), to assist the witnesses concerned. However, such accompanying person(s) may not address the Select Committee.

Measures taken to avoid possible prejudice to any party's interest in pending legal proceedings

18. In accordance with RoP 41(2), a Member shall not make reference in his/her speech to a case pending in a court of law in such a way as, in the opinion of the President or the Chairman, might prejudice that case. This rule applies to the proceedings of the Select Committee by virtue of RoP 43.

19. If there are pending legal proceedings arising from matters which are related to the subject matter of the Select Committee's inquiry, the following measures will be adopted to avoid possible prejudice to any party's interest in the pending legal proceedings:

- (a) where the pending legal proceedings is a criminal matter, the Department of Justice will be asked to keep the Select Committee informed of the progress of the pending criminal proceedings concerned;
- (b) the Chairman would explain to each witness that the function of the Select Committee is not to adjudicate on the legal liability of any party or individual and advise him/her of the Chairman's power to disallow the making of any reference to a case pending in a court of law if such reference might, in the Chairman's opinion, prejudice the case;
- (c) where it is considered necessary and justified, either on an application by a witness or on the Select Committee's own motion, the Select Committee may determine to hold closed hearings to obtain evidence from a witness;
- (d) where the Select Committee considers necessary, it will provide the Department of Justice with a copy of the draft findings and observations of the Select Committee and request for comment on whether the contents of the draft might prejudice the pending criminal proceedings; and
- (e) the report of the Select Committee should not contain any material which might prejudice a pending trial.

20. In respect of pending civil proceedings, the following principles will, in addition to any applicable measures stated in paragraph 19 above, apply:

- (a) references to matters awaiting adjudication in a court of law should be excluded if there is a risk that they might prejudice its adjudication;
- (b) "references" referred to in (a) above would include comment on, inquiry into and the making of findings on such matters;
- (c) "matters awaiting adjudication" referred to in (a) above would include matters in respect of which proceedings have been initiated by the filing of the appropriate documents; and
- (d) "prejudice" referred to in (a) above might arise from an element of explicit or implicit prejudgment in the proceedings of the Select Committee in two possible ways:

- (i) the references might hinder the court or a judicial tribunal in reaching the right conclusion or lead it to reach other than the right conclusion; and
- (ii) whether the court or judicial tribunal is affected in its conclusion or not, the references might amount to an effective usurpation of the judicial functions of the court or judicial tribunal.

Handling of requests for classifying documents as confidential

21. If requests are made by witnesses for classifying certain information or documents as confidential, the Select Committee shall consider carefully the circumstances of each case and the justifications provided.

Handling of information contained in classified documents or obtained at closed hearings

22. In fairness to persons who have provided classified documents to the Select Committee, if information contained in such documents is to be used at a public hearing, the source of the information will only be disclosed if it is necessary to do justice to the witness or to enable him to understand a question.

23. If closed hearings are held to obtain evidence from a witness who is a party to pending legal proceedings, information obtained in these closed hearings should be used with care, and the identity of the witness who has provided the information should not be disclosed if it is so decided by the Select Committee.

24. Where the Select Committee is inclined to refer to information obtained in closed hearings in the Select Committee's report, an extract of the relevant part of the report in draft form should be provided to the witness concerned for comment. The comments received will be carefully considered by the Select Committee before its report is finalized.

25. Any information obtained by way of oral evidence or in the form of documents provided at closed hearings must not be disclosed.

Internal deliberations

26. Subject to RoP 79(2), the Select Committee may hold closed meetings to deliberate on procedural matters, progress of its work, the logistical arrangements for hearings, the evidence obtained, the draft report of the Select Committee and any other matters relevant to the Select Committee's work.

Members including the Chairman and the Deputy Chairman should not disclose any information about the internal deliberations held or documents considered at these meetings. The Select Committee Chairman or the Deputy Chairman are the only persons authorized to handle media enquiries.

Handling of documents

27. All documents produced to the Select Committee will be given a document number and will be paginated. Each member of the Select Committee will be given a copy of the documents produced to the Select Committee, unless advised otherwise with the consent of the Select Committee. Where a document is classified as confidential, members should not make copy of it, in whole or in part.

Disclosure of interests

28. RoP 83A and 84 relating to Members' pecuniary interest shall apply to the proceedings of the Select Committee.

29. In addition, there may be situations in which a member wishes to declare non-pecuniary interests. In such a case, he/she should write to the Chairman to declare such interests. Where appropriate, the Chairman may announce at public meetings or hearings of the Select Committee the nature of interests so declared by individual members.

Participation of Non-Select Committee Members

30. Non-Select Committee Members may attend meetings or hearings held in public but may not speak at these meetings or hearings. If a non-Select Committee Member wishes to direct any questions to a witness, he/she should put his/her questions in writing and pass them to the Chairman without interrupting the proceedings, and the Chairman will decide whether or not the Chairman will ask the questions.

31. Non-Select Committee Members are not allowed to be present at closed meetings or closed hearings of the Select Committee.

Minutes of proceedings of the Select Committee

32. All proceedings of hearings and meetings are sound-recorded. Members of the public may obtain copies of the sound recordings of hearings and meetings held in public upon the payment of a fee.

33. Minutes of evidence, usually in the form of a verbatim transcript, are kept for each hearing at which witnesses are examined. Relevant parts of the draft transcript are forwarded to the person or body giving evidence for sight and comment, if any, before being incorporated into the minutes of evidence, subject to their signing of an undertaking that they would not make any copy of the draft and would return it to the Select Committee before a specified date. The procedures in the **Annex**, which apply to witnesses, shall also apply to persons or bodies, other than the witnesses giving evidence, requesting copies of transcripts of evidence. Any person may obtain a copy of the finalized form of transcript for hearings held in public upon the payment of a fee.

34. For closed hearings, no transcripts will be provided to any person including the witnesses concerned. All witnesses however are provided with the relevant parts of the draft transcripts of evidence for sight and comment. The undertaking they are required to sign includes an additional requirement that any part of the draft transcript in question must not be divulged.

35. For meetings not attended by any non-LegCo Members, the minutes of meetings are normally presented in a condensed form, recording the Select Committee's decisions, follow-up actions required, procedural matters and declarations of interests made by members. Verbatim record of such meetings may be prepared on the direction of the Select Committee.

Report of the Select Committee

36. The draft report of the Select Committee is considered by the Select Committee at closed meetings. In accordance with RoP 79(9), the minutes of proceedings of the Select Committee record all proceedings on the consideration of the report and on every amendment proposed thereto, with a note of divisions, if divisions were taken in the Select Committee, showing the names of members voting in the division or declining to vote.

37. In order to ensure that the procedure is fair and is seen to be fair in particular to people whose interests or reputations may be affected by its proceedings, any party, person or organization against whom adverse comments are intended to be made in the Select Committee's report will be given an opportunity to comment on the relevant parts of the draft findings and observations of its report. The comments received will be carefully considered by the Select Committee before its report is finalized.

38. In accordance with RoP 79(10), a report of the Select Committee, with the minutes of proceedings and the minutes of evidence, if evidence was taken, shall be laid on the Table of the Council by the Chairman of the Select Committee.

Premature publication of evidence

39. The evidence taken before the Select Committee and documents presented to it shall not, except in the case of its meetings or hearings held in public, be published by a member of the Select Committee or by any other person before the Select Committee has presented its report to the Council.

Provision of Transcripts of Evidence

The following procedures shall apply to the provision of transcripts of evidence taken by the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee"):

- (a) where considered appropriate, the Select Committee may permit copies of the transcripts of evidence taken in public be provided to witnesses and prospective witnesses on request;
- (b) where copies of transcripts of evidence taken in public are provided to witnesses or prospective witnesses, the unpublished and/or draft status of the transcripts shall be stated clearly; and
- (c) provision of unpublished and/or draft transcripts of evidence taken in public to witnesses or prospective witnesses if appropriate should be made on the condition that they shall not make public use of the transcripts; that they shall not quote directly from the transcripts; and that they shall not use the transcripts in a manner prejudicial to the interest of the Select Committee or other persons.

**Proposed major areas of study prepared by the Legislative Council
Secretariat for the Select Committee's consideration at
the open meeting on 3 March 2017**

- I. Background, nature and details of the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("UGL") signed in 2011 ("UGL Agreement"), including:**
- (a) major terms and conditions of the UGL Agreement;
 - (b) the amount and nature of the payments made to Mr LEUNG by UGL ("Payments"), the payment method(s) and timing of payment(s); and
 - (c) whether Mr LEUNG had provided any service or assistance to UGL as per the terms of the UGL Agreement, after he had become the Chief Executive.
- II. Declaration requirements under Article 47 of the Basic Law ("BL") and the system of declaration of interests by Members of the Executive Council**
- (a) what were the requirements applicable to the Chief Executive in relation to declaration of interests under BL 47 and the relevant system of declaration of interests of the Executive Council at the time Mr LEUNG assumed the office of the Chief Executive;
 - (b) whether such requirements had to be complied with at the assumption of office or whether such requirements had to be complied with at the assumption of office and throughout the term of the office;
 - (c) whether the Payments fell within the scope of interests required to be declared under BL 47 and the relevant system of declaration of interests of the Executive Council; and
 - (d) if so, whether Mr LEUNG had complied with those requirements to declare his interests in receiving the Payments, upon assumption or during the term of the office of the Chief Executive.

III. Conflict of interests

- (a) whether the terms of the UGL Agreement were still in force and the rights and obligations under the UGL Agreement were still capable of being enforced after Mr LEUNG had assumed the office of the Chief Executive; and, if so, whether such fact had given rise to any conflict of interests on the part of Mr LEUNG;
- (b) the nature and effect of the term under the UGL Agreement "to provide such assistance in the promotion of the UGL Group and the DTZ Group as UGL may reasonably require, including but not limited to acting as a referee and adviser from time to time" ("Term");
- (c) whether the Term had been modified in any way and, if so, the effect of the Term as modified;
- (d) whether Mr LEUNG's commitment pursuant to the Term, or the Term as modified, had given rise to any conflict of interests, whether actual or potential;
- (e) whether Mr LEUNG provided any service or assistance to UGL pursuant to the UGL Agreement during his term of office as the Chief Executive which had given rise to any actual or potential conflict of interests; and
- (f) whether there were other aspects of the UGL Agreement that had given rise to any actual or potential conflict of interests.

IV. Taxation issues

- (a) whether the Payments or any part(s) of the Payments were taxable under the laws of Hong Kong; and
- (b) if the answer to IV(a) above is in the affirmative, whether Mr LEUNG had complied with the taxation laws in force.

**Revised proposed major areas of study prepared for
the Select Committee's consideration at the open meeting
on 29 March 2017**

I. Background, nature and details of the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("UGL") signed in 2011 ("UGL Agreement"), including:

- (a) whether or not Mr LEUNG and UGL signed and/or executed the UGL Agreement;
- (b) if so, what were the major terms and conditions of the UGL Agreement;
- (c) whether or not Mr LEUNG received any payment(s) from UGL pursuant to the UGL Agreement and if Mr LEUNG did receive payment(s), the amount and nature of the payment(s) made to Mr LEUNG by UGL ("Payments"), the payment method(s) and timing of payment(s);
- (d) the nature and effect of the term under the UGL Agreement "to provide such assistance in the promotion of the UGL Group and the DTZ Group as UGL may reasonably require, including but not limited to acting as a referee and adviser from time to time"¹ ("Term"); and
- (e) whether the Term had been modified in any way and, if so, by whom and the effect of the Term as modified.

II. Declaration requirements under Article 47 of the Basic Law ("BL") and the system of declaration of interests by Members of the Executive Council

- (a) what were the requirements applicable to the Chief Executive in relation to declaration of interests under BL 47 and the relevant system of declaration of interests of the Executive Council at the time Mr LEUNG assumed the office of the Chief Executive;

¹ The original text of the Term is in English and the text in Chinese is a translated version (see Official Record of Proceedings of the Legislative Council meeting of 5 November 2014, Pages 1157 and 1169 in Hansard (Chinese version)). Readers should refer to the original English text as it appeared in the copy of the purported UGL Agreement (Appendix II to IN03/16-17) for the authentic version.

- (b) whether such requirements had to be complied with at the assumption of office or whether such requirements had to be complied with at the assumption of office and throughout the term of the office;
- (c) whether the Payments fell within the scope of interests required to be declared under BL 47 and the relevant system of declaration of interests of the Executive Council; and
- (d) if so, whether Mr LEUNG had complied with those requirements to declare his interests in receiving the Payments, upon assumption or during the term of the office of the Chief Executive.

III. Conflict of interests

- (a) whether the terms of the UGL Agreement were still in force and the rights and obligations under the UGL Agreement were still capable of being enforced after Mr LEUNG had assumed the office of the Chief Executive; and, if so, whether such fact had given rise to any conflict of interests on the part of Mr LEUNG;
- (b) whether Mr LEUNG's commitment pursuant to the Term, or the Term as modified, had given rise to any conflict of interests, whether actual or potential;
- (c) whether Mr LEUNG had provided any service or assistance to UGL pursuant to the UGL Agreement after he assumed the office of the Chief Executive and if so, whether this had given rise to any actual or potential conflict of interests; and
- (d) whether there were other aspects of the UGL Agreement that had given rise to any actual or potential conflict of interests.

IV. Taxation issues

- (a) whether the Payments or any part(s) of the Payments were taxable under the laws of Hong Kong; and
- (b) if the answer to IV(a) above is in the affirmative, whether Mr LEUNG had complied with the taxation laws in force.

**Amendments proposed by Mr Holden CHOW to
the Chinese text of the revised proposed major areas of study
prepared by the Legislative Council Secretariat
with track changes feature**

擬議主要研究範疇

(截至2017年3月27日的修訂本)

I. 梁振英先生於2011年與澳洲企業UGL Limited("UGL")所訂協議("UGL協議")的背景、性質及詳情，包括：

(a) 澳洲傳媒公開的UGL協議文本的完整性及真偽，以及該協議的性質、主要條款及條件為何梁先生與UGL有否簽訂及/或執行UGL協議；

(b) 梁先生與UGL有否簽訂及/或執行此份澳洲傳媒公開的協議，若有，梁先生簽訂UGL協議的當日是否已當選行政長官主要條款及條件為何；

(c) 梁先生有否根據UGL協議從 UGL收取任何款項，以及若梁先生曾收取款項，UGL向梁先生支付的款項("該款項")的金額及性質，以及UGL付款的方式及時間；

(d) UGL協議中"按UGL的合理要求提供協助，以推廣UGL集團及戴德梁行集團，包括但不限於不時擔當推薦人及顧問的角色"此一條款("該條款")的背景、原意、性質及效力；及

(e) 在澳洲傳媒公開的協議文本中，上文第(d)段所述該條款曾否以任何方式作出修改，以及若曾作出修改(即以手寫方式加入「只會在不造成利益衝突的情況下提供相關協助」)，此修改的真偽，由誰人作出，修改及該修改的原意和作用，以及條款經修改修改後的效力；及

(f) UGL就該協議在2014年發出的公開聲明的真偽及可信性。-

II. 《基本法》第四十七條財產申報及行政會議成員利益申報制度下的申報規定

(a) 梁先生就任行政長官時，《基本法》第四十七條財產申報及行政會議相關利益申報制度下適用於行政長官的利益申報規定為何；

(b) 該等規定是否須在就任之時予以遵從，或該等規定是否須在就任之時和整個任期內予以遵從；

(c) 《基本法》第四十七條要求行政長官就任時申報財產的原意，以及該款項在《基本法》第四十七條是否屬於須予申報的財產；

(de) 該款項在《基本法》第四十七條及行政會議相關利益申報制度下是否屬於須予申報的利益；及

(ed) 若是，梁先生就任行政長官之時或在其行政長官任期內，一有否按照該等規定，就收取該款項一事申報利益。

III. 利益衝突

(a) 在UGL完成收購DTZ及梁先生就任行政長官後，UGL協議的全部或部份條款是否依然有效，若只是部份條款有效，哪些條款有效；以及UGL 協議所訂的權利及責任是否依然可予執行；若是，此事實與梁先生的身份有否構成任何利益衝突；

(b)梁先生依據該條款或經修改的該條款，或已完成的條款所作的承諾有否構成任何實質或潛在的利益衝突；

(c)在梁先生就任行政長官後，他有否根據UGL協議向UGL提供任何服務或協助；UGL在2014年發出的聲明指梁先生沒有提供任何服務或協助，此等聲明的真偽及可信性；若梁先生有向UGL提供服務或協助有，此舉有否構成任何實質或潛在的利益衝突；及

(d) UGL協議在其他方面有否構成任何實質或潛在的利益衝突。

IV. 稅務問題

(a) 該款項或該款項的任何部分根據香港法例是否應予課稅； 及

(b) 若上文第IV(a)項的答案為"是"，梁先生有否遵照當時有效的稅務法例行事。

**Amendments pursued by Mr Holden CHOW after discussion
on Appendix 7 at the open meeting on 25 April 2017**

- (a) in relation to item I(d), inserting "背景、原意、" before "性質及效力";
- (b) in relation to item I(e), subject to further revision where necessary, amending it to read "在該協議文本中，上文第(d)段所述條款曾否作出修改……若有，由誰人作出，該修改的原意和作用，以及條款經修改後的效力；"; and
- (c) adding a new item II(c) "《基本法》第四十七條要求行政長官就任時申報財產的原意，以及該款項在《基本法》第四十七條是否屬於須予申報的財產；".

Endorsed major areas of study of the Select Committee

- I. Background, nature and details of the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("UGL") signed in 2011 ("UGL Agreement"), including:**
- (a) whether or not Mr LEUNG and UGL signed and/or executed the UGL Agreement;
 - (b) if so, what were the major terms and conditions of the UGL Agreement;
 - (c) whether or not Mr LEUNG received any payment(s) from UGL pursuant to the UGL Agreement and if Mr LEUNG did receive payment(s), the amount and nature of the payment(s) made to Mr LEUNG by UGL ("Payments"), the payment method(s) and timing of payment(s);
 - (d) the nature and effect of the term under the UGL Agreement "to provide such assistance in the promotion of the UGL Group and the DTZ Group as UGL may reasonably require, including but not limited to acting as a referee and adviser from time to time"¹ ("Term"); and
 - (e) whether the Term had been modified in any way and, if so, by whom and the effect of the Term as modified.
- II. Declaration requirements under Article 47 of the Basic Law ("BL") and the system of declaration of interests by Members of the Executive Council**
- (a) what were the requirements applicable to the Chief Executive in relation to declaration of interests under BL 47 and the relevant system of declaration of interests of the Executive Council at the time Mr LEUNG assumed the office of the Chief Executive;

¹ The original text of the Term is in English and the text in Chinese is a translated version (see Official Record of Proceedings of the Legislative Council meeting of 5 November 2014, Pages 1157 and 1169 in Hansard (Chinese version)). Readers should refer to the original English text as it appeared in the copy of the purported UGL Agreement (Appendix II to IN03/16-17) for the authentic version.

- (b) whether such requirements had to be complied with at the assumption of office or whether such requirements had to be complied with at the assumption of office and throughout the term of the office;
- (c) whether the Payments fell within the scope of interests required to be declared under BL 47 and the relevant system of declaration of interests of the Executive Council; and
- (d) if so, whether Mr LEUNG had complied with those requirements to declare his interests in receiving the Payments, upon assumption or during the term of the office of the Chief Executive.

III. Conflict of interests

- (a) whether the terms of the UGL Agreement were still in force and the rights and obligations under the UGL Agreement were still capable of being enforced after Mr LEUNG had assumed the office of the Chief Executive; and, if so, whether such fact had given rise to any conflict of interests on the part of Mr LEUNG;
- (b) whether Mr LEUNG's commitment pursuant to the Term, or the Term as modified, had given rise to any conflict of interests, whether actual or potential;
- (c) whether Mr LEUNG had provided any service or assistance to UGL pursuant to the UGL Agreement after he assumed the office of the Chief Executive and if so, whether this had given rise to any actual or potential conflict of interests; and
- (d) whether there were other aspects of the UGL Agreement that had given rise to any actual or potential conflict of interests.

IV. Taxation issues

- (a) whether the Payments or any part(s) of the Payments were taxable under the laws of Hong Kong; and
- (b) if the answer to IV(a) above is in the affirmative, whether Mr LEUNG had complied with the taxation laws in force.

在 2017 年 6 月 21 日的會議上就
議程項目 I "有關閉門會議內容懷疑外泄的投訴" 通過的議案
Motion passed under agenda item I "Complaint about suspected disclosure
of closed-door deliberations" at the meeting on 21 June 2017

(議案中文措辭)

本人動議就調查梁振英先生與澳洲企業 UGL Limited 所訂協議的事宜專責委員會 2017 年 5 月 15 日議決將閉門會議保密，其後懷疑有人泄密，本會通過議案，建議出席委員會的議員按何君堯議員草擬經梁美芬議員修正的法定聲明(見附件)做法定聲明書。

動議人： 何君堯議員, JP
梁美芬議員, SBS, JP

(English translation of the motion)

I move that, in relation to the suspected disclosure of closed-door deliberations subsequent to the decision of the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited made at the meeting on 15 May 2017 to keep such deliberations confidential, a motion be passed by this Committee to suggest that Members present at the meeting should make statutory declaration as per the statutory declaration proforma drafted by Dr Hon Junius HO Kwan-yiu and amended by Dr Hon Priscilla LEUNG Mei-fun (see Annex).

Moved by : Dr Hon Junius HO Kwan-yiu, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

**Annex to
Appendix 10
(English version only)**

IN THE MATTER of the Oaths and
Declarations Ordinance, Chapter 11.

STATUTORY DECLARATION OF [NAME]

I, [NAME], (holder of Hong Kong Identity Card No.[•] of Room [•],
Legislative Council Complex, 1 Legislative Council Road, Central, Hong Kong, do
solemnly and sincerely and declare and say as follows :-

1. I am one of the members of the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee").
2. My duties as a member of the Select Committee are to inquire into the following matters regarding Mr LEUNG Chun ying's signing of an agreement with the Australian firm UGL Limited in 2011 ("UGL Agreement") and his receipt of payments amounting to £4 million from UGL Limited ("Payments") in connection with the UGL Agreement after assuming the office of Chief Executive: (i) whether Mr LEUNG had complied with the declaration requirements under Article 47 of the Basic Law and the system of declaration of interests by Members of the Executive Council, (ii) whether the UGL Agreement had given rise to any conflict of interests on the part of Mr LEUNG as the Chief Executive, and (iii) whether the Payments were taxable under the laws of Hong Kong.
3. I hereby confirm that since the resolution of the Select Committee made on 15th May 2017 that all matters, e.g., the liaison between Mr LEUNG Chun-ying and Mr. Holden Chow Ho-ding over the draft scope of

investigation of the Select Committee under discussion, at the closed door meeting on that day should be kept in strict confidence and not to be disclosed or divulged without any prior consent of the Select Committee.

4. Subsequent to the said meeting of the Select Committee, somehow information as referred to in the foregoing paragraph subject to confidentiality were fully blown out in the public.
5. In compliance of the resolution of the Select Committee for investigating the likely source of leakage of the confidential information as aforesaid, each member of the Select Committee is to make a Statutory Declaration to confirm that he or she did not disclose the said confidential information to others without the approval of the Committee.
6. In the circumstances, I hereby confirm that I did not disclose or divulge any confidential information to the press or any other person between the date of the meeting of the Select Committee held on 15th May 2017 and up to and inclusive of 1st June 2017.

AND I make this declaration conscientiously believing the same to be true and by virtue of the Oaths and Declaration Ordinance, Chapter 11.

DECLARED at the office of)
)
)
)
)
)
)

Before me,

Dated the _____ day of _____ 2017

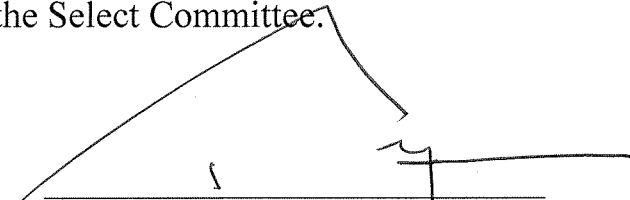
IN THE MATTER of the Oaths and
Declarations Ordinance, Chapter 11.

**STATUTORY DECLARATION
OF
[NAME]**

Confidentiality undertaking

We, members of the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee"), each undertake that we will not publish or disclose, without the prior written authorization of the Select Committee, any matter relating to the proceedings of meetings or hearings of the Select Committee held in private, including evidence taken before the Select Committee, documents produced for its use, its deliberations and decisions, except such matter that has already been published or contained in any report presented by the Select Committee to the Council.

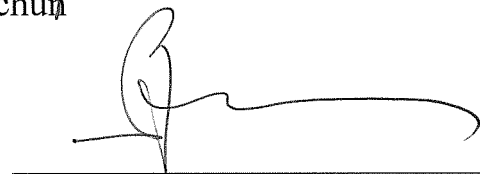
We also each undertake to take necessary steps to prevent publication or disclosure of such matter before or after the Select Committee presents its report to the Legislative Council, unless the confidential classification has been removed by the Select Committee.



Paul TSE Wai-chun
(Chairman)



MA Fung-kwok
(Deputy Chairman)



Priscilla LEUNG Mei-fun
(Member)



WONG Kwok-kin
(Member)

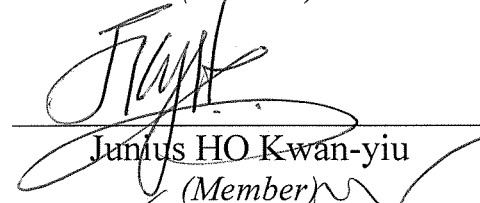


Steven HO Chun-yin
(Member)

Kenneth LEUNG
(Member)


Alvin YEUNG
(Member)

Andrew WAN Siu-kin
(Member)



Junius HO Kwan-yiu
(Member)

LAM Cheuk-ting
(Member)



YUNG Hoi-yan
(Member)

**在 2017 年 7 月 12 日的會議上
就議程項目 I "要求梁繼昌議員辭去專責委員會職務"通過的議案
Motion passed under agenda item I "Request for Hon Kenneth LEUNG to
resign from the Select Committee" at the meeting on 12 July 2017**

(議案中文措辭)

為免影響本專責委員會的公信力，本人建議專責委員會要求梁繼昌議員辭任專責委員會委員。

動議人： 黃國健議員, SBS, JP

(English translation of the motion)

In order to prevent the credibility of this Select Committee from being affected, I propose that the Select Committee should request Mr Kenneth LEUNG to resign from the Select Committee.

Moved by : Hon WONG Kwok-kin, SBS, JP

**Voting result in respect of the motion requesting
Mr Kenneth LEUNG to resign from the Select Committee**

LC Paper No. CB(2)2152/16-17

Ref : CB2/SC/16

**Select Committee to Inquire into Matters about the Agreement
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

**Extract from the minutes of meeting
held on Wednesday, 12 July 2017, at 8:45 am
in Conference Room 2B of the Legislative Council Complex**

- Members present** : Hon Paul TSE Wai-chun, JP (Chairman)
Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon YUNG Hoi-yan
- Clerk in attendance** : Miss Josephine SO
Chief Council Secretary (2) 2
- Staff in attendance** : Miss Flora TAI
Assistant Secretary General 2
- Mr Timothy TSO
Senior Assistant Legal Adviser 1
- Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Raymond LAM
Senior Council Secretary (2) 7

Miss Michelle TANG
Council Secretary (2) 2

Miss Cally LAI
Legislative Assistant (2) 2

X X X X X X X X

4. Members discussed Mr WONG Kwok-kin's request for Mr Kenneth LEUNG to resign from the Select Committee.
5. Mr WONG Kwok-kin moved the following motion:

(議案中文措辭)

"為免影響本專責委員會的公信力，本人建議專責委員會要求梁繼昌議員辭任專責委員會委員。"

(English translation of the motion)

"In order to prevent the credibility of this Select Committee from being affected, I propose that the Select Committee should request Mr Kenneth LEUNG to resign from the Select Committee."

6. The Chairman put Mr WONG Kwok-kin's motion to vote. The Deputy Chairman requested a division.

The following members voted in favour of the motion:

Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr MA Fung-kwok, Mr Steven HO, Dr Junius HO and Ms YUNG Hoi-yan. (six members)

The following members voted against the motion:

Mr Kenneth LEUNG, Mr Alvin YEUNG, Mr Andrew WAN and Mr LAM Cheuk-ting. (four members)

7. The Chairman declared that six members voted in favour of the motion and four members voted against it. He declared that the motion was carried.

X X X X X X X X

Council Business Division 2
Legislative Council Secretariat
3 October 2017

List of information to be obtained by the Select Committee

I. From Mr LEUNG Chun-ying

- (a) copy of the agreement(s) entered into between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("UGL") in 2011 ("UGL Agreement"); and related agreement(s), if any, entered into by the two parties subsequent to the signing of the UGL Agreement ("related agreement(s)");
- (b) record(s) of declaration made by Mr LEUNG Chun-ying under Article 47 of the Basic Law;
- (c) record(s) of declaration of interests by Mr LEUNG Chun-ying to the Executive Council ("ExCo");
- (d) record(s) of payment(s) received by Mr LEUNG Chun-ying pursuant to the UGL Agreement and/or any related agreement(s);
- (e) record(s) of taxation payment(s) submitted by Mr LEUNG Chun-ying, if any, to the Inland Revenue Department relating to the UGL Agreement and/or any related agreement(s);
- (f) copy of correspondence(s) between Mr LEUNG Chun-ying and other relevant parties (including but not limited to representative(s) of UGL, DTZ Holdings plc ("DTZ"), DTZ's creditor(s) and administrator(s)) concerning the negotiation process(es) in respect of the UGL Agreement and/or any related agreement(s);
- (g) copy of minutes of and document(s) presented at meeting(s) of the board of directors of DTZ and/or its annual general meeting(s) and/or extraordinary general meeting(s) that covered discussion(s) and/or resolution(s) relating to the UGL Agreement and/or any related agreement(s), including the sale of the business and assets of DTZ to United Group Europe Limited, a subsidiary of UGL ("the sale of DTZ"); and
- (h) press statement(s) issued by the Chief Executive's Office on behalf of Mr LEUNG Chun-ying relating to the UGL Agreement and/or any related agreement(s).

II. From UGL Limited

- (a) copy of the UGL Agreement and/or any related agreement(s);
- (b) record(s) of payment(s) to Mr LEUNG Chun-ying pursuant to the UGL Agreement and/or any related agreement(s);
- (c) record(s) of request(s) from UGL for service and assistance by Mr LEUNG Chun-ying, if any, since December 2011;
- (d) copy of minutes of and document(s) presented at meeting(s) of the board of directors of DTZ and/or its annual general meeting(s) and/or extraordinary general meeting(s) that covered the discussion(s) and/or resolution(s) relating to the UGL Agreement and/or any related agreement(s), including the sale of DTZ;
- (e) copy of correspondence(s) and/or document(s) relating to the UGL Agreement and/or any related agreement(s) which had been submitted by Mr LEUNG Chun-ying to the board of directors and/or the management team of DTZ;
- (f) press statement(s) issued by UGL and/or DTZ relating to the UGL Agreement and/or any related agreement(s);
- (g) copy of letter(s) and/or document(s) issued by UGL and/or DTZ to DTZ's shareholder(s) and/or creditor(s) and/or administrator(s) and/or liquidator(s) relating to the UGL Agreement and/or any related agreement(s);
- (h) copy of letter(s) and/or document(s) issued by DTZ's creditor(s) and/or administrator(s) to UGL and/or DTZ relating to the UGL Agreement and/or any related agreement(s);
- (i) information on DTZ's respective scope of business in Hong Kong before and after the sale of DTZ;
- (j) information on UGL's respective scope of business in Hong Kong before and after the sale of DTZ; and
- (k) DTZ's Annual Reports and Accounts for respective financial years since 2006.

III. From the Judiciary Administration

Record(s) of Mr LEUNG Chun-ying's declaration under Article 47 of the Basic Law to the Chief Justice of the Court of Final Appeal.

IV. From the Executive Council Secretariat

- (a) information on the system of declaration of interests by Members of ExCo at the time when Mr LEUNG Chun-ying assumed the office of Chief Executive ("CE") and during his term of office of CE;
- (b) record(s) of declaration of interests made by Mr LEUNG Chun-ying upon assumption of office and during his term of office of CE; and
- (c) record(s) of declaration of interests made by Mr LEUNG Chun-ying at ExCo meeting(s).

V. From the Inland Revenue Department

Requirements and relevant provisions under the taxation laws of Hong Kong which are relevant to the UGL Agreement and/or any related agreement(s).

VI. From the Joint Administrators of DTZ Holdings plc who conducted the sale of DTZ

- (a) copy of letter(s) and/or document(s) issued by the Joint Administrators of DTZ relating to the sale of DTZ, the UGL Agreement and/or any related agreement(s); and
- (b) copy of the Joint Administrators' Statement of Proposals of DTZ (in administration) issued in 2011.

VII. From the secured creditor of DTZ Holdings plc, i.e. The Royal Bank of Scotland plc

Copy of the board resolution(s), press statement(s), letter(s) and/or document(s) issued by the secured creditor of DTZ relating to the sale of DTZ, the UGL Agreement and/or any related agreement(s).

**List of witnesses to be invited to assist the Select Committee
in its inquiry**

**I. Background, nature and details of the agreement(s) entered into
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

- ◇ Mr LEUNG Chun-ying
- ◇ Mr Richard Leupen
The then Managing Director and CEO
UGL Limited
(or the representative(s) of UGL Limited)
- ◇ Mr Tim Melville-Ross
The then Chairman
DTZ Holdings plc
- ◇ The representative(s) from the Chief Executive's Office

**II. Declaration requirements under Article 47 of the Basic Law and the
system of declaration of interests by Members of the Executive
Council and issues relating to possible conflict of interests**

- ◇ Mr LEUNG Chun-ying
- ◇ Judiciary Administrator
- ◇ Clerk to the Executive Council
Chief Executive's Office, Executive Council Secretariat
- ◇ The representative(s) from the Chief Executive's Office

III. Taxation issues

- ◇ Mr LEUNG Chun-ying
- ◇ Commissioner of Inland Revenue

**Select Committee to Inquire into Matters about the Agreement between
Mr LEUNG Chun-ying and the Australian firm UGL Limited ("Select Committee")**

List of information available to the Select Committee

<u>Legend</u>	
<input type="checkbox"/>	The requested information was provided.
<input checked="" type="checkbox"/>	The requested information was not provided.
<input type="checkbox"/>	No request was raised with these parties for the provision of the information set out on the left.

No.	Parties approached	Provision of the requested information						Remarks
		Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	
I.	Major Area of Study – Background, nature and details of the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("UGL") signed in 2011 ("UGL Agreement")							
1.	Copy of the UGL Agreement; and related agreement(s), if any, entered into by the two parties subsequent to the signing of the UGL Agreement ("related agreement(s)")	✗	✗					A copy of the letter purported to be the UGL Agreement is available in the public domain ¹

¹ On 8 October 2014, Fairfax Media Limited, an Australian media agency, published for the first time a detailed report on the UGL Agreement on The Sydney Morning Herald and The Age. A copy of a letter from Mr Richard Leupen, Managing Director & CEO of UGL, to Mr LEUNG Chun-ying dated 2 December 2011 and purportedly signed by Mr LEUNG at the end of the letter on the same day, was attached to the news report (<http://images.theage.com.au/file/2014/10/08/5858100/leung-letter.pdf?rand=1412752076979>) and purported to be the UGL Agreement.

No.	Provision of the requested information							Remarks	
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat		Inland Revenue Department
2.	Description of information	X	X						-
3.	Record(s) of payment(s) received by Mr LEUNG Chun-ying pursuant to the UGL Agreement and/or any related agreement(s) Copy of correspondence(s) between Mr LEUNG Chun-ying and other relevant parties (including but not limited to representative(s) of UGL, DTZ Holdings plc ("DTZ"), DTZ's creditor(s) and administrator(s)) concerning the negotiation process(es) in respect of the UGL Agreement and/or any related agreement(s)	X							-
4.	Copy of minutes of and document(s) presented at meeting(s) of the board of directors of DTZ and/or its annual general meeting(s) and/or extraordinary general meeting(s) that covered discussion(s) and/or resolution(s) relating to the UGL Agreement and/or any related agreement(s), including the sale of the business and assets of DTZ to United Group Europe Limited, a subsidiary of UGL ("the sale of DTZ")	X							-

No.	Provision of the requested information							Remarks	
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat		Inland Revenue Department
5.	Description of information Copy of correspondence(s) and/or document(s) relating to the UGL Agreement and/or any related agreement(s) which had been submitted by Mr LEUNG Chun-ying to the board of directors and/or the management team of DTZ		X						-
6.	Description of information Copy of letter(s) and/or document(s) issued by UGL and/or DTZ to DTZ's shareholder(s) and/or creditor(s) and/or administrator(s) and/or liquidator(s) relating to the UGL Agreement and/or any related agreement(s)		X						-
7.	Description of information Copy of letter(s) and/or document(s) issued by DTZ's creditor(s) and/or administrator(s) to UGL and/or DTZ relating to the UGL Agreement and/or any related agreement(s)		X						-

No.	Parties approached	Provision of the requested information							Remarks	
		Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	Inland Revenue Department		
8.	Description of information Copy of letter(s) and/or document(s) issued by the Joint Administrators of DTZ relating to the sale of DTZ, the UGL Agreement and/or any related agreement(s)			One document was provided ² [LC Paper No. CB(2)218/17-18(06)]						-
9.	Copy of the board resolution(s), press statement(s), letter(s) and/or document(s) issued by the secured creditor of DTZ relating to the sale of DTZ, the UGL Agreement and/or any related agreement(s)				No response					-
10.	Copy of the Joint Administrators' Statement of Proposals of DTZ (in administration) issued in 2011			✓ [LC Paper No. CB(2)218/17-18(06)]						-

² The document provided was a copy of the sale and purchase agreement entered into between DTZ (in administration), the Joint Administrators of DTZ and United Group Europe Limited in respect of the sale of DTZ dated 4 December 2011.

No.	Parties approached	Provision of the requested information							Remarks
		Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	Inland Revenue Department	
11.	Description of information DTZ's Annual Reports and Accounts for respective financial years since 2006		x						The requested Annual Reports and Accounts are available on the website of the Companies House of the United Kingdom ³
12.	Press statement(s) issued by UGL and/or DTZ relating to the UGL Agreement and/or any related agreement(s)		x						-
13.	Press statement(s) issued by the Chief Executive's Office on behalf of Mr LEUNG Chun-ying relating to the UGL Agreement and/or any related agreement(s)	x							The requested press statements are available on the website of the HKSAR Government

³ The Companies House is the companies registry of the Government of the United Kingdom. DTZ's Annual Reports and Accounts for respective financial years between 2006 and 2011 are accessible through the Companies House's online service (<https://beta.companieshouse.gov.uk/>).

No.	Provision of the requested information							Remarks	
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat		Inland Revenue Department
14.	Description of information	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	Inland Revenue Department	
		<p>Documents provided by Mr LEUNG Chun-ying in his letter dated 15 September 2017 (LC Paper No. CB(2)218/17-18(01)) which are not requested by the Select Committee:</p> <p>(a) "CY Leung: UGL Q&A" published by The Sydney Morning Herald dated 8 October 2014;</p> <p>(b) UGL's Media Release dated 9 October 2014;</p> <p>(c) UGL's Media Release dated 14 October 2014;</p> <p>(d) "Executives quit despite CY Leung's secret multi-million dollar deal" published by The Sydney Morning Herald dated 15 October 2014;</p> <p>(e) Official Record of Proceedings Pages 121 and 122 of the Council Meeting of 5 November 2014 (Speech of the then Chief Secretary in response to a Member's Motion under the Legislative Council (Powers and Privileges) Ordinance) (Chinese version);</p> <p>(f) Official Record of Proceedings Pages 1232 to 1236 of the Council Meeting of 5 November 2014 (Speech of the then Acting Chief Secretary in response to a Member's Motion under the Legislative Council (Powers and Privileges) Ordinance) (Chinese version);</p> <p>(g) Official Record of Proceedings Pages 158 and 159 of the Council Meeting of 20 November 2014 (Speech of the then Chief Secretary in response to a Member's Motion under the Legislative Council (Powers and Privileges) Ordinance) (Chinese version);</p> <p>(h) Official Record of Proceedings Pages 255 to 259 of the Council Meeting of 20 November 2014 (Speech of the then Chief Secretary in response to a Member's Motion under the Legislative Council (Powers and Privileges) Ordinance) (Chinese version);</p> <p>(i) Letter from Sit, Fung, Kwong & Shum ("SFKS") to the Chief Editor of Apply Daily dated 26 September 2016; and</p> <p>(j) Statement issued by SFKS dated 30 September 2016 (in Chinese).</p>							

No.	Provision of the requested information							Remarks	
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat		Inland Revenue Department
II. Major Area of Study – Declaration requirements under Article 47 of the Basic Law ("BL") and the system of declaration of interests by Members of the Executive Council ("ExCo")									
15.	Record(s) of declaration made by Mr LEUNG Chun-ying under BL 47 to the Chief Justice of the Court of Final Appeal	x					x		-
16.	General information on the system of declaration under BL47						✓ [LC Paper No. CB(2)596/17-18(02)]		-
17.	Record(s) of declaration of interests made by Mr LEUNG Chun-ying upon assumption of office and during his term of office of the Chief Executive ("CE")	x						✓ [LC Paper No. CB(2)596/17-18(03)]	-
18.	Record(s) of declaration of interests made by Mr LEUNG Chun-ying at ExCo meeting(s)	x						x	-

No.	Provision of the requested information							Remarks	
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat		Inland Revenue Department
19.	Description of information Information on the system of declaration of interests by ExCo Members at the time when Mr LEUNG Chun-ying assumed the office of CE and during his term of office of CE						✓ [LC Paper No. CB(2)596/17-18(03)]		-
20.	Documents provided by Mr LEUNG Chun-ying in his letter dated 15 September 2017 (LC Paper No. CB(2)218/17-18(01)) which are not requested by the Select Committee: (a) Official Record of Proceedings Pages 12 to 19 of the Council Meeting of 29 October 2014 (Oral question raised by Hon Albert HO on "Declaration of Interests by Chief Executive and Members of Executive Council") (Chinese version); and (b) Official Record of Proceedings Pages 56 to 62 of the Council Meeting of 5 July 2017 (Oral question raised by Hon Andrew WAN on "Issues arising from the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited") (Chinese version).								-
III. Major Area of Study – Conflict of interests									
21.	Record(s) of request(s) from UGL for service and assistance by Mr LEUNG Chun-ying, if any, since December 2011		✗						-
22.	Information on DTZ's respective scope of business in Hong Kong before and after the sale of DTZ		✗						-

No.	Parties approached	Provision of the requested information							Remarks		
		Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	Inland Revenue Department			
23.	Description of information Information on UGL's respective scope of business in Hong Kong before and after the sale of DTZ		✗							-	
IV. Major Area of Study – Taxation issues											
24.	Record(s) of taxation payment(s) submitted by Mr LEUNG Chun-ying, if any, to the Inland Revenue Department relating to the UGL Agreement and/or any related agreement(s)	✗									-
25.	Requirements and relevant provisions under the taxation laws of Hong Kong which are relevant to the UGL Agreement and/or any related agreement(s)								✗		-
26.	General information on the policy adopted and the applicable taxation principles (including any relevant statutory provisions) in a situation where a payment received by a Hong Kong resident from: (a) his employer or former employer; and								✓	[LC Paper No. CB(2)596/17-18(04)]	-

No.	Provision of the requested information							Remarks
	Parties approached	Mr LEUNG Chun-ying	UGL Limited	Joint Administrators of DTZ Holdings plc	Secured creditor of DTZ Holdings plc (The Royal Bank of Scotland plc)	Judiciary Administration	Executive Council Secretariat	
	<p>Description of information</p> <p>(b) a non-employer entity, pursuant to a contract or other forms of arrangement imposing restrictive covenants that seek to, for example, prohibit the person from having any business dealings in competition with his former employer, or prohibit the person from soliciting employees of his former employer;</p> <p>and where the Hong Kong resident is required under the contract (or other forms of arrangement) to provide assistance in the promotion of the former employer regardless of whether assistance has in fact been rendered.</p>							

Voting results in respect of the proposals that the Select Committee should (a) seek the Legislative Council's authorization to exercise the powers under section 9(1) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) and (b) invite the Department of Justice to provide any information in its possession that could assist the Select Committee's inquiry

LC Paper No. CB(2)841/18-19

Ref : CB2/SC/16

Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited

Extract from the minutes of the closed meeting held on Thursday, 10 January 2019, at 4:30 pm in Conference Room 5 of the Legislative Council Complex

Members present : Hon Paul TSE Wai-chun, JP (Chairman)
Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon YUNG Hoi-yan

Clerk in attendance : Miss Josephine SO
Chief Council Secretary (2) 2

Staff in attendance : Miss Flora TAI
Assistant Secretary General 2

Mr Timothy TSO
Senior Assistant Legal Adviser 1

Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Raymond LAM
Senior Council Secretary (2) 7

Miss Michelle TANG
Council Secretary (2) 6

Miss Cally LAI
Legislative Assistant (2) 2

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15. The Chairman said that as members had divergent views on the proposals that the Select Committee should (a) seek the Council's authorization to exercise the powers under section 9(1) of Cap. 382 and (b) invite DoJ to provide any information in its possession that could assist the Select Committee's inquiry, he would invite members to decide by voting.

16. The Chairman first put to vote the proposal that the Select Committee should seek authorization from the Council to exercise the powers under section 9(1) of Cap. 382.

The following members voted in favour of the proposal:

Mr Kenneth LEUNG, Mr Alvin YEUNG, Mr Andrew WAN and Mr LAM Cheuk-ting.
(four members)

The following members voted against the proposal:

Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr MA Fung-kwok, Mr Steven HO, Dr Junius HO and Ms YUNG Hoi-yan.
(six members)

17. The Chairman announced that four members voted in favour of the proposal and six members voted against it. He declared that the proposal was negatived.

18. The Chairman then put to vote the proposal that the Select Committee should invite DoJ to provide any information in its possession that could assist the Select Committee's inquiry.

The following members voted in favour of the proposal:

Mr Kenneth LEUNG, Mr Alvin YEUNG, Mr Andrew WAN and Mr LAM Cheuk-ting.
(four members)

The following members voted against the proposal:

Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr MA Fung-kwok, Mr Steven HO, Dr Junius HO and Ms YUNG Hoi-yan.
(six members)

19. The Chairman announced that four members voted in favour of the proposal and six members voted against it. He declared that the proposal was negated.

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Council Business Division 2
Legislative Council Secretariat
20 February 2019

Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited

Summary of information obtained

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
<p>1. Whether Mr LEUNG Chun-ying ("Mr LEUNG") had complied with the declaration requirements under Article 47 of the Basic Law ("BL") and the system of declaration of interests by Members of the Executive Council ("ExCo")</p>	<p>I. Background, nature and details of the agreement between Mr LEUNG and the Australian firm UGL Limited ("UGL") signed in 2011 ("UGL Agreement")</p> <p>(a) whether or not Mr LEUNG and UGL signed and/or executed the UGL Agreement;</p> <p>(b) if so, what were the major terms and conditions of the UGL Agreement;</p> <p>(c) whether or not Mr LEUNG received any payment(s) from UGL pursuant to the UGL Agreement and if Mr LEUNG did receive payment(s), the amount and nature of the payment(s) made to Mr LEUNG by UGL ("Payments"), the payment method(s) and timing of payment(s);</p> <p>(d) the nature and effect of the term under the UGL Agreement "to provide such assistance in the promotion of the UGL Group and the DTZ Group as UGL may reasonably require, including but not limited to acting as a referee and adviser from time to time"¹ ("Term"); and</p> <p>(e) whether the Term had been modified in any way and, if so, by whom and the effect of the Term as modified.</p>	<p>1.1 <u>Reply dated 15 September 2017 from Mr LEUNG (English version only) [CY1]</u> together with 12 enclosures [CY1.1 to CY1.12]</p> <p>(a) in the second paragraph of CY1, Mr LEUNG stated that:</p> <p>"All information relevant to the so-called major areas of study can be found in or deduced from the various statements and reports already in circulation for some time in the public domain. I append a file containing copies of twelve relevant documents (see index attached).";</p> <p>(b) CY1.1 to CY1.4 contained media's reports on UGL's responses in relation to media speculation concerning the UGL Agreement and Mr LEUNG's receipt of the Payments amounting to £4 million from UGL in connection with the UGL Agreement after assuming the office of CE, and UGL's media releases on the same subject matter. The parts relevant to the background, nature and details of the UGL Agreement are extracted as follows:</p> <p>(i) "The arrangement was a standard non-poach, non-compete arrangement. It was entered solely to ensure CY LEUNG did not move to a competitor or set up or promote any business in competition with DTZ, or poach any people from DTZ, and hence to ensure the business retained its value after UGL acquisition. It is standard business practice to pay for such undertakings, as you are requiring the individual to take on obligations and to forgo future opportunities." [CY1.1];</p> <p>(ii) "The agreement ensured both non-compete and non-poach arrangements, to ensure key personnel remained with DTZ post the acquisition, as demonstrated by the fact that payment was subject to satisfaction of these provisions (including a proportional reduction for each senior manager that left DTZ's employment during the term of the agreement)." [CY 1.1];</p> <p>(iii) "UGL entered into an agreement with Mr LEUNG to protect UGL's commercial interests in North Asia by preventing him from competing with DTZ or employing DTZ staff for two years following UGL's acquisition of the subsidiaries of DTZ Holdings plc. Payments were staggered over this period to ensure that these non-compete and non-poach obligations were met and the agreement provided mechanisms to reduce these payments if key individuals left DTZ over this period." [CY1.2];</p> <p>(iv) "The agreement also protected UGL's right to operate in the region by ensuring existing licencing arrangements held by Mr LEUNG were maintained and transferred to UGL. Again the agreement was in accordance with normal market practices and terms." [CY1.2]; and</p> <p>(v) "The article erroneously makes reference to 'secret payments'. This is a baseless and misleading reference as the arrangements were made with Mr LEUNG, then a private individual, on commercial terms and with full knowledge of the vendor, in keeping with standard businesses practice for non-compete and non-poach agreements. Such agreements are common confidential commercial arrangements when a business is being acquired." [CY1.2]; and</p>

¹ The original text of the Term is in English and the text in Chinese is a translated version (see Official Record of Proceedings of the Legislative Council meeting of 5 November 2014, Pages 1157 and 1169 in Hansard (Chinese version)). Readers should refer to the original English text as it appeared in the copy of the purported UGL Agreement (Appendix II to IN03/16-17) for the authentic version.

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
		<p>(c) CY1.5 to CY1.10 contained speeches of the then Chief Secretary for Administration ("CS") delivered at various Council meetings in respect of the UGL Agreement and Mr LEUNG's receipt of the Payments amounting to £4 million from UGL in connection with the UGL Agreement after assuming the office of CE. The parts relevant to the background, nature and details of the UGL Agreement are extracted as follows:</p> <p>(i) "Mr LEUNG Chun-ying was the Asia Pacific Director of DTZ before he stood for the Chief Executive election. He announced his resignation from the post of Director and other offices he held in DTZ on 24 November 2011. In view of his resignation, UGL, which was at that time trying to acquire DTZ, concluded with Mr LEUNG a resignation agreement on 2 December 2011. Under the agreement, UGL undertook to make payments to Mr LEUNG over a two-year period and to underwrite for DTZ the payment of outstanding agreed bonus to Mr LEUNG, subject to key personnel remaining with DTZ during the two years subsequent to Mr LEUNG's resignation." [Page 1232 of CY1.7];</p> <p>(ii) "The fact is that the resignation agreement signed between Mr LEUNG and UGL on 2 December 2011 was simply a non-compete arrangement between UGL and Mr LEUNG, whereby UGL would pay a total of £4 million to Mr LEUNG over a two-year period, subject to key personnel remaining with DTZ during the two years subsequent to Mr LEUNG's resignation. Of the said total sum of payment, £2 million was paid to ensure that Mr LEUNG would not be in competition with UGL, and another £2 million was the compensation for his undertaking not to poach employees." [Page 1233 of CY1.7];</p> <p>(iii) "[U]nder the 'Additional Commitments' of the resignation agreement, Mr LEUNG had agreed to – as the agreement is in English, I will read out the original provision in English – 'provide such assistance in the promotion of the UGL Group and the DTZ Group as UGL may reasonably require, including but not limited to acting as a referee and adviser from time to time'. Nonetheless, I would like to draw Members' attention to the following remarks added specifically by Mr LEUNG to this provision when signing the resignation agreement, that is, 'provided that such assistance does not create any conflict of interest.'" [Page 15 of CY1.5]; and</p> <p>(iv) "This agreement is kept as a confidential commercial arrangement in line with common commercial practices." [Page 121 of CY1.6].</p>
		<p>1.2 <u>Reply dated 24 November 2017 from Mr LEUNG (English version only)</u> [CY2]</p> <p>Mr LEUNG stated that:</p> <p>"All information relevant to the so-called major areas of study can be found in or deduced from the various statements and reports already in circulation for some time in the public domain.</p> <p>I have provided the Select Committee with a file of twelve relevant documents which are sufficient in helping the Select Committee to reach the correct conclusions."</p>
		<p>1.3 <u>Reply dated 16 October 2017 from UGL (English version only)</u> [UI]</p> <p>UGL stated that:</p> <p>"UGL's policy is to co-operate with any regulatory or other investigative body. To ensure that UGL's confidentiality and legal professional privilege is preserved in any investigation UGL will only co-operate in accordance with the relevant body's authority and powers and pursuant to specific legal requirements."</p>

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
		<p>1.4 <u>Reply dated 27 October 2017 from UGL (English version only) [U2]</u></p> <p>UGL stated that:</p> <p>"[I]t is UGL's policy to co-operate with any regulatory or other investigative body. At the same time, UGL considers it essential to be able to rely on its rights to confidentiality and legal professional privilege, amongst others, when co-operating with regulatory and investigative bodies.</p> <p>UGL respectfully declines to meet the terms of the Committee's requests set out in your letter dated 1 September 2017."</p>
<p>II. Declaration requirements under BL 47 and the system of declaration of interests by ExCo Members</p> <p>(a) what were the requirements applicable to the Chief Executive ("CE") in relation to declaration of interests under BL 47 and the relevant system of declaration of interests of ExCo at the time Mr LEUNG assumed the office of CE;</p> <p>(b) whether such requirements had to be complied with at the assumption of office or whether such requirements had to be complied with at the assumption of office and throughout the term of the office;</p> <p>(c) whether the Payments fell within the scope of interests required to be declared under BL 47 and the relevant system of declaration of interests of ExCo; and</p> <p>(d) if so, whether Mr LEUNG had complied with those requirements to declare his interests in receiving the Payments, upon assumption or during the term of the office of CE.</p>	<p>1.5 <u>Reply dated 15 September 2017 from Mr LEUNG (English version only) [CY1]</u></p> <p>The parts in CY1.5 to CY1.10 relevant to the declaration requirements under BL 47 and the system of declaration of interests by ExCo Members are extracted as follows:</p> <p>(a) "Article 47 of the Basic Law stipulates that the Chief Executive, on assuming office, shall declare his or her assets to the Chief Justice of the Court of Final Appeal of the Hong Kong Special Administrative Region (CJ), and that this declaration shall be put on record. On assuming office, the Chief Executive made such declaration to the CJ in accordance with the Basic Law. The term 'assets' is not specifically defined under the Basic Law. The relevant declaration is confidential." [Page 13 of CY1.5];</p> <p>(b) "As President of the Executive Council, the Chief Executive observes the system of declaration of interests for the Executive Council Members, including the requirement for regular declarations. The Chief Executive has declared his registrable interests annually for public inspection. He has also made declarations on his financial interests annually on a confidential basis deposited with the Clerk to the Executive Council. As with other Executive Council Members, the Chief Executive would notify the Clerk to the Executive Council of any changes to the interests declared in accordance with the system." [Page 13 of CY1.5];</p> <p>(c) "[T]he agreement and payments concerned arose from Mr LEUNG's resignation from DTZ, not any future service to be provided by him. Under the current system of declaration of interests by Members of the Executive Council, there is no requirement for Mr LEUNG to declare the said resignation agreement. Moreover, both Mr LEUNG's resignation from DTZ and conclusion of the agreement with UGL took place before he was elected as the Chief Executive, and at the material time, he had already resigned from the Executive Council." [Page 13 of CY1.5];</p> <p>(d) "[T]here is no requirement for Mr LEUNG to declare such payments under the current system of declaration of interests by the Executive Council Members." [Page 14 of CY1.5]; and</p> <p>(e) "Regarding DTZ shares held by the Chief Executive, the Chief Executive has transferred all his shares of DTZ Holdings Plc and its subsidiaries to a trust. The trustee is a practising accountant. The Chief Executive has declared such interests according to the system of declaration of interests by the Executive Council Members, and the relevant declaration has already been uploaded to the Executive Council website." [Page 14 of CY1.5] (see also EC1.2 and paragraph 1.8 below).</p>	<p>1.6 <u>Reply dated 11 October 2017 from the Judiciary Administration [JI]</u></p> <p>The Judiciary Administration advised that having regard to the relevant circumstances, CJ did not consider it appropriate to provide the Select Committee with a copy of the record(s) of Mr LEUNG's declaration under BL 47.</p>

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
		<p>1.7 <u>Reply dated 28 November 2017 from the Judiciary Administration [J2]</u></p> <p>In response to the Select Committee's request for information on the system of declaration under BL 47 in general, the Judiciary Administration advised that:</p> <p>"The requirements for the declaration are as set out in Article 47 of the Basic Law. In accordance with this Article, the Chief Executive is obliged to provide a declaration of his or her assets to the Chief Justice on assuming office. Such declaration is then kept by the Chief Justice."</p> <p>1.8 <u>Reply dated 14 November 2017 from the ExCo Secretariat [EC1] together with two enclosures [EC1.1 and EC1.2]</u></p> <p>The ExCo Secretariat provided the following information:</p> <p>(a) a note issued in June 2012 by the CE's Office outlining the system of declaration of interests by ExCo Members [EC1.1]. The system was also applicable to CE who was the President of ExCo;</p> <p>(b) five sets of the Annual Declaration of Registrable Interests of Members of the Executive Council ("Annual Declaration") made by Mr LEUNG upon assumption of office and annually thereafter during his term of office of CE [EC1.2]:</p> <ul style="list-style-type: none"> (i) in each set of Annual Declaration, Mr LEUNG had declared "Chief Executive, Hong Kong Special Administrative Region" as the sole item of registrable interest under "Remunerated Employments, Offices, Trades, Profession, etc. "; (ii) in the Annual Declaration made in 2012, Mr LEUNG had made the following declaration of registrable interests (in extract) under "Name of Companies (both listed and unlisted ones) or other bodies in which the Member has, to his knowledge, either himself or with or on behalf of his spouse or children, a beneficial interest in shareholdings of a nominal value greater than 1% of the issued share capital.": <p>"I am a shareholder of the following companies:-</p> <ul style="list-style-type: none"> (1) DTZ Holdings Plc and its subsidiaries – Property Consultancy Company. (2) Wintrack Worldwide Ltd (BVI) and its subsidiaries – investment company. (3) ..."; and <p>(iii) in each set of the Annual Declaration made between 2013 and 2016, Mr LEUNG had respectively made the following declaration of registrable interests (in extract) under "Name of Companies (both listed and unlisted ones) or other bodies in which the Member has, to his knowledge, either himself or with or on behalf of his spouse or children, a beneficial interest in shareholdings of a nominal value greater than 1% of the issued share capital.":</p> <p>"(1)...</p> <ul style="list-style-type: none"> (2) I have transferred all my shares of Wintrack Worldwide (BVI) and its subsidiaries, and all my shares of DTZ Holdings Plc and its subsidiaries, to a trust. The trustee is a professional practicing accountant. The beneficiary of the trust is my wife."; and

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
<p>2. Whether the UGL Agreement had given rise to any conflict of interests on the part of Mr LEUNG as CE</p>	<p>III. Conflict of interests</p> <p>(a) whether the terms of the UGL Agreement were still in force and the rights and obligations under the UGL Agreement were still capable of being enforced after Mr LEUNG had assumed the office of CE; and, if so, whether such fact had given rise to any conflict of interests on the part of Mr LEUNG;</p> <p>(b) whether Mr LEUNG's commitment pursuant to the Term, or the Term as modified, had given rise to any conflict of interests, whether actual or potential;</p> <p>(c) whether Mr LEUNG had provided any service or assistance to UGL pursuant to the UGL Agreement after he assumed the office of CE and if so, whether this had given rise to any actual or potential conflict of interests; and</p> <p>(d) whether there were other aspects of the UGL Agreement that had given rise to any actual or potential conflict of interests.</p>	<p>(c) in response to the Select Committee's request for the record(s) of declaration of interests made by Mr LEUNG at ExCo meeting(s), the ExCo Secretariat advised that in line with the principle of confidentiality of ExCo and to preserve the integrity of the ExCo system, the Government did not disclose the content of ExCo discussions (whether in the form of ExCo memoranda, minutes or otherwise) or any declarations in respect of individual items discussed by ExCo. The ExCo Secretariat was thus unable to accede to the Select Committee's request for provision of those records. [Paragraph (c) of EC1].</p> <p>2.1 <u>Reply dated 15 September 2017 from Mr LEUNG (English version only)</u> [CY1] together with 12 enclosures [CY1.1 to CY1.12]</p> <p>(a) The parts in CY1.1 to CY1.4 relevant to the issue of potential conflict of interests on the part of Mr LEUNG arising from the UGL Agreement are extracted as follows:</p> <p>(i) "If CY LEUNG returned to UGL's employment, the arrangement was invalidated, as there was then no issue with competition or poaching. At the time of the negotiations, media coverage suggested that other candidates were favoured to be elected, so the possibility of CY LEUNG securing office was not the focus of UGL's negotiations." [CY1.1];</p> <p>(ii) "It should be noted that at the time of entering in the agreement, Mr LEUNG was not an elected official of Hong Kong, and UGL had no reason to expect that his campaign for Chief Executive of Hong Kong would be successful. In any event the same commercial protections for UGL and DTZ were necessary." [CY1.2];</p> <p>(iii) "During the two year period between 2011 and 2013 and subsequent, UGL did not request Mr LEUNG to undertake any task whatsoever on our behalf, nor did Mr LEUNG offer to perform any tasks." [CY1.2];</p> <p>(iv) "The vendor, the Royal Bank of Scotland, and their advisors were fully aware of UGL's intention to enter into an arrangement with Mr LEUNG and DTZ Holdings plc played a significant role in initiating and negotiating those terms with Mr LEUNG. As part of these negotiations and with the full agreement of the vendor team, the amount to be paid by UGL to acquire the subsidiaries of DTZ Holdings plc was reduced to allow for the payments to Mr LEUNG. This had no impact on the other creditors and shareholders of DTZ Holdings plc, as the full benefit of the purchase price, both before and after the payment reduction, flowed to the Royal Bank of Scotland and no other party." [CY1.2]; and</p> <p>(v) "UGL reconfirms that the vendor of DTZ Holdings plc, the Royal Bank of Scotland, and their advisors played a significant role in initiating and negotiating terms with Mr LEUNG prior to the ultimate sale of DTZ Holdings plc to UGL Limited." [CY1.4]; and</p> <p>(b) The parts in CY1.5 to CY1.10 relevant to the issue of potential conflict of interests on the part of Mr LEUNG arising from the UGL Agreement are extracted as follows:</p> <p>(i) "As Mr LEUNG was elected as the Chief Executive in March 2012, he would not and should not provide the said assistance to UGL; and that is exactly the case. As confirmed by UGL in its statement, Mr LEUNG has not provided any service to UGL after signing the above agreement. Hence, given such circumstances, Mr LEUNG did not consider it necessary to rescind the agreement." [Page 15 of CY1.5];</p> <p>(ii) "Moreover, as the agreement had been signed before Mr LEUNG was elected Chief Executive, it should have nothing to do with Mr LEUNG's performance of his public duties." [Page 1235 of CY1.7]; and</p>

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
		<p>(iii) "Another salient point in the motion is Mr LEUNG's shareholding of DTZ Japan. As pointed out by Members, as Mr LEUNG still held shares of DTZ Japan after he assumed the office as the Chief Executive, and a client of DTZ Japan had business in the local television industry and property industry on Lantau Island, they question if that constituted a conflict of interest in Mr LEUNG's performance of public duties...As I have said in my response earlier, Mr LEUNG had already transferred all his shares of DTZ Holdings plc and its subsidiaries to a trust. The trustee is a professional practising accountant. Mr LEUNG had declared the aforesaid interest according to the requirement of the system of declaration of interests for Executive Council Members and the declaration has been uploaded to the Executive Council website. It is worth mentioning that the trustee manages the trust independently in accordance with the trust provisions. As the consignor, Mr LEUNG does not have the power to make any trading decisions regarding the shares under the trust, including those of DTZ Holdings plc and its subsidiaries." [Pages 256-257 of CY1.9].</p>
		<p>2.2 <u>Reply dated 16 October 2017 from UGL (English version only) [U1]</u></p> <p>UGL stated that:</p> <p>"UGL's policy is to co-operate with any regulatory or other investigative body. To ensure that UGL's confidentiality and legal professional privilege is preserved in any investigation UGL will only co-operate in accordance with the relevant body's authority and powers and pursuant to specific legal requirements."</p>
		<p>2.3 <u>Reply dated 27 October 2017 from UGL (English version only) [U2]</u></p> <p>UGL stated that:</p> <p>"[I]t is UGL's policy to co-operate with any regulatory or other investigative body. At the same time, UGL considers it essential to be able to rely on its rights to confidentiality and legal professional privilege, amongst others, when co-operating with regulatory and investigative bodies.</p> <p>UGL respectfully declines to meet the terms of the Committee's requests set out in your letter dated 1 September 2017."</p>
		<p>2.4 <u>Reply dated 19 September 2017 from Ernst & Young LLP, Joint Administrators ("Joint Administrators") of DTZ Holdings plc ("DTZ") (English version only) [EY1] together with two enclosures [EY1.1 and EY1.2]</u></p> <p>(a) the Joint Administrators provided (i) a copy of a sale agreement dated 4 December 2011 relating to shares in certain companies and the trade marks owned by DTZ (in administration) [EY1.1] and (ii) a copy of the Joint Administrators' Statement of Proposals of DTZ (in administration) issued on 23 December 2011 ("the Statement of Proposals") [EY1.2];</p> <p>(b) in the Statement of Proposals, the Joint Administrators stated that on 4 December 2011, they completed a sale of the business and assets of DTZ to United Group Europe Limited (a subsidiary of UGL) for a total consideration of up to £96.5 million. Appendix A of the Statement of Proposals showed that Mr LEUNG resigned from the post of director of DTZ on 24 November 2011. His then shareholding in DTZ was 6 563 775 shares [Pages 3 and 15 of EY1.2]; and</p> <p>(c) regarding the UGL Agreement and related agreement(s), if any, the Joint Administrators advised that they were not aware, nor was DTZ party to any agreement(s) between Mr LEUNG and UGL. [Paragraph (a) of EY1]</p>

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
<p>3. Whether the Payments were taxable under the laws of Hong Kong</p>	<p>IV. Taxation issues</p> <p>(a) whether the Payments or any part(s) of the Payments were taxable under the laws of Hong Kong; and</p> <p>(b) if the answer to IV(a) above is in the affirmative, whether Mr LEUNG had complied with the taxation laws in force.</p>	<p>3.1 <u>Reply dated 15 September 2017 from Mr LEUNG (English version only) [CY1]</u> together with 12 enclosures [CY1.1 to CY1.12]</p> <p>In response to a question as to whether CE had paid tax for the payments paid to him by UGL in accordance with the requirements under the relevant legislation, the then Acting CS advised that:</p> <p>"Last year, Mr LEUNG sought advice from a practising accountant on the need or otherwise for him to pay salaries tax in respect of the aforesaid payments, and the accountant's professional advice was that under the relevant provision of Hong Kong's Inland Revenue Ordinance, salaries tax was applicable to income arising in or derived from Hong Kong from any employment, as well as the pension so derived. As such, Mr LEUNG did not have to pay salaries tax for the relevant payments. As regards the bonus concerned, he had to pay salaries tax in accordance with the aforesaid requirement. Mr LEUNG has already made the relevant tax payment accordingly." [Pages 1234-1235 of CY1.7]</p>
		<p>3.2 <u>Reply dated 12 October 2017 from the Inland Revenue Department ("IRD") (English version only) [A1]</u></p> <p>In response to the Select Committee's request for information on the requirements and relevant provisions under the taxation laws of Hong Kong which were relevant to the UGL Agreement and related agreement(s), IRD advised that the Commissioner of Inland Revenue ("Commissioner") and officers of IRD were subject to the official secrecy provision under section 4 of the Inland Revenue Ordinance (Cap.112) ("IRO"). Having considered that the Commissioner or officers of IRD would likely be disclosing information relating to the affairs of Mr LEUNG that came to their knowledge in the performance of their duties under IRO, and that they would be susceptible to breaching the official secrecy provision under section 4(1) of IRO, IRD could not accede to the Select Committee's request and neither the Commissioner nor any other officer of IRD would attend the hearings of the Select Committee.</p>
		<p>3.3 <u>Reply dated 4 December 2017 from IRD [A2]</u></p> <p>In response to the Select Committee's request for general information on the policy adopted and the applicable taxation principles on certain cases of payment received by a Hong Kong resident, IRD provided the following relevant taxation principles:</p> <p>(a) section 8(1) of IRO imposed the charge to salaries tax upon every person in respect of income arising in or derived from Hong Kong from any office or employment of profit and any pension. The charge made no distinction between a Hong Kong resident and a non-Hong Kong resident;</p> <p>(b) no general rules were given in IRO for determining whether income "arises in or is derived from Hong Kong". It had long been accepted that it was necessary to establish the place where the employment, the source of income, was located. IRD had accepted that in the great majority of the cases, the question of Hong Kong or non-Hong Kong employment could be resolved by considering three factors, namely, (a) where the contract of employment was negotiated and entered into, and was enforceable, (b) residence of the employer, and (c) place of payment of remuneration. Departmental Interpretation & Practice Notes No. 10 (Revised) "The Charge to Salaries Tax"² set out IRD's view and practice in determining source of employment;</p> <p>(c) section 9(1)(a) of IRO defined income from an office or employment to include wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite, or allowance, whether derived from the employer or others. A sum received by a taxpayer from a person other than his employer could be taxable provided that it was an income from his employment;</p>

² The Departmental Interpretation & Practice Notes No.10 (Revised) "The Charge to Salaries Tax" is now available at <https://www.ird.gov.hk/eng/pdf/dipn10.pdf>.

Matters to be inquired by the Select Committee under its terms of reference	Major areas of study corresponding to the matter on the left	Information relevant to the matter on the left [SC Paper No.]
		<p>(d) for a payment to be chargeable to salaries tax, it was not sufficient to say that the employee would not have received the sum in question if he had not been an employee³;</p> <p>(e) chargeable income was not confined to income earned in the course of employment but also embraced payments made in return for acting as or being an employee, or as a reward for past services or as an inducement to enter into employment and provide future services⁴;</p> <p>(f) the applicable test was whether the payment in question was "from employment"⁵;</p> <p>(g) where the payment was not made pursuant to any entitlement under the employment contract but was made in consideration of the employee agreeing to surrender or forgo his pre-existing contractual rights, it might not be taxable⁶; and</p> <p>(h) in general, a payment made for post-employment restrictive covenants was not chargeable to salaries tax⁷. Where there were terms in the contract or arrangement other than the giving of the restrictive covenants, it was essentially a question of fact whether the payment was entirely attributable to the giving of the restrictive covenants or the payment was partly made for something else⁸. In the case of the latter, it was necessary to decide whether that part of the payment that was made for something else was "income from employment".</p> <p>IRD emphasized that the taxation principles set out above were general principles only and whether a payment was income from employment and thus taxable could only be determined upon consideration of all the relevant facts and circumstances.</p>

Council Business Division 2
Legislative Council Secretariat
6 May 2020

³ *Fuchs v CIR* (2011) 14 HKCFAR 74, paragraph 16, quoting *Hochstrasser (Inspector of Taxes) v Mayes* [1960] AC 376.

⁴ *Ibid*, paragraph 17.

⁵ *Ibid*, paragraph 18.

⁶ *Ibid*, paragraph 22 and headnote.

⁷ *Beak v Robson* [1943] 1 All ER 46, applied in *CIR v Yung Tse Kwong* [2004] 3 HKLRD 192.

⁸ *CIR v Yung Tse Kwong* [2004] 3 HKLRD 192, paragraphs 11-20.

Lists of documents

Lists of documents

- A. Documents provided by Mr LEUNG Chun-ying
- B. Documents provided by UGL Limited
- C. Documents provided by the Judiciary Administration
- D. Documents provided by the Executive Council Secretariat
- E. Documents provided by the Administration
- F. Documents provided by Ernst & Young LLP, Joint Administrators of DTZ Holdings plc
- G. Documents referred to by the Select Committee

A. Documents provided by Mr LEUNG Chun-ying

Documents	Select Committee reference no.
1. Reply dated 15 September 2017 from Mr LEUNG Chun-ying (English version only) together with 12 enclosures	CY1 (Enclosures: CY1.1 to CY1.12)
2. Reply dated 24 November 2017 from Mr LEUNG Chun-ying (English version only)	CY2

B. Documents provided by UGL Limited

Documents	Select Committee reference no.
1. Reply dated 16 October 2017 from UGL Limited (English version only)	U1
2. Reply dated 27 October 2017 from UGL Limited (English version only)	U2

C. Documents provided by the Judiciary Administration

Documents	Select Committee reference no.
1. Reply dated 11 October 2017 from the Judiciary Administration	J1
2. Reply dated 28 November 2017 from the Judiciary Administration	J2

D. Documents provided by the Executive Council Secretariat

Documents	Select Committee reference no.
1. Reply dated 14 November 2017 from the Executive Council Secretariat together with two enclosures	EC1 (Enclosures: EC1.1 and EC1.2)

E. Documents provided by the Administration

Documents	Select Committee reference no.
1. Reply dated 12 October 2017 from the Inland Revenue Department (English version only)	A1
2. Reply dated 4 December 2017 from the Inland Revenue Department	A2

F. Documents provided by Ernst & Young LLP, Joint Administrators of DTZ Holdings plc

Documents	Select Committee reference no.
1. Reply dated 19 September 2017 from Ernst & Young LLP, Joint Administrators of DTZ Holdings plc (English version only) together with two enclosures	EY1 (Enclosures: EY1.1 and EY1.2)

G. Documents referred to by the Select Committee

Documents	Select Committee reference no.
1. Work plan	L4
2. Indexing system for Select Committee papers	L5
3. Extract from the minutes of the meeting of the House Committee on 17 October 2014 on a proposal to appoint a select committee to inquire into the alleged receipt of secret payments by Mr LEUNG Chun-ying from an Australian firm	L6
4. Extract from the Hansard of the Council meeting of 29 October 2014 on an oral question on declaration of interests by Chief Executive and Members of Executive Council	L7
5. Extract from the Hansard of the Council meeting of 5 November 2014 on a motion under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) to appoint a select committee	L8
6. Extract from the Hansard of the Council meeting of 20 November 2014 on a written question on taxation issues related to remunerations received under business agreements with overseas companies	L9
7. Extract from the Hansard of the Council meeting of 15 January 2015 on the Chief Executive's Question and Answer Session	L10
8. Extract from the Hansard of the Council meeting of 22 October 2015 on the Chief Executive's Question and Answer Session	L11
9. Extract from the Hansard of the Council meeting of 14 July 2016 on the Chief Executive's Question and Answer Session	L12
10. Extract from the Hansard of the Council meeting of 11 January 2017 on an oral question on declaration of interests by public officers	L13
11. Information note entitled "The UGL Incident" prepared by the Research Office of the Legislative Council Secretariat (LC Paper No. IN03/16-17)	--

Minutes of proceedings

Ref : CB2/SC/16

**Select Committee to Inquire into Matters about the Agreement
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

**Minutes of the closed meeting
held on Thursday, 11 June 2020, at 4:30 pm
in Conference Room 5 of the Legislative Council Complex**

Members present : Hon Paul TSE Wai-chun, JP (Chairman)
Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon YUNG Hoi-yan, JP

Clerk in attendance : Miss Josephine SO
Chief Council Secretary (2) 2

Staff in attendance : Miss Flora TAI
Assistant Secretary General 2

Mr Timothy TSO
Senior Assistant Legal Adviser 1

Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Clement HAU
Council Secretary (2) 2

Miss Michelle TANG
Council Secretary (2) 6

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II. Consideration and endorsement of the report of the Select Committee paragraph by paragraph
(LC Paper No. CB(2)1166/19-20(01))

3. Mr Kenneth LEUNG declared that Mr LEUNG Chun-ying had brought a defamation suit (HCA 533/2017) against him. Mr LAM Cheuk-ting also declared that he might be involved in litigation with Mr LEUNG Chun-ying in the future.

4. The Chairman said that at the last closed meeting on 7 May 2020, members had agreed that the Clerk should proceed to draft the report of the Select Committee according to the directions proposed by members. The draft report so prepared (LC Paper No. CB(2)1166/19-20(01)) had been issued to members on 9 June 2020. The Chairman reminded members that the content of and the Select Committee's upcoming discussion on the draft report should be kept confidential.

5. The Chairman gave a brief introduction on the layout of the draft report.

6. In accordance with RoP 79(7)(a), the Chairman put to members the question that the draft report (LC Paper No. CB(2)1166/19-20(01)) be adopted as the Chairman's report and accepted as a basis for discussion. The question was agreed to.

7. The Chairman then proposed that the Chairman's report be read a second time paragraph by paragraph. As the question was also agreed to, the Chairman led members through the Chinese version of the report.

Preamble

8. Preamble read and agreed to.

Part I - Chapter 1

9. Paragraphs 1.1 to 1.4 read. Members expressed views on the structure of Chapter 1 "Introduction". Some members suggested that

paragraphs 1.3 and 1.4 under the heading "Establishment of the Select Committee" should be moved to the beginning of Chapter 1, and that paragraphs 1.1 and 1.2 under the heading "Background" and subheading "The UGL incident and the UGL Agreement" should be moved to the later part of the report.

10. Some members did not see a need to provide detailed information about the history and business development of DTZ Holdings plc ("DTZ") and suggested deleting footnote 4 under paragraph 1.1. Some other members, however, considered it necessary to refer to the events leading to the sale of DTZ to UGL Limited to facilitate readers' understanding. These members opined that should footnote 4 be deleted in its entirety, other paragraphs of the report should be amended to ensure that relevant information was included in the report.

(At this juncture, the voting bell started ringing. At 5:14 pm, the Chairman ordered that the closed meeting be suspended in order to allow members to return to the Chamber to take part in the voting. The closed meeting resumed at 5:27 pm.)

11. Members continued to consider paragraphs 1.1 to 1.4 of the report. The Deputy Chairman and Dr Priscilla LEUNG suggested that:

- (a) a footnote be added to the relevant paragraph to specify that Mr LEUNG Chun-ying was the fourth term Chief Executive, who served his term of office from 1 July 2012 to 30 June 2017;
- (b) the provisions of RoP that had been referred to in the report (including RoP 20(1)) be set out in full; and
- (c) the names of the 28 Members in support of the request to refer the petition presented at the Council meeting of 2 November 2016 to a select committee be shown in the report.

12. After discussion, the Chairman suggested that the Clerk be directed to amend Chapter 1 and other parts of the report (if necessary) according to the views expressed and suggestions made by members at this meeting. Members raised no objection.

Part I - Chapter 2

13. Paragraphs 2.1 to 2.4 read and agreed to.

14. Paragraph 2.5 read. The Deputy Chairman and Dr Priscilla LEUNG suggested that the last line of footnote 8 under this paragraph be amended to make it clear that the Select Committee was unable to adhere to the schedule as set out in the work plan. Members raised no objection to their proposal.

15. Paragraphs 2.6 and 2.7 read and agreed to.

16. Paragraphs 2.8 to 2.12 read. Some members suggested trimming down the contents of paragraphs 2.8 to 2.29 as these paragraphs covered peripheral issues. Some other members, however, objected to the proposal, on the basis that the events described in paragraphs 2.8 to 2.29 provided a factual account of all matters relevant to the operation of the Select Committee.

17. After discussion, the Chairman suggested that the Clerk be directed to amend paragraphs 2.8 to 2.29 according to the views expressed and suggestions made by members at this meeting. Members raised no objection.

18. The Chairman said that as it was approaching the appointed end time of the meeting at 6:30 pm, he would declare the meeting closed. The Chairman suggested and members agreed that the Select Committee should hold another closed meeting on Thursday, 18 June 2020 at 4:30 pm to continue its discussion on the unfinished items on the agenda.

(Post-meeting note: To allow sufficient time for discussion, the Chairman had, after the meeting, directed that the next closed meeting started at 2:30 pm and ended at 6:30 pm.)

19. The meeting ended at 6:24 pm.

Council Business Division 2
Legislative Council Secretariat
3 July 2020

Ref : CB2/SC/16

**Select Committee to Inquire into Matters about the Agreement
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

**Minutes of the closed meeting
held on Thursday, 18 June 2020, at 2:30 pm
in Conference Room 5 of the Legislative Council Complex**

Members present : Hon Paul TSE Wai-chun, JP (Chairman)
Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon LAM Cheuk-ting
Hon YUNG Hoi-yan, JP

Member absent : Dr Hon Junius HO Kwan-yiu, JP

Clerk in attendance : Miss Josephine SO
Chief Council Secretary (2) 2

Staff in attendance : Miss Flora TAI
Assistant Secretary General 2

Mr Timothy TSO
Senior Assistant Legal Adviser 1

Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Clement HAU
Council Secretary (2) 2

Miss Michelle TANG
Council Secretary (2) 6

Miss Cally LAI
Legislative Assistant (2) 2

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II. Consideration and endorsement of the report of the Select Committee paragraph by paragraph
(LC Paper No. CB(2)1210/19-20(03))

5. The Chairman recapitulated that at the last closed meeting on 11 June 2020, members had taken the decisions to (a) adopt the draft report prepared by the Clerk and issued on 9 June 2020 (LC Paper No. CB(2)1166/19-20(01)) ("the first draft report") as the Chairman's report and to accept it as the basis for discussion; and (b) start reading the first draft report a second time paragraph by paragraph ("the two decisions made at the last closed meeting"). Thereafter, members had expressed various views and made suggestions to amend the first draft report. The Clerk had amended the first draft report accordingly. The amended version of the draft report (as at 16 June 2020) (LC Paper No. CB(2)1210/19-20(03)) had been issued to members on 16 June 2020 ("the amended draft report"). Before proceeding to consider the amended draft report, the Chairman reminded members that the content of and the Select Committee's upcoming discussion on the amended draft report should be kept confidential.

6. The Chairman drew members' attention to RoP 79(7)(a) which stated that when the question that the Chairman's report be read a second time paragraph by paragraph had been agreed to, the same question should not be proposed on further reports but portions thereof might be offered as amendments to the report under consideration if they were relevant to it. Since the first draft report had been substantially amended, the Select Committee had to rescind the two decisions made at the last closed meeting and put afresh the questions to adopt the amended draft report as the Chairman's report and to accept it as the basis for discussion in order to carry on with the consideration of the report.

(At this juncture, the quorum bell was ringing to summon Members back to the Chamber to attend the Council meeting held concurrently. At 2:37 pm, the Chairman ordered that the closed meeting be suspended for a short while in order to allow members to return to the Chamber. The closed meeting resumed at 2:47 pm.)

7. The Chairman put the proposal of rescinding the two decisions made at the last closed meeting to vote. Two members voted in favour of the proposal, two members voted against it and no member abstained. The Chairman exercised his casting vote in accordance with RoP 79(6) and RoP 79A(1) and declared that the proposal was negatived.

(At 2:59 pm, the Chairman ordered that the closed meeting be suspended to allow him to discuss procedural matters with the Clerk and the Legal Adviser to the Select Committee. The closed meeting resumed at 3:10 pm.)

8. The Select Committee continued its consideration and endorsement of the first draft report paragraph by paragraph.

9. After discussion, to allow time for members to consider whether to propose amendments to the first draft report and if so, to prepare their proposed amendments, the Chairman suggested and members agreed that the Select Committee should hold another closed meeting on Wednesday, 24 June 2020 from 9:00 am to 11:00 am to continue the discussion on the unfinished items on the agenda. Members also agreed that if individual members wished to propose amendments to the first draft report, their proposed amendments should be provided to the Secretariat by close of play on Monday, 22 June 2020.

10. At members' request, the Chairman instructed the Clerk to send the electronic copy of the Chinese version of the first draft report to members to facilitate their preparation of proposed amendments, if any. Members were reminded to observe the confidentiality requirement when making use of the electronic file(s) in preparing their respective proposed amendments.

11. The meeting ended at 4:16 pm.

Council Business Division 2
Legislative Council Secretariat
3 July 2020

Ref : CB2/SC/16

**Select Committee to Inquire into Matters about the Agreement
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

**Minutes of the closed meeting
held on Wednesday, 24 June 2020, at 9:00 am
in Conference Room 4 of the Legislative Council Complex**

Members present : Hon Paul TSE Wai-chun, JP (Chairman)
Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon LAM Cheuk-ting
Hon YUNG Hoi-yan, JP

Member absent : Dr Hon Junius HO Kwan-yiu, JP

Clerk in attendance : Miss Josephine SO
Chief Council Secretary (2) 2

Staff in attendance : Miss Flora TAI
Assistant Secretary General 2

Mr Timothy TSO
Senior Assistant Legal Adviser 1

Miss Joyce CHAN
Assistant Legal Adviser 1

Mr Clement HAU
Council Secretary (2) 2

Miss Michelle TANG
Council Secretary (2) 6

Miss Cally LAI
Legislative Assistant (2) 2

I. Consideration and endorsement of the report of the Select Committee paragraph by paragraph
(LC Paper Nos. CB(2)1166/19-20(01) and CB(2)1248/19-20(01))

Members continued to consider paragraph by paragraph the Chinese version of the report of the Select Committee adopted at the closed meeting on 11 June 2020 as the Chairman's report (LC Paper No. CB(2)1166/19-20(01)) ("the report"). The Chairman reminded members that the content of and the Select Committee's upcoming discussion on the report should be kept confidential.

2. The Chairman said that after the last closed meeting on 18 June 2020 at which members agreed to defer the discussion on the report pending members' submission of proposed amendments, he had received proposed amendments from Ms YUNG Hoi-yan (issued to members vide LC Paper No. CB(2)1248/19-20(01) on 23 June 2020).

3. Mr LAM Cheuk-ting and Mr Kenneth LEUNG said that both of them as well as Mr Alvin YEUNG and Mr Andrew WAN did not agree with the amendments proposed by Ms YUNG Hoi-yan. They would not participate in the ensuing discussion. Mr LAM and Mr LEUNG further said that they, together with Mr YEUNG and Mr WAN, were considering presenting a minority report to the Council.

(At this juncture, Mr Kenneth LEUNG, Mr Alvin YEUNG, Mr Andrew WAN and Mr LAM Cheuk-ting withdrew from the meeting.)

4. Members noted that Ms YUNG Hoi-yan had proposed amendments to paragraphs 2.1, 2.3, 2.6 and 2.7 of the report. As the Preamble, paragraphs 2.1 to 2.4 and paragraphs 2.6 and 2.7 had already been read and endorsed at the closed meeting on 11 June 2020, members agreed that Ms YUNG's proposed amendments to paragraphs 2.1, 2.3, 2.6 and 2.7 would not be dealt with. Members continued to consider the remaining paragraphs by reference to the original paragraph numbers/headings/subheadings as printed in the report (LC Paper No. CB(2)1166/19-20(01)).

Part I - Chapter 1

5. Heading and subheading immediately preceding paragraph 1.1 read and deleted.
6. Paragraphs 1.1 and 1.2 read and deleted.
7. Paragraph 1.3 (updated paragraph number as 1.1) read, amended and agreed to.
8. Paragraph 1.4 (updated paragraph number as 1.2) read and agreed to.

Part I - Chapter 2

9. The Chairman reminded members that at the closed meeting on 11 June 2020, the content of paragraph 2.5 was agreed to, subject to a minor amendment to be made to the last line of the footnote under this paragraph. He invited members to note Ms YUNG Hoi-yan's proposed amendments to the footnote. After discussion, the Chairman proposed and members agreed to amend the last line of the footnote under paragraph 2.5 (updated as footnote 3) by adding "所載列的目標時序" before "行事。".
10. Paragraph 2.5 read, amended and agreed to.
11. Heading after paragraph 2.5 read, amended and agreed to.
12. Subheading immediately preceding paragraph 2.8 read and deleted.
13. Paragraph 2.8 read, amended and agreed to.
14. Paragraph 2.9 read and deleted.
15. Paragraph 2.10 (updated paragraph number as 2.9) read, amended and agreed to.
16. Paragraphs 2.11 and 2.12 read and deleted.
17. Heading and subheading immediately preceding paragraph 2.13 (updated paragraph number as 2.10) read and deleted.

18. Paragraphs 2.13 and 2.14 (updated paragraph numbers as 2.10 and 2.11) read, amended and agreed to.
19. Paragraph 2.15 (updated paragraph number as 2.12) read and agreed to.
20. Paragraph 2.16 (updated paragraph number as 2.13) read, amended and agreed to.
21. Paragraph 2.17 read and deleted.
22. Paragraphs 2.18 and 2.19 (updated paragraph numbers as 2.14 and 2.15) read, amended and agreed to.
23. Paragraph 2.20 (updated paragraph number as 2.16) read, amended and agreed to.
24. Paragraph 2.21 read and deleted.
25. Paragraph 2.22 (updated paragraph number as 2.17) read, amended and agreed to.
26. Paragraph 2.23 (updated paragraph number as 2.18) read and agreed to.
27. Members agreed to amend paragraphs 2.24 and 2.25, and to merge the two paragraphs into one (updated paragraph number as 2.19). The updated paragraph 2.19 read and agreed to.
28. Paragraph 2.26 read and deleted.
29. Members agreed to delete paragraph 2.28, and to amend and merge paragraphs 2.27 and 2.29 into one (updated paragraph number as 2.20). The updated paragraph 2.20 read and agreed to.
30. Members agreed to amend paragraphs 2.30 and 2.31, and to merge the two paragraphs into one (updated paragraph number as 2.21). The updated paragraph 2.21 read and agreed to.

Part II - Chapter 3

31. Paragraphs 3.1 and 3.2 read, amended and agreed to.
32. Paragraphs 3.3 and 3.4 read and agreed to.

33. Paragraph 3.5 read, amended and agreed to.
34. Paragraph 3.6 read and agreed to.
35. Paragraphs 3.7 and 3.8 read, amended and agreed to.
36. Paragraph 3.9 read and deleted.
37. Paragraph 3.10 (updated paragraph number as 3.9) read, amended and agreed to.
38. Paragraphs 3.11 and 3.12 (updated paragraph numbers as 3.10 and 3.11) read, amended and agreed to.
39. Paragraphs 3.13 and 3.14 (updated paragraph numbers as 3.12 and 3.13) read and agreed to.

Table of contents

40. Table of contents read, amended and agreed to.

Abbreviations, appendices and lists of documents

41. Members noted that the amended paragraphs, as endorsed, would entail consequential changes to the list of abbreviations, appendices and lists of documents. Members agreed that subject to the Chairman's concurrence and where necessary, the Secretariat could make corresponding amendments to these three sections.

Other textual/editorial amendments

42. Members agreed that the Chairman and the Secretariat be authorized to make textual and editorial amendments to the Chinese version of the report, if necessary.

43. The Chairman advised that the Select Committee had completed consideration and endorsement of the Chinese version of the report paragraph by paragraph. The question that the Chinese version of the report, as amended, be adopted as the Select Committee's report for presentation to the Council was proposed, put and agreed to.

44. Members noted and agreed that all minutes of proceedings on consideration and endorsement of the report would be circulated to members for confirmation and appended to the Select Committee's report after it had been finalized.

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Council Business Division 2
Legislative Council Secretariat
3 July 2020

Ref : CB2/SC/16

**Select Committee to Inquire into Matters about the Agreement
between Mr LEUNG Chun-ying and the Australian firm UGL Limited**

**Minutes of the closed meeting
held on Tuesday, 30 June 2020, at 2:30 pm
in Conference Room 5 of the Legislative Council Complex**

- Members present** : Hon Paul TSE Wai-chun, JP (Chairman)
Hon WONG Kwok-kin, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon YUNG Hoi-yan, JP
- Members absent** : Hon MA Fung-kwok, SBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Kenneth LEUNG
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
- Clerk in attendance** : Miss Josephine SO
Chief Council Secretary (2) 2
- Staff in attendance** : Miss Flora TAI
Assistant Secretary General 2
- Mr Timothy TSO
Senior Assistant Legal Adviser 1
- Miss Joyce CHAN
Assistant Legal Adviser 1
- Mr Clement HAU
Council Secretary (2) 2

Miss Michelle TANG
Council Secretary (2) 6

Miss Cally LAI
Legislative Assistant (2) 2

I. Consideration and endorsement of the English version of the report of the Select Committee paragraph by paragraph (LC Paper No. CB(2)1272/19-20(01))

The Chairman said that at the closed meeting on 24 June 2020, members had completed consideration and endorsement of the Chinese version of the report of the Select Committee ("the report") paragraph by paragraph.

2. The Chinese version of the endorsed report (LC Paper No. CB(2)1272/19-20(01)), as finalized after some textual and editorial amendments and issued to members on 26 June 2020, was confirmed.

3. The Chairman invited members to consider and endorse paragraph by paragraph the English version of the report which was prepared based on the Chinese version.

4. In accordance with Rule 79(7)(a) of the Rules of Procedure, the Chairman put to members the question that the English version of the report (LC Paper No. CB(2)1272/19-20(01)) be adopted as the Chairman's report and accepted as a basis for discussion. The question was agreed to.

5. The Chairman then proposed that the Chairman's report be read a second time paragraph by paragraph. As the question was also agreed to, the Chairman led members through the English version of the report.

Preamble

6. Preamble read and agreed to.

Part I - Chapter 1

7. Paragraphs 1.1 and 1.2 read and agreed to.

Part I - Chapter 2

8. Paragraph 2.1 read and agreed to.

9. Paragraph 2.2 read and agreed to.
10. Paragraphs 2.3 and 2.4 read and agreed to.
11. Paragraph 2.5 read and agreed to.
12. Paragraphs 2.6 to 2.12 read and agreed to.
13. Paragraph 2.13 read and agreed to.
14. Paragraphs 2.14 and 2.15 read and agreed to.
15. Paragraphs 2.16 to 2.19 read and agreed to.
16. Paragraph 2.20 read and agreed to.
17. Paragraph 2.21 read and agreed to.

Part II - Chapter 3

18. Paragraphs 3.1 to 3.5 read and agreed to.
19. Paragraphs 3.6 to 3.9 read and agreed to.
20. Paragraphs 3.10 and 3.11 read and agreed to.
21. Paragraphs 3.12 and 3.13 read and agreed to.

Table of contents

22. Table of contents read and agreed to.

Abbreviations

23. The list of abbreviations read and agreed to.

Appendices

24. Appendices 1 to 18 to the report read and agreed to.

Lists of documents

25. The lists of documents read and agreed to.

26. As the English version of the report was endorsed without any amendments, it was confirmed as the finalized English version of the endorsed report.

27. The Chairman concluded that the Select Committee had completed consideration and endorsement of the English version of the report paragraph by paragraph. The question that the English version of the report be adopted as the Select Committee's report for presentation to the Council was proposed, put and agreed to.

28. Members noted that the minutes of proceedings on consideration and endorsement of the English version of the report would be circulated to members for confirmation and appended to the Select Committee's report accordingly.

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Council Business Division 2
Legislative Council Secretariat
3 July 2020