

Sit, Fung, Kwong & Shum's response to the reporting made by Apple Daily today (30/9)

Sit, Fung, Kwong & Shum would like to make the following statement in response to the reporting made by Apple Daily today (30/9) regarding the letter issued to Apple Daily by us on behalf of Mr Leung Chun Ying:

1. The said letter was issued to Apple Daily on Monday (26/9) and Apple Daily also acknowledged receipt of such letter at noon on the same day.
2. Apple Daily only partially disclosed the content of the said letter. We enclose the 13-page letter herewith to let the public have a comprehensive understanding of the content thereof.
3. We note that Apple Daily has failed or neglected to report the following content:

Page 2:

Apple Daily demonstrated a keen interest ... regarding UGL and Mr CY Leung in relation to the Agreement and the payment. Apple Daily should know or ought reasonably to have known that there is not the slightest shred of evidence that could allow Apple Daily to suggest in its Editorial that Mr CY Leung had received commission, kick-back or rebate from UGL. Also because of Apple Daily's keen interest in the Agreement, Apple Daily would have reviewed the public statements published by UGL in October 2014 on three occasions (see attached) stating unequivocally that the arrangements in the Agreement were in keeping with standard business practice for non-compete and non-poach agreements.

Further, The Sydney Morning Herald (together with the Fairfax Media) which brought the Agreement into the public domain in the first place on 9 October 2014 published on their own accord a week later on 15 October 2014 an article which basically retracted its previous allegation that the Agreement was "a secret contract". It stated:-

"Other documents seen by Fairfax, however... show the agreement was negotiated in full knowledge of all key parties, despite previous statements to the contrary."

“It is clear from emails sent in the weeks leading up to the December 2, 2011 agreement that the terms that Mr Leung secured from UGL were substantially the same as he had negotiated but not completed under the previous management, DTZ.”

“Those parties include the primary creditor and vendor in the sale of DTZ, the Royal Bank of Scotland, and the administrators, Ernst & Young, and also the DTZ chairman, Tim Melville-Ross. The emails appear to show Mr Melville-Ross was leading negotiations with Mr Leung...”

“While those parties did not see the final agreement, the emails appear to contradict their earlier statements that suggested they had been left in the dark.”

Page 3, 4, 5:

Regarding the sums received by Mr CY Leung from UGL, the Government through the Chief Secretary of HKSAR, Mrs Carrie Lam GBM, GBS, JP, had given unequivocal and public statements to the Legislative Council on no less than four occasions, respectively on 29 October 2014, 5 November 2014, 6 November 2014 and 20 November 2014. In her speech to the Legislative Council on 29 October 2014, Mrs Carrie Lam stated:

“Mr CY Leung was the Asia Pacific Director of DTZ before he stood for the Chief Executive (CE) election. He announced his resignation from DTZ on November 24, 2011. In view of his resignation, UGL, which was at that time acquiring DTZ, concluded with Mr Leung a resignation agreement on December 2, 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. As pointed out by UGL, the agreement was simply a non-compete arrangement which was to ensure that Mr Leung would not move to a competitor, set up or promote any business in competition with DTZ, or poach any people from DTZ, and hence to ensure that the business retained its value after the acquisition by UGL. Such agreement was a confidential commercial arrangement and a standard business practice.”

“As evident from the above, the 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 (ExCo), 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 CE, and at the material time, he had already resigned from ExCo.”

“As confirmed in UGL's public statement, Mr Leung has not provided any service to UGL after signing the resignation agreement.”

Again in her speech to the Legislative Council on 20 November 2014, Mrs Carrie Lam stated:

“First, the "departure agreement" signed between Mr LEUNG and UGL is simply a non-compete agreement between the two parties to ensure that Mr LEUNG would not move to a competitor, set up or promote any business in competition with DTZ, or poach any people from DTZ, and hence to ensure that the business retained its value after the acquisition by UGL. As pointed out by some Members at the Legislative Council debate two weeks ago, this is a common commercial arrangement.”

“Second, UGL clearly stated in its statement on 9 October that DTZ Holdings plc and the Royal Bank of Scotland are aware of the "departure agreement". This is definitely not a "secret agreement" and does not involve any "secret payments”.

“Third, after signing the "departure agreement", Mr LEUNG has never provided any services to UGL, and UGL had also issued a statement to publicly confirm this. Fourth, 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. This declaration shall be put on record. The Executive Council also has a stringent system of declaration of interests. The Chief Executive has strictly complied with the relevant provisions and systems.”

4. One thing that is particularly noteworthy is that the reporting made by Apple Daily today (30/9) neglected two paragraphs at the end of the said letter:

First, in your article entitled “英國反貪機構勢介入調查 (in English, UK anti-corruption institution is poised to investigate)” published on 11 October 2014, you mentioned you had made enquiries with UK’s Serious Fraud Office (“SFO”) on whether they would commence an investigation of corruption against Mr CY Leung. Our research suggests that you have not to-date published any follow-up report informing your readers whether you had received a further reply from SFO. We are of the view that Apple Daily knew or ought to reasonably have known that the Director of SFO had decided in November 2014 not to open an investigation into Mr CY Leung. If you disagree, please let us have your explanation.

Secondly, in your article entitled “UGL 售戴德梁行恐泡湯 (In English, The sale of DTZ by UGL is feared to be doomed)” published on 10 October 2014, you mentioned you had made enquiries with UK’s Financial Conduct Authority (“FCA”) on whether the “secret” agreement between UGL and Mr CY Leung had violated the UK listing rules and requirement. You reported that the FCA had advised you that they would give you a reply in twelve working days. Our research suggests that you have not to-date published any report informing your readers whether you had received a reply from FCA. We are of the view that Apply Daily knew or ought to reasonably have known that FCA had decided in October 2014 that since DTZ had been delisted, they did not have the power to act. If you disagree, please let us have your explanation.

[signature]

Sit, Fung, Kwong & Shum

30 September 2016



薛馮鄺岑律師行

SIT, FUNG, KWONG & SHUM

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Please reply to: Peter Sit
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Our Ref : PS/107707-1/16

26 September 2016

The Chief Editor,
Apple Daily,
1/F, 8 Chun Ying Street,
Tseung Kwan O Industrial Estate,
Tseung Kwan O,
New Territories, Hong Kong.

URGENT
BY HAND

Dear Sir,

Re: The Editorial (“Editorial”) appearing at page A6 of the 8 September 2016 issue of Apple Daily and the Apple Daily website entitled “追究梁振英貪腐是首要工作” (“Pursuing Leung Chun Ying for his corruption is the top priority”)

We act for Mr Leung Chung Ying (“Mr CY Leung”), the Chief Executive of the Hong Kong Special Administrative Region.

Apple Daily is a popular Chinese language news media with a wide circulation both in Hong Kong and internationally.

The above Editorial, as in other editorials published by Apple Daily, was stated to be written by one Lo Fung (“盧峯”). The above Editorial represents the position of Apple Daily.

The title of the Editorial (viz. 追究梁振英貪腐是首要工作 (pursuing Leung Chun Ying for his corruption is the top priority)) falsely, viciously and maliciously accused Mr CY Leung as being corrupt and that he should be pursued and held accountable for the so-called corruption. The Editorial suggested the payment made by UGL to Mr CY Leung was some kind of commission, kick-back or rebate (in Chinese, “回佣”). At the end of the Editorial, the writer concluded that nothing else could better meet voters’ expectation than for the newly elected legislators and the Legislative Council to pursue Mr CY Leung for his so-called corruption.

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Mr CY Leung had categorically denied that the sums he received from UGL could be treated as commission, kick-back or rebate. There was no basis for the Editorial to make this outrageous and inculpatory allegation. The agreement between UGL and Mr CY Leung dated 2 December 2011 (the "Agreement") in pursuance of which the payment was agreed and paid was published by The Sydney Morning Herald (together with Fairfax Media), which was widely reported and specifically referred to by Apple Daily on 9 October 2014.

Apple Daily demonstrated a keen interest and made extensive commentaries regarding UGL and Mr CY Leung in relation to the Agreement and the payment. Apple Daily should know or ought reasonably to have known that there is not the slightest shred of evidence that could allow Apple Daily to suggest in its Editorial that Mr CY Leung had received commission, kick-back or rebate from UGL. Also because of Apple Daily's keen interest in the Agreement, Apple Daily would have reviewed the public statements published by UGL in October 2014 on three occasions (see attached) stating unequivocally that the arrangements in the Agreement were in keeping with standard business practice for non-compete and non-poach agreements.

Further, The Sydney Morning Herald (together with the Fairfax Media) which brought the Agreement into the public domain in the first place on 9 October 2014 published on their own accord a week later on 15 October 2014 an article which basically retracted its previous allegation that the Agreement was "a secret contract". It stated:-

"Other documents seen by Fairfax, however, paint a more complete picture of how the side-deal was put in place. Those documents show the agreement was negotiated in full knowledge of all key parties, despite previous statements to the contrary."

"It is clear from emails sent in the weeks leading up to the December 2, 2011 agreement that the terms that Mr Leung secured from UGL were substantially the same as he had negotiated but not completed under the previous management, DTZ."

"Those parties include the primary creditor and vendor in the sale of DTZ, the Royal Bank of Scotland, and the administrators, Ernst & Young, and also the DTZ chairman, Tim Melville-Ross. The emails appear to show Mr Melville-Ross was leading negotiations with Mr Leung..."

"While those parties did not see the final agreement, the emails appear to contradict their earlier statements that suggested they had been left in the dark."

d.

It is wholly wrong and irresponsible for Apple Daily to allow publication in the form of the Editorial a suggestion, the foundation of which is completely non-existing and known to Apple Daily to be false, that Mr CY Leung had received payment in the form of commission, kick-back or rebate from UGL.

Regarding the sums received by Mr CY Leung from UGL, the Government through the Chief Secretary of HKSAR, Mrs Carrie Lam GBM, GBS, JP, had given unequivocal and public statements to the Legislative Council on no less than four occasions, respectively on 29 October 2014, 5 November 2014, 6 November 2014 and 20 November 2014. In her speech to the Legislative Council on 29 October 2014, Mrs Carrie Lam stated:

“梁振英先生參選行政長官前曾擔任戴德梁行亞太區主席。他在二〇一一年十一月二十四日宣布辭去戴德梁行的職務，當時 UGL 正向戴德梁行進行收購，因應梁先生辭職，UGL 與他於同年十二月二日簽訂「離職協議」，視乎戴德梁行在梁振英先生離任後兩年主要職員的留任情況，分兩年向他支付款項，同時並承擔戴德梁行與梁先生已商定卻尚未支付的花紅。正如 UGL 指出，該協議純粹是他們與梁先生作出不作競爭協議，以確保梁先生離職後不會接受其他競爭對手的聘任、另立公司與 UGL 競爭，及不向戴德梁行挖角，從而確保戴德梁行被收購後的商業價值不受損害。此協議是一項不公開的商業安排，屬商業慣例。”

“從上述可見，有關的協議及款項源於梁先生辭去戴德梁行職務，而非由於他日後會提供任何服務。現行的行政會議成員利益申報制度，並無要求就上述「離職協議」作出申報，更何況梁先生辭去戴德梁行職務及與 UGL 訂立「離職協議」，皆早於他當選行政長官，而他當時也已辭任行政會議成員。”

“在「離職協議」簽訂後，梁先生從沒向 UGL 提供任何服務，UGL 亦已公開發表聲明確認這一點。”

(In English) “Mr C Y Leung was the Asia Pacific Director of DTZ before he stood for the Chief Executive (CE) election. He announced his resignation from DTZ on November 24, 2011. In view of his resignation, UGL, which was at that time acquiring DTZ, concluded with Mr Leung a resignation agreement on December 2, 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. As pointed out by UGL, the agreement was simply a non-compete arrangement which was to ensure that Mr Leung would not move to a competitor, set up or promote any business in competition with DTZ, or poach any people from DTZ, and

hence to ensure that the business retained its value after the acquisition by UGL. Such agreement was a confidential commercial arrangement and a standard business practice."

"As evident from the above, the 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 (ExCo), 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 CE, and at the material time, he had already resigned from ExCo."

"As confirmed in UGL's public statement, Mr Leung has not provided any service to UGL after signing the resignation agreement."

Again in her speech to the Legislative Council on 20 November 2014, Mrs Carrie Lam stated:

"第一，梁先生與UGL簽訂的「離職協議」，純粹是UGL與梁先生作出不競爭協議，確保梁先生離職後不會接受其他競爭對手的聘任、另立公司與UGL競爭，或進行挖角，從而保障UGL作為收購方的利益。正如有議員兩星期前在本會辯論時指出，這實屬常見的商業安排。第二，UGL十月九日的聲明清楚指出，DTZ Holdings plc和the Royal Bank of Scotland均知悉該份「離職協議」，這絕非甚麼「秘密合約」，更不涉及甚麼「秘密付款」。第三，簽訂「離職協議」後，梁先生從來沒有向UGL提供任何服務，UGL亦已發表聲明公開確認這一點。第四，《基本法》第四十七條訂明，行政長官就任時應向香港特別行政區終審法院首席法官申報財產，記錄在案。行政會議亦有一套嚴謹的利益申報制度。行政長官已嚴格遵守相關的規定和制度。"

(In English) "First, the "departure agreement" signed between Mr LEUNG and UGL is simply a non-compete agreement between the two parties to ensure that Mr LEUNG would not move to a competitor, set up or promote any business in competition with DTZ, or poach any people from DTZ, and hence to ensure that the business retained its value after the acquisition by UGL. As pointed out by some Members at the Legislative Council debate two weeks ago, this is a common commercial arrangement."

"Second, UGL clearly stated in its statement on 9 October that DTZ Holdings plc and the Royal Bank of Scotland are aware of the "departure agreement". This is definitely not a "secret agreement" and does not involve any "secret payments".

“Third, after signing the "departure agreement", Mr LEUNG has never provided any services to UGL, and UGL had also issued a statement to publicly confirm this. Fourth, 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. This declaration shall be put on record. The Executive Council also has a stringent system of declaration of interests. The Chief Executive has strictly complied with the relevant provisions and systems.”

A closer look of the Editorial reveals that the real motive of the writer was to use the false allegation of corruption as a means to prevent Mr CY Leung from exercising his right to stand for re-election as the Chief Executive of HKSAR, if he chooses to. The following are the exact words used in the Editorial.

“未來大半年香港將有很多重大的轉變....。其中最重要的是即將來臨的特首選舉。若果任由梁振英連任五年，那今次選出的立法會便很有可能只可扮演「守門員」的角色....，不容易發揮甚麼積極作用....。”

“因此，短期內立法會非建制派議員包括政治新星，....更有必要關注、影響特首選舉進程。....”

“退可以依法行使立法會議員的職權，針對梁振英的醜聞失政窮追猛打，徹底揭破他的醜陋面目。有新當選立法會議員已計劃動用[立法會(權力及特權)]條例，追查梁振英收受 UGL 回佣醜聞，....只要再增加政治壓力，願意犧牲本黨利益力保梁振英的建制派將比想像中少。一旦議案得到通過，梁振英將非常尷尬及被動，並肯定影響他的選情。”

“對新選出的議員及議會而言，有甚麼比追究梁振英的貪腐問題更符合選民期望的呢？”

(In English) “There will be a lot of significant changes in Hong Kong in the next half a year or so In particular, the most important event is the upcoming Chief Executive election. If Leung Chun Ying continues his term for five more years, it is very likely that the Legislative Council elected this time can only play a “goalkeeper” role ... but find it hard to generate a positive impact.”

“Therefore, in the short term, ... it is even more necessary for the non-pro establishment camp legislators in the Legislative Council, including those political rising stars, to pay attention to and influence the process of the Chief Executive election.”

“for a less proactive approach, they can exercise their authority as a legislator conferred by law to continuously demand Leung Chun Ying be held accountable for his scandals and policy failures and unveil his disgusting face entirely. Some newly elected legislators have already planned to exercise their power under the [Legislative Council (Powers and Privileges)] Ordinance to pursue Leung Chun Ying for his scandal regarding the receipt of commission/kick-back/rebate from UGL. With a little bit more political pressure, the number of pro establishment camp members willing to sacrifice the interest of their own party to protect Leung Chung Ying will be less than imagined. If the motion is passed, Leung Chun Ying will be at a very embarrassing and passive position. His election condition will certainly be affected.”

“For the newly elected legislators and Legislative Council, what else could better meet voters’ expectation than pursuing Leung Chun Ying for his corruption issues?”

The allegation of corruption is totally untrue and has gravely defamed Mr CY Leung. The usage of the false corruption allegation to prevent Mr CY Leung from exercising his constitutional right to stand for the re-election as the Chief Executive of HKSAR, if he chooses to, demonstrates the very serious kind of malicious and injurious motive involved in the false allegation. The malicious falsehood is consistent with the many reports and articles Apple Daily has published about Mr CY Leung in print and on the internet since his assumption of the CE office. Apple Daily has very often called in contempt the Administration as the “Hong Kong communist regime (港共政權)” and made up disdainful names for Mr CY Leung such as “Wolf Ying (狼英)”, “Liar Ying (大話英)” and “689”. The Editorial has targeted Mr CY Leung and intended to cause him irreparable damages by suggesting he is corrupt and un-electable. The intention to obstruct Mr CY Leung from exercising his fundamental right under Article 26 of the Basic Law and Article 21 of Section 8 of the Hong Kong Bill of Rights Ordinance (Cap. 383) to stand for the 2017 CE election in accordance with law is vicious and contrived. Mr CY Leung cannot emphasize enough the highly inflammatory nature of the defamation published in the Editorial, a complete fabrication with improper and malicious motive, a false allegation in the extreme.

Mr CY Leung requires you to take the following steps immediately:-

1. To refrain from further publishing the allegation of corruption in any future articles published by Apple Daily;
2. To publish in the next issue of Apple Daily and as soon as practicable on the Apple Daily website an unreserved retraction in a size no smaller than the size of the Editorial and in a form and prominence to be approved by us on behalf of Mr CY Leung.

d.



薛馮鄺岑律師行

SIT, FUNG, KWONG & SHUM

Pg.

Our client reserves all his rights in this matter if a favourable response complying with the requirements stated above is not received within seven (7) days hereof.

There are two other matters:-

First, in your article entitled “英國反貪機構勢介入調查 (in English, UK anti-corruption institution is poised to investigate)” published on 11 October 2014, you mentioned you had made enquiries with UK’s Serious Fraud Office (“SFO”) on whether they would commence an investigation of corruption against Mr CY Leung. Our research suggests that you have not to-date published any follow-up report informing your readers whether you had received a further reply from SFO. We are of the view that Apple Daily knew or ought to reasonably have known that the Director of SFO had decided in November 2014 not to open an investigation into Mr CY Leung. If you disagree, please let us have your explanation.

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Yours faithfully,

Sit, Fung, Kwong & Shum

Encl



Appendix

Doc No.	Document	Date
1.	“CY Leung: UGL Q&A” published by The Sydney Morning Herald	8.10.2014
2.	UGL’s Media Release	9.10.2014
3.	UGL’s Media Release	14.10.2014

CY Leung: UGL Q&A

John Garnaut

Published: October 8, 2014 - 9:26PM

- [Hong Kong chief executive CY Leung faces questions over secret \\$7m payout from Australian firm](#)
- [CY Leung deal timeline](#)
- [CY Leung statement](#)
- [The letter from Leupen to C.Y. Leung](#)

UGL Q&A with Fairfax Media

1. Was the board and remuneration committee of UGL fully informed of the arrangement to pay 4 million pounds to CY Leung?

Yes.

2. Was it disclosed in any public document anywhere? Why not? How was it accounted for?

No. It was a confidential commercial arrangement, which is standard business practice for such non-poach, non-compete regimes.

UGL negotiated a reduction in the initial purchase price to allow for the payment to CY Leung. This was a matter for the seller, as it was a necessary payment for the protection of the value of the business. The acquisition would not have proceeded if this value was not protected and assured.

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.

3. Given that CY Leung was explicitly running for office at the time how could UGL have neglected to insert a clause that invalidated the agreement if he did secure office?

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.

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).

4. What did DTZ management and board know about the deal with CY Leung?

DTZ Holdings plc senior management was fully aware of, and involved in, the negotiation of the arrangements with CY Leung, to protect the value of DTZ's China and HK business by preventing competition and poaching, to ensure that the acquisition could proceed. UGL is not privy to, and was not made aware of, any other prior arrangements.

5. There is no documentation that we can find that confirms that banker RBS and DTZ administrators, Ernst & Young, were aware of the CY Leung deal. Please confirm what they knew and how they knew?

RBS and their advisers were aware of the arrangements and RBS agreed to the resulting reduction in the purchase price of DTZ Holdings plc, to offset the payment to CY Leung. It was recognised that the payment to CY Leung was necessary to ensure that he did not set up nor promote any business in competition with DTZ, or poach any people from DTZ, to ensure the business retained its value. Without this protection in place UGL would not have proceeded with the acquisition.

6. **What arrangements were made with administrators and relevant company directors to ensure the payments to CY Leung did not break the UK Insolvency Act or relevant UK corporate laws?**

UGL was not a party to discussions with the administrators. All communications were with DTZ Holdings plc management, RBS and their advisers.

7. **Were the directors of DTZ informed and did they approve the deal?**

We cannot speak for all of the directors of DTZ Holdings plc at the time; however, DTZ Holdings plc board representatives, management, financiers and advisers were all involved with and aware of these discussions.

This story was found at: <http://www.smh.com.au/business/world-business/cy-leung-ugl-qa-20141008-10rwp8.html>

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09 October 2014

Response to media speculation

Sydney: UGL Limited (ASX: UGL) notes an article published in Fairfax Media outlets on 9 October 2014 regarding a payment made to Mr CY Leung in relation to non-compete, non-poach and DTZ senior management retention provisions. Mr Leung was the founder of our DTZ China and Hong Kong business and subsequently went on to become the Chief Executive of Hong Kong.

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. The only difference here being Mr Leung went on nearly six months later to become the Chief Executive of Hong Kong.

UGL was under no obligation, legal or otherwise, to disclose the agreement. 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.

Mr Leung was previously Chief Executive Officer of DTZ Holdings plc's North Asia business and he was the founder of the business that preceded the creation of DTZ North Asia. He resigned from DTZ Holdings plc on 24 November 2011. UGL acquired the subsidiaries of DTZ Holdings plc out of voluntary administration in December 2011, for over 70 million British Pounds.

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 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. UGL specifically did not want Mr Leung working with a competitor nor establishing or assisting in the establishment of a business competing directly with DTZ. UGL required of the vendor that appropriate non-compete and non-poach protections be put in place if UGL was to proceed to acquire the subsidiaries of DTZ Holdings plc.

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.

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.

Given the negotiations of these terms with the full involvement of the vendor, it is clear that other parties besides UGL and Mr Leung were aware of and understood the need for and the value of these non-compete and non-poach terms, as did all the advisory teams on the sale. UGL's own advisory teams were also across the detail of, and need for, these protective measures to ensure the value of UGL's investment was protected.

The agreement concluded nearly a year ago. 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. Our only concern was to see the non-poach and non-compete enforced and the value of the acquisition protected, which it was.

Inferring that the payments were a "secret" arrangement from which UGL derived some inappropriate benefit or favour is both baseless and misleading.

UGL maintains a reputation for honesty and integrity and takes any allegations of misleading conduct very seriously.

ENDS

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14 October 2014

Response to media speculation – CY Leung

UGL Limited notes an article published in The Australian Financial Review today titled: “UGL’s £4m offer same day as counter bid”.

The title of the article incorrectly states that an offer was made to Mr CY Leung on the same day that the vendors of DTZ Holdings plc received a counter offer for the business that was ultimately acquired by UGL Limited. **This is misleading and incorrect.** A non-compete and non-poach proposal was made to CY Leung some three weeks prior to this date, not on the day that the vendors supposedly received a rival offer.

UGL also confirms that it had no knowledge of rival offers for DTZ Holdings plc and the negotiations of such offers were the responsibility of the vendors of DTZ Holdings plc and their advisors, not UGL Limited.

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.

ENDS

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