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ASIA EDITION

GSK China scandal: New exposÃ?Æ?Ã?Â©, more murk

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Singapore: In what has been dubbed as the biggest corruption scandal to implicate a foreign company in China, the GlaxoSmithKline case has now come out in the open again.

The company is said to have confirmed the existence of sex tape featuring Mr Mark Reilly, who is at the center of China's allegations of corruption against the world's sixth largest company.

Mr Reilly, the former head of GSK in China who is separated from his wife, is said to have been filmed in his flat in Shanghai, getting intimate with a Chinese lady.

Reports have added that it was this video that had sparked the investigations into the company's activities in the first place. The British drug maker has even confirmed the existence of this footage.

A report quoted that the video was sent by email to senior GSK executives on March 16 last year, in an apparent blackmail attempt. Sir Andrew Witty, the chief executive of GSK too was among the top managers who received the footage from unidentified sources.

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In a bid to find out the perpetrators of the undercover operations, Mr Reilly is said to have been authorised to hire a private investigator firm as this was considered a serious security breach. The firm, ChinaWhys is run by British private detective based in China, Mr Peter Humphrey, along with his wife and business partner, Ms Yu Yingzeng, a US citizen

Mr Humphrey's report, code-named "Project Scorpion", however did not managed to nail the perpetrators who planted a camera in Mr Reilly's bedroom. But this soon led to Chinese authorities launching a major probe into corruption at GSK just two months later.

This further led to the arrest of Mr Humphrey and his wife by Chinese police in July 2013. They were charged with illegally acquiring personal information about Chinese citizens and he made a televised confession in August and remains in custody. The country's state media revealed then that the couple have been accused of selling personal information of people to clients through research companies.

In May this year, as the Serious Fraud Office announced a formal criminal investigation into GSK's commercial practices, Mr Reilly was arrested on charges of ordering his subordinates to form a massive bribery network that resulted in higher drug prices and illegal revenue of more than $150m (Ã?Â£88m).

GSK said in a press statement that it has "committed significant resources to find out what happened in China", including an independent legal review. The company is also co-operating fully with the ongoing bribery investigation by Chinese authorities.