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HD **Leung faces twin probes into cash payments**

BY Joyce Ng, James Griffiths and Benjamin Robertson
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ICAC vows to handle case impartially, while Australian senator seeks police action

Hong Kong's graft-buster and police in Australia will launch separate investigations into a HK$50 million deal between Chief Executive Leung Chun-ying (pictured) and an Australian firm.

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The Independent Commission Against Corruption (ICAC) received a complaint filed by the Neo Democrats political party yesterday after details of the deal were revealed by Fairfax newspapers in Australia on Wednesday. An ICAC spokesman said the commission would handle the case "impartially, independently and [lawfully]".

Secretary for Justice Rimsky Yuen Kwok-keung said he had delegated full responsibility to Director of Public Prosecutions Keith Yeung Ka-hung to avoid any perception of bias.

In Australia, a senator asked federal police to investigate if the deal broke foreign bribery laws.

The Australian media reported how Leung was paid HK$50 million in an agreement with engineering firm UGL in December 2011 – six months before he became chief executive. UGL was seeking to buy insolvent property firm DTZ, of which Leung was a director and chairman of its Asia-Pacific branch.

The deal – made two days before Leung resigned from DTZ and the completion of the takeover – stipulated that he would receive the money in two instalments in 2012 and 2013. UGL and Leung said the money was to prevent him from forming or joining a rival firm within two years.

The agreement included an "additional commitment" clause, in which Leung agreed to "[act] as a referee and adviser from time to time" if UGL asked.

This has raised questions about whether part of the money was to secure Leung's future services. As chief executive, Leung could not take up a paid advisory job for a commercial entity.

Leung inserted a handwritten clause into the contract saying he would perform the required duty "provided that it does not create any conflict of interest".

UGL said that the vendor in the deal, the Royal Bank of Scotland, and their advisers were fully aware of UGL's intention to enter into an arrangement with Leung.

Lawmaker Albert Ho Chun-yan said the clause "would not save Leung" because he had already pocketed the money. Ho also asked if Leung had declared it to the chief justice. Leung's office did not respond last night.

The deal is also controversial because DTZ's administrator, Ernst & Young, was not informed about its details.

David Webb, deputy chairman of the Takeovers and Mergers Panel under the Security and Futures Commission, said Ernst & Young should have been informed so it could “consider whether an excessive amount of the value of the business was being shifted from the **company** to its director and management”.

Additional reporting by Andrea Chen and Tony Cheung

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