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

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ICAC responds to complaint, while Australian senator seeks police action

Australian police may follow Hong Kong's graft-buster in launching an inquiry 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 party yesterday after details of the deal were revealed by Fairfax newspapers in Australia on Wednesday.

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, Greens party leader Senator Christine Milne asked federal police to investigate if the deal broke foreign bribery laws. Those laws make it illegal to provide a benefit to a foreign public official in order to obtain a business advantage.

Leung was paid HK$50 million by engineering firm UGL in 2011, months before he became chief executive. It wanted to buy insolvent property firm DTZ, of which Leung was a director.

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.

In an "additional commitment" clause, Leung agreed to "[act] as a referee and adviser from time to time" if UGL asked, raising questions about whether it was securing Leung's future services. As chief executive he 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.

DTZ's administrator, Ernst & Young, was not told about the deal. 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".

Last night Ernst & Young said it was natural for UGL to enter into a non-poaching arrangement to secure key personnel as DTZ was a “people business”.

Additional reporting by Andrea Chen and Tony Cheung

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