



SE INTERNATIONAL
HD **China** suffers setback as **Hong Kong** CE faces graft probe
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From K J M Varma

Beijing, Oct 10 (PTI) **China**'s efforts to contain the pro-democracy protests in **Hong Kong** with **firm** backing to the region's Chief Executive Leung Chun-ying suffered a setback as he will face a probe by an anti-graft agency for over USD 6.45 million real **estate** deal with 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 two days ago.

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, the **Hong Kong**-based South **China** Morning Post reported today.

The investigation was launched as **Hong Kong** government cancelled talks with pro-democracy agitators last night to discuss their demand for open elections for the Chief Executive in 2017 doing away with **China** backed selection committee to vet candidates.

The anti-graft probe is a setback for **China** as it had recently announced complete backing for Leung.

In an editorial on October 2, the ruling Communist Party of **China**'s official mouthpiece, the People's Daily, in a front front-page editorial praised Leung's handling of the crisis.

Calls for a probe against Leung were made in Australia too where 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 signed the USD 6.45 million deal with 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 Post report said.

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 installments 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.

Hong Kong Lawmaker Albert Ho Chun-yan said the clause "would not save Leung" because he had already pocketed the money. Ho asked if Leung had declared it to the chief justice.

Leung's office did not respond last night. PTI KJV ZH

NS gcorr : Corruption | gcat : Political/General News | gcrim : Crime/Courts | gfinc : Financial Crime

RE china : China | hkong : Hong Kong | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dypcoz : Developing Economies | easiaz : Eastern Asia

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