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HD **Lawmaker calls for UK probe into CY's deal**

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Listing Authority could become third body to investigate after letter from Kenneth Leung

A **Hong Kong** lawmaker will file a request for a British regulator to look into Chief Executive Leung Chun-ying's HK\$50 million deal with an Australian **company**.

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The deal is already facing two possible investigations by **Hong Kong**'s graft-busters and the Australian Federal Police.

A tax issue has also emerged, with accountants saying Leung should pay profits tax for the HK\$50 million received from Australian engineering **firm** UGL.

Kenneth Leung, the legislator representing accountants, said he had drafted a letter to the UK Listing Authority (UKLA). "I hope the Listing Authority can look into the matter in the interests of transparency and compliance," he said yesterday.

On Wednesday, a Fairfax Media report alleged Leung Chun-ying pocketed HK\$50 million from UGL six months before he took the city's top job. UGL bought the insolvent DTZ Holdings plc for £77.5 million in late 2011. The **property** service **firm** was listed in London and had him as a director.

A side deal arose from the **purchase** two days before Leung resigned from DTZ. It stipulated he would receive £4 million, equal to HK\$50 million, in 2012 and 2013.

UGL and Leung both said the money was to prevent him from joining or forming a rival **firm** within two years. But the deal also contained an "additional commitment" by which Leung agreed to "[act] as a referee and an adviser from time to time".

The clause raises questions about whether Leung can take up a paid advisory job for a **commercial** entity while serving as the city's chief executive.

Kenneth Leung said he would ask UKLA to check if DTZ and Leung Chun-ying had complied with listing rules and the Companies Act, and whether Leung, as a director, had fulfilled his duty to look after the **firm**'s interests – considering the payments had led to a reduced **purchase** price.

The Royal Bank of Scotland, DTZ's only secured creditor at the time, said it was "not aware of the terms or amount" of Leung's deal. UKLA would not comment.

Australian senator Christine Milne said: "Corporate donations and politics are a toxic mix. People in **Hong Kong** are fighting for a stronger democracy while we in Australia are watching our democracy die under the weight of corruption."

The Australian Federal Police said they were still determining whether to start an investigation.

Philip Hung, ex-president of **Hong Kong**'s Taxation Institute, said Leung should have paid profits tax for part of the fees for his "advisory" service. "Even though he said he did not deliver any service, it is still taxable income since he has received the money and the contract was signed locally," Hung said.

Leung's office would not say whether or not he paid profits tax.

CO	dtc : DTZ Holdings plc uklsta : UK Listing Authority aufpol : Australian Federal Police uncont : UGL Ltd.
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