

FINANCIAL REVIEW

SE News - International News
HD **China** bribe case shockwaves
BY Lisa Murray AFR Correspondent and Matthew Cranston
WC 535 words
PD 11 December 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 10
LA English
CY Copyright 2014. Fairfax Media Management Pty Limited.
LP

Shanghai The chairman of a **Chinese company** that has extensive property and **mining** interests in Australia paid bribes to a senior government official, who has been sentenced to life in prison.

The bribes paid by Nanshan Group's founder, Song Zuowen, came to light in the case of Liu Tienan, former Deputy Director of **China's** powerful National Development and Reform Commission. Mr Liu was found guilty of accepting bribes by a Hebei court on Wednesday.

TD

Mr Liu's case caused a stir in Australia when he was arrested last May. **China's** state-run media reported at the time that he was in possession of 25 rare diamonds, 9 kilograms of **gold** bars and \$19 **million** in Australian currency. Other reports, not confirmed, suggested he was carrying an Australian passport in a fake name and an airline ticket to Sydney. These Australian links did not re-emerge during his court trial.

However, among the court's findings were the bribes paid by Nanshan, which has extensive business dealings in Australia. It owns the Riverside Oaks golf resort near Sydney, beachfront properties in Surfers Paradise and farmland in NSW and Tasmania. It also spent \$US4.5 **million** (\$5.4 **million**) on a 20 per cent **stake** in **mining company** Gulf **Alumina**.

According to Mr Liu's verdict released on Wednesday, Mr Song paid the former official and his son 7.54 **million** yuan (\$1.5 **million**) in exchange for project approvals and a favourable **alumina** sales contract. It is unclear whether Mr Song is also under investigation. He has appeared at public events as recently as October.

Nanshan is one of **China's** biggest companies with businesses covering aluminium, finance, tourism, education and textiles. Mr Song is the major shareholder, making him **China's** 56th richest man, with a US\$2.1 **billion** fortune, according to Forbes Magazine.

Last year, Nanshan partnered the Australian wool industry's marketing arm, Australian Wool Innovation Limited, to set up a development centre in Shandong Province. An AWI spokesman said following the verdict it was "not at this time considering a change to the partnership." He said the partnership was "a non-commercial arrangement" and not connected to Mr Liu's case.

All up, Mr Liu was found guilty of accepting more than 35 **million** yuan in bribes from five companies in the ten years to 2012.

He was the first ministerial level official to be caught up in President Xi Jinping's anti-corruption campaign after he came to power in late 2012. However, since then higher level officials have been targeted.

On Saturday, **China** announced the arrest and expulsion from the Communist Party of former public security chief Zhou Yongkang. Mr Zhou is the most senior official to be charged with corruption since the Communist Party came to power in 1949.

His arrest effectively ends an unwritten rule protecting former Politburo Standing Committee members from scrutiny. Mr Xi's campaign has also extended overseas. **China** launched "Operation Fox Hunt" in July, which is targeting corrupt officials that have fled and taken their assets to countries such as Australia, Canada and the United States.

NS gbrib : Bribery | gcorrp : Corruption | gcrim : Crime/Courts | c12 : Corporate Crime/Legal Action | ccat : Corporate/Industrial News | gcat : Political/General News | gfin : Financial Crime | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter | nfcpx : C&E Industry News Filter

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

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020141210each0000b