

**CHINA**

# Leaders' kin stash their riches offshore

LATEST REVELATION SHINES A LIGHT ON THE HIDDEN WEALTH OF TOP OFFICIALS

AGENCE FRANCE-PRESSE  
HONG KONG

RELATIVES of top Chinese leaders including President Xi Jinping and former premier Wen Jiabao have used offshore tax havens to hide their wealth, according to a mammoth investigation released yesterday.

The International Consortium of Investigative Journalists (ICIJ), citing information culled from 2.5 million leaked documents, said that Xi's brother-in-law and Wen's son and son-in-law were among those with

It is the latest revelation to shine a light on the hidden wealth of family members of China's top officials, a topic considered off-limits by Communist Party leaders.

Offshore entities can be legal and there was no evidence that the politicians were aware of their relatives' actions.

The release came days after Wen reportedly penned a letter to a Hong Kong columnist proclaiming his "innocence" over previous claims that his family amassed huge wealth during his decade in power.

The ICIJ cited nearly 22,000 offshore clients from mainland China and Hong Kong, including relatives of former president Hu Jintao, former premier Li Peng and late leader Deng Xiaoping, the man credited with opening up China's economy in the 1980s.

Also included were members of China's National People's Congress, heads of state-owned enterprises and some of the country's wealthiest

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men and women, including real estate mogul Zhang Xin; Pony Ma and Zhang Zhidong, co-founders of Chinese Internet giant Tencent; and Yang Huiyan, China's richest woman.

ICIJ said that it sent letters to the government officials, wealthy individuals and others named in its report.

"Their response in most cases was to not respond, a standard practice in China," ICIJ said.

The confidential files leaked to the organisation also include the names of 16,000 clients from Taiwan.

Ninety per cent of the mainland Chinese clients set up offshore entities in the British Virgin Islands, often with the help of Western firms, the investigation said. Seven per cent were established in Samoa, and 3 per cent in other areas.

The British Virgin Islands was the destination of choice for Xi's brother-in-law Deng Jiagui, a wealthy real-estate developer and investor who married Xi's older sister in 1996. According to the report, Deng owns a 50-per-cent stake in a BVI-based company named Excellence Effort Property Development.

While such offshore trusts and companies "may not be strictly illegal", they are often linked to "conflict of interest and covert use of government power", Minxin Pei, a political science professor at Claremont McKenna College in California, told the ICIJ.

In 2012, the *New York Times* and *Bloomberg* news agency published investigations into the vast wealth said to have been amassed by family members of Wen and Xi.

Both news organisations have since had their websites blocked in China, and authorities have denounced the reports as an effort to "smear" China's leadership. The ICIJ website was in turn blocked within China yesterday.

In November, the *New York Times* found that US bank JPMorgan hired a daughter of Wen as a consultant, part of a broader strategy that the newspaper said was aimed at accumulating influence in China by employing relatives of the nation's leaders.

According to the *Times* report, JPMorgan paid a total of \$1.8 million (Bt59.1 million) to Fullmark

Consultants, a firm set up by Wen's daughter, Wen Ruchun, who also goes by the alias "Lily Chang".

The files leaked to ICIJ give further insight into how Wen Ruchun was able to obscure her connection to the firm: Fullmark Consultants was set up in the British Virgin Islands in 2004 by her husband, who was its sole director and shareholder until 2006.

The ICIJ said it collaborated with more than 50 partner organisations across the globe in sifting through the data, including *The Guardian*, *Le Monde* in France and Hong Kong's *Ming Pao* newspaper.

The websites of all three were not accessible within China yesterday.

*Ming Pao* on Saturday quoted Wen as writing in a letter to a columnist: "I have never been involved and would not get involved in one single deal of abusing my power for personal gain.

"I want to walk the last journey in this world well. I came to this world with bare hands and I want to leave this world clean."

It headlined its story on the ICIJ revelations on Wen but omitted any reference to Xi, suggesting a hesitance to examine the family wealth of China's current leadership.

One of the ICIJ partners, a mainland Chinese news organisation, withdrew in November after "authorities had warned it not to publish anything about the material", the ICIJ report said.