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PUBLIC  
HEARING

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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE PETER M. HALL QC  
CHIEF COMMISSIONER

PUBLIC HEARING

OPERATION TOLOSA

Reference: Operation E17/1221

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON TUESDAY 26 APRIL, 2022

AT 10.00AM

Any person who publishes any part of this transcript in any way and to any person contrary to a Commission direction against publication commits an offence against section 112(2) of the Independent Commission Against Corruption Act 1988.

This transcript has been prepared in accordance with conventions used in the Supreme Court.

THE COMMISSIONER: This public inquiry is being conducted for the purpose of an investigation of allegations or complaints of the following nature. Firstly, that since 2012 City of Canada Bay Councillor Angelo Tsirekas partially exercised his official functions to favour the interests of Billbergia Pty Ltd, Prolet Constructions Pty Ltd and Joseph Chidiac in relation to planning matters affecting those companies, and deliberately failed to declare or properly manage any conflict of interest arising from his relationships with the representatives of Billbergia Pty Ltd, Prolet Constructions Pty Ltd and Joseph Chidiac.

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Secondly, since 2015, City of Canada Bay Councillor Angelo Tsirekas partially exercised his official functions to favour the interests of Frank Bruzzano in relation to the development application for 168-172 Victoria Road, Drummoyne, and deliberately failed to declare or properly manage any conflict of interest arising from his relationship with Frank Bruzzano.

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Thirdly, since 2015, City of Canada Bay Councillor Angelo Tsirekas sought and/or accepted benefits as an inducement or reward for partially and dishonestly exercising his official functions to favour the interests of I-Prosperty and Joseph Chidiac in relation to planning matters affecting 1-9 Marquet Street and 4 Mary Street, Rhodes; in deliberately failing to declare or properly manage any conflict of interest arising from his relationships with representatives of I-Prosperty Group and Joseph Chidiac.

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Fourthly, since 2015, I-Prosperty Group and Joseph Chidiac provided benefits, including overseas flights and accommodation, to City of Canada Bay Councillor Angelo Tsirekas as a reward or inducement to favour their interests in relation to council decisions regarding planning matters affecting 1-9 Marquet Street and 4 Mary Street, Rhodes.

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Fifthly, since 2015 Angelo Tsirekas has partially and dishonestly exercised his official functions and failed to disclose the nature of his relationship with Frank Colacicco in relation to the sale of council property at 231 Victoria Road, Drummoyne, and development applications and planning proposals associated with Mr Colacicco in return for a financial benefit.

Sixthly, between May 2015 and January 2018, Gary Sawyer, former general manager of the City of Canada Bay Council, partially and dishonestly exercised his official functions and failed to disclose the nature of his relationship with Francesco Colacicco in relation to the sale of council

property at 231 Victoria Road, Drummoyne, and the associated development application.

The general scope and purpose of the public inquiry concerning these allegations is to gather evidence relevant to the matters being investigated for the purposes of determining the matters referred to in section 13(2) of the Independent Commission Against Corruption Act.

10 Mr Darams, you seek leave to appear as Counsel Assisting and I grant that leave.

MR DARAMS: I do.

20 THE COMMISSIONER: Thank you. In relation to other applications for leave, whilst customarily such leave applications following the opening statement of Counsel Assisting, in the circumstances in this matter I have been able to receive and deal with applications by legal representatives for witnesses or affected persons in chambers. Accordingly, I have dealt with those applications and granted the leave sought. There will be a list published by the Commission setting out the names of the legal representatives to whom leave has been granted and identifying the clients for whom leave is granted.

30 The Commission may utilise the provisions of section 112 of the Independent Commission Against Corruption Act to suppress evidence as to certain matters. To that end, I make a direction pursuant to the provisions of section 112 of the Independent Commission Against Corruption Act protecting against publication to any person outside the Commission any private email addresses, private residential addresses, private phone numbers, bank account numbers and tax file numbers contained in any exhibits to be tendered in the inquiry and/or any other documents shown during the inquiry to witnesses or otherwise deployed in the course of this public inquiry, with the exception of council [sic] officers for statutory purposes and between witnesses in the inquiry and their legal representatives, subject to any further order of the Commission. Accordingly, a direction in those terms continues to apply from the commencement until the finish of this public inquiry, unless varied.

40 **SUPPRESSION ORDER: THE COMMISSION MAY UTILISE THE PROVISIONS OF SECTION 112 OF THE INDEPENDENT**

**COMMISSION AGAINST CORRUPTION ACT TO SUPPRESS EVIDENCE AS TO CERTAIN MATTERS. TO THAT END, I MAKE A DIRECTION PURSUANT TO THE PROVISIONS OF SECTION 112 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT PROTECTING AGAINST PUBLICATION TO ANY PERSON OUTSIDE THE COMMISSION ANY PRIVATE EMAIL ADDRESSES, PRIVATE RESIDENTIAL ADDRESSES, PRIVATE PHONE NUMBERS, BANK ACCOUNT NUMBERS AND TAX FILE NUMBERS CONTAINED IN ANY EXHIBITS TO BE**

10 **TENDERED IN THE INQUIRY AND/OR ANY OTHER DOCUMENTS SHOWN DURING THE INQUIRY TO WITNESSES OR OTHERWISE DEPLOYED IN THE COURSE OF THIS PUBLIC INQUIRY, WITH THE EXCEPTION OF OFFICERS FOR STATUTORY PURPOSES AND BETWEEN WITNESSES IN THE INQUIRY AND THEIR LEGAL REPRESENTATIVES, SUBJECT TO ANY FURTHER ORDER OF THE COMMISSION. ACCORDINGLY, A DIRECTION IN THOSE TERMS CONTINUES TO APPLY FROM THE COMMENCEMENT UNTIL THE FINISH OF THIS PUBLIC INQUIRY, UNLESS VARIED.**

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THE COMMISSIONER: I now call upon Counsel Assisting to make an opening statement for this public inquiry. Thank you, Mr Darams.

MR DARAMS: May it please, Chief Commissioner.

1. This public inquiry is being conducted for the purposes of an investigation being undertaken by the Commission into matters relating to the City of Canada Bay Council.

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THE COMMISSIONER: Mr Darams, just so that persons right at the back of the hearing room can hear, could you speak just a little closer to the microphone? Thank you.

MR DARAMS: So as I was indicating, Chief Commissioner, this Commission is investigating matters relating to the City of Canada Bay Council, including the conduct of its mayor, Mr Angelo Tsirekas, and its former general manager, Mr Gary Sawyer.

40 2. Mr Tsirekas has been an elected councillor in NSW since about 1995. Since 2002, except for a period of time between June 2016 and September

2017, he has been the Mayor of Canada Bay Council. In June 2016, Mr Tsirekas resigned to run for the Labor Party in the seat of Reid in the 2016 federal election. He was unsuccessful. Mr Tsirekas ran again for mayor at the 2017 local government elections, again for the Labor Party, and was elected as mayor. Mr Tsirekas was most recently elected mayor at the local government elections in December 2021, this time representing the Our Local Community party.

10 3. Mr Sawyer commenced employment as General Manager of the Canada Bay Council in May 2006. He remained in that position until June 2018 and is currently retired. Prior to commencing employment with Canada Bay Council, Mr Sawyer was employed as the General Manager of Kogarah Council. When he was employed at Kogarah Council, Mr Sawyer was approached by the then General Manager of the Botany Bay Council, who was previously the Labor mayor of the Drummoyne Council, to enquire whether Mr Sawyer would be interested in applying for the general manager position at the Canada Bay Council. I expect the evidence this public inquiry will receive will be that Mr Sawyer was approached at the request of Mr Tsirekas.

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4. The Commission is investigating, Chief Commissioner, whether, and I'll set them out again:

(a) Since 2012, Mr Tsirekas has partially exercised his official functions to favour the interests of Billbergia Pty Ltd, Prolet Constructions Pty Ltd, and Joseph Chidiac, in relation to planning matters affecting those companies, and deliberately failed to declare or properly manage any conflict of interest arising from his relationships with representatives of Billbergia, Prolet Constructions and Mr Chidiac.

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(b) Next, whether since 2015 Mr Tsirekas partially exercised his official functions to favour the interests of Frank Bruzzano in relation to the development applications for 168-172 Victoria Road, Drummoyne, and deliberately failed to declare or properly manage any conflict of interest arising from his relationship with Mr Bruzzano.

(c) Next, whether since 2015, Mr Tsirekas:

40 (i) Sought and/or accepted benefits as an inducement or reward for partially and dishonestly exercising his official functions to favour

the interests of the I-Prosperity Group and Mr Chidiac, in relation to planning matters affecting 1-9 Marquet Street and 4 Mary Street Rhodes.

(ii) Whether he deliberately failed to declare or properly manage any conflict of interest arising from his relationships with representatives of I-Prosperity Group and Mr Chidiac.

10 (d) Next, whether since 2015, the I-Prosperity Group and Mr Chidiac provided benefits, including overseas flights and accommodation, to Mr Tsirekas as a reward or inducement to favour their interests in relation to council decisions regarding planning matters affecting 1-9 Marquet Street and 4 Mary Street, Rhodes.

20 (e) Next, whether since 2015, Mr Tsirekas has partially and dishonestly exercised his official functions and failed to disclose the nature of his relationship with Francesco Colacicco in relation to the sale of Canada Bay Council property at 231 Victoria Road, Drummoyne, and development applications or planning proposals associated with Mr Colacicco, in return for a financial benefit.

(f) Lastly, whether between May 2015 and January 2018, Mr Sawyer partially and dishonestly exercised his official functions and failed to disclose the nature of his relationship with Mr Colacicco, in relation to the sale of the Canada Bay Council property at 231 Victoria Road, Drummoyne, and the associated development application.

30 5. As an elected official and employee respectively, Mr Tsirekas and Mr Sawyer were required to comply with the Canada Bay Council's Code of Conduct made for the purposes of section 440 of the Local Government Act. Very broadly, the code obligated them to identify and then avoid, or appropriately manage, conflicts of interest; and avoid situations giving rise to the appearance that a person or body, through the provision of gifts, benefits or hospitality of any kind, is attempting to secure favourable treatment from them or the council.

40 6. The code defines conflicts of interest to exist where a reasonable and informed person would perceive that an elected councillor or employee could be influenced by a private interest when carrying out a public duty. Conflicts of interest are defined as pecuniary and non-pecuniary. Non-pecuniary interests can arise out of friendships. The closeness of that

relationship being defined, sorry, the closeness of that relationship being defined by the nature of that friendship, the frequency of contact and the duration of the friendship. The closer the relationship, the more onerous the obligations to manage the conflict.

7. The code makes it clear that it is the personal responsibility of councillors and employees to comply with the standards of the code. It is also their personal responsibility to regularly review their personal circumstances with that in mind.

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8. A failure to comply with the standards of the code of conduct prescribed by the code by a councillor constitutes misconduct for the purposes of the Local Government Act, and for an employee such as Mr Sawyer, it may give rise to disciplinary action.

9. A matter this public inquiry will be examining in some detail is the relationships between Mr Tsirekas and Mr Sawyer and persons involved directly and indirectly on matters, including planning matters, before Canada Bay Council since 2012.

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10. In addition to the evidence of the relationships between Mr Tsirekas and Mr Sawyer and those persons, I expect this public inquiry will receive evidence of various interconnections between those persons too. For example, as will be explained shortly, Mr Chidiac was engaged to provide services to both Billbergia and the I-Prosperity Group. Mr Chidiac travelled overseas on a number of occasions with Mr Tsirekas and Mr Colacicco. Mr Chidiac's accountant was Mr Bruzzano, who was also the accountant for Prolet Constructions and its directors, Joseph and Pierre Jacob. Mr Colacicco introduced the opportunity to purchase the properties at 227 and 231 Victoria Road to another friend of Mr Tsirekas'. According to records obtained from Racing NSW, Mr Sawyer has been involved in a syndicate with Mr Colacicco since 2012 that has owned shares in racehorses. The nature and the extent of those relationships and the effect they had on the exercise of Mr Tsirekas' and Mr Sawyer's official functions is at the heart of the Commission's investigation.

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11. The Commission's investigation in this public inquiry is being carried out in furtherance of its function to investigate, expose and prevent corruption involving or affecting public authorities and public officials. In that regard, corrupt conduct under the Independent Commission Against Corruption Act 1988 includes any conduct of any person, whether or not a

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public official, that adversely affects – or that could adversely affect, either directly or indirectly – the honest or impartial exercise of official functions by any public official, any group or body of public officials, or any public authority; and any conduct of a public official or former public official that constitutes/involves a breach of public trust.

12. Given the nature of the evidence expected to be received by this public inquiry, they are matters that are likely to be centrally relevant to the Commission’s deliberations in its investigation. I anticipate that the  
10 evidence from the Commission’s investigation and public inquiry will support the making of recommendations under the ICAC Act to prevent or reduce the likelihood of corruption occurring in both local government and environmental planning in NSW.

13. Chief Commissioner I now wish to briefly introduce some of the specific details of matters being investigated and persons relevant to that investigation.

14. I’ll start with the I-Prosperity Group and its planning proposal. In the  
20 period late 2015 to 2017, the I-Prosperity Group purchased properties located at 1-9 Marquet Street and 4 Mary Street Rhodes. The I-Prosperity Group included the companies I-Prosperity Pty Ltd and I-Prosperity Waterside Rhodes Pty Ltd. The directors of I-Prosperity Pty Ltd were a Michael Gu and Harry Huang. Mr Huang and Ms Belinda Li were the directors of I-Prosperity Waterside Rhodes. Mr Gu, Mr Huang and Ms Li are all Chinese nationals. Both companies are now in liquidation. The collapse of I-Prosperity and its associated companies has been particularly spectacular. Mr Gu and Mr Huang fled Australia in 2020 and have not  
30 returned amid claims that companies associated with them and I-Prosperity misappropriated investors’ money. Ms Li will give evidence before this public inquiry, but neither Mr Gu nor Mr Huang will give evidence.

15. The I-Prosperity Group proposed to redevelop the land to build a high-rise apartment block. In May 2016, it submitted a planning proposal to Canada Bay Council to build a tower 127 metres tall with approximately 399 apartments on the land, with the exception of 1 Marquet Street. At the time, under the applicable Local Environmental Plan, the maximum permitted height of a building was 23 metres. A revised planning proposal was submitted to Canada Bay Council in January 2017, which included the  
40 property at 1 Marquet Street. The revised proposal was to allow for a future development application to construct an apartment block 117 metres tall

with 350 apartments. Subsequent planning proposals in respect of the land were submitted to Canada Bay Council in May 2017 and April 2018.

16. Mr Chidiac has been a friend of Mr Tsirekas since about 2010. He has assisted Mr Tsirekas in local and federal elections. Mr Chidiac is the principal of a business by the name of Online Security Services. I expect this public inquiry will receive evidence that the services that Mr Chidiac provided or provides through Online Security are in the nature of advisory services and dispute resolution, and that he has no skills in town planning  
10 but is able to advise clients as to who is a good town planner, lawyer or architect. In that regard, I expect that this public inquiry will receive evidence that Mr Chidiac effectively sold his services to clients, including the I-Prosperity Group, on the basis that he could introduce them to people and his clients could then draw upon his relationships with those persons.

17. The Commission has obtained evidence that Mr Chidiac was engaged to provide his advisory services to both I-Prosperity Group and Billbergia during the periods of time both had planning applications and proposals before Canada Bay Council. In relation to the I-Prosperity Group, in the  
20 period December 2015 to October 2018, it paid Mr Chidiac in excess of \$1.4 million. The evidence the Commission has obtained is that for the period December 2015 to May 2016, Mr Chidiac was charging the I-Prosperity Group approximately \$20,000 per month for his services. From June 2016, Mr Chidiac started charging the I-Prosperity Group \$35,000 per month for his services. In June 2016, in addition to that monthly fee, Mr Chidiac also received a payment of \$181,500 from the I-Prosperity Group.

18. Another person known to Mr Tsirekas, a town planner Mr David Furlong, was also engaged by the I-Prosperity Group in early 2016 to act for  
30 it in relation to its planning proposal. Mr Furlong had previously worked at the Canada Bay Council in the period 2000 to 2004, and for the Drummoyne Council immediately prior to that period. I expect the evidence will be that Mr Furlong was a friend of Mr Tsirekas at the time he was engaged by the I-Prosperity Group and that, among other things, had previously provided planning advice to Mr Tsirekas' partner, Ms Heather Crichton. A matter that the Commission will explore in this public inquiry is whether Mr Furlong was engaged by I-Prosperity on the recommendation of Mr Tsirekas.

40 19. I expect the evidence this public inquiry will receive is that Mr Tsirekas met with Mr Gu on 14 October, 2015, in a café in Rhodes. Later that day Mr

Tsirekas forwarded an email that he had received from Mr Gu about that meeting with Mr Tsirekas to Mr Chidiac. Mr Tsirekas sent that email from his personal email and not his Canada Bay Council email address. A matter that the Commission will explore in this public inquiry is whether Mr Chidiac was engaged by the I-Prosperity Group on the recommendation of Mr Tsirekas.

20. Thereafter, commencing in November 2015, Mr Tsirekas and Mr Chidiac started travelling to Shanghai in China. They travelled to Shanghai again in January 2016, August 2016, November 2017, March 2018 and January 2019. On some trips they were accompanied by other friends of Mr Tsirekas, including Mr Colacicco. On other trips it was just Mr Tsirekas and Mr Chidiac. Mr Tsirekas also travelled to Shanghai without Mr Chidiac in April 2016 and October 2018.

21. I expect that there will be evidence before this public inquiry that I-Prosperity Group and Mr Chidiac funded Mr Tsirekas' expenses on some of these trips to Shanghai. For example, and as one example, I expect there to be evidence that the I-Prosperity Group paid for Mr Tsirekas' accommodation at The Langham Hotel in Shanghai on the January 2016 trip and Mr Chidiac paid for Mr Tsirekas' flights to Shanghai. I expect that there will be evidence before the public inquiry that the I-Prosperity Group paid for some of the entertainment and travel expenses incurred by Mr Chidiac and Mr Tsirekas on this trip.

22. In addition to Mr Tsirekas' travel to Shanghai with Mr Chidiac, Mr Tsirekas travelled overseas with Mr Chidiac to Lebanon in October 2016, and the United States in October 2016, October 2017 and October 2018. I expect that this public inquiry will receive evidence that Mr Chidiac funded Mr Tsirekas' expenses for the Lebanon trip in October 2016.

23. Mr Tsirekas travelled overseas on a further 10 occasions in the period November 2016 to June 2019. To be clear, from November 2015 to June 2019, the evidence is expected to show that Mr Tsirekas went overseas on 24 occasions and that on many of these occasions this was in the company of Mr Chidiac. From June 2016, Mr Tsirekas has been unemployed and since September 2017 his only source of a regular income has been his mayoral stipend of approximately \$60,000 per annum.

24. A matter that the Commission will explore in this public inquiry is the extent to which Mr Tsirekas sought or received benefits from Mr Chidiac or

I-Prosperity, including in respect of his travel to Shanghai; if so, the extent to which that was given or received as an inducement or reward for partially and dishonestly exercising his official functions to favour the interests of the I-Prosperity Group and Mr Chidiac.

25. In that regard, at no stage during the period 2015 to 2019 did Mr Tsirekas disclose or declare any interest – either pecuniary or non-pecuniary – arising out of his relationships with Mr Chidiac, Mr Furlong, Ms Li, Mr Huang or Mr Gu, notwithstanding that:

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(a) On 31 May, 2016, Mr Tsirekas facilitated Mr Furlong making amendments to a draft Canada Bay Council resolution that was prepared by another councillor, Mr Neil Kenzler, on 30 May, 2016. The Commission has received evidence that Mr Tsirekas forwarded the draft resolution to Mr Furlong after he and other Canada Bay councillors received it on 30 May 2016. Mr Furlong drafted amendments which were to the benefit of the I-Prosperity Group, and then sent the draft resolution back to Mr Tsirekas on 31 May, 2016. The resolution, as amended by Mr Furlong, was then considered at a Canada Bay Council meeting on 31 May, 2016. The amended resolution was passed, with Mr Tsirekas voting in favour of the amended resolution. A consequence of the amendment was that the I-Prosperity Group's planning proposal, which although submitted approximately seven days earlier proposing an uplift in height from 23 metres to 127 metres, whose impact had not been assessed by council's planning staff, would be considered at the same time as Billbergia's amended planning proposal.

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(b) On 15 May 2018, Mr Tsirekas attended a Canada Bay Council meeting and voted in favour of a Canada Bay Council resolution approving the I-Prosperity Group's amended planning proposal for the Marquet Street/Walker Street development and in favour of submitting it to the Department of Planning for Gateway Determination.

(c) And then, on 19 February, 2019, Mr Tsirekas attended a Canada Bay Council meeting and voted in favour of a resolution to resubmit I-Prosperity Group's planning proposal for Gateway Determination.

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26. I'll now move, Chief Commissioner, to Billbergia and Prolet Constructions. Billbergia Pty Ltd is a long-established property

development company. Its directors are the brothers John Kinsella and William Kinsella. Prolet Constructions is also a property development company. Its directors are brothers Joseph Jacob and Pierre Jacob.

27. During the period 2008 to 2019, both Billbergia, through its associated companies, and Prolet, through its associated companies, acquired several properties located within the Rhodes Peninsula for the purposes of redevelopment. Billbergia purchased properties in the area located to both the east and west of the Rhodes Railway Station for that purpose. Prolet  
10 purchased properties located to the east of the Rhodes Railway Station for that purpose.

28. In terms of the area located to the west of the Rhodes Railway Station, or Rhodes West, between 2008 and 2017, Billbergia purchased properties located on Marquet and Walker Streets. It then proceeded to develop that land, constructing two residential towers and a commercial/retail space. In the period December 2012 to March 2016, matters relating to Billbergia's planning proposal for that development in Rhodes West came before  
20 Canada Bay Council on numerous occasions. Mr Tsirekas voted in favour of resolutions relating to the proposals and made no declarations or disclosures in relation to his relationship with Billbergia or the Kinsella brothers.

29. In terms of the area located to the east of the Rhodes Railway Station, or Rhodes East, between 2014 and 2019, Prolet and Billbergia purchased properties on Blaxland Road, Concord Road, Denham Road and Llewellyn Street. Those properties currently remain undeveloped and no approvals have yet been granted to either Billbergia or Prolet. However, matters relating to the proposed development of the Rhodes East area – including  
30 the area in which Billbergia and Prolet own property – came before the Canada Bay Council and Mr Tsirekas voted in respect of resolutions on those matters and did not declare or disclose any interest in relation to his relationships with Billbergia or Prolet Constructions.

30. In that regard, I expect this public inquiry will receive evidence of the relationships between Mr Tsirekas on the one hand and Billbergia and Prolet on the other including that:

40 (a) Commencing in about 2012, Mr Tsirekas attended dinners, lunches and other functions with Mr Kinsella, including at Mr

Kinsella's invitation and where Mr Kinsella attended at Mr Tsirekas' invitation.

10 (b) As noted just previously, Mr Tsirekas' friend Mr Chidiac was engaged to provide services to Billbergia. The evidence the Commission has obtained establishes that in the period September 2015 to July 2018, Billbergia and an associated company paid Mr Chidiac \$550,000 for his services. I expect that this public inquiry will also receive evidence that Mr Chidiac negotiated an agreement with companies associated with Prolet and the Jacobs brothers to provide his services, again for substantial reward, to those companies.

(c) Mr Tsirekas and Mr Joseph Jacobs have been friends for approximately 10 years. During that period of time they have socialised in Australia and overseas.

20 (d) Mr Joseph Jacobs has – on behalf of others – also sought Mr Tsirekas' assistance in respect of development applications that other persons have lodged with Canada Bay Council, and Mr Tsirekas has provided that assistance.

31. This public inquiry will investigate whether Mr Tsirekas deliberately failed to declare or disclose his relationships with Billbergia, Prolet and Mr Chidiac, and the reasons why he did that.

30 32. I'll next move, Chief Commissioner, to a separate matter involving the sale of council property located at 168 – sorry, withdraw that. I'll move to the 168-172 Victoria Road, Drummoyne, and Mr Frank Bruzzano. Mr Bruzzano is an accountant who operates his accounting business from offices located next door to Mr Tsirekas' residence in Drummoyne.

33. Mr Bruzzano is also the accountant for the Jacobs brothers and their companies, including Prolet.

34. In the period 2015 to 2019, Mr Bruzzano was also the accountant for Mr Chidiac.

40 35. Mr Bruzzano is the owner of property located at 168-172 Victoria Road, Drummoyne. On 24 May 2016, a development application that Mr Bruzzano lodged in respect of that land, of the land situated at 170-172

Victoria Road, came before Canada Bay Council, and Mr Tsirekas voted in favour of a resolution granting deferred commencement consent to that application, which was to build seven studio and five one-bedroom apartments over four levels. I also expect that this public inquiry will receive evidence that Mr Tsirekas attended a number of meetings with Mr Bruzzano in 2015 at which Mr Bruzzano's proposed development over the property was discussed. Mr Tsirekas did not disclose or declare any interest arising from his relationship with Mr Bruzzano.

10 36. Next, Chief Commissioner, I'll move to the transaction involving 231 Victoria Road, Drummoyne, and Mr Colacicco. Mr Colacicco is a real estate agent previously operating out of Drummoyne. He is a long-time friend of Mr Tsirekas, having known him for approximately 20 years. The public inquiry will hear evidence demonstrating the closeness of the friendship between Mr Colacicco and Mr Tsirekas. The evidence will include that:

20 (a) In 2018, Mr Colacicco lent Mr Tsirekas \$21,000. The loan was made up of four separate transactions: an electronic transfer of \$10,000, a subsequent electronic transfer of \$5,000, and then two cash transactions in the amount of \$3,000 each. Mr Tsirekas failed to disclose or declare any part of that loan in his disclosure of pecuniary interests in August 2018.

30 (b) As noted earlier, Mr Colacicco travelled to Shanghai with Mr Tsirekas in November 2015, November 2017, March 2018 and January 2019. Mr Colacicco and Mr Tsirekas also travelled together to Dubai in February 2016. Mr Colacicco funded some of Mr Tsirekas' travel expenses in relation to that trip.

40 (c) On 24 December, 2015, Mr Tsirekas executed a contract for sale to purchase a unit off the plan in a development located at 252-256 Liverpool Road, Ashfield. The price was \$994,700. The deposit of \$99,470 was paid in two parts. The first part amounting to \$49,735 was paid in two payments in December 2015 and February 2016 from funds that came from a bank account of a company called Machonic Pty Ltd. Machonic was registered on 14 November, 2014. Mr Colacicco was its sole director. Its sole shareholder was another company, Four 11 Pty Ltd, which in turn was owned by Mr Colacicco, and Mr Colacicco was the sole director of that company. Machonic opened a bank account with the Commonwealth Bank on

14 January, 2015. Thereafter, a number of cash deposits were made into the bank account, ranging in amounts from \$1,250 to \$10,000. Once the first part of the deposit for the Ashfield unit had been paid, the bank account of Machonic was closed, and Machonic was wound up on 30 May, 2016. The second part of the deposit for the Ashfield unit was subsequently paid by Mr Tsirekas in September 2016.

10 37. Matters that this public inquiry will explore include the purpose for which Machonic was formed and from where the amounts of cash that were deposited into its bank account originated.

38. In September 2018, Mr Tsirekas rescinded the contract to purchase the Ashfield Unit. The deposit, including that part which was paid from the funds emanating from the Machonic bank account, less approximately \$23,000 in expenses, was returned to Mr Tsirekas in December 2018.

20 39. In 2015, Canada Bay Council owned property located at 231 Victoria Road, Drummoyne. The property was being used as a car park. An adjoining property was located at 227 Victoria Road. The suitability for consolidation and development of the properties was obvious.

40. The opportunity to purchase 227 Victoria Road from its then owners arose in 2015. An employee of Mr Colacicco's then real estate business, Cobden & Hayson Drummoyne, was approached to handle the sale on behalf of the owners of 227 Victoria Road. The property was sold in June 2016 for \$2.3 million to three companies: Drummoyne 888 Pty Ltd, Sydney City 227 Pty Ltd, and Victoria RM Pty Ltd. Mr John Bartolotta was the sole director of each of the companies on registration.

30 41. I expect the public inquiry will receive evidence that Mr Bartolotta appeared on the public records as the director. Although Mr Bartolotta appeared on the public records as the director, the interests those companies represented were those associated with Mr Bartolotta, and two other friends of Mr Tsirekas, including Mr Colacicco. I also expect the public inquiry to hear that there was a partnership between Mr Bartolotta, Mr Colacicco and another friend of Mr Tsirekas, where each had a third interest in the partnership, and the purpose of that partnership was to purchase the properties at 227 Victoria Road and 231 Victoria Road and develop the properties.

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42. In relation to 231 Victoria Road, the council-owned property, in May 2015, Mr Bartolotta met with the Canada Bay Council's Manager of Buildings & Properties, Mr Kent Walton, to discuss the potential purchase of 231 Victoria Road and the redevelopment of that and 227 Victoria Road. At that time, Mr Walton reported to the Director, Technical Services & Operations, Mr John Osland, who in turn reported to Mr Sawyer. As just noted, whilst it was Mr Bartolotta negotiating with Canada Bay Council for the purchase of 231 Victoria Road, he was also doing that on behalf of Mr Tsirekas' friends, including Mr Colacicco.

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43. The possible sale of 231 Victoria Road was discussed in Canada Bay Council in early 2016. On 1 March, 2016, Canada Bay Council met in closed session to discuss the possible sale of 231 Victoria Road. Canada Bay Council resolved to authorise Mr Sawyer to continue discussions with the owners of 227 Victoria Road in relation to the proposed development of the properties. Mr Walton was the Canada Bay Council employee who was tasked to continue the negotiations on behalf of the Canada Bay Council.

44. On 22 March, 2016, Mr Bartolotta wrote to the council, offering to purchase 231 Victoria Road for \$1.8 million, plus 1,000 per square metre above a proposed GFA of 1,917 square metres. On 8 April, 2016, Mr Walton received a written valuation from an independent valuer that valued 231 Victoria Road at between \$2.4 million to \$2.6 million. Based on that valuation received, Mr Walton sent a counteroffer to Mr Bartolotta on 17 May, 2016. The counteroffer was for 2.25 million, plus 1,000 per square metre above the allowable GFA of 1,773 square metres, and with a settlement period of six months.

45. On 20 May, 2016, some three days later, Mr Walton took a period of sick leave that was only anticipated to be for a "few days". On 24 May, 2016, while Mr Walton was on sick leave, Mr Bartolotta sent a further offer in writing to Canada Bay Council. This time the letter was addressed to Mr Osland. The offer from Mr Bartolotta was for 2.1 million, plus 1,000 per square metre above the allowable GFA of 1,773 square metres, but proposed a settlement period of 18 months.

46. On 26 May, 2016, Mr Osland prepared a report which recommended that Canada Bay Council endorse the sale of the property on the terms set out in Mr Bartolotta's offer of 24 May, 2016. At a Canada Bay Council meeting on 31 May, 2016, the council resolved to adopt that recommendation. Mr Tsirekas voted in favour of the resolution. He did not

declare or disclose any interest involving his relationship with Mr Colacicco.

47. The matters that this public inquiry will explore in relation to the sale of 231 Victoria Road include: why the sale of the property was progressed in the absence of Mr Walton; who determined that Canada Bay Council should progress the sale in Mr Walton's absence; why it was recommended that Canada Bay Council endorse the sale on terms inferior to those that Mr Walton had offered on 17 May 2016; and whether Mr Tsirekas knew of Mr Colacicco's involvement in the purchase of the property.

48. Canada Bay Council executed a contract for sale on 8 November, 2016, which required that completion occur by 8 May, 2018. In March 2018, the purchaser sought a further six months by which to complete the contract. On 15 May, 2018, Canada Bay Council resolved to extend the time for completion for a period of up to six months. Mr Tsirekas voted in favour of the resolution and did not declare or disclose any interest relating to Mr Colacicco's involvement in that transaction.

49. The public inquiry will also explore whether Mr Colacicco's relationships with either or both of Mr Sawyer and Mr Tsirekas influenced or impacted on any of these matters. I have already briefly touched upon matters pertaining to the relationship between Mr Colacicco and Mr Tsirekas, but I expect the public inquiry will receive evidence that as at May 2016, Mr Sawyer was also friends with Mr Colacicco. The evidence expected to be received includes that Mr Tsirekas introduced Mr Sawyer to Mr Colacicco after he started with Canada Bay Council; that in about 2010, at the invitation of Mr Colacicco, Mr Sawyer became involved in a syndicate or group that owned racehorses; and that Mr Sawyer socialised with Mr Colacicco and his friends outside his work with the council.

50. Finally, Chief Commissioner, this Commission's investigation is ongoing. This public inquiry is an important part of that process. Whilst it is pertinent to observe that this Commission is not a court, persons who appear before it, including during any compulsory examinations, are required to give their evidence honestly. It's an offence not to do so. It also means issues pertaining to the credit of witnesses appearing before this Commission will invariably need to be canvassed as a part of the Commission's investigation. It's therefore vital that those that appear before this public inquiry heed that obligation.

THE COMMISSIONER: Thank you, Mr Darams. I propose to take a short adjournment to just enable the camera equipment to be removed and then we will proceed with evidence. Accordingly, I adjourn for a short time.

**SHORT ADJOURNMENT**

**[11.23am]**

10 THE COMMISSIONER: Yes, Mr Darams.

MR DARAMS: Call Ms Belinda Li.

THE COMMISSIONER: Yes. Do you pronounce your surname “Lee” or “Lie”?

MS LI: “Lee”.

20 THE COMMISSIONER: “Lee”. Thank you. Do you wish to give evidence on oath, take an oath or an affirmation?

MS LI: Affirmation.

THE COMMISSIONER: Affirmation?

MS LI: Yes.

30 THE COMMISSIONER: Then I’ll have my associate administer that affirmation to you. If you wouldn’t mind standing, please, and just listen to what’s read to you and then you can affirm the terms of the affirmation.

**<XIAOLU (BELINDA) LI, affirmed**

THE COMMISSIONER: Thank you, Ms Li. Take a seat. Yes, now - - -

MR DARAMS: Ms Li's unrepresented.

THE COMMISSIONER: Is Ms - - -

10 MR DARAMS: She's unrepresented.

THE COMMISSIONER: Unrepresented, yes. All right. Ms Li, as you're not legally represented, I just make you aware of some of the provisions of the Independent Commission Against Corruption Act. It relates to evidence given by a witness before the Commission. There is provision in the Independent Commission Against Corruption Act whereby a witness may object to giving evidence. A witness must give evidence to this Commission but if the witness objects, then that has the affect under the Act that the evidence that is, in fact, given by the witness can't be used in future  
20 proceedings in the future such as criminal, civil, administrative proceedings. That's a protection for the witness if you like. And I can make a declaration, if you do indicate that you wish to object to give evidence, which has the effect that the evidence then can't be used against you in the future, with one exception. A witness before this Commission on oath or affirmation, as you have taken an affirmation, must give evidence that is truthful. If a witness gives evidence that's not truthful, that is an offence under the Independent Commission Against Corruption Act and it can constitute a criminal offence or it does constitute a criminal offence if the evidence is wilfully false. The evidence you give, whether you object or not,  
30 can be used in any future proceedings against a witness for an offence under the Independent Commission Against Corruption Act and an offence of course includes an offence of perjury, that is, giving false evidence. So evidence of a witness can be used in those circumstances but otherwise the evidence if the evidence is objected to can't be used in proceedings of another kind. Now, I'm just simply making you aware of your rights as a witness. A witness doesn't have to say that they object. If they want to say they do object then I can make a declaration. Are you understanding what I'm saying?---Yes.

Okay. So I ask you then do you wish to give evidence under objection, that is, that you object to giving evidence, or do you not wish to object?---Not wish to object.

I'm sorry?---Not wish to object.

You do not wish to object?---Yeah, I'm not object to give you evidence.

10 I'm sorry. Just make clear what you're saying.---I'm not objected to give you evidence.

You are not objecting to give evidence. Is that - - -?---Yeah, that's right.

All right. You don't wish at this stage to object so that you get protection that I've referred to?---I'm fine either way.

I'm sorry?---I'm fine either way.

20 Well, it's a matter of your, you say it's fine either way but you have a choice to make. It's a question of whether you exercise the choice in favour of objecting for the reason I mentioned, the protection it gives, or whether you do not wish to object at all. There is a third course. If you don't object now you may object later on during the course of the questions that are put to you. So I ask you as to what choice you wish to make in relation to the matters I have just put.---I'm not object.

You're not objecting?---I'm not objecting.

30 MR DARAMS: Chief Commissioner - - -

THE COMMISSIONER: Now, Ms - - -

MR DARAMS: Chief Commissioner, might I - - -

THE COMMISSIONER: Yes.

MR DARAMS: Might I indicate that perhaps out of abundant caution - - -

40 THE COMMISSIONER: I'm sorry?

MR DARAMS: Perhaps out of abundant caution it would be appropriate for the direction, declaration to be made for this witness.

THE COMMISSIONER: Well, Mr Darams, I can't force that upon the witness. It's up to the witness to object or not to object, and if the witness is not objecting then I don't see that that course would be appropriate. Ms Li, I'm just indicating to you that as you're not legally represented I want to explain to you what the provisions of the Act are as it affects the evidence of a witness, and the witness is entitled, because the Act makes allowance for it, to say I object to giving evidence. That then means, as I've explained before, the evidence can't be used in the future against you except in relation to an offence under the Independent Commission Against Corruption Act such as giving wilfully false evidence. So it's a protection available to any witness. They can take advantage of that provision.---So I have the right to object?

You have the right to object.---Okay. All right. I will take it.

So it's a question of whether you want to exercise that right.---Yeah, I will take it.

You do?---Yeah, okay.

All right. And you understand that notwithstanding you are bound to give truthful evidence?---Yeah, I understand.

Thank you. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by the witness, Ms Belinda Li, and any documents or things that may be produced by her during the course of her evidence in this public inquiry are to be regarded as having been given or produced on objection and accordingly there is no need for the witness, Ms Li, to make objection in respect of any particular answer given or particular document or thing produced.

**DIRECTION AS TO OBJECTIONS BY WITNESS: PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY THE WITNESS, MS BELINDA LI, AND ANY DOCUMENTS OR THINGS THAT MAY BE PRODUCED BY HER DURING THE COURSE OF HER EVIDENCE IN THIS PUBLIC INQUIRY ARE TO**

**BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON  
OBJECTION AND ACCORDINGLY THERE IS NO NEED FOR THE  
WITNESS, MS LI, TO MAKE OBJECTION IN RESPECT OF ANY  
PARTICULAR ANSWER GIVEN OR PARTICULAR DOCUMENT  
OR THING PRODUCED.**

THE COMMISSIONER: Ms Li, Counsel Assisting, Mr Darams, is now  
going to put some questions to you. Please listen to the questions so that  
10 you get the point of the question and answer the question directly, all right.  
So we don't invite witnesses to make statements and that sort of thing.  
They are to provide answers to the questions put. That's the question and  
answer format. All right?---All right.

Thank you, Mr Darams.

MR DARAMS: Ms Li, I'm going to ask you some questions. If at any time  
you don't understand one of my questions please let me know and I'll try  
and put it in a way that you can understand. I'm just going to start with  
20 some background information. Are you known as Belinda Li in English?  
---Yes.

When were you born?---[REDACTED].

THE COMMISSIONER: Just to interrupt. Could I ask you just to move  
closer to the microphone because – that applies to Counsel as well as  
witness. That's all right, you don't have to speak right on top of it but just  
closer to it.---Okay.

30 Thank you. That magnifies your voice so that, because of the person who's  
right at the back of the room here. So if you just keep your voice up, please,  
and just direct it closer to the microphone. Thank you.

MR DARAMS: Ms Li, what's your current occupation?---I'm running a  
company as a director.

What's the name of that company?---Forte Group.

F-o-r-t-e?---Yes.

40

Are you the sole director of that company?---Yes.

What does Forte do?---Doing finance, construction, sales, development, design.

Does the one company do all of that or are there September companies that do the different things you've outlined?---Separate company.

Are you a director of each of those separate companies?---That's right.

10 Are you the sole director of each of those separate companies?---Yes.

How long has the Forte Group been involved in those separate matters?  
---Separate matters of?

THE COMMISSIONER: Please, could you keep your voice up, thanks.

MR DARAMS: So I think you identified four separate things that the Forte Group did, one of them being construction, is that right?---Can you repeat that again?

20

Does the Forte Group undertake construction work?---Yes.

What else does the Forte Group do?---Real estate, finance, design.

Right. So there are four separate things the Forte Group does.---Yes.

I understood your evidence to be that four separate companies do those four separate things.---Yes.

30 You are a director of each of those four companies.---Yes.

You're the sole director of each of those four companies.---Yes.

How long have those companies been doing the things that they do separately? When did they start?---Various years, some starting from 2013, some start from 2018, some start from 2019, some start from 2021.

Okay. Which one started in 2013?---Construction.

40 What was the next one to start?---Next one to start, it's real estate.

The one after that?---And then we start the finance.

Lastly, the fourth one?---And then the design.

So just in terms of the company that does real estate, what do you mean by that?---Sell properties. Sell units.

Does it sell units that are constructed by the other Forte Group company?  
---Depends.

10

So it sells Forte Group construction but also construction undertaken by other companies?---Sell Forte development project or the other developers' project. Yeah, it's not related to construction.

Does it sell any properties that have already been constructed, for example, just general residential real estate?---Yes.

So if I had a property that I wanted to sell, for instance I was living in it, I could come to that Forte Group company and offer that - - -?---Yes.

20

Generally, yes.

What does the finance business undertake?---Fundraising.

Fundraising for the Forte Group construction?---Not for construction, for the project.

For the project.---Yes. Construction doesn't need fundraising. Construction money come from the bank or coming from the, the lenders.

30

Does the Forte Group only raise the money for Forte Group developments or does it do it for other developers as well?---For others as well.

And in relation to the design, is that design for only for Forte Group developments or is that also design for others?---Only design for construction. Forte do construction projects.

Are you a shareholder or owner either directly or indirectly of any of those Forte Group businesses?---Yes.

40

Are you a shareholder or owner of all of them?---Yes.

Is that a direct share ownership, that is, you hold them in your own name or is it through a - - -?---By my name.

Are there other shareholders in those companies?---No.

I want to ask you some questions about I-Prosperity Waterside Rhodes Pty Ltd now.---Yeah.

You were a director of that company?---Yes.

10

Is that company currently in liquidation?---No.

It's not. What's the status of that company? Does it still trade?---It's not trade by now, I think.

What does it do now?---I have no idea. I have been resign already, so - - -

When did you resign as a director?---Early this year.

20 Why did you resign as a director?---'Cause the site already been sold.

Sorry? Did you say the site had been sold?---That's right.

When you say the site had been sold, are you referring to the land that was located at 1-9 Marquet Street and Mary Street?---Yeah, on the land (not transcribable) already sold, yes.

Sorry? Say that again?---You are right.

30 Now, when you were a director, the other director was a person known as Harry Huang. Is that right?---That's right.

I'm going to come back and ask you some questions about Mr Huang in a moment. Was it the case that you were appointed a director when I-Prosperity Waterside Rhodes was formed?---Mmm.

That's right from inception?---That's right.

40 A shareholder of I-Prosperity Waterside Rhodes was a company called I-Prosperity Group Pty Ltd. Do you remember that?---No, it's not shareholder. It's a unit holder.

Right. So who were the shareholders of I-Prosperity Waterside Rhodes?---I-Prosperity Waterside Rhodes is not a company. It's a unit trust. So there is no shareholder. It's a unit holder.

I see. Who were the other unit holders, then?---The, it's a, a one fund something, I can't remember. It's a fund.

A fund?---Yeah.

10

Were you a unit holder, as well?---I'm unit holder, as well, yes.

What proportion of the fund did you hold?---10 per cent.

Now, can you tell us what I-Prosperity Waterside Rhodes did or what it was proposing to do?---Regarding to?

Well, what was its business?---It's holding underlying asset for development.

20

The underlying asset being the land located at 1-9 - - -?---That's right.

Are you able to give us some information as to how the land came to be purchased or owned by I-Prosperity Waterside Rhodes?---I knock the door.

Sorry?---I knock the door to purchase the land.

Was that in relation to each and every property?---It's, Hossa Group own five lots at the very beginning.

30

Sorry? The Hossa Group?---Yes. So I knocked on one of the door because of my car issues. There was a car fixing on number 9 Marquet Street and I knocked the door and they say they being, will put onto the market, so I offered to purchase.

So your car broke down. The property located at 9 Marquet Street, did that have a garage or a service station or something like that?---I remember they providing some services to pick, fix up the cars.

40

That was the reason why you went to 9 Marquet Street, is that to get your car fixed?---That's right, yes.

I see. And you have a conversation with the person who's located there about whether they were interested in selling it, or did you see that there was a for sale sign up?---No, I just sitting there, waiting for my car, and then I was just have a chat with the owner. I think it's the owner's son there at that day. So I just had a joke with them. I say, "Why you still here while there's surrounding already apartment? Is that because you are, you are too stingy or too greedy so there is no one to buy your house?" And then he say, "No, we want to sell." And some already option on the site and now  
10 they're put back into the market. So that's where the conversation started.

So do you remember the name of the person you had this conversation with?---I didn't ask for the name.

Right. And at that stage was it just 9 Marquet Street or did you understand it to be other properties that were on the market?---I understand it's five lots, not only 9.

Did you discuss in that conversation the price that - - -?---No.  
20

No. And did you then, how did you then continue the discussions with that person or persons?---He give me the contact who hold, hold the option at that time of the five lots. He say he is one of the owner, but he doesn't managing the sales, so asked me to contact the person.

And did you thereafter contact that person?---Yes, I did.

Was that the person who you had the conversations with about the potential purchase of the lots?---The, the person who holding that five lots option at  
30 that time.

Do you recall the name?

THE COMMISSIONER: Who was that person?---Oh, can't remember his name. Too long time ago.

MR DARAMS: Did you have those conversations with him in person or did you have the email? Was it in email?---I end up have a conversation face-to-face because it's become serious to purchase. But I can't remember  
40 at the beginning it's by email or not.

Can you recall what year these conversations were happening, the initial conversations?---I can't remember but I think maybe early 2015.

When you were having these conversations about potentially purchasing it, were you doing that on behalf of one of the Forte Group companies?---Oh, no, I wasn't at that stage to purchase. I was just have a conversation with some – it wasn't in that detail yet. Because I come to fix my car, not come to purchase.

10 I understand that, but when the conversations progressed past the initial stage and you said you were having a discussion with another person, were you intending to – or were you having those discussions on behalf of one of the Forte Group companies or on behalf of someone else?---Mmm, you mean before a serious purchase?

Well, you've gone from the initial introduction.---Yep.

20 Then you've spoken to someone else who, as I understood your evidence, held the option to purchase.---Oh, I did it on behalf of anyone. When we purchase a deal, we just see if the deal is workable or not first. And then if you're seriously and then you do the feasibility, you do the due diligence, and then you check your funding perspective, what settlement term is, and then you nominate the purchasing entities, and then you on behalf of that entity to make the offer.

Sure.---So it wouldn't be that long at the very beginning.

30 So you have these conversations early 2015, that's right?---Yeah, that's right. I think so.

I want to ask you some questions about other persons now.---Ah hmm.

Now, firstly I want to start with Michael Gu.---Ah hmm.

You know Mr Gu?---Yes, I know him.

Can you tell me how you first came to meet Mr Gu?---I met him in a dinner in China.

40 When was that?---Can't remember. Definitely before 2015.

So before you had these conversations in relation to the land at 1 Marquet Street?---Yep, yep.

THE COMMISSIONER: Whereabouts in China did you first meet Michael Gu?---I remember it's in the city of Nanjing.

City of?---City of Nanjing.

MR DARAMS: Is that N-a-n-j-i-n-g?---That's right.

10

Were you from Nanjing or did you have relatives in Nanjing?---I'm from Nanjing.

So you meet Mr Gu in Nanjing. Are you able to give us an approximate year? So let's place it in relation to these conversations you're having in Rhodes in early 2015. How long before those conversations did you meet Mr Gu?---I think around a year maybe. I can't remember. I'll be honest.

So possibly early 2014?---Possibly.

20

Can you recall the circumstances of this dinner? Was it someone's birthday? Was it a celebration of some other kind?---It's my high school, high school friends dinner. I was just randomly there.

Did one of your high school friends invite you to this dinner?---Yes.

Would you - - -?---And, and Michael Gu was there as well.

Was he seated at the table with you or did someone introduce him to you?

30

---My high school friend organised the dinner so I went to there and Michael was in that dinner as well. I think it's he invited as well but, yeah, so that's - - -

So your high school friend organised a dinner. Invited Mr Gu to the dinner. You were introduced to Mr Gu at that dinner.---That's right. That's right.

THE COMMISSIONER: Did you come to know that Michael Gu was a businessman?---At that time?

40

Mmm.---No.

No. What was he doing at that time, do you know?---Because the dinner is not organised by me so I wasn't asking that much questions and especially on that day I took one of my tooth out. I couldn't speak much.

MR DARAMS: That was the only question I was going to ask you. Do you recall, did you have a conversation with Mr Gu at that dinner about what he did?---Not much.

10 Not, so when - - -?---Because not only, not only Australia people. A lot of people.

Sure. So when you say not much, was there some discussion about what Mr Gu did?---Not really because a lot of people in that dinner and he is sitting a bit far from me. At the end the only thing they tell me he is coming from Sydney as well. So that, that make me a little bit curious about the people, what they doing there, but we didn't ask much.

20 So if I can understand that, someone told you at the end of the dinner that Mr Gu had come from Sydney?---That's right.

Did you have that conversation with Mr Gu about you also being located at that time or coming from Sydney?---Yes.

All right. When was the next time you recall speaking or catching up with Mr Gu?---Still in China.

So this is after the dinner that evening? Not the same night but - - -?---Not the same night.

30 - - - on the same trip?---I can't remember exactly but I still met him in China the second time.

Just going back to it. You met him a second time in China but on the same trip to China as the dinner or on a separate occasion going back to China? ---Can't remember.

Can't remember.---But it's in China.

40 Can you recall the first – did you meet – can you recall the first time you met him in Australia?---First time met him in Australia. It should be

sometime before we purchase the site at Rhodes but you ask me when. I don't, can't remember.

Well, just if we can, using the date that your car broke down and you knocked on the door at 1-9 Marquet Street, using that as the date - - -?---I can't remember that date as well.

I'm not asking you for the date.---Uh-huh.

10 I don't want to know whether it was 1 February or anything like that but just use that as a point in time. Did you meet Mr Gu in Sydney after that time or before that time?---After that time.

So at some stage early 2015?---Around that time I think.

Do you remember where you met Mr Gu?---I think in his office.

Do you recall where his office was?---Phillip Street.

20 THE COMMISSIONER: Sorry, where?---Phillip Street.

Phillip Street.---On top of Dutch bank. On top of Dutch bank.

MR DARAMS: In the Deutsche Bank building in Phillip Street?---That's right.

Did he invite you into a meeting or did you ask to come and see him?---I ask because I think the site at Rhodes it's feasible so I'm looking for the founding companies to do the investment together.

30

Sorry, I think you said the site at Rhodes.---Mmm.

We're talking 1-9 Marquet Street and 4 Mary Street. Is that right?---That's right.

I think you said it became visible. Is that what you said?---What do you mean?

Or viable?---Viable. Feasible.

40 Sorry?---Feasible.

Feasible, sorry.---Feasible.

So you then take that, what, the potential purchase of those properties to Mr Gu, is that right?---That's right.

How did you know to go to Mr Gu with that potential purchase or - - -?  
---Because I met him the second time in China and he is doing fundraising, so I know he has that kind of potentials.

- 10 Okay, so let's go back to that second time in China, and can you tell us what did you and Mr Gu discuss at that stage about what Mr Gu did?---So the second time he comes to me, ask me if we having any development project on hand. So at that time we're having one potential project. I remember it's in Wolli Creek. So I did introduce him that project.

That suggests that you had some conversation with Mr Gu prior to that second occasion where you - - -?---No, the second occasion, not prior.

- 20 Yeah, so I understood your evidence, on the second occasion Mr Gu asked you whether you had any developments.---Yeah. He, I remember he came from Shanghai, drive to Nanjing, and he asked me if I'm willing to work for him. And then ask me, he ask me what I'm doing and then he ask me if I'm willing to work for him. And I said, "I've got my company so I can't work for you." So he is saying, "Do you have anything on hand at that time?" So I remember at that time I introduce him the Wolli Creek project.

That's what I was going to ask you. He must have assumed that you were involved in property development, is that right?---That's right.

- 30 Is that because you told him you were involved in property development or do you think someone else told him that you were involved in it?---I don't think I told him about what I'm doing. I think it might be the high school friend made the introduction about what I'm doing.

Because at that time you had this conversation in China, you were involved in the Forte Group in property development, is that correct?---Because I'm, I went back to my home town. It's just like the visit every year.

- 40 Sure. I understand that.---Ah hmm.

I'm just asking you, at the time that you had these conversations with Mr Gu, back here in Australia were you involved in property development yourself?---You say the second time?

Yep, the second time.---You mean he know what I'm doing or - - -

No, you yourself. You were involved in Australia - - -?---Ah hmm.

10 - - - at the time you had the second conversation, you had already in Australia been undertaking property development, is that right?---That's right. Already five years, yes.

Sorry, that's what I was going to ask you next.---Oh, okay, yeah, yeah, yeah.

How long had you been doing property development?---Already five years.

20 So Mr Gu understands that you're in property development in Australia. You're not sure how he finds out but he - - -?---Yeah.

It's apparent to you 'cause he raises that with you, that's right?---Ah hmm. That's right.

THE COMMISSIONER: Can I ask you this, when did you come to Australia for the first time?---2005.

2005. And when did you commence your property development?---About 2009.

30 Right. And what sort of projects did you do between 2009 and the time you had this second conversation with Michael Gu?---At that time I working for my uncle doing some development, starting, we're starting from townhouses and the units.

In Sydney?---In Sydney, yes.

40 The west of Sydney?---The first, not Western Sydney, we do in the south, in the, around Hurstville area, and in the Putney area, the Ryde, the Ryde area as well.

So how long did you and your uncle work together in property development?---I worked for my uncle about five years, until he went back overseas.

And then did you decide to go out on your own, as it were, into property development through your own company?---Yeah, because his visa been refused, so he, in order to let his family to migrate, so he transfer all his money back to Singapore.

10 I see.---That's the time I start my own business.

And had you, through your own company, commenced any developments before you had this second meeting with Mr Gu?---I start before I meet Michael Gu, yes.

And again, what sort of developments did you do through your own company?---I started, I started units.

Ah hmm.---Yeah.

20

How many projects would you say you had done before the second meeting with Mr Gu?---I think four, five.

Ah hmm.---Yeah, five maybe.

And did you finance those developments through land funds or how did you do - - -?---Equity part was done by my uncle at the very beginning and normally the construction part is all funded by bank.

30 MR DARAMS: Thank you. Just in relation to those projects, you said they were units, is that right?---Yes, units.

All the projects were units?---At the very beginning we start from townhouses.

So a single townhouse, is that right?---Start, we start from three, three townhouses.

So three townhouses?---Yeah.

40

I'm just trying to get an understanding of how large the developments became. So was there multiple units in any one of those projects?---Do, do you mean large one? No. Small one, small start, yeah.

Small units.---Yeah. We start from three townhouses. We grow it that way.

What was the biggest project that you undertook before the second meeting with Mr Gu?---About 40 units.

10 Where was that?---Ryde.

That was a project undertaken by just your company or the company - - -?  
---My uncle.

Your uncle.---Ah hmm.

THE COMMISSIONER: Ms Li, do you have formal qualifications from a university or a technical college?---Yes.

20 What qualifications do you hold?---I have Finance Accounting, Fund Management and Construction.

And you undertook courses of study in Australia for those - - -?---Bachelor Degree, yes, and Master Degree.

MR DARAMS: Sorry, what's the Masters in?---Fund Management.

Fund Management?---Yes.

30 Through which institution?---New South Wales.

University of New South Wales?---Yes.

So I just want to go back now to your conversation with Mr Gu in Sydney at the Deutsche Bank building.---Yep.

So he offers you a job?---That was in China.

So that was in China.---That was China.

40

So in Sydney, what are you talking about in Sydney?---The time when I met him a while ago because I was looking at the site at Rhodes, so, actually after, after the second conversation we met, we, we still talking about Waterpoint but we didn't proceed that project and we didn't contact each other for a while until I have the, I identify the site at Rhodes. Then I actually approached people, so, Michael as well.

So you approached people for the purposes of - - -?---Purchase.

10 Purchase. To purchase with you or - - -?---Yes. Purchase with me together.

THE COMMISSIONER: As a form of joint venture, was it? Is that what you're talking about?---Yeah. I'm looking for a fund. So, yeah.

So, what proposal were you pursuing? Was it a joint venture with Mr Gu in Sydney Property Development?---Yes, that's right.

Right.---Yeah.

20 And you had a number of discussions over time with him about that and did that eventually come into being, that is some form of joint venture?---I actually talked to a couple of people, not only Michael Gu.

No.---But I did and he is very quick, made an offer to purchase and then we form up the structure. Actually he form up the structure because he is the majority from the fund, the money coming from them.

Well, at the end of discussions with Mr Gu, did you eventually go into business with him in some capacity?---By this project, yes, yep.

30

Right. And when you say this project, you're referring to the project, what, at - - -?---At Rhodes.

At?---Project at Rhodes. Not work, not like employer and employee work.

No, I understand.---Just this specific project really.

40 So was there a formal legal agreement between you and Mr Gu to go into business together?---Actually not, because he using his fund and his fund is the majority investment, so he form up the structure and we received the units when the purchase, when he put the moneys in.

So he formed the corporate structure of this development venture?---Yes.  
Yes, yes.

And you had some, you were given units as a unit holder?---A unit, yes.

In the property development business?---Yes. In the unit trust.

And who - - -?---No, the landholding, not development.

10

In the land?---In the landholding, yes.

And were there any other partners or co-venturers apart from Mr Gu and yourself?---Under the fund structure, there is one fund within that structure, as well.

So did this venture involve you investing money?---Mmm.

Yes?---Yes.

20

And so you invested money and were there others contributing to the capital funds for the business?---I think so but that was managing by them. It's not by me.

Sorry?---I mean, the contribution from the other investors is not managing by me because I'm not running his fund.

Right.---Yeah.

So there were other contributors but you didn't deal with them?---No.

30

Is that what you're saying?---No.

Right. But you were a contributor of capital?---Yes.

Okay. And this was for the project you've spoken about, the project at?  
---Rhodes.

Rhodes. Thank you.

MR DARAMS: So just so I can understand this evidence, Ms Li. Mr Gu was responsible for setting up a fund?---Michael and Harry working together and I'm not sure who was responsible for setting up the fund.

So either both of them or one of them set up a fund which you purchased units in?---For Rhodes, yes.

The fund was set up to purchase the properties, at least to purchase the properties in Rhodes?---Yeah.

10

You purchased units in that fund?---Yeah.

How much did you pay for your units?---\$1 per unit.

How many units did you have?---About, you mean in total or at the very beginning?

How much did you end with in total – sorry. Let's start with the beginning. How much did you initially purchase?---It's contribution by stage, so it's not by, it's not by one go. So it's contribution by stage. In total around something, 6 mill.

20

6 million. In terms of the other investments or the other moneys, did you know who contributed to the fund?---(NO AUDIBLE REPLY)

You have to say "yes" or "no".---I don't know.

You don't know?---I don't know.

Do you understand that whoever contributed to the fund, they were persons that either Michael, Mr Gu or Mr Huang were arranging to contribute to the fund?---I don't know.

30

You have no idea about that?---I don't know because they having their salesperson there, so who organise, I don't know.

You don't know?---Yeah.

Is this right? The fund raised the moneys, some of it from you but some from other investors. That's right?---Yeah, that's right.

40

The moneys raised by the fund was then used to purchase the land at 1-9 Marquet Street and Mary Street?---Yeah, that's right.

THE COMMISSIONER: Just to be clear about it, the amount of your initial contribution was how much?---Very beginning, I think only about four or 500K or something.

500,000?---Yeah.

10 Australian dollars?---Yes. Yes.

And there were subsequently more contributions by you later on?---Yes.

Right.---Yes.

And do you know how much in total you outlaid?---About six mill.

About 6 million?---Yes.

20 Right. Was that moneys available from you or were those contributions by you raised through loan finance?---It's part from myself and part from my close friends.

Sorry? Part from you?---Part from me and part from my close friends.

I see.---Yeah.

Thank you.

30 MR DARAMS: The funds from yourself, was that money you had available to you or did you have to go and get a loan for that money?---No, no, from myself.

Do you know whether the money that your friends contributed - - -?  
---About half.

Yes. But was that money that, do you know whether they had to go and get loans or was that money - - -?---No. By themselves.

40 THE COMMISSIONER: So when the structure was set up, is this right? The directors of the corporate entity included Harry Huang?---Mmm.

And Michael Gu?---Which corporate?

Hmm?---Which corporate you asking?

With what?---Which corporate you asking?

10 Okay. Well, was there, you tell me. What was the corporate vehicle that was doing the land purchasing and development?---That's I-Prosperity Waterside Rhodes Unit Trust.

Sorry?---I-Prosperity Waterside Rhodes Unit Trust.

In any event, so far as the operating entity was concerned in the development of the Rhodes properties who were the directors of that entity? Did it include Harry Huang?---Sorry, can you repeat that again?

20 Yep. Who were the directors of the operating entity for the Rhodes development? Directors.---You mean the land purchase company?

Well - - -?---With Harry Huang?

Yeah.---Yeah, unit trust. I-Prosperity Waterside Rhodes Unit Trust.

Okay. Was Mr Gu a director of that company?---No.

All right. What company was he a director of?---Michael?

30 Yes.---I think I-Prosperity Pty Ltd.

Okay.---Yeah.

MR DARAMS: Now, just going back to, so Mr Gu, you have a conversation in Sydney. You think the purchase of the land in Rhodes is feasible.---Ah hmm.

40 You go to Mr Gu. From there, the development, sorry, the conversations proceed. The fund is constituted. You buy into the fund and other investors, and the land is purchased. That's right?---The second conversation with Michael for – what's your question?

I'm just saying after the second conversation with Michael in – sorry, after the conversation with Michael in Sydney.---Yes.

Yep. What about, when were you introduced to Mr Huang?---When I introduced with – introduced about Michael.

Mr Gu introduced you to Mr Huang.---Yes.

10 Do you remember where that happened?---Where? In the office.

At the same time that you had the first meeting with Mr Gu or another occasion?---I think first meeting.

Yes. What did you understand Mr Huang's role was in relation to what - - - ?---Managing accounts at that time.

And when you say “managing accounts”, what do you mean by that?---He introduced himself as the CFO of the company.

20 When you say “the company”, is this I-Prosperty Pty Ltd?---Yep.

Were you able to make any assessment on that initial conversation as to which one of Mr Gu or Mr Huang was more senior of the two or who was, I guess, the boss or the leader of the two?---You mean the first time?

Yeah.---Looks like Michael.

30 So that impression you formed on the first occasion, did that change at any time or did you still, were you still of the view that Michael was the - - -?---I work with Harry more but I think Michael is the CEO, he's always with the name.

Right. So Michael had the title of CEO?---Yes.

Now, in terms of after the properties were purchased, how were – well, do you know how the other costs in relation to proceeding with the development were funded?---Costs, do you mean how we spend the money?

40 Yeah, well, how – so the fund buys the properties.---Ah hmm.

Thereafter, certain things are done. For instance, Mr Chidiac is engaged, the architects are engaged.---Ah hmm.

Who paid for those costs?---Planning part, most of the costs regarding the consultant and architect is I engage and I co-ordinate, and then I pay, yeah.

So you paid, but where did you get the money from to pay those persons?  
---From the fund.

10 From the fund.---Ah hmm.

Did you have to, did you, because you had initially contributed to the fund, did you have to contribute to those expenses as well?---Yes.

How much did you have to contribute? Was it a proportion of those expenses?---I think contribution by each stage.

I see.---Mmm.

20 So did they say for the next stage you need to pay in X amount of money? Is that how it went?---Yeah, yeah, that's right.

Okay. So someone would say to you, "You need to contribute a million dollars," for example.---Mmm.

Who was that person? Was it Mr Huang or Mr - - ?---Harry, Harry. Harry. You would then either get the money from your own funds or get a loan or something like that, is that right?---Not loan. My, my own money.

30 Your own money?---Yeah.

So of the \$6 million, was all of that your own money?---Yeah. Oh, no, part of my close friends.

How much was - - ?---I was half.

So 3 million was your own money, 3 million was your close friends' money?---Yeah. That's right.

40 Have you recouped any of that \$3 million of your own, I'll call it, investment? Have you got any of that back?---What do you mean?

Well, you said the properties were sold.---Yeah.

Have you had any money returned of the \$3 million?---No.

So to put in the vernacular, you've lost at least \$3 million?---We lost about eight.

How much have you lost personally?---Oh, five.

10

And your friends have lost the other three, is that right?---Yeah.

Now, you just said before that you had more dealings with Mr Huang. Is that right?---Yes. When doing the jobs, yes.

All right. Is there a particular reason why that happened, is that because Mr Huang was in Australia more often or because Mr Gu said you should deal with Mr Huang if you needed to do that?---Sometime Michael is not contactable. So for me, if I need to do anything within a time frame, I need to make sure that it is someone can, I can work with. So Harry is more reliable most of the time.

20

When you say more reliable, more readily contactable or something?---Yes, yes. And you can discuss things with him.

I want to ask you some questions now about some other people and see whether you can help me out with them. Now, the first person I want to ask you about is Chun Zhou.---Chun?

30

Chun, C-h-u-n. Do you know who that person is?---He is working for I-Prosperty.

Yeah. So was he working for I-Prosperty in Australia?---I'm not usually see him but I saw him in Australia.

Did you know whether he lived in Australia or did he live somewhere else?---(NO AUDIBLE REPLY)

40

You don't know?---I don't know. But I know he got, he, his parents live in [REDACTED].

So you saw him in Australia?---I saw him in Australia, yes.

Once or numerous times?---Not many times. Because I don't have too many things work with him.

With Chun?---Chun, no.

10 Did you see him overseas?---I saw him overseas, yes.

Where did you see him overseas?---Shanghai.

How many times did you see him in Shanghai?---Can't remember.

More than five times?---I can't remember. But definitely I met him in Shanghai.

Well, was it more than once?---More than once, yes.

20 THE COMMISSIONER: Was Mr Zhou a contributor to the project?  
---Who?

Chun Zhou, what was his involvement with I-Prosperity?---I don't know. He, he worked for I-Prosperity I think.

Sorry?---He worked for I-Prosperity.

Doing what?---I don't know.

30 All right.

MR DARAMS: Well, what about in relation to, did you ever have conversations with Chun about him arranging anything?---Regarding?

Well, for you? Did you ever have a conversation with - - -?---For me?

Yeah.---There was once time, Michael sent him to work on construction site.

So Mr Gu sent Chun to work on, what, one of your construction sites?  
---Yeah. I said I had some dispute, or I don't know what happened. Then he sent him to site.

Sent him to one of your sites?---Yeah. To do labour works.

So a site that Forte Group was - - -?---Yes. Doing construction.

Something unrelated to - - -?---Unrelated to the matter.

10

Do you remember when that happened?---2015 or '16. I can't remember exactly. Maybe '16.

So that was obviously here in Australia?---Yeah.

Just going back now to the conversations you might have with Chun. You said that you believed he worked for I-Prosperity?---Yes.

20 What leads you to that belief? Is that based on the conversations you had with him?---No. Because I saw there is ASIC research. He's one of the director.

So you saw an ASIC search?---Yes.

Of which company?---I-Prosperity.

All right. I-Prosperity Pty Ltd, the one that was - - -?---I think so.

30 The one that's associated with the Rhodes development?---No, I don't think it's associated with Rhodes. I can't remember where I saw but I saw this ASIC and I did ask the question who is another one at that time.

Sorry, say that again.---I don't think it's in, I can't remember if it's related to Rhodes but I definitely saw a ASIC, because I did remember I asked Chun who is the other person. I never saw him.

You asked Chun about another person who you had never seen?---Yes, yes.

What was that person's name?---I can't remember.

40 You can't remember. Just going back to Chun. You said before that you thought he was the employee of I-Prosperity.---Yeah.

But what led you to that belief other than, are you saying it's just simply based upon this ASIC record you saw?---Yeah, ASIC record.

Only on that?---Yes, only on that.

There was no other conversation you had with Chun where you discussed I-Prosperity with him?---No.

10 None at all?---Discuss I-Prosperity? No, I didn't discuss anything with him about I-Prosperity.

Can you recall how many times you would have either spoken with Chun or text messaged Chun?---How many times?

Yeah.---No, I can't remember.

20 Can you recall the kinds of things that you would speak to him about when you had these calls?---Oh, when I go back to China I ask him to booking the accommodation for me because I had to transfer my flight from Shanghai. That's normally what I ask him.

Okay. So let's just, I want you to explain that to me. So when you go to China - - -?---Ah hmm.

Travel from Australia.---Ah hmm.

30 You would ask Chun to book your flights or accommodation?---No. Ask him to book the accommodation because there is no straight flight to Nanjing at that time. I always have to stop in Shanghai.

So why would you ask him to book your accommodation?---Because they give him better discount.

Do you recall how many times you asked him to book accommodation for you?---At least one or twice.

Once or twice.---Yes.

40 How do you know that he can get a discount?---He told me.

Did he tell you why he could get a discount?---I think it's under the, under their agreement with some of the hotel. The company agreement.

I-Prosperity agreement with a hotel?---I don't know which company agreement but sounds like he had some business and then there is agreement with the hotel so that's why he can booking with a discount.

So Chun tells you that there's some agreement. You don't know whether it's I-Prosperity?---No. I didn't ask.

10

No. You don't know it's an I-Prosperity agreement where hotels would give discounts on booking.---Yes.

Do you know which hotels, the name of the hotel?---I went to, there was two. I don't know what's the English name. Langham is one.

The Langham, L-a-n-g-h-a-m?---Yeah. And another one is starting from K. (not transcribable) can't remember that name.

20 So you would ring Chun when you were travelling to Shanghai.---Yeah. Maybe one or twice, yes.

You would ask him to arrange the accommodation for you.---Yeah.

Because you knew he could get a discount.---Yes.

Did you pay for that accommodation?---And I pay by myself.

You ended up paying for it yourself.---You have to.

30

So what would happen? Would Chun pay for it first and then say - - -?  
---No, he just booking, booking for me.

So when did you pay for the room? Did you pay for the room when you - - -?  
---When you check out.

When you checked out. So were any of these other conversations that you had with Chun not related to booking hotels but doing other things, making other bookings or arranging other things. Can you recall any conversations to that effect?---No.

40

No.---Not much with Chun.

Sorry?---Not much business with Chun.

Yeah.---Mmm.

So you recall one or two occasions you speak or sent text messages to Chun  
- - -?---Mmm.

- - - to arrange accommodation for you?---Mmm.

10

That's right?---Mmm.

I'm asking you about any other interactions between you and Chun where  
you've asked Chun to arrange things either for you or for other people.  
---Can't remember.

When you say you can't remember, are you saying that you did do it but  
you can't remember the details now or you say I didn't do it any other  
occasion. The only time I asked him to do something were these one or two  
20 occasions to book accommodation for you?---I think so.

That's the only time - - -?---I think so, that's the only thing, mmm.

What about asking Chun to arrange bookings for other people? Did you do  
that? You never did that?---I can't remember. I, I, I don't think I did for  
someone else.

Right. Would you remember doing it for someone else?---No.

30 You wouldn't remember doing this for someone else? Just so you  
understand my question, and I want to make sure - - -?---Mmm. Yeah. You  
can be straightforward. What, what you want to ask? Mmm.

I just want to make sure you understand it. What I'm asking you is did you  
ask Chun to arrange, for example, accommodation on behalf of anyone else,  
that is not you? You never did that?---No. No.

40 Did you ask Chun to arrange any other type of booking either for you or on  
behalf of anyone else, so not accommodation, for instance, travel?---Can't  
remember.

You can't remember?---Can't remember.

Could that be something you would remember?---About?

Well - - ?---I can't remember.

Thinking now back to your relationship with Chun and getting Chun to, you've asked him what you can remember is booking accommodation for you once or twice. Can you remember him doing any other bookings for you? No?---No.

I see. Could the witness be shown volume 6.7, page 18? Ms Li, can I just ask you for the moment just to focus in to, about a quarter of the way down the page, do you see the two I'll call them silhouettes of heads. Do you see them?---Mmm.

Do you recognise this document?---No, I can't remember.

You'll have to speak into the microphone.---I can't remember this document.

Right. You've used the WeChat messaging system, haven't you?---Yes.

Do you recall using the WeChat messaging system with Chun?---Yes.

Right. Can I just suggest, can you see the word "owner" in brackets? See that's, see the, yeah, where the cursor is, then see the little hand?---Yeah, yeah, yeah.

So do you recognise the Chinese symbols?---Yeah.

Can you tell us what that is?---Just a name.

Whose name is it?---It's just a, a name on the internet.

Is this associated with you, though?---Yeah, that's my - - -

Yours?--- - - - that's my WeChat.

Your WeChat account?---Yeah.

So just below that, see where it says “Chun”?---Yeah.

Is that the WeChat, do you understand that to be the WeChat account of the Chun we’ve been speaking about?---Yeah, that’s right.

Right. Now, I just want to ask you to focus on the first entry below the box.---Mmm.

So this is an entry from 7 December, 2015. See that?---Mmm.

10

Do you see that?---Yeah, I see that, yep.

Now, this appears to be a message from you to Chun. Do you see that? ---Yeah, that’s right.

It says, “Hurry up and make a restaurant booking for me.”---I can’t remember, but if you’re showing here, it’s here.

I guess what I’m going to ask you is that there’s some Chinese writing and then there’s an English translation.---Yep.

20

Just in relation to that, do you agree that the translation is accurate?---Yeah, the translation is accurate.

Yep. Now, I just want to ask you some – could you just have a look at those entries for yourself. Don’t read them out but just read them to yourself. ---Yeah.

Could I ask that the witness be shown the next page. Just says at the top there, “Chubby told you to make a booking.”---Mmm.

30

Who was – and if you go back to the preceding page, you can take this from me that’s a message from Chun. Who’s Chubby?---We call Michael Gu because he’s very fat.

So Chubby refers to Mr Gu?---Yeah.

The response – so the further message under that is “I’m not familiar with that side.” Do you see that?---Yep.

40

Just read the rest of those entries.---Yep.

Having read those entries now, does that assist you with your recollection of this event?---I can't remember.

Now I want to ask you now about another person, Ms Li.---Yep.

Mr Kevin Fan.---Yep.

You know Mr Fan?---Yes.

10

Now, can you tell us what you know about Mr Fan?---Mmm, I think he working for I-Prosperity as well.

All right. How do you come to that belief that he was working for I-Prosperity?---He came to Nanjing with Michael Gu the second time when I met him.

So Mr Fan travelled with Mr Gu to Nanjing on the second occasion we spoke about previously?---That's right.

20

Did Mr Gu introduce Mr Fan to you?---Yes.

Did he tell you what Mr Fan did?---Driving him to Nanjing at that time.

Right. So Mr Fan just drove him there, but was there any other role that Mr Fan had?---I think he working for I-Prosperity but not in Sydney. I think it's in Melbourne.

So Mr Fan worked for I-Prosperity in Melbourne?---I think.

30

Is this something that Mr Gu told you on this meeting in Nanjing or is this something that you came to realise through your relationship with - - -?  
---For Kevin it's the second occasion when he came to Nanjing and he just introduced Kevin but didn't make much introduction about him, and then he just say he drive him to Nanjing.

So on this second occasion Mr Gu introduces Mr Fan, said Mr Fan drove me up here, but there was no conversation at that stage about what, if anything, Mr Fan did for I-Prosperity?---No, nothing.

40

So sitting here today, do you understand or do you know what Mr Fan did for I-Prosperty?---I think he doing some work for I-Prosperty in Melbourne.

Yeah, what work do you understand he was doing for them?---No idea. I think maybe raise fund, 'cause he's a fund company.

Sorry, say that again.---Raise fund.

10 Raising funds for - - -?---Raising fund, yes.

Did you come to understand that he was more than, for instance, a driver for I-Prosperty?---Yeah, I think so. He's not driver. Just on that day he didn't make too much introduction about what Kevin doing.

Now, put aside the occasion that Mr Fan drove Mr Gu in China.---Ah hmm.

I don't want to speak about that one. Did you meet Mr Fan in China on any other occasion?---I met Mr Fan for Wollli Creek. After the second occasion  
20 in Nanjing, I went to Shanghai.

Right. So after that second occasion where Mr Fan drove Mr Gu, you then met Mr Fan again in Shanghai?---Yes, in Shanghai, yes.

Do you remember when that was?---After second time.

Yes, but was it December 2015, was it January 2016?---I can't remember.

Can't remember?---Can't remember, too long.  
30

Did you ever go to Nanjing with Mr Fan?---No.

You never - - -?---Oh, with Mr Fan. Yes, we did.

When did you go to Nanjing with - - -?---I don't remember.

Who did you go to Nanjing with? Mr Fan, was there anyone else?---Peter Thornton.

40 I'll come back to Mr Thornton in a moment. Who else?---I can't remember.

Were there other people though?---There should be a group of people.

Can you remember who else was in that group?---I can't remember. I remember Thornton because he didn't eat their street food.

He doesn't eat street food?---Yeah. He is very picky, so - - -

10 Did the other people eat street food?---Me and Kevin quite like it because that's our local food.

Just put aside you and Kevin. What about the others in this group?---Oh, I cannot remember what the others - - -

You can't remember. I see.---But if you have some, some evidence, then rely on your evidence. I just, I couldn't remember.

20 Well, I'm just asking whether you can remember now who were the other members of this group that went to Nanjing?---I can't remember.

You honestly can't recall now?---No. I only remember Peter because he doesn't eat the food.

THE COMMISSIONER: Ms Li, can I just ask you some background information? Did I-Prosperity and/or its related companies have building or development projects both in Melbourne and Sydney?---I know in Sydney they're at Kent Street, 333 Kent Street.

30 Sorry, would you - - -?---Melbourne, I don't know.

You don't know. And I understand from your evidence that after discussions with Mr Gu you decided you would go into some form of joint venture arrangement.---Ah hmm.

And was that in or about 2016 to was it some later time or - - -?---At the time when purchase Rhodes but I can't remember exactly the time, mmm.

All right. Was it around about that time, 2016 or - - -?---Maybe roughly.

And clearly you reached the point where you saw the Sydney project of I-Prosperty as being a worthwhile investment, is that right?---What do you mean?

Well, you contributed a large sum of money at an early stage?---Ah hmm.

Is that right?---Mmm.

10 And presumably you decided to contribute a large sum of money because you thought the company was undertaking a very good project or projects or proposed to do that?---We only talking specific project, we not contributing for whole group.

Okay. I'm talking about the I-Prosperty project in Rhodes now.---Yeah, that's right.

And that was to be a big project?---Yes, that's right.

20 Five blocks of land purchased, is that right?---Ah hmm, that's right.

And this was to be a for a fairly major development?---Ah hmm.

Is that right?---Yeah, that's right, that's right.

High-rise development?---Tall building, yes.

Okay. And it was going to be a multimillion dollar project?---Depends how far you're going to go through that project.

30 Well, it was obviously, it was a fairly large-scale venture that you decided to go into?---Yeah. Ah hmm.

With I-Prosperty, is that right?---Yeah, that's right, that's right.

Yeah. And Mr Gu, in your discussions with him, it seems must have put forward a picture that led you to believe this was a worthwhile venture to put your money into, is that right?---I did my feasibility. I think that feasibility work. So I put the moneys in.

40 Did you assess the I-Prosperty project as being an exciting project which you were prepared to put big money into?---No, this project is I knock the door. It's not I-Prosperty going to me.

I'm sorry? Say that again?---The Rhodes project is because I knock the door to purchase. It's not I-Prosperity bring to me to raise my money. It's opposite side.

Well, what was it that attracted you sufficiently to put in millions of dollars?--- I can see there is a potential, mmm.

10 Right. What did you consider was the potential?---Mmm, there was a, a council meeting before we purchase the site, have clearly saying if we can buy the corner block of number 1 Marquet Street, then the site can go into the floor space, go into 6.5:1.

That was a meeting at the council?---Yes. It's a council meeting before we purchase.

And this was in order to try and assess the development potential, was it?  
---Yes, I rely on that to assess our development potential.

20 And who attended that meeting at council, you - - -?---Well, I didn't attend it. I just search - - -

You didn't?--- - - - the information from online 'cause the council meeting minutes always published.

I see. Well, then the project was the development of these five lots into a high-rise construction. Is that right?---Depends. If you want to do construction, you can do the construction stage. If you don't want to, you can get a planning to sell.

30 But the project was to be a high-rise development - - -?---That's right.  
- - - involving five lots?---Yes.

Right. And it was obviously going to cost a good deal of money to achieve. Is that right?---If you're going to do construction, yes,

In relation to the Rhodes project, who was involved in the funding, design, the construction, the marketing aspects of the project?---The project didn't  
40 go into construction and a marketing stage. It's - - -

So it never got to construction. Is that right?---They haven't got the approval yet until now, even I-Prosperity (not transcribable)

Right. So a lot of time, a lot of money was put into trying to obtain the necessary approvals. Is that right?---That's right.

Right. And you yourself were involved in the work required to try and get approvals from council?---It's a planning, at that time, I think it's for the planning proposal, yeah, even not in the council approval yet.

10

Well, did you from time to time attend meetings at council with other I-Prosperity representatives?---Yes.

Right. And those meetings related to trying to get approvals for the project?---That's right.

Right. And who in I-Prosperity were the main people involved in dealing with the approval side of the project?---Harry and Peter Thornton.

20 Harry and?---And Peter.

I'm sorry? I can't get it.---Peter. You just mentioned Peter Thornton.

MR DARAMS: Peter Thornton.

THE COMMISSIONER: Peter?

MR DARAMS: Thornton.

30 THE COMMISSIONER: Peter Thornton. Is that - - -?---Mmm.

I see. And they would consult with you at times to explain what had to be done?---What do you mean by they consult me?

Well, they spoke to you from time to time to keep you up-to-date?---I keep them up-to-date.

Say again?---I keep them up-to-date.

40 You keep them up-to-date?---Yes.

So you were very much involved in the planning processes?---Organising, yes.

I see.---Mmm.

And Harry was also involved in those processes, was he, or not?---I report to him.

You reported to him?---Yes. I report to him.

10

And who else did you report to in the organisation?---Mainly Harry. Mainly Harry.

Well, mainly him but who else?---Mainly him.

Who else?---Sometime I talk a bit to Michael. Sometime I talk a little bit to Peter, but not much.

Right.---They, they actually not putting their mind to listen to.

20

And did you speak to consultants?---Yes. All the consultants.

All the time?---All the time.

And who were the main consultants you would speak to on a regular basis? ---Architect and the town planner, normally, the, the most important.

The architect?---Yes.

30 Town planner?---Yes.

Their names, do you remember?---We had a design competition, so we have one coordinator architect and three competitor architect and we have the town planner, David, and we also have the other consultant but it all depends on the design. So design, architect is actually the, the most important people we always back and forward to make the plans.

What was the name of the town planner or planners?---David.

40 David?---Yeah, David.

David Furlong?---Yeah, David Furlong.

All right. And who did you speak to in the council about the approval processes from time to time?---Many people.

Say again.---Many people. Not only one.

Sorry, did you say no one?---No. I said many people.

10 Oh, many. I'm sorry.---Yeah, many. Yes.

Okay. Well, can you remember the names of some of those, whether they were council staff or councillors?---Council staff, general manager and town planner and the street, the duty planner. Yeah, that's pretty much.

And did you speak to any councillors about it from time to time?  
---Councillors? No.

20 Hmm?---I don't need to speak to councillors.

You didn't.---Only need to speak to the staff.

Staff.---Staff.

And the main person or persons in the staff you would speak to from time to time were?---That's what I'm saying. Town planners, street, duty planners  
---

30 So the town planner - - -?--- - - - general manager.

Can you name them? By name.---Paul Dewar.

Paul Dewar. What was his position?---Town planner.

All right. Town planner. Yes.---And then Tony. It's, Tony's position is, I think Tony's position is town planner as well. Sorry, I a little bit, can't remember the, the position.

40 You can't remember his name?---Tony, Tony. His name is Tony.

Tony.---Tony.

Is that Mr McNamara?---Yes, that's right.

All right.---And - - -

Who else?---Gary.

Gary.---And - - -

10 Gary who?---Gary, I can't remember.

Gary Sawyer?---Yeah, Gary Sawyer.

Who else?---And Peter.

Hmm?---Peter.

Peter.---Mmm.

20 Sorry, Mr Darams.---And also a council valuer, a council lawyer. I can't remember the name.

Right. Okay. We'll deal with that later. We've gone over time a bit. We'll adjourn until 5 past 2.00. So if you be back here please, Ms Li, to resume this afternoon after lunch at 5 past 2.00. I'll adjourn.---Five past what?

Five past one I'm sorry.---Five past one?

DARRAMS: Two.---Five past two.

30

**LUNCHEON ADJOURNMENT**

**[1.08pm]**