

# Masalai i tokaut

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## **Shock New Exclusive:**

### **Kina Securities owned by Rimbunan Hijau Fraud and a web of lies hide Kina's true identity**

*One of Port Moresby's leading finance companies, Kina Securities Limited, is secretly owned and operated by Rimbunan Hijau – our largest and most notorious Malaysian logging company which is heavily involved in illegal and unsustainable timber harvesting.*

*Kina Securities has constructed an intricate web of lies in order to hide its secret identity. It has also committed a number of serious regulatory offences to present itself as a respectable finance house.*

*Kina Securities has filed false and misleading information with the Registrar of Companies and the Investment Promotion Authority. It has misled its customers, investors and the general public by publishing incorrect statements and falsehoods in its Annual Reports. It has also fraudulently hidden its real identity behind a series of false company names and claimed ownership by shareholders who don't exist.*

*These crimes have been committed by Kina Securities to hide from view its relationship with Papua New Guinea's illegal logging industry and to obscure its links to the terrible human rights abuses and environmental destruction of its parent company.*



Chief Executive Sid Yates has lied about the identity of Kina's Shareholders and Directors

*Sadly, Kina is the fund management company that handles some of PNG's largest workers superannuation funds – including those of the Public Employees Association which has been a vocal critic of Rimbunan Hijau's illegal and unsustainable logging.*

*This exclusive report reveals the lies told by Kina Securities as we follow the trail of deception to Hong Kong and Liberia in order to expose the truth about Kina Securities' ownership*



Kina Securities has built its reputation as a respectable member of the business community on a web of lies and deception.

Kina Securities Limited is Papua New Guinea's leading stockbroker and one of its largest fund management companies – handling over K500 million in investments on behalf of its clients. It is the largest private company in the financial sector in PNG and has ambitions to become a fully licensed bank. Kina Securities was instrumental in the establishment of the Port Moresby Stock Exchange and is advisor to many leading companies.

Kina Securities sits at the apex of a group of nine businesses, seven of which use the Kina Name including Kina Finance, Kina Investment, Kina Funds Management and Kina Superannuation. The company has a smart website, publishes glossy Annual Reports and its own financial newsletter, Kina Communiqué. It even has a collaboration with ABN Amro Morgan's, one of the world's largest banking groups.

### **Kina Securities: The lies about its ownership**

Kina Securities Annual Report lauds its achievements and contributions to PNG's economic development. This glossy document contains a number of fabrications that together constitute a fraudulent attempt to conceal the company's true identity and ownership.

On page 23 the Annual Report claims *'the ultimate holding entity [for Kina Securities] is Flensburg Inc. Limited (incorporated in Liberia)'*.

Leaving aside the question of why a respectable Port Moresby based finance company would be owned by company registered in a tiny war-torn and bankrupt African country notorious for its corruption, the simple fact is that Kina Securities is not owned by Flensburg Inc. Limited of Liberia.

**Indeed, according to the government of Liberia's Registrar of Companies there is no such entity as Flensburg Inc, registered in that country.**

According to the Registrar of Companies in Port Moresby, the shareholders in Kina Securities are:

Flensberg <sup>1</sup> Incorporated of Hong Kong	42.5%
Primeco of Port Moresby	30%
Yii Ann Hii	17%
Wayne Golding	5.5%
Pacific Globe of Hong Kong	5%

Even this list is not complete or wholly accurate. For example, 'Primeco of Port Moresby' in fact claims itself to be a wholly owned subsidiary of Flensberg Inc. of Hong Kong – which raises that company's stake in Kina from the stated minority interest to a dominant majority position. These are simply further falsehoods designed to cover Kina's real identity.

None of these names are disclosed as shareholders in Kina Securities' Annual Report.

That expensive publication also contains further false information. It claims Kina has just six Directors: Syd Yates, Wayne Golding, Y.A. Hii, T.K. Lee, H. Wong and James Lau.

This list is also inaccurate and misleading according to the PNG Registrar of Companies and Investment Promotion Authority. According to their records the Directors of Kina Securities also include Ik King Tiong and Soon King Tiong, sons of the owner and founder of Rimbunan Hijau.

### **Kina Securities: The links to Rimbunan Hijau**

Kina Securities is clearly very uncomfortable about its ownership by the Malaysian logging giant, Rimbunan Hijau.

That is not very surprising; Rimbunan Hijau is notorious in PNG for its illegal logging operations that involve corruption, violence, environment destruction and human rights abuses. Rimbunan Hijau smuggles illegal foreign workers, guns, drugs and other prohibited items on its log ships. It uses corrupt police squads to attack and intimidate landowners and its own workers - whose conditions have been described as slave-like by two government departments.

These are the sorts of activities with which people like Wayne Golding and Sydney Yates do not want to be associated. But Rimbunan Hijau's tentacles are all over Kina Securities.

Ik King Tiong and Soon King Tiong, the hidden Director's of Kina Securities, are sons of Hiew King Tiong, the founder and owner of the Rimbunan Hijau Empire.

The Board of Kina Securities is dominated by Rimbunan Hijau men. As well as the hidden Tiongs, other Board members include:

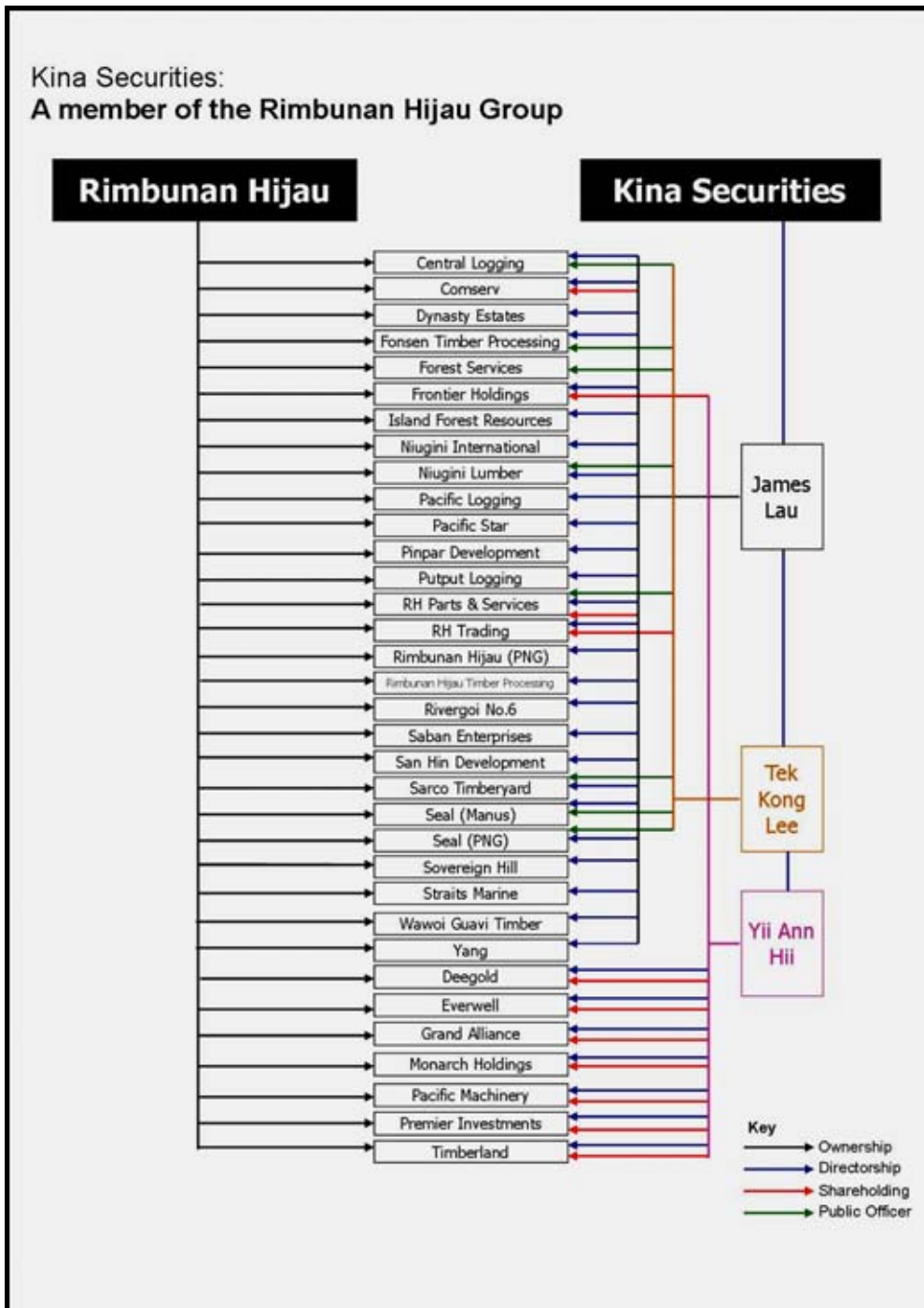
- **James Lau**; Managing Director of Rimbunan Hijau in PNG;
- **Yii Ann Hii**; Shareholder and Director of at least seven Rimbunan Hijau companies;
- **Tek Kong Lee**; Shareholder in RH Trading and Company Secretary for a number of other Rimbunan Hijau businesses.

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<sup>1</sup> Note the slightly different spelling here of the Flensberg name with an 'e' rather than a 'u' as in Flensburg Liberia.

These connections are represented diagrammatically below.

It should also be noted that Kina's Finance and Administration Manager - Alvin Guillermo – transferred to Kina from Rimbunan Hijau HQ in Port Moresby.



The ownership of Kina Securities by Rimbunan Hijau is confirmed in the records of the Registrar of Companies in Port Moresby where the non-existent Flensburg (Liberia) is listed as the ultimate holding company for the PNG registered business, Straits Marine Limited.

Straits Marine is publicly acknowledged as a wholly owned subsidiary of Rimbunan Hijau PNG – and has James Lau and four Tiongs listed as its Directors.

As Straits Marine is clearly an RH company, and as its declared ownership is the same as that declared for Kina Securities, this further confirms that Kina is an RH company.

This is further reinforced in the details of Primeco Limited, another listed shareholder of Kina Securities. Primeco is another Rimbunan Hijau company with a Board of Director comprising of James Lau, Yii Ann Hii and Tek Kong Lee and Flensberg Inc (Hong Kong), listed as its sole shareholder.

There was once even a Flensberg PNG Limited, but that company has been deregistered. It was another Rimbunan Hijau company and also claimed to be owned, like Kina Securities, by Flensberg in Hong Kong.

### **The lies and deception go deeper: Flensberg (HK) doesn't exist!**

Kina Securities has told the PNG Registrar of Companies and Investment Promotion Authority in numerous documents signed by Sid Yates, that two of its shareholders are Flensberg Incorporated of Hong Kong and Pacific Globe of Hong Kong and that together these two companies hold almost 50% of Kina's shares.

In fact, as revealed above, Primeco, another listed Kina shareholder, is also wholly owned by Flensberg – so together Flensberg and Pacific Globe appear to own over 75% of Kina Securities. The only problem is Flensberg and Pacific Globe DON'T REALLY EXIST!

### **Neither Flensberg Incorporated nor Pacific Globe Group has ever been a registered company in Hong Kong.**

There have been no registered companies with these names in Hong Kong for at least the last forty years and there are no businesses with these names operating at the address given by Kina Securities and Sid Yates to the Registrar of Companies in PNG. This address is at the Wayson Commercial Building at 28 Connaught Road West in Hong Kong.

**Masalai** has visited this address in Hong Kong. It is a twenty-eight story building managed by New City Management. New City Management has never heard of Flensberg or Pacific Globe and has never rented offices to businesses with those names.

Kina Securities claim Flensberg occupies rooms 2005-2009. **Masalai** has visited those rooms and found them occupied by two totally different companies called Asia Trading and Technical Services and Step Fine International. Both Asia Trading and Step Fine deny any knowledge of or connection to either Flensberg or Pacific Globe.



Asia Trading and Technical Services (left) and Step Fine International (right) occupy the offices, supposedly used by Flensburg Inc.

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We now have a catalogue of lies told by Kina Securities about its ownership and links to the company Flensburg Limited:

- In its Annual Report Kina Securities claims it is owned by Flensburg (Liberia).

**Not true and Flensburg (Liberia) does not exist;**

- In its company details filed with the Registrar of Companies Kina Securities claims half its shares are held by Flensburg (Hong Kong) and Pacific Globe

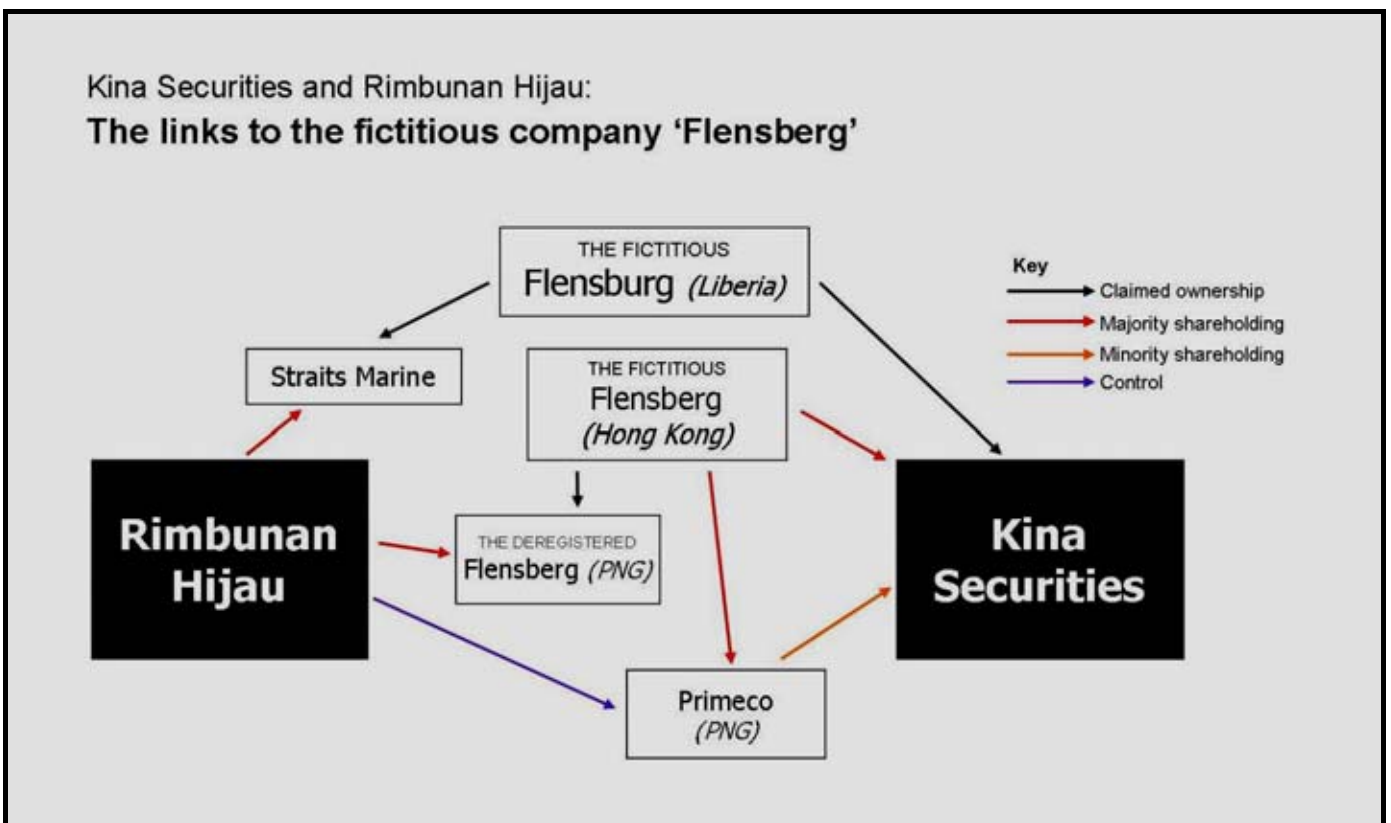
**Not true, and these companies don't even exist**

- Kina has claimed to the Registrar of Companies that Flensburg and Primeco are separately owned companies

**Not true, Primeco lists Flensburg as its sole shareholder**

- Kina Securities has filed detailed addresses with the Registrar of Companies for Flensburg (Hong Kong) and Pacific Globe

**Those addresses are completely false**



## **Kina Securities: Its management of PNG workers funds**

Kina Funds Management – a subsidiary business of Kina Securities – has over K500 million under its management for super-annuation funds, corporate clients and private investors.

Most embarrassingly the Public Employees Association Super Fund, the Public Officers Super Fund and the Defence Force Retirement Benefit Fund are all clients of Kina Securities and fuel the profits of Rimbunan Hijau.



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*While Masalai expects Kina Securities to hurriedly set up some companies in Hong Kong called “Flensburg” and “Pacific Globe” to pretend that it did not lie to the PNG Registrar of Companies, Kina will have difficulty denying the lies in its Annual Reports.*

*With Kina Securities managing so much of PNG's financial capital, and their management and ownership now revealed to be the Malaysian Loggers.....we are here suggesting that the PNG Regulatory Authorities carry out a full investigation into the company.*

*Too much is at stake to allow this to go on unchallenged. We are afraid of what other things Kina Securities is trying to hide.*