

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Company No. 524989-M)

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MSWG: Check report on GPlus

Authorities told to probe discrepancies, loopholes in its China project

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PETALING JAYA: The Minority Shareholder Watchdog Group has called for law enforcers and front-line regulators to look into the newly-released special audit report on Golden Plus Holdings Bhd (GPlus) and take action "expeditiously".

"The relevant authorities should tooth-comb the special audit report findings released recently on the property and construction firm which revealed, among others, that its China assets may not actually be part of the firm's total assets," chief executive officer Rita Benoy Bushon told *StarBizWeek*.

"Action by front-line regulators and law enforcers must be taken expeditiously against those who were responsible for any wrong-doings and those that have breached the law as well as failed to discharge their fiduciary duties."

On Tuesday, a report by external auditor PricewaterhouseCoopers Advisory Services (PwC) revealed discrepancies and loopholes in GPlus' RM134mil China investment deal known as *The Royal Garden Project*, as well as its financial statements for the financial years 2008 (FY08) and FY09.

The report indicated that GPlus might no longer own the assets in China which were key to its business, contributing an estimated 97% of its total revenue or RM458mil in FY09.



Looking good: Phase 1 of The Royal Rarden was launched in 2000, comprising eight blocks. PwC says GPlus' Chinese partner had informed GPlus it had lost development rights to Phase 3.

PwC noted that GPlus' Chinese partner had informed GPlus that its subsidiary, Yanfull (Shanghai) Co Ltd (YSL), had, since December 2008, lost its development rights to Phase 3 of *Royal Garden*, which made up a gross saleable area of 163,003 sq m.

If it intended to continue the development, YSL would need to bid for the land and potentially pay 130 million yuan (RM65mil) or more to re-acquire the rights, reported PwC.

GPlus bought the land in Qi Bao town in Shanghai after it divested its 32.66% stake in KFC Holdings in 1995.

The company was not reachable for comment yesterday.

Meanwhile, when contacted, the Securities Commission said it was examining the findings and all the facts surrounding the fiasco.

"We will respond accordingly, following the review of the findings," a spokesperson said.

The trading of GPlus' shares have been suspended since Aug 3, 2009 while the last financial statement it released was for the fourth quarter ended December 2010.

The special audit was finally completed after several years of delay.

In the audit report, PwC noted that The Royal Garden Project was

key to GPlus' profitability and sustainability.

As it stands, the project is the only meaningful source of income for GPlus in the immediate future. "Therefore, not securing an extension for the right to develop Phase 3 would have serious financial consequences on GPlus," PwC highlighted.

GPlus said the local authorities had approved the use of the land in principle, and that the company would only receive the final approval letter after all plans submitted had been reviewed and approved by the relevant departments.