

1MDB RM8.5b acquisition could trigger economic crisis

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Petaling Jaya Utara MP Tony Pua today said the massive RM8.5 billion acquisition of Tanjong Energy Holdings (TEH) by government-owned 1Malaysia Development Bhd is of concern, given its lack of experience in the energy industry.

According to the MP, by dipping its feet in the energy sector after a massive investment in oil and gas, 1MDB could "trigger possibly the worst economic crisis the country has ever faced".

In a statement, he said with funding via government guaranteed debt, 1MDB "will be the most leveraged company in Malaysia, with the risk entirely borne by the tax-payers".

"With absolutely no expertise or experience in oil and gas, property development and now the power generation sector, 1MDB is setting itself up to become Malaysia's mother of all bail-outs."

Pua (right) said that 1MDB had previously made questionable RM4.2 billion investment in PetroSaudi International, which ended up converted into an 11-year loan.

"The PetroSaudi project left 1MDB with very little cash for its new projects awarded without tender, by the federal government - the 160ha Bandar Malaysia in Sg Besi and the RM26 billion Kuala Lumpur International Financial District.

"Hence as it stands, 1MDB is already in need to secure further financing to develop these two mega projects," he said.

He added that while TEH is a profitable business, the purchase does not meet 1MDB's objective of being a "strategic enabler for new ideas" as stated on its website.

Further, he said, Malaysia's independent power producer scene is already "crowded" with Malakoff Bhd, YTL Power and Genting Sanyen leading a list of more than 20 IPPs in the country today.

Handsome pay-off for Ananda?

Pua said the "handsome" acquisition of the energy assets from tycoon Ananda Krishnan, also raises suspicions of a "pay-off".

Ananda (left) had acquired all listed shares in Tanjong PLC for RM8.8 billion two years ago, which include assets in TEH, a gaming business and several other leisure and property assets.

He sold off the gaming business at RM2 billion last year and with the TEH acquisition at RM8.5 billion had made a profit of about RM1.7 billion from Tanjong PLC.

"The question that needs to be asked is whether this is a pay-off for Ananda, who according to former PM Dr Mahathir Mohamad made his billions as a direct result of (the latter's) administration policies," he said.

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