

'Multi-million ringgit deal inked five days before GE13'

MalaysiaKini.com

July 5, 2013

By Kow Gah Chie

Questions were raised in the Selangor state assembly sitting today on a multi-million ringgit deal signed by state investment arm Kumpulan Darul Ehsan Bhd (KDEB) to acquire the shares of a state government-linked company, just days before the 13th general election.

During the debate on the state's supplementary budget, Umno's Permatang assemblyperson Sulaiman Abdul Razak (right) pointed out that the deal to acquire 56.57 percent of Kumpulan Hartanah Selangor Bhd (KHSB) shares was inked five days before May 5.

"The two companies signed the share acquisition contract on April 29, just five days before the 13th general election," Sulaiman said.

He also demanded an answer about why the state government offered a loan of RM413 million to KDEB for the acquisition when only RM193.46 million was needed.

What was the remaining RM219.54 million of the loan used for, he asked.

"After the contract was inked, the KSHB share price at 9.30am on April 30 increased by 3.5 sen to 67 sen.

"What I want to ask is, what is the purpose and rationale to acquire the company? When was the decision made to acquire it? Was it a coincidence to sign the contract on April 29?"

Speaking to reporters outside the state assembly, Sulaiman demanded an explanation from Menteri Besar Abdul Khalid Ibrahim, saying the state government could have breached its caretaker government ethics if the loan had been given out after the dissolution of the state legislature.

Khalid, who is also chairperson of KDEB, was asked about this later, during a break in the sitting, and he said the reply would be giving during the sitting.

MB: No issue of breach of caretaker gov't principle

The loan application was first brought to the state government for consideration after May 5, and subsequently tabled in the sitting, as such there is no issue of

Pakatan breaching the caretaker government principle, Khalid told the media.

The decision to acquire KHSB's 100 percent stake was made due to its poor management of its assets, Khalid explained.

NONEThere is nothing wrong for government subsidiaries to sign a deal during the election campaign, if not that would means all the subsidiaries need to stop business in that particular period, Khalid (left) said.

"It would be a temporary loan, KDEB needs to make repayment one year later, it needs to get a loan from a bank, " he said, adding that if the company fails in repayment, the state government would liquidates its assets.

"We set the interest rate at four percent, if we keep the money in fixed deposits, we would not even get three percent interest rate," he said.

The state assembly today passed the RM760million supplementary bill despite the opposition's objections.

Meanwhile, Khalid also explained the controversy surrounding the RM105 million allocation for free water, saying this was done due to the uncertainty of polls results.

"We do not want to make a decision for people (BN) who may not want to continue (the free water measures)," he explained.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source: <http://www.malaysiakini.com/news/234909>