

What did 1MDB sacrifice for US\$1b lifeline?

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Putrajaya must disclose what the troubled 1Malaysia Development Berhad (1MDB) offer to International Petroleum Investment Company (IPIC) in exchange for the US\$1 billion (RM3.66 billion) lifeline to repay its debt, said Petaling Jaya Utara MP Tony Pua.

Pua said IPIC's help did not inspire confidence as 1MDB had previously paid a heavy price for the Abu Dhabi state-owned company's assistance, which partly contributed to 1MDB's current debt problems.

"Despite the less than pleasant (past) experience, today we hear Finance Minister II Ahmad Husni Hanadzlah proudly announcing that IPIC is extending another US\$1 billion to assist 1MDB to repay part of its mountain of debt.

"He must immediately provide full disclosure on what this US\$1 billion 'assistance' is going to cost 1MDB, the Malaysian Government, and the long-suffering taxpayers.

"If not, it will be seen that Ahmad Husni has become complicit in the entire multi-billion ringgit shenanigans (of) Malaysia's heist of the century," said Pua in a statement last night.

Pua said in 2012, 1MDB had sought IPIC to act as guarantor to raise funds via two bond issue worth US\$1.75 billion each to purchase independent power producers (IPPs) Tanjong Power and Genting Sanyen.

In exchange, 1MDB had to hand over US\$1.4 billion (RM4.47 billion in 2012) or 40 percent of the funds it raised to IPIC as security deposit.

Furthermore, 1MDB also had to offer IPIC's subsidiary, Aabar Investments, an option to acquire 49 percent equity in its subsidiaries, Powertek Investment Holdings and 1MDB Energy (Langat), which are the holding companies for the power assets it was acquiring.

1MDB's subsidiary 1MDB Energy Holdings Limited eventually had to take a separate US\$250 million loan in May 2014 to buy back the option offered to Aabar Investments.

Banks demand early payment

"To put it bluntly, 1MDB might as well have gone to the loan sharks to raise the funds.

"It is mind-boggling why a 100 percent-owned subsidiary of the Finance Ministry needed to become so desperate in paying such outrageous fees, costs, and terms in order to secure financing for its activities back in 2012," said Pua.

Yesterday, Husni announced that 1MDB had entered into a binding agreement with IPIC and its unit Aabar Investments where they will pay US\$1 billion to 1MDB on or before June

4.

This, it said, is to repay a US\$975 million (RM3.5 billion) loan by 1MDB from a consortium of international banks.

Despite Husni's boast that this will allow 1MDB to repay its loan ahead of deadline, there has been reported that the consortium of banks led by Deutsche Bank had demanded early payment, before the September deadline.

This is after the banks discovered 1MDB's securitisation documents to be incomplete and became concerned about the company's financial health.

Husni did not provide further details about the latest deal.

"The US\$1 billion payment would not have come for free, and would have had plenty of conditions attached to it.

"What are these conditions? Did 1MDB sacrifice even more of Malaysians' future taxpayers' funds to secure this desperate loan?" said Pua.

1MDB has to date accumulated a debt of RM42 billion and has been forced to raise funds from alternative sources to repay its loans.

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