

1MDB says US\$1.7b asset sale value to be adjusted

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Malaysian state fund 1MDB today said its US\$1.7 billion (RM7.4 billion) property project sale to a Malaysian-Chinese group will be adjusted to reflect certain liabilities and relocation costs associated with the land.

The fund sold its 60 percent stake in Bandar Malaysia to Malaysian tycoon Lim Kang Hoo's Iskandar Waterfront Holdings and its partner, state-run China Railway Engineering Corp (CREC) for RM7.41 billion (US\$1.71 billion), wrapping up a major asset sale for the fund whose troubles have roiled domestic politics.

But critics have questioned the deal after CREC said in a bourse filing on the Hong Kong stock exchange yesterday that the acquisition cost was only RM5.28 billion, or US\$500 million short of 1MDB's sale value.

1MDB president Arul Kanda Kandasamy clarified in a statement to Reuters that between January and June 2016, adjustments would be made to the RM7.41 billion value, depending on whether or not certain project liabilities were passed.

These included relocation costs for the existing facilities and a Bandar Malaysia sukuk, he said.

"The agreement executed between the parties on Dec 31, 2015 provides for a robust and objective mechanism to determine, among others, the final project equity value, which will be different from the agreed land sale value," Arul Kanda said in the statement.

CREC's announcement was based on certain assumptions which were subject to further negotiations, he added.

Scandal-hit 1MDB had racked up more than US\$11 billion in debt - a burden that had weighed on the currency - before beginning a restructuring programme in 2015.

Opposition leaders have slammed the discrepancies in the deal. Tony Pua, member of parliament with the opposition DAP has asked 1MDB to disclose the sale and purchase agreement between the companies.

- Reuters

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