

'RM1.1b capital injection into Sapura Enemy not bailout'

> Funding solely for settling firm's outstanding debts with 2,000 vendors, preserving oil and gas ecosystem: Anwar

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PUTRAJAYA: Prime Minister Datuk Seri Anwar Ibrahim has asserted that the RM1.1 billion injected by the government into Sapura Energy Bhd (SEB) is strictly for restructuring, with zero perks for shareholders or ex-management.

He underscored that the funding is exclusively intended for settling SEB's outstanding debts with 2,000 local oil and gas vendors, most of them Bumiputera SMEs.

"The previous major shareholders are no longer involved in SEB's management. A new professional team has been put in place to spearhead the restructuring exercise," he said in a statement issued after the Finance Ministry's monthly assembly.

Anwar said the capital injection is aimed at protecting local workers who have gone unpaid for months, and preserving Malaysia's oil and gas ecosystem.

"This RM1.1 billion injection is specifically for paying SEB's debts to vendors. It is not a

handout to shareholders or a lifeline to the company's previous management."

Anwar said rigorous financial scrutiny, including audits and due diligence, would be carried out before finalising the restructuring plan.

He said the findings from these assessments would be shared with enforcement agencies, including the Securities Commission, to determine whether any legal action is warranted.

"An audit has already been carried out, and additional due diligence will follow."

Emphasising the Madani government's commitment to transparency and governance, he said SEB's restructuring plan had been approved by creditors and undergone legal proceedings.

Anwar also made it clear that the capital injection is an investment, not a grant.

SEB has been grappling with severe financial woes since the mid-2010s, as plunging oil prices triggered mounting debts and persistent losses.

By 2023, the situation had escalated to a

critical level when external auditors Ernst & Young sounded the alarm over the company's ability to sustain its operations.

Their stark warning ignited an extensive debt restructuring plan aimed at saving the ailing firm.

In February, creditors gave their decisive approval to the plan, with court clearance expected to follow shortly.

At the heart of this rescue effort is the robust RM1.1 billion capital injection, facilitated through Malaysia Development Holdings Sdn Bhd. This move is designed to avert SEB's looming liquidation and protect key oil and gas assets vital to the nation.

Permodalan Nasional Bhd (PNB), one of SEB's major shareholders, had said the injection was not a bailout, not about saving failing management or rewarding former shareholders.

PNB pointed out that the approach mirrors global restructuring efforts, drawing parallels with Singapore's overhaul of Sembcorp and South Korea's restructuring of Daewoo Shipbuilding.

It said the RM1.1 billion is being deployed as redeemable convertible loan stocks, a financial instrument that not only provides immediate relief but also lays the foundation for long-term stability of Malaysia's oil and gas industry.