

Mahathir: How can Edra sale reduce US\$ debts?

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By FMT Reporters

Former premier questions value and impact of 1MDB sale to Chinese company

KUALA LUMPUR: Former premier Dr Mahathir Mohamad suggested today that 1Malaysia Development Bhd could be losing money on its sale of power-generating assets to a Chinese company for RM9.83 billion.

Writing on his blog today, Dr Mahathir questioned 1Malaysia Development Bhd's claim that the sale of Edra Global Energy's electricity-generating plants would reduce its RM42 billion debts by RM16-18 billion.

However, he noted that the power companies came with RM6 billion in debts when 1MDB bought them for RM18 billion. He asked if the new buyer, China General Nuclear Power Corporation, would assume the debts.

Dr Mahathir also asked if 1MDB had taken out loans in US dollars when it bought the power companies and suggested that the ringgit's fall in value left 1MDB standing to lose RM1 for every US\$1 it had raised.

"In other words, what 1MDB gets from the sale would not be able to pay fully the debts in USD raised by 1MDB," the former premier said.

He also questioned how much control the federal government would have over a foreign-owned utility; whether Petronas would sell natural gas to the power plants and at what price; and whether the government would eventually provide subsidies for electricity generated by the companies and supplied to the national grid.

Dr Mahathir asked whether the government would allow China General to fully repatriate its profits from operating its plants in Malaysia, and pointed out that China did not allow cash repatriations but in the form of exports of Chinese products.

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