

DAP to PM: Explain why Bandar Malaysia deal collapsed
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DAP secretary-general Lim Guan Eng says the aborted deal may have other repercussions as it was tied to moves to salvage 1MDB.

KUALA LUMPUR: The DAP wants Prime Minister Najib Razak to explain why the Bandar Malaysia development agreement with the consortium of Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corp (M) Sdn Bhd (CREC) has lapsed.

DAP secretary-general Lim Guan Eng said in a statement: "This raises serious issues of accountability and transparency, especially why 10 extensions of time to make payment were granted since Dec 31, 2015, and whether the RM741 million deposit paid by IWH CREC will be forfeited."

With the lapsing of the agreement, IWH and CREC are no longer the master developers of the RM200 billion Bandar Malaysia project.

TRX City Sdn Bhd, a unit under the ministry of finance, said in a statement Wednesday that despite repeated extensions being granted, IWH CREC had failed to meet the payment obligations outlined in the conditions under the share sale agreement (SSA).

As a result, it had said, the SSA between the parties was null and void.

IWH CREC today disputed the reasons given by TRX City for the deal collapsing.

In December 2015, the government announced that IWH CREC would acquire a 60% stake in Bandar Malaysia from 1Malaysia Development Bhd (1MDB) for RM7.41 billion. This was part of 1MDB's efforts to pare down its debts through an asset monetisation exercise.

Lim asked today: "What was the rationale for granting extensions and were the interests of Malaysians protected when so many extensions of time were granted?"

"As IWH CREC is a 60:40 joint venture between IWH and CREC, with the Johor government owning 40% of IWH through Kumpulan Prasarana Rakyat Johor Sdn Bhd, how will the Johor people lose out following the aborted deal?"

The Bagan MP said as CREC was a Tier-1 Chinese government federal agency, funding was definitely not an issue.

“No wonder the Asian Wall Street Journal reported that the deal fell through because the Chinese government refused to authorise the deal, without stating any reasons.

“This aborted deal demonstrates a distinct lack of confidence in the direction as well as the viability of Bandar Malaysia,” Lim claimed.

He said the aborted deal would have other possible repercussions as it was part of “a critical pillar to salvage and resolve the 1MDB RM52 billion scandal through this rationalisation plan”.

He wondered how this would affect investor confidence and the value of the ringgit.

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