

MP blames Najib's haste for Bandar Malaysia woes

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Wong Chen sees the project being delayed for three years.

PETALING JAYA: An opposition MP has speculated that it will take three more years for the Bandar Malaysia project to get started, attributing the delay to a hasty decision made by Prime Minister Najib Razak.

PKR's Wong Chen, the MP for Kelana Jaya, said Najib made a miscalculation when he rushed to terminate the China Railway Engineering Corp and Iskandar Waterfront Holdings Sdn Bhd (CREC-IWH) deal last May because scheduled payments were not met.

He said Najib cancelled the deal in order to enable China's Dalian Wanda Group to be the master planner for Bandar Malaysia but did not anticipate the recent crippling of the company by China's banking regulators.

"IWH-CREC missed a few payments. Normally people will give some leeway since these are hard times for property players like IWH," he told FMT.

"Najib miscalculated in rushing to terminate the CREC-IWH deal. He didn't expect Wanda, the touted white knight, to be hobbled by China's policies."

Wong said the Bandar Malaysia project would now have to go back to the drawing board as the government looks for the best suitor to lead the mega development project in the centre of Kuala Lumpur.

"It may take the government three years to get the project started.

"Even if a company shows interest in developing the project, it will have to wait till the overall economy improves."

He said Dalian Wanda would not be able to proceed with overseas deals without its ability to raise funds, and more so, given China's capital controls that restrict Chinese nationals from buying property overseas.

"This essentially puts an end to all the talk of Wanda and Malton Bhd being joint venture partners in Bandar Malaysia," he said.

“For the foreseeable future, Bandar Malaysia will be driven by local developers based on local demand.

“That being so and considering the current sluggishness of the property sector, my guess is the earliest Bandar Malaysia can take off is about three years from now.”

Wong was responding to reports that the future of the project was looking dim with Beijing having instructed China’s big banks to put the brakes on loans to Dalian Wanda.

According to the Wall Street Journal, China’s banking regulators told executives of the country’s state-owned lenders that six of Dalian Wanda’s foreign acquisitions were subject to government capital restrictions.

In addition, the WSJ reported, Beijing was preventing the company from using funds parked on the mainland to further finance any of these deals.

The report said this could be the reason for the company’s surprise decision last week to sell most of its theme parks and hotels to developer Sunac China Holdings Ltd.

Meanwhile, the Sundaily news portal reported that the news of Dalian Wanda’s troubles caused shares of Iskandar Waterfront City Bhd (IWC) to rise by as much as 24% in early trading yesterday.

IWC, which is to merge with Iskandar Waterfront Holdings Bhd, the previous joint venture partner of the terminated deal to purchase a 60% interest in Bandar Malaysia and the master developer, has seen lacklustre trading after Najib announced that Dalian Wanda was interested in participating in the Bandar Malaysia project.

Last May, Dalian Wanda chairman Wang Jianlin told a press conference in Beijing in Najib’s presence that the company’s investment would be “really huge”, estimating it at more than US\$10 billion (RM44 billion).

TRX City Sdn Bhd, an entity under the Ministry of Finance Inc, previously said in a statement that the share sale agreement governing the development of the 486 acres of land in Sungai Besi had lapsed because ICSB (the consortium comprising Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corp (M) Sdn Bhd (CREC)) had failed to meet the payment obligations despite being granted repeated extensions. But this was contested by ICSB.

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