

## 1. 1MDB seals RM7.41bil sale

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) rounded up the year with the sale of a 60% stake in Bandar Malaysia for RM7.41bil, a transaction that marks the final part of its six-month debt rationalisation plan.

The transaction values the entire 486-acre Bandar Malaysia at a staggering RM12.35bil.

The land, which 1MDB acquired from the Government in 2013 for RM400mil, is valued at RM4.2bil in the fund's books now.

The deal marks the third and final component of the troubled fund's six-month rationalisation plan to reduce the RM42bil debts that led to its cash-flow problems.

Following its cash-flow problems, 1MDB president and group executive director Arul Kanda Kandasamy presented the rationalisation plan to the Cabinet on May 29.

The first component of the plan was a debt-for-asset swap with Abu Dhabi's International Petroleum Investment Company (IPIC) on May 29.

Arul Kanda said IPIC has started paying interest on its two-guaranteed bonds related to the deal, adding that the transaction value was worth about RM16bil.

The second component was the sale of its power unit Edra Global Energy last month to China General Nuclear Power Corp, in which the cash equity and debt transfer is worth about RM17.3bil.

The power plant sale was also a landmark deal because, for the first time, foreigners were allowed to own 100% of power plants, forgoing the previous cap of 49%.

Arul Kanda declined to elaborate on 1MDB's remaining debts, saying that an announcement would be made in due course.

With the sale of the 60% stake in Bandar Malaysia to the consortium, 1MDB's rationalisation programme is however nearly complete.

The latest transaction paves the way for the development of Bandar Malaysia, along with the world's second largest underground city and high-speed rail connectivity to Singapore.

A 60:40 consortium comprising Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corporation (M) Sdn Bhd (CREC) signed a share sale and purchase agreement with 1MDB to buy the 60% share in Bandar Malaysia.



"At the end of the year, which is also the end of the six-month rationalisation period promised by Prime Minister Datuk Seri Najib Tun Razak, we have achieved the final piece of the puzzle, the monetisation of our stake in Bandar Malaysia," Arul Kanda said at a media conference after the signing ceremony.

With the consortium acquiring 60% of Bandar Malaysia, the remaining 40% will remain with 1MDB, which is 100% owned by the Minister of Finance Inc (MoF Inc).

Besides paying RM7.41bil for its 60% share of Bandar Malaysia, the consortium together with the existing shareholders of the project will have to assume the remainder of Bandar Malaysia's obligations.

These include the Pengkalan Udara Kuala Lumpur (PUKL) air force base relocation which in total costs RM2.7bil and a sukuk bond with the notional value of RM2.4bil.

Asked if 1MDB's 40% stake in Bandar Malaysia will be transferred to MoF Inc, Arul Kanda said there was a consideration to do so.

"No decision has been made but it is an option as envisaged under the rationalisation plan," he said.

It is understood that MoF Inc is considering such an option in order to maximise Bandar Malaysia's development potential and the future value of its strategic assets without being bogged down by the allegations that have been hurled against the company.

## **2. 1MDB: China Railway's RM5.28bil refers to its share of the land's net equity value**

PETALING JAYA: 1Malaysia Development Bhd (1MDB) has clarified that China Railway Group Ltd's revised figure of RM5.28bil for the controlling stake in Bandar Malaysia was in reference to the estimated share of the land's net equity value.

China Railway created some confusion when it informed the Hong Kong Stock Exchange (HKEx) on Monday that the consortium comprising its Malaysian unit, China Railway Engineering Corp (M) Sdn Bhd (CREC), and Iskandar Waterfront Holdings Sdn Bhd (IWH) was paying a significantly lower sum for Bandar Malaysia instead of the earlier reported RM7.41bil.

1MDB clarified yesterday that the valuation contained in the announcement made by CREC to HKEx did not refer to the land sale valuation, but instead to their estimated share of the net equity value of the Bandar Malaysia project.

This, it said, was based on certain assumptions that are subject to further negotiations during the completion period between January and June 2016.

"The starting point of any net equity value calculation is the land sale valuation of RM12.35bil, of which the consortium's 60% share equates to RM7.41bil.

"This is the basis upon which the 10% deposit of RM741mil has been calculated and agreed upon by all parties," said 1MDB in a statement.

During the completion period, 1MDB explained that adjustments may be made to the RM7.41bil land sale valuation, depending on whether or not certain Bandar Malaysia related liabilities can be passed to the consortium.

These liabilities include the remainder contract costs for relocation of the existing facilities and the Bandar Malaysia sukuk debt.

"The agreement executed between the parties on Dec 31, 2015 provides for a robust and objective mechanism to determine, among others, these matters, which all parties have committed to.

"1MDB is focused now on taking the necessary steps and to procure the relevant consents in order to implement the legally binding agreements executed in 2015 for the sale of Edra, the debt for asset swap with International Petroleum Investment Company and the sale of 60% equity in the Bandar Malaysia project.

"We intend to issue further updates on this in due course," it said.

The announcement by China Railway on Monday saw the stock fall 3% to HK\$5.43 on Tuesday.

1MDB added that certain parties had criticised its valuation of Bandar Malaysia in an attempt to undermine its rationalisation process.

"1MDB notes that certain quarters have attacked the RM7.41bil land sale valuation contained in a recent announcement on the successful share sale and purchase agreement executed with the IWH-CREC Consortium for 1MDB to sell 60% of the equity in the Bandar Malaysia project.

"These appear to be last ditch attempts by members of the opposition to undermine the company's rationalisation process."

On Monday, analysts said the RM7.41bil price tag for the sale of 1MDB's stake in Bandar Malaysia was reasonable based on the valuation of surrounding plots of land within the vicinity.

UOBKayhian said in its report that the price paid by the purchasing consortium was "fair" given the asking prices for land in the surrounding and more developed areas ranged between RM350 per sq ft and RM650 per sq ft, particularly within the Taman Desa and Seputeh areas.

"Although Bandar Malaysia's land is still not developed, 1MDB has secured approval in principle for the development's masterplan with an average gross plot ratio of 4.05-times," it said.

The research house believes that a development of this magnitude would require the significant part of the land to be earmarked for infrastructure requirements, including for the inner-ring roads, walkways and the rail-related infrastructure.

"Assuming a 70% efficiency ratio for the development, with a land price-to-gross development value ratio of about 20%, an indicative pricing which we believe the development could fetch would be RM1,300 per sq ft to RM1,600 per sq ft."

The transaction values the entire 486-acre Bandar Malaysia at a staggering RM12.35bil. The land, which 1MDB acquired from the Government in 2013 for RM400mil.

The Bandar Malaysia land deal includes a RM2.4bil sukuk as well as the relocation of the Kuala Lumpur Air Force Base to a new location that could cost some RM2.7bil. This will include the land acquisition and the construction of new bases.

According to 1MDB president and chief executive officer Arul Kanda Kandasamy, about RM1.63bil of the Bandar Malaysia sukuk has been drawn down, with the outstanding liability on 1MDB's books being less than the RM2.4bil nominal value.

1MDB, which is wholly-owned by the Finance Ministry, would retain the remaining 40% stake for now, but there was an option of transferring it to the ministry under 1MDB's rationalisation plans.

The sale, alongside 1MDB's recent disposal of its power unit Edra Global Energy Bhd to China General Nuclear Power Corp for RM9.83bil, will see the fund shed the majority of its RM42bil debt load and will be reflected in its full year financial statement for the period ended March 31, 2016.



Friday, 8 January 2016

### 3. A-G: I need time to peruse SRCI evidence

KUALA LUMPUR: With over 100 witnesses interviewed in the course of the Malaysian Anti-Corruption Commission (MACC) investigation into former 1Malaysia Development Berhad (1MDB) subsidiary SRC International, Attorney-General Tan Sri Mohamed Apandi Ali (*pic*) says he needs time to go through the evidence gathered.

"It's a big pile, taller than me," he said after the ceremonial opening of the Legal Year 2015 at the KL Convention Centre here.

"I can assure you assure you I will go through the evidence with a fine tooth comb, so I need time," he said.

MACC had completed its investigations into SRC International over a RM4bil fund and submitted its papers to the Attorney-General.

Apandi said the public perception of interference in the investigation was based on wrong information and facts.

He pointed out the arrest and investigation into certain MACC officers were because a police report was lodged about the leakage of information.

"There were not detained to stop the investigations. This is where there are conflicting facts, but I am the knower of these facts," he said.

#### 4. MACC recovers RM100,000 believed to be bribes hidden by land officer

KUANTAN: Malaysian Anti-Corruption Commission (MACC) officers have recovered up to RM100,000, believed to be "dirty money", hidden in a washing machine of a Pahang Land and Mines officer.

The money was found during a raid at the officer's home on Wednesday night.

He and three other Pahang Land and Mines Department officers, all aged between 30 and 38, have been arrested on suspicion of receiving bribes to allow illegal bauxite mining in the state.

MACC investigations director Datuk Azam Baki said one of the four men was a senior officer in the Pahang Land and Mines department.

"Their *modus operandi* is to sell the 13D form, which actually costs RM1 per copy, for between RM150 and RM200 each to illegal bauxite miners.

"Only those who have mining licences can buy the form, which is needed to transport bauxite ore from mining sites to stockpiling areas.

"With the forms, the illegal miners are automatically accorded protection from enforcement agencies," Azam told a press conference here yesterday.

He added that MACC had to date detected more than 200 illegal bauxite miners operating in the state.

The Federal Government announced on Wednesday a three-month moratorium from Jan 15 on bauxite mining in Pahang and outlined measures the industry must implement during the period to stop pollution caused by the activity.

Azam also said that the state government and the people of Pahang had lost out in royalty payments from bauxite mining.

"There should be more than RM47mil in royalty collected from bauxite mining last year, but I do not want to give an exact figure until we receive clearer information on this matter.

"It is estimated that the state should receive about five times what it received last year from bauxite mining.

"Weaknesses in enforcement caused this to happen," he said, adding that investigations into claims of corruption in bauxite mining had been going on for the past two and a half months.

In a related development, the Natural Resources and Environment Ministry announced the setting up of an integrated enforcement unit to regulate the transportation of bauxite from now until Jan 15.

In a statement, the ministry said it expected bauxite miners to rush to transport their ore stockpile to the port during this period, and wanted to make sure that they adhered to the law and did not inconvenience the people.

The enforcement unit would be headed by the state Land and Mines Office and include officers from the state Mineral and Geoscience Department, the police, the Road Transport Department, the Land Public Transport Commission, the Kuantan Municipal Council and the People's Volunteer Corps.



Monday, 11 January 2016

#### **5. Najib: Public funds not used in settling 1MDB's woes**

PUTRAJAYA: Prime Minister Datuk Seri Najib Tun Razak on Monday stressed that public funds were not being used to resolve 1Malaysia Development Berhad (1MDB)'s financial woes.

"An end to the issues faced by 1MDB is forthcoming, as I had promised six months ago.

"What we are glad about is that we are resolving it not by way of a memorandum of understanding (MoU) but through an 'agreement', without touching any of the people's money," he said at the monthly assembly for the Prime Minister's Department here.

Last Nov 23, Edra Global Energy Bhd, a subsidiary of 1MDB sold off its assets to China General Nuclear Power Corp and its subsidiaries (CGN Group) for RM9.83bil.

In a sale and purchase deal with CGN Group, 1MDB, Edra and its subsidiaries let go of their 100% ownership in Edra Solar Sdn Bhd, Edra Energy Sdn Bhd, Powertek Energy Sdn Bhd, Jimah Teknik Sdn Bhd, Jimah O and M Sdn Bhd, Mastika Lagenda Sdn Bhd and Tiara Tanah Sdn Bhd.

The transaction is expected to be completed in February this year.

On Dec 31 last year, 1MDB inked a sale and purchase agreement with the IWH CREC Sdn Bhd consortium involving 60% of its equity in Bandar Malaysia Sdn Bhd for RM7.41bil.

The Bandar Malaysia project is a 60:40 joint venture between Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corporation (M) Sdn Bhd.

Najib in his New Year 2016 message said 1MDB had lessened its debts by RM40.4bil after signing a number of agreements.

1MDB was earlier reported to have amassed a debt of RM42bil, as of March 31, 2014. - Bernama



Wednesday, 13 January 2016

#### 6. Khazanah pumps in RM1bil into ValueCap



Azman holds up the 12th Khazanah Annual Review 2015 brochure. Next to him is executive director (finance) Izani Ashari. - Bernama pic

KUALA LUMPUR: Khazanah Nasional Bhd has so far pumped in RM1bil into equity investment firm ValueCap Sdn Bhd to help shore up the market, its managing director Tan Sri Azman Mokhtar said.

"A billion has gone in (so far). They don't need the whole amount in one shot. So they will progressively draw down on those commitment," he said at the 12th Khazanah Annual Review in Kuala Lumpur on Wednesday.

In September last year, Prime Minister Datuk Seri Najib Tun Razak said RM20bil would be injected into ValueCap to boost the stock market.

Minister in the Prime Minister's Department Abdul Wahid Omar said the RM20biln fund injection into ValueCap would come from Khazanah Nasional Bhd, the Retirement Fund (Incorporated) (KWAP) and Permodalan Nasional Bhd.

At 5pm, the benchmark FTSE Bursa Malaysia KLCI (FBM KLCI) settled at 1,642.54, up marginally by 1.17 points, from Tuesday's close of 1,641.37.

On the 2016 Budget adjustments, he said Khazanah was well prepared to play a bigger role in stimulating the domestic economy as stated by the prime minister.

"We have done a lot of scenario planning during this time of volatility and uncertainty and we are well prepared for all scenarios," he said.

He added that the company could do more in stimulating the local economy but such moves must be made with discipline so as not to jeopardise its portfolio.

The prime minister last week announced that adjustments to the 2016 Budget would be made to reflect the external challenges faced by the country's economy including economic slowdown in China and declining oil prices.

Among the adjustments are a more prudent expenditure and greater role of government-linked companies (GLC) in the domestic economy.

Meanwhile, Azman said companies under Khazanah such as Malaysia Airlines and Tenaga Nasional Bhd had benefited from the declining commodities prices due to the nature of these companies' business, which are heavy consumers of commodities.

On Malaysia Airlines' restructuring process, Azman said the company had entered a period for it to showcase its operational capabilities.

"The first 15 months (since the restructuring announcement) is about resetting. The next 15 months, they (Malaysia Airlines) have to demonstrate operational capabilities," he said, adding, the rebranding of the airline was not a priority.

Nevertheless, he was satisfied with the progress of the restructuring process and milestones that had been achieved.

On the Trans-Pacific Partnership (TPP), Azman said Khazanah was working closely with the Government to address some concerns including the preparedness of GLCs once the agreement kicks off.

However, he said the TPP provided Khazanah and other state-owned enterprises an additional two years to be prepared pending the enactment of state-owned enterprise legislative reform. - Bernama



Thursday, 14 January 2016

#### **7. Land and Mines Dept staff accused of taking a cut from bauxite deals**

KUANTAN: Two Pahang Land and Mines officers have pleaded not guilty to charges of accepting bribes to provide protection for an illegal bauxite miner.

Assistant land officer Fadly Ab Malek, 35, was charged with accepting RM35,000 from Anurul Hiraq Abu Bakar as an inducement to protect his illegal mining activities through the sale of "13D" forms.

The offence was allegedly committed in a car next to a restaurant in Kampung Baru Peramu here between 4pm and 4.30pm on Nov 18.

Fadly was also charged with accepting RM30,000 from Anurul Hiraq between 12.20pm and 12.40pm on Jan 6 as an inducement to protect him in the compound of the Sultan Ahmad Shah Airport here.

Administrative and diplomatic officer Syed Umar Khalil Syed Khalid, 34, was charged with abetting Fadly in soliciting for the RM30,000 at the same time and place.

Both men face up to 20 years in jail and a fine of up to five times the amount of the bribe or RM10,000, whichever is higher.

Sessions Court judge Habibah Mohamed Yusof granted bail at RM10,000 for each accused and fixed Feb 5 for mention.

The accused were represented by Datuk Syed Azimal Amir Syed Abu Bakar and Muhammad Hisham Abdul Rahim while DPP Syafinaz Shahbudin of the Malaysian Anti-Corruption Commission appeared for the prosecution.

**8. EPF to continue investing locally to support Malaysian economy**



**EPF Chief Executive Officer Datuk Shahril Ridza Ridzuan**

SINGAPORE: The Employees Provident Fund (EPF) will continue investing internally this year in efforts to support Malaysia's economy.

"We are constantly investing throughout our time. We are looking at the right assets to invest in," its Chief Executive Officer Datuk Shahril Ridza Ridzuan told Bernama here.

Shahril said that the same strategies would be implemented by bringing in foreign partners to invest in the country.

"This is part of the role that we do to bring in relationship that we have overseas," he said.

In recent months, Shahril said the pension fund has been encouraging its global partners to invest jointly in Malaysia.

That includes its recent venture in a logistics hub with the Goodman Group of Australia, and separately, with several global pension funds.

Asked on the expected allocation for domestic investment this year, Shahril said that it would vary from time to time.

"It depends on the availability of the right asset. We do not set hard target in that sense," he said.

Investment from local companies is crucial to spur the domestic economy in the light of weaker global economic condition.

Therefore, in September last year, Prime Minister Datuk Seri Najib Tun Razak had announced broad measures to strengthen the local economy.

It includes encouraging government-linked companies (GLCs), government-linked investment companies (GLICs), and private firms to repatriate their profits to invest in high-multiplier local projects.

Najib said since recovering from the 1997/1998 Asian financial crisis, private companies and GLICs abroad have expanded and increased their investments, which exceeded the amount of direct investments in the country.

As of June 2015, Malaysia was a net exporter of capital.

Investments made by GLICs overseas stood at RM522 billion against foreign direct investment which amounted to RM477 billion.

Shahril was met at the Topping Up ceremony of the RM9.7 billion-Tanjong Pagar Centre by GuocoLand Group which was held here.

EPF holds a 20 per cent stake in that project.

Asked on EPF's investment in Singapore, Shahril noted that the fund had no plans to divest its stake in the Tanjong Pagar Centre development project.

Meanwhile, GuocoLand (Singapore) Pte Ltd's Managing Director Cheng Hsing Yao described the EPF as a profesional long-term partner.

GuocoLand had in 2011 tied up with the Malaysian pension fund to develop the project, which is set to become the republics tallest building.

It had sold a 20 per cent stake, estimated to be worth RM1.95 billion, to the EPF for the 1.7 million-sq ft mixed-use development above the Tanjong Pagar MRT station.

GuocoLand acquired the 99-year leasehold site for about RM5.21 billion.

The 290-metre tall Tanjong Pagar Centre is on schedule for completion by mid-2016. - Bernama

**9. Budget recalibration to see 'minor cut' in operating expenditure, says Treasury sec-gen**



LABUAN: The recalibrated Budget 2016 will see "a minor cut" in operating expenditure and shelving of non-priority development projects, says Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah (*pic*).

"There will be no salary cut for Government servants. We want to make sure service delivery remains intact so we do not compromise on service delivery," he said in reference to the proposed reduction in operating expenditure.

Mohd Irwan was speaking at a press conference after opening the RM23.8mil second phase of the swimming pool and hostel of the Labuan International School here on Friday.

Prime Minister and Finance Minister Datuk Seri Najib Tun Razak is scheduled to present a recalibrated Budget 2016 on Jan 28.

Mohd Irwan said that as far as development expenditure was concerned, non-priority projects like purchase or transfer of land could be delayed.

However, priority projects such as the Mass Rapid Transit (MRT), Kuala Lumpur-Singapore High Speed Rail and the Pan Borneo Highway would go ahead as planned as these projects would spur economic growth and benefit the people in the long run.

We are not going to cut even a single sen (from these allocations) and these projects will go ahead as scheduled.

"For the Pan Borneo Highway project, the Federal Government has discussed with the State Government of Sabah to select capable and qualified Sabahan contractors to construct the project

on the Sabah side and local contractors in Sarawak to construct the Sarawak portion," he said, adding that in Sabah the link would be stretched to Tawau.

The highway will bring benefit to Sabah and Sarawak, with new cities and towns established and create more employment and improve incomes, he said.

Mohd Irwan Serigar said the projects with high impact to the economy would not be halted as the Government was looking at pro-growth or sustaining growth to ensure that more income could be generated.

He did not, however, rule out the possibility of projects listed under the 11th Malaysia Plan affected by the recalibration of the Budget being implemented eventually.

"If the oil price goes up, it is a bonus. So, whatever we have projected under the 11th Malaysia Plan, we may rethink to implement.

"The rakyat-centric projects with high contribution to the peoples happiness and well-being will certainly be given priority for implementation," he said.

He added, however, that if the oil price drops further, the Government would need to make more adjustments. - Bernama



Tuesday, 19 January 2016

#### 10. Zeti: Time to deal with other issues once 1MDB probe ends



**PETALING JAYA:** Malaysians want to see a conclusion to the 1Malaysia Development Berhad (1MDB) investigations so that the country can deal with other economic issues, said Bank Negara Governor Tan Sri Zeti Akhtar Aziz (*pic*).

Zeti, who will be retiring in April, said various authorities were investigating different aspects of the strategic development company.

"Everyone wants a conclusion so that we can just move (on), so that the currency will better reflect our fundamentals and we can deal with the other economic issues that the country is being confronted with," she said in an exclusive interview with CNBC.

Zeti said Bank Negara had completed its investigations into 1MDB and some enforcement actions were being taken, although the outcome would only be made known when it was finalised and made known to the public.

Zeti also said that several factors contributed to the global financial markets - such as the change in direction of policy by the federal reserve bank, the collapse of oil prices, geopolitical developments and China's slowing economy.

When asked if China made mistakes in the handling of their stock market among other things, Zeti said China "is in a period of transition because it is rebalancing it's economy."

"It has been very much investment driven. It has to be more consumption-driven. We know in Malaysia because when we had the Asian financial crisis, we had investment at 42% of GDP, same as what China is having and we had to rein in this excesses.

"And we had to rein in access credit growth. So China is doing the right thing on that front," she said.

## 11. TPPA crucial for Malaysia

### Not being part of it will make country less attractive to investors

PETALING JAYA: Malaysia will become significantly less attractive as an investment destination for multinational corporations (MNCs) if it does not become a signatory of the Trans-Pacific Partnership Agreement (TPPA), says investment promotion agency InvestKL.

The MNCs Malaysia has attracted so far come mostly from the United States, Japan and Singapore, all of whom have agreed to sign on to the agreement, thus signing on would make Malaysia and particularly Kuala Lumpur a more attractive investment destination.

Not signing, warned InvestKL chairman Datuk Seri Michael Yam, would make Malaysia only "a second choice" for investors who prefer access to larger markets that the TPPA can give access to.

He told *StarBiz* that investors could choose other countries in the region should Malaysia exclude itself from the trade pact.

Last week, prominent Malaysian economist and former United Nations assistant secretary-general for economic development Professor Jomo Kwame Sundaram said Malaysian federal lawmakers should reject the TPPA as the trade pact only provided minimal economic growth.

There have also been concerns over national sovereignty as the Government would be obliged to compensate investors for losses of expected profits in binding private arbitration under the investor-state dispute settlement (ISDS) clause.

Yam said Malaysia had been an investment destination of choice in the region because of the infrastructure, economic-growth fundamentals and availability of talent.

"Given Malaysia's size and resources, we are ranked very high in terms of trading and bilateral trade. And we are there because we are a relatively open economy, our talent pool is good and we are able to do much better than many other countries.

"Are we saying that we are not prepared to compete, that we are not prepared for the challenge?" he asked.

"The question is, will our job be more difficult if we are not part of the TPPA? The answer would be, yes," Yap said, adding that out of the 50 MNCs brought in, 24 were from countries that had negotiated for the trade pact.

Yam said the investments that InvestKL brought in were committed to creating jobs with regional responsibilities for locals as well as transferring skills and technology know-how to the country.

To-date, 4,600 jobs have been created since June 2011 from the 7,600 planned by the investors who have set up their regional operations in Malaysia.

Yam said these jobs had deep multiplier effects on the economy as the employees of these firms were high-earning professionals. There has also been demand for office space in Kuala Lumpur and the greater metropolitan region due to these investors.

Yam revealed that up until the end of last year, RM1.7bil worth of business spending and investments have been realised out of the approved or committed investments of RM5.7bil. The rest would be invested gradually up to 2020.

"What we will now have is Malaysians who are able to secure higher pay and higher skilled jobs ... the upgrading of the standard of living of our local professionals, who we could have otherwise lost to Singapore or other countries," Yam added.

CIMB Investment Bank Bhd chief economist Maslynnawati Ahmad noted that Malaysia could not afford to be left out of either the TPPA or the Regional Comprehensive Economic Partnership (RCEP).

She pointed out that joining the TPPA at an earlier stage would help safeguard the nation's interests as the Government would be able to negotiate better terms for the country, especially on clauses regarding ISDS, state-owned enterprises, government procurement policy and labour.

"The case for joining has more to do with potential losses outweighing benefits in the event of not joining, including the intangible impact of carved-out issues," she said.

## 12. Najib denies RM42mil came from SRC, says lawyer Hafarizam



KUALA LUMPUR: Datuk Seri Najib Tun Razak denies any knowledge of receiving RM42mil from SRC International Sdn Bhd in his bank account, said his lead counsel Datuk Mohd Hafarizam Harun (*pic*).

Hafarizam said Najib admitted that the money was deposited into his account but has no knowledge that it was channelled through two intermediary companies.

"My client denied that RM42mil from SRC went to his account," Hafarizam told reporters here.

He said he cannot comment further as he did not want to dent investigations by the authorities over the matter.

He was responding to news reports in relation to a defamation suit filed by Najib against former Transport Minister Tun Dr Ling Liong Sik.

SRC International was a subsidiary of 1Malaysia Development Berhad (1MDB) until it was taken over by the Finance Ministry in February 2012 via a non-cash dividend transaction worth RM1mil.

Hafarizam said this in response to Dr Ling's statement of defence and that the veteran politician has to prove during the trial if he has knowledge about this.

Najib has maintained that he has the constitutional right to protect his dignity and reputation over defamatory remarks against him.

A High Court judge had recently asked the parties to explore mediation over the libel suit.

Najib sued Dr Ling over his remarks which allegedly implied that he had misused public fund for his personal interests.

Dr Ling's lead counsel, Ranjit Singh, had said the parties have to be present for the mediation process to be successful.

In his lawsuit, Najib said that an online news portal had on Oct 3 last year published an article saying Dr Ling had made slanderous statements against him while attending a ceremony at Tunku Abdul Rahman University College.

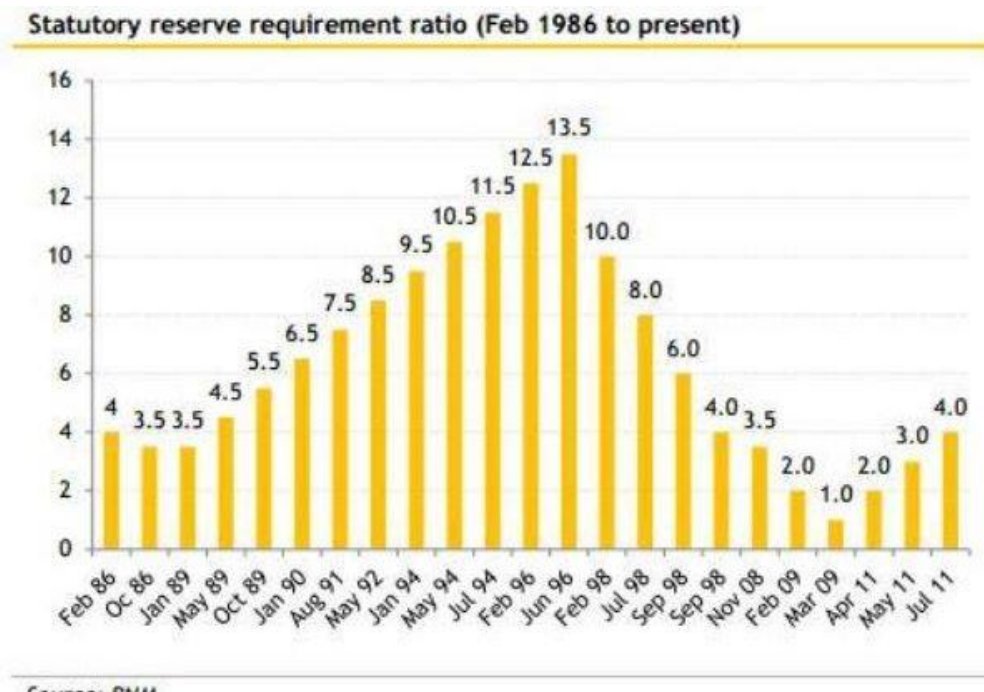
In his statement of claim filed on Oct 27, last year, Najib is seeking damages and an injunction to restrain Dr Ling from further speaking or publishing any similar defamatory words against him.

In the statement of defence filed on Dec 14 last year, Dr Ling said the libel suit was brought in bad faith, malicious and with an ulterior motive.

Dr Ling said the civil claim was frivolous and vexatious and denied all allegations against him in the claim.

Dr Ling has also counter sued the prime minister for an alleged abuse of civil process over his libel suit against him. The case is fixed for mention on Feb 18.

### 13. Bank Negara's reduction in SRR neutral on banking system



KUALA LUMPUR: Bank Negara's move to reduce the Statutory Reserve Requirement (SRR) ratio by 50 basis points to 3.5% could free up about RM5bil in liquidity. However, but this is just about 0.3% of total banking system deposits, hence the impact on banks is muted, said Maybank IB Research.

The cut could also technically influence the Base Rate (BR) down by 2bps, but given that the move is not material, Maybank does not expect Base Rates to change.

Bank Negara has kept the Overnight Policy Rate (OPR) unchanged at 3.25%, but cut the SRR by 50 bps to 3.50%. Malaysia's SRR ratio hit a peak of 13.5% of total eligible liabilities in June 1996 and trended down to a post-GFC low of 1% in March 2009, before it was restored to 4% in July 2011.

"Assuming the SRR was cut to the post-GFC low of 1%, this would free up RM30bil or 2% of banking system deposits, which again, is not material. If this liquidity was invested in 10-year MGS at 4% (recall that the SRR is included in the computation of the Liquidity Coverage Ratio, so banks may have to invest the spare funds in high quality liquid assets), the enhancement to bank earnings would be <1%," it said in a note on Friday.

But, the SRR is potentially a tool to manage the risk of rising interbank rates pushing up funding costs, and thus the BR in turn. Assuming a BR of 4%, a cut in the SRR to 1% could technically reduce the BR by 11bps to 3.89%, ceteris paribus, said Maybank.

Separately, Maybank's chief economist now does not rule out the possibility of a 25bps cut in the OPR this year to 3%, given BNM's more cautious overtones on the state of the economy.

This could marginally add to NIM compression in the near term - every 25bps cut has an estimated 2- 3% impact on its banks' earnings estimates.



Tuesday, 26 January 2016

#### **14. AG says no criminal offence committed in relation to SRC, RM2.6bil donation**

PUTRAJAYA: The Attorney-General's Chambers has found that no criminal offence was committed by Prime Minister Datuk Seri Najib Tun Razak in relation to SRC International and the alleged RM2.6bil donation.

Attorney-General Tan Sri Mohamed Apandi Ali said at a press conference Tuesday that he found no evidence to show that the donation was "an inducement or reward for doing or forbearing to do anything in relation to his capacity as Prime Minister".

"Based on the evidence from witnesses and supporting documents submitted, I am satisfied that no criminal offence has been committed in the relation to the said donation," said Apandi.

He said the donation, which was actually RM2.08bil, was a personal donation from the Saudi royal family and given without any consideration.

On the two investigation papers on SRC International, Apandi said there were no evidences to prove that Najib had any knowledge nor had he given any approval for the transfer of the monies from the account of SRC International into his personal accounts.

"Based on the facts and evidences as a whole, I as the Public Prosecutor am satisfied that no criminal offence has been committed by the Prime Minister in relation to the three investigation papers.

"I will return the relevant investigation papers to MACC today at noon with instructions to close the three papers," he said.

**15. MACC to refer A-G's decision to close SRC, RM2.6bil case to special oversight panel**



PETALING JAYA: The Malaysian Anti-Corruption Commission (MACC) has decided to refer the Attorney-General's decision to close the SRC International and the RM2.6bil cases to two independent panels.

The MACC said in a statement Wednesday that its top management had decided to refer the case to the Operational Evaluation Panel (PPO), an independent body set up by the Government to monitor the MACC, as well as another special panel to be appointed.

The PPO is one of five independent oversight bodies that monitors the performance and status of cases investigated by the MACC.

The panel consists of chairman Tan Sri Dr Hamid Bugo, Tan Sri Jawhar Hassan, Datuk Zamani Abdul Ghani, Datuk Azizah Arshad, Datuk Wan Abdul Wahab Abdullah, Profesor Dr Normah Omar, Dr Sundramoorthy M. Pathmanathan and Lim Chee Wee.

One of the terms of references to the panel is if the A-G decides not to pursue a case.

Should the panel decide that there is further room for investigation, they can instruct the MACC to continue the enquiry. Completed and updated investigation papers will then be resubmitted to the A-G.

The decision came following A-G Tan Sri Mohamed Apandi Ali's decision to clear Prime Minister Datuk Seri Najib Tun Razak of any criminal offence over the RM2.6bil political donation and a RM4bil government loan on 2011 to SRC International.

On Tuesday, Apandi instructed MACC to close the files and cease investigations.

However, MACC special operations director Datuk Bahri Mohd Zin had said that the commission would "most likely" consider appealing the A-G to reconsider its decision.



Thursday, 28 January 2016

#### **16. '1MDB issue among reasons for slide in CPI rating'**

KUALA LUMPUR: Issues surrounding 1Malaysia Development Bhd (1MDB) and the RM2.6bil donation were among reasons why Malaysia slipped four points in the global corruption perception index (CPI).

"We had the 1MDB issue, the RM2.6bil donation, MACC officers transferred and their home and office raided," Transparency International Malaysia (TI) president Datuk Akhbar Satar said after announcing the global CPI here yesterday.

The survey of the CPI of 168 nations for 2015 revealed that the country's score dropped from 52% to 50% compared to 2014 while its ranking slid from 50 to 54.

Akhbar said the drop in the CPI reversed a decade-long trend during which the country was seen as improving in its fight against corruption.

He said 2014 was Malaysia's best score, showing that "our image was not tainted by corruption and the Malaysian Anti-Corruption Commission had done its work well without interference".

Akhbar said Malaysia's CPI ranking would have slid even further to between 59 and 60 as nations such as Barbados, Panama, Dominican Republic, Bahamas, St Vincent and Puerto Rico were not covered last year.

"There were 175 countries that were surveyed last year.

"However, several countries were not included in the survey, which would have pushed our ranking down further to between 59 or 60," he said during the announcement of the global CPI here yesterday.

Among the nations that scored top marks were Denmark (91), Finland (90), Sweden (89), New Zealand (88), Netherlands and Norway (87), Switzerland (86), Singapore (85), Canada (83) and Germany (81).

Among the nations to score the lowest were Somalia (8) and North Korea (8), Afghanistan (11), Sudan (12), South Sudan and Angola (15), Iraq and Libya (16), Guinea-Bissau and Venezuela (17).

Asked about the Attorney-General's decision to close the SRC and the RM2.6bil donation cases, Akhbar said TI supported MACC's decision to appeal to two independent panels.



Friday, 29 January 2016

#### **17. Committed to boost tourism Liow: Govt will help industry to thrive**

PETALING JAYA: A new measure in the revised Budget 2016 to give visa exemption to tourists from China shows the Government's determination to boost the tourism sector and the economy, says Datuk Seri Liow Tiong Lai.

"The Government is committed to improving the tourism industry. The visa is given free so we can attract more tourists from China," the Transport Minister said during his visit in Petaling Street yesterday.

Liow was responding to measures announced by Prime Minister Datuk Seri Najib Tun Razak in his speech on the revised Budget aimed at stimulating economic growth.



Najib said giving visa exemption to Chinese tourists for a 15-day stay in Malaysia commencing from March 1 to Dec 31, 2016 was one of the measures to boost tourism and the economy.

Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) said the visa exemption should be implemented now so that the economy could benefit earlier from an expected boom.

"We hope that this visa relaxation will be implemented with immediate effect so that we don't miss out on peak season visitors from China," said ACCCIM president Datuk Ter Leong Yap.

The Malaysian Association of Tour and Travel Agents (MATTA) said the tour and travel industry had been waiting eagerly for the implementation of this measure for years.

"It's about time (to grant visa exemption) because we are one of the last Asean countries to do this. Our Asean neighbours are ahead of us and this is the time to wake up," said MATTA president Datuk Hamzah Rahmat.

On the revised Budget as a whole, Liow, who is also MCA president, said: "The Prime Minister's speech on Budget 2016 shows the Government is still stable and has good measures to increase economic growth."



Wishing for a prosperous year: Liow making a visit to Petaling Street to mark the upcoming Chinese New Year celebration. — FAIHAN GHANI/The Star

Liow said tax relief and limiting new housing projects priced up to RM300,000 to be sold only to first-time house buyers could help lower the cost of living.

"I am optimistic the measures can help the economy," said Liow, who had also earlier launched the Chinese New Year decorations in Petaling Street.

"I hope we can have a good start to the new year and be rid of the bad things that happened in 2015.

"Petaling Street should be a harmonious place that could stimulate business for the traders in the area."



Friday, 29 January 2016

#### **18. Ali: Civil servants should raise productivity**

PUTRAJAYA: Chief Secretary to the Government Tan Sri Dr Ali Hamsa welcomed the decision not to cut the salaries or allowances of civil servants and urged them to work hard.

He said the Prime Minister has dispelled rumours that the Government would introduce pay and allowance cuts.

"He has also assured us that the salary increment on July 1, as pledged last year, will be maintained.

"This is good news. I hope all civil servants will increase their productivity," he said.

Urban Wellbeing, Housing and Local Government Minister Datuk Abdul Rahman Dahlan said that making it mandatory for houses costing up to RM300,000 to be sold to first-time house buyers only would prevent speculative buying.

It would also give genuine buyers the opportunity to own property, he said.

In addition to that, he welcomed the financial help that would be given to those buying units under the People's Housing Programme.

Domestic Trade, Cooperatives and Consumerism Minister Datuk Seri Hamzah Zainuddin said increasing the number of fair-price shops would provide consumers with more access to goods that were affordable and reasonably priced.

He said there were 1,500 stores keen to be fair-price shops, adding that his ministry would be beefing up enforcement against irresponsible traders.

It would also educate businessmen on being to be ethical and honest and practice self-compliance, he added.

MCA Youth chief Senator Chong Sin Woon described the revised Budget as "realistic".

He said priority was given to the needs of the poor people, as seen in the making of meat and vegetables cheaper by 10% to 15%.

The 3% reduction in the Employees Provident Fund contribution by workers would give people more spending power and help stimulate the economy, he said.

Chong, who is Deputy Education Minister, said the revised Budget also continues to give top priority to education, improve the human resources in the country, which was very important.

Describing it as a *rakyat*-centric Budget, Chong hoped that everyone would work together and face the challenges together.