China Railway to spend US$2b in Bandar Malaysia

To build its Asia-Pacific regional office

BY GHO CHEE YUAN

KUALA LUMPUR: China's biggest state-owned enterprise, China Railway Group Ltd (CREC), is spending US$2 billion (RM8.13 billion) to build an integrated office complex in Bandar Malaysia to house its Asia-Pacific regional office.

With the latest plan, CREC's total investment in Bandar Malaysia will increase to about RM11.09 billion.

The plan came after a consortium comprising CREC's wholly-owned unit China Railway Engineering Corp (M) Sdn Bhd (CREC Engineering) and Johor-based Iskandar Waterfront Holdings Sdn Bhd (IWH) won the bid to buy a 60% equity stake in Bandar Malaysia Sdn Bhd, which owns 486 acres (197ha) of prime land near Sungai Besi, where the former air base was located. 1Malaysia Development Bhd sold the majority 60% equity stake for RM7.41 billion as part of the cash-strapped strategic investment fund's debt restructuring exercise to raise fresh funds.

The consortium known as IWH-CREC Sdn Bhd is a 60:40 joint venture between IWH and CREC Engineering respectively. The Johor state government owns 40% of IWH through Kumpulan Prasarana Rakyat Johor Sdn Bhd.

"CREC will be the first among MNCs (multinational corporations) to set up regional centres or relocate their HQs (headquarters) to Bandar Malaysia. We will showcase this through the new integrated office complex we are building," said CREC president Zhang Zongyan, when unveiling the group's plan yesterday.

(From left) Najib, Zhang and Tan at the announcement of CREC's plans for its regional centre in Bandar Malaysia yesterday. Photo by Shahrin Yahya

Also present at the ceremony were Prime Minister Datuk Seri Najib Razak, Chinese Ambassador to Malaysia Huang Huikang, Johor Menteri Besar Datuk Seri Mohamed Khaled Nordin and IWH executive vice-chairman Tan Sri Lim Kang Hoo.

Najib said CREC's plan to build its regional centre here would be a major boost to the domestic economy, and would attract more international players to relocate their headquarters here.

"This strategic move to woo foreign GLCs (government-linked companies), MNCs and major private investors to set up and relocate regional offices in Bandar Malaysia, would create the demand for high-powered talent and effectively help stem Malaysia's brain drain to other countries," he said.

Najib said Bandar Malaysia would serve as the country's gateway to the world through the planned high-speed rail (HSR) to Singapore and the Pan Asean Rail Transit to Bangkok.

Meanwhile, Lim said Bandar Malaysia is expected to have a gross development value of RM160 billion and will be completed over the next 20 years.

CREC's regional centre, which will be kick-started next year, represents 30% of the first phase of the Bandar Malaysia project, he added.

Commenting on the HSR, CREC Engineering general manager Cai Zemin said the group is keen on bidding for the project.

"As an infrastructure construction company, we are definitely interested in the [HSR] contract. We will submit our tender should the government invite us to participate in the tender.

"But [so far] we have yet to receive the invitation from the Malaysian and Singaporean governments to submit a tender," Cai said.

When asked about the group's competitive edge, Cai said he cannot ascertain this at the moment, as both governments have yet to specify the criteria for the HSR projects.

"We are here not [merely] as a contractor, we are here to provide the resources. Further, we have set up our regional centre here; this could help us communicate efficiently with the authorities," he added.

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Credit Suisse ups stakes in CLIQ Energy, Sona Petroleum

BY YIMIE YONG

KUALA LUMPUR: Zurich-based Credit Suisse Group AG has upped its stake in CLIQ Energy Bhd to 7.167%.

In a filing with Bursa Malaysia yesterday, CLIQ said Credit Suisse, through Credit Suisse Securites (Europe) Ltd and Credit Suisse Securites (USA) LLC had, on March 15, acquired 666,500 shares of CLIQ.

With the acquisition, the group now owns 45.22 million shares or a 7.167% stake in CLIQ.

Credit Suisse first emerged as CLIQ's substantial shareholder on Oct 9, 2014, with a 5.024% stakeholding, but sold down its substantial shareholding twice in the past two years, before resurfacing with a 5.43% stake on Feb 25. It has been acquiring CLIQ's shares since then.

The second oil-and-gas special-purpose acquisition company (SPAC) to list on Bursa on Feb 24 announced that it would be liquidated after the Securities Commission Malaysia (SC) declined its request for more time to acquire its qualifying asset (QA).

On March 10, CLIQ also quashed speculation that it had submitted a fresh appeal to the SC for more time to complete its QA after its first appeal was rejected.

It had proposed to buy a 51% stake in a special purpose vehicle that would host Phystech Firm LLP's two onshore Kazakhstan oilfields for US$110 million last year, but the application for the buy was returned by the SC in January due to incomplete information submission.

Likewise, Credit Suisse also increased its stake in Sona Petroleum Bhd to 12.305% or 173.58 million shares after acquiring 3.36 million shares in the SPAC on March 16 on the open market.

The transaction was done via Credit Suisse Securities (Europe) and Credit Suisse Securities (USA), Sona told Bursa yesterday.

It is worth noting that Credit Suisse has also been accumulating shares in Sona. The company will seek shareholders' approval for its proposed QA on March 30.

CLIQ shares closed unchanged at 69 sen yesterday, with a market capitalisation of RM435.35 million, while that of Sona closed 0.5 sen or 1.11% higher at 45.5 sen, with a market capitalisation of RM641.88 million.

Pesona Metro JV gets RM314m hospital construction project

BY GHO CHEE YUAN

KUALA LUMPUR: A joint venture (JV) involving Pesona Metro Holdings Bhd has bagged construction works worth RM313.85 million for the proposed teaching hospital of Universiti Sultan Zainal Abidin.

Pesona Metro told Bursa Malaysia in a filing yesterday it secured the contract through an unincorporated JV formed by its wholly-owned subsidiary Pesona Metro Sdn Bhd, together with GPQ Sdn Bhd and Semarak Korporat Sdn Bhd.

GPQ is a subsidiary of state investment arm Terengganu Incorporated Sdn Bhd and is involved in construction work.

According to Pesona Metro, the project is for a period of 182 weeks from the date of site possession yesterday.

It expects the contract to contribute positively to its earnings and to enhance its net assets during the duration of the project.

Pesona Metro shares closed up 0.5 sen or 1.32% at 38.5 sen, with a market capitalisation of RM251.79 million.

Rayani Air ordered to improve or risk losing licence

BY CHEN SHAUA FUI

KUALA LUMPUR: Rayani Air Sdn Bhd, which describes itself as a syariah-compliant airline, may lose its operating licence if it fails to comply with the regulations set out by the Department of Civil Aviation (DCA) or receives more complaints from passengers, said Transport Minister Datuk Seri Liow Tiong Lai.

The airline was slapped with a warning from the government last month after more than 200 passengers were reportedly left stranded at the Langkawi International Airport as the airline's Boeing 737 developed technical problems.

Rayani Air had stated that the 22-year-old plane's windshield in the cockpit was shattered.

Liow said the government had issued a warning to Rayani Air after the airline cancelled its Langkawi flight bound for Kuala Lumpur without due notice and with no replacement flight on Feb 9.

"We issued a warning that it has to comply with the DCA regulations. If there are more complaints, we can refer it to the Malaysian Aviation Commission, which is now in place," he told reporters at the Parliament lobby yesterday.

"If passengers feel that it (Rayani Air) is not giving the due services, they can lodge a complaint with the aviation commission," said Liow.

"We will monitor Rayani Air more closely," he added. "We can even suspend [the airline] if we feel that it is not complying with our orders."

Nevertheless, Liow noted that Rayani Air, which launched its maiden flight between klia2 in Sepang and Langkawi on Dec 20, 2015, had indicated that it would comply with all the requests made by the government.

Liow also said Rayani Air is currently under investigation for allegedly issuing handwritten boarding passes to its passengers, adding that his ministry will determine whether this could warrant another warning.

"Yes, it can be a security threat because you can't read the handwriting. If it's clear, then it's different.

"We will investigate this to see what had led [it to issue] the handwritten boarding passes. It could be some breakdown in its system. That's why we have to investigate the merits of the case first," he said.

"But we won't simply issue warnings. When we issue one, it is a serious matter.

"The first one was very serious. The airline had cancelled the flight and not replaced it. That was a serious offence," Liow added.

Rayani Air came under scrutiny after Kampung Tunku assemblyman Lau Weng San posted a picture of a handwritten boarding pass from Kuala Lumpur to Kuching, Sarawak, on Saturday, which was subsequently circulated on social media.

On claims that Rayani Air's flights face delays on a daily basis, Liow said the government had set a key performance index (KPI) for all airlines to meet an 80% on-time arrival a year.

"We have a KPI; all airlines have to fulfil a KPI [of an] 80% on-time arrival a year. If it couldn't reach on time, we will give another warning if they couldn't fulfil the time we have given them," he noted.

It has been reported that Rayani Air has two shareholders, namely Umad Suhaili (who owns a 51% stake) and Datuk Karthiyani Govindan (holding the remaining 49% stake). Karthiyani is the wife of Rayani Air's former managing director, Ravi Alagendrran Sinniah.