

'No concern' for KWAP's loans to SRC International

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We have safeguarded its interests by getting a govt guarantee, says Wan Kamaruzaman

by P PREM KUMAR

RETIREMENT Fund Inc (KWAP) has not faced any repayment problems for its RM4 billion government guaranteed loan to SRC International Sdn Bhd, says CEO Datuk Wan Kamaruzaman Wan Ahmad.

"At this moment, there is no default in place and there is no delay.

"But the test is in the next five years, when they have to pay portions of the loan's principal," he told *The Malaysian Reserve* when met at an investment forum in Kuala Lumpur.

The country's public pension fund had provided the loans in 2011 and 2012 via two tranches of RM2 billion each to SRC International — which is a former subsidiary of 1Malaysia Development Bhd (1MDB).

SRC International is



Wan Kamaruzaman comments that KWAP is not too concerned over the principal repayment

Pic by Hafzi Mohamed

presently fully owned by the Finance Ministry.

Wan Kamaruzaman reiterated that KWAP is not too concerned over the principal repayment, since the loan is being backed by the government.

"We have safeguarded KWAP's interests by getting a government guarantee. A government guarantee is the highest guarantee that anyone can possibly secure, so we have

no issues about the repayment," he pointed out.

Despite the guarantee, Wan Kamaruzaman noted that KWAP will hold discussions with SRC International and the Finance Ministry over the debt repayment structure and schedule.

"We hope in the future, they will have no issues in paying the interests and principal — as they had no issues during the repayment of interest.

"We are continuously holding talks with the Finance Ministry to ensure there are no disruptions," he emphasised.

Singapore's *Business Times* reported in May 2014 that KWAP had lent RM4 billion to SRC International in 2011 to buy coal mines from Gobi Coal & Energy Ltd, an energy company based in Mongolia.

However, the status of the venture is not known at present.

In May this year, the government had announced the total transfer of 1MDB's assets and liability to Finance Ministry Inc. Upon completion of the exercise, 1MDB will be wholly owned by the said entity. The transfer of ownership to Finance Ministry Inc is part of the recommendations made by the Public Accounts Committee, after its comprehensive examination of 1MDB and its subsidiary.

In addition, 1MDB's board members have been replaced and assets such as Bandar Malaysia Sdn Bhd and TRX City Sdn Bhd are under Finance Ministry Inc as well.