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The RM9.4 Billion Suria Strategic Energy Resources Sdn Bhd (SSER) Pipeline Scandal: Payment Of RM8.3 Billion Or 88% Of The Project Value Made Despite Only 13% Of Progressive Work Has Been Completed, The Land Has Not Been Acquired And The Laws Were Not Complied With

Former Prime Minister and ex-Finance Minister, Dato' Seri Najib Tun Razak issued a statement on 5 June 2018 defending his administration's award of two petrochemical and gas pipeline projects worth RM9.4 billion to China Petroleum Pipeline Bureau (CPPB) by SSER. Dato' Seri Najib deliberately did not focus on the principal questions surrounding RM9.4 billion pipeline scandal but instead focused on alleged purported benefits to the country from signing this RM9.4 billion contract.

Dato' Seri Najib claimed that he and China's Premier Li Keqiang "had witnessed the signing of the Memorandum of Understanding (MOU) for the pipeline projects along with other projects while in Beijing on May 14, 2017. China had also committed to importing goods worth US\$2 trillion over the next five years from Malaysia, invest up to US\$150 billion in Malaysia and offer 10,000 places for training and studies in various institutes in China."

Over the past few days, we have sought the assistance of the Treasury officials and the Chief Secretary to the Federal Government to determine the veracity of former Prime Minister's claims that the trillion of US dollars commitments made by China to Malaysia were linked to the signing of the two pipeline agreements worth RM9.4 billion. All officials asked have stated that these claims by Dato' Seri Najib are untrue.

There was no mention of the various "commitments" made by China as claimed by Dato' Seri Najib in any of the Cabinet papers presented in 2016 and 2017, which approved the SSER projects. Unless of course that there are certain hidden Cabinet papers or "red" Cabinet minutes that no one has access to except the former Prime Minister himself.

We have also discovered that for some reason, the East Coast Rail Link (ECRL) projects and the SSER projects were always presented together in the same Cabinet paper by Dato' Abdul Rahman Dahlan, the then Minister in the Prime Minister's Department for Cabinet approval. This raises red flags as the ECRL and the SSER projects are vastly different in nature and business, involving different companies, contractors and geography, even if they were financed by the same China EXIM Bank.

Dato' Seri Najib has deliberately refused to respond to the principal question of this RM9.4 billion scandal as to why payment of RM8.3 billion which is equivalent to 88% of the project value were made even though only 13% of progressive work had been completed. Why did he permit such disbursement to be made within the first year of a 3-year contract?

88% of the funds had been disbursed despite the Multi-Product Pipeline (MPP) and Trans-Sabah Gas Pipeline (TSGP) projects recording only 14.5% and 11.4% progress completion respectively as at the end of March 2018, or an average of 13%. Furthermore, the above completion rates have yet to be verified or audited.

Worse, we have since discovered that SSER has failed to secure any rights from Petronas as required by law to lay the pipes for MPP, and has also failed to acquire the necessary land in Sabah to do the same for TSGP. Despite such shocking revelations, Dato' Seri Najib's still claims that all the necessary processes, procedures and laws had been complied with in relation to the signing of these two pipeline projects.

To recap, the MPP involved a 600km multi-product petroleum pipeline connecting Melaka and Port Dickson to Jitra, costing **RM5.35 billion**. The TSGP involved building a 662km gas pipeline from Kimanis Gas Terminal to Sandakan and Tawau, costing **RM4.06 billion**. The Finance Ministry would like to provide an update on the actions taken by Treasury officials to date:

1. A report has been filed with the Malaysian Anti-Corruption Commission. An MACC raid has been carried out on the office of SSER.
2. The Finance Ministry has taken control over SSER offices. All of its employees have been placed on 'garden leave' until further notice.
3. The SSER President, Dato' Mohammed Azhar bin Osman Khairuddin, has been removed as a Director of the company.
4. The Finance Ministry is in the process of appointing an Executive Committee (EXCO) led by an accounting firm to operate the company and investigate the transactions made by SSER.

The Pakatan Harapan Federal government would like to assure Malaysians that all necessary measures shall be taken to uncover the truth. We will take any required action against any party responsible to protect taxpayers' interests.

Sayangi Malaysiaku!

Lim Guan Eng
Minister of Finance
Putrajaya
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