

BANGSAR-DAMANSARA ELEVATED HIGHWAY PROJECT - IN WHOSE INTEREST?

Press Statement dated 21 February 2020

C4 Center refers to the media statement by Segambut Member of Parliament (MP) Hannah Yeoh and Lembah Pantai MP Fahmi Fadzil on 20 February 2020, urging the Malaysian Anti-Corruption Commission (MACC) to investigate a highway project objected by several residents' groupsⁱ.

Overview

Two roads will be closed to traffic for a year starting 10 February 2020 to facilitate the construction of an elevated highway from the Sprint Highway-Jalan Maarof interchange to the Sprint Highway-Jalan Semantan interchangeⁱⁱ. This distinctly expensive elevated highway project has met with a storm of criticism, mainly from the residents of Bukit Damansara, Bangsar and Medan Damansara for wasting millions of taxpayers' money as well as unacceptable adverse effects on the neighbouring traffic congestion.

During a town hall session held on 1 May 2019ⁱⁱⁱ, representatives of several residents associations objected to the highway project on the grounds that the 2018 Traffic Impact Assessment report prepared by a traffic consultant engaged by the contractor itself, lacks credibility and failed to take into account the impact on the greater Damansara area.

However, senior Deputy Director at the Kuala Lumpur City Hall (DBKL)'s civil engineering and urban transportation department, Sabudin Mohd Salleh, who is overseeing this highway project, has defended the project and implied that it would not be scrapped off^{iv}.

Denouncing lack of democratic consultation around this highly suspicious highway project, MP Hannah Yeoh, MP Fahmi Fadzil as well as the affected residents association have lodged a report on 19 September 2019 with the MACC on this project.

Mind-boggling Project

Based on the documents sighted by C4 Center, Impian Ekspresi Sdn Bhd (IESB) was awarded this highway project in 2017 without any open tender process nor prior consultation with the residents in the locality. The construction cost of RM211 million would be co-financed by DBKL (RM134 million), UKAS (Public-Private Partnership Unit) (RM66 million), and IESB (*only RM11 million*)^v. WCT Berhad which has successfully secured the construction works from IESB, is to start work on 11 December 2017^{vi}.

The project was only announced to the public by the former Federal Territories (FT) Minister, Tengku Adnan Tengku Mansor on 26 March 2018^{vii}. Fears are ubiquitous since the approval of this project took place during the tenure of Tengku Adnan who has been charged on 16 November 2018 with two counts of receiving RM3 million in bribes from property developers in connection with his official functions as the FT Minister at the time^{viii}.

It is also alarming to know that the DBKL official, Sabudin, who handled this highway project, has been charged as well on 7 January 2020 on six counts of receiving bribes, totaling RM1.08mil^{ix}. Sabudin was alleged to have corruptly received cash as an inducement for granting several maintenance projects and concrete bridge projects in the city.

To-date, the project is shrouded with secrecy. The local residents as well as their elected MPs are dumbfounded on the willingness of DBKL to absorb the bulk of the construction costs of a highway which they believe is intended to benefit a private developer's ultra-luxury development project at Damansara Heights.

Why is Impian Ekspresi Sdn Bhd (IESB) cherry picked?

IESB is a company whereby property tycoon Tan Sri Desmond Lim, the man behind the Pavilion Group, has an indirect equity interest. IESB is also the project owner for an ongoing multibillion-ringgit Pavilion Damansara Heights integrated mixed development project, which is being undertaken by Tan Sri Desmond Lim's Pavilion Group in partnership with the Canada Pension Plan Investment Board (CPPIB). The developer, IESB is the vehicle for the 51:49 joint venture^x.

Besides Pavilion Damansara Heights, other ongoing projects in Kuala Lumpur by Pavilion Group includes Pavilion Ceylon Hill and currently on-hold Pavilion Taman Tun.

Based on publicly available documents, C4 Center notes with concern that all these ongoing projects were approved by DBKL in relative proximity to each other over the course of 2016 and 2017, during the tenure of Tengku Adnan, as shown below:-



Unveiling the nexus between business and politics

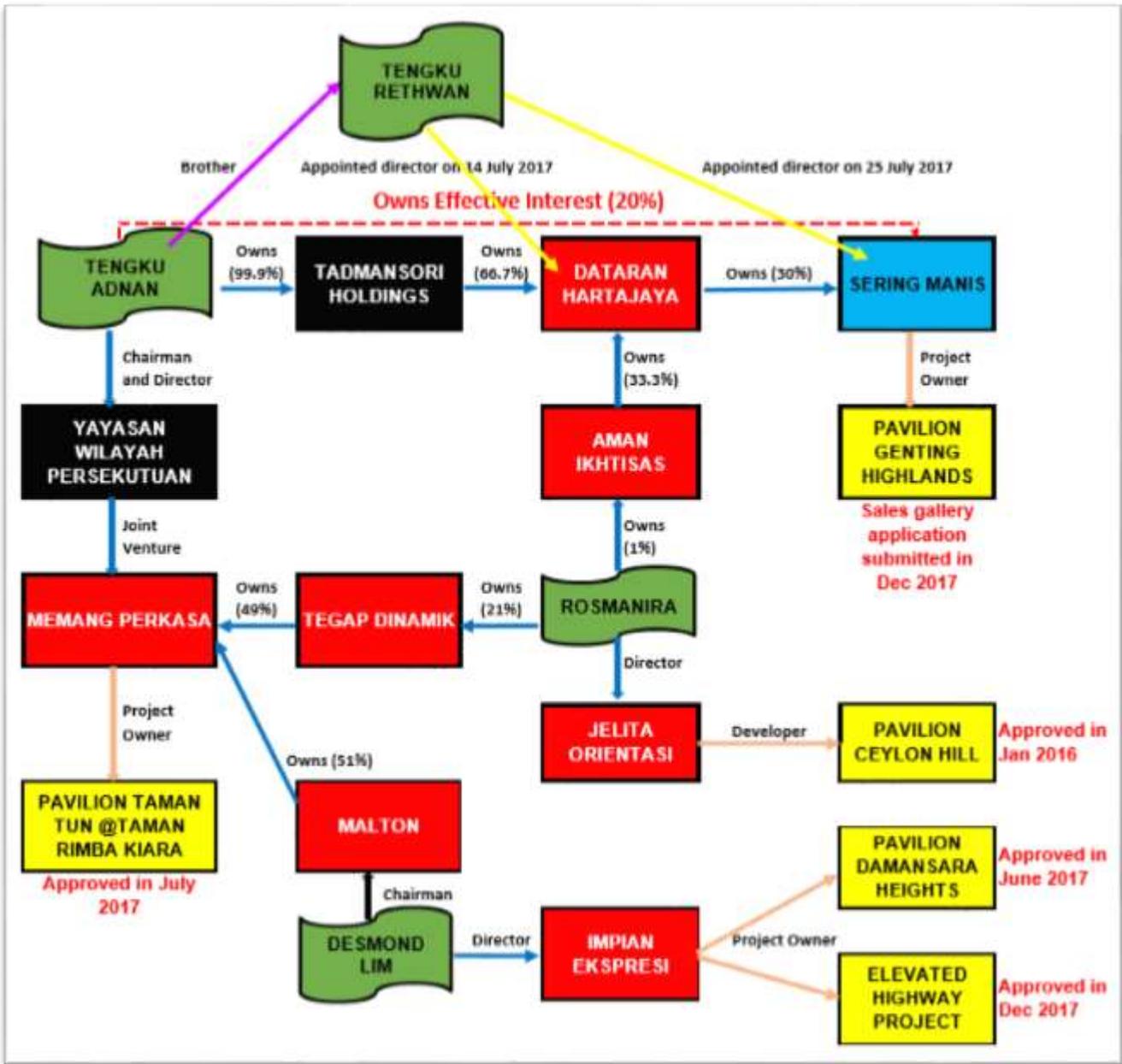
DBKL, while under the purview of Tengku Adnan, issued a development order for Pavilion Ceylon Hill project in January 2016^{xi}. Subsequently, Sering Manis, a company linked to Tan Sri Desmond Lim, acquired a 280-acre tract of land in Bentong on 6 June 2016 from Panji Selera, a company owned by government advisor Tun Dr Daim Zainuddin's sons^{xii}. This 280-acre tract of land is the site for the Pavilion Genting Highlands project, a project linked to Tan Sri Desmond Lim, and Sering Manis is the project company. Eight days later, the development notice board for Pavilion Taman Tun project was put up inside Taman Rimba Kiara^{xiii}.

On 14 April 2017, Tengku Adnan's private company, Tadmansori Holdings, acquired a 66.7% stake in Dataran Hartajaya, thus securing 20% effective interest in Sering Manis, Pavilion Genting Highlands project company. Tengku Adnan's son, Tengku Daud Shah and his brother, Tengku Rethwan were appointed as directors of Dataran Hartajaya.

Once DBKL issued the Development Order for Pavilion Damansara Heights project on 19 June 2017^{xiv} and Pavilion Taman Tun project on 13 July 2017, Tengku Adnan's brother, Tengku Rethwan was appointed as director of Sering Manis, Pavilion Genting Highlands project company on 25 July 2017.

On 6 December 2017, the sales gallery application for Pavilion Genting Highlands project was submitted to Bentong local authority for approval^{xv} whilst WCT Berhad, a company linked to Tan Sri Desmond Lim, has been granted approval on 11 December 2017 by DBKL to start work on the elevated highway project.

The correlation between companies involved is shown in below:-



- Shares the common registered and/or business address
- * Share ownership of Memang Perkasa Sdn Bhd is as at 20 September 2016

The above clearly indicates a correlation between progress of approvals for the Pavilion projects and corporate/equity movements connected to Pavilion Genting Highlands, in particular the events culminating in Tengku Adnan’s acquisition of 20% effective interest in the Pavilion Genting Highlands project company and the appointment of his brother Tengku Rethwan to the board of the project company.

Tengku Adnan was charged with two counts of receiving RM3 million in bribes from property developers. On the second count, he was alleged to have received RM2 million and the sum was allegedly deposited into Tadmansori Holdings’ account. It is noteworthy that Tadmansori Holdings is also the vehicle involved in the acquisition of 20% interest in Pavilion Genting Highlands project.

Shedding Some Light on the Issue

C4 Center has addressed the conflict of interest involving Tengku Adnan with the proposed Pavilion Taman Tun project as well as the Pavilion Genting Highlands project via its press statements dated 22 January 2019 and 1 July 2019.

Given the fact that this mind-boggling highway project involves millions of taxpayers' money and drastically impacts the livelihood of the adjacent communities, C4 Center urges that the FT Ministry would respond to the following:-

1. Did Tengku Adnan misuse his ministerial position to assert control or influence over the ministerial affairs and local government authorities, particularly the selection of developers?
2. Did Tengku Adnan abuse his position by appointing cronies that would provide personal benefit and favouritism for his brother and business associates?
3. Did the corporate/equity movements in connection to the Pavilion Genting Highlands for the benefit of Tengku Adnan amount to gratification, taken and received by a public officer? MACC must act on this quickly.
4. Has any internal investigations been carried out by the FT Ministry on this highly suspicious highway project which took place during the tenure of Tengku Adnan and Sabudin?

Flushing out Corrupt Politicians and Government Officials

Pursuant to this, C4 Center adds its concerns to MP Hannah Yeoh and Fahmi Fadzil and presses the MACC to investigate Tengku Adnan, his business associates and well as DBKL officials for their involvement in this highly suspicious project.

The inseparable nexus between business and politics which clearly fuels money politics and places profit over people remains an embedded problem. The failure of the current government to detect such money trails and corrupt practices is troubling. The government should take a proactive role in determining factors that would allow for loopholes and close the gap with comprehensive measures. This inextricable nexus further reinforces the culture of political patronage as it allows the business players and those in positions of power to wield a heavy influence over and possibly dictate the government's development and economic agenda.

Cynthia Gabriel (Ms.)
Founding Director, C4 Center

Lalitha Kunaratnam (Ms.)
Senior Researcher, C4 Center

For further details, please contact Ms Lalitha at 03-79322507

ⁱ <https://www.freemalaysiatoday.com/category/nation/2020/02/20/2-mps-press-macc-to-probe-dbkls-involvement-in-bangsar-highway-project/>

ⁱⁱ <https://www.edgeprop.my/content/1640734/road-closure-and-traffic-detour-damansara-link-kl>

ⁱⁱⁱ <https://www.thestar.com.my/metro/metro-news/2019/05/02/concerns-over-elevated-highway>

^{iv} <https://www.malaymail.com/news/malaysia/2019/05/01/damansara-sembantan-elevated-highway-project-forced-on-residents-dialogue-tol/1748805>

^v DBKL's letter dated 12 June 2018 to IESB

^{vi} As per the construction signboard at the site

^{vii} <https://www.thestar.com.my/metro/metro-news/2018/03/27/new-highway-to-ease-jam-in-pusat-bandar-damansara-project-consists-of-elevated-road-and-widening-of>

^{viii} <https://www.nst.com.my/news/crime-courts/2018/11/431564/ku-nan-claims-trial-two-bribery-charges>

^{ix} <https://www.thestar.com.my/news/nation/2020/01/07/former-dbkl-senior-deputy-director-charged-with-receiving-over-rm1mil-in-bribes>

^x <https://www.theedgemarkets.com/article/robust-demand-pavilion-damansara-heights-offices>

^{xi} http://www.epbt.gov.my/osc/Carian_Proj3.cfm

^{xii} <https://www.thestar.com.my/business/business-news/2016/06/07/global-oriental-unit-buys-land-near-genting-highlands>

^{xiii} C4's press statements dated 1 July 2019

^{xiv} http://www.epbt.gov.my/osc/Carian_Proj3.cfm

^{xv} http://www.epbt.gov.my/osc/Carian_Proj3.cfm