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NEWS RELEASE

**CHINA RAILWAY GROUP LTD TO OPEN
REGIONAL CENTER IN BANDAR MALAYSIA**
Investing US\$2 bil to build integrated office complex

KUALA LUMPUR: - One of China's biggest state-owned companies, the China Railway Group Limited (CREC), will invest US\$2 billion to build its own Regional Center in Bandar Malaysia here.

The strategic announcement comes three-months after its successful bid with its Malaysian joint-venture partner, Iskandar Waterfront Holdings (IWH) late last year to acquire 60% of the equity in the Bandar Malaysia project from 1MDB Real Estate for RM7.41 billion.

The Bandar Malaysia development is now under the Public-Private Partnership (PPP) model with the Ministry of Finance (MoF) holding 40% of the development company and the IWC-CREC consortium holding the remaining 60% equity.

IWH is also a PPP company with the Johor State Government, through Kumpulan Prasarana Rakyat Johor (KPRJ) owning 40% of the company, with the balance 60% owned by Credence Resource Sdn Bhd, a company controlled by businessman Tan Sri Lim Kang Hoo.

This shareholding structure effectively means that about 54% of the project is now owned by the Federal and Johor State Governments via 1MDB/MoF and KPRJ respectively

With the involvement of leading Chinese and Malaysian government-linked companies, the Bandar Malaysia development has now naturally also become a Government-to-Government project.

CREC, a Global Fortune 500 Company (ranked at No. 71 in 2015), will consolidate all its current regional businesses and operations once its new headquarters in Bandar Malaysia is up and running.

CREC will invest US\$2 billion to build an integrated office complex in Bandar Malaysia which is destined to become the regional hub for MNCs from around the world.

CREC president Zhang Zongyan announced this in the presence of Prime Minister Dato Seri Najib Tun Razak, Johor Menteri Besa Datuk Seri Mohamed Khaled Nordin and several cabinet ministers at a ceremony here today.

Also present were Chinese Ambassador to Malaysia Huang Huikang and IWH executive vice chairman Tan Sri Lim Kang Hoo.

“CREC will be the first among MNCs to set up regional centers or relocate their HQs in Bandar Malaysia. We will showcase this through the new integrated office complex we are building,” said Zhang Zongyan.

Dato Seri Najib said CREC’s decision to open its regional center in Bandar Malaysia would be a major boost to the Malaysia economy. “This is an open endorsement by global companies of their continued confidence in Malaysia and a testimony of their faith in the Malaysian economy which remains fundamentally strong,” he added.

Bandar Malaysia, he added, was an integral part of the Government’s plan to accelerate Malaysia towards becoming a truly high-income developed economy by attracting top-notch talent from around the world.

He said this strategic move to woo foreign GLCs, MNCs and major private investors to set up or 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.

“Bandar Malaysia will also serve as Malaysia’s gateway to the world through the High Speed Rail to Singapore with direct links the KLIA and Changi Airport, and the proposed Pan Asean Rail Transit to Bangkok and beyond,” he stressed.

Since winning the bid for the 1MDB land, the IWH-CREC consortium with MoF have been actively sourcing for local and international partners to develop the first phase of the Bandar Malaysia project.

As part of this global marketing blitz, the consortium has been actively promoting Bandar Malaysia as the perfect location for MNCs and local corporations to open or relocate their regional offices.

Bandar Malaysia is situated at the old airport site in Sungai Besi and a little over a kilometre away from the Kuala Lumpur city center.

The development blueprint also includes an integrated underground city modelled after Canada's Montreal underground city, with dedicated space for financial and commercial centres, tourism and shopping facilities, high-end corporate offices, an indoor theme park and themed theatres.

CREC is a major player in large-scale integrated infrastructure projects globally and especially in Southeast Asia and Africa. Its current order book of projects in Malaysia total over RM2 billion, including the Gemas-Johor Baru double-tracking rail and Sabah Railway projects.

IWH, a public-private partnership involving the State and Federal governments and local investors, is the master developer of 4,300 acres of waterfront land on the eastern and western sides of the Johor Causeway.

IWH has secured "done deals" with no less than 11 strategic partners who are all ready to roll out high-impact projects along an 8km coastal stretch of Danga Bay in Johor. These projects, which are in various stages of implementation and involving a cumulative gross development value of RM125 billion, will be completed over the next 10-15 years. - Ends
