

## The case of Forest City and the Johor sultan

**SPECIAL REPORT** The astounding rate of development in Johor's Iskandar Malaysia region has proven to be difficult for any layman to keep up with, but among the myriad of projects, Forest City stands out.

A man-made island that will be close to 2,000 hectares, Forest City will be almost half of the size of Putrajaya, and will rise in the Johor Straits, southwest of Johor Bahru, where the second link to Singapore is situated.

Forest City has made headlines in recent weeks, from Singapore's border concerns to not having a detailed environmental impact assessment (DEIA) report and, potentially, having detrimental effects on the nearby port of Tanjung Pelepas.

The project is widely reported as a joint-venture between a top developer from China, Guangdong-based Country Garden Holdings and the Johor state-owned Kumpulan Prasarana Rakyat Johor (KPRJ).

For the purpose of this joint venture, Country Garden Pacific View Sdn Bhd was formed as the vehicle to make Forest City a reality.

CGPV is 66 percent owned by the China-based giant through Malaysian registered subsidiaries Country Garden Waterfront Sdn Bhd, Country Garden Danga Bay Sdn Bhd and Country Garden Real Estate Sdn Bhd.

The state government's share of the project, or more specifically KPRJ, is purportedly through Esplanade Danga 88 Sdn Bhd, which holds a 34 percent stake in CGPV.

However, upon closer scrutiny of Esplanade Danga 88 Sdn Bhd, Malaysiakini found KPRJ only holds a meagre 20 percent stake in the company that supposedly represents the state government's one-third interest in Forest City.

### 'Johor sultan's joint venture'

The largest shareholder of Esplanade Danga 88 Sdn Bhd, with a controlling stake of 64.4 percent, is in the name of Johor Sultan Ibrahim Ismail, thus effectively making Forest City a joint venture between Country Garden and the Johor monarch.

The remaining 15.6 percent stake is held by Daing A Malek Daing A Rahaman, a member of the royal court of advisers to the Johor sultan.

The Johor sultan and Daing A Malek are directors in Esplanade Danga 88. Daing A Malek is also a director in CGPV.

The information is accurate as of May this year, according to a Companies Commission of Malaysia search by Malaysiakini last week.

How exactly Forest City will look like when, and if, it is completed remains unclear, but Johor crown prince Tunku Ismail Idris reportedly announced in May that it will include a new 50,000 capacity stadium for the state's football team.

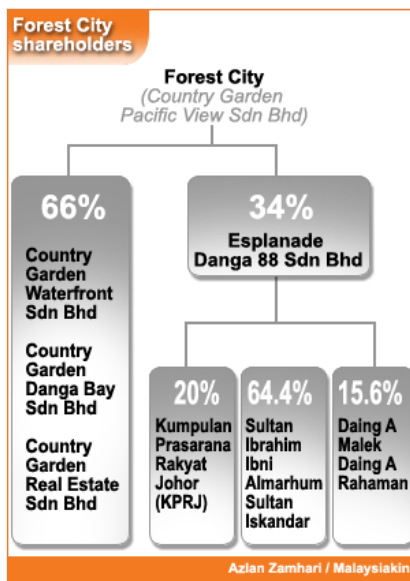
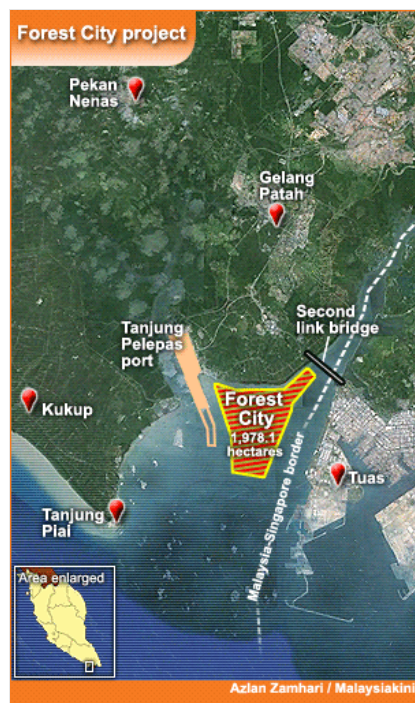
Despite growing concerns over Forest City, the Johor government has constantly appeared reluctant to rein in the project.

However, pressure piled after Singapore lodged a complaint with Putrajaya over concerns that the project will affect the city-state's shorelines, thus bringing the federal government into the picture.

The state government finally issued a stop-work order on the reclamation works for the project last month pending a DEIA by the developer and discussions with the Department of Environment (DOE).

Strangely, the state government justified the absence of a DEIA by stating the reclamation work was only 49 hectares and in phases, one hectare shy of requiring the report.

### 'Circumventing EIA'



A land title search of PT4071, where the Forest City site is to raise, that was sighted by Malaysiakini shows that CGPV has owned 1,978.1 hectares of the area since Nov 8, 2013, with quit rent of RM8.3 million.

The area is stated to be in the district of Johor Bahru and the location is listed as Port of Tanjung Pelepas.

"The title already shows that the site will be close to 2,000 hectares.

"If you reclaim in parcels of 49 hectares to circumvent the DEIA, then it defeats the purpose of having a DEIA at all," said environmental policy researcher Chung Yi Fan.

The issue of EIA for major projects in Iskandar Malaysia is not new and the Johor sultan too had voiced about the need for it - just not by those who are in charge of the EIA.



In his officiating speech at the opening of the Johor state assembly on May 31, Sultan Ibrahim (left) stated that EIA is required for projects in the state, but went on to say: "But unfortunately, there are irresponsible quarters who use their power over the EIA as a weapon to prevent development that is not in their interest.

"Why are there quarters taking their own sweet time and deliberately delaying the approval? Such action obstructs the state's development and cause investors to run elsewhere.

"Johor is the right of Johoreans and only Johoreans know the situation and needs of Johor.

"Why should there be outsiders who try to interfere and teach us about what we should do in our own state?"

Sultan Ibrahim then called on the state government to take over jurisdiction of preservation of the environment, citing that it is closely related to land and water matters that fall under the state.

The Department of Environment, a federal agency, oversees all EIA matters.

### 'Port threatened'

The sultan also cited the projects by Benalec Holdings in the state, for which the EIA is still being withheld.

Despite the stop work order and demand for a belated DEIA, Pengkalan Rinting assemblyperson Cheo Yee How, who is among the earliest to raise concerns about Forest City, claimed work is still going on.

"It is still going ahead despite the stop work order," Cheotold Malaysiakini when contacted.

Aside from a potential threat to Singapore's shorelines, there are also concerns that the project could hurt the Port of Tanjung Pelepas (PTP), Malaysia's second busiest port.

PTP is operated by tycoon Syed Mokhtar Al-Bukhary (right), seen as a business rival of Sultan Ibrahim.

Worry that Forest City may cause the waters there to become shallower, thus making it difficult for ships to navigate.

This has even seen DAP leaders, such as Kluang MP Liew Chin Tong, coming to PTP's defence, despite his party being a staunch critic of Syed Mokhtar.

Forest City is among one of four major reclamation areas that are going on in southern Johor, in three of which the Johor royal family has a direct stake.

On Wednesday, Malaysiakini will look at these other deals in a four-part series to scrutinise the power players behind them.



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## Johor crown prince a top millionaire at age 30

**SPECIAL REPORT** Amid growing concerns over Forest City, an ambitious project to raise an island almost half the size of Putrajaya out of the Johor Straits, two more similar projects are also in the pipeline.

On Monday, Malaysiakini highlighted the Johor sultan's [involvement in Forest City](#) but his son, Crown Prince Tunku Ismail Idris, has also proven his business acumen with his involvement in the two reclamation projects, both carried out by Benalec Holdings Bhd.

Tunku Ismail's business empire is not solely confined to Johor.

In an announcement made in September last year by Singapore-based Rowsley Ltd to the republic's stock exchange SGX, it was revealed that Tunku Ismail has become a substantial shareholder of Rowsley Ltd.

This came after he received a 12.78 percent stake in Rowsley Ltd, worth S\$81.5 million (RM209 million) after selling 9.23 hectares of prime land in Johor Bahru, owned by Vantage Bay Sdn Bhd (VBSB), in which the crown prince had a 30 percent stake.

The sale of the land alone immediately saw the 30-year-old Tunku Ismail's wealth grow to rival the 50th person in Forbes' 2014 top 50 richest Malaysians list. The man ranked at no 50 on the list is Robert Tan, the property developer of the Mid-Valley City and Gardens Mall fame. He has a net worth of RM220 million.



### S'pore billionaire's royal link

According to the announcements to SGX, the remaining 70 percent stake in VBSB is held by Singapore billionaire Peter Lim, who partly owns Rowsley Ltd.

Rowsley Ltd in its announcement said the 9.23ha land is located within Flagship A of Iskandar Malaysia.

"It is on a waterfront site, just a few hundred metres from Johor's new Customs, Immigration and Quarantine facility, making it highly convenient for Singaporeans to access due to its proximity to Singapore," said the statement.

This is not the first time the Singapore billionaire has been linked to the Johor royal family.



In March, Tunku Ismail's younger brother, 21-year-old Tunku Abdul Rahman (left) signed a memorandum of understanding with Soverus Group, also owned by Lim, to set up a premium security service for Iskandar Malaysia.

The deal [raised eyebrows](#) in Putrajaya, which has a policy against allowing foreign companies to control security firms in Malaysia.

Home Minister Ahmad Zahid Hamidi said any local security firm found to be directly or indirectly owned by foreign companies would have its licence revoked.

In Johor, Tunku Ismail has a stake in two reclamation projects, one on the southwestern tip of Johor, off the coast of Tanjung Piai, and another on the southeastern part of the state, along the Pengerang shore.

The Tanjung Piai [reclamation project](#), at 1,410.3 hectares, will be almost three times the size of Singapore's Sentosa Island and will be located about two kilometres west of the Forest City site.

### More reclamation projects

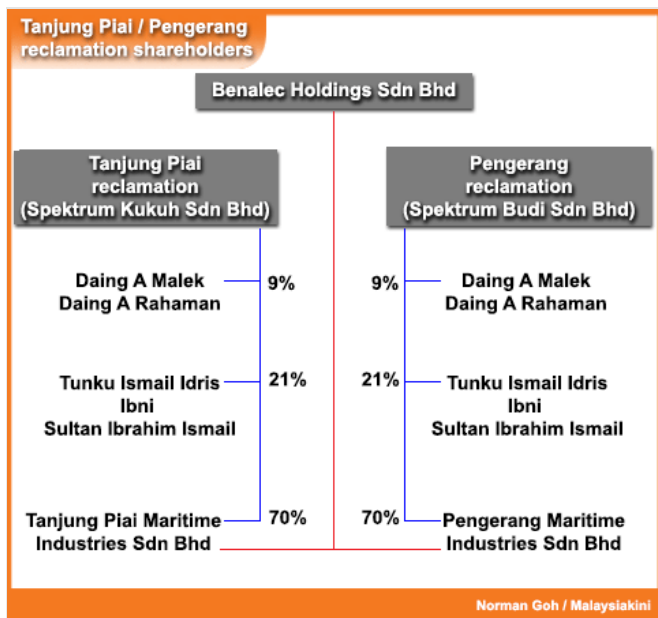
Located between the Forest City and Tanjung Piai reclamation sites are the Port of Tanjung Pelepas (PTP), the Tanjung Bin power plant and the Sungai Pulai estuary where large swathes of mangrove forest are located, and through which hundreds of fishing boats ply.

The Pengerang reclamation project is 712.3 hectares in area and like its Tanjung Piai sister, is intended to be a petroleum and maritime industrial park.

Two joint-venture vehicles were formed for these two reclamation projects - Spektrum Kukuh Sdn Bhd (SKSB) for Tanjung Piai and Spektrum Budi Sdn Bhd (SBSB) for Pengerang.

Benalec Holdings has the majority stake in both companies, at 70 percent, through its wholly-owned subsidiaries Tanjung Piai Maritime Industries Sdn Bhd in SKSB and Pengerang Maritime Industries Sdn Bhd in SBSB.

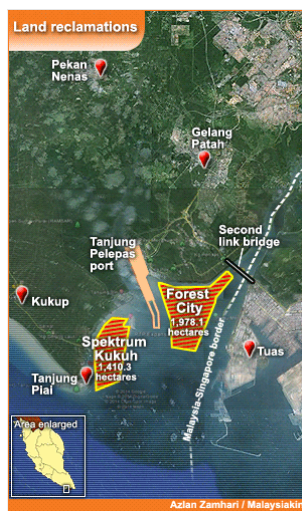
The Johor royalty holds the remaining stake, with Tunku Ismail owning 21 percent of the shares in both companies.



Another nine percent of the shares in both companies are held by Daing A Malek Daing A Rahaman, who is member of the royal court of advisers to the Johor sultan.

Tunku Ismail and Daing A Malek are also directors in both companies, according to a Companies Commission of Malaysia search done by Malaysiakini last week.

**Multi-billion ringgit deals**



The projects were announced by Benalec Holdings to Bursa Malaysia in 2012, in which it was revealed that Benalec Holding had entered into a development agreement with the Johor government.

Under the agreement, SKSB and SBSB will be given exclusive rights to reclaim the said areas and in exchange, the state government will receive three percent of the proceeds from the land sales.

An indication would be SKSB's sale of the 404.7 hectares of the 1,410.3-hectare Tanjung Piai reclamation area, the value of which has been

reported to be in the range of RM2.5 billion to RM3 billion.

Benalec Holdings last March announced that SKSB was entering into a binding term sheet with the Johor State Secretary Inc and 1MY Strategic Oil Terminal Sdn Bhd to undertake reclamation of the 404.7-hectare area for the construction and operation of a crude oil and petroleum storage facility, with a private jetty included.

However, the Benalec projects have hit a snag over the delay in the environmental impact assessment (EIA) approval.

This delay was singled out by the Johor sultan in his speech at the start of the state assembly sitting on May 3, in which he complained about the EIA.

"An example is the land development project by Benalec, for which a memorandum of understanding was signed three years ago and witnessed by the prime minister himself, but to date still cannot get EIA approval," the ruler said.

Tomorrow, in the third of this four-part series, Malaysiakini will look at the royal family's sand extraction business, which stands to benefit from Johor's large-scale reclamation works in the Iskandar region.

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## Of reclamation, sand and the royal company

**SPECIAL REPORT** With more than 3,000 hectares of area undergoing reclamation in southern Johor and thousands more hectares in the pipeline, sand is an increasingly hot commodity.

Johor Menteri Besar Mohamed Khaled Nordin on July 6 revealed a total of 3,237.48 hectares of area in the state - about half the size of Putrajaya - were undergoing reclamation.

He announced a 30sen fee would be imposed for every square feet of land reclaimed to assist fishermen impacted by the works, bringing in a sum of RM104 million.

The new lands are raised from the Johor Straits by filling it with sand extracted from existing land or the seabed elsewhere.

The increased demand for sand is expected to benefit companies in the sand extraction business and here the Johor royal family too has a foothold.

The royal family's sand extraction business is done through Mados Sdn Bhd, a name that is rarely mentioned in the press but is familiar among the business community in Johor.

The last time the company's name appeared in the media was in The Star last year where a quarry it reportedly owned [rained boulders](#) on the industrial area of Bandar Seri Alam near Johor Bahru, killing one Nepali worker, injuring 11 and crushing some 20 vehicles.

According to a Companies Commission of Malaysia search by Malaysiakini last week, the late Johor sultan, Sultan Iskandar Sultan Ismail, holds 99.95 percent of shares in Mados Sdn Bhd with the remaining shareholders being his second wife and nine out of 10 children from two marriages.

Seven of the late sultan's children are also listed as directors, including reigning Sultan Ibrahim Ismail.

Sultan Iskandar passed away in 2010. The company information was last updated on October 2013.

### Court documents

In a 2002 memo by Mados Sdn Bhd sighted by Malaysiakini, the company confirmed it is the concessionaire for sea sand extraction in two areas - at Ramunia Shoal PTD 2346 and Kukup PTD 2923.

The document was subject of a 2012 court case where 124 fishermen had sued Pengerang Independent Terminal Sdn Bhd, Dialog E&C Sdn Bhd and the Johor state government.

They claimed that the construction of an independent deepwater petroleum terminal off the shore of Pengerang had destroyed their livelihood. The fishermen ultimately lost the case at the Johor Bahru High Court.

Even though Mados was not a party in the suit, the court addressed the company as it was raised as a side issue, where the fishermen claimed they were prevented from entering PTD 2346 and PTD 2923 due to dredging works by the company.

"I find that the evidence adduced shows that marine sand extraction activity was undertaken pursuant to a lawful sand concession granted by the Johor state government to Mados.

"There was no evidence to show that Mados had extracted the sand in breach of the law," judicial commissioner Teo Say Eng said in his written judgment dated Dec 11 last year.

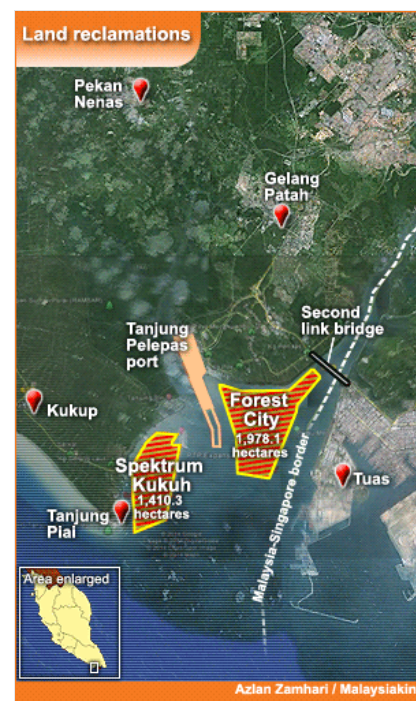
According to the court proceeding transcript, the Kota Tinggi assistant land administrator also confirmed Mados in 2011 received a five-year extension to its temporary operating licence to extract sand there.

### Approved without EIA

A clearer picture on the activities in PTD 2346, the location of Mados' concession, can be found in the Auditor-General's Report 2009.

The report did not mention names but noted that the Johor government in 2009 extended the concessionaire's temporary operating licence to extract sand in the area, despite opposition and non-compliance of rules set out by federal agencies.

"The audit found sea sand extraction activities in PTD2346, Mukim Pantai Timur, Kota Tinggi in an area of 22,265 hectares did not get the support of the Johor Fisheries Department.



"The Kota Tinggi land office had also set a condition for the (sand) producer to present an EIA [environmental impact assessment] as required by the Department of Environment.



"The producer's application to renew its temporary operating licence to produce sand was approved in the exco meeting in February 2009 through meeting summary Bil 615/2009. However, to date, no EIA is presented for approval," reads the auditor-general's report.

The report also noted that PTD2346 is a fishing zone and warned sand extraction activities can prove detrimental.

"When sand extraction is conducted at the sea bed, the resulting mud will cause water pollution and impact the marine life eco-system. The mud which accumulates along the shores will also result in sea side pollution," it said.

The report adds that an interview of 20 fishermen in Teluk Ramunia found that their haul had been affected as the fish habitat were disturbed and the fishermen's equipment were often damaged and filled with mud.

The obscure company came into the spotlight last month after Johor PKR vice-chairperson Hassan Karim highlighted Mados' activities in a scathing open letter to Johor MB Khaled.

**Can Khaled put his foot down?**

In the June 8 letter, Hassan urged Khaled to ensure the principles of a constitutional monarchy was upheld amid the Johor Housing and Property Board bill controversy which would have given the Johor sultan wide executive powers.

"You will be responsible as menteri besar if the people revolt against the raja and sultan in Johor.



"Hundreds of poor fishermen from various races, but majority of whom are Malays, are having sand thrown into their rice bowl when Mados Sdn Bhd, with the approval of the Johor government, suck up sand for reclamation in an area where the fishermen fish...," he said.

Exactly a week after that, Umno-linked New Straits Times group managing editor Abdul Jalil Hamid also questioned whether Khaled (left) was capable of keeping the royalty in check in an opinion piece entitled '[Can Johor MB say 'no' to royalty](#)'.

Khaled finally agreed to water down the bill after heavy pressure, replacing references of the state monarch with the state government.

Sultan Ibrahim later broke his silence on the controversial bill by assuring he would not interfere in state affairs. He also announced that the Johor government will conduct roadshows to explain the bill before he assents to it to become law.

Tomorrow, in the final instalment of this four-part series, Malaysiakini will look at a mysterious Umno figure whose name has constantly appeared in businesses where the Johor royal family has a stake.

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## Royal businesses - who is Daing A Malek?

**SPECIAL REPORT** Over the last four days, Malaysiakini has looked at three major reclamation projects in southern Johor with a combined area that will be almost the size of Putrajaya.

These are the Benalec Holdings reclamation sites in Pengarang and Tanjung Piai for petroleum facilities and a maritime industrial park respectively, and Country Garden's reclamation off Tanjung Kupang for Forest City.

The Johor royal family has stakes in all these projects, be it Johor Sultan Ibrahim Ismail or the state's crown prince Tunku Ismail Idris.

However, the name of Daing A Malek Daing A Rahaman had repeatedly appeared as either director or shareholder in companies where the Johor royal family has interest.

Ask any politician in Johor about Daing A Malek (right), and they would associate him with the Johor monarchy.

The man is widely reported to be a member of the Royal Court of Advisers to the Johor Sultan and a close friend of the current ruler and his father.

But Daing A Malek is no mere businessman - he is also an Umno politician who has proven himself as a capable adversary.

### More than a just a businessman

In 2008, he led a faction to challenge then home minister Syed Hamid Albar for the leadership of Johor's the Kota Tinggi Umno division.

Daing A Malek obtained 13 nominations to Syed Hamid's 10, suggesting a stiff fight for the incumbent who had led the division since 1993.

The contest eventually degenerated into accusations and counter-accusations of bribery between the two factions and Daing A Malek was eventually found guilty of money politics by the party and barred from the contest.

However, he emerged as the new Kota Tinggi Umno division chief in 2013, winning the post uncontested upon Syed Hamid 's decision not to defend his position.

Daing A Malek's role in Umno highlights the dynamics of the Malay nationalist party in Johor and dismisses the simplistic notion of "Umno versus royalty".

The businessman-cum-politician is well-known among the Malay and Orang Asli villagers along the coast of southern Johor, particularly among the fishing community whose livelihood has been severely impacted by the ongoing reclamation projects.

"He told the fishermen not to oppose the reclamation project and that they would be given some compensation," said an environmental activist who has been working in the area since 2011.

The activist, who declined to be named, said this was conveyed to him by fishermen from at least two fishing villages located along the Johor Straits - in the Sungai Danga and Tanjung Kupang

What some fishermen may not know is that Daing A Malek has a personal stake in these projects.

### A foot in royal businesses

According to Fisheries Statistics 2012 prepared by the Department of Fisheries Malaysia, there are 613 registered fishermen on the western side of Johor Bahru and another 615 registered on the eastern side.

Of them, 817 are bumiputera, 127 Chinese and 284 from the other races.

"Along the coast from Pendas to Tanjung Kupang, about a 10km stretch, there are some 250 fishermen, mostly ethnic Malays, operating small boats powered by outboard engines.

"The Forest City reclamation site is located just next to the coast," said the activist.





Daing A Malek is a director - and controls 15.6 percent of the shares - in Esplanade Danga 88 Sdn Bhd, which has a 34 percent stake in the Forest City project.

The controlling stake in Esplanade Danga 88, at 64.4 percent, is held by Sultan Ibrahim while state-owned Kumpulan Prasarana Rakyat Johor (KPRJ) has the remaining 20 percent.

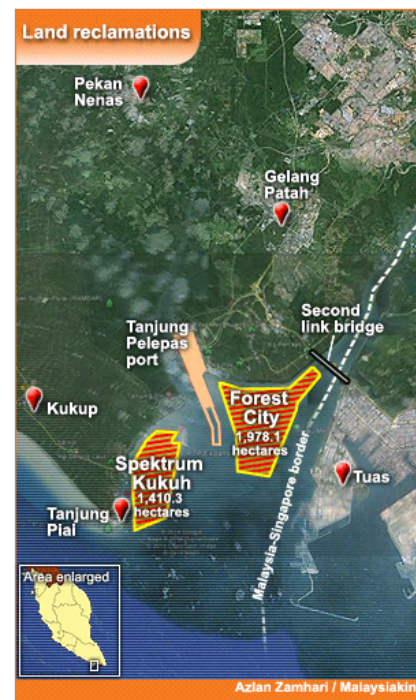
Likewise, in Spektrum Kukuh Sdn Bhd (SKSB) and Spektrum Budi Sdn Bhd (SBSB), in which Johor crown prince Tunku Ismail Idris holds a 21 percent stake, Daing A Malek's stake is nine percent stake and is also a director in both companies.

SKSB and SBSB are the vehicles of Benalec Holdings for the reclamation of 1,410.3 hectares off the coast of Tanjung Piai and another 712.3 hectares of reclamation along the coast of Pengerang.

Also, in SIPP Energy Sdn Bhd in which Sultan Ibrahim controls a stake of 51 percent, Daing A Malek's name again surfaces as a director and a substantial stakeholder with 24.5 percent of the shares.

SIPP Energy is part of the SIPP Power consortium, which was directly awarded Project 4A to build and operate a power plant with a capacity of 1,000 to 1,400 megawatts in the state.

However, the project is in limbo now, with YTL International Power Bhd withdrawing from the consortium after coming under pressure over the way the project was granted, without an open tender.

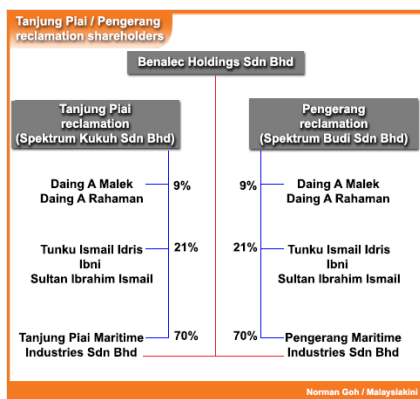


**From monarch to tycoon**

Sultan Ibrahim has attracted [much attention](#) in the last year, especially after selling 47 hectares of prime land in Johor Bahru to China-based Guangzhou R&F Properties Co Ltd for RM4.5 billion in December last year.

The area is not far from a massive waterfront land bank in south-central Johor Bahru, owned by tycoon Lim Kang Ho's Iskandar Waterfront Holdings. Sultan Ibrahim has described Lim as a business partner.

This came in the wake of the ruler's purchase of a 15 percent stake in MOL AccessPortal (MOL) for RM396 million and 20 percent for that of Berjaya Times Square Sdn Bhd for RM250 million.



Earlier this month, Sultan Ibrahim finally conducted the groundbreaking ceremony for Guangzhou R&F Properties Co Ltd, which is commencing development on the multi-billion ringgit land it purchased from the monarch, which has now been dubbed as "Princess Cove".

During the event, the ruler thanked the company's willingness to invest in Johor and said it would change the landscape of the state and create job opportunities.

Since the land sale, there has been speculation that Sultan Ibrahim may be involved in the subsequent development.

A Companies Commission of Malaysia search on Guangzhou R&F Properties' Malaysian subsidiary, R&F Development Sdn Bhd, revealed that it is wholly owned by Profit Range Holding Ltd, based in the British Virgin Islands.

Profit Range Holding is in turn owned by R&F Properties (HK) Company Ltd, which is in turn wholly owned by Guangzhou R&F Properties Co Ltd.

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