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### Malaysia Reverses Course on Sale of 1MDB's \$3 Billion Power Arm

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Malaysia scrapped a plan to seek buyers for state investment company 1Malaysia Development Bhd.'s power business, reversing course just a week after saying it appointed a bank to field interest in the assets.

The government, which had hired CIMB Group Holdings Bhd. to run a sale of 1MDB's Edra Global Energy Bhd. unit, told the bank its services are no longer needed and will push ahead with an IPO of the business, according to statements Wednesday. Bankers seeking roles representing buyers had been speaking to potential bidders from Malaysia, the Middle East and China, people with knowledge of the matter said, asking not to be identified as the information is private.

A debt-fueled splurge by 1MDB landed power plants from Malaysia to Egypt, as well as \$11 billion of borrowings -- equal to 3.6 percent of Malaysia's gross domestic product. Malaysia is now seeking to wind down the fund after 1MDB nearly defaulted on a loan and Fitch Ratings said its debt was weighing on the country's credit rating.

"This flip-flop adds to the confusion over who is in the driving seat when it comes to realizing 1MDB's assets and paying off the debt," Dilip Parameswaran, the Hong Kong-based head of independent advisory firm Asia Investment Advisors Ltd., said by phone on Wednesday. "For an investor, it is hard to figure out the value of their assets."

CIMB representatives didn't immediately respond to an e-mail seeking comment.

#### *Bangladesh, Egypt*

1MDB has the equivalent of \$1.05 billion of bonds and loans due this year and another \$249 million that needs to be repaid in 2016, data compiled by Bloomberg show. The investment company, formed in 2009, overpaid for the energy assets and may have needed to sell them for less than their original 12 billion-ringgit (\$3 billion) price tag, James Ratnam, a senior research analyst at TA Securities Holdings Bhd., said before Wednesday's announcement.

"The government and 1MDB have only become the ultimate butt of jokes in the global financial community," opposition lawmaker Tony Pua said in a statement on Thursday. "We have a bunch of clueless ministerial clowns managing the 42 billion-ringgit debacle."

The company's \$3 billion of 4.4 percent notes due 2023 climbed 0.1 cent to 91.18 cents on the dollar as of 4:35 p.m. in Hong Kong, to yield 5.8 percent, according to prices compiled by Bloomberg. The notes were sold to investors at par, or 100 cents on the dollar, in March 2013.

1MDB is the largest independent power producer in Bangladesh and Egypt, according to its website. At home, its domestic plants account for about 14 percent of Malaysia's total power generation capacity, according to Energy Commission data from 2013.

The company first mooted the idea of a listing of its power assets in 2012 and the share sale has been delayed several times since then. 1MDB is preparing to re-submit an application by May for an IPO of Edra that could raise as much as \$3 billion, people familiar with the matter said last month.