

SCOMI, PRASARANA to settle dispute over monorail deal

PETALING JAYA: Scomi Group Bhd has entered into a settlement agreement (SA) with Prasarana Malaysia Bhd to resolve the disputes in relation to the Kuala Lumpur Monorail Fleet Expansion Project.

In a filing with Bursa Malaysia, Scomi said its indirect wholly owned subsidiary Scomi Transit Projects Sdn Bhd (STP) and Prasarana entered into the SA with the intention of amicably determining legal proceedings between the two parties while concurrently moving forward with the completion of the project.

The project involves the upgrading of the Kuala Lumpur monorail stations and the electrical and mechanical system; the construction of a new depot; and delivery of 12 sets of new four-car trains.

Under the SA, Prasarana will pay RM181 million to enable STP to undertake remedial works necessary to put five four-car monorail trains into revenue service and to make payments to STP's lenders, employees and creditors.

The two parties will also withdraw their respective claims and counterclaims against each other, fully releasing each other in respect of all claims, obligations and liabilities arising from the contract in connection with the project.

A further agreement will be entered into between the two parties for the completion and delivery of seven four-car monorail trains (completion agreement).

Scomi said the execution of the SA may be earnings accretive and contribute positively to the future earnings and earnings per share of the company, but is conditional upon the parties entering into the completion agreement, and Scomi fulfilling the terms and conditions of the SA and completion agreement.

To recap, Scomi had in March 2016 obtained an ex parte injunction to restrain Prasarana from terminating the project, in response to Prasarana's threats to terminate the RM494 million contract.

At that time, STP had only delivered six sets of the four-car monorail trains, of which five were in revenue service. The two parties were embroiled in a string of claims and counterclaims, which subsequently led to Prasarana terminating the contract.

In October last year, Scomi met Transport Minister Anthony Loke to discuss the legal disputes with Prasarana. Trading of Scomi's shares were suspended from 10.57am yesterday pending the announcement of the SA.

Scomi's share price has been on the rise this week, having surged 30% from 5 sen on March 29. It was last traded at 6.5 sen with 23.12 million shares changing hands.