

Malaysia

# Under fire, Penang says state land leased for RM2b medical tourism project

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An artist's impression of the upcoming Island Medical City project in Penang. — Picture courtesy of Island Hospital - See more at: <http://www.themalaymailonline.com/money/article/rm2b-island-medical-city-project-announced#sthash.8XCVLNDg.dpuf>

GEORGE TOWN, May 17 — The state has leased out 6.83 acres of state land to Island Hospital for a RM2 billion development Island Medical City project, the Penang state government said today amid scrutiny over an alleged land sale.

Penang Chief Minister Lim Guan Eng, who announced this project today, said this is the biggest such investment by a hospital for the state.

“This will enhance Penang’s efforts as a medical city,” he said in a press conference together with Island Hospital today.

He said there was no open tender for the land as the lease was considered as an “investment” by a reputable hospital.

“We treat this case in the same manner

as investments from a multinational company, this is a hospital looking at a massive expansion, so we treat it as an investment,” he said.

He added that the land was leased to the hospital, at RM156 million, based on their capacity as a reputable private hospital and ability to secure a license from the Health Ministry.

The lease was signed on December 19 last year and the hospital has two years to obtain a license from the Health Ministry to proceed with the project.

The Island Medical City project will add 300 more hospital beds to the current 300 beds in Island Hospital in its first phase with a projection of reaching a capacity of 1,000 beds in the long-term.

“This project will be the largest private hospital in Malaysia,” Lim said.

The land will be leased for 99 years to Island Hospital and the hospital will convert its own freehold land to be 99 years leasehold as it will be amalgamating its own land with the leased land, Lim said.

The hospital has already paid RM30 million deposit to lease the land and will pay the remaining balance after they obtained license from the ministry.

The piece of state land was under scrutiny in recent days when Penang Gerakan demanded to know whether the state government had sold off the land.

Penang Gerakan Acting Youth Chief Jason Loo had demanded that the state reveal details of the land sale and whether an open tender was held before it was sold off.

He also demanded to know why the state government had been so secretive about the land sale.

Lim today responded that the state government could not announce this project as the announcement has to be made by the investor.

"It is their right to find the appropriate time to make the announcement," he said.

He said the state government can't make investment announcements because of political pressure.

"We have to respect our non-disclosure agreements, we have to honour this so that foreign investors will have confidence that we honour this basic rule," he said.