

# Penang Bridge loan deal signed

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## China providing RM2.7bil financing to Malaysia for the project

By **MAZWIN NIK ANIS**  
mazwin@thestar.com.my

**PUTRAJAYA:** Malaysia and China inked a RM2.7bil (US\$800mil) loan agreement, paving the way for the construction of the second Penang Bridge.

The loan facility is the largest given by China for a single project in a foreign country so far.

The terms of the loan agreement, which include an interest rate of 3% per annum over 20 years, is the most favourable offered to a foreign country.

With construction scheduled to begin in November and completion by 2011, the 23km-bridge - of which 17km will be over water - will be the longest bridge in South-East Asia.

Second Finance Minister Tan Sri Nor Mohamed Yakcop said many countries were hoping to "build bridges" (relationships) with China.

"With this project, we are literally building a bridge with China," he said during a press conference after witnessing the signing of the general loan agreement.

The parties to the agreement were the Malaysian Government, China's Exim Bank and Bank Pembangunan (Malaysia) Bhd.

A contract was also signed between UEM Group Bhd, JV Con-

sortium of China Harbour Engineering Company (CHEC) and UEM Construction.

Nor Mohamed said the second Penang Bridge would be a signature project under the Ninth Malaysia Plan and a major catalyst for economic growth and investment in the Northern Corridor.

"The Government is committed to see this project implemented on a fast track and have the bridge open for use in 2011," he added.

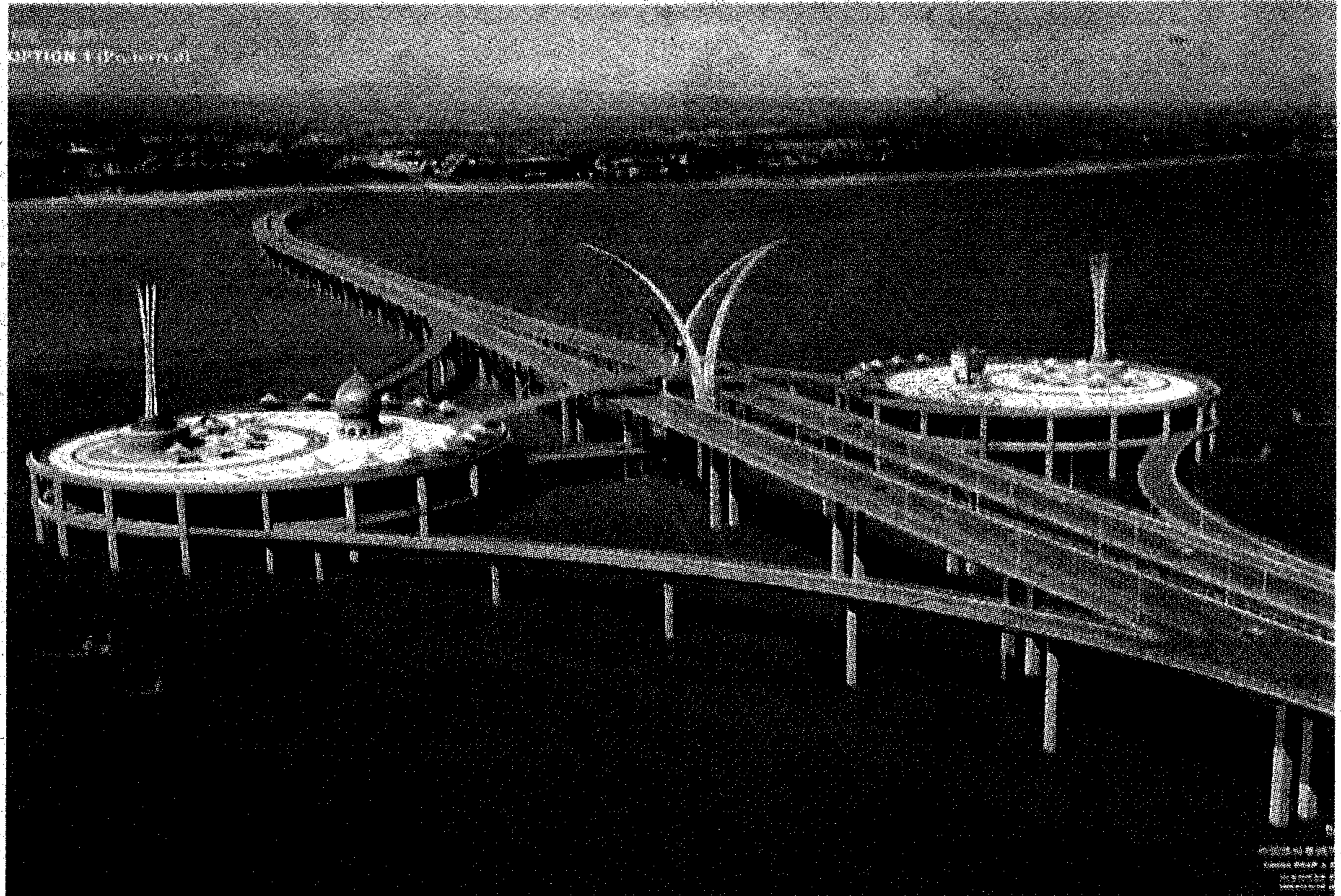
Nor Mohamed said the agreements signed were a major milestone in advancing the implementation of the second bridge for Penang, adding that the favourable interest rate would help reduce the cost of the bridge.

On China-Malaysia relations, Nor Mohamed said being a small country, Malaysia could not expect to directly compete in the same areas as China but should instead find a competitive niche.

He said relations between Malaysia, China and India were not something new and dated back 600 years ago when the two were world economic powers.

"What is happening now is similar to what happened hundreds of years ago. Our relationship goes back 600 years ago," he said.

Chinese Minister of Commerce Bo Xi Lai, who witnessed the signing of the agreements, said Chinese



**The future:** An artist's impression of how the second Penang Bridge will look like after it is completed in November 2011.

Premier Wen Jiabao and Prime Minister Datuk Seri Abdullah Ahmad Badawi had "pushed for the project."

He expressed confidence that

Malaysia would benefit from CHEC's participation in the project.

Bo said that if formalities and procedures were completed by early next month and construction began

by November, the project could be completed by Nov 1, 2010.

Also present at the signing was Penang Chief Minister Tan Sri Dr Koh Tsu Koon.