

**Tee Keat, Hwa Beng say Najib, Kong ordered PKFZ payments**  
**The Malaysian Insider**  
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**By Shannon Teoh**

KUALA LUMPUR, April 20 — Datuk Seri Najib Razak and Datuk Seri Kong Cho Ha reversed decisions not to pay Kuala Dimensi Sdn Bhd (KDSB) bondholders in 2009 and 2010 respectively, according to Datuk Seri Ong Tee Keat and Datuk Lee Hwa Beng.

Ong, a former transport minister, was accused by the Port Klang Authority (PKA) this morning of authorising payments to KDSB bondholders despite a dispute over whether the turnkey developer for the controversial Port Klang Free Zone (PKFZ) completed up to RM1.6 billion in work.

Ong said his directive to suspend the payment in 2009 was overruled by the Finance Ministry. — File pic  
PKA chairman Datuk Teh Kim Poh insisted that further payments under him and Ong's successor Kong were "just a continuation."

But Ong told The Malaysian Insider that his directive to suspend the payment in 2009 was overruled by the Finance Ministry.

"I don't want to implicate the prime minister but only July 4, he told me to reverse the decision. I said no way. But the board, under Lee's stewardship, had to convene a meeting grudgingly to reverse the decision," he said.

The Pandan MP said the payment was then made a few days later and "by now, both Kong and the PKA chairman should have details of the reversion and not deliberately mislead the public."

He added that he had been dropped from the Cabinet after being ousted as MCA president in March 2010 by the time that year's payment was made.

Lee, who was PKA chairman from March 2008 to March 2011, corroborated Ong's version of events, saying that Kong had invoked ministerial powers under the Port Authorities Act in 2010 to order the board to pay the special purpose vehicle (SPV) representing the bondholders.

"The board already met in April to suspend payment because the outstanding amount would have dropped below the RM1.6 billion being disputed in court," the former Subang Jaya assemblyman for the MCA said.

He told The Malaysian Insider the board had then agreed to Kong's directive as legal advisers Skrine & Co had said that the MCA secretary-general would be held responsible if the government was later unable to recover the disputed sum.

"This notion that PKA is paying the bondholders and not KDSB is also nonsense. From the

start, KDSB had asked that payment be made to the SPV. So legally, paying the SPV is the same as paying KDSB," he said.

Both Ong and Lee also said that payments prior to 2009 were delivered as scheduled as there was no strong case of wrongdoing yet, such as that presented in the PricewaterhouseCooper (PwC) report that was released that year.

On Tuesday, Ong had said the government has paid RM3.039 billion to bondholders despite outstanding legal suits in the scandal that ballooned from an initial RM1.1 billion to a possible RM12.5 billion.

He said the government should not pay the bondholders, with another RM733.37 million due at the end of June, until the legal disputes have been settled.

The PKA insisted on Wednesday it paid bondholders to avoid breach of contract in light of ongoing legal cases in the scandal.

But the DAP had said there are no contract terms requiring PKA to pay if work was not completed as under the bond agreement KDSB was to cover any shortfall in payment due to incomplete work and gave bondholders the power to sue the company in such an event.

"These actions will obviously mean substantial losses by KDSB, a company owned by Barisan Nasional (BN) Backbenchers Club chairman Datuk Seri Tiong King Sing," its publicity chief Tony Pua had said.

But PKA financial manager Adnan Abidin said today PKA had signed a letter of undertaking in the agreement between KDSB and the SPV representing bondholders.

The project, initially tagged at RM1.1 billion after it was mooted by then Transport Minister Tun Dr Ling Liong Sik in 1997, more than quadrupled to RM4.6 billion by 2007.

A position review by top accounting firm PwC revealed in 2009 that the total cost including interest from debt repayments could reach RM12.5 billion.

Since December 2009, six individuals have been charged in court including ex-MCA president Dr Ling and his successor as transport minister, former MCA deputy chief Chan, who are both accused of lying to the Cabinet.

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