

Tee Keat started payments to KDSB bondholders, says PKA
The Malaysian Insider
April 20, 2012
By Shannon Teoh

PORT KLANG, April 20 — Datuk Seri Ong Tee Keat began payments to Kuala Dimensi Sdn Bhd (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, the Port Klang Authority (PKA) said today.

The former transport minister has 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.

“During his term, two payments of RM660 million each were made in June 2009 and June 2010. So under Datuk Seri Kong Cho Ha, this is just a continuation,” said PKA chairman Datuk Teh Kim Poh, referring to Ong’s successor as transport minister.

Teh makes a point at the press conference in Port Klang on April 20, 2012. — Picture by Jack Ooi

However, PKA had filed the suits in September 2009 and Ong, who was ousted as MCA president in March 2010, had said in a blog posting on June 1, 2010, that “I am blogging from Tokyo where I was informed that I have not been included in the new Cabinet line-up.”

Ong had said at the launch of a book on PKFZ by former PKA chief Datuk Lee Hwa Beng on Tuesday 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 Port Klang Authority (PKA) insisted on Wednesday it paid bondholders to avoid breach of contract in light of ongoing legal cases in the scandal.

Its financial manager Adnan Abidin said at a press conference today “the commitment from the government has already been given.”

He said that whether the letters of support for the bonds by previous transport ministers Tun Dr Ling Liong Sik and Tan Sri Chan Kong Choy amounted to government guarantees were still under dispute, so PKA would still have to pay.

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 Adnan said today PKA had signed a letter of undertaking in the agreement between

KDSB and the special purpose vehicle (SPV) representing bondholders.

"What has been constructed is already there," PKA's Teh said.

The PKA, which Lee left in March 2011, has also denied the DAP's claims that it dropped legal action against KDSB for alleged fraud, unconscionable conduct and overcharging in favour of resolving the matter through arbitration.

Teh repeated this today, adding "there is no such thing that we are trying to stop or remove these cases."

"It is not in our minds and we have never talked about it," he said, referring to Kong, who is also MCA secretary-general.

The project, initially tagged at RM1.1 billion after it was mooted by then Transport Minister Dr Ling 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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