



PORT KLANG FREE ZONE SDN BHD (708970-U)  
P.O. Box 261, Jalan Pelabuhan,  
42009 Port Klang, Selangor D.E., Malaysia  
Jalan FZ 2-P5, Port Klang Free Zone / KS 12,  
42920 Pulau Indah, Selangor Darul Ehsan  
Tel : +603 3101 5568  
Fax : +603 3101 4489  
E-mail : info@pkfz.com  
Website : www.pkfz.com

## Press Clipping

Port Klang Free Zone

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### **RM4.6b soft loan for PKFZ not a bailout, says Chan**

**by Basil Foo & Lim Yu Min**

SUBANG JAYA: Transport Minister Datuk Seri Chan Kong Choy has brushed aside suggestion that the government's proposed RM4.6 billion soft loan to the Port Klang Authority (PKA) for the development of the Port Klang Free Zone (PKFZ) was a bailout.

The minister said he was confident the soft loan would be fully repaid as the "lifespan of the free zone project was about 50 to 60 years."

"Definitely, we would not take that long to repay," he told reporters at the launch of PKFZ's new logo here yesterday. He added that PKFZ would be in a good position to generate its own cash and resources after the repayment.

Chan said talks with the Ministry of Finance (MoF) were ongoing for PKFZ to obtain the soft loan towards covering the development cost of the free zone.

The PKFZ project has been criticised as it had seen its total development cost of less than RM2.5 billion ballooning to RM4.6 billion, while there are concerns on whether it could meet its debt obligations as well as that of the soft loan.

The project has been controversial from the beginning when several individuals acquired the piece of land at RM3 per sq ft in 1999 from a cooperative and later attempted to inject it into their listed vehicle, Wijaya Baru Global Bhd, in return for shares.

The Securities Commission turned down the proposal as the price was too high but PKA acquired the land at RM25 psf, to be paid in deferred payments. PKFZ ran into further problems when Jebel Ali Free Zone quit the management of the free zone.

"I am happy with the development of PKFZ, the project is not even completed yet, and in less than a year, we have succeeded in attracting 39 investors to start operations in PKFZ with total investment of RM729 million," Chan said.

He said the PKFZ management was in negotiations with 55 companies with a potential additional investment value of RM610 million by the end of next year.

PKA chairman Datuk Chor Chee Heung said the PKFZ was a national project conceived out of a conviction that such a facility would add impetus to ongoing efforts to enhance Port Klang's position as the regional hub port.