

Selangor's RM1 Billion Scandal Or Chua's RM1 Billion Blunder?

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Chua Tee Yong has on 3rd July made headlines in all media by accusing the Selangor state government of committing a RM1 billion land scandal, bailing out financially stricken property developer Talam Corporation.

Since then we have showed clearly that there was not only no bailout, Talam was forced to repay its debts to the state government amounting to RM392 million which were all accrued during the Barisan Nasional regime.

We have also proven that Chua not only could not tell the difference between debit and credit columns of a balance sheet, he had the uncanny subtraction ability of "two minus one equals three" ($2 - 1 = 3$) which resulted in the impossible figure of RM1 billion mega-blunder.

However, since then, Chua has failed to respond or clarify on his mega-billion ringgit blunder. He only said during his press conference on 5th July 2012 that he'll reply "once he has gathered further information".

"I will give you (the answer) when I receive further information, as I am receiving some on that," he said.

As of today at 11 July 2012, Chua has still not responded to or corrected his mega-blunder and this only proves that there was never a RM1 billion scandal and the Selangor state government never bailed out Talam as accused by Chua and MCA.

Never before in the history of Malaysia has a Deputy Minister "exposed" a RM1 billion "scandal" which subsequently become a RM1 billion mega-blunder, and Chua Tee Yong will suffer the ignominy of becoming the very first in the country.

The latest RM57 million "overpayment" alleged by Chua Tee Yong proves not only the fact that he doesn't do his homework, he also cannot read and count

#1. Chua can't read and count

MCA today accused the Selangor government of "overpaying" RM57.3 million to Talam Corporation Bhd for 53.74 hectares of land in Danau Putra, Selangor.

Chua had claimed that the land was over-valued, because it was 80 percent submerged under water. He asked "Why is the PR Selangor government buying land which is 80 per cent submerged underwater and requires more than RM50 million to fill up before they can commence development?"

Referring to the exact same document which Chua was using to demonstrate his knowledge during the press conference, the land valuation report by Chartwell ITAC International indeed highlighted the fact that "the cost of filling is estimated of about RM51,500,000".

However, Chua seems to have failed to read in the same paragraph of the report that Chartwell has already "made further adjustment to our valuation by excluding the estimated

cost of earth filling of the area underwater".

After deducting the above, Chartwell arrived at a professional valuation of RM93.5 million for the land which is even higher than the valuation of RM87.7 million given by state government. Hence Chua's accusation that the state has failed to take into account of the submerged land and overpaid as a result, is another simple case of double-counting. Chua was basically trying to deduct the cost of filling the land again, even after it has been taken into consideration by the professional valuer.

#2. Chua failed to do his homework again

Chua had asked "How come [one of the four parcels of] land was auctioned off? And why was the aforesaid plot priced at 2.86 times the auction amount and, assuming the price was RM5.20psf, why did the Selangor government overpay by RM57 million?"

He further added that due to some legal complications, the land was auctioned off on Sept 7 that year. However, Chua admitted that he did not know the nature of the legal action that led to the property being auctioned.

Chua has failed to secure information with regards to the legal "complication" above which might have protected him against making another wild unsubstantiated allegation against the Selangor state government.

A look at the publicly available January 2012 Talam Corporation Bhd Annual Report will immediately disclose the history of the legal complication. Bangkok Bank Bhd (BBB) had erroneously auctioned the above said property on 7 September 2010 despite being aware that the land is part and parcel of properties being disposed to Menteri Besar (Incorporated) (MBI) under a settlement agreement entered into on 12 March 2010.

Talam has taken legal action against the bank to recover the losses from the land, where the bank auction purchaser bought for RM15 million, well below the transacted value with MBI of RM48.7 million.

However, what proves to be a stroke of business savvy and negotiating genius of the Khalid Ibrahim-led MBI was the fact that regardless of the outcome of the legal dispute, the interest of the state in collecting the outstanding debt is not at all compromised. Talam has disclosed in the Annual Report that "the disposal of this property will not have any significant impact on the MBI settlement agreement". The Company stated that "if necessary, the Company will identify a piece of land to replace the abovementioned to MBI".

This proves that the State Government will not lose a single sen over the above transaction unlike what was alleged by ChuaTee Yong. It would perhaps have been more productive if he starts shifting his focus to how Talam was able to amass such a huge RM392 million debt with the state government, and perhaps he might be able to find some mud against BN then.

We have shown clearly with facts, figures and documents to prove that all the alleged scandals raised during Chua's press conferences were completely without basis. Chua has proven to be an incompetent leader of the MCA Young Professionals Bureau, making mistakes after mistakes during press conferences. Chua should perhaps stop the attempts to dig a deeper hole for himself while attempting to cover up his RM1 billion mega-blunder.

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