

Pua alleges highway deal is golden handshake for tycoon
The Malaysian Insider
April 19, 2012
By Clara Chooi

KUALA LUMPUR, April 19 — DAP MP Tony Pua alleged today that the lucrative RM7.07 billion West Coast Expressway (WCE) contract will soon turn business tycoon Tan Sri Chan Ah Chye into an “instant multi-millionaire” when he rakes in some RM231 million for his stake in Kumpulan Europlus Bhd.

Citing “unconfirmed information”, Pua claimed today that Chan’s shares would soon be acquired at more than 30 per cent above the current market price, amounting to a “golden handshake” for the businessman.

Pua (picture) said this comes following Chan’s sudden resignation as Europlus’s president and chief executive officer earlier this month.

“The announcement came as a shock because it clearly signals the fact that Tan Sri Chan Ah Chye will soon be receiving a ‘golden handshake’ for his 27.6 per cent stake in the company, valued at RM178.1 million at current market prices.

“There is no conceivable reason for him to resign from all positions in the company if he were to maintain his shareholdings,” Pua told a press conference in Parliament today.

He cited Chan later as saying that his resignation comes after working on the WCE for the past 16 years and “now that the project has been awarded to Europlus’ 80 per cent-owned subsidiary West Coast Expressway Sdn Bhd, it is his desire to spend more time with his family and do things he has had no time to do for the last so many years”.

“By just securing the contract, Tan Sri Chan Ah Chye has seen his wealth rise by leaps and bounds with an immediate exit in less than three months after the award before the construction work even commenced,” Pua said.

On January 26, Europlus disclosed in a filing to Bursa Malaysia that it had received an approval letter on that day from the Public Private Partnership Unit of the Prime Minister’s Department for West Coast Expressway Sdn Bhd (of which it owns 80 per cent stake) to undertake the proposed privatisation of the construction of the WCE.

According to the filing, Europlus also told the bourse that it had won a RM2.24 billion government soft loan at an interest rate of 4 per cent per annum and an interest subsidy of up to 3 per cent from commercial loans for a period of 22 years.

This is on top of Putrajaya paying RM980 million in land acquisition cost to join Banting in Selangor to Taiping in Perak with a 316km-long highway that will be tolled for a record 60 years.

Pua noted that the terms of the concession was a “far cry” from the original terms awarded

in May 2007. The terms were re-negotiated as West Coast Expressway Sdn Bhd had been unable to fulfil some of the original terms and conditions stipulated.

But the result of the re-negotiation, Pua complained, was a whopping 134.5 per cent increase from the original RM3 billion highway bill and an extension of the concession period from 33 years to the present 60 years.

“The soft loans and interest subsidies on commercial loans were all new sweeteners added to the agreement terms to ensure a lucrative project for the concessionaire,” he said.

The Petaling Jaya Utara MP also reported that the award of the concession had subsequently caused Europlus stock prices to leap from a low of 88 sen in September last year to a high of RM1.36 after the announcement to Bursa Malaysia in January this year.

“Today, the stock is trading at RM1.24, still 41 per cent above its lows last year,” he said, adding that the low price earlier was unsurprising as Europlus had recorded RM50.8 million in losses and less than RM28 million revenue for the year ending January 2011.

Pua demanded the BN government withdraw the WCE contract and reopen for bidding via open, competitive tender to ensure that the best companies offering the lowest construction prices and the shortest concession period are awarded the contract.

“We call upon the BN government to stop making instant multi-million profits for its cronies,” he said.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/pua-alleges-highway-deal-is-golden-handshake-for-tycoon/>