



18 October 2018

MEDIA STATEMENT

For immediate release

PUSPAKOM CLARIFIES CONCESSION AGREEMENT WITH MINISTRY OF TRANSPORT IS STILL IN EFFECT

Following the announcement by the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) to hold an open tender to select service providers for inspection activities of used vehicles namely Hire Purchase Inspection (HPI) for the new term effective 18 December 2018, PUSPAKOM wishes to clarify that the inspection activities mentioned by the KPDNHEP is only related to our appointment as a service provider with the said Ministry. Under this agreement which is in line with the Hire Purchase Act, PUSPAKOM carries out inspection on used vehicles when they are sold, upon which the new vehicle owners enter into a hire purchase contract with financial institutions.

However, PUSPAKOM's main concession agreement with Ministry of Transport (MOT) to undertake all mandatory inspections for commercial vehicles and private vehicles is still in effect. The concession agreement will only expire in 2024.

In regard to the HPI, PUSPAKOM will submit a proposal to KPDNHEP offering inspection services for the new term. PUSPAKOM strongly believes that it can ride on its current inspection capacity and capability i.e. readiness of the established inspection system, infrastructure, skilled resources and network of inspection centres nationwide to continue to offer HPI service to the Government.

Revenue from HPI accounts for approximately 7% of PUSPAKOM's total annual revenue, with an average of 170,000 inspections of used private vehicles conducted annually nationwide. The largest revenue source for PUSPAKOM is from mandatory inspections of commercial vehicles and private vehicles, which is about 84%; under the existing concession agreement with MOT which will expire only in 2024. Other services and inspections contribute 9% to PUSPAKOM's total annual revenue.

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