Mass Rapid Transit Corporation Sdn Bhd (902884V)

Tingkat 5, Menara I & P 1,
No. 46, Jalan Dungun, Bukit Damansara,
50490 Kuala Lumpur, Malaysia.

Tel: +60 3 2095 3030
Fax: +60 3 2095 2121

MEDIA RELEASE

INACCURATE REPORT ON MRT PROJECT DELIVERY PARTNER FEE

Fee should not include cost of underground works package

Kuala Lumpur, 1 August 2014: Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) has rebutted the inaccurate and misleading report on the fees payable to MMC Gamuda KVMRT (PDP) Sdn Bhd, the MRT Project Delivery Partner (PDP), which appeared on the front page of New Straits Times' *Business Times* today.

MRT Corp is the project owner and developer of the MRT Sungai Buloh-Kajang Line which is a six year project spanning 2011 and 2017. MRT Corp appointed MMC Gamuda KVMRT (PDP) Sdn Bhd as Project Delivery Partner of the Project whereby it shoulders the responsibility of delivering the project on time and within targeted cost, failing which, a penalty will be imposed.

For this service and responsibility, the PDP is paid a fee of 6% of the total cost of awarded work packages excluding the cost of the underground works package. The total cost of awarded work packages excluding the underground works package is estimated to be around RM14.7 billion.

In view of this, the report which appeared today is wrong and misleading.

MRT Corp Chief Executive Officer Datuk Wira Azhar Abdul Hamid says the report failed to understand that the underground work package which cost RM8.28 billion should be excluded from the calculation of the PDP fee.

The underground works package covers the construction of the 9.5km underground tunnels of the MRT Sungai Buloh-Kajang Line and seven underground stations.

"The PDP is responsible for and manages all construction and systems packages of the Project excluding the underground package. The contractor for the underground works package, MMC Gamuda KVMRT (Tunelling) Sdn Bhd (MGKT) which is a MMC-Gamuda joint venture company, reports directly to MRT Corp and not to the PDP.

"In reality, PDP will earn fees of about RM900m over six years. This amounts to RM150 million a year," Azhar explains.

Azhar also explains that the reimbursable sums mentioned in the report includes payments, such as engineering consultancy and quantity surveying, as well as overhead costs that the PDP will incur.

"They are not a profit sum. These costs would have been incurred by MRT Corp itself had a PDP not been appointed for the Project," he says.

Azhar adds that the reimbursables have to be claimed from MRT Corp and each claim undergoes vigorous scrutiny before payment is made. The total claim for reimbursables is capped at RM2.75 billion.

"It does not mean that the RM2.75 billion is earned by the PDP. It is a reimbursable and has no profit element," Azhar explained.

He adds: "To say the PDP will net RM4 billion is misleading and incorrect. They earn the fee of 6% of total works packages awarded excluding the underground works package and over a period of 6 years.

"Furthermore, the PDP will get their full fee only if they deliver the Project on time and within the target cost. And this is always subject to delay and cost over-run penalties. This protects the Government and the public infrastructure from cost over-runs and cost due to project delays."

Based on the media briefing held on 23 July 2014, reimbursables paid out to-date stand at about 33% of the capped sum, with the project at about 48% completion. Variation orders have been marginal at just 0.87% of total cost of awarded contracts.

Azhar says the appointment of a PDP for the MRT Project has proven to be a very positive move as construction progress has been within programme and expected cost.

"We are approaching the halfway mark and our completion date remains at December 2016 for Phase One between Sungai Buloh and Semantan, and July 2017 for the rest of the line to Kajang.

"These dates have not changed from Day One when we started construction," he says.

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About the MRT Project

MRT is a new rail transport system for the Klang Valley. It is part of the Government's Greater Kuala Lumpur/Klang Valley's National Key Economic Area (NKEA), under the Economic Transformation Programme. The Sungai Buloh – Kajang Line runs for 51 kilometres, from the north-west town of Sg Buloh to the south-east city town of Kajang. Upon completion, it will comprise 31 stations, and serve 1.2 million people along the route. It will also have strategic integration with the Klang Valley's existing rail transport network, namely the LRT, Monorail and KTM Komuter, as well as intra and inter-city bus routes. The end result will be better connectivity for Kuala Lumpur and its surrounding cities, while reducing the number of cars that enter the capital.

For media enquiries, please contact:

Ms. Nadia Azmi ***03-20813185 / nadia.azmi@mymrt.com.my***
MRT Corp

Mr. Leong Shen-Li ***03-20813182 / leong.shen-li@mymrt.com.my***
MRT Corp