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CGC and MRT Corp Sign MoU to assist more Bumiputera sub-contractors with access to financing

-CGC targets to provide RM100 million of financing to Bumiputera sub-contractors under MRT Line 2

KUALA LUMPUR, 12 August – Credit Guarantee Corporation Malaysia Berhad (CGC) and Mass Rapid Transit Corporation Sdn. Bhd. (MRT Corp) signed a Memorandum of Understanding (MoU) today to assist eligible Bumiputera sub-contractors participating in the MRT Sungai Buloh - Serdang - Putrajaya (SSP) Line under the Klang Valley MRT (KVMRT) project with access to financing.

The collaboration between CGC and MRT Corp paves the way for the Bumiputera sub-contractors to secure financing to undertake contract works in this project which involves the construction of a rail-based public transport network which, together with the existing Light Rail Transit (LRT), Monorail, KTM Komuter, KLIA Express and KLIA Transit System will form the backbone of the greater Kuala Lumpur / Klang Valley region's public transport system.

"Our collaboration with MRT Corp gives CGC a huge opportunity to play its part in the national infrastructure development project such as the MRT Line 2 which is one of the agenda under the National Key Results Areas," CGC's President/Chief Executive Officer, Mohd Zamree Mohd Ishak told reporters after the MoU signing ceremony.

"In the earlier collaboration with MRT Corp, CGC was the preferred partner for their G1 to G4 Bumiputera contractors under the MRT Line 1 project. We have enabled about 12 Bumiputera contractors to undertake and successfully complete their projects by providing financing through our Bumiputera Entrepreneur Project Fund (Tabung Projek Usahawan Bumiputera–i (TPUB-i)," added Zamree.

"Our strong financing support to the Bumiputera contractors of MRT Line 1 project through TPUB-i and also our keen interest in extending financing to contractors expected to undertake future contracts were viewed positively by MRT Corp. The signing of MOU today is testimony of their confidence in CGC as a reliable partner in the financing of Bumiputera contractors," he said.

To date, MRT Corp has screened close to a thousand companies but only 700 G1 to G6 companies may be eligible to obtain financing from the contract amount valued at RM900 million which has been allocated for the MRT Line 2 project.

Zamree said that CGC is optimistic of financing at least RM100 million of the total contract worth RM900 million allocated under the Bumiputera package in the MRT Line 2 project within the next three years.

Through TPUB-i financing facility, CGC has been providing financing to Bumiputera contractors who were awarded contracts by the Government and Government-linked companies. To date, CGC has approved a total of RM850 million worth of financing through TPUB-i benefitting about 1,200 Bumiputera SMEs. "In 2016, we are targeting to approve RM220 million of financing through TPUB-i," added Zamree.

"This is part of the initiative to enhance our Bumiputera SME outreach as some of these Bumiputera companies participating in the MRT Line projects are also eligible contractors. We foresee these Bumiputera companies being awarded with more contracts in the near future and as such, we view them as potential leads for CGC products," he said adding that this will also help CGC to grow its TPUB-i portfolio.

MRT Corp Chief Executive Officer Dato' Sri Shahril Mokhtar said CGC's financing product for Bumiputra contractors was extremely important towards ensuring the success of MRT Corp's Bumiputera Agenda participation for SME contractors from Grades G1 to Grade G6 category.

"I understand that CGC had provided financing to Bumiputera contractors from Grades G1 to Grade G4 who have participated in the construction of the MRT Sungai Buloh-Kajang Line (SBK Line). I am glad that this will continue for the second MRT line where the financing provided will be from Grades G1 to G6 for the MRT Sungai Buloh-Serdang-Putrajaya Line, with the signing of the MoU," he said.

He thanked CGC for providing a specific financing product for Bumiputera contractors participating in the MRT Project, with very favourable terms and conditions such the availability of a mobilisation fund as part of the financing package, faster application time, competitive rates and the briefing and coaching sessions to the contractors.

“With such support, I believe the contractors will no longer face too many problems in getting their work started and will be successful in completing their contracts,” he said.

Shahril said MRT Corp remained committed to the Bumiputera Agenda and this could be seen from the fact that the total value of contracts awarded to Bumiputera companies under the SBK Line was 50% of all contracts awarded, which has surpassed the 43% target set by the Government.

“The target set for the SSP Line is now 45%. I am confident that with the support from all quarters such as CGC, MRT Corp will be able to go beyond this target, *insyallah*,” he said.

The MoU signing ceremony was held at Lanai Kijang, Bank Negara Malaysia. Signing on behalf of MRT Corp was its Chief Executive Officer, Dato’ Sri Shahril Mokhtar whilst President / Chief Executive Officer, Mohd Zamree Mohd Ishak signed for CGC. The signing ceremony was witnessed by the Minister of International Trade and Industry, YB Dato’ Sri Mustapa Mohamed and Chairman of CGC, Dato' Agil Natt.

About CGC

Credit Guarantee Corporation Malaysia Berhad (CGC) was established on 5 July 1972 and it is 78.65% owned by Bank Negara Malaysia and the remaining 21.35% owned by various commercial banks in Malaysia.

The core business of CGC is to assist SMEs, especially those with inadequate or without collateral and track record, to obtain credit facilities from financial institutions by providing guarantee cover on such facilities. CGC has availed over 442,000 guarantees and financing to SMEs valued over RM61.5 billion since its establishment.

CGC's support for SMEs is not only confined to the provision of loan guarantees and financing facilities, but also credit information and credit rating services through its subsidiary Credit Bureau Malaysia. Through the Bureau, CGC assist SMEs to build a credit history and track record to enhance their credibility and bankability to secure financing on their own merit and at reasonable cost.

Other funds currently managed by CGC include the Green Technology Financing Scheme (GTFS) and the Bumiputera Entrepreneur Project Fund (TPUB-i) with a total allocation of RM3.5 billion and RM300 million respectively. To date, CGC had managed a total of 45 guarantee schemes including 16 government-backed schemes.

Currently, seventeen (17) Commercial Banks, fifteen (15) Islamic Banks, and seven (7) Development Financial Institutions (DFIs) are participating in CGC's guarantee schemes in providing financing to customers through a wide network of more than 2,600 branches nationwide to avail financing.

SMEs who are interested to obtain more information may call CGC's Client Service Centre at 03-7880-0088 or email csc@cgc.com.my or visit www.cgc.com.my

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