



Mass Rapid Transit Corporation Sdn Bhd (902884V)

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

T +603 2095 3030 / 2081 3000
F +603 2095 2121
www.mymrt.com.my



MEDIA RELEASE

MRT3 CIRCLE LINE PROJECT DELIVERY APPROACH WILL TRANSFORM CONSTRUCTION SECTOR, REJUVENATE ECONOMY

Kuala Lumpur, 13 June 2022: Mass Rapid Transit Corporation Sdn Bhd (“MRT Corp”) is currently running open tender process for MRT3 Circle Line’s (“MRT3”) four (4) main contract packages. The tender briefing for the Project Management Consultancy (“PMC”) package was held early last month and the tender briefings for the three (3) Civil Main Contractors packages were completed last week.

Prior to the kick-off of this tender process, MRT Corp had commenced work on the project reference design in the first quarter of 2021. The MRT3 alignment corridor has been determined as part of this reference design.

Unlike the MRT2 Putrajaya Line project which has one main turnkey contractor only at Tier 1, the MRT3 project will see five (5) Tier 1 main contractors be appointed to lead its implementation. MRT3 construction activities will be further distributed at Tier 2 to many mid-size and small construction companies as Work Package Contractors (“WPC”). Similar to the MRT1 and MRT2 projects, the appointment of MRT3’s WPCs will be done through tender exercises starting from next year. Hence, there will be plenty of opportunities for local construction companies to participate, regardless of size.

For now, the focus is on appointment of civil main contractors at Tier 1. Based on the tender requirements, there could be 6 to 9 companies which will eventually be awarded as the civil main contractors in three (3) different joint ventures (“JV”) or consortiums. Compared to MRT1 and MRT2 projects, more companies will be able to participate at Tier 1 in MRT3 project.

For all civil main contractor packages, Bumiputera participation is mandatory. Industry players must form joint venture or consortium with Bumiputera construction companies. Additionally, all tenderers are required to submit an economic enhancement proposal to catalyse economic activities beyond construction sector.

A mandatory element of the tender process is for all partners in JV/consortium to declare their Ultimate Beneficial Ownership through a statutory declaration. The concept of beneficial ownership is not limited to ownership through holding of interest in a legal entity but extends beyond ownership structure, in accordance with Suruhanjaya Syarikat Malaysia’s Guideline For The Reporting Framework For Beneficial Ownership of Legal Persons. It covers both from



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the perspective of ownership and control. The minimum required percentages for Effective Bumiputera Ultimate Beneficial Ownership are 31% for CMC301 and CMC 302, and 20% for CMC303. The percentage of Bumiputera work share at Tier 2 will be at least of the same value as the Effective Bumiputera Ultimate Beneficial Ownership in respective package.

“It is our intention to have capable Bumiputera players participating in MRT3 project and more importantly they must be active members of their JV/consortium with their own work scope” said MRT Corp Chief Executive Officer Datuk Mohd Zarif Hashim.

The winners of the PMC, civil main contractors, and system turnkey contractor packages must work together. All parties’ interests must be aligned to deliver the common objectives. The responsibility to synchronise construction work activities has been tasked to the PMC. Whilst there will not be liquidated ascertained damages (“LAD”) imposed on the PMC, the PMC will be given KPIs and there is a penalty for not meeting them.

“The new approach in project delivery and contracting strategy is a culmination of a decade’s worth of experience of MRT Corp as the asset owner and project developer. MRT Corp is confident with the capability and resilience of Malaysian construction players as well as the supporting ecosystem” Mohd Zarif said.

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For media enquiries, please contact:

Mr Leong Shen-Li

+6012-319 6602 / leong.shen-li@mymrt.com.my

Ms Amalina Ghazali

+6016-215 4055 / amalina.ghazali@mymrt.com.my