

SunCon eyeing PDP role in high-speed rail project

Liew Jia Teng / The Edge Malaysia

January 31, 2018 14:00 pm +08



SUNWAY Construction Group Bhd's (SunCon) outstanding order book of RM6.785 billion — an all-time high — has not stopped the country's largest pure play builder from elevating its current capability as a turnkey contractor to project delivery partner (PDP).

According to managing director Chung Soo Kiong, the group is confident of securing its first PDP job in the highly anticipated Kuala Lumpur-Singapore high-speed rail (KL-SG HSR) project as it has enlisted IJM Corp Bhd as one of its joint-venture (JV) partners.

"If you ask me, I think the investors are very happy now because we have finally teamed up with IJM. Hopefully, this will be a strategic partnership, and we can give Gamuda Bhd and Malaysian Resources Corp Bhd (MRCB) a good run for their money," he tells The Edge in an exclusive interview.

Advertisement



To recap, MyHSR Corp Sdn Bhd, the project delivery vehicle for the KL-SG HSR of Malaysia, last November called for a tender to appoint the PDP for the civil works portion of the mega project.

So far, at least four locally listed construction giants — Gamuda, IJM, SunCon and MRCB — have expressed interest in the job. Gamuda, IJM and SunCon are the top three builders in Malaysia in terms of order book, turnover and profit before tax, although SunCon claims to be the largest pure play construction firm by revenue.

Gamuda is teaming up with MRCB in a 50:50 JV to bid for the lucrative HSR PDP job while SunCon has formed an equally owned consortium with IJM and two bumiputera privately owned entities, namely Jalinan Rejang Sdn Bhd and Maltimur Resources Sdn Bhd.

"Broadly speaking, the No 2 and 3 in town (IJM and SunCon) are trying to beat the No 1 (Gamuda)," says Chung, who has over 20 years of experience in the construction sector.

The deputy managing director of SunCon from 2013, the 51-year-old was promoted to his current position in November 2015.

Chung acknowledges that the KL-SG HSR is SunCon's second attempt at bidding for a PDP job. The group had previously bid for the role in the RM9 billion LRT3 project, only to lose to MRCB and George Kent (M) Bhd.

"We learnt our lesson. For LRT3, we submitted a tender individually and we lost to MRCB-George Kent. For the HSR, we have taken the JV route," says Chung.

The change in strategy makes good sense as SunCon's biggest rival, Gamuda — MRCB's partner in the KL-SG HSR — has a proven track record as the PDP for the completed MRT1 and continues to be so for the ongoing MRT2 in partnership with MMC Corp Bhd.

The KL-SG HSR is expected to be up and running by 2026. According to a study by the Institute of Southeast Asian Studies, a Singapore-based think tank, civil works such as tunnels and bridges for the project could cost some RM45 billion.

The PDP designs in detail the infrastructure works, including the station and alignment structures in Malaysia. It is also required to assist with interface management, land acquisition processes and stakeholder engagement activities. In return, it receives an estimated fee of RM2.5 billion to RM2.72 billion, which is 5.5% to 6% of the total project cost.