

International Comparative Legal Guides

# Public Procurement 2026

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# Expert Analysis Chapter

**1** Incentivising Supplier Performance: Regulation of the Management of Public Contracts  
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# Malaysia

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## 1 Relevant Legislation

### 1.1 What is the relevant legislation, and, in outline, what does each piece of legislation cover?

Malaysia's federal procurement has traditionally rested on the Financial Procedure Act 1957 ("FPA") and the Government Contracts Act 1949 ("GCA"), supplemented by Treasury Instructions, Circulars and Federal Central Contract Circulars from the Ministry of Finance ("MOF"). Procurement is mainly via *e-Perolehan*,<sup>1</sup> although agency-run tenders remain common in sectors like energy and infrastructure.

State-level procurement follows separate financial procedures and tender boards and is sometimes supported by state-specific procurement portals,<sup>2</sup> with states retaining discretion despite referencing federal guidelines. This framework, though functional, is fragmented and administrative.

The Government Procurement Act 2025 ("GPA"), passed in August 2025 and expected to come into force in 2026, consolidates procurement rules into a single statute. It codifies the principles of transparency and competition, mandates open tenders as the default, introduces supplier registration and compliance obligations, and establishes an independent Review Tribunal. The GPA expressly excludes,<sup>3</sup> among others, any procurement relating to the issuance or management of public debt or the provision of international assistance. The GPA applies broadly to federal and state-funded procurement<sup>4</sup> but allows for exemptions for certain allocations, which, in effect, sets out a framework for government procurement while at the same time preserving flexibility to depart.<sup>5</sup>

### 1.2 What are the basic underlying principles of the regime (e.g., value for money, equal treatment, transparency) and are these principles relevant to the interpretation of the legislation?

Malaysia's procurement regime is anchored in fair competition, transparency and good governance,<sup>6</sup> embedded in Treasury Instructions and Circulars under the FPA. Instruments such as Treasury Circular PK1/2013 mandate open tendering, supported by digital procurement platforms such as MyDigital Kontraktor<sup>7</sup> or the government's *e-Perolehan*<sup>8</sup> to enhance transparency and access.

The forthcoming GPA elevates these principles into statutory form, requiring transparency, competition, and integrity as compliance benchmarks to optimise public resource use.<sup>9</sup>

### 1.3 Are there special rules in relation to procurement in specific sectors or areas?

Yes, Malaysia's procurement framework prescribes sector-specific rules to address unique operational and policy considerations including, among others:

- **Construction and Works** – Contractors must register with the Malaysian Construction Industry Development Board ("CIDB"), through MyDigital Kontraktor, for eligibility in government tenders for works contracts unless exempted under Section 40 of the Malaysian Construction Industry Development Board Act 1994 ("CIDBA").<sup>10</sup>
- **Oil and Gas** – Suppliers must register with *Petroliam Nasional Berhad* ("PETRONAS") through the PETRONAS Licensing Management System.<sup>11</sup> For foreign companies, licensing may be obtained by forming a joint venture with a PETRONAS subsidiary, appointing a local agent or incorporating a Malaysian entity.
- **Healthcare** – Suppliers must first satisfy regulatory requirements under the Sale of Drugs Act 1952 and the Control of Drugs and Cosmetics Regulations 1984, including product registration and licensing with the National Pharmaceutical Regulatory Agency ("NPRA"), among others.<sup>12</sup> Only upon fulfilling these prerequisites can they register on *e-Perolehan* and participate in government healthcare tenders, ensuring that procurement is limited to approved and compliant products.
- **Energy and Utilities** – Licensing for electricity and gas is governed, respectively, by the Electricity Supply Act 1990 and the Gas Supply Act 1993, both administered by the Energy Commission ("EC"). Procurement for power generation, grid works and gas facilities is conducted through EC-run sectoral competitive bidding – including Large-Scale Solar ("LSS"), the Corporate Green Power Programme ("CGPP"), Combined-Cycle Gas Turbine ("CCGT") tenders and gas Third-Party Access ("TPA") procurements – using the EC's own Request for Proposal ("RFP") framework and evaluation standards.<sup>13</sup>
- **Defence and Security** – Defence procurement is governed by the Armed Forces Act 1972 and the Police Act 1967, supported by Treasury Instructions and internal guidelines issued by the Ministry of Defence ("MINDEF") and the Ministry of Home Affairs ("MOHA").<sup>14</sup> Due to national security sensitivities, such procurement is generally exempt from standard Treasury and government *e-Perolehan* processes, and is typically conducted through classified, restricted or direct negotiation methods.

- **Information and Communications Technology (“ICT”)** – ICT procurement is governed by sector-specific guidelines issued by the Malaysian Administrative Modernisation and Management Planning Unit (“MAMPU”), which requires pre-approval of ICT systems and compliance with technical, security and interoperability standards.<sup>15</sup> Procurement is generally carried out through *e-Perolehan*, subject to oversight by bodies such as the Public Sector ICT Procurement Board (“JPICT”) and national cybersecurity requirements administered by CyberSecurity Malaysia and the National Cyber Security Agency (“NACSA”).
- **Public–Private Partnerships (“PPP”)** – PPP, whether by way of Build-Operate-Transfer (“BOT”), concessions or similar contracts, are governed outside Treasury Instructions and through the *Unit Kerjasama Awam Swasta (“UKAS”)* PPP Guidelines, which defines them as arrangements where a private party finances, develops or operates public assets or services in return for contractual revenue.<sup>16</sup>

#### 1.4 Are there other areas of national law, such as government transparency rules, that are relevant to public procurement?

Several areas of Malaysian law reinforce public procurement obligations by imposing transparency, integrity and accountability requirements on public authorities. The Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) governs bribery, collusion, abuse of office and corporate liability, while the Audit Act 1957 imposes financial controls and audit oversight on the use of public funds. Parliamentary scrutiny is exercised through the Public Accounts Committee (“PAC”), and procurement decisions remain subject to judicial review on grounds of legality, rationality and procedural fairness.

Market integrity is further supported by the Competition Act 2010 (“Competition Act”), which prohibits, among other things, anti-competitive agreements between competitors where it has the object or effect of significantly preventing, restricting or distorting competition. This includes bid rigging, which can be deemed to have an anti-competitive object.

The Malaysia Competition Commission (“MyCC”) has been actively enforcing against bid rigging. In media reports published on 30 October 2025, it was reported that MyCC imposed fines on 26 companies for RM97.3 million for bid rigging. One such enforcement action was against eight companies for alleged involvement in a cartel to rig three public construction tenders. The case involved two tenders under the Public Works Department for construction work and a tender under the Department of Drainage and Irrigation for flood mitigation works. Investigations found that bidding was arranged through emails and meetings while the physical tender documents were prepared by one of the cartel members. The winning bidders subsequently entered into a sub-contract with a losing bidder.

MyCC also stated that it will strengthen collaboration with government agencies involved in public procurement, coordinated through the Ministry of Domestic Trade and Cost of Living (“KPDN”), by signing Letters of Understanding with 16 Ministries to ensure fair and transparent competition in government contracts.

This is also in line with the National Anti-Corruption Strategy 2024–2028 (“NACS”), particularly with the aim of strengthening public accountability and introducing new laws in this area.

#### 1.5 How does the regime relate to supra-national regimes including the WTO GPA?

Malaysia is not a party to the World Trade Organization’s Agreement on Government Procurement (“WTO GPA”) and is therefore not bound by its market-access or non-discrimination obligations. Malaysia retains full discretion to apply *Bumiputera* preferences and local content policies.<sup>17</sup> While Malaysia participates only as an observer,<sup>18</sup> the WTO GPA principles – transparency, competition and fairness – have informed domestic reforms, including the forthcoming GPA, but without creating any supranational legal obligations.

### 2 Application of the Law to Entities and Contracts

#### 2.1 Which categories/types of entities are covered by the relevant legislation as purchasers?

Procurement obligations under the existing regime apply administratively to federal Ministries, departments and most statutory bodies, but not formally to government-linked companies (“GLCs”), special purpose vehicles (“SPVs”), and other similar entities, though these often follow the rules.

The GPA introduces a statutory definition of “procuring entities”, covering federal and state governments, Ministries, departments, statutory bodies, local authorities, government entities,<sup>19</sup> implementing agencies and any other entity using government funds or assets for procurement.

#### 2.2 Which types of contracts are covered?

Currently, federal rules govern the procurement of goods, services and works, while PPP and concession contracts follow separate UKAS PPP Guidelines and sectoral regulators (e.g., the EC, the National Water Services Commission, and the Malaysia Rapid Transit Corporation (“MRT Corp”)) run separate tenders for industry-specific procurements.

The GPA codifies these categories, covering the procurement of goods, services, works and public-sector collaboration contracts, but excludes public debt issuance and management, international assistance, and certain defence and security procurements, among others.<sup>20</sup>

#### 2.3 Are there financial thresholds for determining individual contract coverage?

Under the existing regime, Treasury Instructions set financial thresholds for procurement methods – small purchases may proceed by direct purchase or simple quotations, medium-value procurements require restricted quotations, and higher-value contracts must be tendered openly – though all federal contracts remain covered regardless of value. For example, a contract valuing up to RM20,000 would allow government entities to buy directly via a simple government order, whereas a contract valuing above RM500,000 requires a public tender.<sup>21</sup>

When the GPA comes into force, financial thresholds will no longer be relevant. The GPA makes open tender the statutory default for all covered procurement,<sup>22</sup> but it empowers the MOF to prescribe the circumstances in which alternative methods may be used.<sup>23</sup>

#### 2.4 Are there aggregation and/or anti-avoidance rules?

Under the existing administrative regime, it is generally understood that Treasury Instructions and internal guidelines issued by the MOF discourage splitting contracts to avoid procurement thresholds or competitive processes, and require related procurements to be combined and subjected to the appropriate approval and procurement method.

The forthcoming GPA contains no explicit aggregation or anti-avoidance clause, but achieves the same effect structurally: open tender becomes the statutory default;<sup>24</sup> and any departure from it may only be made in accordance with Minister-issued regulations,<sup>25</sup> leaving procuring entities with no discretion to re-structure or fragment procurement to avoid competitive processes.

#### 2.5 Are there special rules for concession contracts, and if so, how are such contracts defined?

Currently, concession and PPP contracts are governed by the UKAS PPP Guidelines, requiring feasibility assessments, value-for-money tests, and Cabinet approval. There is no statutory definition of a concession contract, and governance remains policy-based with sector regulators issuing their own rules.

Under the GPA, concession or PPP contracts are not a distinct category and have no standalone definition. They fall within GPA scope only where the procurement of goods, services, or works is involved. The GPA excludes areas like public debt and international assistance and does not replace the UKAS PPP Guidelines, which continues to govern PPPs, with the GPA applying alongside for relevant procurement elements.

#### 2.6 Are there special rules for the conclusion of framework agreements?

We are not aware of any publicly available Treasury Instructions and Circulars issued by the MOF under the existing regime that set out dedicated rules for framework agreements.

Under the GPA, framework agreements are likewise not defined or regulated as a distinct procurement method. Their use would therefore fall under the GPA's general procedures, and it remains unclear whether framework arrangements will be formally governed – this will depend on future regulations to be issued by the Minister under the GPA.

#### 2.7 Are there special rules on the division of contracts into lots?

No, please refer to question 2.6 above.

#### 2.8 What obligations do purchasers owe to suppliers established outside your jurisdiction?

Under the existing regime, purchasers owe no special obligations to foreign suppliers as Malaysia is not a party to the WTO GPA; hence, domestic preference policies and local-content requirements may be applied. Foreign participation is allowed only when tenders are opened internationally, and obligations arise solely from the tender documents.

Under the GPA, this largely remains. It does not create market-access rights or impose a non-discrimination duty, though foreign suppliers meeting registration and compliance

requirements are entitled to the GPA's procedural safeguards. Notably, the GPA enables the MOF to prescribe procurement procedures necessary to implement obligations arising from international agreements to which Malaysia is a party,<sup>26</sup> but we have yet to see any regulations on this.

#### 2.9 Does the legislation govern contract management?

Currently, contract management relies on administrative instruments like Treasury Instructions, Circulars, internal guidelines by the MOF, and agency guidelines, which vary by Ministry.

The GPA introduces limited statutory provisions: Section 33 (contract form and terms); Section 34 (dispute resolution); and Section 35 (restrictions on assignment). Beyond these, post-award matters – performance, variations, extensions, termination – remain governed by general contract law, agency guidelines, and any future regulations.

### 3 Award Procedures

#### 3.1 What types of award procedures are available? Please specify the main stages of each procedure and whether there is a free choice amongst them.

Currently, award procedures – direct purchase, quotation, open tender, and fee proposals – are dictated by Treasury Instructions and Circulars, agency-specific manuals, and sector rules. Financial thresholds may be an attributable factor to the type of award procedure applicable, as seen in question 2.3 above.

Under the GPA, open tender becomes the statutory default;<sup>27</sup> any departures require Ministerial regulations.<sup>28</sup> The GPA outlines general stages (registration, procurement, approval, review) for open tender but leaves details of alternative procedures to future regulations.

#### 3.2 What are the minimum timescales?

Under the existing regime, Treasury Instructions and Circulars provide only administrative guidance, with open tenders typically allowing 14–21 days and shorter periods for quotations or restricted tenders. However, such timelines vary across Ministries and remain discretionary.

The GPA does not prescribe fixed statutory minimum timescales for tender publication, bid submission or evaluation. The GPA provides for open and competitive procurement as the default method and allows the Minister to prescribe detailed procedures and requirements, including timelines, through regulations. Therefore, minimum timescales will be determined by future subsidiary regulations or guidelines issued under the GPA, if any.

#### 3.3 What are the rules on excluding/short-listing tenderers?

Currently, exclusion and short-listing follow Treasury Instructions and Circulars, agency-specific manuals, and sector rules (as seen in question 1.3 above) – based on eligibility, submission completeness, or blacklisting. Short-listing typically applies in restricted tenders for pre-qualified suppliers.

Under the GPA, all suppliers must register; exclusion arises from failure to meet registration/disclosure requirements or

sanctions for offences like corruption or bankruptcy. The GPA does not prescribe short-listing but allows criteria to be set by Ministerial regulations.

### 3.4 What are the rules on the evaluation of tenders and what factors may be taken into account?

The rules on the evaluation of tenders and factors that may be taken into account under the existing regime are set out in Treasury Instructions and Circulars, agency-specific manuals and sector-related procurement rules. Evaluations generally follow the criteria published in the tender documents and typically consider price, technical compliance, experience, capacity, delivery timelines, past performance, and domestic-preference policies.

The GPA also codifies principles of fairness, consistency, and prohibition of undisclosed criteria, and makes evaluation decisions subject to statutory review mechanisms and the Procurement Appeal Tribunal. While the GPA sets the overarching requirements, the specific evaluation factors and weightings will be further shaped by future regulations and the tender documents themselves.

### 3.5 Are there rules on the evaluation of abnormally low tenders and how do those rules work?

We are not aware of any publicly available Treasury Instructions and Circulars issued by the MOF under the existing regime that set out express rules on the evaluation of abnormally low tenders.

Similarly, the GPA does not expressly regulate evaluation on abnormally low tenders.

### 3.6 What are the rules on awarding the contract?

Under the existing regime, contract awards are typically made in accordance with Treasury Instructions and Circulars, as well as the criteria stated in the tender documents.

Under the GPA, awards must be made strictly in line with the disclosed evaluation criteria and are subject to the Act's principles of fairness and transparency. Award decisions can be challenged through the GPA's review and appeal mechanisms, and the detailed award process may be further set out in Ministerial regulations.

### 3.7 What are the rules on debriefing unsuccessful bidders?

We are not aware of any publicly available Treasury Instructions and Circulars issued by the MOF under the existing regime that set out express rules on debriefing unsuccessful bidders.

Similarly, the GPA does not expressly mandate debriefing unsuccessful bidders. Debriefing remains a matter for future Ministerial regulations, tender documentation practices, or policy guidance – it is not a direct obligation under the GPA itself.

### 3.8 What methods are available for joint procurements between purchasers?

Under the existing regime, joint procurements between purchasers are commonly undertaken for common products

under the Federal Central Contract Circulars. While the Federal Central Contract Circulars are not made publicly available, joint procurements are generally awarded through tenders and sometimes through direct negotiation.

The GPA does not expressly regulate this, and it will likely remain under the guidance of the Procurement Division of the MOF.

### 3.9 Are there rules on submitting and evaluating alternative/variant bids?

We are not aware of any publicly available Treasury Instructions and Circulars issued by the MOF under the existing regime that set out express rules on submitting and evaluating alternative/variant bids.

Similarly, the GPA does not expressly regulate this.

### 3.10 What are the rules on managing and mitigating conflicts of interest?

Currently, conflict-of-interest rules rely on Treasury Instructions, administrative Circulars, and the MACC Act, requiring disclosure, recusal, and prohibiting gifts, with corruption attracting criminal liability.

The GPA codifies these into law: mandatory declarations by all officials; penalties for non-disclosure or interference; and oversight by the Procurement Board, Review Panel, and Appeal Tribunal – transforming administrative practices into binding legal duties and reinforcing accountability throughout the procurement process.

### 3.11 What are the rules on market engagement and the involvement of potential bidders in the preparation of a procurement procedure?

We are not aware of any publicly available Treasury Instructions and Circulars issued by the MOF under the existing regime that set out express rules on market engagement and the involvement of potential bidders in the preparation of a procurement procedure.

Similarly, the GPA does not expressly regulate this.

## 4 Exclusions and Exemptions (including in-house arrangements)

### 4.1 Are there any exemptions from running competitive procurements available to purchasers under the relevant legislation? If so, what types of contracts are covered and how do the exemptions operate?

Under the existing regime, exemptions from competitive procurement are primarily administrative and apply to low-value contracts. Treasury Instructions permit direct awards for minor works and repairs up to prescribed thresholds, as well as supplies and services below set financial limits (e.g., where small projects, i.e., minor maintenance and repair projects, are worth less than RM1 million).<sup>29</sup> Exemptions may also be granted for national security or sensitive government operations, urgent situations such as natural disasters or critical service interruptions. However, the registration of the companies being awarded such contracts is still mandatory, and it is still subjected to justifications and a higher level of approval.<sup>30</sup>

Under the GPA, any departure from the default open tender is allowed only when prescribed by Ministerial regulations.<sup>31</sup> Additionally, the Minister may prescribe the procurement procedure during a period of urgency.<sup>32</sup>

#### 4.2 How does the law apply to “in-house” arrangements, including contracts awarded within a single entity, within groups and between public bodies?

Under the current regime, “in-house” arrangements – contracts awarded within a single entity or between public bodies – are generally treated as internal administrative matters and do not require a competitive tender, provided they comply with internal financial controls and Treasury Instructions. Ministries are still expected to justify the selection, ensure value for money, and maintain documentation for audit purposes. These are not expressly regulated but are permissible where no external allocation of public funds occurs.

The GPA excludes certain procurements from the GPA’s scope, including those involving fiscal agency services, debt management, and procurements funded by international grants or assistance. Such exemption applies to transactions carried out by government bodies or wholly owned entities under these categories, which effectively covers many in-house arrangements.

## 5 Remedies

#### 5.1 Does the legislation provide for remedies, and if so, what is the general outline of this?

Under the current regime, there is no statutory remedies framework for procurement disputes. Aggrieved bidders may file complaints with the procuring entity or the MOF, but there is no statutory pre-award challenge mechanism and no automatic standstill period. Judicial review in the civil courts remains available as a matter of public law, though it is procedurally demanding and limited to illegality, irrationality or procedural impropriety rather than merits review.

The GPA introduces a more structured remedies regime. Suppliers may first lodge complaints or objections with the procuring entity, which must investigate and issue a reasoned decision within a reasonable period.<sup>33</sup> Unresolved objections are referred to an Internal Review Panel established under GPA,<sup>34</sup> with procedures and timelines prescribed by the Minister.<sup>35</sup> A further appeal lies with the Procurement Appeal Tribunal,<sup>36</sup> which has jurisdiction to review both the merits and the process of the review panel’s decision.<sup>37</sup> The Tribunal may grant interim measures, including suspension of procurement or award,<sup>38</sup> and must provide reasons if such relief is refused.<sup>39</sup> At the conclusion of an appeal, it may issue binding corrective orders, including directing re-evaluation or other remedial steps,<sup>40</sup> and its decisions are enforceable as high court orders.<sup>41</sup>

#### 5.2 Can remedies be sought in other types of proceedings or applications outside the legislation?

Under the existing regime, the other types of proceedings or applications outside of the GCA and the FPA are typically judicial review on the grounds of illegality and procedural impropriety. Civil suits on the grounds of breach of contract or arbitration where there exists an arbitration clause may also be post-award options.

With the introduction of the GPA, the types of proceedings above remain available. However, the role that each plays differs. For example, judicial review would only be available once GPA mechanisms, i.e., the review by the Internal Review Panel<sup>42</sup> and the subsequent appeal to the Procurement Appeal Tribunal,<sup>43</sup> are exhausted.

#### 5.3 Before which body or bodies can remedies be sought?

Under the current regime, the bodies where the remedies can be sought are the civil courts and, where relevant, the arbitration tribunals.

The GPA introduces additional specialised statutory bodies such as the Internal Review Panel<sup>44</sup> and the Procurement Appeal Tribunal.<sup>45</sup>

#### 5.4 What are the limitation periods for applying for remedies?

Under the existing regime, the limitation period to file for a judicial review is three months from when the grounds first arose or were communicated,<sup>46</sup> whereas the limitation period to file a civil claim is six years from the date the cause of action arose.<sup>47</sup>

The GPA introduced new and shorter deadlines for procurement-specific remedies, whereby the limitation period to submit a notice of appeal to the Procurement Appeal Tribunal is 14 days from the decision of the Internal Review Panel.<sup>48</sup> Where the appellant wishes to suspend the procurement, an application is to be made within seven days from the filing of the notice of appeal.<sup>49</sup>

#### 5.5 What measures can be taken to shorten limitation periods?

Under Malaysian law, statutory limitation periods are mandatory and cannot be overridden by any private agreements.

#### 5.6 What remedies are available after contract signature?

Under the present regime, the remedies available after contract signature would be contractual in nature, i.e., damages for breach of contract, injunctions, or rescission. Where there is an arbitration clause within the contract, arbitral awards that comprise damages and specific performance may also be sought. Contracts also typically would provide for termination rights to parties, which may be enforced.

With the introduction of the GPA, the remedies after contract signature would also include statutory remedies (as seen in question 5.1 above).

#### 5.7 What is the likely timescale if an application for remedies is made?

Under the existing regime, remedies are pursued primarily through judicial review, which is inherently time-consuming. Even expedited procurement challenges typically take several months to reach a substantive hearing, with final resolution often extending six to 12 months or longer, making effective pre-award relief difficult in practice.

Under the GPA, the regime is designed for speed and continuity of procurement. Objections, reviews and appeals are

subject to short, mandatory statutory timelines, with review panels and the Procurement Appeal Tribunal expected to determine applications within weeks rather than months, as prescribed by GPA. The GPA therefore materially shortens the remedial timeline and makes procurement challenges more practically viable before contract signature.

**5.8 What are the leading examples of cases in which remedies measures have been obtained?**

In *Sykt Sebati Sdn Bhd v Pengarah Jabatan Perhutanan & Anor* [2019] 2 MLJ 689, the federal court, by referring to the GCA, held that it would be unfair for the government entity to avoid contractual responsibility upon gaining benefits from the contract. Therefore, damages were awarded to the appellant.

Since the GPA is yet to be gazetted as at the date of writing this chapter, there is yet to be any leading examples of cases that may depict the possible differences post-gazettlement of the GPA.

**5.9 What mitigation measures, if any, are available to contracting authorities?**

Under the present regime, the mitigation measures available to contracting authorities to mitigate their risks involve compliance with Treasury Instructions and Circulars to ensure transparency and fairness. Other than that, the contracting authorities also are required to provide clear tender conditions or specifications, and conflicts of interest are also typically required from early on.

The GPA introduces more mitigation measures by providing a formal mechanism<sup>50</sup> to resolve complaints against the contracting authorities, which ultimately would reduce the risk of being sued. The declaration of conflict of interest is also to be enforced in a more stringent way by imposing criminal penalties for non-disclosure.<sup>51</sup> Other than that, the contracting authorities are also empowered with the right to blacklist non-compliant suppliers or service providers,<sup>52</sup> which would eliminate future risks.

## 6 Changes During a Procedure and After a Procedure

**6.1 Does the legislation govern changes to procurements after the commencement of the procedure (e.g., changes to contract specifications, procurement timetable, and evaluations criteria)? If not, what are the underlying principles governing these issues?**

Under the existing regime, there is no express statutory provision governing changes to procurement after commencement. Treasury Instructions and administrative Circulars apply the principle of fairness and transparency, requiring that any material change – such as to specifications, timelines, or evaluation criteria – be communicated to all bidders equally, with sufficient time for compliance. Changes that alter the scope or competitive balance typically necessitate retendering to preserve integrity.

The GPA does not prescribe detailed rules on post-commencement changes, but its overarching duties of transparency, fairness, and compliance with published procedures implicitly restrict material alterations once a procurement has begun. Any change that affects competition must be properly notified to all participants, and improper modifications

may be challenged through the GPA's dedicated complaint and appeal mechanisms. Accordingly, while the GPA does not codify granular rules, it reinforces the core principles that govern such changes and provides structured avenues of redress where they are breached.

**6.2 What are the rules on changes to the membership of bidding consortia and nominated subcontractors during a procurement?**

Please see the response to question 6.1 above.

**6.3 What is the scope for negotiation with the preferred bidder following the submission of a final tender?**

Under the current regime, post-tender negotiations with the preferred bidder are highly restricted. Treasury Instructions emphasise transparency and equal treatment, only allowing clarifications that do not alter the substance of the bid or confer an unfair advantage. Material changes to price, scope, or evaluation criteria after submission are generally prohibited, as they undermine the integrity of the competitive process.

The GPA maintains these principles. While the GPA does not expressly permit post-final tender negotiations, it embeds governance standards requiring adherence to declared specifications and evaluation criteria. Accordingly, any adjustment post-submission must be justified, documented, and compliant with transparency obligations, with disputes subject to review by the Procurement Board or Appeal Tribunal.

**6.4 What scope is there to negotiate changes to a contract following contract signature and does the legislation provide specific rules on permitted modifications?**

Please see the response to question 6.1 above.

**6.5 To what extent does the legislation permit the transfer of a contract to another entity following contract signature?**

Please see the response to question 6.1 above.

## 7 The Future

**7.1 Are there any proposals to change the law, and if so, what is the timescale for these and what is their likely impact?**

The principal reform is the GPA, which passed in August 2025 and is expected to come into force in early 2026. No further legislative changes are proposed, but implementing regulations and updated Treasury Instructions (if any) will follow to operationalise the GPA.

**7.2 Have there been any significant regulatory or caselaw developments in the last two years that have or are expected to impact public procurement law in your jurisdictions? If so, what are those developments and their implications?**

The GPA introduces a unified statutory framework with competitive tendering as the default, mandatory

conflict-of-interest declarations, a two-tier remedies system, and stronger sanctions. Its impact will be significant – enhancing transparency, reducing direct negotiations, and aligning Malaysia with international best practices – while increasing compliance obligations for procuring entities and bidders.

## Endnotes

- 1 e-Perolehan is Malaysia's official electronic procurement system for government purchases. It serves as a centralised digital platform where suppliers register, submit bids, and manage contracts online, and is accessible at: <https://www.eperolehan.gov.my/en/home>
- 2 For example, the state of Selangor uses the Sistem Tender Online Selangor procurement platform (<https://tender.selangor.my>).
- 3 Section 3 of the GPA on non-applicability.
- 4 The GPA's expansive definition of "government procurement" encompasses all procurement funded by federal or state allocations, applying uniformly to Ministries, departments, statutory bodies, and local authorities at both levels.
- 5 Section 2(2) of the GPA on exemption provision.
- 6 Treasury Circular (PK 1.1) sets out the underlying principles of the Malaysian procurement regime.
- 7 <https://www.mydigitalkontraktor.com.my>
- 8 <https://www.eperolehan.gov.my>
- 9 These principles are set out in the Explanatory Statement to the Government Procurement Bill.
- 10 <https://www.cidb.gov.my/eng/contractor-registration>
- 11 <https://www.petronas.com/suppliers/licensing-procurement-malaysia#JbopTabs1>
- 12 <https://www.npra.gov.my/index.php/en/product-registration-process.html>
- 13 The Energy Commission Government Programme (<https://www.st.gov.my/eng/web/industry/details/21/31>) is an example of how RFPs, specifying the tender specifications or application procedures, are publicised by the EC.
- 14 An example of the Treasury Circular by the Treasury Department of the Royal Malaysian Air Force requiring procurement contracts to be in writing is accessible at: [https://www.airforce.mil.my/images/Pekeling/ABK\\_BIL\\_3\\_2019\\_-\\_Keperluan\\_Untuk\\_Menyediakan\\_Dokumen\\_Kontrak\\_Bagi\\_Kontrak\\_Perolehan\\_Bermasa.pdf](https://www.airforce.mil.my/images/Pekeling/ABK_BIL_3_2019_-_Keperluan_Untuk_Menyediakan_Dokumen_Kontrak_Bagi_Kontrak_Perolehan_Bermasa.pdf)
- 15 <https://www.rurallink.gov.my/wp-content/uploads/2020/11/KaedahPerolehanBahag2.pdf> sets out the guidelines by the MAMPU for IT procurement by the government.
- 16 This is defined in the Introduction of the PPP 3.0, which is accessible at: <https://www.ukas.gov.my/portalassets/document/GARIS%20PANDUAN%20KERJASAMA%20AWAM%20SWASTA/PANDUAN%20PELAKSANAAN%20RANGKA%20KERJA%20KERJASAMA%20AWAM%20SWASTA%203.0.pdf>
- 17 [https://www.researchgate.net/profile/Edward-Wong-10/publication/260121880\\_Liberalizing\\_government\\_procurement\\_within\\_trade\\_agreements\\_in\\_Malaysia/links/0deec52fc5f4e0ccb000000/Liberalizing-government-procurement-within-trade-agreements-in-Malaysia.pdf](https://www.researchgate.net/profile/Edward-Wong-10/publication/260121880_Liberalizing_government_procurement_within_trade_agreements_in_Malaysia/links/0deec52fc5f4e0ccb000000/Liberalizing-government-procurement-within-trade-agreements-in-Malaysia.pdf)
- 18 <https://www.abacademies.org/articles/public-procurement-regulation-increasing-developing-integration-in-asean-11471.html#:~:text=Regarding%20the%20Government%20Procurement%20Agreement,of%20Government%20Procurement%20Agreement%27s%20Members>
- 19 Including companies where the government or statutory bodies hold more than 50% ownership.
- 20 Section 3 of the GPA on non-applicability.
- 21 Para. 5.1.3 of the Treasury Circular (PK 5.1).
- 22 Section 28(1) of the GPA.
- 23 Section 28(2) of the GPA.
- 24 Section 28(1) of the GPA.
- 25 Section 28(2) of the GPA.
- 26 Section 31 of the GPA.
- 27 Section 28(1) of the GPA.
- 28 Section 28(2) of the GPA.
- 29 <https://www.mof.gov.my/portal/en/news/press-citations/govt-gives-ap182-exemption-to-ministries-agencies-with-immediate-effect>
- 30 <https://studylib.net/doc/26108236/procurement-issues-in-malaysia>
- 31 Sections 28(2) and 29 of the GPA.
- 32 Section 30 of the GPA.
- 33 Section 61 of the GPA.
- 34 Section 62 of the GPA.
- 35 Section 61 of the GPA.
- 36 Section 63 of the GPA.
- 37 Section 67 of the GPA.
- 38 Section 69 of the GPA.
- 39 Section 69 of the GPA.
- 40 Section 80 of the GPA.
- 41 Section 81 of the GPA.
- 42 Section 62 of the GPA.
- 43 Section 63 of the GPA.
- 44 Section 62 of the GPA.
- 45 Section 63 of the GPA.
- 46 Order 53 rule 6 of the Rules of Court 2012.
- 47 Section 6(1) of the Limitation Act 1953.
- 48 Section 61(5) of the GPA.
- 49 Section 69(2) of the GPA.
- 50 Sections 62 and 63 of the GPA.
- 51 Section 37(5) of the GPA.
- 52 Section 21 of the GPA.



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