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## 2nd Penang Bridge cost stays at RM4.3b

**Amount excludes costs for development, land reclamation and breeders' compensation**by **Yong Min Wei**  
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KUALA LUMPUR: The Second Penang Bridge project will still cost RM4.3 billion despite the fall in oil prices, and it is on track to be completed by mid-2012, the Dewan Rakyat was told yesterday.

Deputy Minister in the Prime

Minister's Department Datuk S K Devamany said the contractual cost was fixed at RM4.3 billion but there could be variation in prices for several items.

The contract for the superstructure was awarded to UEM Builders Bhd subject to a final agreement with Jambatan Kedua Sdn Bhd (JKSB). He added that the land highway package would be implemented via an open tender, adding JKSB was preparing the tender documents.

"As of now, there is some delay in the implementation of the project as the contractor involved has not been able to enter the construction site at

Batu Kawan," Devamany said in reply to a question by Lim Guan Eng (DAP-Bagan).

Lim had asked the prime minister to state the status of the tenders for the superstructure and the land highway packages for the Second Penang Bridge and whether the cost of the project would be reduced due to the drop in oil prices.

Devamany said the federal government would finalise negotiations with the Penang state government and affected clam breeders on compensation.

He expected the contractors to start work early this month once JKSB had

compensated the clam breeders for vacating the site.

"Nevertheless, the delay to the work schedule is not worrying as it is not expected to affect the completion date of the Second Penang Bridge by middle of 2012," the deputy minister said.

According to Devamany (Cameron Highlands-BN), the RM4.3 billion construction cost did not include the RM110 million to reclaim the land, RM100 million to compensate the fish and clam breeders, and development cost of some RM285 million.

He said a special purpose vehicle set up by UEM Group Bhd would finance the project via loans from China

Exim Bank and Bank Pembangunan Malaysia Bhd as well as equity contribution by the UEM Group.

"The loan of US\$800 million (RM2.8 billion) from China Exim was based on a low and irresistible interest rate of 3%. This is far lower than what was offered by the local capital markets and other financial institutions" he added.

Devamany said the loan from Bank Pembangunan Malaysia was RM1.4 billion while equity contribution by the UEM Group amounted to RM50 million, adding that the government would bear the remaining RM260 million in financing.

## KLCC condominium prices may fall 30%

by **Chong Jin Hun**  
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KUALA LUMPUR: Prices of condominiums in the luxury Kuala Lumpur City Centre (KLCC) enclave could fall as much as 30% as waning demand erodes sellers' bargaining power to dictate prices, according to real estate consultancy Rahim & Co Chartered Surveyors Sdn Bhd.

This comes against the backdrop of a real estate sector downcycle in the country amid a global economic slowdown which has curbed demand for local real estate among local and foreign buyers.

"I think the worst scenario would be a 25% to 30% decline for KLCC condominiums. Fortunately, at least for now, property prices in Malaysia have not dropped at the pace seen in London, Hong Kong and Singapore," Rahim & Co executive chairman Datuk Abdul Rahim Rahman told reporters at a real estate seminar organised by the firm here yesterday.

The KLCC enclave where the iconic Petronas Twin Towers sits has been a popular real estate spot for foreign buyers in recent years when asking prices had reached RM2,000 per sq ft.

Across the globe, real estate prices at places like London, Hong Kong and Singapore had fallen some 45% across the board, according to the real estate expert who founded Rahim & Co in 1976.

Existing macro dynamics are



Rahim Photo by Mohd Izwan Mohd Nazam

expected to weigh on Malaysian property prices. This is against a backdrop of rising unemployment and tighter financing policies which could erode consumers' purchasing power.

Waning demand aside, massive supply of properties from aggressive launches in previous years is also expected to contribute to the ongoing downcycle in the local sector.

Based on OSK Research Sdn Bhd's estimates, more than 5,000 units of luxury condominiums are expected to hit the Klang Valley

market this year. The number is, however, expected to ease to about 2,000 units the following year.

Existing supply and demand forces in the home property sector are expected to translate into lower rental yields, hence limited capital appreciation and falling real estate prices.

Such a backdrop could prompt investors and speculators to exit the market, and keep end-users on the sidelines, therefore, further curbing demand for real estate, and fuelling the decline in property prices, according to OSK.

## AsiaBio associate enters into strategic alliance

KUALA LUMPUR: Asia Bioenergy Technologies Bhd's (AsiaBio) associate and investee company, Grand Inizio Sdn Bhd (Inizio), has entered into a strategic alliance and subscription agreement with the Philippines' Process Technologies Inc (PTI).

AsiaBio said yesterday PTI had agreed to grant Inizio exclusive rights to its proprietary distillation, fractionation and esterification technologies specific for the geographical areas of Malaysia and Indonesia, and non-exclusively for the rest of the world.

It said Inizio had agreed to allot 900,000 new shares of RM1 each, representing 3.47% of the enlarged paid-up capital of Inizio, to Syno Prism Sdn Bhd (SynoPrism), the appointed allottee of PTI, for RM2.1 million or US\$600,000 by way of capitalisation of an amount owing to PTI of an equivalent amount. Inizio is a specialist technology provider for methyl ester processing technologies using its proprietary "Wet Trans" technology.

Inizio had on June 27, 2008 formed a strategic alliance with PTI to col-

laborate in the field of oleochemical and esterification technologies by way of combining their proprietary technology.

AsiaBio group, via its subsidiary Asia Bioenergy Research Sdn Bhd, currently holds a 20% stake comprising five million shares in Inizio.

For the five months to May 31, 2008, Inizio posted revenue and net profit of RM22.41 million and RM6.25 million, respectively, with net assets of RM37.9 million.

AsiaBio said the agreement presented an opportunity for Inizio to secure a long-term partner in its expansion plans into the oleochemical technology industry in Malaysia and Indonesia, and to add to its existing biodiesel related services and technologies.

It said Inizio would be able to take advantage of the expected growth in the oleochemical sector as well as in the biodiesel sector that was likely to emanate from the abundance in supply of palm oil feedstock in this region, particularly in Malaysia and Indonesia.

## Nikko to be suspended on Friday

KUALA LUMPUR: Bursa Malaysia Securities Bhd announced yesterday that trading of the securities of Nikko Electronics Bhd, an amended Practice Note 17/2005 company, will be suspended with effect from March 6.

It said Nikko had failed to submit its regularisation plan to the Securities Commission and other relevant

authorities for approval within the timeframe stipulated by Bursa Securities by Feb 28, 2009.

In addition, Bursa Securities has started delisting procedures against Nikko.

Bursa Securities yesterday served Nikko with a notice to make representations as to why its securities should not be delisted.

8AM TOMORROW, 5 MARCH

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