

KLCI investors have a rough start in Year of Monkey >2

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New station: The Phileo MRT station being constructed at Section 16, Petaling Jaya. The station is part of the MRT 1 line from Sungai Buloh to Kajang.

Bidding starts for MRT 2

IJM, Sunway are among frontrunners for viaduct job

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PETALING JAYA: IJM Corp Bhd and Sunway Construction Group Bhd are among five construction giants in the running for an RM2bil job to construct viaducts in the Mass Rapid Transit line 2 (MRT 2) project.

The others shortlisted are Gadang Holdings Bhd, Mudajaya Group Bhd and Ahmad Zaki Resources Bhd, according to sources.

"Each of the viaduct packages is worth not less than RM1bil and these are for the northern side of the MRT 2.

Tender submissions have just been closed and construction jobs from MRT 2 are expected to be awarded from next month onwards," a source said.

A viaduct is a bridge composed of several small spans and is commonly used as the basic infrastructure for rail projects.

MRT 2, with an RM28bil price tag, will start

from Sungai Buloh before going through Serdang up to its final stop in Putrajaya with a total of 36 stations.

According to officials familiar with the tendering process, any packages to be awarded worth more than RM200mil would need consensus from the Finance Ministry in a meeting to be chaired by the Prime Minister himself.

"As the economy is slowing, the Government is giving priority to public infrastructure projects to stimulate the economy. The top brass is looking into the progress of the MRT 2 project closely," said an official.

CIMB Research in a recent report said it was maintaining its "overweight" recommendation on the construction sector although the Government has decided to revise the 2016 gross domestic product forecast to 4% from 4.5% for 2016.

But it is also important to note that the construction industry is looking at a 10% increase in labour cost and a 2% increase in overall cost

due to the newly revised foreign worker levy.

The source also said that the most expensive package, namely, the tunnelling contract with an estimated value of more than RM12bil, would be awarded in April.

"The frontrunner is the MMC-Gamuda joint venture, which is also the project delivery partner for MRT 2. Like the MRT 1 project, the tunneling job will be awarded on a Swiss Challenge basis," said the source.

Under the Swiss Challenge system, MMC-Gamuda will have the first right of refusal to do the job at the lowest bid plus a small percentage of the margins.

Foreign rail experts such as Strabag Rail, Hyundai and China Railway Engineering Corp are vying for the tunnelling job.

The tunnelling job for MRT 1, which was undertaken by MMC-Gamuda, is nearing completion.

> TURN TO PAGE 2

HSBC board to meet on Sunday to mull headquarters decision

LONDON: HSBC Holdings Plc's board will meet on Sunday to decide whether to shift its headquarters from London, according to two people with knowledge of the decision.

The board has a meeting scheduled in London and if a decision is reached, the bank will make a formal announcement that evening, said the people, who asked not to be identified because the process is private. There is a chance the board will not reach a verdict and postpone the decision, the people said.

The board, led by chief executive officer Stuart Gulliver and chairman Douglas Flint, started a review of the bank's UK domicile in April, mulling tax systems, financial regulations and the ability to tap qualified staff among 11 factors outlined. British Chancellor of the Exchequer George Osborne has since made concessions to the largest banks, scrapping plans to raise the tax burden further and helping pave the way to ease regulatory scrutiny.

"An announcement will be made when the board makes its final decision and, if necessary, a further update will be provided at the time of the full year results announcement," Morgan Bone, a spokesman at HSBC, said in an e-mailed statement.

The board will meet again on Feb 19 in London, where members will sign off on the bank's full-year results, according to the people.

Finance director Iain Mackay has said HSBC considered Hong Kong as well as Canada, the US, China, Australia, Singapore, France and Germany as possible locations. Hong Kong is seen by analysts and shareholders as the most likely destination. Large investors including Aberdeen Asset Management Plc forecast the bank to stay in London.

"It's too difficult logistically, and whether Hong Kong would be the right place for them to go would be a different story," Martin Gilbert, CEO of top-10 shareholder Aberdeen, said in an interview on *Bloomberg Television* on Tuesday. "The government in the UK have conceded enough to keep them."

Osborne's proposal last year to dilute a levy on bank balance sheets was interpreted by analysts and investors at the time as a concession to keep Asia-focused lenders HSBC and Standard Chartered Plc from moving abroad. Osborne also ousted the regulator's chief enforcer, Martin Wheatley, and u-turned on a plan to assume senior bank managers are guilty until proven innocent, which lenders blamed for hindering the recruitment of top foreign executives.

HSBC will also have to consider the long-term impact if the UK votes to leave the European Union. "Brexit" would damage the country's financial industry because investment would be lost and rival cities would try to poach business from London, two of the nation's most senior corporate directors, Barclays Plc chairman John McFarlane and BT Group Plc chairman Michael Rake, said last month.

Prime Minister David Cameron has pledged to hold a vote on Britain's membership of the 28-nation bloc. EU leaders meet in Brussels to discuss the UK's pitch for fresh membership terms on Feb 18 and Feb 19, paving the way for a referendum as early as June 23. - Bloomberg

Foreign companies enter fray for MRT 2's tunnelling package

> FROM PAGE 1

Other interested foreign companies for the tunnelling job include Vinci Construction from the United Kingdom, Taisei Techno from Japan, China Railway Construction Corp and China Communications Construction Company.

These parties are eager to submit their bids for the job.

"The race has attracted many because it is seen as the most lucrative aspect of the project," said the source.

Qualified foreign bidders for the tunnelling

job are allowed to put in joint bids or set up a consortium not exceeding three parties, but must name a lead partner.

The 13.5km tunnelling job is longer than the first line which was 9.5km.

The tunnelling cost of the first line was RM8.2bil.

Apart from having a more expensive tunnel, MRT 2, also known as the Sungai Buloh-Serdang-Putrajaya line, will offer more main civil engineering and construction packages from the first line.

It has been reported that the new line will offer 10 main packages compared with eight

in the first line.

In light of cheap oil prices leading to the recent recalibration of the country's budget, the implementation of major public transport infrastructure projects such as the light rail transit 3 (LRT 3) and MRT 2 still remain a priority for the Government.

In the 11th Malaysia Plan, the Government will continue to spend on high-impact construction work, particularly rail projects, that will boost the country's economic growth from 2016 to 2020.

The MRT 2 and LRT 3, totalling RM37bil, are expected to be rolled out this year onwards.

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