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Economic Overview

Key statistics	Latest release	Previous rate
Quarterly GDP growth	5.2% (4Q2005)	5.3% (3Q2005)
Annual GDP growth	5.3% (2005)	7.1% (2004)
Consumer Price Index (CPI)	3.2% (Jan-06)	3.0% (Dec-05)
Industrial Production Index (IPI)	123.8 (Feb-06)	130.2 (Jan-06)
Base Lending Rate (BLR)	6.34% (Feb-06)	6.21% (Jan-06)
Exchange rate: RM to US dollar	RM 3.70 (28/02)	RM3.75 (03/02)

Source: Department of Statistics Malaysia & Bank Negara Malaysia

- Malaysia economy expanded by 5.3% in 2005, slower than the 2004's GDP growth of 7.1%. According to the Department of Statistics Malaysia, the GDP for the fourth quarter 2005, in real terms, eased to 5.2% compared with 5.3% in the third quarter.
- The Consumer Price Index (CPI) for March and April 2006 increased by 4.8% and 4.6% year on year. The increase was largely due to the increase in fuel prices.
- The price of petrol and diesel is up by 30 sen a litre effective 28th February 2006. The government will not increase the price of petrol again this year.
- For the first 10 months in 2005, Malaysia recorded tourist arrival of 13.58 million tourists. This is lower than the targeted tourist arrivals of 16.45 million for 2005.
- FDI hits a four year high in 2005, totaling RM17.9 billion in 562 projects. This compared with RM13.1 billion in 583 projects in 2004.
- BNM raised the overnight policy rate (OPR) by 25 basis points to 3.25% on 22nd February 2006. This is the second revision in six months.
- Bank Negara Malaysia indicated that any decision on the interest rate adjustment will depend on the outlook for inflation.



INVESTMENTS

Felda plant for Selangor Halal Hub (Business Times-27th January 2006)

The Selangor State Government's investment arm, Kumpulan Darul Ehsan Berhad, via its wholly owned subsidiary, Central Spectrum Sdn Bhd is investing up to RM4 billion over the next eight years to develop the 121.4 hectares allotted for the development of Selangor Halal Hub (SHH) in Pulau Indah, Klang.

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Dell expands Penang ops on higher demand for notebooks (The Star Biz-27th January 2006)

Dell Inc is expanding its operations in Penang to meet demand for notebook computers, which is growing at between 30% and 40% annually. The expansion plan included acquiring another 4 hectares of land next to its existing facility in Bayan Lepas Free Industrial Zone. Since Dell Malaysia took over the notebook business from the United States, it had been supplying about 95% to the US and South-East Asia.

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BenQ plans to set up call centre in Penang (Business Times-1st February 2006)

BenQ Corp, the Taiwanese multinational electronics company, plans to open a call centre in Malaysia to serve the entire Asia-Pacific region. BenQ Asia Pacific Corp vice president Philip Newton indicated that the call centre will be located at BenQ's existing plant in Penang. BenQ has a 17.2 hectare site in Penang, which houses a factory, service centre and later a regional call centre.

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Inno assembling biotech plant in Nilai (The Star-15th February 2006)

The modules for building Malaysia's first current Good Manufacturing Practice (cGMP) biopharmaceutical production plant have arrived at the Inno Biologics site in Nilai, which also represents one of the Government's investments in biotech industry, according to Science, Technology and Innovation Minister Datuk Seri Dr Jamaludin Jarjis. Inno Biologics chairman Tan Sri Dr Ahmad Zaharudin Idrus said the cGMP plant was located within the company's biotech facility, which also housed its headquarters, supporting facilities and laboratories. The construction of the modules for the plant was carried out in Germany and the reassembling has already begun here.

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Eng Teknologi to expand ops in Johor, Thailand (New Straits Times-24th February 2006)

Strong global demand for hard disk drives has driven Eng Teknologi to increase its operations and productions in Johor, Malaysia and the region this year. The bulk of the new investment will be channeled to its Johor operations via Altum Precision Sdn Bhd. The company expects to double their output to 5 million units of hard disks by 2007 from its existing 2.5 million.

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TRANSACTIONS

Mah Sing buying more land (The Star Biz-23rd January 2006)

Mah Sing Group Berhad, which is looking to replenish its land bank in new growth areas in the Klang Valley, Johor and Penang, is in advanced negotiations to acquire two parcels of land in the Klang Valley. The property group also hopes to seal a deal for more than 100 acres on the Penang Island, which if successful, will be its first development in the northern region.

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KPJ to sell property stakes to REIT (Business Times-28th January 2006)

KPJ Healthcare Bhd is selling its entire interest in its properties to KPJ Healthcare REIT that will be established, for RM343.25 million. The properties are Ampang Puteri Specialist Hospital, Damansara Specialist Hospital, Johor Specialist Hospital and Seremban Specialist Hospital. KPJ Healthcare REIT is a real estate investment trust with a proposed fund size of 237 million units. KPJ Healthcare would end up holding 48.95% of the REIT after disposal.

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Antah plans revamp, to become coal producer (Business Times-8th February 2006)

A new company will be set up to assume the listing status of Antah and will buy China's Pipo Overseas Limited, a maker of coke or market of coke or processed coal, for an indicative price of RM800 million. The new company will also buy 50% stake in Kajang-Seremban and Wisma Antah in Kuala Lumpur for considerations of RM85 million and RM20 million respectively.

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Leong Hup in talks to sell Johor Bahru land for RM138 million (The Star Biz-7th February 2006)

Leong Hup Holdings Berhad is in talks with several parties on the sale of its RM138 million land in Johor Bahru, according to executive director Datuk Lau Eng Guang. The 212 hectare freehold land, which had been approved for mixed development was now valued at RM6 per square feet compared with RM3 per square feet when it was acquired in late 1996. Initially, the land was planned for Leong Hup's poultry activities but was later converted into property development, as its surrounding was developed into housing.

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Carotech buys land for processing plant (The Star Biz-7th February 2006)

Carotech Berhad has proposed to acquire four plots of land in Lumut to build a new plant to increase its existing crude palm oil (CPO) processing capacity. The land covers a total area of about 32.09 acres and is part of the Lumut Port Industrial Park development, located near to Pelabuhan Lumut. Carotech has entered an agreement with Lumut Maritime Terminal Sdn Bhd (LMTSB) to purchase the land for RM9.79 million. The acquisition is subject to consent of Perak Menteri Besar for the transfer of the land and LMTSB obtaining the issue of a separate document of title to the property.

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Mutiara Rini sells office tower, land to LTAT for RM168 million
(New Straits Times-15th February 2006)

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Boustead Properties Berhad's wholly owned subsidiary Mutiara Rini Sdn Bhd (MRSB) is selling a 26 storey office tower to be built on freehold land in Sungai Buloh, Selangor to Lembaga Tabung Angkatan Tentera (LTAT) for RM168.327 million. The price was arrived at on a willing buyer and willing seller understanding on the basis of RM500 per square feet for the net lettable area 336,655 square feet. Construction of the tower is expected to commence in September 2006 and completed by August 2009.

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Amanah Raya to buy and leaseback three hotels
(The Sun-22nd February 2006)

Trustee company Amanah Raya Berhad has entered into a Sale and Purchase Agreement to purchase three hotels, Alor Setar Holiday Villa, Cherating Holiday Villa and Langkawi Holiday Villa for RM28 million, RM21.87 million and RM50 million respectively. Advance Synergy through its three subsidiary companies will leaseback the hotels separately for a period of ten years. The rental per annum for the proposed leases is between 6.7% and 7.3% of the respective sale prices over the lease period.

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Guocoland unit selling HP Tower
(New Straits Times-26th February 2006)

Guocoland (Malaysia) Berhad's wholly owned unit has agreed to sell HP Tower to a property trust for RM130 million. Prophills Development Sdn Bhd and AmTrustee Berhad, the trustee of Tower real estate investment trust (REIT) has entered into a conditional sale and purchase agreement. HP Tower is a commercial building comprising a nine storey annexe and a 21 storey tower with a three storey connecting podium and a four level basement car park. It is located on a piece of freehold land in Bukit Damansara, Kuala Lumpur.

The company also indicated that its indirect 70% owned subsidiary, Kiapeng Development Sdn Bhd and the trustee had also entered into a conditional agreement to sell Menara HLA to Tower REIT for RM221 million. Menara HLA is a 32 storey high-rise office building with four level basement car park located on a freehold land in Kuala Lumpur.

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RETAIL SECTION

Retail sector robust despite tough times
(The Star-13th February 2006)

Malaysian consumers are still spending, albeit more cautiously, as evidenced by the packed shopping centres throughout the country during last year's Christmas and year end holidays, as well as the recent Chinese New Year festival. The Malaysian Institute of Economic Research's Consumer Sentiments Index rose 13.6 to settle at 116.1 in the fourth quarter of 2005, up from 102.5 in the third quarter, as year end bonuses and festivities lifted sentiments.

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Sengheng to invest RM20 million in 34 new stores
(The Star Biz-31st January 2006)

Electrical chain store operator Sengheng Electric (KL) Sdn Bhd will be investing RM20 million to open 34 stores in 2006. According to Mr Lim Kim Yew, executive director of the company, out of the 34 stores, 30 outlets would be Sengheng Electric outlets and the remaining 4 stores would be senQ Digital Station.

Sengheng Electric outlets would be opened at shophouses or stand alone buildings whilst senQ Digital Stations would be set up at shopping complexes. The company will open its first outlet in East Malaysia in April. The store would be located at Karamunsing shopping complex in Kota Kinabalu, a complex dedicated for electronics and electrical retailers. Currently, there were 58 Sengheng Electric outlets and 15 senQ Digital Stations.

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The Weld to be F&B oriented from April
(Business Times-1st February 2006)

Great Eastern Life Assurance (Malaysia) Berhad, which is spending RM15 million to upgrade The Weld, expects the shopping complex to achieve full occupancy when it reopens in April. The complex, when completed, will have different positioning and will not compete with the bigger shopping malls at KL City Centre or Bukit Bintang.

The shopping complex caters for the needs of those living and working around the areas, such as food and services. It will be like Bangsar Village and Bangsar Shopping Centre. In line with this, shopping complex will have higher quota for food and beverage (F&B) outlets, with about 30 per cent of the tenants to be F&B oriented.

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Latest Titijaya retail concept
(The Star Biz-6th February 2006)

The Titijaya group has come up with an innovative concept. The one-stop beauty centre as a retail component in a condominium, which is to be known as Beauty City @ Tiaraville, will be located next to Carrefour Subang Jaya. The centre will showcase beauty, fitness and wellness business concepts under one roof. Occupying 70,000 sq. ft. of the 3.3 acre Tiaraville project, it will be the largest centre of its kind in the Klang Valley.

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NZ Wheels launches Mercedes-Benz Autohaus showroom in Johor Bahru
(New Straits Times-16th February 2006)

NZ Wheels Sdn Bhd, a subsidiary of the Naza Group of Companies, opened the largest Mercedes-Benz Autohaus showroom in the southern region in Plentong, Johor Bahru. The project cost about RM10 million, inclusive of the land cost, building cost and the equipment cost. This is the company's second showroom of the same kind as well as the 13th Mercedes-Benz Autohaus showroom in the country.

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Metrojaya slips into the red
(The Sun-21st February 2006)

Despite recording net loss in the third quarter ended 31st December 2005, the turnover rose 12.5% to RM105.7 million from RM93.7 million previously. The increase in sales is mainly attributed to better performance of the existing department store at Island Plaza, Pulau Pinang. The loss was mainly due to the settlement sum of RM9.75 million for a subsidiary's share of liabilities.

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D'Piazza Mall to spice up Penang property scene (The Star-25th February 2006)

Privately held developer X Scan Penang Sdn Bhd will be launching a RM250 million mall known as D'Piazza Mall in Bayan Baru. The project is touted to be the first specialist mall dealing with food and lifestyle, will serve the Bayan Baru population and those working in the Bayan Lepas Free Industrial Zone. D'Piazza Mall, which will be sited on a 6.4 hectare land, will offer 90 three storey shop lots priced from RM860,000 to RM2 million. The developer is also offering investors with a leaseback option for five years for a guaranteed return of 7% of the purchase price.

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KNOW YOUR NEIGHBOURHOOD

Ramps to cut traveling time (The Star Metro-23rd January 2006)

Drivers will soon find commuting between KL and Damansara Perdana a breeze once the connective ramps at the Damansara Perdana-Sprint Expressway (Penchala Link) interchange opens tomorrow. The ramp at the Western Bound Sprint Expressway enables motorists to enter Damansara Perdana directly from the Penchala Link, while the ramp at the Eastern Bound Sprint Expressway leads motorists heading to KL, Mont Kiara or Taman Tun Dr Ismail directly to the Penchala Link from Jalan PJU 8/1 in Damansara Perdana.

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LBCN states requirement for reviving project (New Straits Times-14th February 2006)

Prime Utilities Berhad's wholly owned subsidiary, LBCN Development Sdn Bhd needs the consent of 90% of the project's estimated 4,000 buyers to revive the stalled Alam Perdana residential job in Kuala Selangor. LBCN has recently taken over the project from the financially troubled Vega Builders Sdn Bhd. To date, about 60% of purchasers had given LBCN consent to revive the RM600 million projects.

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Developer's wall raises disputes (The Star-15th February 2006)

House owners in Villa Aseana, a new housing project in Mont Kiara, which is still under construction, are angry that a 10 metre high wall has been built behind their new houses. The developer of the land next door, Merge Power Sdn Bhd, erected the wall so that it could fill up the land's sloping terrain with earth for its building project. Kuala Lumpur City Hall has issued an order for the developer to tear down the wall and abide with the restrictions. The original approved plan was for the developer to build only a one meter high wall. Merge Power indicated that they are in the middle of discussions with City Hall with regard to the issue.

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Bird Flu: Comprehensive coverage (The Star-21st February 2006)

About 40 kampung chickens (free range) were found dead with the deadly H5N1 virus. This was the first incident involving bird flu virus reported in the country. An area of 10km radius from the bird flu-hit villages is under strict surveillance and culling of chickens, ducks and other birds continues to contain the deadly H5N1 virus. At the time of writing, no humans within a 300m radius of Jalan Genting Klang, where the chickens were found dead with the virus, were infected or had symptoms of bird flu.

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**A sporting boon for Air Panas folks
(The Star-22nd February 2006)**

A proposed sports village project on a site in Air Panas, Setapak, Kuala Lumpur, is expected to take off within the next six months. Once the project is completed, residents living in the east of the city would be able to use the facilities for family-based recreational and social activities. The sports complex will be built on a 12 hectare site in Jalan Air Jernih and Jalan Air Tasik bordering Taman Genting Kelang on the north, SMK (P) Air Panas and SK Air Panas on the south and Jalan Air Jernih on the east. The sports complex is big and has various facilities such as a football field, a rugby stadium, a community centre and a futsal venue. The estimated construction cost for the project is more than RM30 million.

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