

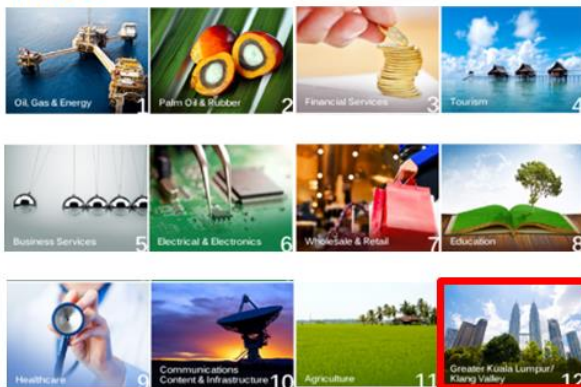
Kuala Lumpur - Singapore High Speed Rail: Project Overview

1. Background

In 2010, the Government of Malaysia launched the Economic Transformation Programme (“ETP”) with the objective of transforming Malaysia into a high income nation by 2020. Under the Greater Kuala Lumpur/Klang Valley (“GKL/KV”) National Key Economic Area (NKEA), the Southern Corridor High Speed Rail (“HSR”) was one of the Entry Point Projects (EPPs) that aimed to improve the economic dynamism of Malaysia’s capital city as well as livability rankings relative to other global cities.

Southern Corridor HSR Project is a major catalyst to the development of Greater Kuala Lumpur / Klang Valley

NKEAs



Entry Point Projects

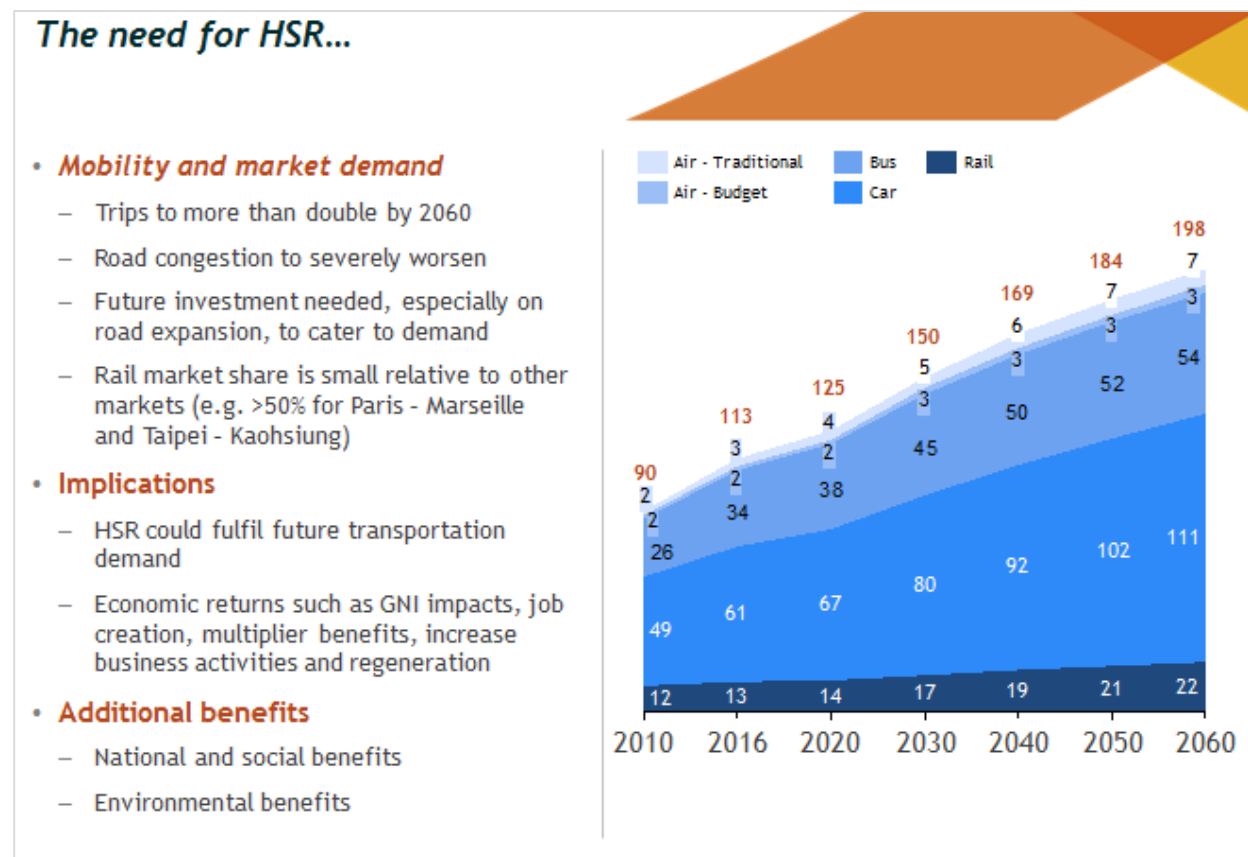
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|---------------------------|---------------------------|
| 1. MNC Attraction | 6. Greener KL |
| 2. Talent Attraction | 7. Iconic Places |
| 3. HIGH SPEED RAIL | 8. Pedestrian |
| 4. MY Rapid Transit | 9. Solid Waste Management |
| 5. River of Life | 10. Sewerage - Non River |

Goals

- To transform Malaysia into a high-income economy with a GNI of just over RM1.7 trillion in 2020
- GNI per capita to raise beyond RM48,000 or USD15,000 by 2020
 - 31% expected to be delivered by the EPPs
 - 10% through multiplier effects
 - 33% through business opportunities
 - 26% expected from other non-NKEA sectors

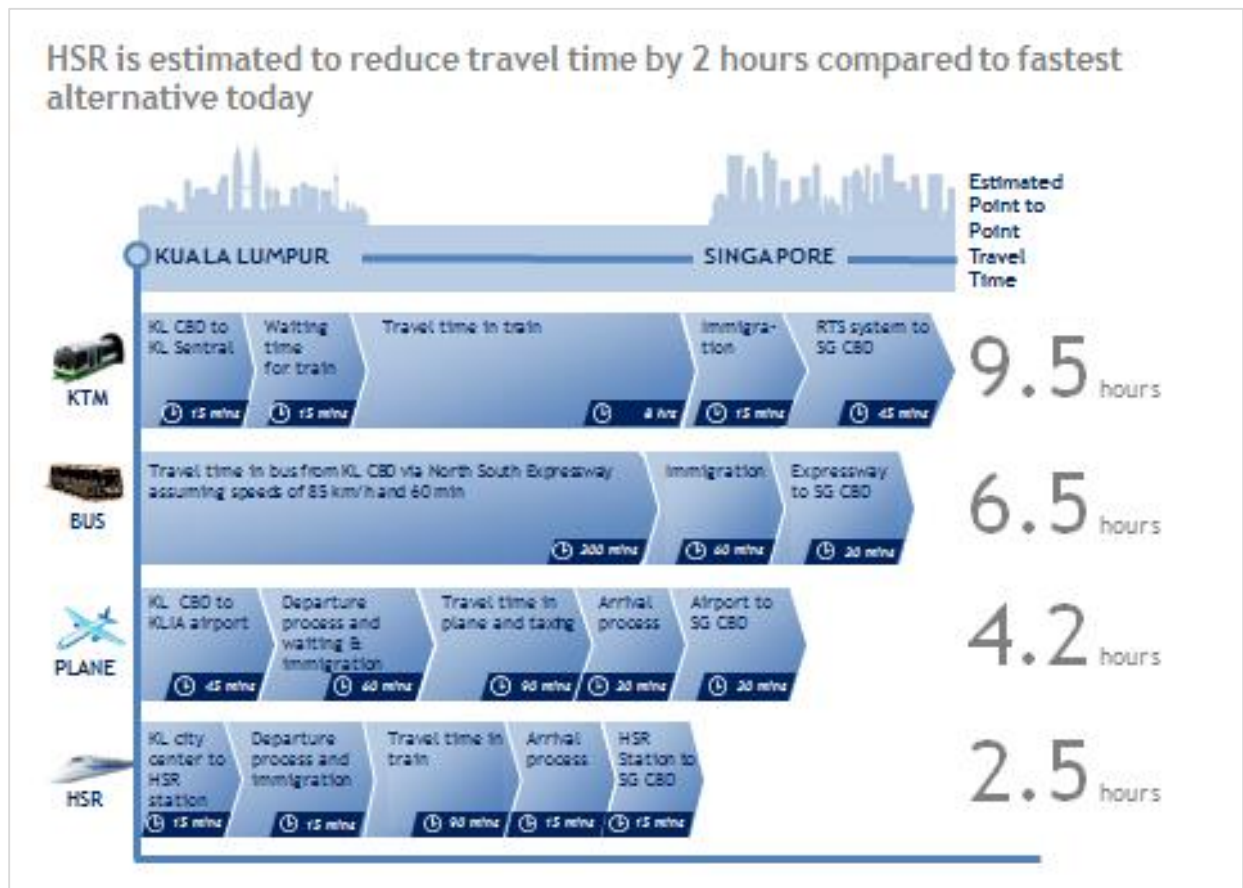
2. The Need for HSR

HSR is required to cater for mobility and market demand today and in the future between the 2 countries. At present, the demands on the Causeway exceed capacity by 33% resulting in acute traffic congestion. Traffic will continue to grow at a rate comparable to GDP growth of Malaysia-Singapore, at an average 3-5%. Over the longer term, growth rates are expected to taper off, in line with expectations for a maturing market, with an average growth of 3.2% per year from 2011-2060, with a market of 251 million passenger trips by 2060.



Source: SPAD

One of the key benefits of the HSR is to reduce the travel time between Kuala Lumpur and Singapore to 90 minutes by strengthening the link between two of Southeast Asia's most vibrant and fast-growing economic engines. In addition, the HSR presents an opportunity to open up and rejuvenate smaller cities in Peninsular Malaysia by connecting them to the two major metropolises. The HSR is an efficient and safe mode of transport which results in dramatic travel time savings.



Source: SPAD

3. The Kuala Lumpur – Singapore High Speed Rail Project

The HSR serves as an alternative mode of public transport travel between Kuala Lumpur and Singapore. It is seen to be in line with the transformation of the nation as it links 2 urban agglomerations to meet growing demand, catalyzing economic growth and enhancing long term economic competitiveness while improving the quality of life of its people.

The HSR will connect 6 cities in Malaysia to Singapore, following a coastal route. The stations that have currently been identified are the terminus station in Kuala Lumpur (at Bandar Malaysia), Putrajaya, Seremban, Ayer Keroh, Muar, Batu Pahat, Iskandar Puteri and the final stop in Singapore.



4. Socio-Economic Benefits of High Speed Rail

Among the benefits of this project is that it will enhance Greater KL/KV as a location of choice for businesses, while facilitating the seamless flow of individuals and businesses between the two countries. Leveraging on the HSR line, socio-economic development will also be enhanced along the HSR corridor.

The economic and social benefits derived from the agglomeration of 2 metropolises bring about a huge development potential. The geographical concentration of clusters of businesses and employees will result in an enlarged pool of specialist skills, labour and talent. The HSR project is expected to generate 30,000 job opportunities throughout the implementation phase.

The construction of HSR lines have brought about broader socio-economic benefits, as shown by examples from around the world below.

TGV

The city of Lille was hit hard by the closure of its traditional industries, including coal mining. To replace the jobs lost, the mayor of Lille campaigned hard to get the HSR line routed through the city, as they looked to reap the benefits a new transport line would offer. Lille is now the nodal point between Paris, Brussels and London. A new through station for the TGV was built near the site of the old station, adjacent to a major commercial center, with offices, hotels and a large retail space. There has been reorganization of local universities, including housing some faculties in old cotton mills, creating local employment and businesses there. The high speed line there is seen as a catalyst for continuing growth.

China High Speed Rail

China's high-speed rail system has emerged as an unexpected success story. Where other emerging economies are faltering in comparison, economic and transportation experts are citing the high speed rail as one reason for China's continued economic growth.

Just five years after China's high-speed rail system opened, it expanded to carrying nearly twice as many passengers each month as the country's domestic airline industry. With traffic growing 28 percent a year for the last several years, China's high-speed rail network will soon handle more passengers than the 54 million people a month who board domestic flights in the United States.

The economic growth can also be related to worker productivity, as a paper by the World Bank recently found. Chinese cities connected to the high speed rail network are likely to experience a broad growth in worker productivity due to the companies finding themselves within a couple of hours train ride from tens of millions of potential customers, employees and rivals.

China relocated large numbers of families whose homes lay in the path of the tracks and quickly built new residential and commercial districts around high-speed train stations. The new districts, typically located in inner suburbs, not downtown areas, have rapidly attracted large numbers of residents, partly because of China's rapid urbanization.²

References:

1. *"NKEA Greater KL: EPP3 - Connecting KL to Singapore via a High Speed Rail System"*, Performance Management & Delivery Unit (PEMANDU)
2. *"High Speed Train System is huge success for China"*, NY Times 24 September 2013