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Cambodian co to invest RM310m in KIRC

Tags: CCAG , Economic Transformation Plan , Karambunai Corp Bhd , Karambunai Resorts Sdn Bhd , KBMD , KCB , KIRC , Kota Kinabalu , KRSEB , Menggatal , Pemandu , Prism Crystal Enterpriss Ltd

By Lam Jian Wyn of theedgeproperty.com
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KUALA LUMPUR: Karambunai Corp Bhd's (KCB) unit has inked a deal with China Central Asia Group Co Ltd (CCAG) to develop the first phase of Karambunai Interated Resort City (KIRC), which will see the latter investing RM310 million in seed capital as a revolving fund for the project.

In a Bursa filing on Thursday, Mar 17, the group said its unit Karambunai Resorts Sdn Bhd (KRSEB) had signed a joint venture agreement (JVA) with CCAG to develop Karambunai Beachfront Mixed Development (KBMD) on a 75-acre tract that is part of a larger 1,500 parcel in Menggatal, Kota Kinabalu.

The JVA will see CCAG, a Cambodian firm involved in infrastructural and real estate development, engineering and construction, invest RM310 million in seed capital as a revolving fund to develop KDMD.

CCAG is a shareholder of Prism Crystal Enterpriss Ltd. As well as being with the major shareholder of KCB, Prism Crystal is the initial promoter of KIRC.

CCAG will be the pilot catalyst JV partner, and it is expected that the JV will lead to following JVs with other international investors.

"The promoter is cautious of over-gearing of the project, and hence adopts the strategy of teaming up with strategic partners and investors who shall coinvest in the KIRC and bring value in terms of expertise and international branding which is pertinent to attracting tourist arrivals and real estate investors," said KCB.

According to valuations by Colliers International Hong Kong in November 2010, the 75-acre tract is valued at RM270 million.

KBMD is planned as a low-carbon, high-energy, mixed-use beachfront community development and will comprise 3,000 units of low and medium-high rise residential buildings and a low-rise commercial beachfront centre.

The gross development cost of the project is RM1 billion, and it will be implemented in various phases.

"In order to manage the overall risks associated with the size of the KIRC development, the project phasing is critical in ensuring cohesion of development and financial feasibility. Developments such as the real estate property cluster, that can assist in augmenting the cash flow at the beginning shall be intended to be front loaded and shall help in funding the overall integrated resort development whilst the tourism recreation components that are envisaged to take a longer gestation period, shall be timed and spread over a longer period of development," it explained.

According to KCB, the project is aimed at the local and international community, and is positioned as the Caribbean for the Asia Pacific region, particularly North Asia.

KIRC — which falls under the 3,335-acre Karambunai Peninsula — has been earmarked by the government as a private sector-led initiative to develop an "eco-nature" integrated resort in Sabah under the Economic Transformation Plan led by the Performance Management and Delivery Unit (Pemandu).

Known as Entry Point Project 5 under the Tourism National Key Economic Areas, KIRC is envisioned as a sustainable development that will include the development of tourism, health and eco-nature edutainment recreation facilities such as a water theme park, water spectacles and fountain, cable car, mangrove centre, harbour cruise, aqua and spa village, hotels, retail elements, health resort, meetings, incentives, conventions and exhibitions (MICE) facilities, hospitality campus and upscale residences.

The project is expected to kick off in 2012 and be completed in 2019.



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