



# FINANCIAL DAILY

## Home business

# RM11.2b new investments under the fifth ETP update

### 1MY email initiative to enhance delivery of government services

by **Kamarul Azhar**  
FD@theedge.com

PUTRAJAYA: Prime Minister Datuk Seri Najib Razak unveiled seven new entry-point projects (EPP) and capped five previously announced projects at the fifth progress update on the government's Economic Transformation Programme (ETP) here yesterday. The 12 EPPs within seven National Key Economic Areas (NKEAs), with an investment value of RM11.16 billion, are expected to generate RM16.62 billion in gross national income (GNI) and create 74,457 jobs.

Cumulatively, the ETP has to date garnered RM106.405 billion in investment, RM153.83 billion in GNI and created 298,865 new jobs. The 72 projects within 54 EPP announced to date mean that 41.2% of the 131 EPP have commenced, all in less than six months since the ETP was launched, Najib said at the progress update.

Among the 12 EPP is the RM9.6 billion investment to develop the Karambunai Integrated Resort City (KIRC) in Karambunai, Sabah. The project will be developed by a consortium comprising Prism Crystal Enterprises Ltd, Tan Sri Dr Chen Lip Keong and his group of companies and the landowners — Karambunai Corp Bhd and Petaling Tin Bhd. According to the ETP progress update, the KIRC will contribute as much as RM9.3 billion by 2020 to the nation's GNI, creating 11,002 jobs for the local people of Sabah and Malaysia at large. The integrated resort will leverage on Malaysia's competitive advantages in eco-tourism and biodiversity, feature tourism, health and eco-nature edutainment recreation facilities.

The PM also announced the creation of the Malaysia Petroleum Resources Corp (MPRC), a new unit for the oil and gas industry, tasked with attracting investments worth

### 12 new EPP announced during ETP Update No 5

Entry Point Projects / Initiatives	NKEA	Investment (RM mil)	GNI (RM mil)	Company
Electrical home appliances manufacturing hub and international distribution network	E&E	250	500	Pensonic Holdings Sdn Bhd
Infinion Technologies expansion plant in Malacca	E&E	480	814	Infinion Technologies (M) Sdn Bhd
Security and trade facilitation system using RFID	CCI	45	201	Smartag Solutions Bhd
Local assembly and manufacturer for LED and SSL	BusServ	175	100	MYLED Group
Terrestrial Digital Multimedia Broadcasting	CCI	500	604	Asia Media Group Bhd
Baseline study on e-courier and paperless government	CCI	3	0	Mampu
1Malaysia email project	CCI	50	39	Tricubes Bhd
Islamic finance and banking education cluster	Edu	3	1,200	International Islamic University Malaysia
Karambunai Integrated Resort City	Tourism	9,600	9,319	Consortium & landowners
Developing Pasar Komuniti	Retail	50	3,520	Fama
KL housing projects to provide broadband facility	CCI	-	-	-
Malaysia Petroleum Resources Corp to attract investments	OGE	-	-	-
<b>Total</b>			<b>11,156</b>	

Indicators:  
CCI: Communication Content and Infrastructure  
OGE: Oil, Gas and Energy  
Edu: Education  
BusServ: Business Services  
Source: CIMB, Pemandu

RM320 million in 2011.

Apart from creating a conducive environment for the oil and gas industry in Malaysia, the unit will also look at attracting investments and promoting the sector locally and abroad.

The MPRC will be headed by its interim CEO Dr Mohd Shahreen Madros. It will also oversee and make necessary recommendations on policy, business regulations and fiscal incentives, to ensure a thriving oil and gas industry. The creation of the MPRC is in line with the aspiration to make Malaysia the top Asian hub for oil and gas companies by 2017.

The proposal to establish the MPRC comes from the Performance Management and Delivery Unit. It will be placed under the Malaysian Investment Development Authority (MIDA).

Another notable EPP under the Communications Content and Infrastructure (CCI) NKEA is the 1Malaysia Email project.

The CCI NKEA is also kick-starting a government initiative to provide a unique and official email account and identification for citizens

of Malaysia. With a GNI impact of RM39 million up to 2015, the 1MY email initiative will allow direct and secure communications between Malaysian citizens and the government, as well as enhance the delivery of government services to consumers and businesses alike, Najib said.

This initiative requiring RM50 million investment will be spearheaded by Tricubes Bhd.

Also under the CCI NKEA, Asia Media Group Bhd will invest in developing the first Digital Live Transit-TV Broadcasting infrastructure with an investment value of RM500 million, generating a GNI impact of RM604 million and 400 jobs.

Another project under the CCI NKEA is, as stated in the recent policy announcement, that new housing projects in Kuala Lumpur are required to provide broadband Internet facilities.

A project under the electrical and electronic (E&E) and CCI NKEAs is the setting up of Radio Frequency Identification (RFID) infrastructure to provide security and automation of paperless Royal Malaysian Customs checkpoints, led by the newly-listed Smartag Solutions Bhd, with a committed investment of RM45 million, generating RM201 million in terms of GNI and creating 100 jobs by 2020.

Another E&E EPP is an investment of RM480 million by Infinion Technologies (M) Sdn Bhd to expand its production capacity, R&D and upgrade its manufacturing facilities in Melaka. The expected contribution to GNI is up to RM814 million.

Other EPPs include an Islamic initiative to develop Malaysia into a leading Islamic finance education hub, and the development of "pasar komuniti", led by the Federal Agriculture Marketing Authority.

After announcing the EPPs, Najib and business leaders and executives, signed the Corporate Integrity Pledge and Anti-Corruption Principles for Corporations in Malaysia. The initiative was taken so the corporate fraternity would reject any kind of corruption and graft, and express their commitment to transparency, accountability and good governance.

## Chen-led consortium to invest RM9.6b in Karambunai resort

by **Chua Sue-Ann**  
FD@theedge.com

KUALA LUMPUR: A consortium comprising gaming tycoon Tan Sri Chen Lip Keong's group of companies and Prism Crystal Enterprises Ltd are set to invest RM9.6 billion to develop the Karambunai Integrated Resort City in Sabah with the project's landowners.

The resort is situated on a 1,100ha piece of land, owned by Karambunai Corp Bhd and Petaling Tin Bhd, on the Karambunai peninsula.

Chen has substantial interest in both companies and is the president of both.

The low-profile businessman is the single-largest shareholder of Karambunai Corp, holding a 43.9% stake. Petaling Tin has a 34.08% block.

In a filing with Bursa Malaysia yesterday, Petaling Tin said it has not signed any agreement with any parties pertaining to the resort project and there are no corporate developments that warrant future

disclosures to the stock exchange at this juncture.

Little is known about Prism Crystal Enterprises, which is said to be a special purpose vehicle formed to participate in the Karambunai Integrated Resort City project.

At present, details are scarce on the RM9.6 billion investment in the resort but it is learnt that Chen's two other listed companies — steelmaker FACB Industries Inc Bhd and Hong Kong-listed gaming and leisure company NagaCorp Ltd — are not part of the plans.

Chen, who founded NagaCorp, is currently the group's CEO and executive director and he holds a controlling 63.07% stake in the group.

NagaCorp owns and operates NagaWorld, the only licensed casino in Cambodia's capital city, Phnom Penh.

Chen also appears to have considerable clout with the Cambodian government, having been appointed as economic adviser to Cambodia's prime minister and an adviser with

ministerial status to the Cambodian government.

Last month, Karambunai Corp announced that it had entered into a joint venture with Cambodia-based China Central Asia Group Co Ltd (CCAG) to develop the Karambunai resort's first phase, the Karambunai Beachfront mixed development project.

CCAG, a shareholder of Prism Crystal Enterprises, will invest a seed capital of US\$100 million (RM306 million) as a revolving fund for the joint venture.

Karambunai Corp's subsidiary, Karambunai Resorts Sdn Bhd, will contribute 75 acres of land valued at RM270 million to the joint venture.

Announcing the consortium's entry yesterday, Prime Minister Datuk Seri Najib Razak said the Karambunai Integrated Resort City is expected to contribute a gross national income of RM9.3 billion and create about 11,002 jobs by 2020.

Plans for the Karambunai resort include attractions like a wa-

ter theme park, mangrove research centre and spa village.

The project will also house luxury residences, hotel accommodation, retail space and eco-nature facilities.

However, questions still linger as to whether the resort will eventually feature a casino despite the company denying reports on the plans.

Karambunai Corp already has hospitality operations in Sabah with its five-star Nexus Resort Karambunai and Nexus Golf Resort.

The Karambunai Integrated Resort City will be developed over eight years from 2012 to 2019.

Following Najib's announcement yesterday, shares of both Karambunai and Petaling Tin rose to their highest in almost two months.

Petaling Tin shares surged 35% to 48.5 sen from 36 sen a day earlier with 8.59 million shares done.

Karambunai Corp's shares climbed 4.5 sen to close at 25.5 sen with 160 million shares traded.

## Investors reduce asset holdings on debt concerns

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futures rose 32 points.

Asian currencies also declined yesterday, led by South Korea's won as sovereign debt concerns in the US and Europe spurred investors to pare holdings of assets in developing countries.

The ringgit closed at 3.023 against the US dollar. It touched a four-week low of 3.0365 earlier yesterday. The Singapore dollar was at 1.24, the yen at 82.54, yuan at 6.53 and euro at 0.700.

RHB Research Institute's debt market research said S&P's negative outlook placement was timed in line with concerns over the US government's ability to crystallise and execute longer-term fiscal consolidation plans, amid its growing twin deficits, and unfunded liabilities such as Social Security and Medicaid.

RHB head of debt market Ray Choy said the news triggered selling on Malaysian equities in the morning, while the MSCI Asia ex-Japan had fallen more than 1% by the afternoon.

"The bond and currency markets of Malaysia have been stable, with some buying interest in the short-to-medium-term government bonds. We have also seen buyers on Japanese government bonds, which is within our expectations for initial flows to reallocate to non-US G3 markets," he said.

While maintaining its AAA rating on US government Treasury securities, S&P's cut its outlook to "negative" from "stable" — a first for the rating agency. It threatened to downgrade the US' prized AAA rating unless president Barack Obama's administration and Congress find a way to narrow the burgeoning federal budget deficit within two years.

"If an agreement is not reached and meaningful implementation does not begin by then (2013), this would in our view render the US fiscal profile meaningfully weaker than that of peer 'AAA' sovereigns," the New York-based rating agency said on Monday.

A downgrade would tarnish the US' status as the world's most powerful economy and the dollar's role as the dominant global currency.

The threat of downgrade came after the battle between Obama's Democratic administration and the Republicans representatives to get control over a nearly US\$1.4 trillion budget deficit and US\$14.27 trillion debt burden.

Obama's administration announced plans to trim US\$4 trillion from the deficit over the next 12 years through spending cuts and tax hikes on the rich. The Republicans, however, want deeper spending cuts and no tax increases.

An analyst said there was a "flight to safety" where investors bought more US Treasury bonds, which is strange given the prospect of a downgrade on US government debt. There was some weakening in the ringgit while gold prices also saw a surge.

However, he said S&P's announcement did not come as a shock as it is something investors have been concerned about.

"It is within investors' expectations. We don't need the rating agency to show that the US financial profile has weakened. Among the three big blocks in the market, we can see the US and Europe blocks weakening but the Asian block led by China strengthening.

"In the near term, we can expect a risk trade-off where there is buying of US Treasury bonds but in the long term the flow of funds will be towards Asia and other strong emerging markets," he said.