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Eco resort proposed by SPV, says KCB

PETALING JAYA: Karambunai Corp Bhd (KCB) told the exchange yesterday that the much talk-about RM3bil integrated eco-nature resort in Karambunai peninsula in Sabah was proposed by a special-purpose vehicle (SPV) set up by its controlling shareholder and a Chinese partner.

KCB itself has no equity interest in the SPV.

“Up to date, KCB has no shareholding in the SPV, nor has it received any official notification from the government or signed any MoU or agreement with the SPV to develop Karambunai yet,” it said.

“However, both the management of KCB and SPV have concrete, specific, clear timeline plans and commitments to the Malaysian government to attain the desired results under Economic Transformation programmes as envisaged by the government,” it added.

The SPV, KCB said in the statement, was incorporated to assess the feasibility of the project.

KCB said the SPV, together with its local and overseas consultants including its financial consultant China Construction Bank International, aimed to bring investments to Malaysia.

“It has presented proposals to the Malaysian government to assess the relevance and importance of developing Karambunai to spearhead the growth of tourism in the Eastern Corridor of Malaysia,” it said.

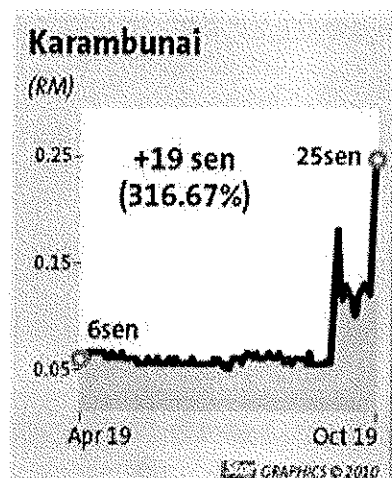
Shares in KCB closed 1.5 sen higher at 24 sen yesterday on volume of 131.9 million shares.

The stocks continued to attract strong trading interest over the past one week on speculation linking the firm to the proposed eco-nature resort.

Prime Minister Datuk Seri Najib Tun Razak in his Budget 2011 speech on Oct 15 mentioned that Nexus Karambunai, a renowned resort in Sabah, is committed to developed the RM3bil eco-nature resort projects.

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Still, scepticism abounds on Karambunai's ability to execute this grand plan, not least because of its weak financial status. The company has been in the red for the past three financial years.

For the quarter ended June 2010, the company continued to remain in poor financial health, suffering losses of RM14.39mil from a previous loss of RM14.62mil. Revenue was up 7.78% to RM24.03mil. As of the period, the company had cash amounting to RM7.29mil. In addition, it has piled on huge debts with short-term borrowings of RM192.07mil and long-term borrowings of RM283.77mil.

This is not the first time the counter has witnessed such exuberance in the absence of any fundamental development. A month ago, the company made headlines when it was speculated that it would start a casino operation in Sabah.

The speculation came about from a proposal of the 500-acre "eco-nature" resort in Sabah by the Performance Management and Delivery Unit (Pemandu) at the Economic Transformation Plan (ETP) open day a month ago.

This piece of speculation drove the share price from 5.5 sen on Sept 21 to 18 sen in a matter of three days.

On Sept 24, Karambunai informed the stock exchange that it has not submitted any official proposal to the Government, nor had it penned any written documents with any other third parties in respect of any plan to build a casino in Karambunai.

So for now, the company has yet to come up with any concrete plans for the eco-nature resort.

Again this week, on Monday, the company had to clarify to Bursa that it had not signed any understating or agreement with any parties and does not have any corporate developments which merit public disclosure.

The company said its controlling shareholder, in his private capacity, had acted as a promoter to invite interested parties to invest in Karambunai.

Karambunai said its property was included in the Budget 2011 speech after its Nexus Karambunai Hotel general manager attended the Performance Management and Delivery Unit-driven national key economic areas tourism lab together with other members of the private and public sectors.

Incorporated in 1965 as Electrical and Allied Industries Ltd, Karambunai Corp is mainly in leisure and tourism, infrastructure and property development

In 1984, the company announced that it would go into the leisure and tourism market as well as property and construction, manufacturing, trading, infrastructure development, and even aerospace and information technology.

On Sept 13, 1993, the company changed its name to FACB Bhd and later to FACB Resorts Bhd on Sept 30, 1999.

It assumed its present name of Karambunai on Sept 30, 2004. It is now mainly in leisure and tourism, infrastructure and property development

Currently, Karambunai owns about 1,500 acres in Karambunai, a peninsula which lies some 27km north of Kota Kinabalu airport.

Its flagship asset is the Nexus Resort & Spa Karambunai, a luxury 5-star 485 room international-class resort hotel with a world-class 18-hole golf course, combining elements of modern architecture with Borneo design and style.

Its latest development in the area are the beachfront Nexus Residences Karambunai (NRK), which features upmarket beachfront resort villas and will comprise about 2,000 units when completed.
