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Will the real E-Village developer please stand up?

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FROM day one, Malaysia's Entertainment Village (E-Village) project is touted to be the turning point for local film and multimedia industries to leapfrog into the Digital Age. Much has been talked about of the RM3 billion project, especially on how it aims to revolutionise the local industries by creating a cluster of related facilities to be a regional entertainment hub, akin to Hollywood and Bollywood.

Alas, since its colourful and glamorous launch in September last year, which saw international stars like Jackie Chan and Michelle Yeoh gracing the event, the E-Village project had ran into financial problems, hampering its scheduled development.

Over the past few months, speculations were rife about the new company which is to be appointed to helm the grand project. The new appointment is necessary due to the failure of the first master developer Entertainment Village Sdn Bhd (EVSB), which is experiencing cash flow problems to proceed with the project development.

LACK OF FUNDS

The implementation of the E-Village was undertaken on a fast-track basis for the first phase (Phase 1A). As the master developer was unable to raise the necessary capital to proceed with the completion of the phase, Multimedia Development Corporation (MDC) as the project overseer extended an initial loan of RM27 million for EVSB to move on.

However, as of March 31 this year, the total amount outstanding to the creditors stood at RM52.4 million for the works under Phase 1A. This initial phase saw the setting up of several sound stage studios, a virtual stage studio, special effects and post-production facilities. Those involved in the work were not paid.

MDC then advised EVSB to raise the necessary funds and make scheduled payment until the end of the year to the creditors. However, EVSB, a company wholly-owned by Datuk Ibrahim Abdul Ghaffar, again failed to raise enough money, and MDC in August this year invested RM14.7 million in EVSB and settled a portion directly to the creditors.

Apparently, according to media reports, EVSB is now forced to undergo a management restructuring exercise to improve its financial standing.

Due to these cash flow problems, the next phase, Phase 1B, which was supposedly to begin early this year has hit a snag for the time being. Moreover, the next few stages would reportedly need more than RM200 million for ongoing development. Action was then immediately taken to identify a new developer with the financial muscle to proceed with the E-Village project, which is expected to be completed in 2007.

WHO IS NEXT?

Many names had been tossed around, including a Kedah tycoon, reportedly to steer the ambitious project, which is nestled on a 480 ha site near Dengkil, on the border of the Multimedia Super Corridor (MSC) hi-tech zone. According to an MDC's Press statement dated Sept 3, 2001, a letter was sent to Wawasan Pinggir Sdn Bhd in April 2001, offering the company development rights to E-Village under specific conditions. One of which was the settlement of the creditors, including the loan extended by MDC.

However, on July 30, another company, Budaya Hikmat Sdn Bhd, was introduced to "replace" Wawasan Pinggir to develop the new concept of E-Village, which is now proposed to be designated as an Eco-Media City that will comprise an artist city and research facilities for biodiversity and

biotechnology. An industry source says that EVSB had apparently completed its due diligence exercise to pass the development rights to the new company. "It is a breakthrough," says the source, referring to the undisclosed company which is apparently at the verge of signing the agreement. At Press time, the formal appointment of the new master developer for E-village has yet to be made. Even MDC, when contacted numerous times, is keeping mum about the new company that would replace EVSB.

Besides Wawasan Pinggir and Budaya Hikmat, another party said to be interested is businessman Tan Sri Syed Mokhtar Albukhary, according to recent media reports.

Although it cannot be confirmed, industry observers say that Syed Mokhtar had submitted a proposal to the Government to take over the E-Village project from EVSB. Syed Mokhtar, a low-profile tycoon from Kedah, recently became well known when a local business magazine disclosed that he was one of the wealthiest men in the country.

Apparently, he had voiced out his intention to scale down the project to a more manageable level. However, Datuk Ismail Yusof, the chief executive officer of Albukhary Foundation, a charitable organisation headed by Syed Mokhtar, has denied that Syed Mokhtar was keen on the E-Village project.

In addition, media reports stated that MDC had announced two new investors would be roped for the project during the E-Village International Advisory Panel (EVIAP) meeting last April. Although it then promised to release the identities of the investors within a week, no official announcement has been made thus far by MDC. Genting Bhd was one of the names bandied around, although the public-listed company denied any involvement.

THE PROJECT GOES ON

Speaking to reporters after a meeting with creditors at the E-Village Studio last August, MDC's executive chairman, Tan Sri Dr Othman Yeop Abdullah said, "We want the new developer to absorb the whole project, lock, stock and barrel, including paying the outstanding loans owed to 50 project managers, consultants, suppliers, contractors and sub-contractors that were involved in Phase One, which was completed in September last year."

During the Fifth MSC International Advisory Panel Meeting (MSC IAP) at Cyberjaya recently, Prime Minister Datuk Seri Dr Mahathir Mohamad reaffirmed that the E-Village project has not been abandoned and that the Government is looking at the possibility of a new partner to helm it.

"We are trying to find another partner. We found that the initial capital and investment capacity were inadequate. "We have not abandoned it. We are still forging ahead with it. We just have to clear up a few things first before another partner takes over," Dr Mahathir said. If all goes according to plan, by the end of 2007, the E-Village project would have, among others, delivered eight studios, an academy of dramatic arts, theme parks, a hotel, residential areas, and health farms.

The need to reveal the identity of the new master developer is crucial, as the industry awaits its next step, especially to re-energise the floundering project. E-Village, in all its might, has the capability to achieve its goals to accelerate the growth of the local film and multimedia industries, and to avoid being labelled as a hyped-up "white elephant".

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