

POIC Sabah signs memorandum with four China firms

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BEIJING: Sabah state-owned POIC Sabah Sdn Bhd signed a memorandum of understanding with four China companies here yesterday that once again brought into focus the economic potentials in oil palm and biomass in the state.

The four companies are Hebei-based Tangshan Chunhua Grain & Oil Croup Co Ltd, Xinji Xinyuan Biotech Co Ltd, Top Honesty Biotechnology Co Ltd and Hong Kong-based Utility Sugar Trading Ltd.

The signing, held at the China World Hotel here, was witnessed by Deputy Plantation Industries and Commodities Minister Datuk Datu Nasrun Haji Mansur, who welcomed the China companies' interest in Sabah the credited it as a result of promotional efforts undeterred by current economic challenges.

Nasrun, who is on a four-day Economy & Technical Mission on Palm Oil to China visit, noted that all four companies have footprints around the globe and in sectors

that can exploit the vast potentials in the abundance of palm oil and oil palm-based biomass

"We (Sabah) have a lot (about 1.5 million hectares) of oil palm plantations. We export most of our crude palm oil and are still waiting for serious investors to exploit the biochemical potentials," he told investors in a seminar in the Chinese city. "We hope your intent will become a reality in the near future."

Nasrun, who is also the member of parliament of Lahad Datu and chairman of POIC Sabah, pointed to recent trends in China's interests in Malaysia evidenced by massive investments in properties and industries, as well as growing tourist arrivals.

"We in Sabah can surely benefit from your company's expertise and exposure in technologies, financial strength and marketing."

Chunhua, based in Tangshan City in Hebei Province, is a 38-year-old company specialised in agriculture products and

edible oil, especially peanut oil which it processes about 300,000 metric tons per year. It also value-adds to the various types of edible oil it refines, and has gone upstream into planting its own raw materials, including a 10,000-hectare peanut plantation in Sudan.

Xinji Xinyuan Biotech is part of the Xingyuan Group, based in Xinji City. The group was incorporated in 1990 specialising in machinery such as boiler, foam and plastic machines, and is increasingly being known for its aggressive forays into producing activated carbon from waste materials.

It also has factories producing bio-coal and activated carbon from coconut shells in Indonesia, Thailand, Philippines and Peninsular Malaysia (Johor), and has sent feelers to Sabah to identify the feasibility of using oil palm biomass to produce the two products.

The super absorbent activated carbon are in huge demand in



Nasrun (third left) witnessing the exchanging of memorandum of understanding between POIC Sabah Sdn Bhd and Tang Shan Chun Hua Grain and Oil Co Ltd.

China to satisfy the demand of a programme to rehabilitate vast areas of farm land made toxic by years of unabated fertiliser, weed-killer and pesticide use.

Utility Sugar Trading Ltd, based in Hong Kong, is a major global supplier of sugar and syrup set up in 1985, with an annual turnover of about US\$60 million.

Top Honesty Group, based out of Macau, is a public-listed company with a market capitalisation of USD59.6 million. Its core businesses are in consumer durables and renewable energy.

POIC Sabah which is developing the 4,000-acre pall oil industrial cluster in Lahad Datu is in the forefront of promoting Sabah as a global investment destination in palm oil and biomass downstream.

Established in 2015, the park

has attracted more than RM4 billion in investments. With an operating bulk terminal, a liquid terminal, a barge landing point and a RM450-million container terminal due for completion in 2018, it is known for being the industrial park with the most comprehensive port facilities in one location.

That the Malaysian government funded most of this expensive infrastructure is a testament of its recognition of the park's as well as Lahad Datu's economic potentials.

Sabah's biomass development initiatives were made on the back of the National Biomass Strategy 2020 launched in 2010 when technologies were few and even fewer were commercially proven.

But rapid advancements have

caught experts by surprise so much so that going for the lowest hanging fruits is no longer an option because of the vast and lucrative potentials on the horizon.

One time easy-going biomass owners now drive hard bargains. Before the NBS, they were on record offering anyone to remove biomass from the oil palm mills for free.

Today, the biomass (including mesocarp fibres, palm kernel shells, fronds, trunks, palm kernel shells and palm oil mill effluent) can be monetized depending on what investors want out of them, from the rather straight-forward production of pellets, or compost or animal feed to sophisticated extraction of industrial sugars and chemicals with proprietary technologies.