

## **PRESS RELEASE**

### **China giant mulls investment in bio-fertilizer at POIC Lahad Datu**

**KOTA KINABALU**, Wed. (Nov 18, 2009) – Sabah looks set to entrenching itself as the region's major fertilizer producer with the prospective entry of a major manufacturer from China.

Shenzhen BaTian Ecotypic Engineering Co Ltd – 深圳市芭田生态工程股份有限公司, one of the biggest fertilizer manufacturers in China, expressed its interest to invest in the fertilizer cluster at the Lahad Datu palm oil industrial cluster (POIC Lahad Datu).

In a meeting with officials of POIC Sabah Sdn Bhd here today, BaTian's chairman and chief executive officer Dr Huang Peizhao (董事长兼总裁黄培钊博士) said the company is interested in tapping the BIMP-EAGA (东合东成长区) market with its 20-year experience in producing a wide range of fertilizers.

Through its extensive research in plant nutrition and agronomy, BaTian has achieved many breakthroughs in fertilizer production and application. Aside from compound fertilizers (commonly used in the oil palm plantations), BaTian also produces controlled release fertilizers and organic fertilizers.

BaTian is developing fertilizers to reduce labour requirement in application, and to raise the level of fertilizer uptake by plants from the industry average of 40% to 60-70%.

The company's main facility in Shenzhen, in Guangdong Province in southern China, produces 1.65 million tonnes of compound fertilizers yearly. Sabah's annual requirement is about 1.1 million tonnes.

BaTian's plan reflects a recent trend among Chinese companies, awash with capital, venturing beyond their domestic market.

Dr Huang (黄培钊博士), an agronomist, said he was impressed with the port facilities at POIC Lahad Datu and the potential for bio-fertilizers, an area which BaTian is focusing on.

POIC Lahad Datu's fertilizer cluster already has seven investors with a planned capacity totaling 900,000 tonnes per year. A dedicated fertilizer jetty is under construction. Investors are attracted by the huge demand generated by the booming and expanding plantation industries in Sabah, Sarawak, Kalimantan, Sulawesi and Irian Jaya.

Dr Huang (黄培钊博士) was among a 9-member Department of Agriculture of Guangdong Province delegation which arrived here on Tuesday (Nov 17) evening to begin a 5-day visit. Their visit to Malaysia was initiated by the Ministry of Information Technology and Innovation. Included in their itinerary is a visit to POIC Lahad Datu. They were led by Mr Cai Hanxiong (副厅长蔡汉雄先生), the vice director-general of the Department of Agriculture, Guangdong Province – 广东省农业厅)

The visitors were briefed on POIC Lahad Datu and the region's fertilizer market by Dr Lee Min Tong (李明堂博士), a consultant with POIC Sabah and an expert in agronomy and cocoa. He said Malaysia consumed about 4 million tonnes of fertilizers last year. Most of the components of compound fertilizers such as urea, ammonia sulphate, rock phosphate, murate of potash and kieserite were imported from China, among other countries.

POIC's CEO Dr Pang Teck Wai (彭德威博士) said the Chinese interest in using POIC Lahad Datu as their staging post for the wider Southeast Asian fertilizer market synchronizes with POIC's impending collaboration with the Port of Rotterdam Authority (POR, of The Netherlands) to upgrade logistics infrastructure in Sabah and elevating Lahad Datu to international maritime hub status.

Fertilizer imports and exports are not subject to taxation in Malaysia. Under the Asean Free Trade Agreement (AFTA), tariffs for fertilizes are set at a nominal 0-5%.

He encouraged the visitors to consider bio-fertilizers to take advantage of the large volume of oil palm biomass such as empty fruit bunches, palm fronds and POME (palm oil mill effluent).

Meanwhile, Mr Cai (蔡汉雄先生) said Sabah can leverage on its huge oil palm sector in the lucrative trade between Malaysia and Guangdong Province.

Describing the oil palm tree as a 'treasure from tip to root', he said every part of the tree and their processed products can find ready market in China.

He said the delegation's visit to Malaysia was also to explore market for a wide range of agriculture harvesting machinery produced in Guangdong and investment opportunities in paddy planting.

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