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THP to invest in palm oil refinery

Company to invest US$15 million, says Rashidi

IPO Watch

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It will partner a Chinese firm to buy and operate an Indonesian mill

TH PLANTATIONS Bhd (THP) and a China-based partner will jointly invest US$15 million (RM68 million) to buy and operate a palm oil refinery in Indonesia.

THP managing director Datuk Rashidi Omar said US$8 million (RM29 million) will be used to fund the purchase while the remaining US$7 million (RM26 million) will be used for upgrading and expanding the currently abandoned refinery.

The deal is expected to be completed by end of the month, after THP, the plantation arm of Lembaga Tabung Haji, is listed on Bursa Malaysia's main board, scheduled on April 27.

Rashidi said the refinery, which will be managed by THP and its Chinese partner, would be operational by year-end and can produce up to 1,500 tonnes of processed oil per day.

"The purchase will contribute towards enhancing Tabung Haji's plantation revenue and help pave the way to venture into the biodiesel business.

"Since biodiesel uses olein and not crude palm oil, we can only venture into this particular business once we have a refinery," he told reporters at a briefing in Kuala Lumpur yesterday.

THP has a landbank of 16,227ha of oil palm estates in Malaysia and operates three mills.

Meanwhile, Tabung Haji chief executive officer Ismee Ismail announced that the closing date for THP's share application has been extended from today to April 10.

The extension was due to concerns that application from Tabung Haji depositors may not have reached Malaysian Issuing House on time.

Depositors submitting their applications to the 121 Tabung Haji branches nationwide must now do so before the end of business on April 7, except for those in Kedah, Kelantan and Terengganu where applications will be accepted until noon on April 9.

Tabung Haji plans to raise some RM93.1 million from THP's listing. Ismee said Tabung Haji has around 2.5 million eligible depositors who can apply for THP shares.

14 licences for biodiesel projects approved

■ By Rupa Damodaran
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THE Government has issued 14 licences for biodiesel projects in Malaysia so far, International Trade and Industry Minister Datuk Seri Rafidah Aziz said yesterday.

Another 36 applications are being evaluated, she told participants of the National Investment & Trade Dialogue & Seminar on Business Opportunities in the manufacturing and services sector in Kuala Lumpur.

"Some are already in operation, using crude palm oil or processed palm oil," Rafidah said.

The minister was asked by a participant during the dialogue session whether there was a freeze on biodiesel projects given the overwhelming response to the new industry.

Rafidah said the Government believed in an open approach when providing investment opportunities to the private sector.

"We're currently watching to see how fast this industry will grow. Remember how the rubber glove industry expanded so fast when there were so many eager beavers who wanted to join in then?" she said.

Meanwhile, Rafidah allayed concerns some participants had about potential threats from free trade agreements (FTAs), pointing out that the launch of FTA talks do not mean tariffs will be cut immediately.

"In any FTA, if we find that we cannot accede to the other party's request and they cannot accede to ours, then there will be no FTA," she said.

Malaysia is currently involved in FTA negotiations with Pakistan, Australia and New Zealand.

Apart from a study on a proposed FTA with Chile, Malaysia will also commence negotiations on a FTA with the US.

"The private sector should provide their views to Miti on issues and impediments to facilitate and assist the Government in protecting the sector's interests in the FTAs under negotiation," she said.