

## **POIC 2018, ALL SYSTEMS GO**

### **(1) POIC, State of play**

There is now in POIC, a thriving business community. Significantly, a fertilizer processing centre and refineries are in operation. These are possible because all infrastructure required to operate various manufacturing processes are present, including the entire logistics supply chain and export supports.

Operationally, by and large the recently (container port being the last major piece) completed (on 25<sup>th</sup> March 2018) basic infrastructure in POIC constitutes the foundation necessary for an industrial take-off. The direction of POIC is expressed in its vision, mission and strategy statements.

### **(2) Vision, Mission and Strategy of POIC**

#### **Vision**

Lots of factories, industrial and port activities using the oil palm industry as the key anchor sector.

#### **Mission**

POIC intends to realise the vision by first setting-off a dynamic and rapidly growing process of industrialisation. In implementation, the aim is to identify all major missing links in the process of industrialising and find ways to bridge the gaps towards a sustained industrial take-off<sup>1</sup>.

*(Note<sup>1</sup>: An industrial take-off is important due to the fact that all developed high income economies in the world without exception possess a high industry to GDP ratio).*

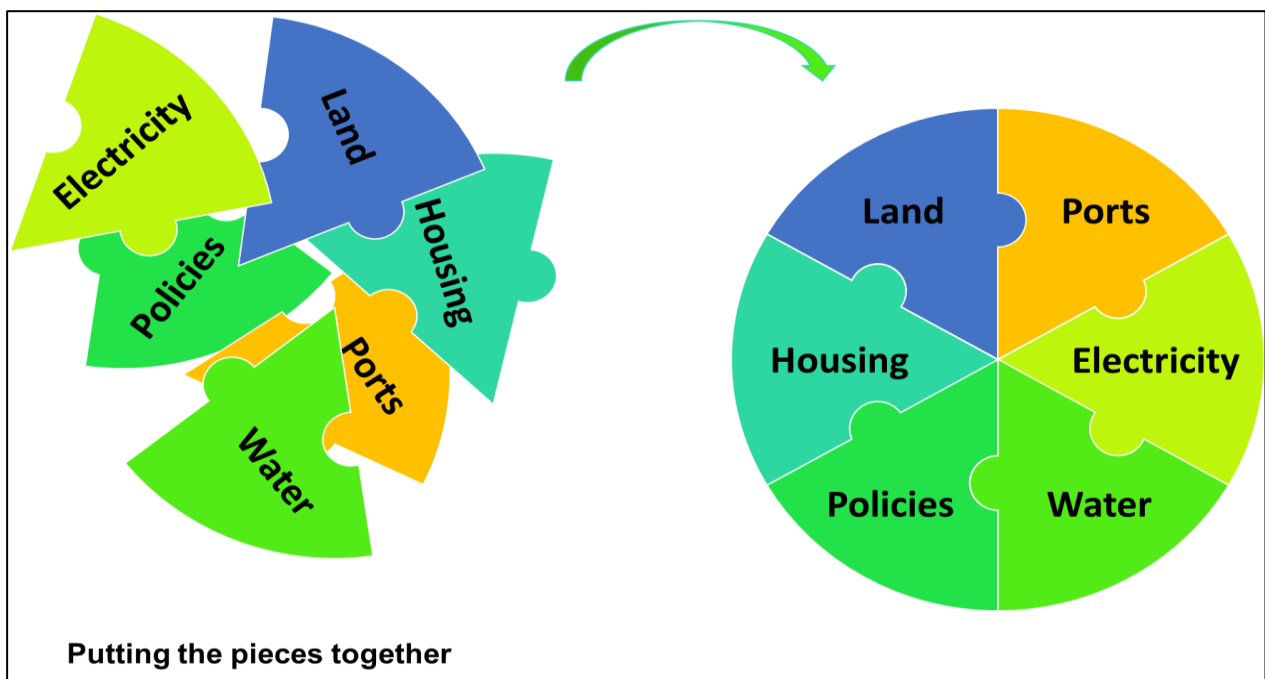
### Strategy

The strategy is to use the oil palm sector as the key sector for initiating Sabah's industrialisation. Doing so by focusing on the highest value-added products possible.

### (3) Infrastructure

In 2005 when POIC started, the major missing link was that of infrastructure: as in the absence or inadequate developed industrial land and sea ports in a geographic area fairly centrally located where oil palm plantations are. This is the rationale underlying POIC's efforts in focusing on building the basic and some specialised infrastructure needed for higher value-added industrial take-off of the oil palm sector. Operationally this means, while keeping (much like a big jigsaw puzzle) the big picture in mind, the approach is to identify the missing links (see Figure 1) towards an industrial state and find ways to bridge the critical gaps.

**Figure 1: POIC's Tasks Like a Jigsaw**



Thus far, POIC's effort has been to identify the missing links needed for high value down streaming of palm oil and find ways to bridge the gap either via

government funding or through collaboration with the private sector. As a result POIC now has the following main soft and hard infrastructure in place:

- 3.1 **PEMA** – POIC Emergency Mutual Aid. This is the safety and emergency (a very important factor in POIC) response team involving POIC investors; PEMA is led by BOMBA.
- 3.2 **Auxiliary Police** - POIC now has its own Auxiliary Police; Security a very key consideration for investors and a serious POIC undertaking.
- 3.3 **Biomass Supplier MCE** – My Clean Energy Sdn Bhd, a company specialising in biomass supply, the aim is to attain consistency in large scale PO Biomass supply.
- 3.4 **Tank Terminal** – POIC is building specialized infrastructure for storage of PO products so as to promote more investment opportunities.
- 3.5 **Water Storage Tanks** – The 3 mil. gal. water storage tanks ensures sufficient and consistency in water supply.
- 3.6 **Elec. Grid** –POIC has a comprehensive network of electricity grid of 132/33/11KV power lines designed to optimise power supply stability.
- 3.7 **Pipe rack** – A specialized infrastructure in POIC to enable investors to pipe various types of bulk liquid direct from factory to ship through a system of pipe interchange.
- 3.8 **Refineries** – POIC has two sizable palm oil refineries operating. There is also a first oleochemical plant in Sabah, located in POIC using industrial grade palm oil to make stearic acid as the primary product and soap noodles as secondary products. Other oleochemical plants and downstream industries requiring containerisation for export are now a possibility with the POIC Container Terminal in place.

3.9 **JOBS** – 1000 jobs created in POIC to-date. Many of the workers are from Lahad Datu.

3.10 **Tug Boats** – Presently 2 tug boats deployed by KASI (Malaysia) Sdn Bhd to specifically serve POIC ports.

3.11 **Stevedoring** – This, together with loading and unloading equipment (forklifts, tractors for trimming, grabs and hoppers) are provided by TS Shipping and Forwarding Sdn Bhd. TS Shipping is one of the largest on-land transporter in Sabah.

### 3.12 Ready Built warehouses for lease



*General cargo – PKE/PKS warehouse*



*General cargo – Uncladded Warehouse*



*Biomass Collection Warehouse*

**POIC READY BUILT WAREHOUSES FOR LEASE (OUTSIDE PORT AREA)**

**BIOMASS COLLECTION WAREHOUSE**

**Total built up:** 46,500 sq.ft (4,320m<sup>2</sup>)  
**Each unit:** 15,500 sq.ft (1,440m<sup>2</sup>)  
**Total unit:** 3 units  
**Location:** POIC Phase 3A, Lot 50  
**Specs:** 50m(W), 100m (L), 12m (H)  
**Status:** Completed - Vacant

**GENERAL CARGO - UNCLADDED WAREHOUSE**

**Total built up:** 53,819 sq.ft (5,000m<sup>2</sup>)  
**Total unit:** 1 unit  
**Location:** POIC Phase 2, Lot 35A  
**Specs:** 50m(W), 100m (L), 12m (H)  
**Status:** Completed - Vacant

**GENERAL CARGO - CLADDED WAREHOUSE**

**Built up area:** 53,819 sq.ft (5,000m<sup>2</sup>)  
**Each unit:** 17,760 sq.ft (1,650m<sup>2</sup>)  
**Total unit:** 3 units  
**Location:** POIC Phase 2, Lot 35A  
**Specs:** 50m (W), 100m (L), 11.83m (H)  
**Availability:** 2nd Quarter 2018

**POIC READY BUILT WAREHOUSES FOR LEASE (WITHIN PORT AREA)**

**BULK CARGO / BAGGED FERTILISER) WAREHOUSE**

**Total built up:** 40,364 sq.ft (3,750m<sup>2</sup>)  
**Total unit:** 1 unit  
**Location:** POIC Phase 1, Lot 12  
**Specs:** 50m (W), 75m (L), 9m (H)  
**Availability:** 2nd Quarter 2018

**GENERAL CARGO / PKE / PKS WAREHOUSE**

**Total built up:** 67,812 sq.ft (6,300m<sup>2</sup>)  
**Total unit:** 1 unit  
**Location:** POIC Phase 1, Lot 12  
**Specs:** 60m (W), 105m (L), 12m (H)  
**Availability:** 4th Quarter 2018

**3.13 POIC Port City @ POIC Lahad Datu.** This 3&4 storey shop/office, detached and semi-detached, light industrial warehouses are located in POIC Phase 1.

**PORT CITY @POIC**

**(BRISTEEL PROPERTIES SDN BHD & BRISTEEL HORIZON SDN BHD)**

Land area: 30.87 acres at Phase 2, POIC Lahad Datu

S&P agreement signed: 18/6/2010, 23/12/2011, 14/1/2011 and 5/1/2012

Projected employment to be created: 91

Business activities in POIC: Local Commercial Development/SMI (Light Industrial Warehouses)

The development features ready built factories, shops & office buildings and dedicated Food Street for F&B outlets.

3 & 4 storey SHOP / OFFICE (36 Lots)

Built up area:-

4-storey = 4,342sq.ft to 5,154sq.ft.

3-storey = 3,229sq.ft to 3,853sq.ft.

3 storey OFFICE COMPLEX (48 Lots)

Built up area: Intermediate / intermediate corner = 4,020 - 6,714sq ft

Light Industrial WAREHOUSE (22 Lots)

Typical detached unit built up area is 12,433sq.ft

Typical semi-D unit built up area is 6,737sq.ft

**3.14 Housing, Khazanah Jaya Sdn Bhd:** This property, Taman Khazanah Indah, is built just next to POIC Phase 3. Started by Syarikat Perumahan Negara Berhad (SPNB) in 2009, the plan is to build 2,622 units of houses and shops. In 2012 Khazanah Jaya took over and completed 282 units of single storey terrace houses. This project with good potential for

expansion would solve housing needs by people working in POIC. There is an understanding between Khazanah Jaya Sdn Bhd and POIC to develop various types of residential properties to meet POIC housing needs. Some of the ready built units are open for rent.

**3.15 Shippers:** Evergreen, MTT, SITC, Harbour Link. These shippers are already collaborating with POIC in port related businesses.

### **Evergreen Marine Corporation**

Evergreen Line operates the fourth largest container fleet in the world, with over 190 ships by capacity of approximately 850,000 TEUs calling on 240 ports worldwide in about 80 countries

Services routes:

- a) Far East - North America
- b) Far East - North Europe and Mediterranean
- c) Europe - US East Coast
- d) Far East - Latin America
- e) Far East - Africa
- f) Intra - Asia, Asia - Middle East & Australia and Asia India sub-continent
- g) Intra - Europe and Mediterranean

Ocean freight services:

- a) Full Container Load
- b) Consolidation
- c) Less Than Container Load
- d) Buyer Consolidation
- e) Multi-Country Consolidation
- f) Special Cargo Handling
- g) Refrigerated Cargo
- h) Awkward Cargo
- i) Door to Door and Intermodal
- j) Cargo Tracking
- k) Customs Clearance
- l) U.S. ISF Filing

## **MTT Shipping Sdn Bhd**

MTT Shipping Sdn. Bhd. (est. 2010) offers a comprehensive port coverage in the Malaysian region. With its offering of fixed day arrivals and departures.

MTT ships now sail an unprecedented 3 times a week to Kuching and Kota Kinabalu, twice a week to Sibul, Bintulu and Miri. This is in addition to weekly departures to Labuan, Sandakan, Tawau and Muara, Brunei.

A market leader, MTT provides the best frequency of sailings, transit times, capacity and comprehensive port coverage between Peninsular Malaysia and Sabah, Sarawak, Brunei.

### Services:

- a) Total logistics operations, management and consultancy
- b) Customs brokerage
- c) Inventory & supply chain management
- d) Logistics centre (warehousing) management
- e) Vendor management
- f) Trucking and local distribution
- g) Material procurement outsourcing
- h) Container haulage
- i) Material hub management & IPC
- j) Domestic shipping services
- k) Finished goods hub & RDC
- l) Shipyard and slipway
- m) Integrated door-to-door services
- n) Barging
- o) Multimodal international freight forwarding
- p) Stevedoring
- q) Specialised logistics management for pharmaceutical, EMS and FMCG products
- r) Bulk cargo, heavy equipment & material handling services, maintenance, leasing and trading
- s) Record management services



## **HARBOUR-LINK GROUP BERHAD**

Building from its core business as a local shipping and forwarding agent, Harbour-Link Group has expanded its service offerings and now provides a comprehensive range of services – from customs tax consultation services, customs brokerage and documentation to warehousing, transportation, air, sea and land freight to heavy haulage, mechanical erection/installation, ship chartering, supply chain management and other specialized industrial logistical support services, which are available nationwide and across the intra-Asian region.

### **Business Activities:**

- 1) **Integrated Logistics Services**
  - Transportation & Handling
  - Freight Forwarding
  - Warehousing
  - Stevedoring
  - Equipment Leasing And Rental Services
  
- 2) **Shipping Marine Services**
  - Shipping Agency
  - Dry Bulk Carrier
  - Tugboat & Barge
  - Container Shipping
  
- 3) **Engineering & construction**
  - LPG, LNG, chemical, effluent and water treatment plants
  - Plant revamps and upgrades
  - Flow lines and metering stations
  - Gas treatment and compression facilities
  - Onshore pipelines
  - Pump and compressor stations
  - Oil-gas and cryogenic facilities
  - Depot and tank farms
  - Civil, Building and Infrastructure Engineering Works

### **SITC Container Lines (Sarawak) Sdn Bhd**

- Until Dec 31, 2017, the company operates 77 vessels and 6 dry bulk carriers, including 48 self-owned vessels. The existing 63 services routes cover 12 countries and regions, 64 major ports in area of Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, Philippines, Cambodia, Indonesia, Brunei and Malaysia. According to Alphaliner statistics, counted by capacity, SITC ranks No. 20 in the global container shipping enterprises as of Dec 31, 2017. The container transportation volume in 2017 exceeded 2.385 million TEUs (excluding None-charge containers).

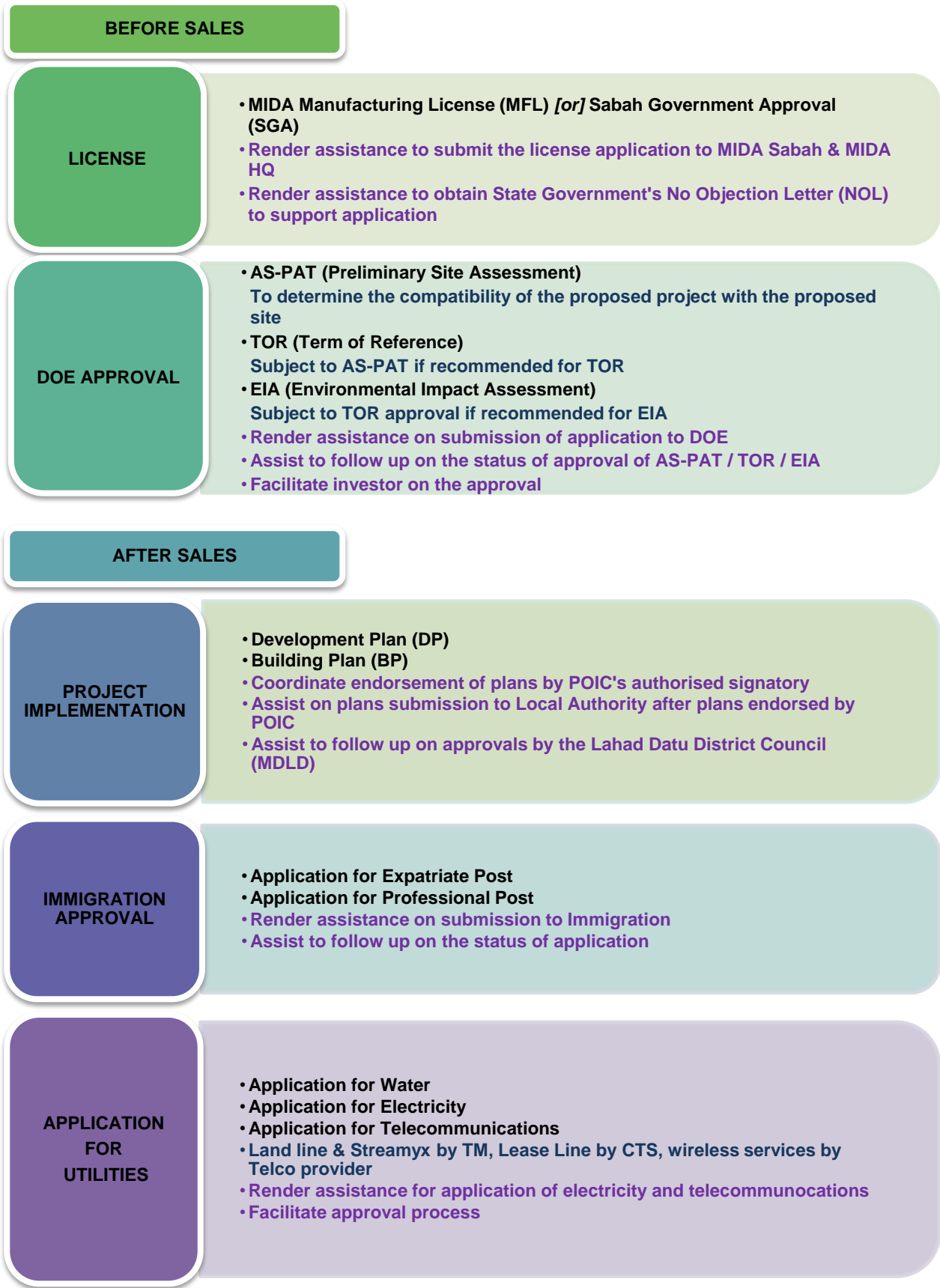
**3.16 Engineering, Perunding Pertama Consulting Engineers:** Perunding Pertama engineering consulting firm has been providing and co-ordinating much of the engineering work in POIC since 2006. Other long time associates of POIC in engineering matters are: Rumahkaya Sdn Bhd and System Consult Sdn Bhd on electrical design, operation and maintenance.

### **3.17 Biomass Collection Centre: an example of POIC's resolve to bridge the investment feasibility gap**

Although palm biomass value adding offers vast investment opportunities, it is widely known to industry players that access and ability to aggregate large volumes of biomass had been the major missing link in this investment. As a result, POIC is now in the process of finalising the development of its 'biomass collection centre' which are located near palm oil mills. The collection centres are designed to:

- (i) minimise transportation of biomass over long distances (less than 50 kms)
- (ii) treat waste water
- (iii) tap 'excess' power from palm oil mills
- (iv) each collection centre to aggregate biomass from a 50km radius which generally offers access to 30-40 mills
- (v) attain some degree of price and supply stability

### 3.18 Assistance Rendered to Investor for Setting Up Business in POIC Lahad Datu



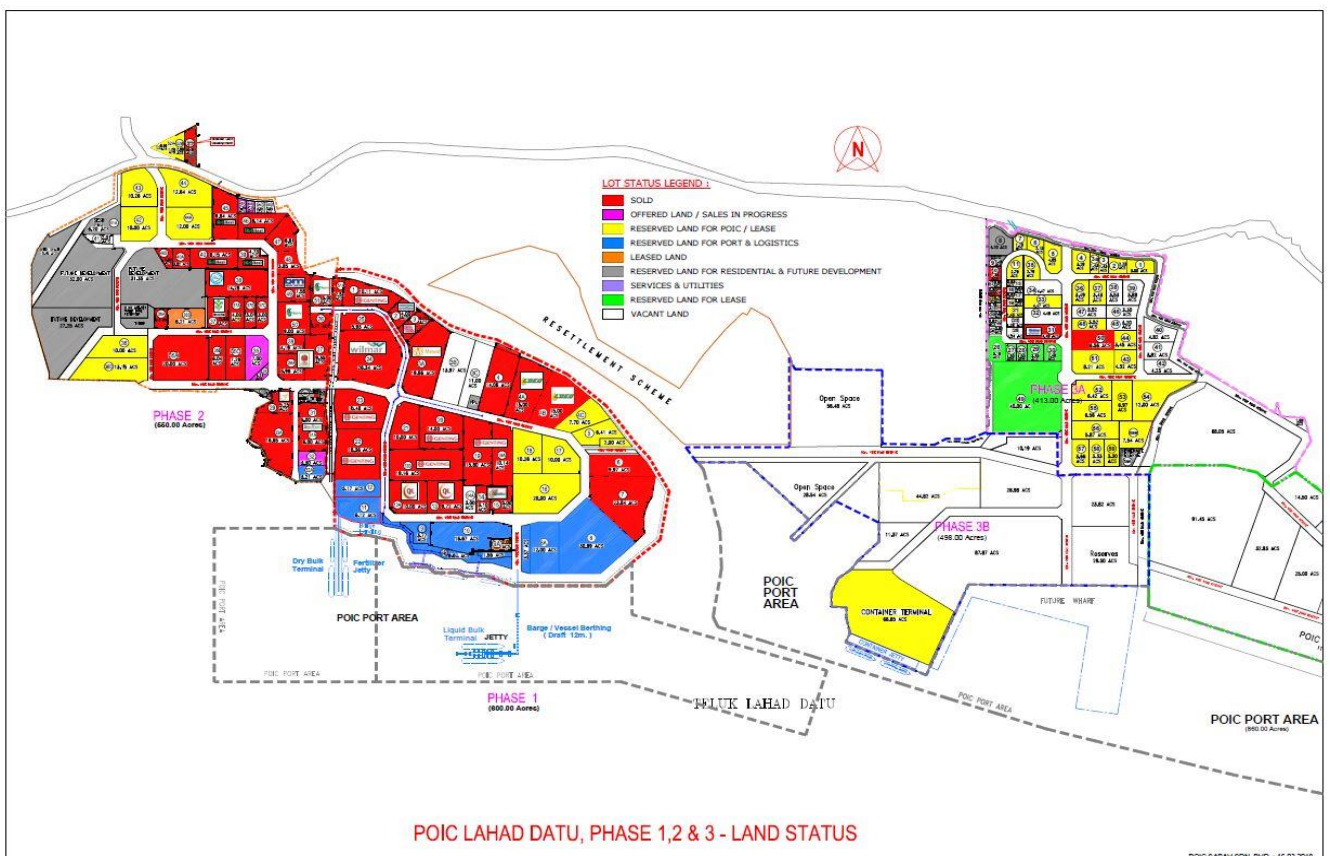
### 3.19 Environment

This being a major concern in its entire development as well as making sure that all companies operating in POIC take this seriously. We had undertaken mangrove replanting, spent a lot of time rationalising how not to bring EFB into the POIC site for processing, organising environment awareness programmes in schools and working towards a green port operation. Recently we have also worked with Ramsar to conserve some parts of the industrial park.

### 3.20 Land

Of the 4784 acres of land and sea area under POIC, 1367 acres are fully developed with infrastructure (see Figure 2 ).

**Figure 2: POIC Lahad Datu Phase 1, 2 & 3 – Land Status**



**4) POIC reaching out**

**NO. OF COMPANIES MET 2015 – 3/2018**

2015	2016	2017	2018
641 companies	265 companies	197 companies	26 companies
<b>Total = 1129 companies</b>			

**4.1 Bio-economy Corporation**

- Bioeconomy Corporation is the lead development agency for the bio-based industry in Malaysia. Under the purview of the Ministry of Science, Technology, and Innovation (MOSTI). Bio-economy Corporation is responsible for executing the objectives of the National Biotechnology Policy (NBP) and acts to identify value propositions in both R&D and commerce and to support these ventures via financial assistance and developmental services.

Bio-economy Corporation is:

- Owned by the Minister of Finance Incorporated & Federal Lands Commissioner
- Governed by the Biotechnology Implementation Council
- Advised by the Bio-economy International Advisory Panel, chaired by the Honourable Prime Minister of Malaysia.

POIC Lahad Datu is the investment corridor promoted by Bioeconomy Malaysia for bio based project. Through Bio-economy Corporation, POIC has been able to reach out to bio-chemical technology providers and investors in the U.S. and Europe.

## 4.2 MIDA

The Malaysian Investment Development Authority (MIDA) is the government's principal agency for the promotion of the manufacturing and services sectors in Malaysia. MIDA assists companies which intend to invest in the manufacturing and services sectors, as well as facilitates the implementation of their projects.

MIDA assists to promote POIC as one of the potential sites for local and foreign investments especially in palm oil industry, oil & gas, port & logistics and other related industries. And through various Trade Missions led by MIDA, POIC has been able to meet investors in the bio-mass and bio-chemical industries in Europe, U.S., Japan and Korea.

### MIDA Investment Incentives (related to POIC)

- Incentive for Reinvestment for Utilization of Oil Palm Biomass to Produce Value Added Products
  - 1) Pioneer Status (PS) with income tax exemption of 100% on statutory income for a period of 10 years. Unabsorbed capital allowances and accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company or
  - 2) Investment Tax Allowance (ITA) of 100% on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to offset against 100% of statutory income in each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

### 4.3 Agensi Inovasi Malaysia (AIM)

Agensi Inovasi Malaysia (AIM) is a statutory body created to jump start wealth creation through knowledge, technology and innovation to stimulate and develop the innovation eco-system in Malaysia.

POIC Sabah and AIM have worked together to:

- Develop more specific strategies to supplement the National Biomass Strategy in Sabah
- Develop the Lahad Datu Biomass JV Cluster
- AIM and the Sabah State Government commissioned The Sabah Biomass Industry Development Plan (SBIDP)
- AIM and the Sabah State Government developed a framework and set up committees to implement the SBIDP through the Sabah Biomass Task Force.

#### On Going Initiative:

##### 1) **Sabah Biomass Industry Development Action Plan**

- Agensi Inovasi Malaysia has been working closely with Sabah and Sarawak to develop its Biomass Industry Development Plan. For Sarawak, the plan is led by Sarawak State Planning Unit (SPU) and for Sabah, it is led by Ministry of Industrial Development (MID) Sabah. SBIDP was officially launched by the Prime Minister of Malaysia in February 2016.
- SBIDP provides a roadmap with tangible actions for developing the biomass industry in Sabah, including potential investments in the advanced biochemical sector.
- The plan addresses detailed on-ground information and determines the actual biomass availability and flow within existing

and planned industries in Sabah to examine the real and unique biomass opportunities to the State.

- To ensure the successful implementation of SBIDP, a Federal-State Level Steering Committee was formed with the assistance of a Biomass Taskforce. The Steering Committee to oversee the planning and approval mechanisms for new biomass projects developed across the State to ensure consistency with the objectives and goals established in the SBIDP.
- POIC Sabah as a council member, initiates the Satellite Biomass Collection Centre (PSBCC) as a spearhead to SBIDP. It is an initiative to promote and facilitate Sabah industrial activities and export of biomass products especially those related with palm oil.

## **2) The Biomass Joint Venture (JV) cluster project**

The Biomass Joint Venture Cluster (JVC) co-developed by AIM and POIC, State of Sabah, is an exemplary model intended to benefit domestic biomass owners by combining their resources to ensure security of biomass supply – the partnership was created between upstream and downstream companies where biomass owners hold direct ownership in a company based on the amount of biomass committed to the venture. These mobilisation models will undergo constant iteration to suit the local geographic requirements and the dynamic changing business environment.




## 5) Notable achievements at infancy

Even at this early stage of its development, POIC has already made some notable achievements as follows:-

- Genting, the first palm-based, bio-chemical plant in Sabah
- SPC and Global Bio Diesel, the largest concentration of palm biodiesel production facilities in Sabah
- The first industrial location drawing large scale investments from large international interest (GBD – South Korea; SPC – Public Listed in ASX, Sydney; Zurex – Public Listed in AIM, London; Gamalux – Pakistan; Eco Oils– Singapore/India; All Cosmos (Sabah Softwoods Hybrid Fertilizer Sdn Bhd) – Taiwan Public Listed; Mewah – Singapore Public Listed).
- The largest fertilizer processing complex in Malaysia
- The first two Spent Bleach Earth (SBE) processing plants in Sabah
- Green Biomass Sdn Bhd, the first commercial scale bio-pellets plant in Sabah
- First industrial park where Liquid bulk cargo moves direct from factory to ship
- The first sizeable tank terminal connected to a pipeline interchange
- The most comprehensive set of port facilities in one geographic location - dry bulk STS bulk unloader equipped crane jetty, liquid bulk jetty catering to various ship sizes, barge landing facility and STS equipped container port
- The first STS equipped container port with adjacent industrial land for sale and lease

- The largest industrial complex closest to a main township and support infrastructure such as airport, hospital, banks, telecommunication
- The first STS cranes equipped port in the East Coast of Sabah
- Setting up of the first large scale palm bio-mass collection centres near palm oil mills
- The first oleochemical plant using industrial grade palm oil as feedstock
- Zurex, the first plant in Sabah going into speciality chemicals and advanced materials in products enhanced by a range of graphitic nano materials (graphene)
- 3 sizable palm oil refineries in one industrial location – Genting Musimas Refinery Sdn Bhd, Zurex Corporation Sdn Bhd and Mewah Datu Sdn Bhd
- First industrial park to set up an Emergency Mutual Aid Scheme in the State of Sabah.

In case you missed the first two articles on “**POIC Container Port**” and “**POIC Achieved 1 Million Metric Tonnes of Cargo Throughput**”, please scan the QR codes below:

No.	Article	QR Code
1.	<b>POIC Container Port</b>	
2.	<b>POIC Achieved 1 Million Metric Tonnes of Cargo Throughput</b>	