

22 AUG 1997

LION GROUP & CHINESE FIRM IN SABAH FOREST & PAPER MILL PROJECT

KUALA LUMPUR, Aug 22 (Bernama) -- The Lion Group of Companies and China Pulp & Paper Industry Co. Ltd today signed an agreement with the Sabah state overnment to undertake a RM4.3 billion joint-venture forest plantation and pulp and paper mill project in Sabah.

The project, considered as the single largest foreign investment in forest plantations and paper mill by China outside its country, will have a production capacity of 750,000 tonnes of pulp and 225,000 tonnes of paper per annum.

The agreement was signed at the Prime Minister's Department here by Lion Group Chairman Tan Sri William Cheng and Chen Tong Hai, Vice Chairman of the state planning commission of China who represented China Pulp and Paper Industry. The Sabah government was represented by Chief Minister Datuk Yong Teck Lee.

The signing ceremony was witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad and China's premier Li Peng.

According to the Lion Group, a substantial portion of the production will be exported to China, generating foreign exchange earnings and savings in excess of RM1 billion per annum for Malaysia.

"This project will bring about economic, social and enviromental benefits to the country, particularly to the state of sabah. About 6,500 including 200 managerial and technical positions will be created," it added.

Lion Group said two joint venture companies would be incorporated locally to undertake the forest plantation project and pulp and paper mill respectively.

The joint venture company for the forest plantation project will have an equity structure of 60 percent Malaysian and 40 percent Chinese while the company for the pulp and paper mill's equity structure will be 40 percent Malaysian and 60 percent Chinese.

To ensure a continuous supply of raw material for the pulp and paper mill, the project will have its own sustainable forest management programmes which would include converting and rehabilitating waste and idle land into productive forest plantations.

An estimated 220,000 hectres of forest plantations will be established with an annual production of 3.8 million cubic metres of pulpwood to feed the pulpmill.

Lion Group said the equity partners for the project are also looking into other possible sites in Malaysia to establish another pulp and paper mill of similar capacity. --BERNAMA

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