

# Sarawak Plantation expanding oil palm estates

By JACK WONG  
starbiz@thestar.com.my

**KUCHING:** Sarawak Plantation Bhd, which targets to cultivate another 3,500ha of oil palm this year, is actively exploring potential acquisitions or mergers to expand its estates.

Newly appointed group managing director Polit Hamzah said Sarawak Plantation was aggressively looking into new areas for expansion, either to acquire existing oil palm estates or plantation land for future development.

"We are talking to interested parties and we do due diligence. There is nothing concrete yet," he told *StarBiz* after the company AGM on Friday.

Datuk Amar Abdul Hamed Sepawai said Sarawak Plantation was particularly interested in on-going brownfield operations that could provide immediate returns, adding that it was, however, highly selective in any potential acquisition or merger.

The company, according to Hamed, is targeting strategically located acquisitions which are either close to its milling facilities or otherwise could offer economies of scale. The group owns two palm oil mills – in Miri and Mukah Divisions.

Last year, the group expanded its total oil palm estates to 31,266ha with an additional

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over 3,000ha planted. The group currently owns 16 estates mostly in the northern and central Sarawak.

"This year, we target to cultivate at least 2,000ha under the new planting programme in areas between Balingian River and Selangau (Sibu Division).

"We plan to replant 1,500ha each year as about 6% to 7% of our estates in Miri are between 20 and 25 years old. The old plantations are no more productive and economical to maintain," said Polit.

Sarawak Plantation was incorporated in 1997 under the privatisation of Sarawak Land Development Board (SLDB), which was one of

the pioneer players in the state's oil palm industry.

The group's land bank was reduced to 41,324ha from 49,893ha due to the rescission of two native customary rights (NCR) land joint-venture agreements last month.

The agreements, which were signed in 2007 to develop the NCR land in Mukah and Sarikei were terminated because the parties concerned could not create sufficient landbank that was economical for commercial oil palm development after many years of negotiations with the landowners.

Polit said the group expected to raise its fresh fruit bunches (FFB) production by 10% this year from over 309,000 tonnes last year as more palms attained maturity.

He said it targeted to increase FFB production to an average of 20 tonnes per ha in unencumbered matured planted areas from about 17 tonnes per ha currently.

The group's two mills, which processed 655,400 tonnes of FFB in 2013, cater for many smallholders.

"Smallholders prefer to sell their fruits to our mills as both are located along the main road," added Polit.

Sarawak Plantation group is the only oil palm seed producer in Sarawak, with an annual capacity of two million seeds.