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Priceworth gets green light to log at Sabah forest reserve

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A view of Trus Madi in Sabah. Priceworth's unit Sinora will extract and remove commercial logs from FMU5 in Trus Madi under the principles of sustainable forest management and environmental conservation.

KUALA LUMPUR: [Priceworth International Bhd](#)'s wholly owned subsidiary Sinora Sdn Bhd will begin immediately to extract and remove commercial logs and/or merchantable timber from the Trus Madi forest reserve area in Sabah.

In a filing with Bursa Malaysia on Wednesday, the wood product manufacturer said this followed the approval given by Sabah Forestry Department for Anika Desiran Sdn Bhd (ADSB), which has appointed Sinora as contractor, to start operations in Compartment 57 and Compartment 58.

These compartments span a total of 1,759.8ha within Trus Madi.

As the contractor, Sinora agrees to buy from ADSB the logs it extracts at RM5 net per cu metre for all sizes, species and grades.

The price excludes the log extraction charges, royalty, premium, cess and any other statutory charges to be borne and paid by Sinora directly to the Sabah Forestry Department for and on behalf of ADSB.

In its announcement, Priceworth did not give any estimate of how many cu metres of logs were expected to be extracted within a certain period.

ADSB is a 99.99% owned subsidiary of Rumpun Capaian Sdn Bhd, which was awarded a 100-year concession in September 1997 to carry out harvesting, forest management and rehabilitation, and industrial tree planting within 101,161ha in Trus Madi. This licensed area is known as Forest Management Unit 5 (FMU5).

Concurrent with the signing of the log extraction and timber sale agreement with ADSB in October last year, Priceworth's unit GSR Pte Ltd inked a share sale and purchase agreement (SPA) to buy 100% in Rumpun Capaian for RM260mil.

Priceworth intends to inject Sinora into GSR, which will then seek a listing on the Singapore Exchange.

The SPA between GSR and Rumpun Capaian is conditional on, among others, the issuance of the coupe permits for Compartment 57 and Compartment 58 based on the new forest management plan for the licensed area.

Priceworth said on Wednesday that the approval by the Forestry Department fell within the meaning of "coupe permit".

Apart from the above, it said, other conditions precedent specified in the SPA had yet to be fulfilled.

Among the other conditions previously announced is ADSB undertaking to submit further applications to the director of the Forestry Department for his approval and issuance of further coupe permits for other compartments within FMU5.