

\$32.3 billion earmarked for Hainan investment

By Charles Lam

A TOTAL of \$32.3 billion — including more than 100 contracts and letters of intent — has been earmarked for investment in the newly established special economic zone on Hainan Island.

Among those agreements, the largest investment was an ethylene plant worth US\$2.4 billion (\$18.7 billion), signed for by newly listed Thai-based C P Pokphand.

According to Liang Xiang, formerly mayor of Shenzhen but now head of a preparation group for the new Hainan province, the Hainan Island province government had already signed a letter of intent with the Chai Tai Group (Pokphand's trading and agricultural arm in China) to set up an ethylene plant.

He added that the total amount of letters of intent signed for investment in Hainan was US\$4 billion. And contracts signed totalled \$1.1 billion — made up from US\$860 million and 120 million yuan.

A spokesman for Pokphand, the largest investor in Hainan, said yesterday the plant was a joint venture with the Hainan government, named as Hai Chai group, in which each side owned 50 per cent with paid-up capital of US\$600 million.

The remaining capital would be funded by loan syndication.

He said that the firm was currently studying the feasibility of the project, adding that the plant would be completed within two or three years.

Production of ethylene will be 200,000 tonnes annually, which will be partly for export and partly for the production of plastic.

Besides Pokphand's investment, Mr Liang said there were also Hongkong and Japanese investors willing to invest in developments in the province.

Other major projects included an oil refinery plant involving Caltex, which could produce 3 million tonnes oil annual-

ly, and a steel plant, a glass plant and a cement plant involving a foreign consortium.

Mr Liang also said that due to the financial difficulties of the newly established government — which recently experienced a 600 million yuan deficit — it had to seek funds from the central government by securing 200 million yuan this year and another 800 million yuan in the next three consecutive years.

Besides this, the body had also received a subsidy of 160 million yuan from the Guangdong government this year.

Mr Liang also said they would like to establish an infrastructure on the island in three years' time, thus attracting more foreign investors.

But he said the projects that had already been signed indicated the confidence of foreign investors in establishing on the island, and also the country's rigid policy towards the autonomy of the island.