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Sunzen to make food safer for consumption

It is also developing non-antibiotic animal feed additives

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ANIMAL biotechnology specialist and feed additives manufacturer Sunzen Biotech Bhd plans to develop more "green" or non-antibiotic animal healthcare products to improve food safety for consumers.

Managing director Dr Tan Kim Sing said consumers were very concerned about food safety and this has resulted in the agricultural industry using non-antibiotic animal feed additives.

"We will emphasise on green animal health products because this is a worldwide trend now," he told *StarBiz*.

He said European countries have banned the use of antibiotics in animal feed additives and he believed the trend would slowly come to Malaysia.

It was important for Sunzen to focus its research and development (R&D) on producing new products that met market demand, Tan said.

The company, which has received approval from the Securities Commission to list on the Mesdaq market of Bursa Malaysia, plans to invest 2.8% of its total turnover every year to enhance R&D after listing.

"The majority of the proceeds from the listing exercise will be utilised for R&D.

"We need to engage more experts, upgrade our facilities and develop more products," Tan said, adding that the company would be setting up a bigger R&D centre after its listing this year.

"We aim to be the leading Malaysian researcher in animal health biotechnology and the market leader in the feed additives segment."

According to Tan, there are many players in the local market but most are trading houses, which deal mainly in import and trading.

In Malaysia, he said Sunzen was the only company that focused on R&D to produce its own animal health products.

Currently, it is collaborating with University Putra Malaysia and the Taiwan National Pingtung University of Science and Technology in R&D.

Sunzen was incorporated in 1998 through a management buyout and became the sole distributor for Pfizer Malaysia's animal health products.

Tan said Pfizer previously depended on

antibiotic feed additives but due to the high demand for non-antibiotic products, Pfizer decided to sell the business and diversify into the non-antibiotic segment.

Tan and 10 other Sunzen shareholders, who were formerly from Pfizer's management decided to take on the business.

Initially, Sunzen distributed Pfizer's animal feed additives locally and exported only to appointed countries such as Singapore and Brunei.

Sunzen formed a R&D team and started producing its own animal health products, which are antibiotic free feed additives, for export to regional markets.

The company produces a wide range of animal healthcare products including *Orgacids* feed additives, nutritional supplements, disinfectant, energy booster and water soluble vitamin supplement.

Sunzen imports about 80% of the organic acids used to produce its wide range of products from India, South Korea and China.

"Sourcing the acids directly from overseas has helped us save at least 20% in costs," Tan said.

Currently, Sunzen has two manufacturing facilities in Kota Kemuning with monthly production capacities of 132 tonnes of *Orgacids* feed additives and another 132 tonnes of other feed additives products.

Its own products account for 52% of turnover with the balance contributed by the distribution of Pfizer products.

Tan stressed that at present, Sunzen was the third largest company in terms of sales in the local animal health market.

Orgacids is Sunzen's key product and the

company exports it to Taiwan, the Philippines, Thailand, Vietnam, India, Iran, Pakistan and Singapore.

"Our next target market is Indonesia. We are now finalising the distribution channel there and will penetrate the market in the next couple of months," Tan said.

The company also expects to enter the China market by early next year depending on the progress of the product registration process in the country.

Tan expects revenue contribution from overseas to grow 35% to 40% per year in five years. Exports now contribute 13% to company revenue.

"If we can penetrate China in a big way, growth could be more significant. It is even possible to exceed 50%," he added.

Tan said Sunzen planned to set up sales offices in Indonesia and the Philippines by year-end to expand its distribution networks and boost sales.

Although the company's main focus is currently on the Asian markets, it is also eyeing the European market as part of its long-term plan.

"We will continue to put more efforts in marketing to expand our customer network locally and overseas to improve our sales.

"However, we will also watch our production costs very closely to maintain our profit margin due to the escalating prices of raw materials and oil," Tan said.



Dr Tan Kim Sing