RM11 bln investments in Lahad Datu

KOTA KINABALU: Sabah on Friday witnessed the signing of three investment agreements in Lahad Datu expected to have transformative impacts on the oil and gas, biomass and water supply landscape.

The exchange of documents with wholly state-owned palm oil industrial cluster (POIC) Sabah Sdn Bhd was witnessed by State Finance Minister Datuk Seri Masidi Manjun who represented Chief Minister Datuk Seri Hajiji Noor at a hotel here Friday.

The three investments involved a total value of more than USD 2.5 billion or around RM11 billion.

To be sited in the POIC Lahad Datu industrial park in Lahad Datu, a regional logistics hub for Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP EAGA) and beyond, the combination has brought high impact investments into Sabah.

The POIC Lahad Datu industrial park is owned and operated by POIC Sabah Sdn Bhd. POIC Lahad Datu also owns and operate its own port called POIC Lahad Datu Port.

The investments are:

1. TS Asia Green Infrastructure Sdn Bhd, which is planning an oil storage and refining facility. It is envisaged to involve investments of between USD 1.5 to two billion.

The project will require land of over 410 acres. The lease agreement for 110 acres was signed on Friday.

This investment is expected to raise Sabah's profile in the global oil and gas supply chain. This bodes well as Sabah seeks major forays into the development of the state's rich fossil fuel resources.

2. Sabah-based Legenda Biomass Sdn Bhd, which plans to set up a plant to process oil palm biomass into high-value products.

The company has bought 19.53 acres at POIC Lahad Datu and the investment is expected to total over RM400 million.

Oil palm biomass promises lucrative processing potential but growth has been slowed by supply chain issues.

Legenda's investment is expected to realise the value in biomass through value-adding uses in green energy, bio chemicals, charcoal products and fertilisers.

3. Working with POIC Sabah, Jetama Water Sdn Bhd is launching Sabah's first commercial-scale water filtration system to produce industrial water from sea water.

Against a background of perennial issue with water supply in Sabah, this Jetama-POIC collaboration not only marks the uncommon coming together of two state-owned entities, but could launch a new era in water production, which had traditionally been from river water.

The modular, mobile and easily upgradable filtration system expands Sabah's water production capacity and offers an expedient water supply solutions in outlying areas in the state.

Hajiji said the transformative effects of the three investments will be felt not only in their respective sectors but Sabah's overall development.

He said for example, Jetama's introduction of a water filtration system has opened up a new avenue for water sourcing.

Its desalination approach to producing industrial water will help relieve pressure on the supply of drinkable water for domestic and commercial consumption.

On Legenda Biomass' plan on wide utilisation of oil palm biomass for high-value products, the Chief Minister said this is a major boost to Sabah's long-held "waste to wealth" ambition to use biomass for green energy and high-value products like bio chemicals, fuel pellets, bio fertilisers and biochar (for soil rehabilitation).

An estimated 20 million tons of biomass is produced from about 1.5 million hectares of oil palm plantation and about 130 oil palm mills in Sabah.

Of the 20 million tonnes, at least 30 percent is available for further value addition.

The biomass are the trunks, fronts, empty fruit bunches, mesocarp fibres, palm kernel shells and palm oil mill effluent.

The downstream potential of oil palm biomass remains to be realised.

On TS Asia's plan to invest up to USD two billion in a fuel storage and processing complex, Hajiji said this tied in with Sabah's recent launch of the energy hub anchored in a major oil and gas-related investment at SOGIP.

He said Sabah is leveraging on its position as a leading state in hydrocarbon reserves and raising its profile in the sector, evidenced in the setting up of the Sabah Energy Commission, SMJ Energy and oil and gas infrastructure including the gas terminal at Kimanis and mini LNG plant near Sepanggar.

Meanwhile, POIC Sabah chairman Datuk Seri Yong Teck Lee stressed that POIC Lahad Datu has evolved from an entity focused on industry promotion into an integral player in the development of Lahad Datu and, broadly Sabah's east coast.

Yong alluded to POIC's role in the planned Lahad Datu international airport, the proposal of which has been approved by the State Cabinet.

He revealed that the project will be privately funded and will eventually become the first airport owned by the state. A ferry terminal is also planned within the multimodal transportation hub.

Yong also announced POIC's plan for a residential cluster to cater to the growing housing needs of workers within the POIC's industrial park as well as wider Lahad Datu.

The Oasis Residence, which will be located within the POIC industrial park, will have 768 units of apartments supported by 48 commercial lots when all phases are completed.

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