

## **PRESS RELEASE**

### **SABAH PORTS SDN BHD AND ASIAN SUPPLY BASE COLLABORATE TO DEVELOP INTEGRATED MARINE BASE AT SAPANGAR BAY**

Sabah Ports Sdn Bhd (SPSB) and Asian Supply Base Sdn Bhd (ASB) have signed a Memorandum of Understanding (MoU) to form a strategic alliance that seeks to explore and develop marine and oil & gas opportunities within the State. Both sides have confirmed to develop an integrated offshore marine base at Sepangar Bay as its first project to be materialised under the collaboration and thereafter, will explore development of liquefied natural gas (LNG) potentials as well as other future outlooks.

The strategic co-operation aims to create advanced services and facilities for oil and gas, marine, logistics and port related segments within Sabah.

Under the partnership, the Sepangar area will be fitted with a modern marine and oil & gas service and supply center and shall be utilised as ASB's focal hub for the State's west coast area thus enabling greater logistics efficiencies and scale for ASB's Kota Kinabalu based oil & gas clientele. The creation of a logistics and supply chain cohesion at Sepangar will further support ASB's pipeline developments namely the halal park project in Labuan.

The collaboration leverages on the strength of SPSB as the State's main port operator and in particular utilising Sepangar Bay Container Port (SBCP) as a gateway to access the BIMP – EAGA, North East Asian and wider markets and is further reinforced with ASB's expertise as a fully integrated marine and offshore provider with capabilities in oil and gas exploration, development and production activities.

According to Ms. Ng Kiat Min, SPSB's Managing Director "The multiple growth strategies that specifically focus on developing Sepangar's marine and oil & gas strength will position SBCP as a key trade gateway complete with an integrated hub for maritime services. The development has the potential to produce exponential results in terms of economic contribution and elevating Sabah's capabilities as a marine and oil & gas provider."

She further added "Sepangar Bay provides the strategic thrust for ASB to broaden its base by leveraging on vessels that ply the west coast sea lanes and congruently, the collaboration provides SPSB the opportunity to explore and diversify its business plans."

ASB currently operates a 345 acres fully integrated logistics hub in Labuan which amongst others activities, facilitates a stocking point for offshore drilling, development and production of consumables and houses a multitude of oil and gas-related companies, with 60 per cent being international oil and gas firms.

Datuk Hj Harris Hj Annuar Tan, ASB's Chief Executive Officer, said that being one of the State's GLC expert in the oil and gas industry, with over 35 years of experience, we fully understand the importance and benefits of Smart Collaboration as it has been the key to the future success of oil and gas sectors. These sectors are no stranger to volatility. For decades, PACs & companies in this service and supply sectors have thrived and survived despite a constant cycle of pendulum pricing and bottom-dollar bids and oil prices. But, as oil and gas prices continue to remain low, leading to fewer projects and rising job losses it's very clear that change in the way we operate is on the horizon. To succeed, it's no longer an option to sit tight and wait it out. It's time for us to be creative and collaborate effectively to make the transition into this new low era in the oil and gas sectors. We must look beyond traditional cost-cutting options, efficiency improvements, mass layoffs and leaner operations to find more innovative ways to grow our profit margins & revenues to the state.

He further added that today's MOU signing is timely as it forms a strategic alliance between two State GLCs that holds expertise in the port, maritime, and oil & gas operation. The growth prospects of the oil and gas industry especially in Sabah, can be viewed as bright, driven by new explorations & developments in oil and gas field sectors with better enhanced oil and gas recovery technologies. Our strengths are that we have both the best infrastructure & logistics support in the region, thus, with our collaborated expertise should be able to pave ways to have more smaller pockets of marginal oil and gas development opportunities to be successfully explored & developed at an attractive lower cost in the state.

The co-operation augurs well with SBCP's future plans as a regional hub for containerised cargo for the BIMP EAGA and North East Asia markets. Having received an allocation of RM1.03 billion from the Federal government to upgrade the port's capacity, the first phase of SBCP's expansion is expected to start by end of the year and is anticipated to complete within

a 48 month period or by 2023. The expansion plan is expected to include the establishment of a Free Zone Area to complement the Port's role as a transshipment Hub.

Signing the MoU on behalf of ASB was Datuk Hj Harris Hj Annuar Tan, while Ms. Ng Kiat Min acted as signatory for SPSB. Standing in as witnesses were ASB Chairman, YB Senator Datuk Dr. Donald Peter Mojuntin and Suria Capital Holdings Berhad cum SPSB board member, YBhg Datuk K.Y. Mustafa.

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