

Sabah's Competitive Sectors

MANUFACTURING





MANUFACTURING IN SABAH

Sabah offers multiple industrial parks with sound infrastructure, strategic location, and accessible logistics to facilitate manufacturing activities across a variety of sectors. Currently, the state is expanding its port infrastructure to capitalise on its location in the Brunei Indonesia Malaysia Philippines-East ASEAN Growth Area (BIMP-EAGA) region, opening opportunities to service the larger Asia-Pacific production base whose increasing population and incomes are stimulating a growing market for goods and services.

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ADVANTAGE

Endowed with rich natural resources, Sabah is ripe for growth in the manufacturing sector through resource-processing activities. Key opportunities include leveraging raw materials as feedstock in downstream processing such as oil and gas, palm oil, timber, and minerals.

FACILITIES

The state offers several industrial parks to facilitate manufacturing activities across a variety of sectors. These parks offer available dedicated spaces, assisting investors in identifying high-quality land for their activities.



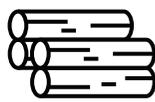
RICH NATURAL RESOURCES



OIL & GAS



PALM OIL



TIMBER



MINERALS

The main industrial parks in Sabah – Kota Kinabalu Industrial Park (KKIP), Sipitang Oil and Gas Industrial Park (SOGIP), Sabah Agro-Industrial Precinct (SAIP), and the Palm Oil Industrial Parks in Sandakan and Lahad Datu – offer varying tax incentives such as Investment Tax Allowance of 100% for 10 years which can be offset 100% against statutory income, and also an Investment Tax Allowance of 100% on qualifying capital expenditure for 5 years, or full tax exemption on statutory income for 10 years.

MAIN INDUSTRIAL PARKS

- 1 KOTA KINABALU INDUSTRIAL PARK (KKIP)
- 2 SIPITANG OIL & GAS INDUSTRIAL PARK (SOGIP)
- 3 SABAH AGRO-INDUSTRIAL PRECINCT (SAIP)
- 4 PALM OIL INDUSTRIAL PARKS SANDAKAN AND LAHAD DATU

TAX INCENTIVES

10 YEARS

100%

INVESTMENT TAX ALLOWANCE

100% STATUTORY INCOME

5 YEARS

100%

INVESTMENT TAX ALLOWANCE

100% QUALIFYING CAPITAL EXPENDITURE

10 YEARS

100%

INVESTMENT TAX ALLOWANCE

FULL TAX EXEMPTION STATUTORY INCOME

INVESTMENT OPPORTUNITIES

1 KKIP is located seven kilometres from the Sapangar Bay Container Port and offers ready-to-use manufacturing facilities and factory lots, as well as support facilities such as residential areas. As of 2021, 241 companies established operations in KKIP spanning various activities including food products, processing of wood, rubber, plastic and metal materials, electronics and electrical manufacturing, automotive parts, construction materials, as well as logistics and warehousing.



2

SOGIP serves as a focal point for oil and gas investment within the Sabah, Brunei, and Labuan economic centres. Multinational oil production corporation Petronas established its operations at SOGIP in 2016 investing USD\$1.9 billion to develop its ammonia, urea, and granulation plant known as the Sabah Ammonia Urea (SAMUR) project.



3 SAIP serves as a hub to develop and process agro-based products, nutraceuticals and biopharmaceuticals. Its facilities include a Post-Harvest Collection and Handling centre, food-processing Production Line Facility, Herb Manufacturing centre, greenhouses and net houses suited for Controlled Environment Farming, Cosmetics and Personal Care Manufacturing Facility, small-medium enterprises lots, and storage facilities. SAIP offers assistance with Good Manufacturing Practices certification from the Standard Industrial Research Institute of Malaysia (SIRIM) and Halal certification from the Department of Islamic Affairs Sabah (JHEAINS).

RECENT INVESTMENT ACTIVITIES



1

4,000 HA

LARGE SCALE HIGH YIELD COCONUT PLANTATIONS

2,000 HA

COCONUT-BASED MANUFACTURING FACILITY

Linaco Group of Companies, Malaysia's leading producer of coconut-based products, is investing in the development of a 2,000-hectare coconut-based manufacturing facility in Paitan Sugud, as well as 4,000 hectares of large-scale high-yield coconut plantations. The project's initial investment is estimated at around USD475 million, and will provide 4,250 job opportunities.

2

SK Nexilis, a major global investor in copper foil for electric vehicle batteries, has chosen Kota Kinabalu Industrial Park (KKIP) as the location of its first overseas production base. They regard KKIP optimal for this overseas base especially for its stable supply and low cost of electricity, supporting their long-term goal of using 100% renewable electricity. Expected to commence operations in 2023 and produce 50,000 tons of copper foil annually, the investment will amount to over USD535 million, and create 400 jobs.



USD 1 BIL

INVESTMENT VALUE

400 JOBS

JOBS CREATION

China-based SBH Kibing Solar New Materials is investing USD473 million into Sabah for silica sand processing and a solar panel manufacturing plant. The Kota Kinabalu Industrial Park (KKIP) has been selected as the location for the 52.77-hectare manufacturing plant, while a location in Sikuati, Kudat has been chosen for silica sand mining and silica sand processing operations. The estimated job creation will comprise of 1,800 jobs from the solar panel plant, and another 300 jobs for the operations at Sikuati.

3

USD476 BIL

INVESTMENT VALUE

1,800 JOBS

MANUFACTURING PLANT

300 JOBS

PROCESSING ACTIVITIES

FOR MORE INFORMATION PLEASE REACH OUT TO US

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