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\$37m sale for white elephant desalter

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The Lok On Pai desalter plant - which has sat unused since 1982 and cost the Government \$476 million - is to be sold to a local metal company for \$37 million.

The Government spent \$460 million to commission the plant, plus \$16 million in keeping the great white elephant standing idle since 1982 when the operation stopped because it was cheaper to buy water from China.

A Water Supplies Department spokesman said yesterday the sale covered the desalting plant items but excluded site building, civil structures and land.

The buyer, Cheong Wah Metal Company, will be responsible for all works associated with the dismantlement, collection and removal of items from the plant, near Tuen Mun.

Cheong Wah, one of seven bidders for the Government tender, is committed to removing plant items by August 31, 1991.

The plant, commissioned in 1975-77, comprises six multi-stage flash distillation units, each with its own oil fired boiler, evaporator, turbo-generator and ancillaries.

Although it has a total daily potential output of 181,800 cubic metres, each distillation unit at the plant uses about 170 tonnes of fuel daily.

Cheong Wah's managing director, Mr Lui Wing, said it was impossible to re-sell the whole plant to another buyer, and the company might have to dismantle it in phases.

"If we can't sell the plant equipment we might have to

treat it just like selling scrap," he said.

The company, founded 21 years ago, specialises in supplying raw metal such as copper and stainless steel to Hongkong's factories.

Project manager of Portals Water Treatment, Mr Andy Hui, an expert in water treatment, said there was not much use for a second-hand desalination plant in Hongkong, but said it would be a good idea for buyers from the Middle East.

He said a country without good water facilities, but with abundant oil supplies and where the fuel costs were low, would be the "perfect place" to buy the plant.

Plans to sell the nine-hectare plant, built to ease Hongkong's water shortage problems, were announced by the Government last August.

Keeping the Lok On Pai desalter became increasingly uneconomical because the territory receives a more cost-effective water supply from the East River in Guangdong province, China.

The plant was used in 1976-77 and briefly in 1981 to supply emergency fresh water. It was officially closed in 1982 but the Government spent about \$2 million a year to make sure it could be reactivated if necessary.

Storage in Hongkong's reservoirs is lower than the same period last year, at 314,260 million cubic metres of water, or 53.6 per cent of capacity, compared with 346,422 million cubic metres or 59.1 per cent.

Hongkong and Guangdong authorities have agreed that China's annual water supply to the territory will begin increasing from 1995 to a maximum of 1.1 billion cubic metres a year in the next century.