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Fourth refinery to oil Singapore's hub status

Consortium led by Hin Leong Trading looking to invest in US\$6-8b greenfield project

By **RONNIE LIM**

[SINGAPORE] The Republic could soon see its long-awaited, fourth world-scale refinery. Expected to cost a massive US\$6-8 billion, the planned greenfield project will help boost the status of the global oil refining and trading hub here – the third largest after Houston and Rotterdam.

A consortium – led by Singapore's biggest local oil trader Hin Leong Trading, and comprising one of China's top four national oil companies and also possibly a European partner – is currently studying the investment, BT has learnt.

Formed just a few months back, the group is apparently looking at establishing a 300,000-500,000 barrels per day (bpd) refinery on Jurong Island.

Capacity-wise, this will place it between the 290,000 bpd Singapore Refining Company (SRC) facility (equally owned by PetroChina and Chevron) and Shell's 500,000 bpd Bukom refinery.

ExxonMobil's 605,000 bpd facility is the largest here.

Given the space constraints on Jurong Island, BT understands that the consortium hopes to build the project on land that is available next door to Hin Leong's \$4750 million Universal Terminal (UT) in the island's Meranti sector. The synergies with the UT facility will provide the refinery greater operational efficiency.

UT's 2.28 million cubic metres of storage will also give the project immediately available tankage (both for crude oil feedstock and refined products) as well as jetties for very large crude carriers (VLCCs) and product tankers.

Sources said the high-tech refinery is meant to produce "green" transportation fuels like ultra-low sulphur gasoline and diesel, as well as other products including naphtha.

The green fuels will cater to a growing market segment which the older Western refineries are unable to serve adequately, while

naphtha will help feed the increasing petrochemical investments here.

ExxonMobil's US\$5 billion second petrochemical complex will, for instance, be starting up by mid-2011 – bringing Singapore's total ethylene production from four crackers here to 4.1 million tonnes per annum (tpa).

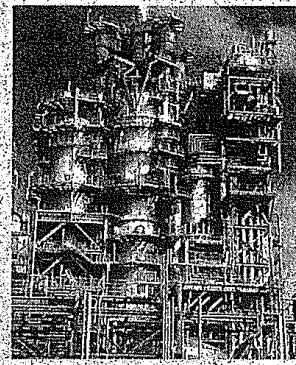
The Economic Development Board (EDB) has been trying to promote another refinery investment here to help provide naphtha feedstock for a targeted six million tpa of ethylene production.

Senior Minister of State (Trade & Industry and Education) S Iswaran has also earlier indicated that with new rival refining hubs emerging, Singapore needs to expand its existing refineries or attract new ones to maintain its share of global refining capacity.

"This is necessary to provide the critical volume of export-oriented refining throughput, creating the li-

The players

- **ExxonMobil** – 605,000 bpd. Comprises refineries at Jurong and Ayer Chawan sector of Jurong Island.
- **Shell** – 500,000 bpd. Refinery at Pulau Bukom.
- **Singapore Refining Company** – 290,000 bpd. Refinery at Merlimau sector of Jurong Island.
- **Hin Leong Trading consortium** – planned 300,000-500,000 bpd. Proposed site next door to Universal Terminal at Meranti sector of Jurong Island.



Singapore Refining Company's refinery on Pulau Merlimau.

quidity needed to anchor oil trading and price discovery activities here," he said.

The planned refinery project is clearly the next stage in integrated Hin Leong Trading's plan to become a leading Asian oil major. Along with oil trading and lubricants blending, Hin Leong also operates an international tanker fleet of 70 tankers includ-

ing a dozen new VLCCs, under Ocean Tankers.

It has apparently managed to rope in one of the big four Chinese national oil companies into the project, but no name was disclosed.

As PetroChina (which has a 35 per cent stake in UT) already has a half share in the SRC refinery here, this suggests that one of the others – SinoChem,

Sinopec or CNOOC – could be involved in the refinery.

BT understands that memoranda of understanding for the refinery have been signed, with the consortium likely to comprise 2-3 partners. The consortium intends to embark on front-end engineering design shortly once it gets the nod for the investment, including from the authorities here.

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