INTERVIEW

SINGAPORE OIL TRADER LIM EYES CHINA HOME FOR STORAGE

by CHEN AIZHU

Hin Leong founder Lim Oon Kuin. REUTERS/HIN LEONG

The patriarch of Singapore oil traders takes the plunge—part hometown sentiment, part business judgment—in a $1.7 billion oil storage centre in Fujian, China.

Lim Oon Kuin left his ancestral Chinese province with his family at age 12 seeking a better, richer life. Now the patriarch of Singapore oil traders is heading back to build a $1.7 billion oil storage centre that could become Asia's largest.

O.K. Lim, as he is better known, began his oil career 50 years ago delivering diesel to Singapore boatmen in a rickety, $1,000 truck that carried 30 barrels at a time.

The Meizhou Bay Port facility in the southern province of Fujian in contrast would have an initial capacity of 10 million barrels, with expansion plans that include a tank farm on a purpose-built island with berths for 2 to 3 super tankers.

"It's a combination of a superb port, plentiful land and China being a huge market," the founder and chairman of Singapore's Hin Leong Group said in an interview.

Traders said proximity to the company's deep customer base in north Asian markets means the storage centre—with the later phase that calls for a total capacity of 41 million barrels—would also likely serve more than the Chinese market.

After a blaze of expansion in the past five years, Lim's family firm now owns one of the largest commercial storage terminals in Asia. It has a fleet of 100 vessels with 8 million dead-weight tonnage, and trades $14 billion of oil a year, rivaling majors like BP and Shell in its home waters.

EAST TIMOR PIONEER

Lim, who is six-foot tall, sports a grey crew-cut and turns 70 this year, also said during a recent trip to Beijing that he was planning to build an offshore supply base for oil and gas drilling firms and an oil storage terminal in East Timor, where there has been a spike in exploration in recent years.

At an estimated initial investment of up to $1 billion, Hin Leong could become the first foreign firm to build a sizeable infrastructure project in the impoverished Pacific nation, which potentially holds huge reserves of oil and gas.

"The East Timor project has been progressing smoothly," Lim said. "The government has been very keen to provide the right environment for investors."

Ten years after winning independence from Indonesia, East Timor still lacks basic infrastructure and has difficulty drawing foreign investment. Its primary source of revenue is from Timor Sea oil and gas fields—shared with Australia—from which it has built up a special oil fund with assets of more than $10 billion.

But even pressing need hasn't always been enough for projects to advance in the former Portuguese colony. Australia's Woodside Petroleum, for instance, has been trying for a decade to develop its Greater Sunrise gas fields in the Timor Sea, which would add to capital Dili's oil and gas cash flow, but the two have yet to agree on a development model.

> Oil is something that after you touch it, it stains and stays on your fingers for 30, 40 years. After all these years, I still haven't found the right detergent.
> *—Lim Oon Kuin, founder and chairman of Hin Leong Group*

STICKY OIL

Hin Leong's ambitious China project, a likely clone of its $600-million, 14.5-million-barrel Universal Terminal in Singapore, comes as growing demand from the world's second-largest oil consumer has prompted the state oil companies there to accelerate investment in oil storage.

Traders say it could take years to clear regulatory hurdles, and with a handful of state firms dominating China's oil trade, the project could struggle to be profitable.

Lim, drawn to the venture partly by hometown sentiment, said he wished things could move faster in China, but trusted his own business judgment in spotting a jewel before the competition.

Once the project is approved, Hin Leong aims to have one of the country's big state oil firms as a partner. China's top oil and gas producer PetroChina already has a 35 percent ownership of Universal Terminal in Singapore.

Lim, a self-professed workaholic who once sometimes delivered buckets of diesel by bicycle when his truck was busy, still goes to the office everyday and clocks around ten hours.

"I am there to watch over the kids to see if they make any mistakes," he said. "Oil is something that after you touch it, it stains and stays on your fingers for 30, 40 years. After all these years, I still haven't found the right detergent."

Hin Leong, which means "prosperity" in Mandarin, is owned by Lim and his three children, with son Evan as executive director of trading. The company has flourished in an industry dominated by much bigger players, thanks to snappy decisions and its armada of oil tankers, traders said.

As the company works to win approval to build a $6 billion-$8 billion refinery-petrochemical complex in Singapore, possibly with a China state company partner—its largest planned investment—Lim sees a natural move into crude oil trading, a business long dominated by global majors and western traders like Vitol and Trafigura.

Lim didn't elaborate, but hinted that Russia, East Timor and Africa could be their sources of crude supplies.

Asked on plans to retire, Lim, whose father was too poor to buy him long pants when they left China, and whose wealth Forbes put at about $1 billion last year, smiled and said: "Tomorrow."

Editing by Tom Hogue