

# Petronas seals RM92b gas deal with Shanghai firm

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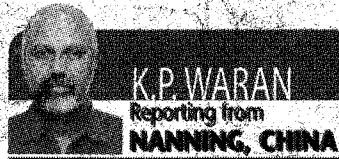
PETRONAS has clinched two major deals in China involving the sale of liquefied natural gas and the production of cars using engines designed by its Malaysian team.

The national petroleum company, through its subsidiary LNG Tiga Sdn Bhd, has concluded an agreement to supply 3.03 million tonnes of LNG per year to Shanghai LNG Company Ltd over the next 25 years. The deal is expected to net Petronas US\$25 billion (RM92 billion) based on current prices.

Another breakthrough is the teaming up with the technological partner for Nanjing Automotive Corporation.

The Chinese car manufacturer will produce 100,000 cars a year using three types of engines conceptualised and developed by an all-Malaysian Petronas team.

Announcing this yesterday, Prime Minister Datuk Seri Abdullah Ahmad Badawi said the projects were major accomplishments for Petronas and would take the bilateral trade between



the two countries to a new level.

"Malaysia-China co-operation in energy resources, automotive and other industries is growing to the benefit of both countries," he said, adding that Chinese Premier Wen Jiabao had expressed happiness over the close economic ties between the two nations.

Abdullah, who held bilateral talks with Wen yesterday, said Malaysian entrepreneurs should not view China's progress as a threat but as an opportunity to pursue joint ventures.

He described his talks with Wen as "substantive" and they agreed to increase economic co-operation.

The LNG deal marked a major breakthrough for Petronas into China's energy sector and will further enhance economic ties be-

tween the two countries.

Shanghai LNG is a joint-venture company between Shenergy Group Ltd (55 per cent) and CNOOC Gas & Power (45 per cent). The latter is a wholly owned subsidiary of China National Offshore Oil Corporation.

The LNG will be delivered to Shanghai LNG's receiving terminal at Zhong Ximentang Island, Shengsi, Zhejiang Province, currently under construction and scheduled for completion in mid-2009.

The LNG is supplied from the Petronas LNG Complex in Bintulu, Sarawak.

The Bintulu complex is the world's largest integrated LNG facility in a single location with a combined production capacity of 23 million tonnes per year.

On the car project, Nanjing Automotive would utilise three types of engines with capacities of 1,800, 2,000 and 2,200cc, products of a transfer of technology from Petronas' F1 tie-up with Sauber.

Petronas president Tan Sri Has-

san Merican later said that the engines have undergone extensive technological upgrades. They were first produced in 1999 and are compliant with Euro 5 — one of the highest standards in automotive industry.

He said Petronas assumed the role of technological partner and would continue its research and development of the engine in Kuala Lumpur.

The China-made cars are expected to roll off the assembly line in 2009 and destined for the local and overseas markets.

Abdullah also held bilateral discussions with Philippine President Gloria Arroyo. She expressed hope that Malaysia would continue to help bring peace and stability to Mindanao by being a member of the international monitoring team there.

"Hopefully, our contribution will bring peace to the area and Arroyo was appreciative of Malaysia's efforts," Abdullah said.