

CNOOC and Shell take final investment decision to expand petrochemical complex in China

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22-Mar-2016

China National Offshore Oil Corporation (CNOOC) and Shell Nanhai B.V. (Shell) today announce the final investment decision to expand CNOOC and Shell Petrochemical Company's (CSPC) existing 50:50 joint venture (JV) in Huizhou, Guangdong Province, China. This decision follows the announcement of a Heads of Agreement in December 2015 between the two partners. Subject to regulatory approvals, CNOOC and Shell have agreed that CSPC should take over CNOOC's ongoing project to build additional chemical facilities next to CSPC's petrochemical complex.

The project includes the ongoing construction of a new ethylene cracker and ethylene derivatives units, which will increase ethylene capacity by more than 1 million tonnes of per year, about double the current capacity. It will also include a styrene monomer and propylene oxide (SMPO) plant, which will be the largest such plant ever built in China.

Graham van't Hoff, Executive Vice President for Royal Dutch Shell plc's global Chemicals business, said: "I'm pleased to confirm that we are going ahead with this growth project. We are selective in our investments, and this decision underlines our confidence in the strong growth potential for chemicals in China. It will position Shell and our partner CNOOC well to help meet the growing needs of customers in this expanding petrochemicals market."

"The expansion of the Nanhai petrochemical complex supports the Chinese long-term petrochemicals development plan and mixed ownership reform direction. We're delighted that Shell will contribute to the project and our joint venture with industry-leading technology, with improved value through integration with nearby CNOOC refineries to produce high quality petrochemicals for China's growing domestic markets," said Dong Xiaoli, General Manager Assistant of CNOOC and General Manager of CNOOC Oil & Petrochemicals Co., Ltd.

[Cookie Preferences](#) ; proprietary OMEGA, SMPO and Polyols technologies to produce 150,000 tonnes per

annum (tpa) of ethylene oxide, 480,000 tpa of ethylene glycol and 600,000 tpa of high quality polyols. This increases the volumes and diversity of CSPC's high quality product range to around 2 million tonnes per year, as well as enhances overall energy efficiency. It will be the first time that Shell's industry-leading OMEGA and advanced polyols technologies will be applied in China.

The CSPC site, which has a strong track record of reliable and safe operations, currently converts a variety of liquid feedstocks into olefins and derivative products. These are used in a wide range of consumer goods, including computers, plastic bottles and washing liquids.

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## Notes to Editors

### About Shell in China

All Shell's core businesses have operations in China.

Shell has onshore and offshore gas and oil development projects in partnership with PetroChina and CNOOC, both inside and outside China, which help to fuel the country's fast-growing economy.

Shell's Downstream business in China consists of 11 joint ventures and eight wholly-owned companies. In China, Shell is one of the leading international lubricants providers, and international bitumen manufacturers and marketers. Shell has a large network of about 1,100 petrol stations in China, operated through joint ventures. Shell has five lubricants blending plants, one grease plant and four bitumen plants in the country.

Shell's cleaner coal technology has been adopted by its joint venture with Sinopec in Yueyang, Hunan Province and by 21 other Chinese industry customers through licences.

Shell Energy (China) is a new addition to the Downstream businesses in China. It is Shell's Chinese trading entity and is actively engaged in the country's burgeoning CO2 trade.

### About CNOOC

China National Offshore Oil Corporation (CNOOC), the largest offshore oil & gas producer in China.

CNOOC has evolved from an upstream oil & gas company to an international energy company with promising core businesses and a complete industrial chain.

CNOOC businesses cover the main segments of oil & gas exploration and development, engineering & technical services, refining and marketing, natural gas and power generation, and financial services.

## About CSPC

CNOOC and Shell Petrochemicals Company Limited (CSPC) was established in 2000 and commenced operations in 2006. It operates a world-scale petrochemical complex (known as “Nanhai”) in the Daya Bay Economic and Technological Development Zone, Huizhou, Guangdong Province. The joint venture partners are Shell Nanhai B.V., a company within the Royal Dutch Shell Group, with a 50% stake, and CNOOC Petrochemicals Investment Limited (CPIL), also with 50%. CPIL is owned by **China National Offshore Oil Corporation (CNOOC)** ☐ (90%) and **Guangdong Guangye Investment Group Company Limited** ☐ (10%). CSPC has over 1,100 employees.

Nanhai has a current capacity to convert 950,000 tonnes of ethylene per year into 2.7 million tonnes per year of derivative products to supply to the Chinese domestic market. CSPC has been implementing a strategy of sustainable development and delivering Responsible Care commitment in operating the complex. It is a highly successful venture that has been a top performer in Health, Safety, Environment, Reliability and Operational Excellence.

## Cautionary note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this announcement “Shell”, “Shell group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this announcement refer to companies over which Royal Dutch Shell plc either directly or indirectly has control. Companies over which Shell has joint control are generally referred to “joint ventures” and companies over which Shell has significant influence but neither control nor joint control are referred to as “associates”. In this announcement, joint ventures and associates may also be referred to as “equity-accounted investments”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

This announcement contains forward-looking statements concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements

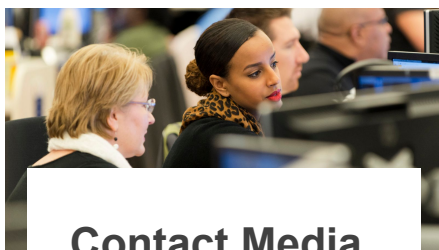
included in this announcement, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell's 20-F for the year ended December 31, 2015 (available at [www.shell.com/investor](http://www.shell.com/investor) and [www.sec.gov](http://www.sec.gov) ). These risk factors also expressly qualify all forward looking statements contained in this announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, 22 March 2016. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this announcement.

We may have used certain terms, such as resources, in this announcement that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website [www.sec.gov](http://www.sec.gov) . You can also obtain these forms from the SEC by calling 1-800-SEC-0330.

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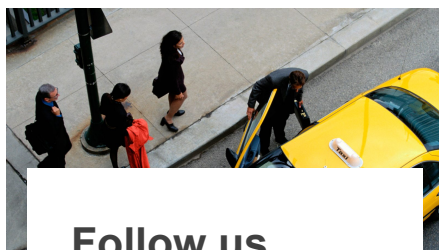
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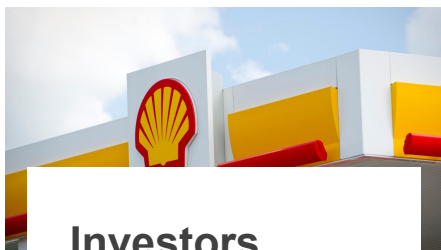
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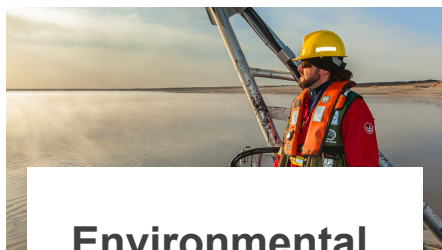
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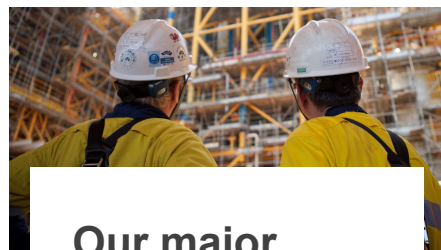
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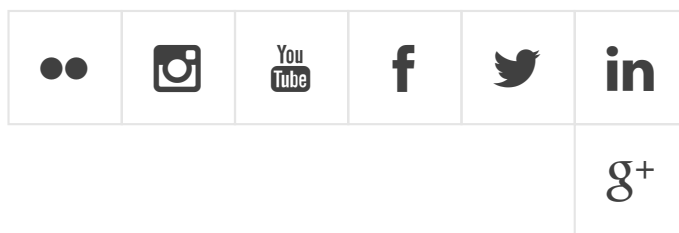
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