### Strong footing for CGN if Malaysia wants nuclear plant

#### Analyst says CGN ‘will definitely capitalise’ on new relationship it enjoys with Malaysian govt

**by ALEXANDER WINIFRED**

CHINA General Nuclear Power Corp’s (CGN) purchase of 1Malaysia Development Bhd’s (IMDB) energy assets could put the Chinese firm on a strong footing if Malaysia decides to venture into nuclear power plant projects.

According to analysts, CGN, China’s largest nuclear plant power operator, could also capitalise on the warm relationship enjoyed by Malaysia and China presently following the RM9.83 billion deal for Edra Global Energy Bhd’s assets.

“CGN will definitely capitalise on a new relationship it enjoys with the Malaysian government following the deal,” Dennis Ip, head of Hong Kong and China power utilities, renewables and environment at Daiwa Capital Markets Hong Kong Ltd, told *The Malaysian Reserve* (TMR).

Earlier last month, Ip told TMR that CGN Corp would make a bid for Edra’s assets instead of CGN Meliya Power Holdings Co Ltd, which had earlier expressed interest in the assets but pulled out from the bidding process.

“In (any) case, CGN Group wants these assets to establish a relationship with the government and the power industries, and explore nuclear project opportunities in the...
CGN benefits from strong backing

FROM P1 CGN future,” Ip told TMR in an email reply on Oct 12.

On Monday, 1MDB announced it was exiting the power business with the sale of its entire interest in Edra Global Energy to CGN for RM8.3 billion in cash.

Meanwhile, another analyst at an investment bank in Hong Kong said: “It’s more on the relationship.”

“From what we understand, the IMDB deal was more on an equity investment. In this case, CGN wants to establish this relationship that will give it more advantages to win a nuclear power plant project,” the analyst said.

He said CGN could look to Malaysia as its first export customer for its maiden homegrown third-generation reactor, the Hualong I, which was approved by the Beijing government in December.

Before this, CGN’s nuclear reactors were constructed via partnership with foreign companies, such as UK-based EDF Energy (Electricité de France SA). “The company has expressed strong intentions to go overseas and showcased the first 100% Chinese nuclear technology.

“If Malaysia is really open to building a nuclear reactor, given CGN’s experience in the sector, participating in the project is most definitely one of the targets of the company,” the analyst said.

Joseph Jacobelli, senior analyst for Asia utilities and infrastructure at Bloomberg Intelligence (BI) said China’s “Going Out” or “Zou Chu Qu” policies and more recently its “One Belt, One Road” initiative are principally to encourage large, experienced enterprises to go abroad and deploy locally-developed technology, learning from overseas experiences and diversifying revenues.

“CGN has been quite active on this front,” Jacobelli said, adding that financing Malaysia’s first nuclear plant would be a breeze for the energy giant.

The Shenzhen-based CGN had 390 billion yuan (RM257 billion) in assets at the end of 2014, according to Eastmoney, a top financial information provider.

“CGN and other large Chinese state-owned enterprises have a large asset base. When they invest, they benefit from the strong backing from such institutions like China Development Bank,” BI’s Jacobelli said.

CGN currently generates 14.92GW from its current 11 nuclear plants in China. It is also expected to deliver another 14.45GW from plants which are currently under construction, according to its website.

“Malaysia has been pondering the possibility of building a nuclear power plant for many years,” said BI’s Jacobelli.

He said China, Japan and South Korea have shown interest to build nuclear power plants in Indonesia, Malaysia, Thailand and Vietnam.

However, he believed the Malaysian authorities would have spoken to many entities besides Chinese firms on the nuclear project.

A CGN spokesperson did not respond to an email for comment on its future plans in Malaysia.

A 2014 presentation on developing Malaysia’s nuclear energy sector by Jamal Khaer Ibrahim, director of nuclear power programme development at the Malaysian Nuclear Power Corporation (MNIIC) stated that the government was studying the possibility of building a 2GW nuclear power plant by 2021.

The nuclear plant, if approved, would require RM21.3 billion in investment.

“Nuclear development will be heavily opposed in Malaysia, unlike in China,” said Paarapakaran Subramaniam, the president of Association of Water and Energy Researchers Malaysia.

He believes MNPC is “not ready” to undertake a national nuclear project for the country.