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CAPCO and BG Group Sign Heads of Agreement for Long Term Liquefied Natural Gas Supply to Hong Kong

Castle Peak Power Company Limited (CAPCO) and CLP Power Hong Kong Limited announced today that a Heads of Agreement (Agreement) was signed between CAPCO and BG LNG Trading (BGLT), a wholly owned subsidiary of BG Group plc, for the supply of Liquefied Natural Gas (LNG) to CAPCO's proposed LNG terminal in Hong Kong. CAPCO is a joint venture company between ExxonMobil Energy Limited and CLP Power Hong Kong Limited.

The proposed arrangement with BGLT will involve an annual supply of one million tons of LNG (equivalent to around three million tons of coal to generate the same amount of electricity) to the proposed CAPCO LNG terminal on South Soko Island. The terminal is expected to start up no later than 2013 subject to final approval by the Hong Kong SAR Government. The supply arrangement can last 20 years.

Natural gas is the cleanest burning and most efficient fossil fuel for use in power generation. The proposed LNG supply will, over time, replace the current gas supply from the depleting Yacheng field. The LNG supply arrangement meets Hong Kong's objectives to maintain a reliable supply of electricity for Hong Kong consumers while meeting important 2010 air emission reduction objectives.

Under the supply arrangement, BG Group will use multiple sources from their diverse LNG portfolio to enhance supply security for CAPCO. BG Group, a world leader in natural gas, is headquartered in the United Kingdom and operates in 27 countries on five continents.

Subsequent to the granting of the Environmental Permit to CAPCO's LNG terminal project in 2007 by the Hong Kong SAR Government, the Agreement represents another important milestone for the project. Pending final approval by Government on the LNG terminal project, both parties plan to finalise the Sales and Purchase Agreement in 2008.

About CLP Power

CLP Power Hong Kong Limited is the largest electric utility in Hong Kong serving the business and domestic community in Kowloon, the New Territories, Lantau and most of the outlying islands. Operating a vertically integrated electricity generation, transmission and distribution business, CLP Power provides a highly reliable supply of electricity and excellent customer services to over 5.5 million people in its supply area.

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