19 November 2013

Acquisition of further 30% interest in Castle Peak Power Company Limited and remaining 51% interest in Hong Kong Pumped Storage Development Company, Limited

CLP Holdings Limited (CLP) is pleased to announce today its wholly-owned subsidiary CLP Power Hong Kong Limited (CLP Power) has reached agreement, in collaboration with China Southern Power Grid International (HK) Co., Limited (CSG HK), a wholly-owned subsidiary of China Southern Power Grid Co., Limited (CSG), to each acquire half of the 60% interest in Castle Peak Power Company Limited (CAPCO) held by ExxonMobil Energy Limited (EMEL), a wholly-owned subsidiary of ExxonMobil Corporation (ExxonMobil). CLP Power will acquire the 30% stake for a cash consideration of HK$12 billion.

In a separate arrangement, CLP Power will also purchase ExxonMobil’s 51% stake in Hong Kong Pumped Storage Development Company, Limited (PSDC) for HK$2 billion in cash.

Following the completion of the transactions, CLP Power will hold 70% of CAPCO and 100% of PSDC. CSG HK will own the remaining 30% of CAPCO.

In addition to internal available resources and existing available banking facilities, the CLP Group has secured from The Hongkong and Shanghai Banking Corporation Limited a commitment to enter into loan facility agreements for HK$10 billion to fund the acquisitions. We target to complete the transactions in the middle of 2014.

“These acquisitions reaffirm our commitment and determination to continue to serve Hong Kong. CLP has been providing safe and reliable electricity to fuel Hong Kong’s growth for 112 years. The fact that we are investing HK$14 billion in Hong Kong underlines our confidence in the future of the city’s power sector and our role in that future,” says Mr Richard Lancaster, CLP’s chief executive officer.

“The transactions give CLP majority control over our generation assets and enable us to better coordinate our generation business with the transmission and distribution operations. This will help us in our continual endeavours to respond to Hong Kong’s diversified and rapidly-changing needs.”

“We have enjoyed a long and successful partnership with ExxonMobil which has contributed to the power industry of Hong Kong for half a century. We look forward to further strengthening our strategic relationship with CSG in future, which will be beneficial for our development in Hong Kong as well as on the mainland.”
CSG is a state-owned enterprise principally engaged in the investment, construction and operation of power networks in Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces and regions in the mainland. Over the years, CLP has been in collaboration with CSG on a number of important commercial arrangements.

Established in 1964, CAPCO is currently held 40% by CLP Power and 60% by EMEL. It owns Castle Peak Power Station, Black Point Power Station, and Penny’s Bay Power Station in Hong Kong with a total power generation capacity of 6,908 MW. CLP Power is the operator for all three plants.

PSDC is currently owned as to 49% and 51% by CLP Power and EMEL respectively. It has a contractual right to use, until 2034, 600 MW of the pumped storage capacity at Guangzhou Pumped Storage Power Station.

Please click here to download our announcement to the Hong Kong Stock Exchange for details.

– Ends –

About the CLP Group

CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong’s population.

Outside Hong Kong, CLP holds investment in the energy sector in Australia, Chinese Mainland, India and Southeast Asia. Its diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear and renewable sources. The company is the largest external investor in the mainland’s renewable energy sector and the largest investor, foreign or domestic, in India’s wind sector. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to 2.8 million customers.

CLP is listed in the Global Dow – a 150-stock index of the world’s leading blue-chips, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40) and Hang Seng Corporate Sustainability Index Series.

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Appendix

SHAREHOLDING STRUCTURE OF CAPCO AND PSDC

The following charts show the shareholding structure of CAPCO and PSDC (i) as at the date of our announcement to the Hong Kong Stock Exchange; and (ii) immediately after completion.

(i) Shareholding structure of CAPCO and PSDC as at the date of our announcement to the Hong Kong Stock Exchange:

(ii) Shareholding structure of CAPCO and PSDC immediately after completion: