

16 June 2020

## **CAPCO issues US\$350m Energy Transition Bond to support Hong Kong's transition to a lower carbon future**

Castle Peak Power Company Limited (CAPCO) is pleased to announce that it has successfully priced the issuance, through its wholly-owned subsidiary Castle Peak Power Finance Company Limited (incorporated with limited liability under the laws of the British Virgin Islands), of a US\$350 million Energy Transition Bond (the Bond) under the Climate Action Finance Framework (CAFF) of its parent company CLP Holdings Limited (CLP). The transaction was well-supported by institutional investors, with a coupon of 2.20%, recognising the growing importance of energy transition bonds to enable meaningful action on climate change in Asia.

The Bond was issued by Castle Peak Power Finance Company Limited as part of its US\$2 billion Medium Term Note Programme and irrevocably guaranteed by CAPCO, rated A1 by Moody's and AA- by S&P. The transaction is CLP's second Energy Transition Bond in the US dollar bond market and the Bond achieved broad and well-balanced distribution, with 49% of the final allocation went to fund managers, 25% to insurance companies, 15% to banks, 9% to government-related entities and 2% to private banks.

"We are pleased with the successful issuance of the Bond and the competitive rate at which it was priced. The keen interest from conventional and ESG investors around the world underlines a strong appetite for attractive offerings supported by quality projects despite the uncertain economic situation. It also demonstrates CLP's ability to diversify its financing options and a step-up in its climate-related commitments across operations and financing," said Geert Peeters, Executive Director and Chief Financial Officer of CLP and Director of Castle Peak Power Finance Company Limited.

CLP has committed to reducing its carbon intensity while ensuring a reliable and an affordable supply of electricity to consumers. The funds raised will be used to finance the construction of an offshore LNG receiving terminal in Hong Kong waters and its associated subsea pipeline and gas receiving station. They will allow CLP to purchase gas directly from more diversified sources for its gas-fired electricity generation facilities, including two new combined cycle gas turbine (CCGT) units being developed at Black Point Power Station.

"The LNG terminal and new CCGT units are key infrastructure for both Hong Kong and CLP. They will be instrumental in supporting the Hong Kong Government's fuel mix target of increasing gas-fired power generation to around 50% this year. The successful issuance of the bond signals growing investor recognition of the role played by natural gas as Hong Kong transitions to a lower-carbon future," said TK Chiang, Managing Director of CLP Power Hong Kong Limited (CLP Power).

CLP first published its CAFF in July 2017. The framework has recently been updated to reflect the increased climate-related commitments made by CLP in its updated Climate Vision 2050 published in December 2019 and the broader range of financial transactions that CLP is considering to raise funding for its climate actions.

ANZ, BNP PARIBAS, Crédit Agricole CIB, The Hongkong and Shanghai Banking Corporation Limited (HSBC) and Standard Chartered Bank acted as Joint Lead Managers and Joint Bookrunners on the transaction, and HSBC acted as CAFF Structuring Advisor.

### **Important Notice**

This release is for information purposes only and does not constitute or form a part of any offer to purchase, a solicitation of an offer to purchase, an offer to sell or an invitation or solicitation of an offer to sell, issue or subscribe for Bonds in or into the United States or to U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (Securities Act) or in any other jurisdiction, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. The Bonds and the guarantee of the Bonds (the Guarantee) have not been, and will not be, registered under the Securities Act, or any state securities laws or other jurisdiction of the United States. The Bonds and the Guarantee may not be offered or sold in or into the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and any applicable state or local securities laws of the United States. The Bonds and the Guarantee will be offered and sold only outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act) in accordance with Regulation S under the Securities Act.

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### **About Castle Peak Power Company Limited**

Castle Peak Power Company Limited (CAPCO) is a joint venture of CLP Power Hong Kong Limited (CLP Power) and China Southern Power Grid International (HK) Co., Ltd. (CSG HK), a wholly owned subsidiary of China Southern Power Grid Co. Ltd, under a 70/30 partnership. CAPCO currently owns three power stations, Castle Peak Power Station, Black Point Power Station and Penny's Bay Power Station, which are all operated by CLP Power.

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