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中華電力有限公司
CLP Power Hong Kong Limited

CAPCO Issues US\$300m Energy Transition Bond to Support Hong Kong's Lower Carbon Future

Castle Peak Power Company Limited (CAPCO) has successfully completed, through its wholly-owned subsidiary Castle Peak Power Finance Company Limited, the issuance of a US\$300 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 2.125%, recognising the growing importance of energy transition bonds to ensure meaningful action on climate change in Asia.

The Bond was issued by Castle Peak Power Finance Company Limited under its US\$2 billion Medium Term Note Programme and irrevocably guaranteed by CAPCO, rated A1 by Moody's and AA- by Standard and Poor's. The transaction, which is CAPCO's third energy transition bond in the US dollar bond market, achieved broad and well-balanced distribution, with 53% of the final allocation going to fund managers, 31% to insurance companies/pension funds/central banks, 16% to banks and 1% to private banks.

"We are pleased with the successful issuance of CAPCO's third Energy Transition Bond. CLP has been a keen adopter of sustainable finance instruments, and this transaction solidifies our strong commitment towards supporting Hong Kong's transition to a low carbon economy through both our operations as well as our financing arrangements," said Mr Nicolas Tissot, Deputy Chief Financial Officer of CLP.

The proceeds from the Bond will be used to finance the construction of a new combined cycle gas turbine (CCGT) unit at Black Point Power Station in Hong Kong, following the commissioning of CAPCO's first CCGT unit in 2020. With the first CCGT unit going into operation, CLP substantially increased the proportion of gas-fired generation and achieved the target of generating about 50% of its electricity from natural gas in Hong Kong in 2020. The second CCGT unit further demonstrates CLP's commitment in reducing carbon intensity while ensuring a reliable and an affordable supply of electricity to the city. The two CCGT units will further support CLP's decarbonisation plan, which includes retiring coal-fired generating units at Castle Peak Power Station.

Mr T K Chiang, Managing Director of CLP Power Hong Kong Limited, said, "CLP has long been a staunch supporter of climate action. As we transform into a Utility of the Future, we are progressively decarbonising our portfolio of generation assets and evolving our business model to support our customers to improve energy efficiency. While we are facilitating local renewable energy development, we believe natural gas will continue to play a key role in Hong Kong's energy transition."

CAPCO launched its first inaugural Energy Transition Bond under the CAFF in July 2017 to fund the construction of its first CCGT unit. The second Energy Transition Bond was issued in June 2020 to finance the construction of an offshore LNG receiving terminal in Hong Kong waters and its associated subsea pipeline and gas receiving station.

The Bond was more than 4.67 times over-subscribed with over US\$1.4 billion in orders from global investors. The Joint Lead Managers are ANZ, Crédit Agricole CIB, The Hongkong and Shanghai Banking Corporation Limited (HSBC) and Mizuho Securities. The CAFF Structuring Advisor is HSBC.

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About Castle Peak Power Company Limited

Castle Peak Power Company Ltd. (CAPCO) is a joint venture of CLP Power Hong Kong Ltd. (CLP Power) and China Southern Power Grid International (HK) Co., Ltd., 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. Its wholly-owned subsidiary Castle Peak Power Finance Company Limited is incorporated with limited liability under the laws of the British Virgin Islands.

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