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Ben Shane Lim has the story on Page 3.

CGN Meiya aborts bid for 1MDB's power assets

HK-listed entity's parent may deploy different vehicle to undertake the acquisition

BY BEN SHANE LIM

KUALA LUMPUR: Hong Kong-listed CGN Meiya Power Holdings Co Ltd has decided not to bid for the power assets owned by 1Malaysia Development Bhd's (1MDB) energy unit, Edra Global Energy Bhd, one week before the Oct 16 deadline for the final bid submission.

CGN Meiya announced the board's decision to abort the acquisition plan to the Hong Kong Stock Exchange (HKEx) last Friday.

In the announcement to the HKEx, the China-based energy group said, "the board considered that it would not be in the best interest of the company to pursue the proposed acquisition [of 1MDB's power assets] because, among others, the company has only recently completed the acquisition of 19 wind and solar power projects with a total attributable installed capacity of approximately 1.4Gw from certain subsidiaries of its controlling shareholder, China General Nuclear Power Corp Ltd (CGN Power Corp)."

Just slightly more than three weeks ago, on Sept 24, CGN Meiya announced to the HKEx that it was a contender for Edra. The China-based energy group said that "there have been preliminary discussions as to the proposed acquisition by the company and/or its affiliates of an interest in certain energy assets of 1MDB."

The announcement came in response to news reports that the company was making a bid for Edra. However, CGN Meiya also stated that the acquisition "may or may not proceed," since "no binding or definitive acquisition documen-

tation has been entered into" yet.

However, industry sources told *The Edge Financial Daily* that the announcement in Hong Kong did not necessarily mean that there would not be any bidder from China. CGN Meiya's ultimate parent CGN Power Corp (formerly China Guangdong Nuclear Power Holding Company) might deploy a non public-listed vehicle to bid for Edra's assets.

This would reduce the time-consuming compliance requirements of the HKEx while avoiding the uncertainty of seeking shareholder approvals, according to sources.

1MDB revealed that four bidders had been shortlisted for Edra's power assets. Hypothetically, if the prospective Chinese party does not make a bid, it would be a three-way race for 1MDB's power assets, which it bought from then Powertek Sdn Bhd, which is known as Tanjong Energy Sdn Bhd now, and Genting Bhd unit Genting Sanyen Sdn Bhd at premium prices by borrowings.

Besides CGN Meiya, Tenaga Nasional Bhd (TNB) is another bidder that has declared to the public that it would make a bid for 1MDB's power assets so far. The national utility in mid-July announced that it had submitted an indicative non-binding agreement to acquire Edra's 13 power assets locally and abroad.

Battling speculation that TNB is buying Edra's power assets to bail out cash-strapped 1MDB, president and chief executive officer Datuk Seri Azman Mohd last week reiterated that

there was no "external" influence to bid for the power assets. The decision to acquire the assets was purely for commercial reasons, he told reporters.

This is not the first time that TNB has dealt with 1MDB. In July, TNB took over a 70% equity interest in Project 3B — a 2,000mw coal-fired power plant to be built in Jimah, Negeri Sembilan — from 1MDB for RM46.98 million as the strategic investment fund had not been able to secure financing. The estimated cost of the power plant project is RM11.7 billion.

Japan's Mitsui & Co Ltd owns the remaining 30% equity interest.

Back on the bid for Edra, the other two international bidders are said to be Qatar's Nebras Power QSC and Saudi Arabia's Aljomaih Group. However, neither Nebras Power nor Aljomaih has acknowledged their interest so far.

Meanwhile, two weeks ago ACWA Power International, which was rumoured to be keen on Edra's power generation plants, denied that it was submitting a bid. On Sept 28, the Sau-

di Arabia-based utility company said that it was neither shortlisted nor invited by 1MDB to make a final bid.

The valuation for Edra is expected to range between RM15 billion and RM20 billion as Deputy Minister of Finance Datuk Johari Abdul Ghani told reporters last week.

The figures are believed to include some RM8 billion in debts held by Edra, but not the RM3.4 billion bridging loan that 1MDB incurred to acquire Tanjong Energy Sdn Bhd (now known as Powertek Energy Sdn Bhd). The 10-year bridging loan, secured against Edra's largest subsidiary — Powertek International Bhd, was issued by several local banks, including Malayan Banking Bhd and RHB Capital Bhd.

1MDB is estimated to have paid over RM12.5 billion to acquire its power assets from 2012 to 2014, including RM2.38 billion for Genting Sanyen and RM1.23 billion for a 75% stake in Jimah Energy Ventures Sdn Bhd from the Negeri Sembilan royalty.

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NAME	LOCATION	TYPE	PPA EXPIRY	GROSS CAPACITY (mw)	EFFECTIVE EQUITY (%)	EFFECTIVE CAPACITY (mw)
Jimah Energy Ventures	Negeri Sembilan, Malaysia	Coal-fired	2033	1,400	75	1,050
Teluk Gong 2 PS (Panglima)	Melaka, Malaysia	CCGT	2023	720	100	720
Kuala Langat PS (Genting Sanyen)	Selangor, Malaysia	CCGT	2026	762	75	571.5
Teluk Gong 1 PS (Powertek)	Melaka, Malaysia	CCGT	Jan, 2016	440	100	440
Tanjung Kling PS (Pahlawan)	Melaka, Malaysia	CCGT	2020	330	100	330
Port Said East PS	Port Said, Egypt	Gas-fired, thermal	2023	682.5	100	682.5
Suez Gulf PS	Suez, Egypt	Gas-fired, thermal	2023	682.5	100	682.5
Sidi Krir Power Station 3 & 4	Alexandria, Egypt	Gas-fired, thermal	2022	682.5	55	375.4
Meghnaghat Power Station	Narayanganj, Bangladesh	CCGT	2024	450	55	247.5
Haripur Power Station	Narayanganj, Bangladesh	CCGT	2023	360	55	198
NEPC Plant	Narayanganj, Bangladesh	Barge-mounted	June, 2015	110	55	60.5
Fauji Kabirwala Plant	Kabirwala, Pakistan	CCGT	2029	157	23.1	36.3
Taweelah IWPP	Abu Dhabi, UAE	Gas-fired, thermal, CCGT, desalination	2028	2000MW/160MIGD	10	200MW/16MIGD
				Total effective capacity		5,594

Source: Edra Global Energy Bhd

