

# \$4.27b power plants planned

BY GAVIN PATTERSON

**N**EW World Development is set to invest more than \$4.27 billion in two power-station developments in China's southern Guangdong province.

Sam Leung, New World group legal adviser, said the company has been invited by the city of Shenzhen to participate in a joint venture partnership to construct a new power station.

Total investment for the project will exceed US\$730 million (about HK\$5.69 billion) and New World will be responsible for approximately 50 per cent of the cost.

Furthermore, the company has also been invited to participate in the second phase of a power station development near Guangzhou.

New World is already involved in phase one of the construction through a joint venture with the Guangzhou Economic Construction Development Corporation.

The joint venture operation, Pearl River Power Company, is expected to sign the contract for phase two by the spring of 1993.

Total investment for the second phase is estimated at US\$365 million (about \$2.85 billion), with New World



**CHINA  
ON THE  
MOVE**

again taking a 50 per cent stake.

Mr Leung said the company was expected, within one month, to sign a letter of intent for the Shenzhen power station with the city's authorities.

He said it would be a build, operate and transfer contract, with the power station ultimately returning to the ownership of China.

"Infrastructure developments are the engine of economic growth.

"The attraction of the Shenzhen project is that, because of the city's openness, investors can choose the equipment which will give the best efficiency," said Mr Leung.

He said the first generator of phase one in Guangzhou would be operational by next spring with the second one coming on line 12 months later.

Apart from the two 300-megawatt turbo-powered steam generators, the Pearl River Power Company project

also includes transmission lines, a substation and associated infrastructure.

The generators are manufactured by Harbin Heavy Industries under licence from Westinghouse.

Although New World has not yet signed the contract for phase two, Mr Leung said it was the intention of both joint-venture partners to sign on the dotted line when the first generator of phase one is operational.

"We have to wait and see how well the equipment works and also how our partnership with GECCDC works," he said.

New World expects to recoup its investment on the Pearl River Power Company in eight years.

The Pearl River Power Company has just been granted a US\$50 million (about \$390 million) loan from the Asian Development Bank to proceed with construction.

The US\$365 million cost of phase one will be financed through equity investments of US\$77 million and total loans of US\$288 million.

The new power station is expected to alleviate Guangzhou's acute power shortage.