

[Print](#) | [Close this window](#)

China wind power group seeks \$2.2 bln in HK IPO: sources

Mon Nov 23, 2009 10:11am EST

By Kennix Chim

HONG KONG (Reuters) - China Longyuan Power Group Corp Ltd, Asia's largest wind power generator, plans to raise up to HK\$17.1 billion (US\$2.2 billion) from a Hong Kong initial public offering (IPO), sources close to the deal said on Sunday.

Longyuan is a major subsidiary of China Guodian Corporation, one of China's five largest power generation groups. The company is selling 2.1 billion shares, or 30 percent of its enlarged share capital, at a price range indicated between HK\$6.26 and HK\$8.16 per share, the sources said.

The company could not immediately be reached for comment.

Longyuan initially planned to raise around \$700 million through the IPO, sources told Reuters in July, but the company has boosted its expectations because of stronger-than-expected demand.

The sources are directly involved in the deal but are not authorized to speak on the record about the transaction.

The company is selling 2.1 billion shares, or 30 percent of its enlarged share capital, at a price range indicated between HK\$6.26 and HK\$8.16 per share, the sources said.

Longyuan's offering price represents a multiple of about 22 times to 28.9 times forecast 2010 earnings and postshoe multiple of 23 times to 30 times, one of the sources said.

By comparison, global wind peer Spain's Iberdrola Renovables trades at 28 times 2010 forecast earnings while EDP Renovaveis trades at 30 times.

The company, which will kick off a marketing roadshow on Monday, aims to list on Dec 10, in a deal handled by Morgan Stanley and UBS.

Longyuan is the largest wind power generator in Asia and the fifth-largest in the world. It had a 24 percent share of China's wind power market in terms of total installed capacity as of the end of 2008, according a UBS report, citing wind power research company BTM Consult.

The company had 3,032 MW of consolidated wind power generating capacity at the end of the third quarter 2009.

The underwriters on average estimated Longyuan's 2009 earnings would jump 164 percent to 890 million yuan (\$130 million), and a further 100

percent jump to 1.78 billion yuan in 2010.

The growth is mainly because of capacity expansion in the wind power segment and lower coal costs.

Renewable energy accounts for just a fraction of a percent of China's total electricity output. Coal-dependent China hopes to bring that up to 10 percent by 2010 and 15 percent by 2020.

Last year, global investments in renewable energy reached \$119 billion, where a fifth was invested in Asia Pacific, according to a report by UNEP Sustainable Energy Finance Initiative.

China led new investment in Asia, rising 18 percent over 2007 to \$15.6 billion, mostly in new wind projects.

China's renewable energy sector has grown remarkably in recent years, as Beijing pushes for sustainable development, but overcapacity is already threatening polysilicon and wind power equipment industries as a result of blind expansion. (US\$1=HK\$7.75=6.8277 yuan) (Editing by [Michael Flaherty](#) and Jon Loades-Carter)

© Thomson Reuters 2009. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.