



July 8, 2013

Philippine Stock Exchange
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Subject: **philSTAR.com News Article**

Gentlemen:

We write in response to your letter dated today, July 8, 2013, seeking clarification regarding the philSTAR.com news article "Jolliville eyes \$75-M hydro plants" as quoted below:

Listed holding firm Jolliville Holdings Inc. plans to pursue two new hydropower projects with a generation capacity of 20 megawatts (MW) worth as much as \$75 million.

The company aims to initially ride on the increasing energy demand in Mindoro province before expanding in new areas, its top official said.

"After the first 10-MW mini-hydro power plant, we might expand our hydropower plant by another 10-20 MW using the same source," Jolliville chairman and CEO Jolly L. Ting said in an interview.

Based on a benchmark investment of \$3.35 million per MW for hydropower projects, Jolliville will need \$60-75 million for the two renewable energy projects.

Last week, Jolliville subsidiary Ormin Power Inc. borrowed P1.1-billion from state-owned Development Bank of the Philippines to fund the construction of the 10-MW Inabasan River hydropower project.

Ting said the loan covers 70 percent of the total project cost, with the remaining 30 percent to be sourced from internally-generated cash.

The first phase of the run-of-river hydropower venture will start commercial operations in 2015.

Electricity generated by the power plant will be sold to the Oriental Mindoro Electric Cooperative (Ormeco), the sole power distributor in the province.



JOLLIVILLE HOLDINGS CORPORATION

Additional generating capacity will also be sold to Ormeco, Ting said, adding that Jolliville is focusing on the economic growth prospects in Oriental Mindoro.

Ting said the company's power ventures will initially focus on Oriental Mindoro "so we can enhance our expertise in renewable energy and it will be easier for us to go to other areas."

For other areas, Ting said Jolliville is interested to join the bidding for mini-hydropower projects.

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We wish to confirm that the news article as well as the above quoted parts are accurate. However we wish to clarify that the additional 20 MW expansion remains to be a prospective project of Ormin Power, dependent upon future power demand, the ability of the company to secure necessary permits and licenses, and results of feasibility studies.

Also the quoted cost of \$60-75 million is based on industry benchmarks and not from the Company's estimates.

Please be guided. Thank you.

Very truly yours,

ORTRUD T. YAO
Chief Information Officer