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中電控股有限公司
CLP Holdings Limited

(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

New Continuing Connected Transactions between the CLP Group and the CSG Group

In January 2016, the Company made an announcement (the "2016 Announcement") regarding the continuing connected transactions in respect of the power sales from the CLP Group to the CSG Group on the basis that the projected value of the Transactions, on an aggregated basis, exceeded 1% but was less than the 5% threshold as prescribed under the Listing Rules.

The CLP Group has, now, entered into the power purchase agreement with the CSG Group for Phases I and II of the Fangchenggang power plant (the "2016 FCG PPA"). When this transaction is aggregated with the Transactions, the total projected value of these continuing connected transactions with the CSG Group will exceed the 5% threshold prescribed under the Listing Rules. Accordingly, the Company is making this announcement to comply with the relevant Listing Rules requirements.

Although the relevant 5% threshold has been exceeded, the 2016 FCG PPA is exempt from the circular, independent financial advice and shareholders' approval requirements on the basis that:

I, the CSG Group is a connected person of the Company at the subsidiary level;
II, the 2016 FCG PPA has been approved by the Directors; and
III, the Independent Non-executive Directors have given the confirmation that the terms of the 2016 FCG PPA are fair and reasonable, and the transaction is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

This announcement also includes details of the Xundian Maintenance Agreement and Sandu Interim PPA (i.e. the Additional Agreements) that have been entered into by the CLP Group as continuing connected transactions with the CSG Group since the 2016 Announcement.

Reference is made to the 2016 Announcement in relation to the Transactions that were entered into between members of the CLP Group and members of the CSG Group in the period prior to the 2016 Announcement. Details of the Transactions were set out in Table A of the 2016 Announcement.

Since the date of the 2016 Announcement, members of the CLP Group and members of the CSG Group have subsequently entered into the 2016 FCG PPA and the Additional Agreements, details of which are set out below:

(1) 2016 FCG PPA

The 2016 FCG PPA covers both the Existing FCG Power Plant and the New FCG Power Plant which is expected to be commissioned in the second half of 2016 and supplements the FCG I PPA that was disclosed in the 2016 Announcement. The principal terms of the 2016 FCG PPA are set out below:

Date:	29 April 2016 (the PPAs for the FCG Coal-fired Project Transactions have customarily been entered into around this time in respect of the whole calendar year)
Parties:	(1) CLP-FCG (2) CSG Guangxi
Nature of the transaction:	Sale of electricity generated by CLP-FCG at both the Existing FCG Power Plant and the New FCG Power Plant to CSG Guangxi
Term:	From 1 January to 31 December 2016
Basis for determining consideration:	Payment is based on the number of GWh sold, pursuant to the 2016 FCG PPA, multiplied by a state pre-determined tariff determined by the Guangxi Price Bureau. The tariff is published in the Guangxi Price Bureau Document GuiJiaGe [2016] No. 2 and is updated from time to time.

(2) Additional Agreements

The Additional Agreements are agreements that are within the contemplation of, and for the purposes of, the Transactions as disclosed in the 2016 Announcement. The Xundian Maintenance Agreement and the Sandu Interim PPA are part of the Xundian Wind Project Transactions and the Projects under Development, respectively.

(i) Xundian Wind Project 110kV Transmission Line Maintenance Agreement ("Xundian Maintenance Agreement")

Date:	3 March 2016
Parties:	(1) CLP Xundian (2) CSG Yunnan ETTE

Nature of the transaction:	Provision of regular inspection and maintenance services by CSG Yunnan ETTE to CLP Xundian for the 110kV transmission line of the project
Term:	From 1 January to 31 December 2016
Basis for determining consideration:	The consideration under this agreement comprises a fixed fee of RMB80,094 (HK$95,414) and a contingency fee calculated at approximately RMB28,302 (HK$33,715) (both VAT-exclusive), and the terms were determined through a tendering process involving other bidders.

(ii) Sandu I Wind Project Interim PPA (“Sandu Interim PPA”)

Date:	31 March 2016
Parties:	(1) CLP Sandu (2) CSG Guizhou
Nature of the transaction:	A temporary arrangement for the sale of electricity by CLP Sandu to CSG Guizhou until the signing of a formal PPA
Term:	The interim agreement was effective from 31 March 2016 and is continuingly valid until the signing of a formal PPA which is expected to be around September 2017
Basis for determining consideration:	Payment is based on the number of GWh sold multiplied by a state pre-determined tariff, determined by the National Development and Reform Commission (“NDRC”). The tariff is published in the NDRC Document FaGaiJiaGe [2014] No. 3008 and is updated from time to time.

Effect on the Aggregate Cap

The Aggregate Cap, which will be used for monitoring the annual cap for Listing Rules purpose for the Transactions, the Additional Agreements and the 2016 FCG PPA on an aggregated basis for the year ending 31 December 2016, has been slightly adjusted by rounding up to HK$4.46 billion. Other than the adjustment for rounding purpose, the Aggregate Cap remains unaffected following the entering into of the 2016 FCG PPA and the Additional Agreements, and the reasons for this are set out below:

(i) 2016 FCG PPA

The overall revenue to be received by CLP-FCG from electricity sales to CSG Guangxi is expected to be reduced as a result of a new sales channel established through direct sales agreements (“DSAs”). It is therefore estimated that the annual cap for the 2016 FCG PPA, taken as a whole, will remain within the aggregate project cap of HK$2,721.52 million for the FCG Coal-fired Project Transactions as disclosed in the 2016 Announcement. Accordingly, the project level cap for the FCG Coal-fired Project Transactions, which was shown for reference only in the 2016 Announcement and for the purpose of showing the derivation of the Aggregate Cap, remains at HK$2,721.52 million.

In determining the annual project cap for the FCG Coal-fired Project Transactions, the Company has taken into account a number of factors, including the expected timing of when the New FCG Power Plant will be commissioned, the recent trends in expected supply and demand for electricity in Guangxi, and the recent power sector reform policies such as the impact of the DSAs (see below). The historical transaction values for the FCG I PPA were HK$2,952.85 million, HK$2,263.73 million and HK$1,356.07 million for the three financial years ended 31 December 2013, 2014 and 2015 respectively.

Under the recent power sector reform policies in Guangxi, power generation companies are permitted to sell electricity directly to large electricity End Users through regulated DSAs. Although CSG Guangxi, as the grid company, is a party to these DSAs, the DSAs do not constitute connected transactions of the Company because CSG Guangxi and CLP-FCG do not assume commercial roles with respect to each other under the DSAs. The transmission and service charges payable to CSG Guangxi under the DSAs are collected from the End Users by CSG Guangxi separately.

(ii) Additional Agreements

The Xundian Maintenance Agreement is ancillary to, and is aggregated under, the Xundian Wind Project Transactions and the annual cap for the Xundian Wind Project Transactions remains within the aggregate project cap of HK$96.95 million as disclosed in the 2016 Announcement for reference purpose.

The annual cap of the Sandu Interim PPA is estimated to be HK$107.69 million which is included in the estimated project cap as part of the Projects under Development as disclosed in the 2016 Announcement. The aggregate cap for Projects under Development of HK$605.74 million for the financial year ending 31 December 2016 remains unchanged.

The individual projects may exceed or fall short of their individual caps as long as, on an aggregated basis, the value of all the Transactions, the Additional Agreements and the 2016 FCG PPA, taken together, during the financial year ending 31 December 2016 are within the Aggregate Cap. The Aggregate Cap, however, is not to be treated as a forecast of the actual revenues or expenses likely to be received or incurred by the CLP Group, as the case may be, in respect of the relevant projects in the financial year ending 31 December 2016.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2016 FCG PPA AND THE ADDITIONAL AGREEMENTS

The 2016 FCG PPA and the Sandu Interim PPA serve as the primary means by which the CLP Group's relevant power project company can connect to the local grid and obtain a source of revenue. The entering into of the Xundian Maintenance Agreement ensures the operational efficiency of the 110kV line in use by the Xundian Wind Project for generating revenue.

The Directors consider that the terms of the 2016 FCG PPA and the Additional Agreements are fair and reasonable and in the interests of the Shareholders as a whole. In addition, the Independent Non-executive Directors consider that the terms of the 2016 FCG PPA and the Additional Agreements are fair and reasonable, and the transactions are on normal commercial terms, in the ordinary and usual course of business of the CLP Group and in the interests of the Company and its Shareholders as a whole. None of the Directors has any material interest in the 2016 FCG PPA and none was required to abstain from voting on the board resolutions to approve the 2016 FCG PPA.

LISTING RULES IMPLICATIONS

CAPCO is a subsidiary of the Company. CSG HK is a substantial shareholder of CAPCO as it holds a 30% interest in CAPCO. Accordingly, CSG HK, and thus each member of the CSG Group, is a connected person of the Company (at the subsidiary level) under the Listing Rules and the 2016 FCG PPA and the Additional Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under Rule 14A.81 of the Listing Rules, the 2016 FCG PPA and Additional Agreements are required to be aggregated with all the ongoing Transactions. As set out in the 2016 Announcement, the aggregate cap for the Transactions for the year ending 31 December 2016 was set at HK$4,455.61 million. Following the entering into of the 2016 FCG PPA, the Aggregate Cap for all of the Transactions, the Additional Agreements and the 2016 FCG PPA on an aggregated basis for the year ending 31 December 2016 has been slightly adjusted by rounding up to HK$4.46 billion. For the purposes of Rule 14A.54, the Aggregate Cap which has been slightly adjusted will be used to calculate the percentage ratios for classifying the continuing connected transactions.

Upon entering into the 2016 FCG PPA, one of the Company's percentage ratios under the Listing Rules exceeded 5% when aggregated with the ongoing Transactions, the Additional Agreements and the 2016 FCG PPA, thereby triggering the announcement obligations under Rule 14A.35 of the Listing Rules. However, as the 2016 FCG PPA is a continuing connected transaction between the CLP Group and a connected person of the Company at the subsidiary level, the entering into of the 2016 FCG PPA, which triggered the 5% threshold, is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules provided that (a) the Directors have approved the 2016 FCG PPA, and (b) the Independent Non-executive Directors have confirmed that the terms of the 2016 FCG PPA are fair and reasonable, and the transaction is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Company has satisfied these two requirements in that the Directors have approved the 2016 FCG PPA and that the Independent Non-executive Directors have confirmed that the terms of the 2016 FCG PPA are fair and reasonable, and the transaction is on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. When confirming that the 2016 FCG PPA is on normal commercial terms, the Directors noted that this agreement is a regulated power purchase agreement for a power project in Mainland China and is entered into and administered in accordance with the relevant regulations. Therefore, the 2016 FCG PPA together with the Transactions and the Additional Agreements are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68 and the annual review requirements set out in Rules 14A.55 to 14A.59 and is exempt from the circular, independent financial advice and shareholders' approval requirements.

INFORMATION ABOUT THE PARTIES

The CLP Group owns and operates a vertically integrated electricity generation, transmission and distribution business in Hong Kong (through CLP Power), and invests in the power sector in Mainland China, India, Southeast Asia, Taiwan and Australia.

CSG is a company established in the PRC with limited liability and is a state-owned enterprise principally engaged in the investment, construction and operation of power networks in Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces and regions in the PRC.

CSG HK is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of CSG.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

"2016 Announcement"	the Company's announcement dated 4 January 2016
"2016 FCG PPA"	a new power purchase agreement entered into between CLP-FCG and CSG Guangxi which will effectively replace the FCG I PPA and which relates to the sale of electricity generated by CLP-FCG at both the Existing FCG Power Plant and the New FCG Power Plant
"Additional Agreements"	the agreements entered into between members of the CLP Group and members of the CSG Group which constitute continuing connected transactions of the Company subsequent to the 2016 Announcement, which consist of the Xundian Maintenance Agreement and the Sandu Interim PPA
"Aggregate Cap"	HK$4.46 billion representing, after rounding, the aggregate of all project level caps of all the Transactions as set out in Table B of the 2016 Announcement together with the 2016 FCG PPA and the Additional Agreements for the year ending 31 December 2016

"CAPCO"	Castle Peak Power Company Limited, a company incorporated in Hong Kong with limited liability which is owned as to 70% and 30% by CLP Power and CSG HK, respectively, and is a subsidiary of CLP Holdings
"CLP Group"	CLP Holdings and its subsidiaries, and each of "**CLP Group Company**" and "**CLP Group Companies**" shall be construed accordingly
"CLP Holdings" or "Company"	CLP Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00002)
"CLP Power"	CLP Power Hong Kong Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of CLP Holdings
"CLP Sandu"	CLP (Sandu) Renewable Energy Limited, a company established in the PRC with limited liability which is a wholly-owned subsidiary of the Company
"CLP Xundian"	CLP (Kunming) Renewable Energy Co., Ltd., a company established in the PRC with limited liability which is a wholly-owned subsidiary of the Company
"CLP-FCG"	CLP Guangxi Fangchenggang Power Company Limited, a company established in the PRC with limited liability which is a subsidiary of the Company
"connected person"	has the meaning ascribed to it under the Listing Rules
"CSG"	China Southern Power Grid Co., Ltd., a company established in the PRC with limited liability which is a state-owned enterprise
"CSG Group"	CSG and its subsidiaries, and each of "**CSG Group Company**" and "**CSG Group Companies**" shall be construed accordingly
"CSG Guangxi"	Guangxi Power Grid Company Limited, a subsidiary of CSG
"CSG Guizhou"	Guizhou Power Grid Company Limited, a subsidiary of CSG
"CSG HK"	China Southern Power Grid International (HK) Co., Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of CSG
"CSG Yunnan ETTE"	Yunnan Electricity Transmission and Transformation Engineering Company, a subsidiary of CSG

"Directors"	the directors of the Company
"DSA(s)"	the electricity direct sales agreement(s) amongst (1) CLP-FCG as the power generation seller, (2) CSG Guangxi as the transmission service provider, and (3) in each case, the relevant End User as the power purchaser
"End User"	the independent third party offtake end user which is a party to the relevant DSA, and **"End Users"** mean all or any of them
"Existing FCG Power Plant"	Phase I of the existing power plant owned by CLP-FCG at Fangchenggang, Guangxi, PRC which consists of two 630MW supercritical coal-fired units
"FCG I PPA"	the power purchase agreement arrangement deemed to have been entered into between CLP-FCG and CSG Guangxi (by way of continued performance by both parties on 1 January 2016) in relation to the sale of electricity generated by CLP-FCG at the Existing FCG Power Plant, details of which were set out in item (14) in Table A of the 2016 Announcement
"FCG Coal-fired Project Transactions"	all of the continuing connected transactions relating to the Existing FCG Power Plant and the New FCG Power Plant, including the transactions listed as items (14) to (17) inclusive in Table A of the 2016 Announcement, together with the 2016 FCG PPA
"GWh"	Gigawatt hours
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Listing Rules" or "Rule(s)"	the Rules Governing the Listing of Securities on the Stock Exchange
"New FCG Power Plant"	Phase II of the power plant owned by CLP-FCG at Fangchenggang, Guangxi, PRC which consists of two 660MW ultra-supercritical coal-fired units and is expected to commence operation in the second half of 2016
"PPA(s)"	Power Purchase Agreement(s)
"PRC"	The People's Republic of China
"Projects under Development"	new projects in the PRC for which the PPAs and related agreements are expected to be signed during 2016 (further information is disclosed in the 2016 Announcement)
"RMB"	Renminbi, the lawful currency of the PRC

"Shareholders"	holders of shares in the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Transactions"	each of the continuing connected transactions as set out in Table A of the 2016 Announcement entered into (or deemed to have been entered into) between members of the CLP Group and members of the CSG Group, and where the context requires, includes the Projects under Development and the Additional Agreements
"Xundian Wind Project Transactions"	all of the continuing connected transactions relating to the transactions listed as items (23) to (25) inclusive in Table A of the 2016 Announcement
"%"	per cent

In this announcement, the applicable average RMB:HK$ exchange rate for the relevant period is used, being for the 12 months ended 31 December 2013, 2014 and 2015 respectively, and for the three months ended 31 March 2016, for the purpose of illustration only.

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 29 April 2016

中電控股有限公司
CLP Holdings Limited
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(Stock Code: 00002)

The Directors of CLP Holdings as at the date of this announcement are:

Non-executive Directors:	The Hon Sir Michael Kadoorie, Mr William Mocatta, Mr Ronald J. McAulay, Mr J. A. H. Leigh, Mr Andrew Brandler and Dr Y. B. Lee
Independent Non-executive Directors:	Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law, Ms Irene Lee and Mrs Zia Mody
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters