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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)

Continuing Connected Transactions

Summary and highlights

- CLP Group's power purchase agreements ("PPAs") for Xicun solar, Xundian wind and Sandu wind projects and the Energy Economy Interchange Agreement have recently been renewed or entered with the CSG Group (i.e. China Southern Power Grid Co., Ltd. and its subsidiaries). These agreements constitute continuing connected transactions ("CCTs") for CLP Holdings as the CSG Group is a connected person of CLP Holdings (at the subsidiary level).
- Upon the renewal or entry of these agreements, and when aggregated with other related CCTs for power sales entered into or renewed with the CSG Group during 2021, the projected Annual Aggregate Cap for all of these Transactions is expected to be more than 1% but less than 5% of the relevant Listing Rules percentage ratio, thereby triggering the requirement to make this announcement, as well as the annual review requirements under the Listing Rules.
- This announcement sets out, amongst other things, the following details concerning the Transactions: the background and the reasons for entering into the Transactions; the historical transaction values (where applicable); and the project caps and how these were determined.

1. CCTs BETWEEN THE CLP GROUP AND THE CSG GROUP

The Company last made an announcement in relation to the ongoing CCTs between the CLP Group and the CSG Group in the 2021 Announcement.

Since the publication of the 2021 Announcement, a number of CCTs have been entered into including: (a) some of the CCTs disclosed in the 2021 Announcement which have been renewed; (b) new

agreements for existing projects which constitute CCTs have been entered into - these mainly relate to the Energy Economy Interchange Agreement and some high voltage electricity supply contracts for existing projects of the CLP Group in Mainland China; and (c) various existing project companies in Mainland China have continued to conduct Power Exchange Sales. These CCTs have been aggregated for Listing Rules purposes on the basis that these are agreements where, in principle, the CLP Group sells electricity to the CSG Group or are agreements associated with such sales, in the case of the Power Exchange Sales, they have been aggregated because the CSG Group assumes the settlement risk for the electricity sales made by the CLP Group.

As a result of the aggregation of the relevant CCTs with the CSG Group entered into during 2021, the relevant percentage ratio under the Listing Rules in respect of the projected Annual Aggregate Cap was more than 1% but less than 5%, thereby triggering this announcement obligation.

All of the above agreements for the Transactions were conducted in the ordinary and usual course of business of the CLP Group and their principal terms are summarised in Table A below:

Table A – Details of the Transactions

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
1. CLP Power electricity sales to Mainland China						
1.1	Energy Economy Interchange Agreement Date: 23 December 2021 Term: From 25 December 2021 to 31 December 2022 (potential extension for one year subject to mutual consent of both parties upon expiry of the agreement)	CLP Power	CSG-GPG	25 December 2015	Economic interchange of electricity from, on the one side, CLP Power to CSG-GPG and, on the other, from CSG-GPG to CLP Power, depending on which party is affected by an emergency incident resulting in interruption of normal electricity supply to its customers. The potential sale of electricity by CLP Power to CSG-GPG falls to be aggregated with the Transactions.	The consideration will, under circumstances prescribed in the agreement, be settled either by cash payment or by CSG-GPG's supply of such volume of water to Guangzhou Pumped Storage Power Station (for which the CLP Group has contractual rights to use 50% of Phase 1 of the power station (600MW)) for the generation of electricity equivalent to the volume supplied by CLP Power. For the energy transfer settled by cash payment, it is based on the number of kWh sold multiplied by an arm's length tariff (unit rate of energy transfer) agreed between the parties. In addition, under the standby capacity support, the consideration settled by cash payment is based on the hours requested to standby multiplied by an arm's length tariff (hourly standby charge) agreed between the parties. The unit rate of energy transfer and hourly standby charge are determined after taking into account the available market information and the relevant cost.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
2.	Huaiji hydro project					
2.1	Zelian Hydro Station PPA (see Note (b)) Date: 24 September 2018 Term: From 24 September 2021 to 23 September 2022 (automatically renewable - see Note (c))	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the CLP-GHX")	Zhaoqing Power Bureau of CSG-GPG, a subsidiary of CSG ("CSG-ZPB")	23 July 2009	CLP-GHX sells electricity to CSG-ZPB which delegated the role of settlement to Zhaoqing Huaiji Power Bureau ("CSG-ZHBP"), another subsidiary of CSG.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Zhaoqing Development and Reform Commission ("Zhaoqing DRC"). This tariff is published at the Zhaoqing DRC Document ZhaoJia [2012] No. 67, supplemented by the Guangdong Provincial Development and Reform Commission ("Guangdong PDRC") Document YueJia [2013] No. 177, and is updated from time to time.
2.2	Supplemental Agreement to Zelian Hydro Station PPA Date: 16 August 2019 Term: From 19 April 2021 to 18 April 2022 (automatically renewable – see Note (d))	CLP-GHX	CSG-ZPB	19 April 2019	This is for the temporary arrangement for CSG-ZPB to supply electricity to CLP-GHX during the technical retrofit of Zelian Hydro Station and the upgrade of the local grid company.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGaiJiaGe [2021] No. 331 and is updated from time to time.
2.3	Longzhongtan Hydro Station PPA (see Note (b)) Date: 25 December 2018 Term: From 25 December 2021 to 24 December 2022 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	23 July 2009	As in item 2.1 above	As in item 2.1 above
2.4	Jiaoping Hydro Station PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2021 to 27 September 2022 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	23 July 2009	CLP-GHX sells electricity to CSG-ZPB.	As in item 2.1 above

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
2.5	Xiazhu Hydro Station PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2021 to 27 September 2022 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	23 July 2009	As in item 2.4 above	As in item 2.1 above
2.6	Shuixia Hydro Station PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2021 to 27 September 2022 (automatically renewable – see Note (c))	Guangdong Huaiji Weifa Hydro-electric Power Company Limited, a subsidiary of the Company (“CLP-GHW”)	CSG-ZPB	23 February 2012	CLP-GHW sells electricity to CSG-ZPB.	As in item 2.1 above
2.7	Baishuihe Four Hydro Stations PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2021 to 27 September 2022 (automatically renewable – see Note (c))	Guangdong Huaiji Changxin Hydro-electric Power Company Limited (“CLP-GHC”) Guangdong Huaiji Gaotang Hydro-electric Power Company Limited (“CLP-GHG”) CLP-GHW CLP-GHX All of the above companies are subsidiaries of the Company.	CSG-ZPB	23 February 2012	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX sell electricity to CSG-ZPB.	As in item 2.1 above

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
2.8	Supplemental Agreement to Baishuihe Four Hydro Stations PPA (see Note (e)) Date: 9 December 2020 Term: From 9 December 2020 to 8 December 2022 (automatically renewable – see Note (c))	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX	CSG-ZPB	9 December 2020	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX sell/purchase electricity to/from CSG-ZPB.	Payment is based on the number of kWh sold/purchased multiplied by a tariff pre-determined by the Zhaoqing DRC. This tariff is published at the Zhaoqing DRC Document Zhaojia [2012] No. 67 and is updated from time to time.
2.9	Niuqi Hydro Station PPA (see Note (b)) Date: 26 July 2016 Term: From 26 July 2021 to 25 July 2022 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	12 January 2009	As in item 2.4 above	As in item 2.1 above
2.10	Zelian Hydro Station High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHX	CSG-ZHPB	This is a new agreement.	CSG-ZHPB supplies electricity to CLP-GHX for station consumption.	Payment is based on the number of kWh sold/purchased multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGaiJiaGe [2021] No. 331 and is updated from time to time.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
2.11	Longzhongtan Hydro Station High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHX	CSG-ZHPB	This is a new agreement.	As in item 2.10 above	As in item 2.10 above
2.12	Jiaoping Hydro Station High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHX	CSG-ZHPB	This is a new agreement.	As in item 2.10 above	As in item 2.10 above
2.13	Xiazhu Hydro Station High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHX	CSG-ZHPB	This is a new agreement.	As in item 2.10 above	As in item 2.10 above

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
2.14	Shuixia Hydro Station High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHW	CSG-ZHPB	This is a new agreement.	CSG-ZHPB supplies electricity to CLP-GHW for station consumption.	As in item 2.10 above
2.15	Baishuihe Four Hydro Stations High Voltage Electricity Supply Contract Date: 23 December 2021 Term: From 23 December 2021 to 22 December 2022 (automatically renewable – see Note (d))	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX	CSG-ZHPB	This is a new agreement.	CSG-ZHPB supplies electricity to CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX for station consumption.	As in item 2.10 above
3. Meizhou solar project						
3.1	Meizhou Solar Project PPA (see Note (b)) Date: 1 March 2019 Term: From 1 February 2021 to 1 February 2022 (automatically renewable – see Note (f))	Pingyuan Litian New Energy Power Company Limited, a wholly-owned subsidiary of the Company (“CLP Meizhou”)	Meizhou Power Bureau of CSG-GPG, a subsidiary of CSG (“CSG-MPB”)	1 February 2019	CLP Meizhou sells electricity to CSG-MPB.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGailiaGe [2017] No. 3084 and is updated from time to time.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
3.2	Meizhou Solar Project High Voltage Electricity Supply Contract Date: 10 July 2019 Term: From 10 July 2021 to 9 July 2022 (automatically renewable – see Note (d))	CLP Meizhou	Meizhou Pingyuan Power Bureau of CSG-GPG, a subsidiary of CSG (“CSG-MPPB”)	10 July 2019	CSG-MPPB supplies electricity to CLP Meizhou for power consumption at the project site.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGaiJiaGe [2018] No. 213 and is updated from time to time.
4. Yang_er hydro project						
4.1	Yang_er Hydro Project High Voltage Electricity Supply Contract Date: 23 June 2016 Term: From 10 May 2021 to 9 May 2022 (automatically renewable – see Note (d))	Dali Yang_er Hydropower Development Co., Ltd., a wholly-owned subsidiary of the Company (“Dali Yang_er”)	Yangbi Electricity Supply Co., Ltd., a subsidiary of CSG (“CSG Yangbi”)	1 September 2009	CSG Yangbi supplies electricity to Dali Yang_er for use by the facilities at the main dam.	Payment is based on the number of kWh sold multiplied by the industrial use tariff for bulk industrial users determined by the Yunnan Provincial Development and Reform Commission (“Yunnan PDRC”). This tariff is updated from time to time.
4.2	Yang_er Hydro Project High Voltage Electricity Supply Contract Date: 23 June 2016 Term: From 10 May 2021 to 9 May 2022 (automatically renewable – see Note (d))	Dali Yang_er	CSG Yangbi	1 September 2009	CSG Yangbi supplies electricity via a 10kV line to Dali Yang_er during overhaul related outages.	As in item 4.1 above

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
4.3	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (see Note (e))</p> <p>Date: 23 March 2019</p> <p>Date: From 23 March 2019 to 22 March 2022 (automatically renewable – see Note (g))</p>	Dali Yang_er	Dali Power Bureau of CSG Yunnan, a subsidiary of CSG (“CSG-DPB”)	4 November 2009	CSG-DPB supplies electricity via a 110kV line to Dali Yang_er during overhaul related outages.	As in item 4.1 above
4.4	Power Exchange Sales	Dali Yang_er	CSG Yunnan and Kunming PEC	See Note (h)	Dali Yang_er sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	Payment is based on the number of kWh sold multiplied by the tariff determined through competitive bidding processes conducted on Kunming PEC, an arm’s length tariff agreed between the parties for market sales (as applicable), or set by Kunming PEC for interprovincial electricity sales (together with a transaction fee charged by Kunming PEC).
5. Xicun solar project (Phases I and II)						
5.1	<p>Xicun Solar Project PPA (see Note (b))</p> <p>Date: 14 October 2016</p> <p>Term: From 1 January 2022 to 31 December 2022 for Phases I and II (automatically renewable – see Note (i))</p>	CLP Dali (Xicun) Solar Power Co., Ltd, a wholly-owned subsidiary of the Company (“CLP Xicun”)	CSG Yunnan	24 September 2014	CLP Xicun sells electricity to CSG Yunnan.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the National Development and Reform Commission (“NDRC”) and subject to adjustment in accordance with the 2021 Implementation Scheme for Trading in Yunnan Electricity Market issued by Yunnan PDRC and Yunnan Provincial Energy Administration and is updated from time to time.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
5.2	Xicun Solar Project High Voltage Electricity Supply Contract (for project site) (see Note (j)) Date: 23 May 2021 Term: From 23 May 2021 to 22 May 2024 (automatically renewable – see Note (g))	CLP Xicun	Dali Binchuan Power Bureau of CSG Yunnan, a subsidiary of CSG (“CSG Binchuan”)	11 December 2014	CSG Binchuan supplies electricity to CLP Xicun for power consumption at the project site.	As in item 4.1 above
5.3	Xicun Solar Project High Voltage Electricity Supply Contract (see Note (e)) Date: 25 December 2019 Term: From 25 December 2019 to 24 December 2022 (automatically renewable – see Note (g))	CLP Xicun	CSG-DPB	27 January 2015	CSG-DPB supplies electricity (110kV) to CLP Xicun for power consumption at the project site for equipment when the plant is not in generation status.	As in item 4.1 above
5.4	Xicun Solar Project High Voltage Electricity Supply Contract (for pump station) (see Note (k)) Date: 23 May 2021 Term: From 23 May 2021 to 22 May 2024 (automatically renewable – see Note (g))	CLP Xicun	CSG Binchuan	31 July 2015	CSG Binchuan supplies electricity (10kV) to CLP Xicun for use by the watering facilities.	Payment is based on the number of kWh sold multiplied by the agricultural tariff for agricultural users determined by the Yunnan PDRC. This tariff is updated from time to time.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
5.5	Power Exchange Sales	CLP Xicun	CSG Yunnan and Kunming PEC	See Note (h)	CLP Xicun sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	As in item 4.4 above
6. Xundian wind project						
6.1	Xundian Wind Project PPA (see Note (b)) Date: 14 October 2016 Term: From 1 January 2022 to 31 December 2022 (automatically renewable – see Note (l))	CLP (Kunming) Renewable Energy Co., Ltd., a wholly-owned subsidiary of the Company (“CLP Xundian”)	CSG Yunnan	2 December 2015	CLP Xundian sells electricity to CSG Yunnan.	As in item 5.1 above
6.2	Xundian Wind Project High Voltage Electricity Supply Contract (see Note (e)) Date: 1 September 2020 Term: From 1 September 2020 to 31 August 2023 (automatically renewable – see Note (g))	CLP Xundian	Kunming Power Bureau of CSG Yunnan, a subsidiary of CSG (“CSG-KPB”)	30 November 2015	CSG-KPB supplies electricity via a 110kV line to CLP Xundian for station consumption.	As in item 4.1 above

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
6.3	Xundian Wind Project High Voltage Electricity Supply Contract (10kV) (see Note (e)) Date: 8 July 2019 Term: From 8 July 2019 to 7 July 2022 (automatically renewable – see Note (g))	CLP Xundian	Kunming Xundian Power Supply Company Limited of CSG Yunnan, a subsidiary of CSG (“CSG-KXPSC”)	19 September 2017	CSG-KXPSC supplies electricity to CLP Xundian for use by the facilities in the plant.	Payment is based on the number of kWh sold multiplied by the non-residential tariff determined by the Yunnan PDRC. This tariff is updated from time to time.
6.4	Power Exchange Sales	CLP Xundian	CSG Yunnan and Kunming PEC	See Note (h)	CLP Xundian sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	As in item 4.4 above
7. Sandu wind project						
7.1	Sandu Wind Project PPA (see Note (b)) Date: 31 December 2021 Term: From 1 January 2022 to 31 December 2023 (see Note (m))	CLP (Sandu) Renewable Energy Limited, a wholly-owned subsidiary of the Company (“CLP Sandu”)	Guizhou Power Grid Company Limited, a subsidiary of CSG (“CSG Guizhou”)	31 March 2016	CLP Sandu sells electricity to CSG Guizhou.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the NDRC. The tariff is published at the NDRC Document FaGaiJiaGe [2014] No. 3008 and is updated from time to time.

	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Start date of current contractual arrangement (see Note (a))	Nature and description of the transaction	Basis for determining the consideration
7.2	Sandu Wind Project Electricity High Voltage Supply Contract Date: 21 March 2018 Term: From 18 August 2021 to 17 August 2022 (automatically renewable – see Note (d))	CLP Sandu	Duyun Sandu Power Bureau of CSG Guizhou, a subsidiary of CSG (“CSG-DSPB”)	8 December 2015	CSG-DSPB supplies electricity to CLP Sandu for power consumption at the project site.	Payment is based on the number of kWh sold multiplied by the industrial use tariff for bulk industrial users determined by the Guizhou Provincial Development and Reform Commission. This tariff is updated from time to time.
7.3	Sandu Wind Project Electricity Supply Contract (10kV) Date: 23 March 2018 Term: From 23 March 2021 to 22 March 2024 (automatically renewable – see Note (g))	CLP Sandu	CSG-DSPB	23 March 2018	CSG-DSPB supplies electricity to CLP Sandu for power consumption at the project site.	As in item 7.2 above

Notes:

- (a) Where an agreement has been renewed (as variously described in Table A above and the following footnotes), this refers to the start date of the initial written agreement which has since been renewed and is now represented by the current agreement and term shown in the first column.
- (b) The industry practice in the PRC is for each PPA to be accompanied by one or more GCCs or other ancillary agreements. The GCCs and ancillary agreements (such as metering agreements) set out operational and technical provisions for allowing grid connection for the generation assets and are entered into by the same CLP party and CSG party (or another CSG Group company) to the PPA. There is no transaction value in the GCCs or ancillary agreements. In practice, the GCCs and ancillary agreements are dependent on the PPAs and will fall away when the relevant PPA is terminated. Given their nature and for clarity of presentation, the table above does not include details of the GCCs and ancillary agreements as they are sufficiently summarised in this note unless such ancillary agreement carries transaction value separately from the PPA.
- (c) Automatically renewed and extended for a one year term if no party objects prior to the expiry of the current term. During the extended term, a party may object to the continuation of the extended term by giving a written notice of objection to the other party and if no agreement could be reached within 60 working days therefrom, the agreement terminates automatically.
- (d) Automatically renewed for a subsequent one year term (and further successive one year period(s)) if the user continues to use the power supply and no party objects in writing upon the expiry of the current term.
- (e) The agreement remains ongoing but is not required to be set out in Table A above as it was entered into before the date of the 2021 Announcement and was disclosed therein; however, it is included in Table A for completeness.
- (f) Meizhou Solar Project PPA was entered into on 1 March 2019 in respect of a one year period from 1 February 2019 to 1 February 2020; thereafter, it was automatically renewable for a subsequent one year term (also further successive one year period(s)) by continued performance if no party objects upon the expiry of the current term; the maximum period of extension shall not exceed five years.
- (g) Automatically renewed for a subsequent three year term (and further successive three year period(s)) if the user continues to use the power supply and no party objects in writing upon the expiry of the current term.
- (h) Power Exchange Sales are entered into through Kunming PEC from time to time with details then recorded on its electronic platform. The CLP Group has been conducting Power Exchange Sales through Kunming PEC since 1 January 2017.

- (i) Xicun Solar Project PPA for both Phases I and II was entered into on 14 October 2016 in respect of a one year period from 1 January to 31 December 2016; thereafter, it was automatically renewable for a subsequent one year term (also further successive one year period(s)) by continued performance if no party objects upon the expiry of the current term.
- (j) The agreement is to replace the previous High Voltage Electricity Supply Contract (10kV) entered into on 2 January 2020, details of which can be found in the 2021 Announcement.
- (k) The agreement is to replace the previous High Voltage Electricity Supply Contract (for pump station) entered into on 2 January 2020, details of which can be found in the 2021 Announcement.
- (l) Xundian Wind Project PPA was entered into on 14 October 2016 in respect of a one year period from 1 January to 31 December 2016; thereafter, it was automatically renewable for a subsequent one year term (also further successive one year period(s)) by continued performance if no party objects upon the expiry of the current term.
- (m) This Sandu Wind Project PPA was entered into on 31 December 2021 in respect of a two year period from 1 January 2022 to 31 December 2023 to replace the previous PPA signed on 31 December 2019, details of which can be found in the 2021 Announcement. Upon expiry of the current term, the parties can agree in writing to extend the term of this agreement.

2. HISTORICAL TRANSACTION VALUES AND PROPOSED NEW ANNUAL AGGREGATE CAP

Annual Aggregate Cap

As CCTs under the Listing Rules, the Transactions are subject to annual caps determined by the Company on an aggregated basis. The Annual Aggregate Cap has been set for this purpose. If the actual aggregate value of the Transactions exceeds the Annual Aggregate Cap, the Company will have to re-comply with the Listing Rules announcement requirement.

Table B below sets out the following regarding the Transactions:

1. the historical transaction values for (a) the eleven months ended 30 November 2021 (based on the historical information available for the purpose of this announcement) and (b) the two financial years ended 31 December 2019 and 2020; and
2. the proposed annual cap by individual Transaction and project, and the Annual Aggregate Cap for the financial year ending 31 December 2022.

Monitoring the Caps

The total actual value of the Transactions will be compared against the Annual Aggregate Cap when monitoring the annual cap for Listing Rules purposes. The individual caps by Transaction and project are set out in Table B for reference only and for the purpose of deriving the Annual Aggregate Cap. Projects may exceed or fall short of their individual caps so long as, on an aggregated basis, the value of all Transactions is within the Annual Aggregate Cap. The Annual Aggregate Cap or the individual caps, however, shall not 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, for the Transactions or the individual projects in the financial year for 2022.

The Annual Aggregate Cap (as shown in Table B) is set by reference to the Company's financial year ending 31 December and the annual transaction value takes into account that some of the Transactions are annual agreements which are subject to renewal at various times during the year. An allowance within the Annual Aggregate Cap for Prospective Projects has been included to cater for any Transactions for new projects which may be entered into during 2022.

For the purpose of monitoring compliance with the Annual Aggregate Cap, the Company will calculate the value of the electricity delivered under the relevant Transactions at the applicable tariff (or other contractual price) prevailing at the relevant time throughout the year, exclusive of VAT. Where any agreement expires and is renewed during any financial year, the value of the electricity delivered during the financial year will be time apportioned under the expiring agreement and the renewed agreement respectively.

Table B – Historical transaction values, proposed annual cap by individual Transaction and project, and the Annual Aggregate Cap

		Historical Transaction Values (excluding VAT) (HK\$ million)			Proposed Annual Cap (HK\$ million)
		For the year ended 31 December 2019	For the year ended 31 December 2020	For the eleven months ended 30 November 2021	For the year ending 31 December 2022
1.	CLP Power electricity sales to Mainland China				
1.1	Energy Economy Interchange Agreement (see Note (a))	-	-	30.14	660
	Sub-total (rounded up to next million)	-	-	31	660
2.	Huaiji hydro project				
2.1	Zelian Hydro Station PPA	6.12	5.34	4.57	7.14
2.2	Supplemental Agreement to Zelian Hydro Station PPA	0.42	0.18	-	0.49
2.3	Longzhongtan Hydro Station PPA	3.17	2.39	2.00	3.69
2.4	Jiaoping Hydro Station PPA	2.16	1.94	1.61	2.52
2.5	Xiazhu Hydro Station PPA	7.67	5.82	3.80	9.17
2.6	Shuixia Hydro Station PPA	39.62	31.01	26.22	46.19
2.7	Baishuihe Four Hydro Stations PPA	169.26	110.88	92.01	197.36
2.8	Supplemental Agreement to Baishuihe Four Hydro Stations PPA (agreement entered into in December 2020)	N/A	-	0.34	0.66
2.9	Niuqi Hydro Station PPA	26.12	17.76	15.75	30.46
2.10	Zelian Hydro Station High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.62
2.11	Longzhongtan Hydro Station High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.02
2.12	Jiaoping Hydro Station High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.12
2.13	Xiazhu Hydro Station High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.02
2.14	Shuixia Hydro Station High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.13

		Historical Transaction Values (excluding VAT) (HK\$ million)			Proposed Annual Cap (HK\$ million)
		For the year ended 31 December 2019	For the year ended 31 December 2020	For the eleven months ended 30 November 2021	For the year ending 31 December 2022
2.15	Baishuihe Four Hydro Stations High Voltage Electricity Supply Contract (new agreement entered into in December 2021)	N/A	N/A	N/A	0.33
	Sub-total (rounded up to next million)	255	176	147	299
3.	Meizhou solar project				
3.1	Meizhou Solar Project PPA	50.90	50.22	53.38	63.49
3.2	Meizhou Solar Project High Voltage Electricity Supply Contract	0.29	0.29	0.29	0.40
	Sub-total (rounded up to next million)	52	51	54	64
4.	Yang_er hydro project				
4.1	Yang_er Hydro Project High Voltage Electricity Supply Contract	0.01	0.01	0.01	0.02
4.2	Yang_er Hydro Project High Voltage Electricity Supply Contract	-	-	-	0.02
4.3	Yang_er Hydro Project High Voltage Electricity Supply Contract	0.01	-	0.01	0.01
4.4	Power Exchange Sales	23.22	24.72	26.91	40.19
	Sub-total (rounded up to next million)	24	25	27	41
5.	Xicun solar project (Phases I and II)				
5.1	Xicun Solar Project PPA	63.27	46.52	49.41	55.92
5.2	Xicun Solar Project High Voltage Electricity Supply Contract (for project site) (see Note (b))	0.03	-	-	0.04
5.3	Xicun Solar Project High Voltage Electricity Supply Contract	0.40	0.40	0.40	0.63
5.4	Xicun Solar Project High Voltage Electricity Supply Contract (for pump station) (see Note (c))	0.03	0.03	0.03	0.09
5.5	Power Exchange Sales	74.89	86.84	84.93	109.59
	Sub-total (rounded up to next million)	139	134	135	167
6.	Xundian wind project				
6.1	Xundian Wind Project PPA	20.55	14.38	13.48	19.44
6.2	Xundian Wind Project High Voltage Electricity Supply Contract	0.04	0.09	0.12	0.37
6.3	Xundian Wind Project High Voltage Electricity Supply Contract (10kV)	-	-	-	0.03
6.4	Power Exchange Sales	49.97	56.36	45.92	66.29
	Sub-total (rounded up to next million)	71	71	60	87

	Historical Transaction Values (excluding VAT) (HK\$ million)			Proposed Annual Cap (HK\$ million)
	For the year ended 31 December 2019	For the year ended 31 December 2020	For the eleven months ended 30 November 2021	For the year ending 31 December 2022
7. Sandu wind project				
7.1 Sandu Wind Project PPA (see Note (d))	119.46	163.07	123.60	191.95
7.2 Sandu Wind Project Electricity High Voltage Supply Contract	0.31	0.26	0.21	0.42
7.3 Sandu Wind Project Electricity Supply Contract (10kV)	-	-	0.17	0.07
Sub-total (rounded up to next million)	120	164	124	193
8. Prospective Projects				
8.1 Provision for new projects	N/A	N/A	N/A	260
Annual Aggregate Cap (see Note (e))				1,771

Notes:

- (a) Besides the transaction values shown in the table, CLP Power also supplied electricity to CSG-GPG in 2020 and 2021 under this agreement with consideration settled by CSG-GPG in full by the supply of water to Guangzhou Pumped Storage Power Station to generate the same quantity of power equivalent to the power supplied by CLP Power without any cash settlement. For the purpose of disclosure for this particular arrangement, the notional transaction values have been calculated as if all transactions had been settled in cash in accordance with this agreement; the notional values derived were equivalent to HK\$108.5 million in 2020 and HK\$162.8 million in the eleven months of 2021 for power supply carried out. These equivalent amounts are also the references used to monitor whether all transactions fall within the relevant Annual Aggregate Cap.
- (b) The agreement is to replace the previous High Voltage Electricity Supply Contract (10kV) entered into on 2 January 2020, details of which can be found in the 2021 Announcement.
- (c) The agreement is to replace the previous High Voltage Electricity Supply Contract (for pump station) entered into on 2 January 2020, details of which can be found in the 2021 Announcement.
- (d) The agreement is to replace the previous PPA signed on 31 December 2019, details of which can be found in the 2021 Announcement.
- (e) Total of all proposed annual caps by project, and including for Prospective Projects.
- (f) In the above table, the applicable average RMB:HK\$ exchange rate for the relevant period is used, being for the twelve months ended 31 December 2019 and 2020 respectively, and for the eleven months ended 30 November 2021.

The section below sets out the basis for the Company's determination of the Annual Aggregate Cap and the caps by project category.

CLP Power electricity sales to Mainland China

The project cap for 2022 in respect of this category is HK\$660 million, taking into account the potential demand from CSG-GPG, if and when, affected by emergency incidents.

The Energy Economy Interchange Agreement is for the potential emergency electricity supply to CSG-GPG grid system (as power importer) by CLP Power. The annual cap was determined by reference to the electricity supply to be paid in cash or settled in kind and the standby support charge to be paid in cash (see item 1.1 in Table A of this announcement) by CSG-GPG as the power importer in an emergency incident affecting its power system. The other aspect of this agreement which relates to the potential emergency electricity supply to the CLP Power grid system will not be aggregated with the Transactions as the nature of this is the sale or supply of electricity to CLP Power, as opposed to the sale or supply of electricity to the CSG Group.

Power Projects in Mainland China

The power market reform in Mainland China was initiated in 2015 which introduced competition to electricity supply and retail markets. Power exchange centres have then been set up in different provinces providing trading platforms for power generators to negotiate electricity supply contracts directly with end users. The Annual Aggregate Cap takes into account the electricity demands in the regions where the relevant projects operate as well as the pace of the market sales reform. As disclosed in our previous announcements, electricity sales by Yang_er hydro, Xicun solar and Xundian wind projects have been made through Kunming PEC (44% owned by CSG Yunnan) which constitute CCTs with the CSG Group primarily due to the settlement risks in respect of these sales assumed by CSG Yunnan which is subject to the trading rules implemented by the relevant PRC authority.

Huaiji hydro, Meizhou solar and Sandu wind projects

The aggregate project caps in respect of the Huaiji Hydro Project Transactions, Meizhou Solar Project Transactions and Sandu Wind Project Transactions for 2022 are HK\$299 million, HK\$64 million and HK\$193 million, respectively. Electricity sales for these projects are still conducted entirely through PPAs at on-grid tariffs. However, the Guangdong market reform and Guizhou market reform are evolving where Meizhou solar project and Sandu wind project may participate in power exchange sales in 2022. Taking these into consideration, the respective aggregate project caps were determined by reference to the prescribed on-grid tariffs of the PPAs, the historical performance of the power plants and the latest electricity sales forecast for 2022 by CLP's project companies.

Yang_er hydro, Xicun solar and Xundian wind projects

The aggregate project caps in respect of the Yang_er Hydro Project Transactions, Xicun Solar Project Transactions and Xundian Wind Project Transactions for 2022 are HK\$41 million, HK\$167 million and HK\$87 million, respectively. Except for Yang_er hydro project where its power sales are anticipated to be conducted solely in the form of Power Exchange Sales, the sale of electricity for the Xicun solar project and Xundian wind project are anticipated to be conducted through PPAs and Power Exchange Sales in 2022; the project caps for these projects have accordingly taken these into consideration. In addition, as a result of the latest national regulatory changes, with the Yunnan Province implemented at the forefront, transactions under some high voltage electricity supply contracts are expected to be carried out through the market sales mechanism, or specifically with the grid companies as purchasing agents, albeit the transaction values are minimal. The project caps were also determined by reference to the historical performance of the power plants and the latest electricity sales and price forecast for 2022 by CLP's project companies.

Prospective Projects

This item represents an allowance within the Annual Aggregate Cap for new projects which may be acquired, undertaken or commissioned by the CLP Group in Mainland China during 2022. If so, the power sales arrangement, the associated PPA and/or other related agreements with a CSG Group entity would become new CCTs.

This allowance is based on the estimated commencement date, the expected date on which the transaction would constitute a CCT, the expected volume of electricity supply and sales, the relevant power sales channel(s), type of generation plants and capacity of the Prospective Projects, to which the appropriate state pre-determined tariff or an arm's length negotiated tariff would be expected to be applied, as the case may be. Generally, the Prospective Projects are individually small or medium sized projects and do not include larger projects which may cause one or more of the relevant percentage ratios under the Listing Rules to exceed the 1% (on an individual basis) or 5% (on an individual or aggregated basis) thresholds. The Company will publish a separate announcement if and when the relevant percentage ratio is exceeded.

3. REASONS FOR ENTERING INTO THE TRANSACTIONS

Energy Economy Interchange Agreement: This agreement enables CLP Power and CSG-GPG to maintain an uninterrupted supply of electricity to their respective customers in case any party is affected by an emergency incident resulting in an interruption in normal electricity supply to its customers. Under this agreement, neither CLP Power nor CSG-GPG is obliged to deliver any electricity to the other requesting party; however, the underlying principle of this agreement is the mutual support (while being on an arm's length basis) for maintaining the operation and security of each other's power supply system.

Power Purchase Agreements: The CLP Group has been involved in the power industry in Mainland

China since 1985 and is one of the largest external independent power producers in Mainland China's power sector. These activities are carried out through numerous project companies of the CLP Group.

The PPAs, usually associated with GCCs, and other ancillary agreements are entered into individually by each project company and are one of the means by which the relevant project company can connect and supply to the local grid and obtain a source of revenue, in principle, based on a state pre-determined tariff (which may be subject to adjustment in accordance with the trading rules in some provinces).

Power Exchange Sales: Under the ongoing power sector reform in Mainland China, CLP Group's project companies in Yunnan have sold electricity outside of the PPAs and obtained a source of revenue through market sales arrangements, for instance, direct sales and transactions conducted through bidding process on Kunming PEC.

The Directors (including the Independent Non-executive Directors) consider that all of the terms of the Transactions are fair and reasonable, the Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the CLP Group, and are in the interests of the Company and its Shareholders as a whole.

4. LISTING RULES IMPLICATIONS

Connected person at the subsidiary level

CSG Group is a connected person of the Company (at the subsidiary level) by virtue of CSG HK, a wholly-owned subsidiary of CSG, being a substantial shareholder of CAPCO, a subsidiary of the Company. Accordingly, the Transactions with members of the CSG Group constitute CCTs for the Company under Chapter 14A of the Listing Rules.

Annual Aggregate Cap

The Annual Aggregate Cap of HK\$1,771 million is used for monitoring the annual cap for Listing Rules purposes and this has exceeded the 1% threshold under the Listing Rules. This was triggered with the renewals of those CCTs announced in the 2021 Announcement which have fallen to be renewed recently, particularly the Energy Economy Interchange Agreement and the PPAs for Xicun solar, Xundian wind and Sandu wind projects, when aggregated with other CCTs for power sales entered into or renewed with the CSG Group during 2021. As the Transactions are CCTs with a connected person at the subsidiary level, they 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 but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the Transactions will also be included in the annual report of the Company (Rules 14A.49 and 14A.71).

Waivers from the Stock Exchange

As disclosed in our previous announcements concerning CCTs with the CSG Group, the Company had obtained from the Stock Exchange a waiver from strict compliance with the requirement to have written agreements under Rule 14A.34 of the Listing Rules in respect of those PPAs renewed by continued performance by both parties of their respective obligations under the PPA on substantially the same terms. The Company had obtained further confirmation from the Stock Exchange that the electronic contracts maintained on Kunming PEC satisfy the written agreement requirement of a CCT under the Listing Rules.

5. INFORMATION ABOUT THE PARTIES

CLP Holdings is the holding company of the CLP Group, one of the largest investor-owned power businesses in Asia Pacific with investments spanning across Hong Kong, Mainland China, India, Southeast Asia, Taiwan and Australia.

CLP Power is a direct wholly-owned subsidiary of CLP Holdings. It operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer service to six million people.

The other Transaction parties within the CLP Group set out in Table A of this announcement are principally engaged in the business of generating and supplying electricity in or to the PRC.

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 in the PRC.

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

Kunming PEC is principally engaged in the business of providing, operating and managing the platform to facilitate electricity trading under the market sales regime in Yunnan, the PRC.

The Transaction parties within the CSG Group set out in Table A of this announcement are principally engaged in the business of managing and operating power grids, transmission and distribution of electricity, and supply of electricity in the PRC.

6. DEFINITIONS

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

“2021 Announcement”

the Company’s announcement dated 4 January 2021

“Annual Aggregate Cap”	the total of all the annual caps for all the “Transactions” , including provision for “Power Exchange Sales” for relevant projects and “Prospective Projects” for 2022 as shown in Table B of this announcement
“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
“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 direct wholly-owned subsidiary of CLP Holdings
“connected person(s)”	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-GPG”	Guangdong Power Grid Co., Ltd., a company established in the PRC with limited liability which is a subsidiary of CSG
“CSG Group”	CSG and its subsidiaries
“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”	Yunnan Power Grid Company Limited, a company established in the PRC with limited liability which is a subsidiary of CSG
“Directors”	the directors of the Company

“Energy Economy Interchange Agreement”	the full set of agreements comprises the energy economy interchange agreement entered into on 25 December 2015 between CLP Power and CSG-GPG, as amended by its 1 st supplemental agreement dated 5 November 2018, its 2 nd supplemental agreement dated 20 December 2019, and its 3 rd supplemental agreement dated 23 December 2021, further details of which are set out in the transaction under item 1.1 in Table A of this announcement
“GCC”	Grid Connection Contract
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huaiji Hydro Project Transactions”	each of the CCTs relating to the Huaiji hydro project, which are transactions under items 2.1 to 2.15 inclusive in Table A of this announcement
“Kunming PEC”	Kunming Power Exchange Center Limited, a company established in the PRC with limited liability which is 44% owned by CSG Yunnan
“kV”	Kilovolt
“kWh”	Kilowatt hours
“Listing Rules” or “Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meizhou Solar Project Transactions”	each of the CCTs relating to the Meizhou solar project, which are transactions under items 3.1 and 3.2 inclusive in Table A of this announcement
“Power Exchange Sales”	Transactions relating to the Yang_er hydro project, the Xicun solar project and the Xundian wind project, which are transacted and/or recorded on Kunming PEC and are made subject to its settlement rules whereby CSG Yunnan assumes settlement risk for these transactions; these transactions are relating to (i) the electricity sold under one form of the market sales regime, typically under an automated anonymous bidding and acceptance system on the electronic platform through Kunming PEC, (ii) directly negotiated sales, with or without a CSG Group company as the purchaser, and (iii) initiatives for interprovincial electricity sales introduced by the PRC Government for

	the transfer of electricity between provinces
“PPA”	Power Purchase Agreement
“PRC”	the People’s Republic of China
“Prospective Projects”	new projects in the PRC for which the PPAs and related agreements may become CCTs during 2022 as described in section 2 of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sandu Wind Project Transactions”	each of the CCTs relating to the Sandu wind project, which are transactions under items 7.1 to 7.3 inclusive in Table A of this announcement
“Shareholders”	holders of shares of 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(s)”	has the meaning ascribed to it under the Listing Rules
“Transactions”	each of the CCTs as set out in Table A of this announcement relating to the Energy Economy Interchange Agreement, the Huaiji Hydro Project Transactions, the Meizhou Solar Project Transactions, the Yang_er Hydro Project Transactions, the Xicun Solar Project Transactions, the Xundian Wind Project Transactions and the Sandu Wind Project Transactions entered into or automatically renewed between members of the CSG Group and members of the CLP Group on various dates, and (where the context requires) includes Prospective Projects
“VAT”	value added tax
“Xicun Solar Project Transactions”	each of the CCTs relating to the Xicun solar project, which are transactions under items 5.1 to 5.5 inclusive in Table A of this announcement
“Xundian Wind Project Transactions”	each of the CCTs relating to the Xundian wind project, which are transactions under items 6.1 to 6.4 inclusive in Table A of this announcement

“Yang_er Hydro Project Transactions”

each of the CCTs relating to the Yang_er hydro project, which are transactions under items 4.1 to 4.4 inclusive in Table A of this announcement

“%”

per cent

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 3 January 2022

中電控股有限公司
CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(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 J. A. H. Leigh, Mr Andrew Brandler and Mr Philip Kadoorie

Independent Non-executive Directors:

Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Fanny Law,
Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw and
Mr Chunyuan Gu

Executive Director:

Mr Richard Lancaster