

25 February 2013

**CLP Provides Supplementary Information on Today's Media Report
about Interim Review of the Scheme of Control Agreement**

CLP Holdings today held a press briefing to announce its annual results. Following the briefing, there are enquiries regarding a news report which says, "...concerning the interim review of the Scheme of Control Agreement between CLP and the Government, CLP will not accept any unfair modifications, implying CLP's withdrawal from supplying electricity in Hong Kong." CLP would like to make clarifications as follow:

The connection between the interim review and CLP's commitment to Hong Kong is invalid. CLP made no remark that bears any implications about a market withdrawal. At the press briefing today, Mrs Betty Yuen, Vice Chairman of CLP Power, made the following response to press questions: "CLP has been servicing Hong Kong for 111 years.....reflecting our commitment to Hong Kong. We would like to continue to serve Hong Kong, and provide a reliable and clean energy supply to the city. We are confident that we can reach a consensus with our stakeholders regarding the post-2018 regulatory environment. CLP will actively and constructively engage the government and the community on refining the future regulatory framework."

Regarding media and public concerns over future electricity tariff adjustments, CLP would like to reiterate that it will exercise strict discipline in cost control with prudent financial management. We expect that, in accordance with the Government's increasing emissions requirements, the need to use more natural gas will increase future fuel costs. This will inevitably put pressure on tariffs. In anticipation of this trend, CLP is taking actions to defer and minimise the impact of high fuel costs as much as we can, and to contain the tariff increase to a reasonable level.

To this end, the measures adopted by CLP include: working with Yacheng Supplier to optimise the use of the gas field in order to defer the use of the more costly replacement gas; increasing the purchase of low emission coals from worldwide sources to reduce gas consumption; and enhancing the operational performance of emission control equipment and the efficiency of coal-fired generating units. Nevertheless, there are uncertainties in pursuing these initiatives. CLP will try its very best to alleviate the pressure of rising tariffs.

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About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited (“CLP Power”) is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer services to 5.8 million people in its supply area.

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