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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 its Fangchenggang coal-fired, Xicun solar and Xundian wind projects were recently renewed with the CSG Group (i.e. China Southern Power Grid Co., Ltd. and its subsidiaries).
- These PPAs constitute continuing connected transactions for CLP Holdings as the CSG Group is a connected person of CLP Holdings (at the subsidiary level).
- Upon the renewal of these PPAs, and when aggregated with other related continuing connected transactions for power sales entered into or renewed with the CSG Group during 2018, 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 ratios; 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 (if any); the project caps and how these were determined; and a new form of power sales as continuing connected transactions, i.e. the Non-Traditional Electricity Sales to the CSG Group, including the Power Exchange Sales.

### 1. CONTINUING CONNECTED TRANSACTIONS BETWEEN THE CLP GROUP AND THE CSG GROUP

The Company last made an announcement in relation to the ongoing continuing connected transactions between the CLP Group and the CSG Group in the 2018 Announcement.

Since the publication of the 2018 Announcement, (a) some of the continuing connected transactions disclosed therein have been renewed; and (b) new transactions for the existing projects which constitute continuing connected transactions have been entered into. These

relate to the Power Sales Contract, the Energy Economy Interchange Agreement, a number of PPAs, Non-Traditional Electricity Sales to the CSG Group and other ancillary agreements for the existing projects of the CLP Group in Mainland China. These Transactions 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.

The PPAs for the Fangchenggang coal-fired, Xicun solar and Xundian wind projects were recently renewed. When aggregated with other continuing connected transactions entered into or renewed between the CLP Group and the CSG Group during 2018, the relevant percentage ratios under the Listing Rules in respect of the projected Annual Aggregate Cap are 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**

	<b>Name, date and current term of the agreement</b>	<b>Transaction party within the CLP Group</b>	<b>Transaction party within the CSG Group</b>	<b>Start date of current contractual arrangement (see Note (a))</b>	<b>Nature and description of the transaction</b>	<b>Basis for determining the consideration</b>
<b>1. CLP Power electricity sales to Mainland China</b>						
1.1	Power Sales Contract Date: 28 December 2018 Term: From 1 January 2019 to 31 December 2019	CLP Power	CSG-GPG Guangdong Power Grid Materials Company Limited, as payment agent of CSG-GPG	10 February 2012	CLP Power sells electricity to CSG-GPG.	Payment is based on the number of GWh sold multiplied by an arm's length tariff agreed between the parties. The tariff is determined after taking into account available market information and the relevant cost.
1.2	Energy Economy Interchange Agreement Date: 5 November 2018 Term: From 25 December 2018 to 24 December 2021	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.	As in item 1.1 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
<b>2. Huaiji hydro project</b>					
2.1 Zelian Hydro Station PPA (see Note (b)) Date: 24 September 2018 Term: From 24 September 2018 to 23 September 2019 (automatically renewable - see Note (c))	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company ("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, another subsidiary of CSG.	Payment is based on the number of GWh sold multiplied by a tariff pre-determined by the Guangdong Provincial Development and Reform Commission ("Guangdong PDRC"). This tariff is published at the Guangdong PDRC YueJia [2013] No. 177 and is updated from time to time.  The above pricing also applies to items 2.2-2.7.
2.2 Longzhongtan Hydro Station PPA (see Note (b)) Date: 25 December 2018 Term: From 25 December 2018 to 24 December 2019 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	23 July 2009	As in item 2.1 above	As in item 2.1 above
2.3 Jiaoping Hydro Station PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2018 to 27 September 2019 (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
2.4 Xiazhu Hydro Station PPA (see Note (b)) Date: 28 September 2015 Term: From 28 September 2018 to 27 September 2019 (automatically renewable – see Note (c))	CLP-GHX	CSG-ZPB	23 July 2009	As in item 2.3 above	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	<p>Shuixia Hydro Station PPA (see Note (b))</p> <p>Date: 28 September 2015</p> <p>Term: From 28 September 2018 to 27 September 2019 (automatically renewable – see Note (c))</p>	<p>Guangdong Huaiji Weifa Hydro-electric Power Company Limited, a subsidiary of the Company (“CLP-GHW”)</p>	CSG-ZPB	23 February 2012	CLP-GHW sells electricity to CSG-ZPB.	As in item 2.1 above
2.6	<p>Baishuihe Four Hydro Stations PPA (see Note (b))</p> <p>Date: 28 September 2015</p> <p>Term: From 28 September 2018 to 27 September 2019 (automatically renewable – see Note (c))</p>	<p>Guangdong Huaiji Changxin Hydro-electric Power Company Limited (“CLP-GHC”)</p> <p>Guangdong Huaiji Gaotang Hydro-electric Power Company Limited (“CLP-GHG”)</p> <p>CLP-GHW</p> <p>CLP-GHX</p> <p>All of the above companies are subsidiaries of the Company.</p>	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
2.7	<p>Niuqi Hydro Station PPA (see Note (b))</p> <p>Date: 26 July 2016</p> <p>Term: From 26 July 2018 to 25 July 2019 (automatically renewable – see Note (c))</p>	CLP-GHX	CSG-ZPB	12 January 2009	As in item 2.3 above	As in item 2.1 above

	<b>Name, date and current term of the agreement</b>	<b>Transaction party within the CLP Group</b>	<b>Transaction party within the CSG Group</b>	<b>Start date of current contractual arrangement (see Note (a))</b>	<b>Nature and description of the transaction</b>	<b>Basis for determining the consideration</b>
<b>3.</b>	<b>Yang_er hydro project</b>					
3.1	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (see Note (d))</p> <p>Date: 23 June 2016</p> <p>Term: From 10 May 2016 to 9 May 2019 (automatically renewable – see Note (e))</p>	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.
3.2	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (see Note (d))</p> <p>Date: 23 June 2016</p> <p>Term: From 10 May 2016 to 9 May 2019 (automatically renewable – see Note (e))</p>	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 3.1 above
3.3	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (see Note (d))</p> <p>Date: 4 November 2009 (continuingly valid until signing of a new agreement)</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 3.1 above
3.4	Interprovincial Electricity Sales to Guangdong (see Note (f))	Dali Yang_er	CSG Yunnan	N/A	Dali Yang_er was allocated additional electricity sales quota by Kunming Power Exchange where Dali Yang_er sold electricity to CSG Yunnan under the West-East Electricity Transfer Initiative implemented by the PRC Government.	Payment is based on the number of GWh sold multiplied by the tariffs set by Kunming Power Exchange from time to time.

	<b>Name, date and current term of the agreement</b>	<b>Transaction party within the CLP Group</b>	<b>Transaction party within the CSG Group</b>	<b>Start date of current contractual arrangement (see Note (a))</b>	<b>Nature and description of the transaction</b>	<b>Basis for determining the consideration</b>
<b>4. Fangchenggang coal-fired project (Phases I and II)</b>						
4.1	Fangchenggang Coal-fired Project PPA (see Note (b))  Date: 12 February 2018  Term: From 1 January 2019 to 31 December 2019 for Phases I and II (automatically renewable – see Note (g))	CLP Guangxi Fangchenggang Power Company Limited, a subsidiary of the Company (“CLP-FCG”)	CSG Guangxi	28 August 2007	CLP-FCG sells electricity to CSG Guangxi.	Payment is based on the number of GWh sold multiplied by a tariff pre-determined by the Guangxi Price Bureau. This tariff is published at Guangxi Price Bureau Document GuiJiaGe [2017] No. 34 and is updated from time to time.
4.2	Fangchenggang High Voltage Electricity Supply Contract (see Note (d))  Date: 27 September 2015  Term: From 27 September 2017 to 26 September 2019 (automatically renewable – see Note (h))	CLP-FCG	Fangchenggang Power Bureau of CSG Guangxi, a subsidiary of CSG (“CSG-FPB”)	9 December 2006	CSG-FPB supplies standby electricity to CLP-FCG.	As in item 4.1 above
4.3	Fangchenggang High Voltage Electricity Supply Contract (see Note (d))  Date: 1 June 2009 (continuingly valid if no party objects)	CLP-FCG	CSG-FPB	1 June 2009	CSG-FPB supplies standby electricity to the water pumping facilities of CLP-FCG.	As in item 4.1 above
4.4	Interprovincial Electricity Sales to Guangdong (see Note (f))	CLP-FCG	CSG-GPG	N/A	CLP-FCG sold electricity to CSG-GPG through market sales arrangements.	Payment is based on the number of GWh sold multiplied by the tariffs determined through competitive bidding processes conducted on the Guangxi Power Exchange.

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
<b>5. Xicun solar project (Phases I and II)</b>					
<p>5.1 Xicun Solar Project PPA (see Note (b))</p> <p>Date: 14 October 2016</p> <p>Term: From 1 January 2019 to 31 December 2019 for Phases I and II (automatically renewable – see Note (i))</p>	<p>CLP Dali (Xicun) Solar Power Co., Ltd, a wholly-owned subsidiary of the Company (“CLP Xicun”)</p>	<p>CSG Yunnan</p>	<p>24 September 2014</p>	<p>CLP Xicun sells electricity to CSG Yunnan.</p>	<p>Payment is based on the number of GWh sold multiplied by a tariff pre-determined by the National Development and Reform Commission (“NDRC”) and subject to adjustment in accordance with the 2018 Implementation Scheme for Trading in Yunnan Electricity Market issued by Yunnan Provincial Industry and Information Technology Commission, Yunnan PDRC and Yunnan Provincial Energy Administration in 2017 and is updated from time to time.</p>
<p>5.2 Xicun Solar Project Electricity Supply Contract (10kV) (see Note (d))</p> <p>Date: 11 December 2014</p> <p>Term: From 11 December 2017 to 10 December 2020 (automatically renewable – see Note (j))</p>	<p>CLP Xicun</p>	<p>Binchuan Electricity Supply Company Limited, a subsidiary of CSG (“CSG Binchuan”)</p>	<p>11 December 2014</p>	<p>CSG Binchuan supplies electricity to CLP Xicun (for power consumption at the project site).</p>	<p>As in item 3.1 above</p>
<p>5.3 Xicun Solar Project High Voltage Electricity Supply Contract (see Note (d))</p> <p>Date: 23 June 2016</p> <p>Term: From 25 January 2019 to 24 January 2022 (automatically renewable – see Note (j))</p>	<p>CLP Xicun</p>	<p>CSG-DPB</p>	<p>27 January 2015</p>	<p>CSG-DPB supplies electricity to CLP Xicun (for power consumption at the project site including auxiliary power and power supply during outage and overhaul).</p>	<p>As in item 3.1 above</p>

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
<p>5.4 Xicun Solar Project High Voltage Electricity Supply Contract (for pump station)</p> <p>Date: 31 July 2015</p> <p>Term: From 31 July 2018 to 30 July 2021 (automatically renewable – see Note (j))</p>	CLP Xicun	CSG Binchuan	31 July 2015	CSG Binchuan supplies electricity to CLP Xicun (for 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.
<p>5.5 Interprovincial Electricity Sales to Guangdong (see Note (f))</p>	CLP Xicun	CSG Yunnan	N/A	CLP Xicun was allocated additional electricity sales quota by Kunming Power Exchange where CLP Xicun sold electricity to CSG Yunnan under the West-East Electricity Transfer Initiative implemented by the PRC Government.	Payment is based on the number of GWh sold multiplied by the tariffs set by Kunming Power Exchange from time to time.
<b>6. Xundian wind project</b>					
<p>6.1 Xundian Wind Project PPA (see Note (b))</p> <p>Date: 14 October 2016</p> <p>Term: From 1 January 2019 to 31 December 2019 (automatically renewable – see Note (k))</p>	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
<p>6.2 Xundian Wind Project Electricity Supply Contract</p> <p>Date: 30 November 2015</p> <p>Term: From 30 November 2018 to 29 November 2021 (automatically renewable – see Note (j))</p>	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 start up purposes).	As in item 3.1 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
<p>6.3 Xundian Wind Project High Voltage Electricity Supply Contract (10kV) (see Note (d))</p> <p>Date: 19 September 2017</p> <p>Term: From 19 September 2017 to 18 September 2020 (automatically renewable – see Note (j))</p>	CLP Xundian	Xundian Power Supply Company Limited, a subsidiary of CSG (“CSG-XPSC”)	19 September 2017	CSG-XPSC 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 commercial and industrial use tariff determined by the Yunnan PDRC. This tariff is updated from time to time.
<p>6.4 Interprovincial Electricity Sales to Guangdong (see Note (f))</p>	CLP Xundian	CSG Yunnan	N/A	CLP Xundian was allocated additional electricity sales quota by Kunming Power Exchange where CLP Xundian sold electricity to CSG Yunnan under the West-East Electricity Transfer Initiative implemented by the PRC Government.	Payment is based on the number of GWh sold multiplied by the tariffs set by Kunming Power Exchange from time to time.
<b>7. Sandu wind project</b>					
<p>7.1 Sandu I Wind Project PPA (see Notes (b), (d) and (l))</p> <p>Date: 29 December 2017</p> <p>Term: From 1 January 2018 to 31 December 2019</p>	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 GWh 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 I Wind Project Electricity Supply Contract (220kV) (see Note (m))  Date: 21 March 2018  Term: From 18 August 2018 to 17 August 2019 (automatically renewable – see Note (e))	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 I Wind Project Electricity Supply Contract (10kV)  Date: 23 March 2018  Term: From 23 March 2018 to 22 March 2021 (automatically renewable – see Note (j))	CLP Sandu	CSG-DSPB	This is a new agreement.	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 transactional 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 transactional 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) The agreement remains ongoing but is not required to be set out in Table A above as it was entered into or renewed either (i) before CSG Group became a connected person of the Company or (ii) before the date of the 2018 Announcement and was disclosed therein; however, it is included in Table A for completeness.
- (e) 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.
- (f) Interprovincial Electricity Sales are entered into on a power exchange centre on various dates and for the supply of electricity for various durations. The identity of the purchasing grid company is known to the CLP Group project company and, where the purchaser is a CSG Group company, it is shown as the transaction party in Table A.
- (g) The Fangchenggang Coal-fired Project PPA for both Phases I and II was entered into on 12 February 2018 in respect of a one year period from 1 January to 31 December 2018; thereafter, it was automatically renewed for a subsequent one year term by continued performance as no party objected upon the expiry of the previous term.
- (h) Automatically renewed for another two year term (and further successive two 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.
- (i) The 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) 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.
- (k) The 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.
- (l) The Sandu I Wind Project PPA is a formal PPA signed on 29 December 2017 to replace the interim PPA dated 31 March 2016 which was disclosed in the 2018 Announcement. The duly executed Sandu I Wind Project PPA was received by CLP Sandu from CSG Guizhou on 16 January 2018.
- (m) The agreement was originally entered into between CLP Sandu and Sandu Power Bureau (“CSG-SPB”), a subsidiary of CSG on 8 December 2015 for a three year term from 8 December 2015 to 7 December 2018 and was disclosed in the 2018 Announcement. On 21 March 2018, a supplemental agreement was entered into between CLP Sandu and CSG-DSPB to reflect its change of name from CSG-SPB and extend the agreement from 18 August 2018 for one year.

## 2. **ADDITIONAL TRANSACTIONS SUBJECT TO RULE 14A.60**

### *Continuing Connected Transactions with the CSG Group under Mainland China’s Power Sector Reform*

Traditionally, the Group’s power projects have sold electricity to the CSG Group’s grid companies at published on-grid tariffs under the PPAs (“**PPA Sales**”). Under the power sector reform in Mainland China, new forms of electricity sales have been developing rapidly. An increasing portion of electricity sales by CLP Group’s power projects have been made under the open market sales regime since 2016 and the West-East Electricity Transfer Initiative during 2018, whereby the PRC Government has encouraged the transfer of excess power generation from western provinces to meet additional demand in eastern provinces as part of Interprovincial Electricity Sales.

These new forms of transactions with the CSG Group are referred to as “Non-Traditional Electricity Sales to the CSG Group” in this announcement.

#### *Background on market developments*

Currently, market sales occur in two broad forms, either (i) arm’s length negotiations with purchasers for direct market sales to them which may or may not be consummated by entering into a direct sales agreement, or (ii) a competitive bidding process.

#### *Interprovincial Electricity Sales*

In Guangxi, so far as the CLP Group is aware, no market sales had a CSG Group company as the purchaser during 2018 except for Fangchenggang coal-fired project where electricity was sold to a CSG grid company in another province as Interprovincial Electricity Sales (i.e. transactions detailed in item 4.4 in Table A above).

During 2018, the PRC Government expanded the West-East Electricity Transfer Initiative through Kunming Power Exchange in Yunnan Province. As a result, Dali Yang\_er hydro, Xicun solar and Xundian wind projects made some of their electricity sales to a CSG Group grid company in Guangdong Province as part of this programme for Interprovincial Electricity Sales (i.e. transactions detailed in items 3.4, 5.5 and 6.4 in Table A above).

### Power Exchange Sales

In 2018, direct market sales by competitive bidding have further evolved and are now also conducted on electronic platforms through power exchange centres. CLP Group's power project companies have conducted sales through power exchange centres including in Guangxi and Yunnan.

In general, sales through power exchange centres are executed on an anonymous automated bidding and acceptance system and are settled through the local grid companies in accordance with the rules of the system. Under this process, the CLP Group, as a participating bidding seller, does not know the identity of the actual bidding purchasers (except where electricity is sold to a grid company in another province as Interprovincial Electricity Sales) and does not have a right to choose who to sell to in the bidding process. In some areas, CSG Group companies may submit bids to the power exchange centre as a potential purchaser but, during the entirety of the execution process, the CLP Group project company will not know whether any of its bids are accepted by the CSG Group companies. Any participating CSG Group company would typically be only one of many potential purchasers on the system.

Since 28 December 2018, the Company has taken the prudent view that Power Exchange Sales are continuing connected transactions. The Company has formed this view having taken into account the following: under the current rules of the power exchange centres, it is expected that the local grid company will assume liability to the generating company for settlement of bids submitted by purchasers, notwithstanding that it is not a party to the transactions. In other words, although the CLP Group project companies accept bids from unknown purchasers, the grid company settles, and assumes settlement risks for the transactions, for these parties. Therefore, where a CSG grid company has assumed settlement risks in respect of any Power Exchange Sales as from 28 December 2018, the transaction has been regarded a continuing connected transaction of the Company.

In some cases, direct market sales are negotiated directly between the purchasers and the CLP Group project companies, but the resulting sales are then recorded on the power exchange centre and are settled in accordance with the rules of the centre. In these cases, the grid company also assumes settlement risks under the rules of the power exchange centres.

In summary, after prudent analysis, the CLP Group has decided to adopt a conservative approach under which the following transactions are now regarded as continuing connected transactions with the CSG Group:

- (i) where a CSG Group company is the local grid company which assumes settlement risks for transactions conducted on the power exchange centre; or
- (ii) where a CSG Group company is known at the time of the contract to be the purchaser from the CLP Group project company, or if this becomes known subsequently. This

potentially arises in two situations:

- (a) first, in relation to Interprovincial Electricity Sales where a CSG grid company in the destination province is liable to settle the transaction with the local grid company, even if the Interprovincial Electricity Sales are conducted on a power exchange centre; and
- (b) secondly, where a CSG Group company negotiates a direct sale with a CLP Group project company, and the direct sale is then recorded on a power exchange centre.

Power Exchange Sales continuing as at 28 December 2018 are now disclosed as required by Rule 14A.60 and their principal terms are summarised in Table B below. The approximate total value of Power Exchange Sales entered into prior to 28 December 2018 and which remained outstanding as at 1 January 2019 (as the settlement system does not provide balances as at any other date of the month) was approximately HK\$11 million. The Company's generation projects did not enter into any new Power Exchange Sales in the period from 28 to 31 December 2018.

Finally, CSG grid companies hold a level of ownership in the power exchange centres in Guangxi and Yunnan which causes them to be treated, in accordance with the Listing Rules, as connected persons of the Company at the subsidiary level. Generally speaking, participants on power exchange centres, including CLP Group project companies, have to pay a fee to the centre in relation to each sale concluded on the centre's platform. The fee is currently a nominal standard fee for all participants on a particular power exchange centre. Only CLP Group project companies in Yunnan are currently charged this fee. The CLP Group currently treats this fee as a connected transaction where the power exchange centre is a connected person of the Company at the subsidiary level. Up to 30 November 2018, these fees amounted in total to less than HK\$130,000.

**Table B – Power Exchange Sales subject to Rule 14A.60 (by project)**

		Transaction party within the CLP Group	Transaction party within the CSG Group	Date of contractual arrangement	Nature and description of the transaction	Basis for determining the consideration
1.	Yang_er hydro project	Dali Yang_er	CSG Yunnan (as settlement agent as defined under the Kunming Power Exchange settlement rules)	See Note (n)	Dali Yang_er sold electricity through the Kunming Power Exchange by competitive bidding or direct sales arrangements (as applicable) whereby CSG Yunnan was the settlement agent and assumed settlement risk for all these transactions.	Payment is based on the number of GWh sold multiplied by the tariff determined through competitive bidding processes conducted on the Kunming Power Exchange or an arm's length tariff agreed between the parties (as applicable), together with a transaction fee charged by Kunming Power Exchange.

	<b>Transaction party within the CLP Group</b>	<b>Transaction party within the CSG Group</b>	<b>Date of contractual arrangement</b>	<b>Nature and description of the transaction</b>	<b>Basis for determining the consideration</b>	
2.	Fangchenggang coal-fired project (Phases I and II)	CLP-FCG	CSG Guangxi (as settlement agent as defined under the Guangxi Power Exchange settlement rules)	See Note (n)	CLP-FCG sold electricity through the Guangxi Power Exchange by competitive bidding or direct sales arrangements (as applicable) whereby CSG Guangxi was the settlement agent and assumed settlement risk for all these transactions.	Payment is based on the number of GWh sold multiplied by the tariff determined through competitive bidding processes conducted on the Guangxi Power Exchange or an arm's length tariff agreed between the parties (as applicable).
3.	Xicun solar project (Phases I and II)	CLP Xicun	CSG Yunnan (as settlement agent as defined under the Kunming Power Exchange settlement rules)	See Note (n)	CLP Xicun sold electricity through the Kunming Power Exchange by competitive bidding or direct sales arrangements (as applicable) whereby CSG Yunnan was the settlement agent and assumed settlement risk for all these transactions.	Payment is based on the number of GWh sold multiplied by the tariff determined through competitive bidding processes conducted on the Kunming Power Exchange or an arm's length tariff agreed between the parties (as applicable), together with a transaction fee charged by Kunming Power Exchange.
4.	Xundian wind project	CLP Xundian	CSG Yunnan (as settlement agent as defined under the Kunming Power Exchange settlement rules)	See Note (n)	CLP Xundian sold electricity through the Kunming Power Exchange by competitive bidding or direct sales arrangements (as applicable) whereby CSG Yunnan was the settlement agent and assumed settlement risk for all these transactions.	Payment is based on the number of GWh sold multiplied by the tariff determined through competitive bidding processes conducted on the Kunming Power Exchange or an arm's length tariff agreed between the parties (as applicable), together with a transaction fee charged by Kunming Power Exchange.

Note:

- (n) Power Exchange Sales are entered into on a power exchange centre on various dates for the supply of electricity for various durations, either on an anonymous basis through an automated bidding and acceptance system or by way of directly negotiated sales with details then recorded on the power exchange centre.

### 3. HISTORICAL TRANSACTION VALUES AND PROPOSED NEW ANNUAL AGGREGATE CAP

#### *Annual Aggregate Cap*

As continuing connected transactions 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 C below sets out the following regarding the Transactions:

1. the historical transaction values for (a) the eleven months ended 30 November 2018 (based on the historical information available for the purpose of this announcement) and (b) the two financial years ended 31 December 2016 and 2017; and
2. the proposed annual cap by individual Transaction and project, and the Annual Aggregate Cap for the financial year ending 31 December 2019.

#### *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 C 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 2019.

The Annual Aggregate Cap 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. The Company has also made an allowance within the Annual Aggregate Cap (as shown in Table C) for (i) the Non-Traditional Electricity Sales to CSG Group which may be entered into during 2019 for the following projects: Fangchenggang coal-fired, Yang\_er hydro, Xicun solar and Xundian wind projects - these projects are situated in regions where the power sector reforms are being implemented at a faster pace and an ever increasing volume of electricity is being sold via the market sales regime under the initiatives introduced by the PRC Government; and (ii) Prospective Projects to cater for any Transactions for new projects which may be entered into during 2019.

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 C – 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 Caps (HK\$ million)
	For the year ended 31 December 2016	For the year ended 31 December 2017	For the eleven months ended 30 November 2018	For the year ending 31 December 2019
<b>1. CLP Power electricity sales to Mainland China</b>				
1.1 Power Sales Contract	135.20	163.47	67.18	88.00
1.2 Energy Economy Interchange Agreement (see Note (o))	-	-	1.39	200.00
Sub-total (rounded up to next million)	136	164	69	288
<b>2. Huajji hydro project</b>				
2.1 Zelian Hydro Station PPA	4.84	1.74	3.48	6.48
2.2 Longzhongtan Hydro Station PPA	3.22	2.70	2.41	3.84
2.3 Jiaoping Hydro Station PPA	2.48	1.88	1.78	2.96
2.4 Xiazhu Hydro Station PPA	8.18	7.74	6.24	9.75
2.5 Shuixia Hydro Station PPA	43.22	32.79	30.74	51.54
2.6 Baishuihe Four Hydro Stations PPA	198.34	151.15	117.96	236.50
2.7 Niuqi Hydro Station PPA	30.94	26.31	22.08	36.89
Sub-total (rounded up to next million)	292	225	185	348
<b>3. Yang_er hydro project</b>				
3.1 Yang_er Hydro Project High Voltage Electricity Supply Contract	0.01	0.01	0.01	0.02
3.2 Yang_er Hydro Project High Voltage Electricity Supply Contract	0.01	0.01	0.01	0.02
3.3 Yang_er Hydro Project High Voltage Electricity Supply Contract (see Note (p))	-	-	-	0.02
3.4 Interprovincial Electricity Sales to Guangdong	N/A	N/A	5.49	8.15
Sub-total (rounded up to next million)	1	1	6	9
<b>4. Fangchenggang coal-fired project (Phases I and II)</b>				
4.1 Fangchenggang Coal-fired Project PPA	826.36	109.54	101.34	413.53
4.2 Fangchenggang High Voltage Electricity Supply Contract	12.76	3.46	0.14	0.54
4.3 Fangchenggang High Voltage Electricity Supply Contract (see Note (p))	-	-	0.01	0.02



		Historical Transaction Values (excluding VAT) (HK\$ million)			Proposed Annual Caps (HK\$ million)
		For the year ended 31 December 2016	For the year ended 31 December 2017	For the eleven months ended 30 November 2018	For the year ending 31 December 2019
4.4	Interprovincial Electricity Sales to Guangdong	N/A	N/A	233.32	400.89
	Sub-total (rounded up to next million)	840	113	335	815
<b>5.</b>	<b>Xicun solar project (Phases I and II)</b>				
5.1	Xicun Solar Project PPA	136.81	75.20	60.10	64.12
5.2	Xicun Solar Project Electricity Supply Contract (10kV)	0.02	0.01	0.01	0.11
5.3	Xicun Solar Project High Voltage Electricity Supply Contract	0.56	0.39	0.36	0.57
5.4	Xicun Solar Project High Voltage Electricity Supply Contract (for pump station)	0.07	0.02	0.03	0.11
5.5	Interprovincial Electricity Sales to Guangdong	N/A	N/A	3.77	11.99
	Sub-total (rounded up to next million)	138	76	65	77
<b>6.</b>	<b>Xundian wind project</b>				
6.1	Xundian Wind Project PPA	79.06	29.12	20.79	19.96
6.2	Xundian Wind Project Electricity Supply Contract	0.11	0.07	0.10	0.29
6.3	Xundian Wind Project High Voltage Electricity Supply Contract (10kV) (agreement entered into in 2017)	N/A	-	-	0.03
6.4	Interprovincial Electricity Sales to Guangdong	N/A	N/A	4.07	6.76
	Sub-total (rounded up to next million)	80	30	25	28
<b>7.</b>	<b>Sandu wind project</b>				
7.1	Sandu I Wind Project PPA	112.82	143.90	121.46	151.08
7.2	Sandu I Wind Project Electricity Supply Contract (220kV)	0.27	0.19	0.23	0.48
7.3	Sandu I Wind Project Electricity Supply Contract (10kV) (new agreement entered into in 2018)	N/A	N/A	-	0.29
	Sub-total (rounded up to next million)	114	145	122	152
<b>8.</b>	<b>Power Exchange Sales (by project) (see Note (q))</b>				
8.1	Yang_er hydro project	N/A	N/A	N/A	9.52
8.2	Fangchenggang coal-fired project (Phases I and II)	N/A	N/A	N/A	1,562.44

		Historical Transaction Values (excluding VAT) (HK\$ million)			Proposed Annual Caps (HK\$ million)
		For the year ended 31 December 2016	For the year ended 31 December 2017	For the eleven months ended 30 November 2018	For the year ending 31 December 2019
8.3	Xicun solar project (Phases I and II)	N/A	N/A	N/A	12.86
8.4	Xundian wind project	N/A	N/A	N/A	15.45
	Sub-total (rounded up to next million)	N/A	N/A	N/A	1,601
<b>9.</b>	<b>Prospective Projects</b>				
9.1	Provision for new projects	N/A	N/A	N/A	82
<b>Annual Aggregate Cap</b> (rounded up to next million)					<b>3,400</b>

## Notes:

- (o) Sales of electricity from CLP Power to CSG-GPG were made under this agreement when Guangdong Province was affected by Super Typhoon Mangkhut in September 2018 (see also section 3 of this announcement).
- (p) The Company is not required to include the agreement into this table as it was entered into before CSG Group became a connected person of the Company (see also Note (d) of Table A). However, cap for this agreement has been set for the purpose of calculating the 2019 Annual Aggregate Cap for completeness.
- (q) Since 28 December 2018, the Company has taken the view that Power Exchange Sales are continuing connected transactions. The Company's generation projects did not enter into any new Power Exchange Sales in the period from 28 to 31 December 2018. However, for the purpose of complying with Rule 14A.53, annual caps are set for the Power Exchange Sales anticipated to be entered into by the respective projects for 2019.
- (r) 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 2016 and 2017 respectively, and for the eleven months ended 30 November 2018.

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 aggregate project cap for 2019 in respect of this category is HK\$288 million which comprises the Power Sales Contract (cap of HK\$88 million) and the Energy Economy Interchange Agreement (cap of HK\$200 million).

The annual cap for the Power Sales Contract was based on the possible electricity sales for 2019 estimated by both parties to the contract.

The Energy Economy Interchange Agreement concerns 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 expected total associated costs of electricity supply to be paid by 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**

Power sector reforms, as described in section 2 of this announcement, are likely to continue and it is anticipated that the CLP Group's PPA Sales to the CSG Group will diminish and be replaced, in part, by Non-Traditional Electricity Sales to the CSG Group that may be undertaken in 2019, although this may happen in different provinces at different rates due to the differing pace at which reform is being implemented. The Annual Aggregate Cap takes into account these expectations.

As the reform is still being implemented nationwide at different pace, the impact on the CLP Group's power project Transactions in terms of historical values in 2018 compared to the proposed annual caps for 2019 varies. For clarity, an annual cap for Power Exchange Sales for each relevant project is projected separately.

### *Huaiji hydro and Sandu wind projects*

The aggregate project cap in respect of the Huaiji Hydro Project Transactions for 2019 is HK\$348 million, which was determined by reference to the long-term historical performance of the hydro power plants in terms of rainfall forecast, unit reliability and station generation output.

The aggregate project cap in respect of the Sandu Wind Project Transactions for 2019 is HK\$152 million, which is largely consistent with the transaction value of this project for 2018 and was determined by reference to the past years' performance, and the long-term historical average of the wind resources in Guizhou where the project is located.

### *Yang\_er hydro project*

The aggregate project cap in respect of the Yang\_er Hydro Project Transactions for 2019 is HK\$9 million. Electricity sales for Dali Yang\_er are now conducted entirely through direct market sales instead of PPA Sales, the cap has taken into account potential Interprovincial Electricity Sales for 2019 by reference to such sales in 2018.

### *Fangchenggang coal-fired project*

The aggregate project cap in respect of the Fangchenggang Coal-fired Project Transactions for 2019 is HK\$815 million. The cap was determined primarily based on the estimated portions of potential bonus electricity sales through the PPA at tariffs generally higher than the tariffs under market sales (which may be allocated by the Guangxi local government if CLP-FCG achieves a certain level of environmental and energy saving performance) as well as potential Interprovincial Electricity Sales for 2019 by reference to such sales in 2018.

### *Xicun solar and Xundian wind projects*

The aggregate project caps in respect of the Xicun Solar Project Transactions and the Xundian Wind Project Transactions for 2019 are HK\$77 million and HK\$28 million,

respectively. The caps of Xicun solar and Xundian wind projects in 2019 reflect the expectation that a significant portion of PPA Sales for these projects will continue to be replaced by market sales in 2019, offset mildly by potential Non-Traditional Electricity Sales to CSG Group with reference to such sales in 2018.

### *Power Exchange Sales*

Power Exchange Sales have only been regarded as continuing connected transactions of the Company since 28 December 2018 as described in section 2 of this announcement, for the purposes of deriving the proposed cap for 2019, the historical transaction values of Power Exchange Sales for the 11 months ended 30 November 2018 and the full year ended 31 December 2017 are set out in Table D below (Power Exchange Sales had not commenced prior to 2017).

**Table D – Historical transaction values and proposed annual caps of Power Exchange Sales (by project)**

	Historical Transaction Values (excluding VAT) (HK\$ million)		Proposed Annual Caps (HK\$ million)
	For the year ended 31 December 2017	For the eleven months ended 30 November 2018	For the year ending 31 December 2019
1. Yang_er hydro project	10.94	7.06	9.52
2. Fangchenggang coal-fired project (Phases I and II)	359.45	720.46	1,562.44
3. Xicun solar project (Phases I and II)	11.72	6.91	12.86
4. Xundian wind project	8.17	5.39	15.45
<b>Total (rounded up to next million)</b>	<b>391</b>	<b>740</b>	<b>1,601</b>

The aggregate cap in respect of Power Exchange Sales for 2019 is HK\$1,601 million, which was determined based on the assumption that the local CSG Group grid company will continue to assume settlement risks for all Power Exchange Sales effected on the relevant power exchange centres and based on the historical performance of Power Exchange Sales in the previous two years.

### *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 2019. If so, the associated PPA and other related agreements with a CSG Group entity would become continuing connected transactions which are not included in the aggregate project caps for any of the existing projects listed in Table C above.

This allowance is based on the estimated commencement date, the expected date on which the transaction would constitute a continuing connected transaction, the expected volume of electricity supply and sales, 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.

#### 4. REASONS FOR ENTERING INTO THE TRANSACTIONS

**Power Sales Contract by CLP Power to Mainland China:** CLP Power first supplied power to Guangdong Province in 1979 and CLP Power has continued to supply electricity to Mainland China over the years. 80% of the profit derived from these sales goes to the Tariff Stabilisation Fund under the Scheme of Control to help relieve pressure on local tariffs. This also represents an additional source of revenue for the CLP Group.

**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 power project companies of the CLP Group.

The PPAs, usually associated with GCCs, and other ancillary agreements are entered into individually by each power project company and are one of the means by which the relevant power 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.

**Non-Traditional Electricity Sales to CSG Group:** Under the ongoing power sector reform in Mainland China, CLP Group's power project companies have supplied electricity to CSG Group outside of the PPAs and obtained a source of revenue through market sales arrangements, and other mechanisms introduced by the PRC Government, including the West-East Electricity Transfer Initiative.

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 for CLP and are in the interests of the Company and its Shareholders as a whole.

## 5. 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 continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### *Annual Aggregate Cap*

The Annual Aggregate Cap of HK\$3,400 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 continuing connected transactions announced in the 2018 Announcement which have fallen to be renewed recently, particularly the PPAs for the Fangchenggang coal-fired, Xicun solar and Xundian wind projects, when aggregated with other continuing connected transactions related to power sales entered into or renewed with the CSG Group during 2018. As the Transactions are continuing connected transactions 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).

The Power Exchange Sales set out in section 2 of this announcement are subject to Rule 14A.60 and the Company is required to comply with annual review and disclosure requirements.

### *PPA and power sector requirements*

For the Huaiji hydro, Fangchenggang coal-fired, Xicun solar and Xundian wind projects, the form of PPA used and signed for the current term was one of two types of PPA form that are commonly used in the PRC power sector which contain automatic renewal provisions and continue in effect unless and until terminated by either party. The other form of PPA is a fixed term, e.g. for Sandu wind project, which has no express renewal provision and renewal takes place by continued performance upon expiry of the current term.

As disclosed in our previous announcements concerning continuing connected transactions 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 the power exchange centres satisfy the written agreement requirement of a continuing connected transaction under the Listing Rules.

## 6. INFORMATION ABOUT THE PARTIES

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

CLP Power is a direct wholly-owned subsidiary of CLP Holdings and is the largest electricity utility in Hong Kong serving the business and domestic community in Kowloon, the New Territories, Lantau and most of the outlying islands. CLP Power supplies electricity to approximately 2.6 million customer accounts in its supply area.

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.

## 7. DEFINITIONS

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

<b>“2018 Announcement”</b>	the Company’s announcement dated 2 January 2018
<b>“Annual Aggregate Cap”</b>	the total of all the annual caps for all the <b>“Transactions”</b> , including provision for <b>“Power Exchange Sales”</b> for relevant projects and <b>“Prospective Projects”</b> for 2019 as shown in Table C of this announcement
<b>“CAPCO”</b>	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
<b>“CLP Group”</b>	CLP Holdings and its subsidiaries
<b>“CLP Holdings” or “Company”</b>	CLP Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the <b>“Stock Exchange”</b> (Stock Code: 00002)

<b>“CLP Power”</b>	CLP Power Hong Kong Limited, a company incorporated in Hong Kong with limited liability which is a direct wholly-owned subsidiary of CLP Holdings
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“CSG”</b>	China Southern Power Grid Co., Ltd., a company established in the PRC with limited liability which is a state-owned enterprise
<b>“CSG-GPG”</b>	Guangdong Power Grid Co., Ltd., a company established in the PRC with limited liability which is a subsidiary of CSG
<b>“CSG Guangxi”</b>	Guangxi Power Grid Company Limited, a company established in the PRC with limited liability which is a subsidiary of CSG
<b>“CSG Group”</b>	CSG and its subsidiaries
<b>“CSG HK”</b>	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
<b>“CSG Yunnan”</b>	Yunnan Power Grid Company Limited, a company established in the PRC with limited liability which is a subsidiary of CSG
<b>“Directors”</b>	the directors of the Company
<b>“Energy Economy Interchange Agreement”</b>	the supplemental agreement to the energy economy interchange agreement entered into between CLP Power and CSG-GPG, details of which are set out in the transaction under item 1.2 in Table A of this announcement
<b>“Fangchenggang Coal-fired Project Transactions”</b>	each of the continuing connected transactions relating to the Fangchenggang coal-fired project, which are transactions under items 4.1 to 4.4 inclusive in Table A of this announcement
<b>“Guangxi Power Exchange”</b>	Guangxi Power Exchange Center Limited, a company established in the PRC with limited liability owned as to, among others, 3.33% by CLP Guangxi Fangchenggang Power Company Limited and 66.7% by <b>“CSG Guangxi”</b> , which provides, operates and manages the platform to facilitate electricity trading under the market sales regime in Guangxi
<b>“GCC”</b>	Grid Connection Contract



<b>“GWh”</b>	Gigawatt hours
<b>“HK\$”</b>	Hong Kong Dollars, the lawful currency of Hong Kong
<b>“Huaiji Hydro Project Transactions”</b>	each of the continuing connected transactions relating to the Huaiji hydro project, which are transactions under items 2.1 to 2.7 inclusive in Table A of this announcement
<b>“Interprovincial Electricity Sales”</b>	initiatives for electricity sales introduced by the PRC Government for the transfer of electricity between provinces, including the West-East Electricity Transfer Initiative
<b>“Kunming Power Exchange”</b>	Kunming Power Exchange Center Limited, a company established in the PRC with limited liability owned as to, among others, 50% by <b>“CSG Yunnan”</b> , which provides, operates and manages the platform to facilitate electricity trading under the market sales regime in Yunnan
<b>“kV”</b>	Kilovolt
<b>“kWh”</b>	Kilowatt hours
<b>“Listing Rules” or “Rule(s)”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Non-Traditional Electricity Sales to CSG Group”</b>	new forms of electricity sales outside of the PPAs under current market sales arrangements which currently include Power Exchange Sales, Interprovincial Electricity Sales and direct sales to the CSG Group
<b>“Power Exchange Sales”</b>	transactions relating to (i) the electricity sold under one form of the market sales regime, typically under an automated anonymous bidding and acceptance system conducted on various power exchange centres established in the PRC, and (ii) directly negotiated sales, with or without a CSG Group company as the purchaser (provided these are recorded on the power exchange centres and are made subject to the settlement rules of the power exchange centres whereby a CSG grid company assumes settlement risk in respect of the contract), details of which are set out in the transactions in Table B and section 3 of this announcement

<b>“Power Sales Contract”</b>	the supplemental power sales contract entered into between CLP Power, CSG-GPG and Guangdong Power Grid Materials Company Limited (as payment agent of CSG-GPG), details of which are set out in the transaction under item 1.1 in Table A of this announcement
<b>“PPA”</b>	Power Purchase Agreement
<b>“PRC”</b>	the People’s Republic of China
<b>“Prospective Projects”</b>	new projects in the PRC for which the PPAs and related agreements may become continuing connected transactions during 2019 as described in section 3 of this announcement
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Sandu Wind Project Transactions”</b>	each of the continuing connected transactions relating to the Sandu wind project, which are transactions under items 7.1 to 7.3 inclusive in Table A of this announcement
<b>“Shareholders”</b>	holders of shares of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“substantial shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Transactions”</b>	each of the continuing connected transactions as set out in Table A of this announcement relating to the Power Sales Contract, the Energy Economy Interchange Agreement, the Huaiji Hydro Project Transactions, the Yang_er Hydro Project Transactions, the Fangchenggang Coal-fired 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 Power Exchange Sales and Prospective Projects
<b>“VAT”</b>	value added tax
<b>“West-East Electricity Transfer Initiative”</b>	an example of Interprovincial Electricity Sales, whereby the PRC Government has encouraged the transfer of excess power generation from western provinces to meet additional demand in eastern provinces

<b>“Xicun Solar Project Transactions”</b>	each of the continuing connected transactions relating to the Xicun solar project, which are transactions under items 5.1 to 5.5 inclusive in Table A of this announcement
<b>“Xundian Wind Project Transactions”</b>	each of the continuing connected transactions relating to the Xundian wind project, which are transactions under items 6.1 to 6.4 inclusive in Table A of this announcement
<b>“Yang_er Hydro Project Transactions”</b>	each of the continuing connected transactions relating to the Yang_er hydro project, which are transactions under items 3.1 to 3.4 inclusive in Table A of this announcement
<b>“%”</b>	per cent

By Order of the Board  
**David Simmonds**  
Company Secretary

Hong Kong, 31 January 2019

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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)

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, Dr Y. B. Lee and  
Mr Philip Lawrence Kadoorie

**Independent Non-executive Directors:**

Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen,  
Mr Vincent Cheng, Mrs Fanny Law, Mrs Zia Mody and  
Ms May Siew Boi Tan

**Executive Directors:**

Mr Richard Lancaster and Mr Geert Peeters