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CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Discloseable Transaction

As part of a continuing process of energy industry reforms, the NSW State Government has now concluded a bilateral negotiation process with EnergyAustralia, whereby the NSW State Government (through its wholly-owned Delta Electricity) has accepted a bid by EnergyAustralia (wholly-owned by CLP Holdings) for the acquisitions of the Mount Piper Power Station and the Wallerawang Power Station that underpin the existing Delta Western GenTrader Agreements. On 25 July 2013 (before trading hours in Hong Kong), EnergyAustralia entered into the Acquisition Agreements with Delta Electricity in respect of the Acquisitions.

The net cash consideration for the Acquisitions is A\$160 million (HK\$1,154 million) which will be payable on completion of the Acquisitions, subject to a working capital adjustment and an adjustment if completion is delayed beyond 2 September 2013. The net cash consideration for the Acquisitions will be funded at completion by existing financing facilities of EnergyAustralia. The total purchase price for the Acquisitions of approximately A\$475 million (HK\$3,426 million) includes the balance of the GenTrader Deposits held by the NSW State Government of approximately A\$315 million (HK\$2,272 million) at completion.

The Acquisitions reinforce EnergyAustralia's position as one of the largest integrated energy businesses in Australia and provide further scale and flexibility to EnergyAustralia's already sizeable portfolio of energy retail, generation and storage assets.

The Acquisitions represent an opportunity to reduce EnergyAustralia's cost base and improve on the existing Delta Western GenTrader Agreements by owning the Acquired Assets directly. Key benefits of direct ownership of the Acquired Assets include releasing EnergyAustralia from fixed contractual commitments, providing access to incremental earnings from 100 MW of additional capacity, and improving key financial and performance metrics by providing greater flexibility to review capital and operating expenditure strategies in line with market conditions.

The Acquisitions constitute a discloseable transaction for CLP Holdings under Chapter 14 of the Listing Rules.

Completion of the Acquisitions is subject to fulfillment of conditions set out in the Acquisition Agreements, including those set out in the section headed "Conditions" in this announcement. Shareholders and investors should exercise caution in dealing with shares of CLP Holdings.

THE ACQUISITION AGREEMENTS

Date

25 July 2013 (before trading hours in Hong Kong)

Parties

Vendor: Delta Electricity

Vendor's Guarantor: The NSW State Government

Purchasers: EnergyAustralia Pty Ltd and EnergyAustralia NSW Pty Ltd

Purchasers' Guarantor: EnergyAustralia Holdings Limited

The Purchasers and the Purchasers' Guarantor are wholly-owned subsidiaries of CLP Holdings and are part of CLP Holdings' integrated energy business in Australia. CLP Holdings rebranded its Australia business, previously known as TRUenergy, as EnergyAustralia in October 2012. This name change follows the completion of CLP Holdings' acquisition of the NSW-based retail energy business known as "EnergyAustralia" in March 2011. Since the name change, CLP Holdings' Australia business has moved from two brands to a single national brand EnergyAustralia.

EnergyAustralia operates a balanced portfolio of self-owned generation capacity and capacity purchases, which includes gas, coal and wind of 5,533 MW. The energy retail business of EnergyAustralia serves approximately 2.8 million customer accounts across Victoria, South

Australia, NSW, the Australian Capital Territory and Queensland in Australia.

Delta Electricity is a state-owned corporation established by statute in NSW and is wholly owned by the NSW State Government. Delta Electricity is one of the largest capacity electricity generators in the National Electricity Market of Australia with an installed capacity of over 4,000 MW. Delta Electricity participates in the National Electricity Market of Australia, trading output from the power stations on the Central Coast of NSW. The output from Delta Electricity's Mount Piper and Wallerawang power stations is traded by EnergyAustralia as part of the Delta Western GenTrader Agreements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Delta Electricity and its ultimate beneficial owner, the NSW State Government, are third parties independent of CLP Holdings and its connected persons (as defined in the Listing Rules).

NSW Energy Industry Reforms and Acquisition of the GenTrader Agreements in 2011

In March 2011, as part of the NSW Energy Industry Reforms initiatives, the NSW State Government and TRUenergy (the previous name of CLP Holdings' Australia business before rebranding itself as EnergyAustralia) completed a transaction under which TRUenergy acquired (a) the energy retailing business across the east coast of Australia under the brand name of "EnergyAustralia"; (b) long-term offtake contracts to buy electricity and control the dispatch of power from Mount Piper Power Station and Wallerawang Power Station (known as the Delta Western GenTrader Agreements); and (c) certain development sites for new power stations at Marulan and Mount Piper.

The GenTrader model was designed to allow the ownership of the power stations to be retained by the NSW State Government and the contractual rights to trade the electricity produced to be held by privately owned entities known as the GenTraders. Each GenTrader has the right to trade the electricity into the wholesale market that is produced by the group of generating assets to which it is attached.

The Delta Western GenTrader Agreements provide EnergyAustralia the exclusive right to trade the electricity generated by Mount Piper Power Station and Wallerawang Power Station for their expected lives, and to supply the coal required to fuel the power stations. Through these arrangements EnergyAustralia acquired most of the generation capacity of these power stations. The acquisition of the Delta Western GenTrader Agreements did not involve the acquisition of the physical assets of Delta Electricity at Mount Piper Power Station and Wallerawang Power Station.

Prior to the Acquisitions, in accordance with the terms of the Delta Western GenTrader Agreements, Delta Electricity has continued to own, operate and maintain the power stations and employ a workforce for these purposes. Under the GenTrader arrangement, EnergyAustralia makes periodic payments to Delta Electricity ("**Fixed and Variable Charges**") which are intended to cover Delta Electricity's costs of operating and maintaining the stations, including capital expenditure. In addition to payment of Fixed and Variable Charges, EnergyAustralia is required to pay annual "**Capacity Charges**" to reflect the value of the GenTrader rights.

However, EnergyAustralia paid, as part of the consideration for the acquisition of the Delta Western GenTrader Agreements, an upfront amount (the “**GenTrader Deposits**”) to NSW State Government at completion of the acquisition of Delta Western GenTrader Agreements in March 2011, from which all future annual Capacity Charges are deducted. On 2 September 2013 (i.e. the targeted completion date of the Acquisitions), the remaining balance of the GenTrader Deposits held by NSW State Government is expected to be approximately A\$315 million (HK\$2,272 million). Pursuant to the Acquisitions, the GenTrader Deposits will be applied as part of the total purchase price.

The Acquired Assets

The Acquisitions involve EnergyAustralia acquiring the Mount Piper Power Station and Wallerawang Power Station and associated infrastructure and by so doing, moving to full ownership and control of all aspects of the operation of the power stations that were formerly managed under the Delta Western GenTrader Agreements.

Mount Piper Power Station is in the Central West region of NSW. It is a 1,400 MW power station comprising two 700 MW black coal-fired steam turbine generators, commissioned in two stages over 1992 and 1993. It has a good track record of performance with low forced outage rates and high capacity factors. As the power station has yet to reach its mid life major outages there is limited capital expenditure forecast until after 2020.

Wallerawang Power Station is a 1,000 MW power station comprising two 500 MW black coal-fired generating units, that was commissioned in 1976. Compared with Mount Piper Power Station, Wallerawang Power Station has lower levels of efficiency and higher fixed costs. In addition, there are significant upcoming major capital works projects required to meet environmental compliance requirements to enable operation after 2017.

The two power stations are in close proximity and are managed by a shared work force of approximately 320 people, including selected corporate staff in Sydney. Employees who are employed under the terms of the Delta Electricity enterprise agreement will receive a guarantee that their employment will not be terminated by EnergyAustralia other than under the terms of their agreement or for misconduct or disciplinary reasons during a period of four years following completion of the Acquisitions or during the remainder of their contract term in the case of temporary employees.

Both power stations source coal from nearby mines with all coal delivered via conveyor and trucks. The coal supply position is currently managed by EnergyAustralia under the GenTrader arrangement.

Consideration

The net cash consideration for the Acquisitions is A\$160 million (HK\$1,154 million) which will be payable on completion of the Acquisitions, subject to a working capital adjustment and an adjustment if completion is delayed beyond 2 September 2013. Letters of credit in the amount of A\$10 million (HK\$72 million) have been provided by EnergyAustralia on

signing of the Acquisition Agreements, which will be returned to EnergyAustralia on payment of the net cash consideration at completion. The net cash consideration for the Acquisitions will be funded at completion by existing financing facilities of EnergyAustralia. The net cash consideration is inclusive of stamp duty which will be borne by the Vendor.

The total purchase price for the Acquisitions of approximately A\$475 million (HK\$3,426 million) includes the balance of the GenTrader Deposits held by the NSW State Government of approximately A\$315 million (HK\$2,272 million) at completion. Details of the GenTrader Deposits are more particularly described in the paragraph headed “NSW Energy Industry Reforms and Acquisition of the GenTrader Agreements in 2011” in this announcement.

The consideration for the Acquisitions was determined by the management of CLP Group and EnergyAustralia following arm’s length negotiations with the NSW State Government during the bilateral negotiation process, taking into account a comparison of the costs to EnergyAustralia of keeping the existing Delta Western GenTrader Agreements and acquiring the power station assets directly and having regard to the financial information and other materials disclosed by the NSW State Government during the due diligence process undertaken by EnergyAustralia and its advisors, in particular the cash flow and profitability of the Acquired Assets and the operational flexibility resulting from the Acquisitions.

Conditions

Completion of the acquisitions of the Mount Piper Power Station and Wallerawang Power Station are inter-conditional. The timing of completion is conditional on Delta Electricity delivering a standalone information technology environment that meets mutually agreed acceptance criteria. In addition, there are a number of procedural conditions precedent which will be required to be completed in the coming weeks including the ability to put in place a small number of services contracts which currently underpin operations at the Acquired Assets.

The Acquisitions are not conditional on any approvals or clearances from the Australian Competition & Consumer Commission and approval from the Foreign Investment Review Board of Australia was not required.

Completion

The targeted completion date for the Acquisitions is 2 September 2013. The long stop date for the satisfaction of the conditions to completion of the Acquisitions is 2 December 2013.

FINANCIAL INFORMATION RELATING TO DELTA ELECTRICITY

Delta Electricity’s businesses comprise not only the Acquired Assets (which will be acquired by EnergyAustralia under the Acquisitions) but also other power stations located at the Central Coast area of NSW (which will be retained by the NSW State Government). Historical financial information in relation to the Acquired Assets, as would normally be

required under Chapter 14 of the Listing Rules for the announcement of a discloseable transaction, is not available for disclosure by the Company because, based on the information provided by NSW State Government, the financial information of the Acquired Assets have not been presented and audited on a standalone basis. Therefore, historical financial information for Delta Electricity as a whole (as extracted from its audited financial statements for the year ended 30 June 2012 and audited consolidated financial statements for the year ended 30 June 2011) is provided below for information only but should not be interpreted as a measurement of the potential future contribution of the Acquired Assets to EnergyAustralia after completion of the Acquisitions.

For the financial year ended 30 June 2012, Delta Electricity reported a net profit before tax and a net loss after tax (both including fair value movements) of A\$39.4 million (HK\$317.1 million) and A\$4.8 million (HK\$38.9 million), respectively. As of 30 June 2012, the net assets of Delta Electricity amounted to A\$255.1 million (HK\$1,987.6 million).

For the financial year ended 30 June 2011, Delta Electricity reported a net loss before tax and a net loss after tax (both including fair value movements) of A\$276.7 million (HK\$2,150.0 million) and A\$195.6 million (HK\$1,519.7 million), respectively. As of 30 June 2011, the net assets of Delta Electricity amounted to A\$511.2 million (HK\$4,252.9 million).

Note: The HK\$ equivalent for the profits or losses of Delta Electricity (stated in A\$) are translated for illustration purposes for this announcement at the exchange rates of A\$1.00 = HK\$8.05 (representing the average exchange rate over the year ended 30 June 2012) and A\$1.00 = HK\$7.77 (representing the average exchange rate over the year ended 30 June 2011), respectively. The HK\$ equivalent for the net assets of Delta Electricity (stated in A\$) are translated for illustration purposes for this announcement at the exchange rates of A\$1.00 = HK\$7.79 (the exchange rate prevailing as of 30 June 2012) and A\$1.00 = HK\$8.32 (the exchange rate prevailing as of 30 June 2011), respectively.

REASONS FOR THE ACQUISITIONS

The original Delta Western GenTrader Agreements were entered into with Delta Electricity because that was the only practical and cost-effective mechanism for gaining control of significant generation capacity in NSW to back the acquisition of the energy retailing business at the same time. Through the GenTrader arrangements, EnergyAustralia acquired most of the generation capacity of Mount Piper Power Station and Wallerawang Power Station without acquiring the physical assets of these power stations. Prior to the Acquisitions, in accordance with the terms of the Delta Western GenTrader Agreements, Delta Electricity has continued to own, operate and maintain the power stations and employ a workforce for these purposes.

The Acquisitions represent an opportunity to reduce EnergyAustralia's cost base and improve on the existing Delta Western GenTrader Agreements by owning the Acquired Assets directly. It reinforces EnergyAustralia's position as one of the largest integrated energy businesses in Australia and provides further scale and flexibility to its already sizeable portfolio of energy retail, generation and storage assets.

In particular, CLP Holdings considers that direct ownership of the Acquired Assets has a number of benefits:

- (a) Improving the flexibility and allowing adjustments to operations of the Acquired Assets in response to changing market conditions;
- (b) Allowing for integration of the Acquired Assets into the broader generation portfolio held by EnergyAustralia;
- (c) Releasing EnergyAustralia's business from high cost fixed contract commitments under the existing Delta Western GenTrader Agreements;
- (d) Providing EnergyAustralia with the opportunity to reduce capital expenditure and improve key metrics of the power stations; and
- (e) Unlocking additional generation capacity of the Acquired Assets which was previously unavailable to EnergyAustralia under the GenTrader arrangement (approximately 100 MW).

The Directors consider that the terms of the Acquisitions (including the consideration for the Acquisitions) are fair and reasonable and in the interests of CLP Holdings and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisitions are more than 5% but less than 25%, the Acquisitions constitute a discloseable transaction for CLP Holdings under Chapter 14 of the Listing Rules.

GENERAL

CLP Holdings is the holding company of the CLP Group. The CLP Group owns and operates a vertically integrated electricity generation, transmission and distribution business in Hong Kong, and invests in the power sector in Australia, the Chinese mainland, India, Southeast Asia and Taiwan.

Completion of the Acquisitions is subject to fulfillment of conditions set out in the Acquisition Agreements, including those set out in the section headed "Conditions" in this announcement. Shareholders and investors should exercise caution in dealing with shares of CLP Holdings.

DEFINITIONS

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

“A\$”	Australian Dollars
“Acquired Assets”	Mount Piper Power Station and Wallerawang Power Station and associated infrastructure that underpin the existing Delta Western GenTrader Agreements
“Acquisitions”	the acquisitions by EnergyAustralia of the Acquired Assets from Delta Electricity
“Acquisition Agreements”	the agreements in relation to the Acquisitions signed by EnergyAustralia and Delta Electricity on 25 July 2013
“Board”	the board of Directors
“CLP Group”	CLP Holdings and its subsidiaries
“CLP Holdings”	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)
“Delta Electricity”	a state-owned corporation wholly-owned by the NSW State Government
“Delta Western GenTrader Agreements”	a bundle of long-term and associated contracts for EnergyAustralia to buy the output of Mount Piper Power Station and Wallerawang Power Station from Delta Electricity, as more particularly described in the paragraph headed “NSW Energy Industry Reforms and Acquisition of the GenTrader Agreements in 2011” in this announcement
“Directors”	the directors of CLP Holdings
“HK\$”	Hong Kong Dollars
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mount Piper Power Station”	the black coal-fired power station at Mount Piper owned by Delta Electricity with a power generating capacity of 1,400 MW
“MW”	Megawatts (one million watts)
“NSW”	the State of New South Wales, Australia
“NSW State Government”	the State Government of NSW

“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ EnergyAustralia ”	a group of companies wholly-owned by CLP Holdings engaging in integrated energy business in Australia, including the Purchasers and the Purchasers’ Guarantor
“ Wallerawang Power Station ”	the black coal-fired power station at Wallerawang owned by Delta Electricity with a power generating capacity of 1,000 MW
“ % ”	per cent.

In this announcement, save as otherwise stated, figures in A\$ are translated to HK\$ at the exchange rate of A\$1.00 = HK\$7.2139 for illustration purposes only.

By Order of the Board
April Chan
Company Secretary

Hong Kong, 25 July 2013

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. R. J. McAulay, Mr. J. A. H. Leigh, Mr. I. D. Boyce, Dr. Y. B. Lee and Mr. Paul A. Theys (Mr. James F. Muschalik as Mr. Theys’ alternate)
Independent Non-executive Directors:	Mr. V. F. Moore, Professor Judy Tsui, Sir Rod Eddington, Mr. Nicholas C. Allen, Mr. Vincent Cheng, Mrs. Fanny Law and Ms. Irene Lee
Executive Directors:	Mr. Andrew Brandler and Mr. Richard Lancaster