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Discloseable Transaction

On 23 February 2011, CLP Holdings, CLP-SEA, MC, DGA and OneEnergy entered into the Reorganisation Agreement in relation to, inter alia, the reorganisation of the ownership structure of OneEnergy and the divestment of CLP Group's indirect shareholding in EGCO.

The Reorganisation constitutes a discloseable transaction for CLP Holdings under Chapter 14 of the Listing Rules.

INTRODUCTION

On 23 February 2011, CLP Holdings, CLP-SEA (an indirect wholly-owned subsidiary of CLP Holdings), MC, DGA (a wholly-owned subsidiary of MC) and OneEnergy entered into the Reorganisation Agreement in relation to, inter alia, the reorganisation of the ownership structure of OneEnergy and the divestment of CLP Group's indirect shareholding in EGCO.

The Reorganisation constitutes a discloseable transaction for CLP Holdings under Chapter 14 of the Listing Rules.

REORGANISATION AGREEMENT

Date

23 February 2011

Parties

- (1) CLP Holdings;
- (2) CLP-SEA;
- (3) MC;
- (4) DGA; and
- (5) OneEnergy.

CLP-SEA is a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by CLP Holdings. CLP-SEA is an investment holding company, owning 50% of the issued shares of OneEnergy and 8.77% of the issued shares of OneEnergy Thailand prior to the Reorganisation.

DGA is a company incorporated in Hong Kong with limited liability and is wholly-owned by MC. DGA is an investment holding company, owning the other 50% of the issued shares of OneEnergy prior to the Reorganisation.

MC is one of the largest Japanese trading companies doing business on a world-wide basis in, among others, automobile sales and manufacturing, electric appliances, steel and metal products, chemicals, processed foods, textiles, fuel imports and agriculture commodity exports. Shares of MC are listed on the Tokyo Stock Exchange.

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

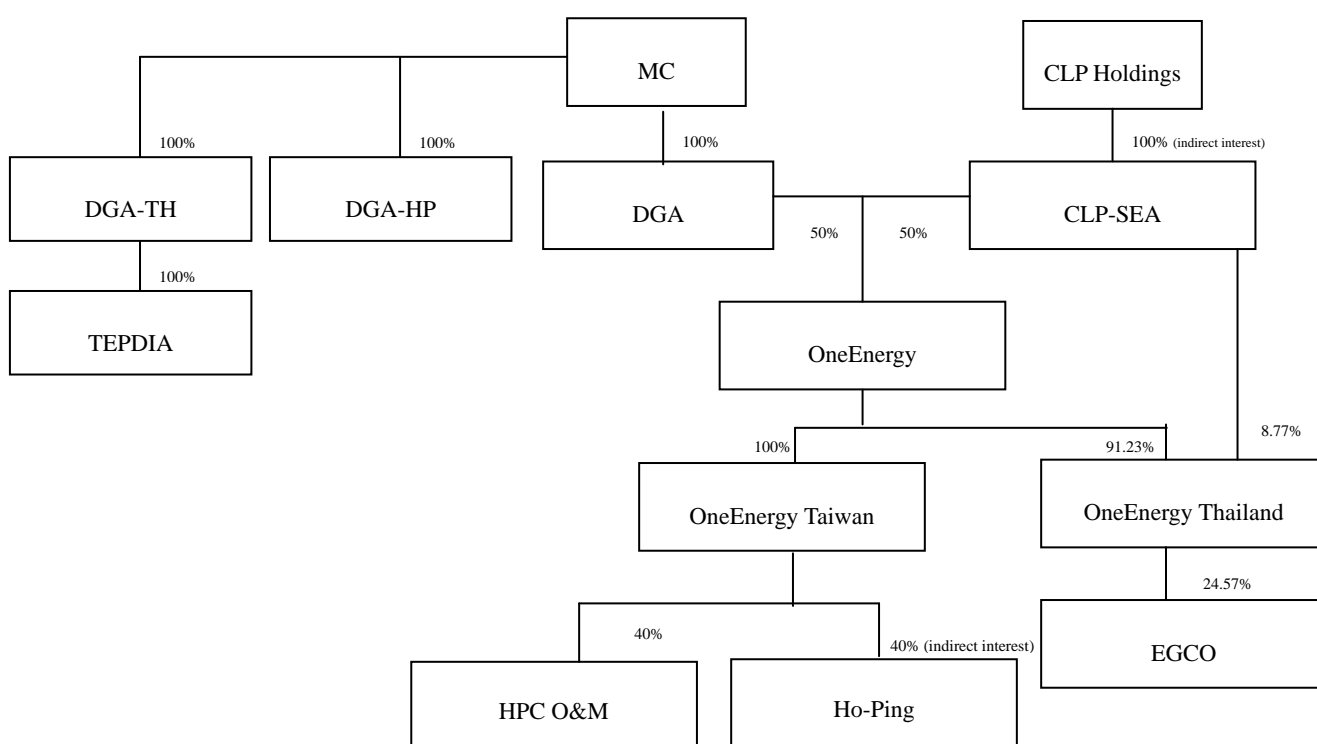
Structure of OneEnergy prior to the Reorganisation

OneEnergy is a company incorporated in the Cayman Islands with limited liability and is a 50%-owned jointly controlled entity of CLP Group. OneEnergy was established as a strategic joint venture between CLP Holdings and MC (on a 50:50 basis) to hold interests in power generation businesses in Southeast Asia and Taiwan. Prior to the Reorganisation, OneEnergy owned 91.23% of the issued share capital of OneEnergy Thailand and the entire issued share capital of OneEnergy Taiwan.

OneEnergy Thailand is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company, owning the EGCO Interests prior to the Reorganisation. The EGCO Interests consist of approximately 24.57% of the issued shares of EGCO (equivalent to 126,054,178 shares and 3,312,000 non-voting depositary receipts in EGCO). EGCO is an independent power producer in Thailand, owning and developing generation units (with a combined equity capacity of 4,516.5 MW) which use diversified fuels such as natural gas, coal, diesel oil, hydropower and biomass. Shares of EGCO are listed on SET.

OneEnergy Taiwan is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company, owning (directly and indirectly through intermediate subsidiaries) 40% of the issued share capital of Ho-Ping and 40% of the issued share capital of HPC O&M. Ho-Ping is a company incorporated in Taiwan with limited liability and owns a 1,320 MW coal-fired power station in Taiwan. HPC O&M is a company incorporated in the British Virgin Islands with limited liability and principally provides operation and maintenance services to Ho-Ping. The other 60% equity interest in Ho-Ping and HPC O&M is owned by Taiwan Cement Corporation.

The company structure of OneEnergy prior to the Reorganisation is summarised below:



The Reorganisation

The Reorganisation involves, inter alia, the following major steps:

- Step 1. OneEnergy acquired 50% of its own issued share capital from DGA by way of a share repurchase (“**OneEnergy Repurchase**”). The consideration for the OneEnergy Repurchase was satisfied by the payment of cash in the total amount of approximately US\$11 million (HK\$86 million) and the issue by OneEnergy to DGA of (a) a promissory note in the principal amount of approximately US\$363 million (HK\$2,831 million) (“**First Promissory Note**”); and (b) a promissory note in the principal amount of approximately US\$229 million (HK\$1,786 million) (“**Second Promissory Note**”). Upon implementation of this step, OneEnergy has ceased to be a jointly controlled entity and became a wholly-owned subsidiary of CLP Group.
- Step 2. CLP-SEA and OneEnergy collectively transferred the entire issued share capital of OneEnergy Thailand to TEPDIA (“**OneEnergy Thailand Disposal**”). TEPDIA is wholly-owned by DGA-TH, which is in turn wholly-owned by MC (prior to the implementation of Step 5 below). TEPDIA and DGA-TH are investment companies. The consideration for the OneEnergy Thailand Disposal was satisfied by the delivery of the Second Promissory Note and the payment of cash in the total amount of approximately US\$273 million (HK\$2,129 million) (attributable to CLP Group’s proportionate effective interest in the EGCO Interests) (“**Net Cash Consideration**”) by installments, as described in the paragraph headed “Consideration” in this announcement.
- Step 3. OneEnergy transferred 50% of the issued share capital of OneEnergy Taiwan to DGA-HP (“**OneEnergy Taiwan Transfer**”). DGA-HP is a wholly-owned subsidiary of MC and is an investment company. The consideration for the OneEnergy Taiwan Transfer was satisfied by the delivery of the First Promissory Note. As OneEnergy became a subsidiary of CLP Group in Step 1, upon implementation of Step 3, OneEnergy Taiwan has become a jointly controlled entity of CLP Group.
- Step 4. OneEnergy Thailand will transfer the EGCO Interests to TEPDIA by way of an intra-group transfer. The consideration shall be satisfied by the repurchase of up to all but one share of OneEnergy Thailand, as a result of which OneEnergy Thailand will be left only with a nominal asset value. It was agreed by the parties to the Reorganisation Agreement that OneEnergy Thailand shall be wound up as soon as practicable after the full implementation of the Reorganisation.
- Step 5. DGA-TH has agreed to transfer 50% of the issued share capital of TEPDIA to TEPCO or its affiliated company.

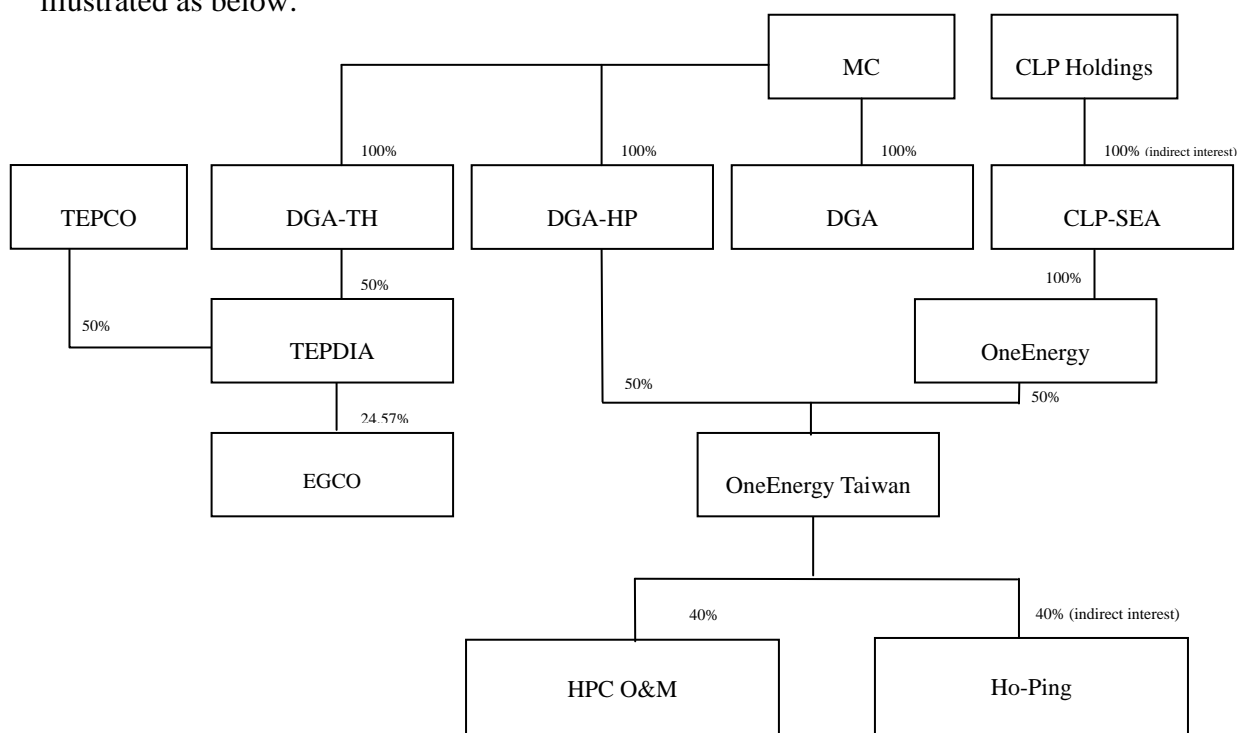
TEPCO is a joint stock company incorporated in Japan with limited liability and whose shares are listed on the Tokyo Stock Exchange. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TEPCO and its ultimate beneficial owners are third parties independent of CLP Holdings and its connected persons (as defined in the Listing Rules).

Net economic effects of the Reorganisation

The net economic effects of the Reorganisation on CLP Group are, essentially:

1. Prior to the Reorganisation, CLP Group (through its chain of shareholding in OneEnergy and OneEnergy Thailand) had an effective interest (on a look-through basis) of approximately 13.36% in EGCO. Following full implementation of the Reorganisation, CLP Group will no longer hold any direct or indirect interest in EGCO.
2. The divestment of CLP Group's effective interest (approximately 13.36% on a look-through basis) in EGCO will result in the Net Cash Consideration in the amount of approximately US\$273 million (HK\$2,129 million) being received by OneEnergy and CLP-SEA in aggregate. CLP-SEA is an indirect wholly-owned subsidiary of CLP Holdings at all times. OneEnergy has become a wholly-owned subsidiary of CLP Group after completion of the OneEnergy Repurchase. The Net Cash Consideration (after deducting expenses) received by CLP Group as a result of the divestment is expected to be used as general working capital by CLP Group.
3. Prior to the Reorganisation, CLP Group (through its chain of shareholding in OneEnergy, OneEnergy Taiwan and other intermediate subsidiaries) has an effective interest (on a look-through basis) of 20% in Ho-Ping and HPC O&M. Following full implementation of the Reorganisation, CLP Group will continue to hold the same level of effective interest in Ho-Ping and HPC O&M.
4. The principal amount of the First Promissory Note represents MC's proportionate effective interest in Ho-Ping and HPC O&M prior to the Reorganisation. The principal amount of the Second Promissory Note represents MC's proportionate effective interest in the EGCO Interests prior to the Reorganisation. The First Promissory Note and the Second Promissory Note were issued by OneEnergy to DGA in the OneEnergy Repurchase, and were used by other entities within the MC group of companies (i.e. DGA-HP and DGA-TH) to satisfy the consideration for the OneEnergy Taiwan Transfer and the OneEnergy Thailand Disposal. Upon implementation of the OneEnergy Repurchase, the OneEnergy Thailand Disposal and the OneEnergy Taiwan Transfer on 23 February 2011, the First Promissory Note and the Second Promissory Note have been surrendered to and cancelled by OneEnergy.

The company structure of OneEnergy following full implementation of the Reorganisation is illustrated as below:



Consideration

The Net Cash Consideration for the divestment of CLP Group's effective interest (approximately 13.36% on a look-through basis) in EGCO is approximately US\$273 million (HK\$2,129 million). The Net Cash Consideration was arrived at after arm's length negotiations between the parties by reference to the prevailing market value of the shares in EGCO as traded on SET.

The Net Cash Consideration was arrived at on the basis of:

1. the equivalent of 70,354,375 shares in EGCO, representing CLP Group's proportionate effective interest in EGCO on a look-through basis; and
2. THB 119 (HK\$31) per EGCO share, which represents (a) a premium of approximately 17% over the closing price of THB 101.50 (HK\$26) per EGCO share as quoted on SET on 22 February 2011, being the day immediately preceding the date of the Reorganisation Agreement; (b) a premium of approximately 16% over THB 102.20 (HK\$27), being the average of closing prices of EGCO shares as quoted on SET for the last five trading days up to and including 22 February 2011; and (c) a premium of approximately 16% over THB 102.20 (HK\$27), being the average of closing prices of EGCO shares as quoted on SET for the last ten trading days up to and including 22 February 2011.

The Net Cash Consideration will be payable: (a) as to approximately US\$22 million (HK\$171 million) on signing of the Reorganisation Agreement; (b) as to approximately US\$60 million (HK\$468 million) on or before 28 February 2011; and (c) as to the remaining approximately US\$191 million (HK\$1,490 million) on or before 6 April 2011 or upon the full implementation of the Reorganisation, whichever is later.

The Net Cash Consideration is expected to exceed the book value of CLP Group's effective interest (approximately 13.36% on a look-through basis) in EGCO. CLP Group is expected to recognise an estimated gain of approximately HK\$881 million as a result of the full implementation of the Reorganisation.

Completion

Completion of each step of the Reorganisation is subject to, inter alia, (a) finalisation of the sale and purchase agreement and any other documentation as may be required for the implementation of the relevant step of the Reorganisation; (b) all necessary approvals and consents, whether regulatory or governmental or otherwise, as may be required for the implementation of the relevant step of the Reorganisation having been obtained; and (c) corresponding changes in board composition to reflect the changes in shareholding of the relevant company.

The Reorganisation will be implemented step by step. In particular, the OneEnergy Repurchase, the OneEnergy Thailand Disposal and the OneEnergy Taiwan Transfer have been implemented on 23 February 2011. It is currently envisaged that all steps of the Reorganisation will be fully implemented by 30 June 2011. If any step of the Reorganisation cannot be completed as contemplated by the parties for any reason, the parties have undertaken to remedy the situation in good faith, failing which CLP Holdings and MC will establish a 50:50 joint venture in respect of the EGCO Interests.

REASONS FOR THE REORGANISATION

In the CEO's Review in the 2009 Annual Report we advised shareholders that CLP Holdings would be critically reviewing the status of our investment in EGCO and that whilst ideally we would like to increase our influence and input into the management and direction of EGCO we would pursue further options if this were not possible. In the intervening months, CLP Holdings has actively explored the potential to become a majority shareholder in EGCO. However, the unlikelihood of this outcome being achieved means that CLP Holdings has taken the strategic decision to divest its interest in EGCO.

The purposes of the Reorganisation were to achieve the divestment of CLP Group's indirect shareholding in EGCO and streamline the structure of the joint venture between CLP Group and MC following the divestment. CLP Group expects to retain a good working relationship with MC and will continue to explore joint investment opportunities in Southeast Asia.

In the light of the above, the Directors consider that it is in the best interest of CLP Holdings to enter into the Reorganisation Agreement. The Directors consider that the terms of the Reorganisation (including the Net Cash Consideration) are fair and reasonable and in the interests of CLP Holdings and its shareholders as a whole.

FINANCIAL INFORMATION

For the financial year ended 31 December 2009, the audited consolidated net profits (before and after taxation) of OneEnergy were US\$108 million (HK\$842 million) and US\$108 million (HK\$842 million) respectively. For the financial year ended 31 December 2008, the audited consolidated net profits (before and after taxation) of OneEnergy were US\$45 million (HK\$351 million) and US\$43 million (HK\$335 million) respectively. As at 31 December 2009, OneEnergy had audited consolidated total assets and net assets of US\$1,106 million (HK\$8,627 million) and US\$1,105 million (HK\$8,619 million) respectively.

For the financial year ended 31 December 2009, the audited net profits (before and after taxation) of OneEnergy Thailand were US\$17 million (HK\$133 million) and US\$15 million (HK\$117 million) respectively. For the financial year ended 31 December 2008, the audited net profits (before and after taxation) of OneEnergy Thailand were US\$ 18 million (HK\$140 million) and US\$16 million (HK\$125 million) respectively. As at 31 December 2009, OneEnergy Thailand had audited total assets and net assets of US\$175 million (HK\$1,365 million) and US\$175 million (HK\$1,365 million) respectively.

For the financial year ended 31 December 2010, the audited consolidated net profits (before and after taxation) of EGCO were THB 7,363 million (HK\$1,841 million) and THB 6,908 million (HK\$1,727 million) respectively. For the financial year ended 31 December 2009, the audited consolidated net profits (before and after taxation) of EGCO were THB 8,671 million (HK\$1,994 million) and THB 8,050 million (HK\$1,852 million) respectively. As at 31 December 2010, EGCO had audited consolidated total assets and net assets of THB 65,655 million (HK\$17,070 million) and THB 54,817 million (HK\$14,252 million) respectively. The figures above are extracted from the audited consolidated financial statements of EGCO, which were prepared in accordance with generally accepted accounting principles in Thailand.

For the financial year ended 31 December 2009, the audited net profits (before and after taxation) of OneEnergy Taiwan were US\$21 million (HK\$164 million) and US\$21 million (HK\$164 million) respectively. For the financial year ended 31 December 2008, the audited net profits (before and after taxation) of OneEnergy Taiwan were US\$14 million (HK\$109 million) and US\$14 million (HK\$109 million) respectively. As at 31 December 2009, OneEnergy Taiwan had audited total assets and net assets of US\$135 million (HK\$1,053 million) and US\$5 million (HK\$39 million) respectively.

For the financial year ended 31 December 2009, the audited net profits (before and after taxation) of Ho-Ping were NT\$8,636 million (HK\$1,986 million) and NT\$8,383 million (HK\$1,928 million) respectively. For the financial year ended 31 December 2008, the audited net profits (before and after taxation) of Ho-Ping were NT\$993 million (HK\$248 million) and NT\$1,008 million (HK\$252 million) respectively. As at 31 December 2009, Ho-Ping had audited total assets and net assets of NT\$38,432 million (HK\$9,224 million) and NT\$20,274 million (HK\$4,866 million) respectively. The figures above are extracted from the audited financial statements of Ho-Ping, which were prepared in accordance with generally accepted accounting principles in Taiwan.

For the financial year ended 31 December 2009, the audited net profits (before and after taxation) of HPC O&M were NT\$179 million (HK\$41 million) and NT\$134 million (HK\$31 million) respectively. For the financial year ended 31 December 2008, the audited net profits (before and after taxation) of HPC O&M were NT\$174 million (HK\$44 million) and NT\$131 million (HK\$33 million) respectively. As at 31 December 2009, HPC O&M had audited total assets and net assets of NT\$255 million (HK\$61 million) and NT\$137 million (HK\$33 million) respectively. The figures above are extracted from the audited financial statements of HPC O&M, which were prepared in accordance with generally accepted accounting principles in Taiwan.

In this section, financial figures in THB and NT\$ are translated to HK\$ at the applicable exchange rates at the relevant time for illustration purposes only. An annual average exchange rate is used for profit figures during a financial year, and the exchange rate as of the year end date is used for asset values as of that date.

LISTING RULES IMPLICATIONS

The calculation of the assets ratio and profits ratio as a result of the acquisition of OneEnergy as a subsidiary of CLP Group upon completion of the OneEnergy Repurchase and the calculation of the profits ratio as a result of the OneEnergy Taiwan Transfer exceed 5% but are under 25%. Accordingly, the Reorganisation constitutes 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.

DEFINITIONS

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

“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)
“CLP-SEA”	CLP SEA Energy Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CLP Holdings

“DGA”	Diamond Generating Asia, Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of MC
“DGA-HP”	DGA Ho Ping B.V., a company incorporated in the Netherlands with limited liability and a wholly-owned subsidiary of MC
“DGA-TH”	DGA Thailand B.V., a company incorporated in the Netherlands with limited liability and a wholly-owned subsidiary of MC
“Directors”	the directors of CLP Holdings
“EGCO”	Electricity Generating Public Company Limited, a public limited company incorporated in Thailand and whose shares are listed on SET
“EGCO Interests”	approximately 24.57% of the issued shares of EGCO (equivalent to 126,054,178 shares and 3,312,000 non-voting depositary receipts in EGCO)
“First Promissory Note”	a promissory note in the principal amount of approximately US\$363 million (HK\$2,831 million), being part of the consideration for the OneEnergy Repurchase
“HK\$”	Hong Kong Dollars
“Ho-Ping”	Ho-Ping Power Company, a company incorporated in Taiwan with limited liability and 40% owned by OneEnergy Taiwan (through intermediate subsidiaries)
“HPC O&M”	HPC Power Services Corporation, a company incorporated in the British Virgin Islands with limited liability and 40% owned by OneEnergy Taiwan
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MC”	Mitsubishi Corporation, a joint stock company incorporated with limited liability in Japan and whose shares are listed on the Tokyo Stock Exchange
“MW”	Megawatts (one million watts)
“Net Cash Consideration”	cash consideration in the amount of approximately US\$273 million (HK\$2,129 million), attributable to CLP Group’s proportionate effective interest in EGCO
“NT\$”	New Taiwan Dollars

“OneEnergy”	OneEnergy Limited, a company incorporated in the Cayman Islands with limited liability and a 50%-owned jointly controlled entity of CLP Group prior to the Reorganisation
“OneEnergy Repurchase”	the repurchase of 50% of its own issued share capital by OneEnergy from DGA, as defined in the paragraph headed “Step 1” of the section headed “The Reorganisation” in this announcement
“OneEnergy Taiwan”	OneEnergy Taiwan Ltd, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of OneEnergy prior to the Reorganisation
“OneEnergy Taiwan Transfer”	the transfer of 50% of the issued share capital of OneEnergy Taiwan by OneEnergy to DGA-HP, as defined in the paragraph headed “Step 3” of the section headed “The Reorganisation” in this announcement
“OneEnergy Thailand”	OneEnergy Thailand Ltd, a company incorporated in the British Virgin Islands with limited liability and a 91.23%-owned subsidiary of OneEnergy prior to the Reorganisation
“OneEnergy Thailand Disposal”	the transfer of the entire issued share capital of OneEnergy Thailand by CLP-SEA and OneEnergy to TEPDIA, as defined in the paragraph headed “Step 2” of the section headed “The Reorganisation” in this announcement
“Reorganisation”	the transactions contemplated by the Reorganisation Agreement, as detailed in the section headed “The Reorganisation” in this announcement
“Reorganisation Agreement”	the agreement entered into on 23 February 2011 amongst CLP Holdings, CLP-SEA, MC, DGA and OneEnergy in relation to, inter alia, the reorganisation of the ownership structure of OneEnergy and the divestment of CLP Group’s indirect shareholding in EGCO
“Second Promissory Note”	a promissory note in the principal amount of approximately US\$229 million (HK\$1,786 million), being part of the consideration for the OneEnergy Repurchase
“SET”	the Stock Exchange of Thailand
“TEPCO”	Tokyo Electric Power Company, Incorporated, a joint stock company incorporated with limited liability in Japan and whose shares are listed on the Tokyo Stock Exchange

“TEPDIA”	TEPDIA Generating B.V., a company incorporated in the Netherlands with limited liability and a wholly-owned subsidiary of DGA-TH prior to the Reorganisation
“THB”	Thai Baht
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars
“%”	per cent

In this announcement, save as otherwise stated, figures in US\$ and THB are translated to HK\$ at the exchange rates of US\$1.00 = HK\$7.80 and THB 1.00 = HK\$0.26 respectively, for illustration purposes only.

By Order of the Board
April Chan
Company Secretary

Hong Kong, 23 February 2011

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. R. J. McAulay, Mr. J. A. H. Leigh, Mr. I. D. Boyce, Dr. Y. B. Lee and Mr. Paul A. Theys (Mr. Neo Kim Teck as his alternate)
Independent Non-executive Directors:	The Hon. Sir S. Y. Chung, Mr. V. F. Moore, Mr. Hansen C. H. Loh, Professor Judy Tsui, Sir Rod Eddington and Mr. Nicholas C. Allen
Executive Directors:	Mr. Andrew Brandler, Mr. Peter P. W. Tse and Mr. Peter W. Greenwood