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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)

Announcement – EnergyAustralia and Lochard Energy Agree on Settlement of Litigation arising from the Disposal of Iona Gas Plant

Settlement

On 11 March 2021, CLP Holdings' (the "**Company**") wholly-owned subsidiary, EnergyAustralia Holdings Limited ("**EnergyAustralia**") and certain subsidiaries have reached a settlement agreement (the "**Settlement**") with Lochard Energy (Iona Operations Holding) Pty Ltd ("**Lochard Energy**") and certain of its related entities, and QIC Private Capital Pty Ltd ("**QPC**"), who acted for Lochard Energy on the relevant transaction and against whom EnergyAustralia made a third party claim. The Settlement is for the full and final settlement of all claims made by Lochard Energy against EnergyAustralia arising from the disposal of the Iona Gas Plant. The Settlement includes, mainly, payments to be made by EnergyAustralia to Lochard Energy and QPC and secondly, an extension of the existing long term commercial relationship regarding the provision of gas storage services at the Iona Gas Plant for EnergyAustralia.

The Settlement is in line with the Company's view of the claims that has been held from the outset of the commencement of legal proceedings as disclosed in the Company's financial statements, including in the latest set of financial statements for the year ended 31 December 2020; namely, that it would be unlikely for the claims to result in a material outflow of economic benefits for the CLP Group.

Background

Iona Gas Plant – The Plant was previously owned by EnergyAustralia and is a gas processing and compression plant located at Iona in southwest Victoria, Australia, together with underground gas storage reservoirs. The Plant provides gas injection, storage and withdrawal services to both the Victorian and South Australian gas markets.

The Disposal and Litigation – In December 2015, EnergyAustralia sold the Iona Gas Plant to Lochard Energy and in May 2017, Lochard Energy commenced legal proceedings against EnergyAustralia for alleged incomplete or misleading information about the technical performance of the reservoirs and the ability to expand the Plant.

The trial for the proceedings was scheduled to commence in May 2021. The parties recently participated in a mediation that commenced in early March and has resulted in the Settlement on 11 March 2021. Having regard to the Disposal, the claims made, the mediation process and the scheduled trial proceedings, the Directors are of the view that the Settlement is in the best interests of the Company and its shareholders.

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 12 March 2021

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The Directors of the Company as at the date of this announcement are:

Non-executive Directors:

The Hon Sir Michael Kadoorie, Mr William Mocatta,
Mr J. A. H. Leigh, Mr Andrew Brandler and
Mr Philip Kadoorie

Independent Non-executive Directors:

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

Executive Directors:

Mr Richard Lancaster and Mr Geert Peeters