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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)

## Discloseable Transaction – Disposal and sell down of 10% interest in Apraava Energy

### **Highlights**

Apraava Energy (formerly known as CLP India) is currently owned as to 60% by the CLP Group and 40% by CDPQ Infrastructures Asia II. On 12 July 2022, CLP GPEC (Mauritius) Holdings Limited (as the Seller), a wholly-owned subsidiary of the Company, conditionally agreed to sell a 10% interest in Apraava Energy to CDPQ Infrastructures Asia II (as the Purchaser).

The total consideration for the Transaction is the US\$ equivalent of INR6.6 billion (approximately HK\$653 million at the current exchange rate conversion) payable in cash by the Purchaser at Completion.

Upon Completion, CDPQ Infrastructures Asia II will become a 50% shareholder of Apraava Energy. Apraava Energy will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the CLP Group's consolidated financial statements and Apraava Energy will be accounted for as a joint venture using the equity method.

The Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%.

**Completion of the Transaction is subject to the fulfillment of certain conditions set out in the Share Purchase Agreement, as mentioned in the section headed "Completion" in this announcement. Shareholders and potential investors should therefore exercise caution in dealing in the securities of CLP Holdings.**

## **BACKGROUND, REASONS FOR AND BENEFITS OF THE TRANSACTION**

Following the introduction of CDPQ as a strategic shareholder of Apraava Energy in 2018, Apraava Energy has successfully undertaken a number of energy transition related investments. This was made possible through the strategic alignment and commitment shared by the CLP Group and CDPQ as shareholders in Apraava Energy. The two shareholders wish to further strengthen their strategic partnership and, through a 50:50 shareholding, the equity holding and joint control of Apraava Energy will reflect the strategic alignment and commitment shared by the two strategic partners. It is envisaged that through this alignment, Apraava Energy's strategy will have a sharper and dedicated focus on investing in decarbonisation and energy transition for the business, in particular, in the investment and development of clean energy and power transmission projects.

The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole. The details of the terms of the Transaction are set out below.

## **THE SHARE PURCHASE AGREEMENT**

### **Date**

12 July 2022 (Hong Kong time, after close of trading)

### **Parties**

CLP GPEC (Mauritius) Holdings Limited as the Seller

CDPQ Infrastructures Asia II Pte. Ltd. as the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CDPQ Infrastructures Asia II and its ultimate beneficial owner, CDPQ, are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Apraava Energy is an insignificant subsidiary of CLP Holdings under the Listing Rules. Accordingly, CDPQ and CDPQ Infrastructures Asia II are not connected persons of CLP Holdings.

### **Assets to be disposed**

Under the Share Purchase Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing 10% of the issued share capital of Apraava Energy.

### **Consideration**

The total consideration for the Transaction is the US\$ equivalent of INR6.6 billion (approximately HK\$653 million at the current exchange rate conversion) payable in cash by the Purchaser at Completion. The consideration will be converted into US\$ from INR at the most recent INR/US\$ exchange rate quoted by Financial Benchmarks India Pvt. Ltd. (or such other rate as is referenced by the Reserve Bank of India from time to time) on the Conditions Satisfaction Date.

The consideration was arrived at after arm's length negotiations between the Seller and the

Purchaser having regard to, amongst other things, the historical financial performance, the strategic alliance and the future financial and business prospects of Apraava Energy, as well as taking into account the factors set out in the sections of this announcement headed “Financial Effects of the Transaction” and “Background, Reasons for and Benefits of the Transaction”.

The proceeds arising from the Transaction to the CLP Group will be used for general working capital.

### **Conditions**

Completion of the Transaction is conditional upon the following conditions being fulfilled or waived by the Long Stop Date:

- (a) the Purchaser having made all filings as required by the Competition Commission of India with respect to the Transaction and all necessary consents or approvals having been obtained on an unconditional basis from the Competition Commission of India;
- (b) delivery by the Seller to the Purchaser of a prescribed certificate issued by the Indian tax authority with respect to the Transaction;
- (c) the relevant Transaction documents having been executed by the Seller and the Purchaser, being in full force and effect, and there being no default or breach of warranty by either party; and
- (d) procurement of change of control consents under certain financing and project agreements.

The Purchaser may waive all or part of any condition to be performed by the Seller, and vice versa, other than condition (a) above, which cannot be waived.

### **Completion**

Completion will take place 10 business days after the satisfaction or waiver of the last condition of the Share Purchase Agreement, or on such other date agreed between the Seller and the Purchaser.

### **FINANCIAL EFFECTS OF THE TRANSACTION**

In connection with the Transaction, the CLP Group is anticipated to record an unaudited one-off loss of approximately HK\$980 million which will be reflected in the Group’s unaudited consolidated accounts for the six months ended 30 June 2022. The loss represented CLP Group’s 60% share of marking the carrying value of Apraava Energy to the consideration for the Transaction which is regarded as the fair value. At Completion, the CLP Group is also expected to record a further unaudited loss to realise in full the exchange and hedging reserves associated with the CLP Group’s investment in Apraava Energy. As at 31 May 2022, the balance of the exchange and hedging reserves is approximately HK\$2.2 billion. This amount may vary between now and Completion depending on, amongst other things, movements in foreign exchange.

Upon Completion, CDPQ and CLP Holdings will each become an indirect 50% shareholder in Apraava Energy and Apraava Energy will cease to be a subsidiary of the Company. Apraava Energy will be deconsolidated from the CLP Group’s consolidated financial statements and be accounted

for as a joint venture using the equity method, with the CLP Group recognising its equity share of Apraava Energy's results and net assets.

## **SHAREHOLDERS AGREEMENT**

Following Completion, Apraava Energy will be jointly controlled by the Seller and the Purchaser. The Purchaser, the Seller and Apraava Energy have entered into the Shareholders Agreement to take effect from Completion in relation to, amongst other things, the governance of Apraava Energy and its subsidiaries. As a jointly controlled entity, matters of a strategic nature for Apraava Energy will need to be jointly approved by the two shareholders of Apraava Energy.

Apraava Energy's funding requirements will be determined by its board of directors, and the Seller and the Purchaser, as shareholders, are not obliged under the Shareholders Agreement to contribute a pre-determined level of capital.

The Shareholders Agreement contains exit option arrangements on certain prescribed events such as a material deadlock, breach of non-compete restrictions, change in applicable laws or rules (or a change in implementation of applicable laws or rules) that prohibit Apraava Energy from making investments or participating in new greenfield bidding opportunities, and events of default under the Shareholders Agreement.

The exit options are subject to escalation or resolution procedures (and, other than in the case of a default, a third party sale process) and can only be exercised once these procedures have been exhausted. Thereafter, depending on which party caused or triggered the event, the other party may exercise a call option to acquire the triggering party's shares in Apraava Energy. The exercise price under the exit options will be fair value as determined by independent valuers appointed by the parties (or, in the case of a default, appointed by the non-defaulting party). In the case of a change in applicable laws or rules (or a change in implementation of applicable laws or rules) that prohibit Apraava Energy from making investments or participating in new greenfield bidding opportunities, CDPQ may exercise a call option to acquire CLP's shares in Apraava Energy at the same valuation as determined for the Transaction's consideration adjusted for inflation if CDPQ exercises the call option in the first 4 years after Completion, and thereafter at fair value determined by independent valuer(s) appointed by the parties.

In the event of a default under the Shareholders Agreement (which is not capable of remedy or, if remediable, is not remedied within 30 days), the defaulting party may be required either (a) to sell its entire stake to the non-defaulting party at such fair value less a 10% discount, or (b) to purchase the non-defaulting party's stake at such fair value plus a 10% premium.

## **INFORMATION ON APRAAVA ENERGY**

Apraava Energy is currently owned 60% by the CLP Group and 40% by CDPQ Infrastructures Asia II. Apraava Energy holds a diversified portfolio comprising wind, solar and a supercritical coal generating facility as well as transmission assets. CDPQ Infrastructures Asia II became a strategic shareholder in 2018 and since then, Apraava Energy has primarily focused on investing and developing clean energy and power transmission projects.

## Financial Information

Based on Apraava Energy's audited financial statements, Apraava Energy's consolidated profits before and after taxation for its financial years ended 31 March, 2021 and 2022 were respectively:

- (i) for 2021 – INR4,479 million (HK\$443 million) and INR3,373 million (HK\$334 million); and
- (ii) for 2022 – INR1,999 million (HK\$198 million) and INR1,313 million (HK\$130 million).

As at 31 March 2022, Apraava Energy had audited consolidated total assets of INR157,041 million (HK\$15,545 million) and net assets of INR81,444 million (HK\$8,062 million).

## INFORMATION ON CLP HOLDINGS AND CDPQ

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 Mainland China, India, Southeast Asia and Taiwan. It also operates an integrated energy business in Australia.

CDPQ was established in 1965 by a special act of the Legislature of the Province Québec, Canada (namely the Act concerning the Caisse de dépôt et placement du Québec) as a body with distinct legal personality and manages various Quebec based public and para-public pension funds and insurance plans. CDPQ is managed by an independent board of directors responsible for overseeing its investment mandates. CDPQ is a global investment group with net assets of CA\$419.8 billion as at 31 December 2021 and CDPQ invests its depositors' funds globally in major financial markets, private equity, infrastructure, real estate and fixed income. Additional information about CDPQ is available on its website: [www.cdpq.com](http://www.cdpq.com).

## LISTING RULES IMPLICATIONS

The Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules are more than 5% but less than 25%.

The exit options described in the section headed "Shareholders Agreement" which are for the benefit of CDPQ might, if exercised by CDPQ, result in CLP being called to sell its 50% interest in Apraava Energy to CDPQ at fair value determined in accordance with the Shareholders Agreement. In the case of default by CLP, CDPQ would alternatively be entitled to put its 50% interest in Apraava Energy back to CLP at fair value determined in accordance with the Shareholders Agreement plus a 10% premium. No premium is payable for the grant of such exit options by CLP. As these exit options are not solely exercisable at the discretion of CLP, they are deemed to be exercised on grant for the purposes of Rule 14.74(1) of the Listing Rules. As certain of the applicable percentage ratios in respect of the Transaction and the grant of the options as calculated under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company will comply with the Listing Rules in connection with any exercise of the exit options by CDPQ and will make further announcements on the exercise, transfer (if any) or expiry of such exit options in accordance with Rules 14.74(2) and 14.77 of the Listing Rules.

In relation to the exit options which are for the benefit of CLP and may be exercised at its discretion, no premium is payable for the grant of such options by CDPQ and the Company will comply with the requirements of Rule 14.75(2) of the Listing Rules upon exercise of any such exit option, and the requirements of Rule 14.77 of the Listing Rules on any transfer or expiry of any such exit option.

**Completion of the Transaction is subject to the fulfillment of certain conditions as set out in the section headed “Conditions”. Shareholders and potential investors should therefore exercise caution in dealing in the securities of CLP Holdings.**

## DEFINITIONS

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

<b>“Apraava Energy”</b>	Apraava Energy Private Limited, a company incorporated in India with limited liability
<b>“CA\$”</b>	Canadian Dollars
<b>“CDPQ”</b>	Caisse de dépôt et placement du Québec
<b>“CLP Group”</b>	CLP Holdings and its subsidiaries
<b>“CLP Holdings” or “the 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 Stock Exchange (Stock Code: 00002)
<b>“Completion”</b>	completion of the Transaction pursuant to the Share Purchase Agreement, expected to be 10 business days after the Conditions Satisfaction Date or such other date as agreed
<b>“Conditions Satisfaction Date”</b>	the date on which the relevant party receiving a certificate confirming the last of the conditions to Completion has been satisfied
<b>“Directors”</b>	the board of Directors of CLP Holdings
<b>“HK\$”</b>	Hong Kong Dollars
<b>“INR”</b>	Indian Rupees
<b>“Long Stop Date”</b>	12 November 2022, or such other date as agreed
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>“Purchaser” or “CDPQ Infrastructures Asia II”</b>	CDPQ Infrastructures Asia II Pte. Ltd., a company incorporated in Singapore with limited liability, a wholly-owned subsidiary of CDPQ; and may be used interchangeably with “CDPQ”, where the context requires
<b>“Shareholders Agreement”</b>	the restated shareholders agreement dated 12 July 2022 between the Seller, the Purchaser and Apraava Energy to take effect from Completion in relation to, amongst other things,

	the governance of Apraava Energy and its subsidiaries and supersedes any previous shareholders agreement
<b>“Sale Shares”</b>	the fully paid-up shares in the issued share capital of Apraava Energy to be sold pursuant to the Share Purchase Agreement, representing 10% of the issued share capital of Apraava Energy
<b>“Seller”</b>	CLP GPEC (Mauritius) Holdings Limited, a company incorporated in Mauritius with limited liability, a wholly-owned subsidiary of the Company; and may be used interchangeably with “CLP”, where the context requires
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Transaction”</b>	the sale of the Sale Shares pursuant to the Share Purchase Agreement
<b>“US\$”</b>	United States dollars
<b>“%”</b>	per cent

In this announcement, save as otherwise stated, figures in INR are translated to HK\$ at the exchange rate of INR1.00 = HK\$0.09899 for illustration purposes only. No representation is made that any amounts in INR have been or could be converted at the above rate or any other rates.

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

Hong Kong, 12 July 2022

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(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 David 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 Director:**

Mr Richard Lancaster