

中電控股有限公司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)



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Quarterly Statement 2020 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months to 31 March 2020 are summarised in this Quarterly Statement.

Statement in relation to the impact of COVID-19

In light of the coronavirus (COVID-19) situation, the CLP Group's companies have implemented measures to safeguard the wellbeing of their employees and customers since early January, while ensuring the continuing reliability of their services and supporting relief efforts in markets where they operate.

In Hong Kong, CLP has adopted special work arrangements, reducing non-essential works and rolling out work-from-home and flexible working hours policies, underlying its role as a responsible company supporting the Government's containment measures. Operations at customer service centres/hotlines and meter reading were scaled back. Full services have been resumed from 4 May.

Across the region, to support the communities through this challenging period, supplies of daily essentials, masks, sanitisation products and medical equipment such as ventilators and personal protective equipment were distributed to disadvantaged people and healthcare workers in Hong Kong, Mainland China and India.

In Australia, which was impacted by both the devastating bushfires and COVID-19, EnergyAustralia pivoted its resources to support its affected customers and the broader community. This has involved preparing and protecting generation and customer assets to maintain the reliability of its energy supply and ensure that support is available to households and businesses who need it most. National social distancing restrictions relating to COVID-19

in Australia commenced in late March 2020 and so the full impact of this was not apparent in the first quarter of 2020.

It remains too early in the COVID-19 pandemic to predict its overall impact on the operations and performance of the CLP Group across 2020. The provision of electricity remains an essential service and is likely to be less impacted than many other services and industries. However, the restrictions on social and business activities in many countries and the flow-on economic impacts that may arise are likely to result in lower sales, greater pressure on profit margins and lower cash flows than would otherwise have been the case.

The Company will provide further updates at its Interim Results in August.

Hong Kong

In the first quarter of 2020, sales of electricity within Hong Kong fell 1.4% compared with the same period a year earlier to 6,758GWh, mainly due to the impact brought about by the COVID-19 outbreak. The pandemic adversely affected electricity sales in all sectors apart from the residential sector, where sales rose as people spent more time at home. The following table shows the year-on-year changes in Hong Kong electricity sales for the quarter.

	Increase / (Decrease)		% of Total Local Sales
Residential	19GWh	1.2%	24%
Commercial	(85GWh)	(3.0%)	41%
Infrastructure & Public Services	(22GWh)	(1.1%)	30%
Manufacturing	(11GWh)	(3.1%)	5%

In the meantime, CLP continued to make progress with capital project developments to decarbonise electricity generation for Hong Kong's low-carbon future. The new 550MW Combined Cycle Gas Turbine (CCGT) unit at Black Point Power Station is being commissioned and is expected to go into operation soon. Preparations for a second CCGT unit by the end of 2023 are under way with the Front-End Engineering Design nearing completion and an environmental permit amendment application submitted at the end of March 2020. Engineering, Procurement, and Construction contracts were awarded for the offshore jetty facility and subsea pipelines of the offshore LNG Terminal, putting the project on track to start construction this year. The West New Territories Landfill project has meanwhile been completed and began commercial operations in March.

The Renewable Energy Feed-in Tariff programme had received more than 8,400 applications by the end of March, with 86% – representing a total capacity of around 108MW – approved or already connected to the grid. Upon completion, the approved applications can generate double the amount of electricity needed to supply Whampoa Garden, one of Hong Kong's biggest housing estates with more than 10,000 flats.

CLP continued its programme to replace conventional electricity meters for all customers and had installed around 488,000 smart meters by the end of March.

Mainland China

Mainland China was badly affected by the COVID-19 outbreak in the first quarter. All CLP operations were impacted to varying degrees, although its non-carbon portfolio recorded a stable performance.

Generation from solar projects increased compared with the same period in 2019, mainly due to better solar irradiance at the newly-acquired Meizhou plant in Guangdong Province and fewer grid curtailments at the Jinchang plant in Gansu Province. Wind projects also reported higher generation compared with a year earlier because of better resources, and the commencement of the CLP Laizhou II plant's operations last year. However, wind farms in Shandong Province were affected by increased grid curtailments as a result of COVID-19.

The performance of hydro projects was impacted by lower water resources for both the Jiangbian plant in Sichuan Province and the Huaiji plant in Guangdong. Proactive measures were taken at all hydro stations to maintain high plant utilisation to ensure efficient use of water resources.

On-grid generation from Yangjiang Nuclear Power Station was below expectations as a result of lower demand due to COVID-19 response measures and an unplanned shutdown of the plant towards the end of March. All units came back online progressively shortly afterwards through early April and there was no radiation release nor safety impact. Contributions from Daya Bay Nuclear Power Station remained stable as 80% of its output goes to Hong Kong.

Reduced electricity demand as a result of the COVID-19 outbreak exerted pressure on the profit margins of CLP's coal-fired generation portfolio. Fangchenggang Power Station has repositioned itself as an integrated energy provider to secure more generation hours as it continues to manage high fuel costs. CLP will continue to retrofit units of Fangchenggang Phase II to further enhance the plant's steam supply capability, which in turn will increase its loading during normal operations.

India

CLP India has been impacted by COVID-19, but its first-quarter performance did not fully reflect that as the effect of the pandemic on India's economy only became marked towards the end of the three-month period.

In February, CLP India increased the size of its solar energy portfolio by more than 70% after it signed an agreement to acquire three solar farms with a combined capacity of 122MW, underlining its growth strategy in low-carbon projects. Two of the solar farms, with respective capacity of 30MW and 50MW, have already been transferred to CLP India. The share transfer of the remaining project is expected to be concluded in the coming months although the progress may be affected by the COVID-19 situation. The performance of the broader solar energy portfolio was stable, supported by a turnaround in availability at the Gale and Tornado projects and higher availability and generation at the Veltoor plant.

Generation from CLP India's wind energy portfolio fell slightly compared with the corresponding quarter in 2019, mainly because of reduced average wind velocity and local

land issues at the Mahidad project in Gujarat, which led to a loss of output but have now been resolved. CLP India also secured the Sidhpur wind project at an auction in the third quarter of 2019. Discussions with the offtaker of Sidhpur, Solar Energy Corporation of India, over the execution of the power purchase agreement are in progress.

Jhajjar Power Station achieved a commercial availability of 98.72% – the highest level of any quarter since its inception – on the back of good reliability, supported by the completion of a unit overhaul in the previous quarter, good maintenance and favourable weather conditions. The plant also won the prestigious Royal Society for the Prevention of Accidents Silver Award for its health and safety performance in 2019.

Last year, CLP India agreed to buy three transmission projects, among which Satpura Transco Private Ltd (STPL), an intra-state project stretching 240 kilometres across the state of Madhya Pradesh, was transferred to CLP India in November 2019. The asset has achieved 100% availability since the acquisition. Meanwhile, the owner of Alipurduar Transmission Limited, one of the other two transmission assets, notified CLP India in May 2020 that certain conditions precedent had not been met and the planned transaction was terminated. The third and final asset is expected to be taken over by CLP India after the commissioning of the project, which is scheduled in the second half of 2020, subject to any potential delay associated with COVID-19 and the achievement of conditions precedent.

Southeast Asia and Taiwan

Both Ho-Ping Power Station in Taiwan and Lopburi Solar Farm in Thailand operated steadily and safely during the quarter. In line with its updated Climate Vision 2050 published in December 2019, CLP is in the process of withdrawing from the two legacy coal-fired power plant developments in Vietnam.

Australia

Several extreme summer weather events contributed to increased volatility in the wholesale market during the quarter. On several days in January in New South Wales and Victoria, the wholesale market reached maximum prices. This was demand-led and occurred despite generation being substantially available in both states.

Electricity production and energy sent out from EnergyAustralia's power stations was lower than during the same period in 2019, primarily as a result of Mount Piper Power Station being constrained by outages, with one unit out of service for tube repairs for most of March. The power station continued to work on securing a long-term coal supply and upgrading its turbines.

Availability and generation were higher from Yallourn Power Station following completion of major safety works during 2019 and the implementation of an extensive summer reliability programme.

Overall, the impact of lower electricity production was offset by higher realised prices, leading to increased year-on-year earnings from the Energy business. However, lower customer numbers and tighter margins resulting from the reregulation of electricity prices in July 2019

and the continuation of intense competition reduced the comparative contribution from the Customer business. Separately, while there is no underlying impact on the earnings or profitability of EnergyAustralia as a whole, this year there will be a reallocation of certain elements of retail energy procurement costs from the Energy business to the Customer business.

Meanwhile, the decrease in prices for forward energy contracts observed in the quarter resulted in a significant positive non-cash change in the fair value of some energy derivatives in EnergyAustralia's portfolio. When these changes are factored in, the contribution of the Australian business to the CLP Group in the quarter improved year-on-year in line with the extent of change in fair value.

During the period, EnergyAustralia continued to invest in flexible generation, signing an Energy Storage Services Agreement with Genex Power Limited to obtain full dispatch rights for the 250MW Kidston Pumped Storage Hydro project when it becomes operational in 2024. On 3 April, EnergyAustralia received approval from the New South Wales Government for a new gas generator at the Tallawarra site. The approval clears the way for a final economic assessment to be undertaken before a final investment decision is made later this year. Assessments of potential new gas-fired generation options with up to 1,000MW of capacity are also continuing.

Annual General Meeting (AGM)

The twenty second AGM of the Company was held on 8 May 2020 and the results of the poll were published on the websites of the Company and The Stock Exchange of Hong Kong Limited on the same day. Minutes of the AGM and the proceedings of the Meeting will be available at the Investors Information section on the Company's website at www.clpgroup.com as soon as practicable.

Dividend

The Board of Directors of the Company today declared the first interim dividend for 2020 of HK\$0.63 per share payable on 15 June 2020 to Shareholders registered as at 4 June 2020. The dividend of HK\$0.63 per share (2019: HK\$0.63 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 4 June 2020. To rank for this dividend, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 June 2020.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 11 May 2020

The Directors of the Company as at the date of this Quarterly Statement 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 and Ms May Siew Boi Tan
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters

This Statement will be despatched to Shareholders on 21 May 2020 and is also available at the Investors Information section on the Company's website at www.clpgroup.com.

Choice of language and means of receipt of corporate communications¹

You can ask for this Quarterly Statement in printed form or in a language version other than your existing choice.

You can ask to change² your choice of (a) language (English and/or Chinese); and/or (b) means of receipt (in printed form or by electronic means through our website) for the Company's future corporate communications.

You can make the above request(s) at any time, free of charge, by writing to the Company or the Company's Registrars, Computershare Hong Kong Investor Services Limited or email to cosec@clp.com.hk or clp.ecom@computershare.com.hk.

If your shares are held in joint names, such notice must be specified and signed by all joint holders whose names stand on the Register of Shareholders of the Company in respect of the joint holding in order to be valid.

If you cannot access the corporate communications electronically, please ask us for a printed form and we will send you the corporate communications free of charge.

- Notes:
1. *Corporate communications refer to Interim/Annual Reports, Quarterly Statements, notices, documents or other shareholder publications of the Company (including any "corporate communication" as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).*
 2. *Your change request applies to the next batch of corporate communications if we have at least seven days written notice of your request, otherwise, it will apply to the subsequent batch of corporate communications.*