中電控股有限公司
CLP Holdings Limited
(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

Quarterly Statement 2020 (January – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2020 are summarised in this Quarterly Statement.

Hong Kong

The COVID-19 pandemic has continued to adversely affect demand for electricity in Hong Kong. Overall electricity sales were 26,426GWh, a decrease of 0.6% compared with the same period in 2019. Lower sales were recorded in all sectors except the Residential sector, reflecting the impact of the pandemic on the economy and changes in electricity use as people spent more time at home. The drop in overall sales would have been more severe had the 2020 summer not been hotter than usual, which led to higher electricity use. The following table shows the year-on-year changes in Hong Kong electricity sales:

	Increase / (Decrease)		% of Total Local Sales
Residential	773GWh	10.4%	31%
Commercial	(573GWh)	(5.5%)	37%
Infrastructure & Public Services	(314GWh)	(4.3%)	27%
Manufacturing	(37GWh)	(2.9%)	5%

As the COVID-19 situation evolved with an increase in infections in the community in July, CLP continued to adopt special work arrangements to safeguard the wellbeing of its employees and customers while ensuring the reliability of its electricity supply.

CLP worked closely with Government departments and contractors on the new Penny's Bay Quarantine Centre, supporting Hong Kong's efforts to contain the spread of COVID-19. CLP engineers completed power connections for the facility – created on undeveloped land without basic infrastructure or existing power network – in about two months. Phases 1 and 2 of the centre provide 1,500 units for people held in compulsory quarantine.

Despite the challenges of COVID-19, CLP continued to make progress on key capital projects to decarbonise Hong Kong's electricity supply and maximise the use of natural gas in generation. The new 550MW Combined-Cycle Gas Turbine (CCGT) unit at Black Point Power Station went into operation as a baseload unit in early July and is completing final performance testing. For the second additional CCGT unit at Black Point, early civil works have already begun with engineering, procurement, and construction (EPC) tenders being evaluated. Fabrication works have begun for the offshore LNG terminal project, with on-site construction expected to commence later this year.

More customers are benefitting from digital services and access to timely electricity usage data under CLP's ongoing rollout of smart meters. Around 675,000 smart meters were connected by the end of September. CLP continued its demand response programme for both commercial and residential customers, which helped reduce peak electricity demand by over 100MW on 14 July when local demand reached a record high of 7,264MW. The Renewable Energy Feed-in Tariff programme received more than 11,600 applications by the end of September, 87% of which had been approved or already connected to the grid.

Mainland China

CLP's operations in Mainland China continued to recover from the impact of the COVID-19 outbreak, supported by stable performance across the business.

Daya Bay Nuclear Power Station in Guangdong Province reported a steady performance. The sixth and final unit of Yangjiang Nuclear Power Station in the same province was commissioned in mid-2019 and so generation sent-out from the facility was expected to be substantially higher in 2020 than in 2019. However, due to a temporary drop in electricity demand caused by COVID-19 in the first quarter combined with unplanned plant outages in March, the increase in output has been lower than forecast.

The contribution from renewable energy investments remained stable. Generation from the CLP wind portfolio increased compared with the same period in 2019 thanks to the addition of the Laizhou II Wind Farm in Shandong Province, commissioned in June 2019, as well as reduced grid curtailment for projects in northeast regions. The Laiwu III Wind Farm, also in Shandong, was commissioned in September, further expanding CLP's clean energy business.

Generation from solar assets increased year-on-year, mainly because of a reduction in grid curtailment at the Jinchang plant in Gansu Province. Overall production from CLP's hydro portfolio remained steady, helped by increased generation at the Jiangbian plant in Sichuan Province. However, some of the gains were offset by low rainfall at the Dali Yang_er hydro plant in Yunnan Province and outages of some generation units at the Huaiji hydro plants in Guangdong because of landslides caused by flooding.

The cash flow of CLP's wind and solar energy subsidiaries in Mainland China continued to be adversely affected by delayed national subsidy payments for renewable energy projects. So far this year, the progress of receivables collection remained similar to last year's with more payments expected to be obtained in the next quarter.

Fangchenggang Power Station in the Guangxi Zhuang Autonomous Region continued its strong performance in the third quarter with lower coal costs and higher output as a result of reduced competition from hydro plants. The performance of CLP's minority-owned coal-fired assets continued to recover from the downturn caused by COVID-19 earlier in the year.

In June, the incremental distribution network (IDN) project in Fangchenggang Hi-Tech Zone obtained a licence to operate in the electricity retail market in Guangxi. The IDN is partly owned by TUS-CLP Smart Energy Technology Co. Ltd., a joint venture with a company affiliated to Tsinghua University in Beijing, and began operations earlier this year.

India

The operations of CLP India this year were affected by reduced wind resources during the monsoon season and the business continued to manage the impact of the national lockdown to reduce the spread of COVID-19.

Generation from wind projects declined compared with last year because of very low wind speeds in July. Wind assets also reported lower availability this year due to other weather events, including damage to transmission infrastructure at the Andhra Lake plant caused by Cyclone Nisarga in June. Gusty winds impacted the transmission infrastructure at the Sipla and Bhakrani wind farms in Rajasthan, disrupting power evacuation. Extremely heavy rainfall affected generation at the Samana wind farms in Gujarat in July and August, as flooding of road links hampered turbine maintenance and repairs.

For the new Sidhpur wind project in Gujarat, the Government had agreed to extend the commissioning deadline by three months because of the COVID-19 outbreak, reducing the risk of financial penalties resulting from a timeline slippage. CLP India has approached the Government for a further two-month deadline extension for the Sidhpur project, in line with allowances granted to other developers. Construction is expected to start in early 2021.

The performance of the solar energy portfolio was stable, with an improvement in plant availability as projects benefitted from increased operational control by CLP India. CLP India signed an agreement in February to acquire three solar farms in the southern state of Telangana with a combined capacity of 122MW. Two of the solar farms, with capacities of 30MW and 50MW, were transferred to CLP India earlier this year and performed well despite flooding in July. The COVID-19 situation has led to a delay in the fulfillment of required conditions within the prescribed time limit for the acquisition of the remaining 42MW project. As a result, CLP India and the seller mutually agreed in September to terminate the transaction.

Outstanding receivables from local distribution companies relating to the purchase of renewable energy have reduced appreciably since the start of the year. In August, CLP India received some charges from purchasers for their delayed payments.

Jhajjar Power Station achieved commercial availability of 97.92% in the first nine months of the year, the highest level since it began operations. The power station's outstanding health and safety performance has been recognised through a number of awards from organisations including business consulting firm Frost & Sullivan and the London-based Royal Society for the Prevention of Accidents.

Satpura Transco Private Ltd., the intra-state power transmission asset, has maintained 100% availability since its acquisition by CLP India in November 2019. CLP India's acquisition of Kohima

Mariani Transmission Limited is expected to be completed after the transmission line's commissioning in the fourth quarter, subject to agreed conditions precedent and approval from the Government in relation to the new foreign direct investment rules. Since the rules were announced in April, CLP India has worked closely with the Government to seek clarifications on their impact. CLP India will continue to work together with the Indian administration to facilitate its investments in the country.

Southeast Asia and Taiwan

The Ho-Ping Power Station in Taiwan and the Lopburi Solar Farm in Thailand both reported stable operations. In October, CLP sold its 40% interest in the Vung Ang II coal-fired project in Vietnam to Korea Electric Power Corporation. CLP continues to review opportunities to invest in renewable energy projects in the region.

Australia

EnergyAustralia continued to support customers affected by the COVID-19 pandemic in an extremely challenging third quarter that saw the country's economy slip into its first recession for three decades.

Calls to contact centres from customers seeking support were high compared with the pre-pandemic period. EnergyAustralia maintained its commitment to help customers manage energy costs at a time when household budgets were under strain and is making increased provisions in anticipation of an increase in bad debts later in the year.

Intense competition from new and existing energy retailers has put downward pressure on customer account numbers. This, together with the introduction of retail price regulation in July 2019, continued to significantly impact margins in the Customer business. EnergyAustralia remained focused on meeting customers' needs for affordable and lower-carbon electricity and gas services while managing the costs of procurement.

The popular Go Neutral programme was expanded to cover gas as well as electricity, allowing residential customers to offset all their household energy emissions. Around 250,000 EnergyAustralia customers have so far joined Go Neutral, the largest carbon offsetting programme of any energy supplier in Australia.

The National Electricity Market had a volatile start to 2020 as extreme weather increased demand and disrupted supply in some areas during January. Wholesale prices have since dropped due to adequate availability of coal-fired generation to meet demand, lower gas prices, increased renewable energy generation, and a fall in business and industrial activity. As a result, EnergyAustralia announced reductions in average electricity tariffs for residential and business customers in July.

In the first half of the year, EnergyAustralia achieved increased plant availability during high-demand periods and maintained the benefit of contracts entered into in earlier periods when wholesale prices were high. However, wholesale market prices have trended lower from late 2019 through the first three quarters of 2020.

In addition, in the second half of 2020, EnergyAustralia began undertaking significant planned maintenance programmes that will provide long-term benefits but will restrict availability and output in the short term. These include the most comprehensive maintenance programme at Yallourn Power Station in Victoria since the 1970s that commenced in July, incorporating significant changes to work execution to manage COVID-19 risks. One of its four generation units was offline for most of the third quarter and a similar outage is scheduled for another unit in 2021. Meanwhile, a major, but somewhat shorter, scheduled outage on one unit at the Mount Piper plant in New South Wales started in September. The 2020 maintenance programmes at both plants will be completed before the summer peak demand period.

Meanwhile, EnergyAustralia continued to advance a portfolio of projects to provide cleaner and more flexible generation, including a proposed new gas-fired plant at the Tallawarra site. A final investment decision will be considered before the end of the year. In August, EnergyAustralia announced plans to acquire the remaining 51% equity of solar and LED lighting company Echo Group, following an initial investment in 2019. The acquisition was completed in September.

In September, the Narrabri gas project, in which EnergyAustralia holds a 20% equity interest, received approval by New South Wales' Independent Planning Commission, subject to conditions related to the management of environmental, economic and social impacts. Once all approvals are in place, an appraisal drilling programme of up to 18 months will be done to determine the final plans for the project.

Executive Appointments

To further strengthen CLP's transition to a Utility of the Future, the Company announced on 28 August 2020 the move of Mr Geert Peeters, currently Executive Director and Chief Financial Officer of the Company, into the newly-created role of Group Director & Chief Strategy & Transformation Officer; and the appointment of Mr Nicolas Alain Marie Tissot as Chief Financial Officer of CLP Holdings, to take effect from 1 April 2021.

In his new role, Mr Peeters will oversee efforts to digitalise CLP's operations and lead execution of corporate strategy, and he will remain as an Executive Director of CLP Holdings. When Mr Tissot succeeds Mr Peeters as Chief Financial Officer on 1 April 2021, he will report to the Chief Executive Officer and be responsible for Group financial control and reporting, Group treasury, Group tax, Group corporate finance and investment, risk management and investor relations of CLP Holdings.

To ensure an effective handover, Mr Tissot commenced as Deputy Chief Financial Officer of CLP Holdings on 7 September 2020. Prior to joining the Company, Mr Tissot was Executive Vice-President and Chief Financial Officer at Bureau Veritas.

Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2020 of HK$0.63 per share payable on 15 December 2020 to Shareholders registered as at 4 December 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 December 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 Thursday, 3 December 2020.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 19 October 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 29 October 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 communications[1]

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

You can ask to change[2] 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 these to you 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.