

5 May 2016

CLP Holds Annual General Meeting Today



CLP's annual general meeting attracted a record number of 1,527 shareholders this year.

Chairman's Opening Remarks

Ladies and gentlemen, thank you for coming to this media briefing. As you have read from our annual report, we reported strong financial results in 2015, which was a result of much improved performance from our operations outside of Hong Kong.

We also had strong operational performance from our business here in Hong Kong and benefited from a full year contribution from our additional shareholding in CAPCO. Our operating earnings were HK\$11.5 billion, a 14.6% increase over 2014. Taking into account one-off items including the gain on sale of the Iona gas plant in Australia, total earnings were up 39.6% to HK\$15.7 billion.

In this briefing, I wish to touch briefly on the issue of climate change and its impact on CLP and conclude with a discussion of some key developments affecting our business here in Hong Kong.

On 22nd April this year, at an event to mark the World Earth Day, over 170 countries formally signed the international agreement on climate change reached in Paris last year, thereby commencing the ratification process for the agreement. This is another significant step forward in the efforts to address climate change and is symbolic of the global

momentum towards carbon reduction.

CLP has long recognised the importance of this issue and the need for an orderly transition to low carbon generation. In 2007 we published our Climate Vision 2050 which set out our commitment to cut carbon emission intensity of our generation portfolio by 75% by 2050.

Around that time we began work on our renewable business, which I am proud to be able to say now accounts for over 17% of our total generation capacity. Building on that, our group investment strategy targets half of the capital we invest outside Hong Kong towards renewables.

The implementation of the Paris agreement is likely to bring more opportunities, not only in renewable energy, but also in nuclear, given it is zero carbon emissions. At the same time, we expect to see relatively fewer opportunities in coal-based generation. Allied to the transition to lower carbon power generation, we also see a future where electricity is used more widely throughout the economy, particularly in transport. This has the potential to provide longer term opportunities for CLP.

In our Hong Kong business, we are working together with our customers and government to create a greener and smarter future. I am excited by the development of electric vehicles, which I believe have a bright future in Hong Kong. Through our work in this area, along with smart grid and smart meter technologies, two other technologies that we are working hard to implement here in Hong Kong, CLP can help to contribute to a greener and more efficient future for our community.

CLP has also proposed building an additional gas-fired generation unit in support of the Government's environmental policy and to ensure the continuing reliability of our power supply. The new unit features an advanced design and the highest level of efficiency for a thermal plant globally. It will allow us to further reduce coal based generation and achieve significant reductions in emissions from our operations in Hong Kong.

As Hong Kong moves towards a greater reliance on gas to meet our local power generation needs, an important consideration is our gas supply. The recent landslide incident in Shenzhen has highlighted the vulnerability of Hong Kong's energy security and provided a clear message that further action is needed to diversify our fuel sources. With that in mind, CLP is actively seeking alternatives to diversify our sources of gas.

One option, which I believe makes a lot of sense, is the development of an offshore liquefied natural gas (LNG) terminal in Hong Kong. This would enable us, along with other large users of natural gas in Hong Kong, to access international supplies of LNG not only as alternative physical supply option, but also as an alternative commercial option to secure the most competitive source of gas.

Ladies and gentlemen I would like to conclude with some brief comments regarding the regulatory regime in Hong Kong. The Scheme of Control has served Hong Kong well for over half a century. The merits of it were evident again in our excellent operational performance last year.

In 2015, our supply reliability was at a historic best with a record beating less than 1.5 minutes of unplanned power interruptions on average over the year. There are very few

cities anywhere that can match this. What's more, our tariff regime is also amongst the world's most competitive.

Following completion of the public consultation process last year, we have commenced discussions with the Government on a new regulatory arrangement. CLP is constantly looking for improvement so that we can continue to deliver a safe and reliable electricity supply for our community at reasonable cost while at the same time reducing our environmental impact.

We are committed to working closely and constructively with the Government and the community on the new Scheme of Control to ensure that Hong Kong continues to enjoy the highest standard of electricity service that it rightly deserves.

Thank you.

About CLP Group

CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong's population.

Outside Hong Kong, CLP holds investment in the energy sector in Mainland China, India, Southeast Asia, Taiwan and Australia. Its diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear and renewable sources. CLP is one of the largest external investors in the Mainland's renewable energy sector. In India, it is the largest foreign investor in the power sector and the biggest independent power producer in wind energy, foreign or domestic. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to 2.6 million customers.

CLP is listed in the Global Dow – a 150-stock index of the world's leading blue-chips, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40), Hang Seng Corporate Sustainability Index Series and MSCI Global Sustainability Index Series.

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