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 2018 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months ended 31 March 2018 are summarised in this Quarterly Statement.

Hong Kong

In the first quarter of 2018, local sales of electricity were 6,737GWh, an increase of 3.5% over the same period last year. The Residential sector recorded a significant increase of 10.5%, mainly due to a higher heating and dehumidifying load as a result of colder and more humid weather in early 2018. Both Commercial and Infrastructure & Public Services sectors posted higher year-on-year sales. A breakdown of the changes in local sales during the period by sector is as follows:

	Increase / (Decrease)		% of Total Local Sales
Residential	165GWh	10.5%	26%
Commercial	40GWh	1.5%	41%
Infrastructure & Public Services	35GWh	1.9%	28%
Manufacturing	(15GWh)	(4.1%)	5%

Sales to Mainland China rose to 226GWh, higher than the same period a year earlier. Total electricity sales in the period, including both local sales and sales to Mainland China, increased by 4.1% to 6,963GWh.

During the quarter, our generation fleet, and transmission and distribution networks operated according to plan. Construction of the new combined cycle generating unit at Black Point Power Station is proceeding in line with the unit's scheduled commissioning before 2020.

Under the new Scheme of Control Agreement which will come into effect on 1 October 2018, CLP Power Hong Kong will launch a number of new initiatives to encourage the development of renewable energy and promote wider community participation in energy efficiency and conservation. Among these will be the introduction of a Feed-in Tariff for CLP Power Hong Kong to purchase electricity generated from customers' renewable energy systems connected to our grid. Renewable Energy Certificates will be issued to offer customers the opportunity to buy clean energy from us. These new initiatives are aimed at promoting the development of renewable energy in Hong Kong. A new Eco Building Fund will be set up to support owners of residential, commercial and industrial buildings to carry out energy efficiency improvement works in their communal areas. A new CLP Community Energy Saving Fund will also be launched to encourage the community to pursue energy saving and conservation measures and to provide support for the disadvantaged groups. In addition, a new monthly Fuel Cost Adjustment mechanism will be introduced to better reflect fuel price movements. Preparation of these initiatives is at an advanced stage and they will be rolled out in phases starting from the second quarter of the year.

We are progressing discussions with the Hong Kong Government on the next Development Plan for 2018-2023 with key focuses on reducing carbon emissions in the long term and fulfilling the city's energy demand with world-class reliability. Planning for the Hong Kong Offshore LNG Terminal is progressing at a good pace and the environmental impact assessment study for the project has been submitted to the Government. We have reached preliminary agreements on LNG supply and the Floating Storage and Regasification Unit (FSRU) vessel arrangements, which will provide relevant information about the gas market and pricing levels for the Government as part of their review of our proposal. We will continue to discuss with our suppliers towards reaching definitive agreements.

Mainland China

During the quarter, power demand was strong due to the unusually cold weather, expanding at 9.8% from the same period a year ago. The economy also continued to grow steadily, up 6.8% year-on-year. However, the operating environment in the energy market continues to experience challenges from reforms in macroeconomic policies and the energy sector, in addition to high coal prices.

Reduced supply conditions in the coal market, as a result of Government measures to manage production levels in the industry, are keeping prices at elevated levels, adversely affecting the earnings of our coal-fired generation portfolio. However, strengthening economic growth in Guangxi Zhuang Autonomous Region and easing competition from hydro power generation supported higher dispatch at Fangchenggang Power Station in the first quarter of 2018. Meanwhile, following the completion of retrofitting of Unit 1 of the plant to enhance efficiency and emission standards for compliance with Mainland China's 2020 emissions requirements in 2017, the same retrofit work for Unit 2 will be performed in the second quarter.

Performance of our hydro projects was mixed in the first quarter compared with the same period of 2017. Jiangbian in Sichuan has increased production thanks to ample water flow, abated grid curtailment and higher market sales. Huaiji in Guangdong saw lower year-on-year power generation caused by less rainfall, while the performance of Yang_er in Yunnan was affected by lower water inflow.

Generation of our solar portfolio was on par compared with the corresponding period of last year as Jinchang in Gansu suffered less grid curtailment, while generation at Xicun in Yunnan and Sihong in Jiangsu remained stable. Our new project at Huai'an in Jiangsu, commissioned in June 2017, performed well.

Generation of our wind portfolio in the first three months of 2018 continued to strengthen from the corresponding period of last year, largely due to less grid curtailment particularly in the Northeast region. Commissioned in October 2017, new units at Laiwu II in Shandong also performed well. Nonetheless, Sandu I in Guizhou suffered from severe wintry weather in late January that resulted in the suspension of all wind turbine generators. Operations were fully restored by the end of March.

CLP's investment in Yangjiang Nuclear Power Co. Ltd., completed in December 2017, yielded its first full quarter of contributions to the Group's earnings. Contributions from Daya Bay remained stable.

India

The commissioning of the Veltoor plant during the quarter represented a major milestone for CLP India, marking our first solar project in the country. The contribution from the 100MW project in the southern state of Telangana, combined with improved grid availability, partly offset lower wind generation in the first quarter due largely to adverse wind conditions. At the same time, CLP India has set up a new subsidiary to take greater control of the operations and maintenance of its wind assets, starting with Khandke Wind Farm in Maharashtra from 1 April 2018 onwards.

During the period, utilisation level of our coal-fired plant at Jhajjar reached 76%, the highest ever for any three-month period. It was mainly because improved coal quality and quantity helped increased efficiency and lowered costs, thus raising the frequency of the plant being dispatched. Demand from our customers also grew, aided by rising electricity demand in the last year.

Our gas-fired Paguthan plant continued to post solid commercial performance in the first quarter, as we focused on ways to optimise operations. As we do not expect the current power purchase agreement with our customer to be renewed after it expires in December, we are exploring other options including private power sales.

Southeast Asia and Taiwan

The Ho-Ping power plant in Taiwan completed the major overhaul of one of its two generating units during the quarter. The permanent transmission tower to replace the one damaged during typhoon in July 2017 was also completed and commissioned.

The Lopburi solar power plant in Thailand reported stable operations during the period.

In Vietnam, we continued efforts to finalise the last outstanding items of the key project agreements with the Vietnamese Government on the Vung Ang II and Vinh Tan III projects. Discussions with the lenders for the projects were also progressing.

Australia

Competition in energy retail markets in Australia remains intense, resulting in pressure on retail margins and customer accounts. Tight wholesale electricity supply-demand conditions during the first quarter of this year have also resulted in a continuation of the high wholesale prices experienced through 2017, although with less volatility which has favourably impacted the cost to procure energy. EnergyAustralia's generation fleet has been available at times of high demand and combined with our progressive hedging policy, this has driven strong financial performance of the generation fleet across the quarter.

Federal and State Governments continued working toward a national approach to energy, referred to as the National Energy Guarantee. EnergyAustralia believes the policy has the potential to provide the stability required to unlock major investments in a new, modern energy system.

Against this backdrop, EnergyAustralia has maintained its focus on mitigating price impacts on customers. Initiatives in the quarter included removing paper bill and over-the-counter charges and extending the *Secure Saver* programme which offers customers the option of fixing their electricity and gas tariffs for two years.

EnergyAustralia continues to work on increasing supplies of reliable, affordable and cleaner energy to ease pressure on wholesale electricity prices. During the quarter, the business reached an agreement to acquire Ecogen Energy, the owner of the Newport and Jeeralang gas-fired power stations in Victoria with combined capacity of 950MW. Prior to the acquisition, EnergyAustralia had a long-standing offtake agreement for the electricity they produced. The acquisition, which was completed in April 2018, provides EnergyAustralia with the certainty of direct ownership and the flexibility of intermediate and peaking gas-fired generation in support of the approach to integrating renewable energy into the national energy system.

In March 2018, EnergyAustralia signed agreements worth A$50 million to operate two utility-scale battery storage systems with combined storage of 80MWh. EnergyAustralia will hold rights to charge and dispatch energy from the two systems into the National Electricity Market (NEM), giving it the largest battery trading portfolio of any retailer in the NEM.

EnergyAustralia announced last year that it would deliver around 50MW of "demand response" reserve capacity across New South Wales, Victoria and South Australia as part of a pilot programme run by the Federal Government's Renewable Energy Agency and the Australian Energy Market Operator. By the end of the Australian summer 2018, EnergyAustralia had secured 38MW and is on track for 50MW by the end of the year. In addition, the business completed a programme that had begun in December 2016 to underpin development of 500MW of new wind and solar projects in eastern Australia.

Managing Climate Change

To join global efforts in combating climate change, the CLP Carbon Credits e-commerce platform was launched in March. CLP advocates reduced energy consumption, the substitution of carbon-intensive energy with low or non-carbon emitting sources, and the use of carbon credits to offset unavoidable emissions. The new platform offers individuals, organisations and companies the opportunity to offset their emissions through the online purchase of carbon credits generated by CLP's wind farms in India.

Annual General Meeting (AGM)

The twentieth AGM of the Company was held on 4 May 2018 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

Today, the Board of Directors of the Company declared the first interim dividend for 2018 of HK$0.61 per share payable on 15 June 2018 to Shareholders registered as at 6 June 2018. The dividend of HK$0.61 per share (2017: HK$0.59 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 6 June 2018. 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 Tuesday, 5 June 2018.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 14 May 2018

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 Dr Y. B. Lee
Independent Non-executive Directors:	Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law and Mrs Zia Mody
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters

This Statement will be despatched to Shareholders on 25 May 2018 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]**

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

"The Company's future corporate communications" – 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).

You can make the above request(s) at any time 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.

Should you have any difficulties in accessing the corporate communications electronically, please ask us for a printed form and we will promptly 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 7 days written notice of your request, otherwise, it will apply to the subsequent batch of corporate communications.*