

Quarterly Statement 2019 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months ended 31 March 2019 are summarised in this Quarterly Statement.

Hong Kong

In the first quarter of 2019, local sales of electricity were 6,857GWh, an increase of 1.8% from the same period a year earlier. The growth is mainly attributable to higher sales in the Commercial and Infrastructure & Public Services sectors, which offset the decrease in sales in the Residential sector following much warmer winter weather in 2019. Year-on-year changes in local sales during the period are as follows:

	Increase/(Decrease)	% of Total Local Sales	% of Total Local Sales
Residential	(136GWh)	(7.8%)	24%
Commercial	128GWh	4.6%	42%
Infrastructure & Public Services	127GWh	6.7%	29%
Manufacturing	1GWh	0.3%	5%

With the expiration of the Shekou electricity supply contract in June last year, sales to Mainland China were nil in the first quarter of this year. As a result, total electricity sales, which included both local sales and sales to Mainland China, decreased 1.5%.

At Black Point Power Station, we continued the construction of the new combined-cycle gas turbine (CCGT) generating unit, which is due to begin commercial operation by 2020. Other new projects including the second CCGT unit at Black Point, the offshore LNG Terminal and the landfill gas power plant located in the West New Territories Landfill site also moved forward as planned.

We made progress on the new renewable energy initiatives under the Scheme of Control Agreement that began in October 2018. Our Feed-in Tariff scheme continued to receive positive responses from customers. As of the end of March, we received over 2,500 applications. About 83% of the cases with a total capacity of 44MW have been approved or connected to our grid. In January, we launched our Renewable Energy Certificate (REC) scheme, proceeds from which will contribute towards the cost of purchasing local renewable energy. We will continue our efforts to increase public awareness of the REC scheme through various channels.

To encourage energy saving and environmental conservation, we launched the Power Connect programme under the Community Energy Saving Fund in January. Participating customers can earn rewards from energy savings, while under-privileged groups benefit from electricity subsidies. As of the end of March, about 80,000 customers have signed up to the programme. Our new Eco Building Fund also received over 180 applications over the period.

We are committed to contributing towards a greener and smarter Hong Kong. In addition to our ongoing smart meter upgrade programme for residential customers, we are proactively promoting green energy and smart technologies among different industries, demonstrating the benefits of energy efficiency for various trades such as restaurants, central kitchens and elderly home operators. To showcase new technology innovations that support smart city development, we opened the new SmartHub@CLP centre in our Shamshuipo office.

Mainland China

Our non-carbon portfolio recorded stable performance. Generation from our solar operations increased compared with the corresponding period a year earlier, mainly due to contributions from the Lingyuan plant in Liaoning Province, commissioned last year, and the Meizhou plant in Guangdong Province, acquired in January.

Generation of our wind portfolio in the first quarter was marginally lower than last year, as wind resources varied in different regions. While conditions were less favourable for our assets in Shandong Province, some sites including the Xundian plant in Yunnan Province and the Sandu plant in Guizhou Province benefitted from strong wind resources.

Performance of our hydro portfolio was steady year-on-year. Huaiji in Guangdong Province saw an earlier onset of the rainy season this year, while the waterflow in Jiangbian in Sichuan Province was slightly lower than last year. Proactive measures were taken in all hydro stations to maintain high plant availability to ensure water resources are well-utilised.

Output at Yangjiang Nuclear Power Station for the quarter was higher than last year having benefitted from the commissioning of the fifth generating unit since July last year. Contributions from Daya Bay Nuclear Power Station have remained stable.

Meanwhile, persistently high coal prices, reflecting ongoing government measures to control domestic coal production, resulted in continued pressures on the profit margins of our coal-fired generation portfolio in the first quarter. Fangchenggang Power Station has repositioned itself as an integrated energy provider to secure more generation hours while continuing to manage high fuel costs. In addition, we will continue to retrofit our Phase II units in order to further enhance our steam supply capability, which in turn will also increase our loading during normal operations.

India

On 25 March 2019, CLP India assumed full-ownership of Veltoor Solar Farm and Gale Solar Farm after completing the acquisitions of the equity interests previously held by Suzlon Energy Limited. Performance of the Veltoor plant exceeded expectations following technology upgrades and operational enhancements, while operations at Gale and Tornado Solar Farm stabilised after technical issues were rectified. Generation from CLP India's wind portfolio in the first quarter posted an increase from a year earlier, as a result of improved technical plant availability and better resources.

In the first quarter, Hajar Power Station achieved commercial availability of more than 92% thanks to improved technical plant availability and coal supply. For environmental compliance, the plant's flue gas desulphuriser began regular operations in February. In recognition of its safety performance, Hajar plant has received the Genentech Safety Gold Award.

Following the expiry of its power purchase agreement in December 2018, Paguthan Power Station has continued efforts to explore other commercial avenues. Having obtained necessary regulatory approvals to bid on the Indian Energy Exchange, the plant signed an agreement with the Power Trading Corporation, gaining short-term monthly access for power sales on the Exchange. However, this did not lead to any transactions in the first quarter because of competition from other bidders on the exchange.

Following completion of the sale of 40% of CLP India to Caisse de dépôt et placement du Québec (CDPQ) in December last year we have made good progress in implementing our new partnership. CLP India is actively exploring potential acquisition opportunities in the country's wind and solar energy sectors, in addition to transmission infrastructure projects that are in operation or under construction. Opportunities to bid for greenfield transmission projects are also being evaluated. CLP India is therefore well placed for significant growth in operations and earnings in the years to come. Nonetheless in 2019 the business will be impacted by a reduction in contribution from the Paguthan asset due to expiry of the previous power purchase agreement, and the Company's share of earnings will reduce from 100% to 60% following the introduction of CDPQ.

Southeast Asia and Taiwan

Both Ho-Ping Power Station in Taiwan and Lopburi Solar Farm in Thailand operated smoothly and safely during the quarter. In Vietnam, we continued our discussions regarding two legacy coal-fired projects – Vung Ang II and Vinh Tan III.

Australia

Several extreme summer weather events contributed to increased wholesale market volatility. In late January, customers in Victoria were affected by rolling blackouts when unexpectedly-high temperatures coincided with outages at major generators. This emphasised the urgent need for a durable, long-range and national framework in Australia that integrates energy and climate policies to provide guiderails for a transition to a cleaner and more modern energy system.

Electricity production and energy sent-out from our power stations have been below our expectations and lower than the first quarter last year. Availability has been lower from our two largest generation units with Yallourn Power Station impacted by higher outages and maintenance requirements while Mount Piper Power Station has been constrained by coal quality issues. Our Tallawarra gas-fired power plant in New South Wales was also unavailable during periods in January. This has required greater reliance on our Newport gas-fired power plant and higher levels of purchases from the market at high prices to cover our commitments to customers whose demand have been high given the hot weather.

Coal quality issues resulted in lower generation from Mount Piper during the first quarter and will continue to impact on availability into the second quarter of the year. EnergyAustralia is closely monitoring the situation and continues to assess alternative coal supply options.

The effect of these factors in the first quarter has resulted in significantly lower contributions from the Energy segment than in the same period last year. In addition, lower customer numbers and tighter margins have reduced the contribution from the Retail segment when compared with the prior corresponding period. Separately the increase in prices for forward energy contracts observed in the first quarter – which should be of benefit to the business in the medium term – has resulted in significant non-cash negative change of the fair value of some of the energy derivatives in our portfolio. Consequently, the contribution of the Australian business including changes in fair value to the overall CLP Group in the first quarter of 2019 has seen a continuation of the performance observed in the second half of 2018.

Governments are pursuing interventionist measures in the absence of long-term policies. In February the Federal Government announced it would implement a Default Market Offer, effectively re-regulating “standing offer” electricity tariffs for residential and small business customers in New South Wales, Queensland and South Australia. The Victoria State Government also plans to introduce its own electricity default offer for residential and small business customers; both will be effective from 1 July 2019. These measures once finalised are likely to have a significant negative impact on the future contributions of the Retail segment.

EnergyAustralia continued to prioritise efforts to ease pressure on customers' bills. We launched *Power for Good* to cut charities' electricity bills by identifying opportunities to raise energy efficiency. From January 2019, concession customers on “standing offers” tariffs receive an automatic 15% discount on electricity and gas usage. Additionally, EnergyAustralia has removed late-payment fees for all customers, and has started providing mobile phone reminders to help customers avoid missing their pay-on-time discounts.

In January, EnergyAustralia pledged its commitment to the Energy Charter, a world-first initiative aimed at uniting the energy industry

to deliver better services for Australians. These initiatives followed the announcement that EnergyAustralia would keep average electricity prices flat for Victorian households in 2019, while absorbing more than A\$15 million of additional supply-chain and other costs.

During the quarter we progressed the evaluation of flexible capacity projects. We are investigating a new 250MW pumped-hydro plant in Queensland in addition to a 225MW pumped-hydro facility in South Australia. Assessments of potential new gas-fired generation of 1,000MW are also ongoing.

Innovation

We are making significant progress in this area and will continue to make targeted investments in innovation as we build the capabilities needed to be a utility of the future. To help businesses and organisations manage their energy usage in a greener and smarter way, we have introduced Smart Energy Connect (SEC), a new energy app store for smart businesses where users can access the latest energy management applications developed by CLP and our partners. SEC represents a new business model for application developers, businesses and utilities to accelerate innovations to meet growing market demand for digitalised energy services.

Annual General Meeting (AGM)

The twenty first AGM of the Company was held on 6 May 2019 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 2019 of HK\$0.63 per share payable on 14 June 2019 to Shareholders registered as at 4 June 2019. The dividend of HK\$0.63 per share (2018: HK\$0.61 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 4 June 2019. 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 Monday, 3 June 2019.



The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 7 May 2019

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:	Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law, Mrs Zia Mody and Ms May Siew Boi Tan
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters

This Statement 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

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 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).

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.

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.