

Quarterly Statement 2018 (January – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2018 are summarised in this Quarterly Statement.

Hong Kong

During the period, sales of electricity in Hong Kong were 26,099GWh, an increase of 1.9% compared with the same period last year. In the Residential sector, while sales were strong in the first half as a result of the hotter weather, demand moderated in the third quarter as lower temperatures eased the cooling load. Both the Commercial and the Infrastructure & Public Services sectors posted increased sales during the nine-month period. A breakdown of the changes in local sales during the period by sector is as follows:

	Increase/(Decrease)	% of Total	% of Total
		Local Sales	
Residential	113GWh	1.6%	28%
Commercial	162GWh	1.6%	40%
Infrastructure & Public Services	241GWh	3.5%	27%
Manufacturing	(19GWh)	(1.4%)	5%

Total electricity sales in the period, including local sales and sales to the Mainland China, increased 0.2% to 26,655GWh.

On 16 September, Hong Kong was struck by Super Typhoon Mangkhut, the most intense storm to hit the city since records began. Though our generation facilities remained intact, parts of our overhead lines systems were severely impaired, affecting power supply to about 40,000 customers. We carried out round-the-clock emergency repair works to restore services to those customers, many of whom were located in remote villages in northern New Territories where roads were blocked by fallen trees. As extreme weather occurrences become more frequent, we will continue to strengthen our systems to minimise potential damages and maintain reliable services to our customers.

On 1 October, the new Scheme of Control (SoC) Agreement and the 2018-2023 Development Plan under the new Agreement came into effect, together with a new tariff covering a 15-month period until 31 December 2019. A new Monthly Fuel Cost Adjustment mechanism was also introduced to reflect fuel price changes in a more timely manner. We will continue our investments in ensuring a secure and reliable supply of electricity as well as meeting Government's low carbon policy objectives.

Construction of the new gas-fired generation unit at Black Point Power Station continued with installation of key equipment in progress. In October, the Environmental Protection Department granted the permit for the proposed development of the offshore LNG terminal, after completing the review of the environmental impact assessment study. These projects are key to our plans to increase the proportion of gas in our fuel mix in Hong Kong and ensure improved diversity and security of future gas supplies. Meanwhile, with the conclusion of a final agreement with the West New Territories (WENT) Landfill operator and consent from the Environmental Protection Department, we are pressing ahead with the construction of Hong Kong's largest landfill gas power plant with a generation capacity of 10MW. The project is expected to commence operations in late 2019.

Since announcing the Feed-in Tariff scheme to incentivise the public to develop small-scale renewable energy systems in May, we have received over 500 applications from customers to implement the programme in their premises including detached and village houses, residential and industrial buildings, schools and farmlands. The Renewable Energy Certificates scheme will be rolled out in

January 2019, offering customers another avenue to support the growth of clean energy in Hong Kong.

In addition, we are pressing on with our key initiatives to promote energy efficiency and conservation. The new CLP Eco Building Fund, which supports owners of residential, commercial and industrial buildings to carry out energy efficiency improvement works in their communal areas, has received over 60 applications since it was announced in May. A vetting committee comprising stakeholders across the community will review the applications and allocate funding.

As part of our efforts to offer innovative energy services to customers, we revamped our Eco Home centre, which was renamed Smart Energy@Mong Kok. This flagship store provides customers with a comprehensive experience on the benefits of smart home products and technologies, as well as professional advice on product selection and applications.

Mainland China

Strong performance in our non-carbon portfolio offset continued challenges faced by our coal assets. Our solar operations achieved higher generation compared with the corresponding period last year, mainly due to lower grid curtailment at Jinchang in Gansu. We also expanded our portfolio following the acquisition of the remaining 49% shareholding of Jinchang in May, and the commissioning of Lingyuan in Liaoning in July.

Generation of our wind portfolio in the first three quarters continued to strengthen, largely thanks to reduced grid curtailment in the Northeast region, and good wind resources in Shandong. New units at Laiwu II in Shandong, commissioned in October 2017, also performed well.

Weather conditions affected the performance of our hydro projects in the first nine months. Although Jiangbian in Sichuan has increased production thanks to ample water flow, Huaiji in Guangdong and Yang_er in Yunnan saw lower year-on-year power generation as a result of reduced regional rainfall earlier in the year. There was also intensified price pressure at Jiangbian and Yang_er as the portion of market sales increased.

Output at Yangjiang Nuclear Power Station has benefited from the commissioning of the fifth generating unit in July. Contributions from Daya Bay Nuclear Power Station have remained stable.

Our coal-fired generation portfolio achieved a higher output in response to stronger customer demand in the first nine months of the year, driven by colder winter weather and ongoing economic growth. Fangchenggang Power Station in Guangxi achieved increased market sales due to weaker-than-expected competition from hydro power. As coal prices remained high due to government measures to control domestic production, fuel costs have put our operations and profit margins under pressure. Subsequent to the successful completion of the retrofitting of Unit 1 at Fangchenggang to enhance efficiency and emission standards last year, the upgrade of Unit 2 is progressing on schedule, with completion expected this year.

India

In September, we announced the transaction for the introduction of Caisse de dépôt et placement du Québec (CDPQ) as a strategic 40% shareholder of CLP India. The transaction, when completed, will position our Indian business to pursue low-carbon investment opportunities and provide a path to faster growth. Completion of the transaction is subject to certain conditions precedent including relevant regulatory approval. Following completion, CLP Group will maintain a majority 60% shareholding in CLP India, as the country remains a primary growth market for us.

CLP India expanded its solar portfolio by 70MW after entering into a joint venture partnership with Suzlon Group for two solar projects in Maharashtra.

During the third quarter, our renewables portfolio performed well with high availability and utilisation levels of the wind farms due to enhanced technical preparations to capitalise on the high monsoon season. Veltoor Solar Farm, which continued to perform in line with targets, received the world's first solar project quality certification from global quality assurance company DNV GL, in recognition of its high standards for safety and technical compliance.

Availability of our coal-fired plant at Jhajjar was 70.5% during the period, as operations were affected by reduced availability of domestic coal. CLP India is engaging with relevant authorities to resolve the coal availability issue and to obtain imported coal that can be blended with domestic coal. Our gas-fired Paguthan plant continued to perform well commercially in the third quarter, as we focused on ways to optimise operations. We are exploring the way forward for the plant as we do not expect the current power purchase agreement to be renewed at the end of its contractual term in December.

Southeast Asia and Taiwan

In the third quarter, operations at both the Ho-Ping Power Station in Taiwan and the Lopburi solar project in Thailand were stable.

In Vietnam, we continued our efforts to finalise key project agreements for the Vung Ang II and Vinh Tan III coal-fired projects with the Government.

Australia

During the period, wholesale electricity prices remained high, while intense competition continued to put pressure on the retail business. EnergyAustralia's customer churn continued to be lower than the market average. Nonetheless we recorded a drop in customer accounts in the quarter, though at a slower pace compared with earlier this year. As we enter a period of lower seasonal demand, EnergyAustralia has scheduled planned maintenance outages to prepare its generation fleet for the summer peak.

Uncertainty around energy and emissions policy in Australia remains unresolved, with the National Energy Guarantee unlikely to proceed following a change in leadership of the governing party of Australia. EnergyAustralia continues to engage in public debate and discussions with governments to advocate for a national approach to policy which aids investment certainty.

In July, the Australian Competition and Consumer Commission released a report that provides recommendations for measures across the electricity supply chain to boost competition, lower costs

and improve outcomes for customers. EnergyAustralia is broadly supportive of the recommendations and we encourage broad consultation in the coming months to ensure they are implemented in the best interests of customers. EnergyAustralia will work with the Federal and State Governments and our peers on measures that enhance transparency and reduce cost and complexity for customers.

Against this backdrop, EnergyAustralia continued its support for customers. Since July, average energy prices for its household and small business customers fell in Queensland, eased slightly in New South Wales and were steady in South Australia. Internally, programmes are underway which will provide data and insights to improve customer experience, upgrading technology systems to create a more adaptive business and reduce costs.

At the same time, EnergyAustralia is assessing potential investments to help increase and integrate supplies of reliable, affordable and cleaner energy.

Looking ahead, wholesale electricity prices realised by the business are forecast to decline. However, the reduction in prices is expected to occur at a slower pace than we previously estimated partly due to drought conditions in New South Wales. Meanwhile, intense retail competition is anticipated to continue at least to the end of 2018. EnergyAustralia's focus will remain on retaining and acquiring new customers in challenging market conditions.

Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2018 of HK\$0.61 per share payable on 14 December 2018 to Shareholders registered as at 5 December 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 5 December 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, 4 December 2018.



The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 15 October 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, Dr Y. B. Lee 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 a 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.

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.