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

Quarterly Statement 2017 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months ended 31 March 2017 are summarised in this Quarterly Statement.

Hong Kong Electricity Business

Our Hong Kong electricity business is regulated by the Hong Kong Government through the Scheme of Control (SoC) Agreement. On 25 April 2017, CLP signed a new agreement with the Government. The new agreement will come into effect on 1 October 2018 and run until 31 December 2033. Its key principles are similar to those of the existing SoC, with the permitted rate of return at 8%. To demonstrate our continued commitment to supporting Hong Kong to move towards a greener and smarter future, the new agreement will introduce new terms and initiatives to encourage the development of renewable energy, including a Feed-in-Tariff programme and renewable energy certificates. Other initiatives cover energy saving and demand response such as a new CLP Eco Building Fund and CLP Community Energy Saving Fund. In addition, the new agreement will include more stringent operational performance targets on supply reliability and customer services. We will continue to provide customers with a safe, reliable and environmentally friendly power supply at reasonable costs, fulfilling the community's need for energy while addressing the challenge of climate change.

In the first quarter of 2017, local sales of electricity were 6,512GWh, a decrease of 1.8% from the same period last year. The reduction was because the corresponding period in 2016 was colder, more humid, and included an extra day as 2016 was a leap year. With a lower heating and dehumidifying load this year, sales for the Residential sector recorded a significant drop of 11.7%. This fully offset the improvement in the Commercial, Infrastructure & Public Services and Manufacturing sectors. A breakdown of the changes in local sales during the period by sector is as follows:

	Increase / (Decrease)		% of Total Local Sales
Residential	(210GWh)	(11.7%)	24%
Commercial	23GWh	0.9%	42%
Infrastructure & Public Services	66GWh	3.7%	28%
Manufacturing	3GWh	0.8%	6%

Sales to the Mainland amounted to 174GWh, which remained similar to the same period in 2016.

Total electricity sales in the period, including both local sales and sales to the Mainland, decreased by 1.6% to 6,686GWh.

In order to support the Hong Kong Government's environmental targets of transitioning to cleaner fuels and reducing carbon intensity, we are constructing a 550MW gas-fired generation unit at the Black Point Power Station for commercial operation before 2020. Piling works at the site had been completed in April and manufacturing of the main equipment is on schedule. At the same time, we are pursuing Hong Kong's largest landfill gas power generation project, which will produce 10MW of renewable power upon completion. The Government issued the environmental permit on 27 April 2017 and the project is expected to be in operation by the third quarter of 2018.

CLP places great value on innovation and supports the Government's smart city strategy. We have transformed our Yuen Long Customer Services Centre into a Smart Energy Experience Centre. The centre showcases various interactive and new technologies and provides our customers with professional advice on the use of smart products and how to lead a green and low carbon lifestyle.

We are saddened by an unfortunate fatal incident on 21 February, which involved a contractor worker performing cleaning work inside a dust collection silo at our Castle Peak Power Station. We have been working with the contractor's company to ensure that appropriate assistance is provided to the family of the deceased, and cooperating with relevant Government departments in carrying out an investigation into this incident.

Regional Businesses

Mainland China

China's GDP grew at 6.9% in the first quarter – well within the Government's target of 6.5% to 7.0%. During the period, electricity demand picked up but the utilisation of most thermal power plants continued to be impacted by a general excess of electricity supply due to the deployment of new generation capacity and the country's structural economic reform to shift away from heavy industries and other traditional growth sources.

During the period, high coal prices adversely affected the earnings contribution of our coal-fired generation portfolio. Coal prices have increased significantly when compared with the same period last year, while the coal benchmark tariff has remained unchanged. In addition, slower economic growth and competition from hydro power generation continued to affect dispatch of our Fangchenggang Power Station in Guangxi Zhuang Autonomous Region although it has signed more direct sales contracts this year. Our project to retrofit Fangchenggang Phase I with upgrades to enhance efficiency and emission standards before 2020 has been progressing on schedule.

Our hydro projects performed exceptionally well in 2016 and power generation has since returned to normal level in the first quarter. Huaiji in Guangdong saw lower year-on-year power generation due to less rainfall while generation at Jiangbian in Sichuan and Yang_er in Yunnan increased because of better water inflows.

Our solar assets all performed well compared with the corresponding period last year with increased power generation. Generation at Jinchang in Gansu increased thanks to less grid curtailment, while generation at Xicun in Yunnan and Sihong in Jiangsu also rose because of better solar resource. Construction of our new solar project in Huai'an, Jiangsu has made good progress and it is targeted for grid connection in the second quarter of 2017.

The three wind farms commissioned in 2016, namely Xundian in Yunnan, Sandu I in Guizhou and CLP Laizhou I in Shandong, generated more electricity than expected. Construction of Laiwu II in Shandong is expected to be completed before the third quarter of 2017.

In November 2016, we entered into a conditional equity transfer agreement with CGN Power to acquire a 17% equity stake in Yangjiang Nuclear Power Co., Ltd. in Guangdong. We are awaiting approval by Mainland's regulatory authority and the transaction is expected to be completed in a few months.

India

In the first quarter, Paguthan's availability stood below the targeted 90% level at 85% due to a planned outage. However, the project fully recovered its fixed cost over the contract financial year which ended on 31 March 2017. Utilisation was at expected levels and lower than last year when subsidised imported gas was available to run the plant.

Jhajjar reported an availability of 83% – above the 80% normative level required for full fixed cost recovery. Demand for electricity remained soft with surplus capacity available in the state of Haryana. As a result, utilisation of the plant was close to 24%. We expect improvement as the summer season draws close.

On renewables, overall power generation was better than the same period last year due to better wind conditions, higher availability of our projects and lower grid restrictions. We expect generation to increase when the high wind monsoon period begins by the end of second quarter. Meanwhile, following delays in construction, we decided to discontinue the Yermala wind power project in the state of Maharashtra. Construction of our first solar project at Veltoor in the state of Telangana continued with full commissioning expected in the second half of this year.

Southeast Asia and Taiwan

During the period, our Ho-Ping project in Taiwan and Lopburi solar power plant in Thailand operated steadily.

In Vietnam, we continued our efforts on finalising the key government agreements of the Vinh Tan III and Vung Ang II projects. Financing arrangements for both projects are underway.

Australia

Wholesale electricity forward prices increased significantly in the first quarter of the year. This reflects higher gas prices along the east coast of Australia, increased volatility in the electricity market and the impact of the market closure of ageing coal generation plants including the 1,600MW Hazelwood plant which supplied up to 25% of Victoria's energy requirements. Higher peak electricity demand and more volatile wholesale prices have had a significant impact on the cost to procure energy thus adversely affecting our wholesale electricity activities, while higher gas costs have reduced contribution from our gas activities. During the period, National Electricity Market demand grew moderately by 0.2% year-on-year, and the outlook remains flat with continued economic pressure on large electricity users.

While competition remained strong in the retail environment, both customer accounts and gross margin were expanded in the first quarter and EnergyAustralia was repositioned through the "Light the Way" brand relaunch which began a conversation with our customers. This conversation was supported by actions including a programme to enter into contracts for around 500MW of power to underpin the development of new wind and solar energy projects across eastern Australia, exploring a pumped hydro project in South Australia, introducing a 100% "Go Neutral" carbon offset for our customers at no extra cost and looking at energy recovery at Mount Piper in New South Wales.

During the period, EnergyAustralia continued to build on the progress it made in restoring value by focusing on enhancing customer service, operation efficiency and cost reductions. The transformation programme is delivering efficiencies and we continue to focus on meeting evolving customer needs.

Annual General Meeting (AGM)

The nineteenth AGM of the Company was held on 5 May 2017 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 2017 of HK$0.59 per share payable on 15 June 2017 to Shareholders registered as at 6 June 2017. The dividend of HK$0.59 per share (2016: HK$0.57 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 6 June 2017. 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, 5 June 2017.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 11 May 2017

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, Ms Irene Lee and Mrs Zia Mody
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters

This Statement will be despatched to Shareholders on 22 May 2017 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

If you wish to receive this Quarterly Statement in printed form or in a language version other than your existing choice, please write to the Company Secretary or the Company's Registrars, Computershare Hong Kong Investor Services Limited or email cosec@clp.com.hk or clp.ecom@computershare.com.hk. The Quarterly Statement of your choice of language in printed form will be sent to you promptly free of charge.

You may, at any time (with notice of not less than 7 days), change your choice of language (English and/or Chinese) and/or means of receipt (in printed form or electronic means through our website) of the Company's future corporate communications[(Note)], free of charge, by writing to the Company or the Company's Registrars or email cosec@clp.com.hk or clp.ecom@computershare.com.hk. However, if for any reason you have difficulty in accessing the corporate communications, you can ask us to send you the corporate communications in printed form free of charge.

Note: 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).