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## 中電控股有限公司

### CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

## Announcement

### **Highlights**

- This announcement is in relation to the Company's Hong Kong electricity business, in particular, the 2018-2023 Development Plan and the associated Tariff Review under the new SoC which will come into effect on 1 October 2018.
- The 2018 Development Plan and 4Q18/19 Tariff Review for the new SoC were approved by the Government today.
- The approved 2018 Development Plan projects a total capital expenditure of approximately HK\$52.94 billion covering the period from 1 October 2018 to 31 December 2023.
- Following the Government's approval of the 2018 Development Plan and 4Q18/19 Tariff Review, the details of the 2018 Development Plan and 4Q18/19 Tariff Review which include information relating to CLP Power's projected capital expenditure and projected tariffs are being announced after market close today.

### **Government's approval of 2018 Development Plan and 4Q18/19 Tariff Review**

The new Scheme of Control (SoC) for CLP Holdings Limited's (the "Company") Hong Kong electricity business operated under CLP Power Hong Kong Limited ("CLP Power") will come into effect on 1 October 2018. The Development Plan for 2018-2023 (the "2018 Development Plan") and the Tariff Review for the period 1 October 2018 to 31 December 2019 (the "4Q18/19 Tariff Review") under the new SoC were approved by the Hong Kong Government today.

### **2018 Development Plan and 4Q18/19 Tariff Review**

The approved 2018 Development Plan, covering the period from 1 October 2018 to 31 December 2023, projects a capital expenditure of approximately HK\$52.94 billion.

The capital expenditure projected for the next 5 years and 3 months is aimed at supporting the continuation of CLP Power's world-class electricity supply reliability, contributing to a lower-carbon economy consistent with the Hong Kong Government's Climate Action Plan and advancing Hong Kong towards a smarter city with customers more in control of their energy use. Some of the key projects under the 2018 Development Plan include an additional gas-fired generation unit, an offshore liquefied natural gas (LNG) terminal as well as the upgrade to smart meters for all residential and small and medium business customers.

Under the 4Q18/19 Tariff Review, the average Net Tariff as at 1 October 2018 when compared with January to September 2018 will be an increase of approximately 2%.

### **About the new Scheme of Control**

The new SoC was approved by the Hong Kong Government on 25 April 2017 (see our Announcement of the same date). The new SoC covers a period of over 15 years beginning on 1 October 2018 and ending on 31 December 2033. A key term of the new SoC is the permitted return, effective 1 October 2018, at the rate of 8% of the average net fixed assets of the SoC companies, namely, CLP Power and its non-wholly owned subsidiary, Castle Peak Power Company Limited.

### **Information on CLP Power's projected capital expenditure and projected tariffs**

Information on CLP Power's projected capital expenditure and projected tariffs under the SoC are typically released towards the calendar year end; this year, the release of this information is being brought forward to be announced today. To prepare for the commencement of the new SoC on 1 October 2018, the Company hereby makes this announcement regarding the details of the 2018 Development Plan and 4Q18/19 Tariff Review which include information on CLP Power's projected capital expenditure and projected tariffs as set out in the page attached to this announcement.

The information set out in this announcement will also be provided to the Panel on Economic Development of the Legislative Council of Hong Kong. The 2018 Development Plan and the projected tariffs during the 2018 Development Plan period, which have not been previously disclosed publicly, would have implications on the financial performance of the Company during the 2018 Development Plan period.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

By Order of the Board  
**David Simmonds**  
Company Secretary

Hong Kong, 3 July 2018

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## **中電控股有限公司 CLP Holdings Limited**

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(Stock Code: 00002)

The Directors of the Company as at the date of this announcement are:

<b>Non-executive Directors:</b>	The Hon Sir Michael Kadoorie, Mr William Mocatta, Mr J. A. H. Leigh, Mr Andrew Brandler and Dr Y. B. Lee
<b>Independent Non-executive Directors:</b>	Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law and Mrs Zia Mody
<b>Executive Directors:</b>	Mr Richard Lancaster and Mr Geert Peeters

## CLP Power's Projected Capital Expenditure and Projected Tariffs

### Projected Capital Expenditure in the 2018 Development Plan

Categories	2018 Development Plan <sup>1</sup> (HK\$ million)
(A) Power Generation System	25,429
(B) Transmission & Distribution System	26,496
(C) Customer and Corporate Services Development	1,018
<b>Grand Total (A+ B+C)</b>	<b>52,943</b>

Note:

1. This is the projected capital expenditure, covering 1 October 2018 to 31 December 2023, as approved under the 2018 Development Plan by the Government.

### Projected Tariffs in the 2018 Development Plan (DP)

	2018 Jan - Sep	2018 Oct - Dec	2019	2020	2021	2022	2023
<b>Tariff Component (HK cents/ kWh)</b>	Actual Tariff	DP Forecast/ Annual Tariff Review <sup>1</sup>		DP Forecast <sup>2</sup>	DP Forecast <sup>2</sup>	DP Forecast <sup>2</sup>	DP Forecast <sup>2</sup>
(A) Basic Tariff	94.5	91.0		93.4	96.5	99.1	101.9
(B) Fuel Clause Charge <sup>3</sup>	22.0	27.8		32.4	36.2	37.4	37.4
(C) Rent & Rates Special Rebate <sup>4</sup>	-1.1	-1.1	-	-	-	-	-
(D) Net Tariff <sup>3</sup>	115.4	117.7	118.8	125.8	132.7	136.5	139.3
Tariff Stabilisation Fund <sup>5</sup> (HK\$ million)	827	636	452	462	455	438	423
Fuel Clause Recovery Account <sup>5</sup> (HK\$ million)	1,018	693	394	-767	-614	7	24

Notes:

1. DP approval and Tariff Review for 1 Oct 2018 to 31 Dec 2019 were completed at the same time.
2. The tariff rates for 2020 – 2023 are only projections and the actual tariffs to be charged to customers each year will be determined in the preceding year, following discussions between the Government and CLP Power during the annual Tariff Reviews, taking into account any variations in the components of the Development Plan and fuel costs.
3. These numbers are current projections, dependent on fuel costs which are likely to vary significantly in the future and so are therefore subject to change.
4. At some point in the fourth quarter of 2018 or in 2019, the Rent and Rates rebates available from the Government as a "Rent & Rates Special Rebate" are expected to be used up.
5. These are the projected year-end balances of the Tariff Stabilisation Fund and the Fuel Clause Recovery Account.