

8 May, 2014

CLP holds Annual General Meeting today

CLP's AGM is one of the most popular AGMs among listed companies in Hong Kong. This year, a record number of over 1,000 shareholders attended the meeting to show their support to the company.

Chairman's Opening Remarks

Good afternoon everyone. Let me start by welcoming you all to this press conference.

I am pleased to take this opportunity to note some key developments of our business here in Hong Kong.

First of all, I am pleased to advise that last month China Southern Grid received the last of the regulatory approvals required to proceed with the acquisition of shares in Castle Peak Power Company (CAPCO). That follows the support from the CLP shareholders at our Extraordinary General Meeting held earlier this year where 99.8% of votes cast were in favour of the transactions. With those approvals in hand, completion of the acquisitions from ExxonMobil is expected to occur soon, at which the CLP Group will become the majority shareholder in CAPCO, the sole shareholder in Hong Kong Pumped Storage Development Company and our joint venture with China Southern Grid will come into effect.

Completion of these acquisitions is of great significance to CLP. On one hand, it gives us greater control of assets in our core business in Hong Kong and underscores our commitment to serve the Hong Kong community.

On the other hand, with the continuing integration between Hong Kong and the Mainland, the new and enhanced relationship with China Southern Grid in CAPCO will bring benefit to both Hong Kong and Guangdong.

One of the most significant issues facing our new CAPCO partnership, our Hong Kong business generally and indeed the community of Hong Kong is the Government's consultation on the future fuel mix for electricity generation. The consultation paper outlines two choices. One is to purchase 30% of Hong Kong's electricity needs from the Mainland grid. The other is to locally produce this electricity by using more natural gas instead of coal.

For many years Hong Kong has benefited from a highly reliable electricity supply at 99.999% delivered at comparatively low cost. This has been made possible due to our careful planning, network design and operational excellence. Going forward, in deliberating the options for change, the long-term value of Hong Kong must be preserved.

We have long held a view that Hong Kong should keep all options open to ensure the highest degree of flexibility in delivering the optimal fuel mix over the long term given the significant changes in international fuel markets and technology over time. Maintaining this flexibility is critical in ensuring the reliability, environmental performance and affordability of electricity that all of us in Hong Kong have come to expect.

Looking to the future, it is important to ask ourselves whether we wish to continue to have a say in the development of the electricity infrastructure in southern China or just simply to hand over this responsibility to others. We also need to ask ourselves the following: Do we wish to continue to have world-class reliability in our electricity supply? Do we wish to continue to have a say in the quality of our electricity infrastructure? Should we, as a society, be responsible for the environmental impact of our electricity supply? Should we consider the impact of the two options on skills retention in Hong Kong's power industry which is important to local talent development and maintenance of reliable electricity supply?

These are fundamental questions and should be carefully considered based on a much longer timeframe than over the next 10 years. We shall have to live with the decisions we take about our energy infrastructure for a very long time to come. It is thus important that we make the right choices today. We encourage our community to have your say in this consultation exercise. CLP will also be presenting our views to the Government at a later stage. As ever, CLP will work to support the implementation of the joint decision made by the Government and the community.

Thank you.

About the CLP Group

CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong's population.

Outside Hong Kong, CLP holds investment in the energy sector in Australia, Mainland China, India, and Southeast Asia and Taiwan. Its diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear and renewable sources. CLP is one of the largest external investors in the Mainland's renewable energy sector. In India, it is the largest foreign investor in the power sector and the biggest independent power producer in wind energy, foreign or domestic. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to 2.7 million customers.

CLP is listed in the Global Dow – a 150-stock index of the world's leading blue-chips, the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Dow Jones Sustainability Asia Pacific 40 Index (DJSI Asia Pacific 40) and Hang Seng Corporate Sustainability Index Series.

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