CLP Holdings Convenes 2019 Annual General Meeting

Chairman’s Opening Remarks

I would like to take this opportunity to acknowledge the Group’s good financial performance last year and to discuss our progress in growing and developing the business for a low-carbon, digital future.

Our financial results in 2018 were excellent, with dependable earnings in Hong Kong and a strong performance from our overseas businesses. Our operating earnings increased 5.1% to HK$13,982 million driven by a 30% increase in contribution from our businesses outside Hong Kong. This good result allowed us to increase our total dividend for 2018 to HK$3.02 per share, an increase from HK$2.91 in 2017.

While our financial results in 2018 were pleasing, we should not lose sight of the fact that the power sector globally is undergoing rapid change driven by the need to transition to a low-carbon future in combination with a dynamic period of innovation and technology development. As we have seen in Europe and North America, greater uncertainty and volatility can result from this change. In 2018 we made further strides to evolve our business to help meet these challenges. Starting with our governance practices, we have introduced some changes designed to ensure the gradual refresh of skills and experience on the Board over time so that we can continue to have the best Board for the Company in the years ahead.

In our home market of Hong Kong, the new 15-year Scheme of Control (SoC) Agreement took effect in October. While the new Agreement sees a lower level of return, which will result in lower earnings from the Hong Kong business in 2019, it gives us the clarity and certainty needed to move forward with our long-term investment plans in support of the Hong Kong Government’s low-carbon policy. The new gas-fired generation unit to be built at Black Point Power Station and our plan to develop an offshore LNG terminal are both very much part of this effort. We also made good progress on new initiatives to promote renewable energy development under the SoC Agreement through the Feed-in Tariff and Renewable Energy Certificate schemes along with new programmes to promote energy efficiency and conservation.
Outside of Hong Kong we are also progressing our effort to strengthen our businesses across the portfolio. In Mainland China, the regulatory reform process continues as the economy develops and the energy transition progresses. Our efforts over many years to build a low-carbon business have positioned us well to manage these changes and the expected completion of the sixth and final unit at the Yangjiang Nuclear Power Station in 2019 will further boost our presence in the country’s low-carbon future.

In India, we took an important step in the development of our business with the introduction of the Canadian pension fund manager Caisse de dépôt et placement du Québec (CDPQ) as a 40% shareholder of CLP India, which means that they will now share 40% of the earnings from our Indian business. The transaction underscored the underlying value of the assets and reputation we have built in India, where we are one of the country’s prominent renewable power producers. More fundamentally, the introduction of CDPQ brings the long-term strategic backing and additional resources that will support CLP India’s growth. We will continue to contribute to the expansion and improvement of the Indian power system through the continued growth of our renewable energy portfolio and in other parts of the energy supply chain that support the transition underway in India.

Turning now to Australia, which is in the midst of a Federal election campaign where climate change and energy policy are two of the key issues. As I have said in the past, more coordinated planning and stable energy policies are needed to ensure that the transition to cleaner energy can be achieved without compromising reliability and affordability. We will continue to support Federal and State governments work toward a national approach to energy to address these challenges. In this environment our business in Australia is faced with considerable uncertainty and market volatility. As our existing fleet of generating assets ages, reliability of performance becomes an increasingly complex challenge to manage and we must work harder and smarter to minimise production interruptions, particularly at times of high demand. In parallel, we will continue to focus our efforts on projects that will help stabilise and support the system as more intermittent sources of renewable energy come in. These include grid-scale batteries, pump storage, and gas plants that can be used at times of peak demand.

The electricity supply industry is at the early stages of an exciting period of innovation and technological change. Improved technologies create new possibilities for us to deliver our products and services in a clean, reliable and affordable fashion, and to give our customers greater choice and control over the way they use electricity. The need to move more quickly toward a low-carbon future provides a further spur to action. We have seen an increased interplay between powerful digital technologies and more rapid adoption of renewable sources of energy. In recognition of these changes and the impact that they may have on our traditional utility businesses we have made innovation a priority area of focus. This, in combination with our efforts over many years to build a low-carbon business, see the Group well positioned to make best use of these technological changes in building a sustainable business.
Ladies and gentlemen, while we are in an increasingly complex and rapidly changing environment, I am confident that the strength of the Group from the diversity of our business along with our long-term view and commitment to building a safe and sustainable business will continue to hold us in good stead.

Thank you.

CLP Holdings is the first Hong Kong-listed company to host hybrid Annual General Meeting, enabling about 1,900 shareholders to participate in person or online.
At the 2019 AGM, CLP Holdings Chairman Sir Michael Kadoorie (left) and Deputy Company Secretary Michael Ling (second left) survey an exhibition chronicling the history of the Company’s former headquarters on Argyle Street.

Chairman Sir Michael Kadoorie (right) receives memento from CLP shareholder.
About CLP Group

CLP Holdings Limited, a company listed on the Stock Exchange of Hong Kong, 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 Mainland China, India, Southeast Asia, Taiwan and Australia. 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 one of the biggest renewable energy producers and among the largest foreign investors in the electricity sector. In Australia, its wholly-owned subsidiary EnergyAustralia is one of the largest integrated energy companies, providing gas and electricity to about 2.55 million households and businesses.

CLP is listed on 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), Hang Seng Corporate Sustainability Index Series and MSCI Global Sustainability Index Series.

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