中電控股有限公司
CLP Holdings Limited
(incorporated in Hong Kong with limited liability)
(stock code no.: 00002)

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Quarterly Statement 2016 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months ended 31 March 2016 are summarised in this Quarterly Statement.

Hong Kong Electricity Business

In the first quarter of 2016 (which included an extra day due to this being a leap year), local sales of electricity were 6,629GWh, up 2.3% over the same period of last year. The Residential sector recorded a significant increase of 10.3%, mainly due to a higher heating and dehumidifying load driven by cooler weather and higher humidity. The increase in residential sales, together with the slight improvement in the Infrastructure & Public Services sector, offset the decreases in sales in the Commercial 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	167GWh	10.3%	27%
Commercial	(12GWh)	(0.4%)	41%
Infrastructure & Public Services	11GWh	0.6%	27%
Manufacturing	(20GWh)	(5.0%)	5%

Sales to the Mainland amounted to 168GWh, a level similar to the same period in the prior year.

Total electricity sales, including both local sales and sales to the Mainland, increased by 2.2% to 6,797GWh.

Following the announcement of the key findings of the public consultation on the future development of the electricity market, which recognised the effectiveness of the Scheme of Control (SoC) Agreement and supported a continuation of the established regulatory framework, CLP and the Hong Kong Government have commenced discussions on the new terms of the future SoC Agreement to apply after September 2018. We will work constructively with the Government in reaching a new agreement so that we can continue serving the future needs of Hong Kong with a safe, reliable, clean and reasonably-priced electricity supply.

In order to support the Hong Kong Government's policy of increasing the share of gas to around 50% in the local generation fuel mix in 2020, CLP submitted to the Government a Development Plan in December 2015, followed by an environmental impact assessment (EIA) study report in February 2016, for the construction of additional gas-fired generation capacity at Black Point Power Station. Public inspection of the EIA report commenced on 20 April and will continue until 19 May. Subject to Government's approval, the new capacity is targeted for commissioning by 2020. CLP will continue to engage with the Government and key stakeholders on the proposal.

CLP attaches great importance to fuel supply security and continues to pursue new gas sources as stipulated under the Memorandum of Understanding on energy cooperation signed between the Hong Kong Government and the Central People's Government in 2008. Engagement with potential suppliers to meet the additional gas requirements for 2020 and beyond has commenced. One option is the development of an offshore Liquefied Natural Gas (LNG) terminal in Hong Kong. This would enable us, along with other large users of natural gas in Hong Kong, to access international supplies of LNG and secure the most competitive source of gas. We have submitted to the Environmental Protection Department a project profile that is now available for public inspection until 20 May. A detailed EIA study will be carried out to examine the impacts of the terminal on the environment and marine ecology during the construction and operation phases. We will develop appropriate mitigation measures when needed to minimise the environmental impact of the project. CLP will closely communicate with the relevant government departments and stakeholders to listen to their views of the proposed project.

Regional Businesses

Mainland China

China's economic slowdown continued albeit at a slower pace in the first quarter.

The overall performance of our hydro portfolio was strong in the first quarter of 2016. Huaiji saw higher generation due to good rainfall, whilst Jiangbian and Yang_er benefitted from more water discharge from upstream. In addition, Jiangbian was able to increase power generation with the signing of direct sales and replacement generation contracts.

Our solar projects delivered strong financial performance compared with the first quarter of 2015 despite continued grid curtailment in Gansu which affected power generation of Jinchang.

Power generation from our wind projects improved compared with the same period of last year, primarily due to the commissioning of Xundian in January 2016. Construction of Sandu I in Guizhou, and CLP Laizhou I and Laiwu II in Shandong continued and will add about 200MW of combined capacity when completed. These projects are targeted for commissioning in the second half of 2016.

As part of a pilot power sector reform in Yunnan, the on-grid tariff rate for our projects, including Yang_er hydro, Xundian wind and Xicun solar are subject to adjustment based on the tariff level set by competitive bids. We expect this will adversely affect the financial performance of these projects in 2016. We will closely monitor the situation and explore measures to mitigate the impact.

During the period, our coal-fired projects continued to benefit from low coal prices. Although China has announced a reduction of on-grid tariff rates for coal power plants by an average of about RMB3 fens per kilowatt hour beginning 1 January 2016, we expect the impact will be partially offset by low coal prices. Dispatch from Fangchenggang Power Station continued to be affected by the economic slowdown and high hydro generation in the Guangxi Zhuang Autonomous Region. Construction of Fangchenggang Phase II is on schedule for commissioning in the second half of 2016.

India

In the first quarter of 2016, Jhajjar Power Station achieved availability of 88%. This elevated the plant's availability during the Indian fiscal year ended on 31 March 2016 to 85%.

During the period, Paguthan Power Station reported availability of 88%. Utilisation increased to about 22% on the back of subsidised imported gas.

On renewables, wind power generation was lower than expected primarily due to low wind speed. Load restrictions affected Theni Wind Farm in the state of Tamil Nadu but generation is expected to improve after the State High Court directed power distribution companies to allow wind farms to adhere to a 'must run' status.

Southeast Asia and Taiwan

Having successfully completed a major overhaul of one of its generating units, Ho-Ping Power Station in Taiwan continued to operate reliably and safely during the period. Satisfactory performance was also reported by Lopburi solar project in Thailand.

In Vietnam, development of the Vung Ang II and Vinh Tan III coal-fired projects has picked up momentum with active engagement with our prospective customer Vietnam Electricity Group and the Vietnamese Government towards finalising agreements.

Australia

Wholesale electricity market prices were higher in the quarter, reflecting increased demand and outages at major power generators. Demand in the national electricity market was up 3.4% during the period across all states compared with the prior year, largely due to higher-than-average temperatures in New South Wales and Queensland, and increased demand from LNG projects in Queensland. However, the outlook for the wholesale electricity market is expected to remain challenging with oversupply likely to persist for some time.

Meanwhile, the number of customer accounts grew in the quarter due to increased campaign activity toward the end of 2015 and into 2016. This growth, predominantly driven by the New South Wales market, continued the trend of the second half of 2015. Nevertheless, competition in Victoria remained strong.

EnergyAustralia continues to build on the progress it made in 2015 towards restoring value to the business by focusing on enhancing customer service, operating more efficiently and reducing costs. The positive trend continued through the quarter reflected in improved mass market billing performance and further reductions in customer complaints.

Annual General Meeting (AGM)

The eighteenth AGM of the Company was held on 5 May 2016 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

Directors today declared the first interim dividend for 2016 of HK$0.57 per share payable on 15 June 2016 to Shareholders registered as at 3 June 2016. The dividend of HK$0.57 per share (2015: HK$0.55 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 3 June 2016. To rank for this dividend, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 June 2016.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 9 May 2016

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 Ronald J. McAulay, 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 19 May 2016 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

You may change your choice of language (English and/or Chinese) and means of receipt (in printed form or through our website) of the Company's future corporate communications[(Note)], free of charge, at any time by reasonable notice in writing (not less than 7 days) to the Company or the Company's Registrars or via e-mail (cosec@clp.com.hk or clp.ecom@computershare.com.hk), notwithstanding any wish to the contrary you have previously conveyed to the Company or the Company's Registrars.

If you have received this Quarterly Statement in printed form, and you wish to receive this in the other language (English or Chinese), please write to the Company or the Company's Registrars, Computershare Hong Kong Investor Services Limited or via e-mail to 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. In case you have previously chosen (or have been deemed to have consented) to receive the Company's corporate communications by electronic means, but for any reason you have difficulty in receiving or gaining access to the Quarterly Statement, we will promptly, upon your request, send the Quarterly Statement of your choice of language in printed form to you 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).*