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 – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2017 are summarised in this Quarterly Statement.

Hong Kong Electricity Business

Safety is always our first priority. We are deeply saddened by the fatal accident in July which resulted in the deaths of three contractor workers working at a cable tunnel in Hung Hom, Hong Kong. We have been working with the contractor company to ensure appropriate assistance is provided to the families of the deceased, and we are cooperating with relevant Government departments in the investigation.

Our goal is to eliminate all work place injuries at our worksites and we will continue to pursue this relentlessly.

Our focus on the safety and integrity of our operations is reflected in our ability to continue to deliver a highly reliable, safe and reasonably priced electricity supply with improved environmental performance in the first nine months of the year. The robustness of our systems was tested and proven in August when Hong Kong was besieged by two historically strong typhoons within four days. Despite the short time gap between the typhoons, our infrastructure remained intact and our customers experienced minimal service interruption. This was achieved due to our continued efforts over the years in strengthening the reliability of our systems and enhancing our emergency response capability.

During the period, local sales of electricity were 25,602GWh, similar to the same period last year. The drop in sales in the Residential sector earlier this year as a result of lower demand for heating and dehumidification had fully offset the improvement in the Commercial and Infrastructure & Public Services sectors. A breakdown of the changes in local sales during the period by sector is as follows:

	Increase / (Decrease)		% of Total Local Sales
Residential	(250GWh)	(3.3%)	28%
Commercial	85GWh	0.8%	40%
Infrastructure & Public Services	137GWh	2.0%	27%
Manufacturing	(7GWh)	(0.5%)	5%

Sales to the Mainland increased by 8% over the same period last year to 1,012GWh due to an increase in electricity sales to Shekou.

Total electricity sales, including both local sales and sales to the Mainland, increased by 0.2% to 26,614GWh.

We continued the construction of the new 550MW gas-fired generation unit at Black Point Power Station and the environmental impact assessment for the proposed offshore LNG terminal in Hong Kong waters as planned. We target to commission the new generation unit before 2020 and to receive the environmental approval for the LNG terminal in 2018. We also commissioned a new 132kV substation to provide electricity to a data centre in Tseung Kwan O which is an essential infrastructure to support pillar sectors like financial services, trading and logistics and help enhance Hong Kong's competitiveness in the region.

As part of our efforts to enhance customer experience and to support Hong Kong's development into a smart city, CLP launched the Smart Enterprise programme in July. The programme allows our commercial and industrial customers to remotely control and monitor their electrical equipment through a mobile app with sensors installed in their premises. This energy management service enables our customers to enhance their operational and energy efficiency through comprehensive monitoring and data analytics.

CLP Power has established the CLP Power Academy, our major investment in the future, to nurture young professionals for the power industry. The Academy has joined hands with the Vocational Training Council to offer a Professional Diploma programme in Power Engineering for experienced electrical and mechanical tradespeople. It will welcome its first intake of about 40 students in October.

Regional Businesses

Mainland China

China's economy continued to grow steadily during the first nine months of 2017. However, the operating environment in the power market remained challenging as a result of the country's structural economic reform and high coal prices. Demand for electricity has begun to pick up in recent months although the growth in demand remained low.

During the period, coal prices remained high and they adversely affected earnings of our coal-fired generation portfolio, albeit on-grid benchmark tariffs slightly increased in July. The slower pace of economic growth in Guangxi Zhuang Autonomous Region and competition from abundant hydro power generation continued to affect dispatch of Fangchenggang Power Station. Meanwhile, we have started retrofitting Phase I of the plant to enhance its efficiency and emission standards to ensure compliance with Mainland China's emissions requirements before 2020.

Our hydro projects have performed well in the first three quarters although the performance was not as good as that in the same period of 2016. Huaiji in Guangdong and Jiangbian in Sichuan saw lower generation compared with a year ago as they were affected by less rainfall and grid curtailment respectively. The performance of Yang_er in Yunnan improved because of better water inflow.

Generation of our solar portfolio was slightly less compared with the corresponding period of last year as Jinchang in Gansu suffered more grid curtailment. Nonetheless, generation at Xicun in Yunnan and Sihong in Jiangsu remained stable. Our new project at Huai'an in Jiangsu, which commenced commercial operation in June, also performed steadily.

Meanwhile, generation of our wind portfolio in the first nine months of 2017 was higher than the corresponding period last year as the new units at Sandu I in Guizhou and CLP Laizhou I in Shandong were commissioned in July and October of 2016 respectively. Laiwu II in Shandong is expected to commence operation in October 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. Approval by the Mainland's regulatory authority to complete the transaction is expected in October 2017.

India

CLP India achieved a key milestone in August 2017 when its first solar project, the Veltoor Solar Power Station, commissioned 50MW of its 100MW generating capacity. We expect the remaining 50MW to be operational in the last quarter of this year.

Generation of our wind projects was lower by about 1% in the first nine months of the year compared with the corresponding period of last year because of adverse wind conditions especially for the month of September.

During the period, availability of Paguthan Power Station reached over 90%, ensuring its commercial returns. Utilisation remained under 5% in line with the high cost of generation using imported spot gas.

Following a planned two-month maintenance outage in the second quarter, availability of Jhajjar Power Station has almost returned to the normative level of 80%. We expect availability will reach the 80% threshold in the subsequent quarter.

Southeast Asia and Taiwan

Operation of Ho-Ping Power Station in Taiwan was interrupted in July after a typhoon damaged one of its transmission line towers. A temporary transmission tower was constructed immediately after the typhoon and generation from the power plant was restored in two weeks. Plans for the construction of a permanent transmission tower are being finalised.

In Thailand, the Lopburi solar project operated steadily during the third quarter.

In Vietnam, efforts to finalise the key project agreements with the Government regarding the Vinh Tan 3 and Vung Ang 2 coal-fired projects continued.

Australia

In the third quarter of 2017, wholesale electricity forward prices remained high compared with the same period last year. This reflects higher gas prices along the east coast of Australia, increased volatility in the electricity market and the impact of the closure of ageing coal generation plants. Within that context, EnergyAustralia has welcomed legislation passed in the

New South Wales State parliament that has helped secure the immediate future of the Springvale coal mine which supplies coal to the Mount Piper Power Station. Long-term coal supply arrangements will remain a key management focus. Higher gas costs have also reduced contribution from our gas activities compared with the same period last year.

Although high and volatile wholesale prices have increased earnings from our generation assets, they have had an adverse impact on the cost to procure energy for our customers. These cost pressures have required an increase in the standing tariffs set by retailers in New South Wales, Queensland and South Australia. Competition, churn and discounting remain high in the Australian energy market.

While there have been a number of reviews into the energy market with a view to reducing the impact of high energy prices on Australian households and businesses, material policy uncertainty remains. Against this backdrop, EnergyAustralia continued to focus on supporting our customers through initiatives such as a new interactive electronic bill that provides better information and an additional commitment of A$10 million for our hardship programme. In addition, we continued our “Go Neutral” programme, calling for one million EnergyAustralia homes to choose carbon neutral electricity at no extra cost to them.

Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2017 of HK$0.59 per share payable on 15 December 2017 to Shareholders registered as at 6 December 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 December 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 Tuesday, 5 December 2017.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 16 October 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 26 October 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 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.

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 by 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 to cosec@clp.com.hk or clp.ecom@computershare.com.hk.

Should you have any difficulties in accessing the corporate communications electronically, please ask us for a printed form and we will promptly send you the corporate communications 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).*

Energy for Brighter Tomorrows