To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2019 are summarised in this Quarterly Statement.

**Hong Kong**

Sales of electricity in Hong Kong were 26,577GWh, an increase of 1.8% compared with the same period in 2018. We recorded higher sales in the Commercial sector and the Infrastructure & Public Services sector, supported by a number of major infrastructure developments. Sales in the Residential sector slightly increased from the same period in 2018. Year-on-year changes in Hong Kong sales during the period were as follows:

<table>
<thead>
<tr>
<th>Local Sales</th>
<th>Increase/(Decrease) % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>49GWh 0.7% 28%</td>
</tr>
<tr>
<td>Commercial</td>
<td>182GWh 1.8% 39%</td>
</tr>
<tr>
<td>Infrastructure &amp; Public Services</td>
<td>273GWh 3.8% 28%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>269GWh (2.0%) 5%</td>
</tr>
</tbody>
</table>

No sales to Mainland China were recorded during the period, as the Shekou electricity supply agreement expired in June 2018. Total electricity sales, which included Hong Kong sales and sales to Mainland China, decreased 0.3% compared with the same period last year.

The Council for Sustainable Development launched a public engagement to understand the views of the community in formulating Hong Kong’s long-term decarbonisation strategy and set appropriate targets for 2050. In our submission to the Council in September, we emphasised that all countries and sectors have to reduce carbon emissions if the worst consequences of climate change are to be avoided. Hong Kong needs to start planning now for a reliable pathway to a low-carbon future in the leadup to 2050.

For the electricity sector, we set out two different approaches in our submission. The first is to increase gas-fired generation, which can achieve reliable and tangible carbon reduction but may not be able to reach higher emissions-reduction targets without breakthroughs in innovation or new technologies such as hydrogen use and the application of carbon capture and storage.

The second approach is regional cooperation which can lead to significantly increased supplies of zero-carbon energy in the fuel mix, using existing proven technology. However, it involves building new interconnection lines which may encounter challenges in gaining relevant permission, stakeholder support as well as technical feasibility. Neither strategy is mutually exclusive, and each presents its own opportunities and challenges.

We support the decarbonisation of electricity generation, while recognising that carbon reduction requires the involvement and effort of every sector in society. When the public engagement exercise is concluded, we will support the policy formulated by the Government with our power sector expertise and ensure a reliable, efficient, low-carbon electricity supply for our customers.

Progress in our ongoing capital project developments has put us on track to support the Government’s medium-term decarbonisation objectives. The construction of the new 550MW combined-cycle gas turbine (CCGT) generating unit at the Black Point Power Station is nearing completion and the unit is due to go into operation in the first quarter of 2020. Front-End Engineering Design (FEED) is nearing completion and the unit is due to go into operation in the first quarter of 2020. The new 10MW landfill gas power plant in the West New Territories Landfill commenced construction and is expected to commence operation by end of 2019.

For our Feed-in Tariff programme for renewable energy, we have received more than 5,200 applications by the end of September, 87% of which have been approved.

We are committed to providing our customers with cost-effective, simple and smarter services through digitalisation. By the end of September, 235,000 smart meters were connected, as we continue our installation programme for all customers in Hong Kong. We have also introduced additional mobile payment channels to enable our customers to settle their electricity bills through mobile devices.

To encourage energy saving and environmental conservation, we launched the Power Connect programme under the Community Energy Saving Fund in January. Around 200,000 customers have joined the programme which allows them to earn rewards through energy savings throughout the year while under-privileged groups benefit from electricity subsidies. We target to provide subsidies to 40,000 beneficiaries, and have received more than 29,000 applications as of the end of September.

**Mainland China**

Our Mainland China operations continued to benefit from the strong performance of our zero-carbon portfolio. Generation from our solar assets increased from same period last year, supported by contribution from the Meizhou plant in Guangdong Province, acquired in January.

Production of our hydro portfolio was bolstered by the strong performance of the Huaji plants in Guangdong Province following plentiful rainfall this year. Moreover, sales at Jiangbian in Sichuan Province increased as a result of reduced grid curtailment.

Generation of our wind portfolio was impacted by lower wind resources in Shandong Province this year, offsetting the lower grid-curtailment in northeast China. In September, we completed the installation of the first wind turbine in our Laiwu III project in Shandong, and we have achieved good safety performance since construction commenced in the second quarter.

Output at the Yangjiang Nuclear Power Station benefitted from the commissioning of the Sixth and final generating unit in July. Daya Bay Nuclear Power Station reported stable performance.

Our coal-fired generation projects continued to manage the challenges of low prices and utilisation, in addition to high fuel costs, as domestic coal prices remained elevated due to ongoing government measures to control production. Utilisation at Fangchenggang Power Station improved, supported by economic growth in the Guangxi Zhuang Autonomous Region and weaker-than-expected competition from hydropower following low rainfall in the first nine months of the year. Meanwhile, the plant continued to supply steam and carbon dioxide to a nearby factory, thereby securing more generation hours. We obtained approval for the direct unloading of imported coal at Fangchenggang to help reduce fuel costs.

**India**

CLP India submitted a successful tender to the Solar Energy Corporation of India in August for a new 250MW wind energy project. The project in the western state of Gujarat will be the largest wind farm in the Group and is expected to go into operation in 2021. CLP India is in the meantime continuing to make progress with the planned acquisitions of three power transmission projects announced in July.

The performance of Jhajjar Power Station continued to strengthen, benefitting from an improved load and competition. Jhajjar became one of the first power plants in India to fulfil a requirement to dispose of all fly ash produced from operations.

The performance of our solar portfolio remained stable, helped by higher availability and generation at Veltoor. Availability of our wind energy portfolio was high, but generation was marginally lower than the same period last year because of reduced wind resources in the high-wind season of the third quarter.

Following the expiration of the power purchase agreement for Paguthan Power Station in December 2018, we have explored new commercial opportunities including short-term sales on the Indian Energy Exchange. However, the plant did not undertake any commercial generation during the period.

**Southeast Asia and Taiwan**

The coal-fired Ho-Ping Power Station in Taiwan and Lopburi Solar Farm in Thailand operated stably and safely during the third quarter of 2019. We continued our discussions with our partners and the Vietnamese Government over the Vung Ang II and Vinh Tan III legacy coal-fired projects.
Australia

Energy Australia continued to face a challenging business environment. The implementation of regulated default market offers on 1 July represents the most significant change in years to energy retailing in Australia and resulted in increased pressure on margins in the retail segment. The new price regulations led Energy Australia to record a one-off, non-cash goodwill impairment as part of the Group’s 2019 Interim Results announced in August. Retail competition remains intense in Victoria. Our total number of customer accounts declined during the quarter.

We completed implementation of the default market offers with minimal disruption to customers. Energy Australia also launched new offers to coincide with the change which simplify services through features such as fixed prices throughout the contract term and the removal of conditional offers.

We made good progress with ongoing programmes to enhance our service and saw a continuing improvement in our customer feedback and net promoter score. We also expanded our appeal to commercial and industrial customers through the acquisition of a 49% interest in Echo Group, a solar and LED lighting company. Our partnership with Echo aims to make rooftop solar and LED lighting technologies available to businesses.

Mount Piper Power Station in New South Wales has been operating under a coal conservation strategy for most of the year to manage shortages of coal resulting from poor geological conditions at the nearby Springvale mine, its current single source of supply. This coal conservation strategy allowed Mount Piper to run at critical times in the high demand winter months of July and August. Generation curtailments were necessary to help manage the coal stockpile. During the lower demand spring season, the underground mining operations will be moved to a new area with the aim of improving future coal supply. This is planned to be completed ahead of the high demand Australian summer period. Energy Australia has also been working closely with the State Government and the mine owner Centennial to find alternative sources of coal and has been successful in securing supplies from two nearby mines to supplement the coal available from the Springvale mine.

Operations at Yallourn Power Station in Victoria were restricted in the first half of the year as an investigation was conducted into a fatal incident in late 2018 and new measures were introduced to improve safety. Safety enhancements were completed in the third quarter on two of the four units and work on the remaining two units will be completed in October. This will enable Yallourn to return to normal operations in time for the summer months.

While operations at Mount Piper and Yallourn were at times constrained, additional generation from our gas-fired power stations at Newport and Jeeralang in Victoria and Tallawarra in New South Wales have offset some of the impact. Our Hallett Repower project in South Australia progressed well and is on track to increase capacity at our existing gas-fired plant by 30MW. Power from the expanded project is scheduled to be available from the first quarter of 2020. An upgrade at Mount Piper has also been commenced and will add a total of 60MW of capacity without the requirement to burn any additional coal.

Meanwhile, the continuity of high and volatile wholesale prices has raised the costs of procuring energy, especially during periods of high customer demand. These market conditions are also expected to impact our supply cost for future periods.

As volatility in the wholesale market continued amid the growing penetration of renewable energy, Energy Australia remains committed to working with Federal and State Governments to address the challenges of reducing emissions and developing a modern, efficient energy supply system at a time of higher electricity prices.

Yallourn was subjected to renewed media attention in September over the potential impact of staged emissions targets towards a target of zero emissions in Victoria by 2050. We noted in a public submission that the State Government should take care to avoid measures which lead to the premature closure of power stations without first ensuring the energy system has access to sufficient replacement capacity. Careful planning is needed to minimise the impact on our customers and the communities we serve.

In the meantime, Energy Australia has continued advancing a portfolio of potential projects, including pumped hydro and gas expansion, as part of our long-term commitment to provide cleaner and more flexible energy generation.

Innovation

Smart Energy Connect, our new online energy app store, was recognised in the Best Smart Energy Innovation category in the Future Digital Awards, an annual programme organised by consultancy Juniper Research to identify outstanding technologies globally. Other award winners include AutoGrid Systems Inc, The Silicon Valley energy management technology company in which we are an investor. We continue our efforts to scan for, develop and implement new technologies, digital capabilities and emerging business models through investments and partnerships, supporting our transformation into a Utility of the Future.

Executive Appointments

To support the Group’s ongoing growth and development, we have continued to strengthen our senior management team by recruiting world-class business leaders with proven experience and capabilities. Effective from 3 September, Ms Eileen Burnett-Kant has been appointed Chief Human Resources Officer, succeeding Mr Roy Massey following his retirement. Ms Burnett-Kant was previously Group Executive – Human Resources at Orica Limited. Mr David Smales has been appointed Chief Operating Officer from 1 October, succeeding Mr Derek Parkin, who is retiring from the role to serve as Senior Advisor – Project Management. Prior to joining CLP, Mr Smales was Chief Executive Officer of Energy Queensland.

Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2019 of HK$0.63 per share payable on 13 December 2019 to Shareholders registered as at 13 December 2019. The dividend of HK$0.63 per share (2018: HK$0.61 per share) is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 4 December 2019. 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, 3 December 2019.

The Hon Michael Kadoorie
Chairman of the Board of Directors
Hong Kong, 21 October 2019

The Directors of the Company as at the date of this Quarterly Statement are:

Non-executive Directors:
- The Hon Michael Kadoorie
- Mr William Mocatta
- Mr J. A. H. Leigh
- Mr Andrew Brandler
- Mr Philip Kadoorie

Independent Non-executive Directors:
- Mr V. F. Moore
- Sir Rod Eddington
- Mr Nicholas C. Allen
- Mr Vincent Cheng
- Mrs Fanny Law
- Mrs Zia Mody
- Ms May Siew Boi Tan

Executive Directors:
- Mr Richard Lancaster
- Mr Geert Peeters

This Statement is also available at the Investors Information section on the Company’s website at www.clpgroup.com.