

4 May 2018

## **CLP Holdings 2018 Annual General Meeting Sets New Record for Shareholder Participation**

### **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 toward a low carbon future.

Ladies and gentlemen, our financial results in 2017 exceeded those of the year before, with steady growth in Hong Kong and a strong performance from our overseas businesses. Our operating earnings were HK\$13.3 billion, a 7.9% increase over 2016 mainly driven by a 16.3% increase in contribution from our businesses outside Hong Kong. This good result allowed us to increase our total dividend for 2017 to HK\$2.91 per share, an increase from HK\$2.80 in 2016.

In addition to our good financial results, we continue to make progress on our efforts to transition to a lower carbon future. We began our energy transition over a decade ago when CLP voluntarily introduced our Climate Vision 2050 and committed to lowering the carbon intensity of our generating portfolio by approximately 75% of our 2007 position by 2050. In 2017 we set even more ambitious targets to support our transition to a lower carbon future. After a comprehensive review of each of our key markets, we committed to reducing our carbon intensity by 82% by 2050 and to further increasing the share of non-carbon emitting generating capacity and renewable energy capacity in our portfolio by 2030. Not only is this the right thing to do for our planet and our future generations, it is the right thing to do for the long-term health of our business.

In Hong Kong we are working to support the Government's Climate Action Plan which calls for a reduction of carbon intensity by 65-70% from 2005 levels by 2030 and an increase in the use of natural gas to around half of the total fuel mix for electricity generation in 2020. 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. I am pleased to see the long-term, considered approach to energy policy and climate change that the Hong Kong Government is taking. This provides us with the necessary clarity and certainty required for future planning and investment.

Under the new Scheme of Control Agreement we have commenced discussions with Government on a Development Plan setting out our investment strategy for the next five years. This plan takes into consideration the steps that we will need to take to support the Government's 2030 climate targets and to continue to provide customers with a safe, reliable and environmentally friendly power supply at a reasonable cost. CLP is committed to working constructively with the Government on this important plan.

Outside of Hong Kong we are also progressing our effort to strengthen our businesses across the portfolio. In Mainland China, our acquisition of a 17% interest in Yangjiang Nuclear Power Co., Ltd. not only delivers significant additional earnings to the Group, but also boosts our presence in the country's low carbon future.

In India, which is one of our primary growth markets, we continue to see opportunities to expand the business over the long term. With a large developing economy which is growing steadily, India will require significant capital investment in its power system over the long term in order to meet the needs of consumers. At CLP we would like to continue to contribute to the expansion and improvement of the Indian power system. In addition to our efforts to grow our renewable energy portfolio, we are working on broadening our activities in order to participate in other parts of the energy supply chain that support the transition underway in India.

Turning now to Australia, where our emphasis has been on restoring value to our existing investments, we have been moving ahead on plans with strong momentum and we are now increasingly focused on long-term value creation. Earlier this year, our EnergyAustralia business acquired Ecogen Energy, the owner of gas-fired power stations in the state of Victoria with a combined capacity of 950MW. While we have a long-standing offtake agreement for the electricity produced from these plants, the acquisition now provides the greater certainty that comes from direct ownership at a time when the flexibility of gas-fired generation in support of the integration of renewable energy into the system is becoming more significant.

Last year I discussed some of the challenges facing our business in Australia arising from the considerable uncertainty on their energy policy. Federal and state governments continue working toward a national approach to energy to address these challenges. We support these efforts and remain firmly of the view that a bi-partisan and national approach to energy is critical to addressing these challenges. Predictable policies that support the delivery of reliable, affordable and cleaner energy are essential as is policy certainty and stability. As I have said many times in the past, these are the ingredients that give the industry the confidence to invest in order to meet the needs of consumers.

In conclusion, while the complexities of the energy transition mean that uncertainty is to be expected from time to time, the strength of the Group from the diversity of our business, positions us well to address these challenges. In a rapidly changing environment this strength, along with the culture of the CLP Group, 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's 2018 Annual General Meeting attracts 2,100 shareholders,  
setting a new company record**



**CLP Holdings Chairman Sir Michael Kadoorie and CLP Power Hong Kong Chief Corporate Development Officer Quince Chong welcome shareholders to the AGM**

### **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 over 2.6 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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