中電控股有限公司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Quarterly Statement 2022 (January – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company or CLP) for the nine months ended 30 September 2022 are summarised in this Quarterly Statement.

Hong Kong

Electricity sales in Hong Kong decreased 2.3% to 26,872 gigawatt hours (GWh) in the first nine months of 2022 compared with the same period in 2021. Despite the surge in COVID-19 cases in the summer and the slow revival of economic activity, electricity sales in the July-September quarter rose in the Commercial and Infrastructure and Public Services sectors from a year earlier. Due to surging international fuel prices, increases in CLP's Monthly Fuel Adjustment have resulted in a 10.6% jump in the net tariff since January 2022. CLP continued to face immense pressure on fuel costs, which will inevitably affect tariffs for customers, although at a very much lower level than many other places in the world. The following table shows sales by sector over the nine-month period, together with year-on-year changes:

	Local Sales by Sector	% of Total Local Sales	% Increase/ (Decrease)
Residential	8,021GWh	30%	(4.5%)
Commercial	10,103GWh	37%	(2.2%)
Infrastructure and Public Services	7,521GWh	28%	0.4%
Manufacturing	1,227GWh	5%	(4.6%)

The expert panel set up by CLP to conduct a comprehensive investigation into the Yuen Long cable bridge fire of 21 June submitted its final report to the Government in August. The panel concluded that the fire was not caused by foul play and that neither power loading, the electrical protection system, hot weather nor high-voltage cables was a cause. The fire incident was considered extremely rare and it was highly likely that a fluorescent light in the cable bridge caught fire and ignited a communication cable, with the fire then spreading to the adjacent communication and power cables. CLP is committed to providing a highly reliable electricity supply and will urgently and diligently follow the panel's recommendations for improvements to avoid a repeat of such a rare incident. The Government agrees in principle with the cause of fire and improvement measures as set out in the report. CLP management presented the report to the public through a media briefing on 26 August 2022 and a presentation at the Legislative Council Economic Development Special Panel meeting held on 2 September.

The Company is deeply concerned about the impacts the incident had upon residents and customers. CLP extended its sincere apologies to everyone affected and thanked Government departments and community leaders for their assistance and invaluable advice. In a gesture of gratitude for the understanding shown by residents, CLP allocated HK$20 million to offer Appreciation Vouchers to affected residential customers to spend at over 700 participating shops and outlets in the affected districts, bringing benefits to local businesses as well.

Despite logistical and supply chain challenges caused by the pandemic, CLP moved forward with investments to further decarbonise its power supply. Engineering, procurement and construction works on Black Point Power Station's new 600 megawatt (MW) combined-cycle gas turbine generation unit continued to progress. Construction of the marine jetty and undersea gas pipelines for the offshore LNG terminal in the south-western waters of Hong Kong was mostly completed and the terminal is due to go into service next year.

Preliminary geotechnical site investigations confirmed the potential for an offshore wind farm project in the south-eastern waters of Hong Kong. The project proposal is expected to be included in the 2024-2028 Five Year Development Plan that CLP will submit to the Government, as technological advances make offshore wind generation increasingly commercially viable as a way to support a significant increase in Hong Kong's local renewable energy generation. In another major clean energy initiative, CLP's Renewable Energy Feed-in Tariff scheme continued to receive strong interest from customers, with 327MW of capacity approved or connected to the grid as of 30 September.

CLP made further progress with the installation of smart meters for all residential and business customers, giving them greater control over their electricity consumption through digital technology. By the end of September, more than 1.63 million smart meters had been connected, covering more than half of CLP's meters for residential and small and medium enterprise customers in Hong Kong.

Mainland China

A robust performance by non-carbon energy businesses continued in Mainland China in the first three quarters of 2022. However, thermal power assets were hampered by rising fuel costs.

CLP continued to benefit from its nuclear energy investments in Guangdong province, with the two plants in the portfolio maintaining stable and safe operations. Generation at Yangjiang Nuclear Power Station remained strong, while Daya Bay Nuclear Power Station performed steadily.

CLP's wind energy generation increased thanks to the start of commercial operations at Qian'an III Wind Farm in Jilin province in March. Generation from the solar energy portfolio remained stable, while hydro generation rose because of high water resources for the Jiangbian plant in Sichuan and the Huaiji plants in Guangdong.

Construction got under way in the 50MW Xundian II Wind Farm in Yunnan province – a grid parity project like Qian'an III designed to operate without Government subsidies – and the plant is due to be connected to the grid before the end of the year. Work on another grid-parity project, the 150MW Bobai Wind Farm in Guangxi Zhuang Autonomous Region, is due to begin in the fourth quarter. The new projects are testament to CLP's keen focus on clean energy development and constant exploration of potential new renewable energy investments as the transition to low-carbon energy in Mainland China gathers pace.

Sustained high fuel prices continued to affect the margins of Fangchenggang Power Station in Guangxi as the Ukraine conflict exacerbated international coal supply shortages. The impact was only partially offset by higher tariffs negotiated with customers this year, and CLP is advancing plans to transform the power station into an integrated energy provider that supplies steam in addition to electricity.

CLP*e* signed a memorandum of understanding (MoU) with the Longhua District People's Government in Shenzhen in August on digitalised energy projects, supporting the development of low-carbon energy in an area that sits at the heart of the Greater Bay Area (GBA). As the first initiative under the MoU, CLP*e* launched a 1.24 megawatt-peak distributed solar energy project at the Longhua headquarters of MTR Corporation (Shenzhen) Limited.

CLP meanwhile announced a strategic partnership to develop smart energy technology businesses in the GBA with Venturous Group, a company specialising in smart city technologies, after CLP acquired a 5% stake in Venturous. The partnership covers collaboration in technology, business development and investments.

Australia

EnergyAustralia remained focused on supporting customers and maintaining reliable power station operations as the Australian electricity market continued to grapple with high fuel costs, outages at major power plants and adverse weather events. The challenging market conditions resulted in an unprecedented suspension of spot power trading in June following an exceptional number of interventions from the Australian Energy Market Operator.

Generation at Yallourn Power Station in Victoria was reduced by a series of plant issues this year. To improve long-term reliability, EnergyAustralia has implemented a coordinated programme of planned maintenance outages for Yallourn's four generation units. While coal supply to Mount Piper Power Station in New South Wales improved in the third quarter, the plant's output this year has been lower than a year earlier following major maintenance in the first half and conservation of coal due to lower than contracted deliveries. To help offset the dip in coal-fired generation, EnergyAustralia increased output from its gas-fired power stations, which recorded strong operational performance.

In line with its long-standing hedging policies, most of EnergyAustralia's generation was contracted in advance of this year's higher wholesale power prices. The sold contract prices were therefore significantly lower than prevailing persistently elevated spot market rates. This has led to increased costs to settle contracts that could not be covered due to the generation shortfall from Yallourn and Mount Piper, negatively impacting the financial performance of the Energy division. In addition, mark-to-market requirements for EnergyAustralia's energy contracts not qualifying for hedge accounting resulted in the continuation of significant, unfavourable fair value movements for the first nine months this year, at levels not less than those reported for the first half. These unrealised losses are based on contract positions at a particular point in time and are subject to change, and will be unwound when contracts expire. In the longer term, high wholesale power prices are expected to benefit EnergyAustralia provided it can generate and dispatch electricity at higher prices.

EnergyAustralia's Customer business performed well with new customer acquisitions and reduced churn supporting an increase in customer accounts by more than 22,000 so far this year. Under the Australian Energy Regulator's Retailer of Last Resort mechanism, some customers were transferred to EnergyAustralia after their energy suppliers ceased services following this year's challenging market conditions. EnergyAustralia remains committed to providing affordable energy services and supporting customers facing financial vulnerability due to rising power costs, cost of living pressures and the impact of the pandemic.

EnergyAustralia is committed to developing flexible capacity to support the clean energy transition. Construction of the Tallawarra B plant in New South Wales began in March. It is due to be completed by the 2023/24 Australian summer, and will be the country's first carbon offset hydrogen and gas-capable power plant. In September, the New South Wales Government awarded A$11 million (HK$58 million) of funding to EnergyAustralia towards progressing feasibility studies for a potential pumped hydro energy storage facility in its Lake Lyell site, near Mount Piper and EnergyAustralia is contributing a further A$17 million (HK$90 million). The facility would have the capacity to provide 335MW of electricity with around eight hours of storage – enough to power more than 150,000 households in peak demand times.

India

Apraava Energy saw a stable performance in its power generation and transmission businesses, and continued to expand its green energy portfolio to support the low-carbon transition and rising energy demands of the booming Indian economy.

Wind energy generation declined marginally compared with the same period in 2021 because of lower resources during the monsoon season. Despite delays to construction of the new 251MW Sidhpur wind farm in Gujarat state due to heavy monsoon rains, the first phase of the project is expected to be commissioned this month, with the final phase scheduled for the first quarter of 2023.

Solar energy generation was lower year-on-year. Output from the Gale and Tornado plants in Maharashtra state dipped in the first quarter because of a dispute involving local farmers and the original developers of these plants. A partial resolution was reached which allowed normal operations to resume in April.

Jhajjar Power Station recorded a steady performance and worked to secure an adequate fuel supply to meet surging power demand. The plant received a gold award in the Arogya World-Healthy Work Places Awards 2022, recognising its efforts on workplace health and wellness. Apraava Energy's transmission assets – Kohima Mariani Transmission Limited and Satpura Transco Private Limited – meanwhile operated at a high level of availability throughout the period.

Apraava Energy is exploring new opportunities in renewable energy, smart meter deployment and power transmission through the strengthening strategic partnership between CLP and CDPQ announced in July, and is determined to play a leading role in the decarbonisation of India's economy.

Southeast Asia and Taiwan

Ho-Ping Power Station in Taiwan performed consistently and reliably throughout the first three quarters of 2022. The impact of high international coal prices was eased by an agreement to adjust the energy tariff reimbursement mechanism for the power station effective from July which accelerates the indexation to coal market price evolution. Lopburi Solar Farm in Thailand meanwhile enjoyed stable operations.

Third Interim Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2022 of HK$0.63 per share, same as the 2021 third interim dividend, payable on 15 December 2022 to Shareholders registered as at 6 December 2022. The dividend of HK$0.63 per share is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 6 December 2022. To rank for the third interim 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 Monday, 5 December 2022.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 17 October 2022

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 Mr Philip Kadoorie
Independent Non-executive Directors:	Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Fanny Law, Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw and Mr Chunyuan Gu
Executive Director:	Mr Richard Lancaster

This Statement is also available at the Investor Relations section on the Company's website at www.clpgroup.com.

Choice of language and means of receipt of corporate communications[1]

You can ask for this Quarterly Statement in printed form or in a language version other than your existing choice.

You can ask to change[2] *your choice of (a) language (English and/or Chinese); and/or (b) means of receipt (in printed form or by electronic means through our website) for the Company's future corporate communications.*

You can make the above request(s) at any time, free of charge, by writing to the Company or the Company's Registrars, Computershare Hong Kong Investor Services Limited, or email to cosec@clp.com.hk or clp.ecom@computershare.com.hk.

If your shares are held in joint names, such notice must be specified and signed by all joint holders whose names stand on the Register of Shareholders of the Company in respect of the joint holding in order to be valid.

If you cannot access the corporate communications electronically, please ask us for a printed form and we will send these to you free of charge.

Notes: 1. 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).

2. Your change request applies to the next batch of corporate communications if we have at least seven days written notice of your request, otherwise, it will apply to the subsequent batch of corporate communications.