

Risk Management Report

CLP's risk management framework promotes a judicious risk culture, empowering the company to capitalise on opportunities while securing its long-term growth and success.

CLP's Risk Management Framework

In line with international standards and best practices, CLP defines risk as the effect of uncertainty on objectives. The effect can be positive, negative or both, and can result in opportunities and threats. CLP aims to identify risks early so threats can be understood, managed, mitigated, transferred or avoided while opportunities can be captured where appropriate. This demands a proactive approach and an effective Group-wide risk management framework. The risk management framework at CLP comprises four key elements:



CLP's Risk Management Philosophy

CLP recognises that risk management is the responsibility of everyone within the business, and that cultivating and embedding risk awareness into the organisational culture is critical to implementing the Group's risk management framework. Risk management is therefore integrated into all business and decision-making processes, including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control and day-to-day operations. Risks and opportunities alike are viewed holistically.

CLP has clear risk management objectives:

- At a **strategic level**, CLP focuses on the identification and management of material risks inherently associated with the pursuit of the Group's strategic and business objectives. In pursuing opportunities for growth and transformation, CLP aims to optimise risk and return decisions as defined and quantified through diligent and independent review and challenge processes.
- At an **operational level**, CLP seeks to identify, analyse, evaluate and mitigate operational hazards and threats while enhancing and capturing opportunities for operational improvement where appropriate. It does this to create a safe, healthy, efficient and environmentally friendly workplace for employees and contractors while ensuring public safety and health and minimising environmental impact, as well as securing asset integrity and adequate insurance.



CLP's Risk Appetite

CLP's risk appetite represents the nature and extent of the risks the Group is willing to undertake in pursuit of strategic and business objectives. In line with CLP's Value Framework and the expectations of stakeholders, the Group takes only reasonable risks that fit its strategy and capability, can be understood and managed, and do not expose the Group to:

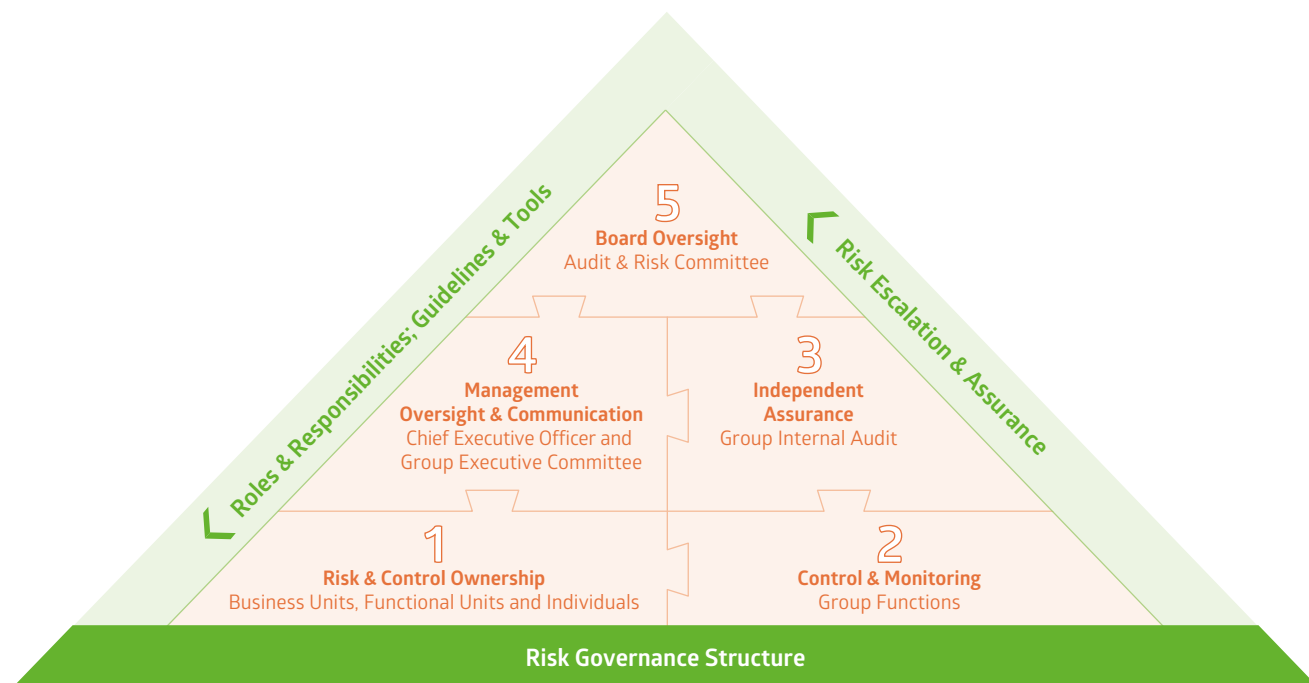
- Hazardous conditions affecting the health and safety of employees, contractors and the general public;
- Material financial losses impacting the financial viability and strategy execution of the Group;
- Material breaches of external regulations that could lead to fines or loss of critical operational and business licences;
- Material damage to the Group's reputation and brand;
- Business or supply interruptions that could lead to severe impact on the community; and
- Severe environmental incidents.

CLP has established risk profiling criteria that align with its risk appetite, assessing each identified risk based on a spectrum of consequences and likelihoods. A risk rating is generated by combining these two factors, aiding risk prioritisation and decision-making. In this assessment and prioritisation process, CLP takes into account non-financial consequences as outlined in its risk appetite statement together with financial consequences.



CLP's Risk Governance Structure

- Facilitates risk identification and escalation while providing assurance to the Board;
- Assigns clear roles and responsibilities and facilitates implementation with guidelines and tools; and
- Adopts the **Five Lines of Assurance** approach as explained below:

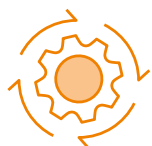


Five Lines of Assurance	
1 Risk and Control Ownership	Business Units, Functional Units, and Individuals: <ul style="list-style-type: none"> Are responsible for identifying and assessing key risks in their areas of responsibility, making effective risk management decisions, establishing and implementing risk mitigation strategies, balancing opportunities and threats, and promoting risk awareness; Carry out risk management activities and reporting in their day-to-day operations, and ensure risk management processes and mitigation plans follow good practices and guidelines established by the Group; and Appoint risk managers or coordinators to facilitate communication, experience sharing and risk reporting.
2 Control and Monitoring	Group Functions: <p>Departments responsible for Finance, Risk Management, Internal Control, Business Development and Asset Management Oversight, Tax, Project Management, Digital, Legal, Human Resources and Sustainability:</p> <ul style="list-style-type: none"> Establish relevant Group-wide policies, standards, procedures and guidelines; and Oversee the risk and control activities of business units relevant to their respective functions.
3 Independent Assurance	The Group Internal Audit: <ul style="list-style-type: none"> Carries out independent appraisal of the effectiveness of the risk management framework.
4 Management Oversight and Communication	The CEO and the Group Executive Committee: <ul style="list-style-type: none"> Provide leadership and guidance for the balance of risks; Review and report to the Board through the Audit & Risk Committee on the material risks affecting the Group, as well as their potential impact, their evolution and mitigating measures; and Ensure that a review of the effectiveness of the risk management framework has been conducted at least annually, and provide confirmation of this to the Board through the Audit & Risk Committee.
5 Board Oversight	The Audit & Risk Committee, acting on behalf of the Board: <ul style="list-style-type: none"> Evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of the Group's strategic objectives; Ensures an appropriate and effective risk management framework is established and maintained; and Oversees management of risk identification, reporting and mitigation efforts.

Group Risk Management

The Group Risk Management function is tasked with:

- Implementing the Group's Risk Management Framework and assisting business units in implementing their own frameworks;
- Managing regular risk review and risk reporting processes of the Group;
- Facilitating independent risk appraisal for projects seeking endorsement by the CLP Holdings Investment Committee; and
- Facilitating risk communication, experience sharing and risk reporting.



CLP's Risk Management Process

End-to-End risk management from the initial identification of risks to ongoing monitoring and review

■ **The core process involves:**

- ✓ Establishing scope, context and risk criteria relevant to the business processes in different business units and Group functions
- ✓ Identifying risks based on relevant, appropriate, up-to-date information
- ✓ Analysing risks with detailed consideration of risk sources, consequences, likelihood, events, scenarios, and existing controls and their effectiveness
- ✓ Evaluating and prioritising risks against the established risk criteria and allocating management efforts; and
- ✓ Developing and implementing controls and mitigation plans.

■ **Communication and Consultation:** A continuous and interactive process, involving communication and consultation with stakeholders.

■ **Recording and Reporting:** Processes and outcomes are documented and reported to facilitate communication and provide information for decision-making.

■ **Monitoring and Review:** Regular monitoring and review according to the established risk governance structure and process.

Integrated process is key to embedding risk considerations at all levels of CLP and across all activities

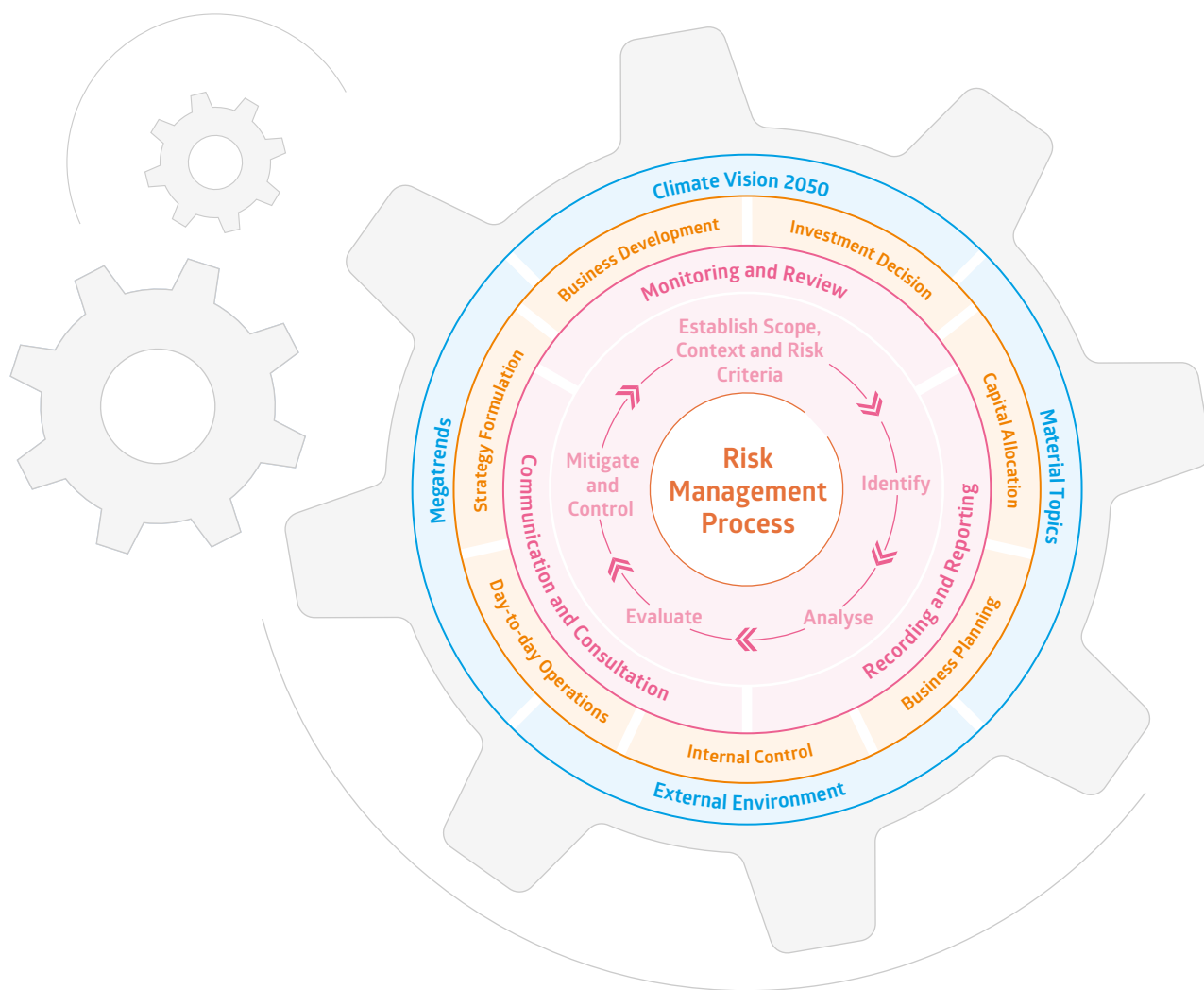
- The process is integrated into business and decision-making processes, including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control and day-to-day operations. This helps provide a holistic view of both risks and opportunities, enabling CLP to make optimal decisions that balance risk and reward.

Strategic adaptation to evolving external challenges and opportunities

■ **Understanding the external environment and significant megatrends** which may have implications for CLP's business and markets. CLP recognises certain external global trends could have an impact on its operating and strategic environment. These megatrends encompass political, economic, social, environmental and technological changes which could rapidly evolve, changing the context in which the company operates.

■ **Climate Vision 2050** is the Group's blueprint and strategy for the transition to net-zero greenhouse gas emissions by 2050, and has been instrumental in informing CLP's business strategy and guiding its investment decisions. [Climate Vision 2050](#) is also an integral part of CLP's broader climate strategy, which covers key considerations around scenario analysis and long-term climate risks and opportunities identification, among others. It guides CLP in managing these issues. 🌍

■ **Material Topics** are identified by conducting comprehensive annual materiality assessments to evaluate and respond to the sustainability-related risks and opportunities most likely to impact CLP's business and stakeholders. The material topics emerging from these assessments inform CLP's strategy and reporting on managing sustainability-related risks and leveraging sustainability-related opportunities. This integrated approach embeds material topics into CLP's risk and opportunity management processes.



🔍 How CLP Identifies, Assesses and Manages Sustainability-related and Climate-related Risks

Sustainability-related and climate-related risks are integrated into CLP's risk management process and risk register along with all other types of risks, forming a crucial component of the Group-wide Risk Management Framework. The company identifies these risks through its annual materiality assessments and a comprehensive series of top-down and bottom-up risk review processes. Climate scenario analysis and risk analysis are also conducted in line with the Climate Vision 2050 review, conducted once every few years. In line with other material risks, CLP applies a consistent set of risk profiling criteria to evaluate sustainability-related and climate-related risks. Business units and group functions manage these risks in accordance with CLP's risk governance structure and risk management process, with oversight and assurance from management to the Board.

🔍 How CLP Identifies, Assesses and Manages Sustainability-related and Climate-related Opportunities

CLP identifies sustainability-related and climate-related opportunities through its annual materiality assessment, the regularly updated Climate Vision 2050, strategy and business planning processes and ongoing monitoring of market developments. Climate scenario analysis provides insights into potential opportunities especially in response to the evolution of the energy system and market. Opportunities are considered in areas such as expanding renewable energy and other low-carbon electricity, offering energy efficiency services, supporting electrification and advancing battery storage. In assessing opportunities, factors such as commercial viability, partnership potential, alignment with climate targets, and future market demand are taken into account. Each business unit monitors and evaluates opportunities specific to their market as part of their business performance reviews. Potential investment opportunities are subjected to a series of opportunity management processes, including business development, business planning, investment decisions and capital allocation.

Risk Management is an integral part of CLP's business and decision-making processes – Examples

Quarterly Risk Review Process at Group Level

An integrated top-down and bottom-up risk review process

CLP adopts an integrated top-down and bottom-up risk review process to enable:

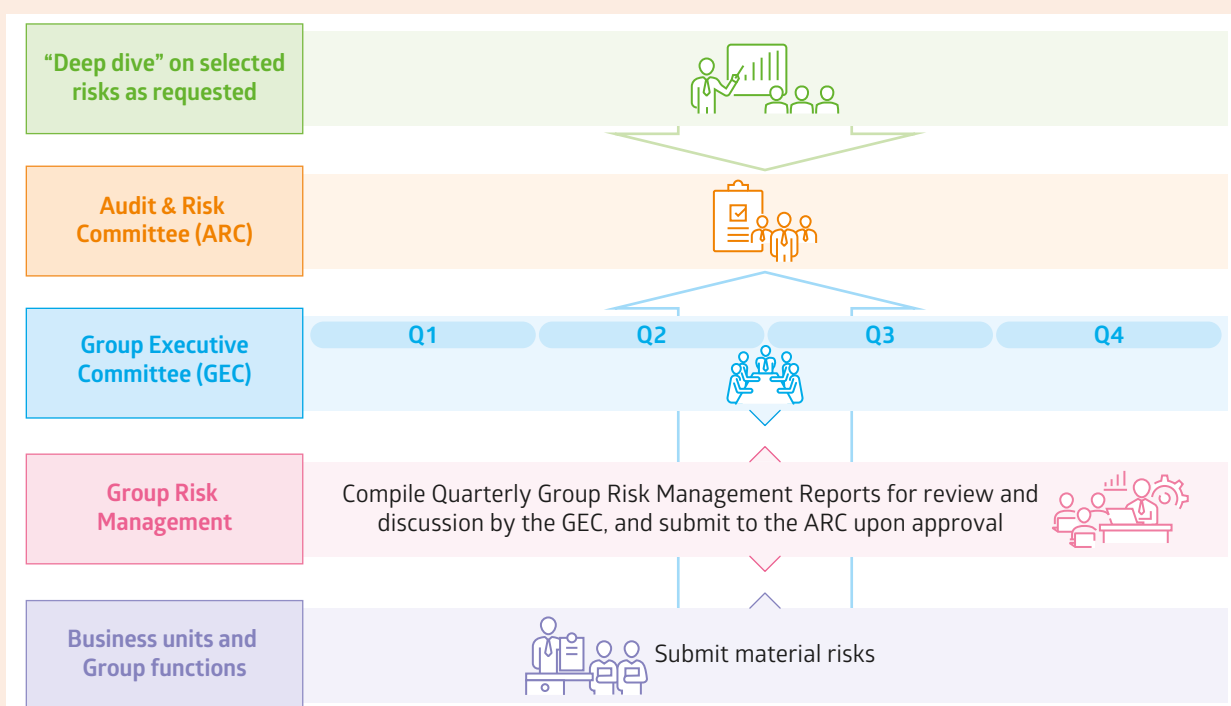
- (1) Comprehensive identification and prioritisation of all material risks throughout the Group;
- (2) Containment of material risks at the appropriate managerial level;
- (3) Effective risk dialogue among the management team; and
- (4) Proper governance of risk mitigation efforts.

Top-down Process

- At Group Risk Management quarterly meetings, members of the Group Executive Committee discuss the top-tier risks and examine any other risk issues they consider important. This dialogue offers an opportunity for management to identify and respond to emerging risks early on, voice risk concerns, share risk insights and seek risk management guidance.
- In addition, emerging risks are proactively identified and characterised by observing changes in organisational contexts. They typically emerge as new circumstances or conditions not previously recognised, or as evolutions in the profiles of established risks. Group Risk Management facilitates the review of emerging risks by compiling relevant information from both internal and external sources.
- Emerging risks that are identified and considered material are further assessed and monitored by relevant business units or Group functions.

Bottom-up Process

- CLP's business units and Group functions are required to submit their lists of material risks identified through their risk management process to Group Risk Management on a quarterly basis.
- Through a diligent process of aggregation, filtration, prioritisation and consultation, Group Risk Management compiles a Quarterly Group Risk Management Report for review and discussion by the Group Executive Committee.
- Upon approval, the report is submitted to the Audit & Risk Committee on a quarterly basis. "Deep dive" presentations on selected risks are given to the committee for more detailed review.



Risk Review Process for Investment Decisions

- CLP adopts a multi-gated system of periodic project appraisals during development and investment cycles.
- Investment opportunities or projects seeking endorsement by the CLP Holdings Investment Committee are reported through the Project Investment Opportunities process, managed by the Business Development & Asset Management Oversight team of Group Finance.
- In addition, CLP requires an independent, multi-disciplinary review of any investment proposal. Independent risk appraisal by Group Risk Management is part of the investment review process.
- Group Risk Management ensures a detailed risk assessment is carried out for each investment project. Detailed checklists and worksheets are used to identify risks, formulate mitigation measures and assess risk levels. Material risks and associated mitigations are highlighted and discussed at the Investment Committee, chaired by the CEO.

Risk Management Integrated with Internal Control Systems

- Risk management is closely linked to CLP's Integrated Framework of Internal Control. Key controls are subject to testing in order to assess their effectiveness. Details on Internal Control are set out in the Corporate Governance Report on pages 122 to 125.

Risk Management in the Business Planning Process

- At CLP, risk management is integrated into strategy and business planning by departments and business units across the Group.
- As part of the annual business planning process, business units are required to identify all material risks that may impact the delivery of their business strategy and objectives. Overarching strategic risks to the Group are also reviewed. Identified risks are evaluated on the same set of risk criteria as the quarterly risk review process. Plans to mitigate the identified risks are then developed. The material risks listed on pages 135 to 139 have been set out in CLP's 2024 business planning process.

Material Risks to the Group

As an investor and operator in the energy sector of the Asia-Pacific region, CLP's risk profile is categorised into five key risk areas – operational, market and commercial, regulatory, financial, and transformation. The top tier risk profile is summarised on pages 135 to 139:

Material Topics

The impact of sustainability-related issues on the business and its stakeholders are reviewed regularly through an annual materiality assessment. The review process detailed on pages 42 to 48 helps align the Group's strategy with its purpose and responds to the evolving needs of stakeholders, uncovering emerging ESG challenges and opportunities for consideration in the risk reviews and opportunity management processes.

Following the latest assessment, six material topics were identified:



Transition to net zero



Energy growth opportunities



Energy security and reliability



A safe, future-ready workforce



Business resilience



Community stewardship

The top-tier risk tables on pages 135 to 139 illustrate the links between material risks and the material topics.

Climate-related Risks and Opportunities

In accordance with International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures standard, climate-related risks and opportunities have been classified into three major categories:



Climate-related transition risks

Risks that arise from efforts to transition to a lower-carbon economy that entail policy, legal, technological, market and reputational risks, and could carry financial implications for a business, such as increased operating costs, asset impairment due to new or amended climate-related regulations or shifting consumer demands and the development and deployment of new technology.



Climate-related physical risks

Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk), and could carry financial implications for a business, such as costs resulting from direct damage to assets or the indirect effects of supply-chain disruption.



Climate-related opportunities

Climate-related opportunities are the potential business opportunities resulting from the effects of climate change. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for a business, such as investment opportunities in renewable energy, broader revenue streams and the adoption of new technologies.

CLP recognises the wide-ranging implications of climate change and considers climate-related risks a combination of standalone risks and drivers for other material risks. As illustrated in CLP's top-tier risk tables on pages 135 to 139, climate-related transition risks and physical risks have been identified respectively as standalone risks, categorised under Regulatory Risk and Operational Risk. The tables also depict other material risks associated with either climate-related transition or physical risk drivers, or a combination of the two, as well as climate-related opportunities.

Material Risks to the Group (continued)







Operational Risk

CLP's operations are exposed to a variety of operational risks relating to Health, Safety and Environment (HSE) incidents and compliance, physical security, plant performance, data privacy, cyber security attacks on operational technology (OT) and IT systems, project delivery and extreme weather events resulting from climate change.

Following the declaration from the World Health Organisation (WHO) in May 2023 that COVID-19 no longer constitutes a public health emergency of international concern, the residual risk of the pandemic to CLP has been downgraded.

CLP manages operational risk by:

- Implementing Group-wide initiatives on eliminating exposure to serious injuries and fatalities (SIF);
- Implementing Group HSE Management systems documents (Operational enablers) with a focus on critical controls in line with SIF potential;
- Implementing operations and systems reinforcements to maintain a high operational and emissions performance;
- Consolidating emergency response, crisis management, disaster recovery and business continuity plans with regular drills;
- Enforcing a Group-wide Project Management Governance System to facilitate the delivery of high-quality projects; and
- Introducing Group-wide cyber security policies and standards with appropriate controls, technologies and practices at all levels, while cultivating a cyber resilience culture across the Group.

Group Top Tier Risks – Operational	Related Material Topics and Climate-related Risk & Opportunity Drivers	Change in 2023	Additional References
1. Major HSE incidents		↔	Pages 66-67
2. Cyber security attack – OT systems		↔	Pages 75, 143
3. Cyber security attack – IT systems		↔	Pages 75, 143
4. Major projects delay / cost overrun		↔	Page 18
5. Major failure – generation assets		↔	Pages 20, 22
6. Climate-related physical risk		↔	Pages 73-75

 Risk level increased
  Risk level decreased
  Risk level remains broadly the same

Material Risks to the Group (continued)

Market & Commercial Risk	
<p>Market & Commercial risk refers to significant changes in market conditions and potential losses arising from inadequate gross margins and non-performance of trading partners or counterparties. It is important to ensure that our trading partners and counterparties are reliable, financially healthy and willing to abide by the contracts. Currently, delays in the collection of receivables, fuel supply interruptions and tariff adjustment challenges are key market and commercial risks impacting CLP.</p>	<p>CLP manages market & commercial risk by:</p> <ul style="list-style-type: none"> a) Regular review of business operations including, but not limited to, plant reliability estimates, hedging strategies, business planning approaches and company capital structures; b) Managing market offers including pricing and other service differentiators for customer acquisition and retention; c) Actively managing CLP's wholesale energy portfolio and implementing strategies to align wholesale and retail positions; d) Following approved energy risk policy, with energy market transactions subject to approved limits and controls; e) Investing in plant reliability and delivering good plant performance; f) Monitoring the financial health of counterparties; g) Liaising with fuel suppliers to mitigate ongoing sources of environmental, economic, operational, delivery and credit risks affecting fuel supply security, as well as establishing contingency planning for potential supply disruptions; and h) Diversifying fuel sources and fuel procurement strategies to secure a stable supply of fuel at competitive prices.

Group Top Tier Risks – Market & Commercial	Related Material Topics and Climate-related Risk & Opportunity Drivers	Change in 2023	Additional References
7. Coal supply shortage – Australia			Page 22
8. Wholesale price volatility – Australia			Pages 21, 64
9. Tariff adjustment challenge – Hong Kong			Pages 18, 62-63
10. Gas supply security – Hong Kong			Page 64
11. Delayed national renewable energy subsidies – Mainland China	—		Page 21

Material Risks to the Group (continued)

Regulatory Risk

Following the 2023 interim review of the SoC Agreement in Hong Kong, more stringent performance targets – including the new penalty scheme for large-scale electricity supply interruption and enhanced information disclosure requirements – present a short-term regulatory risk exposure. There is also a possible risk of adverse regulatory changes in the medium to longer term.

The Group's Australian business continues to face regulatory challenges which may restrict its margin recovery, increase the complexity and cost of market operations, and present significant regulatory compliance challenges.

In Mainland China, the power sector reforms have resulted in a gradual evolution towards a market-based trading, together with other regulatory changes such as tighter environmental rules. CLP devised adaptive market sale strategies to enhance its risk-bearing ability.

Geopolitical tensions between China and its major trading partners may bring new challenges to CLP's business. Additional government approval on foreign direct investment (FDI) in India, such as Press Note 3 requirements, may delay or prohibit CLP's development and acquisition of projects in the region.

As CLP progresses its strategy to address climate change challenges, the pace of change in government policies, regulations, technologies and market structures could be faster than the Group's responses.


CLP manages regulatory risk by:

- Closely monitoring regulatory development as well as market and public sentiments;
- Working constructively with governments to advocate CLP's position on regulatory changes;
- Mobilising internal resources to ensure timely responses to regulatory changes, while maintaining regulatory compliance and oversight;
- Communicating and highlighting the importance of a balance between a reliable and safe supply, care for the environment, and reasonable tariffs;
- Reinforcing CLP's efforts to care for the community and promote energy efficiency;
- Developing capacity and decarbonisation scenarios to achieve net-zero greenhouse gas emissions by 2050 and progressively phase out remaining coal-fired generation assets before 2040;
- Working with the Hong Kong Government to explore ways to enhance regional cooperation on zero-carbon energy;
- Conducting supply chain review for assets on imported equipment and spares and exploring alternative sources and localisation opportunities; and
- Proactively engage with regulatory bodies and closely monitor FDI project plans.

Group Top Tier Risks – Regulatory	Related Material Topics and Climate-related Risk & Opportunity Drivers	Change in 2023	Additional References
12. Regulatory changes – Hong Kong		↔	Pages 18, 57-60, 72
13. Regulatory changes – Mainland China		↓	Pages 20-21, 58, 61, 73
14. Regulatory changes – Australia		↔	Pages 50, 58, 61, 65, 73
15. Regulatory compliance – Australia		↔	Pages 77, 101
16. Geopolitical and sanctions risk		↔	Pages 56, 64-65, 143
17. Climate-related transition risk		↔	Pages 18, 49-53

Material Risks to the Group (continued)

Financial Risk	
<p>CLP's investments and operations, which are long-term in nature, are exposed to financial risks in the areas of cash flow and liquidity, credit and counterparty risks, interest rate risks and foreign currency risks. Group-level earnings may also be impacted by marked-to-market fair value movements. Volatile foreign exchange and equity markets have further affected the cost of securing financing. Market liquidity has also been reduced amid high borrowing costs after several major collapses in the banking industry in 2023.</p>	<p>CLP manages financial risk by:</p> <ul style="list-style-type: none"> a) Timely review and replenishing of liquidity, maintaining investment grade credit ratings and preserving a healthy capital structure; b) Taking pre-emptive action for early completion of major financings on preferential terms; c) Securing debt funding diversity and maintaining an appropriate mix of committed credit facilities; d) Maximising the use of local funding options; e) Hedging most transactional foreign currency exposures in line with CLP's Treasury Policy; f) Pursuing "natural hedge" by matching the currency of revenue, cost and debt, and ensuring project level debt financing is denominated in and swapped into a functional currency; g) Controlling financial counterparty exposure by transacting only with creditworthy and pre-approved financial institutions, allocating exposure limits based on banks' credit standing, and ensuring non-recourse to CLP Holdings for counterparties of CLP Holdings' subsidiaries and affiliates; h) Maintaining good, trustworthy relationships with lenders (banks and bondholders); and i) Ensuring transparency in financial communications and disclosures.

Group Top Tier Risks – Financial	Related Material Topics and		Change in 2023	Additional References
	Climate-related Risk & Opportunity Drivers			
18. Availability of competitive funding			↔	Pages 53-56, 273-278
19. Financial market volatility	—		↔	Pages 56, 270-272
20. Default of Group’s financial counterparties	—		↔	Pages 56, 273

Material Risks to the Group (continued)

Transformation Risk	
CLP is advancing on a journey to become better fit for a net-zero future and executing a portfolio of transformation programmes to expand its clean energy solutions and support the transition to net zero, while improving customer engagement and experience, cost effectiveness, system flexibility and reliability, and capabilities including a proactive commercial and supply chain practice.	<p>CLP manages transformation risk by:</p> <ul style="list-style-type: none"> a) Strong coordination and leadership of strategic digital transformation initiatives; b) Building excellence in commercial and supply chain management capabilities to raise supply chain resilience and agility; c) Promoting innovation and digital and business development skillsets; d) Evolving to more agile operating models and human resources management systems; and e) Managing the culture agenda by embedding CLP's values and appropriate risk culture in an increasingly diverse workforce.

Group Top Tier Risks – Transformation	Related Material Topics and Climate-related Risk & Opportunity Drivers	Change in 2023	Additional References
21. Digital transformation		↔	Pages 18, 58, 69, 143
22. Organisation capability development		↔	Pages 66-71

Effectiveness Review of Risk Management and Internal Control Systems

CLP adopts the Five Lines of Assurance approach to coordinate and optimise its risk and assurance efforts as described on pages 128 to 129 of this report. Combined assurance includes Board oversight by the Audit & Risk Committee, management oversight by the CEO and the Group Executive Committee, independent assurance by internal audit, control and monitoring by Group functions, and risk and control ownership by business units. It should be acknowledged that CLP's risk management and internal control systems are designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives and can only provide reasonable – not absolute – assurance against material loss or misstatement.

The Audit & Risk Committee, on behalf of the Board, has reviewed the effectiveness of the Group's risk management and internal control systems during the period covered by this Annual Report. The details of the effectiveness review are described in the Corporate Governance Report on page 125 and the Audit & Risk Committee Report on page 143.



Nicolas Alain Marie Tissot
Chief Financial Officer
Hong Kong, 26 February 2024

Audit & Risk Committee Report

Members

The Members of the Audit & Risk Committee are appointed from the Independent Non-executive Directors by CLP Holdings' Board of Directors. This Committee comprised the following Members during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period):


Ms May Siew Boi Tan
(Chairperson)
(appointed as Chairperson in February 2023)

Mr Nicholas C. Allen
(stepped down as Chairman in February 2023)

Mr Chunyuan Gu

Ms Wang Xiaojun Heather
(appointed in May 2023)

Mrs Fanny Law
(retired in May 2023)

[Biographies](#) of the Members are set out in Board of Directors on page 82 and on our website. 

The Committee works closely with the auditors and management-level group functions and, in addition to the Members, regular attendees at the Committee's meetings are:

- Chief Executive Officer – Mr T.K. Chiang;
- Chief Financial Officer – Mr Nicolas Tissot;
- Chief Strategy, Sustainability and Governance Officer – Mr David Simmonds;
- Senior Director & Group Controller – Mr Pablo Arellano;
- Senior Director – Group Internal Audit (GIA) – Mr Eric Chan;
- Joint Company Secretary – Mr Michael Ling; and
- Independent Auditor – the engagement partner and others from PwC.

Other members of management attended the Committee meetings from time to time to make presentations and discuss matters of interest to the Committee.

Meetings and Attendance

During the Period, the Committee held six meetings in 2023 and another two meetings in 2024. The Chairperson met regularly and individually with each of PwC, the Senior Director – GIA and the CFO. The Committee commenced its meetings with scheduled sessions in the absence of management for the Committee Members and PwC, as well as sessions for Committee Members only. Two private meetings between Committee Members and PwC were held and six sessions for Committee Members only were held during the Period.

Individual attendance of Members for the 2023 meetings is set out in the Corporate Governance Report on page 107.

EnergyAustralia

CLP's wholly owned subsidiary, EnergyAustralia, has its own board of directors that includes independent non-executive directors. The EnergyAustralia board has an audit and risk committee (ARC) and its members are EnergyAustralia's non-executive directors independent of EnergyAustralia's management.

The Committee's work with respect to the operations of EnergyAustralia is strengthened and supplemented by the work of EnergyAustralia ARC. There is an open invitation between this Committee and the EnergyAustralia ARC for members to attend the other committee's meetings.

During the Period, the Chairperson of the Committee participated in six EnergyAustralia ARC meetings which included the additional meeting held in January 2024 for the consideration of key accounting judgement in relation to the impairment for the full-year financial statements of EnergyAustralia. The Chairman of EnergyAustralia ARC participated in five meetings of the Committee.

Highlights of the Committee's Work

The Committee devoted considerable time in overseeing the financial reporting for the Group, reviewing the GIA reports and monitoring some of the material risks faced by the Group.

Members travelled to Australia to visit key facilities and met with local management team. This provided the Members the opportunity to better understand the challenges and risks faced by the team on the ground.

Led by the Committee Chairperson, there was a considerable amount of work in and outside of the Committee meetings on the impairment assessment work on the EnergyAustralia's Customer business.

Audit & Risk Committee Report


The following table provides an overview of how the Committee spent its time during the Period:

	2023						2024	
	Jan	Feb	Apr	Jun	Jul	Oct	Jan	Feb
Risk Management, Internal Control and Compliance								
Quarterly risk management report		■	■		■	■		■
In depth briefing on heightened risk topics								
■ Cybersecurity			■		■			
■ Enterprise Resource Planning Project						■		
■ Geopolitical risks						■		
Internal control review update		■		■		■		■
Management's general representation letter		■			■			■
Outstanding internal audit issues		■	■	■	■	■		■
Legal and regulatory compliance		■			■			■
Annual and Interim Financial Reports								
Annual and Interim financial statements and reports		■			■			■
Assessment of critical accounting judgements	■	■		■	■		■	■
ESG data assurance		■						■
Internal and External Auditing								
Internal audit results and audit issues		■	■	■	■	■		■
Ethics and controls commitment surveys			■					
PwC's audit report, audit plan and audit progress	■	■	■	■	■	■	■	■
Audit fees and non-audit engagements by auditors	■	■			■	■	■	■
Corporate Governance								
Corporate governance trends, developments and related policies		■				■		
Code of Conduct and whistleblowing cases		■	■	■	■	■		■
Continuing connected transactions		■						■

Summary of Work Done

In addition to the Highlights of the Committee's Work for the Period, the table below explains the work carried out by the Committee and how it discharged its responsibilities for the Period.

Areas of Focus	
Risk Management, Internal Control and Compliance	
Effectiveness of risk management and internal control systems	<p>The Committee received and reviewed management's periodic internal control reports and the Group's quarterly risk management reports. As part of the review of the half-year and full-year financial statements, the Committee examined and received the General Representation Letters from the CEO and CFO (see page 125 for further details regarding the General Representation Letters).</p> <p>The Committee's monitoring of the risk management and internal control systems was supported by the review work and reporting by GIA and by the independent auditor's report of their testing of the control environment of the Group.</p> <p>During the Period, no internal control issue that would be material to the integrity of the financial statements was identified.</p> <p>The Committee analysed and was satisfied that the Group's risk management and internal control systems were effective and adequate for the Period.</p>
Deep dive briefings	<p>Having regard to the nature of the risks and the potential exposure for the Group, management presented deep dive briefings on the following topics:</p> <ul style="list-style-type: none"> Cybersecurity – The Committee looked into the key Group cybersecurity initiatives and progress update including for EnergyAustralia and Apraava Energy. The Committee also examined the follow up actions that were being taken to address the matters from the risk management report. ERP Project – The Committee discussed with management the status of the ERP project including its progress and financials, key messages on the project risks. The Committee also considered the independent assessments from both GIA team and external auditors and examined into the risk scenarios and mitigation measures. Geopolitical risks – The Committee and management explored into the implications on the supply chain disruption under escalating geopolitical tensions. The assessment focused on four risk areas: physical supply risk, payment restriction, currency fluctuation and commodity price volatility. The Committee supported management's assessment of the risks in this area and the continued work on this.
Reporting on risk management	<p>The Committee recognised the challenging external environment that the Group continues to be faced and these would require close monitoring on the part of management. The Committee also expected that the ERP should be an area of focus from a risk reporting and management perspective.</p>
Cybersecurity	<p>Cybersecurity update briefings continued to be one of the regular deep dive topics for the Committee.</p>
Compliance	<p>As part of the review of the half-year and full-year financial statements, the Committee considered a comprehensive legal and regulatory report on the Group covering key regulatory compliance issues and legal cases for each region of the Group.</p> <p>The Committee acknowledged that the only exception to compliance with all the mandatory disclosure requirements and principles, code provisions and recommended best practices of the Corporate Governance Code is that CLP does not publish quarterly financial results (as a recommended best practice); and the Committee supported the considered reasons for this exception (please refer to page 97).</p>

Areas of Focus	
Annual and Interim Financial Reports	
Annual Reports and Interim Report	The Committee reviewed the 2022 and 2023 Annual Reports and the 2023 Interim Report and on the recommendations from the Committee, these were approved by the Board.
2023 Financial Statements – accounting judgements	<p>Management and PwC presented to the Committee the key judgements with material accounting impact. These included the review of the carrying values of the Group's generation assets and EnergyAustralia's goodwill for the Customer business and the accounts receivables for the renewable projects in Mainland China.</p> <p>The Committee critically assessed these and found the judgements put forward to be acceptable for each of the issues presented. The Committee evaluated with management the impairment assessment of EnergyAustralia's Customer business and supported the approach with the preliminary assessment along with the issuance of the Group's 2023 financial performance based on the 2023 management accounts ahead of the formal results announcement.</p>
ESG data assurance	<p>The Committee considered and acknowledged the independent consultant's report on the ESG data assurance in respect of the 2022 and 2023 identified ESG metrics disclosed in the Annual Report, Sustainability Report and CLP's Climate Vision 2050. The Committee was briefed on the scope of the ESG data assurance with the selected ESG performance indicators and some of the key changes. </p>
Internal and External Auditing	
Internal audit	<p>The Committee received and considered two types of reports from the Senior Director – GIA and they are:</p> <ul style="list-style-type: none"> a) audit reports which provide independent appraisal of the audit unit's compliance with prescribed policies and procedures, and evaluation of the effectiveness of the overall controls; and b) special review reports which focus on new business areas and emerging risks, where control advisory is provided. <p>GIA also conducted desktop review for selected lower risk audit units to enhance audit effectiveness and timeliness of communication with those units.</p> <p>For the year 2023, a total of 19 audits, 13 special reviews and one desktop review were completed. One of the audit reports carried a not satisfactory audit opinion.</p> <p>None of the control weaknesses identified had a material impact on the financial statements.</p>
Internal audit function	<p>The Committee reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the GIA function as well as the accounting and financial reporting functions of the Group.</p> <p>With Apraava Energy having become a joint venture and its governance structure having been set up, the Committee was satisfied that GIA would be invited to join the Apraava Energy Audit & Risk Committee meetings while the internal audit team of Apraava Energy would report to the Apraava Energy Audit & Risk Committee Chairman.</p> <p>The Committee was also briefed by GIA on the ERP Project special review that they have conducted and this covered the objective, approach and the methodology of the special review. The Committee welcomed the findings and noted management's positive response and follow up actions to these.</p>

Areas of Focus

Internal and External Auditing

Financial Statements – auditor's opinion

For both the 2022 and 2023 financial statements, PwC presented the auditor's opinion on the financial statements and the Key Audit Matters that had material impacts on the financial results and position of the Group. The Key Audit Matters identified were considered and reviewed by the Committee.

Fees to independent auditor and its re-appointment

The Committee reviewed the following fees payable to PwC:

- ▀ audit fees for 2022 and 2023 for approval by the Board; and
- ▀ permissible audit related and non-audit services provided by PwC for 2022 and 2023.

The Committee Chairperson also reviewed and approved the additional fees relating to the PwC's specific non-audit service engagement. The Committee also reviewed the proposed permissible audit related and non-audit services to be provided by the external auditor in the coming year.

At the 2023 AGM, over 99% of the shareholders voting supported the re-appointment of PwC and they were re-appointed as independent auditor for 2023.

Having considered PwC's performance and independence as CLP's independent auditor, the Committee recommended to the Board that PwC be re-appointed as independent auditor for 2024 and this will be considered by shareholders at the forthcoming AGM. PwC also issued a letter of independence to the Committee.

Ms Yee Shia Yuen has been the lead audit partner for CLP since the financial year 2021, after her predecessor retired from CLP's audit assignments upon the completion of seven years of service after the 2020 financial year-end audit. This rotation is consistent with The International Federation of Accountants rules on independence of external auditors. The Committee supports this approach for it believes that changing the lead audit partner regularly ensures the independence, objectivity and fresh perspectives the Committee requires in CLP's independent auditor.


Further details of the fees payable to PwC and the assessment of their independence can be found on page 121.

Areas of Focus	
Corporate Governance	
Corporate governance practices	<p>The Committee received a report on Corporate Governance Policies and Practices Review covering the implementation and effectiveness review of the shareholders' communication policy, review of the Code of Conduct, whistleblowing policy, procedures on gifts and entertainment, anti-fraud policy and policy on making political contributions.</p> <p>The Committee took particular note of the updates regarding the Consultation on Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework of the Hong Kong Stock Exchange. The Committee also noted other topical Board-related issues such as the recent Board changes and Board diversity statistics, Board tenure and time commitment, and other observations on CLP's corporate governance practices.</p>
Continuing connected transactions	<p>The Committee considered the work carried out by PwC on the annual reporting and confirmation of continuing connected transactions as required by the Listing Rules.</p>
Culture-related	<p>The Committee received and considered the periodic updates on the breaches of the Code of Conduct. None of the 17 breaches in 2023 were material to the Group's financial statements or overall operations. The breaches were mainly related to issues of workplace behaviour and individuals' ethics and integrity. None of the reported Code of Conduct violations involved employees at the grade level of senior manager or above.</p> <p>The Committee analysed the findings of the 2022 ethics and controls commitment surveys for the employees and took note that the results for 2022 were positive and in general, were either at the same level or better than the results of the previous year.</p>

Responsibilities

Primary Responsibilities


The Committee's primary responsibilities include:

- satisfying itself that good accounting, audit principles, risk management, internal controls and ethical practices are applied on a consistent basis throughout the CLP Group (without limiting the primary responsibilities of all the business unit managers throughout the Group);
- assuring adequate risk management and internal control systems are in place and followed and where deficiencies are found, appropriate remedial actions are taken in a timely manner;
- assuring appropriate accounting principles and reporting practices are followed;
- performing the corporate governance duties described further in this Report and fulfilling the functions conferred on the Committee by the CLP Code;
- satisfying itself that the scope and direction of external and internal auditing are adequate; and
- reviewing and making sure the assurance of the sustainability data in the [Sustainability Report](#) is appropriate. 

Accountability

The Committee is accountable to the Board. The Chairperson reports to the Board at the Board meetings in which the half-year and full-year financial statements are considered and this would cover key issues considered by the Committee in the course of the review of the preparation of the financial statements.

Terms of Reference

The Committee's terms of reference follow international best practice and they also comply with the HKICPA's "A Guide for Effective Audit Committees" and the Corporate Governance Code. Full [terms of reference](#) can be found on CLP's and the Hong Kong Stock Exchange's websites. 

Audit & Risk Committee Effectiveness

The Company Secretary evaluated the performance and effectiveness of the Committee during 2023 and the Committee was pleased to note that the Company Secretary concluded that the Committee was performing its responsibilities in an effective manner in accordance with its terms of reference.

The evaluation was reviewed and the conclusion was confirmed by internal and independent auditors. The CLP Holdings Board also endorsed the Company Secretary's evaluation.

Looking Ahead

I wish to thank our immediate past Committee Chairman, Mr Nicholas Allen for his leadership on this Committee and with Mr Allen remaining as a Member, this has provided a smooth transition to the Committee's leadership. I also wish to thank our retired Committee Member Mrs Fanny Law for her contributions to the Committee. For the many years of service on the Committee, she had always maintained the strict discipline of challenging management constructively and with wise counsel. Looking ahead, the external environment continues to be challenging and more complex, this requires management to remain vigilant in how we monitor, report and manage the risks. The Committee will strive to be effective in our oversight of the Group's risks and also in providing the constructive challenge to management on matters that come under the purview of this Committee.



May Siew Boi Tan

Chairperson, Audit & Risk Committee

Hong Kong, 26 February 2024

Sustainability Committee Report

Members

The Sustainability Committee is chaired by an Independent Non-executive Director and the Committee comprises seven Non-executive Directors, five of whom including the Chair are Independent Non-executive Directors. Members of the Sustainability Committee are appointed by CLP Holdings' Board of Directors to oversee CLP's sustainability issues, and during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period), the Committee Members are:

Mr Chunyuan Gu
(Independent
Non-executive Director)
(the Chairman) (appointed in
October 2023)

Mr Nicholas C. Allen
(Independent
Non-executive Director)

Ms May Siew Boi Tan
(Independent
Non-executive Director)

Ms Christina Gaw
(Independent
Non-executive Director)

Mr Bernard Chan
(Independent
Non-executive Director)

Mr Andrew Brandler
(Non-executive Director and
Vice Chairman of the Board)


Mr Philip Kadoorie
(Non-executive Director)

Mrs Fanny Law
(Independent
Non-executive Director)
(retired in May 2023)

Mr T.K. Chiang
(Chief Executive Officer)
(appointed in October 2023
and ceased to be a Member
in January 2024)

Mr Richard Lancaster
(Executive Director)
(stepped down as the Chairman
in October 2023 and ceased to
be a Member in January 2024)

Ms Quince Chong
(Chief Corporate
Development Officer)
(ceased to be
a Member in January 2024)

[Biographies](#) of the current Members are set out in Board of Directors on page 82 and on our website. 

During the Period, the Committee was reconstituted, following the CEO's succession which took effect on 1 October 2023, Mr Chunyuan Gu was appointed as the Chair and with effect from 1 January 2024, the Committee became a Non-Executive Directors and Independent Non-executive Directors only Committee. With the change of the Committee's terms of reference effective 1 January 2024, the Committee comprises at least five Members with at least three Independent Non-executive Directors as Members.

The governance of sustainability is integrated in the CLP Group's corporate governance structures – from Board-level Committees to management-level group functions and business units (please refer to page 98 of the Corporate Governance Report on "CLP's Approach to Sustainability Reporting").

The Sustainability Committee holds the primary role of overseeing the management of the Group's sustainability issues.

The Committee is supported by the management-level Sustainability Executive Committee which in turn provides oversight of management's implementation of sustainability-related strategies, policies and goals. The Group Sustainability Department reports to and seeks guidance from the Committee and the Sustainability Executive Committee on a range of sustainability matters including climate action, embedding sustainability practices into business strategies and planning, emerging sustainability risks and opportunities, and sustainability and climate-related reporting.


Regular attendees at the Committee's meetings include the following members of the Sustainability Executive Committee, the Director – Group Sustainability (Mr Hendrik Rosenthal) and Joint Company Secretary (Mr Michael Ling):

- ▣ Chief Executive Officer – Mr T.K. Chiang;
- ▣ Chief Financial Officer – Mr Nicolas Tissot;
- ▣ Chief Operating Officer – Mr Derek Parkin;
- ▣ Chief Strategy, Sustainability and Governance Officer – Mr David Simmonds;
- ▣ Chief Human Resources Officer – Ms Eileen Burnett-Kant; and
- ▣ Chief Corporate Development Officer – Ms Quince Chong.

Meetings and Attendance

The Committee meets as frequently as required and the Committee met five times during the Period.

Highlights of the Committee's Work





To reflect changes in the Committee's focus and work that have been implemented over recent times, the terms of reference of the Committee were revised in January this year with the inclusion of the responsibility to review and evaluate the Group's long-term strategy through the perspectives of sustainability risk and opportunities. An important area of work for the Committee this year was the review and update of CLP's [Climate Vision 2050](#) 

The following table provides an overview of how the Committee spent its time during the Period:

	2023			2024	
	Feb	Jun	Nov	Jan	Feb
Climate Change-related Matters	▣	▣		▣	▣
Other Sustainability Matters – risks, opportunities and emerging issues		▣	▣	▣	
Sustainability Reporting / Indices Performance	▣		▣		▣
Sustainability Governance			▣	▣	
Health, Safety, Security and Environment				▣	
Community, Charitable and Environmental Partnerships and Initiatives	▣				▣

Summary of Work Done

In addition to the Highlights of the Committee's Work for the Period, the table below explains the work carried out by the Committee and how it discharged its responsibilities for the Period.


Areas of Focus	
Climate Change-related Matters	
<p>CLP's Climate Vision 2050 review and climate-related disclosures</p> 	<p>The Committee examined and endorsed management's proposal to strengthen CLP's 2030 near-term GHG intensity target from 0.3 to 0.26 kgCO₂/kWh while maintaining the other CLP's Climate Vision 2050 targets and commitments. The Committee considered such proposal in light of the Group's specific business plan including (but not limited to) CLP Power's Development Plan. The Committee also endorsed the proposed approach of enhancing the disclosures in these areas in the coming Annual Report and Sustainability Report.  </p>
Climate change-related developments and risks	<p>The Committee received a briefing from Mr Peter Bakker (The President & CEO of World Business Council for Sustainability Development) on the Path to Net Zero and some emerging trends, including the avoided emissions accounting and the recommended sustainability-related disclosures.</p> <p>As preparatory work on the review of CLP's Climate Vision 2050, the Committee discussed with management on the evolving sustainability landscape and the implications for CLP. A number of key trends were considered and these included the accelerated external sustainability pressures, the exacerbating global climate crisis, geopolitical instability and CLP's investors and stakeholders expectations; together with CLP's current response to external pressures. </p> <p>The Committee was briefed on the EnergyAustralia Climate Transition Action Plan and the proposed plan and the opportunities for EnergyAustralia to achieve net zero.</p> <p>The Committee and management had a good exchange on updates from COP28 covering the reflections and key takeaways.</p>
Other Sustainability Matters – risks, opportunities and emerging issues	
Voluntary Carbon Markets	The Committee was briefed on the progress in the voluntary carbon markets and assessed the implications and opportunities for CLP's business strategy. The Committee also looked into the ongoing research and the evolving standards in the area of nature-based solutions.
Power Purchase Agreement Market in China	The Committee studied into the opportunities for increasing the adoption of renewable power purchase agreement in the Mainland China market and the short and long term implications for CLP's strategy in this area.
Materiality Assessment	The Committee considered and endorsed the materiality assessment for 2023. The Committee was supportive of this year's process which involved middle management of the Group and was externally assured. The Committee took note that apart from climate change, supply chain was another complex area that need to be managed from the reporting and assurance perspectives.


Areas of Focus

Sustainability Reporting / Indices Performance

Sustainability Reporting Standards



The Committee considered and endorsed the approach to reporting for the Annual Report and [Sustainability Report](#), in particular, this year's disclosures will include references to the [IFRS S1 and IFRS S2](#) and the Hong Kong Stock Exchange's current ESG Reporting Guide in the 2023 sustainability and climate-related disclosures of the Annual Report. 

The Committee also reviewed and endorsed the contents of the [2023 Sustainability Report](#). 

Performance on external sustainability indices

As a standing item, the Committee was briefed on, and monitored, CLP's performance on external sustainability indices.

The Committee analysed CLP's performance ratings under the key sustainability indices. The Committee acknowledged the evolving assessment and benchmarking initiatives and requirements and considered the relevance and potential implications for CLP.

Sustainability Governance

Annual review of resources for sustainability

The Committee recognised the increasing demands for the work on sustainability in reporting and strategy and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget.

Update of CLP's Value Framework

The Committee considered the proposed changes to CLP's Value Framework and endorsed the refreshed CLP's Value Framework. The revised CLP's Value Framework was launched in February 2024.

Review of Sustainability Committee terms of reference

The Committee considered management's proposal to update the terms of reference of the Committee to reflect the focus of the Committee that has evolved over time and as a reconstituted Committee with oversight of management's work on sustainability. The Committee endorsed key changes to the terms of reference which included updating the Committee membership, expanding the responsibilities of the Committee, updating the CLP Group-level sustainability-related frameworks and increasing the frequency of Committee meetings.

Health, Safety, Security and Environment

Environmental target setting

The Committee considered and endorsed management's revised approach to target setting and the environmental targets for disclosure.

Operational Health, Safety, Security & Environment Standards

The Committee received an update on CLP's health, safety and environmental (HSE) performance and pertinent activities for 2023. This covered areas of HSE Improvement Strategy, environmental performance and activities, safety performance review, Group health and safety, health and wellbeing and digital HSE solutions.

Community, Charitable and Environmental Partnerships and Initiatives

Community initiatives

The Committee reviewed management's report on the community initiatives undertaken by CLP in 2023 and gave their support on the 2024 programme highlights.

Responsibilities

Primary Responsibilities

The Committee's key responsibilities are:

- to review, endorse and report to the Board on CLP's sustainability-related strategy and to oversee the implementation of said strategy at CLP Group;
- to review and evaluate the adequacy and effectiveness of the CLP Group-level frameworks insofar as they relate to sustainability matters;
- to review and report to relevant Board Committees on key international, regional and / or local sustainability trends, benchmarking against peers, sustainability risks and opportunities and other emerging issues;
- to review and evaluate the organisation's long-term corporate strategy through the perspectives of the Group's sustainability risks and opportunities, goals, targets, priorities and performance;
- to oversee, review and evaluate CLP Group's sustainability performance in terms of internationally-recognised metrics relevant to the industry, as well as the requirements of sustainability stock indices and the desirability of CLP's inclusion in those indices;
- to review and advise the Board on CLP's public reporting with regard to its performance on sustainability matter;

- to monitor compliance with any applicable laws and regulations of the jurisdiction in which CLP operates as regards sustainability-related disclosures; and
- to oversee CLP's community, charitable and environmental partnerships, strategies and related Group-level policies and make recommendations to the Board on any changes to those partnerships, strategies and policies.


Accountability

The Committee is accountable to the Board. The Committee is authorised by the Board to investigate all matters that fall within its terms of reference.

The objectives of the Committee are to oversee management and advise the Board on matters required to enable the CLP Group:


- a to operate on a sustainable basis for the benefit of current and future generations;
- b to achieve sustainable growth having regard to the Group's impact on its value chain;
- c to effectively manage the Group's sustainability-related risks and opportunities; and
- d to disclose and communicate the Group's sustainability progress and objectives.

Terms of Reference

The [terms of reference](#) of the Committee were recently updated in January 2024 and are set out on the CLP's and the Hong Kong Stock Exchange's websites. 

Looking Ahead

First of all, I wish to express my gratitude to the immediate past Committee Chair, Mr Richard Lancaster for his leadership of this Committee and the solid foundation that has been laid for this Committee under his guidance. I am extremely enthusiastic about my chairmanship at this Committee and equally excited about CLP's work in this space.

The expectations regarding the Group's climate action commitment have been growing and this will expand to the broader sustainability commitments. A key focus for the Committee for the year ahead will be the publication of CLP's updated [Climate Vision 2050](#) and how we engage with our stakeholders on this and to continue our work on the financial-related disclosures associated with the Group's energy transition. In addition, the Committee will review and consider nature-related assessments and disclosures, considerations related to human rights, as well as sustainability in procurement. 

As the new Chair, I can see CLP and the Committee have made excellent progress in sustainability over the years and it is important that the good work on this should and must continue.



Chunyuan Gu

Chairman, Sustainability Committee
Hong Kong, 26 February 2024

Nomination Committee Report

Members


The Members of the Nomination Committee are appointed by CLP Holdings' Board of Directors. This Committee comprised the following Members during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period):

Mr Nicholas C. Allen
(Independent Non-executive Director)
(the Chairman)

The Hon Sir Michael Kadoorie
(Non-executive Director
and Chairman of the Board)

Ms May Siew Boi Tan
(Independent Non-executive Director)

The Committee comprises a majority of Independent Non-executive Directors.

[Biographies](#) of the Members are set out in Board of Directors on page 82 and on our website. 

In addition to the Members, the regular attendees at the Committee's meeting include:

- Chief Executive Officer – Mr T.K. Chiang;
- Chief Strategy, Sustainability and Governance Officer – Mr David Simmonds; and
- Joint Company Secretary – Mr Michael Ling.

Summary of Work Done

The Committee met once during the Period. In addition Committee members considered and dealt with a number of important matters outside of the scheduled meeting. These matters included setting the desired profile for the potential candidate for an Independent Non-executive Director as well as the Members meeting and interviewing the then potential candidate Ms Wang Xiaojun Heather which led to the formal appointment. The Chairman and Members of the Committee were actively engaged and provided inputs on the CEO succession planning.

Areas of Focus

Board nominations and
Board refresh

Appointment of Ms Wang Xiaojun Heather as Independent Non-executive Director

For Board succession planning, the Committee considered and endorsed the nomination of an additional Independent Non-executive Director for the Board's approval. The search process was conducted by Korn Ferry, an independent consulting firm.

Ms Wang Xiaojun Heather was considered as the leading candidate having regard to her background as a seasoned senior executive with extensive leadership experience in human resources.

The Committee considered how Ms Wang's profile would complement the Board Members' skills, experience and background and align with one of the Board's strategic focus of the organisation's talent capability in supporting the execution and delivery of the corporate strategy for China.

CEO Succession and Related Arrangements

The Committee considered and endorsed for the Board's approval the appointment of Mr T.K. Chiang as the CEO and an Executive Director of CLP Holdings as well as the transitional arrangements for Mr Richard Lancaster as he retired from the CEO role. Members of the Committee were actively engaged and provided inputs in the process for the CEO succession planning and having regard to the timing of the process, some of this took place outside of the scheduled Committee meeting and where needed, formal discussions and updates were brought back to the Committee.

Areas of Focus	
Board nominations and Board refresh	<p>Appointment of Mr Diego Alejandro González Morales as Non-executive Director</p> <p>With the impending retirement of Mr J.A.H. Leigh as a Non-executive Director on 31 March 2024, the Committee endorsed the appointment of Mr Diego González Morales as a Non-executive Director with effect from 1 April 2024. The Committee considered his broad, cross-functional corporate expertise spanning the financial services, healthcare, energy and entertainment industries and that he is a director representing Sir Elly Kadoorie & Sons Limited. Full details are set out in the related announcement on his appointment and also in the Notice of AGM.</p>
Board Committees refresh	<p>The Committee considered the evolving demands of the Board Committees and the changes in the Board composition in 2023.</p> <p>The Committee endorsed the proposal that the Sustainability Committee should be chaired by an Independent Non-executive Director which would enhance the check and balance between a Committee Chair independent of management and the management team; and would strengthen the partnership between the Non-executive Directors on the Committee and the management.</p> <p>Having due regard to the unique experience, expertise and background of the Directors concerned, the Committee reviewed and endorsed the following appointments for the relevant Board Committees for approval by the Board:</p> <ul style="list-style-type: none"> ■ appointment of Ms Wang Xiaojun Heather as a Member of the Audit & Risk Committee and the Human Resources & Remuneration Committee with effect from 16 May 2023; ■ appointment of Mr T.K. Chiang as a Member of the Finance & General Committee and the Sustainability Committee* with effect from 1 October 2023; ■ appointment of Mr Chunyuan Gu as the Chairman of the Sustainability Committee in place of Mr Richard Lancaster who remained as a Member of the Sustainability Committee* effective 1 October 2023; ■ appointment of Mr Andrew Brandler as a Member of the Human Resources & Remuneration Committee effective 1 October 2023; and ■ appointment of Mr Diego González Morales as a Member of the Finance & General Committee with effect from 1 April 2024. <p>The Committee endorsed Ms Christina Gaw to step off the Finance & General Committee and in doing so, the Committee considered the desire to balance her interests in the affairs in and outside of CLP Holdings.</p> <p>Details of the Board Committees composition are set out in the Corporate Governance Report on page 107.</p> <p>* Mr T.K. Chiang and Mr Richard Lancaster ceased to be Members of the Sustainability Committee with effect from 1 January 2024 in accordance with the revised terms of reference of the Sustainability Committee (full details are set out in the Sustainability Committee Report on page 148).</p>

Areas of Focus	
Board Diversity Policy, diversity aspects of the Board and independence mechanism	<p>The Committee undertook an annual review of the Board Diversity Policy and considered the market developments and expectations from institutional shareholders and proxy advisors regarding Board diversity as well as the changes that were made in 2022. The Board concluded that no further change to the Policy was needed for 2023.</p> <p>The Committee also considered management's findings on the annual review of the existing diversity aspects of the Board for 2023. The Committee reaffirmed the commitment to the continuous Board refresh exercise with the view of enhancing the Board's diversity in terms of gender, length of service, age distribution, independence and the alignment between the Group's strategic direction and Directors' skills and experience. Full analysis of the diversity aspects of the Board can be found in the Corporate Governance Report on pages 112 and 113.</p> <p>The Committee endorsed the annual review of the implementation and effectiveness of the independence mechanism and its disclosure.</p>
Regulatory-related	<p>The Committee undertook the review and assessment of the following regulatory-related matters:</p> <ul style="list-style-type: none"> ▀ the nomination of Directors for election and re-election at the 2024 AGM, with assessment on the tenure (especially for Independent Non-executive Directors who have served for more than nine years), time commitment, attendance at Board and Committee meetings, overboarding and cross-directorships or significant links of the Independent Non-executive Directors; ▀ the independence of Independent Non-executive Directors; ▀ the training and continuous professional development of Directors; and ▀ Directors' time commitment and the contribution required from Directors to discharge their responsibilities.

Responsibilities

Primary Responsibilities

The Committee's primary responsibilities include:

- reviewing the Board structure and composition, and the Board Diversity Policy including the gender diversity target on an annual basis;
- making recommendations to the Board on Directors appointment and re-appointment and succession planning;
- assessing the implementation and effectiveness of the independence mechanism, the independence of the Independent Non-executive Directors and whether Directors are spending sufficient time performing their duties; and
- reviewing and monitoring the training and continuous professional development of Directors.

Nomination Policy


Embedded in the Committee's terms of reference is the Nomination Policy for Directors. The Policy (set out below) stipulates the key nomination criteria and principles of the Company for the nomination of Directors and provides what the Committee should do in order to give effect to this Policy:

- 1 review and monitor the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board on an annual basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 2 identify and nominate qualified individuals for appointment as additional Directors or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individual shall be their ability to contribute to the effective carrying out by the Board of its responsibilities set out in the CLP Code in particular those described in paragraphs II.B.36 and 37 of the Code;
- 3 make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the CEO; and
- 4 make recommendations to the Board with particular regard to ensuring a substantial majority of the Directors on the Board being independent of management.

Accountability

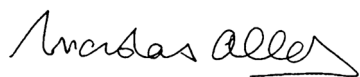
The Committee is accountable to the Board. The Committee is authorised by the Board to investigate all matters that fall within its terms of reference. The objectives of the Committee are to recommend to the Board on the structure, size and composition of the Board and on the nomination of Directors, having regard to the independence and quality of the nominees and ensuring that the nominations are fair and transparent.

Terms of Reference

The [terms of reference](#) of the Committee were last amended in December 2022 and are set out on the CLP's and the Hong Kong Stock Exchange's websites. 

Looking Ahead

The Board has seen a gradual refresh of the Board and Board Committee's composition and leadership in recent years, the Committee will continue to play a leading role in planning for the succession of the Board and Board Committees. This work is continuing and often, this requires the support and contribution from Members in and between our Committee meetings. I would like to thank the Members for their time commitment and efforts on this. The commitment to the gradual refresh of the Board is an important element of ensuring that your Board remains a Board well aligned with the strategic focus of CLP.



Nicholas C. Allen

Chairman, Nomination Committee

Hong Kong, 26 February 2024

Human Resources & Remuneration Committee Report

Introduction

On behalf of the Board, the Human Resources & Remuneration Committee (HR&RC) scrutinises the remuneration policies applied within the CLP Group, including the remuneration of Non-executive Directors, and as delegated by the Board, the determination of the remuneration of the Executive Directors and of Senior Management. Our objective is to ensure that CLP applies properly structured and fair remuneration policies which align the interests of Directors and Senior Management with those of the Company and its shareholders. This Report explains the policies applied to determining remuneration levels and sets out the remuneration paid to Non-executive Directors, Executive Directors, and Senior Management. This Report covering the full-year 2023 and for 2024 up to the date of this Report (the Period) has been reviewed and approved by the HR&RC.

As stated in Note 32(C) to the Financial Statements on page 266, the following sections in the highlighted boxes below form part of the Financial Statements and have been audited by the Company's independent auditor:

- 📄 “Non-executive Directors – Remuneration in 2023”;
- 📄 “Change of Remuneration – Executive Directors and Senior Management in 2023”;
- 📄 “Executive Directors – Remuneration in 2023”;
- 📄 “Total Directors’ Remuneration in 2023”;
- 📄 “Senior Management – Remuneration in 2023”; and
- 📄 “The Five Highest Paid Individuals in 2023”.

Members

The Members of the HR&RC are appointed by CLP Holdings' Board of Directors.
This Committee comprised the following Members during the Period:

Mr Nicholas C. Allen

(Independent
Non-executive Director)
(the Chairman)

Mrs Zia Mody

(Independent
Non-executive Director)

Ms May Siew Boi Tan

(Independent
Non-executive Director)

Mr Chunyuan Gu

(Independent
Non-executive Director)
(appointed in February 2023)

Ms Wang Xiaojun Heather

(Independent
Non-executive Director)
(appointed in May 2023)


Mr Andrew Brandler

(Non-executive
Vice Chairman)
(appointed in October 2023)

Mrs Fanny Law

(Independent
Non-executive Director)
(retired on 5 May 2023 after
conclusion of the 2023 AGM)

There is no Executive Director on the HR&RC.

[Biographies](#) of the Members are set out in Board of Directors on page 82 and on our website. 

In addition to the Members, the regular attendees at the HR&RC meetings include:

- 📌 Chief Executive Officer – Mr T.K. Chiang;
- 📌 Chief Human Resources Officer – Ms Eileen Burnett-Kant; and
- 📌 Joint Company Secretary – Mr Michael Ling.

Meetings and Attendance

During the Period, the HR&RC held four meetings in 2023 and one meeting in 2024.

Highlights of the Committee's Work

Developing Organisation Capability to align with Business Strategy

A key focus of the Committee's work was on the implementation of the new operating model to support CLP's purpose to Power Brighter Tomorrows.

The following table provides an overview of how the Committee spent its time during the Period:

	2023				2024
	Feb	Jun	Jul	Nov	Feb
Performance and Remuneration Policy and Review	■		■	■	■
Succession Planning and Talent Development		■	■	■	
People Strategy and Organisation Development			■		
Staff Policies and Benefits			■		
Governance	■			■	■

Responsibilities and Summary of Work Done

The HR&RC considers major human resources and pay issues. It also provides forward guidance on EnergyAustralia's remuneration policy through interactions between the HR&RC and the EnergyAustralia Nomination and Remuneration Committee.

In addition to the Highlights of the Committee's Work for the Period, the table below explains the work carried out by the HR&RC and how it discharged its responsibilities for the Period.

Areas of Focus	
Performance and Remuneration Policy and Review	
Remuneration review	<p>The Committee scrutinised and approved:</p> <ul style="list-style-type: none"> Group performance for 2022 and 2023 and Group targets for 2023 and 2024; 2022 and 2023 organisation performance for CLP Power Hong Kong, China and CLPe Group, and targets for 2023 and 2024; 2022 organisation performance for Apraava Energy; Base pay for 2023 and 2024 for staff under Hong Kong payroll and Mainland China; CEO's remuneration; and Remuneration of direct reports to the CEO, including annual incentive payments for 2022 and 2023 and pay review for 2023 and 2024.
Performance management and remuneration policy	<p>The Committee reviewed and endorsed management's overall approach to align CLP's performance and remuneration policy for staff in Hong Kong and Mainland China with the delivery of the strategy. A refresh of the approach was agreed focused on rewarding collaboration, stronger alignment in goal setting to strategic priorities and desired future behaviors, greater differentiation, and improvement in line manager capability to provide more development-focused feedback.</p>

Areas of Focus

Succession Planning and Talent Development

Enterprise leadership succession	The Committee reviewed and endorsed the succession plan for the enterprise leadership team and reviewed the initiatives to accelerate the readiness and capability for the leadership team's succession.
Talent development	The Committee reviewed and considered management's proposed plans and initiatives in ensuring that CLP has the necessary talent and capability to support the corporate strategy.
Gender diversity and inclusion progress review	The Committee discussed the progress regarding gender diversity and inclusion. The Committee took note that management was continuing to make solid progress on workplace diversity, and this included the establishment of a Diversity & Inclusion Council.

People Strategy and Organisation Development

People strategy and organisation development	The Committee reviewed management's long-term plans and initiatives to enable the delivery of corporate strategy including a fit-for-purpose operating model and high-performance culture.
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Staff Policies and Benefits

Human resources policies	The Committee reviewed Human Resources Policies, and the key areas that have been strengthened, such as: health and wellbeing, family-friendly and flexible working, talent attraction and retention, and sustainability and governance.
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Governance

Training and professional development of Senior Management	The Committee considered the activities undertaken in 2022 and 2023 and the planned activities for 2023 and 2024 in respect of the training and continuous professional development of Senior Management.
Executive remuneration governance and disclosure	<p>The Committee reviewed and approved the 2022 and 2023 HR&RC Reports.</p> <p>The Committee took note of management's findings from their regular reviews on the governance and disclosure requirements for executive remuneration and the associated trends.</p>

Remuneration Policies

The main elements of CLP's remuneration policies have been in place for a number of years and are incorporated in the CLP Code:

- No individual or any of his or her close associates should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom CLP competes for human resources; and
- Remuneration should reflect performance, complexity, and responsibility with a view to attracting, motivating, and retaining high performing individuals and promoting the enhancement of the value of the Company to its shareholders.

Non-executive Directors (NED) – Principles of Remuneration

How should NED be remunerated

- Recognise that they are not employees
- Sufficiently competitive to attract and retain high-calibre candidates
- Should not be excessive

References include:

- The Financial Reporting Council's "The UK Corporate Governance Code" last published in July 2018
- The Corporate Governance Code and associated Listing Rules

Fees Review

- No less than every three years
- Latest independent review undertaken in 2022 (2022 Review)

Highlights of the 2022 Review:

Methodology same as that used in the previous reviews, save for:

- maintaining the fees for the Finance & General Committee unchanged although the indicative fees under the methodology showed slight reduction in fees; and
- a nominal fee be maintained for the Provident & Retirement Fund Committee.

Approach

- Over and above what is required by laws or regulations in Hong Kong or the provisions of the Corporate Governance Code

Fees for Non-executive Directors

	Fees per annum (before 7 May 2022) HK\$	Fees per annum (w.e.f. 7 May 2022) HK\$	Fees per annum (w.e.f. 7 May 2023) HK\$	Fees per annum (w.e.f. 7 May 2024) HK\$
Board				
Chairman	887,700	888,200	888,700	889,200
Vice Chairman	697,500	697,900	698,300	698,700
Non-executive Director	634,100	634,400	634,800	635,200
Audit & Risk Committee				
Chairman	673,100	688,200	703,700	719,500
Member	481,900	492,200	502,700	513,500
Finance & General Committee				
Chairman	449,900	449,900	449,900	449,900
Member	319,400	319,400	319,400	319,400
HR&RC				
Chairman	140,700	142,300	143,900	145,500
Member	99,800	101,300	102,800	104,300
Sustainability Committee				
Chairman	141,500	145,500	149,700	154,100
Member	101,900	104,400	107,000	109,600
Nomination Committee				
Chairman	40,200	41,100	42,100	43,100
Member	28,700	29,400	30,100	30,800
Provident & Retirement Fund Committee*				
Chairman	14,000	14,000	14,000	14,000
Member	10,000	10,000	10,000	10,000

* A nominal fee has been maintained for the Chairman and Members of the Provident & Retirement Fund Committee. The Board approved the reconstitution of this Committee from a Board Committee to a management committee with effect from 1 April 2023.

Note: Executive Director and management serving on the Board and Board Committees are not entitled to any Directors' fees.

Non-executive Directors – Remuneration in 2023 (Audited)

The fees paid to each of our Non-executive Directors in 2023 for their service on the CLP Holdings' Board and, where applicable, on its Board Committees are set out below. Higher level of fees was paid to Chairmen of the Board and Board Committees and the Vice Chairman of the Board as indicated by (C) and (VC) respectively. Executive Directors and management serving on the Board and Board Committees are not entitled to any Directors' fees.

There was a slight increase in total Directors' fees compared to 2022, partly due to an increase in the level of Non-executive Directors' fees which took effect from 7 May 2023.

In HK\$	Board	Audit & Risk Committee	Finance & General Committee	HR&RC	Sustainability Committee	Nomination Committee	Total 2023	Total 2022
Non-executive Directors								
The Hon Sir Michael Kadoorie	888,527 ^(C)	-	-	-	-	29,858	918,385	917,185
Mr Andrew Brandler ¹	698,162 ^(VC)	-	449,900 ^(C)	25,911	106,102	-	1,280,075	1,057,233
Mr J.A.H. Leigh	634,662	-	-	-	-	-	634,662	634,296
Mr Philip Kadoorie	634,662	-	-	-	106,102	-	740,764	737,833
Mrs Betty Yuen ²	634,662	-	319,400	-	-	-	954,062	-
Mr William Mocatta ³	-	-	-	-	-	-	-	1,262,444
Independent Non-executive Directors								
Sir Rod Eddington	634,662	-	319,400	-	-	-	954,062	953,696
Mr Nicholas C. Allen ⁴	634,662	530,221	319,400	143,348 ^(C)	106,102	41,755 ^(C)	1,775,488	1,922,757
Mrs Zia Mody	634,662	-	-	102,282	-	-	736,944	735,078
Ms May Siew Boi Tan ⁵	634,662	667,204 ^(C)	319,400	102,282	106,102	29,858	1,859,508	1,675,817
Ms Christina Gaw	634,662	-	319,400	-	106,102	-	1,060,164	1,057,233
Mr Chunyuan Gu ⁶	634,662	499,075	319,400	86,185	37,733 ^(C)	-	1,577,055	1,442,340
Mr Bernard Chan	634,662	-	-	-	106,102	-	740,764	151,808
Ms Wang Xiaojun Heather ⁷	400,011	316,770	-	64,778	-	-	781,559	-
Mrs Fanny Law ⁸	217,260	168,562	-	34,692	35,753	-	456,267	1,327,259
Total							14,469,759	13,874,979

Notes:

- Mr Andrew Brandler was appointed as the Vice Chairman of the Board and the Chairman of the Finance & General Committee both with effect from 1 January 2023. He was also appointed as a Member of the HR&RC with effect from 1 October 2023.
- Mrs Betty Yuen was appointed as a Non-executive Director with effect from 1 January 2023 and she remained as a Member of the Finance & General Committee since her appointment. In addition, she received HK\$300,000 as fees for her service on the board of CLP Power for 2023.
- The fees paid to Mr William Mocatta (a former Director) was made in respect of his service up to 31 December 2022, and it is included in the table solely for the purpose of comparing the total fees paid to Non-executive Directors in 2022 with those in 2023. Mr Mocatta received HK\$300,000 as fees for his service on the board of CLP Power for 2022.
- Mr Nicholas C. Allen remained as a Member of the Audit & Risk Committee after stepping down as its Chairman with effect from 28 February 2023.
- Ms May Siew Boi Tan was appointed as the Chairperson of the Audit & Risk Committee with effect from 28 February 2023.
- Mr Chunyuan Gu was appointed as the Chairman of the Sustainability Committee and a Member of the HR&RC with effect from 1 October 2023 and 28 February 2023 respectively.
- Ms Wang Xiaojun Heather was appointed as an Independent Non-executive Director and a Member of the Audit & Risk Committee and the HR&RC with effect from 16 May 2023. The fees paid to Ms Wang in respect of her service were made on a pro rata basis from 16 May 2023.
- Mrs Fanny Law retired as an Independent Non-executive Director and a Member of the Audit & Risk Committee, the HR&RC and the Sustainability Committee with effect from the conclusion of the 2023 AGM held on 5 May 2023. The fees paid to Mrs Fanny Law in respect of her service were made on a pro rata basis up to 5 May 2023.
- The CLP Holdings' Board approved the reconstitution of the Provident & Retirement Fund Committee from a Board Committee to a management committee with effect from 1 April 2023 and there was no Director serving on this Committee for the period from 1 January 2023 to 31 March 2023.

Change of Remuneration – Executive Directors and Senior Management in 2023 (Audited)

Details of the remuneration of Executive Directors and Senior Management prepared in accordance with the Hong Kong Financial Reporting Standards for the 12 months ended 31 December 2023 are set out in the tables on page 164 (Executive Directors) and pages 171 and 172 (Senior Management).

The amounts disclosed consist of remuneration accrued or paid for service in 2023 and, for the annual and long-term incentives, service, and performance in previous years.

The amounts disclosed are the amounts recognised in the financial year for accounting purposes, which do not necessarily reflect the cash actually received by the individual. Where payments are made to the individual over more than one financial year, this is explained in the notes.

To provide a clear picture of remuneration, amounts are shown as recurring or non-recurring items. Recurring items are the normal annual remuneration of Executive Directors and Senior Management while non-recurring items relate primarily to the appointment or termination of Executive Directors and Senior Management.

In the tables on page 164 and pages 171 and 172 the “Total Remuneration” column for 2023 includes the following recurring items:

- (i) base compensation, allowances & benefits paid;
- (ii) 2023 annual incentive accrued based on previous year’s Company performance and the 2022 annual incentive adjustment. The adjustment is the difference between the actual annual incentive paid in 2023 for 2022 performance and the annual incentive accrual for 2022;
- (iii) the 2020 long-term incentive award paid in January 2023 when the vesting conditions were satisfied (the comparative figures are the long-term incentive for 2019 paid in 2022). Approximately 22% of the decrease in the value of the phantom shares portion of 2020 long-term incentive payments resulted from the change in CLP Holdings’ share price between 2020 and 2022, with dividends reinvested; and
- (iv) provident fund contribution made.

Performance Outcomes for the Year

In considering performance outcomes against the balanced scorecard of measures set for the 2023 performance year, the Committee reviewed progress made against a mix of financial, operational, safety, environmental, internal control and objectives reflecting strategic priorities and long-term sustainability.

In 2023, the Committee considered the strong operating financial performance of the Group significantly above 2022’s results, together with material progress made in decarbonisation and strategy execution, improved operating performance and maintenance of a good safety, governance and control environment. Having considered these factors, the Committee decided to award a higher performance outcome than 2022.

Executive Directors – Remuneration in 2023 (Audited)


The remuneration paid to the Executive Directors of the Company in 2023 was as follows:

	Recurring Remuneration Items				Non-recurring Remuneration Items		
	Base Compensation, Allowances & Benefits ¹ HK\$M	Annual Incentive HK\$M	Long-term Incentive HK\$M	Provident Fund Contribution HK\$M	Total Remuneration HK\$M	Other Payments HK\$M	Total HK\$M
2023							
CEO (from 1 October to 31 December) (Mr T.K. Chiang) ³	2.4	1.7	–	0.6	4.7	–	4.7
CEO (from 1 January to 30 September) Advisor to CEO (from 1 October to 31 December) (Mr Richard Lancaster) ⁴	11.1	7.7	4.5	2.8	26.1	–	26.1
	13.5	9.4	4.5	3.4	30.8	–	30.8

		Performance Bonus ²					
	Base Compensation, Allowances & Benefits ¹ HK\$M	Annual Incentive HK\$M	Long-term Incentive HK\$M	Provident Fund Contribution HK\$M	Total Remuneration HK\$M	Other Payments HK\$M	Total HK\$M
2022							
CEO (Mr Richard Lancaster)	10.7	8.7	5.7	2.7	27.8	–	27.8
	10.7	8.7	5.7	2.7	27.8	–	27.8

Notes:

- 1 The value of non-cash benefits is included under the “Base Compensation, Allowances & Benefits” column of the above table. The nature of these benefits includes electricity allowance, the availability of a company vehicle for personal use, life insurance and medical benefits. The applicability of these benefits depends primarily on the location of the individual.
- 2 Performance Bonus consists of (a) annual incentive (2023 accrual and 2022 adjustment) and (b) long-term incentive (payment for 2020 award). The annual incentive payments and long-term incentive awards were approved by the HR&RC.

Payment of the annual incentive and granting of the long-term incentive awards relating to 2023 performance will be made in March 2024. These payments and awards are subject to the prior approval of the HR&RC after 31 December 2023. [Details](#) of these will be published on the CLP website at the time that the 2023 Annual Report is published. 
- 3 Mr T.K. Chiang was appointed as CEO and has become an Executive Director with effect from 1 October 2023. His remuneration covered the period from 1 October 2023 to 31 December 2023.
- 4 Mr Richard Lancaster stepped down as CEO with effect from 1 October 2023 and was appointed as Advisor to CEO. He continued to serve on the Board as an Executive Director of the Company. His remuneration covered the full year from 1 January 2023 to 31 December 2023.

The Group does not have, and has never had, a share option scheme. No Executive Director has a service contract with the Company or any of its subsidiaries with a notice period in excess of six months or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

Total Directors' Remuneration in 2023 (Audited)

The total remuneration of Non-executive and Executive Directors in 2023 was:

	2023 HK\$M	2022 HK\$M
Fees	14.5	13.9
Recurring Remuneration Items		
Base Compensation, Allowances & Benefits ¹	13.5	10.7
Performance Bonus ²		
– Annual Incentive	9.4	8.7
– Long-term Incentive	4.5	5.7
Provident Fund Contribution	3.4	2.7
Non-recurring Remuneration Items		
Other Payments	–	–
	45.3	41.7

Notes:

- 1 Refer to Note 1 on Base Compensation, Allowances & Benefits on page 164 for Executive Directors.
- 2 Refer to Note 2 on Performance Bonus on page 164 for Executive Directors.

Of the total remuneration paid to Directors, HK\$8.4 million (2022: HK\$7.1 million) has been charged to the SoC operation.

Linking Senior Management Pay with CLP's Purpose and Strategy

For the purposes of this section, Senior Management means the managers whose details are set out on pages 89 to 91.

CLP's Senior Management Remuneration Policy is an important element of the Group's strategy and an expression of our culture. Our Policy is designed to be **sustainable, aligned with shareholders and simple**. Delivery of a highly reliable supply of electricity today together with transforming our business to become better fit for a net-zero future is a commitment that requires long-term stewardship and a sustainable approach to remuneration. Ensuring fairness and internal equity; encouraging and rewarding appropriate behaviour while discouraging inappropriate behaviour; and balanced judgement of short- and long-term performance, aligned with shareholder outcomes, underpin this approach.

Fairness and internal equity are key elements of our approach. Depending on individual roles, Senior Management is responsible for a mix of businesses: a vertically integrated regulated business in Hong Kong, a customer-focused energy business in Australia, and an independent power producer in Mainland China, India, Taiwan Region and Thailand. We seek to fairly recognise the extent of Senior Management's assigned job responsibilities and capabilities demonstrated, and to ensure that our remuneration attracts, retains, and motivates a diverse, high-performing executive team. The structure of our executive remuneration packages is assessed in terms of appropriateness to the role, and with reference to both local and international markets. We emphasise strong management development, succession planning and job mobility to fill vacancies for executive positions as we believe that a long-term career with the Group is an important asset to CLP. Consequently, external competitiveness of remuneration must be balanced with internal equity. While Senior Management pay reflects the scale and scope of their responsibilities, our policy is designed to ensure that remuneration structure and outcomes are aligned with our wider workforce, whose skills, values, and commitment are essential to our success, and HR&RC decisions on executive pay outcomes are taken in the context of wider workforce considerations.

Senior Management pay is structured to seek to avoid excessive risk-taking in the achievement of performance targets and is governed by and compliant with relevant regulatory frameworks. In determining incentive payments and total remuneration, the HR&RC considers and balances a broad range of performance indicators including financial (e.g., long-term growth in the share price and dividends), operational, safety, environmental, social, business sustainability (including responding to climate change), governance and compliance-related factors linked to CLP's strategy. Decisions on pay reflect considerations of both **what** was achieved and **how** it was achieved. The determination of performance outcomes is not formulaic, as the HR&RC believes that their overriding responsibility is to exercise judgement and responsibility, ensuring alignment between shareholders and management.

CLP is committed to being simple and transparent in the way we do business. The HR&RC strives to keep remuneration arrangements simple, clear, and consistent to enable effective stakeholder scrutiny. We have maintained our Remuneration Policy in line with prior years in part on the belief that the current arrangements remain fit for purpose, are embedded into our business and are well-understood both internally and externally. Mindful of continuing external interest and debate on executive pay, we have reshaped the structure of our reporting on Remuneration Policy in order that the links between policy, strategy and performance are more clearly and simply articulated.

Remuneration Policy


Executive Directors and Senior Management (excluding Managing Director – EnergyAustralia)

The illustration below summarises policy design and operation for members of Senior Management. The policy is set out in full on pages 166 to 170. The pay structure of Managing Director – EnergyAustralia is aligned with Australian market practice and is addressed on pages 169 and 170.

Remuneration Component	Fixed Pay	Annual Incentive Plan (AIP)	Long-Term Incentive (LTI)	Retirement Arrangements
Purpose	Attract and retain the capabilities needed to lead and sustain a multi-jurisdictional business in a complex operating environment, without over-paying.	Drive performance aligned to short- and long-term value creation considering both what was achieved and how it was achieved, while avoiding excessive risk-taking.	Drive long-term value creation, support retention of Senior Management and encourage an owner's mindset.	Provide market-competitive and sustainable retirement benefits.
Delivery	Base salary. Accounted for 34% of potential total remuneration in 2023.	Annual cash payment. Accounted for 34% of potential total remuneration in 2023.	A minimum of 75% of the award is delivered in Phantom shares subject to a three-year vesting period. Up to 25% can be allocated to a notional cash deposit or to phantom shares. Accounted for 23% of potential total remuneration in 2023.	Employer and employee contributions to the Group Provident Fund Scheme (a Defined Contribution Scheme). A 17.5% contribution accounted for 9% of potential total remuneration in 2023.
Approach	Set with reference to local and international comparators, role scope and experience, and wider workforce considerations. Intent to align target Total Remuneration to between median and upper quartile of the reference market.	Balanced consideration by the HR&RC of a range of quantitative and qualitative performance measures including: WHAT was achieved <div>➤ Financial and Operational performance</div> HOW it was achieved <div>➤ Safety, Environmental and Internal Control performance</div> ADDITIONAL OBJECTIVES reflecting strategic priorities and long-term sustainability of CLP's business model, people, environmental impact, and community acceptance.	Set with reference to local and international comparators, wider workforce considerations and the cost to Company. Employer contribution rates for Senior Management are the same as for all employees.	

Base Salary	
Purpose and link to strategy	To attract, motivate and retain capable Executives needed to lead and sustain a multi-jurisdictional business in a complex operating environment, without over-paying.
Operation	Base salaries are reviewed annually considering market data (including base pay and total remuneration opportunity for both local and international peer-group comparators, supplemented where necessary by peer data from published remuneration surveys) and the scope and responsibility of the role, including any changes in responsibility, individual skills, and experience. Changes are usually effective from 1 April each year.
Maximum opportunity and alignment with wider workforce	Ordinarily, base salary increases in percentage terms will be in line with, or less than, increases awarded to other CLP employees. Increases may be made above this level for circumstances such as a significant change in responsibility or progression due to recent appointment. The HR&RC's intention is to align total remuneration between the median and upper quartile of the reference market.
Performance measures	Not applicable.

Annual Incentive	
Purpose and link to strategy	To drive performance aligned to short- and long-term value creation considering both what was achieved and how it was achieved for the Senior Management, while seeking to avoid excessive risk-taking in the achievement of performance targets.
Operation	AIP awards are determined by the HR&RC's assessment of organisational performance over each financial year. Awards are paid in cash in March following the relevant performance year. AIP awards for the CEO and Hong Kong based members of Senior Management are based on the performance of the CLP Group.
Maximum opportunity and alignment with wider workforce	Each member of Senior Management has a maximum annual incentive opportunity of 100% of base salary. Half of the maximum is payable for target performance. The maximum annual incentive opportunity may be exceeded in exceptional cases where a discretionary additional annual incentive is awarded by the HR&RC. All employees are eligible to participate in the AIP with target AIP percentage calculated as a percentage of base salary.

Annual Incentive	
Performance measures	<p>In assessing organisational performance, the HR&RC considers a balanced scorecard of measures. Given the scale and complexity of our business operations, there are many such measures, including both quantitative and qualitative factors. There is not a formulaic mathematical determination of performance, rather it is a balanced judgement by the HR&RC taking all relevant factors into account. In reaching their decision, the HR&RC considers:</p> <p>WHAT was achieved</p> <ul style="list-style-type: none"> Financial and Operational performance: Operating EPS, Operating Earnings, Return on Equity, Asset Performance and Customer Minutes Lost <p>HOW it was achieved</p> <ul style="list-style-type: none"> Safety performance: Fatalities, Lost Time Injury and Total Recordable Injury Rates Climate risk stewardship: progress in meeting science-based greenhouse gas emissions intensity targets and phasing out coal-based assets, as set out in CLP's updated Climate Vision 2050  Stewardship of other sustainability risks including the social and economic impacts of energy transition, health and wellbeing, and diversity and inclusion Internal Control: number of Not Satisfactory Audits and Code of Conduct cases <p>ADDITIONAL OBJECTIVES reflecting strategic priorities and long-term sustainability of the organisation in relation to five dimensions: customer and community engagement, business model, asset development, digitalisation, and culture and ways of working.</p>
Long-Term Incentive	
Purpose and link to strategy	To drive long-term business value creation, aligning Senior Management incentives to key strategic objectives, support Senior Management retention and to encourage an owner's mindset.
Operation	LTI awards are based on the target LTI opportunity (50% of the maximum opportunity) set at the beginning of the year, multiplied by the organisational performance score for the preceding year. A minimum of 75% of the award is allocated to CLP Holdings phantom shares based on the average closing share price for the December prior to the making of the LTI award. At the individual's choice, up to 25% of the award can be allocated to either a notional cash deposit or to CLP Holdings phantom shares. Payment is subject to a three-year vesting period.
Maximum opportunity and alignment with wider workforce	Each member of Senior Management has a maximum LTI opportunity of 66.6% of base salary. The final value of the award at the vesting date is determined based on initial allocation choices made and the subsequent impact of changes in share price, dividend reinvestment, exchange rate movements and interest earned over the three-year vesting period. Participation in the LTI Plan applies to Senior Management and other senior roles.
Performance measures	As per the AIP.

Retirement Benefits	
Purpose and link to strategy	To provide market-competitive and sustainable retirement benefits, supporting attraction and retention.
Operation	<p>The Group Provident Fund Scheme is a Defined Contribution scheme which all members of Senior Management and Hong Kong based employees are eligible to join.</p> <p>Employer contributions to the retirement fund range from 10-17.5% of Base Salary plus target annual incentive.</p>
Maximum opportunity and alignment with wider workforce	To receive the maximum 17.5% employer contribution, employees must have completed 10 or more years of service and are required to contribute 10% of their Base Salary. Employer contribution rates are the same for all employees.
Performance measures	Not applicable.

Managing Director – EnergyAustralia

Base Salary	
Purpose and link to strategy	To reflect responsibility and complexity of the role, the skills and experience of the individual and to support the attraction and retention of Executives to develop and deliver our strategy.
Operation	Fixed Annual Remuneration (FAR) includes base salary and employer contribution to the Australian statutory superannuation scheme. FAR is reviewed annually taking into consideration the competitive market position compared to peer companies, a range of listed companies with market capitalisation of 50% to 200% of EnergyAustralia's notional market capitalisation, market practice and individual performance. FAR accounted for 29% of Managing Director – EnergyAustralia (MD-EA)'s potential total remuneration in 2023.
Maximum opportunity and alignment with wider workforce	Ordinarily, FAR increases in percentage terms will be in line with or less than increases awarded to other EnergyAustralia employees.
Performance measures	Not applicable.

Short-Term Incentive	
Purpose and link to strategy	To reward individuals' performance based upon achievement of annual financial and operational targets which are linked to EnergyAustralia's strategy. This ensures that total remuneration received is consistent with organisation performance for which management can be held to account. Deferral of incentives facilitates clawback.
Operation	<p>The EnergyAustralia Board determines the level of incentive at its absolute discretion considering key financial, operational, and strategic performance indicators.</p> <p>Performance is assessed over a financial year. The actual payout of Mr Collette's annual incentive is approved by the Board of EnergyAustralia. 50% of the short-term Incentive (STI) award is paid in cash annually, with 50% deferred for one year.</p>
Maximum opportunity and alignment with wider workforce	Maximum annual incentive opportunity is 150% of FAR which accounted for 43% of MD-EA's potential total remuneration in 2023. 100% of FAR is payable for on-target performance. All salaried employees are eligible to participate in the STI with target percentage calculated as a percentage of FAR.
Performance measures	STI awards are based on a mix of the corporate scorecard and specific Managing Director-level objectives related to the strategic performance of business. 60% of the STI is based on corporate performance and 40% on priorities set for the business.

Long-Term Incentive	
Purpose and link to strategy	To drive long-term business performance aligning Senior Management incentives to key strategic objectives and to achieve long-term value creation for shareholders.
Operation	<p>LTI awards are based on performance over a three-year performance period. The EnergyAustralia Board determines the final value of LTI awards depending on the achievement of the LTI Performance Conditions.</p> <p>Upon determination of the Final Award Value, 100% of that value (subject to the discretion of the Nomination and Remuneration Committee of EnergyAustralia) will be paid on the vesting date in the fourth year.</p>
Maximum opportunity and alignment with wider workforce	Maximum LTI opportunity is equal to 100% of FAR which accounted for 28% of MD-EA's potential total remuneration in 2023. 50% of FAR is payable for on-target performance. The final value of the award at the vesting date is based on the subsequent impact of changes in share price. Participation in the LTI Plan applies to senior and selected other roles.
Performance measures	The LTI award is decided by the EnergyAustralia Board, depending on the achievement of LTI Performance Conditions.

Senior Management – Remuneration in 2023 (Audited)

CLP undertook a review of its Senior Management disclosure in 2023 and has adjusted the roles considered and disclosed as Senior Management in line with its operating model. In addition, Apraava Energy is now accounted for as a joint venture, hence the role of Managing Director – Apraava Energy is no longer considered and disclosed as CLP Holdings Senior Management. As a result, the disclosure for Senior Management for 2022 in the table is revised accordingly. To align with broader market practice, CLP also introduced extended disclosure of Group Executive Committee Members and the attendee to enhance the transparency of its broader leadership team. Details of the Members of the Group Executive Committee are set out on pages 90 and 91.

Details of the remuneration of the Senior Management are set out below (except for the Executive Directors, that are set out in “Executive Directors – Remuneration in 2023”).

	Recurring Remuneration Items					Non-recurring Remuneration Items	
	Base Compensation, Allowances & Benefits ¹ HK\$M	Performance Bonus ²		Provident Fund Contribution HK\$M	Total Remuneration HK\$M	Other Payments HK\$M	Total HK\$M
		Annual Incentive HK\$M	Long-term Incentive HK\$M				
2023							
Current:							
Chief Financial Officer (Mr Nicolas Tissot)	7.0	4.7	0.4	1.3	13.4	–	13.4
Chief Operating Officer (Mr Derek Parkin)	5.9	4.8	2.1	1.3	14.1	–	14.1
Chief Officer – International Business (Mr Alex Keisser) ³	1.4	1.0	–	0.2	2.6	–	2.6
Managing Director – CLP Power (Mr Joseph Law) ⁴	4.7	3.5	1.1	1.2	10.5	–	10.5
Managing Director – China (Mr Roger Chen) ⁵	1.9	1.4	–	0.5	3.8	–	3.8
Managing Director – EnergyAustralia (Mr Mark Collette) ⁶	6.6	6.8	0.4	0.1	13.9	–	13.9
Chief Strategy, Sustainability & Governance Officer (Mr David Simmonds)	6.1	4.1	2.5	1.5	14.2	–	14.2
Former:							
Managing Director – CLP Power (Mr T.K. Chiang) ⁷	4.7	3.1	2.4	1.2	11.4	–	11.4
Total	38.3	29.4	8.9	7.3	83.9	–	83.9

The notes are set out on page 172.

Of the total remuneration paid to Senior Management, HK\$25.5 million (2022: HK\$19.8 million) has been charged to the SoC operation.

Senior Management – Remuneration in 2023 (Audited) (continued)

	Recurring Remuneration Items				Non-recurring Remuneration Items		
	Base Compensation, Allowances & Benefits ¹ HK\$M	Performance Bonus ²		Provident Fund Contribution HK\$M	Total Remuneration HK\$M	Other Payments HK\$M	Total HK\$M
		Annual Incentive HK\$M	Long-term Incentive HK\$M				
2022 ⁸							
Current:							
Chief Financial Officer	6.7	5.9	–	1.2	13.8	–	13.8
Chief Operating Officer ⁹	1.9	1.6	–	0.4	3.9	–	3.9
Managing Director – CLP Power	6.1	4.8	3.1	1.5	15.5	–	15.5
Managing Director – China (Mr Joseph Law) ⁴	2.7	2.2	–	0.7	5.6	–	5.6
Managing Director – EnergyAustralia ⁶	6.9	0.5	2.1	0.1	9.6	–	9.6
Chief Strategy, Sustainability & Governance Officer	5.9	4.6	3.0	1.5	15.0	–	15.0
Former:							
Managing Director – China (Mr Chan Siu Hung) ¹⁰	1.2	0.9	2.5	0.3	4.9	8.5	13.4
Total	31.4	20.5	10.7	5.7	68.3	8.5	76.8

Notes:

- Refer to Note 1 on Base Compensation, Allowances & Benefits on page 164.
- Refer to Note 2 on Performance Bonus on page 164. For MD-EA, the annual incentive payment was approved by the Board of EnergyAustralia following consultation between the CEO, the Chairman of the EnergyAustralia Nomination and Remuneration Committee and Members of the HR&RC.
- Mr Alex Keisser was appointed as Chief Officer – International Business and has become a member of Senior Management with effect from 1 October 2023. His remuneration covered the period from 1 October 2023 to 31 December 2023.
- Mr Joseph Law was appointed as Managing Director – CLP Power with effect from 1 July 2023. Prior to this, he has been a member of Senior Management since 1 April 2022 and was the Managing Director – China from that date to 30 June 2023. His remuneration for 2023 covered the full year from 1 January to 31 December 2023. For year 2022, his remuneration covered the period from 1 April 2022 to 31 December 2022.
- Mr Roger Chen was appointed as Managing Director – China and has become a member of Senior Management with effect from 1 July 2023. His remuneration covered the period from 1 July 2023 to 31 December 2023.
- The remuneration of Mr Mark Collette is denominated in Australian dollars. The month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.
- Mr T.K. Chiang was appointed as CEO and become an Executive Director with effect from 1 October 2023. Prior to this, he has been a member of Senior Management and was the Managing Director – CLP Power. His remuneration covered the period from 1 January 2023 to 30 September 2023. Refer to page 164 for his remuneration received after becoming an Executive Director of the Company.
- Senior Management in table of 2022 refers to the corresponding positions which are identified as Senior Management following the review undertaken in 2023.
- Mr Derek Parkin was appointed as Chief Operating Officer and has become a member of Senior Management with effect from 1 September 2022. His 2022 remuneration covered the period from 1 September 2022 to 31 December 2022.
- Mr Chan Siu Hung retired as Managing Director – China on 31 March 2022. The annual incentive for 2022 was made on a pro rata basis for his service up to 31 March 2022. The Other Payments of HK\$8.5 million included (a) accelerated payment of long-term incentive for 2020, 2021 and 2022 (HK\$8.4 million) and (b) encashment of untaken annual leave (HK\$0.1 million).

The Five Highest Paid Individuals in 2023 (Audited)

The five highest paid individuals in the Group included two Directors (2022: one Director), two members of Senior Management and one former senior executive of the Group who retired in 2023 (2022: two members of Senior Management and two other senior executives). The total remuneration of the five highest paid individuals in the Group is shown below:

	2023 HK\$M	2022 HK\$M
Recurring Remuneration Items		
Base Compensation, Allowances & Benefits ¹	34.0	33.6
Performance Bonus ²		
– Annual Incentive	24.4	26.8
– Long-term Incentive	12.7	17.4
Provident Fund Contribution	8.1	8.4
Non-recurring Remuneration Items		
Other Payments	5.4	6.7
	84.6	92.9

Notes:

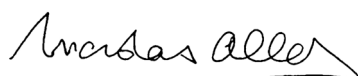
- 1 Refer to Note 1 on Base Compensation, Allowances & Benefits on page 164.
- 2 Refer to Note 2 on Performance Bonus on page 164.

The remuneration paid to these five individuals is within the following bands:

	Number of Individuals	
	2023	2022
HK\$14,000,001 – HK\$14,500,000	3	–
HK\$14,500,001 – HK\$15,000,000	–	2
HK\$15,000,001 – HK\$15,500,000	–	1
HK\$16,000,001 – HK\$16,500,000	1	–
HK\$19,500,001 – HK\$20,000,000	–	1
HK\$26,000,001 – HK\$26,500,000	1	–
HK\$27,500,001 – HK\$28,000,000	–	1

Looking Ahead

The HR&RC remains committed to its core functions of the oversight of remuneration policies and levels as well as the work on succession planning and shaping the organisation's culture. The Committee acknowledges that management will continue to work on the plan to transition and transform the organisation and this will also be a key focus of the Committee.



Nicholas C. Allen

Chairman, Human Resources & Remuneration Committee
Hong Kong, 26 February 2024

Directors' Report

The Directors have pleasure in submitting their Report together with the audited Financial Statements for the year ended 31 December 2023.

Principal Activities

The principal activity of the Company is investment holding and those of its subsidiaries are the generation and supply of electricity. The Company's principal subsidiary companies are listed under Note 34 to the Financial Statements.

Consolidated Financial Statements

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries (collectively referred to as the Group) together with the

Group's interests in joint ventures and associates. Details of the joint ventures and associates are provided under Notes 14 and 15 to the Financial Statements.

Earnings and Dividends

The earnings of the Group for the year are set out under the consolidated statement of profit or loss.

The Directors have declared and paid the first to third interim dividends of HK\$1.89 (2022: HK\$1.89) per share totalling HK\$4,775 million (2022: HK\$4,775 million) during the year.

On 26 February 2024, the Directors declared the fourth interim dividend of HK\$1.21 (2022: HK\$1.21) per share totalling HK\$3,057 million (2022: HK\$3,057 million).

This fourth interim dividend will be paid on 21 March 2024.

Business Review and Performance

Summary of the Review

Discussions on the Group's businesses and performance can be found throughout this Annual Report and the cross references are set out below. These discussions form part of this Directors' Report.

Topics	Sections
1 A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position, including analysis using financial key performance indicators	<ul style="list-style-type: none">Financial Highlights (page 7)Chairman's Statement (page 12)CEO's Strategic Review (page 16)Financial Review (page 26)Delivering Our Sustainability Agenda (page 40)
2 Description of the principal risks and uncertainties facing the Group	<ul style="list-style-type: none">Risk Management Report (page 127)Financial Risk Management (page 270)
3 Particulars of important events affecting the Group that have occurred since the end of the 2023 financial year	<ul style="list-style-type: none">Chairman's Statement (page 12)CEO's Strategic Review (page 16)Delivering Our Sustainability Agenda (page 40)
4 Outlook of the Group's business	<ul style="list-style-type: none">Chairman's Statement (page 12)CEO's Strategic Review (page 16)
5 An account of the Group's relationships with its key stakeholders	<ul style="list-style-type: none">Chairman's Statement (page 12)CEO's Strategic Review (page 16)Delivering Our Sustainability Agenda (page 40)
6 Details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group	<ul style="list-style-type: none">Chairman's Statement (page 12)CEO's Strategic Review (page 16)Delivering Our Sustainability Agenda (page 40)Governance (page 80)Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

Board's Statement on Sustainability

The following is a statement from the Board of Directors explaining the Board's oversight of sustainability-related issues and how CLP approaches the management of sustainability-related issues.

Governance structure

The CLP Board is ultimately responsible for CLP's sustainability-related issues, and governance of sustainability is integrated into our corporate governance structure across the Group. The Sustainability Committee is primarily responsible for managing the sustainability issues within the Group. It places a high priority on climate change developments and our own climate action, with a particular emphasis on the impact of longer-term sustainability issues on the Group's business strategy. The Sustainability Committee, as a Board Committee, is supported by the Sustainability Executive Committee and coordinated through the Group Sustainability Department. The Audit & Risk Committee continues to oversee monitoring of significant sustainability-related risks and the assurance process of ESG data. For further details on the governance structure, please refer to page 98 of the Corporate Governance Report on "CLP's Approach to Sustainability Reporting".


How does CLP approach and manage material sustainability-related issues?

CLP regularly reviews its strategic priorities against sustainability risks and opportunities to ensure they remain appropriate. The first post-pandemic year, 2023 saw a slow but steady recovery from the shocks of COVID-19. However, uncertainty persisted in the shape of an indeterminate economic future, complex international trade relationships, and geopolitical unrest in the Middle East and Ukraine. These incidents show that ESG concerns are dynamic and can have immediate as well as long-term effects. They also highlight the significance of conducting regular assessments of strategic priorities.

In 2023, CLP made efforts to provide a more detailed description of its sustainability-related impacts, risks and opportunities (IROs) with reference to IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information which was published in June 2023. In addition, CLP has improved its strategy for handling IROs by adding a clear time horizon and outlining the position of the IROs in the value chain. This enables CLP to fully respond to the needs of stakeholders, better reflect sustainability risks and opportunities in its business strategy and enable enhanced transparency in reporting. Furthermore, there has been a closer integration between the processes of risk management and materiality assessment. The sustainability priorities which are determined through the comprehensive annual materiality assessment process, have been taken into account in CLP's risk management process. The materiality results were categorised as:

- Financially material priorities, which could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital in the short, medium and


long term, as per the IFRS S1 standard, are covered in this Annual Report and are for reporting purposes our response to the ESG Reporting Guide. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence investment decisions. The key audience is providers of financial capital.

- Impact material priorities, which reflect significant positive or negative impacts on people, the environment and the economy, are covered in the [Sustainability Report](#). They address the concerns of a diverse range of stakeholders, including customers, people, partners and community, who are interested in CLP's positive and negative contributions to sustainable development. 

As part of Year 3 in CLP's three-year materiality assessment cycle, CLP's Senior Management was interviewed to obtain collated views on the business outlook and challenges in operations. Further, the sustainability IROs were identified and assessed against megatrends analysis, CLP's top tier risk list and broader CLP strategy. The materiality results were presented first to the Sustainability Executive Committee and then to the Sustainability Committee for their review and endorsement. In addition, CLP appointed for the first time a non-financial auditor to perform limited assurance over its materiality assessment process in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Further details of the materiality assessment process can be found in Delivering Our Sustainability Agenda – Overview on page 42.

The sustainability IROs have been grouped under six sustainability priorities which are: (i) transition to net zero; (ii) energy growth opportunities; (iii) energy security and reliability; (iv) a safe, future-ready workforce; (v) business resilience; and (vi) community stewardship. For further details on how sustainability priorities are addressed by the Sustainability Committee, please see the Sustainability Committee Report on page 148.

CLP's Climate Vision 2050

Climate change continues to be one of the top sustainability priorities for CLP. Following the 2021 review of its decarbonisation targets and climate commitments under CLP's Climate Vision 2050, CLP now has strengthened further its targets in view of latest developments in climate science and the policy landscape. The updated targets and the detailed transition plan are detailed in CLP's [Climate Vision 2050](#) (2024 edition). The transition plan will be updated every three years and annual updates on key metrics will be included in the Annual Report. Preparation of CLP's updated Climate Vision 2050 has made reference to IFRS S2 – Climate-related Disclosures. 

The Board recognises that climate change is one of the most material risks to CLP's business and will continue to provide oversight to ensure that the Group acts in a responsible manner and will be able to pursue the opportunities that may arise from the energy transition.

Share Capital

There was no movement in the share capital of the Company during the year. There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the year.

Reserves

Distributable reserves of the Company amounted to HK\$21,013 million as at 31 December 2023 (2022: HK\$22,052 million).

Bank Loans and Other Borrowings

The total borrowings (including debentures) of the Group as at 31 December 2023 amounted to HK\$57,515 million (2022: HK\$59,217 million). Particulars of borrowings are set out in Note 23 to the Financial Statements and on pages 53 to 56 of the Transition to Net Zero.

Financial Assistance and Guarantees to Affiliated Companies

The financial assistance given to affiliated companies and the guarantees given for facilities granted to affiliated companies aggregated to 1.0% of the Group's total assets as at 31 December 2023.


Equity-linked Agreements

For the year ended 31 December 2023, the Company did not enter into any equity-linked agreement.

Donations

Donations by the Group for charitable and other purposes amounted to HK\$9,179,000 (2022: HK\$10,017,000).

Five-year Summary

A summary of the results for the year and of the assets and liabilities of the Group as at 31 December 2023 and for the previous four financial years are on page 292. A [ten-year summary](#) is on the CLP website. 

Senior Management

The biographical details of the Senior Management as at the date of this Report are set out on pages 89 to 91. Details of their remuneration are set out in the Human Resources & Remuneration Committee Report on page 157.

Major Customers and Suppliers

Sales to the Group's five largest customers together represented less than 30% of the Group's total turnover during the year. Purchases from the Group's five largest suppliers, in aggregate, accounted for 58.24% of the Group's total purchases during the year and a breakdown of the purchases (as a percentage of the Group's total purchases)

from each of the five largest suppliers are set out below in descending order:

- 1 15.07% from Australian Energy Market Operator (AEMO) in which the Group has no economic interest. AEMO is the administrator and operator of the Australian energy market, from whom electricity is bought to supply EnergyAustralia group customers and to whom electricity is sold from EnergyAustralia group generators (as market participants, EnergyAustralia group entities are members of AEMO but do not hold any economic interest in AEMO).
- 2 13.00% from PetroChina International South China Co., Ltd. (PCISC) in which the Group has no interest. CAPCO purchases natural gas from PCISC for its electricity generation.
- 3 12.84% from Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) which is 25% owned by the Group. GNPJVC owns Guangdong Daya Bay Nuclear Power Station (GNPS), and CLP Power, a wholly owned subsidiary of the Company and the largest electricity supplier in Hong Kong, purchases 80% of GNPS's output for supply of electricity to its customers in Hong Kong.
- 4 12.14% from CNOOC China Limited (CNOOC) in which the Group has no interest. CAPCO purchases natural gas from CNOOC for its electricity generation.
- 5 5.19% from Ausgrid Operator Partnership (Ausgrid) in which the Group has no interest. EnergyAustralia pays the distribution charges to Ausgrid which owns and operates the electricity distribution network that provides services to customers located in Sydney, the Central Coast and Hunter regions of New South Wales.

As at 31 December 2023, none of the Directors, their close associates or substantial shareholders of the Company had any interest in those suppliers other than their indirect interests in GNPJVC, which interests arose from the Group's interest in GNPJVC and the Group's approximate 0.28% shareholding interest in CGN Power Co., Ltd. (the listed entity of which GNPJVC is a subsidiary).

Directors

As at the date of this Report, the Directors of the Company together with their biographical details are set out on pages 82 to 89 of this Annual Report. With the exception of Mr T.K. Chiang and Ms Wang Xiaojun Heather who were appointed in October 2023 and May 2023 respectively, the Directors held their office for the whole year ended 31 December 2023. Details of Directors' remuneration are set out in the Human Resources & Remuneration Committee Report on page 157.

Mrs Law Fan Chiu Fun Fanny retired as an Independent Non-executive Director of the Company at the conclusion of the 2023 AGM held on 5 May 2023 to make way for future appointments of new independent directors who would bring fresh ideas to the Board. Mrs Law confirmed that she had no disagreement with the Board and that she was not aware of any matter in relation to her retirement that should be brought to the attention of the shareholders of the Company.

Mrs Yuen So Siu Mai Betty was appointed as a Non-executive Director of the Company with effect from 1 January 2023. In accordance with Article 125 of the Company's Articles of Association, she retired and was elected as a Director by the shareholders at the 2023 AGM held on 5 May 2023.

Ms Wang Xiaojun Heather was appointed as an Independent Non-executive Director of the Company with effect from 16 May 2023 while Mr T.K. Chiang was appointed as the CEO and an Executive Director of the Company with effect from 1 October 2023.

Under the Company's Articles of Association, Directors are subject to retirement by rotation and re-election at the AGM. In accordance with Article 125 of the Company's Articles of Association, Ms Wang Xiaojun Heather and Mr T.K. Chiang, appointed in May 2023 and October 2023 respectively, will retire at the 2024 AGM. In accordance with Article 119 of the Company's Articles of Association, Mr Richard Lancaster, Ms Christina Gaw, Mr Chunyuan Gu, Mrs Zia Mody and Ms May Siew Boi Tan will retire by rotation at the 2024 AGM.

After having served as the CEO of the Company for 10 years, Mr Richard Lancaster was succeeded by Mr T.K. Chiang and has decided to step down from all positions at the CLP Group at the conclusion of the 2024 AGM. Therefore, Mr Richard Lancaster will not stand for re-election as a Director at the 2024 AGM. Mrs Zia Mody has informed the Company that she will not stand for re-election as a Director at the 2024 AGM. Mrs Zia Mody has served on the CLP Holdings Board since 2015, as she is currently in her eighth year of service as an Independent Non-executive Director, she decided not to seek re-election. Accordingly, at the conclusion of the 2024 AGM, both Mr Richard Lancaster and Mrs Zia Mody will retire from the CLP Holdings Board and the Board Committees on which they serve. Mr Lancaster and Mrs Mody have confirmed that they have no disagreement with the Board and that they were not aware of any matter in relation to their retirement that needs to be brought to the attention of the shareholders of the Company.

All the other retiring Directors, being eligible, offer themselves for election or re-election. None of the Directors offering themselves for election or re-election at the 2024 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation.


The Company made an announcement on 27 February regarding the retirement of Mrs Zia Mody and Mr J.A.H. Leigh and the appointment of Mr Diego Alejandro González Morales. These changes were considered and approved by the Board during the period covered by this Directors' Report. Mr J.A.H. Leigh will step off from the Board of the Company on 31 March 2024 as he retires from Sir Elly Kadoorie & Sons Limited, which oversees a number of Kadoorie Family interests in Hong Kong and overseas, and that Mr González Morales will join the Board effective 1 April 2024. In accordance with Article 125 of the Company's Articles of Association, Mr González Morales will retire, and being

eligible, offer himself for election by shareholders at the 2024 AGM.

Directors' Interests in Transactions, Arrangements or Contracts

During the year ended 31 December 2023, none of the Directors or his / her connected entity had directly or indirectly any material interest in transactions, arrangements or contracts of significance entered into by the Group.

Directors of Subsidiaries

The [names of all directors who have served on the boards of the subsidiaries of the Company](#) during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period) are available on the CLP website. 

Permitted Indemnity Provisions

During the Period, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors (including former Directors) of the Company or its associated companies. The permitted indemnity provisions are provided for in the Company's Articles of Association and in the Group-wide directors and officers liability insurance maintained by the Company in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors of the Company.

Continuing Connected Transactions

China Southern Power Grid International (HK) Co., Limited (CSG HK) (for reference, China Southern Power Grid Co., Ltd. (CSG) and its subsidiaries, collectively, the CSG Group) is a connected person of CLP Holdings (at the subsidiary level) by virtue of CSG HK being a substantial shareholder of CAPCO, a subsidiary of CLP Holdings. Accordingly, ongoing transactions entered into between members of the CSG Group and members of the CLP Group constitute continuing connected transactions (CCTs) for CLP Holdings under Chapter 14A of the Listing Rules.

Under the Listing Rules, the Group's CCTs relating to the power purchase arrangements with the CSG Group are required to be subject to an annual aggregate cap determined by the Company, and for 2023, this was HK\$1,776 million. The annual aggregate cap was approved by the Board of Directors in December 2022 and subsequently disclosed in the announcement dated 3 January 2023 (2023 Announcement). The project level caps of the CCTs for 2023 set out in the table on pages 178 to 193 are for reference only and were used to derive the annual aggregate cap of HK\$1,776 million.

Other details of the CCTs, which are required to be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules, are also set out in the same table. The considerations for 2023, unless otherwise stated, represented the actual transaction values of the relevant CCTs in the full twelve months of 2023.

Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
1	CLP Power electricity sales to Mainland China					
1.1	<p>Energy Economy Interchange Agreement</p> <p>Original agreement entered into on 25 December 2015 and extended by way of further agreements upon negotiation. On 12 December 2022, an extension agreement was entered into to further extend the term from 1 January 2023 to 31 December 2023. (Note 1)</p>	CLP Power	Guangdong Power Grid Co., Ltd., a subsidiary of CSG (CSG-GPG)	Economic interchange of electricity from, on the one side, CLP Power to CSG-GPG and, on the other, from CSG-GPG to CLP Power, depending on which party is affected by an emergency incident resulting in interruption of normal electricity supply to its customers.	<p>The consideration will, under circumstances prescribed in the agreement, be settled either by cash payment or by CSG-GPG's supply of such volume of water to Guangzhou Pumped Storage Power Station (for which the CLP Group has contractual rights to use 50% of Phase I of the power station (600MW)) for the generation of electricity equivalent to the volume supplied by CLP Power.</p> <p>For the energy transfer settled by cash payment, it is based on the number of kWh sold multiplied by an arm's length tariff (unit rate of energy transfer) agreed between the parties. In addition, under the standby capacity support, the consideration settled by cash payment is based on the capacity (MW) and hours requested to standby multiplied by an arm's length tariff (standby charges) agreed between the parties. The unit rate of energy transfer and standby charges are determined after taking into account the available market information and the relevant cost.</p>	–
Aggregated total consideration for CLP Power electricity sales to Mainland China (Project level cap for 2023 was HK\$624.00 million)						–
2	Huaiji hydro project					
2.1	<p>Zelian Hydro Station Power Purchase Agreement (PPA)</p> <p>Agreement entered into on 24 September 2018 with automatic renewal terms. The latest renewal was for another one-year period to 23 September 2024.</p>	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company (CLP-GHX)	Zhaoqing Power Bureau of CSG-GPG, a subsidiary of CSG (CSG-ZPB)	CLP-GHX sells electricity to CSG-ZPB which delegated the role of settlement to Zhaoqing Huaiji Power Bureau (CSG-ZHPB), another subsidiary of CSG.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Zhaoqing Development and Reform Commission (Zhaoqing DRC). This tariff is published at the Zhaoqing DRC Document ZhaoJia [2012] No. 67, supplemented by the Guangdong Provincial Development and Reform Commission (Guangdong PDRC) Document YueJia [2013] No. 177 and is updated from time to time.	5.84
2.2	<p>Supplemental Agreement to Zelian Hydro Station PPA</p> <p>Agreement entered into on 16 August 2019 with automatic renewal terms. The latest renewal was for another one-year period to 18 April 2024.</p>	CLP-GHX	CSG-ZPB	This is for the temporary arrangement for CSG-ZPB to supply electricity to CLP-GHX during the technical retrofit of Zelian Hydro Station and the upgrade of the local grid company.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGaiJiaGe [2021] No. 331 and is updated from time to time.	–
2.3	<p>Longzhongtan Hydro Station PPA</p> <p>Agreement entered into on 25 December 2018 with automatic renewal terms. The latest renewal was for another one-year period to 24 December 2024.</p>	CLP-GHX	CSG-ZPB	As in item 2.1 above	As in item 2.1 above	2.60

	Name, date and term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
2.4	<p>Jiaoping Hydro Station PPA</p> <p>Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.</p>	CLP-GHX	CSG-ZPB	CLP-GHX sells electricity to CSG-ZPB.	As in item 2.1 above	1.98
2.5	<p>Xiazhu Hydro Station PPA</p> <p>Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.</p>	CLP-GHX	CSG-ZPB	As in item 2.4 above	As in item 2.1 above	6.45
2.6	<p>Shuixia Hydro Station PPA</p> <p>Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.</p>	Guangdong Huaiji Weifa Hydro-electric Power Company Limited, a subsidiary of the Company (CLP-GHW)	CSG-ZPB	CLP-GHW sells electricity to CSG-ZPB.	As in item 2.1 above	34.11
2.7	<p>Baishuihe Four Hydro Stations PPA</p> <p>Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.</p>	<p>Guangdong Huaiji Changxin Hydro-electric Power Company Limited (CLP-GHC)</p> <p>Guangdong Huaiji Gaotang Hydro-electric Power Company Limited (CLP-GHG)</p> <p>CLP-GHW</p> <p>CLP-GHX</p> <p>All of the above companies are subsidiaries of the Company.</p>	CSG-ZPB	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX sell electricity to CSG-ZPB.	As in item 2.1 above	120.09
2.8	<p>Supplemental Agreement to Baishuihe Four Hydro Stations PPA</p> <p>Agreement entered into on 9 December 2020 with automatic renewal terms. The latest renewal was for another one-year period to 8 December 2024.</p>	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX	CSG-ZPB	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX sell / purchase electricity to / from CSG-ZPB.	As in item 2.1 above	–
2.9	<p>Niuqi Hydro Station PPA</p> <p>Agreement entered into on 26 July 2016 with automatic renewal terms. The latest renewal was for another one-year period to 25 July 2024.</p>	CLP-GHX	CSG-ZPB	As in item 2.4 above	As in item 2.1 above	22.78

	Name, date and term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
2.10	<p>Zelian Hydro Station (35kV Zelian Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHX	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHX as an industrial user for station consumption.	<p>According to the National Development and Reform Commission (NDRC) Document [2021] No. 809, power users are required to purchase electricity through market sales directly or through grid companies, who will act as agents to purchase electricity on behalf of industrial and commercial users that cannot purchase directly from the market.</p> <p>The tariff is based on 1-1.5 times weighted average price of the monthly centralised bidding transactions plus fees such as agency fees as well as transmission and distribution fees.</p>	0.01
2.11	<p>Longzhongtan Hydro Station (10kV Fenggan Ganyu Branch Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.01
2.12	<p>Jiaoping Hydro Station (10kV Xiqu-I Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.12
2.13	<p>Xiazhu Hydro Station (35kV Liangxia Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.02
2.14	<p>Shuixia Hydro Station (110kV Shashui Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHW	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHW as an industrial user for station consumption.	As in item 2.10 above	0.10
2.15	<p>Baishuihe Four Hydro Stations (110kV Feixin Line) High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.</p>	CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHC, CLP-GHG, CLP-GHW and CLP-GHX as an industrial user for station consumption.	As in item 2.10 above	0.07
2.16	<p>Shuixia Hydro Station (10kV Zhongxia Line) High Voltage Electricity Supply Contract</p> <p>New agreement entered into on 2 March 2023 for a one-year period to 1 March 2024 with automatic renewals for successive one-year periods.</p>	CLP-GHW	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHW as industrial user for station consumption.	As in item 2.10 above	0.01

						Consideration for 2023 HK\$M
Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	
2.17	Shuixia Hydro Station (10kV Xiashuai Line) High Voltage Electricity Supply Contract New agreement entered into on 2 March 2023 for a one-year period to 1 March 2024 with automatic renewals for successive one-year periods.	CLP-GHW	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHW as industrial user for station consumption.	As in item 2.10 above	0.01
2.18	Niuqi Hydro Station (35kV Dongniu-II Line) High Voltage Electricity Supply Contract New agreement entered into on 13 February 2023 for a three-year period to 12 February 2026 with automatic renewals for successive one-year periods.	CLP-GHX	Zhaoqing Guangning Power Bureau of CSG-GPG, a subsidiary of CSG (CSG-ZGPB)	CSG-ZGPB supplies electricity to CLP-GHX as industrial user for station consumption.	As in item 2.10 above	0.08
2.19	Changdiao Hydro Station (10kV Xinying Line) High Voltage Electricity Supply Contract New agreement entered into on 16 June 2023 for a three-year period to 15 June 2026 with automatic renewals for successive one-year periods.	CLP-GHC	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHC as an industrial user for station consumption.	As in item 2.10 above	0.01
Aggregated total consideration for Huaiji hydro project <i>(Project level cap for 2023 was HK\$292.00 million)</i>						194.29
3	Meizhou solar project					
3.1	Meizhou Solar Project PPA Agreement entered into on 1 March 2019 with automatic renewal terms. The latest renewal was for another one-year period to 1 February 2024.	Pingyuan Litian New Energy Power Company Limited, a wholly owned subsidiary of the Company (CLP Meizhou)	Meizhou Power Bureau of CSG-GPG, a subsidiary of CSG (CSG-MPB)	CLP Meizhou sells electricity to CSG-MPB.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guangdong PDRC. This tariff is published at the Guangdong PDRC Document YueFaGaiJiaGe [2017] No. 3084 and is updated from time to time.	45.60
3.2	Meizhou Solar Project High Voltage Electricity Supply Contract (110kV DongLi Line) Agreement entered into on 10 July 2019 with automatic renewal terms. The latest renewal was for another one-year period to 9 July 2024.	CLP Meizhou	Meizhou Pingyuan Power Bureau of CSG-GPG, a subsidiary of CSG (CSG-MPPB)	CSG-MPPB supplies electricity to CLP Meizhou as an industrial user for power consumption at the project site.	As in item 2.10 above	0.07
3.3	Meizhou Solar Project High Voltage Electricity Supply Contract (10kV DongShi Line) Agreement entered into on 9 June 2017 with automatic renewal terms. The latest renewal was for another one-year period to 8 June 2024.	CLP Meizhou	CSG-MPPB	As in item 3.2 above	As in item 2.10 above	0.30
Aggregated total consideration for Meizhou solar project <i>(Project level cap for 2023 was HK\$68.00 million)</i>						45.97

Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
4	Yang_er hydro project					
4.1	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (10kV, for dam)</p> <p>Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.</p>	Dali Yang_er Hydropower Development Co., Ltd., a wholly owned subsidiary of the Company (Dali Yang_er)	Yangbi Electricity Supply Co., Ltd., a subsidiary of CSG (CSG Yangbi)	CSG Yangbi supplies electricity to Dali Yang_er as an industrial user for consumption at project site.	<p>According to Yunnan Provincial Development and Reform Commission (Yunnan PDRC) Document [2021] No. 1140, power users are required to purchase electricity through market sales directly or through grid companies, who will act as agents to purchase electricity on behalf of industrial and commercial users that cannot purchase directly from the market.</p> <p>The tariff is based on 1-1.5 times weighted average price of the monthly centralised bidding transactions plus fees such as agency fees as well as transmission and distribution fees.</p>	0.01
4.2	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (10kV, for plant)</p> <p>Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.</p>	Dali Yang_er	CSG Yangbi	As in item 4.1 above	As in item 4.1 above	–
4.3	<p>Yang_er Hydro Project High Voltage Electricity Supply Contract (110kV)</p> <p>Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.</p>	Dali Yang_er	Dali Power Bureau of Yunnan Power Grid Company Limited (CSG Yunnan), a subsidiary of CSG (CSG-DPB)	CSG-DPB supplies electricity to Dali Yang_er as an industrial user for station consumption.	As in item 4.1 above	–
4.4	<p>Power Exchange Sales</p> <p>Transactions entered into via Kunming Power Exchange Center Limited (Kunming PEC) on various dates in 2023 for electricity sales for various durations.</p>	Dali Yang_er	CSG Yunnan, a subsidiary of CSG, and Kunming PEC which is 44% owned by CSG Yunnan	Dali Yang_er sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	Payment is based on the number of kWh sold multiplied by the tariff determined through competitive bidding processes conducted on Kunming PEC, an arm's length tariff agreed between the parties for market sales (as applicable), or set by Kunming PEC for interprovincial electricity sales (together with a transaction fee charged by Kunming PEC).	31.57
Aggregated total consideration for Yang_er hydro project (Project level cap for 2023 was HK\$41.00 million)						31.58

Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
5	Xicun solar project (Phases I and II)					
5.1	Xicun Solar Project PPA Agreement entered into on 22 November 2022 with automatic renewal terms. The latest renewal was for another one-year period to 9 October 2024.	CLP Dali (Xicun) Solar Power Co., Ltd, a wholly owned subsidiary of the Company (CLP Xicun)	CSG Yunnan	CLP Xicun sells electricity to CSG Yunnan.	According to Yunnan Energy Operations Document [2021] No. 286, renewable energy generators are required in non-wet seasons (from January to May and from November to December) fully participate in market sales, and in wet seasons (between June and October), all generation is required to be sold under "Priority Sales" at a discounted tariff based upon the average monthly bidding tariffs announced by Kunming PEC. The total tariff includes the settled price and a subsidy.	45.55
5.2	Xicun Solar Project High Voltage Electricity Supply Contract (for project site) Agreement entered into on 25 September 2022 for a three-year period to 24 September 2025 with automatic renewals for successive three-year periods.	CLP Xicun	Dali Binchuan Power Bureau of CSG Yunnan, a subsidiary of CSG (CSG Binchuan)	CSG Binchuan supplies electricity to CLP Xicun as an industrial user for power consumption at the project site.	As in item 2.10 above	–
5.3	Xicun Solar Project High Voltage Electricity Supply Contract Agreement entered into on 25 December 2019 with automatic renewal terms. The latest renewal was for another three-year period to 24 December 2025.	CLP Xicun	CSG-DPB	CSG-DPB supplies electricity to CLP Xicun for power consumption as an industrial user at the project site for equipment when the plant is not in generation status.	As in item 2.10 above	0.34
5.4	Xicun Solar Project High Voltage Electricity Supply Contract (for pump station) Agreement entered into on 25 September 2022 for a three-year period to 24 September 2025 with automatic renewals for successive three-year periods.	CLP Xicun	CSG Binchuan	CSG Binchuan supplies electricity to CLP Xicun as an agricultural user for use by the watering facilities.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the NDRC and subject to adjustment in accordance with the 2022 Implementation Scheme for Trading in Yunnan Electricity Market issued by Yunnan PDRC and Yunnan Provincial Energy Administration and is updated from time to time.	0.03
5.5	Power Exchange Sales Transactions entered into via Kunming PEC on various dates in 2023 for electricity sales for various durations.	CLP Xicun	CSG Yunnan and Kunming PEC	CLP Xicun sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	As in item 4.4 above	92.82
Aggregated total consideration for Xicun solar project (Phases I and II) (Project level cap for 2023 was HK\$166.00 million)						138.74

Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
6	Xundian wind project (Phases I and II)					
6.1	<p>Xundian Wind Project PPA</p> <p>Agreement entered into on 14 October 2016 with automatic renewal terms. Subsequently on 17 January 2023, a replacement agreement was entered into for a one-year period to 30 January 2024 with automatic renewal for one year. (Note 2)</p>	CLP (Kunming) Renewable Energy Co., Ltd., a wholly owned subsidiary of the Company (CLP Xundian)	CSG Yunnan	CLP Xundian sells electricity to CSG Yunnan.	According to Yunnan Energy Operations Document [2021] No. 286 and subsequent notice YunFaGaiJiaGe [2023] No. 665, subsidised renewable energy generators (i.e. Xundian Phase I) are required in non-wet seasons (from January to May and from November to December) fully participate in market sales, and in wet seasons (between June and October), all generation is required to be sold under “Priority Sales” at a discounted tariff based upon the average monthly bidding tariffs announced by Kunming PEC. The total tariff includes the settled price and a subsidy. For grid-parity wind energy generators (i.e. Xundian Phase II), they should fully participate in market sales throughout the year, but 60% of the monthly dispatched volume will be compensated based on the difference between the average market tariff and the coal-fired power benchmark tariff.	25.17
6.2	<p>Xundian Wind Project High Voltage Electricity Supply Contract</p> <p>Agreement entered into on 24 November 2022 with automatic renewal terms. Subsequently on 22 December 2023, a replacement agreement was entered into for a three-year period to 21 December 2026 with automatic renewals for successive three-year periods. (Note 3)</p>	CLP Xundian	Kunming Power Bureau of CSG Yunnan, a subsidiary of CSG (CSG-KPB)	CSG-KPB supplies electricity via a 110kV line to CLP Xundian for station consumption.	As in item 2.10 above	0.18
6.3	<p>Xundian Wind Project High Voltage Electricity Supply Contract (10kV)</p> <p>Agreement entered into on 8 July 2019 with automatic renewal terms. The latest renewal was for another three-year period to 7 July 2025.</p>	CLP Xundian	Kunming Xundian Power Supply Company Limited of CSG Yunnan, a subsidiary of CSG (CSG-KXPSC)	CSG-KXPSC supplies electricity to CLP Xundian for non-residential use by the facilities in the plant.	Payment is based on the number of kWh sold multiplied by the non-residential tariff determined by the Yunnan PDRC. This tariff is updated from time to time.	–
6.4	<p>Power Exchange Sales</p> <p>Transactions entered into via Kunming PEC on various dates in 2023 for electricity sales for various durations.</p>	CLP Xundian	CSG Yunnan and Kunming PEC	CLP Xundian sells electricity through Kunming PEC from time to time where (i) CSG Yunnan acts as settlement agent and assumes settlement risks for these transactions as defined under the Kunming PEC settlement rules or (ii) CSG Yunnan acts as the purchaser for interprovincial electricity sales.	As in item 4.4 above	76.28
Aggregated total consideration for Xundian wind project (Project level cap for 2023 was HK\$124.00 million)						101.63

Name, date and term of the agreement		Transaction party within the CLP Group	Transaction party within the CSG Group	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2023 HK\$M
7	Sandu wind project					
7.1	Sandu Wind Project PPA Agreement entered into on 31 December 2021 for a two-year period from 1 January 2022 to 31 December 2023. (Note 4)	CLP (Sandu) Renewable Energy Limited, a wholly owned subsidiary of the Company (CLP Sandu)	Guizhou Power Grid Company Limited, a subsidiary of CSG (CSG Guizhou)	CLP Sandu sells electricity to CSG Guizhou.	Payment is based on the number of kWh sold multiplied by a tariff pre-determined by the Guizhou Provincial Development and Reform Commission (Guizhou PDRC). The tariff is published at the Guizhou PDRC Document QianFaGaiJiaGe [2017] No. 1113 and is updated from time to time.	139.18
7.2	Sandu Wind Project High Voltage Electricity Supply Contract Agreement entered into on 8 December 2015, and as supplemented, with automatic renewal terms. The latest renewal was for another one-year period to 17 August 2024.	CLP Sandu	Duyun Sandu Power Bureau of CSG Guizhou, a subsidiary of CSG (CSG-DSPB)	CSG-DSPB supplies electricity to CLP Sandu as an industrial user for power consumption at the project site.	As in item 2.10 above	0.37
7.3	Sandu Wind Project Electricity Supply Contract (10kV) Agreement entered into on 23 March 2018 with automatic renewal terms. The latest renewal was for another three-year period to 22 March 2024.	CLP Sandu	CSG-DSPB	CSG-DSPB supplies electricity to CLP Sandu for power consumption at the project site.	Payment is based on the number of kWh sold multiplied by the residential users determined by the Guizhou PDRC. The tariff is published at the Guizhou PDRC Document QianFaGaiJiaGe [2020] No. 1025 and is updated from time to time.	0.02
Aggregated total consideration for Sandu wind project <i>(Project level cap for 2023 was HK\$191.00 million)</i>						139.57
Total Consideration for 2023						651.78

Notes:

- 1 On 27 December 2023, a 5th supplemental agreement was entered into to further extend the term to 31 December 2026.
- 2 The agreement for both Phases I and II was entered into on 17 January 2023 to replace the previous PPA for Phase I signed on 14 October 2016.
- 3 The High Voltage Electricity Supply Contract entered into on 24 November 2022 was received by the Company subsequent to the 2023 Announcement.
- 4 This Sandu Wind Project PPA was entered into on 31 December 2021 in respect of a two-year period from 1 January 2022 to 31 December 2023. Both parties agreed in writing in December 2023 to extend the term of the agreement until a new PPA in prescribed format is signed and the signing of which is expected to take place in the first half of 2024.

Pursuant to Rule 14A.55 of the Listing Rules, all the Independent Non-executive Directors of the Company have reviewed the CCTs and confirmed that the CCTs have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better to CLP; and
- (iii) according to the relevant agreement governing each of the CCTs on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's independent auditor, PwC, was engaged to report on the CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

PwC has reviewed these transactions and, pursuant to Rule 14A.56 of the Listing Rules, confirmed to the Board of the Company that nothing has come to their attention that causes them to believe that:

- (i) the transactions have not been approved by the Board of the Company;
- (ii) the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) the transactions have exceeded the annual aggregate cap.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 32 to the Financial Statements. None of these constitutes a discloseable connected transaction as defined under the Listing Rules.

Interests of Directors and Chief Executive Officer

The interests / short positions of each of the Directors and the CEO in the shares, underlying shares and debentures of the Company or any of the Company's associated corporations (within the meaning of the Securities and Futures Ordinance (SFO)) as at 31 December 2023, as recorded in the register required to be kept under Section 352 of Part XV of the SFO, are set out in the table below and the corresponding explanatory notes:

1 Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

The interests of Directors and the CEO in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 31 December 2023 were as follows:

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon Sir Michael Kadoorie	Note 1	410,526,125	16.24913
Mr Andrew Brandler	Note 2	10,600	0.00042
Mr J.A.H. Leigh	Note 3	218,821,853	8.66124
Mr Philip Kadoorie	Note 4	409,226,125	16.19767
Mr Nicholas C. Allen	Note 5	41,000	0.00162
Ms May Siew Boi Tan	Beneficial Owner	20,000	0.00079
Mr Bernard Chan	Note 6	409,000	0.01619
Mr Richard Lancaster	Personal	600	0.00002

Notes:

- 1 The Hon Sir Michael Kadoorie was deemed (by virtue of the SFO) to be interested in 410,526,125 shares in the Company. These shares were held in the following capacity:
 - a 233,044,212 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.
 - b 170,181,913 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.
 - c 1,300,000 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is the founder.
 - d 2,000,000 shares were ultimately held by each of three discretionary trusts, all of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.
- 2 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.
- 3 Mr J.A.H. Leigh was deemed (by virtue of the SFO) to be interested in 218,821,853 shares in the Company. These shares were held in the following capacity:
 - a 170,000 shares were held in a beneficial owner capacity.
 - b 218,651,853 shares were ultimately held by a discretionary trust. Mr J.A.H. Leigh was deemed to be interested in such 218,651,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 218,651,853 shares.

- 4 Mr Philip Kadoorie was deemed (by virtue of the SFO) to be interested in 409,226,125 shares in the Company. These shares were held in the following capacity:
 - a 233,044,212 shares were ultimately held by a discretionary trust, of which Mr Philip Kadoorie is one of the discretionary beneficiaries.
 - b 170,181,913 shares were ultimately held by a discretionary trust, of which Mr Philip Kadoorie is one of the discretionary beneficiaries.
 - c 2,000,000 shares were ultimately held by a discretionary trust, of which Mr Philip Kadoorie is one of the discretionary beneficiaries.
 - d 2,000,000 shares were ultimately held by each of two discretionary trusts, both of which Mr Philip Kadoorie is one of the default beneficiaries.
- 5 41,000 shares were held in a beneficial owner capacity and jointly with spouse.
- 6 Mr Bernard Chan was deemed (by virtue of the SFO) to be interested in 409,000 shares in the Company. These shares were held in the following capacity:
 - a 400,000 shares were held by two wholly owned subsidiaries of Asia Financial Holdings Limited (AFH). Mr Bernard Chan is deemed to be interested in approximately 61.84% of AFH, in addition to his personal interest of 0.20% in AFH.
 - b 9,000 shares were held by United Asia Enterprises Inc., an investment company in which Mr Bernard Chan holds 54.2% (including the interest of spouse).

Each of the other Directors, namely Mrs Yuen So Siu Mai Betty, Sir Rod Eddington, Mrs Zia Mody, Ms Christina Gaw, Mr Chunyuan Gu, Ms Wang Xiaojun Heather and Mr T.K. Chiang (CEO) have confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 31 December 2023.

None of the Directors or the CEO had interests in debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 31 December 2023.

2 Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors or the CEO had short positions in respect of shares, debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 31 December 2023.

At no time during the year was the Company or its subsidiaries a party to any arrangement to enable the Directors and the CEO of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

Interests of Substantial Shareholders

The interests / short positions of substantial shareholders in the shares and underlying shares of the Company as at 31 December 2023, as recorded in the register required to be kept under Section 336 of Part XV of the SFO, are set out in the table below and the corresponding explanatory notes:

1 Aggregate long position in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' interests in the shares of the Company as at 31 December 2023:

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
Bermuda Trust Company Limited	Trustee / Interests of controlled corporations	305,591,730 Note 1	12.10
Guardian Limited	Beneficiary / Interest of controlled corporation	218,651,853 Note 3	8.65
Harneys Trustees Limited	Trustee / Interests of controlled corporations	629,177,978 Note 3	24.90
Lawrencium Holdings Limited	Beneficiary	170,181,913 Note 2	6.74
Lawrencium Mikado Holdings Limited	Beneficiary	233,044,212 Note 2	9.22
The Magna Foundation	Beneficiary	233,044,212 Note 2	9.22
The Mikado Private Trust Company Limited	Trustee / Interests of controlled corporations	410,526,125 Note 2	16.25
Oak CLP Limited	Beneficiary	218,651,853 Note 4	8.65
Oak (Unit Trust) Holdings Limited	Trustee	218,651,853 Note 1	8.65
The Oak Private Trust Company Limited	Trustee / Interests of controlled corporation	218,651,853 Note 4	8.65
The Hon Sir Michael Kadoorie	Note 5	410,526,125 Note 5	16.25
Mr J.A.H. Leigh	Notes 3 & 6	218,821,853 Notes 3 & 6	8.66
Mr Philip Kadoorie	Note 7	409,226,125 Note 7	16.20

Notes:

- 1 Bermuda Trust Company Limited was deemed to be interested in the shares in which Oak (Unit Trust) Holdings Limited, The Oak Private Trust Company Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies.

- 2 The Mikado Private Trust Company Limited was deemed to be interested in the shares in which Lawrencium Holdings Limited, Lawrencium Mikado Holdings Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The Magna Foundation was also deemed to be interested in the shares in which Lawrencium Mikado Holdings Limited was deemed to be interested. The interests of The Mikado Private Trust Company Limited in the shares of the Company include the shares held by discretionary trusts of which The Hon Sir Michael Kadoorie is one of the beneficiaries and / or a founder as disclosed in "Interests of Directors and Chief Executive Officer".
- 3 Harneys Trustees Limited was deemed to be interested in the shares in which The Mikado Private Trust Company Limited and Guardian Limited were deemed to be interested, either by virtue of having direct or indirect control over such companies and / or in the capacity as one of the trustees of a discretionary trust.
The shares in which Guardian Limited was deemed to be interested was duplicated within the interests attributed to Mr J.A.H. Leigh in his capacity as one of the trustees of a discretionary trust as disclosed in "Interests of Directors and Chief Executive Officer".
- 4 The Oak Private Trust Company Limited was deemed to be interested in the shares in which Oak CLP Limited was deemed to be interested, either in the capacity as trustee of a discretionary trust and / or by virtue of having direct or indirect control over such company.
- 5 See Note 1 under "Interests of Directors and Chief Executive Officer".
- 6 See Note 3 under "Interests of Directors and Chief Executive Officer".
- 7 See Note 4 under "Interests of Directors and Chief Executive Officer".

As at 31 December 2023, the Company had not been notified of any long positions being held by any substantial shareholder in the underlying shares of the Company through equity derivatives such as share options, warrants to subscribe or convertible bonds.

2 Aggregate short position in the shares and underlying shares of the Company

As at 31 December 2023, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interests of Any Other Persons

As at 31 December 2023, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

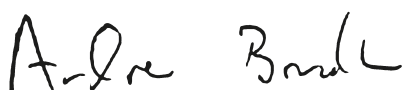
Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on page 92 of this Annual Report.

Auditor

The Financial Statements for the year have been audited by PwC who will retire and, being eligible, offer themselves for re-appointment, at the AGM of the Company.

On behalf of the Board



Andrew Brandler
Vice Chairman
Hong Kong, 26 February 2024