

中電控股有限公司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

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Quarterly Statement 2023 (January – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2023 are summarised in this Quarterly Statement.

Hong Kong

Economic recovery and record summer temperatures saw electricity sales by CLP Power Hong Kong Limited (CLP Power) increase 1.6% year-on-year to 27,292 gigawatt hours (GWh) in the first nine months of the year, notwithstanding two extreme weather events that adversely affected sales in early September as businesses, schools and public transportation were significantly disrupted. Growth in retail sales and tourism boosted electricity consumption in the Commercial sector as business picked up in hotels, shops and restaurants. Increased activities in transport and public facilities meanwhile drove higher sales in the Infrastructure and Public Services sector, while lower sales in the Residential sector reflected a pivot away from working from home. The following table shows sales by sector over the first nine months, together with year-on-year changes:

	Sales by Sector (GWh)	Increase / (Decrease)	% of Total Sales
Residential	7,836	(2.3%)	29%
Commercial	10,445	3.4%	38%
Infrastructure and Public Services	7,787	3.5%	29%
Manufacturing	1,224	(0.2%)	4%

Hong Kong was hit by two extreme weather events in quick succession in early September when Super Typhoon Saola – the most powerful storm in five years – was followed by the heaviest rainstorm since records began 140 years ago which brought landslides and flooding across the city. Comprehensive preparation facilitated by the Scheme of Control (SoC) Agreement and effective emergency response plans both in Hong Kong and Daya Bay Nuclear Power Station enabled CLP Power to maintain a reliable power supply and minimise the impact on customers in the adverse weather. During the typhoon, some sections of overhead lines and supply equipment in remote areas suffered damage with associated voltage dips and power

interruptions. Power supply to around 18,000 customers was briefly affected before it was swiftly restored. A week later, CLP Power's electricity supply remained largely intact during the torrential Black Rainstorm except for interruptions to around 1,000 customers. CLP Power maintained close contact with the affected customers and completed power restoration work within a day. The operational resilience was a testament to CLP Power's continuous investment in measures to mitigate the risks to power supply from extreme weather events, as well as effective preparations and communication with customers, government departments and community stakeholders.

CLP Power is committed to providing reliable and reasonably priced energy while minimising the tariff pressure on customers from global inflation and elevated fuel prices through stringent cost controls and a diversified fuel strategy. In addition, supported by a softening in international fuel prices, the Monthly Fuel Cost Adjustment continued its downward trend since June and dropped to 52.2 cents per unit for October, contributing to a 5.5% decline in the Average Net Tariff from the start of the year.

CLP Power continued to invest in energy infrastructure to reduce carbon emissions and bolster the security of the energy supply at a time of rising electricity demand. An offshore LNG terminal using floating storage and regasification unit technology was officially opened in September at a ceremony officiated by the Chief Executive of the Hong Kong SAR the Honourable Mr John Lee Ka-chiu, Secretary for Environment and Ecology Mr Tse Chin-wan, CK Hutchison Holdings Limited Chairman Mr Victor Li and CLP Holdings Chairman. The terminal further enhances Hong Kong's energy security and provides access to competitively priced natural gas from international markets.

Engineering, procurement and construction works for the 600MW combined-cycle gas turbine generation unit, D2, are progressing at Black Point Power Station. When D2 goes into full service next year, it will play a key role in Hong Kong's energy transition, supporting power supply reliability as CLP Power plans to gradually phase out coal-fired generation units at Castle Peak A Power Station in the coming years.

CLP Power continued to work with the Government on the 2024–2028 Development Plan under the current SoC Agreement and aims to finalise the planning process this year. The new five-year plan will underpin CLP Power's world-class electricity supply to support Hong Kong's long-term economic development and transition to carbon neutrality before 2050. Meanwhile, the Interim Review of the SoC Agreement progressed as planned as CLP Power continued constructive discussions with the Government.

CLP Power continues to support the Government's goal of zero vehicle emissions and the wider adoption of electric vehicles (EV). In August, around 10,000 people attended the CLP Low-Carbon Formula EV CARnival that showcased a range of electric public transport and commercial vehicles suitable for Hong Kong and promoted the benefits of the latest EVs.

CLP Power carried on with its efforts to support commercial and industrial customers to decarbonise. CLP Power conducted energy audits and provided energy efficiency advice to real estate manager ESR Group Limited (ESR) for the planned conversion of an old industrial building into a modern and sustainable data centre. It also assisted ESR in securing a HK\$1.6 billion sustainability-linked loan (SLL) for funding of the data centre project.

CLP Power assisted Far East Consortium International Limited (FEC) in securing its first SLL. CLP Power completed an energy audit for a hotel operated by FEC and provided technical support on energy efficiency to enable FEC to qualify for more favourable financing terms linked to sustainability targets.

CLP strengthened its collaboration with Link Asset Management Limited (Link) on energy efficiency and sustainability solutions in Hong Kong and other cities of the Greater Bay Area (GBA) following the signing of a Memorandum of Understanding (MoU) in September. As part of the MoU, CLP Power and Link will explore the implementation of energy management solutions and potential acquisition of SLLs from financial institutions. CLP Power will also provide technical support for EV charging systems at Link's car parks, and help Link promote energy saving to its tenants. CLPe will explore opportunities for energy efficiency solutions at Link's properties in the GBA, including cooling, solar power, EV charging and smart energy.

CLPe was awarded an engineering, procurement and construction contract for a power network in a new data centre in Fanling in the New Territories which is due to open in early 2024.

Mainland China

CLP China continued to expand its wind and solar energy portfolios to meet the nation's increasing demand for low-carbon energy, and the solid performance by its nuclear and renewable energy assets in the third quarter provided a strong foundation for further growth.

In Guangdong province, generation at CLP China's two nuclear power projects remained stable in the third quarter. Most of Yangjiang Nuclear Power Station's refuelling outages planned for the year have been completed. Meanwhile, a unit of Daya Bay Nuclear Power Station began a planned outage in the third quarter, lasting until early 2024.

Commercial operations at the 50MW Xundian II wind farm in Yunnan province began in March, contributing to increased wind energy generation in the first nine months with output boosted by higher wind resources. In July, CLP China began construction of the 150MW Bobai wind farm in Guangxi Zhuang Autonomous Region. Both Bobai and Xundian II are grid-parity projects designed to operate without government subsidies.

Meanwhile, Yangzhou Gongdao Solar Power Station – another grid-parity project with a generation capacity of about 74MW – went into service in September. Output from CLP China's solar farms was stable while hydro energy generation decreased on lower water resources.

The pipeline of renewable energy projects continued to strengthen as CLP China secured construction quotas for wind and solar projects in Guangxi and Shandong province.

CLPe completed installation of a 1.66MW solar energy system for MTR Corporation (Shenzhen) Limited (MTR (SZ)) in the second phase of an Energy-as-a-Service agreement. The solar system on the roof of a depot of MTR (SZ) was connected to the grid in August and will reduce annual carbon emissions by an estimated 950 tonnes.

Australia

EnergyAustralia continued to focus on strengthening the reliability of its power generation. In the face of rising cost of living pressures, EnergyAustralia is supporting a growing number of customers experiencing financial hardship.

Generation at Yallourn Power Station in Victoria was steady in the first nine months with plant availability improving to 76% from 68% a year earlier. A planned outage began on one of its four generation units in August to prepare the unit to operate safely and at target reliability levels until retirement in 2028. The duration of the outage is expected to be around eight weeks. Similar maintenance work is scheduled for another unit before the end of this year, followed by the two remaining units in 2024.

At Mount Piper Power Station in New South Wales, there was a 15% decrease in generation volumes compared to the first nine months last year due to reduced market demand and wholesale electricity prices as the Australian winter ended. Mount Piper is supplied primarily by the Springvale coal mine. Recently, due to flooding at the Springvale mine, there has been an increased risk of coal supply disruptions. The multi-mine supply contract executed with the coal supplier this year has diversified supply sources to maintain continuity of supply in the face of this risk. Despite the mitigation, a shortfall in coal deliveries is expected until the end of the year, with mining conditions forecast to improve in 2024. EnergyAustralia expects that the impact on Mount Piper's generation for the remainder of the year should be manageable given the current coal stockpiles, anticipated supply and projected electricity market demand. However, the extent of any impact is subject to actual coal supply outcomes in the coming months.

Output from gas-fired generation assets declined as milder temperatures in the Australian winter led to a dip in demand.

Supply costs for sales in the Customer business remained high as a great part of the forward electricity purchase contracts EnergyAustralia uses to manage the risk of volatility were entered into before wholesale power prices declined. To partially offset the higher costs, EnergyAustralia raised its electricity and gas tariffs for most residential and small business customers from July to September following increases in the reference prices set by the regulators. To support customers affected by rising cost of living pressures, EnergyAustralia offered a broader range of relief measures, including payment plans and cash flow assistance.

Customer accounts fell by around 11,000 – or 0.5% – in the first nine months of the year amid intense competition in the retail energy market. The level of customer churn nevertheless remained below the market average.

Following the legal proceedings commenced by the Australian Competition and Consumer Commission against EnergyAustralia for allegedly breaching the Electricity Retail Code and the Australian Consumer Law when notifying its customers of impending price changes, EnergyAustralia has reaffirmed its commitment to improving its customer communications to allow retail and small business customers to easily compare electricity and gas offers and make informed decisions, and to comply with relevant regulations.

Construction of the 320MW Tallawarra B gas and hydrogen peaking power station in New South Wales progressed and the plant is expected to go into operation around the end of the year. Meanwhile, two utility-scale battery storage systems underpinned by EnergyAustralia in New South Wales went into service on schedule in September.

EnergyAustralia released its inaugural Climate Transition Action Plan (CTAP) in August, outlining the key steps it will take to achieve net-zero scopes 1 and 2 emissions by 2050. Under the CTAP, EnergyAustralia will work with partners to expand its renewable energy portfolio to up to 3GW in committed or operational capacity by 2030, with an emphasis on large-scale wind generation.

India

Apraava Energy accelerated the development of renewable energy and other low-carbon energy infrastructure projects, further strengthening its ability to support India's energy transition and meet rising nationwide demand for power. The business began planning a 300MW wind farm in Karnataka state after securing the capacity at an auction earlier this year. Construction is due to begin in early 2024 after the power purchase agreement for the project is finalised. Elsewhere, commissioning of the Sidhpur wind farm in Gujarat continued to progress with 138MW of the 251MW plant in service by the end of September. The project is expected to operate at full capacity by the end of 2023.

Power generation from Apraava Energy's wind energy portfolio was stable as higher wind resources in August helped offset reductions in output from Mahidad and Samana wind farms in Gujarat, which were disrupted by a tropical cyclone in June. Normal operations were quickly resumed. Solar energy assets of the company meanwhile performed steadily.

Apraava Energy will shortly begin construction of more than 250 kilometres of 400kV overhead transmission lines and substations with a combined capacity of 2,500 megavolt ampere in Rajasthan state after winning two interstate projects in competitive auctions. The projects will support the transmission of 20GW of renewable energy in Rajasthan and are due to go into operation in February 2025. They are the first greenfield transmission projects for Apraava Energy, strengthening a portfolio that currently comprises the Kohima-Mariani Transmission Limited interstate transmission line in northeast India and the Satpura Transco Private Limited intrastate line in Madhya Pradesh. Both projects operated reliably so far this year.

Apraava Energy entered the advanced metering infrastructure market after winning contracts for smart meter installations in Assam and Gujarat states this year. Apraava Energy signed an agreement to deploy more than 2.3 million smart meters in Gujarat, and has started implementing a project to install around 700,000 meters in Assam by 2025.

Jhajjar Power Station in Haryana state maintained a high level of efficiency and strong operating performance.

Taiwan Region and Thailand

Ho-Ping Power Station in Taiwan Region continued to operate reliably and benefitted from a gradual easing of fuel costs from the second quarter onwards. Lopburi Solar Farm in Thailand also maintained stable operations.

Third Interim Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2023 of HK\$0.63 per share, same as the 2022 third interim dividend, payable on 15 December 2023 to Shareholders registered as at 6 December 2023. The dividend of HK\$0.63 per share is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 6 December 2023. To rank for the third interim dividend, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 5 December 2023.

The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 16 October 2023

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

Non-executive Directors:	The Hon Sir Michael Kadoorie, Mr Andrew Brandler, Mr J.A.H. Leigh, Mr Philip Kadoorie and Mrs Yuen So Siu Mai Betty
Independent Non-executive Directors:	Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw, Mr Chunyuan Gu, Mr Chan Bernard Charnwut and Ms Wang Xiaojun Heather
Executive Directors:	Mr Chiang Tung Keung and Mr Richard Lancaster

This Statement will be despatched to Shareholders on 26 October 2023 and is also available at the Investor Relations section on the Company's website at www.clpgroup.com.

Choice of language and means of receipt of corporate communications¹

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

You can ask to change² your choice of (a) language (English and/or Chinese); and/or (b) means of receipt (in printed form or by electronic means through our website) for the Company's future corporate communications.

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

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

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

- Notes:
1. *Corporate communications refer to Interim/Annual Reports, Quarterly Statements, notices, documents or other shareholder publications of the Company (including any "corporate communication" as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).*
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