中電控股有限公司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Quarterly Statement 2022 (January – March) and Inside Information Announcement

To Shareholders:

The operations of CLP Holdings Limited (the Company or CLP) for the three months to 31 March 2022 are summarised in this Quarterly Statement.

Hong Kong

Hong Kong was affected by a fifth wave of COVID-19 in the first quarter of 2022, severely impacting people's daily lives and the economy. CLP swiftly introduced stringent measures to safeguard the wellbeing of employees. It also provided timely, compassionate support for customers and the broader community to minimise the pandemic's socioeconomic impacts. The Company also worked closely with government departments and contractors to provide power to newly-built community isolation and treatment facilities under a very tight deadline. While CLP continued to maintain a highly reliable electricity supply, some services such as meter reading and customer service centres were suspended or scaled back from January to reduce the risk of infection, before resuming in late April as the outbreak moderated. CLP employees also drew on their design thinking skills and technical expertise to develop a digital solutions management system in the space of a fortnight so that the Hong Kong Community Anti-Coronavirus Link, a non-government organisation, could better manage thousands of service requests as well as its volunteer and inventory databases.

Surging fuel prices created pressure on tariffs and the Company is making its best effort in controlling cost to mitigate this impact. To ease the economic impact brought by the fifth wave, CLP relaunched in March an electricity bill payment deferral scheme which allowed eligible small and medium-sized enterprises (SME) customers in the catering and retail trades to defer bill payments for two months. The Company also distributed daily necessities and anti-virus supplies to low-income families, elderly people and other underprivileged households. The initiative followed the return of the CLP Retail and Catering Coupons Programme in January – supported by HK$80 million allocated from the CLP Community Energy-Saving Fund – to boost consumer spending and help people in need.

Sales of electricity in Hong Kong in the first quarter rose 0.3% to 6,840 gigawatt hours (GWh) from the same period in 2021. There were increased sales in the Infrastructure and Public Services sector, reflecting higher demand from hospitals, clinics and medical facilities, in addition to leisure and cultural amenities that have been temporarily converted into community testing or vaccination centres. Demand in the Commercial and Manufacturing sectors was lower due to stricter social distancing restrictions in the latter part of the quarter. Demand in the Residential sector also fell because of milder January temperatures. The following table shows the year-on-year changes in Hong Kong electricity sales for the quarter:

	Increase / (Decrease)		% of Total Local Sales
Residential	(35GWh)	(1.8%)	27%
Commercial	(9GWh)	(0.3%)	39%
Infrastructure and Public Services	77GWh	4.0%	29%
Manufacturing	(14GWh)	(4.1%)	5%

CLP continued to manage supply chain challenges created by the pandemic to minimise delays to major decarbonisation infrastructure projects. Engineering, procurement and construction works on the new 600MW combined-cycle gas turbine generation unit at Black Point Power Station progressed well, and the unit is expected to go into service on schedule in 2023. Construction of the offshore LNG terminal moved forward with the installation of subsea gas pipelines, and the completion of major elements of the marine-based jetty. Further works including the jetting and rock dumping for the subsea pipelines are in progress. Geotechnical site investigations for the potential offshore wind farm project in the south-eastern waters of Hong Kong are under way.

To support ongoing improvements in energy efficiency, more than 1.38 million smart meters had been connected by the end of the quarter, representing over 50% of CLP's meters for residential and SME customers in Hong Kong. CLP also continued to see strong customer interest in its Renewable Energy Feed-in Tariff scheme, with a total of 287MW of capacity approved or connected to the grid by the end of the first quarter.

Mainland China

CLP's non-carbon energy portfolio in Mainland China maintained a stable performance in the first quarter. However, high coal prices affected thermal energy assets again.

Generation at Daya Bay Nuclear Power Station and Yangjiang Nuclear Power Station in Guangdong province increased from a year earlier as there were fewer days of planned refuelling outages at both plants.

Output from CLP's wind energy portfolio was boosted by the addition of Qian'an III Wind Farm in Jilin province, which began commercial operation on 1 March. The wind farm is CLP's first grid-parity renewable energy project in Mainland China, operating without government subsidies. However, the contribution of the new project was mostly offset by lower wind resources in other regions where CLP assets are located. Generation from CLP's solar energy assets was moderately lower than a year earlier, largely as a consequence of less solar irradiance. The contribution from CLP's hydro portfolio increased, benefitting from improved water resources at the Huaiji plants in Guangdong province.

Fangchenggang Power Station in Guangxi Zhuang Autonomous Region recorded lower generation than last year because of limited coal supply, high fuel prices and increased competition from renewable energy. Operating margins were impacted by a surge in coal prices, exacerbated by the conflict in Ukraine and short-term restrictions on coal exports from Indonesia.

CLP completed retrofitting works to modernise the centralised cooling system at Po Park Shopping Plaza in Guangzhou in March. The project represents a new business model for CLP in the Greater Bay Area (GBA) as well as a steady income stream for at least 15 years. To support the low-carbon transition and electrification of the GBA, CLP will continue to explore investment opportunities in energy infrastructure projects for industrial parks and commercial sites in the region, including district and multi-building cooling systems and data centres. CLP is also keen to seize opportunities in Energy-as-a-Service solutions. In April, it announced plans to establish a joint venture with Qingdao TGOOD Electric Company Limited to develop an electric vehicle charging business in the GBA. The partnership aims to accelerate green transport and the construction of smart charging networks.

Australia

Following on from the second half of 2021, EnergyAustralia continued to face challenging market conditions with high gas costs, volatile and rising wholesale electricity prices and intense competition in retail energy markets.

Generation from EnergyAustralia's power stations decreased in the first quarter compared with the same period in 2021. Operations at Yallourn Power Station in Victoria were affected by unplanned outages caused by tube leaks and a coal conveyor system fire. Repair works are largely complete and generation is expected to return to normal in the second quarter. Output from Mount Piper Power Station in New South Wales was reduced after supply from the coal mine was affected by delays in mining preparations. To manage fuel supply constraints, EnergyAustralia implemented a number of measures including bringing forward the planned maintenance of one of the power station units from September to March so that the unit resumes normal operations in time to meet higher demand in the Australian summer.

Wholesale power prices for both spot sales and forward contracts in Australia's National Electricity Market were significantly higher than a year earlier because of disruptions to fuel supply following floods in northern states, higher international and domestic prices for gas and coal and unplanned generator outages.

In line with its hedging policies, most of EnergyAustralia's generation was contracted in advance of the increase in prices this year. As a result, the financial performance of the Energy business has been adversely impacted by relatively low prices received for electricity generated from the power stations based on hedging undertaken in previous years, while lower than expected generation from both Yallourn and Mount Piper has required EnergyAustralia to buy electricity at high prices from the spot market to settle contracts not covered by the power stations themselves.

EnergyAustralia provided temporary relief on billing and collection activities as well as access to its hardship programmes to customers impacted by flooding across Queensland and northern New South Wales in February. Although intense competition in the retail electricity market continued to affect the margins of new customer accounts, EnergyAustralia's Customer business benefitted from existing electricity hedging and lower bad debt expenses.

In February, EnergyAustralia announced a partnership with Nexport Pty Ltd to provide net-zero transportation and green infrastructure solutions for governments and corporate customers across Australia. EnergyAustralia remained focused on developing flexible, dispatchable capacity to support the energy transition in Australia. It began construction of the Tallawarra B plant in New South Wales in March, which will be Australia's first net-zero emissions hydrogen and gas capable power plant. In April, EnergyAustralia announced long-term agreements with Edify Energy to develop two utility-scale batteries in New South Wales with combined capacity of 90MW/180MWh.

Ms Jane McAloon was appointed Chair of EnergyAustralia, effective 28 April 2022, following the retirement of Mr Graham Bradley. Ms McAloon has been a Director at EnergyAustralia since 2012. She has over 20 years' experience in the resources and energy industries and substantial experience as a Non-executive Director across multiple listed boards.

India

Apraava Energy remained focused on expanding its clean energy investments, including renewable energy and power transmission. Construction of the new 251MW wind energy project in Sidhpur in Gujarat state continued, with the plant expected to go into service in the second half of the year.

Generation from the wind energy portfolio fell compared with the same period a year earlier due to a combination of marginally lower wind resources across India and reduced plant availability at Chandgarh Wind Farm, where operations were affected by disruptions to services from vendors. Apraava Energy continued to focus on enhancing the performance of its wind energy assets, with planned upgrades in progress at the Tejuva and Theni plants due to be completed in the first half of 2022.

Generation from the solar energy portfolio dipped compared with the same period in 2021 with a land settlement dispute involving local farmers and the developer of the Gale and Tornado solar projects in Maharashtra state affecting operations of the two plants. Together with the original developer, Apraava Energy resolved the dispute to allow operations at the plants to resume. The operation of other solar assets remained stable.

Kohima-Mariani Transmission Limited, the interstate transmission line in northeastern India in which Apraava Energy has a 49% stake, maintained 100% availability. Apraava Energy's wholly-owned Satpura Transco Private Limited intrastate transmission line in the state of Madhya Pradesh also reported full availability.

At Jhajjar Power Station in Haryana state, a major maintenance programme for one of the generation units involving more than 2,400 additional contract workers was completed in April and will further enhance the unit's reliability and performance.

Southeast Asia and Taiwan

Ho-Ping Power Station in Taiwan maintained reliable operations, although high coal prices continued to put heavy pressure on its margins. The plant remained focused on managing its fuel costs and supply. In Thailand, Lopburi Solar Farm continued its stable operations.

Inside Information Announcement

The Company wishes to inform its shareholders and potential investors regarding certain inside information relating to the financial performance of the Group in Australia.

For EnergyAustralia, the requirement to mark-to-market forward contracts against significantly higher forward prices has resulted in significant and unfavourable non-cash fair value movements in the first quarter of 2022. These fair value movements represent the difference between the higher prices now prevailing in the market and the prices that EnergyAustralia has previously committed to in its forward energy contracts and they reflect a position at a particular point in time and will be subject to change during the coming periods. Some of the positions will unwind while new positions will be taken in the ordinary course. While the increase in wholesale prices should benefit EnergyAustralia's business in the medium term, it has a significant negative non-cash impact on earnings in the short term. Based on the CLP unaudited consolidated management accounts for the three months ended 31 March 2022, the fair value movements had an after tax negative impact of HK$2.5 billion on the Group's operating earnings.

The extent to which these movements in wholesale electricity prices in Australia would impact the Company's half year financial performance remains uncertain at this stage but it is expected that this factor may have a further material adverse effect on the Group consolidated operating earnings for the half year ending 30 June 2022.

Executive Appointments

At the end of the first quarter, CLP introduced a new operating model, which defines how the organisation is structured and introduces new ways of working, to sharpen its focus on delivering decarbonisation and seizing the opportunities that spring from the GBA development. As a result, Mr Austin R. Bryan was appointed Chief Digital Officer, and Mr David Simmonds took up the role as Chief Strategy, Sustainability & Governance Officer, reflecting the importance of embedding the capabilities of digitialisation and sustainability into CLP's business strategy as a Utility of the Future.

Mr Joseph Law was appointed Managing Director – China, effective 1 April 2022, succeeding Mr Chan Siu Hung, who retired after more than 40 years of service with the Company. Before his appointment, Mr Law was the Chief Operating Officer of CLP Power Hong Kong Limited, and he has held a variety of management positions since joining the Company in 2001.

Annual General Meeting (AGM)

The twenty fourth AGM of the Company was held on 6 May 2022 and the results of the poll were published on the websites of the Company and The Stock Exchange of Hong Kong Limited on the same day. Minutes of the AGM and the proceedings of the meeting will be available at the Investor Relations section on the Company's website at www.clpgroup.com as soon as practicable.

First Interim Dividend

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

The Register of Shareholders will be closed on 6 June 2022. To rank for the first 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 Thursday, 2 June 2022.

Other Important Information

This Quarterly Statement with the inside information incorporated is made by CLP Holdings Limited pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Hon Sir Michael David Kadoorie
Chairman of the Board of Directors

Hong Kong, 16 May 2022

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

Non-executive Directors:	The Hon Sir Michael David Kadoorie, Mr William Mocatta, Mr J. A. H. Leigh, Mr Andrew Brandler and Mr Philip Kadoorie
Independent Non-executive Directors:	Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Fanny Law, Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw and Mr Chunyuan Gu
Executive Director:	Mr Richard Lancaster

This Statement will be despatched to Shareholders on 26 May 2022 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 communications[1]

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

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

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

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

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

Notes:

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

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