

5 May 2023

## **CLP Holdings Convenes 2023 Annual General Meeting**

### **Chairman's Opening Remarks**

I would like to thank you for joining us, it is great to see so many of you in person at this year's annual general meeting.

Turning to the Group's 2022 financial performance. The Group's core markets, Hong Kong and Mainland China, recorded a strong performance with combined operating earnings of HK\$10.9 billion, an increase of HK\$800 million. However, the losses in our Australia business impacted the Group's results. Group operating earnings before and after EnergyAustralia's fair value movements were down by 23% to HK\$7.6 billion and 51% to HK\$4.6 billion, respectively. The Group's total earnings for 2022 fell 89% to HK\$924 million taking into account the items affecting comparability, namely, the sell down of Apraava Energy and the sale of Fangchenggang Power Station. Despite the lower earnings, the Board recognised the overall solid performance of the Group and approved a fourth interim dividend of HK\$1.21 per share. Total dividends per share for 2022 were maintained at HK\$3.10, the same level for 2021.

2022 was a most challenging year in recent history with the global energy crisis and an uncertain environment that was still dominated by the impacts of the pandemic. Looking back, I am proud of our people who worked tirelessly with dedication in serving our customers and running our operations safely and responsibly.

In Hong Kong, we worked with the Government at the peak of the COVID fifth wave to provide new power supplies in record time for the newly constructed isolation and treatment facilities. Hong Kong was not immune to the higher and volatile fuel prices brought about by the global energy crisis. At CLP, we managed to minimise the impact of rapidly rising fuel costs through a fuel diversification strategy where reliable and competitively priced nuclear power from Daya Bay played a key role. Tariffs did increase in 2023, however, the increase was much lower than those experienced in other major international cities, and to help alleviate the electricity costs for families in need, our CLP Community Energy Saving Fund made available a HK\$110 million Fuel Cost Subsidy Programme. As part of our strategy to further diversify our fuel source, we continued with the construction of our offshore liquefied natural gas (LNG) terminal in 2022 and I am pleased to note that in April, the floating storage and regasification unit vessel was successfully berthed at the new terminal in Hong Kong waters. The terminal is expected to go into operation in mid-2023.

Our Mainland China business achieved a strong performance in 2022 with a 34.4% increase in operating earnings to HK\$2.2 billion. During the year, we were able to complete the construction of the Qian'an III wind project, continue the construction of Xundian II and Bobai wind farms as well as a solar project in Jiangsu province amidst an environment impacted by COVID restrictions. In keeping with our efforts on decarbonising our portfolio, we have divested our stake in the Fangchenggang coal-fired power station. The transaction will provide us with additional capital to invest in clean energy projects and we are seeing a good pipeline of opportunities that we will pursue.

Outside of our core markets, we completed the sale of a 10% interest in our India business unit Apraava Energy so that it is now a 50:50 joint venture between CLP and CDPQ. With this strategic partnership, Apraava Energy is well positioned to grow at a faster pace with the non-carbon opportunities in India.

Australia experienced dramatic increases and unprecedented volatility in electricity prices in 2022. EnergyAustralia's financial performance for 2022 was adversely affected by these developments which coincided with the shortfalls in coal-fired generation from our Yallourn and Mount Piper power stations. In 2023, we will be focusing on enhancing the performance of Yallourn and the security of coal supply for Mount Piper. The Australian electricity market is undergoing a period of rapid transition and one that requires significant investments. We believe that EnergyAustralia will continue to be a well-positioned platform to invest in, and support, the energy transition. We have confidence that it has the potential for a partnership, and as the market stabilises we will continue to explore opportunities in this respect.

Looking ahead, our strategic focus will be on decarbonising our operations and achieving growth through the opportunities arising from the energy transition and electrification. For our core market in Hong Kong, we will be working with the Government on the Development Plan for 2024 – 2028, the second five-year period of the current Scheme of Control Agreement. The Scheme of Control Agreement has been an effective form of regulation for many years and it has enabled a strong degree of alignment between the services we provide for our customers and the investments needed to deliver the Government's policy objectives. It has also facilitated the long-term planning with investment certainty so critical for a smooth energy transition and stable energy supply for our community. We recognise the long-term importance of Hong Kong's decarbonisation roadmap beyond 2035 and the Government's 2050 climate targets. We believe the coming Development Plan will support the investment required for a decarbonised future for Hong Kong and to ensure that we will continue to deliver a world-class electricity service to our customers.

With the pandemic behind us, we are confident that we are well placed to execute our strategy. We recognise that this can only be achieved with our people living our core values under the strong leadership of our management team. At the Board leadership level, we are seeing some significant changes. I would like to make particular note of the fact that at the end of 2022, Mr William Mocatta retired after more than 30 years on the Board and Mrs Fanny Law will retire from the Board at the conclusion of this meeting after more than 11 years' of service. I would like to thank them both for their excellent contribution over many years. During the year, we also

welcomed the appointment of Mr Andrew Brandler as the Vice-chair of the Board, the appointment of Mrs. Betty Yuen as a Non-executive Director and Mr Bernard Chan, as an Independent Non-executive Director. As Chairman of the Board, I am confident that they will each be able to contribute to the Board and CLP and that your Board is well placed to lead CLP through the challenges ahead.



The hybrid format of CLP Holdings' 2023 AGM enables more than 400 shareholders to attend the meeting in person and almost 300 to participate online.



CLP Holdings Directors welcome shareholders attending the 2023 AGM today.



CLP Holdings Chairman Sir Michael Kadoorie (second from right) takes questions from shareholders at the meeting. Besides him are Vice-chairman Mr Andrew Brandler (third from left), Chief Executive Officer Mr Richard Lancaster (right), Non-executive Director Mrs Betty Yuen (left) and Independent Non-Executive Director Nicholas Allen (second from left).

## **About CLP Group**

The CLP Group is one of the largest investor-owned power businesses in Asia Pacific with investments across Hong Kong, Mainland China, Australia, India, Southeast Asia and Taiwan. Hong Kong-listed CLP Holdings Limited is the holding company for the CLP Group, which has a diversified portfolio of generating assets that uses a wide range of fuels including coal, gas, nuclear and renewable sources.

Through CLP Power Hong Kong Limited, the Group operates a vertically integrated electricity supply business that provides a highly reliable supply of electricity to 80% of Hong Kong's population. The CLP Group is the largest external investor in the energy sector in Mainland China. The Group's wholly owned subsidiary EnergyAustralia is a leading integrated energy company in Australia, providing gas and electricity to about 2.46 million households and businesses. Aprava Energy, in which CLP has a 50% interest, is one of India's biggest renewable energy producers with operations in power generation and transmission.

CLP Holdings is included in the Global Dow – an index of the world's leading blue-chip companies, in addition to sustainability-focused indices including the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Hang Seng Corporate Sustainability Index Series and the FTSE4Good Index series.

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