

A Snapshot of CLP in 2022

About the CLP Group

The CLP Group is one of the largest investor-owned power businesses in Asia Pacific with investments in Hong Kong, Mainland China, Australia, India, Southeast Asia and Taiwan. Its business spans every major segment of the electricity value chain ranging from power generation, transmission and distribution to retail and smart energy services. To meet the evolving needs of energy users in a world being reshaped by decarbonisation and digitalisation, CLP strives to embrace new opportunities and expand its horizons as it transforms into a Utility of the Future.

	Current Operations	Potential Opportunities
Generation	●	○
Transmission	●	○
Distribution	●	○
Retail	●	○
Smart Energy Services	●	○

Hong Kong

Hong Kong's electricity sector is regulated by the Scheme of Control Agreements and operated by two vertically integrated utility companies that serve different geographical areas of the city. CLP Power Hong Kong Limited, the larger of the two companies and a wholly owned subsidiary of the Group, provides a power supply of over 99.997% world-class reliability to more than 2.75 million customers in Kowloon, the New Territories and most of the outlying islands, serving about 80% of the city's population.

Mainland China

The electricity industry in Mainland China is largely state-controlled. Transmission and distribution are principally operated by two state-owned enterprises while generation is open for investment. As the country continues to open up its energy market, the provision of sustainable energy services to customers also presents great potential for private investments. CLP first entered the market in 1979 when the Group began providing electricity to Guangdong province. Today, CLP China is the largest external investor in the energy sector in Mainland China with over 50 power projects in 16 provinces, municipalities and autonomous regions, concentrating on low-carbon energy, including nuclear power and renewable energy, in addition to opportunities in smart energy services.

Australia

EnergyAustralia is one of the largest privately owned electricity generators under the National Electricity Market (NEM), a major gas and electricity retailer in New South Wales, Victoria, South Australia and the Australian Capital Territory, and an electricity retailer in Queensland. Private generators operating under the NEM and a number of government-owned assets provide generation services in a competitive wholesale market. The electricity retail market is partially regulated while the transmission and distribution segments remain substantially regulated.

2022 Operating Earnings

Total
HK\$4,623 million

Hong Kong energy and related business	India
HK\$8,666 million	HK\$193 million
Mainland China	Southeast Asia and Taiwan
HK\$2,229 million	HK\$11 million
Australia	Other earnings and unallocated expenses
-HK\$5,267 million	-HK\$1,209 million

India

Much of the electricity industry in India has traditionally been owned and controlled by the Federal and State Governments. Since 2006, private companies have been encouraged to invest in the generation and increasingly transmission segments. On the distribution side, the Federal Government has recently progressed initiatives for more privatisation. Since entering the Indian market in 2002, CLP has built a diversified portfolio comprising wind, solar and supercritical coal generating facilities as well as transmission assets, and is foraying into the advanced metering infrastructure segment. The business, in which the Canada-based global investment group CDPQ has a 50% stake, is operated under the Apraava Energy brand with a focus on clean energy, power transmission and other customer-focused energy businesses.

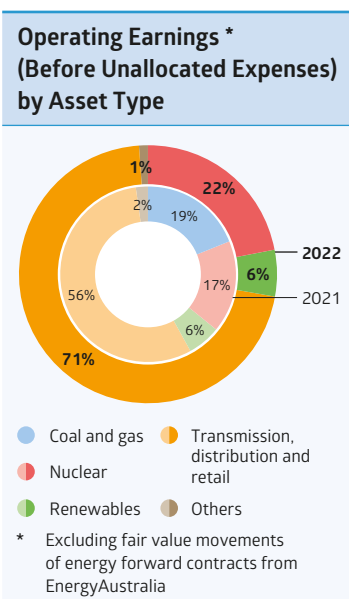
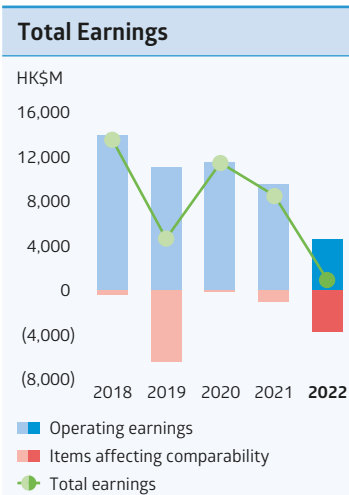
Southeast Asia and Taiwan

CLP has minority interests in a solar project in Thailand and a coal-based generation plant in Taiwan. The electricity industry is government-controlled in both markets.

Financial Highlights

Strong performance in Hong Kong and Mainland China, more than offset by operational challenges from our generation portfolio in Australia, resulting in Group operating earnings (before fair value loss of HK\$2,937 million on energy forward contracts in Australia) reduced by HK\$2,291 million to HK\$7,560 million. Total earnings decreased to HK\$924 million after considering this unrealised fair value loss and items affecting comparability. Dividend is maintained at the same level as in 2021.

	2022	2021	Increase / (Decrease) %
For the year (in HK\$ million)			
Revenue			
Hong Kong electricity business	50,600	44,311	14.2
Energy businesses outside Hong Kong	48,873	38,941	25.5
Others	1,189	707	
Total	100,662	83,959	19.9
Earnings			
Hong Kong energy business ¹	8,403	8,141	3.2
Hong Kong energy business related ²	263	301	
Mainland China	2,229	1,660	34.3
Australia	(5,267)	(83)	(12.7)
India	193	221	(93.6)
Southeast Asia and Taiwan	11	173	
Other earnings in Hong Kong ¹	(65)	(18)	
Unallocated net finance costs	(6)	(9)	
Unallocated Group expenses	(1,138)	(869)	
Operating earnings	4,623	9,517	(51.4)
Items affecting comparability	(3,699)	(1,026)	
Total earnings	924	8,491	(89.1)
Net cash inflow from operating activities	12,734	17,806	(28.5)
At 31 December (in HK\$ million)			
Total assets	236,026	239,809	(1.6)
Total borrowings	59,217	58,215	1.7
Shareholders' funds	105,498	113,034	(6.7)
Per share (in HK\$)			
Earnings per share	0.37	3.36	(89.1)
Dividend per share	3.10	3.10	-
Shareholders' funds per share	41.76	44.74	(6.7)
Ratios			
Return on equity ³ (%)	0.8	7.5	
Net debt to total capital ⁴ (%)	32.0	28.1	
FFO interest cover ⁵ (times)	7	12	
Price / Earnings ⁶ (times)	154	23	
Dividend yield ⁷ (%)	5.4	3.9	



Notes:

- Reflecting our business initiatives in energy and infrastructure solutions in Hong Kong, the 2021 earnings of CLPe have been reclassified from other earnings in Hong Kong to Hong Kong energy business to align with current year presentation
- Hong Kong energy business related includes PSDC and Hong Kong Branch Line supporting SoC business
- Return on equity = Total earnings / Average shareholders' funds
- Net debt to total capital = Net debt / (Equity + advances from non-controlling interests + net debt); debt = bank loans and other borrowings; net debt = debt - bank balances, cash and other liquid funds
- FFO (Funds from operations) interest cover = Cash inflow from operations / (Interest charges + capitalised interest)
- Price / Earnings = Closing share price on the last trading day of the year / Earnings per share
- Dividend yield = Dividend per share / Closing share price on the last trading day of the year

Strategic Framework

Our purpose and strategy

Purpose

CLP provides sustainable energy solutions to create value for shareholders, customers, employees and the wider community. We aim to be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next.

Strategy

Through our values and commitments, we work every day to grow our business and meet our strategic priorities: creating a **sustainable business portfolio**; **accelerating our response to climate change** for our business and the communities we operate in; **servicing growing demand for energy solutions**; **leveraging technology** to deliver leading customer experiences and enhance operating performance; and **investing to build an agile and innovative workforce**.

▶ Read **CEO's Strategic Review** on pages 16 to 20

Double materiality assessment

Material ESG topics:

Financially material

- Shaping and executing the transition to net zero
- Bolstering energy security and reliability
- Pursuing energy growth opportunities in our core markets
- Building an agile and innovative workforce
- Reinforcing resilience in a changing operating environment
- Aligning business activities with community, employee and customer expectations

Impact material

Megatrends analysis

▶ Read **Sustainability as Our Business Strategy** on pages 22 and 23

Strategic priorities

Continue to grow a sustainable business portfolio

- ▶ Growing provision of energy solutions in the Asia-Pacific region underpinned by capital discipline

Accelerate our response to climate change

- ▶ Accelerate decarbonisation of CLP's portfolio, reinforce resilience in a changing climate and manage social impact

Serve growing demand for energy solutions

- ▶ Pursue growth opportunities from energy infrastructure, Energy-as-a-Service and customer-facing energy solutions

Leverage technology for experience and performance

- ▶ Deliver leading customer experiences and empower customers in making better energy choices
- ▶ Adopt technologies to enhance operating performance and drive new business

Invest to build an agile, innovative workforce

- ▶ Invest to build organisational agility and develop future skills
- ▶ Support CLP's people to thrive in change, promoting health and wellbeing

How we measure success

Key performance indicators

▶ See **Human Resources & Remuneration Committee Report** on pages 175 to 193 on how remuneration is linked to performance indicators

HK\$924 million Total earnings 2021: HK\$8,491 million	HK\$4,623 million Operating earnings 2021: HK\$9,517 million	HK\$7,832 million Dividends 2021: HK\$7,832 million	87,360 million kWh Electricity sent out 2021: 91,183 million kWh	5.21 million Retail customer accounts in Hong Kong and Australia 2021: 5.15 million	6 cases* Environmental regulatory non-compliance 2021: 5 cases* * See page 310 for details
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0.55 kg CO₂e/kWh
Greenhouse gas emissions intensity
2021: 0.57 kg CO₂e/kWh

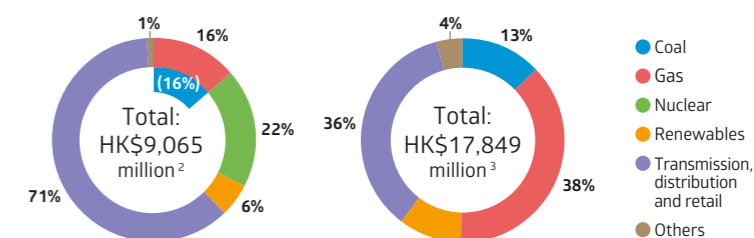
3,611 MW
Renewable energy capacity
2021: 3,624 MW

Resilience projects and investments

- ▶ Climate change adaptation study for CLP Power to strengthen climate risk management
- ▶ Apraava Energy climate risk assessment on potential impacts of changing weather patterns

99.997%
Reliability in Hong Kong
2021: 99.999%

Operating earnings¹ (before unallocated expenses) by asset type



Notes: 1 Any minor discrepancies in totals are due to rounding of figures.
2 Excluding EnergyAustralia's fair value movements.
3 Capital investments in coal assets include maintenance, upgrades, and efficiency improvements only.

Initiatives / investments in new products and services

- ▶ MoU with Longhua District People's Government of Shenzhen Municipality on energy digitalisation
- ▶ Partnership with Venturous Group on smart energy technologies in the GBA
- ▶ MoU with ESR to develop sustainable data centres and logistics centres
- ▶ Joint venture with TGOOD to develop EV charging infrastructure in the GBA
- ▶ Partnership with SEA Electric to accelerate the transition to clean energy for truck fleets in Australia

Adoption of new products and services

- ▶ Distributed solar project at MTR Shenzhen headquarters in Longhua
- ▶ Joint initiative with DBS Hong Kong on sustainable financing for businesses linked to energy efficiency
- ▶ Build Hong Kong's first zero-carbon chiller system at Nina Tower with Chinachem
- ▶ Cooling-as-a-Service contract with SOCAM Development for Shui On Centre in Hong Kong
- ▶ Solar energy systems for shopping centres of Link Properties
- ▶ Hong Kong's biggest EV charging infrastructure project at The Regalia

72
CLP Power customer satisfaction score
2021: 73

-6.9
Net Promoter Score for EnergyAustralia
2021: -6.7[#]

[#] 2021 figure has been restated

Smart meters
over **1.78 million** connected for Hong Kong customers since 2018

over **0.61 million** connected for EnergyAustralia's customers in 2022

Digital adoption

- ▶ Strong growth in digitalisation for CLP Power, with more than 60% of customer account activities conducted through online channels

Feed-in Tariff Scheme in Hong Kong

336 MW
approved or connected to grid since May 2018

Renewable Energy Certificates sales in Hong Kong in 2022
100 GWh

Demand response programmes

over **130 MW** maximum demand reduced in Hong Kong

246.4 MW capacity contracted in Australia

8,318
Employees for CLP Group
2021: 8,116

0.1
Lost time injury rate
2021: 0.07

0.25
Total recordable injury rate
2021: 0.23

46.2
Average training hours per employee
2021: 51.6

29.1%
Women in leadership positions
2021: 30.5%

13.0%
Women in engineering
2021: 12.3%

26.7%
Female employees
2021: 26.3%

41
Graduate Trainees hired in Hong Kong
2021: 32

Creating Value for Stakeholders

How we create value

At CLP, we utilise various capitals to create value for shareholders, customers, employees and the wider community.

Inputs used

Financing

- > Shareholders' funds of HK\$105,498 million
- > Total borrowings of HK\$59,217 million

Risks

- > Financial risk
- > Commercial risk

Resources and infrastructure

- > Generation and energy storage capacity of 17,970 equity MW
- > Long-term capacity and energy purchase agreements of 5,098MW
- > 394,274TJ of coal and 151,327TJ of gas consumed
- > Transmission and high voltage distribution lines of around 16,900 km
- > 15,653 primary and secondary substations in Hong Kong

Risks

- > Operational risk
- > Extreme weather as a result of climate change

Talent and expertise

- > 18,752 employees and contractors in our total workforce

Risks

- > Human resources risk
- > Health and safety

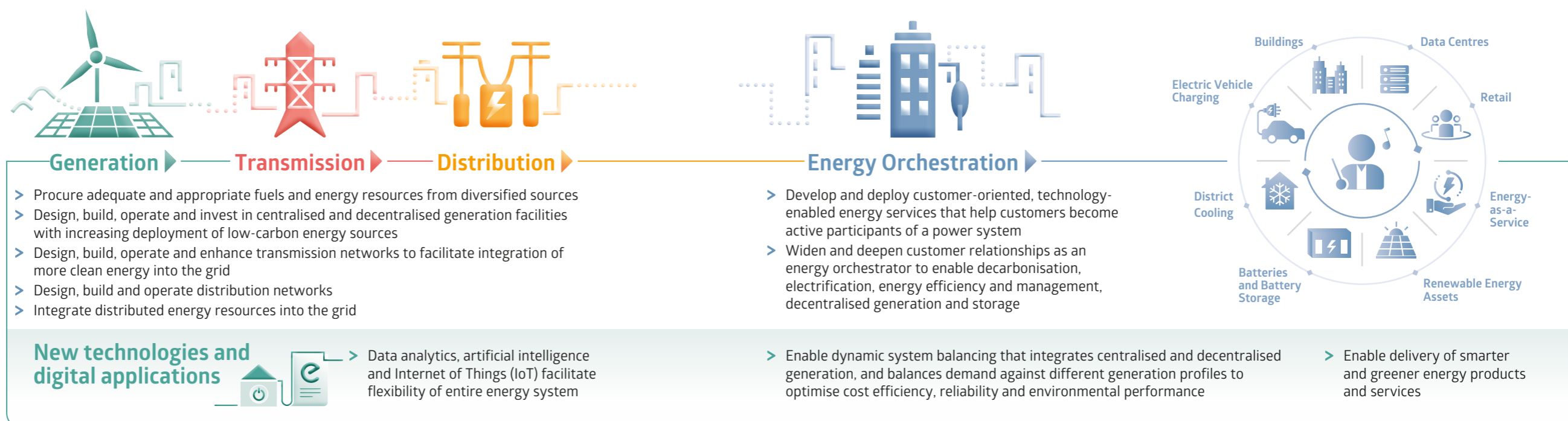
Technology

- > Strengthened technological capabilities to develop Energy-as-a-Service business model
- > Digitalisation of operations
- > Investments in technology companies and funds
- > Partnerships with innovation accelerators

Risks

- > Commercial risk

What we do



Outputs

Competitive funding and attractive financial returns

- > Total dividends of HK\$7,832 million to shareholders
- > Strong liquidity position with access to cost-effective sources of sustainable financing
- > Coal asset divestment to channel more capital to invest in clean energy

Capital Providers

Reliable, reasonably priced and low-carbon electricity supply and sustainable energy solutions

- > Operational resilience and secure energy supply in core markets
- > Stringent cost control to mitigate tariff impact for customers
- > Diversified solutions to help customers improve energy efficiency and reduce emissions

Customers

Safe workplace and career progression

- > Comprehensive measures to safeguard wellbeing of workforce amid pandemic
- > Over 6,000 employees and contractors participated in interactive online forum to shape workplace culture
- > 41% increase in recruitment in core markets of Hong Kong and Mainland China
- > Over 46 hours of internal and external training and development per employee on average

Our People

Contribution to policy, business and economic development

- > Current income tax of HK\$1,649 million
- > Operating costs of HK\$81,806 million
- > Expanding partnerships for low-carbon economic transition
- > Supporting national- to city-level policymaking on decarbonisation

Partners

Positive social impact/ climate action conscious

- > Donations of HK\$10 million
- > Strengthen community wellbeing and resilience as COVID-19 impacts recede
- > Promote public awareness on decarbonisation and energy efficiency
- > Commitment to youth development

Community

CLP's key stakeholders