CLP 中電

2023
Annual Report

Focusing on the future, today

Stock Code: 00002

2023 Annual Report

A very warm welcome to CLP's Annual Report. Our commitment to build a sustainable business remained the bedrock of our purpose to Power Brighter Tomorrows through a year in which we delivered significant growth despite persistent energy market volatility. We also took steps to enhance the way we report our business, providing stakeholders with greater insight into our strategies and objectives.

This year's Annual Report has been restructured to better frame the discussion about how we deliver our sustainability agenda with reference to the new International Sustainability Standards Board's IFRS S1 and IFRS S2 standards. Published in 2023, the standards define best practices for companies to improve disclosures on sustainability and allow capital providers to make more informed investment decisions.

We continued our double materiality approach, and the Annual Report focuses on the financial effects of material topics that may affect the business's cash flow, access to finance and cost of capital. Topics that have a material impact on people, the environment and the economy are covered by our Sustainability Report, which also explores the Group's strategies for managing nature-related issues in line with the new Taskforce on Nature-related Financial Disclosures framework.

Our disclosures continue to meet – and in many respects exceed – regulatory requirements and reporting frameworks, including the Hong Kong Listing Rules. They reflect our determination to further enhance our reporting and provide a comprehensive view of our efforts to create long-term, sustainable value for our stakeholders above and beyond financial performance.

Decarbonisation remains CLP's foremost priority. Our updated Climate Vision 2050 coincides with the release of the Annual Report and Sustainability Report and sets out our strengthened target for 2030, as we continue our journey to net-zero greenhouse gas emissions across the value chain by 2050.

The content of the Annual Report, Sustainability Report and Climate Vision 2050 have been streamlined to avoid any overlap and enable readers to access the information they require more easily. We sincerely hope you find our reports thought-provoking and insightful.

A Snapshot of 2023 Annual Report

2023 Sustainability Report

Climate Vision 2050: Powering an orderly transition

FAQs from Our Shareholders

Throughout the year, we receive a range of pertinent questions from our shareholders, many of these are very relevant to our business which readers of our Annual Report may be interested in. These topics are covered in various sections of our Annual Report.

Topics

1 Major focus – 2024-2028 Development Plan and 2024 Tariff Review for Scheme of Control business in Hong Kong, EnergyAustralia recovery, debt structure, credit rating management and impact of higher interest costs on the business, capital allocation and capex requirements for each business unit, dividend outlook and decarbonisation progress

Sections

- Chairman's Statement (page 12)
- CEO's Strategic Review (page 16)
- Financial Review (page 26)
- Delivering Our Sustainability Agenda (page 40)

2 Group – Growth opportunities in Hong Kong, Greater Bay Area and regional energy market integration, balance sheet strength, progress and transparency of climate related disclosures and Sustainability Report, diversification, dividend policy and growth prospect

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3 Hong Kong – Regulatory regime, Interim Review, 2024-2028 Development Plan, interest and fuel costs

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4 Mainland China – Managing risk, regulation, the impact of geopolitical tensions, investment areas and types of returns

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5 Australia – EnergyAustralia's impact on Group earnings, EnergyAustralia's position in CLP's portfolio given volatility of the Australian market, partnership plans, impact of regulation and government intervention, operational and financial performance of generation assets, forward selling policy, security of fuel supply, level of competition in retail market

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7 Taiwan Region and Thailand – Cost of coal and tariff mechanism for Ho-Ping power station

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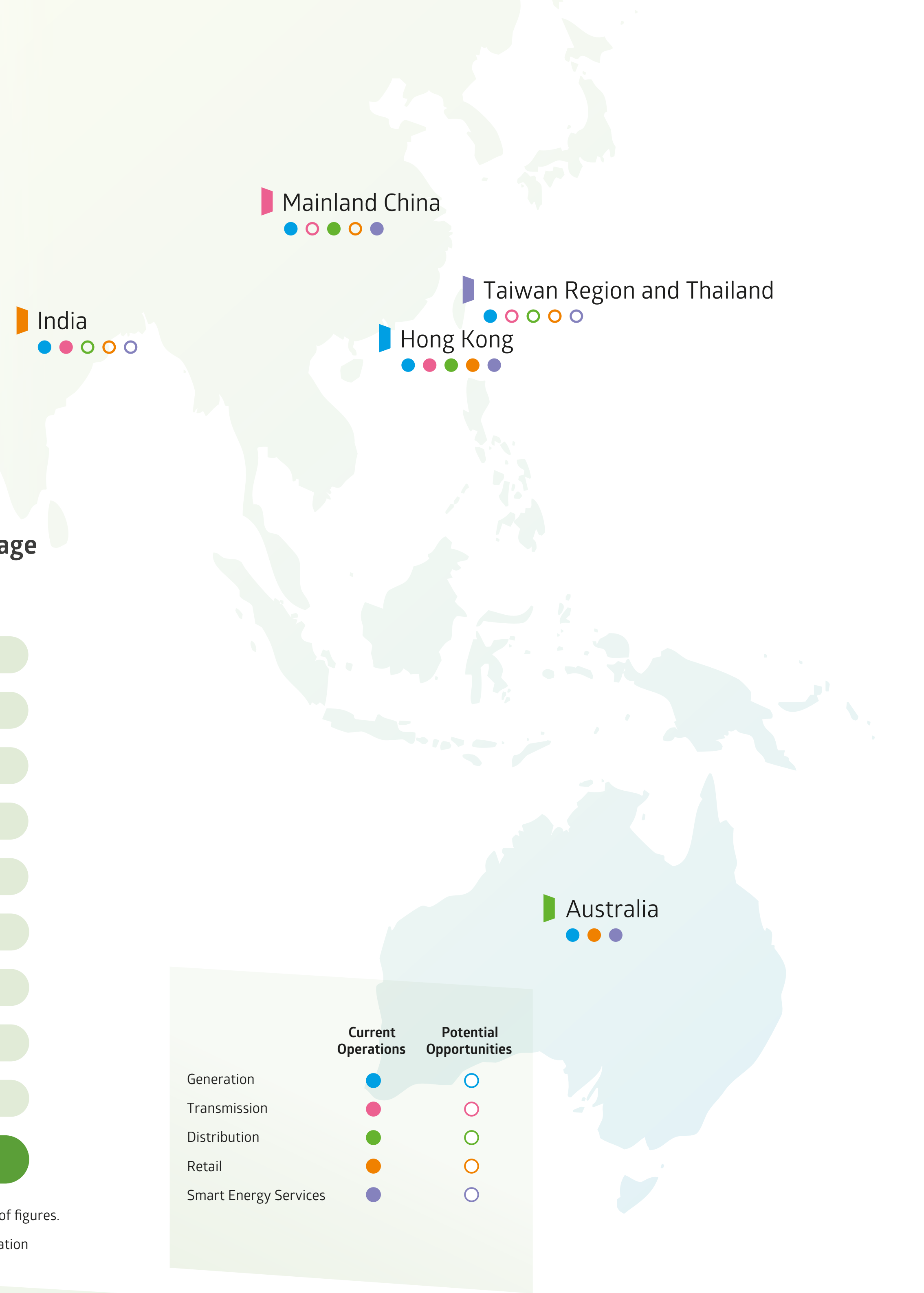
Throughout this report, the following symbols will guide you to our other sources of information:

- 2023 Sustainability Report
- Climate Vision 2050: Powering an orderly transition
- CLP's website

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, Taiwan Region and Thailand. Its business spans every major segment of the electricity value chain ranging from power generation, transmission and distribution to retail and smart energy services. CLP strives to embrace new opportunities and expand its horizons to meet the evolving needs of energy users in a world being reshaped by decarbonisation and digitalisation.



Generation and energy storage capacity by asset type

Wind	2,391MW
Solar	842MW
Hydro	489MW
Nuclear	2,685MW
Gas	6,093MW
Coal	9,719MW
Energy Storage	763MW
Waste-to-energy	10MW
Others	300MW
Total	**23,291MW**

Note: Any minor discrepancies are due to rounding of figures.

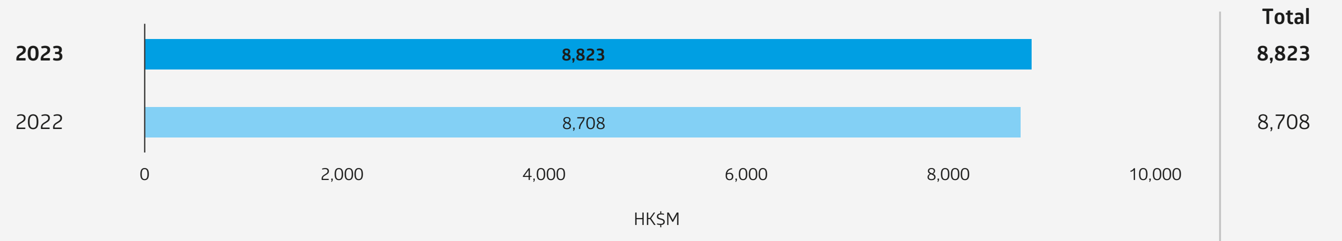
See Our Portfolio on page 294 for more information

2023 Operating Earnings before Fair Value Movements

Hong Kong energy and related business	Mainland China	Australia	India	Taiwan Region and Thailand	Other earnings and unallocated expenses	Total
HK$8,823 million	HK$2,073 million	-HK$182 million	HK$301 million	HK$307 million	-HK$1,195 million	HK$10,127 million

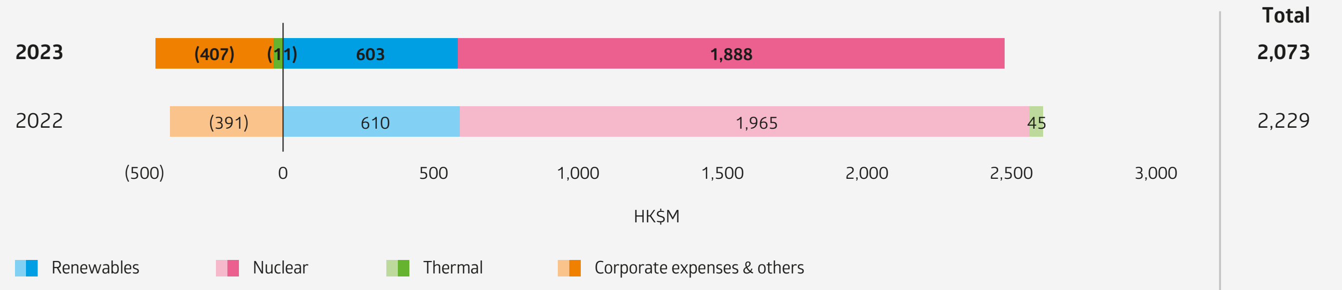
Hong Kong

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. The larger of the two companies and a wholly owned subsidiary of the Group, CLP Power Hong Kong Limited, provides a power supply of 99.999% world-class reliability to about 2.79 million customers in Kowloon, the New Territories and most of the outlying islands, serving more than 80% of the city's population.



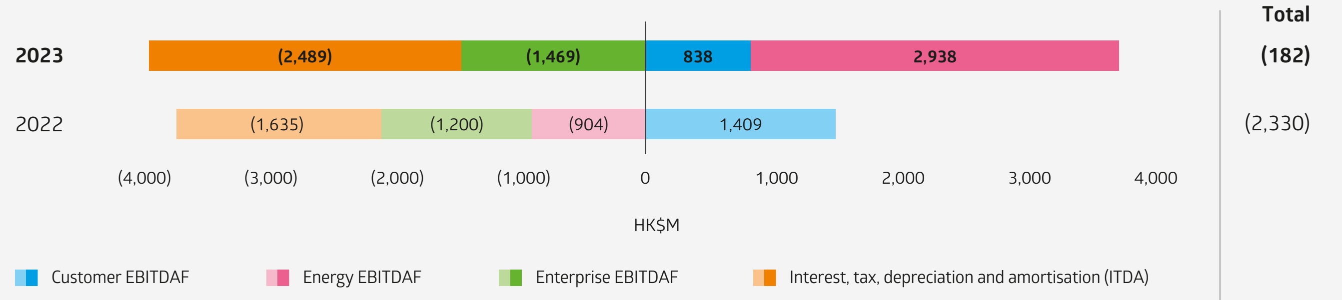
Mainland China

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 one of the largest external investors in the energy sector in Mainland China with over 50 power projects in 15 provinces, municipalities and autonomous regions, concentrating on low-carbon energy, including nuclear power and renewable energy, in addition to opportunities in smart energy services.



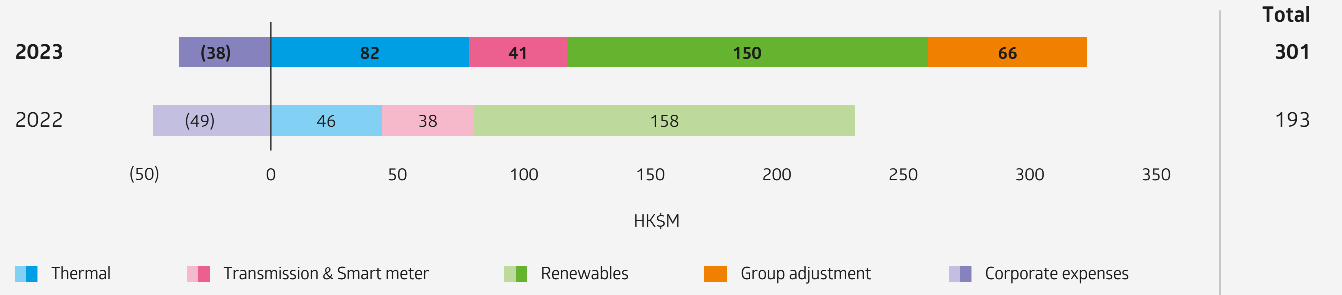
Australia

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.



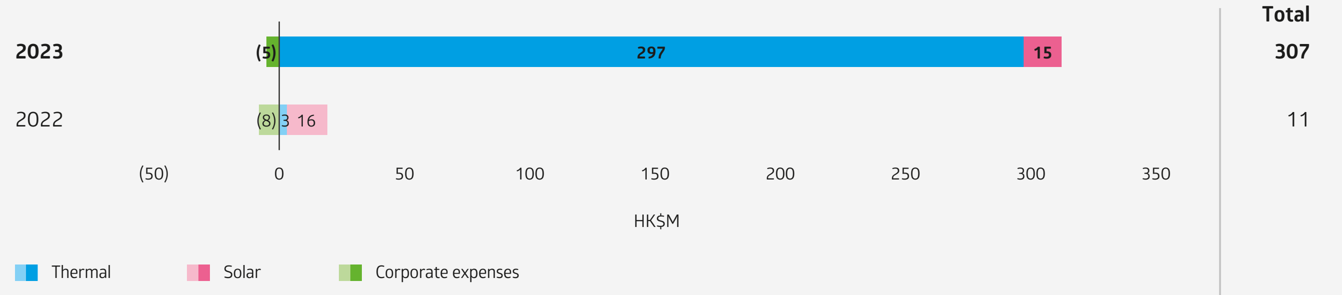
India

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 and advanced metering infrastructure assets. The business, a 50:50 joint venture between CLP and the Canada-based global investment group CDPQ, is operated under the Apraava Energy brand with a focus on clean energy, power transmission and other customer-focused energy businesses.



Taiwan Region and Thailand

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



Financial Highlights

Group operating earnings before fair value movements increased 33.2% to HK$10,127 million attributable to dependable contributions from our core business in Hong Kong and Mainland China and significant improvement in overseas business. With the turnaround of fair value movements, from a loss of HK$2,979 million to a gain of HK$2,125 million, and after taking into account the items affecting comparability, mainly impairment of goodwill of the Customer business in Australia of HK$5,868 million, total earnings came at HK$6,655 million, a strong rebound from HK$924 million for 2022.

	2023	2022	Increase / (Decrease) %
For the year *(in HK$ million)*			
Revenue			
Hong Kong electricity business	**50,630**	50,600	0.1
Energy businesses outside Hong Kong	**35,039**	48,873	(28.3)
Others	**1,500**	1,189	
Total	**87,169**	100,662	(13.4)
Earnings			
Hong Kong energy business	**8,536**	8,445	1.1
Hong Kong energy business related [1]	**287**	263	
Mainland China	**2,073**	2,229	(7.0)
Australia	**(182)**	(2,330)	
India	**301**	193	56.0
Taiwan Region and Thailand	**307**	11	2,690.9
Other earnings in Hong Kong	**(106)**	(65)	
Unallocated net finance income / (costs)	**43**	(6)	
Unallocated Group expenses	**(1,132)**	(1,138)	
Operating earnings before fair value movements	**10,127**	7,602	33.2
Fair value movements	**2,125**	(2,979)	
Operating earnings	**12,252**	4,623	165.0
Items affecting comparability	**(5,597)**	(3,699)	
Total earnings	**6,655**	924	620.2
Net cash inflow from operating activities	**23,567**	12,734	85.1
At 31 December *(in HK$ million)*			
Total assets	**229,051**	236,026	(3.0)
Total borrowings	**57,515**	59,217	(2.9)
Shareholders' funds	**102,331**	105,498	(3.0)
Per share *(in HK$)*			
Earnings per share	**2.63**	0.37	620.2
Dividend per share	**3.10**	3.10	–
Shareholders' funds per share	**40.50**	41.76	(3.0)
Ratios			
Return on equity [2] (%)	**6.4**	0.8	
Net debt to total capital [3] (%)	**31.6**	32.0	
FFO interest cover [4] (times)	**11**	7	
Price / Earnings [5] (times)	**25**	154	
Dividend yield [6] (%)	**4.8**	5.4	

Notes:

1 Hong Kong energy business related includes PSDC and Hong Kong Branch Line supporting SoC business

2 Return on equity = Total earnings / Average shareholders' funds

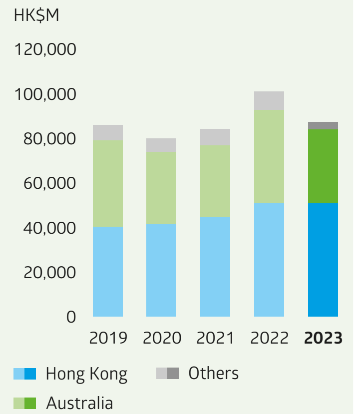
3 Net debt to total capital = Net debt / (Equity + advances from non-controlling interests + net debt); debt = bank loans and other borrowings; net debt = debt – bank balances, cash and other liquid funds

4 FFO (Funds from operations) interest cover = Cash inflow from operations / (Interest charges + capitalised interest)

5 Price / Earnings = Closing share price on the last trading day of the year / Earnings per share

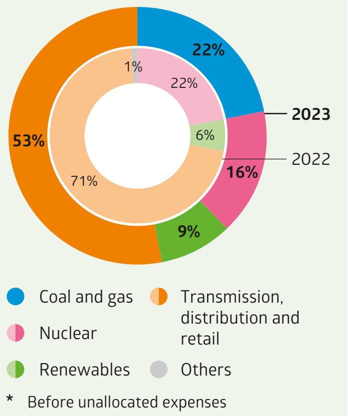
6 Dividend yield = Dividend per share / Closing share price on the last trading day of the year

Revenue



Total Earnings

Operating Earnings before Fair Value Movements by Asset Type*



* Before unallocated expenses

Strategic Framework

Purpose Power Brighter Tomorrows

Vision Be a leading responsible energy provider, from one generation to the next.

Mission Provide sustainable energy solutions to create value for shareholders, customers, employees and the wider community.

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; **serving 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 page 16

Materiality assessment

Material topics

- Transition to Net Zero
- Energy Growth Opportunities
- Energy Security and Reliability
- A Safe, Future-Ready Workforce
- Business Resilience
- Community Stewardship

Megatrends analysis

Read Delivering Our Sustainability Agenda on page 40

Strategic priorities

Key performance indicators

See Human Resources & Remuneration Committee Report on page 157 on how remuneration is linked to performance indicators

Continue to grow a sustainable business portfolio

- Growing provision of energy solutions underpinned by capital discipline and community stewardship

HK$6,655 million Total earnings
2022 : HK$924 million

HK$10,127 million Operating earnings before fair value movements
2022 : HK$7,602 million

HK$7,832 million Dividends
2022 : HK$7,832 million

79,512 million kWh Electricity sent out
2022 : 87,360 million kWh

5.23 million Retail customer accounts in Hong Kong and Australia
2022 : 5.21 million

5 cases Environmental regulatory non-compliance
2022 : 6 cases

Accelerate our response to climate change

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

99.999% Reliability in Hong Kong
2022 : 99.997%

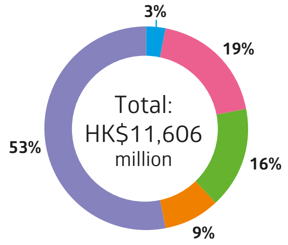
0.54kg CO_2e/kWh Greenhouse gas emissions intensity
2022 : 0.55kg CO_2e/kWh

3,732MW Renewable energy capacity
2022 : 3,611MW

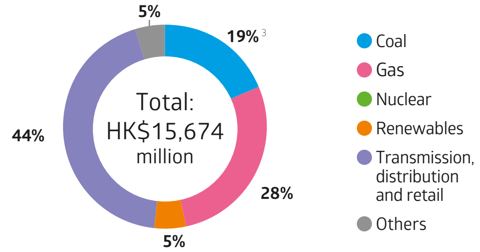
78% of Operating earnings from non-carbon generation assets, transmission, distribution and retail operations [1]

49% of Capital investments in non-carbon generation assets, transmission, distribution and retail operations [2]

Operating earnings by asset type [1]



Capital investments by asset type [2]



Notes:
1 Excluding fair value movements and before unallocated expenses.
2 On accrual basis.
3 For maintenance, upgrades and efficiency improvements only.
4 Any minor discrepancies are due to rounding of figures.

Serve growing demand for energy solutions

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

Initiatives and investments in new energy infrastructure and services

- Opening of new offshore LNG terminal in Hong Kong
- Forged partnerships with real estate management and property companies to support their decarbonisation with energy efficiency and sustainability solutions in the Greater Bay Area
- Apraava Energy entered the advanced metering infrastructure market with 2 contracts to install 3 million smart meters

Adoption of new products and services

- CLP China secured 4 renewable energy supply contracts including its largest Green Electricity Certificate contract and a 10-year corporate power purchase agreement to support customers' decarbonisation targets
- CLP*e* won more than 40 orders for battery systems at construction sites
- EnergyAustralia offers households with Solar Home Bundle solution to reduce emissions

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

74 CLP Power customer satisfaction score
2022 : 72

-17.6 Net Promoter Score for EnergyAustralia
2022 : -6.9

Smart meters
over **2.23 million** connected for Hong Kong customers since 2018

0.78 million connected for EnergyAustralia's customers as of end-2023

Digital adoption
- Over 2,500 business customers in Hong Kong for Smart Energy Online energy management platform

Feed-in Tariff scheme in Hong Kong
376MW approved or connected to grid since May 2018

Renewable Energy Certificates sales in Hong Kong
over **170GWh**

Demand response programmes
over **180MW** maximum demand reduced in Hong Kong

356.2MW capacity contracted in Australia as of end-2023

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

8,041 Employees for CLP Group
2022 : 8,318

0.06 Lost time injury rate
2022 : 0.1

0.18 Total recordable injury rate
2022 : 0.25

44.1 Average training hours per employee
2022 : 46.2

29.1% Women in leadership positions
2022 : 29.1%

13.3% Women in engineering
2022 :13.0%

27.2% Female employees
2022 : 26.7%

45 Graduate trainees hired in Hong Kong
2022 : 41

Creating Value for Stakeholders

How we create value

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

Inputs used

Financing

- Shareholders' funds of HK$102,331 million
- Total borrowings of HK$57,515 million

Risks
- Financial risk
- Market and commercial risk

Resources and infrastructure

- Generation and energy storage capacity of 18,123 equity MW
- Long-term capacity and energy purchase agreements of 5,168MW
- 250,177TJ of coal and 146,370TJ of gas consumed
- Transmission and high voltage distribution lines of over 17,000 km
- 15,780 primary and secondary substations in Hong Kong

Risks
- Operational risk
- Market and commercial risk
- Transformation risk

Talent and expertise

- 16,282 employees and contractors in our total workforce

Risks
- Operational risk
- Transformation risk

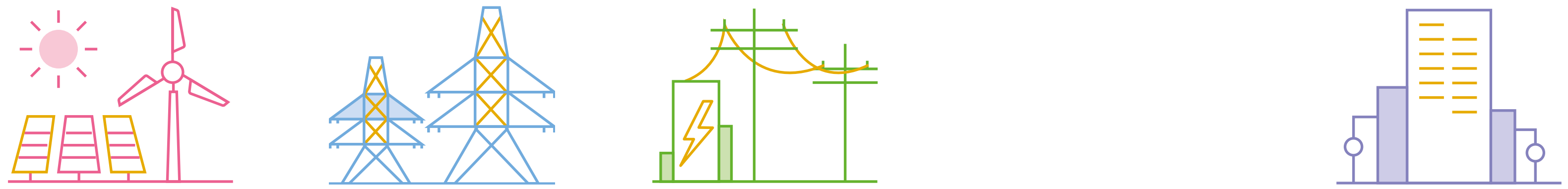
Technology

- 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
- Operational risk
- Transformation risk

What we do

We operate in different parts of the energy value chain in each of the markets we are in, tailoring our solutions based on the local context.



Generation | Transmission | Distribution

- Procure adequate and appropriate fuels and energy resources from diversified sources
- Design, build, operate and invest in centralised and decentralised generation facilities with increasing deployment of low-carbon energy sources
- Design, build, operate and enhance transmission networks to facilitate integration of more clean energy into the grid
- Design, build and operate distribution networks
- Integrate distributed energy resources into the grid

Energy Orchestration

- Develop and deploy customer-oriented, technology-enabled energy services that help customers become active participants of a power system
- Widen and deepen customer relationships as an energy orchestrator to enable decarbonisation, electrification, energy efficiency and management, decentralised generation and storage

New technologies and digital applications

- Data analytics, artificial intelligence and Internet of Things (IoT) facilitate flexibility of entire energy system
- Enable dynamic system balancing that integrates centralised and decentralised generation, and balances demand against different generation profiles to optimise cost efficiency, reliability and environmental performance
- Enable delivery of smarter and greener energy products and services

Outputs

Competitive funding and attractive financial returns

- Total dividends of HK$7,832 million to shareholders
- Solid liquidity position with access to cost-effective sources of sustainable financing

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

- World-class supply reliability of 99.999% in Hong Kong
- 7.4% annual drop in 2024 Average Net Tariff in Hong Kong
- Greenhouse gas emissions intensity of electricity sold dropped to 0.54kg CO_2e per kilowatt hour
- Diversified solutions to help customers decarbonise

Safe workplace and career progression

- 822 new recruits in core markets of Hong Kong and Mainland China
- 44.1 hours of internal and external training and development per employee on average
- Reduction in the Group's total recordable injury rate and lost time injury rate
- Staff expenses of HK$4,749 million

Contribution to policy, business and economic development

- Current income tax of HK$1,709 million
- Operating costs of HK$58,633 million
- 2024–2028 five-year Development Plan approved by Hong Kong Government
- Supporting national- to city-level policymaking on energy transition

Positive social impact/ climate action conscious

- Donations of HK$9 million
- Continued initiatives under CLP Community Energy Saving Fund to support people in need and improve energy efficiency
- Programmes to promote youth development and active ageing as well as to assist the underprivileged

> The energy transition journey demands bold actions, and we stand ready to Power Brighter Tomorrows for our future generations.

The Honourable Sir Michael Kadoorie
Chairman

Dear Shareholders,

I am pleased to report that CLP delivered on significant growth opportunities across the Group in 2023 navigating the persistent economic, financial and geopolitical complexities worldwide.

In 2023, the Group's operating earnings before fair value movements increased 33% year-on-year to HK$10,127 million, underscoring the solid performance of most of our markets. Taking into account several one-off items including the HK$5,868 million non-cash impairment of goodwill of EnergyAustralia's Customer business, total earnings were HK$6,655 million, compared with HK$924 million a year earlier.

The Board has declared a fourth interim dividend payment for 2023 of HK$1.21 per share, same as 2022. Total dividends for 2023 were unchanged at HK$3.10 per share. In line with our longstanding practice and policy on dividends, the Board struck a balance between the improvement of financial performance in 2023 and the Group's ongoing investment in the energy transition and decided to maintain the 2023 total dividends at the same level as last year. In 2024, we remain committed to build on the positive momentum established in 2023 to remunerate shareholders in line with the evolution of earnings while ensuring that a solid financial position continues to back our business growth.

During 2023, encouraging growth and progress were achieved across all of our markets. Our five-year Development Plan was approved by the Hong Kong SAR Government, a milestone agreement that fortifies our commitment to meeting the energy demands essential for the long-term development of Hong Kong. These strategic investments will bolster economic growth, support the ongoing decarbonisation and reinforce Hong Kong's position as a smart, modern and resilient city. Notably, we took pride in successfully launching Hong Kong's first offshore LNG terminal in September that enhances the city's energy security and ensures a competitive gas supply for the benefit of our community.

Hong Kong SAR Government Chief Secretary for Administration Mr Chan Kwok-ki (right) and Chairman Sir Michael Kadoorie (left) officiate at the opening ceremony of CLP Pulse, a cultural hub housed in CLP's revitalised historic clock tower building.

Hong Kong SAR Government Chief Executive Mr John KC Lee (fourth from left) joins Chairman Sir Michael Kadoorie (fourth from right), CK Hutchison Holdings Limited Chairman Mr Victor TK Li (third from left), Secretary for Environment and Ecology Mr Tse Chin-wan (third from right) as well as directors and senior executives of the two power companies at the opening ceremony of the offshore LNG Terminal.

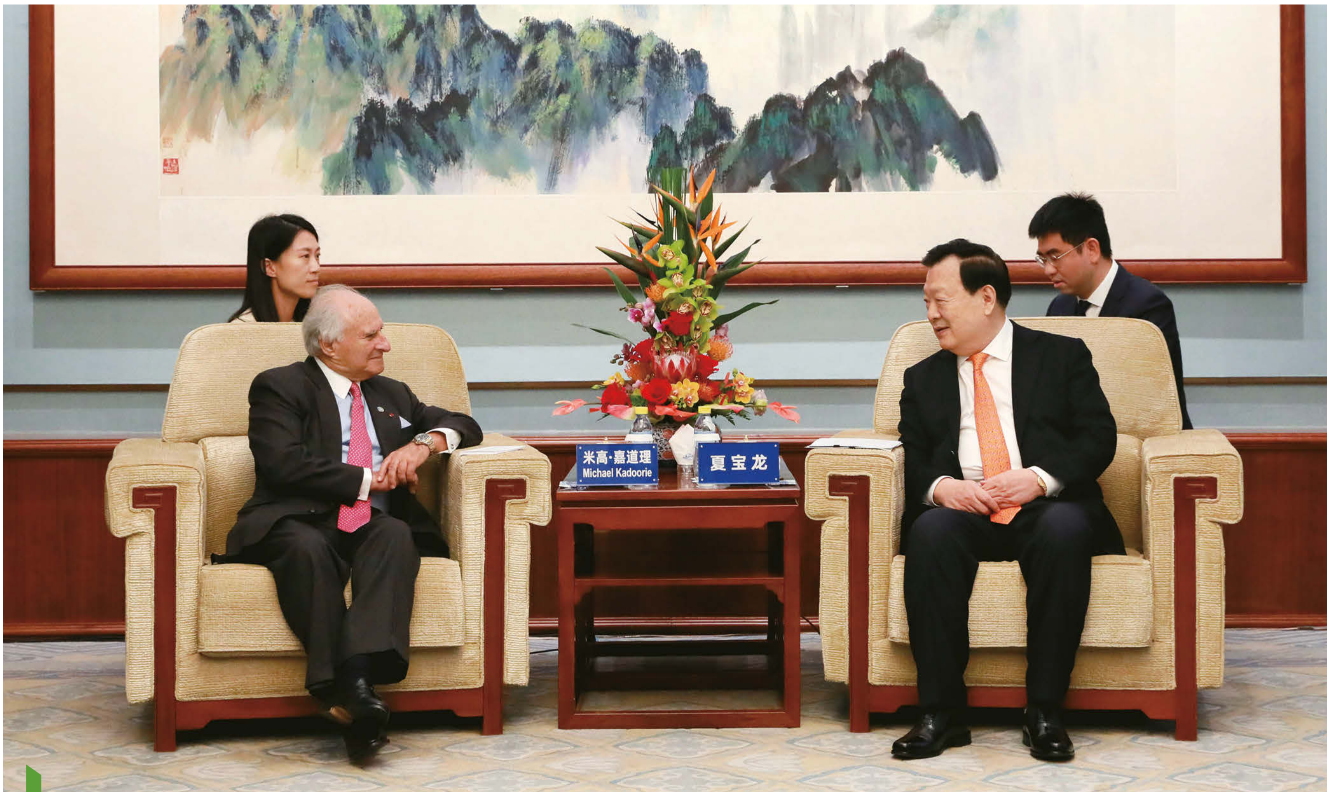
In Mainland China, our business exhibited a strong performance led by our nuclear fleet, and an accelerated expansion of our renewable portfolio. A robust project pipeline and the commissioning of a new wind farm and a solar facility in China during 2023 underscores our commitment in meeting the country's escalating demand for renewable energy. In November, I led a delegation of CLP board members and senior management to Beijing, where we had the honour of meeting the Director of Hong Kong and Macao Affairs Office, Mr Xia Baolong. We were deeply encouraged by Mr Xia's recognition of our longstanding commitment to Hong Kong and China as well as his full confidence in the future of CLP's business.

Our Indian joint venture, Apraava Energy, made substantial progress in 2023, particularly in non-carbon projects. The planned 300MW wind farm in Karnataka state, the commencement of partial operations at the Sidhpur wind project in Gujarat state, the continued growth of its transmission assets and the venture into smart meter business underscore a strategy to pursue diversified investments along the electricity supply chain.

Although the energy retail market in Australia has become increasingly challenging, EnergyAustralia improved its operational performance significantly in 2023 in the wake of the 2022 energy crisis, while supporting record numbers of customers seeking assistance in managing cost of living pressure. CLP remains committed to participating in the energy transition in Australia, and building a strong and sustainable business through the opportunities arising from this journey.

Looking to the future, decarbonisation stands as the foremost priority for our business and Climate Vision 2050, our blueprint for achieving net-zero greenhouse gas emissions by mid-century, remains one of, if not the main cornerstone of our strategy. Late last year, we conducted a review to make sure that this blueprint stays aligned with the latest developments in our businesses as well as the external risks and uncertainties we face. Based on the concerted and diligent efforts within the Group to accelerate the decarbonisation of our portfolio, we have strengthened our 2030 greenhouse gas targets to further enhance our progress. The leadership team at CLP is committed to ensuring we move ahead with the requisite speed and agility needed to achieve these strengthened targets and seize the opportunities before us.

As the threat of climate change looms larger, we have witnessed extreme weather events rising in frequency and intensity. This often puts to test the resilience of our



Director of Hong Kong and Macao Affairs Office Mr Xia Baolong (front row right) expresses full confidence in the future of CLP's business in a meeting with Chairman Sir Michael Kadoorie (front row left).

operations and the capability of our teams to respond. I would like to express my heartfelt gratitude to our dedicated teams across all markets who have consistently delivered service excellence, particularly during testing circumstances. Hong Kong endured two extreme weather events in quick succession in 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. The extraordinary professionalism and dedication our teams displayed during these adverse weather events enabled us to maintain a reliable power supply and minimise the impact on customers.

Our success over a long history has been predicated not just on results, but on how we have achieved them. This philosophy was formally embedded in CLP's Value Framework two decades ago, which encompasses how we treat our people, our relationships with customers, investors, business partners, governments and the wider community. To support the Group's purpose to Power Brighter Tomorrows, we recently updated our Value Framework, simplifying our values into the three core values of Care, Excellence and Responsibility. We also brought these values to life for our people by introducing expectations of their day-to-day work and for our stakeholders by explaining how we run our business. We believe these changes will not only empower our colleagues to achieve peak performance but will also distinctly articulate our promises and obligations to our employees, customers, shareholders, business partners and society at large.

In June, I announced the appointment of Mr T.K. Chiang as Chief Executive Officer of CLP Holdings. T.K. brings with him a wealth of experience and expertise gained over 30 years with the Group. Prior to being elevated to CEO, T.K. was Managing Director of CLP Power. Stepping into this role is Mr Joseph Law, a seasoned professional who has held various senior management positions since joining CLP in 2001, culminating in his most recent role as Managing Director of CLP China. Both T.K. and Joseph have a deep connection with CLP and are strongly committed to the company's core values and culture. Another example that reflects the deep bench of talent in our executive team is the appointment of Mr Alexandre Keisser to succeed Mr Nicolas Tissot as Chief Financial Officer on 1 April. Mr Keisser joined the Group as Managing Director of CLP*e* Solutions in 2018, before taking on his current role as Chief Officer – International Business last year. And I wish to thank Mr Tissot for his contributions to CLP since he joined us in 2020.

Our Group is well-positioned to navigate the many opportunities and uncertainties that lie ahead. The energy transition journey demands bold actions, and we stand ready to Power Brighter Tomorrows for our future generations.

On behalf of the entire Board, thank you for your continued support.

The Honourable Sir Michael Kadoorie
Hong Kong, 26 February 2024

> Despite our uncertain world, the prospects for CLP remain clear. We have a great business and an unwavering intent to take it into the next chapter of growth.

T.K. Chiang
Chief Executive Officer

Serving the communities with dedication, professionalism and a smile is what the CLP teams do across all our markets.

It is my honour to report on the Group's performance for the first time as Chief Executive Officer of CLP Holdings. CLP has an incredible foundation for building our next successful era as we contribute to meeting the world's energy needs in cleaner and more sustainable ways. I am both humbled and excited to be leading this organisation forward.

In 2023, CLP delivered a very solid performance amid a volatile global backdrop. Our core businesses in Hong Kong and Mainland China again brought dependable contributions to the Group. We have a valuable diversified portfolio of businesses and in the past year, we strengthened our positions in Australia and India, as we contributed to the energy transition in both countries. Across all of our markets, we are building growth momentum seizing the opportunities in rising demand for sustainable energy solutions. As always, safety remains a priority for our business and the reduction in the Group's injury rates last year is testament to our ongoing efforts to make CLP a safer place for our people to work.

Hong Kong

As Hong Kong came out of the pandemic in 2023, CLP Power continued to deliver a highly reliable, environmentally sustainable and reasonably priced electricity supply to support the return to normal economic activities. Operating earnings from the local energy business before fair value movements rose 1.3% to HK$8,823 million as investment was made to fund Hong Kong's economic and infrastructure developments and continued decarbonisation of the energy supply.

The gradual economic recovery and record summer temperatures lifted CLP Power's electricity sales by 1.6% to 35,392 gigawatt hours (GWh) from a year earlier. Sales in the Commercial sector rose as the cessation of COVID-19 restrictions, inbound tourism and the return of large-scale events drove consumption in hotels, shops and restaurants. Higher sales in the Infrastructure and Public Services sector reflected the resumption in government services, education and transport activities. By contrast, demand from the Residential sector dipped as people spent less time at home.

	Local Sales by Sector (GWh)	% of Total Local Sales	% Increase / (Decrease)
Residential	9,929	28%	(1.8%)
Commercial	13,673	39%	3.3%
Infrastructure and Public Services	10,196	29%	3.4%
Manufacturing	1,594	4%	(1.3%)

We understand customers' concern about electricity tariffs at a time of higher global inflation. We remain committed to cost control and a diversified fuel strategy to ease the tariff pressure on customers. Helped by falling international fuel prices, we were able to reduce the Average Net Tariff for our customers by 7.4% from January 2024 compared with a year earlier. Meanwhile, we are looking after customers in need by again allocating more than HK$200 million from the CLP Community Energy Saving Fund for a series of programmes in 2024 to promote energy conservation and help the underprivileged. These include providing electricity subsidies for elderly people and tenants of subdivided units.

Our 2024-2028 Development Plan was approved by the Hong Kong SAR Government in November 2023, projecting capital expenditure of around HK$52.9 billion over the five-year period to meet growing electricity demand and to support the Government's policy priorities. The plan is designed to underpin Hong Kong's accelerating economic and infrastructure development, deliver a reliable world-class electricity network, strengthen continued decarbonisation efforts and support the transition to a smart city. The Government is focused on land and housing supply, and we expect the construction of public housing units in our supply area to increase 50% to more than 150,000 over the five-year period. Hong Kong has a strong potential to become a prime regional location for data centres, and we aim to provide the power supplies and connections for up to 18 large-scale data centres by 2028, compared with just four in the previous five-year period. We are also gearing up for the upgrading of major rail and road networks in our supply area as the Government modernises the city's infrastructure.

Our competitive tariffs and the investments contained in the 2024-2028 Development Plan are testament to the ability of the Scheme of Control (SoC) Agreement to deliver a cost-effective, world-class electricity supply to support Hong Kong's growth. An Interim Review of the SoC Agreement was concluded in 2023 during which we agreed several modifications with the Government to further strengthen the regulatory framework. Under a special tariff relief arrangement, we will provide additional financial support for those residential customers in need if an international energy crisis causes a sharp rise in fuel costs. We also agreed a new scheme for penalty payments in the event of a widespread supply interruption, and further improvements in information transparency on fuel and operating costs.

Extreme weather events are becoming more frequent and severe because of global warming, and we remain focused on strengthening our network reliability and resilience. Hong Kong was hit by Super Typhoon Saola and the heaviest rainstorm on record in the space of a week in September. Our power supply to customers was largely intact, demonstrating the resilience of our system and the effectiveness of our comprehensive preparations and response plans.

The decarbonisation of Hong Kong's power supply took a major step forward with the launch of a new offshore LNG terminal over the summer. The floating storage and regasification unit vessel moored at the jetty is the largest of its kind in the world, increasing our access to diversified supply of competitively priced natural gas from international markets.

To facilitate a phasing out of coal-fired generation, we will complete a new advanced combined-cycle gas turbine generation unit, Unit D2, at Black Point Power Station. We are also enhancing the Clean Energy Transmission System (CETS) overhead line circuits between Hong Kong and Mainland China. When its upgrade is completed in 2025, the CETS will allow for increased imports of zero-carbon energy to the city. Together with Unit D2 at Black Point Power Station, it will help to maintain power supply reliability as coal-fired generation at Castle Peak A Power Station is phased out.

Separately, the 2024-2028 Development Plan allows for CLP Power to establish a grid-scale battery energy storage system (BESS) of around 100MW to reduce peak system demand and facilitate the integration of energy from non-fossil electricity sources. We also plan to launch a pilot project to test blending hydrogen into natural gas for power generation at Black Point Power Station.

We are strengthening our digital capabilities to provide customers with more personalised energy services including energy saving recommendations and incentives, many of which are enabled by smart meters. Under a meter replacement programme that began in 2018, we have connected more than 2.23 million smart meters for CLP Power customers in Hong Kong so far and the programme will be completed by 2025.

Transportation accounts for nearly one fifth of carbon emissions in Hong Kong and electrifying this sector is another vital element of the decarbonisation journey. CLP has been a key facilitator of the city's transition to a new era of eMobility. We support the Government's electrification of public transportation and commercial vehicles, and CLP Power provided technical advice for the development of an electric vehicle (EV) fleet for The Kowloon Motor Bus Company (1933) Limited while installing EV charging infrastructure for customers on private residential estates. In another initiative, CLP Power teamed up with 14 like-minded businesses and organisations to launch the eMobility Network to encourage technology exchange and the wider use of electric commercial vehicles.

CLP Power provides a wide range of energy solutions such as Renewable Energy Certificates (RECs) and energy audits to help customers decarbonise their businesses. We signed multi-year contracts for RECs with various corporations, bolstering the generation of renewable energy in Hong Kong while enabling carbon emission reduction benefits for these businesses. To add further value to our customers and promote RECs, we partnered with DBS Bank (Hong Kong) Limited to launch a programme in 2023 under which the bank offers our small to medium enterprise customers a series of privilege banking offers.

Increasingly, customers are turning to sustainability-linked loans to fund projects and we help them to be more energy efficient to meet their sustainability targets. For instance, CLP Power conducted energy audits and provided energy efficiency advice to ESR Group Limited (ESR), a real asset manager, for the planned conversion of an old cold storage building into a modern data centre. ESR in turn secured funding from a sustainability-linked loan for the project. CLP Power also helped Far East Consortium International Limited secure its first sustainability-linked loan by conducting an energy audit for one of its hotels. With our support on energy efficiency, about HK$2.3 billion worth of sustainability-linked loans were obtained by our customers in 2023.

As we continue to develop new ways to support the energy needs of our customers, it is pleasing that CLP Power is gaining increasing recognition for the service and value it provides. We received 45 coveted awards in 2023 for customer-related areas including customer service, innovation and digital transformation from well-regarded organisations in Hong Kong and overseas.

The Group has established a growing status as a provider of Energy-as-a-Service solutions in Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) through our energy infrastructure and solutions subsidiary CLP*e*, which supports its customers in their sustainability efforts by drawing from its engineering expertise and applying advanced technologies. For example, it has formed a partnership with property companies Henderson Land and Chinachem Group to replace the cooling system of a shopping mall and through the use of AI technology to improve energy efficiency, lower electricity consumption and reduce carbon emissions.

The new Yangzhou Gongdao Solar Power Station in Jiangsu province is equipped with an 8MW commercial use battery energy storage system, the first of its kind in the province.

As more construction sites seek to cut pollution and save costs by turning to batteries to replace diesel generators, CLP*e* won more than 40 BESS orders from over 10 construction companies during the year.

Hong Kong has emerged from the long shadow of the pandemic into a new growth stage. Our 2024-2028 Development Plan is a roadmap for CLP to play a pivotal role to support Hong Kong's growing energy needs at a time of accelerating economic and infrastructure development.

Mainland China

In 2023, our nuclear and renewable energy investments in Mainland China performed well, although operating earnings of CLP China dropped 7.0% year-on-year from a high HK$2,229 million to HK$2,073 million, largely due to losses incurred by the coal portfolio.

The two nuclear power stations in our portfolio performed strongly. Driven by robust electricity demand, generation at Yangjiang Nuclear Power Station reached a record high. Daya Bay Nuclear Power Station continued to operate steadily to supply zero-carbon energy to Hong Kong. As the plant entered 30 years of service, large-scale planned outages are being carried out at Daya Bay. Maintenance work on one of the generating units was successfully completed in January 2024. Preparatory work on the other unit has begun and the planned outage is scheduled to be completed before the peak summer season begins.

CLP China's remaining minority-owned coal-fired assets had a difficult year. The financial performance was affected by low electricity tariffs and high coal prices, coupled with a drop in overall asset utilisation due to increased renewable energy supply in the market and one generation unit underwent a repowering project.

Output and earnings from our renewable energy assets in Mainland China maintained steady performance thanks to the contribution of new wind and solar projects. Because both water resources and tariffs fell short of expectations, we booked an impairment of assets of HK$115 million for Dali Yang_er Hydropower Station in Yunnan province for 2023. The performance of CLP China's other hydro assets – Huaiji Hydro Power Stations in Guangdong province and Jiangbian Hydropower Station in Sichuan province – remained stable.

The expansion of our renewable energy portfolio accelerated in 2023 to meet rising demand as China pursues a dual target of peak carbon emissions by 2030 and net-zero emissions by 2060. CLP China commissioned the 50MW Xundian II Wind Farm in Yunnan and the 73.7MW Yangzhou Gongdao Solar Power Station in Jiangsu province. Yangzhou Gongdao Solar Power Station is equipped with an 8MW commercial-use BESS, the first of its kind in the province. We began construction of the 150MW Bobai Wind Farm in Guangxi Zhuang Autonomous Region which is due to go into service in 2024. Construction is due to begin soon on the Sandu II Wind Farm (100MW) in Guizhou province, and on two 100MW solar projects in Huai'an and Yixing in Jiangsu.

CEO T.K. Chiang delivers an address at the Fourth Qingdao Multinationals Summit in Shandong province, a strategic area for CLP China's business development.

All our newly commissioned projects and those under construction and planning are grid-parity initiatives designed to operate without government subsidies. As for legacy subsidised projects, by the end of December, the amount of accumulated national subsidy payments owed to CLP China's renewable energy subsidiaries was HK$2,426 million, compared with HK$2,111 million a year earlier.

Beyond assets under construction, we have secured construction quotas for three renewable energy projects with a combined capacity of 660MW in Guangxi, and three more projects in Shandong province with a total capacity of 530MW. Although it is uncertain at this stage if all the projects will proceed, we are firmly committed to expanding our portfolio by developing greenfield sites.

Expanding our existing projects onto adjacent sites is another growth strategy that enables synergies and economies of scale. We are exploring the possibility of adding more capacity at Xundian and Sandu wind farms as well as other locations.

CLP broke new ground in corporate partnerships by entering into a strategic cooperation framework agreement with Shui On Xintiandi (Shui On), a leading investor and manager of premium and sustainable commercial properties. This involves a 10-year power purchase agreement (PPA) under which CLP will supply renewable energy from Yangzhou Gongdao Solar Power Station to Shui On's Nanjing International Finance Center commercial and office complex. The agreement is the first medium to long-term agreement of its kind signed by CLP in Mainland China. We also signed our largest Green Electricity Certificate (GEC) contract with a prominent global data centre operator for five years, enabling the customer to claim the environmental benefits associated with renewable energy generation. Both contracts demonstrate our commitment to providing non-carbon energy solutions that help business customers achieve their sustainability goals.

We believe there is high demand for our PPAs and GECs as companies worldwide seek to reduce their carbon emissions. We are proactively expanding our renewable energy portfolio to meet rising demand, which is particularly pronounced in eastern and southern provinces such as Guangdong, Guangxi, Shanghai, Jiangsu and Zhejiang.

Shandong, where we have wind projects with a combined capacity of about 600MW in operation, is another strategic area for business development. I had the honour to speak in October at the Fourth Qingdao Multinationals Summit jointly hosted by the Ministry of Commerce of the People's Republic of China and the People's Government of Shandong, where we pledged to support the continuing development of clean energy in Mainland China. This followed an official visit to CLP's headquarters by Shandong Governor Mr Zhou Naixiang in May when we made clear our determination to play a greater role in the decarbonisation of the province.

To capture opportunities from the growth of energy sustainability technologies and solutions in the GBA, CLP*e* set up a new office in Longhua district in Shenzhen in April 2023 and has continued to strengthen its capabilities. The business expanded its partnership with MTR Shenzhen last year by winning two new projects to install and operate solar energy systems for the rail operator's premises in Longhua, after completing a similar project in 2022.

In September, CLP*e* signed a Memorandum of Understanding (MoU) with Link Asset Management Limited (Link) to develop one-stop energy solutions at Link's premises in the Mainland GBA cities.

China continues to take the lead in the electrification of transport and since 2022, CLP*e* has been operating an EV charging joint venture with TELD New Energy Company Limited. The business expanded its coverage to over 180 charging stations offering more than 5,500 chargers in the cities of Dongguan, Shenzhen and Zhuhai in the GBA by the end of 2023.

The ascent of China as an economic powerhouse has been one of the defining stories of this era. With our established nuclear operations, a dedication to growing our renewable energy portfolio, strong corporate partnerships and Energy-as-a-Service solutions, CLP is ideally placed to support China on the journey to decarbonisation as it writes the next chapters of a remarkable economic success story.

Australia

We announced in late January 2024 that we expected to make an impairment charge following an assessment of the goodwill of the Customer business of our wholly owned subsidiary EnergyAustralia. The impairment reflected a more challenging outlook for the retail energy market as competition levels increased over the second half of 2023.

Notwithstanding that, EnergyAustralia's performance is set on a path of recovery with its operating loss before fair value movements narrowed from HK$2,330 million in 2022 to HK$182 million in 2023. In a sharp contrast to the large fair value losses reported in 2022, fair value movements in 2023 were favourable largely due to the roll off of energy contracts sold before the energy crisis.

With the normalisation of wholesale electricity prices, improved power station performance and higher realised prices, contribution from EnergyAustralia's generation business turned around. Sent out from Yallourn Power Station in Victoria was steady as availability rose from 67% in 2022 to around 72% following an improvement in operations. This is despite the fact that to ensure the continued reliability

Fast-start gas generation assets like the new 320MW Tallawarra B power station will play an increasingly critical role in providing electricity at peak periods and times of low sunshine and wind in Australia.

of the 50-year-old coal-fired power station until its scheduled retirement in 2028, EnergyAustralia conducted maintenance outages on two of its four units in the second half of 2023. Similar maintenance will be carried out on the other two units in 2024.

High availability was also maintained at Mount Piper Power Station in New South Wales, although output was lower year-on-year because of reduced market demand and lower wholesale electricity prices. Mount Piper is supplied with coal primarily from the nearby Springvale mine. Poor mine water quality led to reduced dewatering capacity for the mine, resulting in a risk of underground mine flooding in the second half. EnergyAustralia supported the mine operator with mitigations to ensure that the coal supply and financial performance of Mount Piper for 2023 were not materially impacted by this issue. However, looking ahead, there is still a risk of coal supply disruptions, even with the new, more flexible multi-mine long-term contract that was put in place in 2023.

On the project front, EnergyAustralia made significant progress with its distributed and flexible capacity initiatives. The new 320MW Tallawarra B gas-fired power station was officially opened in February 2024. Fast-start gas generation assets like Tallawarra B will play an increasingly critical role in providing electricity at peak periods and times of low sunshine and wind.

The commissioning of Tallawarra B and the rolling maintenance at Yallourn Power Station were part of a comprehensive programme by EnergyAustralia to prepare for demand in the summer of 2023/24.

EnergyAustralia moved forward with the development of Wooreen Energy Storage System in Victoria after receiving development approval in February and grid connection clearance in December. The four-hour utility-scale battery with 350MW of capacity is scheduled to go into service by the end of 2026.

In September, EnergyAustralia took commercial control of New South Wales's largest energy storage system – the Riverina Stage 2 and Darlington Point batteries which have the capacity to provide energy for around 49,000 homes for two hours.

To further expand its renewable energy portfolio, EnergyAustralia signed a PPA with Genex Power for 30% of the output of the 258MW Kidston Stage 3 wind project in Queensland for 10 years. This followed an earlier energy storage services agreement with Genex for the 250MW Kidston pumped storage hydro project.

EnergyAustralia has released the concept design for the Lake Lyell pumped hydro project in New South Wales. Work on the 335MW project, capable of providing energy for 150,000 homes for up to eight hours, is expected to begin in the second half of 2025 if approved and will take at least four years to complete.

The new investments complement EnergyAustralia's plan to expand its renewable portfolio to include up to 3GW of renewable energy to be committed or operational by 2030. EnergyAustralia expects to support investment of more than A$5 billion in capital directly and with partners under its inaugural Climate Transition Action Plan (CTAP) released in August.

The CTAP was followed by an expansion of the Capacity Investment Scheme (CIS) by the Australian Government. The Wooreen project together with another battery project next to the Hallet gas-fired power station will be submitted to the first round of the newly expanded CIS that focuses on projects in Victoria and South Australia.

Despite several tariff increases, rising supply costs and intensifying competition drove EnergyAustralia's retail business contribution lower than in 2022. The overall number of customer accounts fell by around 20,700, or 0.8%, in 2023, while the rate of customer churn remained below the market average. Despite the goodwill impairment, the Customer business remains a key component of the EnergyAustralia integrated business model.

EnergyAustralia is keenly aware that inflation weighs heavily on customers and does its utmost to support them through a variety of payment plans and extension arrangements. Help for customers impacted by financial hardship is available under the EnergyAssist and Rapid Business Assist programmes.

EnergyAustralia is firmly focused on making further progress in its path of recovery through strengthening its operational performance. It will seek to expand its "behind-the-meter" energy solution offerings to customers in the areas of battery storage, solar energy and electric vehicles. With its strategy of providing simple solutions to customers and its flexible, expanding portfolio, EnergyAustralia is committed to participating sustainably in the country's vital energy transition.

India

Our joint venture Apraava Energy made good progress in expanding and diversifying its low-carbon portfolio to support the decarbonisation of India's energy sector and to meet the rising demand for power. Successful bids were made for new wind, solar and transmission projects. The business also made a successful entry into the emerging advanced metering infrastructure (AMI) sector.

The joint venture also delivered a significant improvement in financial performance. Operating earnings in 2023 were HK$301 million, up 56.0% from a year earlier, driven by Jhajjar Power Station's strong operating efficiency and performance with solid contribution from Apraava Energy's renewable portfolio. The business benefitted from higher interest income after the Madhya Pradesh state utility made payments towards outstanding dues for output from Chandgarh Wind Farm, while utilities in other states also adhered to the new late payment surcharge rules introduced by the Government of India.

Apraava Energy won bids to develop a greenfield wind energy project with a capacity of around 300MW in Karnataka state and a 250MW solar energy project in Rajasthan state, demonstrating the surge in opportunities offered by India's fast-expanding renewable energy market. Construction of the solar farm – Apraava Energy's first greenfield solar energy project – will begin in the first quarter of 2024 and it is due to begin operations in 2026. The wind farm in Karnataka is also due to go into service in 2026.

Apraava Energy also won bids to develop three greenfield interstate transmission projects. Two are in Rajasthan involving a total of about 250 kilometres of 400 kilovolt (kV) transmission lines and a pooling substation that will allow 20GW of renewable energy to feed into the grid. Both are expected to be completed in 2025. The third project, awarded in December 2023, is in Madhya Pradesh and includes a 4,000 mega volt amp (MVA) substation and approximately 41 kilometres of 765kV transmission lines to cater to rising demand across the state. It is expected to take around two years to build after the required approvals, which are anticipated to be granted in 2024.

Smart meters have an important role to play in India's energy transition by helping to balance supply and demand in the electricity market. Apraava Energy established a foothold in this key segment by securing two AMI projects in Assam and Gujarat states. More than 2.3 million smart meters will be installed for customers in Gujarat and around 700,000 in Assam.

The 251MW Sidhpur Wind Farm in Gujarat state is due to be completed in the first half of 2024 following delays caused by land use disagreements that held up the installation of transmission infrastructure. The plant has been put into service in phases with more than half its generation capacity currently in operation.

Apraava Energy's greenhouse gas reduction target was validated as being in line with the target of limiting global warming to 1.5°C above pre-industrial levels by the Science Based Targets initiative (SBTi), a recognised international body promoting decarbonisation for businesses worldwide. Apraava Energy was one of only a handful of power companies in India to achieve this validation and the achievement highlights its leadership role in decarbonisation.

Wind energy assets performed well throughout the year with overall output increasing 23% due to higher resources and partial commissioning of Sidhpur. Generation from Apraava Energy's operating solar energy assets increased by 12% compared with the previous year.

Apraava Energy's only coal-fired asset, Jhajjar Power Station, maintained its reputation as one of India's best-run thermal power plants and achieved a record level of generation. Jhajjar also promoted sustainable energy sources by co-firing more biomass than any other coal-fired power station in the country. The power station benefitted from a one-off income emanating from an interim settlement of an ongoing dispute with its main electricity purchasers over contractual and operational issues dating back to 2012. This is reflected in our accounts as an item affecting comparability.

With the stalwart support of the CLP Group and CDPQ, Apraava Energy will continue to explore growth opportunities to strengthen its portfolio of renewable energy plants and transmission and AMI projects. The company's expansion and commitment to decarbonisation make us an influential player in India's ambitious energy transition.

Taiwan Region and Thailand

During the year, Ho-Ping Power Station in the Taiwan Region maintained reliable operations, with its financial performance benefitting from lower coal costs and higher energy tariff following an amendment to the tariff reimbursement mechanism in July 2022. Contributions from Lopburi Solar Farm in Thailand remained stable. As a result, operating earnings for Taiwan Region and Thailand increased to HK$307 million from HK$11 million a year earlier.

Ho-Ping will continue to focus on strengthening its operations with a scheduled maintenance outage on one of its two generation units in the first quarter of 2024.

Powering Brighter Tomorrows

At a time of enormous change in the energy sector, we are working tirelessly to ensure CLP Group is well positioned to thrive in all of the markets in which we operate. As the Chairman noted in his message, the principal priority for our business is decarbonisation. This is an urgent and complex task, but we have both the commitment and roadmap to meet the challenge. Guided by our strategic focus, during the year we advanced resolutely towards our own net zero goal, aligning our efforts with the broader decarbonisation initiatives taking shape across all our markets.

Reflecting on my 35-year journey with CLP, our enduring focus on long-term, sustainable growth has never been more pronounced. Today more than ever, it is critical for us to upskill and reskill our people so that we are ready for change. We also need to ensure a strong pipeline of talent to meet our needs. As part of our holistic approach in talent development, we invest tremendous resources to support the professional growth of our people and generate the interest of students and young people in pursuing careers in the electricity industry. We have an established, long-term strategy to cultivate them with a powerful sense of belonging, trust and cooperation combined with the leadership skills to carry our business forward.

The decarbonisation process isn't just a challenge; it's an opportunity for diversified and profitable growth. Across our markets, we are capitalising on opportunities that yield robust returns, providing low-carbon solutions, and ensuring the delivery of safe, reliable and secure energy services to our customers and communities. As we do so, we are harnessing digital technologies throughout every level of the Group to optimise our business processes and introduce new ways of working in a manner tailored for the specific markets in which we are present. This integration is geared towards producing faster, better and more cost-effective outcomes for our customers, colleagues and partners.

As decarbonisation and digitalisation reshape the electricity sector, we must work hard to train and develop the visionary and highly motivated industry leaders who will carry the energy transition forward in the vital years ahead.

I would like to thank all of our valued shareholders and customers for the trust they place in CLP. I also extend my thanks to my outstanding colleagues, whose care, excellence and responsibility are critical to our success. Our culture is crucial to making our aspirations a reality and we will implement further initiatives to ensure we remain efficient, people-centric and agile in how we operate. We will place more of our resources and expertise even closer to our customers, while ensuring that we have the appropriate level of governance in place to reflect the evolving nature of our business.

Despite our uncertain world, the prospects for CLP remain clear. We have a great business and an unwavering intent to take it into the next chapter of growth. We are grateful for your steadfast support as we help shape the future of energy to the benefit of all of our stakeholders.

T.K. Chiang
Hong Kong, 26 February 2024

Mr Liu Wing Keung
Shareholder

As the new CEO leading one of the city's oldest companies, how do you keep the company young, relevant and competitive in a rapidly changing world? What missions and strategies do you have in mind to steer the company forward? What are the challenges you anticipate?

CLP is one of the most familiar and trusted brands in Hong Kong. I feel deeply privileged to have the opportunity to lead the company forward at this exciting moment in its long history.

For more than 120 years, CLP has succeeded by anticipating and embracing changes in the market. Our proven capacity to transform ourselves and explore new horizons fills me with excitement and confidence in my new role as I work closely with my colleagues to deliver our key strategies.

Decarbonisation is CLP's top priority. We understand the critical role the electricity sector has in the fight against climate change, and we are committed to playing our part in this urgent and complex challenge. We recently reviewed our Climate Vision 2050 roadmap and strengthened our 2030 greenhouse gas emissions intensity target to bring us closer to the goal of limiting global warming to 1.5°C. As well as lowering our own emissions, we do all we can to help customers reduce their carbon footprint. Meanwhile, digitalisation will be another major factor in our future growth. We must constantly enhance our digital capabilities and integrate new technologies into our operations to stay ahead of the curve.

Our overarching purpose to Power Brighter Tomorrows requires more than just new technology and infrastructure. It also calls for investment in our people to build a strong pipeline of talent to lead our company forward. We must cultivate the desired values and culture so as to maintain our solid foundation while encouraging agility and innovation to meet rapidly evolving energy needs. I have shared with colleagues my expectation for them to learn, unlearn and relearn as we accelerate our efforts to pursue excellence as guided by our refreshed Value Framework. To build a future-proof organisation together, I call on my colleagues to retain a keen sense of curiosity and adaptability that we all had when we were children.

The significant strides forward we have taken in the past year put us in a powerful position to seize the opportunities offered by the energy transition as we continue to build a sustainable business that creates long-term value for our stakeholders.

T.K. Chiang
Chief Executive Officer

CLP's Value Framework

Financial Review

Our transformation strategy guides our investments to grow the business sustainably.

CLP Group's Financial Results and Position at a Glance

Strategy to Power Brighter Tomorrows

We remain focused on decarbonising and digitalising our operations in order to create value for our stakeholders and the communities in which we operate. Meanwhile, we are also building greater organisational agility through workforce transformation to equip ourselves for future opportunities. CLP underpins great effort to ensure Hong Kong remains a vibrant international centre, one that is playing a leading role in Asia in the transition to a net-zero future. We have a strong commitment to decarbonisation and pursue diversified investment opportunities in our overseas markets. Additionally, we are continuously enhancing our digital capabilities to not only deliver operational excellence for our businesses, but also provide bespoke energy service solutions to our customers.

Progress on the Execution of Our Strategy

Our commitment to invest for Hong Kong's low-carbon future continue being evidenced through the new offshore LNG terminal which has been in service since July 2023, the construction of unit D2 at Black Point Power Station, and the enhancement of the Clean Energy Transmission System (CETS), which allows more imports of zero-carbon energy from Mainland China. Renewable portfolio in Mainland China was expanded at an accelerated pace with the commissioning of Xundian II wind project and Yangzhou Gongdao solar project, as well as the commencement of construction of Bobai wind farm in 2023. Sandu II wind farms and two other solar projects are due to start work soon.

The construction of Australia's first net-zero emissions power plant, Tallawarra B, continued during the year and is now completing commissioning. Commercial operation of Riverina and Darlington Point, New South Wales's largest energy storage system of which EnergyAustralia has market control for contracted output, commenced in September. In India, over 50% of the Sidhpur wind project was commissioned in 2023. Our joint venture, Apraava Energy also entered into the advanced metering infrastructure market.

Adequate Resources to Support Our Strategy

Free cash flow represents the cash that can be used by a company after taking care of its operations. It can be used to remunerate equity and debt holders and to grow the business.

Strong operating cash inflow from the SoC business continues to be the key source of funds for our capital investment programme and dividend payment in 2023. Our free cash flow also benefited from the refund of futures margin deposits and recovering operational performance at EnergyAustralia. During the year, we continue to carry out sustainable financing activities under Climate Action Finance Framework, for specific projects, and arrange Emission Reduction-Linked bank facilities with performance targets linked to emissions level for general corporate purposes.

Where We Stand

- HK$5.1 billion of our capital investments, on accrual basis, spent on building our decarbonisation portfolio in 2023
- Continue to grow sustainable energy solutions business to help customers meet their decarbonisation and sustainability targets
- Over 75% of operating earnings before fair value movements and unallocated expenses generated from non-carbon generation assets, and transmission, distribution and retail operations
- Backed by strong investment grade credit ratings and progressive recovery of operating cash flow, adequate liquidity remains to meet the operational needs and support growth

Earnings and Dividends

CLP's Dividends Policy aims to provide reliable and consistent ordinary dividends with steady growth when supported by our earnings whilst ensuring that a solid financial position can be maintained to fund our business growth.

The Group's financial performance, and ultimately the Group's operating earnings, are of paramount importance in CLP's ability to stick to the Group's Dividends Policy. Taking into account the strong financial performance for the year, our robust financial position and our capacity to finance the investment plan of the Group, total dividends per share for 2023 are therefore maintained at HK$3.10.

More analysis on the value we created for our shareholders can be found on pages 38 and 39.

Last Year's Statement of Financial Position

	2022 HK$M
Working capital	
Trade and other receivables	17,314
Trade payables and other liabilities	(19,627)
Cash and cash equivalents	4,251
Others	(624)
	1,314
Non-current assets	
Capital assets	
Fixed assets, right-of-use assets and investment property	155,758
Goodwill and other intangible assets	18,451
Interests in joint ventures and associates	20,838
	195,047
Others	6,518
	201,565
Debts and other non-current liabilities	
Bank loans and other borrowings *	(59,217)
Others	(27,968)
	(87,185)
Net assets	115,694
Equity	
Shareholders' funds	
Share capital and other reserves	27,518
Retained profits	85,099
Translation reserve	(7,119)
	105,498
Non-controlling interests (NCI) and perpetual capital securities (PCS)	10,196
	115,694

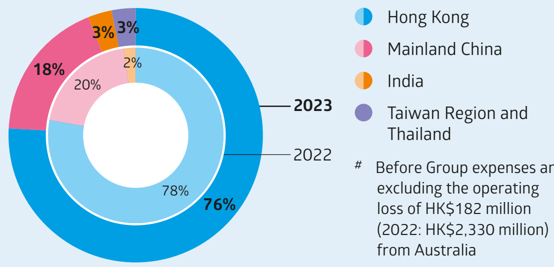
* Including current and non-current portions

	2022	2023	Change
Closing exchange rate			
RMB / HK$	1.1170	1.0956	⬇ 1.9%
A$ / HK$	5.2876	5.3200	⬆ 0.6%
Average exchange rate			
RMB / HK$	1.1591	1.1033	⬇ 4.8%
A$ / HK$	5.4234	5.1962	⬇ 4.2%

Statement of Profit or Loss

	2022 HK$M	2023 HK$M
Revenue	100,662	87,169
Operating expenses	(82,224)	(66,431)
Other charges	(4,312)	(5,868)
EBITDAF of the Group	14,126	14,870
Share of results of joint ventures and associates, net of tax	2,460	3,196
Consolidated EBITDAF	16,586	18,066
Depreciation and amortisation	(8,904)	(8,594)
Fair value movements	(4,250)	3,040
Net finance costs	(1,842)	(1,869)
Income tax expense	(103)	(2,973)
Profit for the year	1,487	7,670
Attributable to NCI and PCS holders	(563)	(1,015)
Earnings attributable to shareholders	924	6,655
Excluding: Items affecting comparability	3,699	5,597
Operating earnings	4,623	12,252
Excluding: Fair value movements (after tax and NCI)	2,979	(2,125)
Operating earnings before fair value movements	7,602	10,127

Operating Earnings before Fair Value Movements by Region #



\# Before Group expenses and excluding the operating loss of HK$182 million (2022: HK$2,330 million) from Australia

Statement of Changes in Equity

	Attributable to Share-holders HK$M	Attributable to NCI and PCS holders HK$M
Balance at 1 January 2023	105,498	10,196
Profit for the year	6,655	1,015
Exchange differences on translation	(222)	–
Cash flow hedges and costs of hedging	(1,837)	(61)
Other comprehensive income and other movements	69	13
Dividends and distributions paid	(7,832)	(1,112)
Balance at 31 December 2023	102,331	10,051

Statement of Cash Flows

	2023 HK$M
EBITDAF of the Group	14,870
SoC items	3,168
Working capital movements	643
Non-cash items	6,916
Funds from operations	25,597
Interest received	189
Tax paid	(2,219)
Cash inflow from operating activities	23,567
Capital investments	
Capital expenditure	(11,776)
Additions of other intangible assets	(796)
Investments in and loans to joint ventures	(272)
	(12,844)
Dividends received and others	3,372
Cash outflow from investing activities	(9,472)
Net repayments of borrowings	(1,672)
Interest and other finance costs paid ^	(1,736)
Dividends paid to shareholders	(7,832)
Dividends to NCI and others	(1,902)
Cash outflow from financing activities	(13,142)
Net increase in cash and cash equivalents	953
Cash and cash equivalents at 1 January	4,251
Effect of exchange rate changes	(22)
Cash and cash equivalents at 31 December	5,182
Free Cash Flow	
Funds from operations	25,597
Less: tax paid	(2,219)
Less: net finance costs paid ^	(2,320)
Less: maintenance capital expenditure (capex)	(1,549)
Add: dividends from joint ventures and associates	2,357
	21,866
Capital Investments	
SoC capex	10,073
Growth capex	777
Maintenance capex	1,549
Other capex	445
	12,844

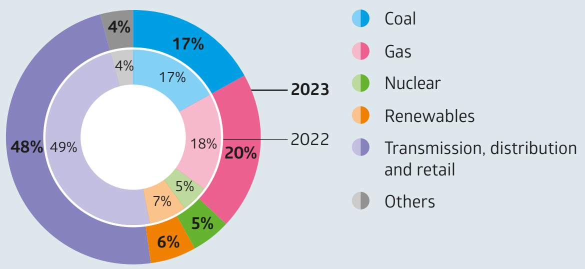
^ Including distributions paid to PCS holders

This Year's Statement of Financial Position

	2023 HK$M
Working capital	
Trade and other receivables	13,650
Trade payables and other liabilities	(20,306)
Cash and cash equivalents	5,182
Others	(1,503)
	(2,977)
Non-current assets	
Capital assets	
Fixed assets, right-of-use assets and investment property	161,663
Goodwill and other intangible assets	12,854
Interests in joint ventures and associates	21,898
	196,415
Others	5,706
	202,121
Debts and other non-current liabilities	
Bank loans and other borrowings *	(57,515)
Others	(29,247)
	(86,762)
Net assets	112,382
Equity	
Shareholders' funds	
Share capital and other reserves	25,456
Retained profits	84,216
Translation reserve	(7,341)
	102,331
NCI and PCS	10,051
	112,382

* Including current and non-current portions

Capital Assets by Asset Type



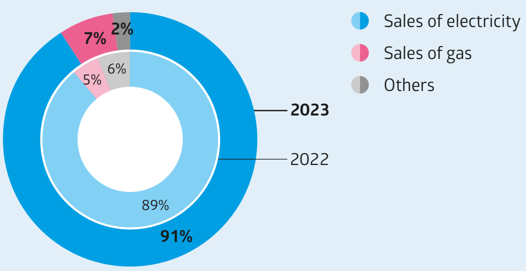
Analysis on Financial Results

Revenue (2023: HK$87,169 million; 2022: HK$100,662 million; ⬇ 13.4%)

	2023 HK$M	2022 HK$M	Increase / (Decrease) HK$M	%
Hong Kong	**52,119**	51,776	343	0.7
Australia	**33,190**	41,839	(8,649)	(20.7)
India	**–**	5,153	(5,153)	(100.0)
Mainland China and others	**1,860**	1,894	(34)	(1.8)
	87,169	100,662	(13,493)	(13.4)

- Hong Kong: Steady revenue from SoC with more units sold (driven by gradual economic recovery and hot summer in 2023) offset by lower Fuel Cost Adjustment charged to customers (in line with softening of international fuel prices)
- India: Subsequent to the deconsolidation of Apraava Energy upon the completion of the sell down in December 2022, revenue from India is no longer consolidated
- Mainland China and others: Excluding the impact of lower Renminbi average exchange rate (-HK$90 million), revenue from Mainland China increased by 3.3% due to the commissioning of Xundian II wind project and Yangzhou Gongdao solar project in 2023 largely offset by less resource for Jiangbian hydro project

Revenues by Nature



- Australia

Excluding the impact of lower Australian dollar average exchange rate of HK$1.8 billion, revenue decreased by HK$6.9 billion:

- Energy: Significant decrease by HK$9.0 billion predominately driven by the softening of wholesale spot prices in 2023 as compared to the extremely high spot prices under unprecedented market conditions in 2022, and lower generation due to lower wholesale price environment in 2023

	2023	2022
Generation (GWh)		
Yallourn	**7,687**	7,691
Mount Piper	**5,360**	5,697
Average pool price (A$/MWh) *		
Victoria	**54.8**	133.6
New South Wales	**95.9**	182.2

* Represented the 12-month average pool prices in relevant states published by Australian Energy Market Operator (AEMO)

- Customer: Revenue up by HK$1.9 billion mainly due to tariff reprices reflecting higher energy procurement costs and re-contracting with fixed price customers since the second half of 2022 partially offset by lower customer usage

	2023	2022
Electricity sales (TWh)		
Mass Market	**8.9**	9.3
Commercial and Industrial	**5.9**	7.4
Gas sales (PJ)		
Mass Market	**28.1**	32.9
Commercial and Industrial	**2.5**	4.5

Financial implication of change in accounting method for our interest in Apraava Energy

Apraava Energy ceased to be a subsidiary upon the completion of the sell down of an additional 10% interest to CDPQ in late December 2022, which reduced CLP Group's equity interest in Apraava Energy from 60% to 50%. Apraava Energy is therefore now accounted for as a joint venture, so its financial results are no longer line-by-line consolidated into the CLP Group's consolidated financial statements. CLP gets its share of earnings (one-line equity consolidation) but not revenue nor expenses. Had the equity accounting basis been adopted in 2022, the share of results (60%) of Apraava Energy would have been HK$193 million as compared to HK$1,425 million included in Consolidated EBITDAF for the year ended 31 December 2022.

Consolidated EBITDAF * (2023: HK$23,611 million; 2022: HK$21,044 million; ⬆ 12.2%)

	2023 HK$M	2022 HK$M	Increase / (Decrease) HK$M	%
Hong Kong	**18,035**	17,481	554	3.2
Mainland China	**3,737**	3,907	(170)	(4.4)
Australia	**2,307**	(695)	3,002	N/A
India	**306**	1,425	(1,119)	(78.5)
Taiwan Region and Thailand	**309**	13	296	2,276.9
Corporate	**(1,083)**	(1,087)	4	0.4
	23,611	21,044	2,567	12.2

* Excluding items affecting comparability

- Hong Kong: Mainly reflected higher permitted return on higher average **SoC** net fixed assets and five-year energy saving and renewable energy connections incentives earned for the first time under the current SoC
- Mainland China: Lower **nuclear** earnings due to higher operating and maintenance expenses at Yangjiang despite record high generation, and large-scale planned outage at Daya Bay; **renewable** earnings marginally lower than 2022 because of lower water resource largely offset by the commissioning of Xundian II wind project and Yangzhou Gongdao solar project; loss (2022: profit) from Guohua **coal-fired** projects due to planned outage of one unit at Panshan and reduction in tariffs in 2023; and higher expenses to support the growth trajectory of renewable energy projects
- Australia: Big swing from loss to substantial EBITDAF; **Energy** business improved operationally and commercially after 2022 which was heavily penalised by costs for settling sold forward contracts not covered due to generation shortfall under record high wholesale electricity price environment, Yallourn delivered higher realised prices and gas portfolio gross margin was higher in 2023; lower contribution from **Customer** business due to higher realised energy procurement costs in 2023 and one-off favourable hedging outcomes under volatile market conditions in 2022 not repeated, partially offset by several tariff increases since the second half of 2022
- India: After adjusting the impact of change in accounting method for our interest in Apraava Energy (-HK$1,232 million as discussed in the previous page) and 10% reduction in interest (-HK$32 million), higher Apraava Energy's results mainly contributed by **Jhajjar**'s strong operating efficiency and performance; higher delayed payment charge income and higher natural resources for **renewable** projects; and higher earnings from **transmission** project with lower financing costs
- Taiwan Region and Thailand: Following the amendment of the energy tariff reimbursement mechanism effective July 2022, the under-recovery of rising coal costs resulting from the lagging adjustment mechanism in the first half of 2022 was not repeated, share of **Ho-Ping**'s results substantially improved to HK$297 million; sound operations of **Lopburi** solar farm

Items Affecting Comparability

	2023 Before Tax HK$M	2023 After Tax & NCI HK$M	2022 Before Tax HK$M	2022 After Tax & NCI HK$M
Hong Kong	**109**	**87**	39	23
Mainland China	**(85)**	**(115)**	(185)	(185)
Australia	**(5,868)**	**(5,868)**	–	–
India	**299**	**299**	(4,034)	(3,537)
	(5,545)	**(5,597)**	(4,180)	(3,699)

- Hong Kong: Higher gain on sales of Argyle Street properties with more units sold in 2023 offset by smaller revaluation loss of retail portion of Laguna Mall in line with property market trend
- Mainland China: Recognition of an impairment provision of fixed assets and write-off of deferred tax assets with a total loss of HK$115 million triggered by reduction in utilisation hours (resulted from the dry weather and increased upstream water usage) and continuous low tariff for Dali Yang_er hydro project
- Australia: EnergyAustralia's Customer business was affected by adverse energy retail market trends, notably, margins are under increasing pressure as a result of rising supply costs and intensifying competition; whilst higher interest rates have also negatively impacted the Customer business' cost of capital and as a consequence, an impairment of energy retail goodwill of HK$5,868 million was recognised as "other charge" in the profit or loss (Note 4(a) to the Financial Statements)
- India: One-off recognition of income relating to delayed payment charges on disputed and long outstanding trade receivables and additional capacity charge upon cash settlements received by Jhajjar

Fair Value Movements (2023: Gain of HK$3,040 million; 2022: Loss of HK$4,250 million)

- Predominately related to EnergyAustralia's energy forward contracts for which hedge accounting has not been applied
- Turnaround from loss to gain mainly due to the roll off of out-of-the-money energy contracts in 2023 and softening (2022: surging) of forward electricity prices

Net Finance Costs, Taxation, and Depreciation & Amortisation (ITDA) (2023: HK$13,436 million; 2022: HK$10,849 million; ⬆ 23.8%)

	2023 HK$M	2022 HK$M	**Increase / (Decrease) HK$M**	**%**
Hong Kong	**8,619**	8,118	501	6.2
Mainland China	**1,399**	1,406	(7)	(0.5)
Australia	**3,405**	376	3,029	805.6
India	**5**	890	(885)	(99.4)
Others	**8**	59	(51)	(86.4)
	13,436	10,849	2,587	23.8

- Hong Kong: Mainly higher interest expenses driven by higher interest rates in 2023
- Mainland China: Lower interest expenses from favourable rates negotiated upon refinancing; higher tax expense due to write-off of deferred tax assets of Dali Yang_er
- Australia: Higher interest expenses on higher rates; taxation changed from credit of HK$2.3 billion in 2022 to expense of HK$0.7 billion in 2023 in line with progressive recovery of operations and significant favourable (2022: unfavourable) fair value movements of energy contracts
- India: Deconsolidation of Apraava Energy upon the completion of the sell down in December 2022 (2022: 100% of ITDA of Apraava Energy consolidated)

Total Earnings (2023: HK$6,655 million; 2022: HK$924 million; ⬆ 620.2%)
Operating Earnings (2023: HK$12,252 million; 2022: HK$4,623 million; ⬆ 165.0%)

Analysis on Financial Position

Fixed Assets, Right-of-Use Assets and Investment Property (2023: HK$161,663 million; 2022: HK$155,758 million; ⬆ 3.8%)
Goodwill and Other Intangible Assets (2023: HK$12,854 million; 2022: HK$18,451 million; ⬇ 30.3%)

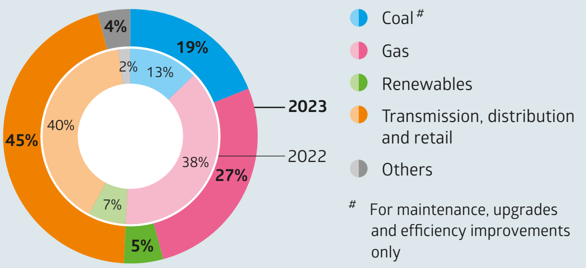
	Fixed Assets, Right-of-Use Assets and Investment Property HK$M	Goodwill and Other Intangible Assets HK$M	Total HK$M	Breakdown SoC Assets HK$M	Breakdown Non-SoC Assets HK$M
Balance at 1 January 2023	155,758	18,451	174,209	130,842	43,367
Additions	14,524	878	15,402	11,414	3,988
Depreciation and amortisation	(7,945)	(649)	(8,594)	(5,349)	(3,245)
Impairment charge *	(85)	(5,880)	(5,965)	–	(5,965)
Translation differences and others ^	(589)	54	(535)	(425)	(110)
Balance at 31 December 2023	**161,663**	**12,854**	**174,517**	**136,482**	**38,035**

* Including impairment of fixed assets of Dali Yang_er (HK$85 million) and energy retail goodwill of EnergyAustralia (HK$5,868 million)

^ Mainly disposal of fixed assets

- SoC: Invested HK$4.6 billion mainly to progress the decarbonisation projects (i.e. unit D2 and offshore LNG terminal project) and continuous generation plants improvement works; and another HK$6.8 billion for development/enhancement of the transmission and distribution networks, enhancement of CETS, establishment of substations and advanced metering infrastructure development to support city's growth
- Mainland China: Capital additions of HK$759 million mainly for construction and development of new renewable projects including Xundian II and Bobai wind farms and Yangzhou Gongdao solar farm
- Australia: HK$3.1 billion additions mainly related to the building of Tallawarra B, continuous capital works on existing generation plants, capitalisation of increase in asset decommissioning costs of HK$0.7 billion for Yallourn, recognition of right-of-use assets of HK$0.4 billion arising from commissioning Riverina and Darlington Point energy storage systems in September and software for digitalisation of operations

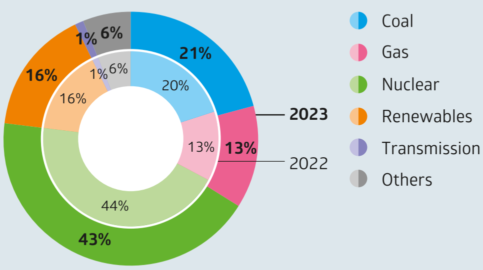
Capital Additions by Asset Type



Interests in Joint Ventures and Associates (2023: HK$21,898 million; 2022: HK$20,838 million; ⬆ 5.1%)

- Hong Kong: Shareholder's loan of HK$268 million made to HKLTL (LNG Terminal joint venture) for financing the completion of the project and repayment from HKLTL commenced after commissioning in July 2023
- Mainland China: Continuous dependable performance and dividends during the year
- India: Increase represented the share of results of Apraava Energy (HK$0.6 billion) in 2023, offset by the dividend paid to shareholders from its receipt of cash settlements relating to long outstanding disputes
- Taiwan Region and Thailand: Share of current year results of Ho-Ping resulted in higher balance

Interests in Joint Ventures and Associates by Asset Type



Derivative Financial Instruments
Assets (2023: HK$2,250 million; 2022: HK$4,050 million; ⬇ 44.4%)
Liabilities (2023: HK$3,377 million; 2022: HK$6,715 million; ⬇ 49.7%)

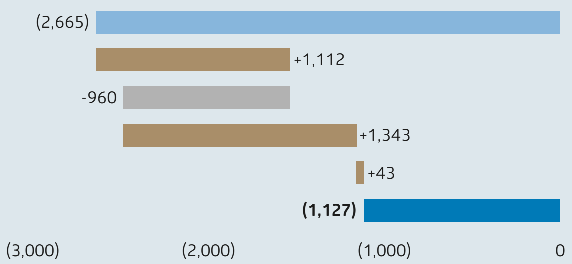
Derivative financial instruments are primarily used to hedge foreign exchange, interest rate and energy price risks. At 31 December 2023, the fair value of these derivative instruments was a net deficit of HK$1,127 million, representing the net amount payable if these contracts were closed out at year end.

- Hong Kong: Fair value loss charged to equity for cross currency interest rate swaps under cash flow hedges mainly attributable to the weakening of foreign currencies against Hong Kong dollar in forward exchange rate markets
- Australia: Change from net derivative liabilities to assets for energy forward contracts mainly due to continuous settlement of out-of-the-money energy contracts during the year and fair value gains of our sold energy contracts (+HK$1.2 billion) credited to profit or loss due to lower forward prices at 2023 year end

	Notional Amount 2023 HK$M	Notional Amount 2022 HK$M	Derivative Assets / (Liabilities) 2023 HK$M	Derivative Assets / (Liabilities) 2022 HK$M
Forward foreign exchange contracts	**29,093**	32,518	**(147)**	(267)
Interest rate swaps and cross currency interest rate swaps	**31,915**	32,011	**(2,069)**	(1,370)
Energy contracts #				
Cash flow hedges			**1,594**	2,553
Not qualified for hedge accounting			**(505)**	(3,581)
			(1,127)	(2,665)

The aggregate notional volumes of the outstanding energy derivatives at 31 December 2023 were 220,161GWh (2022: 333,062GWh) and 11 million barrels (2022: 11 million barrels) and 2,407TJ (2022: 1,919TJ) for electricity, oil and gas respectively.

Movements in Derivative Financial Instruments (HK$M)



Trade and Other Receivables (2023: HK$13,650 million; 2022: HK$17,314 million; ⬇ 21.2%)
Trade Payables and Other Liabilities (2023: HK$20,306 million; 2022: HK$19,627 million; ⬆ 3.5%)

Trade Receivables / Payables by Region

- Hong Kong: Receivable remains at similar level in line with stable operations; increase in capex creditors pursuant to the progress of mega projects largely offset by lower fuel purchase related payables with reduced fuel prices from the peak in 2023
- Mainland China: Higher accrued renewable national subsidies from sales during the year; and significant decrease in other receivables as a result of the receipts of the consideration from the sale of Fangchenggang of HK$1.6 billion and prior year dividend from Yangjiang; more business development and construction works to grow our renewable pipeline resulted in higher payables at year end
- Australia: Higher retail debtors on higher tariffs; and reduction of cash deposits by HK$3.2 billion made to futures margin account in line with the favourable fair value movements of futures energy contracts; slight increase in payables driven by higher accruals for capex, coal purchases for Mount Piper and annual incentives provision (2022: nil) in 2023 substantially offset by lower electricity purchase payable at lower wholesale spot prices and lower green liabilities from lower customer usage

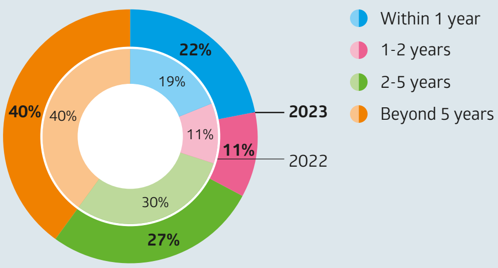
Analysis on Financial Position (continued)

Bank Loans and Other Borrowings (2023: HK$57,515 million; 2022: HK$59,217 million; ⬇ 2.9%)

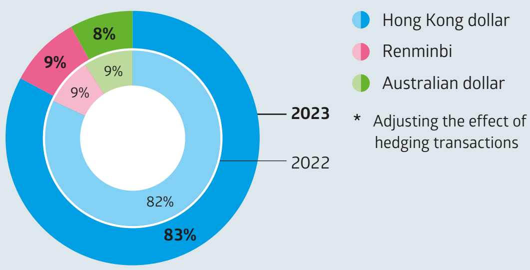
- Major new financing activities in the year:
  - Hong Kong: Sustainable financing activities during the year included HK$1.3 billion energy transition bank loan facilities and RMB300 million (HK$339 million) private placement bond under CLP's Climate Action Finance Framework to refinance existing loans for the two mega projects by CAPCO and HK$1.1 billion emission reduction-linked facilities for general corporate purpose by CLP Power
  - Mainland China: Executed a RMB293 million (HK$316 million) project loan facility for a solar energy project and refinanced the loans of three renewable projects totalling RMB718 million (HK$774 million) at favourable interest rates
  - Australia: Executed a A$630 million (HK$3.3 billion) three-year loan facilities to refinance an existing facility; net repayment of HK$520 million made during the year
- Net debt to total capital ratio decreased slightly from 32.0% to 31.6% driven by reduced net debt level from strong operating cash inflow in 2023
- In 2023, Standard & Poor's reaffirmed all the credit ratings of CLP Holdings (A), CLP Power (A+) and CAPCO (AA-) with stable outlooks; and Moody's rated CLP Holdings (A2), CLP Power (A1), CAPCO (A1) and EnergyAustralia (Baa2) with stable outlook, same as before

More details of credit ratings and sustainable financing activities can be found on pages 54 and 56 respectively.

Loan Balances by Maturity



Loan Balances by Currencies*



* Adjusting the effect of hedging transactions

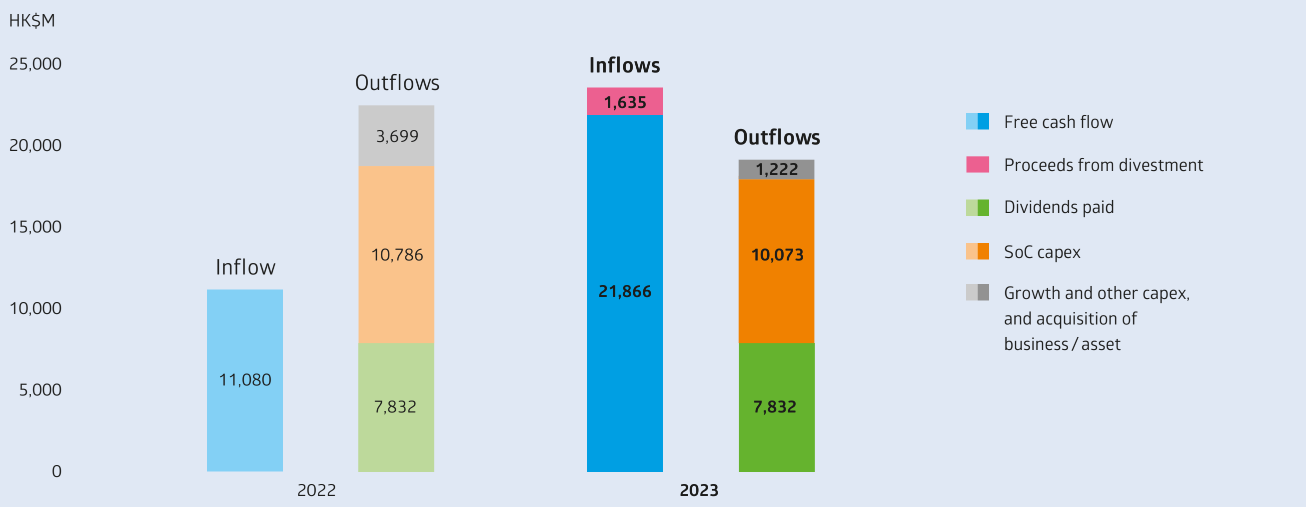
Analysis of Financial Obligations

Consolidated financial statements are prepared to show the effect as if the parent and all of its subsidiaries were one entity by consolidating their financial statements on a line-by-line basis. In contrast, under the equity method of accounting, interests in joint ventures and interests in associates are accounted for on the basis of proportionate sharing of net assets (i.e. assets minus liabilities). As a result, the debts of our joint ventures and associates are not included as part of the debts shown in our consolidated statement of financial position. To enhance the transparency to readers, the diagram below illustrates the financial obligations of the CLP Group, as well as those of our joint ventures and associates.

CLP				2023 HK$M	2022 HK$M
	Consolidated	Debts of CLP Holdings and Subsidiaries	Debts of subsidiaries are non-recourse to CLP Holdings.	57,515	59,217
				+	
	Equity Accounted	Share of Debts of Joint Ventures and Associates	These debts are non-recourse to CLP Holdings and its subsidiaries. The share of debts is calculated by reference to the Group's shareholdings in the relevant joint ventures and associates.	10,908	12,849

Analysis of Cash Flow

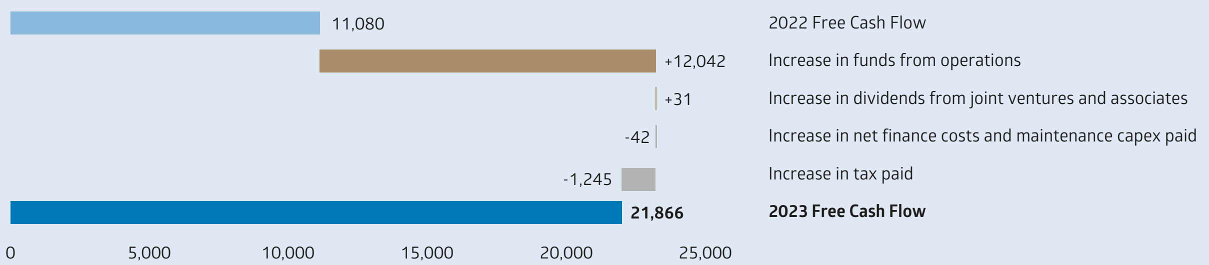
Analysis of Inflows and Outflows



Free Cash Flow (2023: HK$21,866 million; 2022: HK$11,080 million; ⬆ 97.3%)

- Free cash flow increased by HK$10.8 billion because of:
  - Hong Kong: Improvement in cash inflow from SoC operations (+HK$8.1 billion) primarily due to partial recovery of under-collected fuel costs of HK$3.3 billion (2022: under-recovery of HK$2.4 billion) and lower fuel payments in line with the movements of fuel prices in these two years; offset by higher tax paid (-HK$0.8 billion) due to timing of payment and higher profit
  - Mainland China: Robust dividends from our nuclear associates and steady operating cashflow of renewable subsidiaries
  - Australia: Cash flow from operations returned to a positive of HK$3.3 billion (2022: negative of HK$2.9 billion) largely attributable to refund of cash deposits from the futures margin account of HK$3.2 billion (2022: payment of HK$2.5 billion)
  - India: Dividend of HK$202 million received from Apraava Energy joint venture in 2023 as compared with free cash flow of HK$0.8 billion (represented fund from operations of HK$1.3 billion less net finance costs paid of HK$0.5 billion) consolidated in 2022
- Proceeds from divestment: Consideration from the sale of Fangchenggang received in 2023
- Capital investments include:
  - HK$10.1 billion of SoC capex for progress of construction of low-carbon generation facilities, development / enhancement of the transmission and distribution networks, establishment of substations and smart meter installation
  - HK$777 million of growth capex related to construction / development of various renewable projects in Mainland China and Tallawarra B in Australia

Movements in Free Cash Flow (HK$M)



Broader Perspective

	2023	2022	2021	2020	2019
Performance Indicators					
EBITDAF [1] (HK$M)	**18,066**	16,586	22,880	25,254	18,656
Operating earnings before fair value movements (HK$M)	**10,127**	7,602	9,867	11,254	11,245
Operating earnings (HK$M)	**12,252**	4,623	9,517	11,577	11,121
Total earnings (HK$M)	**6,655**	924	8,491	11,456	4,657
Return on equity (%)	**6.4**	0.8	7.5	10.5	4.3
Operating return on equity [2] (%)	**11.8**	4.2	8.5	10.6	10.4
Financial Health Indicators					
Undrawn facilities (HK$M)	**30,881**	31,633	28,076	25,737	18,854
Total borrowings (HK$M)	**57,515**	59,217	58,215	54,348	52,349
Fixed rate borrowings to total borrowings (%)	**57**	52	61	63	54
FFO interest cover (times)	**11**	7	12	13	12
FFO to debt [3] (%)	**43.9**	23.1	35.9	45.8	43.7
Net debt to total capital (%)	**31.6**	32.0	28.1	25.1	26.7
Debt / Capitalisation [4] (%)	**35.3**	41.2	29.3	30.0	25.3
Shareholders' Return Indicators					
Dividend per share (HK$)	**3.10**	3.10	3.10	3.10	3.08
Dividend yield (%)	**4.8**	5.4	3.9	4.3	3.8
Dividend payout [5] (%)	**63.9**	169.4	82.3	67.7	70.0
Total return to shareholders [6] (%)	**4.7**	2.6	5.8	5.2	8.7
Price / Earnings (times)	**25**	154	23	16	45
Price / Operating earnings [7] (times)	**13**	31	21	16	19
Cash Flows and Capital Investments					
FFO (HK$M)	**25,597**	13,555	20,223	24,418	23,502
Free cash flow [8] (HK$M)	**21,866**	11,080	16,793	20,418	20,027
Capital investments (HK$M)	**12,844**	16,009	14,163	11,691	11,861
Capital expenditure	**11,776**	14,553	12,431	10,586	10,448
Investments in joint ventures and associates, and additions to intangible assets	**1,068**	1,118	731	909	1,197
Acquisitions of subsidiaries / assets	**–**	338	1,001	196	216

Notes:

1 EBITDAF = Earnings before interest, taxes, depreciation and amortisation, and fair value movements. For this purpose, fair value movements include fair value gains or losses on non-debt related derivative financial instruments relating to transactions not qualifying as hedges, ineffectiveness and discontinuation of cash flow hedges

2 Operating return on equity = Operating earnings / Average shareholders' funds

3 FFO to debt = FFO / Average debt; debt = bank loans and other borrowings

4 Capitalisation = Closing share price on the last trading day of the year × number of issued shares at the end of the year

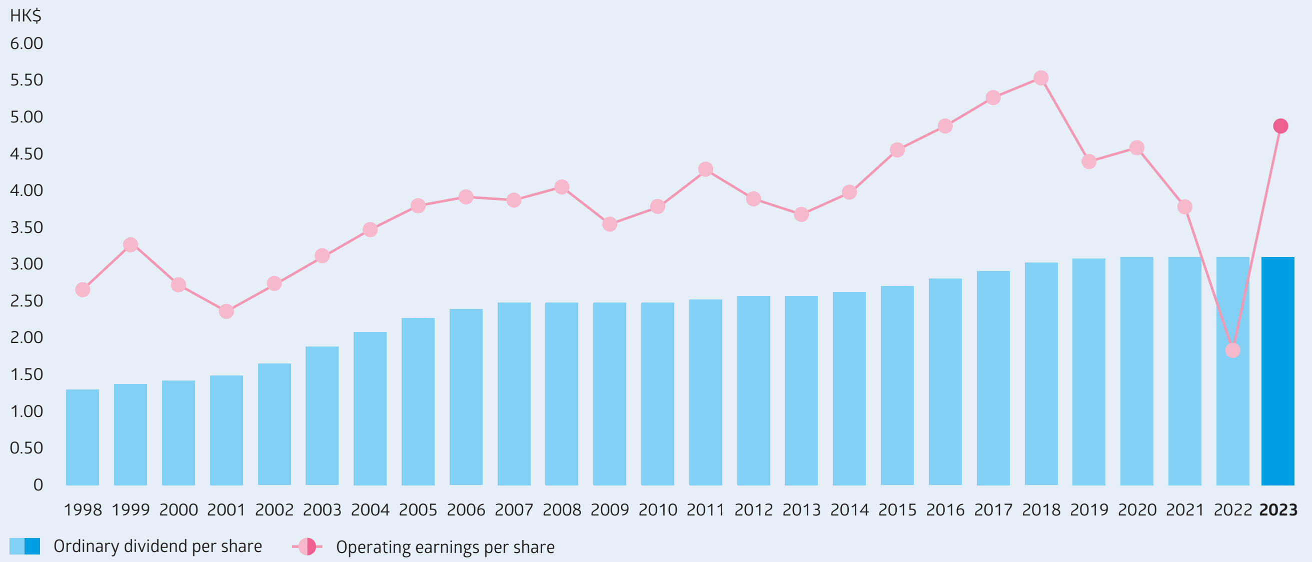
5 Dividend payout = Dividend per share / Operating earnings per share

6 Total return to shareholders representing the 10-year annualised rate of return from the combination of share price appreciation and dividend payments

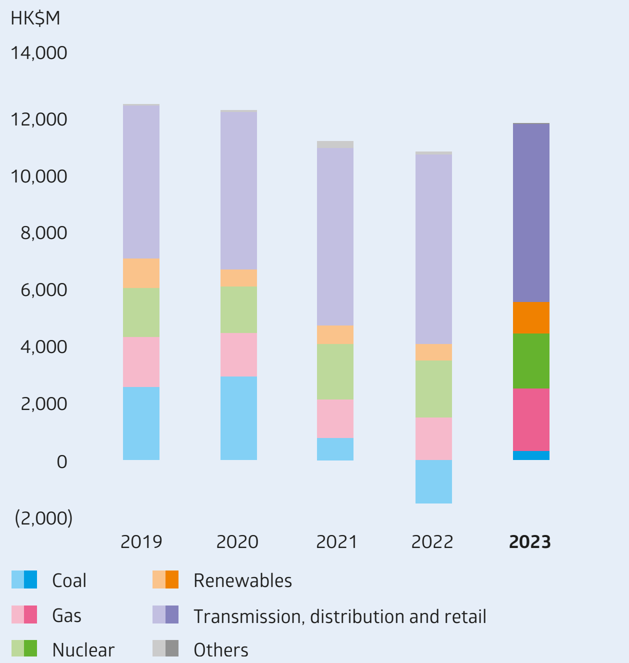
7 Price / Operating earnings = Closing share price on the last trading day of the year / Operating earnings per share

8 Free cash flow = FFO − income tax paid + interest received − interest and other finance costs paid − maintenance capital expenditure paid + dividends received from joint ventures and associates

Operating Earnings and Dividend per Share

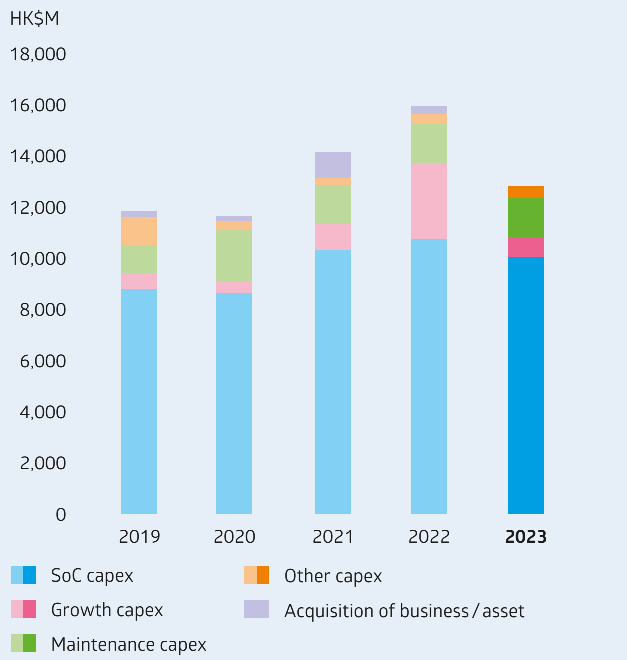


Operating Earnings before Fair Value Movements by Asset Type *



* Before unallocated expenses

Capital Investments



Delivering Our Sustainability Agenda

Enabling our enduring focus on long-term growth, creating value for our stakeholders.

Overview

CLP provides sustainable energy solutions to create value for capital providers, customers, employees and the wider community. We aim to be a leading responsible energy provider, from one generation to the next, in order to deliver our purpose: to Power Brighter Tomorrows.

Major utilities like CLP have an important role to play in the functioning of society, acting as trusted partners to customers, governments, regulators and the community as a whole in our collective journey to a decarbonised future. We have also been the employer of choice to engineering and other top talent, and form a key part of the energy value chain, both as a consumer and provider of energy and related services. We understand the responsibilities inherent in serving the community as a utility and strive to set a benchmark for excellence in our service delivery.

As we seize the opportunities associated with the industry's growth, driven in large part by the decarbonisation, electrification and digitisation of infrastructure, we are mindful of the benefits that a strategic approach to sustainability can bring.

That's why CLP conducts comprehensive annual materiality assessments to evaluate and respond to the sustainability matters most likely to impact our business and stakeholders. These assessments ensure our corporate strategy and sustainability ambitions remain aligned, help us respond to evolving stakeholder needs, uncover emerging sustainability risks and opportunities, and support transparent public reporting.

Adopting the double materiality approach

This year, CLP continues to adopt the double materiality approach, which was first applied in 2021 based on a three-year cycle. The double materiality concept expands the traditional focus of materiality on stakeholder impacts to also consider the financial effects of sustainability topics that may reasonably be expected to affect the business's cash flows, access to finance or cost of capital in the short, medium and long term, and these topics are covered by this *Delivering Our Sustainability Agenda* chapter in the Annual Report. The Sustainability Report, meanwhile, focuses on sustainability topics that have a material impact on people, the environment and the economy. With 2023 being Year 3 of the cycle, the focus of the assessment was on revalidation of the findings from Year 1 and Year 2, and the incorporation of incremental changes. The double materiality assessment complements CLP's risk management process, which is detailed in the *Risk Management Report* in the Annual Report and takes into account the material topics identified by the assessment.

When preparing the 2023 reporting suite, we voluntarily made reference to the recently released International Sustainability Standards Board's (ISSB's) IFRS S1 and S2 Standards, which relate to general purpose sustainability financial disclosures and climate-related financial disclosures respectively. While our Annual Report does not meet all the provisions of the standards yet, we have made strong progress in closing the gap. In addition, our materiality assessment process and results were externally assured for the first time to underline the rigour of our methodology and long-standing commitment to best practice sustainability strategy and reporting.

Identifying and assessing our sustainability agenda

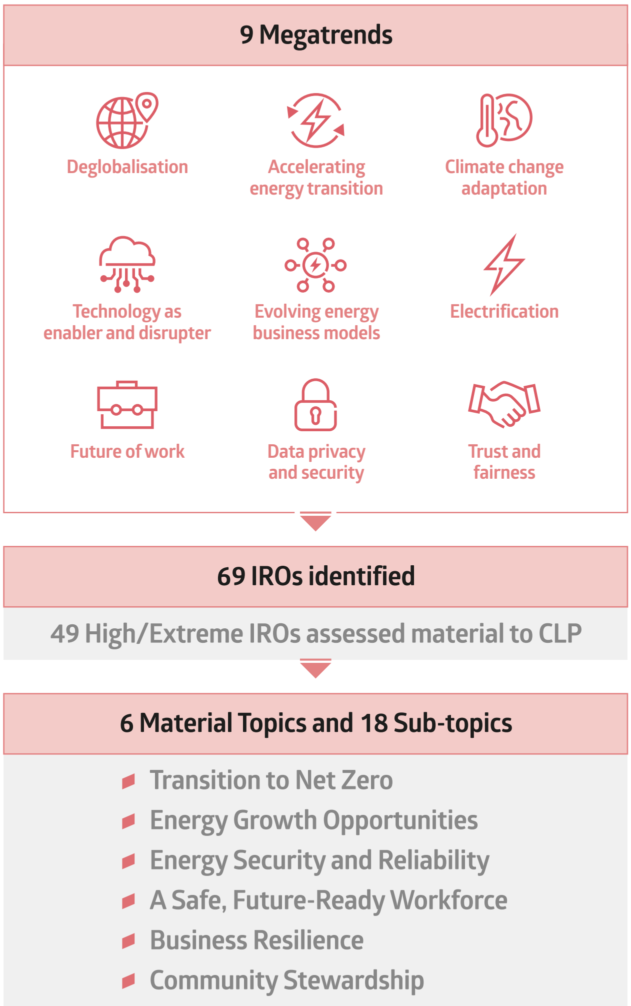
In 2021, we identified nine megatrends that were most likely to affect our business and operating environment. Following a detailed review in 2023, the megatrends are confirmed to remain relevant in CLP's current operating context.

The megatrends form the basis for us to identify and assess sustainability-related impacts, risks and opportunities (IROs). In addition, we drew on a range of internal and external sources – including CLP strategy and risk documentation, extensive interviews collating views from internal stakeholders, and scrutiny of the latest reporting standard to determine those IROs.

This comprehensive process initially identified 69 IROs, which were then assessed for materiality using our own enterprise risk framework and by incorporating the latest ISSB and Global Reporting Initiative (GRI) guidelines.

After evaluating for magnitude/severity and likelihood, 49 IROs were assessed as "High" or "Extreme" and therefore material to CLP. These sustainability-related IROs were organised under six material topics and 18 sub-topics. The six topics play a key role in informing CLP's strategy, keeping its risk register up-to-date, supporting its reporting initiatives and generating sustainable returns for CLP's capital providers in 2024 and beyond.

The assessment process was conducted by a working group of internal and external materiality experts, with participation from CLP's Group Sustainability, Group Risk Management, Investor Relations and Corporate Affairs teams. Assessment outcomes were refined and validated by the Sustainability Executive Committee and endorsed by the CLP Holdings Sustainability Committee.



What are IROs?

Sustainability-related financial risks and opportunities

CLP seeks to manage and respond to those sustainability-related financial risks and opportunities which may reasonably be expected to affect our cash flows, access to finance or cost of capital in the short, medium and long term. With reference to the IFRS guidance, we then disclose material information about these risks and opportunities to investors in this *Delivering Our Sustainability Agenda* chapter in the Annual Report. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence investment decisions.

Stakeholder impacts

CLP also manages and responds to significant positive or negative impacts on people, the environment and the economy. These impacts, which are set out in the GRI Standards, are covered in the Sustainability Report and address the concerns of a broad range of stakeholders on CLP's positive and negative contributions to sustainable development.

CLP's sustainability agenda

The following six sections are dedicated to the discussion of the sustainability-related financial risks and opportunities that were considered "High" or "Extreme" by the assessment.

TRANSITION TO NET ZERO

CLP is decarbonising its existing asset base, investing in electricity infrastructure, ensuring the delivery of reliable and reasonably priced energy, and acting as a trusted partner for customers, communities, governments and investors in the transition to a just and fair energy future.

ENERGY GROWTH OPPORTUNITIES

Different regulatory environments across CLP's markets affect growth opportunities locally. In Mainland China, especially in the Greater Bay Area, opportunities are significant due to the region's large population and its proximity to CLP's home market of Hong Kong. This offers prospects for mutually beneficial joint venture partnerships with public and private sector partners to accelerate the energy transition in line with government objectives, scale up electricity generation to meet rising demand as other sectors electrify, and introduce new energy products and services that meet customer needs.

ENERGY SECURITY AND RELIABILITY

Energy security and reliability have been impacted by an uncertain geopolitical environment and supply chain disruptions over recent years. Higher fuel prices have resulted in assets running at reduced capacity, which has increased costs for CLP and its customers alike. The Group must balance two vital and sometimes competing objectives: providing customers with reliable and affordable energy while continuing to make progress with its decarbonisation objectives.

A SAFE, FUTURE-READY WORKFORCE

CLP's long-term success relies on its capability to attract, develop and retain a workforce that is safe and healthy, diverse and inclusive, skilled for the future, and well-supported to fulfil the customer demands of today, as well as to adapt rapidly to the social and technological changes brought by energy transition. Workplace safety, wellbeing and flexibility are top priorities. So too is the attraction, development and retention of diverse talent, with a focus on the skills needed to advance CLP's critical decarbonisation and digitalisation agendas.

BUSINESS RESILIENCE

The accelerating pace of environmental, technological, regulatory and social changes has reinforced the importance of business resilience. CLP recognises the strategic value of anticipating, withstanding and learning from disruptive events, especially in response to the growing threats posed by climate change and cybercrime.

COMMUNITY STEWARDSHIP

CLP recognises its obligations to meet evolving stakeholder expectations around the positive role businesses should play in society. This includes demonstrating leadership in its decarbonisation ambitions, investing in green energy solutions that support the electrification of society, and transparently reporting on its ESG performance. Environmental stewardship extends to actively managing CLP's dependencies and impacts on nature. Employee and supplier wellbeing is another priority. The Group recognises the importance of ensuring ethical human rights practices in its value chain, as well as of supporting employees and communities impacted by the closure of its fossil fuel assets.

Our material topics

Topic	Sub-topic	Risk and opportunity	Value chain	Time horizon
Transition to net zero	Responding to evolving regulatory landscapes	**Financial risk:** Evolving net-zero policies internationally may push CLP to accelerate its coal-fired power plant closures, forcing it to bear the transition costs (such as revenue, decommissioning and transition costs) ahead of schedule.	Own operations	Long-term
		Financial risk: Failing to respond to regulatory changes in different geographies means CLP could face legal and regulatory sanction, a diminishment in government trust and thus reduced prospects for partnership, and a potential loss of market share.	Upstream	Medium-term
	Investing in zero-carbon energy infrastructure	**Financial opportunity:** War in Ukraine has brought energy security to the fore, which could lead to a faster development of renewables to replace gas in some markets. CLP can benefit from its investment in renewables and firming capacity to support long-term decarbonisation while maintaining energy security.	Own operations	Short-term
		Financial opportunity: Investments into battery projects to meet energy storage requirements of renewable energy systems, at both household (for rooftop solar) and industrial (>100MW) scales.	Own operations	Short-term
		Financial opportunity: Over the life of the assets, the cost of nuclear power generation is comparable with that of fossil-fuel electricity generation. By renewing/expanding its nuclear energy infrastructure, CLP could lower the cost of energy production, while also supporting decarbonisation.	Own operations	Short-term
	Navigating geopolitical instability	**Financial risk:** International capital flows in and out of open economies such as Hong Kong may be sensitive to geopolitical developments, potentially affecting CLP's ability to raise capital and its share price and requiring the Group to further diversify its financing channels.	Downstream	Short-term

Topic	Sub-topic	Risk and opportunity	Value chain	Time horizon
	Acting as a trusted partner in the clean energy transition	**Financial opportunity:** Carbon markets will play a key role in the decarbonisation of hard-to-abate sectors of the economy and in achieving our collective net-zero ambition. Development of a pipeline of carbon offsets would represent both a commercial opportunity and a useful asset for CLP's own net-zero ambitions.	Own operations	Medium-term
		Financial risk: Failure to meet investor expectations that CLP acts in line with environmental regulation and in the best interests of the community and the environment may risk CLP's reputation with investors, and become a barrier to raising capital.	Own operations	Short-term
		Financial risk: Potential changes in energy market regulations may constrain CLP's financial resources and weaken its ability to invest in zero-carbon energy and new business models, undermining its competitiveness, reputation and investability.	Own operations	Long-term
Energy growth opportunities	Deploying customer-facing energy solutions	**Financial opportunity:** The provision of expertise, products and services including smart grid technology to enhance customers' energy efficiency may enhance CLP's market share and raise revenues through new, innovative product/service lines.	Own operations	Short-term
		Financial opportunity: New customer-facing energy solutions (e.g. micro-grids and smart meters) and Energy-as-a-Service business models may potentially be developed into scalable and profitable businesses for CLP.	Own operations	Short-term
	Developing Energy-as-a-Service business models	**Financial risk:** CLP's digitalisation agenda could be derailed by cost and time over-runs, an inability to scale, disruptions caused by imperfect implementation and/or failure to meet customer expectations.	Own operations	Short-term
	Deepening CLP's value proposition with partners	**Financial risk:** Without timely investments in decarbonisation infrastructure and technology, CLP's growth potential in core markets will be limited. CLP's advantage as an integrated utility in Hong Kong may be difficult to replicate in other energy markets with different regulations.	Own operations	Medium-term
	Creating new revenue streams as other sectors electrify	**Financial opportunity:** CLP's support of the electrification of the economy will help it retain and attract customers (e.g. EV owners and EV fleet operators) and establish it as an enabler of the Hong Kong Government's net-zero plans.	Own operations	Medium-term

Topic	Sub-topic	Risk and opportunity	Value chain	Time horizon
Energy security and reliability	Providing customers with reliable and reasonably priced energy	**Financial risk:** With energy affordability a continued concern for Hong Kong customers and the Government, CLP may face negative sentiment and regulatory uncertainty in the longer term.	Own operations	Long-term
	Navigating geopolitical instability	**Financial risk:** A lapse in the security of fuel supply in some markets could tarnish CLP's reputation due to deteriorated supply reliability and could lead to a significant loss in revenue hurting CLP's financial performance.	Upstream	Medium-term
		Financial risk: Deglobalisation and geopolitical tensions could result in restrictions on trade with the Mainland. These could impact CLP's ability to procure semiconductors and other critical technologies, as well as capital, commodities, talent and other drivers of business continuity and success.	Own operations	Short-term
		Financial risk: Geopolitical tensions could impact CLP's operating environment. Potential impacts include supply chain disruptions, increased business costs, currency fluctuations and adverse changes in international trade policies.	Upstream	Medium-term
A safe, future-ready workforce	Promoting workforce safety and wellbeing	**Financial risk:** High safety incident rates or fatalities could lead to legal liabilities and reputational harm.	Own operations	Short-term
	Attracting and developing diverse future talent and capabilities	**Financial risk:** Failing to develop the talent and ways of working required for a digitally enabled, low-carbon future will hamper CLP's ability to meet its strategic objectives and expand capabilities in new areas.	Own operations	Short-term
	Embedding agile and innovative ways of working, mindsets and behaviours	**Financial risk:** A lack of organisational agility and entrepreneurial culture may limit CLP's ability to explore emerging energy solutions and new business models, and to compete against disruptive new market entrants.	Own operations	Medium-term

Topic	Sub-topic	Risk and opportunity	Value chain	Time horizon
Business resilience	Building resilience in the face of climate change and evolving business environment	**Financial risk:** The potential changes to regulation and decentralisation of energy generation and transmission could impact CLP's future revenue streams.	Own operations	Long-term
		Financial risk: Physical risks to CLP's physical infrastructure and operations resulting from climate change, including extreme temperatures, extreme weather events, increased rainfall, drought, flooding, and bushfires.	Own operations	Short-term
		Financial risk: CLP's hydro power plants located in areas of high water stress may experience lower performance during periods of low rainfall.	Own operations	Short-term
		Financial opportunity: AI and data analytic tools may be deployed to improve CLP's data collection and analysis from across its operations, enabling better tracking of ESG-relevant data, such as energy consumption, waste management, employee wellbeing and community engagement, and supporting better decision-making and compliance with relevant regulation and policies.	Own operations	Medium-term
	Reinforcing cyber resilience and data protection	**Financial risk:** A major cyber-security breach could present a serious risk to CLP's financial position and reputation.	Own operations	Short-term
Community stewardship	Reducing environmental impacts	**Financial risk:** Failing to manage pollutants, including high emissions associated with nitrogen oxides (NO_x), sulphur oxides (SO_x), particulate matter (PM), lead and mercury, in densely populated areas could result in regulatory penalties and public health concerns.	Downstream	Short-term

Please see the following chapters for further information on how CLP manages and responds to its sustainability-related financial risks and opportunities:

- Governance approach is outlined in *Governance* chapter.
- Strategy and performance can be found in *Delivering Our Sustainability Agenda*.
- Risk management framework is detailed in the *Risk Management Report*.
- Metrics and targets are available in *Delivering Our Sustainability Agenda* and *Five-Year Summaries*.

Transition to Net Zero

Decarbonisation is CLP's foremost priority as the electricity sector has a crucial role to play in enabling the transition to a sustainable, lower-carbon future for all. Electricity companies worldwide need to keep abreast of evolving climate policies to ensure their decarbonisation plans and actions are in line with regulations. They also need to stay attuned to decarbonisation technologies to invest in non-carbon energy infrastructure such as wind and solar power, nuclear power and battery energy storage systems (BESS) as coal-fired generation is being phased out.

Decarbonisation requires huge amounts of capital. Energy providers, acting as a trusted partner in the energy transition, have a responsibility to maintain sound financial foundations and to meet the rising expectations of investors on acting in the best interest of the community and the environment. Carbon markets offer potential solutions for decarbonising hard-to-abate sectors of the economy, and energy companies need to support efforts to improve their quality and consistency.

0.26 kg CO_2e/kWh

CLP's revised GHG emissions intensity target for 2030 under updated Climate Vision 2050 (previous target 0.3kg CO_2e/kWh)

49%

Proportion of CLP's capital investments in non-carbon generation assets, and transmission, distribution and retail operations

CLP's operating cash flow increased **85%** in 2023's as the Group strengthened its financial position to enable ongoing investments in decarbonisation

Responding to evolving regulatory landscapes

Governments around the world agreed to transition away from fossil fuels and speed up the adoption of renewable energy at the 28th United Nations Climate Change Conference (COP28) in Dubai during another year of record global temperatures.

In Hong Kong, under the Government's Climate Action Plan 2050, the ratio of zero-carbon energy in the fuel mix for electricity needs to increase to 60-70% by 2035 on the way to net-zero power generation by 2050.

China strengthened cooperation with the US in November to step up development of renewable energy. The initiative underscored the Chinese Government's steadfast commitment to decarbonisation, guided by its dual carbon targets of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060. Driven by these goals, China already leads the world in solar energy and BESS technology.

In Australia, steps were taken at both federal and state levels to enable the energy transition, with increased support for low-carbon electricity infrastructure to boost supplies and mitigate the risk of shortfalls as coal-fired power stations are retired. The Capacity Investment Scheme to develop renewable energy and energy storage systems was expanded in November, and Federal and State Governments agreed to work closely together to prevent a repeat of the energy shocks of 2022 that affected suppliers.

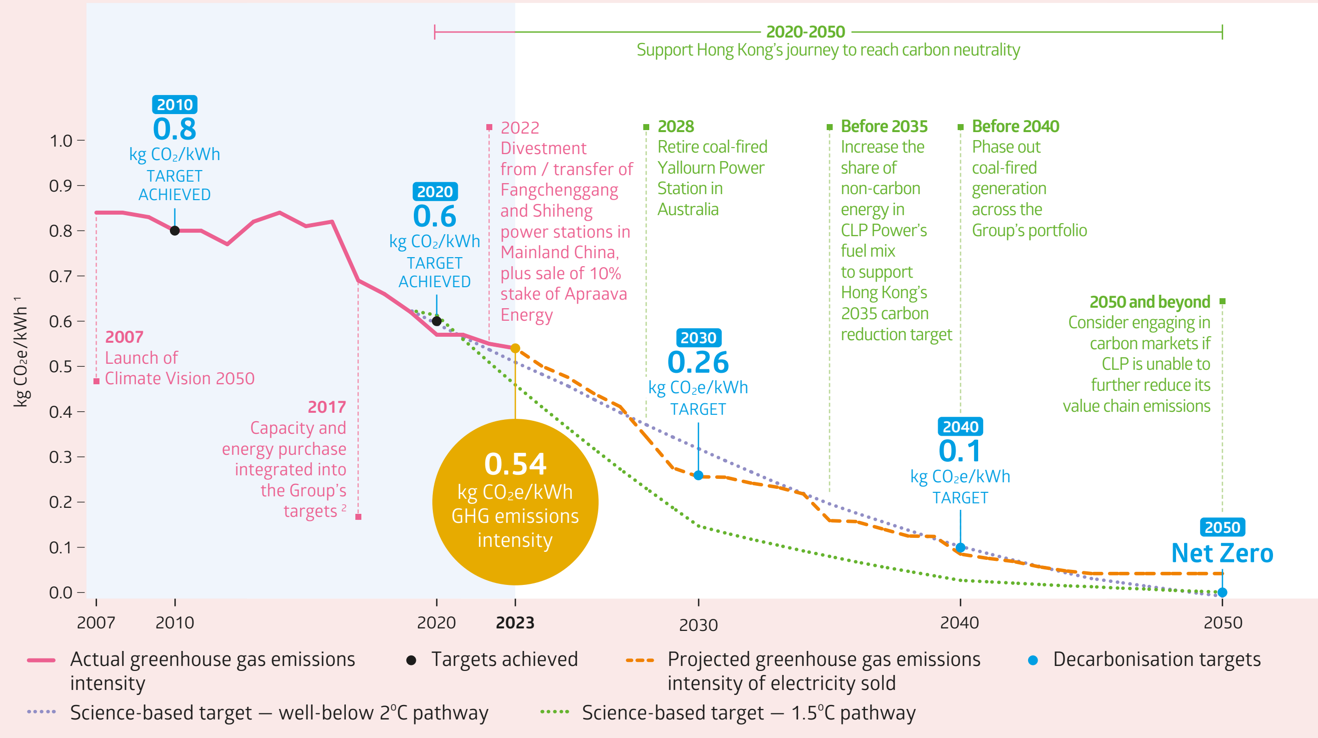
Meanwhile, the Indian Government aims to more than double the country's renewable energy capacity to 500 gigawatts (GW) by 2030, and continued to roll out policies to drive investments in infrastructure to support the energy transition, including transmission and advanced metering infrastructure (AMI).

Accelerating the pace of decarbonisation

CLP's decarbonisation efforts are reflected by a 12% decrease in total greenhouse gas (GHG) emissions (Scope 1, 2 and 3) across the value chain to 52,988 kilotonnes of carbon dioxide equivalent (kt CO_2e) on an equity basis in 2023. The GHG emissions intensity of electricity sold dropped to 0.54kg CO_2e per kilowatt hour (kWh), lower than the 0.55kg CO_2e per kWh a year earlier. Energy sent out from coal and gas assets fell 12%.

CLP's Climate Vision 2050 decarbonisation blueprint has guided its business strategy since 2007. This blueprint has undergone regular reviews and updates to ensure its targets stay in line with changing climate science, technologies and policies. Following a review concluded in early 2024, Climate Vision 2050 was updated to strengthen targets to decarbonise the Group's business at a faster pace. Under the updated edition entitled Climate Vision 2050: Powering an orderly transition, CLP committed to reducing the GHG emissions intensity of electricity sold to 0.26kg CO_2e/kWh by 2030, compared to the previous target of 0.3kg CO_2e/kWh.

CLP's Past and Projected Greenhouse Gas Emissions Intensity



Notes:

1 CLP's trajectory from 2007 to 2020 was based on the Group's carbon emissions intensity (kg CO_2/kWh). Since 2021, in line with global best practices, CLP has reported its GHG emissions intensity based on kg CO_2e/kWh.

2 CLP's trajectory from 2017 to 2050 is on an equity plus long-term capacity and energy purchase basis.

CLP is maintaining its target to reduce absolute Scope 3 GHG emissions from the use of sold products by 28% by 2030, from 2019 levels. This refers to the emissions from customers' combustion of the natural gas sold by EnergyAustralia. In addition, the Group's targets to reduce GHG emissions intensity of electricity sold to 0.1kg CO_2e/kWh by 2040, and achieve net zero by 2050 remained unchanged. The Group is committed to reviewing its targets for Climate Vision 2050 at least every three years.

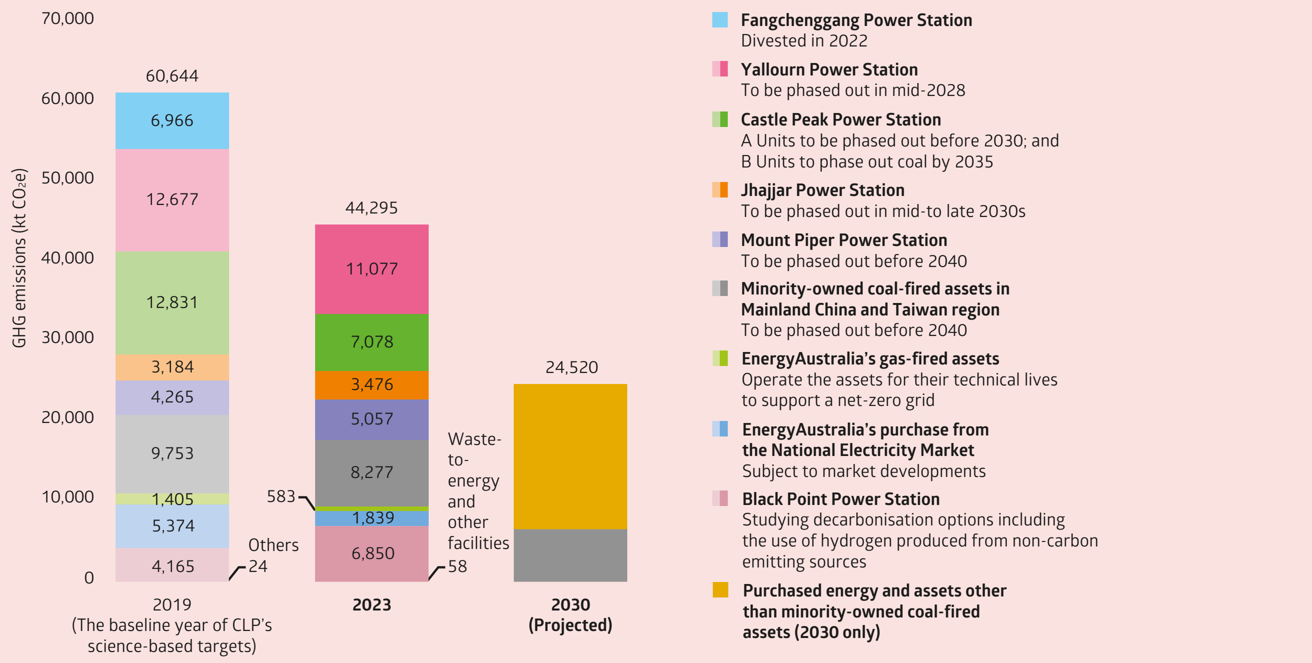
Please see CLP's Climate Vision 2050 – Powering an orderly transition for further information on the latest decarbonisation strategies and targets.

EnergyAustralia released its inaugural Climate Transition Action Plan (CTAP) in August. The plan outlines how the company will achieve net-zero Scope 1 and Scope 2 emissions by 2050 through a combination of actions including the retirement of coal-fired power plants and the development of renewable energy and energy storage capacity. EnergyAustralia will publish its decarbonisation plan for Scope 3 emissions, including customer energy-use emissions, by December 2024.

Apraava Energy announced a target of reducing the intensity of its Scope 1 and Scope 2 emissions by 46.3% by 2027 compared with 2022. The target was validated by the Science Based Targets initiative (SBTi), making Apraava Energy only the second Indian power company to receive SBTi validation.

EnergyAustralia's Climate Transition Action Plan

CLP's Past and Projected Absolute Greenhouse Gas Emissions of Electricity Sold and Phase-out Schedule of Fossil Fuel Assets



Note: The figures are on an equity plus long-term capacity and energy purchase basis.

A future without coal

Under Climate Vision 2050, CLP is committed to phasing out coal-fired generation before 2040. The company stepped up efforts to ensure a smooth transition with a reliable and affordable supply of electricity ready for a future without coal.

Units at Castle Peak A Power Station in Hong Kong are gradually being retired and coal is not expected to be used for regular electricity generation in Castle Peak B Station beyond 2035. The completion in 2024 of the new D2 gas-fired generator unit at Black Point Power Station, together with the existing D1 unit, will deliver a reliable, lower-carbon power supply as CLP gradually phases out coal-fired generation.

EnergyAustralia is adapting Mount Piper Power Station in New South Wales to more flexible, short-duration operations. Modifications have been made to its generation units to enable safe operations at low loads so that it can reduce or increase generation according to market conditions. The power station is due to be transitioned to play a firming role for renewable energy by the mid-2030s before being retired before 2040.

EnergyAustralia's only other coal-fired power station, Yallourn Power Station in Victoria, will close in 2028. To safeguard the livelihoods and interests of employees and communities, workers at Yallourn are provided with transitional support, including training and guidance on future career development as part of EnergyAustralia's A$10 million Power Your Future programme.

Investing in zero-carbon energy infrastructure

CLP continued to focus on investments to enable the energy transition. Non-carbon generation assets, and transmission, distribution and retail operations accounted for 49% of the Group's capital investments of HK$15,674 million, on an accrual basis.

Investments in Hong Kong include the upgrading of the cross-boundary Clean Energy Transmission System (CETS) for the import of more zero-carbon energy from Mainland China, as well as the completion of the smart meter replacement programme, which will help customers better understand and manage their electricity use.

CLP China stepped up the pace of renewable energy investment as the falling costs of wind and solar energy equipment made new projects more viable. At the end of the year, CLP China's renewable energy capacity increased to more than 2GW across the nation and is expected to double in the medium term.

EnergyAustralia set a target of expanding its renewable energy portfolio to 3GW of committed and operational capacity by 2030, up from around 900 megawatts (MW) at present.

In 2023, Apraava Energy secured 550MW of new renewable energy projects in competitive auctions and entered the AMI market to further diversify its non-carbon energy infrastructure business. The company also expanded its portfolio of transmission assets so that renewable energy generated in remote areas can be used in urban centres.

Mr Allan B. Zhang
Chief Executive Officer
Shui On Xintiandi Limited

According to the World Green Building Council, the construction industry is responsible for around 40% of global carbon emissions. Decarbonising the sector is therefore critical to the battle against climate change. Shui On Xintiandi's prime commercial real estate portfolio spans fast-growing cities across the Mainland and is focused on carbon reduction across the entire life cycle of projects, from construction to estate management. What solutions can CLP China provide to help us become more sustainable and support the nation's dual carbon goals of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060?

The real estate industry has been a role model for other sectors of the economy by actively responding to national policies to reduce carbon emissions. CLP fully supports the industry's leadership position on decarbonisation as the nation pushes ahead with the dual carbon policies for the comprehensive green transformation of economic and social development.

In line with our Climate Vision 2050 blueprint, CLP focuses on the development of renewable energy in Mainland China where zero-carbon energy now accounts for almost 70% of our installed capacity. Our Xundian II Wind Farm in Yunnan and Yangzhou Gongdao Solar Power Station in Jiangsu were successfully connected to the grid in 2023, and construction of our Bobai Wind Farm in Guangxi has commenced. We also broke ground on the Sandu II Wind Farm in Guizhou.

We constantly explore new ways to offer renewable energy solutions for our corporate customers such as Shui On Xintiandi, a pioneer in decarbonisation. We understand that starting from 2011, your esteemed company has engaged an independent organisation to conduct annual carbon emission verification, and has since reduced your emissions by over 66%. We are extremely pleased to collaborate with corporates with a similar decarbonisation vision and signed a strategic framework agreement with your company in December 2023. With our shared heritage as Hong Kong enterprises, our partnership will concentrate on the development of zero-carbon energy and green power. One of the initiatives is a power purchase agreement to supply green power to meet all the power needs of the Nanjing International Finance Center. This project epitomises the kind of high-efficiency renewable energy solutions that will accelerate the zero-carbon transformation of the real estate sector.

CLP will continue to deepen our collaboration with businesses on new energy development to deliver mutually beneficial sustainability outcomes, supporting the nation's dual-carbon goals.

Roger Chen
Managing Director – China

Energy storage to bolster supply reliability

Energy storage plays a vital role in decarbonisation by making power grids more reliable as more intermittent renewable energy enters the system. CLP Power aims to build a BESS with a capacity of around 100MW at Castle Peak Power Station.

CLP*e* has found a promising avenue of growth in the strong demand for BESS from construction companies in Hong Kong, taking more than 40 orders for BESS on construction sites. CLP China is also investing in BESS to strengthen the operations of new renewable energy projects. Three battery systems are currently in operation, bolstering supply reliability at Qian'an III Wind Farm in Jilin province, Xundian II Wind Farm in Yunnan province and Yangzhou Gongdao Solar Power Station in Jiangsu province.

Under CTAP, EnergyAustralia anticipates its initiatives on energy storage and renewable energy firming would involve more than A$5 billion of capital to be deployed by EnergyAustralia and its partners. EnergyAustralia has operational control of the new Riverina Stage 2 and Darlington Point BESS projects in New South Wales, which finished construction in September. It is also finalising plans to invest in the 350MW Wooreen battery system in Victoria next to Jeeralang Power Station, and examining battery projects near its Hallett Power Station in South Australia and Mount Piper Power Station in New South Wales.

EnergyAustralia will have operational control of the 250MW Kidston pumped hydro project in Queensland, due to complete construction in 2024. It is the first pumped hydro project in the Australian market in over 40 years, underpinned by an EnergyAustralia's offtake agreement with developer Genex Power. In December, EnergyAustralia released the concept design of the 335MW Lake Lyell pumped hydro energy storage project in New South Wales.

Stable baseload electricity supply at competitive prices

Nuclear energy was acknowledged at the COP28 summit as one of the technologies that need to be accelerated to achieve climate global goals.

CLP has a 25% equity interest in Daya Bay Nuclear Power Station in Guangdong province, which meets around one-third of the electricity demand of CLP Power's customers. Separately, CLP also has a 17% equity interest in Yangjiang Nuclear Power Station in Guangdong and continues to explore further opportunities to invest in the energy sector.

Please see the CEO's Strategic Review on page 16 and Energy Growth Opportunities on page 57 for further information on CLP's investments in decarbonisation.

Strong financial foundations for decarbonisation investments

CLP's ongoing investments in decarbonisation were made possible by the Group's strong financial position. Operating cash flow rose 85% to HK$23,567 million compared with HK$12,734 million a year earlier. The Group maintained good access to diversified, sustainable sources of cost-effective funding throughout a year of economic uncertainty and interest rate volatility, completing financing activities in a timely and orderly manner to support the business's continued growth and development.

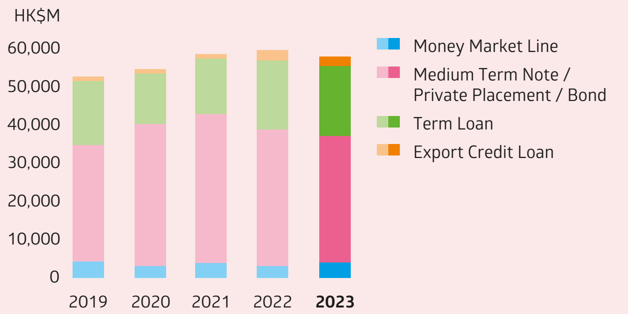
The strong financial position is reflected in the Group's healthy liquidity levels, with undrawn bank facilities of HK$30.9 billion and bank balances of HK$5.2 billion respectively at the end of 2023 compared with HK$31.6 billion and HK$4.3 billion a year earlier. Liquidity at CLP Holdings increased to HK$14.1 billion at the end of the year compared with HK$13.5 billion a year earlier. The high level of liquidity is expected to be maintained in 2024, supported by dividend payments and inflows from subsidiaries, joint ventures and associates.

Debt Profile as of 31 December 2023	CLP Holdings HK$M	CLP Power HK$M	CAPCO HK$M	Other Subsidiaries HK$M	CLP Group HK$M
Availability Facility [1]	11,900	34,432	26,360	15,704	88,396
Bank Loans and Other Borrowings	–	26,746	21,089	9,680	57,515
Undrawn Facility	11,900	7,686	5,271	6,024	30,881

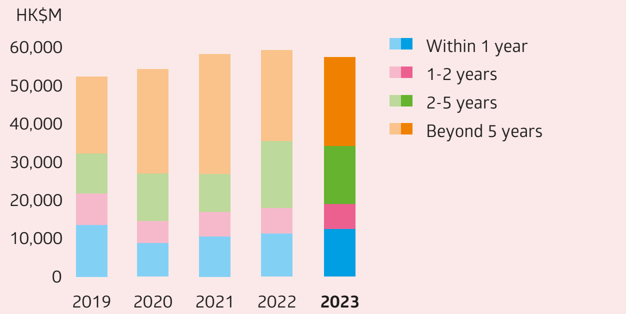
Note:

1 For the Medium Term Note programmes, only the amounts of the bonds issued as at 31 December 2023 were included in the total amount of Available Facility. The Availability Facility in EnergyAustralia excluded a facility set aside for guarantees.

Loan Balance – Type



Loan Balance – Maturity [1]



Note:

1 The maturity of revolving loans is in accordance with the maturity dates of the respective facilities rather than the current loan drawdown tenors.

The Group maintained good investment-grade credit ratings, with Standard & Poor's (S&P) affirming CLP Holdings' A rated credit rating in May, while Moody's maintained its A2 rating, reflecting the sizable earnings contributions from CLP Power and the Group's sound liquidity.

At the time of the report's publication, the credit ratings of major companies within the Group were as follows:

	CLP Holdings		CLP Power		CAPCO		EnergyAustralia
	S&P	**Moody's**	**S&P**	**Moody's**	**S&P**	**Moody's**	**Moody's**
Long-term rating	A	A2	A+	A1	AA-	A1	Baa2
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Short-term rating	A-1	P-1	A-1	P-1	A-1+	P-1	–

S&P also assigned environment, social and governance (ESG) credit scores of E-3, S-2, G-1 to CLP Holdings, while Moody's assigned its scores of E-3, S-3, G-2. Both agencies recognised CLP's commitment to take action on climate change and the low-carbon transition as well as its strong governance and risk management.

More information on credit ratings can be found on the Group's website.

More information about major financing activities in 2023 and debt profile can be found on pages 35 and 36 of 2023 Annual Results Presentation of CLP Holdings.

Analyses of loan balance by types and bond funding by currencies can be found on "Financial Capital" page in the Investor Presentation Introductory Pack of CLP Holdings.

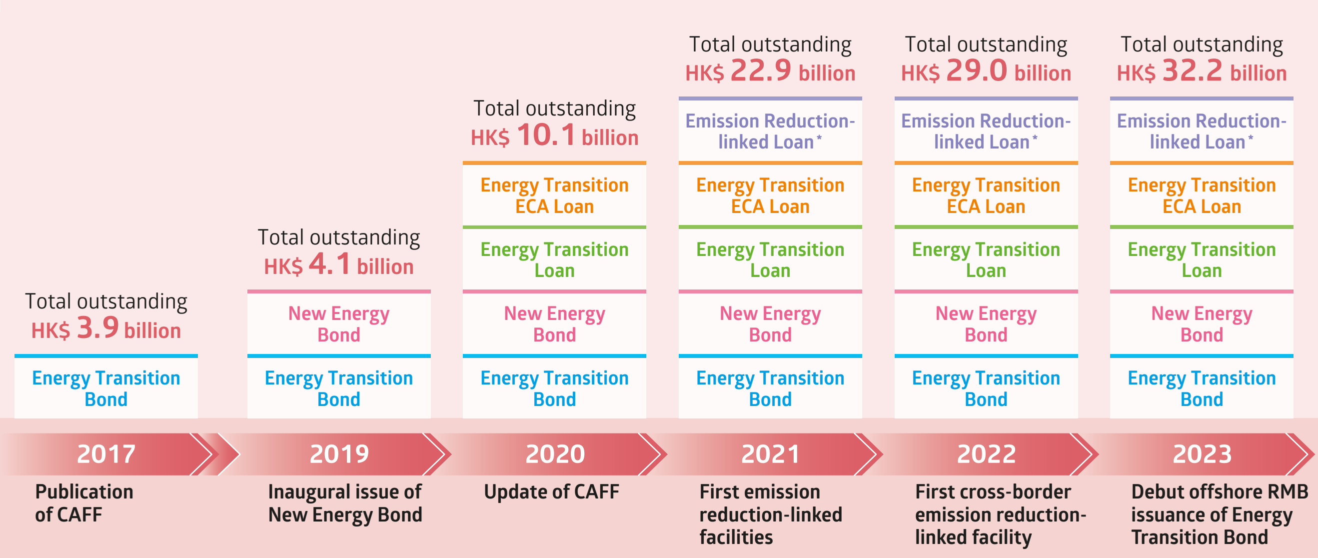
Pre-emptive financing in volatile monetary environment

The uneven global recovery caused by the lingering effects of the pandemic and escalated geopolitical tensions continued to impact capital markets and generate pressure on inflation. Globally, central banks continued to tighten monetary policies to control inflation, maintaining interest rates at their highest levels since the global financial crisis. The yield of the benchmark 10-year US Treasury Notes surged from 3.74% in early January to 4.99% in October before retreating to 3.8% in December. Three-month Hong Kong Interbank Offered Rates reached a high of 5.73% during 2023, before softening to 5.27% by year end.

The Group took a pre-emptive approach and addressed the funding requirements for the year ahead at the end of 2022 and in early 2023. In December 2022, CAPCO arranged HK$2 billion of one-year and two-year emission reduction-linked bank loan facilities for its funding requirements in 2023. In the first half of 2023, CLP Power arranged HK$2.3 billion of one-year bank loan facilities and a HK$1.1 billion two-year emission reduction-linked bank loan facility.

Emission reduction-linked facilities are a type of sustainable financing with performance targets linked to air emissions, as well as other performance measures such as the number of smart meters installed.

Growth in Sustainable Financing for CLP in Hong Kong



2017
- US$500 million Energy Transition Bond by CAPCO

2019
- HK$170 million New Energy Bond by CAPCO

2020
- US$350 million Energy Transition Bond by CAPCO
- HK$1.3 billion of Energy Transition Loans
- HK$2 billion Energy Transition Loan covered by Sinosure

2021
- US$300 million Energy Transition Bond by CAPCO
- HK$3.7 billion Energy Transition Loans
- HK$1.6 billion Energy Transition Loan covered by Euler Hermes
- US$100 million New Energy Bond by CLP Power
- HK$4.4 billion emission reduction-linked bank facilities*

2022
- HK$7.7 billion emission reduction-linked bank facilities* (including a JPY15 billion samurai cross-border syndicated loan facility by CLP Power with a sustainability-linked derivative to swap the JPY proceeds to Hong Kong dollars)
- HK$520 million Energy Transition Loan

2023
- Offshore RMB300 million Energy Transition Bond by CAPCO
- Refinancing of HK$1.3 billion Energy Transition Loans
- HK$6.3 billion emission reduction-linked bank facilities*

* Except emission reduction-linked loans, all other transactions are CAFF transactions

More information about CLP Climate Action Finance Framework can be found on our website.

Sustainable financing instruments

The Climate Action Finance Framework (CAFF) remains CLP's main channel for sustainable financing. The framework stipulates ways in which the Group's businesses can raise financing including bonds and loans to address climate change challenges. In April, CAPCO executed a two-year offshore RMB300 million (HK$339 million) fixed rate private placement bond under CAFF and swapped the proceeds to Hong Kong dollars to refinance some existing bank loans. The bond was completed with preferential financing terms and was the first offshore RMB bond issuance for a CLP business, enabling further diversification in the Group's financing.

In May and June, CAPCO executed HK$1.3 billion of one-year and two-year energy transition bank loan facilities in line with CAFF to refinance existing loans.

Both CLP Power and CAPCO have Medium Term Note programmes in place under which bonds in aggregate amounts of up to US$4.5 billion and US$2 billion respectively can be issued. As of 31 December, notes with aggregate nominal values of around HK$24.4 billion and HK$9.5 billion were issued by CLP Power and CAPCO respectively.

Around 62% of financing arranged by CLP's SoC businesses in 2023 was through sustainable financing compared with 68% the previous year. CLP Power and CAPCO had HK$32.2 billion of outstanding sustainable financing at the end of the year including HK$19 billion of CAFF financing, as well as HK$13.2 billion of emission reduction-linked facilities with 14 banks.

CLP China executed a RMB293 million (HK$316 million) onshore non-recourse project loan facility for a solar energy project at a competitive interest rate. The business also lowered the interest rates of non-recourse project loans for three renewable energy projects totalling RMB718 million (HK$774 million).

EnergyAustralia executed a A$630 million (HK$3.3 billion) three-year loan facility with nine banks on competitive terms to refinance an existing facility. In addition, the business extended the tenor of a bank guarantee facility of A$150 million (HK$798 million) by one year to December 2024.

CLP's fixed-rate debt as a proportion of total debt at the end of December was 57% (2022: 52%), excluding perpetual capital securities or 60% (2022: 55%) including perpetual capital securities.

Navigating geopolitical instability

CLP's prudent financing strategies, underpinned by robust governance and risk management, helped strengthen its capital resources to support the Group's ongoing decarbonisation despite continuing market volatility. This approach was reflected in the pre-emptive action to complete major financing activities with preferential terms at the end of 2022 and early 2023, as well as the Group's efforts to further diversify financing in terms of capital sources, currencies, debt tenor and instruments.

The Group maintained a high level of interest rate and foreign currency hedging at commercially acceptable terms to cover committed and highly probable financial obligations, enabling it to withstand financial market volatility and pursue its business objectives. This included the use of natural hedge and approved financial derivative instruments with straightforward, easy-to-understand features that can qualify for effective accounting hedge with no adverse profit-and-loss impact to manage obligations and risks.

For counterparty exposure, CLP transacts only with credible financial institutions and financially sound business counterparts with strong credit ratings. These measures help ensure CLP's businesses do not face undue residual financial or credit risks and give strong grounds for confidence to stakeholders.

Acting as a trusted partner in the energy transition

CLP continued to engage capital providers on the Group's efforts on decarbonisation. The Asia Investor Group on Climate Change's Asian Utilities Engagement Program recognised the Group's decarbonisation efforts including the commitment to exit coal-fired generation before 2040 and the use of battery storage technology.

During COP28, organisations including the Voluntary Carbon Markets Integrity Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Markets (IC-VCM) agreed to increase collaboration on standards for carbon credits and enhance transparency and consistency for the instruments. CLP will consider the use of credible carbon offsets as a last resort to offset emissions in its value chain as the Group remains focused on reducing direct emissions from its operations by transitioning to lower-carbon technologies. CLP supports the efforts of the VCMI and IC-VCM to improve the integrity of voluntary carbon markets. The Group is currently undertaking a review on its carbon market strategy covering a range of factors including market trading opportunities and carbon credit generation from CLP's assets. The review is expected to be completed this year.

EnergyAustralia's Tallawarra B Power Station in New South Wales, which officially opened in February 2024, is Australia's first net-zero emissions gas-fired power station with 100% of direct carbon emissions offset over its operational life. As part of funding arrangements to proceed with the construction of Tallawarra B in 2021, EnergyAustralia will purchase credible carbon offsets for all emissions from the plant.

Energy Growth Opportunities

The global energy crisis has had a profound impact on households and businesses, fueling inflation and hindering economic growth. It has also turbocharged investment in non-carbon energy as governments and corporations seek alternatives to costly fossil fuels, while consumers reduce their consumption and explore lower-carbon energy use as well as energy-saving tools and technologies.

As one of the largest energy companies in the Asia Pacific region, CLP has a responsibility to meet rising demand for low-carbon energy and smart energy solutions. As Hong Kong's biggest utility company, CLP Power also has a duty to work closely with the Government to ensure the energy landscape adapts to changing times and provide consumers not only with reliable supply but also products and solutions they need for decarbonisation.

By responding nimbly and rapidly, CLP can rise to the challenges of uncertain times and generate income by providing innovative products and services including Energy-as-a-Service solutions that enhance energy efficiency. It can also develop smart solutions that have immense potential in Mainland China, Australia and India.

In the longer term, the electrification of transport and the wider economy open the door to a host of new business streams and opportunities both in Hong Kong and CLP's other markets.

HK$52.9 billion
CLP Power's projected capital expenditure under 2024 – 2028 Development Plan to support Hong Kong's growth

70%
Year-on-year increase in sales of Renewable Energy Certificates in Hong Kong in 2023

CLP China signed **4** renewable energy supply contracts with multinational/Hong Kong corporate customers in 2023 to support decarbonisation

Deploying customer-facing energy solutions

CLP Power serves over 80% of the Hong Kong population, and for generations has provided safe and reliable electricity needed by customers at a reasonable price. Public awareness of the impact of climate change has risen steeply in recent years and customers expect that their electricity comes from cleaner sources, with added services that help them become more energy-efficient.

To promote the development of renewable energy, CLP Power buys solar or wind energy generated by residential and business customers on their premises. The renewable energy Feed-in Tariff (FiT) scheme allows customers to sell their energy to CLP Power at a rate higher than the normal electricity tariff rate and recover their investment costs in a shorter period. By the end of 2023, 376MW of renewable energy capacity had been approved or connected to the grid, equivalent to the annual energy consumption of around 89,700 households.

Customers can also buy Renewable Energy Certificates (RECs) to support non-fossil fuel energy generation in Hong Kong and achieve their sustainability goals. Each unit of REC represents the environmental attributes of electricity produced by local renewable energy sources including solar power, wind power and land fill gas generated or purchased by CLP Power. The REC programme has boomed in popularity since its 2018 launch with sales rising 70% year-on-year to more than 170 gigawatt hours (GWh) in 2023. Some large commercial customers including AirTrunk Hong Kong Holding Limited, Citi Hong Kong and Bupa International Ltd. have signed multi-year REC agreements. The REC and FiT programmes enable CLP Power customers to increase renewable energy adoption as part of concerted efforts across society to drive Hong Kong's decarbonisation.

The popularity of distributed energy resources including rooftop solar systems and EVs is increasing the complexity of electricity supply networks. CLP Power is continuing its smart grid development to support customers' evolving energy needs and improve efficiencies in power network operations, while ensuring the electricity supply remains highly reliable and resilient. Key smart grid initiatives include the continued rollout of the smart meter replacement programme for

CLP Power customers and deployment of advanced technology to enhance the end-to-end operations of power supply infrastructure spanning generation, transmission and distribution.

CLP Power continued to focus on supporting customers with a broad range of services to improve their energy efficiency. Under the All-Electric Homes programme, CLP Power is supporting property developers to adopt energy-efficient appliances such as induction cookers and water heaters in new apartments, promoting a lower-carbon lifestyle for homebuyers. CLP Power is also providing support for developers to install solar panels and EV-charging facilities to meet the energy needs of residents.

Business customers are offered advice and subsidies from CLP Power to implement electrification and energy-saving projects to support their decarbonisation targets. The CLP Eco Building Fund provides subsidies for energy efficiency improvement works for residential, commercial and industrial buildings. The Electrical Equipment Upgrade Scheme subsidises business customers, especially SMEs, to upgrade their lighting and air conditioning to more energy-efficient models. The Retro-Commissioning Charter programme offers professional training courses on how to improve the energy efficiency of buildings without the need for expensive equipment replacement.

As well as having a positive environmental impact, these schemes and programmes can potentially help customers qualify for sustainability-linked loans. Through its comprehensive range of energy services, CLP Power continued to deepen its customer relationships, evolving its business from a traditional electricity utility business model.

CLP Power and CLP*e* signed a Memorandum of Understanding with Link Asset Management Limited (Link) on energy efficiency and sustainability solutions. Under the agreement, CLP Power will provide technical support for EV charging systems and explore the feasibility of implementing energy management solutions at Link premises, as well as introducing battery energy storage systems (BESS) on Link construction sites to replace diesel generators. CLP Power will also promote energy saving to Link tenants. CLP*e* will work with Link to explore opportunities for one-stop energy solutions such as cooling, solar power, EV charging and smart energy management at Link properties in the Greater Bay Area (GBA).

Digitalisation is crucial to the low-carbon transition, and CLP Power continued to provide customers with smart tools to enable energy efficiency improvements. More than 2,500 CLP Power business customers are using the Smart Energy Online platform to manage energy consumption. The platform uses electricity consumption data from smart meters to effectively monitor and analyse the consumption patterns of business premises, enabling customers to save energy.

CLP Power continued to encourage residential customers to save energy, sign up for smart energy and energy-saving events and campaigns through the Power Connect programme which rewards them with points on an e-commerce platform called Domeo.

CLP Power Managing Director Joseph Law delivers a keynote address at the 24th Conference on the Electric Power Supply Industry (CEPSI) held in China's Fujian province.

Increasing appetite for clean energy solutions

Outside of Hong Kong, CLP keeps pace with evolving demand by providing smart energy services that cater to customers' increasing appetite for clean energy solutions. In 2023, CLP China signed four contracts with prominent companies in the form of power purchase agreements (PPAs) or Green Electricity Certificates to support the low-carbon transformation of a diverse range of industries including commercial real estate, manufacturing and data centres. One of them was a strategic framework agreement with Shui On Xintiandi (Shui On), which invests and manages premium commercial properties in Mainland China. The first initiative is a 10-year PPA which has seen Shui On's Nanjing International Finance Center powered by the electricity generated by CLP China's Yangzhou Gongdao Solar Power Station since the beginning of 2024. The arrangement will lower the commercial and office complex's annual carbon emissions by an estimated 21,000 tonnes, which is equivalent to the carbon sequestration impact of 140 hectares of forest, as well as securing a steady revenue source for CLP China's Yangzhou Gongdao project.

These partnerships underscore the growing demand for renewable energy from companies in China as the nation's dual carbon goals drive the economy's continuing low-carbon transition. CLP China will continue to expand its investments in renewable energy generation and maintain its strong growth momentum.

EnergyAustralia offered households the chance to reduce emissions with a Solar Home Bundle which provides them with a solar panel and battery system installed and managed with no upfront costs. By the end of 2023, 314 customers had signed up for the service in New South Wales, paying a fixed rate for electricity use and owning their systems outright after seven years. Another programme, PowerResponse, is a voluntary demand response initiative that rewards customers for reducing their electricity use at peak times. Customers who sign up receive notifications to reduce their energy use in return for credits or, if they have a home battery system, to join a PowerResponse Virtual Power Plant.

EnergyAustralia also provided accredited renewable energy to customers under the GreenPower programme supported by the Federal Government which allows commercial and industrial customers to source renewable energy or install solar and battery systems. The InsightsPro data portal gives business customers access to consumption data and carbon emissions tracking. The ResponsePro programme provides financial incentives for businesses to reduce their energy use at peak periods.

Apraava Energy is among the companies taking the lead in India's nascent automated metering infrastructure sector by building smart meter networks that are key to the development of more efficient electricity services for households and businesses. Apraava Energy is supplying more than three million smart meters under two contracts won in the states of Assam and Gujarat in 2023. The meters allow power companies to develop more personalised services for electricity customers and improve energy efficiency.

Developing Energy-as-a-Service business models

Energy-as-a-Service business models have become increasingly popular in recent years amid a rising trend for renewable energy and decentralised power generation. CLP*e* has widened its range of offerings in Hong Kong and Mainland China, generating new revenue streams while providing customers with cost-effective solutions that have no upfront installation costs.

Buildings account for 90% of energy consumption in Hong Kong and offer huge scope for energy saving. CLP*e* is installing Hong Kong's first chiller system to use zero-carbon electricity at Chinachem Group's Nina Tower hotel and office complex – the tallest building in Hong Kong's New Territories – which will be completed in phases between 2024 and 2027. It has also teamed up with Chinachem and Henderson Land in a 15-year agreement to upgrade and operate a shopping mall's cooling system. CLP*e* will provide funding along with design and engineering work for the new air-cooled chiller system which is expected to reduce power consumption 15%, or around 500,000 kWh of electricity a year, equivalent to the annual electricity consumption of around 160 three-member households and a reduction of around 200 tonnes of carbon emissions.

CLP*e* and its partner China Mobile won a tender by MTR Corporation in December to enhance the rail operator's communication systems infrastructure across its network in Hong Kong. CLP*e* is responsible for engineering, procurement and construction for the project, using China Mobile's 5G technology. CLP*e* also signed a cooperation framework agreement with a branch of the Zhongshan Municipal

People's Government to develop low-carbon energy infrastructure and integrated energy services including cooling systems, solar systems and EV charging facilities in the city's Cuiheng New District. Separately, a leading industrial customer in Guangzhou appointed CLP*e* to retrofit and operate a chilling system covering an area of 230,000 square metres.

In Hong Kong, electrifying transport networks is a vital part of decarbonisation as vehicles are currently responsible for around one-fifth of emissions. CLP Power works closely with the Government and the private sector to expand Hong Kong's EV charging infrastructure. It is also supporting trials of electric buses, public light buses, taxis and ferries as Hong Kong moves towards a future of rising demand for EV charging solutions.

Ms Joanne Hon
Managing Director,
Equinix Hong Kong

How can CLP help data centre operators like us become more efficient and sustainable energy users? As more and more data centres are set up in Hong Kong, how can CLP ensure we have a reliable power supply to support our 24/7 operations?

Hong Kong is home to many regional offices and headquarters and is ideally positioned to serve as a data centre hub for the region. The city offers excellent network connectivity, a dependable electricity supply with reasonable tariffs, a comprehensive data protection ordinance and proximity to Mainland China.

Data centres are the backbone of today's digital economy, but the industry is also an intensive user of land, water and energy. As Hong Kong's biggest electricity provider, CLP Power is committed to helping data centre operators become more efficient in their energy use while ensuring they have the highly reliable electricity supply they need.

CLP Power works closely with data centre operators and offers a diverse range of services to help reduce their carbon footprint. Through our Community Energy Saving Fund, we provide funding for universities to conduct energy analysis for high energy consumption businesses such as data centres to improve energy efficiency. The air flow optimisation energy analysis at Equinix's data centre facility is a prime example. By monitoring the temperature in data halls and adjusting the air circulation to prevent excessive power use in data centre cooling, it achieved energy savings of around 30%. The collaboration allows us to validate and endorse some energy saving best practices for the data centre industry. Other services include free energy audits which allow data centre operators to conduct a health check of their energy consumption and identify areas where they can optimise energy use. Our customers can also participate in trials of our new energy-saving products and obtain subsidies to install more energy-efficient lighting and air conditioning.

CLP Power is continuing to invest in electricity infrastructure to support Hong Kong's growth and decarbonisation. We are committed to maintaining our world-class power supply reliability and customer service excellence to meet the evolving energy needs of data centres and provide the digital infrastructure that is critical for Hong Kong's transformation into a smart city.

Joseph Law
Managing Director,
CLP Power

In 2023, CLP Power joined hands with 14 businesses and organisations including electric commercial vehicle (ECV) manufacturers and operators, charging service providers and a bank offering green finance services to form the eMobility Network which promotes the wider use of ECVs. To support the Hong Kong Government's EV-charging at Home Subsidy Scheme, CLP Power continued to promote its Eco Charge 2.0 service which offers one-stop technical support and customer service to people seeking funding for EV charging infrastructure in the car parks of private residential blocks. By the end of 2023, CLP Power had completed preliminary assessments for around 92% of 577 applications for Government funding, covering around 136,000 car parking bays.

The Regalia in Kowloon was the first CLP Power customer to complete the installation of EV charging infrastructure under the scheme in early 2023 with 300 EV-enabled parking spaces. Since then, several private residential estates have also successfully completed similar installations to meet growing EV charging needs. In addition, CLP Power also continues to provide free EV charging throughout its supply area with around 160 chargers.

Deepening CLP's value proposition with partners

CLP's relationships with governments and regulators are pivotal in an industry that is capital intensive and requires a long investment span. It acts as a trusted partner in every market in which it operates by shaping practices and services that contribute to sound energy policies and laws that balance social, economic and environmental needs.

In Hong Kong, CLP Power's operations are regulated by the Government under the Scheme of Control (SoC) Agreement which since 1964 has provided stability to allow CLP Power to invest and respond to the changing needs of Hong Kong. The Agreement is renewed periodically to ensure it remains suited to an evolving operating environment. In the current SoC Agreement for 2018 to 2033, for instance, a range of initiatives were introduced to promote renewable energy, including the FiT and REC programmes.

CLP Power presents a Development Plan to the Government every five years for the regulator to review CLP Power's investments. The current Development Plan projects capital expenditure of approximately HK$52.9 billion to 2028 for a range of initiatives to support the Government's policy objectives and the city's accelerating economic development, spurred by infrastructure projects and new industries such as data centres. As a major financial and international trading and logistics hub and home to many regional offices of global corporations, Hong Kong has become an increasingly popular location for data centres, which require a highly reliable electricity supply. Based on CLP Power's projection, it aims to provide the power supplies and connections for up to 18 large-scale data centres in the 2024-2028 period covered by the current Development Plan, compared with four in the previous five-year period.

By working closely with the Government in Hong Kong, CLP can play a major role in shaping the city's low-carbon energy future and drive innovative policies for the electrification, digitalisation and decarbonisation of the economy. Most importantly, having a strong business in its core market gives CLP the experience and resources to explore exciting growth opportunities in markets around the world.

Please see CEO's Strategic Review on page 16 and Business Resilience on page 72 for further discussions on the Scheme of Control Agreement and the 2024 – 2028 Development Plan.

Creating new revenue streams as other sectors electrify

Climate change has made the need to reduce greenhouse gas emissions urgent, and CLP has accelerated its efforts to help businesses reach their decarbonisation targets. Carbon-free electricity has the potential to significantly cut carbon emissions from sectors such as transport and manufacturing.

CLP*e* expanded its presence in Mainland China's EV sector through a joint venture with TELD, the nation's largest operator of EV charging services with operations in more than 300 cities and a subsidiary of smart power equipment manufacturer Qingdao TGOOD Electric Company Limited. The joint venture operates 181 charging stations in the south of the country with more than 5,500 chargers in Dongguan, Shenzhen and Zhuhai.

EnergyAustralia has also been increasing the scope of its services to cater to rising demand for EV charging infrastructure. In December, it joined Australia's national body for the electric vehicle industry, the Electric Vehicle Council, which aims to drive investment and accelerate growth in the sector. It earlier signed an agreement with North Queensland's largest tours and charter bus operator Tropic Wings to provide the electrification infrastructure for its multi-depot electric bus charging network. EnergyAustralia will oversee the project, due to be completed by mid-2024, and provide ongoing maintenance and repair services.

Energy Security and Reliability

Energy companies have a responsibility to not only serve customers well but to advance decarbonisation, and CLP has a duty to provide customers with reliable and reasonably priced electricity while reducing emissions. These twin obligations are especially acute at times of volatile oil prices and geopolitical tension when energy companies must balance growing demand with affordability. An unstable world can make business unusually challenging by triggering trade restrictions and supply chain disruption in the short to medium-term and pushing up costs for energy companies.

CLP has been able to withstand the impact of fluctuating fuel prices to a large extent thanks to its stringent cost control measures. While geopolitical uncertainties remain, the organisational agility of CLP gives it a competitive edge and the ability to manage those risks effectively while taking full advantage of the commercial opportunities presented by a rapidly changing business environment.

CLP Power reduced Average Net Tariff by **7.4%** from January 2024 and allocated **HK$200 million** from CLP Community Energy Saving Fund to support underprivileged households

187MW

Reduction in peak demand from CLP Power's customers on 26 July 2023 through demand management initiatives

320MW

Capacity of EnergyAustralia's new Tallawarra B gas-fired power station which provides flexible and reliable energy to homes and businesses during high demand periods

Providing customers with reliable and reasonably priced energy

The prices of coal, oil and natural gas fell back from their 2022 peaks but remained high in 2023 compared with levels two years earlier, as CLP continued to focus on ways to reduce electricity cost pressures facing its customers in an inflationary environment. Energy is an essential commodity that should be accessible and reasonably priced for everyone, and CLP made it a priority to support its customers.

In Hong Kong, CLP Power is committed to supplying electricity to customers with a service that is efficient, reliable, environmentally sound and provided at reasonable cost under the terms of the SoC Agreement with the Government. The company mitigated the impact of fuel cost volatility and eased the tariff pressure on customers in 2023 through a series of measures, including enhancing the efficiency of generation and making the most of existing gas reserves. The launch of the offshore LNG terminal made available a critical new source of natural gas for CLP and joint developer The Hongkong Electric Co., Ltd, giving Hong Kong access to competitively priced, reliable LNG from diverse sources in the global market and enhancing the territory's gas supply security.

Meanwhile, the import of nuclear power – which has remained relatively stable in price – played a major role in smoothing out price fluctuations. The strategy of using a diversified fuel mix and importing energy from highly reliable zero-emission sources contributed to a 7.4% reduction in the Average Net Tariff for 2024. This included a slight 2.9% upward adjustment in the Average Basic Tariff, which had previously been maintained at the same level for three consecutive years. CLP Power continued with stringent cost controls to ensure its tariffs remained competitive – the 6% increase in Average Basic Tariff between 2005 and 2023 was well below the 60% jump in Hong Kong's Consumer Price Index over the same period.

Underprivileged families have been hardest hit by the global cost of living crisis, and CLP Power allocated more than HK$200 million from its Community Energy Saving Fund for a series of community support programmes to promote renewable energy, boost the Hong Kong economy and encourage customers to save energy.

EnergyAustralia is equally committed to supporting its customers through turbulent times, especially vulnerable households facing cost of living pressures. It offers payment plans and extensions to customers facing short-term financial difficulties and provides information on the

Government assistance available to them and how to access it. The EnergyAssist hardship programme for customers facing acute difficulties provides services including tailored payment plans, debt waivers and energy-efficiency education to ensure customers make informed decisions over consumption. Business customers can get support through the Rapid Business Assist programme which helps struggling SMEs with customised payment schedules, advice on lowering energy consumption and guidance on how to access government subsidies.

Please see the CEO's Strategic Review on page 16 for further information on CLP's support for customers and the 2023 Sustainability Report for CLP's community initiatives.

Mr Ricky Yu
Founder & CEO,
Light Be

In the next few years, the construction of public housing in Hong Kong will continue to be "back-loaded" as it takes time to deliver the supply to meet the society's need. The situation with subdivided units is also unlikely to be resolved in the short term. In this environment, how can CLP help improve the quality of life for grassroots citizens and mitigate the impact of the housing constraints?

CLP has been part of the Hong Kong community for more than 120 years and we care deeply for underprivileged people. While we have great confidence in the future as Hong Kong recovers from the impact of the pandemic, we are acutely aware that many grassroots households face challenges because of the housing shortage and the high cost of living. That is why support for people in need has always been at the heart of our community initiatives. In 2024, we have again set aside HK$200 million from the CLP Community Energy Saving Fund (CESF) for a range of support programmes.

While the Average Net Tariff for 2024 has been reduced by 7.4%, to further ease the burden on underprivileged households, the CESF will provide electricity subsidies of HK$600 to each of 50,000 elderly people, low-income families and people with disabilities, while 20,000 tenants of subdivided units will each receive subsidies of HK$1,000. The new Home Electrical Safety Enhancement for the Underprivileged Programme will see us collaborating with community partners to arrange qualified electricians to inspect and repair the electrical installations of around 2,000 underprivileged families for free to improve their home safety. CLP will also continue to carry out rewiring works for the installation of individual electricity meters in subdivided units. A new programme funded by the CESF will meanwhile provide subsidies for equipping energy-efficient electrical appliances and education resources relating to energy saving and conservation for Community Living Rooms – a Government initiative to create additional living space for tenants of subdivided units.

In addition, the CESF will provide HK$2,000 subsidies to each of 2,000 families living in transitional housing, including projects run by Light Be, for them to buy energy-efficient electrical appliances to improve their energy efficiency. As well as the CESF, CLP operates a popular Hotmeal Canteen service that serves up nutritious meals to people from low-income households.

Throughout the years, we have worked hand in hand with our partners to create a more compassionate and harmonious society. We look forward to continuing our support for underprivileged people as we fulfil our ambition to Power Brighter Tomorrows.

Quince Chong
Chief Corporate
Development Officer

Navigating geopolitical instability

Energy markets worldwide have been on a roller coaster ride in recent years with the aftermath of the pandemic and war in Ukraine leading to wildly fluctuating oil, gas and coal prices. The turbulence has reverberated across every continent, and CLP has relied on its diversified procurement strategy to avoid the worst of the impact.

A continuous supply of fuel is critical for CLP to sustain a reliable electricity supply to its customers and off-takers, and fuel is the largest single component of the Group's operating expenditure. Security of supply, competitive pricing and environmental performance are therefore key elements in CLP's fuel procurement strategy. The company maintains supply security by adopting a diversified fuel mix, optimising its procurement contracting processes, balancing the use of term and spot contracts and maintaining multiple fuel sources so as not to be reliant on a single source or supplier.

In Hong Kong, CLP Power has been increasing its use of natural gas in support of the Government's decarbonisation targets as coal-fired generation is phased out, raising the proportion of gas-fired energy generation to around 50% since 2020. A diversity of sources of natural gas ensures security of supply. CLP Power began importing natural gas from the Yacheng gas field off Hainan Island in the South China Sea in 1996, but reserves ran low. In 2013, it started drawing supplies through an undersea pipeline connecting the West-East-Pipeline Phase II (WEPII) at Dachan Island in Shenzhen to Black Point Power Station. It started sourcing natural gas from new gas fields in the South China Sea using the existing Yacheng pipeline in 2018.

The dwindling reserves in the Yacheng gas field and a temporary suspension of supplies from the WEPII in December 2015 highlighted the importance of diverse gas sources for CLP Power and Hong Kong as a whole. It also served to emphasise the need for the new LNG terminal, which has received regular shipments of LNG under a long-term supply contract since it began operations in July 2023.

EnergyAustralia, meanwhile, reduces its exposure to market uncertainties by entering into forward energy contracts for hedging purposes. These contracts fix the wholesale price EnergyAustralia pays for electricity over a period of time regardless of the highs and lows of the spot market, allowing it to have more certainty over wholesale energy costs.

The amount of coal used by CLP is decreasing but it continues to evaluate its procurement strategy and explore new sources to maintain diversity of supply while improving environmental performance. CLP Power, for instance, buys coal from countries around the world including Australia, the US and Indonesia to avoid overreliance on a single supplier or country and continues to identify new sources.

Over 2.23 million smart meters have now been connected for about 80% of CLP Power's customers.

CLP also sources goods and services from a diverse range of industries globally to support its operations and has been affected by supply chain disruption triggered by the pandemic, global financial turmoil and escalating geopolitical conflict. The flow of international goods and services has also been impacted by labour shortages, depleted inventory levels, material sourcing challenges due to tightened trade regulations, shipping delays and rising logistics costs.

CLP Power has overcome these multi-faceted challenges to remain on track to replace traditional meters with smart meters for all customers by 2025. More than 2.23 million smart meters have now been connected for about 80% of customers after the company dealt with logistic challenges posed by the pandemic, including global chip shortages and shipment delays. CLP Power succeeded by taking a three-pronged approach that reflects the Group's vigilance on issues regarding supply chain resilience: Maintaining a sufficient inventory level, having access to multiple supply sources and forging close collaboration with suppliers.

Smart meters provide CLP Power customers access to power consumption data, allowing them to easily manage energy use and offering them the opportunity to take part in energy-saving events. In 2023, 950,000 CLP Power customers with smart meters were invited to save energy by participating in demand management programmes. By making minor adjustments to their consumption behaviour, the participating customers saved 410,000 kilowatt hours (kWh) of electricity – equivalent to a reduction of 160 tonnes of carbon emissions. On the evening of 26 July, one of the hottest days of 2023 when CLP Power reported electricity demand of 7,452MW, demand management programmes for residential and business customers helped trim peak demand which would otherwise have been 187MW higher. This helped strengthen power supply reliability by reducing strains on system capacity, lessening the need for additional investments in generation capacity.

Please see the CEO's Strategic Review on page 16 and Business Resilience on page 72 for further information on CLP's efforts to maintain supply reliability.

Case Study

Enabling a secure energy transition

The New South Wales Government has committed to reducing greenhouse gas emissions by 70% by 2035 and reach net zero by 2050. The most highly populated state in Australia is fast-tracking the development of renewable energy, and flexible electricity capacity is key to a secure energy transition.

When EnergyAustralia begins operation of Tallawarra B power station, the new fast-start gas-fired plant will play an important role in providing flexible capacity and support the continued growth of intermittent renewable energy in New South Wales.

Tallawarra B will deliver around 320MW of dispatchable capacity, enough to power around 180,000 homes and small businesses during peak demand periods, supporting a reliable power supply to the market at times when a lack of natural resources curtail wind and solar energy generation.

It will be an Australian first, being a net zero emissions gas-fired power station, with 100% of all direct carbon emissions offset over its operational life.

The use of the latest turbine technology makes Tallawarra B one of Australia's most efficient gas-fired generators, and its climate performance is poised to improve further still. EnergyAustralia aims to install technology to blend gas with up to 5% hydrogen in Tallawarra B's fuel mix by 2025, if hydrogen supplies are adequate.

In late 2023, EnergyAustralia achieved a successful first fire of Tallawarra B, a key milestone before the plant's final commissioning. The project overcame a series of challenges after starting construction during pandemic-enforced lockdowns in 2021, with progress also disrupted by the financial difficulties of principal project contractor Clough Limited, which went into administration in 2022.

A Safe, Future-Ready Workforce

Energy companies need workforces that are diverse, inclusive and skilled for the future to lead the low-carbon transition while meeting rising global demand for electricity. Competition for talented people is intense, and failure to attract and develop people with the skills and capabilities needed in fast-evolving global energy markets, and to provide welcoming, inclusive workforces for them, represent risks to every energy company's long-term prospects. It is also a priority for energy companies to ensure that projects are built and operated safely, that workplace hazards and risks for people are reduced, and that health and wellbeing risks are addressed.

Lack of organisational agility poses risks to competitiveness, as new ways of working embracing collaboration, commerciality and creativity are key to technological and service innovation. Lastly, energy companies must ensure that everyone is supported to succeed and thrive during the many changes brought by energy transition in order to meet workforce and community expectations. Managing these risks is essential to building a future-ready workforce to drive sustainable growth.

Group's total recordable injury rate dropped to

0.18

in 2023 thanks to safety enhancement measures (0.25 in 2022)

Over **40**

young engineers joined CLP's flagship Graduate Trainee programme in 2023, the highest ever intake

More than **2,100**

students have benefitted from the CLP Power Academy since 2017

Promoting workplace safety and wellbeing

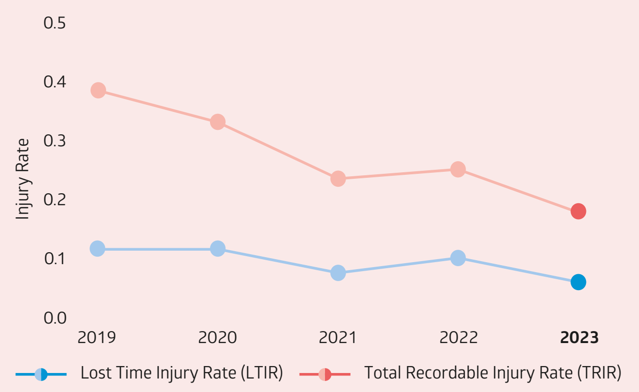
CLP is committed to the safety of its employees and contractors. The Group further strengthened workplace safety in 2023 based on its multi-year health, safety and environment (HSE) improvement strategy, a comprehensive blueprint that emphasises the importance of a proactive approach to make work processes safer.

Reflecting a contemporary approach to safety management, the HSE improvement strategy promotes organisational learning to enhance safety, based on human and organisational performance principles. A series of workshops and communication programmes were arranged for employees to increase their understanding of the principles, which aim to harness the knowledge and experience of the workforce to develop safer working practices. The CLP approach centres around how work is performed in day-to-day operation, moves beyond simply looking at human error as a cause, enabling a better understanding of the more complex latent conditions in the work environment. Additionally, the use of an internal taxonomy helped CLP organise safety information and knowledge more effectively, providing the Group with greater insight to guide employees to focus their learning on safety.

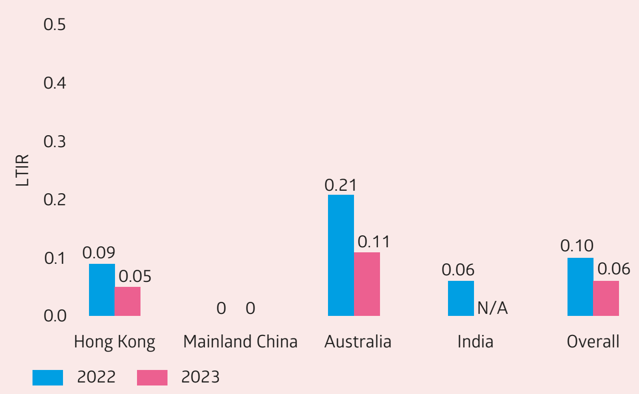
Together with a continued focus on reducing the risks from working at height and falling objects, and a flexibility to adapt the strategy to the specific risk profiles of CLP's businesses in the region, the safety enhancement measures contributed to a decline in the Group's total recordable injury rate (TRIR) and lost time injury rate (LTIR) for employees and contractors, led by significant improvements in Hong Kong and Australia.

CLP received recognition for its efforts to support employee wellbeing during and post-pandemic. CLP Power won the Gold Award for Best Corporate Wellbeing at the annual Best HR Awards organised by recruitment portal CTgoodjobs, and was a Gold award winner in the Mental Health Friendly Supreme Organisation category in the Occupational Health Award organised by Occupational Safety and Health Council. CLP China was a winner at the Wellness Employer Award organised by the bodies including the China Human Resources Management Research Association.

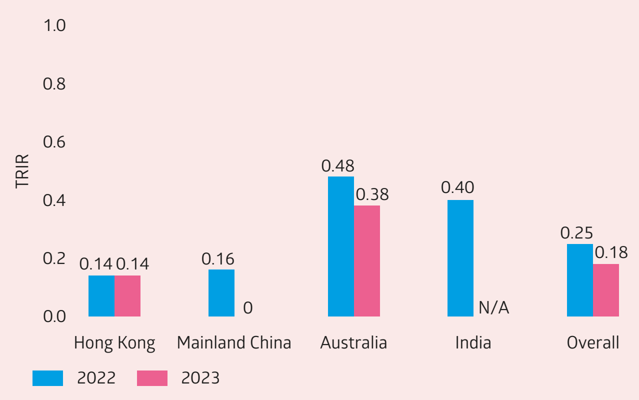
Group Lost Time Injury Rate and Total Recordable Injury Rate



Lost Time Injury Rate at Regional Level



Total Recordable Injury Rate at Regional Level



Notes:

1 The LTIR and the TRIR are the number of lost time injuries and recordable injuries respectively measured over 200,000 working hours, which is equivalent to around 100 persons working for one year.

2 According to Global Reporting Initiative (GRI) reporting criteria, work-related ill health and commuting injury are not reported under work-related injury category. Hence, the LTIR and TRIR are for work-related injury only starting from 2022. There were 3 work-related recordable ill health injuries (employee only) and 2 recordable commuting injuries in 2023.

3 2023 figures excluded Apraava Energy as CLP ceased to have operational control over the Indian company which became a 50-50 joint venture in 2022.

Sadly, a contractor at Apraava Energy's Sidhpur wind farm in the Indian state of Gujarat was killed in an incident involving on-site industrial machinery during construction work in May. A thorough investigation into the incident was conducted and measures were implemented to improve supervision of contractors and strengthen worksite management through increased site audits and training.

EnergyAustralia was charged by WorkSafe Victoria in November for alleged occupational health and safety offences in relation to a fire at Yallourn Power Station in 2021. The fire at Yallourn Coal Transfer Building was extinguished by the correct operation of the plant's automated sprinkler system. No employees or contractors were harmed or present, and there was no risk to the neighbouring community nor any disruption to power generation. EnergyAustralia fully cooperated with WorkSafe Victoria's investigation and proactively made changes to its systems for fire management following the incident.

Attracting and developing diverse talent and capabilities

The success of CLP depends on the talent and hard work of the Group's employees and contractors as well as other team members serving its businesses and joint ventures. As well as investing in its people to develop and enhance their capabilities, CLP must attract new talent to seize opportunities and overcome challenges as the global energy market pivots to a low-carbon, digitalised future. The Group must also maintain a strong pipeline of engineering talent so that its deep reserves of skill and expertise can be passed on from one generation of employees to the next.

Strengthening skills and expertise

CLP further strengthened the recruitment of people with talent and expertise in engineering, digital technologies and customer service in its two core markets. More than 800 people joined CLP's businesses in Hong Kong and Mainland China, sustaining a rapid pace of recruitment. Recruitment was supported through scaling up internal talent acquisition capabilities as well as digitalisation of the candidate experience and building stronger connections to talent sources in Mainland China.

The highest ever intake of over 40 young engineers joined the company's flagship Graduate Trainee programme in Hong Kong which provides participants with a thorough grounding in core technical, commercial and leadership skills as well as opportunities to work across the Group's business operations in Hong Kong and Mainland China. The programme was bolstered by recruits from Mainland China and overseas universities and is regularly updated to give graduates more exposure to CLP's low-carbon and digitalisation projects. In Hong Kong, CLP also commenced its first Digital Graduate Trainee programme, which focused on digitalisation disciplines.

CLP Power cemented its status as a good employer when it won the coveted Grand Award in the Employer of the Year category of CTgoodjobs' annual Best HR Awards, and was recognised in other awards for its graduate and management programmes.

Growing the talent pool

CLP considers that growing the engineering talent pool in Hong Kong is equally as important as tapping into new sources of talent in Mainland China and overseas. This is good for Hong Kong, CLP and young talent, helping to fulfil the manpower needs of Hong Kong's infrastructure project pipeline. The CLP Power Academy works with education institutions in Hong Kong and overseas to offer a range of electrical and mechanical engineering courses for students from different educational backgrounds who wish to enter the industry or develop their skills while working. More than 2,100 students have benefitted from the academy since it was founded in 2017.

The CLP Power Academy also has a role to play in facilitating electrical engineering talent mobility within the Greater Bay Area. In 2022, the academy launched a training course for Hong Kong engineers to gain high-voltage electrical qualifications in Mainland China in a joint initiative with the Guangzhou Industry and Trade Technician College and the Vocational Training Council. The first cohort graduated in mid-2023, and a new course for low-voltage electrical work was also launched during the year.

CLP supported other initiatives to promote talent development for the energy sector, including scholarships and internship programmes for students in Hong Kong and Mainland China. It also teamed up with the Women's Foundation for the Girls Go Tech programme, which sponsors female students from underprivileged households to study science, technology, engineering and mathematics (STEM) subjects.

Investing in training and development

CLP is committed to the growth and development of its workforce and equips its people with the skills and knowledge they need to succeed in a rapidly evolving energy market covering topics ranging from power engineering and digital technologies to safety and business ethics. Training programmes at CLP focus on technical, business and leadership skills, digitalisation and Design Thinking methodology. Employees are encouraged to explore their personal and career development and receive coaching to help them realise their potential.

Employees received an average of 44.1 hours of internal and external training and development in 2023 in line with 2022. This excludes on-the-job coaching and mentoring, departmental team development activities and career advisory sessions.

Employee Training

	Average Training Hours per Employee	% Trained
By Region		
Hong Kong	52.0	97.8%
Mainland China	72.3	99.3%
Australia	16.9	100%
Group Total	44.1	98.5%
By Gender		
Male	51.4	98.7%
Female	24.4	97.9%
By Professional Category		
Managerial	27.2	95.3%
Professional	32.5	98.0%
General and Technical	59.6	99.5%

CLP increased opportunities for employees to deepen their understanding of energy markets in Mainland China and overseas as the importance of synergy between different regions and countries grows. Employees took part in training on national affairs, business leadership and management offered by institutions including the Tsinghua School of Economics and Management and the Canada-based Ivey Business School.

Over 100 Hong Kong-based employees joined tours of CLP China's renewable energy operations in Guangzhou and Yunnan provinces during 2023. The tours gave participants a better understanding of energy policies in Mainland China and included visits to community projects supported by CLP China. Employees also attended webinars organised by CLP to learn about energy market developments in Mainland China.

Young engineers participated in Leaders of the Future development programmes designed to help meet managerial needs. The programmes focus on technical, innovation, project, commercial and change leadership skills at different career stages as well as giving participants experience of the Group's regional operations.

Case Study

Campus recruitment campaign to tap top talent

With its focus on strengthening engineering pipelines and attracting young engineering talent, CLP tapped into global recruitment channels to attract the intakes for the 2024 Graduate Trainee Programme in Hong Kong.

Sessions introducing the programme were organised for more than 500 leading students in universities across Mainland China including Shanghai Jiaotong University, the South China University of Technology and the North China Electric Power University in addition to local universities. CLP also invited applications from students in Canada, Singapore, the US and the UK to join the programme.

The intensive, two-year graduate trainee programme nurtures future leaders and has produced many of the Group's senior leaders. Participants are offered job rotations across business units in Hong Kong and Mainland China and benefit from the guidance of senior CLP managers. The programme also gives graduates the opportunity to gain expertise in state-of-the-art technologies and business models to acquaint them with emerging technology and business models including renewable energy and smart energy solutions.

To date, more than 1,000 students have applied for the Graduate Trainee programme beginning in August 2024, more than twice as many as the previous year.

Over 1,000 students have applied for CLP's Graduate Trainee programme beginning in August 2024 following a successful recruitment campaign targeting students from leading universities in Mainland China and overseas.

Embedding agile and innovative ways of working

Utility companies must rapidly develop more agile and more flexible organisation structures and new ways of working to compete and capture business opportunities at a time when decarbonisation and digitalisation are transforming the energy market.

In Hong Kong and Mainland China, CLP implemented a new operating model to enable its business units to respond more quickly to customers and growth opportunities and simplify their operations by reducing interfaces. The new model ensures that the areas of the business closest to customers will have accountability for end-to-end delivery, operational and financial performance, supported by Group Functions in CLP Holdings.

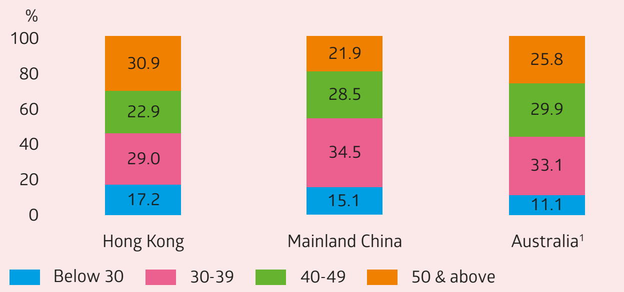
To set clear expectations of the qualities and skills required for managers at CLP, the Group has a well-established system of leadership competencies. These were updated in 2023 to reflect the capabilities and behaviours required to succeed in the evolving business environment including change management, decision-making under uncertainty and partnering and innovating for value. Updated competencies are being integrated into the Group's employee training and development programmes, as well as performance management.

CLP continued to promote digitalised ways of working to deliver improved experiences and efficiencies for the workforce, and simplify business processes such as finance and human resources management to make them more streamlined and generate greater productivity. CLP is also migrating to new office designs that aim to support improved cooperation and interaction between employees.

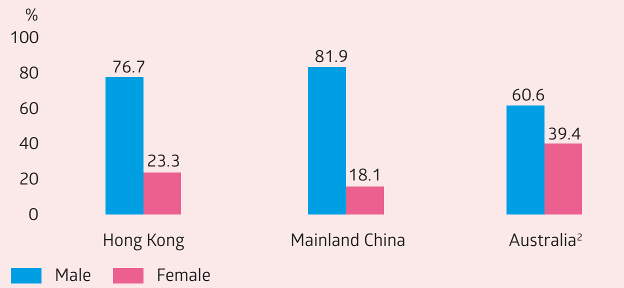
CLP continued to invest in training to promote organisational agility. Almost 4,200 Hong Kong employees have been trained in Design Thinking since it was launched in 2019. Design Thinking aims to nurture an innovation culture and helps employees develop problem-solving capabilities and innovative mindsets.

CLP also launched online self-learning courses on robotic process automation (RPA) to show employees how the methodology can improve daily work processes. RPA aims to promote a digital mindset across the organisation, drive productivity gain, enhance customer experience and workforce satisfaction. Over 100 process automation projects are underway to help streamline work processes and minimise repetitive work.

Age Distribution by Region



Gender Distribution by Region



Notes:

1 Any minor discrepancy in total is due to rounding of percentages.

2 Data of other gender identities is tracked. It is statistically insignificant and is not separately disclosed.

Voluntary Turnover Rate (%)

By Gender	
Male	4.9%
Female	3.2%
By Age Group	
Below 30	2.7%
30 – 39	5.7%
40 – 49	3.3%
50 & above	1.9%
By Region	
Hong Kong	5.4%
Mainland China	2.6%
Australia	15.2%
Group Total	8.1%

Key Performance Summary[1]

CLP had 8,041 full-time and part-time employees at the end of 2023 serving its businesses in Hong Kong, Mainland China and Australia, compared with 8,318 a year earlier. This included 5,865 employees in CLP's core markets of Hong Kong and Mainland China compared with 5,617 at the end of 2022. Total remuneration for the year ended 31 December 2023 was HK$6,624 million compared with HK$6,360 million in 2022, including retirement benefit costs of HK$655 million compared with HK$630 million the previous year.

	2023	2022
Total Workforce[2]	**16,282**	18,752
Total Employees[3]	**8,041**	8,318
Workforce fatalities	**0**	0
Lost Time Injury Rate[4] (Workforce)	**0.06**	0.10
Gender Diversity		
– Group Executive Committee[5, 6]	**86% / 14%**	73% / 27%
– Employees[3, 5]	**73% / 27%**	73% / 27%
– Women in Leadership positions[7]	**29.1%**	29.1%
– Women in Engineering[8]	**13.3%**	13.0%
Voluntary Turnover[9]	**8.1%**	10.2%
New Hires	**1,168**	1,415
Percentage of employees on permanent contract[3]	**85%**	86%
Percentage of labour supply[10] and service contractors[11] in workforce	**50%**	56%
Percentage of employees who received training[3]	**98.5%**	98.8%
Average training hours per employee[3]	**44.1**	46.2

Notes:

1 Apraava Energy ceased to be a subsidiary and is now accounted for as a joint venture. Apraava Energy is excluded in all figures for 2023, but included in figures for 2022.

2 Includes full-time and part-time employees, labour supply, and estimated service contractors on a full-time equivalent (FTE) basis. FTE calculations are based on the number of man-hours incurred and country-specific average working hours.

3 Full-time and part-time employees for Group and its subsidiaries.

4 See note 1 under Total Recordable Injury Rate at Group and Regional Level.

5 Male/female ratio. The data of other gender identities is tracked but is statistically insignificant and is therefore not separately disclosed.

6 Includes Executive Director (Chief Executive Officer).

7 Leadership positions are defined as positions at Korn Ferry Reference Level 19 and above.

8 Employees with a bachelor's degree or higher qualification in engineering.

9 Includes permanent employees only, except for Mainland China where both permanent and fixed-term contract employees are included due to local employment legislation.

10 Labour supply refers to workforce supplied by contractor companies under labour supply agreements. Reporting is based on quarterly averages.

11 Estimated service contractors FTE are calculated based on the number of man-hours incurred and market-specific average working hours.

Business Resilience

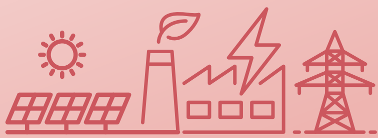
Maintaining resilience is a complex challenge for energy companies globally amid environmental, technological, regulatory and social changes and developments. Each of these changes alone is significant but combined they have led to a sharp rise in sustainability-related risks and opportunities. Climate change, for example, threatens energy infrastructure and operations, while in the short-term, extreme weather impacts renewable energy assets, in particular hydro power plants. Rising global temperatures meanwhile trigger changes in regulations as governments bring in stricter policies to achieve their climate targets, potentially creating medium- to long-term risk for the energy industry. By contrast, the rapid development of digital technologies such as artificial intelligence (AI) and data analytics tools offers new opportunities for utility companies to improve their operations and customer service. At the same time, every business must remain vigilant against the threat of cyberattacks in an increasingly digitalised world. Balancing these conflicting risks and opportunities calls for vision, strategy and commitment from energy companies to ensure effective and sustained business resilience.

99.999%

Reliability rate achieved by CLP Power in Hong Kong in 2023 (99.997% in 2022)

CLP Power **maintained reliable power supply with minimal service interruptions** when Hong Kong was hit by Super Typhoon Saola and record rainfall within **1** week

CLP*e* opened a new office in Shenzhen's Longhua district to meet growing demand for sustainable energy solutions in the Greater Bay Area



Building resilience in the face of climate change and an evolving business environment

CLP invests in energy markets across Asia Pacific with vastly different regulatory requirements, and the Group's overall resilience depends on its ability to anticipate and respond to regional economic and energy policies and market fluctuations. In every market, the Group works closely with policymakers to support their objectives through business activities designed to meet local circumstances. Ongoing engagement with stakeholders is key to building increased understanding of CLP's businesses and the necessary regulatory framework conducive to a healthy energy industry.

In Hong Kong, CLP Power is regulated by the SoC Agreement with the Government. The SoC framework allows it to plan and invest cost-effectively in line with Hong Kong's long-term development needs while meeting the Government's policy objectives. The arrangement has provided an effective mechanism for CLP Power for 60 years to deliver a world-class electricity supply at a reasonable cost that powers Hong Kong's economic growth and minimises environmental impact.

The SoC Agreement evolves in line with changing regulatory framework and community aspirations through an interim review conducted every five years. An interim review took place in 2023 for the current 15-year SoC Agreement ending in December 2033. CLP Power has agreed with the Government a new incentive and penalty mechanism for large-scale supply interruptions, special tariff relief in the event of future fuel crises and improvements to information transparency.

Governments worldwide are introducing new regulations and targets to promote the use of non-carbon energy. The Hong Kong Government is committed to achieving carbon neutrality before 2050. To support this, power companies will cease using coal for daily electricity generation by 2035 and increase the ratio of renewable energy in the fuel mix to between 7.5% and 10% by that year, and subsequently to 15%.

Hong Kong is densely populated and has limited potential for local renewable energy development. Regional cooperation is therefore crucial to achieve the Government's climate change targets. CLP is strengthening partnerships with electricity companies around the region while pressing ahead with existing initiatives, including enhancing the CETS to allow for more imports of zero-carbon energy from Mainland China. CLP, China Southern Power Grid, Companhia de Electricidade de Macau, and China General Nuclear Power Group meanwhile pledged to work more closely together on power supply, sustainable energy and energy storage systems in the Greater Bay Area (GBA) in an agreement reached at the 11th Guangdong, Hong Kong and Macau Power Industry Summit in Hong Kong in May. The agreement supports the Chinese Government's dual goals of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060.

In Mainland China, the Government is accelerating reforms of the energy sector aimed at developing a unified national electricity market by harmonising technical standards and trading rules. CLP works closely with local authorities to navigate these dynamic market reforms.

In Australia, climate-related policies are fast changing, driven by policymakers at the federal and state levels as well as a vast array of government agencies. EnergyAustralia engages in regular dialogues with policymakers and regulators to support the development of a smart, clean energy system in the country. In particular, EnergyAustralia is focused on opportunities in flexible capacity as the phasing out of coal-fired power stations continues and more rooftop solar systems are connected. Two new battery energy storage systems in New South Wales went into service in October to provide EnergyAustralia with 90MW/180MWh of firming capacity under an offtake agreement. The new 320MW Tallawarra B power station will help maintain power supply reliability. EnergyAustralia also made progress on other proposed energy storage projects, including the Wooreen battery system in Victoria and a pumped hydro project in Lake Lyell in New South Wales.

Please see Transition to Net Zero on page 49 for further information on CLP's strategies to provide low-carbon energy.

With the development of sustainable energy solutions such as distributed energy systems and BESS, CLP needs to manage increased grid complexities and respond to changing customer needs. To stay on top of evolving market dynamics, CLP is accelerating the development of new energy services and business models to diversify from a traditional energy utility and reposition for success. For example, as customers need new ways to decarbonise their operations and become more sustainable, CLP*e* is providing solar energy and smart energy solutions, including energy-efficient cooling systems powered by AI, to a growing number of businesses and organisations in Hong Kong and other cities of the GBA.

Solar energy customers for CLP*e* include the Drainage Services Department (DSD) in Hong Kong. CLP*e* completed the installation of a floating solar photovoltaic system at DSD's flood prevention project in Tin Shui Wai in the New Territories, with grid connection completed in September. Across the border, CLP*e* and the Cuiheng Group agreed to cooperate on the development of cooling systems in a new district in the southern city of Zhongshan. CLP*e* will also work with the Cuiheng Group on distributed solar energy and EV charging infrastructure.

To serve growing customer needs for sustainable energy solutions in the GBA, CLP*e* set up a new office in Shenzhen's Longhua district. This followed a memorandum of understanding (MoU) on energy digitalisation signed with the Longhua Government in 2022. Meanwhile, CLP*e* expanded its collaboration with MTR Shenzhen with the installation of a distributed solar energy system at the rail operator's carriage depot in Longhua, a year after providing a solar system for the company's headquarters in the district.

Please see Energy Growth Opportunities on page 57 for further information on CLP's new energy services and business models.

Mitigating extreme weather risks

CLP is an essential service provider and recognises the importance of making sure its infrastructure and operations are resilient to extreme weather events caused by climate change. Despite the growing occurrence of extreme weather events, CLP Power achieved an overall reliability rate of 99.999% in 2023. The Group continues to strengthen planning and mitigation measures to cope with the heightened risks. New technologies offer ways for CLP to better manage power grids and strengthen the resilience of its infrastructure.

A comprehensive assessment of the threat of extreme weather events to generation, transmission and distribution infrastructure in Hong Kong was conducted using weather data and climate models from the Hong Kong Observatory, the International Panel on Climate Change, World Resources Institute and other international groups. The assessment allowed CLP to determine the measures needed to deal with the impact of super typhoons, storm surges, wildfires and other extreme weather events on key energy infrastructure.

CLP's 2024-2028 Development Plan includes funding for projects to strengthen 400kV transmission lines and other network assets against extreme weather events.

Case Study

Standing strong through superstorms

Hong Kong was hit by Super Typhoon Saola and the heaviest rainstorm on record during a single week in September. CLP Power rose to the challenge and maintained a reliable power supply with minimal service interruptions as advanced monitoring and diagnostic systems and effective preventive measures helped ensure the integrity of its power supply system.

Super Typhoon Saola led to the suspension of most offices and schools across the city. CLP Power's operations remained largely unaffected, though about 18,000 customers suffered service interruptions as strong winds and fallen trees damaged some overhead cables and power supply equipment. Power was swiftly restored for affected customers.

When the rainstorm struck days later, CLP Power's electricity supply remained stable as flash floods and landslides affected many parts of the city. Power was restored within hours to around 1,000 customers who suffered interruptions.

In recent years, CLP Power has reinforced transmission towers and installed anti-flooding equipment at substations. Vegetation near overhead transmission lines is closely monitored and managed and CLP Power uses new technology for the detection and isolation of faulty sections of the network.

CLP Power conducts regular emergency drills and is investing in rapid construction technology to erect temporary masts and shorten the lengths of power interruptions during emergency repairs. The continuing rollout of smart meters for customers, especially in more remote areas, also increases CLP Power's ability to monitor supply interruptions. Flood gates and alarm systems are also being installed at substations to reduce the risk of disruption to the power supply.

Hong Kong is a non-stop city that relies heavily on electricity to keep its economy vibrant, making power supply reliability critically important.

CLP Power's engineering team strive to safeguard reliable power supply during adverse weather events to minimise the impact on customers.

CLP China took steps to reinforce the operational resilience of its renewable energy assets as well as that of new wind and solar farms under development.

The Bobai wind farm in Guangxi, currently under construction, will have a wind turbine tower capable of withstanding once-in-50 year strong wind speeds. Flood-resistant solar panels are meanwhile being installed at the new Yangzhou Gongdao Solar Farm. Solar panels at Jinchang Solar Power Station and other sites are being strengthened to protect them against strong winds.

Robust early warning systems were installed at Huaiji Hydro Power Stations in Guangdong province to guard against flooding while ensuring safe operations during extreme weather. The plant was also modified to ensure it operates reliably in the event of a blackout. CLP China liaised with the local Government and neighbouring communities and conducted training and drills to raise awareness about the risks from flooding.

Volatile weather patterns caused by climate change have disrupted energy supplies worldwide in recent years. Drought conditions in Yunnan province in southwest China led to a reduction in output from Dali Yang_er Hydropower Station. Tariffs for electricity dispatched were also below expectations, resulting in a HK$115 million impairment charge for the plant in 2023.

Reinforcing cyber resilience and data protection

Big data and advances in AI and machine learning technologies have transformed the way the world does business and offers powerful tools for energy companies to improve their operations and customer service. CLP continued to upgrade its data analytics capabilities as part of the Group's ongoing digitalisation efforts.

CLP Power developed a new data analytics tool to enhance the detection of faulty smart meters in customers' homes and businesses, leading to reduced time and manual effort in managing its metering network. The new software can also monitor customers affected by outages during extreme weather events and allow for faster supply restoration.

CLP Power is exploring the use of data analytics to optimise management of electricity assets, fuel purchases and short-term load forecasting, and the use of AI-powered chatbots to support customer services and employee training.

CLP China and Apraava Energy in India continued to benefit from the use of the Group's advanced analytics platform to monitor the operations of renewable energy assets. The system incorporates big data and AI technologies to monitor the performance of wind and solar farms in real time.

Keeping cybercrime at bay

Cybersecurity threats have become greater and more complex as energy markets are reshaped by new digital technologies.

CLP set up new governance systems in 2023 to establish the roles and responsibilities for cybersecurity of all business departments across the Group, based on guidelines from the National Institute of Standards and Technology in the US.

A new security operations centre was established in Hong Kong to step up monitoring of cybersecurity risks and strengthen response to incidents. The Group continued to deploy new technologies to counter online threats and provided training to employees to increase their awareness of cybercrime.

Community Stewardship

Businesses only succeed and prosper in the long term if they build strong and sustainable relationships with the communities around them and safeguard the environment in which they operate. Companies that neglect their duties of stewardship and fail to control pollution risk financial penalties and public health concerns.

New 2025 and 2030 targets
for reductions in air emissions, water use and waste generation set for the Group

No deterioration in water quality and stable marina mammal population
throughout 31 months of construction for offshore LNG terminal in Hong Kong

Achieved
100% recycling
of major operational recyclable waste products

Reducing environmental impact

Environmental responsibility is a cornerstone of CLP's work to create a sustainable energy business. In addition to CLP's commitment to net-zero greenhouse gas emissions by 2050, CLP has been strengthening its efforts to cut air pollution and improve water and waste management through a comprehensive environmental strategy that encompasses every aspect of its operations.

The Group set ambitious new targets in 2023 for reductions in air emissions, water use and waste generation. The updated targets for 2025 and 2030 were calibrated to reflect the decline of coal-fired power in CLP's asset portfolio, and affirm the Group's commitment to ongoing improvement in environmental performance.

Air emissions management

CLP uses a combination of a managed fuel mix and advanced technologies to limit air emissions. The Group cut emissions of nitrogen oxides (NO_x), sulphur dioxide (SO_2) and particulate matter (PM) in 2023 by 26%, 17% and 1% respectively compared with the previous year. The divestment of a majority stake in Fangchenggang Power Station in Mainland China contributed to the reductions, while emissions from India's Jhajjar Power Station were excluded as Apraava Energy is no longer a subsidiary.

Targets for 2025 and 2030 were set to guide further improvements in the Group's performance on reducing air emissions. The table below is a summary of the Group's targets and air emissions performance.

	2023 Performance			
	Reduction from 2022	Reduction from 2021*	2025 Target*	2030 Target*
NO_x emission	-26%	-29%	-20 to -30%	-50%
SO_2 emission	-17%	-23%	-15 to -20%	-55%
PM emission	-1%	-12%	-10 to -15%	-90%

* Compared with baseline level of 2021

NO_x emissions will be further reduced at Black Point Power Station in Hong Kong when the new D2 gas-fired generation unit goes into service, thanks to its use of selective catalytic reduction technology. The same system has effectively controlled NO_x emissions at the adjacent D1 unit since its introduction in 2020.

EnergyAustralia will use a plume dispersion device to manage exhaust gases from the new Tallawarra B power station in New South Wales when it enters service. The device helps cool exhaust gases from the gas turbine to slow the column of hot air rising from the power station, eliminating any safety threat to flights in and out of nearby Shellharbour Airport.

Two short-term carbon monoxide (CO) licence limit exceedances were recorded at EnergyAustralia's power plants in Victoria in 2023. The first exceedance occurred during an emissions test at Jeeralang Power Station. The other occurred during a recommissioning run after an outage at Newport Power Station. Both incidents were reported to the local authorities and no further regulatory action was taken.

Yallourn Power Station recorded a minor environmental licence breach related to coal dust control. EnergyAustralia reported the case to the Environment Protection Authority in Victoria and updated its internal risk management and monitoring system. The authority deemed the response from EnergyAustralia appropriate and the case has been closed.

Water management

CLP strives to reduce the amount of freshwater used for its operations, and manage the impact of new energy projects on water systems. Freshwater consumption decreased by 62% compared with the previous year, following the divestment of Fangchenggang Power Station in 2022. Since Apraava Energy has ceased to be a subsidiary of CLP, water consumption of the operator of the coal-fired Jhajjar Power Station was no longer included. In 2023, the Group set targets for reduction in water consumption by 2025 and 2030. The below table is a summary of freshwater consumption performance and targets for 2025 and 2030.

	2023 Performance			
	Reduction from 2022	Reduction from 2021*	2025 Target*	2030 Target*
Freshwater consumption	-62%	-71%	-45% to -55%	-85%

* Compared with baseline level of 2021

Black Point Power Station in Hong Kong completed a project to expand the capacity of its water treatment plant and increase its water processing efficiency. CLP Power also installed more rainwater harvest systems at its substations to reduce freshwater consumption, including water recycling tanks and automatic drip irrigation systems.

CLP China continued to implement robotic systems in its solar energy plants to reduce freshwater use through the automatic cleaning of photovoltaic panels.

EnergyAustralia conducted an investigation into the underlying geology and possible impact on groundwater from its proposed Lake Lyell pumped hydro project in New South Wales. The investigation results will be included in an environment impact study (EIS) for the project, which would involve a purpose-built upper reservoir to store excess energy.

Most of CLP's thermal power generation plants use seawater for cooling, including Black Point Power Station and Castle Peak Power Station in Hong Kong and Australia's Tallawarra Power Station and Newport Power Station. Where seawater cooling is not feasible, CLP strives to minimise its freshwater use and adopt water recirculation processes. The quantity of water withdrawal and discharge depends on electricity generation volumes, and CLP takes steps to ensure the quality of water discharge meets regulatory standards.

Case Study

Mitigating the environmental impact of energy infrastructure

The Hong Kong Offshore LNG Terminal jointly developed by CLP Power and The Hongkong Electric Company, Limited entered service in the summer of 2023 to open a new chapter in the city's low-carbon energy development. Despite the logistical challenges of the pandemic, the project maintained an exemplary environmental record throughout 31 months of construction.

The project was subjected to extensive environmental assessments and stringent regulatory requirements before construction began in the southwest waters of Hong Kong, which are a habitat for marine species including Chinese white dolphins and finless porpoises.

Mitigation steps included the use of noise reduction systems and the implementation of marine mammal exclusion zone monitoring during piling works for the terminal's marine jetty. Tests during construction and after the start of operations in 2023 found no deterioration in water quality while the marine mammal population has remained stable.

A stakeholders liaison group comprising academics and marine conservation and fisheries experts, along with representatives of fishermen's associations and the community, was set up in September 2020 and meets regularly to discuss environmental issues.

CLP Power and Hongkong Electric also set aside HK$100 million to establish two funds to support environmental enhancement initiatives for marine ecology and conservation and sustainable development of the fishing industry. The Marine Conservation Enhancement Fund supports initiatives for the conservation and enhancement of the marine habitat, including initiatives on eco-tourism and education. The Fisheries Enhancement Fund meanwhile pays for enhancements to fisheries resources and sustainable fisheries development, as well as fisheries-related education and tourism.

Waste management

Waste products from the Group's operations decreased 68% compared with 2022, as year-earlier data included waste from Fangchenggang Power Station and Jhajjar Power Station, and both plants were no longer accounted for in 2023 due to divestments.

CLP is committed to minimising material use and waste disposal, and stepped up recycling efforts in line with circular economy principles. Across the Group's operations, major operational recyclable waste products including scrap metals, scrap rechargeable batteries, waste electrical and electronic equipment (WEEE) and inert construction waste were fully recycled in 2023.

The Group continued to recycle coal ash and gypsum, the main by-products of coal-fired power operations, for use in other industries including construction.

In 2023, the Group set waste reduction targets for 2025 and 2030. Key waste management performance and targets are summarised in the table below.

	2023 Performance			
	Reduction from 2022	Reduction from 2021*	2025 Target*	2030 Target*
Waste products#	-68%	-71%	-65%	-70%

Waste products include total waste produced from operation & maintenance activities and by-products produced by the coal-fired power plants

* Compared to baseline level of 2021

Recycling and Plastics Reduction	2023 Performance	Target by end 2025
Recycling of WEEE	100%	100%
Recycling of scrap/spent re-chargeable batteries	100%	100%
Recycling of scrap metal	100%	100%
Recycling of inert construction waste	100%	100%
Removal of single-use plastics in catering facilities	100%	100%

A minor environmental breach was recorded at Mount Piper Power Station in New South Wales in 2023, after brine-conditioned coal ash and salts emplaced in the ash depository exceeded the maximum authorised height. EnergyAustralia has developed mitigation measures to relocate the materials and prevent a recurrence. The incident was reported to the New South Wales Environment Protection Authority and no further action is incurred.

Another breach related to unauthorised vegetation clearing activities at Tallawarra Power Station. EnergyAustralia swiftly contacted the Environment Protection Authority to explain the cause of the incident and no action was taken by the authority.

For more information on CLP's environment strategies and the Group's strategy on addressing nature-related topics with reference to the Taskforce on Nature-related Financial Disclosures, please see the chapter titled "Respecting Nature" in the 2023 Sustainability Report.

As well as its commitment to protect the environment, CLP is focused on efforts to improve community wellbeing, support education and development and promote arts and culture. For more information, please see the chapter titled "Community" in the 2023 Sustainability Report.

Governance

Our corporate governance practices continue to evolve to ensure they remain fit for purpose.

Board of Directors

Non-executive Directors

The Honourable Sir Michael Kadoorie ▸ Chairman N

Aged 82 ▸ Appointed on 19 January 1967* ▸ Father of Philip Lawrence Kadoorie

Expertise
- Board / board committees leadership
- CLP market experience
- Global market experience
- Other industries
- Other listed board roles
- Related industry experience (Infrastructure / Power / Property / Retail)

Titles, Qualifications and Education
Gold Bauhinia Star
Commandeur de la Légion d'Honneur
Commandeur de l'Ordre des Arts et des Lettres
Commandeur de l'Ordre de la Couronne
Commandeur de l'Ordre de Leopold II
Honorary Doctor of Laws
Honorary Doctor of Science

Other Major Offices
The Hongkong and Shanghai Hotels, Ltd.#
(Non-executive Chairman, and Chairman of Nomination Committee and Executive Committee)
Sir Elly Kadoorie & Sons Ltd.▲ (Director)
Heliservices (Hong Kong) Ltd. (Chairman)

Andrew Clifford Winawer Brandler ▸ Vice Chairman F (Chairman) H S

Aged 67 ▸ Appointed on 6 May 2000

Expertise
- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Professional (Accounting)
- Related industry experience (Infrastructure / Power / Property / Retail)
- Risk & compliance

Titles, Qualifications and Education
Member of the Institute of Chartered Accountants in England and Wales
Master of Arts, the University of Cambridge
Master in Business Administration, Harvard Business School

Major Positions Held with the Group
EnergyAustralia Holdings Ltd. (Director)

Other Major Offices
The Hongkong and Shanghai Hotels, Ltd.#
(Non-executive Deputy Chairman, Chairman of Finance Committee, and member of Audit Committee, Remuneration Committee and Executive Committee)
Sir Elly Kadoorie & Sons Ltd.▲ (Chairman)
MTR Corporation Ltd.# (Independent Non-executive Director, Chairman of Finance & Investment Committee and member of Audit & Risk Committee)

Public Service
Golf Association of Hong Kong, China Ltd. (Director)
The Chinese International School Foundation
(Chairman of the Board of Governors)

Past Experience
Mr Brandler was the Group Managing Director and Chief Executive Officer of CLP Holdings from 6 May 2000 to 30 September 2013. He continued to serve on the Board of CLP Holdings as an Executive Director until his redesignation as a Non-executive Director on 1 April 2014.

These Directors will stand for election or re-election at the 2024 Annual General Meeting (AGM)

A Audit & Risk Committee
F Finance & General Committee
H Human Resources & Remuneration Committee
N Nomination Committee
S Sustainability Committee

* The date given is that of appointment to the Board of China Light & Power Company, Ltd., the holding company of the CLP Group prior to the Group Reorganisation in 1998. All of these Directors were appointed to the Board of CLP Holdings on 31 October 1997.

John Andrew Harry Leigh

Aged 70 | Appointed on 10 February 1997*

Expertise

- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Professional (Legal)
- Related industry experience (Power / Property)
- Risk & compliance

Other Major Offices

The Hongkong and Shanghai Hotels, Ltd.#
(Non-executive Director, and member of Executive Committee and Finance Committee)
Sir Elly Kadoorie & Sons Ltd.▲ (Director)

Past Experience

Prior to joining the CLP Group in 1986, Mr Leigh was in private practice as a solicitor in Hong Kong and the UK. He was the Senior Legal Advisor, Company Secretary and General Manager – Corporate Affairs in the CLP Group between 1986 and 1996.

Philip Lawrence Kadoorie S

Aged 32 | Appointed on 7 August 2018 | Son of The Honourable Sir Michael Kadoorie

Expertise

- CLP market experience
- Global market experience
- Other industries
- Other listed board roles
- Related industry experience (Property)

Titles, Qualifications and Education

Bachelor of Science in Communication, Boston University
FAA Commercial Pilot's Licence
Intensive Putonghua course, Tsinghua University (Beijing)

Other Major Offices

The Hongkong and Shanghai Hotels, Ltd.#
(Non-executive Director)
Sir Elly Kadoorie & Sons Ltd.▲ (Director)
Heliservices (Hong Kong) Ltd. (Director)
Metrojet Ltd. (Director)
CK Hutchison Holdings Ltd.#
(Independent Non-executive Director)

Past Experience

Prior to his appointment to the Board of The Hongkong and Shanghai Hotels, Ltd.# in 2017, Mr Kadoorie completed various internships in commercial property companies, Schroders Bank in London and at CLP Group in Hong Kong.

The securities of these companies are currently listed on the Hong Kong Stock Exchange or overseas stock exchange(s).

▲ Sir Elly Kadoorie & Sons Ltd. oversees a number of Kadoorie Family interests in Hong Kong and overseas and, as such, is associated with the substantial shareholders of CLP Holdings as disclosed in the Directors' Report.

Full particulars of Directors, including their directorships in the subsidiary companies of CLP Holdings, other directorships held in the last three years in public listed companies and other major appointments are available on our website.

Non-executive Director

Yuen So Siu Mai Betty F

Aged 66 | **Appointed on 1 January 2023**

Expertise

- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Professional (Accounting)
- Related industry experience (Power)
- Risk & compliance

Titles, Qualifications and Education

Justice of the Peace
Chartered Professional Accountant
Bachelor of Commerce, the University of Toronto

Major Positions Held with the Group

CLP Power Hong Kong Ltd. (CLP Power) (Chairman)
Castle Peak Power Company Ltd. (Chairman)

Other Major Offices

Sir Elly Kadoorie & Sons Ltd.▲ (Special Advisor)

Public Service

Hong Kong General Chamber of Commerce (Chairman)
HKSAR Election Committee (Member)
Hong Kong Trade Development Council (Ex-officio Member)

Past Experience

A qualified accountant by training, Mrs Yuen began her career in public accounting in Canada and worked for ExxonMobil for 13 years before joining CLP in 1999. She was the Managing Director of CLP Power between 2002 and 2009, with overall responsibility for the operations of the Hong Kong business. Mrs Yuen was appointed as the Vice Chairman of CLP Power in 2010, with a primary focus on the strategic direction of the Group's electricity business in Hong Kong and Mainland China.

Independent Non-executive Directors

Sir Roderick Ian Eddington F

Aged 74 | **Appointed on 1 January 2006**

Expertise

- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Professional (Engineering)
- Related industry experience (Infrastructure / Property / Retail)
- Risk & compliance

Titles, Qualifications and Education

Officer of the Order of Australia
1974 Rhodes Scholar, the University of Western Australia
Doctor of Philosophy in the Department of Engineering Science, the University of Oxford

Other Major Offices

Kirin Holdings Company Ltd.# (Independent Non-executive Director)
John Swire & Sons (Australia) Pty Ltd. (Non-executive Director)
JP Morgan Chase Bank N.A. (Non-executive Chairman (Asia Pacific Advisory Council))
Lion Pty Ltd. (Non-executive Chairman)
Squadron Energy Pty Ltd. (Member of Advisory Board)

Past Experience

Sir Rod Eddington was the Chief Executive of British Airways plc from 2000 until he retired on 30 September 2005. He has maintained a connection with Hong Kong from his previous directorships with Cathay Pacific Airways Ltd.#, Swire Pacific Ltd.# and Hong Kong Aircraft Engineering Company Ltd. during the period from 1988 to 1996.

Nicholas Charles Allen H (Chairman) N (Chairman) A F S

Aged 68 | Appointed on 12 May 2009

Expertise

- Board / board committees leadership
- CLP market experience
- Global market experience
- Other industries
- Other listed board roles
- Professional (Accounting)
- Related industry experience (Property / Retail)
- Risk & compliance
- Technology

Titles, Qualifications and Education

Fellow of the Institute of Chartered Accountants in England and Wales
Member of the Hong Kong Institute of Certified Public Accountants
Bachelor of Arts in Economics / Social Studies, the University of Manchester

Other Major Offices

Link Asset Management Ltd.# (as manager of Link Real Estate Investment Trust) (Independent Non-executive Chairman, Chairman of Nomination Committee and Finance and Investment Committee, and member of Audit and Risk Management Committee)
Hong Kong Exchanges and Clearing Ltd.# (Independent Non-executive Director, Chairman of Audit Committee and member of Risk Committee)
The London Metal Exchange (Non-executive Director, Chairman of Audit Committee and member of Remuneration Committee)
LME Clear Limited (Non-executive Director, Chairman of Audit Committee, and member of Nomination Committee and Remuneration Committee)

Past Experience

Mr Allen joined Coopers & Lybrand (C&L) in London in 1977 and was transferred to C&L Hong Kong in 1983. He was admitted to partnership in C&L Hong Kong in 1988, which was subsequently merged with Price Waterhouse into PricewaterhouseCoopers (PwC) in 1998. Mr Allen retired from PwC in 2007.

Zia Mody H

Aged 67 | Appointed on 2 July 2015

Expertise

- CLP market experience
- Global market experience
- Other industries
- Other listed board roles
- Professional (Legal)
- Related industry experience (Property)
- Risk & compliance
- Technology

Titles, Qualifications and Education

Member of the New York State Bar by examination
Advocate with the Bar Council of Maharashtra and Goa
Bachelor of Laws, the University of Cambridge
Master of Laws, Harvard Law School

Other Major Offices

AZB & Partners (AZB) (Senior Partner)
Ascendas Property Fund Trustee Pte. Ltd. (as trustee-manager of Ascendas India Trust#) (Independent Director, and member of Audit and Risk Committee and Investment Committee)

Public Service

Cambridge India Research Foundation (Non-executive Director)
ICCA Foundation, Inc. (the International Council for Commercial Arbitration) (Non-executive member of the Governing Board)
J. B. Petit High School for Girls (Trustee)
Observer Research Foundation (Non-executive trustee)

Past Experience

Mrs Mody worked as a corporate associate at Baker & McKenzie in New York for five years before establishing the Chambers of Zia Mody in India in 1984, which then became AZB in 2004.

Independent Non-executive Directors

May Siew Boi Tan A (Chairperson) F H N S

Aged 68 ▮ Appointed on 7 August 2018

Expertise
- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Professional (Accounting)
- Related industry experience (Property / Retail)
- Risk & compliance

Titles, Qualifications and Education
Fellow of the Institute of Chartered Accountants in England and Wales
Fellow of the Hong Kong Institute of Certified Public Accountants
Graduated from the University of Sheffield

Other Major Offices
Manulife Financial Corporation#
(Independent Director, and member of Management Resources and Compensation Committee and Risk Committee)
Anticimex New TopHolding AB (Board member)
MSIG Insurance (Hong Kong) Ltd. (Director)

Public Service
Asian Corporate Governance Association Limited (Council member)
Hong Kong Youth Arts Foundation (Executive Committee member)

Past Experience
Ms Tan was an Executive Director of Standard Chartered Bank (Hong Kong) Ltd. and its Chief Executive Officer from July 2014 to February 2017. She joined Standard Chartered Bank in 2009 as Global Head, Equity Corporate Finance.

In public service, Ms Tan was the Chairman of The Hong Kong Association of Banks, the ex-officio member of Hong Kong Trade Development Council and a member of the Currency Board Sub-Committee of The Exchange Fund Advisory Committee of Hong Kong Monetary Authority. She was a member of the Listing Committee of The Stock Exchange of Hong Kong Ltd. (from 2012 to 2015) and a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission (from 2001 to 2013). Ms Tan was also a Council Member (from 2008 to 2017) and the Vice Chairman (from 2012 to 2017) of Oxfam Hong Kong.

Christina Gaw F S

Aged 51 ▮ Appointed on 20 October 2020

Expertise
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Related industry experience (Property)

Titles, Qualifications and Education
Bachelor of Science in Business Administration, the University of San Francisco

Other Major Offices
Gaw Capital Partners (Managing Principal, Head of Capital Markets, Co-chair of Alternative Investments and Head of GCP Singapore)
Pioneer Global Group Ltd.# (Executive Director)
VNG Corporation (Board Director)

Public Service
Cheltenham Ladies College UK (Corporate member)
Hong Kong International School (Board member)
InspiringHK Sports Foundation (Board member)
Lingnan University (Council member)
St. Paul's Co-educational College Alumni Association (Executive Committee Vice Chair)
Teach for Hong Kong (Board member)
The Stock Exchange of Hong Kong Ltd. (Member of the Listing Committee)
The TWGH's S.C. Gaw Memorial College (School supervisor)

Past Experience
Prior to joining Gaw Capital Partners in 2008, Ms Gaw had over 15 years of investment banking experience at Goldman Sachs and UBS as a Managing Director, with responsibilities as Head of Asia Equities Distribution and as Head of APAC Capital Introduction in Equities Division.

Chunyuan Gu S (Chairman) A F H

Aged 65 | Appointed on 20 October 2020

Expertise

- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Professional (Engineering)
- Related industry experience (Power)
- Technology

Titles, Qualifications and Education

Bachelor of Engineering, School of Mechanical Engineering, Shanghai Jiao Tong University
Doctor of Engineering, School of Aeronautics, Royal Institute of Technology, Stockholm
General Management Program at Stockholm School of Economics

Other Major Offices

ABB (China) Ltd. (Chairman of the Board)
COSMO IoT Technology Co., Ltd. (Independent Director)
NXP Semiconductors N.V.# (Non-executive Director, and member of Audit Committee)
Blackstone, Inc.# (Senior advisor)
NSK Ltd.# (Member of the China advisory council)

Public Service

China EV 100 (Member)
Chinese Association of Automation (Managing Director)
Royal Swedish Academy of Engineering Sciences (International member)
The Guangdong Government (Economic advisor to the Governor of Guangdong Province)

Past Experience

Mr Gu has over 30 years of experience working at ABB Ltd# (ABB), a global pioneering technology leader in electrification and automation serving customers in utility, industry, transportation and infrastructure. Mr Gu was a member of the ABB Group Executive Committee and President of the Asia, the Middle East and Africa region and President of ABB (China) Ltd. He remains engaged by ABB in an advisory capacity as the Chairman of the Board of ABB (China) Ltd.

Wang Xiaojun Heather A H

Aged 60 | Appointed on 16 May 2023

Expertise

- CLP market experience
- Company executive
- Global market experience
- Other industries
- Related industry experience (Infrastructure)
- Risk & compliance
- Technology

Titles, Qualifications and Education

Master of Business Administration, Rutgers Business School

Past Experience

Ms Wang retired as the Vice-President of GE# (also known as General Electric Company) and Human Resources leader for GE International Markets in July 2023. She was a graduate of the GE Global Human Resources Leadership Program and has held numerous leadership positions. Since 2009, she has been a GE Company Officer, an appointment made by the GE Board. Ms Wang joined GE China in 1994. In China, she has held the positions of Human Resources leader for GE China and GE Asia Pacific. She was promoted to the Human Resources leader for GE International based in Brussels. Later on, she was appointed as the Human Resources leader for GE Global Growth Organization based in Hong Kong. Prior to joining GE, she worked with China International Trust and Investment Corporation and AT&T Beijing Fiber Optic Cable Co on business and human resources management roles.

Independent Non-executive Director

Chan Bernard Charnwut S

Aged 59 | Appointed on 18 October 2022

Expertise

- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Other industries
- Other listed board roles
- Public administration
- Related industry experience (Infrastructure)
- Risk & compliance

Titles, Qualifications and Education

Grand Bauhinia Medal
Gold Bauhinia Star
Justice of the Peace
Bachelor of Arts degree, Pomona College, California, USA

Other Major Offices

Asia Financial Holdings Ltd.#
(Chairman & President, Executive Director, Chairman of Executive Committee, member of Compliance Committee, Remuneration Committee, Nomination Committee, Risk Committee and Investment Committee)
Cathay Pacific Airways Ltd.#
(Independent Non-executive Director, member of Nomination Committee and Remuneration Committee)
China Resources Beer (Holdings) Company Ltd.#
(Independent Non-executive Director, member of Audit Committee and Nomination Committee)
Chen Hsong Holdings Ltd.#
(Independent Non-executive Director, Chairman of Remuneration Committee, member of Audit Committee, Nomination Committee and Corporate Governance Committee)
Yau Lee Holdings Ltd.#
(Independent Non-executive Director, Chairman of Remuneration Committee and Corporate Governance Committee, member of Audit Committee and Nomination Committee)
Bumrungrad Hospital Public Company Ltd.#
(Director, member of Investment Committee)
Bank Consortium Holding Ltd. (Director)
Bangkok Bank (China) Company Ltd. (Advisor)

Public Service

The Hong Kong Jockey Club (Steward)
Hong Kong-Thailand Business Council (Chairman)
Independent Commission Against Corruption
(Chairman of Operations Review Committee and ex-officio member of Advisory Committee on Corruption)
Hong Kong Monetary Authority
(Committee member of The Financial Infrastructure and Market Development Sub-Committee, The Exchange Fund Advisory Committee and The Governance Sub-Committee)
M+ Museum (Chairman)
The Hong Kong Council of Social Service (Chairperson)
Hong Kong Chronicles Institute (Chairman of Council)
Our Hong Kong Foundation
(Chairman of Board of Governors)
West Kowloon Cultural District Authority
(Vice-Chairman)
The Jockey Club CPS Ltd. (Director)
Tai Kwun Culture & Arts Co. Ltd. (Chairman)
Alibaba Entrepreneur Fund Hong Kong
(Governing Board Member)
Pomona College (Trustee Emeritus)

Past Experience

Mr Chan has over 20 years of experience working with the Hong Kong Government and has extensive experience in the insurance and financial markets in Asia. He was, until 30 June 2022, the immediate past Convenor of the Non-Official Members of the Executive Council of the previous Administration of the HKSAR (since 1 July 2017).

Executive Directors

Chiang Tung Keung ▸ Chief Executive Officer (CEO) – Senior Management F

Aged 57 ▸ Appointed on 1 October 2023

Expertise

- CLP market experience
- Company executive
- Global market experience
- Professional (Engineering)
- Related industry experience (Power)
- Risk & compliance

Titles, Qualifications and Education

Chartered Engineer
Member of the Institution of Engineering and Technology
Fellow of the Hong Kong Institution of Engineers
Honorary Fellowship of the Vocational Training Council
Master of Science in Electrical Engineering, the Hong Kong Polytechnic University
Master of Business Administration, the Chinese University of Hong Kong
Bachelor of Science in Electrical & Electronic Engineering, the University of Hong Kong

Public Service

14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference (Member)
HKSAR Election Committee (Member)
Federation of Hong Kong Beijing Organisations (Standing Committee Member)
Engineers Registration Board (Member)
Hong Kong Management Association (Council Member and Executive Committee Member)
Hong Kong Trade Development Council (Member of Infrastructure Development Advisory Committee)
Community Chest of Hong Kong (Member of Admissions, Budgets and Allocations Committee)
City University of Hong Kong (Member of the Advisory Committee of the School of Energy and Environment)
H.K.U. Engineering Alumni Association Ltd. (Director and Vice President (Event and Programme) of Executive Committee)
H.K.U. Engineering Alumni Association Education Foundation Ltd. (Director)

Past Experience

Mr Chiang joined CLP Power as a Graduate Trainee in 1988. He has extensive experience in generation, transmission and distribution systems as well as regulatory strategy. He has held various posts in different areas including power system asset management, planning, design, operation and maintenance, power quality, and corporate and regulatory strategy. Mr Chiang was the Managing Director – CLP Power from June 2017 to June 2023. Prior to assuming his role of CEO in October 2023 and as part of the transition, he was appointed as CEO Designate in July 2023.

Richard Kendall Lancaster ▸ Advisor to CEO – Senior Management F

Aged 62 ▸ Appointed on 3 June 2013

Expertise

- Board / board committees leadership
- CLP market experience
- Company executive
- Global market experience
- Professional (Engineering)
- Related industry experience (Power)
- Risk & compliance

Titles, Qualifications and Education

Bachelor of Engineering in electrical engineering, the University of New South Wales

Public Service

Business Environment Council (Immediate Past Chairman)
Hong Kong Management Association (Fellow)
Our Hong Kong Foundation (Advisor)
Independent Commission Against Corruption (Member of Operations Review Committee)
Independent Commission Against Corruption (Member of Panel of the Witness Protection Review Board)
The Australian Chamber of Commerce Hong Kong & Macau (Founding member of the Advisory Council)
UNSW Hong Kong Foundation (Board member)
World Business Council for Sustainable Development (Council member) (member of the Climate and Energy Cluster Board)
World Energy Council (Hong Kong Member Committee) (Chairman)

Past Experience

Mr Lancaster has been the CLP Holdings CEO since September 2013 and he retired as the CEO on 30 September 2023. Prior to September 2013, Mr Lancaster was the Managing Director of CLP Power for three years, responsible for its electricity generation, transmission and distribution business and service to its customers in Hong Kong. He began his career with the Electricity Commission of New South Wales in Australia and has more than 30 years of experience in the power industry and in other industrial operations in Australia, UK and Hong Kong. Mr Lancaster joined CLP in 1992 and has held a variety of managerial positions in CLP. His experience covers project management, power plant operations, commercial, finance, legal and corporate functions.

Group Executive Committee

From left to right:
Mark Richard Collette, Ng Wing Ho Ringo, Law Ka Chun Joseph, Chiang Tung Keung *(Biography of CEO is on page 89)*, Nicolas Alain Marie Tissot, Chen Tao Roger, Rajiv Ranjan Mishra, Alexandre Jean Keisser

From left to right:
Andre Urban Blumberg, Chong Wai Yan Quince, David John Simmonds, Derek Parkin, Eileen Burnett-Kant, David Hofman, Chan Kin Ming Eric

Mark Richard Collette
Managing Director – EnergyAustralia*, aged 46

Titles, Qualifications and Education

Graduate Member of the Australian Institute of Company Directors
Postgraduate Diploma of Economics, the University of Melbourne
Bachelor of Engineering (Aerospace), RMIT University
Bachelor of Business (Business Administration), RMIT University

Major Responsibilities Held with the Group

Mr Collette joined CLP Power Australia (now known as EnergyAustralia) in 2003. Prior to being appointed as Managing Director of EnergyAustralia on 1 July 2021, Mr Collette led EnergyAustralia's retail business as Chief Customer Officer and led EnergyAustralia's generation and energy trading business as Executive Energy from July 2015 until May 2019.

Ng Wing Ho Ringo
Managing Director – CLP*e*, aged 55

Titles, Qualifications and Education

Master of Business Administration (Marketing), York University in Canada
Bachelor of Finance, York University in Canada

Major Responsibilities Held with the Group

Mr Ng is the Managing Director of CLP*e*, the CLP Business Unit specialises in providing energy and infrastructure solutions, building energy management as well as contracting and facilities management services to businesses in Hong Kong and Mainland China. Mr Ng joined CLP*e* in March 2022 as Deputy Managing Director and was appointed as Managing Director in July 2023.

Law Ka Chun Joseph
Managing Director – CLP Power*, aged 52

Titles, Qualifications and Education

Chartered Financial Analyst
Certified Public Accountant
Master of Business Administration (Finance), the University of British Columbia
Bachelor of Commerce (Accounting), the University of British Columbia

Major Responsibilities Held with the Group

Mr Law is the Managing Director of CLP Power and holds overall responsibility for the operations of CLP's Hong Kong regulated business, which includes a vertically integrated electricity utility serving customers in Kowloon, the New Territories and most of the outlying islands.

Nicolas Alain Marie Tissot
Chief Financial Officer (CFO)*, aged 57

Titles, Qualifications and Education

Diploma in Business Administration, HEC Paris
Alumni of the École Nationale d'Administration
Inspecteur des Finances

Major Responsibilities Held with the Group

Mr Tissot is the CFO of CLP Holdings and is responsible for overseeing the Group's financial control and reporting, treasury, tax, corporate finance and investment, risk management, investor relations and internal audit.

Chen Tao Roger
Managing Director – China*, aged 54

Titles, Qualifications and Education

Chartered Financial Analyst
Master of Business Administration, Richard Ivey School of Business at the University of Western Ontario
Bachelor of Science in Engineering, Shanghai Jiao Tong University

Major Responsibilities Held with the Group

Mr Chen is responsible for running CLP's China business portfolio with assets encompassing a wide range of energy technologies from nuclear, coal, hydro, wind and solar power, as well as developing high quality renewable and zero-carbon projects.

Rajiv Ranjan Mishra
Managing Director – India, aged 58

Titles, Qualifications and Education

Advanced Management Program Graduate, Harvard Business School
Master of Business Administration, the Indian Institute of Management, Lucknow
Bachelor in Chemical Engineering (first class distinction), BIT Sindri

Major Responsibilities Held with the Group

Mr Mishra is responsible for running CLP's business in India. He joined CLP in 2002 and has over 25 years of experience in the power industry, both in India and internationally, mostly involved in project financing, investment appraisal, finance and accounting and general management.

Alexandre Jean Keisser
Chief Officer – International Business*, aged 53

Titles, Qualifications and Education

Master of Science in Mechanical Engineering, École Centrale de Marseille in France
Master of Business Administration, Columbia University in New York

Major Responsibilities Held with the Group

Mr Keisser is appointed as the Chief Officer – International Business with effect from 1 October 2023. In his role, Mr Keisser leads oversight of CLP Group's business interests in Australia and India together with leading and managing the development and implementation of strategic projects.

Andre Urban Blumberg
Chief Digital Officer, aged 54

Titles, Qualifications and Education

Bachelor Degrees in Business Administration, Business Informatics and Computer Science, University of Cologne in Germany
Executive Development Programs at IMD Business School in Lausanne, Switzerland and Ivey Business School at Western University in Canada

Major Responsibilities Held with the Group

Mr Blumberg leads and strategically manages all digital functions for CLP in Hong Kong including strategy & planning, portfolio management, architecture, IT delivery and service excellence, data services and artificial intelligence as well as cybersecurity. He is also responsible for related CLP Group-wide policies, standards and assurance and provides vision and leadership across CLP in the development and implementation of viable and sustainable technology and business solutions that align with and enable CLP business strategy and achieve Group synergy.

Mr Blumberg joined CLP in 2001 and has held various leadership positions in the technology function.

Chong Wai Yan Quince
Chief Corporate Development Officer, aged 60

Titles, Qualifications and Education

Justice of the Peace
Bachelor of Social Science, the Chinese University of Hong Kong

Major Responsibilities Held with the Group

Ms Chong joined CLP Power on 1 September 2012 as Chief Corporate Development Officer and is a Director of CLP Power. She is responsible for CLP Group's corporate affairs, overseeing communications, external relations and stakeholder engagement matters. Her role helps promote CLP's reputation, drive service excellence and strengthen ties with customers, stakeholders and the community as a whole.

David John Simmonds
Chief Strategy, Sustainability and Governance Officer*, aged 53

Titles, Qualifications and Education

Fellow of the Chartered Governance Institute in UK
Fellow of the Hong Kong Chartered Governance Institute
Bachelor of Laws (Honours), the University of Melbourne
Bachelor of Commerce, the University of Melbourne

Major Responsibilities Held with the Group

Mr Simmonds is responsible for CLP Group strategic planning and the strategy agenda as well as driving the Group's sustainability agenda and ensuring that it is embedded into the business.

He is also responsible for managing the investments and ventures that help support CLP's growth strategy, the Group's investments in Taiwan Region and Thailand and the Group's property development activities.

In addition, Mr Simmonds is the Group General Counsel of CLP Holdings, responsible for the provision of legal, corporate secretarial and insurance services across the Group.

Derek Parkin
Chief Operating Officer*, aged 64

Titles, Qualifications and Education

Registered European Engineer
Fellow of the Chartered Institute of Mining Engineers
Fellow of Institute of Energy
Member of Institute of Directors
FIMM
FAPM (Fellow of Association for Project Management)
Master of Business Administration, Staffordshire University
Masters in Philosophy – Engineering, Imperial College London
Bachelor of Science (Hons) in Mining Engineering, Nottingham University

Major Responsibilities Held with the Group

Mr Parkin was appointed as the Group's Chief Operating Officer in September 2022 and is responsible for the Group's operations, engineering, mega projects construction and procurement and supply chain management. He also leads CLP's occupational health, safety, and environment function. Mr Parkin joined CLP in September 2015, and has served in several capacities including as Group's Chief Operating Officer (from 2015 to 2019), leading mega projects execution and developing CLP's project management capability.

Eileen Burnett-Kant
Chief Human Resources Officer, aged 55

Titles, Qualifications and Education

Master of Business Administration, the University of Melbourne
Master of Manufacturing Sciences and Engineering, the University of Strathclyde

Major Responsibilities Held with the Group

Ms Burnett-Kant joined CLP and was appointed as Chief Human Resources Officer in September 2019. She is responsible for all human resources related matters across the Group.

David Hofman
Chief Transformation Officer, aged 44

Titles, Qualifications and Education

Doctor of Philosophy in Corporate Finance, Charles University in Czech Republic
Master of Arts in Finance and Banking, Charles University in Czech Republic and Universitaet Hamburg in Germany
Bachelor of Arts in Quantitative Economic Theory, Charles University in Czech Republic
Bryce Harlow Institute on Business Government Relations, Georgetown University in Washington DC

Major Responsibilities Held with the Group

Mr Hofman stands over CLP's ERP (enterprise resource planning) replacement programme ensuring seeing that it delivers on time cost and quality objectives as well as maximising its impact on CLP business performance. He also leads an integrated program of transformation initiatives for CLP in the region to enable growth, increase efficiency and build new capabilities supporting CLP competitiveness and underpinning its ability to execute energy transition objectives.

Chan Kin Ming Eric
Senior Director – Group Internal Audit#, aged 50

Titles, Qualifications and Education

Chartered Financial Analyst
Certified Public Accountant
Master of Business Administration, the University of Cambridge
Bachelor of Business Administration, the Hong Kong University of Science and Technology

Major Responsibilities Held with the Group

As the Senior Director – Group Internal Audit reporting to the Chairman of the Audit & Risk Committee, Mr Chan plays a major role in monitoring the internal governance and processes of the CLP Group for meeting its business objectives. He is also responsible for investigating business ethics, conflict of interest and other Company policy violations and issues to ensure CLP's values and code of conduct standard are upheld.

* Senior Management Members
\# With standing invitation to meetings of the Group Executive Committee

Full particulars of Group Executive Committee Members, including their directorships in the subsidiary companies of CLP Holdings, other major appointments and past experience are available on our website.

Message from the Chief Governance Officer

David Simmonds
Chief Governance Officer

2023 was a busy year for CLP on corporate governance.

From our "2023 At a Glance" section in this Corporate Governance Report, we have highlighted some of the key focus of CLP's corporate governance practices for 2023. These include our continuing efforts to gradually refresh our Board and Board Committees; implementing the findings from our last External Board Review exercise as well as keeping the market duly updated on the significant developments concerning the Group. Our commitment to these important initiatives is only possible with the support from the Board and the management leadership team.

In relation to the gradual refresh of our Board, work on this is continuing through to 2024 and we have commenced the search for a new Independent Non-executive Director with particular strength and experience on Audit & Risk Committees of comparable listed companies.

It would be remiss on our part not to thank former and outgoing Directors for their years of service and invaluable contributions to the Board and CLP. These include Mrs Fanny Law who retired at the 2023 AGM, Mrs Zia Mody and Mr Richard Lancaster who will be retiring at the 2024 AGM and Mr J.A.H. Leigh who will retire in March 2024.

In preparing for 2024, an important work involving our Board Members is the Group strategy review. Preparatory work on this has commenced with a series of business unit and strategy updates having been made to the Board during the second half of 2023.

The level of regulatory oversight of sustainability is expected to increase and a key aspect of this is the reporting on sustainability. Building on the double materiality methodology approach that we have adopted in our sustainability reporting, the "financially material" topics will be the focus of our sustainability reporting in this year's Annual Report.

2023 has been a year of transition for CLP as we navigate through the challenges, risks and opportunities for our Group's businesses. This is another good reminder that our corporate governance practices will need to evolve to ensure that they remain fit for purpose consistent with our shareholders' expectations whilst being guided by our culture of "doing the right things right".

2023 At a Glance

Board Succession

- At the beginning of 2023, we welcomed the appointment of Mrs Betty Yuen as a Non-executive Director and the appointment of Mr Andrew Brandler as the Vice Chairman of the Board both of which took effect on 1 January 2023.
- In June 2023, we announced the succession plans for CLP Holdings CEO and Mr T.K. Chiang's appointment on the Board took effect on the same date as he became CEO on 1 October 2023. As part of the CEO transition, our former CEO Mr Richard Lancaster remained on the Board as an Executive Director and he will step down from all his positions with CLP at the conclusion of the 2024 AGM.
- Ms Wang Xiaojun Heather was appointed as an additional Independent Non-executive Director in May 2023. In considering Ms Wang's appointment, the Nomination Committee recognised her extensive experience in human resources at the executive leadership level and that her skills, experience and background are well aligned with the Board's focus on organisational talent capability.

Board Committees Refresh

- The beginning of the year 2023 saw Mr Andrew Brandler took up the Chair position of the Finance & General Committee, Ms May Siew Boi Tan became the Chairperson of the Audit & Risk Committee and Mr Chunyuan Gu also joined the Human Resources & Remuneration Committee.
- Ms Wang Xiaojun Heather joined the Audit & Risk Committee and the Human Resources & Remuneration Committee in May when she joined the Board.
- The Sustainability Committee was reconstituted during the year with the appointment of Independent Non-executive Director Mr Chunyuan Gu as the Chairman of the Sustainability Committee on 1 October. The Committee became a Non-executive Directors and Independent Non-executive Directors only Committee with effect on 1 January 2024. Management Committee Members stepped down from the Committee and the terms of reference also provided that the composition will comprise Non-executive Directors only with at least three Independent Non-executive Directors.
- On 1 October 2023, Mr Andrew Brandler also joined the Human Resources & Remuneration Committee as a Member.

Implementing Findings from Board Review

- Two key initiatives were implemented from the 2022 External Board Review findings.
- Management Briefing sessions for the Board were introduced in 2023 and a total of 16 sessions were held during the year with a high level of attendance by Directors. The schedule of sessions with selected topics were provided to Directors in advance. The Directors' attendance at these sessions were optional and depending on their interest and availability, Directors would be able to decide which session they would like to attend. The topics covered at the Management Briefing sessions included business unit updates and key group functional updates.
- CLP Holdings Board Committee Chairs' updates to the CLP Holdings Board at Board meetings were introduced as a new standing agenda item for the Board meetings. The Committee Chairmen's update enabled Board Members to be briefed on matters of significance that were considered by the relevant Committees since the last Board meeting. This also had the effect of highlighting certain key issues to the Board's attention and assisting the Board to focus its discussion on the pertinent issues.

Governance Oversight – Key Announcements

- There were a number of material developments for the Group in 2023 which the Board exercised oversight of. We announced these to the market contemporaneously ensuring that the market is duly updated of these material developments. Highlights of these are set out below.
- CEO transition – The Board had been involved in the succession planning and approval for the CEO transition as well as the communications plan for the transition. The announcement for the transition was made in June and covered the transitional arrangements and appointments.
- Key developments for the Hong Kong Scheme of Control (SoC) Business – We issued an announcement in November which covered three important developments for the Hong Kong SoC Business as these were approved and agreed with the Hong Kong Government. These related to the Development Plan (2024-2028), the tariff for 2024 and the outcome from the Interim Review of the SoC.
- Profit warning – The Company made an announcement in January 2024 regarding the expected impairment of goodwill of EnergyAustralia's Customer business. The announcement of the expected impairment was based on management's preliminary assessment ahead of the formal results announcement for 2023. Given the impact, the announcement was made to inform the market on a timely basis and considering the size of the expected impairment, we also announced the expected total operating earnings and total earnings for 2023 based on the management accounts.

How our Purpose, Values, Strategy and Culture are aligned?

Our Culture

An overarching culture of honesty and integrity

...is consistent and well aligned with those key principles and commitments in our:

Purpose

"... to Power Brighter Tomorrows."

Vision

"... to be a leading responsible energy provider ..."

Mission

"... provide sustainable energy solutions ..."

Core Values

Care

"... builds trusted, long-term relationships ..."

Excellence

"... to deliver superior performance, growth and value."

Responsibility

"... do the right things right."

Strategy

Our updated Value Framework was launched in February 2024 and articulates our refreshed Purpose, Vision, Mission and our Core Values. As we embark on our Group strategy review in 2024, these fundamental principles will guide our formulation of the Group's Strategy.

The CLP Code: Compliance and more

The Company has its own unique code namely The CLP Code on Corporate Governance (CLP Code). It is built on CLP's own standards and experience while respecting the benchmarks set by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange). The CLP Code is on the CLP website and available on request. In 2023, we have updated the CLP Code to reflect the new requirements under the Corporate Governance Code (Corporate Governance Code), Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (Listing Rules).

Our Code goes beyond the principles of good corporate governance and incorporates the code provisions on a "comply or explain" basis and certain recommended best practices as set out in the Corporate Governance Code. The only exception, however, concerns quarterly reporting, details of which are explained on page 97.

We have made **further enhancements to our corporate governance practices in 2023** and some of these are highlighted in **"2023 At a Glance"**.

Areas in which our Corporate Governance Practices exceed the Hong Kong Stock Exchange Corporate Governance Code

Our Board

- The composition of the Board and the Audit & Risk Committee exceed the independence requirements under the Listing Rules.
- A dedicated Sustainability Committee to oversee the management of all long and short term sustainability issues and is chaired by an independent director and comprises Non-executive Directors only.
- We conduct regular external and internal Board and Board Committee reviews and when completed, we publish a summary of the conclusions of the external Board review on the CLP website.
- With the objective of minimising succession risk, the retirement age guideline in our Board Diversity Policy provides that where a Non-executive Director (other than the Chairman) has reached the age of 72 at the time of the relevant AGM, such Director will not be considered for re-election, however, this may be waived if the Board considers such Director has the skills, experience or capabilities that cannot be replaced at the relevant time.
- By reference to our Board Diversity Policy, we are committed to the gradual refresh of the Board and the Board Committees.
- We issue a formal letter of appointment for Non-executive Directors. The model letter is on our website and deals with a range of matters regarding a Director's appointment and responsibilities including an expected level of time commitment.
- We have a set of bespoke Onboarding Guidelines for Directors with the key objective of assisting new Directors in their understanding of CLP's business, governance and Board and Committee dynamics. The Guidelines are available on the CLP website.

Our disclosure

- The CLP Fair Disclosure Policy sets out the principles for the broad and non-exclusionary distribution of information to the public.
- The Continuous Disclosure Obligation Procedures guide the organisation in monitoring and disclosing potential inside information.
- The Continuous Disclosure Committee conducts regular assessment of potential inside information.
- We adopt a double materiality methodology to identify and report the sustainability-related issues that are financially material to us.
- We disclose our Senior Management's confirmation of compliance with the Listing Rules Model Code and CLP Code for Securities Transactions, in addition to similar disclosures by our Directors.
- We issue individual Board Committee reports in our Annual Report for the Audit & Risk Committee, Sustainability Committee, Nomination Committee and Human Resources & Remuneration Committee.
- Our Risk Management Report in the Annual Report sets out CLP's risk management framework and how CLP manages the Group's material risks.
- We announce our financial results within two months after the end of the financial year. The Annual Report is available on our website within the following fortnight with hardcopies sent to shareholders about two weeks after that.
- We have published CLP's Climate Vision 2050 since 2007 which sets out the blueprint of CLP's latest decarbonisation actions and with targets updated at regular intervals.
- We disclose on our website minutes of our AGM; in addition, any questions or topics that are not specifically addressed at the AGM, full answers are provided and disclosed.

Our unique policies and practices

- CLP has established its own Corporate Governance Framework, the Value Framework and its own Code for Securities Transactions.
- We conduct a Group-wide Business Practice Review for our staff on a periodic basis to foster employees' understanding of our Code of Conduct under CLP's Value Framework. An important aspect of this is ensuring that our employees maintain a good understanding of CLP's culture and values.
- We have a CLP Procurement Values and Principles. This explains our procurement values and principles and we encourage all suppliers to abide by the same values and principles as ourselves, and to adopt the same standards of integrity and transparency in doing business with us.
- General Representation Letters are issued by our CEO and CFO to the Audit & Risk Committee as attestation of compliance.
- Our Audit & Risk Committee regularly examines the audit activity reviews conducted by the Internal Auditors. The Internal Auditors highlight the significant events and findings which require the Committee's attention and further examination, where appropriate.
- Members of our Audit & Risk Committee conduct meetings as between Members only prior to the full Committee meeting attended by management and the auditors; two of which are joined by the independent auditor.
- For the Group's continuing connected transactions (CCTs), we engage the Company's independent auditor, PwC, to undertake an agreed-upon procedures (AUP) engagement on the Group's CCTs pricing policies. The AUP findings are provided to the Independent Non-executive Directors as part of their consideration of the CCTs for the purposes of giving the required confirmation under Rule 14A.55 of the Listing Rules.

Compliance with the Corporate Governance Code and Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

CLP's Approach to Corporate Governance

Throughout the financial year ended 31 December 2023, the Company had complied with the code provisions as well as applied all the principles in the Corporate Governance Code. CLP deviates from only one recommended best practice in the Corporate Governance Code – that an issuer should announce and publish quarterly financial results.

Our Considered Reasons for not Issuing Quarterly Financial Results

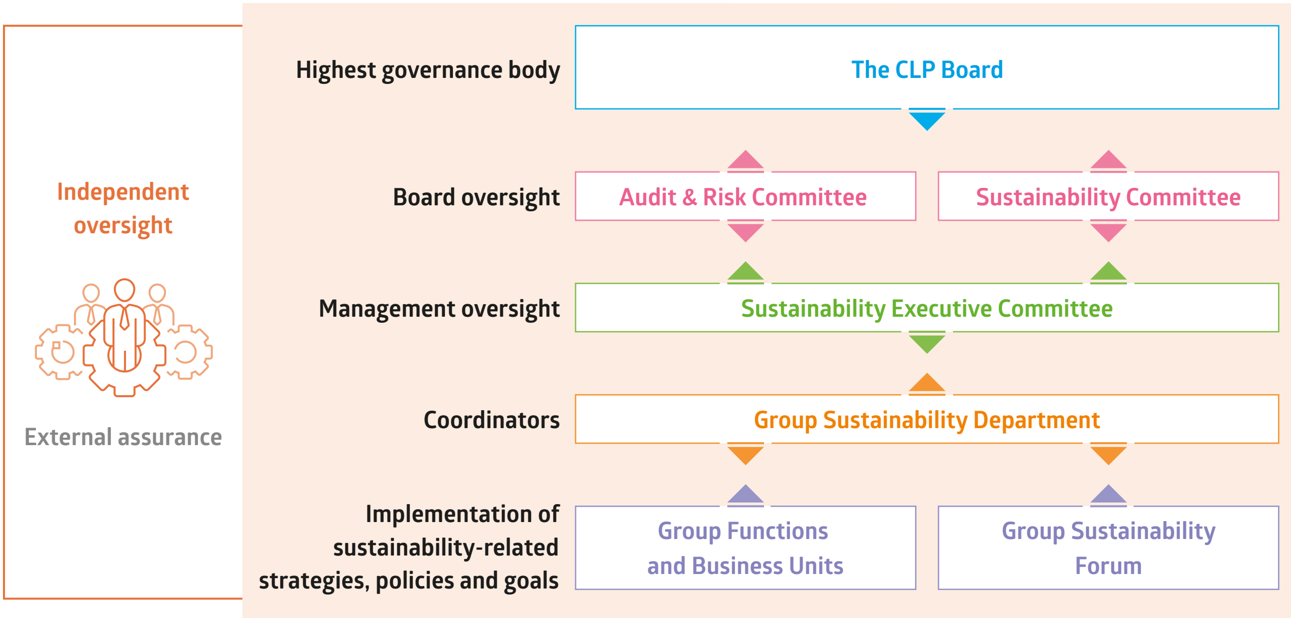
While CLP does issue quarterly statements which set out key financial and business information such as electricity sales, dividends and progress in major activities, we do not issue quarterly financial results for the following considered reasons:

- they do not bring significant benefits to our shareholders;
- they encourage a short-term view of the Company's business performance;
- CLP's activities do not run and need not be disclosed and judged on a three-month cycle; and
- preparation of quarterly reports is costly, including the opportunity cost of Board and management time spent on quarterly reporting.

CLP's Approach to Sustainability Reporting

Governance Structure

- Sustainability is at the heart of CLP's business strategy and the CLP Board has overall responsibility for CLP's sustainability reporting. The Directors' Report includes the "Board's Statement on Sustainability", which explains the Board's oversight of sustainability-related issues and how CLP approaches and manages the sustainability-related topics (page 175).
- Sustainability governance has been embedded in our corporate governance structure throughout the Group. Set out below is CLP's Sustainability Governance Structure.



- As one of the Board-level Committees, the Sustainability Committee has a primary role in overseeing the management of the Group's sustainability issues and is supported by the management-level Sustainability Executive Committee. As an oversight role, the Sustainability Committee was reconstituted with changes introduced in 2023 and is now chaired by an Independent Non-executive Director and comprises Non-executive Directors only, with five Independent Non-executive Directors including the Chairman. The Audit & Risk Committee, meanwhile, ensures appropriate assurance of the ESG data.
- Further information about CLP's sustainability management approach and how progress on sustainability-related goals and targets are reported and reviewed can be found in the Delivering Our Sustainability Agenda chapter, Risk Management Report, the Sustainability Committee Report and the Directors' Report of this Annual Report, as well as in the Sustainability Report published online at the same time as this Annual Report.

Reporting Principles & Boundaries

- **Materiality** – Since 2018, materiality assessments have been carried out on the basis of examining how megatrends could impact the success of CLP's strategy in the medium- to long-term. In 2023, CLP provided a more detailed description of its sustainability-related impacts, risks and opportunities (IROs), and for the first time this process was reviewed and assured by CLP's non-financial auditor.
- **Quantitative and Consistency** – CLP's sustainability-related disclosures follow guidelines and recommendations from the SASB Standards for Electric Utilities & Power Generators, the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) and the Global Reporting Initiative Reporting Standards (GRI Universal Standards 2021).

  IFRS S1 / TNFD – CLP also makes reference to emerging disclosure standards including International Financial Reporting Standards (IFRS) S1 – General Requirements for Disclosure of Sustainability-related Financial Information and the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

IFRS S2 – Between 2023 and early 2024, CLP conducted a review of CLP's Climate Vision 2050 with the aim of further accelerating its transition to a net-zero future. Climate-related disclosures are integrated into the latest edition of CLP's Climate Vision 2050 publication and in the Annual Report, in which the disclosures make reference to IFRS S2 – Climate-related Disclosures.

Sustainability-related KPIs / Greenhouse Gas Emissions – CLP Group's Sustainability-related KPIs are provided over a period of five years in the Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data on pages 288 to 291 of the Annual Report (Five-year Summary). Greenhouse gas emissions are reported with reference to World Resources Institute's (WRI) Greenhouse Gas Protocol.

- **Boundaries** – As our business needs and focus evolve, scenarios may arise where our previously defined reporting scope was not able to fully capture the material impacts of our overall portfolio, and to better reflect these impacts, selected reporting scopes will be adjusted in different aspects. In 2023, assets added to the reporting scope included the Bobai wind farm, Hong Kong LNG Terminal Limited, Darlington Point Energy Storage and Riverina Energy Storage System II. Apraava Energy ceased to be a subsidiary from December 2022 and is now accounted for as a joint venture. For transparency, Apraava Energy's sustainability performance was reported separately in ESG Data Table section of the Sustainability Report.

Sustainability-related Disclosure in the 2023 Annual Report and 2023 Sustainability Report

- Details on how we report on the sustainability-related issues in accordance with the ESG Reporting Guide "comply or explain" requirements and related Listing Rules are set out below.
- We follow a thorough materiality assessment as the foundation for our sustainability strategy and reporting and this has been well received by our stakeholders and users of our reports. Our materiality assessment process enabled management to determine which material topics are likely to affect the Group's cash flows, access to finance or cost of capital in the short, medium and long term (financial materiality). Accordingly, the financial effects of those topics are disclosed in the Annual Report. Further information is in the Delivering Our Sustainability Agenda chapter on page 40.
- Topics with material impact to the nature and a wide range of stakeholders namely, customers, people, business partners and communities are discussed in CLP's online Sustainability Report. It is published at the same time as the Annual Report and captures in detail the Company's delivery of social and environmental value in a rapidly changing environment. In addition, data related to financially material and impact material priorities are set out in the Five-year Summary on page 286.
- With stakeholders' increasing interest in CLP's response to climate change and its impact on business, we have recently updated CLP's Climate Vision 2050 standalone publication and this includes detailed discussion of our updated decarbonisation targets and transition plans. Key climate-related metrics are also included in the Annual Report and Sustainability Report.
- The table below sets out the financially material topics by reference to the aspects in the ESG Reporting Guide and discussions and data on these topics can be found in the corresponding chapters of this Annual Report. Aspects A3 (The Environment and Natural Resources) and B8 (Community Investment) in the ESG Reporting Guide are regarded as impact material priorities and these are discussed primarily in the Sustainability Report and are also covered in the "Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data" (page 288) of the Annual Report.

Environmental
A1. Emissions (KPI A1.2 and KPI A1.5)

- A Snapshot of CLP in 2023 (page 4)
- Chairman's Statement (page 12)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – Transition to Net Zero (page 49)
- Delivering Our Sustainability Agenda – Community Stewardship (page 76)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

Environmental

A2. Use of Resources (KPI A2.1 and KPI A2.3)

- A Snapshot of CLP in 2023 (page 4)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Delivering Our Sustainability Agenda – Community Stewardship (page 76)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

A4. Climate Change

- A Snapshot of CLP in 2023 (page 4)
- Chairman's Statement (page 12)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – Transition to Net Zero (page 49)
- Delivering Our Sustainability Agenda – Energy Growth Opportunities (page 57)
- Delivering Our Sustainability Agenda – Business Resilience (page 72)
- Governance (page 80)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

Social

B1. Employment

- A Snapshot of CLP in 2023 (page 4)
- Chairman's Statement (page 12)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B2. Health and Safety

- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B3. Development and Training

- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – A Safe, Future-Ready Workforce (page 66)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B5. Supply Chain Management (KPI B5.1)

- A Snapshot of CLP in 2023 (page 4)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

B6. Product Responsibility (KPI B6.3)

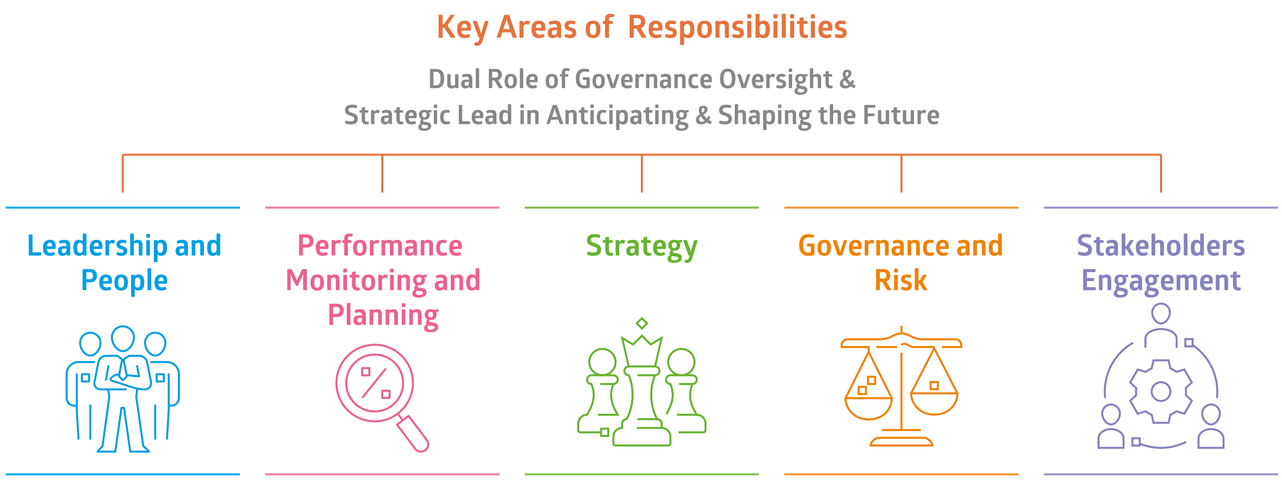
- A Snapshot of CLP in 2023 (page 4)
- CEO's Strategic Review (page 16)
- Delivering Our Sustainability Agenda – Energy Growth Opportunities (page 57)
- Delivering Our Sustainability Agenda – Energy Security and Reliability (page 62)
- Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data (page 288)

- In respect of the specific aspects of the ESG Reporting Guide set out below, CLP has not had any non-compliance with the relevant laws and regulations that would have a significant impact on CLP:
  - A1 Emissions: air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste;
  - B1 Employment: compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare;
  - B2 Health and Safety: providing a safe working environment and protecting employees from occupational hazards;
  - B4 Labour Standards: preventing child and forced labour;
  - B6 Product Responsibility: health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress; and
  - B7 Anti-corruption: bribery, extortion, fraud and money laundering.
- Those less material non-compliance cases relating to the specific aspects are covered in the Delivering Our Sustainability Agenda chapter.
- Outside of the specific aspects, there was one new material non-compliance case related to EnergyAustralia. In May 2023, the Australian Energy Regulator issued six infringement notices with a total fine of A$406,800 for two failures by EnergyAustralia to accurately submit certain information required under the National Gas Rules to the Australian Energy Market Operator during the period from 1 July 2020 to 23 December 2021. The infringement notices have been paid.
- KPMG have conducted limited assurance on selected sustainability-related metrics as well as materiality assessment process and results as set out in the Five-year Summary and Delivering Our Sustainability Agenda chapter, in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). The Sustainability Report also includes an independent assurance report from KPMG.

Our Board

The Board's Roles and Responsibilities

Our Board plays a critical role in ensuring that our corporate governance best serves the Company's interest in building a sustainable business. Under the leadership of our Chairman, the Board cultivates good governance as the cornerstone of our corporate culture.



Board's Focus

The Board recognises that effective oversight and leadership over the affairs of the Company are critical to promoting the success of the Company. The following summarises the Board's focus during the reported period (full-year 2023 and for 2024 up to the date of this Report) (the Period):

Strategy	
Group strategy and implementation	During the course of the Period, the Board received updates on the business and strategy for the individual business units and the Board discussed with management on the strategy, the risks and opportunities for the Group's business units including CLP China, CLP*e*, EnergyAustralia and Apraava Energy as well as the Group's strategic investments. These individual business updates on the business and strategy were part of the preparatory work for the Group strategy review which will be undertaken in 2024. The Board spent a significant time in overseeing CLP Power's work associated with the Development Plan and Interim Review under the SoC business.
Oversight of implementation – Management Briefing sessions	This was a newly introduced initiative for 2023. A total of 16 sessions were held during the year where management provided briefings to the Board on each of the business units and key group functions as represented by the Group Executive Committee Members. A selected topic was scheduled for the briefing sessions.
Governance and Risk	
Profit warning	The Board was kept updated by management on the process of the impairment assessment of EnergyAustralia's Customer business. The Board's consideration and review of the profit warning announcement was supported by the Audit & Risk Committee oversight of impairment assessment process.
Revision of CLP's Value Framework	The Board was briefed on the key changes to CLP's Value Framework, which reflects the aspirations and desired culture for our people and organisation.
Audit & Risk Committee activities	The Board received the important overview from the Chairperson of the Audit & Risk Committee on the Committee's review of financial statements and oversight of risk management and internal control systems ahead of management's presentation of the full-year and half-year financial statements.
Board Committees updates	As a standing practice introduced in 2023, the Board received updates on the key matters considered by each of the Board Committees at all of the Board meetings.
Leadership and People	
Executive leadership succession	With the support of the Nomination Committee, the Board reviewed, considered and approved the CEO succession arrangements and appointment as well as the communications plan. The work on the succession planning process had been undertaken for a period of time with the active engagement and inputs from Members of the Nomination Committee as well as the Non-executive Directors.
External Board Review	The Board openly discussed the findings of the external Board Review and considered each of the recommendations and action plan items.
Board and Board Committees refresh	As part of the Board and Board Committees refresh, the Board oversaw a number of changes to the composition and leadership of the Board and Board Committees, see "2023 At a Glance" on page 93.

Leadership and People	
Chairman's session	The Chairman held an annual meeting with the Independent Non-executive Directors only and a separate annual meeting with the Non-executive Directors only. Both of these sessions were on an open agenda format for the Independent Non-executive Directors and Non-executive Directors, as the case may be, to raise any matters of interest to the Group with the Chairman. One of the key topics discussed was on the CEO succession arrangements.
Performance Monitoring and Planning	
Results and dividends	The Board approved the following: 2022 and 2023 Annual Reports; 2023 Interim Report; the quarterly statements; and the dividends for the financial years ended 31 December 2022 and 2023; as well as the business plan and budget. The Board also approved the profit warning announcement which included the preliminary key financial performance results of the Group for 2023 based on management accounts and this was released in advance of the formal results announcement. In approving the Annual Reports and Interim Report, the Board also approved the financial statements and ensured that the statements give a true and fair view of the financial position of the Group.
Regular updates to the Board	The Board considered the matters covered in the CEO's Report where the CEO highlighted key issues on safety and business updates for each of the Group's markets. This enabled the Board to keep abreast of the material issues and developments of the CLP Group. In between Board meetings, the Directors received the CLP Group management report that provided updates on the Group's key financial information as well as reports on health, safety and environment. In addition, Management Briefing sessions were held during the year as explained in the above.
Stakeholders Engagement	
Investors' sentiment update	The Board was briefed on the investor feedback from the 2022 annual results roadshow and 2023 interim results roadshow. The Board gained valuable insights regarding the investors position and expectations as to CLP's financial performance.
Hong Kong business	The work on the Development Plan, 2024 tariff and Interim Review of the SoC business were the main focus for the Hong Kong business and the stakeholders support in this area was of equal importance. The Board spent a considerable time in the oversight of the approach in managing the Hong Kong business's key stakeholders.
Outside of the Boardroom	
Matters considered by the Board via circulation of Board Papers	Outside the scheduled Board meetings, the Board received timely updates on, and considered, the following matters: • Overview of the Governance Framework and Growth Plan for Apraava Energy; • CLP Holdings CEO succession and related arrangements; • Brand image tracking topline results; • Hong Kong tariff updates; • EnergyAustralia business update; • Tsing Yi incidents (Hong Kong business); • Profit warning: impairment of goodwill of EnergyAustralia's Customer business; and • Succession arrangements for the CFO.

Attendance at our Board meetings and the interaction between Senior Management and our Directors

The partnership between our Board and Senior Management is highly transparent and collaborative. In addition to our CEO who is an Executive Director, our Board meetings are typically attended by our Senior Management team.

To complement the Board's responsibilities and focus, the Board's work is well supported by the Board Committees; see "Board Committees" on this page.

Board and Board Committees meetings held during the Period

	2023												2024	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Jan**	**Feb**
Board		B			✓, +, B			B		B		I, B		B
Board Committees	A	A, F, H, S		A		A, F, H, S	A, H	F		A	F, H, S	N	A, S	A, F, H, S

Board

- B Board
- \+ Chairman and all Non-executive Directors and Independent Non-executive Directors
- I Chairman and Independent Non-executive Directors as attendees only. The CEO and Vice Chairman were invited to join to discuss a specific topic on management succession
- ✓ AGM

Board Committees

- A Audit & Risk Committee
- F Finance & General Committee
- H Human Resources & Remuneration Committee
- N Nomination Committee
- S Sustainability Committee

In addition, 16 Management Briefing sessions were held during the year, Directors have an open invitation to join these and attendance is entirely optional. Despite the attendance being optional, attendance on the part of Directors at these sessions were high and as a new initiative, these have been received well by the Directors.

Board Committees

The Board delegates some of its responsibilities, with appropriate oversight, to the respective Board Committees and the delegated Listing Rules Code Provisions corporate governance duties* are highlighted below. Terms of reference and membership of all Board Committees are disclosed in full on the websites of CLP and the Hong Kong Stock Exchange.

Audit & Risk Committee (see full report on page 140)	Corporate governance, compliance and code of conduct*
Sustainability Committee (see full report on page 148)	Governance of sustainability-related issues*
Nomination Committee (see full report on page 153)	Governance of Board-level matters and professional development of Directors*
Human Resources & Remuneration Committee (see full report on page 157)	Professional development of management*
Finance & General Committee	See page 105 for responsibilities and work done during the Period

With the approval of the Board, the Provident & Retirement Fund Committee was re-constituted from a Board Committee to a management committee with effect from 1 April 2023.

Membership of Finance & General Committee

Mr Andrew Brandler (Chairman), Sir Rod Eddington, Mr Nicholas C. Allen, Ms May Siew Boi Tan, Ms Christina Gaw, Mr Chunyuan Gu, Mrs Betty Yuen, Mr T.K. Chiang and Mr Richard Lancaster.

Responsibilities and Work Done

This Committee reviews the financial operations of the Company which include Group-wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets and business performance. The Committee also reviews major acquisitions or investments and their funding requirements. In addition, the Committee reviews the implementation of the Company's strategy approved by the Board and the performance and business environment of the Company; and the Committee will also identify any matters that should be referred to the Board for review and further consideration.

The work performed by the Committee during the Period included the review and consideration of the following matters:

- the Company's interim and annual results and the dividends payable to shareholders for the financial years ended 31 December 2022 and 2023;
- the CLP Group Business Plan and Budget 2024-2028 including the dividends profile for those years;
- 2024-2028 Development Plan and 2023 Interim Review Update for the Hong Kong business;
- update on business and strategy for the Group's business units;
- strategic approach vis-à-vis EnergyAustralia;
- investment for specific projects in Mainland China, Australia and India;
- the investment in ERP Project (Enterprise Resource Planning);
- the extension of additional 10% energy import from Daya Bay;
- the CLP Group liquidity position, funding requirements, financing initiatives and cost of capital study; and
- CLP's foreign exchange translation risk and counterparty exposures.

The nature of the work of the Committee includes the consideration of transactional items which may arise from time to time and require the review and approval by the Committee via circulation of papers on a time sensitive basis.

Changes to Board Committees' Composition

With the retirement of Mrs Fanny Law and the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director as well as the appointment of Mr T.K. Chiang as an Executive Director, there were a number of changes in the composition of the Board Committees during the Period, details of which are set out below:

- Mr Andrew Brandler was appointed as the Chairman of the Finance & General Committee effective 1 January 2023;
- with effect from 28 February 2023:
  - Mr Chunyuan Gu became a Member of the Human Resources & Remuneration Committee;
  - Ms May Siew Boi Tan took up the role as the Chairperson of the Audit & Risk Committee; and
  - Mr Nicholas C. Allen stepped down as the Chairman and remained as a Member of the Audit & Risk Committee;
- Mrs Fanny Law retired as a Member of the Audit & Risk Committee, the Human Resources & Remuneration Committee and the Sustainability Committee with effect from the conclusion of the 2023 AGM held on 5 May 2023;
- Ms Wang Xiaojun Heather was appointed as a Member of the Audit & Risk Committee and the Human Resources & Remuneration Committee effective 16 May 2023;
- with effect from 1 October 2023:
  - Mr T.K. Chiang was appointed as a Member of the Finance & General Committee and the Sustainability Committee;
  - Mr Richard Lancaster stepped down as the Chairman and remained as a Member of the Sustainability Committee;
  - Mr Chunyuan Gu was appointed as the Chairman of the Sustainability Committee; and
  - Mr Andrew Brandler was appointed as a Member of the Human Resources & Remuneration Committee;
- with effect from 1 January 2024, the Sustainability Committee was reconstituted as a Non-executive Directors only Committee with at least three Independent Non-executive Directors, and management Members stepped off the Committee and ceased to be Members; and
- the Board also approved the following changes to take effect beyond the Period:
  - Ms Christina Gaw will step down as a Member of the Finance & General Committee with effect from 27 February 2024;
  - Mrs Zia Mody will retire as a Member of the Human Resources & Remuneration Committee upon her retirement as an Independent Non-executive Director on conclusion of the 2024 AGM to be held on 3 May 2024; and
  - Mr Diego Alejandro González Morales to be appointed as a Member of the Finance & General Committee upon his appointment as a Non-executive Director with effect from 1 April 2024.

Directors' Attendance and Development

Our Directors attend to the affairs of the Group through their participation at the AGM, Board and Board Committee meetings, and perusal of Board papers.

In 2023, seven Board meetings were held and the overall attendance rate of Directors at Board meetings was 93.48% (2022: 93.33%). Details of Directors' attendance at the AGM, Board and Board Committee meetings (**attendance** / held) and development programme in the year 2023 are set out in the table on page 107.

As a new initiative, 16 Management Briefing sessions were held for the Board and attendance for Directors were optional. This is a considerable increase in time commitment on the part of the Directors and it was pleasing to see that these sessions were well attended by the Directors.

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 committee meeting held before 1 April 2023.

	Board[1]	Audit & Risk Committee[2]	Finance & General Committee	Human Resources & Remuneration Committee	Nomination Committee	Sustainability Committee	AGM[2, 3]	Directors Development Programme
Non-executive Directors								
The Hon Sir Michael Kadoorie	6 / 7 (C)				1 / 1		✓	A, B, C
Mr Andrew Brandler[4]	6 / 6 (VC)		5 / 5 (C)	1 / 1		3 / 3	✓	A, B
Mr J.A.H. Leigh	6 / 6						✓	A
Mr Philip Kadoorie	5 / 6					2 / 3	✓	A, B
Mrs Betty Yuen[5]	6 / 6		4 / 5				✓	A, B
Independent Non-executive Directors								
Sir Rod Eddington	7 / 7		5 / 5				✓	A, B, C
Mr Nicholas C. Allen[6]	6 / 7	6 / 6	5 / 5	4 / 4 (C)	1 / 1 (C)	2 / 3	✓	A, B
Mrs Zia Mody	4 / 7			3 / 4			✓	A
Ms May Siew Boi Tan[7]	7 / 7	6 / 6 (C)	5 / 5	4 / 4	1 / 1	2 / 3	✓	A, B, C
Ms Christina Gaw	7 / 7		4 / 5			3 / 3	✓	A, B, C
Mr Chunyuan Gu[8]	7 / 7	6 / 6	5 / 5	2 / 3		1 / 1 (C)	✓	A, B
Mr Bernard Chan	7 / 7					3 / 3	✓	A, B
Ms Wang Xiaojun Heather[9]	4 / 4	3 / 3		2 / 3			–	A, B
Mrs Fanny Law[10]	1 / 1	2 / 3		1 / 1		1 / 1	–	–
Executive Directors								
Mr T.K. Chiang[11]	2 / 2		2 / 2			1 / 1	–	A, B, C
Mr Richard Lancaster[12]	5 / 5		5 / 5			3 / 3	✓	A, B, C

Notes:

1 Included (a) an annual meeting where the Chairman met Independent and other Non-executive Directors in the absence of the Executive Directors and management; and (b) an annual meeting with the Chairman and the Independent Non-executive Directors as attendees only.

2 Representatives of the independent auditor participated in every Audit & Risk Committee meeting and the AGM.

3 Independent Non-executive Directors were available to take shareholders' questions specifically addressed to them during the AGM (of which there were none).

4 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 Human Resources & Remuneration Committee with effect from 1 October 2023.

5 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.

6 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.

7 Ms May Siew Boi Tan was appointed as the Chairperson of the Audit & Risk Committee with effect from 28 February 2023.

8 Mr Chunyuan Gu was appointed as the Chairman of the Sustainability Committee and a Member of the Human Resources & Remuneration Committee with effect from 1 October 2023 and 28 February 2023 respectively.

9 Ms Wang Xiaojun Heather was appointed as an Independent Non-executive Director, and a Member of the Audit & Risk Committee and the Human Resources & Remuneration Committee with effect from 16 May 2023.

10 Mrs Fanny Law retired as an Independent Non-executive Director, and a Member of the Audit & Risk Committee, the Human Resources & Remuneration Committee and the Sustainability Committee with effect from the conclusion of the 2023 AGM held on 5 May 2023.

11 Mr T.K. Chiang was appointed as an Executive Director, and a Member of the Finance & General Committee and the Sustainability Committee with effect from 1 October 2023.

12 Mr Richard Lancaster remained as a Member of the Sustainability Committee after stepping down as its Chairman with effect from 1 October 2023.

13 Chairmen of the Board and Board Committees and the Vice Chairman of the Board are indicated by (C) and (VC) respectively.

*** Directors Development Programme**

All Directors participate, at the Company's expense, in continuous professional development and training, with appropriate emphasis to develop and refresh their knowledge on industry-related updates. Our Directors Development Programme includes:

A – reading regulatory and industry related updates

B – meeting with local management and stakeholders, and visiting CLP's facilities and special projects with CLP's involvement; and

C – attending expert briefings / seminars / conferences relevant to the business or director's duties. In addition, they have access to Chatham House (a leading independent policy institute based in London) publications and the opportunity to attend Chatham House events on topics relevant to our business.

Onboarding for new Director

The Company has in place a set of Onboarding Guidelines with the key objective of assisting new Director in understanding of CLP's business, governance and Board and Committee dynamics. This sets out a structured onboarding process that would serve as a roadmap for new Director to gain a better understanding of CLP and our business environment.

Our Onboarding Programme for the newly appointed Director is individually designed with the specific Director in mind having regard to the Director's unique background, skills, experience and perspective. Components of our Onboarding Programme include:

- an introduction session;
- face-to-face and one-on-one meetings with the Chairman of the Board, Chairman of the Board Committees and the Senior Management who work closely with the Board and Board Committees;
- access to information that provides a broad overview of the CLP Group;
- invitation to attend Board Committee meetings to assist with the understanding of the work carried out by various Board Committees; and
- visits to the major facilities of CLP and / or special projects with CLP's involvement.

As part of the onboarding sessions for the newly-appointed Independent Non-executive Director, Ms Wang Xiaojun Heather met with some of the Senior Management members and visited CLP facilities during August to October 2023 including visiting facilities in Mainland China and Australia and met with the operational management team.

Directors' Time and Directorship Commitments

Our Directors, Non-executive Directors in particular, have demonstrated a strong commitment to the CLP Board affairs and they are well aware that they are expected to have a sufficient time commitment to the Board. Directors have given certain confirmations and made disclosures about their other commitments.

- **Sufficient time and attention**
  - Directors have confirmed that they have given sufficient time and attention to the affairs of the Company for the year.
- **Other offices and commitments**
  - Directors disclose to the Company twice a year the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments, together with an indication of the time involved.
- **Other directorships**
  - None of our Directors, individually, held directorships in more than seven public companies (including the Company) as at 31 December 2023.

Our Executive Directors do not hold directorship in other public companies; however, they are encouraged to participate in professional, public and community organisations.

In respect of those Directors who stand for election or re-election at the 2024 AGM, all their directorships and board committee membership held in listed public companies in the past three years are set out in the Notice of AGM. Other details of the Directors' biographies are set out under Board of Directors on page 82 of this Annual Report and on CLP website.

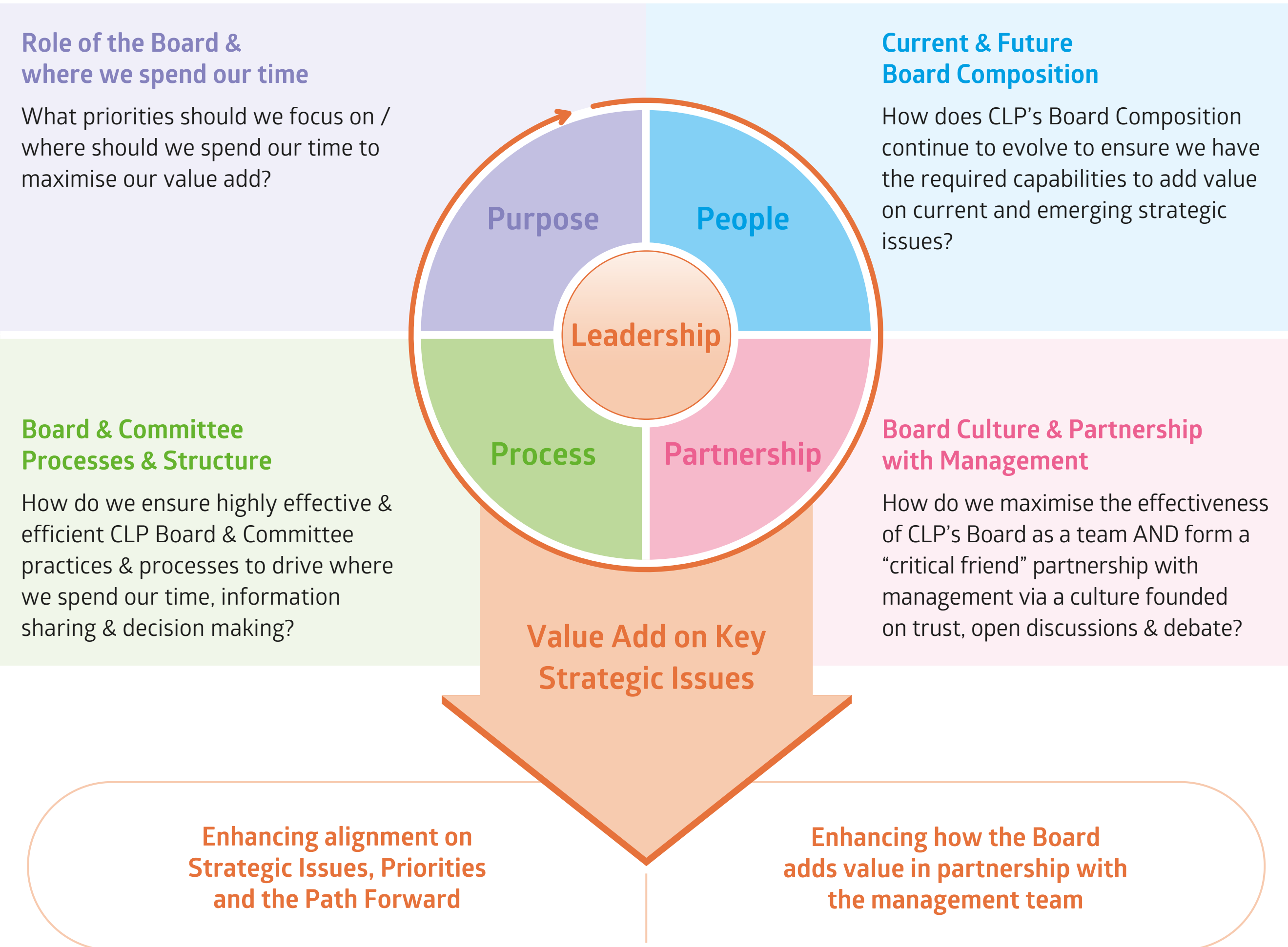
Board Evaluation – External Board Review

We undertook an External Board Review exercise in 2022 and this was led by a firm of consultants, Korn Ferry. The report and the recommendations for this External Board Review exercise had been put to the Chairman and the Board for consideration and was adopted at the Board meeting held in May 2023. Consistent with the approach taken in the previous review, the focus of this exercise was on today and the future for the Board and the Group with specific objectives on enhancing the alignment on strategic issues, priorities and the path forward; and how the Board adds value in partnership with the management team.

The Process

- one-on-one dialogues with members of the Board of Directors;
- one-on-one dialogues with selected members of the executive management team; and
- a review of previous Strategy & Board papers and selected Board Committee papers.

Focus of the 2022 Board Review



This exercise identified key signature strengths of the CLP Board including i) the Board culture continues to reflect the Chairman's values; ii) the evolution of the Board composition has continued; iii) the Board now has a greater focus on critical issues underpinning CLP's future success and iv) the CLP Board continues to do an effective job in delegating key work to Board Committees.

As with the previous practice, a summary report had also been made available on our website.

The report also identified the opportunities to enhance the Board's impact through the two areas of refreshing the Board's composition and strengthening the partnership between the Board and management. With a view of achieving these objectives, a number of initiatives and actions were taken during 2023:

- the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director with specific experience in organisation talent management and development in international markets and in Mainland China;
- Directors' visit to the Group's operations and facilities were recommenced;
- the introduction of the Management Briefing sessions for the Directors;
- the Finance & General Committee received a more regular update on the business units' strategy;
- preparatory work for the 2024 Group strategy review had commenced;
- the Sustainability Committee was repositioned with a stronger focus on the strategy for sustainability; and
- the Board received updates from each of the Board Committee Chairmen at every Board meeting.

Nomination and Appointment of Directors

Following the Nomination Committee's recommendations, the Board considered and appointed two new Directors in 2023: Ms Wang Xiaojun Heather as an Independent Non-executive Director; and Mr T.K. Chiang as an Executive Director. Mrs Betty Yuen's appointment as a Non-executive Director took effect on 1 January 2023 and the Board had considered her appointment in 2022.

Independent Non-executive Director Appointment

For the search process in the lead up to the appointment of Ms Wang Xiaojun Heather as an Independent Non-executive Director, CLP followed a formal and transparent procedure and is guided by CLP's Nomination Policy, which is disclosed in the Nomination Committee Report on page 153.

Executive Director Appointment

Through an extensive CEO succession planning process, Mr T.K. Chiang was identified as the CEO successor to Mr Richard Lancaster and the appointment as the CEO and an Executive Director was approved by the Board. The process was conducted with the active engagement and inputs from Members of the Nomination Committee as well as the Non-executive Directors.

Process for appointing a new Director

Key Considerations for a New Director Appointment

- Search for potential new Director candidate(s) is guided by the strategic needs of the Company and the Board.
- Director candidates would, ideally, have the relevant experience and background to contribute on CLP's emerging strategic issues.

Nomination Committee

- Considers the candidates based on merit having regard to the experience, skills and expertise as well as the overall board diversity.
- Makes recommendations to the Board as appropriate.

Board

- Approves appointment of a new Director.

Newly appointed Director is:

- subject to election by shareholders at the first general meeting following the appointment.

Additional Requirements

- appointment is made through a formal letter; and
- subject to the retirement age guideline in our Board Diversity Policy, eligible for re-election.

Shareholders

- Approve the election of a Board appointed Director at the Company's general meeting.

Proposed Election

- election for each Director is considered as an individual resolution at the general meeting.

* For existing Directors, they are subject to rotation at least once every three years and one-third of Board members are required to retire at the AGM and are eligible for re-election.

Why Board Diversity is Important to CLP

We recognise that Board diversity is an essential element contributing to the sustainable development of CLP.

CLP Board Diversity Policy adopted by the Board in 2013 (available on website)

The Policy incorporates:

- Code Provisions of the Corporate Governance Code
- Retirement Age Guideline (age 72) for Non-executive Directors (other than the Chairman)
- 30% target for female Director representation on the CLP Holdings Board – to be reviewed by the Nomination Committee annually
- Independence mechanism (for directors to express their views and feedback) will be reviewed by the Nomination Committee annually
- CLP Group Diversity and Inclusion Policy for Senior Management and Staff

Aspects of Diversity cover:

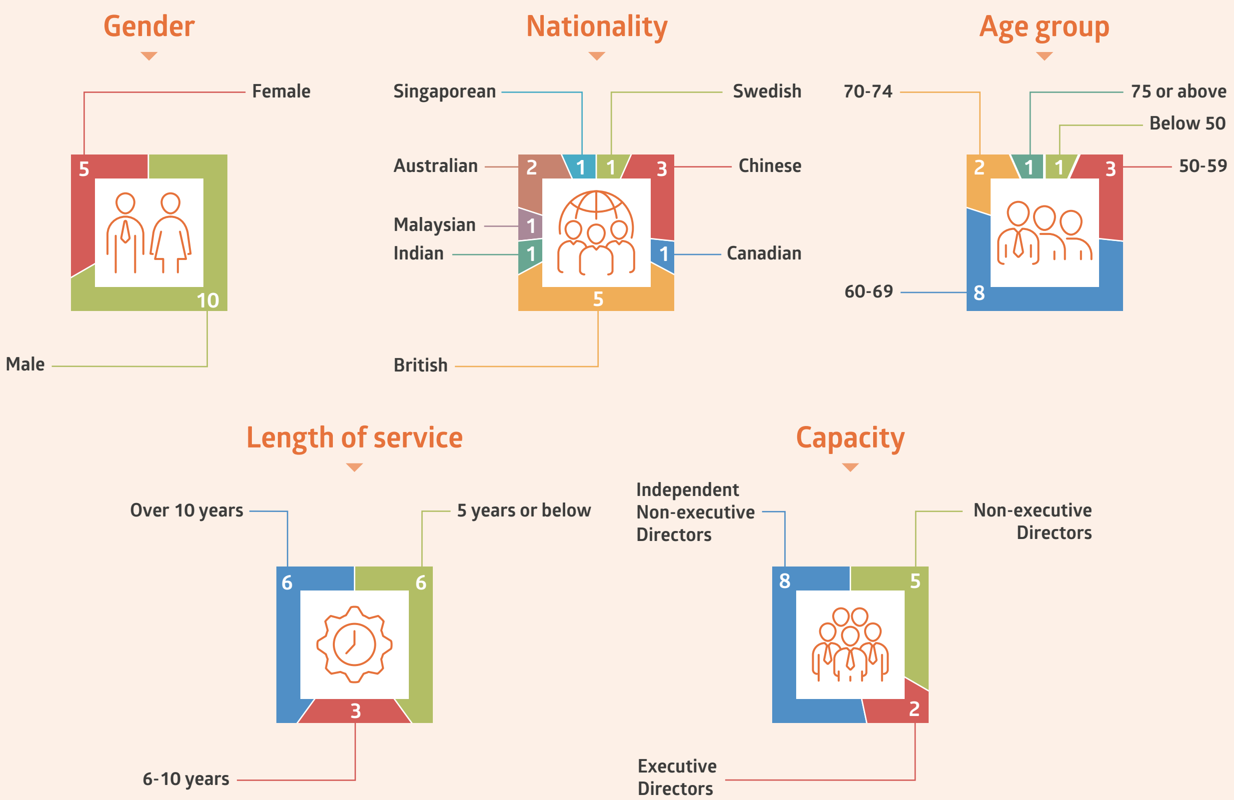
independence / gender / age / cultural and education background / professional experience / business perspectives / skills / knowledge / ethnicity / length of service

Our Board Diversity Policy also recognises that board diversity can be achieved without increasing the size of the Board and that a reduction in board size due to retirements without replacement can also be a way to further diversity. During the Period, our Board size increased from 14 to 15 due to the appointment of one additional Executive Director.

Board Composition & Diversity

Key highlights:

Female Representation of 33% | Independent Non-executive Directors Representation of 53%



Board Expertise

To ensure the Board continues to possess a balance of skills appropriate for the requirements of the business of the Group, an analysis of the skill set mix was considered by the Nomination Committee.

The table below highlights the breakdown of the skill set mix of our Directors and demonstrates the broad and diverse mix of experience and background relevant to CLP that the Directors bring to the Board and its Committees.

Expertise	Relevance to CLP	No. of Directors (Full Board of 15)
Board / board committees leadership	Board and governance leadership experience are regarded as a strategic asset to the Board and Board Committees	9
CLP market experience (Hong Kong / Mainland China (including Greater Bay Area) / Australia / India / Taiwan Region and Thailand)	Facilitates the review of CLP's business and financial operations and investments in the respective region	15
Company executive	Provides insights into executive leadership and the management of CLP's business and operations	11
Global market experience	Provides insights into the global economic trends and opportunities that CLP can explore	15
Other industries	Brings in other expertise applicable across different industries	13
Other listed board roles	Brings in good practices as a board and / or board committee member of listed companies	11
Public administration	Brings in experience in the areas of regulatory and stakeholder engagement	1
Related industry experience (Infrastructure / Power / Property / Retail)	Facilitates the review of CLP's business operations and investment opportunities in the related industries	15
Risk & compliance	Risk and compliance as key governance responsibilities of the Board	11
Technology	Provides insights into the technological developments and the governance of cyber risks	4
Professional	Brings in oversight, advisory and operational experience in the respective field of profession	10
Accounting		4
Engineering		4
Legal		2

Note: Multiple professional background and experience may apply to a Director.

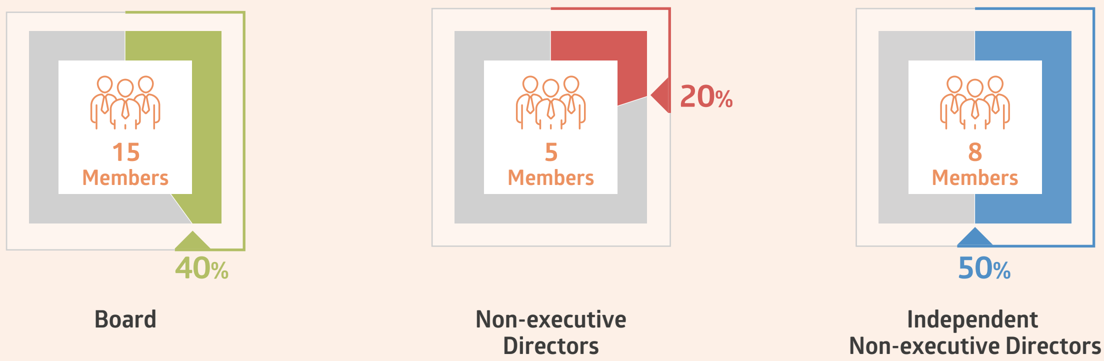
How the Board has been refreshed

One initiative to enhance the Board's diversity is to gradually refresh the composition of the Board.

As part of our continuing efforts to gradually refresh our Board, the Board saw two new appointments and one retirement since January 2023. We believe that this is an important balancing act of bringing experienced Directors with fresh ideas and experience aligned with CLP's strategic priorities and ensuring that the Board remains well represented by Directors with a good degree of CLP corporate knowledge, background and history. The diagram below shows how the Board has been refreshed over the past five years.

Over the period from January 2019 to December 2023

Percentage of New Members



Disclosure of Conflict of Interest and Independence of Directors

Conflicts

Directors are requested to declare their and their connected entities' direct or indirect interests, if any, in proposals or transactions to be considered by the Board at Board meetings and withdraw from the meetings as appropriate. In addition, where there are actual or potential conflict of interests, restrictions on access to agenda materials will be put in place. In 2023, none of the Directors were required to withdraw from Board meetings in these circumstances.

The Company follows guidelines at each financial reporting period to obtain confirmations from Directors in respect of any transactions of the Company or its subsidiaries which are related to Directors or their connected entities.

In addition, identified significant related party transactions are disclosed in Note 32 to the Financial Statements.

Independence

For the year ended 31 December 2023, the Company received written confirmations from all of the Independent Non-executive Directors regarding the independence of each of them and their immediate family members.

Among the Independent Non-executive Directors of the Company, none of them has held cross-directorship with other Directors.

Our view on independence

The Company maintains the view that a Director's independence is a question of fact and this is formally recognised in the Board Diversity Policy. The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned, including the ability to continually provide constructive challenge for management and other Directors; to express one's own views independent of management or other fellow Directors; and the gravitas inside and outside the boardroom. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors as circumstances require.

Mechanisms for ensuring independent views and input

The Company has established channels through formal and informal means whereby Independent Non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require.

Communication channels for Independent Non-executive Directors:

- dedicated meeting session between Independent Non-executive Directors and the Chairman only (before Board meeting);
- board evaluation conducted by external consultant once every 3 years and internal survey conducted in the intervening period;
- Independent Non-executive Director as Chairman of various Board Committees – Committee Chairman can update Board Chairman as necessary; and
- other informal meetings outside the boardroom.

The Audit & Risk Committee has been asked to provide feedback and the Nomination Committee has been delegated with the authority to review the implementation and the effectiveness of the independence mechanism on an annual basis.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-executive Directors to be independent.

Details of all Directors and their biographies including, if any, relationship between the members are disclosed on pages 82 to 89 and on our website.

Directors' Shareholding Interests

Directors' interests in CLP's securities as at 31 December 2023 are disclosed in the Directors' Report on page 174. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2023 they have complied with the required standard set out in the Model Code and the CLP Code for Securities Transactions. The CLP Code for Securities Transactions is largely based on the Model Code set out in Appendix C3 of the Listing Rules and is on terms no less exacting than those in the Model Code.

Management and Staff

CLP recognises the importance of diversity not just at the Board level but throughout the CLP Group. Our respect for people and diversity are embedded in CLP's Code of Conduct and our Board Diversity Policy has also incorporated the CLP Group Diversity and Inclusion Policy for Senior Management and Staff.

One of the key tasks of CLP's management and staff is the successful implementation of strategy and direction as determined by the Board under the leadership of our Chairman. This includes promoting and "living" the good corporate culture set by our Board over the years. In doing so, they must apply business principles and ethics which are consistent with those expected by the Board, CLP's shareholders and other stakeholders, and these have been documented in our Code of Conduct.

A key fundamental feature of CLP's corporate governance is a culture of "doing the right things right", this "tone" is set at the top of the organisation at the Board level and is embedded throughout our Value Framework, Code of Conduct, CLP Code and the Whistleblowing Policy.

Subsidiary Board Governance

The subsidiary board governance plays an important part to ensure that at the management level, the culture set at the Holdings Board level is observed and followed and that the expected standard of business principles and ethics will be consistently applied at the subsidiary board and management level. A number of the subsidiary board positions are taken up by our mid-management leaders where their legal responsibilities at the subsidiary board level are aligned with their accountability in their business or functional capacity.

The mid-management subsidiary directors are of a certain level of seniority who are familiar with the CLP culture and have a solid understanding of their obligations and responsibilities as a corporate director and an organisational leader. These subsidiary level directors are expected to lead by example and help guide and oversee our people to ensure that the right culture is not just observed but is applied in how we conduct our business.

Role of Management and Staff in Promoting Good Corporate Governance Practices

Our CEO has the overall responsibility for carrying out the strategy and direction set by the Board and for managing the Group's business. The delegation of authority by the Board to the Committees, Senior Management and management are prescribed in the form of a "Company Management Authority Manual".

Management and staff adhere to various Group policies that reflect the values and corporate culture of CLP.

Value Framework

- CLP's purpose, vision, mission, values, commitments, policies and codes.

Code of Conduct

- Guiding principles for employees: to do what is right, behave with integrity and honesty, obey all laws and anti-corruption practices and communicate openly.
- 2022 & 2023: no convicted case of corruption at CLP.
- 2023: 17 breaches of Code of Conduct (2022: 10).
- Cases are reported to the Audit & Risk Committee.

Whistleblowing Policy

- Applies to CLP Group (Apraava Energy and EnergyAustralia have their own policies).
- Employees and third parties may report suspected misconduct, malpractice or irregularity in confidence.
- 2023: 10 reported cases (2022: 5).

Ongoing Training

In addition to setting the right tone at the top, we recognise the importance of communicating effectively with our staff, and the need to cascade down the key messages and expectations of what are expected from them to ensure that everyone will work together to contribute to a good corporate governance culture.

In an increasingly challenging and uncertain environment, where organisations could potentially be more vulnerable to the heightened risk of fraud, we have rolled out a Fraud Risk Awareness e-training to all CLP staff including all new joiners as part of the mandatory induction training programme. The e-training focused on the importance of identifying different forms of potential fraud, and on how CLP staff can prevent, detect, respond to, and report cases of fraud.

We have also launched e-learning programmes on CLP Corporate Governance Framework and Internal Controls to reiterate the basic governance framework, principles and standards required for an effective system of management controls.

All the above-mentioned e-training are available on the CLP intranet for staff to understand, learn and refresh anytime as they see appropriate.

Securities Dealing

Our Management and Staff are subject to CLP Securities Dealing Restrictions.

- We appreciate that some of our staff may in their day-to-day work have access to potential inside information.
- Our Senior Management and selected members of staff, "Specified Individuals", are subject to securities dealing restrictions in the CLP Code for Securities Transactions.
- Securities Transactions: All members of the Senior Management have confirmed, following specific enquiry by the Company, that throughout the year ended 31 December 2023 they have complied with the required standard set out in the Model Code and the CLP Code for Securities Transactions.
- Shareholding in CLP shares: Save for the interest disclosed by Mr Richard Lancaster in the Directors' Report on page 194, the other members of the Senior Management did not have any interests in CLP Holdings' securities as at 31 December 2023.

Senior Management Training and Development

We have a formal procedure in place for reporting the training and continuous professional development of Senior Management. Members of Senior Management have access to a variety of training activities. These include access to online learning and information resources, formal executive development programmes at leading business schools and executive briefings on matters of topical interest provided through our strategic partnerships with organisations such as Chatham House, IMD and The Economist. We also make selective use of independent executive assessment and coaching processes to assist with identifying individual development needs and provide input to our succession planning decisions.

Participation in Training and Continuous Professional Development of Senior Management and Company Secretaries in 2023

Senior Management and Companies Secretaries	Attending formal executive development / training programme	Attending expert briefings / seminars / workshops / conferences relevant to the business or their duties	Participating as speakers at events	Access to web-based learning resources
Mr T.K. Chiang [1]	■	■	■	■
Mr Richard Lancaster	■	■	■	■
Mr Nicolas Tissot	■	■	■	■
Mr Derek Parkin	■	■	■	■
Mr Law Ka Chun Joseph [2]	■	■	■	■
Mr Chen Tao Roger [3]	■	■	■	■
Mr Mark Collette	■	■	■	■
Mr Alex Keisser [4]	■	■	■	■
Mr David Simmonds [5]	■	■	■	■
Mr Michael Ling [6]	■	■	■	■

Notes:

1 Mr T.K. Chiang was appointed as Chief Executive Officer with effect from 1 October 2023.

2 Mr Law Ka Chun Joseph was appointed as Managing Director – CLP Power with effect from 1 July 2023.

3 Mr Chen Tao Roger was appointed as Managing Director – China and has become a member of Senior Management with effect from 1 July 2023.

4 Mr Alex Keisser was appointed as Chief Officer – International Business and has become a member of Senior Management with effect from 1 October 2023.

5 During 2023, Mr David Simmonds, the Chief Strategy, Sustainability and Governance Officer, also the Joint Company Secretary, served as the Vice-President, the Chairman of the Membership Committee and the Company Secretaries Panel, he also led the Competition Law Interest Group and was a member of the Investment Strategy Task Force of the Hong Kong Chartered Governance Institute. Mr Simmonds is a committee member of the Standing Committee on Company Law Reform. He was also a frequent speaker at seminars and has fulfilled the relevant professional training requirements under the Listing Rules.

6 During 2023, Mr Michael Ling, the Joint Company Secretary, was a frequent speaker at seminars and has fulfilled the relevant professional training requirements under the Listing Rules.

Organisation's Gender Diversity

The importance of gender diversity at the CLP Holdings Board level is extended throughout the organisation. We believe a diverse workforce and an inclusive culture supports high performance and CLP's ability to operate effectively in the many communities in which it operates. CLP has set targets to encourage more women into the workforce, and policies to support employees to balance work and home-life commitments. Considering the nature of our business and the markets we operate in, addressing gender diversity is a Group-wide priority to ensure a sustainable workforce and to deliver a wider, positive social and economic contribution. Long-term aspirational Group-wide gender diversity targets have been set, reflecting UN Sustainable Development Goals, these are:

- **Women in Leadership target:** to achieve gender balance in leadership positions by 2030 against a 2016 baseline of 22%; and
- **Women in Engineering target:** for 30% of engineers to be female by 2030 compared to a 2016 baseline of 9%.

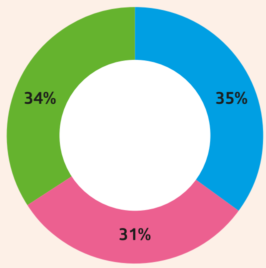
As indicated in the table on page 71, the gender diversity across the Group for 2023 has been largely consistent with that of 2022. The Group is committed to promoting diversity and inclusion across the organisation.

Shareholders Engagement

Shareholding as at 31 December 2023

Size of Registered Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
500 or below	2,468	13.78	759,220	0.03
501 – 1,000	3,372	18.83	2,704,332	0.11
1,001 – 10,000	8,175	45.64	34,392,906	1.36
10,001 – 100,000	3,459	19.31	99,708,528	3.95
100,001 – 500,000	366	2.04	73,875,433	2.92
Above 500,000	72 [1]	0.40	2,315,010,151	91.63
Total	**17,912** [2]	**100.00**	**2,526,450,570** [3]	**100.00**

Shareholding by Category [4]



- Interests associated with the Kadoorie Family – our single largest shareholder group
- Institutional investors – mainly based in North America, UK, Europe and Asia
- Retail investors – mostly based in Hong Kong

Notes:

1 Information on the 10 largest registered shareholders in the Company is set out on our website.

2 Actual number of investors is much greater as many shares are held through intermediaries including Central Clearing and Settlement System of Hong Kong (CCASS).

3 55.90% of all our issued shares were held through CCASS.

4 The Listing Rules required 25% public float was maintained throughout the year and up to 26 February 2024.

The scale of our shareholders' investment is reflected in the market capitalisation of CLP Holdings which stood at HK$163 billion as at 31 December 2023.

Shareholders' Rights

Shareholders are one of our key stakeholders and from a corporate governance perspective, the rights of our shareholders are well recognised and these include:

- the right to receive declared dividends and to vote and attend general meetings; and
- the right to convene general meetings and to put forward proposals – details of which can be found in our explanatory notes to the Notice of AGM and on our website or on request.

CLP's Dividends Policy

We create long-term value to our shareholders through dividend payments. CLP's Dividends Policy, adopted by the Board in February 2019, aims to provide reliable and consistent ordinary dividends with steady growth when supported by our earnings whilst ensuring that a solid financial position can be maintained to fund our business growth. In line with our established practice, our ordinary dividends are paid four times a year in each of the quarters. CLP's Dividends Policy is available on the CLP website.

The Company's performance- and dividend-related dates for 2024 are set out in Information for Our Investors on page 302.

2023 Hybrid AGM

The 2023 AGM was held in a hybrid format on 5 May 2023. Shareholders had the option of attending the physical AGM at the Principal Meeting Place (with prior registration to ensure the orderly attendance having regard to the size of the venue) or participating through the online AGM.

Most of our Directors (including our Chairman), Senior Management and our independent auditor attended the physical meeting. Our Chairman, The Hon Sir Michael Kadoorie played host and delivered his speech.

The opportunity for shareholders to attend the AGM and to send their questions in advance of the AGM and in real-time through the online platform allowed shareholders to express their views.

Highlights of the 2023 Hybrid AGM

- All registered and non-registered shareholders who joined online could view a live webcast of the AGM, pose questions and cast votes in near real-time through the online platform. To ensure the online AGM was conducted effectively, a chat response function was available on the online platform to address procedural questions from shareholders.
- New call in function was introduced on the online platform allowing shareholders joining online to ask questions verbally.
- An attendance of around 700 shareholders, 60% of which participated physically and 40% participated online.
- A high level of votes approving the following major items:
  - the election and re-election of Directors ranging from about 83% to 98%; and
  - the general mandate to issue new shares of up to 5% of shares in issue only, at a price not being at a discount of more than 10% to a benchmarked price (about 98%) and to repurchase shares of not more than 10% shares in issue (over 99%).
- Through the online platform, shareholders posed various questions and most of these questions were addressed during the meeting; and questions not taken at the AGM were answered in writing and made available on the Company's website.

Communication with Shareholders

Multiple channels of communication and engagement

Our approach to shareholders communication and engagement include:

Channels	2023 Highlights
Hybrid AGM	• Chairman keynote speech • Shareholders had option to join the AGM online or in person • Shareholders can vote in near real-time through the online platform • **High voting approval rate** on resolutions considered
Investor Meetings (Led by CEO, CFO and Investor Relations Department)	• Conducted over **130 investor meetings** • **Non-deal roadshows** with investors from Asia, Australia, Middle East, UK and North America
Analyst Briefings (Led by CEO, CFO and Director – Investor Relations and attended by investment community)	• Covering the Company's **interim and annual results**
Shareholders' Visit Programme	• The Programme was recommenced in 2023 following a suspended period during Covid • 12 tours were held and 211 shareholders participated in the visits in 2023 • For each visit, shareholders had the opportunity to engage directly with a CLP representative and the hosts included CLP Holdings Board Members and members of the management team
Reports and Announcements	• Annual Reports, Interim Reports and online Sustainability Reports • Quarterly statements • Key announcements made: retirement and appointment of Independent Non-executive Directors; information in relation to EnergyAustralia; succession arrangements for the CEO and appointment of Non-executive Director
CLP Group Website	• CLP's approach on corporate governance and sustainability • Policies and codes • Information on AGM including meeting proceedings and minutes • Updates of recent financial information and latest investor information • Analyst briefings materials • Publications and media releases
CLP Group Investor Relations app	• Allows users to access the latest updates of CLP • Users can also access information such as **upcoming investor events, financial calendar** and **share price data** at their convenience

These channels allow us to receive feedback from our shareholders and investment community. In addition, we have the shareholders' hotline as well as dedicated investor relations and company secretary email accounts for taking enquiries and for receiving information requests from shareholders (see Information for Our Investors on page 302).

Reviewing and enhancing shareholders communication

The Audit & Risk Committee is responsible for the annual review of the implementation and effectiveness of the Shareholders' Communication Policy, which is available on our website. The most recent review was undertaken in October 2023 and the implementation and effectiveness of the Policy was confirmed.

Group Internal Audit

CLP's Group Internal Audit (GIA) department plays a major role in monitoring the internal governance of the CLP Group. The head of the department, Senior Director – GIA, leads a well-resourced department of 23 highly qualified professional staff.

The Senior Director – GIA reports directly to the Audit & Risk Committee and administratively to the CFO and has direct access to the Board through the Chairperson of the Audit & Risk Committee. The Senior Director – GIA has the right to consult the Audit & Risk Committee without reference to management.

Independent Auditor

The Group engages PwC (Certified Public Accountants and Registered Public Interest Entity (PIE) Auditor) as our external independent auditor and we regard their independence as a fundamental governance principle.

How the Group ensures the independence of the external auditor:

- The lead audit partner for CLP is subject to rotation every seven years (as per The International Federation of Accountants rules on independence of external auditors).
- As part of the rotation, the current lead audit partner was first appointed for the 2021 financial year-end audit and she did not have any prior involvement in the CLP Group audit.
- PwC is required to give an annual confirmation on their independence.
- The Audit & Risk Committee will assess PwC's independence in considering their re-appointment.

In addition, PwC will not be engaged to perform non-audit work unless the non-audit work meets the criteria suggested in the Listing Rules and has been pre-approved by the Audit & Risk Committee or its delegates. There must be clear efficiencies and value-added benefits to CLP from the work being undertaken by PwC, with no adverse effect on the independence of their audit work, or the perception of such independence.

During the year, PwC provided the following audit and permissible audit related and non-audit services to the Group:

	2023 HK$M	2022 HK$M
Audit	**42**	42
Permissible audit related and non-audit services		
Audit related services (including Sustainability Report limited assurance, Continuing Connected Transactions limited assurance, limited assurance over regulatory reviews and reporting, audits of CLP's provident funds and auditor's attestation)	**7**	12
Non-audit services (including tax advisory and other services)	**1**	–
Total	**50**	54

(For these purposes, **permissible audit related and non-audit services provided by PwC** include any entity under common control, ownership or management with PwC or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally.)

The fees of PwC and other non-principal external auditors are shown in Note 5 to the Financial Statements.

For the year ended 31 December 2023, the fees for permissible audit related and non-audit services accounted for 14% and 2% of the total fees respectively.

Other Stakeholders

Good governance requires due regard to the impact of business decisions (including impact on people, the environment and the economy), both on shareholders and on other key stakeholders. This Annual Report and our online Sustainability Report explain how we discharge our responsibilities to employees, customers, lenders, the environment and the communities in which we operate.

Risk Management and Internal Control Systems

Effective risk management and internal control systems help the organisation anticipate its risk exposure, put controls in place to counter threats, and effectively pursue the set objectives. They are therefore an essential part of an organisation's operation and governance processes. This section explains (and contains cross references) the key features of our risk management and internal control systems.

Risk Management Framework

CLP's overall risk management framework is overseen by, and is the responsibility of, the Board, through its Audit & Risk Committee, and comprises four key elements.

Risk Management Philosophy	Risk Governance Structure	Risk Management Process	Risk Appetite
CLP recognises that risk management is the responsibility of everyone within CLP and thus it is integrated into the business and decision-making process in which both risks and opportunities are viewed holistically.	Clear roles and responsibilities are assigned to multiple layers within the organisation. This structure facilitates risk identification and escalation.	Through an integrated top-down and bottom-up risk review process, which enables risks identification and prioritisation throughout the Group, management maintains an open and effective communication channel to enable the timely escalation of material risk and adequate supervision of risk mitigation.	The nature and extent of the risks that the Group is willing to undertake in pursuit of its strategic and business objectives.

The way we manage risk is set out in the Risk Management Report on page 127.

Internal Control Framework

CLP's structure of internal control is based on the internationally recognised COSO (Committee of Sponsoring Organisations of the Treadway Commission) 2013 integrated framework.

CLP Internal Control Framework

Our 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, but not absolute, assurance against material loss or misstatement.

Board and Audit & Risk Committee Review

- Responsible for the Group's risk management and internal control systems
- Review effectiveness of these systems covering management's assessment on:
  - Key business operations
  - Changes in material risks
  - Key internal controls
  - Audit and compliance issues

Independence Assurance

Group Internal Audit

- Risk-based approach, concentrating on areas with significant / emerging risks or areas with major changes or strategic importance
- Assurance on the adequacy and effectiveness of internal controls

CEO and Group Executive Committee

- Review the effectiveness of risk management and internal control systems and report to the Board
- Ensure that robust risk management and internal control systems are established and functioning effectively
- Continuous monitoring and oversight

Group Functions

(Finance, Risk Management, Internal Control, Tax, Operations, Digital, Legal, Human Resources and Sustainability)

- Establish relevant Group-wide Policies and Procedures
- Oversee the risk and control activities relevant to respective functions

Risk and Control Owners

(Business Units, Functional Units and individuals)

- Responsible for the design, implementation, and maintenance of risk management and internal control systems within relevant area or responsibility
- Establish and communicate policies, standards, procedures, and guidelines to staff concerned, which reflect the business objectives, values and corporate culture of the Group

Management Assurance on Risk Management and Internal Control Systems

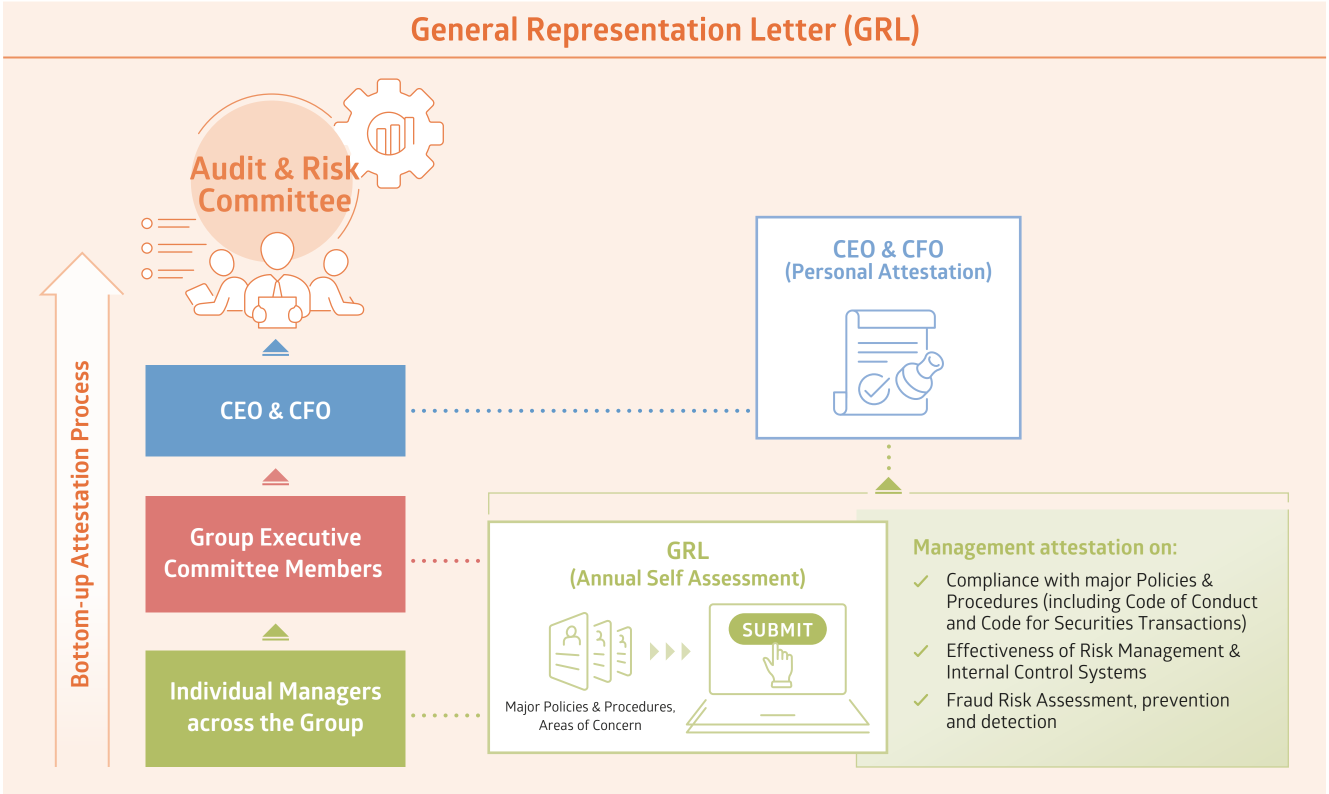
Management and designated staff evaluate the control environment and conduct risk assessments on business and processes. Material risks and associated controls, including mitigation when needed, are continually reviewed and updated. The Board is regularly informed of significant risks that may have an impact on CLP's performance.

Integrated Assurance through Reporting and Attestation		Control Objectives: Operations	Control Objectives: Reporting	Control Objectives: Compliance
CEO and Group Executive Committee				
Regular management briefings	Covers briefings to the Board on the Group's and individual business units' risks and opportunities, operational and financial performance.	✓	✓	
Management Attestation – General Representation Letter	Attestation on: compliance with our Code of Conduct, major policies and procedures; discharging duties on risk management and internal controls; the prevention, identification and detection of frauds.	✓	✓	✓
Group Internal Audit				
Internal Audits Reports	Audit reports: independent appraisal on compliance with policies and procedures, and evaluation of the effectiveness of the overall controls. Special review reports: focus on new business areas and emerging risks.	✓	✓	✓
Group Functions				
Risk Management Report	Compiles Quarterly Group Risk Management Report, that is reviewed and approved by the Group Executive Committee.	✓	✓	✓
Internal Control Review Process	Covers the scoping of significant processes and controls, assessment on controls design and operating effectiveness. High risk key controls are tested annually while lower risk key controls are tested on a rotational basis. Key controls are also tested by the independent auditor where relied on for the audit. Follows the substance of the requirements under the Sarbanes-Oxley Act on internal controls over financial statements.		✓	
Follow-up on outstanding audit issues	Internal audit issues identified and associated remedial actions are followed up and the progress is reported periodically.	✓	✓	✓
Legal and Regulatory Compliance Report	Covers key regulatory compliance issues and legal cases for each region of the Group.		✓	✓

Management Assurance

Board / Audit & Risk Committee (ARC)

CLP's General Representation Letter Process



Effectiveness of Risk Management and Internal Control Systems

Through the Audit & Risk Committee's review, the Board is responsible for the Company's risk management and internal control systems and for reviewing their effectiveness.

The review process

Five times a year, the Audit & Risk Committee reviews management's findings and the opinion of GIA regarding the Company's risk management and internal control systems. The reviews cover management's assessment of the internal controls of key business operations, changes in material risks, internal control and compliance issues (both financial and non-financial) and significant issues arising from internal and the external audit reports.

For the year ended 31 December 2023, the Board considered the risk management and internal control systems of the Group to be effective and adequate. No significant areas of concern that might affect shareholders were identified.

Inside Information

We have our own Continuous Disclosure Obligation Procedures which set out the procedures and controls for handling and dissemination of inside information. The Procedures are on the CLP website. Our Continuous Disclosure Committee (established in 2016) conducted regular assessment of potential inside information. The members of the committee include the CEO, CFO, the Joint Company Secretaries and the Director – Investor Relations. Please also see "Our disclosure" on page 96.

Corporate Governance – Continuing Evolution

As part of good governance, we do review and assess our own corporate governance practices and policies to ensure that these will continue to be value enablers for the business. We hope this Corporate Governance Report has been able to demonstrate that.

Shareholders who wish to make enquiries with the Board can contact the Company Secretaries via our designated shareholders' hotline (852) 2678 8228, email at cosec@clp.com.hk or by posing questions at our general meetings. Requests for formal engagement with our management and / or Directors are also welcome.

By Order of the Board

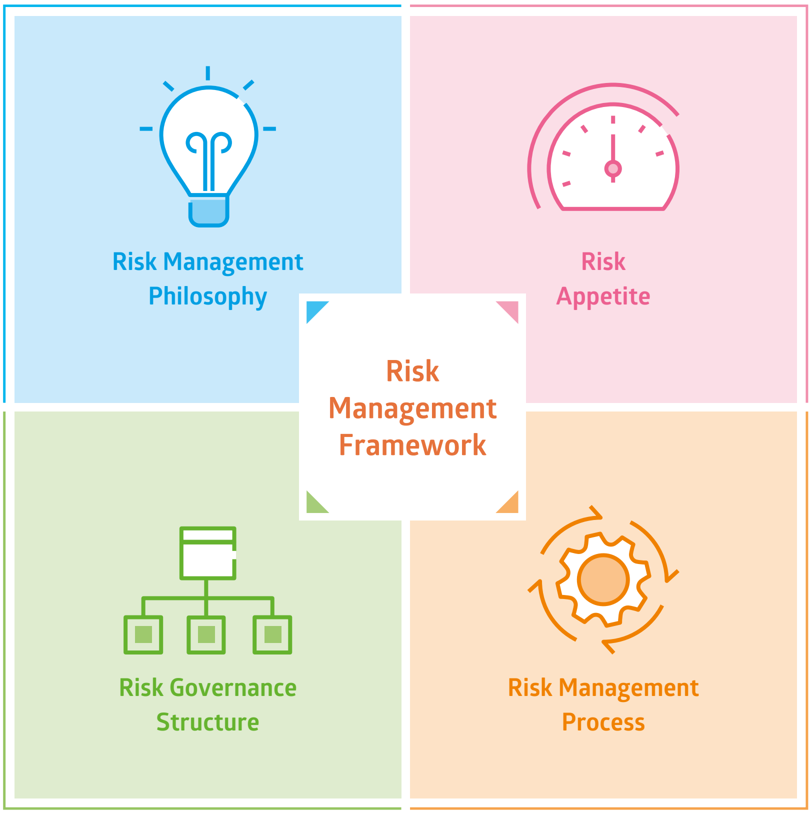
David Simmonds
Chief Governance Officer
Hong Kong, 26 February 2024

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:** ▪ 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:** Departments responsible for Finance, Risk Management, Internal Control, Business Development and Asset Management Oversight, Tax, Project Management, Digital, Legal, Human Resources and Sustainability: ▪ 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:** ▪ Carries out independent appraisal of the effectiveness of the risk management framework.
4 **Management Oversight and Communication**	**The CEO and the Group Executive Committee:** ▪ 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:** ▪ 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

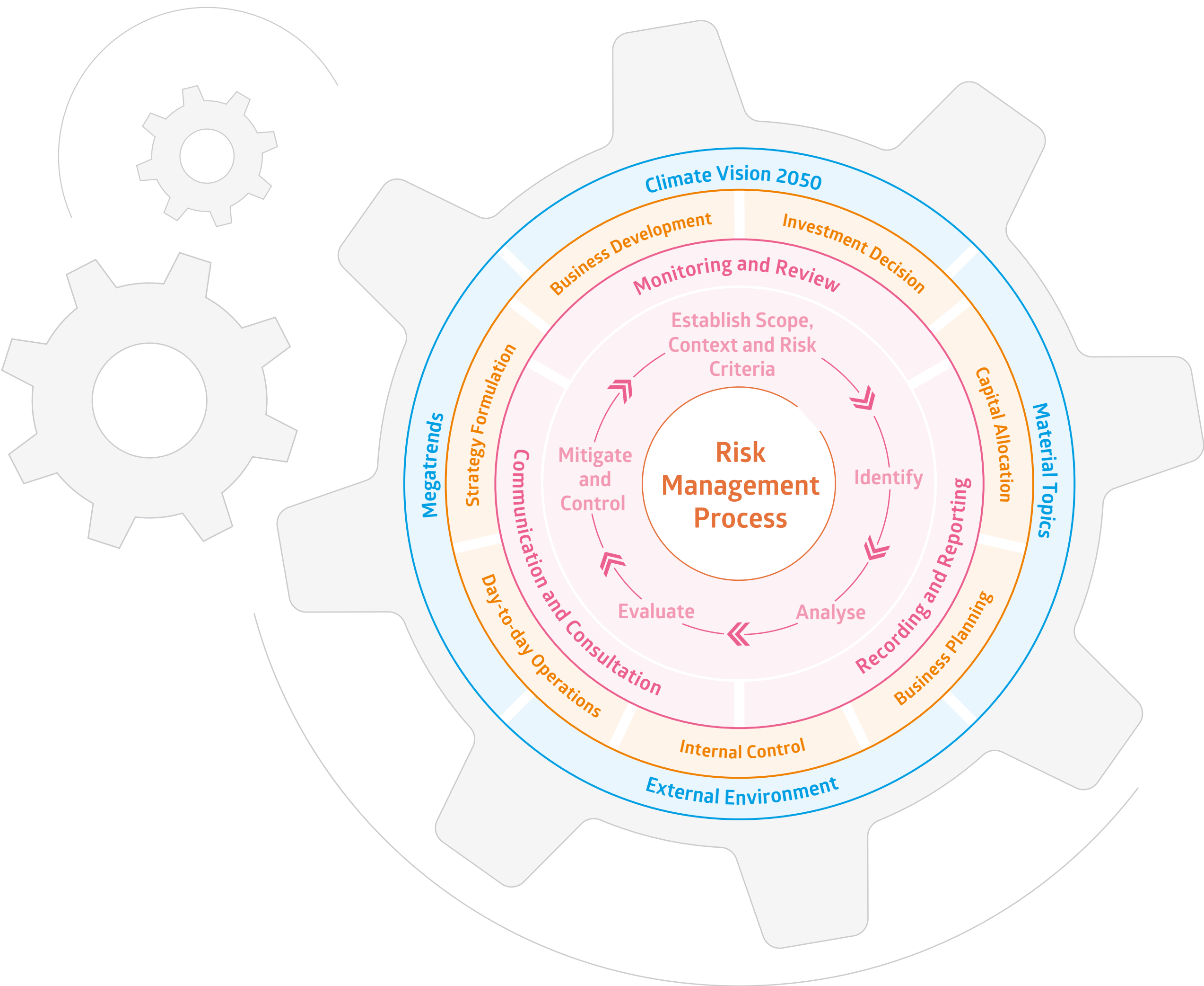
- **The core process involves:**
  - ✓ Establishing scope, context and risk criteria relevant to the business processes in different business units and Group functions
  - ✓ Identifying risks based on relevant, appropriate, up-to-date information
  - ✓ Analysing risks with detailed consideration of risk 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

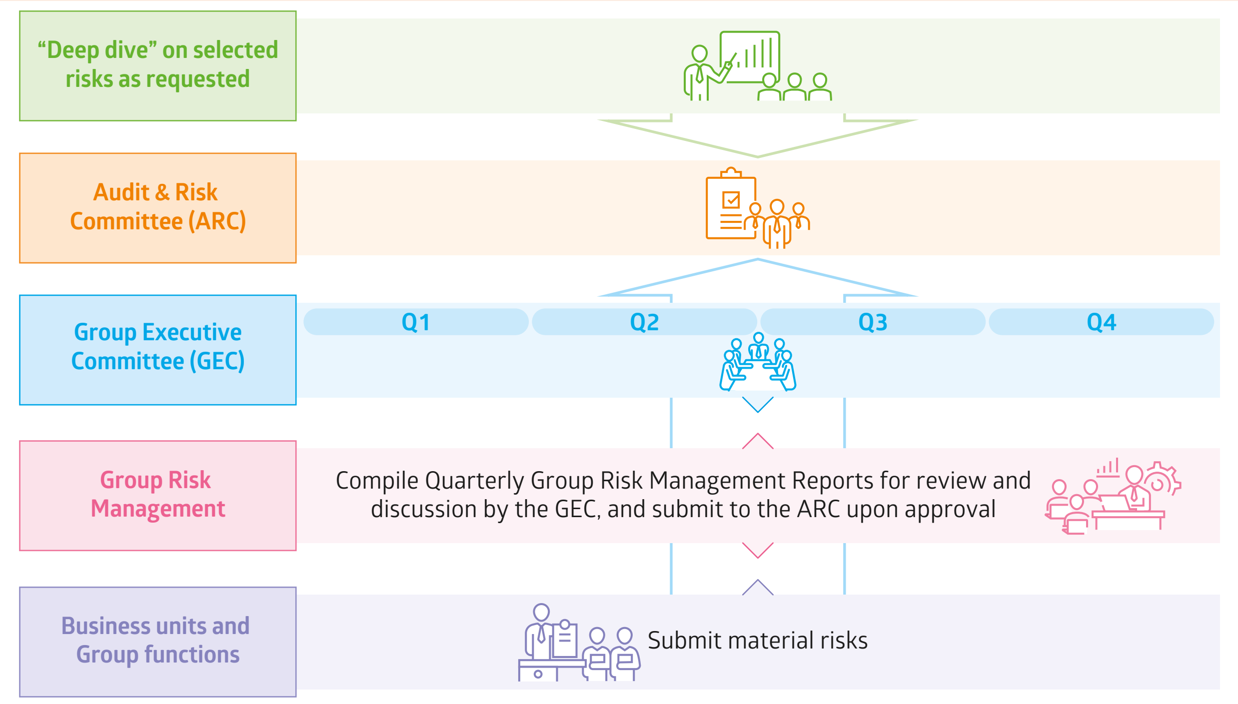
(4) Proper governance of risk mitigation efforts.

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:

a) Implementing Group-wide initiatives on eliminating exposure to serious injuries and fatalities (SIF);

b) Implementing Group HSE Management systems documents (Operational enablers) with a focus on critical controls in line with SIF potential;

c) Implementing operations and systems reinforcements to maintain a high operational and emissions performance;

d) Consolidating emergency response, crisis management, disaster recovery and business continuity plans with regular drills;

e) Enforcing a Group-wide Project Management Governance System to facilitate the delivery of high-quality projects; and

f) 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

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.

CLP manages market & commercial risk by:

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:

a) Closely monitoring regulatory development as well as market and public sentiments;

b) Working constructively with governments to advocate CLP's position on regulatory changes;

c) Mobilising internal resources to ensure timely responses to regulatory changes, while maintaining regulatory compliance and oversight;

d) Communicating and highlighting the importance of a balance between a reliable and safe supply, care for the environment, and reasonable tariffs;

e) Reinforcing CLP's efforts to care for the community and promote energy efficiency;

f) 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;

g) Working with the Hong Kong Government to explore ways to enhance regional cooperation on zero-carbon energy;

h) Conducting supply chain review for assets on imported equipment and spares and exploring alternative sources and localisation opportunities; and

i) 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

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.

CLP manages financial risk by:

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 Climate-related Risk & Opportunity Drivers	Change in 2023	Additional References
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.	**CLP manages transformation risk by:** 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

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.

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	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). 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. During the Period, no internal control issue that would be material to the integrity of the financial statements was identified. The Committee analysed and was satisfied that the Group's risk management and internal control systems were effective and adequate for the Period.
Deep dive briefings	Having regard to the nature of the risks and the potential exposure for the Group, management presented deep dive briefings on the following topics: - **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	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.
Cybersecurity	Cybersecurity update briefings continued to be one of the regular deep dive topics for the Committee.
Compliance	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. 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).

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	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. 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.
ESG data assurance	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.
Internal and External Auditing	
Internal audit	The Committee received and considered two types of reports from the Senior Director – GIA and they are: 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. GIA also conducted desktop review for selected lower risk audit units to enhance audit effectiveness and timeliness of communication with those units. 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. None of the control weaknesses identified had a material impact on the financial statements.
Internal audit function	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. 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. 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.

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	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. 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.
Continuing connected transactions	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.
Culture-related	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. 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.

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	
CLP's Climate Vision 2050 review and climate-related disclosures	The Committee examined and endorsed management's proposal to strengthen CLP's 2030 near-term GHG intensity target from 0.3 to 0.26 $kgCO_2$/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.
Climate change-related developments and risks	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. 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. The Committee was briefed on the EnergyAustralia Climate Transition Action Plan and the proposed plan and the opportunities for EnergyAustralia to achieve net zero. The Committee and management had a good exchange on updates from COP28 covering the reflections and key takeaways.
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	The Hon Sir Michael Kadoorie	Ms May Siew Boi Tan
(Independent Non-executive Director) (the Chairman)	(Non-executive Director and Chairman of the Board)	(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	**Appointment of Mr Diego Alejandro González Morales as Non-executive Director** 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.
Board Committees refresh	The Committee considered the evolving demands of the Board Committees and the changes in the Board composition in 2023. 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. 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: - 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. 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. Details of the Board Committees composition are set out in the Corporate Governance Report on page 107. * 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).

Areas of Focus	
Board Diversity Policy, diversity aspects of the Board and independence mechanism	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. 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. The Committee endorsed the annual review of the implementation and effectiveness of the independence mechanism and its disclosure.
Regulatory-related	The Committee undertook the review and assessment of the following regulatory-related matters: - 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.

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.

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.

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	The Committee scrutinised and approved: • 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 CLP*e* 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	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.

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.
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.
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	The Committee reviewed and approved the 2022 and 2023 HR&RC Reports. 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.

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:

1 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.

2 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.

3 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.

4 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.

5 Ms May Siew Boi Tan was appointed as the Chairperson of the Audit & Risk Committee with effect from 28 February 2023.

6 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.

7 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.

8 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.

9 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	
		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
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 - Financial and Operational performance **HOW** it was achieved - Safety, Environmental and Internal Control performance **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	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: **WHAT** was achieved • Financial and Operational performance: Operating EPS, Operating Earnings, Return on Equity, Asset Performance and Customer Minutes Lost **HOW** it was achieved • 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 **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.

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	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. Employer contributions to the retirement fund range from 10-17.5% of Base Salary plus target annual incentive.
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	The EnergyAustralia Board determines the level of incentive at its absolute discretion considering key financial, operational, and strategic performance indicators. 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.
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	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. 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.
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	
		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
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	
		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 [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:

1 Refer to Note 1 on Base Compensation, Allowances & Benefits on page 164.

2 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.

3 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.

4 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.

5 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.

6 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.

7 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.

8 Senior Management in table of 2022 refers to the corresponding positions which are identified as Senior Management following the review undertaken in 2023.

9 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.

10 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	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	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	Chairman's Statement (page 12) CEO's Strategic Review (page 16) Delivering Our Sustainability Agenda (page 40)
4	Outlook of the Group's business	Chairman's Statement (page 12) CEO's Strategic Review (page 16)
5	An account of the Group's relationships with its key stakeholders	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	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	Energy Economy Interchange Agreement 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)	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.	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. 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.	–
	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	Zelian Hydro Station Power Purchase Agreement (PPA) Agreement entered into on 24 September 2018 with automatic renewal terms. The latest renewal was for another one-year period to 23 September 2024.	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	Supplemental Agreement to Zelian Hydro Station PPA Agreement entered into on 16 August 2019 with automatic renewal terms. The latest renewal was for another one-year period to 18 April 2024.	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	Longzhongtan Hydro Station PPA Agreement entered into on 25 December 2018 with automatic renewal terms. The latest renewal was for another one-year period to 24 December 2024.	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	Jiaoping Hydro Station PPA Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.	CLP-GHX	CSG-ZPB	CLP-GHX sells electricity to CSG-ZPB.	As in item 2.1 above	1.98
2.5	Xiazhu Hydro Station PPA Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.	CLP-GHX	CSG-ZPB	As in item 2.4 above	As in item 2.1 above	6.45
2.6	Shuixia Hydro Station PPA Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.	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	Baishuihe Four Hydro Stations PPA Agreement entered into on 28 September 2015 with automatic renewal terms. The latest renewal was for another one-year period to 27 September 2024.	Guangdong Huaiji Changxin Hydro-electric Power Company Limited (CLP-GHC) Guangdong Huaiji Gaotang Hydro-electric Power Company Limited (CLP-GHG) CLP-GHW CLP-GHX All of the above companies are subsidiaries of the Company.	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	Supplemental Agreement to Baishuihe Four Hydro Stations PPA Agreement entered into on 9 December 2020 with automatic renewal terms. The latest renewal was for another one-year period to 8 December 2024.	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	Niuqi Hydro Station PPA Agreement entered into on 26 July 2016 with automatic renewal terms. The latest renewal was for another one-year period to 25 July 2024.	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	Zelian Hydro Station (35kV Zelian Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	CLP-GHX	CSG-ZHPB	CSG-ZHPB supplies electricity to CLP-GHX as an industrial user for station consumption.	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. 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.	0.01
2.11	Longzhongtan Hydro Station (10kV Fenggan Ganyu Branch Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.01
2.12	Jiaoping Hydro Station (10kV Xiqu-I Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.12
2.13	Xiazhu Hydro Station (35kV Liangxia Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	CLP-GHX	CSG-ZHPB	As in item 2.10 above	As in item 2.10 above	0.02
2.14	Shuixia Hydro Station (110kV Shashui Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	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	Baishuihe Four Hydro Stations (110kV Feixin Line) High Voltage Electricity Supply Contract Agreement entered into on 23 December 2021 with automatic renewal terms. The latest renewal was for another one-year period to 22 December 2024.	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	Shuixia Hydro Station (10kV Zhongxia 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

	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
2.17	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 *(Project level cap for 2023 was HK$292.00 million)*					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 *(Project level cap for 2023 was HK$68.00 million)*					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	Yang_er Hydro Project High Voltage Electricity Supply Contract (10kV, for dam) Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.	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.	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. 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.	0.01
4.2	Yang_er Hydro Project High Voltage Electricity Supply Contract (10kV, for plant) Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.	Dali Yang_er	CSG Yangbi	As in item 4.1 above	As in item 4.1 above	–
4.3	Yang_er Hydro Project High Voltage Electricity Supply Contract (110kV) Agreement entered into on 23 September 2022 for a three-year period to 22 September 2025 with automatic renewals for successive three-year periods.	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	Power Exchange Sales Transactions entered into via Kunming Power Exchange Center Limited (Kunming PEC) on various dates in 2023 for electricity sales for various durations.	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	Xundian Wind Project PPA 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)	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	Xundian Wind Project High Voltage Electricity Supply Contract 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)	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	Xundian Wind Project High Voltage Electricity Supply Contract (10kV) Agreement entered into on 8 July 2019 with automatic renewal terms. The latest renewal was for another three-year period to 7 July 2025.	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	Power Exchange Sales Transactions entered into via Kunming PEC on various dates in 2023 for electricity sales for various durations.	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 *(Project level cap for 2023 was HK$191.00 million)*					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.

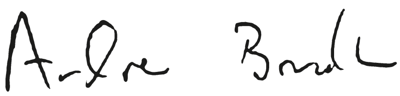
Corporate Governance

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

Financials

We aim to provide our stakeholders with a comprehensive, clear and concise view of our financial position and performance.

Contents

Approaching Our Financial Statements

The objective of financial statements is to communicate the Group's financial information to our stakeholders, especially shareholders, investors and lenders, for making economic decisions. To achieve this objective, it is always our aim to present the financial information of CLP as clearly and concisely as possible. This overview helps you understand how information is organised and presented in our financial statements. Hopefully, this will bring you a more insightful reading experience.

1

Accounting Mini-series

We believe that understanding financial statements is a right, not a privilege. To help those unfamiliar with accounting terms read our financial statements, we have developed an Accounting Mini-series to **explain topical and difficult accounting concepts in a way that is easier to understand**. A number of topics have been discussed since 2007, the content of which can be found in our website.

Read our accounting mini-series

2

Essential Financial Statements

Financial statements start with summaries of the financial position, performance and changes in resources of the Group. **These summaries are presented in three essential financial statements with different objectives as shown in the diagram**. The relationships between these statements and the interactions with the Group's stakeholders are set out in our website.

Statement of Financial Position

A snapshot taken at a point in time, of all the assets the company owns and all the claims against those assets

Assets | Liabilities + Equity

Statement of Profit or Loss and Other Comprehensive Income

Financial performance measured by recording the flow of resources over a period of time

Income | Expenses

Statement of Cash Flows

Where a company gets its cash and how it spends it

Cash Inflow | Cash Outflow

3

Material Accounting Policies

Financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). You do not need to be familiar with all the requirements of HKFRS because **the accounting policies which are material and relevant to the Group are disclosed in the financial statements**. The disclosures include specific principles and procedures selected and applied by management in preparing the financial statements, as well as the methods, measurement basis and procedures to account for the transactions.

Look for gold gradient boxes

4

Critical Accounting Estimates and Judgements

Management makes judgements and estimates in preparing the financial statements, some of which will have a significant effect on the reported results and financial position. HKAS 1 specifies that an entity shall disclose (1) the key judgements that have the most significant effect on amounts recognised; and (2) the assumptions and other sources of estimation uncertainty at period end that have a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next financial year. You should pay attention to **our disclosures under "critical accounting estimates and judgements" which help you assess CLP's financial position and performance and understand the sensitivities to changes in assumptions**.

Look for gold boxes

5

Tips & Hints

Tips & Hints are our initiatives to **facilitate you to understand the content of a particular disclosure or complicated accounting concepts or terms**.

Look for archery target

Joint Arrangements and the Accounting Implications

In today's business landscape, it is common for corporations to expand their interests by exploring new business opportunities and avenues. This expansion typically involves establishing new entities or investing in existing ones, aiming to foster business growth and seize emerging opportunities. Besides traditional investment methods such as controlling subsidiaries, influential associates, and passive equity interest investments, corporations often opt for joint arrangements to collectively pursue mutual business goals.

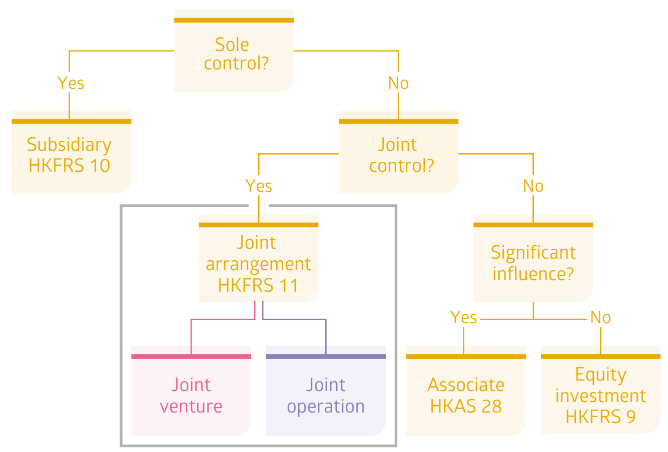
In the following section, we will provide a concise overview of joint arrangements, examine their merits and drawbacks, delve into the accounting classification of different joint arrangements - joint ventures and joint operations, explore their pertinent accounting implications, and use CLP Group's case studies to illustrate these points.

What is a joint arrangement?

A joint arrangement represents a contractual agreement between two or more parties collaborating on specific economic activities or projects. This arrangement is especially prevalent in industries demanding substantial capital investment, such as the energy and utilities sector, where CLP Group operates.

From an accounting perspective, a defining characteristic of a joint arrangement is the exercise of joint control by the involved parties. The joint control is typically established through contractual agreements or other formal arrangements. Joint control implies that decisions significantly affecting the returns of the invested entity necessitate unanimous agreement from all controlling parties involved. These distinctive elements set joint arrangements apart from other collaborative forms involving multiple investors.

Classification of equity investments



Why establish a joint arrangement?

To achieve specific commercial goals and optimise the risk and return profile of an investment, investors should understand the pros and cons of the form of investment. The following outline several significant advantages and disadvantages related to joint arrangements:

Advantages	Disadvantages
Risk Sharing Financial and operational risks are shared among the joint arrangement partners ("Partners"), thereby lessening individual exposure to financial burdens without full commitment.	**Shared Control** Decision-making often requires consensus, potentially resulting in disputes or delayed responses to market changes.
Resource and Expertise Sharing Enriching the overall capabilities as Partners contribute complementary resources, skills and expertise.	**Potential Conflicts of Interest** Partners might possess conflicting objectives or interests, straining the relationship within the joint arrangement.
Cost Efficiency Enable cost and resource sharing, operational efficiency improvements, and achieving economies of scale, resulting in cost savings.	**Limited Autonomy** The autonomy of each Partner in their respective areas of expertise may be limited.
Market Entry and Expansion Easier access to new markets and allow diversification into new industries or sectors by leveraging local Partners' knowledge and relationships.	**Profit Sharing** The division of profits may not always align with each Partner's contributions or expectations.
Specialisation Higher-quality outcomes, especially for entities within vertically integrated value chains as Partners can focus on their areas of specialisation.	**Exit Challenges** Exiting a joint arrangement can be complex, typically necessitating consensus from all or a significant majority of the Partners involved.
	Intellectual Property Concerns Protecting intellectual property contributed to the joint arrangement can be challenging when shared among Partners.

The success of a joint arrangement relies on thorough planning, clear terms and conditions, effective communication, and alignment of goals and expectations among Partners. Whether or not to utilise a joint arrangement requires a thorough examination of all relevant factors, including the benefits and costs. This determination should be made on a case-by-case basis.

How does the accounting standard prescribe joint arrangements?

Joint arrangements are prescribed by HKFRS 11, they are classified into two distinct types and with very different accounting treatments.

Joint venture

A joint venture typically involves the formation of a distinct legal entity, with each party holding an ownership interest. The Partner uses the equity method to account for its investment in a joint venture.

One line share of results on profit or loss and share of net assets on statement of financial position

If an investment is qualified as a joint venture, its financial performance and position will not undergo detailed (line-by-line) consolidation in the Partner's financial statements. Instead, its performance is reported under the share of the result of the joint venture while its position is included under interests in the joint venture in the primary statements as if a one-line consolidation. This exemplifies the application of the equity accounting method employed for the joint venture arrangement by sharing net return, and net assets or liabilities.

Ring-fencing structure

One of the key features of a joint venture would be the ring-fencing. The joint venture occurs through the establishment of a distinct legal entity, that exemplifies a ring-fencing structure, delineating asset ownership and liability obligations of the Partners from the joint venture, shielding the Partners from undue financial obligations beyond their investments. It is a protective measure to mitigate risks and ensure transparency and accountability within the joint venture structure. Should the joint venture incur any debts or legal obligations, the Partners typically hold no responsibility beyond their respective investments.

Moreover, joint venture structure helps promote transparency and clarity in operations by establishing distinct management teams and staff dedicated to its functioning. It ensures a clear delineation of responsibilities, decision-making processes, allocation of resources and prevents conflicts of interest, and facilitates effective governance.

Overall, joint venture structure helps protect the interests of Partners, providing a clear framework for operations while safeguarding assets and limiting liabilities.

Joint operation

A joint operation is a contractual arrangement in which the parties involved agree to manage specific activities or projects jointly, sharing the assets, liabilities, revenues, and expenses without forming a distinct legal entity. In a joint operation, each party retains control over their designated areas of responsibility, assets and liabilities, sharing returns based on the predetermined framework.

Line-by-line share of income, expenses, assets and liabilities as agreed

Under joint operation, each Partner recognises in its financial statements the assets, liabilities, revenues, and expenses shared from the joint operation according to the sharing mechanism sets out in the joint arrangement and complies with all relevant accounting standards. This accounting method combines the financial statements of the Partner with its share of the joint operation's details line-by-line.

In essence, joint operations enable Partners to collaborate towards achieving specific shared objectives in a project manner.

Identification of a joint arrangement

The differentiation between a joint venture and a joint operation primarily involves examining specific features as below. Thoroughly assessing these criteria helps differentiate between joint ventures and joint operations, as the classification significantly influences financial disclosures and their associated implications.

The structure of the joint arrangement

Whether it's established through **a separate legal entity**, plays a pivotal role in its classification.

It is an initial indication that the joint arrangement might be a joint venture. If there's no distinct legal entity, it won't qualify as a joint venture and automatically falls into the joint operation classification given joint control exists. However, if there exists a separate legal entity, a thorough assessment is necessary to determine whether it qualifies as a joint venture or joint operation.

A separate legal entity?

The legal and contractual framework

The **direct allocation of rights (assets) and obligations (liabilities)** through the legal framework or contractual terms significantly impacts the classification. In certain circumstances, if the Partners use the contractual arrangement to reverse or modify the rights and obligations inherent by the distinct legal form of the investee, resulting in each Partner having a specific stake in its assets and liabilities, instead of sharing the overall net assets, this could lead to a lack of distinct separation between the Partners and the investee. The modification may result in the arrangement being classified as a joint operation.

Direct allocation of assets and liabilities?

Additional facts and circumstances

When a separate legal entity exists with a clear segregation of assets and liabilities between the Partners and the investee, other factors come into consideration. These factors include examining the investee's outputs sold, its ability to sell to external parties beyond the Partners involved, pricing agreements between Partners and the investee, and the investee's business model. The purpose of considering these is to determine if, even though the legal structure and contractual agreement suggest that the arrangement is a joint venture, are there **any additional facts and circumstances that grant the Partners the majority of the economic benefits associated with the investee** or make the investee reliant on the Partners for continuously settling its obligations which might impact the classification.

Other implications

Classifying a joint arrangement as a joint venture necessitates employing equity accounting methods, resulting in a more concise presentation of the joint venture's financial performance and position in the financial statements. Could this compromise transparency or affect the clarity for stakeholders?

In some instances, establishing a joint venture might be perceived as a strategic move to optimise the financial statements by transferring both assets and more importantly, the liabilities to the joint venture, potentially improving critical financial metrics.

Nevertheless, accounting standards ensure sufficient and appropriate disclosure catering to the stakeholders, by mandating summarised financial data for significant joint ventures, an overview of financial data for less significant ones, and their related commitments and contingent liabilities in the accompanying notes. These requirements aim to provide readers with a comprehensive perspective, facilitating their decision-making process.

Applications in CLP Group

The table below lists out various joint arrangements entered into by CLP Group:

Type of joint arrangement	Business & Background	Purpose	Benefits of the joint arrangement
Joint Venture	**Hong Kong Offshore LNG Terminal** Hong Kong LNG Terminal Limited is a collaborative effort between CLP Group and The Hongkong Electric Co., Ltd ("HK Electric") which went into operation in 2023. The entity is responsible for the development, ownership, and operation of an offshore LNG terminal within Hong Kong, providing LNG regasification services and related facilities to CLP Group and HK Electric.	Support Hong Kong's energy development and bolster the region's fuel supply stability through the introduction of a new natural gas supply source.	**Cost and risk sharing** The arrangement offers the Partners the advantage of cost and risk sharing, particularly as the development, construction, and operation of an offshore LNG terminal are new scopes of business for both Partners. By entering this joint arrangement via forming a joint venture, the Partners effectively distribute risks and resources, working together to achieve their shared objective of utilising LNG for their respective electricity generation needs.
	Apraava Energy CLP Group and CDPQ strengthened their partnership, with the Canada-based global investment group progressively increasing its strategic involvement in Apraava Energy from 40% to 50% by 2022. Subsequent to the additional 10% interest in Apraava Energy being divested to CDPQ, Apraava Energy transitioned into a Joint Venture of CLP Group.	Reflect the Partners' strategic alignment and commitment on Apraava Energy, and establish a solid base for future growth during the energy transition.	**Market expansion** The completed transaction strengthens Apraava Energy's foundation to explore opportunities arising from India's decarbonisation initiatives, expanding its business boundaries. This includes investments in renewable generation, transmission, distribution, and other customer-centric energy businesses.
Joint Operation	**Argyle Street residential project** In 2017, CLP Group and Sino Land Company Limited ("Sino Land") collaborated on redeveloping CLP Group's former headquarters at Argyle Street, focusing on residential purposes, resulting in the successful completion of the project, named St. George's Mansions, which is presently in the sales phase.	Collaboratively redevelop CLP Group's previous headquarters into a residential project for sale purposes.	**Resources and expertise sharing** This collaboration showcases the primary advantages of a joint arrangement, emphasising the sharing of resources and expertise to achieve mutual objectives. CLP Group provided the strategic land location, while Sino Land contributed extensive knowledge and expertise in property development, together with the cost for redevelopment. Through this collaborative effort, they delivered a distinctive property project catering to market demands.

Joint arrangements are common to the modern business environment, each classification carrying distinct accounting implications. These require readers of the financial statements to gain a comprehensive understanding from a thorough review, including the accompanying notes. Accounting standards serve as guardians, managing the classification of these arrangements and ensuring transparent and clear financial information for stakeholders' informed assessments.

Independent Auditor's Report

To the Members of CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of CLP Holdings Limited (the "Company") and its subsidiaries (the "Group") ("the Group Financial Statements"), which are set out on pages 214 to 282, comprise:

- the Consolidated Statement of Financial Position as at 31 December 2023;
- the Consolidated Statement of Profit or Loss for the year then ended;
- the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the Material Accounting Policies, Notes to the Financial Statements and Financial Risk Management.

Our opinion

In our opinion, the Group Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Group Financial Statements of the current period. These matters were addressed in the context of our audit of the Group Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Unbilled retail revenue;
- The carrying values of EnergyAustralia's energy retail business and generation assets;
- Fixed asset accounting and the calculation of the Scheme of Control permitted return;
- Recoverability of trade receivables; and
- Asset retirement obligations (AROs).

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Unbilled retail revenue Refer to note 3 to the Group Financial Statements Retail electricity and gas revenues are recognised when electricity and gas are supplied to and consumed by the customers. Revenues are measured on the basis of periodic cycle meter readings and include an estimated accrual for the value of electricity and gas consumed from the meter reading date to the end of the reporting period. Unbilled retail revenue of the Group totalled HK$4,001 million as at 31 December 2023. CLP Power Hong Kong Limited (CLP Power) calculates unbilled revenue using estimates including: consumption quantity based on the electricity sent-out adjusted by loss factors, the pattern of residential and non-residential consumption, weather and certain other factors. EnergyAustralia Holdings Limited (EnergyAustralia) calculates unbilled retail revenue based on the electricity purchased and the applicable tariffs for the mass market customer segment, as well as the actual meter readings and the contracted rates for commercial and industrial customers. The amount is adjusted for physical energy loss and other measurable factors. This is a Key Audit Matter because the calculation of unbilled retail revenue involves a high degree of estimation.	Our procedures in relation to unbilled revenue included: - Understanding of and testing the key controls in place to determine the estimate of unbilled revenue for both CLP Power and EnergyAustralia; - Testing the volume of electricity sent-out by CLP Power to supporting information; - Assessing the reasonableness of estimates by comparing them against historical trends; - Testing the volume of electricity purchased by EnergyAustralia from the wholesale electricity market to the underlying Australian Energy Market Operator invoices on a sample basis and reconciling the total purchase volumes to revenue volumes; and - Understanding the estimates made relating to loss factors and tariffs used in determining the level of unbilled revenue for both CLP Power and EnergyAustralia and assessing their reasonableness by comparing them against historical trends and against the weighted average tariff for prices. Based on the work performed, we found that the Group's unbilled revenue amount is supported by the available evidence.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
The carrying values of EnergyAustralia's energy retail business and generation assets Refer to notes 10 and 13 to the Group Financial Statements EnergyAustralia has goodwill relating to the energy retail business in Australia. The Australian energy retail business has experienced inflation and higher interest rates, which have led to EnergyAustralia's energy retail business experiencing increased operating costs, intensified competition and decreased operating margins. The recoverable amount of EnergyAustralia's energy retail business is determined based on a value in use calculation, which did not support the carrying value. As a result the Group has taken a goodwill impairment charge of HK$5,868 million during the financial year ended 31 December 2023. Post impairment, the management consider that the carrying value of assets in the energy retail business (including remaining goodwill balance) of HK$8,086 million remains supported. The cash flow projections used in the value in use calculation are derived from EnergyAustralia's approved business plan which includes cost saving initiatives and an appropriate reflection of future cash flows from potential legislative, regulatory and structural changes in the industry. The key assumptions used in the value in use calculation include retail tariffs, electricity and gas volumes, network distribution costs, the customer account growth rate and the discount rate. This is a Key Audit Matter, because of the inputs to the value in use model require significant management judgements and a high degree of estimation. Changes in these key assumptions would have a direct impact on the valuation and resulting impairment charge.	Our procedures in relation to management's assessment of the carrying value of EnergyAustralia's energy retail business included: - Assessing the appropriateness of the valuation methodologies used in the assessment of the recoverable amount; - Reconciling input data to supporting evidence, such as the approved business plan and where possible to publicly available market data; - Challenging the reasonableness of the key assumptions based on our knowledge of the business and industry; - Assessing the discount rate used in the assessment which has included the involvement of in-house valuation experts where appropriate; - Verifying the integrity of formulae and mathematical accuracy of management's valuation model; - Assessing the potential impact of reasonably possible changes in key assumptions including possible future regulatory policy changes with respect to retail sales of electricity in Australia; and - Reviewing the appropriateness of the Group's disclosures with respect to the impairment assessment. Based on the work performed we found the impairment charge recorded for the year and the 31 December 2023 carrying value of EnergyAustralia's energy retail business is supported by the available evidence and the key assumptions have been appropriately disclosed in note 13 to the Group Financial Statements.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
The carrying values of EnergyAustralia's energy retail business and generation assets (continued) The Group has substantial investments in assets of HK$13.3 billion related to EnergyAustralia's generation business. They are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of EnergyAustralia's generation assets are supported by scenarios which are produced to reflect a range of economic conditions that may exist over the life of the assets and the expected power plant closure dates. The key assumptions included within the scenarios include an estimation of forward electricity pool prices (the forward curve), generation volumes, retail volumes, gas prices, long term assumptions around market movements, potential regulatory changes including those impacting the timing of national power plant closure dates and the impact to the useful lives of the EnergyAustralia's generation assets. Management has performed an assessment and confirmed that no impairment was required for EnergyAustralia's generation assets at 31 December 2023. This is a Key Audit Matter because critical judgements exist in estimating forward electricity pool prices, volumes, gas prices and long term market assumptions.	Our procedures in relation to management's assessment of the carrying value of EnergyAustralia's generation assets included: - Discussing EnergyAustralia's generation assets scenarios with management and understanding the key assumptions included within them; - Assessing the appropriateness of movements in the forward electricity pool prices and the gas prices, and the movements in the market inputs used in the scenarios to available observable market data, where possible; - Comparing the historical forecasted generation and retail volumes with the actual volumes; - Assessing the useful lives of EnergyAustralia's assets to the committed asset closure of the assets; - Reconciling the generation asset scenarios to the approved business plan; - Verifying the integrity of formulae and mathematical accuracy of management's valuation model; - Assessing the potential impact of possible future regulatory policy changes in Australia; and - Reviewing the appropriateness of the Group's disclosures on generation assets. Based on the work performed, we found that management's scenarios were supported by the available evidence.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Fixed asset accounting and the calculation of the Scheme of Control permitted return Refer to notes 10 and 11 to the Group Financial Statements Consolidated fixed assets and right-of-use assets were HK$160,779 million at 31 December 2023. This includes fixed assets and leasehold land relating to CLP Power and Castle Peak Power Company Limited (CAPCO) (together the SoC Companies) (SoC fixed assets) which are the base used in the calculation of the permitted return under the Scheme of Control (SoC) Agreement. The annual permitted return is 8% of the SoC Companies' average net fixed assets. If the gross tariff revenue in a period is less than or exceeds the total of the SoC operating costs, the permitted return and the taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund (TSF). In any period, the amount of deduction from or addition to the TSF is recognised as a revenue adjustment to the extent that the return and charges under the SoC are recognised in profit or loss. This is a Key Audit Matter because of the significance of the balance and its importance to the SoC Companies. The accuracy of SoC fixed asset additions, disposals and depreciation charges is important to ensure the SoC fixed asset balance is appropriate and the permitted return is calculated correctly.	Our procedures in relation to the Group's SoC fixed assets and the calculation of the SoC permitted return included: - Assessing the control environment and testing controls over SoC fixed assets additions, disposals and depreciation charges; - Testing the SoC fixed asset additions in the year to supporting evidence on a sample basis and assessing whether the items have been appropriately capitalised; - Assessing the appropriateness of SoC capital accruals made by management for large projects by agreeing assumptions to audit evidence from the vendors; - Assessing the estimated useful lives of the SoC fixed assets for compliance with the SoC; - Testing depreciation charges by performing depreciation reasonableness tests; - Obtaining management's reconciliation of SoC fixed assets from the opening balance at the beginning of the year to the closing balance at the end of the year and reconciling this to the general ledger and supporting records; - Recalculating the SoC permitted return for the year; and - Recalculating the SoC adjustment to revenue for the year. Based on the work performed, we found that the Group's SoC fixed asset accounting and the SoC permitted return calculation are supported by the available evidence.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Recoverability of trade receivables Refer to note 19 to the Group Financial Statements CLP Power and EnergyAustralia have significant retail businesses with many individual customers. The offtakers for the Group's other generation businesses are mainly a small number of state grid operators in Mainland China. The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. Expected credit losses in CLP Power are close to zero as the trade receivables are mostly secured by cash deposits or bank guarantees from customers and have no recent history of default. EnergyAustralia has trade receivables of HK$6,832 million at 31 December 2023 against which provisions for expected credit losses of HK$770 million are held. Management estimated the level of expected losses, by assessing future cash flows for each group of trade receivables including a probability weighted amount determined by evaluating a range of possible outcomes based on twelve month rolling historical credit loss experience by customer segment, geographical region, tenure and type of customer and applying that weighting to the receivables held at year end. The impact of economic factors, both current and future, is considered in assessing the likelihood of recovery from customers. As at 31 December 2023, the Group had total receivables of HK$2,426 million relating to unpaid Renewable National Subsidies in its Mainland China business. The expected credit loss is close to zero as continuous settlements have been noted with no history of default and the subsidy is funded by the Renewable Energy Development Fund set up and administered by the Ministry of Finance. This is a Key Audit Matter because of the magnitude of the trade receivables balance and the significant judgement applied in assessing the allowance for expected credit losses.	Our procedures in relation to trade receivables included: - Testing controls over the billing and collection cycles in CLP Power and EnergyAustralia; - Testing the system calculated trade receivables ageing analysis used to assess the recoverability of receivables in CLP Power and EnergyAustralia; - Assessing the appropriateness of the credit loss provisioning methodologies used by the Group; - Assessing the estimates used to determine the expected credit losses by considering cash collection performance against historical trends and assessing the reasonableness of forward-looking factors included in the expected credit loss model; - Reviewing the allocation of deposits to customer balances as a part of CLP Power's expected credit loss assessment; - Reviewing the accuracy of management's judgements by comparing historical provisions against actual write-offs; - Reviewing minutes of the boards of directors' meetings relating to the recoverability of trade receivables; and - Discussion with management to understand the nature and the judgement involved in their determination that the expected credit loss on unpaid Renewable National Subsidies is close to zero, assessing the regulatory eligibility for the Group's projects and considering subsidies collected to-date. Based on the work performed, we found that management's assessments of the recoverability of trade receivables are supported by the available evidence.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Asset retirement obligations (AROs) Refer to note 26 to the Group Financial Statements Provisions are held for estimated remediation costs, discounted to present value, where the Group has a legal or constructive obligation for remediation and the likelihood of an economic outflow is probable. Estimating the amount and timing of the obligation requires significant judgement. Management has assessed the Group's obligations for each asset based on the local regulatory environment and expected closure dates. Management's key ARO judgements are as follows: The Group's ARO provision for land remediation and decommissioning of generation assets in Australia was HK$3,544 million. The provisions are based on estimates by external and internal experts that are discounted using internally determined end of plant lives. Other significant judgements also include the timing of the asset removal and costs to remove infrastructure, remediate soil and groundwater, water usage and technological developments. CLP Power expects that its transmission and distribution network will continue to be used for the distribution of electricity supply to its customers and considers it remote that the network will be removed from the existing land sites. Therefore, AROs have not been recognised for transmission and distribution assets. CAPCO is retiring the coal-fired generation units at Castle Peak "A" Station (CPA) between 2022 to 2025. Management considers that the dismantling obligation for the CPA units is covered by the asset decommissioning liability accrued under the SoC as at 31 December 2023. No provision for AROs has been recognised for the other generation units of CAPCO as the removal of CAPCO's other fossil-fuel generation units is possible and it is expected that should such obligation be incurred, it will be met by the liability accrued and the cost recovery mechanism under the SoC. This is a Key Audit Matter because significant judgement is required in determining whether an ARO exists and estimating the amount and timing of the obligation.	Our procedures in relation to AROs included: - Assessing the appropriateness of the Group's accounting policy; - Evaluating management's judgement that it is remote that the Hong Kong transmission and distribution network would be removed from the existing land sites; it is probable that the CPA units will be removed; and it is possible but not probable that CAPCO's other fossil-fuel generation units may be removed at some point in time in the future; - Assessing management's judgements as to whether a contractual or constructive obligation exists based on the respective power purchase agreements, lease agreements, local laws and regulations and past practice; - Assessing the independence, objectivity and competence of management's external and internal experts involved in respect of the future cost estimates for those assets where a provision has been recognised; and - Testing the appropriateness of management's estimates of future costs, the timing of payments and the discount rates where management has concluded that a legal or constructive obligation exists. Based on the work performed, we found that the ARO provisions are supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the Group Financial Statements and our auditor's report thereon.

Our opinion on the Group Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit & Risk Committee for the Group Financial Statements

The directors of the Company are responsible for the preparation of the Group Financial Statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of Group Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group Financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit & Risk Committee is responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

Auditor's Responsibilities for the Audit of the Group Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group Financial Statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

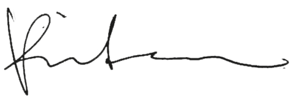
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group Financial Statements, including the disclosures, and whether the Group Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Risk Committee, we determine those matters that were of most significance in the audit of the Group Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yee Shia Yuen.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 February 2024

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

	Note	2023 HK$M	2022 HK$M
Revenue	3	**87,169**	100,662
Expenses			
Purchases and distributions of electricity and gas		**(30,825)**	(40,710)
Staff expenses		**(4,749)**	(4,668)
Fuel and other operating expenses		**(27,817)**	(41,096)
Depreciation and amortisation		**(8,594)**	(8,904)
		(71,985)	(95,378)
Other charges	4	**(5,868)**	(4,312)
Operating profit	5	**9,316**	972
Finance costs	6	**(2,139)**	(2,085)
Finance income	6	**270**	243
Share of results, net of income tax			
Joint ventures	14	**1,147**	325
Associates	15	**2,049**	2,135
Profit before income tax		**10,643**	1,590
Income tax expense	7	**(2,973)**	(103)
Profit for the year		**7,670**	1,487
Earnings attributable to:			
Shareholders		**6,655**	924
Perpetual capital securities holders		**139**	139
Other non-controlling interests		**876**	424
		7,670	1,487
Earnings per share, basic and diluted	9	**HK$2.63**	HK$0.37

The notes and disclosures on pages 220 to 282 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

	2023 HK$M	2022 HK$M
Profit for the year	**7,670**	1,487
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	**(222)**	(4,608)
Cash flow hedges	**(2,102)**	1,310
Costs of hedging	**220**	(171)
Share of other comprehensive income of joint ventures	**–**	(1)
Translation and other reserves reclassified upon sale of subsidiaries	**–**	2,505
Translation reserve reclassified upon sale of a joint venture	**–**	18
	(2,104)	(947)
Items that cannot be reclassified to profit or loss		
Fair value gains/(losses) on investments	**26**	(73)
Remeasurement (losses)/gains on defined benefit plans	**(3)**	10
	23	(63)
Other comprehensive income for the year, net of tax	**(2,081)**	(1,010)
Total comprehensive income for the year	**5,589**	477
Total comprehensive income attributable to:		
Shareholders	**4,635**	250
Perpetual capital securities holders	**139**	139
Other non-controlling interests	**815**	88
	5,589	477

The notes and disclosures on pages 220 to 282 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	2023 HK$M	2022 HK$M
Non-current assets			
Fixed assets	*10*	**152,786**	147,267
Right-of-use assets	*11*	**7,993**	7,582
Investment property	*12*	**884**	909
Goodwill and other intangible assets	*13*	**12,854**	18,451
Interests in and loans to joint ventures	*14*	**12,518**	11,748
Interests in associates	*15*	**9,380**	9,090
Deferred tax assets	*24*	**2,041**	2,132
Derivative financial instruments	*16*	**1,173**	1,943
Other non-current assets	*17*	**2,492**	2,443
		202,121	201,565
Current assets			
Inventories – stores and fuel		**3,327**	3,696
Renewable energy certificates		**1,151**	804
Properties for sale	*18*	**2,193**	2,711
Trade and other receivables	*19*	**13,650**	17,314
Fuel clause account	*21*	**328**	3,543
Derivative financial instruments	*16*	**1,077**	2,107
Short-term deposits and restricted cash	*20*	**22**	35
Cash and cash equivalents	*20*	**5,182**	4,251
		26,930	34,461
Current liabilities			
Customers' deposits	*19(a)*	**(6,880)**	(6,633)
Trade payables and other liabilities	*22*	**(20,306)**	(19,627)
Income tax payable		**(1,063)**	(1,577)
Bank loans and other borrowings	*23*	**(12,572)**	(11,314)
Derivative financial instruments	*16*	**(1,658)**	(5,310)
		(42,479)	(44,461)
Net current liabilities		**(15,549)**	(10,000)
Total assets less current liabilities		**186,572**	191,565

	Note	2023 HK$M	2022 HK$M
Financed by:			
Equity			
Share capital	*27*	**23,243**	23,243
Reserves	*28*	**79,088**	82,255
Shareholders' funds		**102,331**	105,498
Perpetual capital securities	*29*	**3,887**	3,887
Other non-controlling interests	*29*	**6,164**	6,309
		112,382	115,694
Non-current liabilities			
Bank loans and other borrowings	*23*	**44,943**	47,903
Deferred tax liabilities	*24*	**16,752**	16,246
Derivative financial instruments	*16*	**1,719**	1,405
Scheme of Control (SoC) reserve accounts	*25*	**2,643**	3,094
Asset decommissioning liabilities and retirement obligations	*26*	**5,047**	4,375
Other non-current liabilities		**3,086**	2,848
		74,190	75,871
Equity and non-current liabilities		**186,572**	191,565

The Company's statement of financial position is presented in Note 33.

Andrew Brandler
Vice Chairman

Chiang Tung Keung
Chief Executive Officer

Nicolas Tissot
Chief Financial Officer

Hong Kong, 26 February 2024

The notes and disclosures on pages 220 to 282 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Attributable to Shareholders					
	Share Capital HK$M	Reserves HK$M	Total HK$M	Perpetual Capital Securities HK$M	Other Non-controlling Interests HK$M	Total Equity HK$M
Balance at 1 January 2022	23,243	89,791	113,034	3,887	9,788	126,709
Profit for the year	–	924	924	139	424	1,487
Other comprehensive income for the year	–	(674)	(674)	–	(336)	(1,010)
Transfer to fixed assets	–	46	46	–	19	65
Sale of subsidiaries	–	–	–	–	(2,628)	(2,628)
Dividends paid						
2021 fourth interim	–	(3,057)	(3,057)	–	–	(3,057)
2022 first to third interim	–	(4,775)	(4,775)	–	–	(4,775)
Distributions to perpetual capital securities holders	–	–	–	(139)	–	(139)
Dividends paid to other non-controlling interests	–	–	–	–	(958)	(958)
Balance at 31 December 2022	23,243	82,255	105,498	3,887	6,309	115,694
Balance at 1 January 2023	23,243	82,255	105,498	3,887	6,309	115,694
Profit for the year	–	6,655	6,655	139	876	7,670
Other comprehensive income for the year	–	(2,020)	(2,020)	–	(61)	(2,081)
Transfer to fixed assets	–	30	30	–	13	43
Dividends paid						
2022 fourth interim	–	(3,057)	(3,057)	–	–	(3,057)
2023 first to third interim	–	(4,775)	(4,775)	–	–	(4,775)
Distributions to perpetual capital securities holders	–	–	–	(139)	–	(139)
Dividends paid to other non-controlling interests	–	–	–	–	(973)	(973)
Balance at 31 December 2023	**23,243**	**79,088**	**102,331**	**3,887**	**6,164**	**112,382**

The notes and disclosures on pages 220 to 282 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 HK$M	2023 HK$M	2022 HK$M	2022 HK$M
Operating activities					
Net cash inflow from operations	*30(A)*	**25,597**		13,555	
Interest received		**189**		153	
Income tax paid		**(2,219)**		(974)	
Net cash inflow from operating activities			**23,567**		12,734
Investing activities					
Capital expenditure		**(11,776)**		(14,553)	
Capitalised interest and other finance costs paid		**(601)**		(409)	
Proceeds from disposal of fixed assets		**51**		49	
Additions of other intangible assets		**(796)**		(330)	
Sale of subsidiaries		**–**		(1,245)	
Cash consideration		**–**		625	
Cash and cash equivalents disposed of		**–**		(1,870)	
Prepayment for purchase of a property		**–**		(338)	
Increase in other financial assets		**(81)**		(165)	
Increase in investments in and loans to joint ventures		**(272)**		(788)	
Proceeds from sale of a joint venture		**1,635**		–	
Dividends received from					
Joint ventures		**527**		495	
Associates		**1,830**		1,831	
Equity investments		**15**		14	
(Increase) / decrease in bank deposits with maturities of more than three months		**(4)**		57	
Net cash outflow from investing activities			**(9,472)**		(15,382)
Net cash inflow / (outflow) before financing activities			**14,095**		(2,648)
Financing activities	*30(B)*				
Proceeds from long-term borrowings		**5,744**		20,121	
Repayment of long-term borrowings		**(5,843)**		(12,782)	
(Decrease) / increase in short-term borrowings		**(1,573)**		2,957	
Payment of principal portion of lease liabilities		**(321)**		(261)	
Interest and other finance costs paid		**(1,597)**		(1,854)	
Settlement of derivative financial instruments		**(337)**		(267)	
(Decrease) / increase in advances from other non-controlling interests		**(271)**		28	
Distributions paid to perpetual capital securities holders		**(139)**		(139)	
Dividends paid to shareholders		**(7,832)**		(7,832)	
Dividends paid to other non-controlling interests		**(973)**		(958)	
Net cash outflow from financing activities			**(13,142)**		(987)
Net increase / (decrease) in cash and cash equivalents			**953**		(3,635)
Cash and cash equivalents at beginning of year			**4,251**		8,199
Effect of exchange rate changes			**(22)**		(313)
Cash and cash equivalents at end of year	*20*		**5,182**		4,251

The notes and disclosures on pages 220 to 282 are an integral part of these consolidated financial statements.

Material Accounting Policies

Material accounting policies are included in the corresponding notes to the financial statements or set out below.

1. Basis of Preparation

The Company, CLP Holdings Limited, and its subsidiaries are collectively referred to as the Group in the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and requirements of the Hong Kong Companies Ordinance (Cap.622).

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's material accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are especially significant to the consolidated financial statements, are disclosed in relevant notes to the financial statements.

2. Changes in Material Accounting Policies

(A) Amendments to standards first time adopted in 2023

There have been a number of amendments to standards effective in 2023. Amendments which are applicable to the Group include:

- Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies: require entities to disclose their material rather than significant accounting policies, and provide guidance to help entities apply materiality judgements to accounting policies disclosures;
- Amendments to HKAS 8 Definition of Accounting Estimates: clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors;
- Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction: require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amount of taxable and deductible temporary differences, such as leases and decommissioning liabilities; and
- Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules: provide a mandatory temporary relief from the requirement to recognise and disclose deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and provide disclosure requirements for the affected entities to facilitate understanding of the exposure to these rules.

The Group has applied the above amendments for the first time in 2023. The adoption of these amendments has had no significant impact on the results and financial position of the Group. The Group has not changed its material accounting policies or make retrospective adjustments as a result of adopting these amendments.

Under the international tax reform, governments are expected to implement a new global minimum tax framework on multinational enterprises (Pillar Two Model Rules). At the date of this report, the Australian and Hong Kong governments have announced to implement the rules for income years commencing on or after 1 January 2024 and 2025 respectively. The Group continues to monitor the local legislation for Hong Kong and Australia and development of Pillar Two Model Rules in other jurisdictions CLP operates and assess the potential impact.

2. Changes in Material Accounting Policies (continued)

(B) Amendments to standards and revised interpretation effective after 2023

The following amendments to standards and revised interpretation, which may be applicable to the Group, have been issued and are effective after 2023. The Group has not elected to early adopt these pronouncements in 2023. These pronouncements are not expected to have a material impact on the results or the financial position of the Group.

- Amendments to HKAS 1 Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1 Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements
- Amendments to HKAS 21 Lack of Exchangeability
- Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback
- HK Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

3. Consolidation and Equity Accounting

(A) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries up to 31 December and include the Group's interests in joint ventures and associates on the basis set out in (B) below.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries acquired during the year are included in the consolidated financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, to ensure consistency with the policies adopted by the Group, adjustments are made to the financial statements of subsidiaries, joint ventures and associates.

(B) Joint ventures and associates

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence but not control nor joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint ventures / associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of post-acquisition profit or loss and other comprehensive income, until the date on which joint control or significant influence ceases. Distributions received from an investee reduce the carrying amounts of the investments.

3. Consolidation and Equity Accounting (continued)

(C) Joint operations

A joint operation is an arrangement in which the Group has joint control (as explained in (B) above), whereby the Group has rights to the assets and obligations for the liabilities, relating to the arrangement. When the Group undertakes its activities under a joint operation, the Group as a joint operator recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of the joint operation. They are incorporated in the financial statements under appropriate headings.

(D) Change in ownership interests

Transactions with non-controlling interests that do not result in a loss of control are treated as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received, and the reattribution of other comprehensive income to non-controlling interests are recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequent accounting for the retained interest as a joint venture, associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to profit or loss. Gains or losses on disposals are recognised in profit or loss.

If the ownership interest in a joint venture or associate is reduced, it is possible that joint control or significant influence is retained or a joint venture becomes an associate. As the Group continues to apply the equity method under both cases, the retained interest is not remeasured. However, a proportionate share of the amounts previously recognised in other comprehensive income of the investment is reclassified to profit or loss where appropriate.

A quick guide to the classification of equity investments:

Control → Subsidiary
Joint control → Joint venture / joint operation
Significant influence → Associate
Less than significant influence → Equity investment

4. Inventory

Inventory comprises stores and fuel and is stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

5. Renewable Energy Products

Renewable energy and energy efficiency schemes operate through the creation, trade and surrender of energy products. Renewable energy certificates are recognised upon the risks and rewards being transferred to the Group and are measured at the lower of cost or net realisable value. Cost is calculated on a weighted average basis.

6. Retirement Benefits

The Group operates and / or participates in a number of defined contribution plans and defined benefits plans for its employees, the assets of which are held independently of the Group's assets in trustee-administered funds.

The Group's contributions to the defined contribution plans are charged to the consolidated statement of profit or loss in the year to which the contributions relate.

The Group, through its subsidiaries, operates funded defined benefit plans for qualifying employees in Australia. Under the plans, the employees are entitled to lump sum benefits on retirement, death, disablement and withdrawal. The level of benefits provided depends on employees' years of service and final average salary. Plan assets held in trusts are governed by local regulations and practice.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit actuarial valuation method. Past service costs are recognised immediately in profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

The defined benefit asset recognised in the consolidated statement of financial position represents the surplus of the fair value of plan assets over the present value of the defined benefit obligation at the end of the reporting period.

7. Foreign Currency Translation

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollar, which is the Group's presentation currency.

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies by using the exchange rates at the end of the reporting period are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

For subsidiaries, joint ventures and associates that have a functional currency different from the Group's presentation currency for the purpose of consolidation, assets and liabilities for each statement of financial position presented are translated using the closing rates at the end of the reporting period, and income and expenses for each statement of profit or loss and other comprehensive income presented are translated at the average exchange rates for the reporting period (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions). All resulting exchange differences are recognised in other comprehensive income and as a separate component of equity. Reclassifications of gains or losses previously recognised in other comprehensive income to profit or loss are translated by using the exchange rate at the date of reclassification. The remaining reserve balances are translated using the closing rates at the end of the reporting period. Any exchange differences arising from these are taken to retained profits directly.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rates at the end of the reporting period.

Upon disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary / loss of joint control over a joint venture / loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

7. Foreign Currency Translation (continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in a joint venture or associate that do not result in the Group losing joint control or significant influence) the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Monetary assets and liabilities are assets to be received and liabilities to be paid in fixed amounts. For example, a trade receivable is a monetary asset (the amount to be received is fixed) but a fixed asset is not a monetary asset because it is uncertain how much you will receive if the fixed asset is sold.

An entity can have both functional currency and presentation currency, however, a consolidation group can only have presentation currency but not functional currency. This is because presentation currency is a matter of choice but functional currency is based on the different primary economic environment in which each group entity operates.

1. General Information

The Company is a limited liability company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. The principal activity of the Company is investment holding, and the principal activities of the subsidiaries are generation and supply of electricity in Hong Kong, Mainland China and Australia, and investment holding of power projects in Mainland China, India, and Taiwan Region and Thailand.

The financial operations of the Company's major subsidiaries, CLP Power Hong Kong Limited (CLP Power) and Castle Peak Power Company Limited (CAPCO) (collectively referred to as SoC Companies), are governed by a SoC Agreement entered into with the Hong Kong Government. Our electricity business in Hong Kong is therefore also referred to as the SoC business. The main features of the current SoC are summarised on pages 283 and 284, which are unaudited.

The consolidated financial statements were approved for issue by the Board of Directors on 26 February 2024.

2. Segment Information

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is the chief operating decision-maker of the Group. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on geographical regions.

Segment revenue is based on the geographical region in which the electricity is generated and/or services are rendered. Segment capital additions represent the total costs incurred during the year to acquire fixed assets and other segment assets that are expected to be used for more than one year. Unallocated items comprise mainly corporate expenses, corporate assets, and the Company's liquid funds and borrowings.

Substantially all the principal activities of the Group in each region are for the generation and supply of electricity which are managed and operated on an integrated basis.

The Group operates, through its subsidiaries, joint ventures and associates, in five major geographical regions – Hong Kong, Mainland China, Australia, India, and Taiwan Region and Thailand.

2. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	Australia HK$M	India (Note 4(b)) HK$M	Taiwan Region and Thailand HK$M	Unallocated Items HK$M	Total HK$M
For the year ended 31 December 2023							
Revenue from contracts with customers	51,980	1,782	33,102	–	3	1	86,868
Other revenue	139	64	88	–	–	10	301
Revenue	52,119	1,846	33,190	–	3	11	87,169
EBITDAF	18,165	1,369	(3,561)	(14)	(6)	(1,083)	14,870
Share of results, net of income tax							
Joint ventures	(21)	234	–	619	315	–	1,147
Associates	–	2,049	–	–	–	–	2,049
Consolidated EBITDAF	18,144	3,652	(3,561)	605	309	(1,083)	18,066
Depreciation and amortisation	(5,439)	(825)	(2,281)	–	–	(49)	(8,594)
Fair value movements	(14)	–	3,054	–	–	–	3,040
Finance costs	(1,428)	(209)	(477)	–	–	(25)	(2,139)
Finance income	159	14	23	6	–	68	270
Profit/(loss) before income tax	11,422	2,632	(3,242)	611	309	(1,089)	10,643
Income tax expense	(1,911)	(379)	(670)	(11)	(2)	–	(2,973)
Profit/(loss) for the year	9,511	2,253	(3,912)	600	307	(1,089)	7,670
Earnings attributable to							
Perpetual capital securities holders	(139)	–	–	–	–	–	(139)
Other non-controlling interests	(868)	(8)	–	–	–	–	(876)
Earnings/(loss) attributable to shareholders	8,504	2,245	(3,912)	600	307	(1,089)	6,655
Excluding: Items affecting comparability	(87)	115	5,868	(299)	–	–	5,597
Operating earnings	8,417	2,360	1,956	301	307	(1,089)	12,252
Capital additions	11,491	759	3,062	–	–	90	15,402
Impairment provisions							
Fixed assets	–	85	–	–	–	–	85
Goodwill and other intangible assets	12	–	5,868	–	–	–	5,880
Receivables and others	18	–	237	–	–	–	255
At 31 December 2023							
Fixed assets, right-of-use assets and investment property	137,930	9,107	14,523	–	–	103	161,663
Goodwill and other intangible assets	5,935	3,124	3,688	–	–	107	12,854
Interests in and loans to joint ventures	2,097	5,021	–	3,510	1,890	–	12,518
Interests in associates	–	9,380	–	–	–	–	9,380
Deferred tax assets	2	49	1,990	–	–	–	2,041
Other assets	10,213	4,848	13,200	29	59	2,246	30,595
Total assets	156,177	31,529	33,401	3,539	1,949	2,456	229,051
Bank loans and other borrowings	47,835	5,025	4,655	–	–	–	57,515
Current and deferred tax liabilities	16,592	1,165	26	1	31	–	17,815
Other liabilities	27,531	1,051	12,188	2	2	565	41,339
Total liabilities	91,958	7,241	16,869	3	33	565	116,669

EBITDAF stands for earnings before interest, taxes, depreciation and amortisation, and fair value movements. For this purpose, fair value movements include fair value gains or losses on non-debt related derivative financial instruments relating to transactions not qualified for hedge accounting, ineffectiveness and discontinuation of cash flow hedges.

2. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	Australia HK$M	India (Note 4(b)) HK$M	Taiwan Region and Thailand HK$M	Unallocated Items HK$M	Total HK$M
For the year ended 31 December 2022							
Revenue from contracts with customers	51,638	1,824	41,778	1,320	4	–	96,564
Other revenue	138	53	61	3,833	–	13	4,098
Revenue	51,776	1,877	41,839	5,153	4	13	100,662
EBITDAF	17,541	1,260	(695)	(2,887)	(6)	(1,087)	14,126
Share of results, net of income tax							
Joint ventures	(21)	327	–	–	19	–	325
Associates	–	2,135	–	–	–	–	2,135
Consolidated EBITDAF	17,520	3,722	(695)	(2,887)	13	(1,087)	16,586
Depreciation and amortisation	(5,388)	(814)	(2,368)	(283)	–	(51)	(8,904)
Fair value movements	(54)	–	(4,196)	–	–	–	(4,250)
Finance costs	(973)	(245)	(345)	(498)	–	(24)	(2,085)
Finance income	136	9	34	46	–	18	243
Profit/(loss) before income tax	11,241	2,672	(7,570)	(3,622)	13	(1,144)	1,590
Income tax (expense)/credit	(1,893)	(356)	2,303	(155)	(2)	–	(103)
Profit/(loss) for the year	9,348	2,316	(5,267)	(3,777)	11	(1,144)	1,487
Earnings attributable to							
Perpetual capital securities holders	(139)	–	–	–	–	–	(139)
Other non-controlling interests	(848)	(9)	–	433	–	–	(424)
Earnings/(loss) attributable to shareholders	8,361	2,307	(5,267)	(3,344)	11	(1,144)	924
Excluding: Items affecting comparability	(23)	185	–	3,537	–	–	3,699
Operating earnings	8,338	2,492	(5,267)	193	11	(1,144)	4,623
Capital additions	12,283	588	2,335	620	–	29	15,855
Impairment provisions							
Receivables and others	13	30	195	27	–	–	265
At 31 December 2022							
Fixed assets, right-of-use assets and investment property	132,791	9,158	13,628	–	–	181	155,758
Goodwill and other intangible assets	5,545	3,396	9,510	–	–	–	18,451
Interests in and loans to joint ventures	1,910	5,138	–	3,106	1,594	–	11,748
Interests in associates	–	9,090	–	–	–	–	9,090
Deferred tax assets	3	83	2,046	–	–	–	2,132
Other assets	14,446	6,510	16,489	632	72	698	38,847
Total assets	154,695	33,375	41,673	3,738	1,666	879	236,026
Bank loans and other borrowings	48,559	5,531	5,127	–	–	–	59,217
Current and deferred tax liabilities	16,586	1,191	14	–	32	–	17,823
Other liabilities	26,856	931	15,002	3	2	498	43,292
Total liabilities	92,001	7,653	20,143	3	34	498	120,332

Items affecting comparability refer to significant unusual events such as acquisition/disposal, impairment of non-current assets, property valuation gain/loss, legal disputes, change in law and natural catastrophe. They have no impact in assessing the underlying operating performance of the Group and are separately disclosed to allow a better understanding and comparison of the financial results. Details of the items affecting comparability can be found on page 32.

3. Revenue

Accounting Policy

(A) Revenue from contracts with customers

Revenues from sales of electricity and gas are recognised when electricity and gas are supplied to and consumed by the customers. Revenues are measured at the amounts billed to the customers based on the periodic cycle meter readings and the estimated accruals for the value of electricity and gas consumed from the meter reading date to the end of the reporting period ("unbilled revenue").

(B) Revenue from sales of properties

Revenue from sales of properties is recognised when the control of asset is transferred to the customer, being at the point in time the physical possession or the legal title of the completed property, and the Group has present right to payment and the collection of the consideration is probable.

Critical Accounting Estimates and Judgements: Unbilled Retail Revenue

The Group records revenues from retail energy sales using the accrual accounting method. In Hong Kong, the unbilled retail revenue is calculated using estimates including consumption quantity based on electricity sent-out adjusted by loss factors, pattern of residential and non-residential consumption, weather and certain other factors. In Australia, the unbilled retail revenue is calculated based on the electricity purchased and applicable tariffs for the mass market customers, as well as actual meter readings and contracted rates for commercial & industrial customers. The amount is adjusted for physical energy loss and other measurable factors. Unbilled retail revenue of the Group (included in trade and other receivables) totalled HK$4,001 million at 31 December 2023 (2022: HK$3,470 million).

The Group's revenue primarily represents sales of electricity and gas, which is recognised over time, and is disaggregated as follows:

	2023 HK$M	2022 HK$M
Revenue from contracts with customers		
Sales of electricity in Hong Kong	**50,288**	50,919
Transfer for SoC to/(from) revenue (Note 25(A))	**48**	(604)
SoC sales of electricity	**50,336**	50,315
Sales of electricity outside Hong Kong	**28,828**	39,186
Sales of gas in Australia	**5,862**	5,183
Sales of properties in Hong Kong	**645**	421
Others	**1,197**	1,459
	86,868	96,564
Other revenue		
Power purchase agreements		
Fixed capacity charge	**–**	400
Variable capacity charge	**–**	275
Energy charge	**–**	3,087
Others	**301**	336
	301	4,098
	87,169	100,662

4. Other Charges

	2023 HK$M	2022 HK$M
Impairment of energy retail goodwill in Australia [(a)]	**5,868**	–
Loss on sale of subsidiaries [(b)]	**–**	4,312
	5,868	4,312

Notes:

(a) The energy retail market in Australia is experiencing several changes, most notably over the second half of 2023. Energy retail business of EnergyAustralia Holdings Limited (EnergyAustralia) was affected by adverse energy retail market trends, notably, margins have suffered from increased supply costs, intensifying competition and higher interest rates have also negatively impacted the discount rate.

As a result of the factors outlined above, an assessment of the value in use of the energy retail cash generating unit (CGU) was performed to determine the recoverable amount. The recoverable amount did not support the carrying value of the energy retail CGU at 31 December 2023. As a result, the Group has recognised an impairment on the energy retail goodwill of HK$5,868 million (A$1,103 million) in the profit or loss. The recoverable amount of the energy retail CGU with further information was disclosed in Note 13.

(b) Upon entering into an agreement to sell 10% shareholding in Apraava Energy Private Limited (Apraava Energy), Apraava Energy was presented as a disposal group held for sale at 30 June 2022 and losses of HK$1,635 million on measurement of the disposal group were recognised. A disposal loss of HK$2,677 million was further recognised upon the completion of the transaction in late December 2022, resulting in the total loss of HK$4,312 million. Apraava Energy then ceased to be a subsidiary and became a joint venture of the Group.

5. Operating Profit

Operating profit is stated after charging/(crediting) the following:

	2023 HK$M	2022 HK$M
Charging		
Retirement benefits costs [a]	**484**	473
Auditors' remuneration		
Audit services		
PricewaterhouseCoopers	**42**	42
Other auditor [b]	**–**	3
Permissible audit related and non-audit services		
PricewaterhouseCoopers [c]	**8**	12
Other auditor [b]	**–**	–
Variable lease expenses	**43**	21
Cost of properties sold	**510**	325
Net losses on disposal of fixed assets	**393**	241
Impairment of		
Fixed assets [d]	**85**	–
Other intangible assets	**12**	–
Inventories – stores and fuel	**9**	10
Trade receivables	**246**	255
Revaluation loss on investment property	**25**	57
Loss on sale of a joint venture [e]	**–**	185
Fair value losses on investments at fair value through profit or loss	**164**	13
Crediting		
Rental income from investment property	**(26)**	(26)
Dividends from equity investments	**(15)**	(14)
Net fair value (gains)/losses on non-debt related derivative financial instruments		
Cash flow hedge		
Reclassified from cash flow hedge reserve and cost of hedging reserve to		
Purchases and distributions of electricity and gas	**(392)**	(1,693)
Fuel and other operating expenses	**(1,316)**	(1,691)
Ineffectiveness of cash flow hedge	**(11)**	(52)
Not qualified for hedge accounting	**(1,760)**	5,606
Net exchange (gains)/losses	**(51)**	373

Notes:

(a) Retirement benefits costs for the year amounted to HK$655 million (2022: HK$630 million), of which HK$167 million (2022: HK$157 million) was capitalised.

(b) The 2022 amounts represented the fees charged by KPMG India, the statutory auditor of Apraava Energy, during the period from 1 January 2022 to the date of disposal of Apraava Energy.

(c) Permissible audit related and non-audit services provided by PricewaterhouseCoopers comprised Sustainability Report limited assurance, Continuing Connected Transactions limited assurance, limited assurance over regulatory reviews and reporting, audits of CLP's provident funds, auditor's attestation and other advisory services.

(d) Triggered by reduction in utilisation hours of Dali Yang_er Hydro Power Station (Dali Yang_er), which was resulted from dry weather and increased upstream water usage, and continuous low tariff, an impairment provision for fixed assets of HK$85 million was recognised in 2023.

(e) In November 2022, the Group completed the sale of its entire 70% interest in CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang) and a loss of HK$185 million was recognised.

6. Finance Costs and Income

Accounting Policy

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent that they are capitalised when they are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use.

	2023 HK$M	2022 HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	**1,143**	920
Other borrowings	**1,090**	1,143
Tariff Stabilisation Fund [(a)]	**114**	40
Customers' deposits and others	**47**	5
Lease liabilities	**49**	47
Net fair value changes on debt related derivative financial instruments		
Cash flow hedge		
Reclassified from cash flow hedge reserve	**158**	453
Reclassified from cost of hedging reserve	**(30)**	(21)
Ineffectiveness of cash flow hedges	**(14)**	3
Fair value hedge		
Net fair value (gains) / losses	**(54)**	571
Reclassified from cost of hedging reserve	**(1)**	14
Ineffectiveness of fair value hedges	**13**	14
Not qualified for hedge accounting	**9**	(22)
Net fair value losses / (gains) on hedged items in fair value hedges	**54**	(571)
Net exchange gains	**(83)**	(296)
Finance charges	**258**	251
	2,753	2,551
Less: amount capitalised [(b)]	**(614)**	(466)
	2,139	2,085
Finance income		
Interest income on		
Bank deposits	**108**	95
Loans to joint ventures and others	**162**	148
	270	243

Notes:

(a) In accordance with the provisions of the SoC Agreement, CLP Power is required to credit, to a Rate Reduction Reserve in its financial statements, a charge of the average of one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund (Note 25(B)).

(b) Finance costs of the Group's general borrowings have been capitalised at average interest rates of 2.85% – 3.82% (2022: 2.86% – 4.47%) per annum.

7. Income Tax Expense

Income tax in the consolidated statement of profit or loss represents the income tax of the Company and subsidiaries and is analysed below:

	2023 HK$M	2022 HK$M
Current income tax expense	**1,709**	1,649
Deferred tax expense/(credit)	**1,264**	(1,546)
	2,973	103

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year. Income tax on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2023 HK$M	2022 HK$M
Profit before income tax	**10,643**	1,590
Less: Share of results of joint ventures and associates, net of income tax	**(3,196)**	(2,460)
	7,447	(870)
Calculated at an income tax rate of 16.5% (2022: 16.5%)	**1,229**	(144)
Effect of different income tax rates in other countries	**556**	(805)
Income not subject to tax	**(142)**	(103)
Expenses not deductible for tax purposes	**1,321**	1,097
Revenue adjustment for SoC not subject to tax	**(8)**	100
Tariff rebates deductible for tax purposes	**(45)**	(118)
Under-provision in prior years	**3**	59
Tax losses not recognised	**29**	17
Write-off of deferred tax assets	**30**	–
Income tax expense	**2,973**	103

8. Dividends

	2023		2022	
	HK$ per Share	HK$M	HK$ per Share	HK$M
First to third interim dividends paid	**1.89**	**4,775**	1.89	4,775
Fourth interim dividend declared	**1.21**	**3,057**	1.21	3,057
	3.10	**7,832**	3.10	7,832

At the Board meeting held on 26 February 2024, the Directors declared the fourth interim dividend of HK$1.21 per share (2022: HK$1.21 per share). The fourth interim dividend is not reflected as a dividend payable in the financial statements.

9. Earnings per Share

The earnings per share are computed as follows:

	2023	2022
Earnings attributable to shareholders (HK$M)	**6,655**	924
Weighted average number of shares in issue (thousand shares)	**2,526,451**	2,526,451
Earnings per share (HK$)	**2.63**	0.37

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the years ended 31 December 2023 and 2022.

10. Fixed Assets

Accounting Policy

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the fixed asset. Cost may also include transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of fixed assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For any asset replacement, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the period in which they are incurred.

Depreciation of fixed assets is calculated, using the straight-line method, to allocate their costs to their estimated residual values over their estimated useful lives. The estimated useful lives of the fixed assets are set out below:

	SoC fixed assets	Non-SoC fixed assets
Freehold land	not applicable	not depreciable
Cable tunnels	100 years	30 years
Buildings and civil structures at power stations	35 years	20 – 50 years
Ash lagoon	35 years	20 – 40 years
Other buildings and civil structures	60 years	10 – 30 years
Generating plants	25 – 50 years*	20 – 41 years
Overhead lines (33kV and above)	60 years	20 years
Overhead lines (below 33kV)	45 years	18 – 20 years
Cables	60 years	not applicable
Switchgear and transformers	50 years	15 – 20 years
Substation miscellaneous	25 years	20 years
Meters	15 years	10 years
Other equipment, furniture and fittings, motor vehicles and marine crafts	5 – 10 years	2 – 10 years

* Useful lives of certain generating plants have been extended by 10 – 25 years after mid-life refurbishments

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. For plant under construction, no depreciation is provided until the construction is completed and the assets are ready for their intended use. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

10. Fixed Assets (continued)

Critical Accounting Estimates and Judgements

(A) Assessment of the Carrying Value of Generation Assets in Australia

Given continued changes in the National Electricity Market (NEM) in Australia and changes in the supply and demand equilibrium, risk is introduced in market modelling which heightens the criticality of this judgement area. As part of making these critical judgements, risks do exist in the assumptions made around supply and demand with regard to our generation assets in Australia. In certain circumstances, where demand expectations and supply side responses vary substantially from the assumptions made, particularly in regards to the transition to renewable energy sources and uses, significant changes in the value of the assets could eventuate. The NEM is highly sensitive to a variety of factors such as government intervention and expected power plant closure dates. There has been no change in expected closure dates of our generation assets during 2023.

EnergyAustralia aims to address the enormous challenges associated with climate change and is committed to Australia's transition to net zero emissions with cleaner, reliable and affordable energy for customers. EnergyAustralia is transforming its generation portfolio, investing in cleaner forms of energy, while helping customers to reduce their own emissions. When determining whether the carrying value of the generation assets is supportable, scenarios are produced which reflect a range of economic conditions that may exist over the life of the assets. The scenarios consider a broad range of outcomes including expected power plant closure dates, renewable generation, emissions reduction trajectories, potential regulatory changes including those impacting the timing of national power plant closure dates and the impact to the useful lives of our generation assets in Australia. The scenarios are then considered in terms of likelihood to arrive at management's best estimate.

Key estimates and assumptions for assessing the carrying value of the generation assets are as follows:

- Critical judgement exists in estimating forward electricity pool prices (the forward curve), generation volumes, retail volumes, gas prices and long-term assumptions around market movements and growth rates.
- Operating costs are escalated by relevant cost drivers using activity-based costing principles. Significant uncertainties exist around fuel supply and non-contracted fuel costs are based on management's estimate of future fuel supply expectation and prices.

The assessment concluded that the carrying value of generation assets (HK$13.3 billion) was supported by future cash flows. Management particularly considers the generation CGU to be highly sensitive to a change in expected long-term wholesale prices, which interplay with coal supply and expected power plant closure dates. The Group will continually assess the carrying value of the generation assets as the market and the Group transition towards a cleaner energy future.

(B) Assessment of the Carrying Values of Fixed Assets and Right-of-use Assets in Other Regions

The Group has also made substantial investments in fixed assets and right-of-use assets (mainly leasehold land and land use rights) in other regions. The Group conducts impairment reviews of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Determining whether an asset or a CGU should be impaired requires an estimation of the recoverable amount, which requires the Group to estimate the future cash flows, a growth rate (that reflects the economic environments in which the Group operates) and a pre-tax discount rate (that reflects the current market assessments of the time value of money and the risks specific to the asset, inclusive of climate change impact) in order to calculate the present value. Where the present value of the expected cash flows is less than the asset's carrying amount, an impairment loss may arise. During 2023, after reviewing the business environment as well as the Group's strategies and past performance of the investments, management concluded that there was no indicator of impairment of fixed assets and right-of-use assets except for Dali Yang_er (Note 5(d)).

10. Fixed Assets (continued)

Fixed assets included assets under construction with book value of HK$20,417 million (2022: HK$19,580 million). The movements during the year are set out below:

	Freehold Land HK$M	Buildings HK$M	Plant, Machinery and Equipment HK$M	Total HK$M
Net book value at 1 January 2022	1,108	22,408	130,542	154,058
Additions	3	1,708	12,853	14,564
Transfers and disposals	–	(32)	(288)	(320)
Depreciation	–	(828)	(7,019)	(7,847)
Loss on measurement of disposal group upon reclassification	–	(170)	(1,452)	(1,622)
Reclassification to assets of disposal group	(753)	(378)	(8,154)	(9,285)
Exchange differences	(62)	(275)	(1,944)	(2,281)
Net book value at 31 December 2022	296	22,433	124,538	147,267
Cost	374	38,086	232,606	271,066
Accumulated depreciation and impairment	(78)	(15,653)	(108,068)	(123,799)
Net book value at 31 December 2022	296	22,433	124,538	147,267
Net book value at 1 January 2023	296	22,433	124,538	147,267
Additions	–	1,432	12,309	13,741
Transfers and disposals	–	(31)	(453)	(484)
Depreciation	–	(881)	(6,688)	(7,569)
Impairment charge (Note 5(d))	–	(85)	–	(85)
Exchange differences	2	(44)	(42)	(84)
Net book value at 31 December 2023	**298**	**22,824**	**129,664**	**152,786**
Cost	376	39,363	243,206	282,945
Accumulated depreciation and impairment	(78)	(16,539)	(113,542)	(130,159)
Net book value at 31 December 2023	**298**	**22,824**	**129,664**	**152,786**

11. Right-of-Use Assets

Accounting Policy

The Group as a lessee recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

The Group has lease contracts for land and buildings and various items of plant, machinery and equipment used in its operations. The movements during the year are set out below:

	Leasehold Land [a] HK$M	Buildings [b] HK$M	Plant, Machinery and Equipment [b] HK$M	Total HK$M
Net book value at 1 January 2022	5,864	618	648	7,130
Additions	878	84	(1)	961
Transfers and disposals	–	(12)	–	(12)
Depreciation	(202)	(98)	(52)	(352)
Reclassification to assets of disposal group	(47)	–	–	(47)
Exchange differences	(18)	(38)	(42)	(98)
Net book value at 31 December 2022	6,475	554	553	7,582
Net book value at 1 January 2023	6,475	554	553	7,582
Additions	352	20	411	783
Depreciation	(211)	(103)	(62)	(376)
Exchange differences	(8)	–	12	4
Net book value at 31 December 2023	**6,608**	**471**	**914**	**7,993**

Notes:

(a) Leasehold land represents lease payments, including land premium, on lease of land with the tenure of 20 to 150 years.

(b) The Group has leased several assets including a water treatment plant, battery storage facilities and offices. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Tenures of the leases range from 1 to 24 years.

12. Investment Property

Accounting Policy

Investment property includes property that is being constructed or developed for future use as an investment property. Land held under an operating lease is accounted for as an investment property when the rest of the definition of an investment property under the accounting standard is met. Investment property is measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment property is measured at fair value, unless it is still in the course of construction or development at the end of the reporting period and its fair value cannot be reliably measured at that time. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Any gains and losses arising from changes in the fair value or from the retirement or disposal of an investment property are recognised in profit or loss in the period in which they arise.

12. Investment Property (continued)

	2023 HK$M	2022 HK$M
At 1 January	**909**	966
Revaluation loss	**(25)**	(57)
At 31 December	**884**	909

Investment property represents the commercial interest of the retail portion of the Laguna Mall in Hong Kong, which is leased out by the Group under operating leases.

Investment property was valued by Cushman & Wakefield Limited (Cushman), an independent qualified valuer, who holds recognised relevant professional qualifications and has recent experience in the locations and segments of the investment property valued.

Cushman has valued the property at 31 December 2023 by using the income capitalisation approach, cross-referenced with comparable market transactions. The income capitalisation approach is based on the capitalisation of the existing rental / licence income and potential reversionary income over the remaining tenure of the property from the date of valuation at appropriate capitalisation rates that by reference to the yields achieved in analysed market sales transactions and as expected by investors. The significant unobservable input is the capitalisation rates adopted for the valuation which are ranging from 4.00% to 4.25% (2022: 3.90% to 4.15%). The fair value is negatively correlated to the capitalisation rate.

The fair value measurement of the Group's investment property is categorised within Level 3 of the fair value hierarchy at 31 December 2023 and 2022.

13. Goodwill and Other Intangible Assets

Accounting Policy

(A) Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken at least annually or if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and cannot be subsequently reversed.

(B) Other intangible assets

Intangible assets other than goodwill are measured initially at cost or, if acquired in a business combination, fair value at the acquisition date. An intangible asset with a finite useful life is amortised on a straight-line basis over its useful life and carried at cost less accumulated amortisation and accumulated impairment losses.

13. Goodwill and Other Intangible Assets (continued)

Critical Accounting Estimates and Judgements: Goodwill Impairment

The recoverable amounts of CGUs with allocated goodwill are determined based on value in use calculations, using cash flow projections derived from the approved business plan which has considered committed cost optimisation initiatives, and a forecast covering a period of ten years, and application of a discounted terminal value. Projections for a period of greater than five years have been used on the basis that a longer projection period represents the long-dated nature of our generation and electricity supply assets and a more appropriate reflection of future cash flows from potential legislative, regulatory and structural changes in the industry.

Energy retail business in Australia

As disclosed in Note 4(a), an impairment on energy retail goodwill of HK$5,868 million (A$1,103 million) has been recognised in the profit or loss. Subsequent to this impairment, the recoverable amount of the energy retail CGU is equal to its carrying value at the impairment assessment date of HK$8,086 million (A$1,520 million).

Key assumptions for value in use calculations

The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting gross margin, number of customer accounts and discount rates.

The assumptions impacting gross margin include:

- Retail tariffs are sensitive to regulatory changes including regulation and deregulation, and based on management estimates and expectations of current and expected market conditions arising from known and potential regulatory outcomes.
- Electricity and gas volumes for purchases and sales in the short term represent the internal forecast projections. External information is used to verify and align internal estimates.
- Electricity and gas network (transmission and distribution) cost assumptions are based on published regulated prices. When no estimates are available, network costs are assumed to escalate by the relevant consumer price index.
- Electricity pool prices, generation volumes, dispatch levels and gas prices were derived using modelling of the electricity and gas wholesale markets. NEM modelling is prepared internally using, where possible, observable inputs. The modelling used for the electricity and gas markets is based on experience and observable market activity.

Other assumptions include:

- The cash flow projections are discounted using a pre-tax discount rate of 11.3% (2022: 11.0%). The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.
- A long-term growth rate of 2.5% (2022: 2.5%) is applied in the terminal value calculation beyond a period of ten years of cash flows.

13. Goodwill and Other Intangible Assets (continued)

Critical Accounting Estimates and Judgements: Goodwill Impairment (continued)

Energy retail business in Australia (continued)

Sensitivity analysis for the energy retail CGU valuation

Both retail tariffs and customer account growth assumptions are judgemental and have a direct impact on the CGU valuation. Movements in discount rates, whilst driven by different assumptions, would also have an impact.

- A 5% decrease in long-term gross margin would decrease the recoverable amount by HK$1,383 million (A$260 million).
- A 1% decrease in long-term annual customer growth rate would decrease the recoverable amount by HK$1,373 million (A$258 million).
- An increase in the discount rate of 0.1% would decrease the recoverable amount by HK$154 million (A$29 million).

These sensitivities are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Hong Kong electricity business

The key assumptions used in the value in use calculations are as follows:

- Goodwill arising from the acquisition of CAPCO has been allocated to CLP Power and CAPCO as a combined CGU as the acquisition is considered beneficial to the whole SoC business.
- The electricity tariff for the supply of electricity in meeting the demand of customers in Hong Kong over the forecast periods is determined with reference to the rate-setting mechanism under the SoC.
- The forecast for electricity demand is based on the load forecast to support local infrastructure development and meeting customer load requirements, maintaining safety and supply reliability, and meeting environmental requirements.
- Expenditures for the supply of electricity in meeting the forecast demand are based on committed purchase contracts where applicable, and inputs on cost trend specific to the electricity business in Hong Kong. Such forecast aligns with the projection in the Business Plan for our Hong Kong electricity business, with capital expenditures up to 2028 aligned with those forecasted in the approved Development Plan.
- Terminal value of the CGU is adopted to estimate the cash flows to be generated for the periods beyond ten years. This is expressed as a multiple of net asset values which corresponds to our return model based on fixed assets investment. The terminal value is a multiple of 1.2 times of the net asset values forecasted at the end of 2033.
- The cash flow projections are discounted using a pre-tax discount rate of 9.75% (2022: 9.69%), or a post-tax return of 8.00% (2022: 8.00%) which reflects the SoC return rate applicable to the electricity business in Hong Kong.

Up to the date of this report, there were no reasonably possible changes in any of the key assumptions mentioned above that would have caused the recoverable amount of this CGU to be less than its carrying value.

13. Goodwill and Other Intangible Assets (continued)

	Goodwill [a] HK$M	Capacity Right [b] HK$M	Others HK$M	Total HK$M
Net carrying value at 1 January 2022	14,491	3,638	1,581	19,710
Additions	–	4	326	330
Write-offs	–	–	(185)	(185)
Amortisation	–	(280)	(425)	(705)
Loss on measurement of disposal group upon reclassification	(13)	–	–	(13)
Exchange differences	(590)	–	(96)	(686)
Net carrying value at 31 December 2022	13,888	3,362	1,201	18,451
Cost	20,174	5,747	5,683	31,604
Accumulated amortisation and impairment	(6,286)	(2,385)	(4,482)	(13,153)
Net carrying value at 31 December 2022	13,888	3,362	1,201	18,451
Net carrying value at 1 January 2023	13,888	3,362	1,201	18,451
Additions	–	9	869	878
Amortisation	–	(282)	(367)	(649)
Impairment charge (Note 4(a))	(5,868)	–	(12)	(5,880)
Exchange differences	50	–	4	54
Net carrying value at 31 December 2023	**8,070**	**3,089**	**1,695**	**12,854**
Cost	20,263	5,756	5,656	31,675
Accumulated amortisation and impairment	(12,193)	(2,667)	(3,961)	(18,821)
Net carrying value at 31 December 2023	**8,070**	**3,089**	**1,695**	**12,854**

Notes:

(a) Goodwill mainly arose from the acquisitions of energy retail business in Australia of HK$2,493 million (2022: HK$8,310 million) and the acquisition of CAPCO under Hong Kong electricity business of HK$5,545 million (2022: HK$5,545 million).

(b) Capacity right represents the right to use 50% of the pumped storage capacity of Phase I of the Guangzhou Pumped Storage Power Station in Conghua, Guangzhou and the corresponding right to use the associated transmission facilities until 2034.

14. Interests in and Loans to Joint Ventures Accounting Policy No. 3(B)

The table below lists the material joint ventures of the Group at 31 December 2023:

Name	% of Ownership Interest at 31 December 2022 and 2023	Place of Incorporation / Business	Principal Activity
Apraava Energy Private Limited (Note 4(b))	50	India	Generation of electricity and power projects investment holding
CSEC Guohua International Power Company Limited (CSEC Guohua) [(a)]	30	Mainland China	Generation of electricity
Hong Kong LNG Terminal Limited (HKLTL) [(b)]	49	Hong Kong	Development, construction, operation, maintenance and owning of LNG terminal and provision of related services
OneEnergy Taiwan Ltd (OneEnergy Taiwan) [(c)]	50	British Virgin Islands / Taiwan Region	Investment holding
ShenGang Natural Gas Pipeline Company Limited (SNGPC) [(d)]	40	Mainland China	Natural gas transportation

Notes:

(a) Registered as Sino-Foreign Joint Stock Company under People's Republic of China (PRC) law

(b) HKLTL is 70% owned by CAPCO which is 70% owned by CLP Power

(c) OneEnergy Taiwan indirectly owns 40% interest in Ho-Ping Power Company

(d) Registered as Sino-Foreign Equity Joint Venture Enterprise under PRC law

More detailed information of our joint ventures can be found on "Our Portfolio" on pages 294 to 297 of the Annual Report.

14. Interests in and Loans to Joint Ventures (continued)

Summarised financial information of joint ventures and the Group's share of results and net assets are as follows:

	Apraava Energy (Note 4(b)) HK$M	CSEC Guohua HK$M	HKLTL HK$M	OneEnergy Taiwan HK$M	SNGPC HK$M	Fang-chenggang (Note 5(e)) HK$M	Others HK$M	Total HK$M
For the year ended 31 December 2023								
Revenue	**6,129**	**14,080**	**527**	**–**	**983**	**–**	**3,591**	**25,310**
Depreciation and amortisation	**(342)**	**(1,029)**	**(123)**	**–**	**(184)**	**–**	**(1,107)**	**(2,785)**
Interest income	**85**	**5**	**–**	**–**	**5**	**–**	**8**	**103**
Interest expense	**(401)**	**(124)**	**(123)**	**–**	**(2)**	**–**	**(107)**	**(757)**
Other expenses	**(3,772)**	**(12,941)**	**(281)**	**(4)**	**(184)**	**–**	**(2,175)**	**(19,357)**
Share of results of joint ventures	**–**	**–**	**–**	**593**	**–**	**–**	**(1)**	**592**
Profit/(loss) before income tax	**1,699**	**(9)**	**–**	**589**	**618**	**–**	**209**	**3,106**
Income tax (expense)/credit	**(460)**	**18**	**–**	**–**	**(149)**	**–**	**(60)**	**(651)**
Profit for the year	**1,239**	**9**	**–**	**589**	**469**	**–**	**149**	**2,455**
Non-controlling interests	**–**	**(45)**	**–**	**–**	**–**	**–**	**–**	**(45)**
Profit/(loss) for the year attributable to shareholders	**1,239**	**(36)**	**–**	**589**	**469**	**–**	**149**	**2,410**
Profit and total comprehensive income for the year	**1,239**	**9**	**–**	**589**	**469**	**–**	**149**	**2,455**
Group's share of profit/(loss) and total comprehensive income	**619**	**(11)**	**–**	**295**	**188**	**–**	**56**	**1,147**
Dividends received from joint ventures	**202**	**38**	**–**	**–**	**135**	**–**	**152**	**527**
For the year ended 31 December 2022								
Revenue	–	16,499	8	–	1,102	3,934	4,545	26,088
Depreciation and amortisation	–	(1,447)	–	–	(194)	(229)	(1,150)	(3,020)
Interest income	–	8	–	–	6	7	5	26
Interest expense	–	(181)	–	–	(9)	(175)	(138)	(503)
Other expenses	–	(14,064)	(8)	(3)	(251)	(3,648)	(2,966)	(20,940)
Share of results of joint ventures	–	–	–	6	–	–	(1)	5
Profit/(loss) before income tax	–	815	–	3	654	(111)	295	1,656
Income tax (expense)/credit	–	(171)	–	–	(169)	33	(82)	(389)
Profit/(loss) for the year	–	644	–	3	485	(78)	213	1,267
Non-controlling interests	–	(306)	–	–	–	–	–	(306)
Profit/(loss) for the year attributable to shareholders	–	338	–	3	485	(78)	213	961
Profit/(loss) for the year	–	644	–	3	485	(78)	213	1,267
Other comprehensive income	–	–	–	–	–	–	(3)	(3)
Total comprehensive income	–	644	–	3	485	(78)	210	1,264
Group's share								
Profit/(loss) for the year	–	102	–	2	194	(54)	81	325
Other comprehensive income	–	–	–	–	–	–	(1)	(1)
Total comprehensive income	–	102	–	2	194	(54)	80	324
Dividends received from joint ventures	–	–	–	100	218	45	132	495

14. Interests in and Loans to Joint Ventures (continued)

	Apraava Energy (Note 4(b)) HK$M	CSEC Guohua HK$M	HKLTL HK$M	OneEnergy Taiwan HK$M	SNGPC HK$M	Others HK$M	Total HK$M
At 31 December 2023							
Non-current assets	**9,619**	**17,947**	**4,973**	**3,399**	**3,123**	**7,815**	**46,876**
Current assets							
Cash and cash equivalents	**1,094**	**1,254**	**11**	**11**	**355**	**317**	**3,042**
Other current assets	**2,638**	**1,776**	**114**	**1**	**71**	**1,466**	**6,066**
	3,732	**3,030**	**125**	**12**	**426**	**1,783**	**9,108**
Current liabilities							
Financial liabilities [a]	**(1,040)**	**(2,428)**	**(198)**	**–**	**(86)**	**(1,737)**	**(5,489)**
Other current liabilities [a]	**(1,092)**	**(2,079)**	**(223)**	**(1)**	**(94)**	**(1,807)**	**(5,296)**
	(2,132)	**(4,507)**	**(421)**	**(1)**	**(180)**	**(3,544)**	**(10,785)**
Non-current liabilities							
Financial liabilities [a]	**(4,047)**	**(1,226)**	**(1,780)**	**–**	**(523)**	**(1,672)**	**(9,248)**
Shareholders' loans	**–**	**–**	**(2,897)**	**–**	**–**	**(38)**	**(2,935)**
Other non-current liabilities [a]	**(153)**	**(2,122)**	**–**	**–**	**(50)**	**(18)**	**(2,343)**
	(4,200)	**(3,348)**	**(4,677)**	**–**	**(573)**	**(1,728)**	**(14,526)**
Non-controlling interests	**–**	**(5,802)**	**–**	**–**	**–**	**–**	**(5,802)**
Net assets	**7,019**	**7,320**	**–**	**3,410**	**2,796**	**4,326**	**24,871**
Group's share of net assets	**3,510**	**2,196**	**–**	**1,705**	**1,118**	**1,911**	**10,440**
Goodwill	**–**	**–**	**–**	**–**	**–**	**31**	**31**
Interests in joint ventures	**3,510**	**2,196**	**–**	**1,705**	**1,118**	**1,942**	**10,471**
Loans to joint ventures	**–**	**–**	**2,028** [b]	**–**	**–**	**19**	**2,047**
	3,510	**2,196**	**2,028**	**1,705**	**1,118**	**1,961**	**12,518**
At 31 December 2022							
Non-current assets	9,449	18,040	2,777	2,793	3,348	8,341	44,748
Current assets							
Cash and cash equivalents	1,872	1,484	25	14	331	585	4,311
Other current assets	4,774	2,271	11	2	46	1,349	8,453
	6,646	3,755	36	16	377	1,934	12,764
Current liabilities							
Financial liabilities [a]	(2,353)	(2,421)	(38)	–	(86)	(2,948)	(7,846)
Other current liabilities [a]	(2,789)	(1,690)	(171)	(1)	(198)	(2,024)	(6,873)
	(5,142)	(4,111)	(209)	(1)	(284)	(4,972)	(14,719)
Non-current liabilities							
Financial liabilities [a]	(4,713)	(2,174)	–	–	(648)	(738)	(8,273)
Shareholders' loans	–	–	(2,604)	–	–	(36)	(2,640)
Other non-current liabilities [a]	(27)	(2,111)	–	–	(74)	(18)	(2,230)
	(4,740)	(4,285)	(2,604)	–	(722)	(792)	(13,143)
Non-controlling interests	–	(5,881)	–	–	–	–	(5,881)
Net assets	6,213	7,518	–	2,808	2,719	4,511	23,769
Group's share of net assets	3,106	2,255	–	1,404	1,087	1,994	9,846
Goodwill	–	–	–	–	–	35	35
Interests in joint ventures	3,106	2,255	–	1,404	1,087	2,029	9,881
Loans to joint ventures	–	–	1,850 [b]	–	–	17	1,867
	3,106	2,255	1,850	1,404	1,087	2,046	11,748

14. Interests in and Loans to Joint Ventures (continued)

Notes:

(a) Financial liabilities exclude trade and other payables and provisions which are included in other current and non-current liabilities.

(b) Pursuant to agreement between shareholders of HKLTL, shareholders' loan facilities are provided to HKLTL by the shareholders pro-rata to their shareholdings to finance the construction of the LNG terminal. The loans to HKLTL are unsecured, carry interest at rates which are benchmarked to market interest rates. Instalment repayment of the loans have commenced after the commissioning of the LNG terminal in July 2023 with final maturity at the end of the related asset lives of the LNG terminal. At 31 December 2023, the current portion of the loans of HK$60 million (2022: nil) was included under the Group's trade and other receivables (Note 19).

The expected credit loss of loans to joint ventures is close to zero.

	2023 HK$M	2022 HK$M
Share of capital commitments	**3,876**	394
Share of lease and other commitments *	**1,632**	3,796
Share of contingent liabilities	**–**	–

* Representing the share of lease and other commitments in relation to the use and operation of a floating storage and regasification unit and related support vessels. With the commencement of the lease for the floating storage and regasification unit in July 2023, related lease liability was recognised and included in the current and non-current financial liabilities of HKLTL.

The Group's capital commitments in relation to its interests in joint ventures are disclosed in Note 31(C).

15. Interests in Associates

Accounting Policy No. 3(B)

The table below lists the associates of the Group at 31 December 2023:

Name	**% of Ownership Interest at 31 December 2022 and 2023**	**Place of Incorporation / Business**	**Principal Activity**
Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) [(a)]	25	Mainland China	Generation of electricity
Yangjiang Nuclear Power Co., Ltd. (Yangjiang Nuclear) [(a)]	17	Mainland China	Generation of electricity

More detailed information of our associates can be found on "Our Portfolio" on page 295 of the Annual Report.

15. Interests in Associates (continued)

Summarised financial information of the associates and the Group's share of results and net assets are as follows:

	GNPJVC HK$M	Yangjiang Nuclear [(b)] HK$M	Total HK$M
For the year ended 31 December 2023			
Revenue	**8,390**	**20,797**	**29,187**
Profit and total comprehensive income	**3,965**	**6,223**	**10,188**
Group's share of profit and total comprehensive income	**991**	**1,058**	**2,049**
Dividends received from associates	**1,022**	**808**	**1,830**
For the year ended 31 December 2022			
Revenue	8,524	21,809	30,333
Profit and total comprehensive income	4,084	6,550	10,634
Group's share of profit and total comprehensive income	1,021	1,114	2,135
Dividends received from associates	1,022	809	1,831
At 31 December 2023			
Non-current assets	**4,437**	**85,654**	**90,091**
Current assets	**10,239**	**13,160**	**23,399**
Current liabilities	**(1,916)**	**(16,028)**	**(17,944)**
Non-current liabilities	**(5,681)**	**(38,022)**	**(43,703)**
Net assets	**7,079**	**44,764**	**51,843**
Group's share of net assets	**1,770**	**7,610**	**9,380**
At 31 December 2022			
Non-current assets	4,073	91,007	95,080
Current assets	10,498	12,297	22,795
Current liabilities	(2,134)	(18,372)	(20,506)
Non-current liabilities	(5,252)	(42,027)	(47,279)
Net assets	7,185	42,905	50,090
Group's share of net assets	1,796	7,294	9,090

At 31 December 2023, the Group's share of capital commitments of its associates was HK$487 million (2022: HK$638 million).

Notes:

(a) Registered as Sino-Foreign Equity Joint Venture Enterprise under PRC law

(b) The share of results of Yangjiang Nuclear included amortisation of the fair value adjustment on fixed assets

16. Derivative Financial Instruments

Accounting Policy

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair value gain or loss arising from derivatives not designated or not qualified for hedge accounting are recognised immediately in profit or loss.

The Group designates certain derivatives as either fair value hedges, which are hedges of the fair value of recognised financial assets or financial liabilities or firm commitments (e.g. fixed interest rate loans and foreign currency trade receivables) or cash flow hedges, which are hedges of the cash flows of recognised financial assets or financial liabilities or highly probable forecast transactions (e.g. floating interest rate loans and future purchases of fuels denominated in US dollar).

The Group documents at the inception of the transaction the intended relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging relationship meets the hedge effectiveness requirements.

(A) Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, which offset any changes in the fair values recognised in profit or loss of the corresponding hedged asset or liability that are attributable to the hedged risk and achieve the overall hedging result.

(B) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged items affect profit or loss. Such reclassification from equity will offset the effect on profit or loss of the corresponding hedged item to achieve the overall hedging result. However, when the highly probable forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset at the time of acquisition. The deferred amounts are ultimately recognised in fuel costs in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. Any cumulative gain or loss remains in equity at that time is accounted for according to the nature of the underlying transactions (as discussed above) once the hedged cash flow occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that has been recorded in equity is reclassified to profit or loss immediately.

16. Derivative Financial Instruments (continued)

Accounting Policy (continued)

(C) Costs of hedging

Forward element of forward contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. In such case, the Group treats the excluded elements as costs of hedging. The fair value changes of these elements are recognised in a separate component of equity. For time-period related hedged items, these elements at the date of designation (to the extent that it relates to the hedged item) are amortised on a systematic and rational basis to profit or loss over the hedging period. For transaction related hedged items, the cumulative change of these elements is included in the initial carrying amount of any non-financial asset recognised when the hedged transaction occurs or is recognised in profit or loss if the hedged transaction affects profit or loss.

(D) Rebalancing of hedge relationships

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

	2023		2022	
	Assets HK$M	**Liabilities HK$M**	Assets HK$M	Liabilities HK$M
Cash flow hedges				
Forward foreign exchange contracts	**21**	**107**	3	207
Cross currency interest rate swaps	**–**	**1,669**	33	1,011
Interest rate swaps	**30**	**8**	59	–
Energy contracts	**1,844**	**250**	3,152	599
Fair value hedges				
Cross currency interest rate swaps	**–**	**374**	6	377
Interest rate swaps	**–**	**48**	–	80
Not qualified for hedge accounting				
Forward foreign exchange contracts	**17**	**78**	20	83
Energy contracts	**338**	**843**	777	4,358
	2,250	**3,377**	4,050	6,715
Current	**1,077**	**1,658**	2,107	5,310
Non-current	**1,173**	**1,719**	1,943	1,405
	2,250	**3,377**	4,050	6,715

At 31 December 2023, the contractual maturity profile of the hedging instruments from the end of the reporting period is summarised below:

Forward foreign exchange contracts	Up to 3 years
Cross currency interest rate swaps	Up to 13 years
Interest rate swaps	Up to 9 years
Energy contracts	Up to 7 years

17. Other Non-current Assets

Accounting Policy

(A) Investments

Investments classified at fair value through other comprehensive income are initially recognised at fair value and are elected to present subsequent changes in fair value in other comprehensive income. The gains or losses on such investments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Cumulative gains and losses recognised in other comprehensive income are transferred to retained profits on disposal of the investment. Dividends on the investments are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are deducted from the carrying amounts of the investments directly.

Investments classified at fair value through profit or loss (mainly investments in funds) are initially recognised at fair value and subsequent changes in fair value are recognised in profit or loss.

(B) Contract acquisition costs

Incremental costs to obtain a contract with a customer are capitalised if they are expected to be recoverable. Costs capitalised are amortised on a straight-line basis over the expected benefit periods of the contracts. Non-incremental costs, i.e. costs that would have been incurred regardless of whether the contract is obtained, are expensed when incurred.

	2023 HK$M	2022 HK$M
Investments at fair value through other comprehensive income	**326**	300
Investments at fair value through profit or loss	**607**	678
Prepayment for purchase of a property [(a)]	**676**	676
Contract acquisition costs	**265**	220
Defined benefit asset [(b)]	**217**	217
Others	**401**	352
	2,492	2,443

Notes:

(a) On 6 December 2021, the Group and Far East Consortium Limited entered into a sale and purchase agreement ("SPA") to purchase a target company which owns a land situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and a non-industrial portion (including an office portion) ("the Office Portion"). At completion, the target company will hold only the Office Portion which will become CLP's new Head Office. A coordination agreement was signed on the same date to facilitate the construction and development of the Office Portion directed by CLP. The consideration under the SPA amounted to HK$3.38 billion subject to post completion adjustments including additional costs in respect of any add-on designs required by the Group.

At 31 December 2023, the remaining amount is included in capital commitments under Note 31(A). The transaction is expected to be completed by 2024.

(b) The most recent actuarial valuation of the defined benefit plans for the Group's Australian subsidiaries, at 31 December 2023, was prepared by Mr Mark Samuels of Mercer Consulting (Australia) Pty Ltd, a fellow of the Institute of Actuaries of Australia. In respect of the plans for the Group's Australian subsidiaries: (i) the principal actuarial assumptions used include discount rate of 4.9% (2022: 5.2%), long-term salary increase rate of 4.0% (2022: 2.5% to 3.3%) and pension increase rate of 2.5% to 3.5% (2022: 2.5% to 3.5%); (ii) the level of funding is 155% (2022: 160%).

The costs for these defined benefit plans represent an immaterial portion to the Group's total retirement benefit costs. For the year ended 31 December 2023, the associated costs represented 0.0% (2022: 1.0%) of the Group's total retirement benefit costs.

18. Properties for Sale

Accounting Policy

Properties for sale comprise leasehold land and building and are carried at the lower of cost and net realisable value. Properties for sale are included in current assets when it is expected to be realised or is intended for sales in the normal operating cycle.

On 18 December 2017, the Group and Sino Land Company Limited (Sino Land) agreed to collaborate on redeveloping the Group's former headquarters at Argyle Street for residential purposes and to preserve the Clock Tower building for community use. Under the development arrangement, Sino Land is fully responsible for all development costs such as land premium, construction costs, professional fees etc. and paid a non-refundable upfront payment of HK$3 billion to the Group. The residential property development was completed in November 2022 and the sale of residential units is undergoing.

The arrangement entered into by the Group and Sino Land does not involve an establishment of a separate legal entity and is considered as a joint operation under HKFRS 11 Joint Arrangements. The non-refundable upfront payment forms part of the proceeds from the property development and is recorded as deferred revenue (Note 22(e)). When legal titles of the units in the developed property are passed to the purchasers, deferred revenue and the percentage share of the sale proceeds to which the Group is entitled will be credited to the profit or loss as revenue, while cost of properties will be charged to the profit or loss as cost of sales.

In 2023, cost of properties of HK$510 million (2022: HK$325 million) and deferred revenue of HK$507 million (2022: HK$320 million) were recognised to profit or loss.

19. Trade and Other Receivables

Accounting Policy

Trade and other receivables are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected credit losses. The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the trade receivables. Expected credit losses on trade receivables are calculated by using the provision matrix approach. Trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

If there is no significant increase in credit risk since initial recognition, impairment on other receivables is measured at 12-month expected credit losses. If a significant increase in credit risk has occurred, then impairment is measured as lifetime expected credit losses.

19. Trade and Other Receivables (continued)

Critical Accounting Estimates and Judgements: Recoverability of Trade Receivables

Provision for expected credit losses is made when the Group does not expect to collect all amounts due. The provision is determined by grouping together trade debtors with similar risk characteristics and collectively or individually assessing them for likelihood of recovery. The provision reflects lifetime expected credit losses i.e. possible default events over the expected life of the trade receivables, weighted by the probability of that default occurring. Judgement has been applied in determining the level of provision for expected credit losses, taking into account the credit risk characteristics of customers and the likelihood of recovery assessed on a combination of collective and individual basis as relevant. While the provision is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss.

	2023 HK$M	2022 HK$M
Trade receivables [(a)]	11,852	10,504
Deposits, prepayments and other receivables [(b)]	1,700	6,499
Loans to a joint venture (Note 14(b))	60	–
Dividend receivables from		
Joint ventures	31	76
An associate	–	228
Current accounts with [(c)]		
Joint ventures	6	6
An associate	1	1
	13,650	17,314

Notes:

(a) Trade receivables

The ageing analysis of the trade receivables at 31 December based on invoice date is as follows:

	2023 HK$M	2022 HK$M
30 days or below *	10,159	9,257
31 – 90 days	735	585
Over 90 days	958	662
	11,852	10,504

* Including unbilled revenue

Movements in provision for impairment

	2023 HK$M	2022 HK$M
Balance at 1 January	852	1,456
Provision for impairment	249	260
Receivables written off during the year as uncollectible	(266)	(331)
Amounts reversed	(3)	(5)
Sale of subsidiaries	–	(419)
Exchange differences	4	(109)
Balance at 31 December	836	852

19. Trade and Other Receivables (continued)

Notes (continued):

(a) Trade receivables (continued)

Credit risk management

The Group has no significant concentrations of credit risk with respect to the trade receivables in Hong Kong and Australia as their customer bases are widely dispersed in different sectors and industries. The Group has established credit policies for customers in each of its retail businesses.

In Hong Kong, electricity bills are due within two weeks after issuance. To limit the credit risk exposure, the Group has a policy to require cash deposits or bank guarantees from customers for an amount determined from time to time by reference to the usage of the customers, and in the normal course of events will not exceed the highest expected charge for 60 days. For all the deposits held, customers are paid at a floating market interest rate equivalent to the HSBC bank saving rate. At 31 December 2023, such cash deposits amounted to HK$6,880 million (2022: HK$6,551 million) and the bank guarantees stood at HK$919 million (2022: HK$867 million). The customers' deposits are treated on the statement of financial position as current liabilities on the basis that they are repayable on demand.

In Australia, customers are allowed to settle their electricity bills in no more than 45 days after issuance, while certain large commercial & industrial customers can range up to 60 days. EnergyAustralia has policies in place to ensure that sales of products and services are made to retail customers (including residential and commercial & industrial customers) of an appropriate credit quality. For residential customers however, where EnergyAustralia is the designated Financially Responsible Market Participant for electricity customers or Financially Responsible Organisation for gas customers, it is obliged to accept the customer, irrespective of their credit worthiness. In these instances, information obtained in relation to the customer's credit worthiness is utilised for the purposes of risk segmentation and prioritisation of collection strategies to mitigate risk. Collectability is reviewed on an ongoing basis.

Trade receivables arising from sales of electricity to the offtakers in Mainland China, which are mainly state-owned enterprises, are due for settlement within 30 to 90 days after bills issuance. Management has closely monitored the credit qualities and the collectability of these trade receivables.

Expected credit losses

For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. CLP Power and EnergyAustralia determine the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions and forward looking assumptions.

CLP Power

CLP Power classifies its trade receivables by nature of customer accounts. These include active accounts and terminated accounts.

	Lifetime Expected Credit Loss Rate	Gross Carrying Amount HK$M	Lifetime Expected Credit Loss HK$M	Net Carrying Amount HK$M
At 31 December 2023				
Active accounts				
Provision on individual basis	**100%**	**4**	**(3)**	**1**
Provision on collective basis	**0%** *	**2,716**	**(17)**	**2,699**
Terminated accounts				
Provision on individual basis	**100%**	**9**	**(9)**	**–**
Provision on collective basis	**27%**	**7**	**(2)**	**5**
		2,736	**(31)**	**2,705**
At 31 December 2022				
Active accounts				
Provision on individual basis	100%	8	(6)	2
Provision on collective basis	0% *	2,662	(12)	2,650
Terminated accounts				
Provision on individual basis	100%	5	(5)	–
Provision on collective basis	24%	4	(1)	3
		2,679	(24)	2,655

* Expected credit loss is close to zero as these trade receivables are mostly secured by cash deposits or bank guarantees from customers and have no recent history of default.

19. Trade and Other Receivables (continued)

Notes (continued):

(a) Trade receivables (continued)

Expected credit losses (continued)

EnergyAustralia

EnergyAustralia categorises its trade receivables based on their ageing. EnergyAustralia recognises lifetime expected credit losses for receivables by assessing future cash flows for each group of trade receivables including a probability-weighted amount determined by evaluating a range of possible outcomes based on twelve month rolling historical credit loss experience by customer segment, geographical region, tenure and type of customer and applying that weighting to the receivables held at year end. The impact of economic factors, both current and future, is considered in assessing the likelihood of recovery from customers.

	Weighted Average Lifetime Expected Credit Loss Rate	Gross Carrying Amount HK$M	Lifetime Expected Credit Loss HK$M	Net Carrying Amount HK$M
At 31 December 2023				
Current	**0%**	**4,214**	**(15)**	**4,199**
1 – 30 days	**3%**	**727**	**(23)**	**704**
31 – 60 days	**9%**	**334**	**(29)**	**305**
61 – 90 days	**21%**	**157**	**(33)**	**124**
Over 90 days	**48%**	**1,400**	**(670)**	**730**
		6,832	**(770)**	**6,062**
At 31 December 2022				
Current	0%	3,998	(15)	3,983
1 – 30 days	6%	432	(26)	406
31 – 60 days	13%	228	(30)	198
61 – 90 days	18%	168	(30)	138
Over 90 days	57%	1,210	(691)	519
		6,036	(792)	5,244

Mainland China

At 31 December 2023, the Group had total receivables of HK$2,426 million (2022: HK$2,111 million) relating to unpaid Renewable National Subsidies. The application, approval and settlement of the Renewable National Subsidy are governed by the relevant policies issued by the Central People's Government. All of the relevant wind and solar projects are qualified for renewable energy subsidy in accordance with the prevailing government policies. Under normal operating cycle, it takes a relatively long time for settlement as the collection is subject to the allocation of funds by relevant government authorities to local grid companies and there is no due date for the settlement of Renewable National Subsidies. The expected credit loss is close to zero as continuous settlements have been noted with no history of default and the subsidy is funded by the Renewable Energy Development Fund set up and administered by the Ministry of Finance.

(b) At 31 December 2023, other receivables mainly represented EnergyAustralia's futures margin account of HK$0.2 billion (2022: EnergyAustralia's futures margin account of HK$3.4 billion and consideration receivable from the sale of Fangchenggang of HK$1.7 billion).

(c) The current accounts with joint ventures and an associate are unsecured, interest free and have no fixed repayment terms.

20. Bank Balances, Cash and Other Liquid Funds

	2023 HK$M	2022 HK$M
Cash and cash equivalents		
Deposits with banks with maturities of less than three months	**2,123**	1,289
Cash at banks and on hand	**3,059**	2,962
	5,182	4,251
Short-term deposits and restricted cash		
Bank deposits with maturities of more than three months	**6**	2
Restricted cash *	**16**	33
	22	35
Bank balances, cash and other liquid funds	**5,204**	4,286

* Represents restricted bank balances held by the stakeholders of the properties held for sale (Note 18) which can be released to stakeholders after relevant conditions are met

The bank balances, cash and other liquid funds are denominated in the following currencies:

	2023 HK$M	2022 HK$M
Hong Kong dollar	**2,554**	1,045
Renminbi	**1,604**	1,664
Australian dollar	**943**	858
US dollar	**95**	697
Others	**8**	22
	5,204	4,286

The balances denominated in the currencies other than the functional currencies of the corresponding Group entities amounted to HK$313 million (2022: HK$404 million) which were mostly denominated in Renminbi (2022: Renminbi).

21. Fuel Clause Account

The cost of fuel consumed by CLP Power is passed on to the customers. Any variations between the actual cost of fuel and the fuel cost billed to customers are captured in the fuel clause account. The balance on the account (inclusive of interest) represents amounts over-recovered or under-recovered and is treated as an amount due to or from customers. CLP Power may adjust fuel related tariff from time to time, including on a monthly basis, in accordance with the SoC, to reflect changes in the cost of fuels consumed by the SoC Companies for the generation of electricity. At 31 December 2023, the fuel clause account asset balance represented the right of CLP Power to collect the under-recovered fuel costs from the customers under the SoC.

22. Trade Payables and Other Liabilities

Accounting Policy

(A) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(B) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments with reference to an expected lease term, which includes optional lease periods when the lessee is reasonably certain to exercise the option to extend or not to terminate the lease. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or a rate; and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease, if this cannot be readily determined, an incremental borrowing rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment, over a similar term and with a similar security. Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amounts to reflect the lease payments made. Lease liabilities are remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options under certain conditions.

	2023 HK$M	2022 HK$M
Trade payables [a]	**6,526**	6,511
Other payables and accruals	**10,578**	8,868
Lease liabilities [b]	**200**	229
Advances from non-controlling interests [c]	**589**	860
Current accounts with [d]		
Joint ventures	**3**	2
An associate	**120**	359
Deferred revenue [e]	**2,290**	2,798
	20,306	19,627

Notes:

(a) The ageing analysis of trade payables at 31 December based on invoice date is as follows:

	2023 HK$M	2022 HK$M
30 days or below	**6,308**	6,345
31 – 90 days	**191**	144
Over 90 days	**27**	22
	6,526	6,511

At 31 December 2023, trade payables denominated in currencies other than the functional currencies of the corresponding Group entities amounted to HK$1,311 million (2022: HK$1,280 million), of which HK$1,146 million (2022: HK$1,130 million) were denominated in US dollar (2022: US dollar).

22. Trade Payables and Other Liabilities (continued)

Notes (continued):

(b) Maturity profile of the lease liabilities at 31 December is as follows:

	2023 HK$M	2022 HK$M
Within one year	**200**	229
Between one and two years	**135**	167
Between two and five years	**360**	283
Over five years	**527**	276
	1,222	955
Less: amount due after one year included under other non-current liabilities	**(1,022)**	(726)
	200	229

(c) The advances from non-controlling interests represented the advances from China Southern Power Grid International (HK) Co., Limited (CSGHK) to CAPCO. Pursuant to the agreement between the shareholders of CAPCO, both CLP Power and CSGHK are required to provide shareholders' advances pro rata to their shareholdings in CAPCO. The advances are unsecured, interest free and repayable on demand. The advances are denominated in Hong Kong dollar.

(d) The amounts payable to joint ventures and an associate are unsecured, interest free and have no fixed repayment terms.

(e) Deferred revenue included the non-refundable upfront payment for the property development at Argyle Street of HK$2.2 billion (2022: HK$2.7 billion) (Note 18) and payments received in advance for other services. Non-current deferred revenue of HK$1,457 million (2022: HK$1,474 million) was included under other non-current liabilities.

23. Bank Loans and Other Borrowings

Accounting Policy

Borrowings are recognised initially at fair value of proceeds received, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial liability. Borrowings are subsequently stated at amortised cost and, if included as a hedged item in a fair value hedge relationship, are revalued to reflect the fair value movements on the associated hedged risk. Any difference between the proceeds (net of transaction costs) and the redemption value is amortised to profit or loss or capitalised as cost of the qualifying assets over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The Group's bank loans and other borrowings at 31 December were repayable as follows:

	Bank Loans		Other Borrowings *		Total	
	2023 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M
Within one year	**11,741**	8,275	**831**	3,039	**12,572**	11,314
Between one and two years	**3,351**	5,728	**3,165**	880	**6,516**	6,608
Between two to five years	**6,260**	5,866	**8,987**	11,742	**15,247**	17,608
Over five years	**3,315**	3,870	**19,865**	19,817	**23,180**	23,687
	24,667	23,739	**32,848**	35,478	**57,515**	59,217

* Representing Medium Term Notes

Another presentation of the Group's liquidity risk is set out on pages 273 to 275.

23. Bank Loans and Other Borrowings (continued)

Bank loans for subsidiaries in Mainland China of HK$4,893 million (2022: HK$5,085 million) are secured by rights of receipt of tariff and by fixed assets and land use rights with carrying amounts of HK$9,145 million (2022: HK$9,574 million).

At 31 December 2023 and 2022, all of the Group's borrowings are either in the functional currencies of the corresponding Group entities or hedged into those currencies.

At 31 December 2023, the Group had undrawn bank loans and overdraft facilities of HK$30.9 billion (2022: HK$31.6 billion).

An analysis of borrowings by currencies is shown in "Financial Review" on page 36 of the Annual Report.

24. Deferred Tax

Accounting Policy

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2023 HK$M	2022 HK$M
Deferred tax assets	**2,041**	2,132
Deferred tax liabilities	**(16,752)**	(16,246)
	(14,711)	(14,114)

Deferred tax asset = income tax recoverable in the future
Deferred tax liability = income tax payable in the future

24. Deferred Tax (continued)

The gross movement on the deferred tax account is as follows:

	2023 HK$M	2022 HK$M
Balance at 1 January	(14,114)	(15,510)
Sale of subsidiaries and a joint venture	–	373
(Charged) / credited to profit or loss (Note 7)	(1,264)	1,546
Credited / (charged) to other comprehensive income	653	(496)
Exchange differences	14	(27)
Balance at 31 December	(14,711)	(14,114)

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred tax assets (prior to offset)

	Tax Losses [a]		Accruals and Provisions		Derivative Financial Instruments		Others [b]		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Balance at 1 January	902	468	1,408	1,739	1,483	472	402	774	4,195	3,453
Sale of subsidiaries and a joint venture	–	(355)	–	(106)	–	(38)	–	(326)	–	(825)
Credited / (charged) to profit or loss	849	854	171	(102)	(1,153)	1,141	80	5	(53)	1,898
Charged to other comprehensive income	–	–	–	(4)	–	(28)	–	–	–	(32)
Exchange differences	25	(65)	12	(119)	(18)	(64)	3	(51)	22	(299)
Balance at 31 December	1,776	902	1,591	1,408	312	1,483	485	402	4,164	4,195

Deferred tax liabilities (prior to offset)

	Accelerated Tax Depreciation		Withholding Tax		Intangibles		Derivative Financial Instruments		Others [b]		Total	
	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M	2023 HK$M	2022 HK$M
Balance at 1 January	(16,081)	(16,560)	(397)	(342)	(625)	(677)	(895)	(776)	(311)	(608)	(18,309)	(18,963)
Sale of subsidiaries and a joint venture	–	1,134	–	4	–	–	–	–	–	60	–	1,198
(Charged) / credited to profit or loss	(811)	(817)	(56)	(73)	13	52	(102)	295	(255)	191	(1,211)	(352)
Credited / (charged) to other comprehensive income	–	–	–	–	–	–	651	(481)	2	17	653	(464)
Exchange differences	(9)	162	2	14	(1)	–	4	67	(4)	29	(8)	272
Balance at 31 December	(16,901)	(16,081)	(451)	(397)	(613)	(625)	(342)	(895)	(568)	(311)	(18,875)	(18,309)

Notes:

(a) The deferred tax asset arising from tax losses mainly related to the energy business in Australia. There is no expiry on tax losses recognised.

(b) Others mainly included temporary differences arising from right-of-use assets and corresponding lease liabilities.

25. SoC Reserve Accounts

Critical Accounting Estimates and Judgements: Classification of SoC-related Accounts

As stipulated in the SoC, the balances in the Tariff Stabilisation Fund and the Rate Reduction Reserve shall represent liabilities in the financial statements of CLP Power and shall not accrue to the benefit of its shareholders save as provided for by the SoC. The Group considers that CLP Power is required under the SoC to discharge its obligations arising from the SoC upon the expiry of the SoC Agreement such that these account balances meet the definition of a liability.

Tariff Stabilisation Fund, Rate Reduction Reserve and Rent and Rates Refunds of the Group's major subsidiary, CLP Power, are collectively referred to as SoC reserve accounts. The respective balances at the end of the year are:

	2023 HK$M	2022 HK$M
Tariff Stabilisation Fund (A)	**2,529**	2,928
Rate Reduction Reserve (B)	**114**	40
Rent and Rates Refunds (C)	**–**	126
	2,643	3,094

The movements in SoC reserve accounts during the year are shown as follows:

(A) Tariff Stabilisation Fund

	2023 HK$M	2022 HK$M
At 1 January	**2,928**	3,109
Transfer from Rate Reduction Reserve	**40**	3
Transfer under the SoC [(a)]		
– transfer for SoC (to)/from revenue (Note 3)	**(48)**	604
– charge for asset decommissioning [(b)]	**(120)**	(73)
Special rebate to customers [(c)]	**(271)**	(715)
At 31 December	**2,529**	2,928

Notes:

(a) Under the SoC Agreement, if the gross tariff revenue in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund. In any period, the amount of deduction from or addition to the Tariff Stabilisation Fund is recognised as a revenue adjustment to the extent that the return and charges under the SoC are recognised in the profit or loss.

(b) Under the SoC, a periodic charge to accrue for asset decommissioning is made with corresponding deferred liabilities recognised in the statement of financial position of the SoC Companies. The balance of the asset decommissioning liabilities account of HK$1,575 million (2022: HK$1,463 million) (Note 26) recognised under the SoC represents a liability of the Group.

(c) During the year, a special energy saving rebate of HK¢9.3 per unit was provided to customers with consumption units in their tariff bills not exceeding certain specified levels. In 2022, a special rebate of HK¢2.1 per unit was made to all customers of CLP Power.

25. SoC Reserve Accounts (continued)

(B) Rate Reduction Reserve

	2023 HK$M	2022 HK$M
At 1 January	**40**	3
Transfer to Tariff Stabilisation Fund	**(40)**	(3)
Interest expense charged to profit or loss (Note 6)	**114**	40
At 31 December	**114**	40

(C) Rent and Rates Refunds

In settlement of the appeals against the amounts of Government rent and rates levied for the assessment years from 2001/02 to 2021/22, CLP Power had received refunds totalling HK$3,031 million from the Hong Kong Government. Using the total amount of refunds received, CLP Power provided customers with the Rent and Rates Special Rebate. At 31 December 2023, all the rent and rates refunds received have been provided to customers through the Rent and Rates Special Rebate.

The refunds are classified within the SoC reserve accounts. The Rent and Rates Special Rebate paid to customers was offset against the refunds received.

26. Asset Decommissioning Liabilities and Retirement Obligations

Accounting Policy

When the Group has a legal and/or constructive obligation for remediation and the likelihood of economic outflow is probable, provisions for asset retirement obligations are recorded for estimated remediation costs of reclamation, plant closure, dismantling and waste disposal. A provision for asset retirement costs is determined by estimating the expected costs associated to remediate the site based on the current legal requirements and technologies and is discounted to its present value with an unwind adjustment recognised in finance costs. An asset is recognised on initial recognition of the provision and is depreciated over the useful life of the facility. The asset retirement costs are reviewed annually and adjustments are made to the carrying amount of the assets to reflect changes made to these estimated discount rates or future costs.

Critical Accounting Estimates and Judgements

Estimating the amount and timing of the obligation to be recorded requires significant judgement. Management has assessed the Group's obligations for each asset based on the local regulatory environment and expected closure dates.

CLP Power has been investing in the transmission and distribution network to supply electricity to the customers in its supply area in Hong Kong. As CLP Power expects that the land sites being used for the transmission and distribution network will continue to be used for the distribution of electricity supply to its customers, it is currently considered remote that the network would be removed from the existing land sites. Therefore in accordance with applicable accounting standards, asset retirement obligations for these assets have not been recognised by CLP Power.

26. Asset Decommissioning Liabilities and Retirement Obligations (continued)

Critical Accounting Estimates and Judgements (continued)

As agreed with the Hong Kong Government, CAPCO is retiring the coal-fired generation units at Castle Peak "A" Station (CPA) when they reach the end of their useful lives between 2022 to 2025. Following this retirement, the removal of CPA's coal-fired generation units has become probable. In support of the Government's net-zero carbon emissions targets in the "Hong Kong's Climate Action Plan 2050", CAPCO is working on the phasing-out of the use of coal for daily electricity generation in Castle Peak "B" Station and exploring the ways to convert its gas-fired generation facilities to operate on green fuels. While it is envisaged that these remaining generation units will have their roles in supporting the Government's Climate Action Plan 2050, with the continuous development in decarbonisation technologies, the removal of these units and replacement by alternative facilities is possible. Under the SoC, CAPCO makes a periodic charge to accrue in the statement of financial position a liability balance to be utilised in discharging asset decommissioning costs if and when incurred. CAPCO considers that the dismantling obligation for the CPA units is covered under the asset decommissioning liability accrued under the SoC at 31 December 2023. While no provision for asset retirement obligations for the other generation units of CAPCO has been recognised, it is expected that if such an obligation be incurred, it will be met by the liability accrued and the cost recovery mechanism under the SoC.

Asset retirement obligations of EnergyAustralia at 31 December 2023 amounted to HK$3,544 million (2022: HK$2,982 million) which mainly related to the provision for land remediation and decommissioning of generation assets. The provisions are largely based on estimates by external and internal experts that are discounted using internally determined end of plant lives. The calculation of the provision requires management judgement with respect to estimating the timing of asset removal, costs to remove infrastructure, remediate soil and groundwater, water usage and technological developments. The terms associated with the decommissioning of certain assets including site restoration plans are expected to evolve as plans are refined and agreed with the relevant bodies when approaching plant closure dates. Any future agreements with regulators or changes to regulatory requirements could impact the cost estimates used in the decommissioning provision. On an ongoing basis, we continually review and update underlying assumptions relating to future rehabilitation estimates and timelines.

	2023 HK$M	2022 HK$M
Asset decommissioning liabilities (Note 25(A)(b))	**1,575**	1,463
Provisions for land remediation and restoration costs (note)	**3,472**	2,912
	5,047	4,375

Note: The movements of the balances, including the current portion of HK$72 million (2022: HK$70 million) under the Group's trade payables and other liabilities, are as follows:

	2023 HK$M	2022 HK$M
Balance at 1 January	**2,982**	2,950
Effect of changes in discount rate	**(163)**	207
Additional provisions	**689**	–
Amounts used	**(54)**	(21)
Unused amounts reversed	**(5)**	–
Unwinding of discount	**64**	46
Exchange differences	**31**	(200)
Balance at 31 December	**3,544**	2,982

27. Share Capital

	2023 Number of Ordinary Shares	2023 Amount HK$M	2022 Number of Ordinary Shares	2022 Amount HK$M
Issued and fully paid, at 31 December	**2,526,450,570**	**23,243**	2,526,450,570	23,243

28. Reserves

The movements in reserves attributable to shareholders during the year are shown as follows:

	Translation Reserve HK$M	Cash Flow Hedge Reserve HK$M	Cost of Hedging Reserve HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2022	(5,372)	1,011	(3)	1,642	92,513	89,791
Earnings attributable to shareholders	–	–	–	–	924	924
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	(2,779)	(109)	–	–	109	(2,779)
Joint ventures	(857)	–	–	–	–	(857)
Associates	(644)	–	–	–	–	(644)
Cash flow hedges						
Net fair value gains	–	4,766	–	–	–	4,766
Reclassification to profit or loss	–	(2,962)	–	–	–	(2,962)
Tax on the above items	–	(508)	–	–	–	(508)
Costs of hedging						
Net fair value losses	–	–	(238)	–	–	(238)
Reclassification to profit or loss	–	–	59	–	–	59
Tax on the above items	–	–	30	–	–	30
Fair value losses on investments	–	–	–	(73)	–	(73)
Remeasurement gains on defined benefit plans	–	–	–	–	10	10
Share of other comprehensive income of joint ventures	–	(1)	–	–	–	(1)
Sale of subsidiaries	2,515	(10)	–	789	(789)	2,505
Sale of a joint venture	18	–	–	–	–	18
Release of revaluation gains upon sale of properties	–	–	–	(219)	219	–
Total comprehensive income attributable to shareholders	(1,747)	1,176	(149)	497	473	250
Transfer to fixed assets	–	46	–	–	–	46
Appropriation of reserves	–	–	–	55	(55)	–
Dividends paid						
2021 fourth interim	–	–	–	–	(3,057)	(3,057)
2022 first to third interim	–	–	–	–	(4,775)	(4,775)
Balance at 31 December 2022	(7,119)	2,233	(152)	2,194	85,099 (note)	82,255

Translation reserve – exchange rates movements arising from the consolidation of Group entities with different reporting currencies

Cash flow hedge / Cost of hedging reserve – deferred fair value gains / losses on derivative financial instruments which are qualified for hedge accounting; reclassify to profit or loss upon settlement of derivatives or amortisation of costs of hedging

Other reserves – mainly comprise revaluation reserve and other legal reserves allocated from retained profits to meet local statutory and regulatory requirements of Group entities

28. Reserves (continued)

	Translation Reserve HK$M	Cash Flow Hedge Reserve HK$M	Cost of Hedging Reserve HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2023	(7,119)	2,233	(152)	2,194	85,099	82,255
Earnings attributable to shareholders	–	–	–	–	6,655	6,655
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	2	(16)	–	–	16	2
Joint ventures	(105)	–	–	–	–	(105)
Associates	(119)	–	–	–	–	(119)
Cash flow hedges						
Net fair value losses	–	(1,128)	–	–	–	(1,128)
Reclassification to profit or loss	–	(1,568)	–	–	–	(1,568)
Tax on the above items	–	685	–	–	–	685
Costs of hedging						
Net fair value gains	–	–	214	–	–	214
Reclassification to profit or loss	–	–	14	–	–	14
Tax on the above items	–	–	(38)	–	–	(38)
Fair value gains on investments	–	–	–	26	–	26
Remeasurement losses on defined benefit plans	–	–	–	–	(3)	(3)
Release of revaluation gains upon sale of properties	–	–	–	(347)	347	–
Total comprehensive income attributable to shareholders	(222)	(2,027)	190	(321)	7,015	4,635
Transfer to fixed assets	–	30	–	–	–	30
Appropriation of reserves	–	–	–	66	(66)	–
Dividends paid						
2022 fourth interim	–	–	–	–	(3,057)	(3,057)
2023 first to third interim	–	–	–	–	(4,775)	(4,775)
Balance at 31 December 2023	**(7,341)**	**236**	**38**	**1,939**	**84,216** (note)	**79,088**

Note: The fourth interim dividend declared for the year ended 31 December 2023 was HK$3,057 million (2022: HK$3,057 million). The balance of retained profits after the fourth interim dividend of the Group was HK$81,159 million (2022: HK$82,042 million).

29. Perpetual Capital Securities and Other Non-controlling Interests

(A) Perpetual Capital Securities

A total of US$500 million perpetual capital securities was issued by the wholly-owned subsidiary, CLP Power HK Finance Ltd. in 2019. The securities are perpetual, non-callable in the first 5.25 years (with issuer call option at par at any time in the 3 months before 5 February 2025) and entitle the holders to receive distributions at a distribution rate of 3.55% per annum in the first 5.25 years, floating thereafter and with fixed step up margins at year 10.25 and at year 25.25, payable semi-annually in arrears, cumulative and compounding. The distributions are at the Group's discretion, as long as the issuer and CLP Power, as guarantor of the securities, do not (a) declare or pay dividends to their shareholders or (b) cancel or reduce their share capitals within each distribution payment period.

29. Perpetual Capital Securities and Other Non-controlling Interests (continued)

(B) Other Non-controlling Interests

Other non-controlling interests included CSGHK's pro-rata share of HK$5,115 million (2022: HK$5,115 million) of redeemable shareholder capital of CAPCO. The redeemable shareholder capital is subordinated, unsecured, interest free and has no fixed terms of repayment. CAPCO can, at its sole discretion, redeem all or part of the redeemable shareholder capital at any time after 31 December 2032.

As both the perpetual capital securities and redeemable shareholder capital do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32, they are classified as equity and regarded as part of non-controlling interests for accounting purpose.

30. Notes to the Consolidated Statement of Cash Flows

(A) Reconciliation of profit before income tax to net cash inflow from operations

	2023 HK$M	2022 HK$M
Profit before income tax	**10,643**	1,590
Adjustments for:		
Finance costs	**2,139**	2,085
Finance income	**(270)**	(243)
Dividends from equity investments	**(15)**	(14)
Share of results of joint ventures and associates, net of income tax	**(3,196)**	(2,460)
Depreciation and amortisation	**8,594**	8,904
Impairment charge	**6,220**	265
Net losses on disposal of fixed assets	**393**	241
Revaluation loss on investment property	**25**	57
Loss on write-off of other intangible assets	**–**	185
Fair value losses on investments at fair value through profit or loss	**164**	13
Loss on sale of subsidiaries	**–**	4,312
Loss on sale of a joint venture	**–**	185
Fair value changes of non-debt related derivative financial instruments and net exchange difference	**(2,911)**	1,922
SoC items		
Increase in customers' deposits	**329**	300
Decrease/(increase) in fuel clause account	**3,284**	(2,357)
Decrease in rent and rates refunds	**(126)**	(242)
Special rebates to customers (Note 25(A)(c))	**(271)**	(715)
Transfer for SoC	**(48)**	604
	3,168	(2,410)
Decrease/(increase) in inventories	**375**	(1,252)
Decrease/(increase) in trade receivables and other current assets	**1,839**	(3,498)
Decrease/(increase) in restricted cash	**17**	(33)
Changes in non-debt related derivative financial instruments	**(953)**	2,512
(Decrease)/increase in trade and other payables	**(397)**	1,398
Decrease in current accounts due to joint ventures and associates	**(238)**	(204)
Net cash inflow from operations	**25,597**	13,555

30. Notes to the Consolidated Statement of Cash Flows (continued)

(B) Reconciliation of liabilities arising from financing activities

	Bank Loans and Other Borrowings HK$M	Interest and Other Finance Costs Payables HK$M	Lease Liabilities HK$M	Debt-related Derivative Financial Instruments HK$M	Advances from Non-controlling Interests HK$M	Total HK$M
Balance at 1 January 2022	58,215	114	1,169	938	832	61,268
Cash flows changes						
Proceeds from long-term borrowings	20,121	–	–	–	–	20,121
Repayment of long-term borrowings	(12,782)	–	–	–	–	(12,782)
Increase in short-term borrowings	2,957	–	–	–	–	2,957
Payment of principal portion of lease liabilities	–	–	(261)	–	–	(261)
Interest and other finance costs paid	–	(1,854)	–	–	–	(1,854)
Settlement of derivative financial instruments	–	–	–	(267)	–	(267)
Increase in advances from other non-controlling interests	–	–	–	–	28	28
Non-cash changes						
Sale of subsidiaries	(7,066)	(11)	(4)	121	–	(6,960)
Fair value losses of derivative financial instruments charged to equity	–	–	–	158	–	158
Additions of leases	–	–	87	–	–	87
Net exchange and translation differences	(2,228)	(2)	(70)	7	–	(2,293)
Interest and other finance costs charged to profit or loss	–	1,833	47	457	–	2,337
Other non-cash movements	–	82	(13)	–	–	69
Balance at 31 December 2022	59,217	162	955	1,414	860	62,608
Balance at 1 January 2023	59,217	162	955	1,414	860	62,608
Cash flows changes						
Proceeds from long-term borrowings	5,744	–	–	–	–	5,744
Repayment of long-term borrowings	(5,843)	–	–	–	–	(5,843)
Decrease in short-term borrowings	(1,573)	–	–	–	–	(1,573)
Payment of principal portion of lease liabilities	–	–	(321)	–	–	(321)
Interest and other finance costs paid	–	(1,597)	–	–	–	(1,597)
Settlement of derivative financial instruments	–	–	–	(337)	–	(337)
Decrease in advances from other non-controlling interests	–	–	–	–	(271)	(271)
Non-cash changes						
Fair value losses of derivative financial instruments charged to equity	–	–	–	958	–	958
Additions of leases	–	–	528	–	–	528
Net exchange and translation differences	(94)	1	10	–	–	(83)
Interest and other finance costs charged to profit or loss	–	1,672	47	87	–	1,806
Other non-cash movements	64	–	3	–	–	67
Balance at 31 December 2023	**57,515**	**238**	**1,222**	**2,122**	**589**	**61,686**

31. Commitments

(A) Capital expenditure contracted for but not yet incurred at the end of the year is as follows:

	2023 HK$M	2022 HK$M
Fixed assets and leasehold land	**10,158**	9,683
Intangible assets	**–**	3
	10,158	9,686

(B) The Group has entered into a long-term Energy Storage Services Agreement (ESSA) to be the market operator of the 250MW Kidston pumped hydro energy storage facility in Queensland. This facility is currently under construction and the ESSA is subject to a number of conditions precedent which must be satisfied before the lease commencement date, which is expected to occur before 31 December 2025. At 31 December 2023, the expected undiscounted contractual lease payments under this agreement were approximately HK$2.0 billion (2022: HK$1.9 billion).

(C) Equity contributions to be made for joint ventures and private equity partnerships at 31 December 2023 were HK$187 million (2022: HK$199 million) and HK$77 million (2022: HK$163 million) respectively.

32. Related Party Transactions

Accounting Policy

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, joint ventures, associates and key management personnel, where the individual or company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

Related Parties ≠ Connected Parties

They sometimes overlap but should not be confused. Accounting standards define related parties, while the Listing Rules of the Hong Kong Stock Exchange define connected parties.

Below are the more significant transactions with related parties for the year:

(A) CLP Power has arrangements with GNPJVC and its shareholder, Guangdong Nuclear Investment Company Limited, to purchase nuclear electricity from Guangdong Daya Bay Nuclear Power Station (GNPS). The base price paid by CLP Power for electricity generated by GNPS is determined by a formula based on GNPS's operating costs and a calculation of profits with reference to the capacity factors. The purchase of nuclear electricity under the arrangements was HK$6,632 million (2022: HK$6,660 million).

(B) The loans to joint ventures and related interest income are disclosed under Notes 14 and 6. Other amounts due from and to the related parties at 31 December 2023 are disclosed in Notes 19 and 22 respectively. At 31 December 2023, the Group did not have any guarantees which were of a significant amount given to or received from these entities (2022: nil).

32. Related Party Transactions (continued)

(C) Remuneration of key management personnel

Under HKAS 24 Related Party Disclosures, key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. The total remuneration of the key management personnel shown below comprises the Non-executive Directors and the Senior Management Group. During the year, members of the Senior Management Group include two (2022: one) Executive Directors and seven (2022: six) senior management personnel.

	2023 HK$M	2022 [a] HK$M
Fees	**14**	14
Recurring remuneration items [b]		
Base compensation, allowances & benefits	**52**	42
Performance bonus		
Annual incentive	**39**	29
Long-term incentive	**13**	16
Provident fund contribution	**11**	8
Non-recurring remuneration items		
Other payments	**–**	9
	129	118

Notes:

(a) 2022 figures have been revised to align with current year Senior Management disclosure, please refer to page 172 for details.

(b) Refer to remuneration items on page 163 of Human Resources & Remuneration Committee Report.

At 31 December 2023, the CLP Holdings' Board was composed of thirteen Non-executive Directors and two Executive Directors. Remuneration of all Directors for the year totalled HK$45 million (2022: HK$42 million). The five highest paid individuals in the Group during the year 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 these five highest paid individuals amounted to HK$85 million (2022: HK$93 million). Further details of the remuneration of the Director and Senior Management, on a named basis, and remuneration paid to the five highest paid individuals by bands are disclosed in highlighted sections of the Human Resources & Remuneration Committee Report with a heading of "Audited" on pages 162 to 165 and 171 to 173. These sections are part of the financial statements.

(D) Interest of Directors

There are no loans, quasi-loans or other dealings in favour of directors, their controlled body corporates and connected entities (2022: nil).

During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Group was or is a party (2022: nil).

33. Statement of Financial Position of the Company

	2023 HK$M	2022 HK$M
Non-current assets		
Fixed assets and intangible assets	**186**	151
Right-of-use assets	**57**	93
Investments in subsidiaries	**42,012**	43,047
Other non-current assets	**17**	17
	42,272	43,308
Current assets		
Trade and other receivables	**53**	58
Dividend receivable	**2,500**	2,500
Cash and cash equivalents	**74**	24
	2,627	2,582
Current liabilities		
Trade payables and other liabilities	**(623)**	(539)
Net current assets	**2,004**	2,043
Total assets less current liabilities	**44,276**	45,351
Financed by:		
Equity		
Share capital	**23,243**	23,243
Retained profits	**21,013**	22,052
Shareholders' funds	**44,256**	45,295
Non-current liabilities		
Lease and other liabilities	**20**	56
Equity and non-current liabilities	**44,276**	45,351
The movement of retained profits is as follows:		
Balance at 1 January	**22,052**	23,671
Profit and total comprehensive income for the year	**6,793**	6,213
Dividends paid		
2022/2021 fourth interim	**(3,057)**	(3,057)
2023/2022 first to third interim	**(4,775)**	(4,775)
Balance at 31 December	**21,013**	22,052

The fourth interim dividend declared for the year ended 31 December 2023 was HK$3,057 million (2022: HK$3,057 million). The balance of retained profits after the fourth interim dividend of the Company was HK$17,956 million (2022: HK$18,995 million).

Andrew Brandler
Vice Chairman

Chiang Tung Keung
Chief Executive Officer

Nicolas Tissot
Chief Financial Officer

Hong Kong, 26 February 2024

34. Subsidiaries

The table below lists the principal subsidiaries of the Group at 31 December 2023:

Name	Issued Share Capital / Registered Capital	% of Ownership Interest at 31 December 2022 and 2023	Place of Incorporation / Business	Principal Activity
CLP Power Hong Kong Limited	HK$20,400,007,269.65 divided into 2,488,320,000 ordinary shares	100	Hong Kong	Generation and supply of electricity
Castle Peak Power Company Limited	HK$50,000,000 divided into 500,000 ordinary shares	70 [(a)]	Hong Kong	Generation and sale of electricity
Hong Kong Pumped Storage Development Company, Limited	HK$10,000,000 divided into 100,000 ordinary shares	100 [(a)]	Hong Kong	Provision of pumped storage services
Hong Kong Nuclear Investment Company Limited	HK$300,000,000 divided into 300,000 ordinary shares	100	Hong Kong / Mainland China	Power projects investment holding
CLP Nuclear Investment Company Limited	1 ordinary share of US$1 each	100	Hong Kong / British Virgin Islands	Power projects investment holding
CLP*e* Holdings Limited	HK$49,950,002 divided into 49,950,002 ordinary shares	100	Hong Kong	Investment holding of energy & infrastructure solutions and e-commerce business
CLP Power Asia Limited	1,000 ordinary shares of US$1 each	100	British Virgin Islands / International and Mainland China	Power projects investment holding
CLP Power International Limited	692,000 ordinary shares of US$1,000 each	100 [(a)]	British Virgin Islands / International	Power projects investment holding
CLP Power China Limited	192,000,000 ordinary shares of US$1 each	100 [(a)]	British Virgin Islands / Mainland China and Hong Kong	Power projects investment holding
CLP Properties Limited	HK$150,000,000 divided into 15,000,000 ordinary shares	100	Hong Kong	Property investment holding
CLP Innovation Enterprises Limited	1 ordinary share of HK$1 each	100	Hong Kong	Innovation projects investment holding
EnergyAustralia Holdings Limited	A$1,585,491,005 for 1,585,491,005 ordinary shares	100 [(a)]	Australia	Energy business investment holding
EnergyAustralia Yallourn Pty Ltd	A$15 for 15 ordinary shares	100 [(a)]	Australia	Generation and supply of electricity
EnergyAustralia Pty Ltd	A$3,368,686,988 for 3,368,686,988 ordinary shares	100 [(a)]	Australia	Retailing of electricity and gas
EnergyAustralia NSW Pty Ltd	A$2 for 2 ordinary shares	100 [(a)]	Australia	Generation of electricity

34. Subsidiaries (continued)

Name	Issued Share Capital / Registered Capital	% of Ownership Interest at 31 December 2022 and 2023	Place of Incorporation / Business	Principal Activity
CLP Sichuan (Jiangbian) Power Company Limited [b]	RMB496,380,000	100 [a]	Mainland China	Generation of electricity
Guangdong Huaiji Changxin Hydro-electric Power Company Limited [c]	RMB69,098,976	84.9 [a]	Mainland China	Generation of electricity
Guangdong Huaiji Gaotang Hydro-electric Power Company Limited [c]	RMB249,430,049	84.9 [a]	Mainland China	Generation of electricity
Guangdong Huaiji Weifa Hydro-electric Power Company Limited [c]	US$13,266,667	84.9 [a]	Mainland China	Generation of electricity
Guangdong Huaiji Xinlian Hydro-electric Power Company Limited [c]	RMB141,475,383	84.9 [a]	Mainland China	Generation of electricity

Notes:

(a) Indirectly held through subsidiaries of the Company

(b) Registered as a Wholly Foreign Owned Enterprise under PRC law

(c) Registered as Sino-Foreign Cooperative Joint Ventures under PRC law

Summarised financial information of CAPCO which has material non-controlling interest at 31 December 2023, is set out below:

	2023 HK$M	2022 HK$M
Results for the year		
Revenue	**24,678**	25,471
Profit for the year	**3,271**	3,205
Other comprehensive income for the year	**(201)**	(64)
Total comprehensive income for the year	**3,070**	3,141
Dividends paid to non-controlling interests	**964**	947
Net assets		
Non-current assets	**44,939**	42,809
Current assets	**7,102**	7,379
Current liabilities	**(15,875)**	(10,868)
Non-current liabilities	**(18,319)**	(21,372)
	17,847	17,948
Cash flows		
Net cash inflow from operating activities	**3,725**	3,561
Net cash outflow from investing activities	**(778)**	(2,741)
Net cash outflow from financing activities	**(2,947)**	(1,386)
Net decrease in cash and cash equivalents	**–**	(566)

Financial Risk Management

1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value and cash flow interest rate risks, and energy portfolio risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the impact of exchange rate, interest rate and energy price fluctuations on the Group's financial performance. The Group uses different derivative financial instruments to manage its exposure in these areas. All derivative financial instruments are employed solely for hedging purposes.

Risk management for Hong Kong operations is carried out by the Group's central treasury department (Group Treasury) under policies approved by the Board of Directors or the Finance & General Committee of relevant Group entities. Overseas subsidiaries conduct their risk management activities in accordance with policies approved by their respective Boards. Group Treasury identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and cash management.

Foreign exchange risk

The Group operates in the Asia-Pacific region and is exposed to foreign exchange risk arising from future commercial transactions, and from recognised assets and liabilities and net investments in foreign operations. This is primarily with respect to Australian dollar and Renminbi. Additionally, the Group has significant foreign currency obligations relating to its foreign currency denominated debts and major capital project payments, US dollar denominated nuclear power purchase offtake commitments and other fuel related payments. The Group uses forward contracts and currency swaps to manage its foreign exchange risk arising from future commercial transactions, and from recognised assets and liabilities which are denominated in a currency that is not the functional currency of the respective Group entity. Hedging is only considered for firm commitments and highly probable forecast transactions.

SoC Companies

Under the SoC, the SoC Companies are allowed to pass-through foreign exchange gains and losses arising from future non-capital projects related commercial transactions and recognised liabilities which are denominated in a currency other than Hong Kong dollar, thus retaining no significant foreign exchange risk of such payments over the long term. The SoC Companies use forward contracts and currency swaps to hedge all their debt repayment obligations denominated in foreign currencies for the full tenor, and a significant portion of their US dollar obligations on fuel and nuclear power purchases, provided that for US dollar the hedging can be accomplished at rates below the Hong Kong Government's historical target peg rate of HK$7.8: US$1. The objective is to reduce the potential impact of foreign exchange movement on electricity tariffs. The SoC Companies also use forward contracts to manage the foreign exchange risks arising from non-Hong Kong dollar payment obligations for major capital projects, for which the exchange gains and losses are capitalised.

At the end of the reporting period, the fair value movement of the derivative financial instruments in a cash flow hedge relationship is recorded in equity. The extent of the impact to the cash flow hedge reserve under equity due to exchange rate movements, with all other variables held constant, is as follows:

	2023 HK$M	2022 HK$M
Increase / (decrease) in the cash flow hedge reserve		
Hong Kong dollar against US dollar		
If Hong Kong dollar weakened by 0.6% (2022: 0.6%)	**95**	107
If Hong Kong dollar strengthened by 0.6% (2022: 0.6%)	**(95)**	(107)
Hong Kong dollar against Euro		
If Hong Kong dollar weakened by 3% (2022: 4%)	**10**	23
If Hong Kong dollar strengthened by 3% (2022: 4%)	**(10)**	(23)

1. Financial Risk Factors (continued)

Foreign exchange risk (continued)

The Group's Asia-Pacific Investments

With respect to the power project investments in the Asia-Pacific region, the Group is exposed to both foreign currency translation and transaction risks.

The Group closely monitors translation risk using a Value-at-Risk (VaR) approach but does not hedge foreign currency translation risk because translation gains or losses do not affect the project company's cash flow or the Group's annual profit until an investment is sold. At 31 December 2023, the Group's net investment subject to translation exposure was HK$46,272 million (2022: HK$52,619 million), arising mainly from our investments in Mainland China, Australia, India, and Taiwan Region and Thailand. This means that, for each 1% (2022: 1%) average foreign currency movement, our translation exposure will vary by about HK$463 million (2022: HK$526 million). All the translation exposures are recognised in other comprehensive income and therefore have no impact on the profit or loss.

We consider that the non-functional currency transaction exposures at the individual project company level, if not managed properly, can lead to significant financial distress. Our primary risk mitigation is therefore to ensure that project-level debt financings are implemented on a local currency basis to the maximum extent possible. Each overseas subsidiary and project company has developed its own hedging programme into local currency taking into consideration any indexing provision in project agreements, tariff reset mechanisms, lender requirements, and tax and accounting implications.

Most foreign currency exposures of the Group entities are hedged and/or their transactions are predominantly conducted through the functional currency of the respective entity. The following analysis presents the Group's (apart from the SoC Companies) sensitivity to a reasonably possible change in the functional currencies of the Group entities against the US dollar and Renminbi, with all other variables held constant. The sensitivity rates in US dollar and Renminbi used are considered reasonable given the current level of exchange rates and the volatility observed in the different functional currencies of the Group entities. These are both on a historical basis and market expectations for future movement at the end of the reporting period and under the economic environments in which the Group operates. The extent of the impact to post-tax profit or equity due to exchange rate movements of US dollar and Renminbi against different functional currencies of Group entities, with all other variables held constant, is as follows:

	2023 HK$M	2022 HK$M
US dollar		
If US dollar strengthened by 4% (2022: 7%)		
Post-tax profit for the year	**–**	–
Equity – cash flow hedge reserve	**6**	20
If US dollar weakened by 4% (2022: 7%)		
Post-tax profit for the year	**–**	–
Equity – cash flow hedge reserve	**(5)**	(17)
Renminbi		
If Renminbi strengthened by 3% (2022: 5%)		
Post-tax profit for the year	**6**	18
Equity – cash flow hedge reserve	**–**	–
If Renminbi weakened by 3% (2022: 5%)		
Post-tax profit for the year	**(6)**	(18)
Equity – cash flow hedge reserve	**–**	–

1. Financial Risk Factors (continued)

Energy portfolio risk

EnergyAustralia's activity in energy markets exposes it to financial risk.

The electricity market is a competitive power pool. In this market generation supply and retail demand are exposed to spot (5-minute intervals) prices. EnergyAustralia purchases and sells majority of its electricity through the pool, at the same time EnergyAustralia enters into electricity spot-price-linked derivative financial instruments to manage the spot electricity price risk against forecast retail and generation exposures.

The gas market is a balancing market. To meet retail demand, EnergyAustralia procures gas supply agreements from various gas producers. The contract prices of certain agreements comprise a fixed component, and a variable component that is linked to oil spot prices on the global markets. EnergyAustralia enters into oil-price-linked derivative financial instruments to manage this oil price risk component.

Energy portfolio exposure is managed through an established risk management framework. The framework consists of policies which place appropriate limits on overall energy market exposures, hedging strategies and targets, delegations of authority on trading, approved product lists, regular exposure reporting, and segregation of duties. The corporate governance process also includes oversight by an Audit & Risk Committee (ARC-EA) which acts on behalf of EnergyAustralia's Board.

Risk monitoring includes physical position reporting, stress testing of the portfolios and "at-risk" analyses of potential earnings. At-risk measures are derived by modelling potential variability in spot and forward market prices and supply and demand volumes, across the wholesale energy portfolio, through Monte Carlo simulations, historic simulations, and scenarios. Overall Earnings-at-Risk (EaR) exposure for the coming financial year is reported as the 1 in 20 probability downside (2022: 1 in 20 probability downside) of the expected earnings distribution, as simulated with the above methods. The energy portfolio risk exposure for EnergyAustralia at 31 December 2023 was HK$156 million (2022: HK$651 million).

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The risks are managed by monitoring an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swaps.

The appropriate level of the fixed / floating mix is determined for each operating company subject to a regular review. For instance, SoC Companies conducts an annual review to determine a preferred fixed / floating interest rate mix appropriate for its business profile. Each overseas subsidiary and project company has developed its own hedging programme taking into consideration project debt service sensitivities to interest rate movements, lender requirements, tax and accounting implications.

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year (as a result of change in interest expense on floating rate borrowings) and equity (as a result of change in the fair value of derivative instruments which qualify as cash flow hedges). Such amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged items affect profit or loss, and offset one another in the profit or loss.

The analysis has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the end of the reporting period. For floating rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity to interest rates used is considered reasonable given the market forecasts available at the end of the reporting period and under the economic environments in which the Group operates, with all other variables held constant.

1. Financial Risk Factors (continued)

Interest rate risk (continued)

	2023 HK$M	2022 HK$M
Hong Kong dollar		
If interest rates were 0.5% (2022: 0.5%) higher		
Post-tax profit for the year	**(76)**	(65)
Equity – cash flow hedge reserve	**10**	12
If interest rates were 0.5% (2022: 0.5%) lower		
Post-tax profit for the year	**76**	65
Equity – cash flow hedge reserve	**(10)**	(12)
Australian dollar		
If interest rates were 0.4% (2022: 1%) higher		
Post-tax profit for the year	**(5)**	(30)
Equity – cash flow hedge reserve	**–**	–
If interest rates were 0.4% (2022: 1%) lower		
Post-tax profit for the year	**5**	30
Equity – cash flow hedge reserve	**–**	–
Renminbi		
If interest rates were 0.2% (2022: 0.3%) higher		
Post-tax profit for the year	**(6)**	(12)
Equity – cash flow hedge reserve	**–**	–
If interest rates were 0.2% (2022: 0.3%) lower		
Post-tax profit for the year	**6**	12
Equity – cash flow hedge reserve	**–**	–

Credit risk

The Group's approach to managing credit risk for trade receivables is discussed in Note 19.

On the treasury side, all finance-related hedging transactions and bank deposits of the Group entities are made with counterparties with good credit quality in conformance to the Group treasury policies to minimise credit exposure. Good credit ratings from reputable credit rating agencies and scrutiny of the financial position of non-rated counterparties are two important criteria in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transaction. The Group further assigns mark-to-market limits to its financial counterparties to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty. The Group also monitors potential exposures to each financial institution counterparty. All derivatives transactions are entered into at the sole credit of the respective subsidiaries, joint ventures and associates without recourse to the Company.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments, new investments and close out market positions if required. The Group maintains significant flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. In addition, CLP Power will fund its committed contractual maturities through cash flows earned under the terms of the SoC and financing available under its credit lines and MTN programme. Management also monitors rolling forecasts of the Group's undrawn borrowing facilities and cash and cash equivalents on the expected cash flows.

1. Financial Risk Factors (continued)

Liquidity risk (continued)

Cash flow forecasting at least for next 12 months of the Group is performed by Group Treasury. It monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational, financing and investing needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to guard against contingency and uncertainty with consideration that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, applicable financial ratios, covenant compliance, applicable external regulatory or legal requirements, and potential market impacts arising from unforeseeable events such as currency restrictions.

The table below analyses the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, derivative financial liabilities (both net settled and gross settled) and derivative financial assets (gross settled) based on the contractual undiscounted cash flows.

	Within 1 year HK$M	Between 1 and 2 years HK$M	Between 2 to 5 years HK$M	Over 5 years HK$M	Total HK$M
At 31 December 2023					
Non-derivative financial liabilities					
Bank loans	12,694	3,823	6,865	3,857	27,239
Other borrowings	1,743	4,008	10,966	21,087	37,804
Customers' deposits	6,880	–	–	–	6,880
Trade payables and other liabilities	18,342	189	476	605	19,612
SoC reserve accounts	–	–	–	2,643	2,643
Asset decommissioning liabilities	–	–	–	1,575	1,575
	39,659	8,020	18,307	29,767	95,753
Derivative financial liabilities – net settled					
Forward foreign exchange contracts	1	–	–	–	1
Interest rate swaps	33	13	18	–	64
Energy contracts	955	118	2	54	1,129
	989	131	20	54	1,194
Derivative financial liabilities – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	8,600	4,146	–	–	12,746
Cross currency interest rate swaps	1,995	4,398	8,862	17,414	32,669
	10,595	8,544	8,862	17,414	45,415
Gross contractual amounts receivable					
Forward foreign exchange contracts	(8,485)	(4,072)	–	–	(12,557)
Cross currency interest rate swaps	(1,526)	(4,164)	(8,321)	(16,995)	(31,006)
	(10,011)	(8,236)	(8,321)	(16,995)	(43,563)
Net payable	584	308	541	419	1,852
Derivative financial assets – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	16,257	46	–	–	16,303
Gross contractual amounts receivable					
Forward foreign exchange contracts	(16,293)	(48)	–	–	(16,341)
Net receivable	(36)	(2)	–	–	(38)
Total payable	548	306	541	419	1,814

1. Financial Risk Factors (continued)

Liquidity risk (continued)

	Within 1 year HK$M	Between 1 and 2 years HK$M	Between 2 to 5 years HK$M	Over 5 years HK$M	Total HK$M
At 31 December 2022					
Non-derivative financial liabilities					
Bank loans	9,365	6,275	6,811	4,518	26,969
Other borrowings	3,901	1,914	14,419	21,838	42,072
Customers' deposits	6,633	–	–	–	6,633
Trade payables and other liabilities	16,866	195	342	290	17,693
SoC reserve accounts	–	–	–	3,094	3,094
Asset decommissioning liabilities	–	–	–	1,463	1,463
	36,765	8,384	21,572	31,203	97,924
Derivative financial liabilities – net settled					
Interest rate swaps	27	21	42	–	90
Energy contracts	4,682	277	112	42	5,113
	4,709	298	154	42	5,203
Derivative financial liabilities – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	23,269	1,487	4,052	–	28,808
Cross currency interest rate swaps	3,562	1,827	6,009	17,778	29,176
	26,831	3,314	10,061	17,778	57,984
Gross contractual amounts receivable					
Forward foreign exchange contracts	(23,123)	(1,398)	(3,989)	–	(28,510)
Cross currency interest rate swaps	(3,073)	(1,499)	(5,512)	(17,627)	(27,711)
	(26,196)	(2,897)	(9,501)	(17,627)	(56,221)
Net payable	635	417	560	151	1,763
Derivative financial assets – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	3,569	199	61	–	3,829
Cross currency interest rate swaps	188	188	6,583	–	6,959
	3,757	387	6,644	–	10,788
Gross contractual amounts receivable					
Forward foreign exchange contracts	(3,585)	(205)	(62)	–	(3,852)
Cross currency interest rate swaps	(200)	(199)	(6,628)	–	(7,027)
	(3,785)	(404)	(6,690)	–	(10,879)
Net receivable	(28)	(17)	(46)	–	(91)
Total payable	607	400	514	151	1,672

2. Hedge Accounting

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned. There is no inherent mismatch in the hedging relationships. Certain ineffectiveness can arise during the hedging process. The main sources of hedge ineffectiveness are considered to be the effects of re-designation of the hedging relationships and the counterparty credit risks on the hedging instruments.

Hedges on debt related transactions

The Group applies various types of derivative financial instruments (forward foreign currency contracts, cross currency interest rate swaps and interest rate swaps) to mitigate exposures arising from the fluctuations in foreign currencies and/or interest rates of debt. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the nature of the hedging activities, no significant ineffectiveness is expected at inception.

Hedges on non-debt related transactions

The SoC Companies use forward contracts to manage its foreign exchange risk arising from fuel and nuclear purchases obligations, and payments for major capital projects. The SoC Companies hedge a high portion of committed and highly probable forecast transactions.

EnergyAustralia uses electricity spot-price-linked forward contracts and oil-price-linked forward contracts to mitigate exposures arising from the fluctuations in electricity spot price and oil spot price embedded in gas contracts. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items.

2. Hedge Accounting (continued)

Effects of hedge accounting

The tables below summarise the effect of the hedge accounting on financial position and performance of the Group for the year ended 31 December 2023 and 2022:

Cash Flow Hedges	Notional amount of hedging instruments HK$M	Carrying amount of hedging instrument assets / (liabilities) HK$M	Favourable / (Unfavourable) changes in fair value used for measuring ineffectiveness		Fair value losses / (gains) recognised in cash flow hedge reserve HK$M	Hedge ineffectiveness charged / (credited) to profit or loss [a] HK$M	Amount reclassified from cash flow hedge reserve and credited / (charged) to profit or loss [a]	
			Hedging instruments HK$M	Hedged items HK$M			Hedged items affected profit or loss HK$M	Hedged future cash flows no longer expected to occur HK$M
At 31 December 2023								
Debt related transactions								
Interest rate risk [b]	**27,583**	**(1,647)**	**(1,177)**	**1,222**	**1,191**	**(14)**	**(158)**	**-**
Non-debt related transactions								
Foreign exchange risk	**24,615**	**(86)**	**128**	**(128)**	**(128)**	**-**	**121**	**-**
Energy portfolio risk – electricity [c]	**N/A**	**1,597**	**(102)**	**112**	**113**	**(11)**	**(272)**	**1,264**
Energy portfolio risk – gas [c]	**N/A**	**(3)**	**(25)**	**25**	**25**	**-**	**649**	**-**
At 31 December 2022								
Debt related transactions								
Interest rate risk [b]	25,623	(919)	(35)	25	32	3	(479)	-
Foreign exchange risk	-	-	27	(27)	(27)	-	26	-
Non-debt related transactions								
Foreign exchange risk	27,196	(204)	121	(121)	(121)	-	167	135
Energy portfolio risk – electricity [c]	N/A	2,700	3,550	(3,498)	(3,498)	(52)	386	1,500
Energy portfolio risk – gas [c]	N/A	(147)	1,206	(1,206)	(1,206)	-	1,261	-

Fair Value Hedges	Notional amount of hedging instruments HK$M	Carrying amount of hedged items HK$M	Accumulated fair value hedge adjustments included in carrying amount of hedged items HK$M	Favourable / (Unfavourable) changes in fair value used for measuring ineffectiveness		Hedge ineffectiveness charged to finance costs HK$M
				Hedging instruments HK$M	Hedged items HK$M	
At 31 December 2023						
Debt related transactions						
Interest rate risk [b]	**4,332**	**(4,144)**	**371**	**41**	**(54)**	**13**
At 31 December 2022						
Debt related transactions						
Interest rate risk [b]	6,388	(6,074)	424	(585)	571	14

Notes:

(a) Hedge ineffectiveness and amounts reclassified from cash flow hedge reserve on non-debt and debt related transactions were recognised in fuel and other operating expenses and finance costs respectively.

(b) Interest rate risk included foreign exchange risk in case of foreign currency debts.

(c) The aggregate notional volumes of the outstanding energy derivatives were 43,763GWh (2022: 101,875GWh) and 4.9 million barrels (2022: 5.6 million barrels) for electricity and oil, respectively.

2. Hedge Accounting (continued)

Effects of hedge accounting (continued)

An analysis of other comprehensive income by risk category and the reconciliation of the components in equity that arises in connection with hedge accounting are as follows:

Cash Flow Hedge Reserve	Interest Rate Risk[b] HK$M	Foreign Exchange Risk HK$M	Energy Portfolio Risk HK$M	Total HK$M
Balance at 1 January 2022	(337)	(3)	1,250	910
Fair value (losses) / gains	(32)	148	4,704	4,820
Reclassification to profit or loss				
Hedged items affect profit or loss	479	(193)	(1,647)	(1,361)
Hedged future cash flows no longer expected to occur	–	(135)	(1,500)	(1,635)
Transfer to hedged assets	–	78	–	78
Related deferred tax	(78)	19	(468)	(527)
Sale of subsidiaries	(33)	–	–	(33)
Exchange difference	–	–	(109)	(109)
Balance at 31 December 2022	(1)	(86)	2,230	2,143
Balance at 1 January 2023	(1)	(86)	2,230	2,143
Fair value (losses) / gains	(1,191)	128	(138)	(1,201)
Reclassification to profit or loss				
Hedged items affect profit or loss	158	(121)	(377)	(340)
Hedged future cash flows no longer expected to occur	–	–	(1,264)	(1,264)
Transfer to hedged assets	–	52	–	52
Related deferred tax	171	(10)	533	694
Exchange difference	–	–	(16)	(16)
Balance at 31 December 2023	**(863)**	**(37)**	**968**	**68**

Cost of Hedging Reserve	Time Value of Options HK$M	Forward Element HK$M	Foreign Currency Basis Spread HK$M	Total HK$M
Balance at 1 January 2022	–	1	(14)	(13)
Changes due to transaction related hedged items				
Fair value losses	–	–	(58)	(58)
Reclassification to profit or loss	–	–	11	11
Changes due to time-period related hedged items				
Fair value losses	(1)	(11)	(196)	(208)
Reclassification to profit or loss	–	9	40	49
Related deferred tax	1	1	33	35
Balance at 31 December 2022	–	–	(184)	(184)
Balance at 1 January 2023	–	–	(184)	(184)
Changes due to transaction related hedged items				
Fair value gains	–	–	5	5
Reclassification to profit or loss	–	–	58	58
Changes due to time-period related hedged items				
Fair value gains	–	–	236	236
Reclassification to profit or loss	–	–	(35)	(35)
Related deferred tax	–	–	(44)	(44)
Balance at 31 December 2023	**–**	**–**	**36**	**36**

3. Fair Value Estimation and Hierarchy of Financial Instruments

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at the end of each reporting period.

For the Group's financial instruments that are not measured at fair value, their carrying values approximate their fair values.

Financial instruments measured at fair value are analysed into the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

(A) Fair value hierarchy

The following table presents the Group's financial instruments that are measured at fair value at 31 December:

	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total HK$M
At 31 December 2023				
Financial assets				
Investments at fair value through other comprehensive income	**291**	**–**	**35**	**326**
Investments at fair value through profit or loss	**21**	**–**	**586**	**607**
Forward foreign exchange contracts	**–**	**38**	**–**	**38**
Interest rate swaps	**–**	**30**	**–**	**30**
Energy contracts	**325**	**392**	**1,465**	**2,182**
	637	**460**	**2,086**	**3,183**
Financial liabilities				
Forward foreign exchange contracts	**–**	**185**	**–**	**185**
Cross currency interest rate swaps	**–**	**2,043**	**–**	**2,043**
Interest rate swaps	**–**	**56**	**–**	**56**
Energy contracts	**527**	**424**	**142**	**1,093**
	527	**2,708**	**142**	**3,377**
At 31 December 2022				
Financial assets				
Investments at fair value through other comprehensive income	265	–	35	300
Investments at fair value through profit or loss	2	–	676	678
Forward foreign exchange contracts	–	23	–	23
Cross currency interest rate swaps	–	39	–	39
Interest rate swaps	–	59	–	59
Energy contracts	252	1,596	2,081	3,929
	519	1,717	2,792	5,028
Financial liabilities				
Forward foreign exchange contracts	–	290	–	290
Cross currency interest rate swaps	–	1,388	–	1,388
Interest rate swaps	–	80	–	80
Energy contracts	3,702	1,155	100	4,957
	3,702	2,913	100	6,715

3. Fair Value Estimation and Hierarchy of Financial Instruments (continued)

(A) Fair value hierarchy (continued)

The Group's policy is to recognise transfers into / out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer. During 2023 and 2022, there were no transfers between Level 1 and Level 2.

(B) Valuation techniques used to determine fair values

The valuation techniques and inputs used in the fair value measurements within Level 2 and Level 3 are as follows:

Financial Instruments	Valuation Techniques	Significant Inputs
Investments at fair value through profit or loss	Recent arm's length transactions or net asset value of funds	Not applicable
Forward foreign exchange contracts	Discounted cash flow	Observable exchange rates
Cross currency interest rate swaps	Discounted cash flow	Observable exchange rates and swap rates of respective currency
Interest rate swaps	Discounted cash flow	Observable swap rates of respective currency
Energy contracts	Discounted cash flow	Brokers' quotes and observable exchange traded swap and cap price curves; and long-term forward electricity price and cap price curves

The significant unobservable inputs of energy contracts used for fair value measurement included long-term forward electricity price and cap price curve. The finance department of EnergyAustralia includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to EnergyAustralia's Chief Financial Officer (CFO-EA) and ARC-EA. The valuation of Level 3 forward energy contracts involves the use of a short-term forward curve which is observable in the liquid market and an internally generated long-term forward electricity price and cap price curve which is derived using unobservable inputs. This short-term forward curve is reviewed at least once every six months, in line with the Group's half-yearly reporting dates. Review of the long-term forward curve is performed by the CFO-EA and ARC-EA annually due to the lack of market liquidity. Analysis of fair value changes is performed on a monthly basis for reasonableness.

(C) Movements and sensitivity analysis of Level 3 financial instruments

	2023			2022		
	Investments HK\$M	**Energy Contracts HK\$M**	**Total HK\$M**	Investments HK\$M	Energy Contracts HK\$M	Total HK\$M
Opening balance	**711**	**1,981**	**2,692**	565	847	1,412
Total (losses) / gains recognised in						
Profit or loss and presented in fuel and other operating expenses (note)	**(164)**	**52**	**(112)**	(13)	292	279
Other comprehensive income	**(4)**	**(456)**	**(460)**	(8)	2,265	2,257
Purchases	**102**	**–**	**102**	167	–	167
Distributions / settlements	**(24)**	**(254)**	**(278)**	–	(1,423)	(1,423)
Closing balance	**621**	**1,323**	**1,944**	711	1,981	2,692

Note: Out of which, unrealised gains recognised in profit or loss relating to the assets and liabilities held at the end of the reporting period was HK\$83 million (2022: HK\$171 million).

3. Fair Value Estimation and Hierarchy of Financial Instruments (continued)

(C) Movements and sensitivity analysis of Level 3 financial instruments (continued)

The valuation of long tenure energy contracts is sensitive to electricity pool price assumptions. The sensitivities to the balance of the energy contracts, with all other variables held constant, are disclosed as follows:

	2023 HK$M	2022 HK$M
Balance of Level 3 energy contracts would increase if		
Electricity prices were 15% higher (2022: 15%)	**656**	836
Electricity prices were 30% higher (2022: 30%)	**1,314**	1,688
Balance of Level 3 energy contracts would decrease if		
Electricity prices were 15% lower (2022: 15%)	**(657)**	(844)
Electricity prices were 30% lower (2022: 30%)	**(1,294)**	(1,677)

4. Offsetting Financial Assets and Financial Liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

	Effect of offsetting in the consolidated statement of financial position			Related amounts not offset in the consolidated statement of financial position		
	Gross amounts recognised HK$M	Gross amounts offset HK$M	Net amounts presented in the respective line HK$M	Financial instruments HK$M	Financial instrument collateral HK$M	Net amount [a] HK$M
At 31 December 2023						
Financial assets						
Trade receivables	**5,099**	**–**	**5,099**	**(2,195)**	**(2,575)**	**329**
Derivative financial instruments	**2,960**	**(712)**	**2,248**	**(56)** [b]	**–**	**2,192**
	8,059	**(712)**	**7,347**	**(2,251)**	**(2,575)**	**2,521**
Financial liabilities						
Customers' deposits	**6,880**	**–**	**6,880**	**(2,575)**	**–**	**4,305**
Bank loans and other borrowings	**4,893**	**–**	**4,893**	**–**	**(2,195)**	**2,698**
Derivative financial instruments	**4,023**	**(712)**	**3,311**	**(56)** [b]	**–**	**3,255**
	15,796	**(712)**	**15,084**	**(2,631)**	**(2,195)**	**10,258**
At 31 December 2022						
Financial assets						
Trade receivables	4,763	–	4,763	(2,117)	(2,567)	79
Derivative financial instruments	4,937	(914)	4,023	(83) [b]	–	3,940
	9,700	(914)	8,786	(2,200)	(2,567)	4,019
Financial liabilities						
Customers' deposits	6,551	–	6,551	(2,567)	–	3,984
Bank loans and other borrowings	5,085	–	5,085	–	(2,117)	2,968
Derivative financial instruments	7,540	(914)	6,626	(83) [b]	–	6,543
	19,176	(914)	18,262	(2,650)	(2,117)	13,495

4. Offsetting Financial Assets and Financial Liabilities (continued)

Notes:

(a) Under HKFRS, amounts cannot be offset if the rights of set-off are conditional on a future event (e.g. default of payment). "Net amount" column represents the net impact that would be shown on the consolidated statement of financial position if all set-off rights (e.g. master netting arrangements, collateral arrangements, etc.) were exercised. At 31 December 2023, these items include (1) trade receivables related to Hong Kong electricity business where customers' deposits are served as security for payments; and (2) bank loans and other borrowings of subsidiaries in Mainland China which are secured by charges over trade receivables or rights to income.

(b) For derivative financial instruments, the Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements in which there is a set-off provision. Under certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, a termination value is then assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position since the Group does not have any currently legally enforceable right to offset recognised amounts. The right to offset is enforceable only on the occurrence of future events such as a default on the bank transactions or other credit events.

5. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong credit rating and a healthy capital ratio to support the business and to enhance shareholder value.

The Group manages its capital structure and fine-tunes it in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or change the level of debts. The Group's capital management objectives, policies or processes were unchanged during 2023 and 2022.

The Group monitors capital using "total debt to total capital" and "net debt to total capital" ratios. These ratios are as follows:

	2023 **HK$M**	2022 HK$M
Total debt [(a)]	**57,515**	59,217
Net debt [(b)]	**52,311**	54,931
Total equity [(c)]	**112,971**	116,554
Total capital (based on total debt) [(d)]	**170,486**	175,771
Total capital (based on net debt) [(e)]	**165,282**	171,485
Total debt to total capital (based on total debt) ratio (%)	**33.7**	33.7
Net debt to total capital (based on net debt) ratio (%)	**31.6**	32.0

Decrease in the net debt to total capital was driven by lower net debt from strong operating cash inflows in 2023.

Certain entities of the Group are subject to loan covenants. For both 2023 and 2022, there is no material non-compliance with those loan covenants.

Notes:

(a) Total debt equals bank loans and other borrowings.

(b) Net debt equals total debt less bank balances, cash and other liquid funds.

(c) Total equity equals equity plus advances from non-controlling interests.

(d) Total capital (based on total debt) equals total debt plus total equity.

(e) Total capital (based on net debt) equals net debt plus total equity.

CLP Power Hong Kong Limited and Castle Peak Power Company Limited

Overview

In Hong Kong, CLP Power Hong Kong Limited (CLP Power) operates a vertically integrated electricity generation, transmission and distribution business. The generating plants in Hong Kong are owned by Castle Peak Power Company Limited (CAPCO), in which CLP Power owned 70%. CLP Power builds and operates CAPCO's power stations under contract and is the sole customer for CAPCO's electricity which CLP Power transmits and distributes to its customers in Kowloon, New Territories and most of the outlying islands. CLP Power owns the transmission and distribution network.

Since financial year 1964, the electricity-related operations of CLP Power and CAPCO (the SoC Companies) have been governed by a Scheme of Control (SoC) Agreement with the Hong Kong Government. The SoC specifies the SoC Companies' obligations to supply adequate and reliable electricity supplies to customers at the lowest reasonable cost and the mechanism for the Hong Kong Government to monitor their financial affairs and operating performance. In return, CLP Power is allowed to charge tariffs designed to recover the operating costs (including tax) and allowed net return of the SoC Companies.

The current SoC took effect from 1 October 2018 and covers a term of over 15 years ending on 31 December 2033. The SoC contains a provision to give the SoC Companies protection for stranded costs, which may arise as a result of future changes to the market structure which adversely impact on the SoC Companies' ability to recover and to earn returns on existing investments made in good faith in accordance with the SoC. These costs will include the costs of investments, fuel and power purchase agreements previously approved by the Hong Kong Government. If stranded costs arise after the SoC Companies have implemented mitigation measures reasonably required by the Hong Kong Government, the SoC Companies are entitled to recover them from the market, consistent with international practice. Three years before market changes are introduced, the SoC Companies and the Hong Kong Government will agree on the amount of stranded costs and the mechanism for their recovery by the SoC Companies.

Tariff Setting Mechanism

For each year, CLP Power designs the total tariff it charges to cover the SoC Companies' operating costs and allowed net return. The total tariff consists of the following components:

(i) basic tariff rate which is derived by taking into account the annual forecast of (a), (b) and (c) below, using the formula "(a-b)/c":

  (a) the allowed net return and operating costs including the standard cost of fuels; generation, transmission, distribution and administration expenses; depreciation; interest expenses; and taxes;

  (b) 80% of the profit on electricity sales to Mainland China; and

  (c) local unit sales as determined by the load forecast.

(ii) fuel clause charge or rebate (Fuel Cost Adjustment) which represents the difference between the cost of fuels (including natural gas, coal and oil) and the standard cost recovered through the basic tariff rate. The Fuel Cost Adjustment may be adjusted from time to time, including on a monthly basis, to reflect changes in the cost of fuels consumed by the SoC Companies for the generation of electricity.

Any difference between the actual profit for SoC operations and the permitted return for the year is transferred to or from a Tariff Stabilisation Fund. The Tariff Stabilisation Fund does not form part of distributable shareholders' funds and represents a liability in the accounts of CLP Power. A charge on the average balance of the Tariff Stabilisation Fund is credited to a Rate Reduction Reserve in the accounts of CLP Power, which balance as at the end of each year is to be transferred to the Tariff Stabilisation Fund in the following year.

Permitted and Net Return

The permitted and net return that the SoC Companies are allowed under the SoC are calculated as follows:

- The annual permitted return under the SoC is 8% of the SoC Companies' average net fixed assets.
- The net return under the SoC is the permitted return after the deduction or adjustment of the following items:

(a) interest up to a maximum of 7% per annum on borrowed capital arranged for financing fixed assets;

(b) a charge of the average one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund under the SoC, which is credited to the Rate Reduction Reserve;

(c) an excess capacity adjustment of 8% less an allowed interest charge up to 7% per annum on the average related excess capacity expenditure;

(d) interest up to 7% per annum on the increase in average balance of the customers' deposits in excess of the balance as at 30 September 1998; and

(e) performance-linked incentives / penalties adjustments

Category	% incentives (+) / penalties (-)
Operation performance related incentives / penalties	in the range of -0.05% to +0.05% on average net fixed assets
Energy efficiency and renewable performance incentives	• a maximum of 0.315% on average net fixed assets • incentive of 10% of renewable energy certificates sales revenue • five-year energy saving and renewable energy connections incentives with a maximum of 0.11% on the average net fixed assets at the final year of the five-year period
Demand response reduction incentive	a maximum of 0.025% on average net fixed assets
Large-scale electricity supply interruption penalty (effective from 2024)	a maximum of 0.03% on average net fixed assets for each single large-scale electricity supply interruption incident

The net return is divided between the SoC Companies in accordance with the provisions of the agreements between the SoC Companies. These provisions state that each company will receive that proportion of the total net return represented by the net return that company would receive if it were the only company under the SoC and the net return were calculated solely on the basis of its own financial statements.

Under the SoC, 65% of the energy efficiency incentives earned by the SoC Companies are to be contributed to a CLP Community Energy Saving Fund (CESF) to support programmes in promotion of energy efficiency, use of renewable energy, the disadvantaged groups and other programmes as agreed with the Hong Kong Government. In addition, a new mechanism to provide additional financial support (special tariff relief) by the SoC Companies in the event of severe international fuel crisis capped at HK$180 million has become effective from 2024 to help targeted residential customers most in need of support.

The calculations shown on next page are in accordance with the SoC and the agreements between the SoC Companies.

For the year ended 31 December

	2023 HK$M	2022 HK$M
SoC revenue	**50,455**	51,103
Expenses		
Operating costs	**5,336**	5,027
Fuel	**20,974**	21,939
Purchases of nuclear electricity	**5,802**	5,822
Provision for asset decommissioning	**120**	73
Depreciation	**5,380**	5,313
Operating interest	**1,154**	800
Taxation	**1,933**	1,924
	40,699	40,898
Profit after taxation	**9,756**	10,205
Interest on increase in customers' deposits	**37**	4
Interest on borrowed capital	**1,539**	1,115
Adjustment for performance incentives	**(642)**	(448)
Profit for SoC	**10,690**	10,876
Transfer from / (to) Tariff Stabilisation Fund	**168**	(531)
Permitted return	**10,858**	10,345
Deduct interest on / Adjustment for		
Increase in customers' deposits as above	**37**	4
Borrowed capital as above	**1,539**	1,115
Performance incentives as above	**(642)**	(448)
Tariff Stabilisation Fund to Rate Reduction Reserve	**114**	40
	1,048	711
Net return	**9,810**	9,634
CESF contribution	**(230)**	(218)
Net return after CESF contribution	**9,580**	9,416
Divisible as follows:		
CLP Power	**6,351**	6,239
CAPCO	**3,229**	3,177
	9,580	9,416
CLP Power's share of net return after CESF contribution		
CLP Power	**6,351**	6,239
Interest in CAPCO	**2,261**	2,224
	8,612	8,463

Five-year Summary: CLP Group Economic and Financial Data

	2023	2022	2021	2020	2019
Consolidated Operating Results (HK$M)					
Revenue					
Hong Kong electricity business	**50,630**	50,600	44,311	41,325	40,025
Energy businesses outside Hong Kong	**35,039**	48,873	38,941	37,687	45,088
Others	**1,500**	1,189	707	578	576
Total	**87,169**	100,662	83,959	79,590	85,689
Earnings					
Hong Kong energy business	**8,536**	8,445	8,157	7,758	7,422
Hong Kong energy business related	**287**	263	301	270	211
Mainland China	**2,073**	2,229	1,660	2,233	2,277
Australia	**(182)**	(2,330)	251	1,382	1,686
India	**301**	193	221	175	263
Taiwan Region and Thailand	**307**	11	173	386	335
Other earnings in Hong Kong	**(106)**	(65)	(18)	(193)	(169)
Unallocated net finance income/(costs)	**43**	(6)	(9)	24	(42)
Unallocated Group expenses	**(1,132)**	(1,138)	(869)	(781)	(738)
Operating earnings before fair value movements	**10,127**	7,602	9,867	11,254	11,245
Fair value movements	**2,125**	(2,979)	(350)	323	(124)
Operating earnings	**12,252**	4,623	9,517	11,577	11,121
Property revaluation	**(25)**	(57)	(34)	(121)	(83)
Profit from sale of properties	**112**	80	–	–	–
(Losses)/gains on sales of investments	**–**	(3,722)	249	–	–
Impairment provision	**(5,983)**	–	(148)	–	(6,381)
Other items affecting comparability	**299**	–	(1,093)	–	–
Total earnings	**6,655**	924	8,491	11,456	4,657
Dividends	**7,832**	7,832	7,832	7,832	7,782
Depreciation and amortisation, owned and leased assets	**8,594**	8,904	9,308	8,476	8,118
Consolidated Statement of Financial Position (HK$M)					
SoC fixed assets	**136,482**	130,842	124,353	119,873	117,042
Other fixed assets	**25,181**	24,916	37,801	36,642	33,744
Goodwill and other intangible assets	**12,854**	18,451	19,710	20,559	20,111
Interests in and loans to joint ventures	**12,518**	11,748	10,602	11,017	9,999
Interests in associates	**9,380**	9,090	8,769	9,181	8,708
Other non-current assets	**5,706**	6,518	4,686	3,568	3,193
Current assets	**26,930**	34,461	33,888	33,393	28,826
Total assets	**229,051**	236,026	239,809	234,233	221,623
Shareholders' funds	**102,331**	105,498	113,034	112,200	105,455
Perpetual capital securities	**3,887**	3,887	3,887	3,887	3,887
Other non-controlling interests	**6,164**	6,309	9,788	9,885	9,987
Equity	**112,382**	115,694	126,709	125,972	119,329
Bank loans and other borrowings	**57,515**	59,217	58,215	54,348	52,349
SoC reserve accounts	**2,643**	3,094	3,440	2,374	1,500
Other current liabilities	**29,907**	33,147	27,286	27,260	26,911
Other non-current liabilities	**26,604**	24,874	24,159	24,279	21,534
Total liabilities	**116,669**	120,332	113,100	108,261	102,294
Equity and total liabilities	**229,051**	236,026	239,809	234,233	221,623

A ten-year summary is on our website

	2023	2022	2021	2020	2019
Consolidated Statement of Cash Flows (HK$M)					
Funds from operations	**25,597**	13,555	20,223	24,418	23,502
Net cash inflow from operating activities	**23,567**	12,734	17,806	22,374	21,345
Net cash outflow from investing activities	**(9,472)**	(15,382)	(11,787)	(10,081)	(5,824)
Net cash outflow from financing activities	**(13,142)**	(987)	(8,484)	(10,211)	(14,944)
Capital expenditure, owned and leased assets	**(11,776)**	(14,553)	(12,431)	(10,586)	(10,448)
Per Share Data (HK$)					
Shareholders' funds per share	**40.50**	41.76	44.74	44.41	41.74
Earnings per share					
Total earnings	**2.63**	0.37	3.36	4.53	1.84
Operating earnings	**4.85**	1.83	3.77	4.58	4.40
Dividends per share	**3.10**	3.10	3.10	3.10	3.08
Closing share price					
Highest	**64.45**	80.35	80.90	84.20	96.85
Lowest	**55.55**	51.80	71.75	65.00	78.40
As at year-end	**64.45**	56.95	78.75	71.70	81.90
Ratios					
Return on equity (%)	**6.4**	0.8	7.5	10.5	4.3
Operating return on equity (%)	**11.8**	4.2	8.5	10.6	10.4
Total debt to total capital (%)	**33.7**	33.7	31.3	30.0	30.3
Net debt to total capital (%)	**31.6**	32.0	28.1	25.1	26.7
FFO interest cover (times)	**11**	7	12	13	12
Price/Earnings (times)	**25**	154	23	16	45
Dividend yield (%)	**4.8**	5.4	3.9	4.3	3.8
Dividend cover (times)					
Total earnings	**0.8**	0.1	1.1	1.5	0.6
Operating earnings	**1.6**	0.6	1.2	1.5	1.4
Dividend pay-out (%)					
Total earnings	**117.7**	847.6	92.2	68.4	167.1
Operating earnings	**63.9**	169.4	82.3	67.7	70.0
Total return to shareholders (%)	**4.7**	2.6	5.8	5.2	8.7
Group Generation Capacity – owned* (MW)					
– by region					
Hong Kong	**8,268**	8,268	8,243	8,143	7,568
Mainland China	**6,095**	5,944	7,985	7,905	7,905
Australia	**4,856**	4,853	4,537	4,511	4,508
India	**1,699**	1,700	2,040	1,890	1,842
Taiwan Region and Thailand	**285**	285	285	285	285
	21,203	21,050	23,090	22,734	22,108
– by status					
Operational	**20,008**	19,874	22,235	22,184	21,468
Construction	**1,195**	1,176	855	550	640
	21,203	21,050	23,090	22,734	22,108

* Group generation capacity (in MW) is incorporated on the following basis: CAPCO on 100% capacity as stations operated by CLP Power and other stations on the proportion of the Group's equity interests.

Five-year Summary: CLP Group Environmental, Social and Governance (ESG) Data

Environmental

Performance Indicators	Units	2023	2022	2021	2020	2019	GRI Standards (GRI)/ HKEx ESG Reporting Guide (HKEx)/SASB Standards for Electric Utilities (SASB)/ IFRS Foundation's S2 Climate-related Disclosure (IFRS S2)
Greenhouse Gas Emissions							
CLP Group [1]							
Total CO_2e emissions – on an equity basis [2, 3]	kt	**52,988**	60,223	65,017	62,138	71,720	GRI 305-1, 305-2, 305-3/ HKEx A1.2/SASB IF-EU-110a.1, IF-EU-110a.2 /IFRS S2-29(a)
Scope 1 CO_2e [4]	kt	**38,163**	44,141	47,690	45,105	50,047	
Scope 2 CO_2e	kt	**229**	220	236	244	250	
Scope 3 CO_2e	kt	**14,597**	15,861	17,091	16,790	21,424	
CLP Group's generation and energy storage portfolio [3, 4, 5]							
CO_2 – on an equity basis [6]	kt	**38,051**	44,019	47,574	44,987	N/A	GRI 305-1, 305-2/HKEx A1.2
CO_2e – on an equity basis [6]	kt	**38,241**	44,235	47,813	N/A	N/A	
CO_2 – on an equity plus long-term capacity and energy purchase basis [7]	kt	**42,216**	48,074	51,674	48,621	N/A	
CO_2e – on an equity plus long-term capacity and energy purchase basis [7]	kt	**42,439**	48,323	51,941	N/A	N/A	
CO_2 – on an operational control basis [6, 8]	kt	**30,563**	44,338	46,842	43,808	50,412	
CO_2e – on an operational control basis [6, 8]	kt	**30,732**	44,571	47,090	44,023	50,676	
Climate Vision 2050							
CLP Group – GHG emissions intensity of generation and energy storage portfolio [3, 4, 5]							GRI 305-4/HKEx A1.2/ IFRS S2-33(a)
On an equity plus long-term capacity and energy purchase basis [7]	kg CO_2e/kWh	**0.54**	0.55	0.57	0.57	0.63	
On an equity basis [6]	kg CO_2e/kWh	**0.62**	0.63	0.65	0.66	0.71	
Environmental Compliance [8, 9]							
Environmental regulatory non-compliances resulting in fines or prosecutions	number	**0**	0	0	0	0	GRI 2-27
Environmental licence limit exceedances & other non-compliances	number	**5**	6	5	4	10	
Resource Use & Emissions [8, 9]							
Nitrogen oxides (NO_x)	kt	**32.3**	43.5	45.7	43.2	47.0	GRI 305-7/HKEx A1.1/ SASB IF-EU-120.a.1
Sulphur dioxide (SO_2)	kt	**40.6**	48.9	52.7	48.0	44.7	
Particulates	kt	**6.7**	6.8	7.6	6.9	7.7	
Sulphur hexafluoride (SF_6)	kt	**0.004**	0.003	0.004	0.003	N/A	
Mercury	t	**0.22**	0.52	0.31	N/A	N/A	SASB IF-EU-120a.1
Hazardous waste produced [10]	t (solid)/kl (liquid)	**3,617/1,935**	869/1,103	1,524/1,017	1,503/1,091	862/1,578	GRI 306-3/HKEx A1.3
Hazardous waste recycled [10]	t (solid)/kl (liquid)	**331/684**	493/797	520/947	523/1,069	201/1,536	
Non-hazardous waste produced [10]	t (solid)/kl (liquid)	**12,326/0**	12,702/23	24,481/65	17,901/3	13,344/59	GRI 306-3/HKEx A1.4
Non-hazardous waste recycled [10]	t (solid)/kl (liquid)	**6,744/0**	7,917/23	4,214/65	4,458/3	4,986/57	
Ash produced / recycled and sold	kt	**1,045/328**	3,066 [11]/2,365	3,403/2,501	2,624/1,793	3,032/3,667	SASB IF-EU-150a.1
Gypsum produced / recycled and sold	kt	**52/61**	286/280	367/365	334/335	441/438	
Total water withdrawal [12]	Mm^3	**4,249.0**	5,339.3	5,243.7	5,466.0	5,475.4	GRI 2-4, 303-3/HKEx A2.2/ SASB IF-EU-140a.1
Total water discharge [12]	Mm^3	**4,240.3**	5,310.9	5,205.4	5,438.6	5,433.2	GRI 2-4, 303-4
Fuel Use [8, 9, 12]							
Coal consumed (for power generation)	TJ	**250,177**	394,274	426,190	403,379	485,453	GRI 302-1/HKEx A2.1
Gas consumed (for power generation)	TJ	**146,370**	151,327	142,304	134,776	107,183	
Oil consumed (for power generation)	TJ	**2,854**	2,936	2,717	2,243	2,620	

Notes:

1 Refers to a range of businesses, including generation and energy storage portfolio, transmission and distribution, retail and others.

2 Numbers have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

3 Paguthan Power Station, the power purchase agreements of which expired in December 2018, was not included in the 2019-2023 numbers.

4 In accordance with the Greenhouse Gas Protocol, WE Station, which makes use of landfill gas from waste for power generation, is not included in CLP's Scope 1 CO_2 emissions and is reported separately in the Asset Performance Statistics of the Sustainability Report. Its non-CO_2 GHG emissions (i.e. CH_4 and N_2O) are included in CLP's Scope 1 CO_2e emissions.

5 Starting from 2020, the portfolio includes energy storage assets and generation assets. Energy storage assets include pumped storage and battery storage. In previous years, the portfolio included generation assets only.

6 Numbers include Scope 1 and Scope 2 emissions.

7 Numbers include Scope 1, Scope 2 and Scope 3 Category 3 emissions (direct emissions from generation of purchased electricity that is sold to CLP's customers).

8 Apraava Energy ceased to be a subsidiary and is now accounted for as a joint venture. Apraava Energy is excluded in the figures for 2023, but included in figures for 2022 and prior years. Moreover, in November 2022, CLP sold its 70% interest in the coal-fired Fangchenggang Power Station, which has been excluded from CLP's reporting scope since then.

9 Numbers include operating assets where CLP has operational control during the calendar year. Paguthan Power Station, the power purchase agreements of which expired in December 2018, was not included in the 2019-2023 numbers.

10 Waste categorised in accordance with local regulations.

Performance Indicators	Units	2023	2022	2021	2020	2019	GRI Standards (GRI)/ HKEx ESG Reporting Guide (HKEx)/SASB Standards for Electric Utilities (SASB)/ IFRS Foundation's S2 Climate-related Disclosure (IFRS S2)
Asset management[2, 13]							
Total generation and energy storage capacity by asset type – on an equity basis	MW (%)	**18,123 (100)**	17,970 (100)	20,018 (100)	19,691 (100)	19,238 (100)	GRI EU1
Coal	MW (%)	**8,486 (46.8)**	8,486 (47.2)	10,795 (53.9)	10,765 (54.7)	10,765 (56.0)	
Gas	MW (%)	**4,938 (27.2)**	4,934 (27.5)	4,666 (23.3)	4,600 (23.4)	4,194 (21.8)	
Nuclear	MW (%)	**1,600 (8.8)**	1,600 (8.9)	1,600 (8.0)	1,600 (8.1)	1,600 (8.3)	
Wind[14]	MW (%)	**1,827 (10.1)**	1,680 (9.3)	1,747 (8.7)	1,521 (7.7)	1,521 (7.9)	
Hydro[14]	MW (%)	**489 (2.7)**	489 (2.7)	489 (2.4)	489 (2.5)	489 (2.5)	
Solar[14]	MW (%)	**548 (3.0)**	554 (3.1)	499 (2.5)	499 (2.5)	451 (2.3)	
Waste-to-energy[14]	MW (%)	**7 (0.0)**	7 (0.0)	7 (0.0)	7 (0.0)	7 (0.0)	
Energy Storage	MW (%)	**18 (0.1)**	10 (0.1)	5 (0.0)	0 (0.0)	N/A	
Others	MW (%)	**210 (1.2)**	210 (1.2)	210 (1.0)	210 (1.1)	210 (1.1)	
Total generation and energy storage capacity by asset type – on an equity plus long-term capacity and energy purchase basis	MW (%)	**23,291 (100)**	23,068 (100)	25,108 (100)	24,752 (100)	24,015 (100)	
Coal	MW (%)	**9,719 (41.7)**	9,719 (42.1)	12,027 (47.9)	11,997 (48.5)	11,997 (50.0)	
Gas	MW (%)	**6,093 (26.2)**	6,089 (26.4)	5,813 (23.2)	5,717 (23.1)	5,139 (21.4)	
Nuclear	MW (%)	**2,685 (11.5)**	2,685 (11.6)	2,685 (10.7)	2,685 (10.8)	2,685 (11.2)	
Wind[15]	MW (%)	**2,391 (10.3)**	2,264 (9.8)	2,331 (9.3)	2,105 (8.5)	2,049 (8.5)	
Hydro[15]	MW (%)	**489 (2.1)**	489 (2.1)	489 (1.9)	489 (2.0)	489 (2.0)	
Solar[15]	MW (%)	**842 (3.6)**	848 (3.7)	793 (3.2)	793 (3.2)	745 (3.1)	
Waste-to-energy[15]	MW (%)	**10 (0.0)**	10 (0.0)	10 (0.0)	10 (0.0)	10 (0.0)	
Energy Storage	MW (%)	**763 (3.3)**	665(2.9)	660 (2.6)	655 (2.6)	N/A	
Others	MW (%)	**300 (1.3)**	300 (1.3)	300 (1.2)	300 (1.2)	900 (3.7)	
Total energy sent out by asset type – on an equity basis[3]	GWh (%)	**62,052 (100)**	69,726 (100)	73,113 (100)	68,699 (100)	70,949 (100)	GRI EU2/HKEx A2.1/ SASB IF-EU-000.D
Coal	GWh (%)	**30,364 (48.9)**	37,031 (53.1)	42,002 (57.4)	39,438 (57.4)	44,596 (62.9)	
Gas	GWh (%)	**13,817 (22.3)**	14,435 (20.7)	13,233 (18.1)	12,390 (18.0)	9,979 (14.1)	
Nuclear	GWh (%)	**12,128 (19.5)**	12,346 (17.7)	12,302 (16.8)	11,192 (16.3)	10,888 (15.3)	
Wind[16]	GWh (%)	**3,164 (5.1)**	3,146 (4.5)	2,959 (4.0)	2,886 (4.2)	2,924 (4.1)	
Hydro[16]	GWh (%)	**1,626 (2.6)**	1,835 (2.6)	1,668 (2.3)	1,879 (2.7)	1,758 (2.5)	
Solar[16]	GWh (%)	**920 (1.5)**	901 (1.3)	922 (1.3)	898 (1.3)	805 (1.1)	
Waste-to-energy[16]	GWh (%)	**32 (0.1)**	29 (0.0)	27 (0.0)	15 (0.0)	0 (0.0)	
Energy Storage	GWh (%)	**0 (0.0)**	0 (0.0)	0 (0.0)	0 (0.0)	N/A	
Others	GWh (%)	**0 (0.0)**	1 (0.0)	0 (0.0)	1 (0.0)	0 (0.0)	
Total energy sent out by asset type – on an equity plus long-term capacity and energy purchase basis[3]	GWh (%)	**79,512 (100)**	87,360 (100)	91,183 (100)	85,949 (100)	88,573 (100)	
Coal	GWh (%)	**32,418 (40.8)**	39,027 (44.7)	43,995 (48.2)	41,118 (47.8)	48,512 (54.8)	
Gas	GWh (%)	**19,203 (24.2)**	19,507 (22.3)	18,461 (20.2)	17,157 (20.0)	13,073 (14.8)	
Nuclear	GWh (%)	**20,098 (25.3)**	20,836 (23.9)	20,962 (23.0)	19,923 (23.2)	19,400 (21.9)	
Wind[17]	GWh (%)	**4,688 (5.9)**	4,709 (5.4)	4,611 (5.1)	4,445 (5.2)	4,474 (5.0)	
Hydro[17]	GWh (%)	**1,626 (2.0)**	1,835 (2.1)	1,668 (1.8)	1,879 (2.2)	1,758 (2.0)	
Solar[17]	GWh (%)	**1,480 (1.9)**	1,472 (1.7)	1,524 (1.7)	1,522 (1.8)	1,467 (1.7)	
Waste-to-energy[17]	GWh (%)	**45 (0.1)**	42 (0.0)	38 (0.0)	22 (0.0)	0 (0.0)	
Energy Storage	GWh (%)	**-46 (-0.1)**	-69 (-0.1)	-75 (-0.1)	-118 (-0.1)	N/A	
Others	GWh (%)	**1 (0.0)**	2 (0.0)	1 (0.0)	1 (0.0)	-109 (-0.1)	

Notes:

11 Restated as per updated data for Mount Piper in Australia.

12 Numbers have been subject to rounding.

13 Starting from 2020, a new "Energy Storage" asset category is added, under which pumped storage and battery storage are included. In previous years, assets under the "Others" category included oil-fired generation assets and pumped storage.

14 Renewables include wind, hydro, solar and waste-to-energy. The total capacity of renewables on an equity basis is 2,871 MW (15.8%) in 2023.

15 Renewables include wind, hydro, solar and waste-to-energy. The total capacity of renewables on an equity plus long-term capacity and energy purchase basis is 3,732 MW (16.0%) in 2023.

16 Renewables include wind, hydro, solar and waste-to-energy. The total sent out of renewables on an equity basis is 5,743 GWh (9.3%) in 2023.

17 Renewables include wind, hydro, solar and waste-to-energy. The total sent out of renewables on an equity plus long-term capacity and energy purchase basis is 7,840 GWh (9.9%) in 2023.

*All 2023 data in the above table have been independently verified by KPMG **except** those numbers which are shaded in dark grey.*

Social and Governance

For more detailed narrative on the "Environmental, Social and Governance" related performance indicators, please refer to Delivering Our Sustainability Agenda chapter and the Corporate Governance Report of this report.

Performance Indicators	Units	2023	2022	2021	2020	2019	GRI/HKEx/SASB/IFRS S2
Employees							
Employees by region							
Hong Kong	number	**5,163**	4,954	4,771	4,689	4,604	GRI 2-7/HKEx B1.1
Mainland China	number	**702**	663	627	609	607	
Australia	number	**2,176**	2,251	2,281	2,320	2,280	
India [1]	number	**N/A**	450	437	442	469	
Total [1]	number	**8,041**	8,318	8,116	8,060	7,960	
Voluntary staff turnover rate [2, 3]							
Hong Kong	%	**5.4**	6.6	4.6	3.1	2.4	GRI 401-1/HKEx B1.2
Mainland China	%	**2.6**	2.3	2.3	1.3	2.0	
Australia	%	**15.2**	18.8	16.1	7.7	12.9	
India [1]	%	**N/A**	10.6	6.9	4.7	6.6	
Employees eligible to retire within the next five years [4]							
Hong Kong	%	**17.3**	18.8	20.1	20.4	19.5	GRI EU15
Mainland China	%	**15.9**	15.7	15.1	13.4	14.5	
Australia	%	**7.8**	6.7	6.6	5.7	5.4	
India [1]	%	**N/A**	5.5	5.0	5.1	4.8	
Total [1]	%	**14.3**	14.1	14.6	14.5	13.9	
Average training hours per employee [1]	hours	**44.1**	46.2	51.6	42.5	40.1	GRI 404-1/HKEx B3.2
Safety [5, 6]							
Fatalities – employees only [7, 8]	number of personnel	**0**	0	0	0	0	GRI 403-2/HKEx B2.1
Fatalities – contractors only [7, 8]	number of personnel	**0**	0	0	0	1	
Fatalities – employees and contractors combined [7, 8]	number of personnel	**0**	0	0	0	1	
Fatality Rate – employees only [9, 10]	rate	**0.00**	0.00	0.00	0.00	0.00	GRI 403-2/HKEx B2.1/ SASB IF-EU-320a.1
Fatality Rate – contractors only [9, 10]	rate	**0.00**	0.00	0.00	0.00	0.01	
Fatality Rate – employees and contractors combined [9, 10]	rate	**0.00**	0.00	0.00	0.00	0.00	
Days Away From Work Injuries – employees only [8, 11]	number of personnel	**2**	6	4	12	7	GRI 403-2
Days Away From Work Injuries – contractors only [8, 11]	number of personnel	**8**	15	10	10	19	
Days Away From Work Injuries – employees and contractors combined [8, 11]	number of personnel	**10**	21	14	22	26	
Lost Time Injury Rate – employees only [10, 12]	rate	**0.03**	0.07	0.05	0.13	0.07	
Lost Time Injury Rate – contractors only [10, 12]	rate	**0.09**	0.11	0.08	0.09	0.14	
Lost Time Injury Rate – employees and contractors combined [10, 12]	rate	**0.06**	0.10	0.07	0.11	0.11	

Notes:

1 Apraava Energy ceased to be a subsidiary and is now accounted for as a joint venture. Apraava Energy is excluded in the figures for 2023, but included in figures for 2022 and prior years.

2 Voluntary staff turnover refers to employees leaving the organisation voluntarily and does not include dismissal, retirement, company-initiated termination or end of contract.

3 Includes permanent employees except for Mainland China, which includes both permanent and fixed-term contract employees due to local employment legislation.

4 The percentages given refer to permanent employees within each region, who are eligible to retire within the next five years.

5 Apraava Energy ceased to be a subsidiary and is now accounted for as a joint venture. Apraava Energy is excluded in the figures for 2023, but included in figures for 2022 and prior years. Moreover, in November 2022, CLP sold its 70% interest in the coal-fired Fangchenggang Power Station, which has been excluded from CLP's reporting scope since then.

6 The system of rules applied in recording and reporting accident statistics complies with the International Labour Organization (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

7 Refers to the number of fatalities as a result of work-related injury.

8 Starting from 2021, the unit is changed from the number of cases to the number of personnel.

9 Refers to the number of fatal injuries per 200,000 work hours in the year.

10 Rates are normalised to 200,000 work hours, which approximately equals to the number of hours worked by 100 people in one year.

11 Starting from 2021, "Days Away From Work Injuries" replaces "Lost Time Injury". Days Away From Work Injuries refers to the number of personnel who sustain a work-related injury and are unfit to perform any work on any day after the occurrence of the injury. "Any day" is any calendar day which includes rest days, weekend days, leave days, public holidays or days after ceasing employment. It does not include the day the injury incident occurred. "Days Away From Work Injuries" excludes fatalities which were included in "Lost Time Injury". Numbers prior to 2021 are the previously reported numbers for "Lost Time Injury".

12 Refers to the number of Days Away From Work Injuries and Fatalities per 200,000 work hours in the year.

Performance Indicators	Units	2023	2022	2021	2020	2019	GRI/HKEx/SASB/IFRS S2
High-consequence Injuries – employees only [13]	number of personnel	**0**	0	0	N/A	N/A	GRI 403-9
High-consequence Injuries – contractors only [13]	number of personnel	**1**	2	1	N/A	N/A	
High-consequence Injuries – employees and contractors combined [13]	number of personnel	**1**	2	1	N/A	N/A	
Total Recordable Injury Rate – employees only [10, 14]	rate	**0.13**	0.17	0.14	0.25	0.19	GRI 403-2/SASB IF-EU-320a.1
Total Recordable Injury Rate – contractors only [10, 14]	rate	**0.22**	0.31	0.29	0.37	0.52	
Total Recordable Injury Rate – employees and contractors combined [10, 14]	rate	**0.18**	0.25	0.23	0.32	0.38	
Work-related Ill Health – employees only [8, 15]	number of personnel	**3**	4	1	0	0	GRI 403-10/HKEx B2.1
Lost Days – employees only [16]	number of days	**125**	176	304	443	464	GRI 403-2/HKEx B2.2
Governance [1]							
Breaches of Code of Conduct reported to the Audit & Risk Committee	cases	**12**	10	18	25	31	
Convicted cases of corruption reported to the Audit & Risk Committee	cases	**0**	0	0	0	0	GRI 205-3/HKEx B7.1

Notes:

13 Refers to the number of personnel who sustain life-threatening or life-altering work-related injury. It is a subset of Days Away From Work Injuries.

14 Refers to the number of Total Recordable Injuries per 200,000 work hours in the year. Total Recordable Injuries include Fatalities, Days Away From Work Injuries, Restricted Work Injuries, and Medical Treatment Injuries.

15 Starting from 2021, “Work-related Ill Health” replaces “Occupational Disease”. Work-related Ill Health includes the diseases listed in the ILO List of Occupational Diseases, work-related mental illnesses and work-related disorders. Numbers prior to 2021 are the previously reported numbers for “Occupational Disease”.

16 Starting from 2021, “Lost Days” replaces “Days Lost”. “Lost Days” is the sum total of calendar days (consecutive or otherwise) after the days on which the work-related injuries and work-related ill health occurred. “Days Lost” accounts the working days instead of calendar days. Numbers prior to 2021 are the previously reported numbers for “Days Lost”.

*All 2023 data in the above table have been independently verified by KPMG **except** those numbers which are shaded in dark grey.*

Five-year Summary: Scheme of Control Financial & Operating Statistics

CLP Power Hong Kong Limited and Castle Peak Power Company Limited

	2023	2022	2021	2020	2019
SoC Financial Statistics					
Combined Profit & Loss Statement, HK$M					
Profit for SoC	**10,690**	10,876	10,926	10,026	9,744
Transfer from / (to) Tariff Stabilisation Fund	**168**	(531)	(1,072)	(519)	(526)
Permitted return	**10,858**	10,345	9,854	9,507	9,218
Deduct interest on / Adjustment for					
Borrowed capital	**1,539**	1,115	1,018	1,111	1,100
Increase in customers' deposits	**37**	4	–	–	4
Performance incentives	**(642)**	(448)	(438)	(416)	(392)
Tariff Stabilisation Fund	**114**	40	3	18	22
Net return	**9,810**	9,634	9,271	8,794	8,484
Combined Balance Sheet, HK$M					
Net assets employed					
Fixed assets	**138,657**	132,792	125,827	120,523	117,157
Non-current assets	**16**	74	134	351	213
Current assets	**5,706**	9,681	8,359	6,350	4,231
	144,379	142,547	134,320	127,224	121,601
Less: current liabilities	**32,472**	27,881	25,311	23,046	28,115
Net assets	**111,907**	114,666	109,009	104,178	93,486
Exchange fluctuation account	**1,183**	465	606	555	9
	113,090	115,131	109,615	104,733	93,495
Represented by					
Equity	**54,364**	52,528	49,934	47,807	46,205
Long-term loans and other borrowings	**35,967**	40,680	38,328	37,146	29,792
Deferred liabilities	**20,230**	18,995	18,244	17,761	16,020
Tariff Stabilisation Fund	**2,529**	2,928	3,109	2,019	1,478
	113,090	115,131	109,615	104,733	93,495
Other SoC Information, HK$M					
Total electricity sales	**50,288**	50,919	45,222	41,798	40,473
Capital expenditure	**11,670**	12,573	11,222	8,882	9,097
Depreciation	**5,380**	5,313	5,434	5,011	4,753
SoC Operating Statistics					
Customers and Sales					
Number of customers (thousand)	**2,790**	2,752	2,711	2,672	2,636
Sales analysis, millions of kWh					
Commercial	**13,673**	13,233	13,423	12,878	13,584
Manufacturing	**1,594**	1,615	1,665	1,616	1,663
Residential	**9,929**	10,113	10,525	10,298	9,451
Infrastructure and Public Services	**10,196**	9,863	9,742	9,171	9,586
Local	**35,392**	34,824	35,355	33,963	34,284
Export	**–**	–	–	–	–
Total Electricity Sales	**35,392**	34,824	35,355	33,963	34,284
Annual change, %	**1.6**	(1.5)	4.1	(0.9)	0.2
Renewable Energy Certificate Sold, millions of kWh	**172**	100	15	5	3
Local consumption, kWh per person	**5,595**	5,680	5,704	5,404	5,459
Local sales, HK¢ per kWh (average) [1]					
Basic Tariff	**93.1**	93.3	93.6	92.3	90.7
Fuel Cost Adjustment [2]	**58.4**	46.1	30.2	28.4	27.9
Special Rebate	**–**	(2.1)	–	–	–
Total Tariff	**151.5**	137.3	123.8	120.7	118.6
Rent and Rates Special Rebate [3]	**(0.4)**	(1.3)	–	(1.2)	(0.1)
Net Tariff [4]	**151.1**	136.0	123.8	119.5	118.5
Annual change in Basic Tariff, %	**(0.2)**	(0.3)	1.4	1.8	(2.8)
Annual change in Total Tariff, %	**10.3**	10.9	2.6	1.8	1.8
Annual change in Net Tariff, %	**11.1**	9.9	3.6	0.8	2.7

A ten-year summary is on our website

	2023	2022	2021	2020	2019
Generation (Including Affiliated Generating Companies)					
Installed capacity, MW [5]	**9,648**	9,648	9,623	9,573	8,988
System maximum demand					
Local, MW [6]	**7,452**	7,720	7,477	7,264	7,206
Annual change, %	**(3.5)**	3.2	2.9	0.8	2.4
System load factor, %	**58.9**	56.0	58.8	57.3	59.8
Generation by CAPCO stations, millions of kWh	**26,102**	24,828	25,330	23,752	24,952
Sent out, millions of kWh –					
From own generation	**24,846**	23,602	24,109	22,605	23,369
Net transfer from GNPS/GPSPS/Others	**11,552**	12,289	12,484	12,583	12,276
From Feed-in Tariff customers	**267**	199	111	45	9
Total	**36,665**	36,090	36,704	35,233	35,654
Fuel consumed, terajoules –					
Oil	**2,161**	1,875	1,928	1,538	1,711
Coal	**76,699**	77,172	75,307	63,505	141,830
Gas	**135,670**	128,453	132,609	131,244	80,695
Total	**214,530**	207,500	209,844	196,287	224,236
Cost of fuel, HK$ per gigajoule – Overall	**91.97**	99.18	70.25	65.94	55.47
Thermal efficiency, % based on units sent out	**41.6**	40.9	41.3	40.8	37.5
Plant availability, %	**85.8**	89.1	84.4	87.5	86.4
Transmission and Distribution					
Network, circuit kilometres					
400kV	**556**	555	555	555	555
132kV	**1,659**	1,651	1,638	1,638	1,630
33kV	**22**	22	22	22	22
11kV	**14,683**	14,450	14,182	13,990	13,782
Transformers, MVA	**69,128**	68,343	67,479	66,633	65,753
Substations –					
Primary	**241**	240	237	235	232
Secondary	**15,539**	15,413	15,204	15,028	14,867
Employees and Productivity					
Number of SoC employees	**4,101**	4,012	3,900	3,861	3,815
Productivity, thousands of kWh per employee	**8,725**	8,803	9,111	8,849	9,007

Notes:

1 Figures are rounded to one decimal place. Minor discrepancies may result from rounding.

2 The Fuel Cost Adjustment has replaced the Fuel Clause Charge effective from October 2014. Commencing 1 October 2018, the Fuel Cost Adjustment is automatically adjusted on a monthly basis to reflect changes in actual price of fuel used.

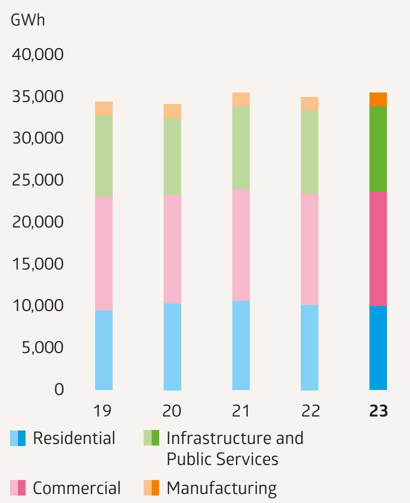
3 CLP Power provided customers with a Rent and Rates Special Rebate of 1.1 cents per unit from January 2018 to mid-February 2019, 1.2 cents per unit in 2020 and 1.3 cents per unit from January 2022 to 28 April 2023, returning to customers the refunds received from the Government in relation to CLP Power's claims against the Government's overcharged rent and rates.

4 Effective net tariff including one-off 2023 Special Energy Saving Rebate and one-off three-month special fuel rebate in 2023 was 150.2 cents per unit.

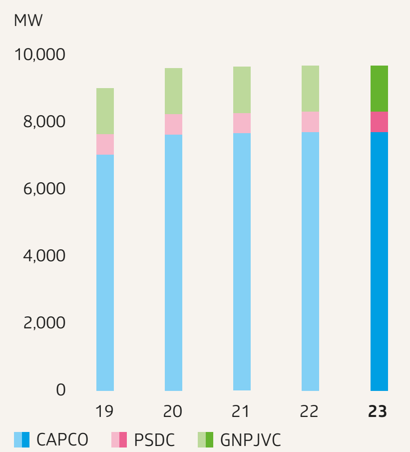
5 Unit A1 of Castle Peak Power Station, with capacity of 350MW, was put in reserve to run only in emergency situation, after coming to the end of its asset life on 31 May 2022. The installed capacity without A1 would otherwise be 9,298MW.

6 Without taking into account the effect of the customer programme of demand response pursued to reduce electricity usage, the maximum demand would have been higher at 7,269MW in 2019, 7,369MW in 2020, 7,551MW in 2021, 7,858MW in 2022 and 7,641MW in 2023.

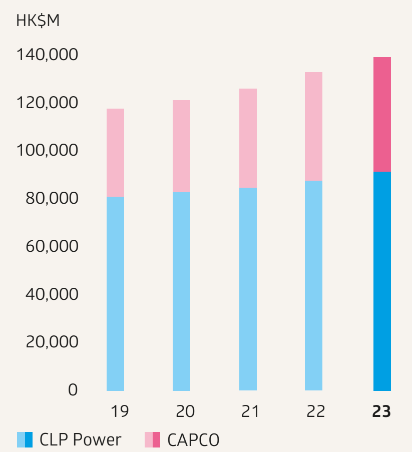
Electricity Sales by Sector



Installed Capacity



SoC Net Fixed Assets



Our Portfolio

CLP's business spans every major segment of the energy value chain, including retail, transmission, distribution and a diversified portfolio of electricity generation assets. As of 31 December 2023, the Group's total generation and energy storage capacity[1] was 23,291MW in Hong Kong, Mainland China, Australia, India, Taiwan Region and Thailand, including 3,732MW of renewable energy capacity. The capacity and main business activities by market are detailed in tables below.

Overview of generation and energy storage capacity by asset type [1]

Hong Kong	Mainland China	Australia	India	Taiwan Region and Thailand
8,268MW	**7,180MW**	**5,859MW**	**1,699MW**	**285MW**
Gas 3,850MW Coal 4,108MW Waste-to-energy 10MW Others 300MW	Wind 1,209MW Solar 402MW Hydro 489MW Nuclear 2,685MW Coal 1,777MW Energy storage 618MW	Wind 595MW Solar 294MW Gas 1,915MW Coal 2,910MW Energy storage 145MW	Wind 586MW Solar 125MW Gas 328MW Coal 660MW	Solar 21MW Coal 264MW

Hong Kong

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Capacity (Equity / Long-term Purchase)
Customer Services				
Electricity and customer services for about **2.79 million customer accounts** in Kowloon, the New Territories and most of Hong Kong's outlying islands	Hong Kong	100%	–	–
Transmission and Distribution				
556 km of 400kV lines, 1,659 km of 132kV lines, 22 km of 33kV lines and 14,683 km of 11kV lines 69,128 MVA transformers, 241 primary and 15,539 secondary substations in operation	Hong Kong	100%	–	–
Gas				
Black Point Power Station, one of the world's largest gas-fired combined-cycle power stations comprising of one 550MW unit and eight 337.5MW units. A new 600MW unit is under construction	Hong Kong	70%	3,850MW	3,850MW
Coal				
Castle Peak Power Station comprising three 350MW coal-fired units and four 677MW units. One other 350MW unit [2] is available for emergency use	Hong Kong	70%	4,108MW	4,108MW
Others				
Hong Kong Branch Line, comprising of a 20 km pipeline (including subsea portion of 19 km) and the associated gas launching and end stations, which transports natural gas from PipeChina's Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point Power Station	Hong Kong	40%	–	–
Hong Kong LNG Terminal Limited develops, owns and operates the offshore liquified natural gas (LNG) terminal in Hong Kong to provide LNG regasification and related services to Castle Peak Power Company Limited and The Hongkong Electric Company, Limited	Hong Kong	49%	–	–
Penny's Bay Power Station, comprising three 100MW diesel-fired gas turbine units mainly for backup purposes	Hong Kong	70%	300MW	300MW
West New Territories Landfill Gas Power Generation Project, comprising of five 2MW units which make use of landfill gas from waste for power generation	Hong Kong	70%	10MW	10MW

Mainland China

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Capacity (Equity / Long-term Purchase)
Wind				
Nanao II Wind Farm	Guangdong	25%	45MW	11MW
Nanao III Wind Farm	Guangdong	25%	15MW	4MW
Bobai Wind Farm [3]	Guangxi	100%	150MW	150MW
Sandu Wind Farm	Guizhou	100%	99MW	99MW
Changling II Wind Farm	Jilin	45%	49.5MW	22MW
Datong Wind Farm	Jilin	49%	49.5MW	24MW
Qian'an I Wind Farm	Jilin	100%	49.5MW	49.5MW
Qian'an II Wind Farm	Jilin	100%	49.5MW	49.5MW
Qian'an III Wind Farm	Jilin	100%	100MW	100MW

Notes:

1 Of projects in operation and under construction on an equity basis, in addition to long-term capacity and energy purchase arrangements. Minor discrepancies may result from rounding. Assets in the Hong Kong section are under the Scheme of Control Agreement (except Hong Kong Branch Line).

2 Unit A1 of Castle Peak Power Station, with capacity of 350MW, was put in reserve to run only in emergency situation, after coming to the end of its asset life on 31 May 2022.

3 Bobai Wind Farm commenced construction in July 2023.

Mainland China (Cont'd)

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Capacity (Equity / Long-term Purchase)
Shuangliao I Wind Farm	Jilin	49%	49.3MW	24MW
Shuangliao II Wind Farm	Jilin	49%	49.5MW	24MW
CLP Laizhou I Wind Farm	Shandong	100%	49.5MW	49.5MW
CLP Laizhou II Wind Farm	Shandong	100%	49.5MW	49.5MW
Dongying Hekou Wind Farm	Shandong	49%	49.5MW	24MW
Huadian Laizhou I Wind Farm [4]	Shandong	45%	37.5MW	17MW
Laiwu I Wind Farm	Shandong	100%	49.5MW	49.5MW
Laiwu II Wind Farm	Shandong	100%	49.5MW	49.5MW
Laiwu III Wind Farm	Shandong	100%	50MW	50MW
Lijin I Wind Farm	Shandong	49%	49.5MW	24MW
Lijin II Wind Farm	Shandong	49%	49.5MW	24MW
Penglai I Wind Farm	Shandong	100%	48MW	48MW
Rongcheng I Wind Farm	Shandong	49%	48.8MW	24MW
Rongcheng II Wind Farm	Shandong	49%	49.5MW	24MW
Rongcheng III Wind Farm	Shandong	49%	49.5MW	24MW
Weihai I Wind Farm	Shandong	45%	19.5MW	9MW
Weihai II Wind Farm	Shandong	45%	49.5MW	22MW
Zhanhua I Wind Farm	Shandong	49%	49.5MW	24MW
Zhanhua II Wind Farm	Shandong	49%	49.5MW	24MW
Chongming Wind Farm	Shanghai	29%	48MW	14MW
Xundian I Wind Farm	Yunnan	100%	49.5MW	49.5MW
Xundian II Wind Farm [5]	Yunnan	100%	50MW	50MW
Solar [6]				
Jinchang Solar Power Station	Gansu	100%	85MW	85MW
Meizhou Solar Power Station	Guangdong	100%	36.1MW	36.1MW
Huai'an Solar Power Station	Jiangsu	100%	12.8MW	12.8MW
Sihong Solar Power Station	Jiangsu	100%	93.4MW	93.4MW
Yangzhou Gongdao Solar Power Station [7]	Jiangsu	100%	74MW	74MW
Lingyuan Solar Power Station	Liaoning	100%	17MW	17MW[1]
Xicun I Solar Power Station	Yunnan	100%	42MW	42MW[1]
Xicun II Solar Power Station	Yunnan	100%	42MW	42MW
Hydro				
Huaiji Hydro Power Stations	Guangdong	84.9%	129MW	110MW
Jiangbian Hydropower Station	Sichuan	100%	330MW	330MW
Dali Yang_er Hydropower Station	Yunnan	100%	49.8MW	49.8MW
Nuclear				
Guangdong Daya Bay Nuclear Power Station, comprising two 984MW Pressurised Water Reactors. Through long-term capacity purchase, 70% of electricity generated is supplied to Hong Kong, with the remaining 30% sold to Guangdong Province [8]	Guangdong	25%	1,968MW	1,577MW
Yangjiang Nuclear Power Station, comprising six 1,086MW generating units	Guangdong	17%	6,516MW	1,108MW
Coal [9]				
Beijing Yire Power Station [10]	Beijing	30%	–	–
Sanhe I and II Power Stations	Hebei	16.5%	1,330MW	219MW
Zhungeer II and III Power Stations	Inner Mongolia	19.5%	1,320MW	257MW
Suizhong I and II Power Stations	Liaoning	15%	3,760MW	564MW
Heze II Power Station	Shandong	29.4%	600MW	176MW
Liaocheng I Power Station	Shandong	29.4%	1,200MW	353MW
Panshan Power Station	Tianjin	19.5%	1,060MW	207MW

4 The gross capacity of Huadian Laizhou I project was reduced to 37.5MW from 40.5MW in 2023 following the decommissioning of two wind turbines.

5 Xundian II Wind Farm commenced commercial operation in March 2023.

6 Gross / CLP Equity MW of solar power projects are expressed on an alternating current (AC) basis unless specified otherwise.

7 Yangzhou Gongdao Solar Power Station commenced operation in October 2023.

8 Agreements have been reached to increase the proportion of energy supply to Hong Kong to slightly above 70% in 2014 and to about 80% from 2015 to 2023, with the remainder continuing to be sold to Guangdong Province. The agreement was renewed for a further five years between 2024 – 2028.

9 Shenmu Power Station ceased operation on 28 February 2018 and the joint venture company deregistered on 23 October 2023.

10 Beijing Yire Power Station ceased operation on 20 March 2015.

Mainland China (Cont'd)

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Capacity (Equity / Long-term Purchase)
Energy Storage				
Rights to use 50% of Phase I of **Guangzhou Pumped Storage Power Station** for serving CLP's Hong Kong business under a long-term capacity purchase agreement	Guangdong	–	1,200MW	600MW
Battery energy storage system co-located with Yangzhou Gongdao Solar Power Station	Jiangsu	100%	8MW	8MW
Battery energy storage system co-located with Qian'an III Wind Farm	Jilin	100%	5MW	5MW
Battery energy storage system co-located with Xundian II Wind Farm	Yunnan	100%	5MW	5MW
Others				
CLP-TELD New Energy Technology (Guangdong) Ltd.	Guangdong	60%	–	–
Po Park Centralised Cooling System	Guangdong	–	–	–
Fangchenggang Incremental Distribution Network [11]	Guangxi	22.05%	–	–

Australia

Assets and Services	Location	CLP's Interest (Equity / Long-term Purchase)	Gross Capacity	CLP's Capacity (Equity / Long-term Purchase)
Customer Services				
Electricity and gas services for **2.44 million customer accounts**	New South Wales, Queensland, South Australia and Victoria	100%	–	–
Wind				
Cathedral Rocks Wind Farm [12]	South Australia	50%	62MW	31MW
Renewable Energy Long-term Purchase [13,14]				
Boco Rock Wind Farm	New South Wales	100%	113MW	113MW
Bodangora Wind Farm	New South Wales	60%	113MW	68MW
Coleambally Solar Farm	New South Wales	70%	150MW	105MW
Gullen Range Wind Farm	New South Wales	100%	166MW	166MW
Manildra Solar Farm	New South Wales	100%	46MW	46MW
Taralga Wind Farm	New South Wales	100%	107MW	107MW
Ross River Solar Farm	Queensland	80%	116MW	93MW
Waterloo Wind Farm Stage 1	South Australia	100%	111MW	111MW
Gannawarra Solar Farm	Victoria	100%	50MW	50MW
Gas				
Tallawarra Gas-fired Power Station [15], including the new Tallawarra B plant	New South Wales	100%	740MW	740MW
Hallett Gas-fired Power Station	South Australia	100%	235MW	235MW
Jeeralang Gas-fired Power Station	Victoria	100%	440MW	440MW
Newport Gas-fired Power Station	Victoria	100%	500MW	500MW
Coal				
Mount Piper Coal-fired Power Station	New South Wales	100%	1,430MW	1,430MW
Yallourn Coal-fired Power Station and Brown Coal Open-cut Mine	Victoria	100%	1,480MW	1,480MW
Energy Storage				
Rights to charge and dispatch energy from the **Riverina Stage 2** and **Darlington Point** battery storage systems, which are capable of powering more than 49,000 homes for two hours of critical peak demand before being recharged [16]	New South Wales	100%	90MW / 180MWh	90MW / 180MWh
Rights to charge and dispatch energy from **Ballarat Battery Storage** which is capable of powering more than 20,000 homes for an hour of critical peak demand before being recharged	Victoria	100%	30MW / 30MWh	30MW / 30MWh
Rights to charge and dispatch energy from **Gannawarra Battery Storage** which is capable of powering more than 16,000 homes through two hours of peak demand before being recharged	Victoria	100%	25MW / 50MWh	25MW / 50MWh
Others				
Pine Dale Black Coal Mine	New South Wales	100%	–	–

11 The project company, of which TUS-CLP Smart Energy Technology Co. Ltd. is a shareholder, builds and operates an incremental distribution network (IDN) at Fangchenggang Hi-Tech Zone.

12 The gross capacity of Cathedral Rocks Wind Farm was reduced to 62MW from 64MW following fire damage to a wind turbine in January 2023.

13 Relates to long-term power purchase from wind and solar farms in which CLP has neither equity nor operational control.

14 EnergyAustralia's power purchase agreement on the Mortons Lane Wind Farm ended on 30 June 2023.

15 Tallawarra B plant, with generation capacity of 320MW, was officially opened in the first quarter of 2024.

16 EnergyAustralia took operational control of the Riverina Stage 2 and Darlington Point battery systems in New South Wales in September 2023 after the projects completed construction.

India [17]

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Equity Capacity
Wind				
Mahidad Wind Farm	Gujarat	50%	50.4MW	25.2MW
Samana I Wind Farm	Gujarat	50%	50.4MW	25.2MW
Samana II Wind Farm	Gujarat	50%	50.4MW	25.2MW
Sidhpur Wind Farm [18]	Gujarat	50%	250.8MW	125.4MW
Harapanahalli Wind Farm	Karnataka	50%	39.6MW	19.8MW
Saundatti Wind Farm	Karnataka	50%	72MW	36MW
Chandgarh Wind Farm	Madhya Pradesh	50%	92MW	46MW
Andhra Lake Wind Farm	Maharashtra	50%	106.4MW	53.2MW
Jath Wind Farm	Maharashtra	50%	60MW	30MW
Khandke Wind Farm	Maharashtra	50%	50.4MW	25.2MW
Bhakrani Wind Farm	Rajasthan	50%	102.4MW	51.2MW
Sipla Wind Farm	Rajasthan	50%	50.4MW	25.2MW
Tejuva Wind Farm	Rajasthan	50%	100.8MW	50.4MW
Theni I Wind Farm	Tamil Nadu	50%	49.5MW	24.8MW
Theni II Wind Farm	Tamil Nadu	50%	48MW	24MW
Solar [6]				
Gale Solar Farm	Maharashtra	50%	50MW	25MW
Tornado Solar Farm	Maharashtra	50%	20MW	10MW
Cleansolar Renewable Energy Private Limited	Telangana	50%	30MW	15MW
Divine Solren Private Limited	Telangana	50%	50MW	25MW
Veltoor Solar Farm	Telangana	50%	100MW	50MW
Gas				
Paguthan Power Station [19], a combined-cycle gas-fired power plant designed to run on natural gas with naphtha as alternate fuel	Gujarat	50%	655MW	327.5MW
Coal				
Jhajjar Power Station, comprising two 660MW supercritical coal-fired units	Haryana	50%	1,320MW	660MW
Transmission				
Kohima-Mariani Transmission Ltd., operator of a 254 km 400kV double circuit interstate transmission line in Northeast India, and owns a 400/220kV gas insulated switchgear substation at Kohima in the state of Nagaland	Assam, Manipur and Nagaland	37%[20]	–	–
Satpura Transco Private Ltd., operator of a 240 km 400kV double circuit intra-state transmission line	Madhya Pradesh	50%	–	–
Fatehgarh III Transmission Limited and **Fatehgarh IV Transmission Limited**, developers of a combined total of 252 km of 400kV double circuit interstate transmission lines and a 2,500 megavolt ampere (MVA) pooling substation in northwestern India, currently under construction	Rajasthan	50%	–	–
Others				
Advanced metering infrastructure project in Assam – covering around 700,000 smart meters	Assam	50%	–	–
Advanced metering infrastructure project in Gujarat – covering more than 2.3 million smart meters	Gujarat	50%	–	–

Taiwan Region and Thailand

Assets and Services	Location	CLP's Equity Interest	Gross Capacity	CLP's Equity Capacity
Solar [6]				
Lopburi Solar Farm	Thailand	33.3%	63MW	21MW
Coal				
Ho-Ping Power Station	Taiwan region	20%	1,320MW	264MW

17 CLP completed the divestment of an additional 10% equity in Apraava Energy in December 2022. Following the transaction, CLP and CDPQ each have 50% ownership of Apraava Energy.

18 Commissioning of the Sidhpur wind project began in phases starting from the second quarter of 2023.

19 Paguthan Power Station did not undertake any significant commercial generation in 2023.

20 Apraava Energy increased its ownership of Kohima-Mariani Transmission Ltd. to 74% after acquiring a further 25% stake in February 2023.

Glossary

Term	Definition
Advanced Metering Infrastructure (AMI)	AMI functions like a sensor overlay on the power grid. It provides greater visibility of the power grid conditions and detects power network irregularities, thus enhancing supply reliability. AMI enables power companies to provide timely electricity usage information to their customers, empowering them to manage their consumption efficiently.
Air emissions	The emission of air pollutants such as sulphur dioxide (SO_2), nitrogen oxides (NO_x) and particulate matter (PM).
Availability	The fraction of a given operating period in which a generating unit is available without outages and capacity reductions. Also known as Equivalent Availability Factor.
Behind-the-meter	Behind-the-meter assets are controllable electrical devices that help drive renewable technology through to customers, whether located inside or outside a home or business. Examples include electric hot water heaters, solar panels, batteries and electric vehicles.
Capacity purchase	Additional third-party owned power generation capacity contracted by CLP under long-term agreements to meet customer demand. Some of these agreements may confer CLP rights to use the generation assets and exercise dispatch control as if they belonged to the Group.
Carbon neutral	The condition in which greenhouse gas (GHG) emissions associated with an activity or entity's carbon footprint are reduced as much as possible and any remaining hard-to-abate emissions are counterbalanced by offsetting through measures such as the use of carbon credits, carbon sinks or storage.
Circular economy	Generally defined as a framework that can address the global challenges of climate change, biodiversity loss, waste and pollution, which is achieved through three principles – eliminating waste and pollution, circulating products and materials at their highest value and regenerating nature. Embracing the circular economy, a utility company can contribute to the transition to a more sustainable and resilient energy and resource management system by adopting cleaner technologies, promoting resource efficiency and investing in nature conservation.
Climate Action Finance Framework (CAFF)	Launched in 2017, CAFF supports the transition to a low-carbon economy by attracting socially responsible, sustainable financing to fund CLP's investments to reduce carbon emissions and increase efficiency of energy usage. The CAFF formalises and governs project evaluation, usage and management of proceeds, as well as reporting for Climate Action Finance Transactions, including bonds, loans and other forms of finance.
Climate Vision 2050	CLP's Climate Vision 2050 is the blueprint of the Group's transition to a net-zero greenhouse gas emissions business by mid-century. Since its launch in 2007, the Climate Vision has informed CLP's business strategy. It guides CLP's investment decision-making and is integral to the broader climate strategy.
Combined-cycle gas turbine (CCGT)	A power generation technology that uses dual turbine design, comprising of a gas turbine and steam turbine. During the process, the heat from the gas turbine is captured and transported to heat up water in a boiler. Steam is then produced to drive the steam turbine for power generation. The combined-cycle design enables significantly higher efficiency by allowing for greater output without the use of additional fuel.

Term	Definition
Decarbonisation	The action of lowering GHG emissions. For the power sector, this primarily refers to the reduction of GHG emissions from electricity generation and providing energy efficiency services and solutions which reduce carbon footprint for customers.
Demand response	Demand response programmes encourage participating customers to commit to short-term reductions in electricity demand, helping energy suppliers to keep the grid running optimally during high load periods.
Development Plan	CLP Power's Development Plan, which is part of the Scheme of Control (SoC) Agreement, covers capital projects for the provision and future expansion of electricity supply systems under CLP's operation. It is implemented over a given five-year period, and is subject to the review and approval by the Executive Council of Hong Kong.
Digitalisation	The application of new information technologies, including artificial intelligence and data analytics, to help electricity utilities develop new customer-centric services and improve operations.
Distributed energy	Distributed energy includes power generated from sources such as solar panels and wind turbines located close to the users, as well as controllable loads or storage such as electric vehicles and batteries.
Double materiality	Under the concept of double materiality, companies assess matters affecting business sustainability from two perspectives: firstly financially material topics that may reasonably be expected to affect the business's cash flows, access to finance or cost of capital; secondly impact material topics with potential effects on people, the environment and the economy. The concept was formally proposed by the European Commission in 2019.
Electricity sent out	Gross electricity generated by a power plant less self-generated auxiliary power consumption, measured at connecting point between generating unit and transmission line.
Energy-as-a-Service	Evolution in the business strategy of energy companies to provide a more diverse range of value-adding energy services such as energy management and distributed energy resources, enabling customers to benefit from sustainable energy solutions through a schedule of regular payments, minimising upfront costs.
Energy purchase	Electricity purchased by CLP to meet customer demand under long-term agreements from power plants not owned by CLP, and without existing capacity purchase agreements with the Group.
Energy security	The uninterrupted availability of energy sources.
Energy transition	Transformation of the global energy sector from fossil fuel-based energy systems to low- or zero-carbon sources.
Feed-in Tariff (FiT)	Payable by CLP under the SoC Agreement to purchase electricity produced by any of its customers with an embedded renewable energy system qualified to participate under the terms of the FiT Scheme.
Flexible capacity	Also known as firming capacity, it refers to energy that is not baseload and can be switched on or off depending on demand. It is typically used for balancing the intermittency of renewable energy sources when needed. Examples of flexible capacity assets include gas-fired peaking power stations, large-scale battery energy storage systems and pumped hydro.

Term	Definition
Flue gas desulphurisation (FGD) facility	Equipment used to remove sulphur oxides from the combustion gases of a boiler plant before discharge to the atmosphere.
Fuel Clause Account	Also known as Fuel Clause Recovery Account, this account is maintained by CLP Power through which the difference between the standard cost of fuels and the actual cost of fuels is captured and passed on to the customers by way of rebates or charges.
Fuel Cost Adjustment	Fuel Cost Adjustment is either a charge or rebate to cover the difference between the actual cost of fuels spent and the standard cost of fuel collected through the Basic Tariff.
Generation capacity	The maximum amount of power that a generator is rated to produce. Also known as installed capacity or nameplate capacity.
Greenhouse gas (GHG) emissions	The emission of gases that contribute to the greenhouse effect, causing a changing climate. CLP's GHG emissions inventory covers the six GHGs specified in the Kyoto Protocol. Nitrogen trifluoride (NF_3), the seventh mandatory gas added under the second Kyoto Protocol, was deemed immaterial to CLP's operations after evaluation. (See also Scopes)
Incremental distribution network (IDN)	To open up the distribution market in an orderly manner as part of the ongoing reforms of the electricity market in Mainland China, the Government is encouraging power companies to set up IDNs to provide safe and reliable electricity services using a newly added distribution network and to meet demand from users in designated areas such as business and industrial parks.
Independent power producers (IPPs)	IPPs are private entities which own and / or operate facilities to generate electricity and sometimes heat and then sell it to utilities, government buyers and end users.
National Electricity Market (NEM)	Australia's NEM is a wholesale spot market connecting six regional market jurisdictions – Queensland, New South Wales, the Australian Capital Territory, Victoria, South Australia and Tasmania.
Net-zero greenhouse gas emissions	When GHG emissions are reduced, and the residual emissions are balanced by the removal of an equivalent amount of greenhouse gases from the atmosphere.
Non-carbon energy	Energy from power sources that add no extra carbon to the atmosphere, such as wind, solar, hydro and nuclear energy. It does not include waste-to-energy and other forms of biomass.
Offshore LNG terminal	Offshore LNG terminals receive cargos of LNG for processing into fuel. The Floating Storage and Regasification Unit (FSRU) is where the LNG cargo is unloaded, stored and regasified for transport to a power station or other users.
Offtake	A long-term agreement to purchase electricity from another generator. See capacity purchase.
Particulate matter (PM)	Microscopic solids or liquid droplets in the air.

Term	Definition
Peaking plant	A power generating station that is normally used to produce extra electricity during peak load times.
Permitted rate of return	Under the SoC Agreement with the Hong Kong Government, CLP has a permitted rate of return of 8% on the total value of average net fixed assets for a given year, which is the average of the cost of CLP's electricity-related fixed assets less depreciation at the beginning and end of that year, calculated in accordance with the SoC Agreement.
Power Purchase Agreement (PPA)	A long-term electricity supply agreement specifying deliverables such as the capacity allocation, the quantity of electricity to be supplied and financial terms.
Pumped hydro energy storage	A method used for large-scale storage of power. During non-peak times, electricity is used to pump water to a reservoir. During peak times, the reservoir releases water for hydroelectric generation.
Renewable energy	Energy that is generated from renewable resources, which are naturally replenished on a human timescale, including sunlight, geothermal heat, wind, tides, water, waste-to-energy and various forms of biomass.
Renewable Energy Certificates (RECs)	In Hong Kong, RECs represent the environmental attributes associated with electricity produced by applicable renewable sources in Hong Kong including solar, wind and landfill gas, purchased or generated by CLP Power.
Scheme of Control (SoC) Agreement	The SoC Agreement sets out the electricity regulatory framework, procedures and policies for the 1 October 2018 – 31 December 2033 period. It governs and applies to the financial affairs of CLP Power and CAPCO, the manner in which CLP Power and CAPCO are responsible for providing, operating and maintaining sufficient electricity-related facilities and supplying electricity to meet demand in Hong Kong over the term of the Agreement.
Science-based target (SBT)	A target for greenhouse gas reductions that is in line with the goals of the Paris Agreement to limit global temperature increase to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. SBTs are managed by the Science Based Targets initiative (SBTi).
Scopes	The GHG Protocol categorises GHG emissions into three "scopes". Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions include other indirect emissions (not covered in Scope 2) that occur in the value chain of the organisation.
Tariff Stabilisation Fund	Under the SoC Agreement, if the gross tariff revenue in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund.
Utilisation	Gross generation by a power plant unit in a given period as a fraction of the gross maximum generation. Also known as Gross Capacity Factor.
Waste-to-energy	A form of renewable energy generation using waste such as landfill gas.
Wholesale electricity price	The given price for a bulk quantity of electricity in a wholesale market paid by energy retailers or distributors to generators, reflecting prevailing supply and demand.

Information for Our Investors

Annual Report – Publication Dates

Online:	11 March 2024

- CLP website: www.clpgroup.com ("Investor Relations" section)
- Hong Kong Stock Exchange website: www.hkexnews.hk

Shareholders are encouraged to access our Annual Report electronically.

Hard copies circulation (together with Notice of AGM and proxy form)	27 March 2024

Choice of Language and Means of Receipt of Corporate Communications[1]

You can, at any time, free of charge, ask for this Annual Report in printed form (English and / or Chinese); and change[2] your choice of language and / or means of receipt of the Company's future corporate communications.

You can make the above request(s) by completing and returning the Request Form (available on the Company's website under "Shareholder Services" in the "Investor Relations" section) to the Company's Registrars by post or by email to clp.ecom@computershare.com.hk.

Please refer to the Corporate Communications Arrangement on CLP website for more information.

Notes:

1 Corporate communications refer to Interim / Annual Reports, Quarterly Statements, notice(s) of meeting, proxy form(s) 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.

Information for American Depositary Receipts Holders

The Group's financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). HKFRS differ in certain respects from United States Generally Accepted Accounting Principles. The Company's duty to file or submit reports under Sections 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the Exchange Act), was terminated on 30 January 2008 after the Company filed a Form 15F with the United States Securities and Exchange Commission on 31 October 2007. The information contemplated in Rule 12g3-2(b)(1)(iii) under the Exchange Act is and will be published on the Company's website.

Company's Registrars

Computershare Hong Kong Investor Services Limited

Address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone:	(852) 2862 8628
Facsimile:	(852) 2865 0990
Enquiries:	www.computershare.com/hk/en/online_feedback

Share Listing

Shares of CLP Holdings are:

- listed on the Stock Exchange of Hong Kong;
- eligible for Southbound trading through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; and
- traded over the counter in the United States in the form of American Depositary Receipts.

Our Stock Code

The Stock Exchange of Hong Kong:	00002
Bloomberg:	2 HK
Reuters:	0002.HK
Ticker Symbol for ADR Code:	CLPHY
CUSIP Reference Number:	18946Q101

Contact Us

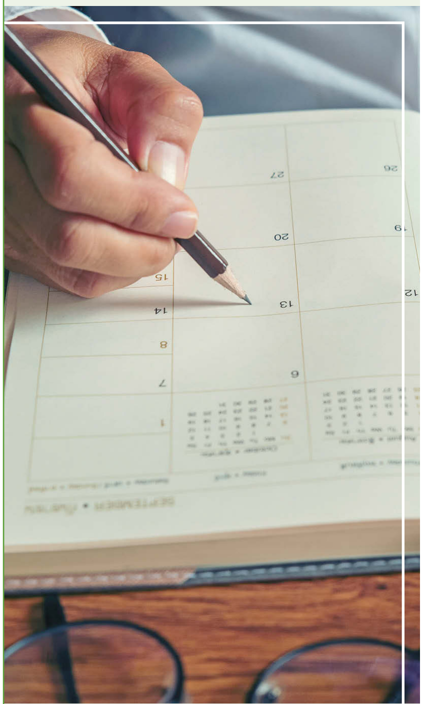
Address:	8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong
Telephone:	(852) 2678 8228 (Shareholders' hotline)
Facsimile:	(852) 2678 8390 (Company Secretary)
Email:	cosec@clp.com.hk (Company Secretary) ir@clp.com.hk (Director – Investor Relations)

The following are the key shareholder-related dates and events:

Key Dates for 2024

● Performance-related
● Dividend-related

Month	Date	Event	
FEB	26	2023 Annual Results and Fourth Interim Dividend announced	
MAR	8	Ex-Dividend Date	2023 Fourth Interim Dividend
	12	Book Close Date	
	21	Payment Date	
	27	AGM Notice Issue Date	
APR	29		Voting at AGM Book Close Days
MAY	3	2024 AGM	
	13	2024 Q1 Quarterly Statement and First Interim Dividend announcement	
	31	Ex-Dividend Date	2024 First Interim Dividend
JUN	4	Book Close Date	
	14	Payment Date	
AUG	5	2024 Interim Results and Second Interim Dividend announcement	
SEP	2	Ex-Dividend Date	2024 Second Interim Dividend
	4	Book Close Date	
	13	Payment Date	
OCT	21	2024 Q3 Quarterly Statement and Third Interim Dividend announcement	
DEC	2	Ex-Dividend Date	2024 Third Interim Dividend
	4	Book Close Date	
	13	Payment Date	



Any changes to these dates will be published on our website.

Any shareholders who have questions or comments are most welcome to contact us by calling our shareholders' hotline on (852) 2678 8228 from 9 a.m. to 5 p.m. (Monday to Friday, excluding Hong Kong public holidays) or email to cosec@clp.com.hk (Company Secretary) or ir@clp.com.hk (Director – Investor Relations).

Thank you

Thank you for reading our Annual Report. We value the opportunity to communicate with you and would like to hear what you think. **Please take a moment to complete the online feedback form and share your valuable opinions on the Annual Report with us.** We appreciate your feedback.

Please access the
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by using the QR code.

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CLP Holdings Limited
中電控股有限公司

8 Laguna Verde Avenue
Hung Hom, Kowloon, Hong Kong

Tel : (852) 2678 8111
Fax : (852) 2760 4448
www.clpgroup.com

Stock Code: 00002

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