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中電控股有限公司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Announcement

Highlights:

- This announcement is in relation to the Company's Hong Kong electricity business, in particular, the 2024-2028 Development Plan ("Development Plan"), the associated 2024 Tariff Review and new mechanisms under the Scheme of Control Agreement ("SCA"); all of which will come into effect on 1 January 2024.
- The Development Plan and 2024 Tariff Review were approved by the Hong Kong Government today. The approved Development Plan projects a total capital expenditure of approximately HK\$52.9 billion covering the period from 1 January 2024 to 31 December 2028.
- The Hong Kong Government came to an agreement with the CLP SoC Companies to introduce two new mechanisms into the SCA to ensure it remains a robust regulatory framework.

Government's approval of 2024-2028 Development Plan and 2024 Tariff Review; Agreement with Government on two new mechanisms in the SCA

CLP Holdings Limited's (the "Company") Hong Kong electricity business is operated by its wholly owned subsidiary, CLP Power Hong Kong Limited ("CLP Power") and CLP Power's 70% owned subsidiary, Castle Peak Power Company Limited (together with CLP Power, the "CLP SoC Companies"). The CLP SoC Companies are regulated through the SCA with the Government of the Hong Kong Special Administrative Region ("Hong Kong Government").

Today, the Hong Kong Government approved the Development Plan and the 2024 Tariff Review under the SCA and also came to an agreement with the CLP SoC Companies to introduce two new mechanisms in the SCA. These will come into effect on 1 January 2024.

In addition, CLP Power has provided certain information relating to its Hong Kong electricity business to the Panel on Environmental Affairs of the Legislative Council of Hong Kong. This information was provided at the request of the Hong Kong Government.

2024-2028 Development Plan and 2024 Tariff Review

The approved 2024-2028 Development Plan, covering the period from 1 January 2024 to 31 December 2028, projects a capital expenditure of approximately HK\$52.9 billion and seeks to provide strong support for the Hong Kong Government's policy priorities. The new Development Plan focusses on a range of investments to underpin Hong Kong's accelerating economic and infrastructural development, continued delivery of a world-class reliable electricity system, the transition to a smart and resilient city, and continuation of the decarbonisation journey.

Under the 2024 Tariff Review, CLP Power's average Net Tariff as at 1 January 2024 will be 142.9 HK cents and will fall by approximately 7.4%, when compared with that in January 2023.

New mechanisms under the Scheme of Control Agreement

The current SCA covers the period of over 15 years beginning on 1 October 2018 and ending on 31 December 2033. Two new mechanisms will be introduced to enhance the regulatory framework and will apply in exceptional circumstances. These include (i) a new mechanism to provide additional financial support (special tariff relief) in the event of a severe international fuel crisis capped at HK\$180 million to help targeted residential customers most in need of support, and (ii) a new customer performance measure in the event of a defined widespread supply interruption with a penalty of up to approximately HK\$40 million for each incident as determined by reference to a prescribed formula. The financial impact of the application of these mechanisms will be borne by shareholders of the CLP SoC Companies. In addition, CLP Power will publish additional financial and operational information each year to further enhance our transparency on performance.

Information on CLP Power's projected capital expenditure and projected tariffs

The information set out in the attached page to this announcement is also being provided to the Panel on Environmental Affairs of the Legislative Council of Hong Kong in connection with the process on the approval of the Development Plan and Tariff Review. Amongst other items, information relating to CLP Power's estimated capital expenditure and the projected tariffs during the 2024-2028 Development Plan period, which have not been previously disclosed publicly, may have implications for the financial performance of the Company during the 2024-2028 Development Plan period.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

By Order of the Board
Michael Ling
Joint Company Secretary

Hong Kong, 28 November 2023

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The Directors of the Company as at the date of this announcement are:

Non-executive Directors:

The Hon Sir Michael Kadoorie, Mr Andrew Brandler,
Mr J.A.H. Leigh, Mr Philip Kadoorie and
Mrs Yuen So Siu Mai Betty

Independent Non-executive Directors:

Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Zia Mody,
Ms May Siew Boi Tan, Ms Christina Gaw, Mr Chunyuan Gu,
Mr Chan Bernard Charnwut and Ms Wang Xiaojun Heather

Executive Directors:

Mr Chiang Tung Keung and Mr Richard Lancaster

CLP Power's Projected Capital Expenditure and Projected Tariffs

Projected Capital Expenditure in the 2024-2028 Development Plan

Categories	2024-2028 Development Plan¹ (HK\$ million)
(A) Power Generation System	13,212
(B) Transmission & Distribution System	38,310
(C) Customer and Corporate Services Development	<u>1,410</u>
Total (A+B+C)	52,932

Note:

1. This is the projected capital expenditure, covering 1 January 2024 to 31 December 2028, as approved under the 2024-2028 Development Plan by the Hong Kong Government.

Projected Tariffs in the 2024-2028 Development Plan ("DP")

	2023	2024	2025	2026	2027	2028
Tariff Component (HK cents / kWh)	Actual Tariff	DP Forecast / 2024 Tariff Review ¹	DP Forecast ²	DP Forecast ²	DP Forecast ²	DP Forecast ²
(A) Basic Tariff	93.7	96.6	100.3	101.5	102.7	104.4
(B) Fuel Clause Charge ³	62.0	46.3	43.7	46.2	47.4	47.7
(C) Rent & Rates Special Rebate ⁴	-1.3	-	-	-	-	-
(D) Net Tariff	154.4	142.9	144.0	147.7	150.1	152.1
Tariff Stabilisation Fund ⁵ (HK\$ million)	1,758	754	437	406	404	404
Fuel Clause Recovery Account ⁵ (HK\$ million)	-771	-1,617	-1,340	-735	3	1

Notes:

1. DP approval and 2024 Tariff Review were completed at the same time.
2. The tariff rates for 2025-2028 are only projections and the actual tariffs to be charged to customers each year will be determined in the preceding year, following discussions between the Hong Kong Government and CLP Power during the annual Tariff Reviews, taking into account any variations in the components of the Development Plan and fuel costs.
3. These numbers are current projections, dependent on fuel costs which may vary significantly in the future and so are therefore subject to change.
4. Rent & Rates Special Rebate continued in the early part of 2023 while the Hong Kong Government rent and rates refund lasted.
5. These are the projected year-end balances of the Tariff Stabilisation Fund and the Fuel Clause Recovery Account.