





Facing the unprecedented crisis of COVID-19, we have demonstrated resilience, something we owe to the remarkable efforts of our people.

The Honourable Sir Michael Kadoorie
Chairman

Dear Shareholders,

We look back on 2020 as one of the most extraordinary years in living memory – a year of challenges and changes with profound impacts on the way we live and work.

In the fight against the COVID-19 pandemic, we are all immensely grateful to healthcare professionals and support staff who have devoted themselves to keeping our communities safe. As an energy supplier, our focus has been keeping the lights on and providing support to the local communities and our customers to help them get through tough times. Our thoughts remain with those around the world affected by the pandemic.

Facing this unprecedented crisis, we have demonstrated resilience, something we owe to the remarkable efforts of our people. Our long-term strategy and robust crisis planning also helped us adapt while maintaining operational excellence. Managing through the pandemic has highlighted the importance of sound governance as a core corporate value, and crisis preparation as a key governance practice. In 2003 when SARS hit Hong Kong, CLP developed specific

crisis management policies and procedures that have been reviewed and refined regularly. As the severity of COVID-19 became evident, those plans could readily be brought to bear across all our operations.

While COVID-19 has dealt a heavy blow to the global economy, its impact on essential services like electricity has so far been less severe than on many other sectors.

In 2020, the Group's operating earnings increased by a modest 4% to HK\$11,577 million while total earnings rose significantly to HK\$11,456 million from 2019 when an impairment of goodwill was booked in the Australian business. The Board remains confident in the Group's prospects, yet in the short term it recognises that the ongoing pandemic creates uncertainties. As such, it approved a fourth interim dividend payment for 2020 of HK\$1.21 per share, a 1.7% increase compared with the same period in 2019. Total dividends per share for 2020 are HK\$3.10 per share, 0.6% higher than a year ago.



Chairman Sir Michael Kadoorie (right) and Non-executive Director Mr Philip Kadoorie look out over the site in Hung Hom, Hong Kong which once housed CLP's first power plant in the early 1900s.

While the impacts of the pandemic are visible to all, our vision for the future means we must also continue to work hard today to meet the challenge of climate change. Globally, there has been a welcome intensification of focus on decarbonisation with China announcing carbon neutrality targets for 2060, Hong Kong for 2050, and the US rejoining the Paris Agreement. 2021 is the year of the 26th United Nations Climate Change Conference where the world will be looking to countries to strengthen their commitments made under this Agreement. More leadership and ambition from Governments enables businesses to accelerate our contributions and we look forward to further policy clarity in support of decarbonisation.

As a diversified business we know well that not all of our markets face the same circumstances at the same time. It has long been our approach to remain mindful of the local contexts and the ways in which different markets evolve, and act accordingly in line with our broader decarbonisation strategy and growth plans.

In our home market Hong Kong, we are taking steps to serve the city with lower-carbon energy with the commissioning in 2020 of a highly-efficient natural gas-fired generating

unit at Black Point Power Station and the beginning of the construction of another similar facility on the same site. We continue to make significant progress on the offshore LNG terminal to help diversify the region's gas supplies to these developments. These important infrastructure projects underscore our commitment to reduce the carbon intensity of our electricity supply and contribute to Hong Kong's sustainable future.

The Chinese economy has emerged from 2020 stronger than at the start and we are keen to further expand our investments particularly in the Guangdong-Hong Kong-Macao Greater Bay Area. We look to build on our presence and operating experience in the region as well as existing partnerships to capture the opportunities in a market that is close to our Hong Kong business and is going through large-scale electrification and digitalisation. Recently, we joined our long-standing partner China Southern Power Grid Co., Ltd (CSG) to invest in the CSG Energy Innovation Equity Investment Fund that targets innovative energy developments, new energy infrastructure, and smart energy in the Greater Bay Area. This represents just one of the many early opportunities we are pursuing in the region.

In India, as with our other markets, growth in renewable energy and the infrastructure required to support it has continued despite the impact of the pandemic. Leveraging the benefits of our partnership with Caisse de dépôt et placement du Québec, we will continue to focus on zero-carbon-emission projects and diversify our investment portfolio in the country.

We see the energy transition in Australia picking up pace. This is a journey that requires the support of substantial investments in the coming years and presents opportunities to those who are agile and visionary in their approach to business. We are committed to playing a responsible role in the energy transition, ensuring the security of electricity supply while working towards the modernisation and decarbonisation of our overall position.

Our growing capabilities in digitisation and innovation ensure that we are ready for new opportunities – whether it is maximising the potential of existing energy assets, powering data centres and electric vehicles, or bringing energy solutions to our customers. In Hong Kong, our progress in digital is marked by our continual roll-out of smart meters across the city and we will likely hit the one million mark early in 2021.

As the world around us changes, we continue our transition towards a Utility of the Future with diversified, strategic investments in new business models and technologies. Throughout our history, CLP has recognised the need to re-evaluate and realign our activities in the face of changing external circumstances and policies.

As part of our ongoing efforts to ensure that we have the best Board we can to support us on our journey, I was delighted to welcome Ms Christina Gaw and Mr Chunyuan Gu to our Board in 2020. In a similar vein, our Chief Financial Officer Mr Geert Peeters is changing roles to become Group Director & Chief Strategy & Transformation Officer – a sign of our commitment to ongoing evolution – and I am pleased Mr Nicolas Tissot is joining as our new Chief Financial Officer.

2021 is our 120th anniversary year. Twelve decades ago, with just a single generating unit, CLP started providing power to Hong Kong, beginning a century of resilience, passion and creativity. Today, we are right at the heart of the city's energy system as another new era begins. As we mark this significant milestone, our shared vision of an even-better tomorrow and a sense of deep responsibility to our communities is as much a part of our DNA as it was when our Company first flickered into life in 1901.



The Honourable Sir Michael Kadoorie
Hong Kong, 22 February 2021