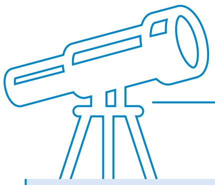
CLP 中電 | 120 years 同行望遠 of shared vision

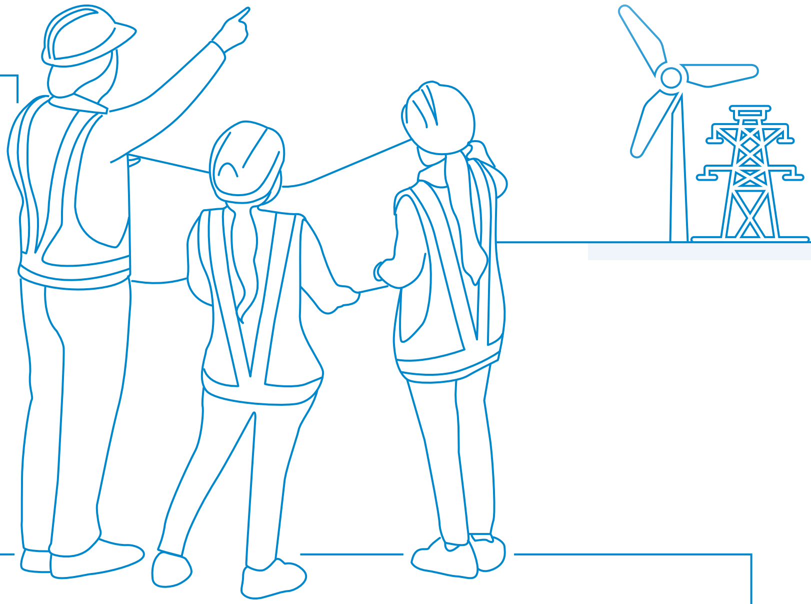
2021 Interim Report

Stock Code: 00002



Our Vision

To be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next



Highlights of 2021 Interim Results

- Consolidated revenue increased 5.2% to HK$40,729 million.
- Group operating earnings decreased 7.0% to HK$5,698 million mostly due to lower earnings from Mainland China and Australia.
- Total earnings for the first six months reduced to HK$4,615 million after taking into account items affecting comparability.
- Second interim dividend declared of HK$0.63 per share, same as 2020.
- While the Hong Kong business remains robust, the outlook remains challenging in particular due to market conditions in Australia along with the continuing high coal prices impacting our operations in Mainland China.

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Financial Highlights

Group operating earnings decreased 7.0% to HK$5,698 million mostly due to lower earnings from Mainland China and Australia, despite a solid performance in Hong Kong. Total earnings for the first six months reduced to HK$4,615 million after the settlement in March 2021 of the litigation arising from the disposal of Iona Gas Plant in 2015 and the provisioning for ensuring safe operations at the Yallourn coal mine following exceptional rainfall in June.

	Six months ended 30 June 2021	2020	Increase / (Decrease) %
For the period *(in HK$ million)*			
Revenue			
Hong Kong electricity business	**20,044**	19,679	1.9
Energy businesses outside Hong Kong	**20,399**	18,764	8.7
Others	**286**	258	
Total	**40,729**	38,701	5.2
Earnings			
Hong Kong electricity business	**3,885**	3,751	3.6
Hong Kong electricity business related [1]	**134**	102	
Mainland China	**962**	1,253	(23.2)
Australia	**837**	1,194	(29.9)
India	**111**	108	2.8
Southeast Asia and Taiwan	**152**	183	(16.9)
Other earnings in Hong Kong	**20**	(112)	
Unallocated net finance (costs) / income	**(4)**	22	
Unallocated Group expenses	**(399)**	(372)	
Operating earnings	**5,698**	6,129	(7.0)
Items affecting comparability	**(1,083)**	(119)	
Total earnings	**4,615**	6,010	(23.2)
Net cash inflow from operating activities	**6,602**	6,574	0.4
Per share *(in HK$)*			
Earnings per share	**1.83**	2.38	(23.2)
Dividend per share			
First interim	**0.63**	0.63	
Second interim	**0.63**	0.63	
Total interim dividends	**1.26**	1.26	–
Ratio			
FFO interest cover [2] (times)	**10**	8	

	30 June 2021	31 December 2020	Increase / (Decrease) %
At the end of reporting period *(in HK$ million)*			
Total assets	**234,983**	234,233	0.3
Total borrowings	**56,490**	54,348	3.9
Shareholders' funds	**112,036**	112,200	(0.1)
Per share *(in HK$)*			
Shareholders' funds per share	**44.35**	44.41	(0.1)
Ratio			
Net debt to total capital [3] (%)	**27.4**	25.1	

Notes:

1 Hong Kong electricity business related includes PSDC and Hong Kong Branch Line

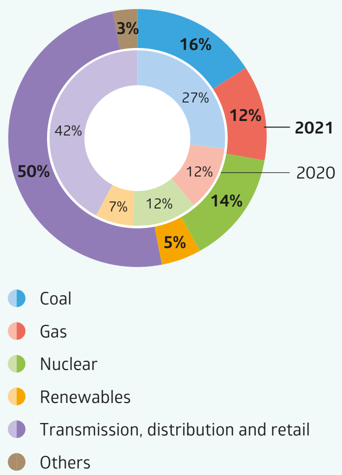
2 FFO (Funds from operations) interest cover = Cash inflow from operations / (Interest charges + capitalised interest)

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

Revenue (First 6 months)

Total Earnings (First 6 months)

Operating Earnings (Before Unallocated Expenses) by Asset Type (First 6 months)



Dear Shareholders,

As we emerge from one of the most challenging periods of our time, I am pleased to report significant progress and operational resilience during the first half of this year, with our pathway towards a zero carbon future solidifying further. We have maintained our COVID-19 support for communities, customers and staff and we are grateful to our colleagues for their ongoing efforts in difficult circumstances. Of all our markets, India has been the hardest hit by the pandemic recently and our deepest sympathies go to our partners and colleagues there, many of whom have been directly affected. Thankfully, the situation in India has improved and we are encouraged by some of the positive signs emerging globally as vaccination programmes enable societies to move forward.

In the first half of 2021, the Group's operating earnings were HK$5,698 million, a decrease of 7.0% compared with the same period of 2020. Total earnings decreased 23.2% to HK$4,615 million after one-off charges were booked in our Australian business to settle a longstanding litigation and to provision for the cost of ensuring safe operations in the Yallourn mine following the impact of the recent extreme rainfall.

The Board is confident in the Group's ability to remain resilient through the pandemic and continue with its strategy of decarbonisation and digitalisation moving forward. With this in mind the first and second interim dividends have been maintained at HK$0.63 per share, unchanged from the same periods in 2020.

Across our portfolio, we have seen exciting developments that underscore the Group's commitment in delivering the energy transition.

In our home market, we are working closely with the Hong Kong Government on a roadmap for the city to become carbon neutral by 2050 and we will shoulder a key role in its delivery. The construction of the second combined-cycle gas turbine at Black Point Power Station and the new offshore LNG terminal are progressing well with the subsea gas pipeline for the latter now being laid. These projects contribute not only to Hong Kong's cleaner electricity supply but also to enhancing energy security for decades to come. Meanwhile, we are exploring further the potential of developing an offshore windfarm which appears to be more viable thanks to technological advancements.

With decarbonisation strengthening the investment potential in the Greater Bay Area, we are accelerating our exploration of opportunities both independently and in partnership. CLP is the largest external investor in China's power industry and we have long leveraged the mutual benefit that springs from close integration of Hong Kong and the Mainland. Daya Bay Nuclear Power Station is one prime example which helped kick start nuclear power on the Mainland and enhance the reliability of Hong Kong's energy system with a stable supply of zero carbon electricity over the years. Yet, the opportunities we see in the Greater Bay Area go beyond power generation and include energy management, the electrification of transport, data centres, new energy infrastructure, and broader energy services. These new prospects will bring to bear the investments we have been making in recent years to enhance our technological capability and further develop our innovation potential.

In Australia, our subsidiary EnergyAustralia reached an agreement with the State Government of Victoria to bring forward the retirement of the Yallourn coal-fired power station to 2028. EnergyAustralia also announced the construction of one of the largest battery facilities in the world to enable more renewables to be absorbed into Victoria's energy system. To support Yallourn's workforce through this transition, EnergyAustralia will work with the community to deliver a comprehensive package for retraining and support services. Following an agreement reached with the State Government in the first half of the year, EnergyAustralia announced it will build a new power station capable of using a blend of green hydrogen and natural gas in New South Wales. It will be the first power station in Australia to commit to offsetting all its carbon emissions over its life. We continue to see opportunities to make investment to accelerate Australia's energy transition and will proactively explore ways to optimise our capital structure including forming partnerships with others where appropriate.

While the initiatives in Hong Kong, the Greater Bay Area and Australia encapsulate our efforts in decarbonisation, they also point to the importance of alignment with policymakers, and long-term planning to ensure energy transition is carried out in an orderly manner taking care of the interests of a wide array of stakeholders.

The 26th United Nations Climate Change Conference, COP26, being held in the United Kingdom later in 2021, will highlight the critical importance of accelerating global decarbonisation efforts and aligning national policies towards that objective. We are in the process of reviewing the pace of our transition and plan to significantly strengthen our climate targets ahead of COP26. Over the past several years, reflecting the rising tide of concern regarding climate change, there has been an increasing focus from investors on businesses' sustainability performance. We welcome this focus and the engagement opportunities that it brings to explain and test our approach to delivering long-term, sustainable value to our shareholders and the broader community.

It has taken the world more than a century to build the electricity infrastructure that we have today. To realise a carbon-neutral society by 2050, the entire system needs to be upgraded or replaced by clean energy in less than 30 years. To achieve this ambitious goal, the electricity industry needs to work closely with all stakeholders in the value chain including governments, financial institutions and customers. As new digital technologies and business models transform the energy market, we will also need to strengthen our capability to manage an increasingly complex system and become more resilient against such risks as growing cybersecurity threats.

In June we bade farewell to Catherine Tanna, Managing Director of EnergyAustralia, who retired after seven years with the Group. We thank her for her significant contribution and congratulate her successor Mark Collette, who has been with EnergyAustralia for more than 18 years. Mark's appointment demonstrates our commitment to developing talent and rigorous succession planning.

We also recently announced Geert Peeters' early retirement from the Board and his role of Group Director and Chief Strategy & Transformation Officer due to health reasons. Geert has made invaluable contributions to the Board, CLP and its shareholders over many years. We thank him for that and at the same time wish him a speedy recovery to good health.

Nurturing young people is the key in building a sustainable future for CLP. I am pleased to see the fruits of the additional investment in our graduate internship scheme in Hong Kong. Having doubled the number of places for these young school-leavers in 2020, a significant number have now gone on to the first permanent roles in their careers both with CLP and further afield.

This year marks CLP's 120th anniversary – an opportune time to reflect on our culture that celebrates long-term commitment, our courage to evolve and change, and our resilience to survive and thrive. Many will recognise this is not the first time in our long heritage that our business has transformed and transitioned. And yet, the next three decades will be faster paced and require greater agility and effort than anything that has come before.

Steering CLP through this exciting next phase requires strong, visionary leadership. I am pleased that Richard Lancaster, upon approaching normal retirement age, has mutually agreed with the Board to extend his employment. Under Richard and his management team's leadership, I believe we are set well for CLP's transformation journey as we bring to life the true meaning of Utility of the Future.

The Honourable Sir Michael Kadoorie
Hong Kong, 2 August 2021

CLP's business spans every major segment of the energy value chain, including retail, transmission, distribution, and a diversified portfolio of electricity generation assets. The tables below detail the total generation and energy storage capacity [1] as well as business activities in each CLP market as of 30 June 2021.

Hong Kong	Mainland China	Australia	India	Southeast Asia and Taiwan	Total
8,243MW	9,066MW	5,419MW	1,890MW	285MW	24,902MW

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 **2.69 million customer accounts** in Kowloon, the New Territories and most of Hong Kong's outlying islands	Hong Kong	100%	–	–
Transmission and Distribution				
555 km of 400kV lines, 1,679 km of 132kV lines, 22 km of 33kV lines and 14,045 km of 11kV lines 69,528 MVA transformers, 236 primary and 15,106 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 a new 550MW unit [2], seven 337.5MW units and one 312.5MW unit. A second new unit with 600MW capacity is under construction	Hong Kong	70%	3,825MW	3,825MW
Coal				
Castle Peak Power Station, comprising four 350MW coal-fired units and another four 677MW units. Two of the 677MW units can use gas as a backup fuel. All units can use oil as a backup fuel	Hong Kong	70%	4,108MW	4,108MW
Others				
Hong Kong Branch Line, comprising a 20-km pipeline (including subsea portion of 19 km) and the associated gas launching and end stations, which transports natural gas from PipeChina Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point	Hong Kong	40%	–	–
Hong Kong LNG Terminal Limited develops, owns and operates the offshore LNG terminal in Hong Kong, currently under construction, 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 purpose	Hong Kong	70%	300MW	300MW
West New Territories Landfill Gas Power Generation Project, comprising five new 2MW units which make use of landfill gas from waste for power generation [3]	Hong Kong	70%	10MW	10MW

Mainland China				
Assets and Services	**Location**	**CLP's Equity Interest**	**Gross Capacity**	**CLP's Capacity (Equity / Long-term Purchase)**
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 [4]	Guangdong	25%	1,968MW	1,577MW
Yangjiang Nuclear Power Station, comprising six 1,086MW generating units	Guangdong	17%	6,516MW	1,108MW
Wind				
Nanao II Wind Farm	Guangdong	25%	45MW	11MW
Nanao III Wind Farm	Guangdong	25%	15MW	4MW
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 [5]	Jilin	100%	100MW	100MW
Shuangliao I Wind Farm	Jilin	49%	49.3MW	24MW

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.

2 The new 550MW Combined-Cycle Gas Turbine (CCGT) unit was commissioned in the second half of 2020.

3 West New Territories Landfill Gas Power Generation Project commenced operation in March 2020.

4 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.

5 Construction of the Qian'an III project commenced in March 2021.

Mainland China (Cont'd)				
Assets and Services	**Location**	**CLP's Equity Interest**	**Gross Capacity**	**CLP's Capacity (Equity / Long-term Purchase)**
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	Shandong	45%	40.5MW	18MW
Laiwu I Wind Farm	Shandong	100%	49.5MW	49.5MW
Laiwu II Wind Farm	Shandong	100%	49.5MW	49.5MW
Laiwu III Wind Farm [6]	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
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
Solar				
Jinchang Solar Power Station	Gansu	100%	85MW [7]	85MW [7]
Meizhou Solar Power Station	Guangdong	100%	36MW [8]	36MW [8]
Huai'an Solar Power Station	Jiangsu	100%	12.8MW [9]	12.8MW [9]
Sihong Solar Power Station	Jiangsu	100%	93MW [10]	93MW [10]
Lingyuan Solar Power Station	Liaoning	100%	17MW [11]	17MW [11]
Xicun I Solar Power Station	Yunnan	100%	42MW [12]	42MW [12]
Xicun II Solar Power Station	Yunnan	100%	42MW [13]	42MW [13]
Coal				
Beijing Yire Power Station [14]	Beijing	30%	–	–
Fangchenggang Power Station Phase I	Guangxi	70%	1,260MW	882MW
Fangchenggang Power Station Phase II	Guangxi	70%	1,320MW	924MW
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
Shenmu Power Station [15]	Shaanxi	49%	–	–
Heze II Power Station	Shandong	29.4%	600MW	176MW
Liaocheng I Power Station	Shandong	29.4%	1,200MW	353MW
Shiheng I and II Power Stations	Shandong	29.4%	1,260MW	370MW
Panshan Power Station	Tianjin	19.5%	1,060MW	207MW

6 Commenced commercial operation in September 2020.

7 Gross / CLP Equity MW are expressed on an alternating current (AC) basis. If converted to direct current (DC), they are equivalent to 100 / 100MW.

8 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 42.5 / 42.5MW.

9 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 15 / 15MW.

10 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 110 / 110MW.

11 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 20 / 20MW.

12 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 50 / 50MW.

13 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 50 / 50MW.

14 Beijing Yire Power Station ceased operation on 20 March 2015.

15 Shenmu Power Station ceased operation on 28 February 2018.

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
Others				
Fangchenggang Incremental Distribution Network [16]	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	South Australia	50%	64MW	32MW
Gas				
Tallawarra Gas-fired Power Station	New South Wales	100%	420MW	420MW
Wilga Park Gas-fired Power Station [17]	New South Wales	20%	22MW	4MW
Hallett Gas-fired Power Station [18]	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 [19]	1,430MW [19]
Yallourn Coal-fired Power Station and Brown Coal Open-cut Mine	Victoria	100%	1,480MW	1,480MW
Renewable Energy Long-term Purchase [20]				
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	50%	111MW	56MW
Gannawarra Solar Farm	Victoria	100%	50MW	50MW
Mortons Lane Wind Farm	Victoria	100%	20MW	20MW
Energy Storage				
Rights to charge and dispatch energy from **Ballarat Battery Storage** which operates 24 / 7 and 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%	–	–
Narrabri (2C contingent resource of up to 1,200PJ)	New South Wales	20%	–	–

16 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. Supply to customers commenced in April 2020.

17 Gross capacity at Wilga Park Power Station increased to 22MW in early 2020.

18 Gross capacity at Hallett Power Station increased to 235MW in early 2020.

19 Gross capacity at Mount Piper Power Station increased to 1,430MW in early 2021.

20 Relates to long-term power purchase from power stations in which CLP has neither equity nor operational control.

India				
Assets and Services	**Location**	**CLP's Equity Interest**	**Gross Capacity**	**CLP's Equity Capacity**
Wind				
Mahidad Wind Farm	Gujarat	60%	50.4MW	30MW
Samana I Wind Farm	Gujarat	60%	50.4MW	30MW
Samana II Wind Farm	Gujarat	60%	50.4MW	30MW
Harapanahalli Wind Farm	Karnataka	60%	39.6MW	24MW
Saundatti Wind Farm	Karnataka	60%	72MW	43MW
Chandgarh Wind Farm	Madhya Pradesh	60%	92MW	55MW
Andhra Lake Wind Farm	Maharashtra	60%	106.4MW	64MW
Jath Wind Farm	Maharashtra	60%	60MW	36MW
Khandke Wind Farm	Maharashtra	60%	50.4MW	30MW
Bhakrani Wind Farm	Rajasthan	60%	102.4MW	61MW
Sipla Wind Farm	Rajasthan	60%	50.4MW	30MW
Tejuva Wind Farm	Rajasthan	60%	100.8MW	60MW
Theni I Wind Farm	Tamil Nadu	60%	49.5MW	30MW
Theni II Wind Farm	Tamil Nadu	60%	49.5MW	30MW
Solar				
Gale Solar Farm	Maharashtra	60%	50MW [21]	30MW [21]
Tornado Solar Farm	Maharashtra	60%	20MW [22]	12MW [22]
Cleansolar Renewable Energy Private Limited [23]	Telangana	60%	30MW [24]	18MW [24]
Divine Solren Private Limited [25]	Telangana	60%	50MW [26]	30MW [26]
Veltoor Solar Farm	Telangana	60%	100MW [27]	60MW [27]
Gas				
Paguthan Power Station [28], a combined-cycle gas-fired power plant designed to run on natural gas with naphtha as alternate fuel	Gujarat	60%	655MW	393MW
Coal				
Jhajjar Power Station, comprising two 660MW supercritical coal-fired units	Haryana	60%	1,320MW	792MW
Transmission				
Satpura Transco Private Ltd. which runs a 240 km intra-state line	Madhya Pradesh	60%	–	–

Southeast Asia & Taiwan				
Assets and Services	**Location**	**CLP's Equity Interest**	**Gross Capacity**	**CLP's Equity Capacity**
Solar				
Lopburi Solar Farm	Thailand	33.3%	63MW [29]	21MW [29]
Coal				
Ho-Ping Power Station	Taiwan	20%	1,320MW	264MW

Figures include rounding adjustments.

21 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 69 / 41.4MW.

22 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 27.6 / 16.6MW.

23 CLP India acquired Cleansolar Renewable Energy Private Limited from Mahindra Renewables Private Limited in March 2020.

24 Gross / CLP Equity MW is expressed on an AC basis. If converted to DC, they are equivalent to 36.6 / 22MW.

25 CLP India acquired Divine Solren Private Limited from Mahindra Renewables Private Limited in April 2020.

26 Gross / CLP Equity MW is expressed on an AC basis. If converted to DC, they are equivalent to 59.8 / 35.9MW.

27 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 120 / 72MW.

28 Paguthan Power Station did not undertake any significant commercial generation in the first half of 2021.

29 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 83 / 28MW.

Analysis of Financial Results

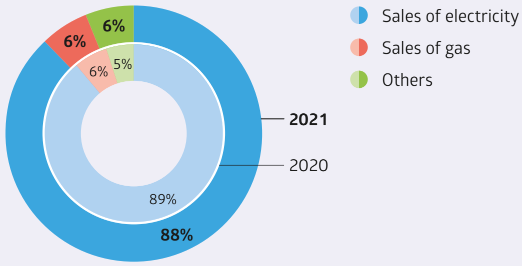
	Six months ended 30 June 2021 HK$M	2020 HK$M	Increase / (Decrease) HK$M	%
Revenue	**40,729**	38,701	2,028	5.2
EBITDAF *	**11,814**	11,332	482	4.3
Share of results of joint ventures and associates, net of tax	**1,139**	1,415	(276)	(19.5)
Consolidated EBITDAF *	**12,953**	12,747	206	1.6
Depreciation and amortisation	**(4,574)**	(4,125)	449	10.9
Fair value adjustments	**264**	397	(133)	(33.5)
Operating earnings	**5,698**	6,129	(431)	(7.0)
Items affecting comparability	**(1,083)**	(119)	964	N/A
Earnings attributable to shareholders	**4,615**	6,010	(1,395)	(23.2)

* Excluding items affecting comparability

Revenue

	2021 HK$M	2020 HK$M	Increase HK$M	%
Hong Kong	**20,326**	19,934	392	2.0
Australia	**17,177**	16,163	1,014	6.3
India	**2,313**	1,758	555	31.6
Mainland China and others	**913**	846	67	7.9
	40,729	38,701	2,028	5.2

Revenues by Nature



- Hong Kong: Higher SoC revenue with higher units sold due to warmer weather in the second quarter and increased social and economic activities following a gradual easing of social distancing measures under the pandemic in 2021
- Australia: Excluding the impact from higher AUD average exchange rate of about HK$2.7 billion, revenue decreased due to lower retail revenue from lower usage of both electricity and gas customers, and lower generation revenue at lower pool prices (despite higher generation from Mount Piper with higher availability during the first half of 2021)
- India: Higher energy charge from higher generation at Jhajjar partially offset by its reduced capacity charge at lower rates effective April 2020 and 2021; revenue from renewable projects increased with full six-month contribution from the two solar projects acquired in March and April 2020
- Mainland China: Appreciation of Renminbi and revenue from Laiwu III Wind (which was commissioned in September 2020) were partially offset by lower water resource for the hydro projects

Depreciation and Amortisation

- Hong Kong: Higher depreciation following continuous capital investments (e.g. depreciation of CCGT Unit 1 commenced in July 2020)
- Australia: Increase mainly reflected exchange rate impact; the accelerated depreciation in 2021 resulting from the advanced retirement of Yallourn was largely offset by the accelerated depreciation of customer services related systems in the first half of 2020

Fair Value Adjustments

- Mainly represented the favourable fair value movements of EnergyAustralia's energy derivative contracts, which do not qualify for hedge accounting according to the accounting standard, as a result of the decrease in forward electricity prices of our net sold position

Consolidated EBITDAF *

	2021 HK$M	2020 HK$M	Increase / (Decrease) HK$M	%
Hong Kong *	**8,466**	7,844	622	7.9
Mainland China	**1,794**	2,010	(216)	(10.7)
Australia *	**2,127**	2,267	(140)	(6.2)
India	**775**	793	(18)	(2.3)
Southeast Asia and Taiwan	**158**	183	(25)	(13.7)
Corporate	**(367)**	(350)	(17)	
	12,953	12,747	206	1.6

* Excluding items affecting comparability

- Hong Kong: In line with the permitted return (before depreciation and tax) on higher average net fixed assets and fair value gains (2020: loss) on innovation funds due to the evolution of the underlying investments
- Mainland China: Higher generation at Yangjiang was partially offset by lower output from Daya Bay due to planned refuelling outage from March to April 2021; lower renewable profit mainly due to lower resource for hydro projects and loss from divestment of two minority-owned wind projects, offset by new contribution from Laiwu III Wind in the first half; loss (2020: profit) from coal-fired projects due to rising coal prices (despite higher generation from Fangchenggang due to higher demand) and unfavourable adjustments to operating and maintenance fees for projects in Shandong
- Australia: Lower contribution from Energy business attributable to lower generation from Yallourn as a result of the mine suspension following extremely heavy rain, higher gas supply costs and lower wholesale prices; higher contribution from Customer business driven by lower energy procurement costs and reduced provision for expected credit loss from customers due to recovery of customer collections after COVID-19 stabilised

Items Affecting Comparability

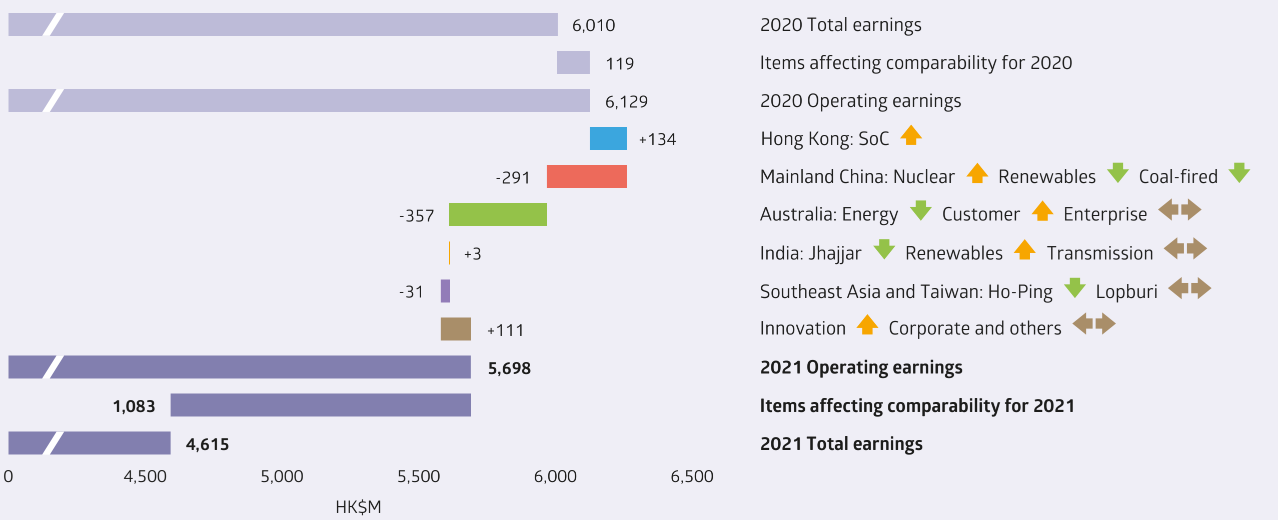
- Hong Kong: In line with the property market trend, a revaluation loss of HK$41 million (2020: HK$119 million) was recognised for the retail portion of the Laguna Mall.
- Australia: In March, the litigation arising from the disposal of Iona Gas Plant was resolved and a settlement was paid and recognised as "other charge" in the profit or loss.

  In June, extremely heavy rain led to heightened water flows through the Morwell River Diversion (MRD) which runs through the Yallourn mine site. After the incident, cracks were discovered in the MRD structures which may pose a threat to the mine in the future. A provision for examination of the extent of the damage along with potential rectification options was made.

  The total impact of these two one-off items amounted to HK$1,489 million (after tax: HK$1,042 million). Please refer to Notes 6 and 7 to the interim financial statements for details on the litigation settlement and the provision respectively.

- India: Lower capacity charge and higher operating and maintenance cost (due to deferral of major maintenance from 2020 to 2021) at Jhajjar largely offset by full six-month profit in 2021 from the two solar projects acquired in March and April 2020
- Southeast Asia and Taiwan: Lower results at Ho-Ping due to lower energy tariff and lower generation; Lopburi operated steadily with stable solar resource

Earnings Attributable to Shareholders



Analysis of Financial Position

	30 June 2021 HK$M	31 December 2020 HK$M	Increase / (Decrease) HK$M	%
Fixed assets, right-of-use assets and investment property	**157,245**	156,515	730	0.5
Goodwill and other intangible assets	**20,127**	20,559	(432)	(2.1)
Interests in joint ventures and associates	**19,184**	20,198	(1,014)	(5.0)
Derivative financial instrument assets #	**2,944**	3,513	(569)	(16.2)
Derivative financial instrument liabilities #	**2,430**	3,301	(871)	(26.4)
Trade and other receivables	**18,407**	13,002	5,405	41.6
Trade payables and other liabilities	**18,240**	18,141	99	0.5
Bank balance, cash and other liquid funds *	**8,578**	11,708	(3,130)	(26.7)
Bank loans and other borrowings #	**56,490**	54,348	2,142	3.9

Including current and non-current portions

* Including short-term deposits and restricted cash, and cash and cash equivalents

Fixed Assets, Right-of-Use Assets and Investment Property
Goodwill and Other Intangible Assets

	Fixed Assets, Right-of-Use Assets and Investment Property HK$M	Goodwill and Other Intangible Assets HK$M
Balance at 1 January 2021	156,515	20,559
Additions	5,615	205
Depreciation and amortisation	(4,159)	(415)
Exchange difference and others ^	(726)	(222)
Balance at 30 June 2021	**157,245**	**20,127**

^ Mainly depreciation of Australian dollar and Indian rupee and disposal of fixed assets

- Hong Kong: Additions of HK$4.7 billion mainly related to the progress of mega projects including combined cycle generating units, the offshore LNG terminal, and continuous enhancement of the transmission and distribution network (e.g. substations supporting data centres) and customer services facilities (e.g. smart meters)
- Mainland China: Construction of Qian'an III Wind (HK$229 million) commenced in 2021
- Australia: Invested HK$774 million in continuous improvement works on generating plants (including turbine upgrade at Mount Piper), commencement of construction work for building net zero emissions power plant in Tallawarra ("Tallawarra B") and customer related systems
- India: Sidhpur wind farm construction in progress

Trade and Other Receivables
Trade Payables and Other Liabilities

- Hong Kong: Higher seasonal electricity sales in summer resulted in higher trade receivables; increase in fuel purchase related payables, in line with higher sales, largely offset by lower capex related payables
- Mainland China: Higher accrued national subsidies for renewables projects due to continuous delay in settlement and more projects, and dividend receivable from Yangjiang Nuclear (31 December 2020: nil); payables (mainly construction cost payable) maintained at similar level
- Australia: Higher trade debtors due to increase in accrued pool revenue at higher price and higher seasonal gas trade debtors; higher payable resulted from higher accrued pool purchases at higher prices, higher gas purchase and network charges payables in line with higher seasonal sales and the provision for examination of the extent of the damage along with potential rectification options for MRD offset by the settlement of green liabilities and year-end accruals during the period
- India: Higher generation at Jhajjar accounted for the increase in trade debtors; payables remained at low level

Interests in Joint Ventures and Associates

- Hong Kong: Shareholder's loan to LNG terminal joint venture for the construction of the jetty
- Mainland China: Lower interests in joint ventures due to the recognition of the Group's share of loss of coal-fired projects in 2021, the divestment of two minority-owned wind projects in March and the repayment of ShenGang Pipeline's shareholder loan; interests in associates reduced after prior year dividend from nuclear projects declared (of which the dividend from Yangjiang Nuclear will only be received in the second half)

Derivative Financial Instruments

Derivative financial instruments are mainly used to hedge foreign exchange, interest rate and energy price risks. The fair value of these derivative instruments was a net surplus of HK$514 million, representing the net amount receivable if these contracts were closed out at period end. Changes in the fair value of derivatives have no impact on cash flows until settlement.

- Interest rate swaps and cross currency interest rate swaps: Increase in derivative liabilities mainly came from cross currency interest rate swaps due to strengthening of Hong Kong dollar against foreign currencies (mainly US dollar and Japanese Yen) in the forward market
- Energy contracts: Fair value gains on gas purchase related derivative contracts (mainly gas and oil swaps) due to higher energy forward prices partly offset by settlement of in-the-money bought electricity contracts (mainly swaps) received during the period

	Notional Amount		Derivative Assets / (Liabilities)	
	30 June 2021 HK$M	31 December 2020 HK$M	**30 June 2021 HK$M**	31 December 2020 HK$M
Forward foreign exchange contracts and foreign exchange options	**26,869**	22,093	**(66)**	(39)
Interest rate swaps and cross currency interest rate swaps	**37,465**	35,392	**(1,230)**	(819)
Energy contracts *	**N/A**	N/A	**1,810**	1,070
			514	212

* Derivative financial instruments are used in the normal course of business in order to hedge exposure to fluctuations in energy prices. The aggregate notional volumes of the outstanding energy derivatives at 30 June 2021 were 268,467GWh (31 December 2020: 212,089GWh) and 9 million barrels (31 December 2020: 10 million barrels) and 1,785TJ (31 December 2020: 2,240TJ) for electricity, oil and gas respectively.

Analysis of Cash Flow

Free Cash Flow (2021: HK$6,445 million; 2020: HK$6,291 million; ⬆ 2.4%)

	Six months ended 30 June	
	2021 HK$M	2020 HK$M
Funds from operations	**8,449**	8,352
Less: Tax paid	**(1,902)**	(1,858)
Less: Net finance costs paid	**(948)**	(1,003)
Less: Maintenance capex paid	**(567)**	(465)
Add: Dividends from joint ventures and associates	**1,413**	1,265
	6,445	6,291
Cash Outflows		
Capital investments (excluding maintenance capex)	**5,393**	5,304
Dividends paid	**4,649**	4,598
	10,042	9,902

- Hong Kong: Slightly higher inflow from SoC operations in line with higher sales in 2021
- Australia: Lower underlying performance and higher margins deposits for futures (due to unfavourable derivative positions at period end) offset by higher derivative contract settlements received (mainly bought electricity swaps)
- Mainland China and others: Mainly dividend from Daya Bay Nuclear in Mainland China; dividend from OneEnergy Taiwan (which holds our interest in Ho-Ping Power Station) received in 2021 (2020: nil)
- Capital investments for the first half 2021 mainly related to SoC capex of HK$4.9 billion, growth capex of HK$483 million for development of Tallawarra B and Mount Piper's turbine upgrade in Australia, and construction of wind projects in Mainland China and India

Financing and Capital Resources

CLP was active on the funding front in the first half of the year to support its operations and growth. To ensure its ongoing financial integrity, CLP continued to exercise prudence in its regular review of liquidity position and to enhance its risk mitigation. CLP took pre-emptive, timely action to arrange major financing activities without any undue surplus cash impact, locking in preferential terms while spreading out the debt maturity profile and sources of funding. Overall, the Group preserved strong liquidity with undrawn bank facilities of HK$29.3 billion and bank balances of HK$8.6 billion at the end of June.

CLP Holdings maintained HK$9.3 billion of liquidity on 30 June 2021. The high level of liquidity is expected to be maintained throughout the year, thanks to continuing dividend payments and inflows from subsidiaries, joint ventures, and associates.

CAPCO successfully issued a US$300 million (HK$2.3 billion) 10-year, 2.125% Energy Transition Bond in February to partially fund the construction of the second combined-cycle gas turbine (CCGT) generation unit at Black Point Power Station. The bond carried a 0.875% credit spread over 10-year US Treasury Notes. The spread was the narrowest of all 10-year bonds previously offered by the CLP Group and reportedly the tightest among all non-public sector debt offerings by corporations in Hong Kong. This Energy Transition Bond was more than 4.6 times over-subscribed with over US$1.4 billion in orders from investors globally. This new bond was issued out of CAPCO's Medium Term Note (MTN) programme and the CLP Climate Action Finance Framework (CAFF). In addition, CAPCO executed HK$5.3 billion one- and three-year energy transition revolving loan agreements under the CAFF in March at attractive interest rates to complete the funding requirement for the Black Point CCGT project.

In May, CLP Power Hong Kong issued a A$24 million (HK$144 million) 15-year private bond at a 2.99% coupon rate for general corporate purposes. In July, CLP Power Hong Kong issued a US$300 million (HK$2.3 billion) 10-year bond for general corporate purposes. This offering was more than 1.6 times over-subscribed with over US$500 million in orders from investors globally. The bond issued in July carried 2.25% coupon rate, and was competitively priced at 0.9% credit spread over 10-year US Treasury Notes at the time of issuance. The bonds of CLP Power Hong Kong this year were issued under its MTN programme. In addition, CLP Power Hong Kong executed a total of HK$2.5 billion three- to five-year revolving loan agreements at very favourable terms.

The proceeds of all foreign currency bonds issued so far this year were swapped into Hong Kong dollars at favourable fixed rates to fully mitigate foreign exchange and interest rate risks.

Both CLP Power Hong Kong and CAPCO have MTN programmes in place under which bonds in aggregate amounts of up to US$4.5 billion and US$2 billion respectively may be issued. As at 30 June, notes with aggregate nominal values of around HK$29.4 billion and HK$9.1 billion had been issued by the two entities respectively.

CLP's businesses outside Hong Kong maintained healthy liquidity positions. EnergyAustralia extended the maturity dates of a A$300 million (HK$1.7 billion) working capital facility by three years to June 2024, and a A$400 million (HK$2.3 billion) bank guarantee and reimbursement facility by three years to March 2024, at competitive terms. EnergyAustralia maintained a bank balance equivalent to HK$1.8 billion with a zero debt balance at the end of June.

CLP India arranged Rs12.9 billion (HK$1.3 billion) of bank facilities, mainly to support development of renewable energy projects, at competitive interest rates.

In Mainland China, CLP executed a RMB300 million (HK$360 million) two-year offshore revolving bank loan facility and a RMB587 million (HK$705 million) 15-year onshore non-recourse project loan facility at competitive terms.

Thanks to CLP's well proven financial and treasury philosophy, no entities of the Group have encountered any adverse impact arising from the COVID-19 pandemic related to liquidity, financial covenants or debt servicing. The Group's net debt to total capital ratio at the end of June was 27.4%, compared with 25.1% at the end of 2020. Fixed-rate debt as a proportion of total debt was 64% without perpetual capital securities, compared with 63% at the end of 2020. With perpetual capital securities, fixed-rate debt as a proportion of total debt was 66%, compared with 65% at the end of 2020. For the six months to 30 June 2021, the FFO (Funds from operations) interest cover was 10 times, compared with 8 times for January to June 2020.

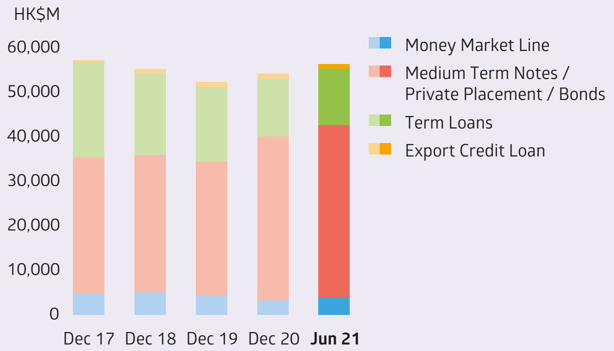
Debt Profile as at 30 June 2021

	CLP Holdings HK$M	CLP Power Hong Kong HK$M	CAPCO HK$M	Other Subsidiaries HK$M	CLP Group HK$M
Available facility [1]	7,000	36,417	26,750	15,633	85,800
Bank loans and other borrowings	–	30,499	15,208	10,783	56,490
Undrawn facility	7,000	5,918	11,542	4,850	29,310

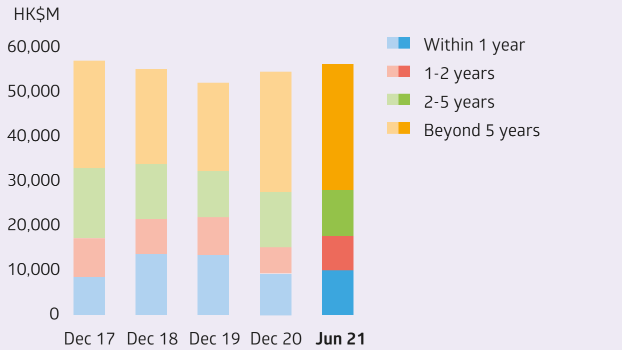
Note:

1 For the MTN Programmes, only the amounts of the bonds issued as at 30 June 2021 were included in the total amount of Available Facility. The Available Facility in EnergyAustralia excludes 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 drawndown tenors.

Credit Ratings

In May and June 2021, Standard & Poor's (S&P) and Moody's affirmed the credit ratings of CLP Holdings (A and A2), CLP Power Hong Kong (A+ and A1) and CAPCO (AA- and A1) with stable outlooks. S&P opined the favourable, predictable, and long-term regulatory regime in Hong Kong, and the strong balance sheet to support energy transition-related investments in Australia as key credit strengths. S&P also noted the high capital expenditure to achieve clean energy transition target may constrain financial ratio, and near-term profitability pressure in Australia amid evolving energy market dynamics. Moody's recognised the well-established regulatory framework of the Scheme of Control business, which provides a transparent tariff system and cost pass-through. Moody's also acknowledged CLP Holdings' adequate financial profile accompanied by a good operating track record and good access to the bank and capital markets, while noting the exposure to unregulated businesses outside of Hong Kong amid the challenges under the COVID-19 pandemic and elevated carbon transition risk within the utility sector.

As at the date of this Report, the credit ratings of major companies within the Group are as below.

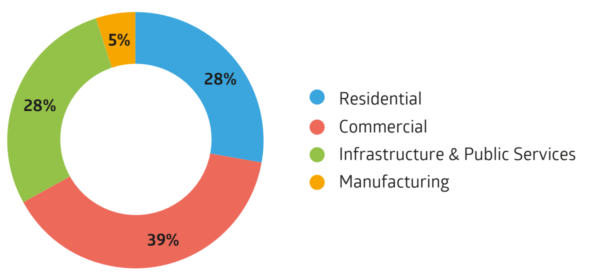
	CLP Holdings		CLP Power Hong Kong		CAPCO		EnergyAustralia
	S&P	Moody's	S&P	Moody's	S&P	Moody's	S&P
Long-term rating	A	A2	A+	A1	AA-	A1	BBB+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Short-term rating	A-1	P-1	A-1	P-1	A-1+	P-1	–

Hong Kong

CLP continued to provide a highly reliable electricity supply in Hong Kong while directing efforts across the community to combat COVID-19 and to mitigate the impact on employees, customers, and people in need. Electricity sales rose 4.4% to 16,421GWh in the first half of the year from the same period in 2020. Residential consumption saw growth with a cold spell early in the year and warmer weather in the second quarter pushing up demand. The rollout of the Government's vaccination programme and the gradual easing of social distancing measures allowed workers and students to return to offices and schools. Economic activity therefore increased, triggering higher electricity sales across other sectors compared with the same period last year. The table below shows the year-on-year changes in electricity sales by sector for the period:

	Increase / (Decrease)	
Residential	200GWh	↑ 4.6%
Commercial	188GWh	↑ 3.0%
Infrastructure & Public Services	270GWh	↑ 6.1%
Manufacturing	34GWh	↑ 4.4%

% of Total Local Sales



Decarbonisation is a key focus for CLP. It is engaged in discussions with the Hong Kong Government to contribute to a preliminary decarbonisation roadmap in support of the city's target of becoming carbon neutral by 2050. Meanwhile, the commissioning of a new combined-cycle gas turbine (CCGT) unit at Black Point Power Station in 2020 has enabled the increased use of cleaner natural gas in the fuel mix and resulted in a significant reduction in the carbon intensity of CLP's electricity supply. Construction of a second CCGT unit at Black Point continued to make good progress despite ongoing challenges posed by the pandemic. Early civil works are progressing well and engineering, procurement, and construction contracting is under way, with the unit expected to go into service in 2023. Elsewhere, the Hong Kong offshore LNG terminal project is under construction with marine installation and laying of the subsea gas pipelines in progress and completion is expected in 2022.

CLP is conducting pre-development studies – including preliminary site investigations and technical evaluations – into the feasibility of an offshore wind farm in the south-eastern waters of Hong Kong. With the latest lower cost and larger capacity wind turbine technologies making the project more viable, offshore wind power appears to be a plausible renewable energy source in a city with extremely limited land availability.

In addition to using lower-carbon technologies for power generation, CLP recognises the importance of enabling customers to manage their electricity consumption and increase their energy efficiency as part of a holistic approach to decarbonisation. Since the start of the current Scheme of Control agreement with the Government in October 2018,

The new combined-cycle gas turbine unit commissioned in 2020 at Black Point Power Station has resulted in a significant reduction in the carbon intensity of CLP's electricity supply.

CLP has helped commercial and industrial customers in Hong Kong achieve over 300GWh of electricity savings through energy efficiency programmes, including the CLP Eco Building Fund, Energy Audit Service and the Electrical Equipment Upgrade Scheme.

The Renewable Energy Feed-in Tariff (FiT) scheme continued to receive positive customer response, with more than 15,900 applications received by the end of June. Of those, around 90% – representing a combined capacity of around 217MW – were approved or connected to the grid. Demand for Renewable Energy Certificates (RECs), which provides an alternative avenue for customers to support renewable energy development, benefitted from large, multi-year purchases by companies including Rosewood Hong Kong, Hang Seng Bank and UBS, with total committed sales increasing to around 35GWh by the end of the first half, equivalent to a reduction of 12,800 tonnes of carbon emissions, or the planting of around 556,000 trees.

Ongoing investments in digitalisation have improved energy efficiency and service innovation for CLP customers. By the end of June, over one million smart meters were connected, giving more customers access to detailed consumption data and allowing them to participate in demand response programmes to optimise their energy consumption and cost. CLP is also piloting a low-voltage smart grid in Yuen Long in the New Territories, deploying digitalised technologies to automatically manage more diverse, decentralised energy resources, such as solar energy and battery storage systems.

CLP and Airport Authority Hong Kong have completed an agreement for a 4MW battery energy storage system at the Hong Kong International Airport, strengthening the reliability of the airport's power supply and improving its energy management. CLP*e* Solutions, a CLP Group subsidiary, implemented the project through an open tendering exercise.

CLP*e* Solutions also announced an agreement with Dairy Farm International to install a solar energy system at Wellcome Fresh Food Centre in Tseung Kwan O. Due for completion in 2022 and capable of generating over 1 million kWh annually, the solar energy system will be the largest in Hong Kong's retail sector under CLP's Renewable Energy FiT scheme.

Another pillar for Hong Kong's decarbonisation is electrification of the transport sector, which contributes almost a fifth of the city's carbon emissions. CLP's Eco Charge 2.0 programme, launched in 2020, provides one-stop technical support to applicants seeking Government funding to install electric vehicle charging infrastructure in residential buildings. CLP has received more than 410 applications so far, covering about 108,000 parking bays. Preliminary assessments have been completed for over 90% of applications. CLP is also working closely with the Government on the Hong Kong Roadmap on Popularisation of Electric Vehicles announced earlier this year.

To support people in need and encourage consumer spending amid the pandemic, CLP introduced a HK$160 million package of initiatives for 2021 from the CLP Community Energy Saving Fund. As one of the initiatives, nearly 800,000 eligible residential customers and tenants of subdivided units each received dining and retail coupons worth HK$100 from CLP. Almost 70% of the coupons have been redeemed.

Outlook

CLP remains focused on decarbonising its electricity business and using digital technologies to deliver smarter, greener services to customers in support of the Hong Kong Government's 2050 carbon neutrality target. It will continue to engage with the Government and stakeholders on the best ways to achieve this goal, while maintaining a world-class electricity supply reliability.

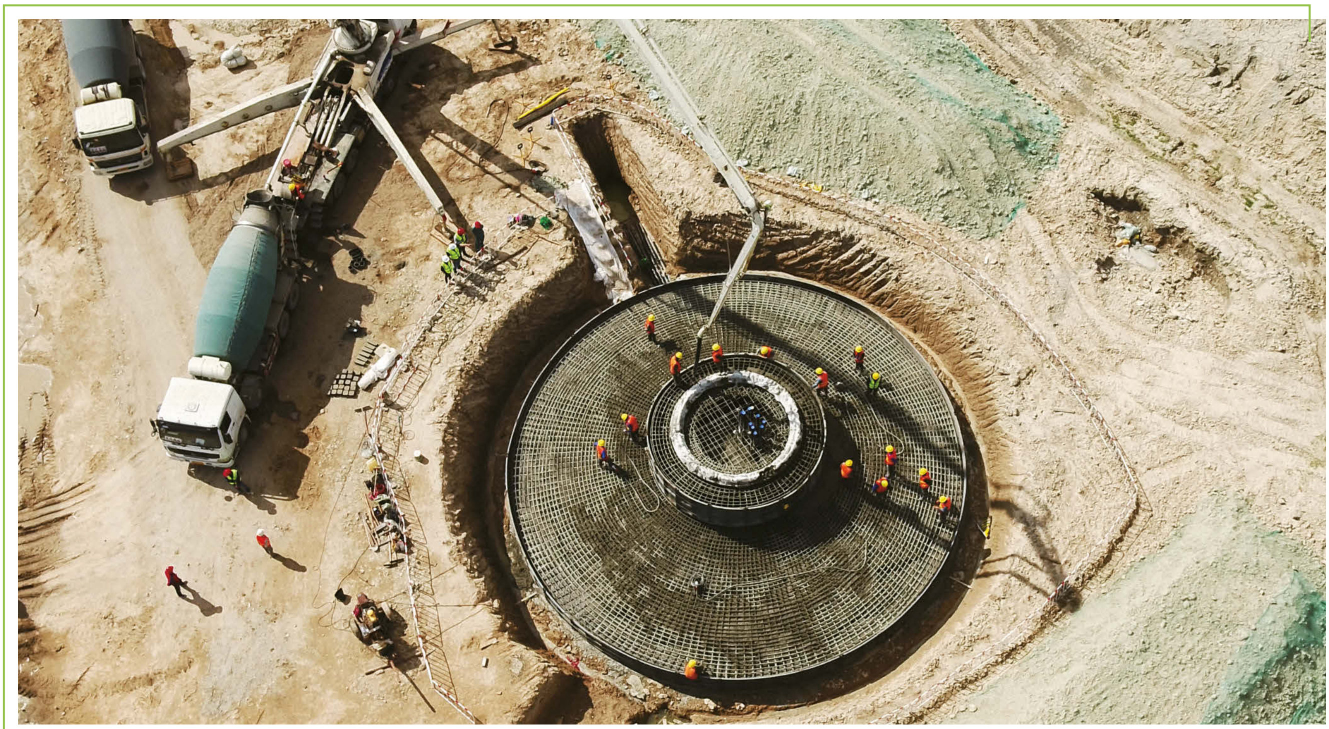
In the longer term, CLP is exploring opportunities in the development of zero-carbon hydrogen technologies and supply chains, transitioning gas-fired generation infrastructure to the use of green hydrogen when supplies of the carbon-free fuel are commercially available in sufficient volumes.

To support Hong Kong's ongoing recovery from the impact of COVID-19, CLP will continue to offer increased opportunities for the younger generation through the CLP Power Academy and employment programmes for graduates from local higher education institutions.

Mainland China

CLP's non-carbon energy portfolio in Mainland China delivered a stable performance during the first half of the year as the economy continued to recover from the impact of COVID-19. However, high coal prices affected the earnings of thermal power assets.

Daya Bay Nuclear Power Station and Yangjiang Nuclear Power Station in Guangdong province continued to perform reliably. Generation at Yangjiang was higher than the same period a year ago, while a planned refuelling outage programme in March and April impacted output from Daya Bay.



Currently under construction, the Qian'an III wind farm is CLP's first grid-parity project in Mainland China designed to operate without government subsidies.

Wind energy generation increased moderately with better resources and the addition of the Laiwu III wind farm in Shandong province, which was commissioned in September 2020. Construction meanwhile began on the Qian'an III wind farm in Jilin province. With costs of renewable energy technologies coming down, Qian'an III will be CLP's first grid-parity project in Mainland China designed to operate without government subsidies. A 5MW battery storage system is being installed as part of the project. In March, CLP divested its 24.5% stakes in the ageing Mazongshan and Qujiagou wind farms in Liaoning province.

Solar energy generation was higher than last year, thanks to extended periods of good solar irradiance. This benefitted several projects including Sihong in Jiangsu province and Meizhou in Guangdong province.

Decreased water flow at projects in Sichuan and Guangdong provinces diminished the output from CLP's hydro portfolio. Planned maintenance outages were carried out on some of the generation units at the Huaiji plants in Guangdong province.

As of 30 June 2021, delayed national subsidy payments for renewable energy projects amounted to HK$2,189 million for CLP's wind and solar energy subsidiaries in Mainland China, compared to HK$1,774 million at the end of 2020. Partial payment of the subsidies is expected in the second half of the year.

Fangchenggang Power Station in the Guangxi Zhuang Autonomous Region increased generation this year in response to stronger electricity demand and reduced competition from hydro plants. However, profitability of the plant was under pressure because of higher coal prices and softer electricity sale prices.

The incremental distribution network at Fangchenggang Hi-Tech Zone continued to add more customers and broaden its range of services. The business began operations in early 2020 and was CLP's first investment in Mainland China's electricity distribution sector, carried out through the TUS-CLP Smart Energy Technology Co. Ltd. joint venture.

The Chinese Government set out in its 14^{th} Five-Year Plan in March new targets for reducing carbon intensity and increasing energy efficiency. The continuing decarbonisation of China's economy is opening up opportunities in new energy infrastructure and smart energy services. CLP is focused on meeting growing demand for diversified energy solutions, including centralised cooling systems, energy solutions for data centres, and energy management systems for buildings, particularly in the Greater Bay Area. In June, CLP secured a contract to invest in and upgrade the centralised cooling system at Po Park Shopping Plaza in Guangzhou, and to operate cooling services. This is the first project of its type for CLP in the Greater Bay Area.

Outlook

CLP is committed to maintaining the operational excellence of its assets to support the energy needs of customers as the economy continues to rebound from the pandemic. It will continue to pursue opportunities in non-carbon, diversified energy solutions and new energy infrastructure, with a focus on the Greater Bay Area, as the energy transition in Mainland China gathers pace.

Coal prices may soften slightly in the second half of the year but are expected to remain high, which will continue to impact the profitability of CLP's coal-fired assets. With the cost of renewable energy projects falling, CLP will continue to explore further investment opportunities for grid-parity projects in line with the Government's target to reach peak carbon emissions by 2030 and carbon neutrality by 2060.

Australia

EnergyAustralia took significant steps in the first half to decarbonise its business and support the country's transition to clean, reliable, and affordable energy. In March, EnergyAustralia entered into an agreement with the State Government of Victoria in relation to the advanced retirement of Yallourn Power Station in mid-2028, four years before the end of its technical life. The retirement of Yallourn will reduce EnergyAustralia's carbon dioxide emissions by more than 60%. To ensure the plant's orderly closure, EnergyAustralia is providing a comprehensive package to support the workforce. EnergyAustralia also announced the construction of a 350MW utility-scale battery adjacent to the Jeeralang power station in Victoria, by the end of 2026. The new facility will be larger than any battery operating in the world today, enabling more renewable energy to enter the market.

An agreement was reached with the Government of New South Wales in May for EnergyAustralia to build a new power plant of around 300MW on its Tallawarra site, in time to begin operations for the 2023-24 Australia summer. Tallawarra B will be the country's first net-zero-emissions power station using a blend of green hydrogen and natural gas, with direct carbon emissions from the plant offset over the course of its operational life.

In the same month, the 250MW Kidston pumped hydro energy storage project in Queensland reached financial close. EnergyAustralia will have contractual rights over its output when construction is completed in 2024. It is the first greenfield pumped hydro storage project in the National Electricity Market for almost 40 years.

Earnings in EnergyAustralia's Energy business were affected by lower wholesale electricity prices during most of the first half. While there were some periods of volatility in New South Wales and Queensland in May and June, the impact was moderated as most generation was contracted in advance at rates comparable to those a year earlier. These market price dynamics also led to a lower fair value gain on energy hedging contracts compared with a year earlier. In addition earnings were adversely affected by accelerated depreciation costs resulting from the advanced retirement plans for Yallourn, and the re-contracting of gas purchasing arrangements at higher prices reflecting international market rates. Margins are expected to come under increased pressure as hedging contracts signed at higher prices in previous periods gradually mature.

Generation from EnergyAustralia's power plants increased compared with the same period in 2020 as output from Mount Piper Power Station rose. Output was lower at Yallourn, where mine production was suspended as a precaution following extreme rainfall and regional flooding in June. The power plant was therefore operating below capacity temporarily, though normal operations have since resumed. The exceptionally heavy rainfall resulted in heightened water flows through the Morwell River Diversion which runs through the Yallourn mine site. While there was no flooding in the mine, cracks were discovered in the diversion's structures which may pose a threat to the mine in the future. A provision was made for examination of the extent of the damage to the diversion along with potential rectification options.

Both Mount Piper and Yallourn are undergoing major planned maintenance programmes to enhance their reliability and performance, and this is expected to limit generation in the second half of 2021 to levels similar to a year earlier.

Earnings in the Customer business improved in the first half of the year driven by lower bad debt expense, a favourable tariff adjustment for existing customers and a reduction in solar feed-in tariffs. However intense competition in the retail electricity market resulted in lower margins on new customer accounts. In the first six months, the number of customer accounts fell by less than 1%, an improvement compared to a year earlier.

Amid the ongoing COVID-19 situation, EnergyAustralia maintained its support for customers struggling with the financial pressures caused by the pandemic.

In March, a settlement was reached with Lochard Energy and related entities regarding the dispute on the disposal of the Iona Gas Plant. The settlement included payments by EnergyAustralia and the extension of an existing long-term commercial relationship for the provision of gas storage services at the Iona Gas Plant for EnergyAustralia.

Outlook

Policymakers in Australia have continued to recognise the need for greater levels of investment in low-carbon, reliable generation. In April, the Energy Security Board released a study proposing four reform pathways to address Australia's energy transition needs beyond 2025. This included a broad proposal advocating the timely entry of new generation capacity and ensuring existing generation facilities remain until they are no longer required to bolster system stability. The Federal Budget in May included initiatives to support investment in new and emerging low-emissions technologies prioritised under the Government's Technology Investment Roadmap.

The short-term outlook remains for low wholesale prices, intense competition and pressure on retail margins. EnergyAustralia will continue to focus on the orderly retirement of Yallourn and moving forward with its energy transition projects, including Tallawarra B and the battery project near Jeeralang. It is also assessing the potential of a pumped hydro energy storage facility at its Lake Lyell dam that supplies water to Mount Piper Power Station. In addition, EnergyAustralia is exploring potential synergies from working with the CLP Group on technologies including hydrogen and microgrids, further strengthening its capability to help build a cleaner, modern energy future for Australia underpinned by renewable energy.

India

CLP India has focussed on efforts to protect the health and safety of employees and maintain a reliable service for customers as COVID-19 cases rose sharply amid a second wave of the pandemic in the country. Increased precautions included the implementation of contact tracing and testing across the company's operations. CLP Holdings and CLP India also lent their support to relief efforts to local communities, helping provide oxygen machines and critical medical supplies to areas badly hit by the pandemic.

In January and February, new records were set for national peak electricity demand as a broad-based recovery in electricity demand occurred across the country. CLP India increased its solar energy output with a portfolio expanded by the 2020 acquisition of two plants in Telangana state, and continued to ensure the strong operational performance of its assets. Data analytics technologies were deployed to monitor plant operations and enhance the performance of CLP India's renewable energy assets.

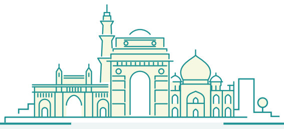
Wind energy generation was higher than the first half of 2020. CLP India is carrying out upgrades of wind farms in Tejuva, Chandgarh, and Harapanahalli, including the installation of devices to improve the aerodynamics of turbine blades. Contracts were awarded for new equipment at CLP India's wind power project in Sidhpur, Gujarat. However, work was held up by localised pandemic lockdowns, thus affecting the original target to commission the project in early 2022. In July, the Government granted a 2.5-month extension to the commissioning schedules of renewable energy projects under development in the country amid the ongoing pandemic, and CLP India will continue to expedite construction of the Sidhpur project, while evaluating the need to request further timeline flexibility from the Government.

CLP India's outstanding receivables from local distribution companies related to the purchase of renewable energy were HK$844 million at the end of June, compared to HK$771 million six months earlier, reflecting disruptions due to the second wave of the pandemic.

In the third quarter, CLP India expects to complete the acquisition of Kohima Mariani Transmission Limited, an interstate transmission asset, subject to final agreement and fulfilment of agreed conditions precedent. All the necessary approvals from Government agencies and long-term customers have been granted to allow the transaction to go ahead. Satpura Transco Private Limited, the transmission asset acquired by CLP India in 2019, meanwhile continued to report near-full availability.

Jhajjar Power Station once again performed solidly. Its operations benefitted from a major maintenance programme completed in the first quarter, the biggest since the plant began operations in 2012. The programme was delivered on schedule without any lost-time injuries to members of the workforce, which included more than 2,000 additional contract workers. Meanwhile, CLP India continued to explore alternative uses for the Paguthan gas-fired plant, including its possible sale. The plant's commercial operations ceased following the expiry of its previous power purchase agreement in December 2018.

Outlook



The health and safety of employees is CLP India's priority, and the company will continue to uphold the integrity of its operations, as well as supporting relief efforts for the communities near its plants struggling to cope with the impact of the pandemic.

Financial support from the Government to distribution companies has helped to mitigate the challenges of the COVID-19 pandemic, and improved the cash flows of power generators. The renewable energy sector is also benefitting from supportive industry developments including measures to facilitate real-time electricity transactions on energy exchanges, and more flexible trading of solar and non-solar power to enable distribution companies to meet their clean energy purchase obligations.

With the support of its two shareholders CLP Holdings and Caisse de dépôt et placement du Québec, CLP India is exploring further opportunities for investments in renewable energy and transmission, and supporting continuing improvements to India's rapidly developing energy supply chain.

Southeast Asia and Taiwan

In the first half, Ho-Ping Power Station continued its reliable operations, which were unaffected by supply outages that impacted large parts of Taiwan in May. In Thailand, operations of the Lopburi Solar Farm remained stable.

Outlook

CLP will maintain its efforts to contribute to the solid operations of the Ho-Ping and Lopburi plants, while continuing to explore potential investment opportunities in the renewable energy sector in Southeast Asia and Taiwan.

Human Resources

The CLP Group had 8,074 full-time and part-time employees on 30 June 2021, compared with 7,959 at the same time in 2020. A total of 3,885 were employed in the Hong Kong regulated electricity business, with 430 in non-regulated electricity related businesses in Hong Kong. There were 616 employees in Mainland China, and 2,780 in the businesses in Australia, India, Southeast Asia and Taiwan, while 363 were employed by CLP Holdings. Total remuneration for the six months to 30 June 2021 was HK$3,349 million, compared with HK$3,052 million for the same period in 2020, including retirement benefit costs of HK$319 million, compared with HK$292 million in 2020.

With the COVID-19 pandemic ongoing, CLP maintained comprehensive measures to safeguard the wellbeing of employees and contractors and ensure business continuity, including special work arrangements, temperature testing and site access controls, access to health education, and support for employees to get vaccinated. Where appropriate, on-site or dedicated vaccination options were offered for employees, contractors, and their families.

CLP joined the effort to increase rates of vaccination in Hong Kong. Under the Government's Outreach Vaccination Programme, CLP facilitated employees to get vaccinated on company premises, including workers on shift duties and those who work in remote areas. More than 1,200 employees, contractors and their families enrolled in the initiative. The Company also offered time off to employees and made donations to charities to encourage a greater uptake. Similar vaccination arrangements were also in place for workers in Mainland China and India.

CLP remained focused on building an agile, sustainable workforce to prepare for the challenges of accelerating energy transition and competition for talent. New and refreshed programmes launched last year to accelerate talent development continued in 2021, supplemented by increased investment in scholarships and mentoring to attract and retain young talent. In 2021, the internship programme for fresh graduates in Hong Kong continued for a second year and has been extended to the Greater Bay Area under the Hong Kong Government's Youth Employment Scheme. These initiatives reflect CLP's commitment to encourage the development of talent for the long-term, as well as supporting its people and the communities in which it operates.

To recognise the Company's fundamental responsibility to sustainability in the context of global energy transition, CLP launched Group Labour Standards this year that outline CLP's commitment to internationally-recognised principles and conventions, and bring to life its core value of caring for people. CLP received awards for Gender Equality and Family

Status Equality in the inaugural Equal Opportunity Employer Recognition Scheme organised by the Equal Opportunities Commission in Hong Kong. These awards provide further recognition of CLP's ongoing efforts in promoting and practising equal opportunity employment in the workplace.

Health & Safety

CLP maintained its efforts to safeguard the health and safety of employees through the first half of 2021. It also continued to enhance health and wellbeing programmes for employees with tailor-made platforms planned or launched in all major markets.

To help managers monitor and analyse trends as well as possible causes of serious injuries and potentially fatal incidents, CLP implemented a reporting dashboard. CLP is further strengthening capabilities in Safety in Design (SiD) by providing training to targeted employees. SiD principles are applied at the design stage for new plant and equipment to identify and minimise future operational risks before construction commences.

To reduce potential risks associated with gravitational hazards such as falling objects, regional working groups have been set up to engage frontline workers and identify areas of improvements.

To meet evolving business needs, in 2022 CLP will launch a new multi-year strategy for continued improvements in health, safety, and environment (HSE) performance. Consultation has commenced to identify current and emerging priorities. The new strategy will build on the work of the current HSE improvement programme, and will retain a core focus on the prevention of fatalities and life-changing incidents.

The Total Recordable Injury Rate (TRIR) and Lost Time Injury Rate (LTIR) for employees and contractors in the first half of 2021 were lower than those during the same period in 2020, with material improvements especially in Hong Kong and Mainland China.

	Employees		Employees and Contractors	
	Jan – Jun 2021 [2]	Jan – Jun 2020 [1]	**Jan – Jun 2021** [2]	Jan – Jun 2020 [1]
LTIR	**0.05**	0.11	**0.06**	0.09
TRIR	**0.14**	0.21	**0.20**	0.25

Notes:

1 Figures for 2020 were revised to reflect the reclassification of two cases, as well as minor adjustments to the number of hours worked.

2 From 2021, the LTIR and TRIR figures are for work-related injuries only (excluding work-related ill health and commuting-related injuries), in line with requirements of the Global Reporting Initiative.

Environment

CLP continued to manage and minimise the environmental impacts of its operations, as well as during the development and construction of new projects. CLP is committed to fulfilling its environmental commitments and actively monitors new and upcoming regulations to stay ahead of any changes. CLP had no environmental regulatory non-compliance incidents resulting in fines or prosecutions.

Reducing Air Emissions

CLP is deploying advanced technologies to enable the Group to meet or exceed increasingly stringent regulatory requirements on air emissions. The new catalytic reduction system introduced to the new CCGT unit at Black Point Power Station has helped to lower nitrogen oxide (NO_x) emissions, and the same technology will be used in the second CCGT unit currently under construction. The increase in use of natural gas in the fuel mix for power generation in Hong Kong is leading to lower carbon dioxide emissions.

In Australia, Yallourn Power Station is implementing environmental measures, including the upgrade of the continuous emissions monitoring system (CEMS) to ensure compliance with tightened emission limits and monitoring requirements under its new licence. The CEMS will enable improved control of emissions of NO_x, sulphur dioxide (SO_2), and particulates. The operation of flue gas desulphurisation units continued to lower SO_2 emissions at Jhajjar Power Station in India and Fangchenggang Power Station in Mainland China.

Sustainable Water Use

CLP is committed to using water resources responsibly and sustainably. Fangchenggang Power Station now reuses treated wastewater in its flue gas desulphurisation operations, as well as taking action on dust suppression and irrigation for greening. The implementation of robotic cleaning systems at Sihong and Huai'an solar farms in Mainland China and Veltoor Solar Farm in India has allowed for dust removal at the plants with zero water use.

EnergyAustralia received approval from the Environment Protection Authority in Victoria for the temporary discharge of water from the Township Field pond at the Yallourn mine into the Latrobe River following heavy rainfall in June. The discharge will be monitored closely by accredited independent experts, and the impact on water quality is expected to be negligible. The arrangement helps provide water storage and will divert flows away from waterways near the Yallourn mine in the event of future downpours.

Climate Change

CLP moved forward with major decarbonisation projects in the first half of the year. A second CCGT generation unit at Hong Kong's Black Point Power Station is expected to go into service in 2023 with civil work progressing well, following the commissioning of the first unit in 2020. With their higher efficiency and lower carbon intensity, the two units will make a significant contribution to reducing greenhouse gas emissions. Meanwhile, construction work began on the Qian'an III wind farm in Jilin province in Mainland China, and CLP India's wind farm in Sidhpur, Gujarat.

The decision by EnergyAustralia to retire Yallourn Power Station in 2028, four years before the end of its technical life, has the potential to reduce CLP's carbon emissions intensity by around 20% by 2030, based on current business projections. The new Tallawarra B power station in New South Wales, due for completion by the 2023-24 Australian summer, will be the country's first net-zero power plant to be fuelled by a blend of green hydrogen and natural gas, with direct emissions offset over the asset's operational life.

CLP will strengthen its Climate Vision 2050 decarbonisation targets and announce them before the United Nations COP26 climate summit later this year, after completing a review based on factors including changes in the policy landscape and requirements under different climate scenarios.

CLP's businesses continued to strengthen evaluation of the risks and implications of climate change, as well as examining different scenarios in relation to different jurisdictions. CLP participated in a range of international initiatives to support the low-carbon transition of the global economy, including programmes organised under the World Business Council for Sustainable Development's (WBCSD) SOS 1.5 project, which aims to help businesses play their part in keeping global temperature increase within a 1.5°C target. CLP also participated in the Climate Reference Scenario project organised by the Task Force on Climate-Related Financial Disclosures (TCFD).

Sustainability Performance

CLP's latest Sustainability Report, published in March, maintained a focus on topics related to sustainable business operations. The report highlighted the Group's strategic priorities of decarbonisation, digitalisation, and workforce transformation amid the challenges of the COVID-19 pandemic, with enhanced disclosure in line with the TCFD's recommendation that companies provide transparent, credible climate-related information to stakeholders, including investors and capital providers. CLP also shared its practices on TCFD-recommended reporting in events organised by the WBCSD, the Hong Kong Institute of Certified Public Accountants, and the Sustainability Accounting Standards Board.

CLP's commitment to sustainability was again recognised by its inclusion in international stock indices based on businesses' environmental, social, and governance performance, including the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index, and the FTSE4Good Index.

Innovation

Through its energy-as-a-service strategy, CLP continued to invest in innovation to deploy the very latest energy digitalisation tools to offer customers lower-carbon and technology-enabled energy services. New capabilities and partnerships are key for CLP to accelerate its development as a Utility of the Future as the energy transition opens up new opportunities in emerging energy services around the Group's core electricity business.

CLP's digital energy solutions business Smart Energy Connect (SEC) helped more leading businesses and organisations in Hong Kong manage their energy consumption. In the first half of 2021, SEC introduced an energy monitoring system for the Hospital Authority. Using artificial intelligence technology, the system analyses power consumption data to identify potential equipment malfunctions and improve energy management. In the commercial sector, SEC arranged to install an advanced heating, ventilation, and air conditioning control system for a retail complex of Sino Group, drawing on machine-learning technology to improve the performance of cooling equipment.

SEC made significant progress with its energy management solutions in education sector, bringing air quality improvement systems to more than 10 Hong Kong schools. Sales of carbon credits also increased, helping customers to offset greenhouse gas emissions. Meanwhile, SEC added more new products and solutions to its suite of services, including powerful software that allows customers to track and manage energy consumption in multiple buildings, complementing existing technologies designed for single sites.

The Group strengthened partnerships with innovators to ensure access to the best energy technologies and further enhance CLP's operational capabilities and capture opportunities in emerging energy market segments, such as data centres, microgrids, and corporate power purchase agreements. CLP remained involved in the Free Electrons energy accelerator programme, developing new opportunities to commercialise outstanding technologies from around the world. It is continuing to work with CYZone to identify the most promising Chinese energy technology providers for potential partnerships, with a focus on the Greater Bay Area.

Looking ahead, CLP will seek opportunities to expand its portfolio of strategic investments, which already includes equity interests in providers of technologies covering demand response management, cybersecurity, and hydrogen storage in leading global innovation hubs such as Mainland China, the US, and Israel.

Stakeholder Engagement and Social Performance

Throughout the COVID-19 pandemic, CLP has remained true to its commitment to bring positive influence on the wellbeing of the communities in which it operates, while supporting education and development, strengthening environmental protection, and working with community partners to address emerging societal challenges.

Safeguarding Communities and Strengthening Resilience

CLP has focused its attention on a host of urgent public health and socio-economic issues arising from the pandemic in its operation around the Asia-Pacific region. In an initiative aimed at simultaneously helping underprivileged people and stimulating the pandemic-hit economy, CLP distributed retail and catering coupons to residential customers in Hong Kong with low electricity consumption, elderly customers eligible for CLP's concessionary tariff, and 10,000 tenants of subdivided units. Almost 800,000 households each received coupons with value of HK$100 for use in more than 2,800 outlets in the CLP Retail and Catering Coupons programme.

CLP's four Hotmeal Canteens in Hong Kong adjusted to the COVID-19 situation by providing takeaways and delivery services on top of dine-in meals, ensuring people in need were able to enjoy nutritious meals despite the pandemic restrictions. Video conferencing was deployed to organise virtual visits in partnership with Sik Sik Yuen and The Salvation Army to elderly homes and day care centres under the Sharing the Festive Joy programme to celebrate the Tuen Ng (Dragon Boat) Festival in June.

In Mainland China, CLP put its support behind projects near its operations that benefitted residents, including the construction of roads and bridges, the supply of water purifying infrastructure, and public lighting improvements. CLP volunteers visited villages and elderly homes during major festivals. In the Guangxi Zhuang Autonomous Region, home to Fangchenggang Power Station, CLP continued to support efforts to preserve the culture of minority ethnic groups. More than 100 women of Miao ethnicity were trained in embroidery under the Guangxi Ethnic Minority Project where they could learn the traditional craft and earn additional income. The project also organised school classes in subjects featuring elements of the Miao and Yao cultures, including dancing, embroidery, and music.

As India was hit by a second wave of the pandemic, CLP Holdings and CLP India donated Rs 68 million (HK$7 million) in total in May towards relief efforts. As well as providing oxygen and critical health supplies, support was extended to people suffering acute deprivation because of the outbreak. CLP India worked with non-profit organisations based near its sites to improve hygiene and increase the availability of anti-virus supplies to strengthen the resilience of communities. It also encouraged participation in vaccination programmes.

CLP India launched an initiative in partnership with the Aga Khan Rural Support Programme to improve the livelihood of residents and empower women in the district around the Sidhpur wind farm in Gujarat, currently under construction. The company also continued projects to improve water infrastructure in villages near its plants in Samana and Mahidad, Gujarat, Jath and Sakri in Maharashtra, and the Divine Solren project in Telengana. In Mumbai, CLP India teamed up with the non-profit organisation Kshamata for a project to support women with social and emotional challenges.

EnergyAustralia continued to strengthen relationships with Aboriginal and Torres Strait Islanders by increasing the communities' participation as suppliers, and encouraging EnergyAustralia's key contractors to do the same. Meanwhile, the Australian Workplace Equality Index for 2021 named EnergyAustralia as a Silver Tier employer for LGBTIQ+ (Lesbian, Gay, Bisexual, Transgender, Intersex and Queer) inclusion in recognition of its support to LGBTIQ+ employees through its successful PRISM network.

EnergyAustralia continued to support community projects near its operations, and provided grants to causes including Triple Care Farm, a residential rehabilitation programme in New South Wales that gives vulnerable young Australians a place to recover from drug and alcohol addiction. More than 140 local projects have been backed by a total of A$850,000 (HK$4.9 million) of funding from EnergyAustralia's community grants programme over the past five years.

Donations from EnergyAustralia's Workplace Giving programme exceeded A$1 million (HK$5.8 million) in May 2021, less than three years after its launch. Community projects supported by the programme cover a wide range of needs, including people undergoing treatment for cancer, young people experiencing mental health challenges and victims of domestic violence at risk of homelessness.

Promoting Education and Providing Opportunities

The CLP Power Engineering Laboratory opened in Hong Kong in April, a centre run by the Vocational Training Council to nurture and develop engineering talents and to support Hong Kong's transformation into a low-carbon, smart city. Sponsored by CLP, the laboratory is one of the few educational facilities in Hong Kong that offer an advanced, real-time digital simulator and power hardware-in-the-loop testing, providing students with the ideal environment to learn about the latest smart grid technologies and their practical application. It trains around 500 power engineering students a year, including more than 200 from the CLP Power Academy.

As the job market in Hong Kong will take time to recover from the pandemic, CLP continued to strengthen support for young people by providing valuable work experience and training opportunities. A total of around 120 intern and trainee positions will be offered by CLP to graduates in the city this year, including more than 60 in the CLP Graduate Internship Programme.

CLP has organised presentations, most of them online, at 32 secondary schools taking part in the Engineer in School programme in 2021 in view of the special class arrangements amid the pandemic. The programme is one of CLP's key initiatives to promote power engineering as a career for young people.

Engaging with young people is an important part of CLP's education mission. Opened in April, the new CLP E-Playground is Hong Kong's first power engineering, energy, and environment-themed outdoor playground. Through a variety of entertaining, interactive games, the CLP E-Playground offers a unique educational experience and an opportunity for students and members of the public to learn about the electricity industry and energy conservation.

A series of Power Four cartoons and videos were launched in Hong Kong during the COVID-19 outbreak as part of CLP's efforts to educate kindergarten and primary school students on low-carbon living, energy efficiency and conservation. Educational video materials enabled CLP engineers to share introductory information on power generation facilities and the importance of energy saving as visitations to kindergartens were reduced due to the pandemic.

To help students facing financial difficulties, CLP set aside HK$1.5 million from the CLP Community Energy Saving Fund to support students enrolled in vocational and professional education and training (VPET) programmes with the Vocational Training Council. The 75 successful applicants can each receive a subsidy of HK$20,000. Scholarships were also awarded to 20 secondary school students for their outstanding achievements in overcoming adversity under the CLP Energy for Brighter Tomorrows Award programme.

In China, CLP organised a presentation on safety and earthquake evacuation in a primary school near its Dali Yang_er Hydropower Station in Yunnan after a powerful earthquake shook the region in May. Across the country, CLP continued to provide financial assistance to students in need. A number of CLP sites arranged presentations for nearby residents on safety precautions and general knowledge about safe power consumption and fire safety.

CLP facilitates employees to get vaccinated against COVID-19 on company premises under the Government's Outreach Vaccination Programme.

CLP India has meanwhile provided financial assistance to about 600 students this year under its scholarship scheme. More than 1,800 young people participated in CLP India training programmes focused on healthcare and renewable energy. The programmes were organised in partnerships with the Pratham Education Foundation and the School of Vocational Education at the Tata Institute of Social Sciences.

Non-profit organisation Deepalaya was put in charge of a new training academy near CLP India's Jhajjar Power Station in Haryana state which will prepare youngsters from the region to join the workforce. More than 1,500 women received training on life skills and entrepreneurship in a separate CLP India training programme at Jhajjar with an emphasis on women's empowerment. The programme included courses on vegetable farming and nutrition.

Encouraging Energy Saving

A further 60,000 Hong Kong customers this year joined the popular CLP Power Connect programme, which allows them to earn rewards for saving energy while supporting people in need, bringing the total number of participants to 400,000. The programme continued to provide electricity subsidies for underprivileged groups, including elderly people, disabled people, and low-income families. CLP Power Connect also provides subsidies to tenants of subdivided unit, and financial support for landlords carrying out rewiring work to allow for the installation of individual electricity meters for tenants.

To promote energy saving in the broader Hong Kong community, CLP launched the NGO Programme for Energy Saving Activities under the CLP Community Energy Saving Fund. By the end of June, applications had been received from 67 NGOs and community partners. Some applicants have already completed projects to promote energy saving, including workshops, online seminars, video competitions, and comics on social media platform with funding from CLP.

CLP has been striving to make its buildings as well as its operations environmentally friendly. Its 132kV Queen's Hill substation in the Fanling district was presented with the Final Platinum rating under BEAM Plus New Buildings in April by the Hong Kong Green Building Council, the first CLP substation to receive such a rating. The achievement is recognition of CLP's commitment to green buildings and to integrate sustainable building design into its substations, creating more harmony with neighbouring environments.

In China, several CLP plants held events to promote environmental protection to coincide with World Environment Day on 5 June. Activities included visits to power stations, tree planting projects, a drawing competition, and the distribution of leaflets.

CLP India meanwhile launched programmes to promote solar energy in homes and public spaces near its plants in Harapanahalli and Saundatti in the state of Karnataka. The company also signed an agreement in March for a solar energy project in nine villages near its Satpura Transco Private Limited's transmission infrastructure in Madhya Pradesh. The new project will support the use of solar power for street lighting, training on solar asset maintenance, and an education programme on solar power for schools and kindergartens.

Separately, as part of a continuing initiative to combat pollution caused by stubble burning, CLP India signed an agreement with CII Foundation in March to extend the crop residue management project in Haryana state for a further two years and to expand its reach to a further 11 villages.

Contributing to Climate Discussions

International attention on climate action is intensifying in the run-up to the 26th United Nations Climate Change Conference of the Parties (COP26) in the UK in November. As more countries commit to carbon neutrality, CLP has communicated its sustainability strategies through different platforms and events, and contributed its insights on decarbonisation to discussions worldwide.

CLP engaged in international and regional events on the subject of sustainability hosted by organisations including the World Business Council for Sustainable Development (WBCSD) and the World Green Building Council. The Company also sponsored a seminar series called Towards a Sustainable Future organised by the Australian Chamber of Commerce in Hong Kong which promoted climate action including green buildings, electric vehicles, and sustainable investing.

To increase engagement with the finance sector, CLP supported a report launched in March under the World Bank's Disaster Risk Financing and Insurance programme titled "Financial Protection of Critical Infrastructure Services". At a webinar for the report's launch, CLP shared its practices on risk management and strengthening financial resilience against shocks. CLP also participated in a large number of forums to give its perspective on the energy transition in the power sector, including the Energy Transitions LIVE conference organised by Chatham House in March, the Race to Zero event co-organised by the Business Environment Council (BEC) in June, and the J.P. Morgan Asia Pacific ESG Forum in the same month. Coverage by leading international media also continued to provide an important channel for CLP to broaden its communication on climate actions and decarbonisation, as senior executives from the Company actively participated in media interviews. In April, Chief Executive Officer of CLP Holdings accepted the invitation to join the CNBC ESG Council, a new forum for discussion and collaboration on sustainability among global business leaders and thought leaders.

In April, CLP became one of the founding members of the Power Up Coalition. The initiative was set up under the BEC's Low Carbon Charter and co-launched with Gammon Construction Limited to work towards a long-term goal of zero-emission construction sites in Hong Kong. In the same month, CLP became one of 15 founding signatories to the Business with Purpose pledge, co-launched by the Hong Kong Management Association and Social Ventures Hong Kong to encourage businesses to help confront and overcome the city's environmental and social challenges.

Defined Benefit Schemes

The CLP Group, through its subsidiaries, operates funded defined benefit schemes for qualifying employees in Australia and India. Under the schemes, the employees are entitled to lump sum benefits on retirement, death, disablement and withdrawal. The level of benefits provided depends on the employees' years of service and final average salary. The cost of providing benefits under the defined benefit schemes is determined using the projected unit credit actuarial valuation method.

The costs for these defined benefit schemes are immaterial to the Group's retirement benefit costs and for the six months ended 30 June 2021, the associated costs represented 1% of the Group's total retirement benefit costs.

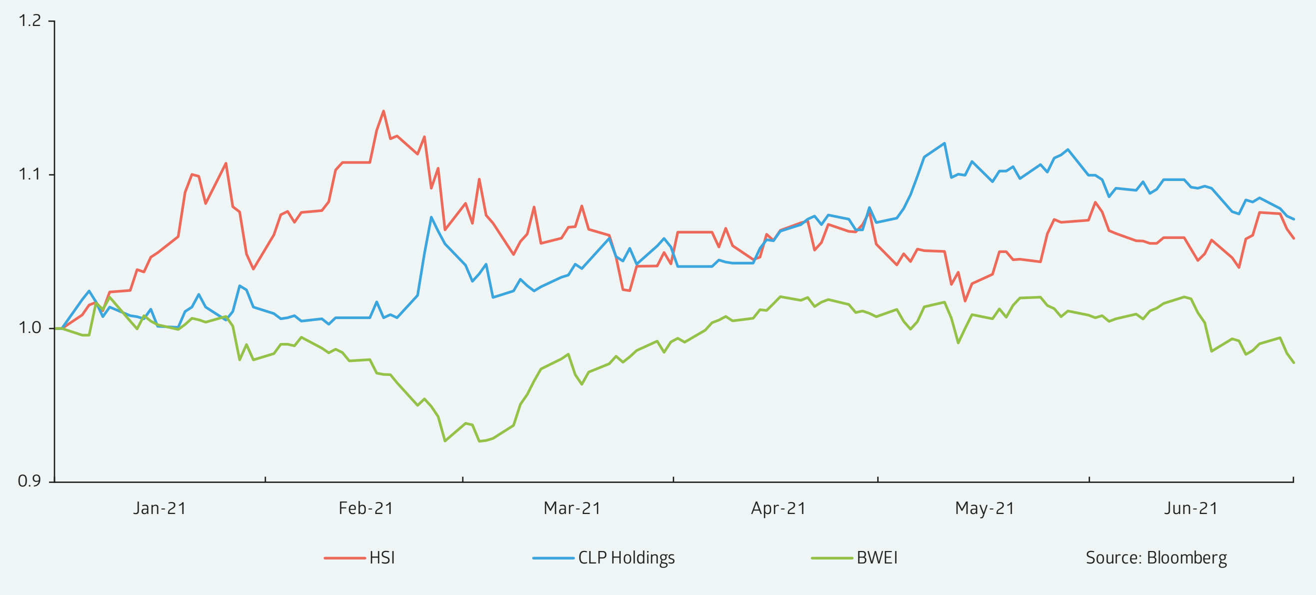
The most recent actuarial valuation of the defined benefit schemes for the Group's Australian subsidiaries, as at 30 June 2021, was prepared by Mr Mark Samuels of Mercer Consulting (Australia) Pty Ltd, a fellow of the Institute of Actuaries of Australia. In respect of the schemes for the Group's Australian subsidiaries: (i) the principal actuarial assumptions used include discount rate of 2.3%, long-term salary increase rate of 2.5% and pension increase rate of 2.0%; (ii) the level of funding is 136%.

The most recent actuarial valuation of the defined benefit schemes for the Indian subsidiaries, as at 31 March 2021, was prepared by Mr Saurabh Kochrekar of Kapadia & Kochrekar, a fellow of the Institute of Actuaries of India. No actuarial valuation was performed as at 30 June 2021, as the Indian subsidiaries have a different financial year end.

Shareholder Value

CLP's share price increased 7.1% in the first half of 2021, outperforming the 5.9% gain in Hong Kong's benchmark Hang Seng Index (HSI) as well as the Bloomberg World Electric Index (BWEI) of electricity utilities, which fell by 2.2%. The price rose sharply following the announcement of CLP's annual results on 22 February, before declining at the end of the month. Subsequently, the stock's performance improved, reaching HK$80.35 – its highest closing price for more than 11 months – on 10 May. The stock then traded with low volatility and a modestly downward trajectory to the end of June, closing the period at HK$76.80.

Relative Performance – CLP vs HSI and BWEI (1 January 2021 – 30 June 2021) (Base: 31 December 2020 = 1.0)



Highlights for the First Half of 2021

We have always emphasised that our corporate governance practices should evolve as we continuously look for opportunities to improve.

- Hybrid Annual General Meeting (AGM): In accordance with the Hong Kong Government's social distancing laws and regulations concerning shareholders' meeting of a listed company under COVID-19, the 2021 AGM was held in a hybrid format, allowing shareholders to attend the meeting in person at the AGM venue through prior registration or to join through an online platform. This year, both registered and non-registered shareholders could participate in the online AGM to view, submit questions and cast votes in near real-time through the online platform, enabling shareholders to express their views amid special circumstances.
- Board Refresh: We saw shareholders' strong support for our continuous effort in refreshing the Board with about 99.77% of the votes approving the election of Ms Christina Gaw and Mr Chunyuan Gu as Directors at the 2021 AGM.
- Consultation Response: We shared our views by responding to the consultation paper on "Review of Corporate Governance Code and Related Listing Rules" published by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange).

Corporate Governance Practices

The CLP Code on Corporate Governance (CLP Code) is our own unique code on corporate governance (available on our website or from the Company Secretary on request). The CLP Code incorporates and goes beyond the principles of good corporate governance, and the two levels of recommendations in The Corporate Governance Code and Corporate Governance Report (the Stock Exchange Code), Appendix 14 of the Rules Governing the Listing of Securities (the Listing Rules) issued by the Hong Kong Stock Exchange.

During the six months ended 30 June 2021, the Company had met the Code Provisions and applied all the principles in the Stock Exchange Code. CLP deviates from only one Recommended Best Practice in the Stock Exchange Code – that an issuer should announce and publish quarterly financial results. We do not issue quarterly financial results, but we issue quarterly statements which set out key financial and business information such as electricity sales, dividends and progress in major activities. Our considered reasons for not issuing quarterly financial results have been set out in the Corporate Governance Report on page 122 of our 2020 Annual Report.

The Audit & Risk Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021.

At the Company's AGM held on 14 May 2021, the re-appointment of PricewaterhouseCoopers as the Company's independent auditor for the financial year ending 31 December 2021 was approved by our shareholders with strong support of over 99.31% of the votes.

Further information of CLP's corporate governance practices is set out in the "About" and "Investor Relations" sections of the CLP website.

Our Board and Senior Management

The CLP Board

As at 30 June 2021, the composition of the Board remained the same as disclosed on pages 110 to 115 of the 2020 Annual Report and is set out below:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
The Honourable Sir Michael Kadoorie Mr William Elkin Mocatta Mr John Andrew Harry Leigh Mr Andrew Clifford Winawer Brandler Mr Philip Lawrence Kadoorie	Sir Roderick Ian Eddington Mr Nicholas Charles Allen Mrs Law Fan Chiu Fun Fanny Mrs Zia Mody Ms May Siew Boi Tan Ms Christina Gaw Mr Chunyuan Gu	Mr Richard Kendall Lancaster Mr Geert Herman August Peeters

Ms Christina Gaw and Mr Chunyuan Gu who stood for election; and Mr J. A. H. Leigh, Mr Andrew Brandler, Mr Nicholas C. Allen, Mrs Fanny Law and Mr Richard Lancaster who stood for re-election at the 2021 AGM were respectively elected and re-elected with the approval of the shareholders.

Mr Geert Peeters stepped down as an Executive Director with effect from 31 July 2021. Please also see "Board Committees" below and "Senior Management" on page 28.

Save as disclosed above, there had been no substantial changes to the information of Directors as set out in the 2020 Annual Report and on the CLP website during the reported period and up to the date of this Report. The positions held by each of the current Directors in CLP Holdings' subsidiary companies and their directorships held in the past three years in other public companies have been updated in the Directors' biographies on the CLP website.

Board Committees

During the reported period and up to the date of this Report, the composition of Board Committees was changed as follows:

- Mr Nicolas Tissot, the newly-appointed Chief Financial Officer, was appointed as a Member of the Provident & Retirement Fund Committee in place of Mr Geert Peeters with effect from 1 April 2021 following the change of role of Mr Geert Peeters on the same day. Please also see "Senior Management".
- Mr Geert Peeters ceased to be a Member of the Finance & General Committee with effect from 31 July 2021 following his retirement as an Executive Director on the same day.

Save as disclosed above, the composition of Board Committees remained the same as set out in the 2020 Annual Report (pages 129, 130, 158, 166, 171 and 175) during the reported period and up to the date of this Report.

Directors' Time and Directorship Commitments

Directors have confirmed that they had given sufficient time and attention to the affairs of the Company during the six-month period ended 30 June 2021.

As at 30 June 2021, none of our Directors, individually, held directorships in more than six public companies (including the Company) and our Executive Directors did not hold any directorship in other public companies. However, Executive Director is encouraged to participate in professional, public and community organisations.

Senior Management

During the reported period and up to the date of this Report, there had been a number of changes in the members of Senior Management:

- Mr Nicolas Tissot, then Deputy Chief Financial Officer, succeeded Mr Geert Peeters as Chief Financial Officer with effect from 1 April 2021;
- Mr Mark Collette, then Chief Customer Officer of EnergyAustralia, was appointed as Managing Director – EnergyAustralia in place of Ms Catherine Tanna with effect from 1 July 2021; and
- Mr Geert Peeters moved from the position of Chief Financial Officer to Group Director & Chief Strategy & Transformation Officer with effect from 1 April 2021. He will retire from the Company as Group Director & Chief Strategy & Transformation Officer and a member of the Senior Management on 31 August 2021.

Save as disclosed above, the members of Senior Management remained the same as set out on pages 116 and 117 of the 2020 Annual Report during the reported period and up to the date of this Report. Biographies of all the current Senior Management members are available on the CLP website.

Remuneration

Non-executive Directors

In our 2020 Annual Report, we set out the fees for our Non-executive Directors (including Independent Non-executive Directors) who serve on the Board and on the Board Committees of the Company for the period from 2019 to the date of the AGM in 2022 (see page 179 of the Company's 2020 Annual Report). For other details on the principles of remuneration for our Non-executive Directors, please refer to the Human Resources & Remuneration Committee Report of our 2020 Annual Report.

Executive Directors and Senior Management

Details of the remuneration of Executive Directors and Senior Management prepared in accordance with the Hong Kong Financial Reporting Standards for the six months ended 30 June 2021 are set out in the table on page 29.

The amounts disclosed consist of remuneration accrued or paid for service during the first six months of 2021 and, for the annual and long-term incentives, service and performance in previous years. Both the annual incentive and long-term incentive are paid in the first half of the year. As a result, the totals in the table do not represent half of the remuneration which will be accrued or paid for the full year.

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, whilst non-recurring items relate primarily to the appointment or termination of Executive Directors and Senior Management.

In the table on page 29 the "Total Remuneration" column includes the following recurring items for the six months ended 30 June 2021:

(i) base compensation, allowances & benefits paid;

(ii) 2021 annual incentive accrued based on the previous year's Company performance and the 2020 annual incentive adjustment. The adjustment is the difference between the actual annual incentive paid in 2021 for 2020 performance and the annual incentive accrual for 2020;

(iii) the 2018 long-term incentive award paid in January 2021 when the vesting conditions were satisfied; and

(iv) provident fund contribution made.

The "Other Payments" column includes any non-recurring items. During the first six months of 2021, no other payment was made.

	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
Six months ended 30 June 2021							
CEO (Mr Richard Lancaster)	5.1	5.0	5.4	1.3	**16.8**	–	**16.8**
Group Director & Chief Strategy & Transformation Officer (Mr Geert Peeters) [3]	3.9	3.4	4.1	0.7	**12.1**	–	**12.1**
Chief Financial Officer (Mr Nicolas Tissot) [4]	1.6	1.4	–	0.3	**3.3**	–	**3.3**
Chief Operating Officer (Mr David Smales)	2.8	2.7	–	0.5	**6.0**	–	**6.0**
Group Director & Vice Chairman – CLP Power Hong Kong (Mrs Betty Yuen)	2.5	2.3	2.6	0.6	**8.0**	–	**8.0**
Managing Director – CLP Power (Mr Chiang Tung Keung)	2.9	2.8	3.0	0.7	**9.4**	–	**9.4**
Managing Director – China (Mr Chan Siu Hung)	2.4	2.3	2.5	0.6	**7.8**	–	**7.8**
Managing Director – EnergyAustralia (Ms Catherine Tanna) [5]	6.6	8.2	9.3	0.1	**24.2**	–	**24.2**
Managing Director – India (Mr Rajiv Mishra) [6]	2.1	1.7	2.1	0.5	**6.4**	–	**6.4**
Group General Counsel & Chief Administrative Officer (Mr David Simmonds)	2.8	2.7	2.9	0.7	**9.1**	–	**9.1**
Chief Corporate Development Officer (Ms Quince Chong)	2.8	2.7	2.9	0.6	**9.0**	–	**9.0**
Chief Human Resources Officer (Ms Eileen Burnett-Kant)	2.4	2.3	–	0.4	**5.1**	–	**5.1**
Total	**37.9**	**37.5**	**34.8**	**7.0**	**117.2**	**–**	**117.2**

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 (2021 accrual and 2020 adjustment) and (b) long-term incentive (payment for 2018 award). The annual incentive payments and long-term incentive awards were approved by the Human Resources & Remuneration Committee (HR&RC). For Ms Catherine Tanna, 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 Geert Peeters was appointed as Group Director & Chief Strategy & Transformation Officer with effect from 1 April 2021. Mr Geert Peeters stepped down as an Executive Director of the Company with effect from 31 July 2021 and will retire from the Company as Group Director & Chief Strategy & Transformation Officer and a member of the Senior Management on 31 August 2021.

4 Mr Nicolas Tissot joined the Company on 7 September 2020. He was appointed as Chief Financial Officer and has become a member of Senior Management with effect from 1 April 2021. His remuneration covered the period from 1 April 2021 to 30 June 2021.

5 Ms Catherine Tanna stepped down as Managing Director – EnergyAustralia with effect from 1 July 2021 and will retire in August 2021. Mr Mark Collette was appointed as Managing Director – EnergyAustralia with effect from 1 July 2021. The remuneration of Ms Catherine Tanna is denominated in Australian dollars. The month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

6 The remuneration of Mr Rajiv Mishra is denominated in Indian Rupees. There is a temporary currency relief arrangement for Mr Rajiv Mishra where 50% of his base salary and annual incentive payment in Rupees were converted to pay in Hong Kong dollars at an exchange rate of 1 HKD = 8.9 Rupees from 1 October 2019 to 30 September 2021. For the remaining payments in Rupees, the month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

Risk Management and Internal Control

The Audit & Risk Committee has the delegated responsibility from the Board to assure that effective risk management and internal control systems are in place and followed. The Audit & Risk Committee has continued to oversee CLP Group's risk management and internal control approaches and consider the internal audit reports submitted by Group Internal Audit. Details of CLP's risk management and internal control systems were set out in the Corporate Governance Report on pages 143 to 145 of the Company's 2020 Annual Report.

During the six-month period ended 30 June 2021, Group Internal Audit issued a total of 12 opinion audit and three special review reports and all the opinion audit reports carried satisfactory audit opinion. No significant areas of concern that might affect shareholders were identified.

Interests in CLP Holdings' Securities

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and our own Code for Securities Transactions (CLP Securities Code) throughout the period from 1 January to 30 June 2021. CLP Securities Code is largely based on the Model Code set out in Appendix 10 of the Listing Rules and is on terms no less exacting than those in the Model Code.

As 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 CLP Securities Code. All members of the Senior Management have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and CLP Securities Code throughout the period from 1 January to 30 June 2021.

Save for the interest disclosed by the CEO on this page and the interest in 600 shares disclosed by the Managing Director – China, the other members of the Senior Management did not have any interests in CLP Holdings' securities as at 30 June 2021.

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) as at 30 June 2021, as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance, 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 30 June 2021 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	410,524,882	16.24908
Mr William Mocatta	Note 2	401,243	0.01588
Mr J. A. H. Leigh	Note 3	218,823,096	8.66129
Mr Andrew Brandler	Note 4	10,600	0.00042
Mr Philip Kadoorie	Note 5	410,524,882	16.24908
Mr Nicholas C. Allen	Note 6	41,000	0.00162
Mrs Fanny Law	Beneficial Owner	6,800	0.00027
Ms May Siew Boi Tan	Beneficial Owner	20,000	0.00079
Mr Richard Lancaster (CEO)	Personal	600	0.00002

Notes:

1 The Hon Sir Michael Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 410,524,882 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 170,180,670 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 one of the beneficiaries and 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 Mr William Mocatta was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 401,243 shares in the Company. These shares were held in the following capacity:
   - a 250,000 shares were held in the capacity as the founder of a discretionary trust.
   - b 150,000 shares were held by a trust of which Mr William Mocatta is one of the beneficiaries.
   - c 1,243 shares were held in the capacity as joint executors of the estate of Lady Betty Kadoorie.

3 Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 218,823,096 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.
   - c 1,243 shares were held in the capacity as joint executors of the estate of Lady Betty Kadoorie.

4 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

5 Mr Philip Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 410,524,882 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 170,180,670 shares were ultimately held by a discretionary trust, of which Mr Philip Kadoorie is one of the discretionary beneficiaries.
   - c 1,300,000 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 a discretionary trust, of which Mr Philip Kadoorie is one of the discretionary beneficiaries.
   - e 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.

6 41,000 shares were held in a beneficial owner capacity and jointly with spouse.

Each of the other current Directors, namely Sir Rod Eddington, Mrs Zia Mody, Ms Christina Gaw and Mr Chunyuan Gu and former Director, Mr Geert Peeters, have confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 30 June 2021.

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 30 June 2021.

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 30 June 2021.

At no time during the period 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 30 June 2021, as recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance, 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 30 June 2021:

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 7	8.65
Harneys Trustees Limited	Interest of controlled corporation	410,524,882 Note 3	16.25
Lawrencium Holdings Limited	Beneficiary	170,180,670 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	410,524,882 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	410,524,882 Note 5	16.25
Mr J. A. H. Leigh	Notes 6 & 7	218,823,096 Notes 6 & 7	8.66
Mr Philip Kadoorie	Note 8	410,524,882 Note 8	16.25
Mr R. Parsons	Trustee	218,651,853 Note 7	8.65

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 a founder as disclosed in "Interests of Directors and Chief Executive Officer".

3 Harneys Trustees Limited controlled The Mikado Private Trust Company Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

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 Mr R. Parsons and Mr J. A. H. Leigh, in their capacities as trustees of a trust, jointly controlled Guardian Limited and therefore were deemed to be interested in the shares in which Guardian Limited was deemed to be interested. Accordingly, the 218,651,853 shares in which Guardian Limited was interested was duplicated within the interests attributed to each of Mr J. A. H. Leigh and Mr R. Parsons.

8 See Note 5 under "Interests of Directors and Chief Executive Officer".

As at 30 June 2021, 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 30 June 2021, 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 30 June 2021, 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 Securities and Futures Ordinance.

Purchase, Sale or Redemption of the Company's Listed Shares

There had been no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2021.

Consolidated Statement of Profit or Loss – Unaudited

for the six months ended 30 June 2021

	Note	**2021 HK$M**	2020 HK$M
Revenue	*4*	**40,729**	38,701
Expenses			
Purchases and distributions of electricity and gas		**(14,070)**	(13,583)
Staff expenses		**(2,568)**	(2,262)
Fuel and other operating expenses		**(12,433)**	(11,246)
Depreciation and amortisation		**(4,574)**	(4,125)
		(33,645)	(31,216)
Other charge	*6*	**(1,110)**	–
Operating profit	*7*	**5,974**	7,485
Finance costs	*8*	**(904)**	(888)
Finance income	*8*	**48**	77
Share of results, net of income tax			
Joint ventures	*15*	**194**	545
Associates	*16*	**945**	870
Profit before income tax		**6,257**	8,089
Income tax expense	*9*	**(1,124)**	(1,576)
Profit for the period		**5,133**	6,513
Earnings attributable to:			
Shareholders		**4,615**	6,010
Perpetual capital securities holders		**69**	69
Other non-controlling interests		**449**	434
		5,133	6,513
Earnings per share, basic and diluted	*11*	**HK$1.83**	HK$2.38

The notes on pages 40 to 57 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

for the six months ended 30 June 2021

	2021 HK$M	2020 HK$M
Profit for the period	**5,133**	6,513
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	**(551)**	(1,455)
Cash flow hedges	**317**	(521)
Costs of hedging	**(25)**	(240)
	(259)	(2,216)
Items that cannot be reclassified to profit or loss		
Fair value gains / (losses) on investments	**9**	(68)
Remeasurement gains / (losses) on defined benefit plans	**50**	(1)
	59	(69)
Other comprehensive income for the period, net of tax	**(200)**	(2,285)
Total comprehensive income for the period	**4,933**	4,228
Total comprehensive income attributable to:		
Shareholders	**4,482**	3,947
Perpetual capital securities holders	**69**	69
Other non-controlling interests	**382**	212
	4,933	4,228

The notes on pages 40 to 57 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position – Unaudited

	Note	30 June 2021 HK$M	Audited 31 December 2020 HK$M
Non-current assets			
Fixed assets	*12*	**149,116**	148,454
Right-of-use assets	*13*	**7,170**	7,061
Investment property		**959**	1,000
Goodwill and other intangible assets	*14*	**20,127**	20,559
Interests in and loans to joint ventures	*15*	**10,717**	11,017
Interests in associates	*16*	**8,467**	9,181
Deferred tax assets		**507**	571
Derivative financial instruments	*17*	**1,769**	1,697
Other non-current assets		**1,539**	1,300
		200,371	200,840
Current assets			
Inventories – stores and fuel		**2,676**	2,872
Renewable energy certificates		**621**	1,019
Property under development		**2,978**	2,976
Trade and other receivables	*18*	**18,407**	13,002
Fuel clause account		**177**	–
Derivative financial instruments	*17*	**1,175**	1,816
Short-term deposits and restricted cash		**1,923**	1,550
Cash and cash equivalents		**6,655**	10,158
		34,612	33,393
Current liabilities			
Customers' deposits		**(6,047)**	(5,908)
Fuel clause account		**–**	(346)
Trade payables and other liabilities	*19*	**(18,240)**	(18,141)
Income tax payable		**(992)**	(1,699)
Bank loans and other borrowings	*20*	**(9,965)**	(8,747)
Derivative financial instruments	*17*	**(656)**	(1,166)
		(35,900)	(36,007)
Net current liabilities		**(1,288)**	(2,614)
Total assets less current liabilities		**199,083**	198,226

	Note	30 June 2021 HK$M	Audited 31 December 2020 HK$M
Financed by:			
Equity			
Share capital		**23,243**	23,243
Reserves	*22*	**88,793**	88,957
Shareholders' funds		**112,036**	112,200
Perpetual capital securities		**3,887**	3,887
Other non-controlling interests		**9,818**	9,885
		125,741	125,972
Non-current liabilities			
Bank loans and other borrowings	*20*	**46,525**	45,601
Deferred tax liabilities		**15,614**	15,429
Derivative financial instruments	*17*	**1,774**	2,135
Scheme of Control (SoC) reserve accounts	*21*	**2,681**	2,374
Asset decommissioning liabilities and retirement obligations		**4,048**	3,963
Other non-current liabilities		**2,700**	2,752
		73,342	72,254
Equity and non-current liabilities		**199,083**	198,226

William Mocatta
Vice Chairman
Hong Kong, 2 August 2021

Richard Lancaster
Chief Executive Officer

Nicolas Tissot
Chief Financial Officer

The notes on pages 40 to 57 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity – Unaudited

for the six months ended 30 June 2021

	Attributable to Shareholders			Perpetual Capital Securities	Other Non-controlling Interests	Total Equity
	Share Capital HK$M	Reserves HK$M	Total HK$M	HK$M	HK$M	HK$M
Balance at 1 January 2021	23,243	88,957	112,200	3,887	9,885	125,972
Profit for the period	–	4,615	4,615	69	449	5,133
Other comprehensive income for the period	–	(133)	(133)	–	(67)	(200)
Transfer to fixed assets	–	3	3	–	1	4
Dividends paid						
2020 fourth interim	–	(3,057)	(3,057)	–	–	(3,057)
2021 first interim	–	(1,592)	(1,592)	–	–	(1,592)
Distributions to perpetual capital securities holders	–	–	–	(69)	–	(69)
Dividends paid to other non-controlling interests	–	–	–	–	(450)	(450)
Balance at 30 June 2021	**23,243**	**88,793**	**112,036**	**3,887**	**9,818**	**125,741**
Balance at 1 January 2020	23,243	82,212	105,455	3,887	9,987	119,329
Profit for the period	–	6,010	6,010	69	434	6,513
Other comprehensive income for the period	–	(2,063)	(2,063)	–	(222)	(2,285)
Transfer to fixed assets	–	1	1	–	–	1
Dividends paid						
2019 fourth interim	–	(3,006)	(3,006)	–	–	(3,006)
2020 first interim	–	(1,592)	(1,592)	–	–	(1,592)
Distributions to perpetual capital securities holders	–	–	–	(69)	–	(69)
Dividends paid to other non-controlling interests	–	–	–	–	(441)	(441)
Balance at 30 June 2020	23,243	81,562	104,805	3,887	9,758	118,450

The notes on pages 40 to 57 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows – Unaudited

for the six months ended 30 June 2021

	2021		2020	
	HK$M	HK$M	HK$M	HK$M
Operating activities				
Net cash inflow from operations	**8,449**		8,352	
Interest received	**55**		80	
Income tax paid	**(1,902)**		(1,858)	
Net cash inflow from operating activities		**6,602**		6,574
Investing activities				
Capital expenditure	**(5,824)**		(5,135)	
Capitalised interest and other finance costs paid	**(133)**		(178)	
Proceeds from disposal of fixed assets	**59**		120	
Additions of other intangible assets	**(205)**		(180)	
Acquisitions of subsidiaries	**–**		(208)	
Litigation settlement related to disposal of Iona Gas Plant	**(1,110)**		–	
Increase in other financial assets	**(46)**		(24)	
Decrease / (increase) in investments in and loans to joint ventures	**69**		(246)	
Dividends received from				
Joint ventures	**430**		288	
Associates	**983**		977	
Equity investments	**1**		1	
Increase in bank deposits with maturities of more than three months	**(719)**		(1,353)	
Net cash outflow from investing activities		**(6,495)**		(5,938)
Net cash inflow before financing activities		**107**		636
Financing activities				
Proceeds from long-term borrowings	**3,233**		13,194	
Repayment of long-term borrowings	**(1,089)**		(8,931)	
Increase / (decrease) in short-term borrowings	**295**		(805)	
Payment of principal portion of lease liabilities	**(133)**		(76)	
Interest and other finance costs paid	**(767)**		(875)	
Settlement of derivative financial instruments	**(30)**		174	
Increase in advances from other non-controlling interests	**73**		35	
Distributions paid to perpetual capital securities holders	**(69)**		(35)	
Dividends paid to shareholders	**(4,649)**		(4,598)	
Dividends paid to other non-controlling interests	**(450)**		(441)	
Net cash outflow from financing activities		**(3,586)**		(2,358)
Net decrease in cash and cash equivalents		**(3,479)**		(1,722)
Cash and cash equivalents at beginning of period		**10,158**		7,881
Effect of exchange rate changes		**(24)**		(88)
Cash and cash equivalents at end of period		**6,655**		6,071

The notes on pages 40 to 57 are an integral part of these condensed consolidated interim financial statements.

1. General Information

The Company, CLP Holdings Limited, and its subsidiaries are collectively referred to as the Group in the condensed consolidated interim financial statements. 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, Australia and India, and investment holding of power projects in Mainland China, Southeast Asia and Taiwan.

The financial operations of the Company's major subsidiaries, CLP Power Hong Kong Limited (CLP Power Hong Kong) 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 297 and 298 of the 2020 Annual Report.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 2 August 2021.

2. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2020. The amendments to standards adopted by the Group in the current period are set out in Note 3 below.

The financial information relating to the year ended 31 December 2020 that is included in the 2021 Interim Report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on the 31 December 2020 financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

3. Amendments to Standards Adopted by the Group

The first phase of amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform (the Reform) were adopted for the year ended 31 December 2020 (refer to page 233 of the 2020 Annual Report), and continue to be in force until there is no longer uncertainty over the cash flows of both the hedged item and hedging instrument.

The second phase of the amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform are effective from 1 January 2021. The amendments provide temporary relief which address the financial reporting impact when an interbank offered rate (IBOR) is replaced with an alternative benchmark rate. Up to the reporting date, no modifications to any of the Group's derivative or non-derivative financial instruments have been made in response to the Reform. The second phase of amendments had no impact on the condensed consolidated interim financial statements.

Negotiations with counterparties are ongoing to evaluate the appropriate changes and resetting of rates where necessary. The Group intends to use the practical expedients in future periods if they become applicable.

4. Revenue

The Group's revenue primarily represents sales of electricity and gas, which is recognised over time, and is disaggregated as follows:

	Six months ended 30 June	
	2021	2020
	HK$M	HK$M
Revenue from contracts with customers		
Sales of electricity in Hong Kong	**20,324**	19,640
Transfer for SoC from revenue (note)	**(382)**	(46)
SoC sales of electricity	**19,942**	19,594
Sales of electricity outside Hong Kong	**15,952**	15,049
Sales of gas in Australia	**2,496**	2,297
Others	**498**	372
	38,888	37,312
Other revenue		
Power purchase agreements		
Fixed capacity charge	**298**	303
Variable capacity charge	**132**	151
Energy charge	**1,243**	744
Others	**168**	191
	1,841	1,389
	40,729	38,701

Note: 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 profit or loss.

5. Segment Information

The Group operates, through its subsidiaries, joint ventures and associates, in five major geographical regions – Hong Kong, Mainland China, Australia, India, and Southeast Asia and Taiwan. The operating segments are based on geographical regions.

Information about the Group's operations by geographical region is as follows:

	Hong Kong HK$M	Mainland China HK$M	Australia HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2021							
Revenue from contracts with customers	20,265	870	17,154	597	2	–	38,888
Other revenue	61	37	23	1,716	–	4	1,841
Revenue	20,326	907	17,177	2,313	2	4	40,729
EBITDAF	8,435	811	638	775	(8)	(367)	10,284
Share of results, net of income tax							
Joint ventures	(10)	38	–	–	166	–	194
Associates	–	945	–	–	–	–	945
Consolidated EBITDAF	8,425	1,794	638	775	158	(367)	11,423
Depreciation and amortisation	(2,717)	(395)	(1,131)	(299)	–	(32)	(4,574)
Fair value adjustments	(7)	–	271	–	–	–	264
Finance costs	(478)	(131)	(67)	(221)	–	(7)	(904)
Finance income	14	7	4	20	–	3	48
Profit / (loss) before income tax	5,237	1,275	(285)	275	158	(403)	6,257
Income tax (expense) / credit	(933)	(177)	80	(88)	(6)	–	(1,124)
Profit / (loss) for the period	4,304	1,098	(205)	187	152	(403)	5,133
Earnings attributable to							
Perpetual capital securities holders	(69)	–	–	–	–	–	(69)
Other non-controlling interests	(371)	(2)	–	(76)	–	–	(449)
Earnings / (loss) attributable to shareholders	3,864	1,096	(205)	111	152	(403)	4,615
Excluding: Items affecting comparability	41	–	1,042	–	–	–	1,083
Operating earnings	3,905	1,096	837	111	152	(403)	5,698
At 30 June 2021							
Fixed assets, right-of-use assets and investment property	123,504	9,427	14,332	9,764	–	218	157,245
Goodwill and other intangible assets	5,545	3,794	10,774	14	–	–	20,127
Interests in and loans to joint ventures	775	7,840	–	–	2,102	–	10,717
Interests in associates	–	8,467	–	–	–	–	8,467
Deferred tax assets	3	88	396	20	–	–	507
Other assets	12,565	4,693	13,689	4,560	42	2,371	37,920
Total assets	142,392	34,309	39,191	14,358	2,144	2,589	234,983
Bank loans and other borrowings	45,708	5,658	–	5,124	–	–	56,490
Current and deferred tax liabilities	14,990	1,241	7	364	4	–	16,606
Other liabilities	23,327	945	11,104	415	2	353	36,146
Total liabilities	84,025	7,844	11,111	5,903	6	353	109,242

EBITDAF stands for earnings before interest, taxes, depreciation and amortisation, and fair value adjustments. For this purpose, fair value adjustments include fair value gains or losses on non-debt related derivative financial instruments relating to transactions not qualifying for hedge accounting and ineffectiveness of cash flow hedges.

Our investments in Mainland China are mainly through joint ventures and associates, whereby under equity method of accounting, CLP shares its proportionate earnings but not the revenues and expenses.

5. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	Australia HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2020							
Revenue from contracts with customers	19,876	814	16,100	519	3	–	37,312
Other revenue	58	26	63	1,239	–	3	1,389
Revenue	19,934	840	16,163	1,758	3	3	38,701
EBITDAF	7,733	776	2,270	793	(9)	(350)	11,213
Share of results, net of income tax							
Joint ventures	(8)	364	(3)	–	192	–	545
Associates	–	870	–	–	–	–	870
Consolidated EBITDAF	7,725	2,010	2,267	793	183	(350)	12,628
Depreciation and amortisation	(2,462)	(364)	(983)	(294)	–	(22)	(4,125)
Fair value adjustments	(15)	–	412	–	–	–	397
Finance costs	(464)	(124)	(43)	(253)	–	(4)	(888)
Finance income	5	9	11	26	–	26	77
Profit / (loss) before income tax	4,789	1,531	1,664	272	183	(350)	8,089
Income tax expense	(845)	(171)	(470)	(90)	–	–	(1,576)
Profit / (loss) for the period	3,944	1,360	1,194	182	183	(350)	6,513
Earnings attributable to							
Perpetual capital securities holders	(69)	–	–	–	–	–	(69)
Other non-controlling interests	(355)	(5)	–	(74)	–	–	(434)
Earnings / (loss) attributable to shareholders	3,520	1,355	1,194	108	183	(350)	6,010
Excluding: Items affecting comparability	119	–	–	–	–	–	119
Operating earnings	3,639	1,355	1,194	108	183	(350)	6,129
At 31 December 2020							
Fixed assets, right-of-use assets and investment property	121,874	9,375	14,917	10,118	–	231	156,515
Goodwill and other intangible assets	5,545	3,936	11,064	14	–	–	20,559
Interests in and loans to joint ventures	693	8,104	–	–	2,220	–	11,017
Interests in associates	–	9,181	–	–	–	–	9,181
Deferred tax assets	3	88	460	20	–	–	571
Other assets	10,337	3,699	14,147	4,316	40	3,851	36,390
Total assets	138,452	34,383	40,588	14,468	2,260	4,082	234,233
Bank loans and other borrowings	43,257	5,769	–	5,322	–	–	54,348
Current and deferred tax liabilities	15,515	1,204	104	305	–	–	17,128
Other liabilities	22,886	1,016	11,940	460	2	481	36,785
Total liabilities	81,658	7,989	12,044	6,087	2	481	108,261

Items affecting comparability refer to significant unusual events such as acquisition / disposal, impairment of non-current assets, property valuation gain / loss, provision for legal disputes and change in law or 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 9.

6. Other Charge

On 11 March 2021, EnergyAustralia Holdings Limited (EnergyAustralia) and certain subsidiaries reached a settlement agreement (the Settlement) with Lochard Energy (Iona Operations Holding) Pty Ltd (Lochard Energy) together with certain of its related entities, and QIC Private Capital Pty Ltd (QPC), who acted for Lochard Energy on the relevant transaction and against whom EnergyAustralia made a third party claim. The Settlement was for the full and final settlement of all claims made by Lochard Energy against EnergyAustralia arising from the disposal of Iona Gas Plant. The Settlement included, mainly, payments made by EnergyAustralia to Lochard Energy and QPC (which amounted to A$185 million (HK$1,110 million) (after tax: A$130 million (HK$777 million))) and secondly, an extension of the existing long term commercial relationship regarding the provision of gas storage services at Iona Gas Plant for EnergyAustralia.

7. Operating Profit

Operating profit is stated after charging / (crediting) the following:

	Six months ended 30 June	
	2021	2020
	HK$M	HK$M
Charging		
Retirement benefits costs	**249**	220
Variable lease payments expenses	**7**	2
Net losses on disposal of fixed assets	**125**	40
Impairment of trade receivables	**72**	292
Revaluation loss on investment property	**41**	119
Provision for Morwell River Diversion solution (note)	**379**	–
Net exchange losses / (gains)	**6**	(1)
Crediting		
Rental income from investment property	**(11)**	(14)
Dividends from equity investments	**(15)**	(13)
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	**(665)**	98
Fuel and other operating expenses	**9**	103
Ineffectiveness of cash flow hedge	**(31)**	66
Not qualified for hedge accounting	**(233)**	(525)
Fair value (gains) / losses on investments at fair value through profit or loss	**(93)**	10

Note: During June 2021, exceptionally heavy rainfall was recorded throughout the Latrobe Valley region where Yallourn coal-fired power station and mine are located. The rain resulted in heightened water flows through the Morwell River Diversion (MRD) which runs through the Yallourn mine site. While there was no flooding in the mine, cracks were discovered in the MRD structures which may pose a threat to the mine in the future. In order to ensure a safe and sustainable mine operation, the Group has made a provision of A$65 million (HK$379 million) (after tax: A$46 million or HK$265 million) for examination of the extent of the damage to the MRD along with potential rectification options. At 30 June 2021, due to longer-term rectification works being dependent on these assessments which are expected to complete in the coming months, provision for longer-term remediation works is not recognised in our financial statements.

8. Finance Costs and Income

	Six months ended 30 June 2021 HK$M	2020 HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	**272**	434
Other borrowings	**548**	564
Tariff Stabilisation Fund (note)	**1**	12
Customers' deposits and fuel clause over-recovery	**2**	19
Lease liabilities	**30**	10
Net fair value changes on debt related derivative financial instruments		
Cash flow hedge		
Reclassified from cash flow hedge reserve	**226**	(109)
Reclassified from cost of hedging reserve	**(3)**	20
Ineffectiveness of cash flow hedges	**(1)**	(2)
Fair value hedge		
Net fair value losses / (gains) on derivative financial instruments	**123**	(352)
Reclassified from cost of hedging reserve	**7**	7
Ineffectiveness of fair value hedges	**(1)**	10
Not qualified for hedge accounting	**13**	(38)
Net fair value (gains) / losses on hedged items in fair value hedges	**(123)**	352
Net exchange (gains) / losses on financing activities	**(152)**	42
Finance charges	**105**	111
	1,047	1,080
Less: amount capitalised	**(143)**	(192)
	904	888
Finance income		
Interest income on bank deposits and loans to joint ventures	**48**	77

Note: In accordance with the provisions of the SoC Agreement, CLP Power Hong Kong 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.

9. Income Tax Expense

	Six months ended 30 June 2021 HK$M	2020 HK$M
Current income tax	**1,048**	1,408
Deferred tax	**76**	168
	1,124	1,576

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the period. Income tax on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

10. Dividends

	Six months ended 30 June			
	2021		2020	
	HK$ per Share	**HK$M**	HK$ per Share	HK$M
First interim dividend paid	**0.63**	**1,592**	0.63	1,592
Second interim dividend declared	**0.63**	**1,592**	0.63	1,592
	1.26	**3,184**	1.26	3,184

At the Board meeting held on 2 August 2021, the Directors declared the second interim dividend of HK$0.63 per share (2020: HK$0.63 per share). The second interim dividend is not reflected as a dividend payable in the interim financial statements.

11. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June	
	2021	2020
Earnings attributable to shareholders (HK$M)	**4,615**	6,010
Weighted average number of shares in issue (thousand shares)	**2,526,451**	2,526,451
Earnings per share (HK$)	**1.83**	2.38

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the six months ended 30 June 2021 and 2020.

12. Fixed Assets

	Freehold Land HK$M	Buildings HK$M	Plant, Machinery and Equipment HK$M	Total HK$M
Net book value at 1 January 2021	1,134	21,988	125,332	148,454
Additions	–	562	4,732	5,294
Transfers and disposals	–	(26)	(273)	(299)
Depreciation	–	(403)	(3,591)	(3,994)
Exchange differences	(18)	2	(323)	(339)
Net book value at 30 June 2021	**1,116**	**22,123**	**125,877**	**149,116**
Cost	1,227	37,072	233,600	271,899
Accumulated depreciation and impairment	(111)	(14,949)	(107,723)	(122,783)
Net book value at 30 June 2021	**1,116**	**22,123**	**125,877**	**149,116**

On 9 March 2021, EnergyAustralia entered into an agreement with the State Government of Victoria, Australia on the advanced retirement of Yallourn coal-fired power station. The early retirement of Yallourn in mid-2028 (i.e. four years prior to the end of its technical life) resulted in accelerated depreciation and a provision for the re-skilling package publicly stated by EnergyAustralia during the period.

13. Right-of-Use Assets

	Prepaid Leasehold Land HK$M	Land and Buildings HK$M	Plant, Machinery and Equipment HK$M	Total HK$M
Net book value at 1 January 2021	5,603	728	730	7,061
Additions	303	4	14	321
Transfers and disposals	–	–	(19)	(19)
Depreciation	(101)	(42)	(22)	(165)
Exchange differences	1	(15)	(14)	(28)
Net book value at 30 June 2021	**5,806**	**675**	**689**	**7,170**

14. Goodwill and Other Intangible Assets

	Goodwill [(a)] HK$M	Capacity Right [(b)] HK$M	Others HK$M	Total HK$M
Net carrying value at 1 January 2021	14,946	3,901	1,712	20,559
Cost adjustments / additions	–	(3)	208	205
Amortisation	–	(139)	(276)	(415)
Exchange differences	(189)	–	(33)	(222)
Net carrying value at 30 June 2021	**14,757**	**3,759**	**1,611**	**20,127**
Cost	21,700	5,724	8,311	35,735
Accumulated amortisation and impairment	(6,943)	(1,965)	(6,700)	(15,608)
Net carrying value at 30 June 2021	**14,757**	**3,759**	**1,611**	**20,127**

Notes:

(a) Goodwill mainly arose from the acquisitions of the energy retail business in Australia of HK$9,120 million (31 December 2020: HK$9,308 million) and the acquisition of CAPCO under Hong Kong electricity business of HK$5,545 million (31 December 2020: HK$5,545 million).

(b) The 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.

15. Interests in and Loans to Joint Ventures

The Group's share of results of, interests in and loans to joint ventures are as follows:

	Six months ended 30 June 2021 HK$M	2020 HK$M
Group's share of profit and total comprehensive income		
CSEC Guohua International Power Company Limited (CSEC Guohua)	**(54)**	11
CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang)	**139**	222
OneEnergy Taiwan Ltd (OneEnergy Taiwan)	**126**	171
ShenGang Natural Gas Pipeline Company Limited (SNGPC)	**91**	72
Shandong Zhonghua Power Company, Ltd. (SZPC)	**(203)**	(15)
Hong Kong LNG Terminal Limited (HKLTL)	**–**	–
Others	**95**	84
	194	545

	CSEC Guohua HK$M	Fang-chenggang HK$M	OneEnergy Taiwan HK$M	SNGPC HK$M	SZPC HK$M	HKLTL HK$M	Others HK$M	Total HK$M
At 30 June 2021								
Group's share of net assets	**2,447**	**2,290**	**1,878**	**1,005**	**199**	**–**	**2,114**	**9,933**
Goodwill	**–**	**–**	**–**	**–**	**–**	**–**	**34**	**34**
Interests in joint ventures	**2,447**	**2,290**	**1,878**	**1,005**	**199**	**–**	**2,148**	**9,967**
Loans to joint ventures	**–**	**–**	**–**	**–**	**–**	**736** (note)	**14**	**750**
	2,447	**2,290**	**1,878**	**1,005**	**199**	**736**	**2,162**	**10,717**
At 31 December 2020								
Group's share of net assets	2,483	2,181	1,997	999	404	–	2,188	10,252
Goodwill	–	–	–	–	–	–	43	43
Interests in joint ventures	2,483	2,181	1,997	999	404	–	2,231	10,295
Loans to joint ventures	–	–	–	65	–	649 (note)	8	722
	2,483	2,181	1,997	1,064	404	649	2,239	11,017

Note: Pursuant to the 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 will commence after the commissioning of the LNG terminal with final maturity at the end of the related asset lives of the LNG terminal. As at 30 June 2021, the outstanding committed shareholder's loan facilities by the Group as 70% shareholder of HKLTL amounted to HK$895 million (31 December 2020: HK$982 million).

The Group's capital and other commitments in relation to its interests in joint ventures are disclosed in Notes 23(C) and (D).

16. Interests in Associates

The Group's share of results and net assets of associates are as follows:

	Six months ended 30 June	
	2021	2020
	HK$M	HK$M
Group's share of profit and total comprehensive income		
Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC)	**447**	494
Yangjiang Nuclear Power Co., Ltd. (Yangjiang Nuclear)	**498**	376
	945	870

	30 June	31 December
	2021	2020
	HK$M	HK$M
Group's share of net assets		
GNPJVC	**1,224**	1,756
Yangjiang Nuclear	**7,243**	7,425
	8,467	9,181

The Group's share of capital commitments in relation to its interests in associates are disclosed in Note 23(D).

17. Derivative Financial Instruments

	30 June 2021		31 December 2020	
	Assets	**Liabilities**	Assets	Liabilities
	HK$M	**HK$M**	HK$M	HK$M
Cash flow hedges				
Forward foreign exchange contracts	**12**	**100**	22	115
Foreign exchange options	**2**	**–**	7	–
Cross currency interest rate swaps	**70**	**1,332**	230	1,144
Interest rate swaps	**–**	**119**	–	166
Energy contracts	**1,869**	**596**	2,108	1,412
Fair value hedges				
Cross currency interest rate swaps	**182**	**60**	279	68
Interest rate swaps	**32**	**12**	55	17
Not qualified for hedge accounting				
Forward foreign exchange contracts	**92**	**72**	107	60
Interest rate swaps	**11**	**2**	14	2
Energy contracts	**674**	**137**	691	317
	2,944	**2,430**	3,513	3,301
Current	**1,175**	**656**	1,816	1,166
Non-current	**1,769**	**1,774**	1,697	2,135
	2,944	**2,430**	3,513	3,301

18. Trade and Other Receivables

	30 June 2021 HK$M	31 December 2020 HK$M
Trade receivables	**15,333**	10,868
Deposits, prepayments and other receivables	**2,001**	1,860
Dividend receivables from		
Joint ventures	**190**	139
Associates	**733**	–
Equity investments	**14**	–
Loans to and current accounts with		
Joint ventures	**135**	134
Associates	**1**	1
	18,407	13,002

The ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2021 HK$M	31 December 2020 HK$M
30 days or below *	**13,008**	8,559
31 – 90 days	**575**	601
Over 90 days	**1,750**	1,708
	15,333	10,868

* Including unbilled revenue

19. Trade Payables and Other Liabilities

	30 June 2021 HK$M	31 December 2020 HK$M
Trade payables [a]	**6,632**	6,077
Other payables and accruals	**6,541**	7,136
Lease liabilities [b]	**219**	219
Advances from non-controlling interests	**1,094**	1,021
Current accounts with		
Joint ventures	**1**	1
Associates	**643**	583
Deferred revenue	**3,110**	3,104
	18,240	18,141

Notes:

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2021 HK$M	31 December 2020 HK$M
30 days or below	**6,327**	5,852
31 – 90 days	**157**	123
Over 90 days	**148**	102
	6,632	6,077

(b) At 30 June 2021, the non-current portion of lease liabilities of HK$1,078 million (31 December 2020: HK$1,192 million) was included under other non-current liabilities.

20. Bank Loans and Other Borrowings

The Group's bank loans and other borrowings were repayable as follows:

	Bank Loans		Other Borrowings *		Total	
	30 June 2021 HK$M	31 December 2020 HK$M	**30 June 2021 HK$M**	31 December 2020 HK$M	**30 June 2021 HK$M**	31 December 2020 HK$M
Within one year	**6,553**	5,299	**3,412**	3,448	**9,965**	8,747
Between one and two years	**3,785**	4,321	**4,059**	1,536	**7,844**	5,857
Between two to five years	**4,078**	4,708	**6,352**	7,755	**10,430**	12,463
Over five years	**3,047**	3,115	**25,204**	24,166	**28,251**	27,281
	17,463	17,443	**39,027**	36,905	**56,490**	54,348

* Other borrowings mainly included Medium Term Notes of HK$37,734 million (31 December 2020: HK$35,587 million) and bonds of HK$1,274 million (31 December 2020: HK$1,296 million).

21. SoC Reserve Accounts

Tariff Stabilisation Fund, Rate Reduction Reserve and Rent and Rates Refunds of the Group's major subsidiary, CLP Power Hong Kong, are collectively referred to as the SoC reserve accounts. The respective balances at the end of the period / year are:

	30 June 2021 HK$M	31 December 2020 HK$M
Tariff Stabilisation Fund	**2,352**	2,019
Rate Reduction Reserve	**1**	18
Rent and Rates Refunds (note)	**328**	337
	2,681	2,374

Note: CLP Power Hong Kong has been challenging the amount of Government rent and rates levied dating back to the year of assessment 2001/02. While CLP Power Hong Kong had reached settlement with the Hong Kong Government of the appeals up to 2017/18, final resolution for the remaining appeals from 2018/19 onwards is still to be completed.

Using the total amount of refunds received from the Hong Kong Government for all appeal years up to 2017/18 of HK$2,791 million, CLP Power Hong Kong has, in previous years, provided customers with the Rent and Rates Special Rebate reaching an aggregate amount of HK$2,463 million.

The refunds are classified within the SoC reserve accounts. The Rent and Rates Special Rebate paid to customers was offset against the refunds received.

22. Reserves

The movements in reserves attributable to shareholders during the period 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 2021	(4,534)	118	97	1,529	91,747	88,957
Earnings attributable to shareholders	–	–	–	–	4,615	4,615
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	(608)	(18)	–	–	18	(608)
Joint ventures	53	–	–	–	–	53
Associates	52	–	–	–	–	52
Cash flow hedges						
Net fair value gains	–	943	–	–	–	943
Reclassification to profit or loss	–	(447)	–	–	–	(447)
Tax on the above items	–	(160)	–	–	–	(160)
Costs of hedging						
Net fair value losses	–	–	(42)	–	–	(42)
Reclassification to profit or loss	–	–	12	–	–	12
Tax on the above items	–	–	5	–	–	5
Fair value gains on investments	–	–	–	9	–	9
Remeasurement gains on defined benefit plans	–	–	–	–	50	50
Total comprehensive income attributable to shareholders	(503)	318	(25)	9	4,683	4,482
Transfer to fixed assets	–	3	–	–	–	3
Appropriation of reserves	–	–	–	(15)	15	–
Dividends paid						
2020 fourth interim	–	–	–	–	(3,057)	(3,057)
2021 first interim	–	–	–	–	(1,592)	(1,592)
Balance at 30 June 2021	**(5,037)**	**439**	**72**	**1,523**	**91,796**	**88,793**

22. 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 2020	(8,282)	831	(39)	1,622	88,080	82,212
Earnings attributable to shareholders	–	–	–	–	6,010	6,010
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	(982)	(28)	–	–	28	(982)
Joint ventures	(143)	–	–	–	–	(143)
Associates	(133)	–	–	–	–	(133)
Cash flow hedges						
Net fair value losses	–	(814)	–	–	–	(814)
Reclassification to profit or loss	–	102	–	–	–	102
Tax on the above items	–	199	–	–	–	199
Costs of hedging						
Net fair value losses	–	–	(284)	–	–	(284)
Reclassification to profit or loss	–	–	17	–	–	17
Tax on the above items	–	–	45	–	–	45
Fair value losses on investments	–	–	–	(68)	–	(68)
Remeasurement losses on defined benefit plans	–	–	–	–	(2)	(2)
Total comprehensive income attributable to shareholders	(1,258)	(541)	(222)	(68)	6,036	3,947
Transfer to fixed assets	–	2	(1)	–	–	1
Appropriation of reserves	–	–	–	(82)	82	–
Dividends paid						
2019 fourth interim	–	–	–	–	(3,006)	(3,006)
2020 first interim	–	–	–	–	(1,592)	(1,592)
Balance at 30 June 2020	(9,540)	292	(262)	1,472	89,600	81,562

23. Commitments

(A) Capital expenditure on fixed assets, leasehold land and intangible assets contracted for but not yet incurred at 30 June 2021 amounted to HK$12,532 million (31 December 2020: HK$7,930 million).

(B) The Group has entered into a long-term agreement obtaining full dispatch rights in relation to the 250MW Kidston pumped hydro energy storage facility in Queensland, which will be accounted for as a lease arrangement on the lease commencement date. This facility is currently under construction and the agreement is subject to a number of conditions precedent which must be satisfied before the commencement date, which is expected to occur no later than 31 December 2025. At 30 June 2021, the expected undiscounted contractual lease payments under this agreement were approximately HK$2.2 billion (31 December 2020: nil).

(C) The Group has committed to purchase a power transmission asset in India at a consideration of approximately HK$789 million (31 December 2020: HK$800 million). At 30 June 2021, the transaction remains subject to completion of certain conditions precedent. In addition, equity contributions to be made for joint ventures and private equity partnerships at 30 June 2021 were HK$56 million (31 December 2020: HK$71 million) and HK$220 million (31 December 2020: HK$183 million) respectively.

(D) At 30 June 2021, the Group's share of capital, lease and other commitments of its joint ventures and associates were HK$3,619 million (31 December 2020: HK$3,665 million) and HK$770 million (31 December 2020: HK$692 million) respectively.

24. Related Party Transactions

Below are the more significant transactions with related parties for the period:

(A) For the six months ended 30 June 2021, the purchases of nuclear electricity from Guangdong Daya Bay Nuclear Power Station amounted to HK$2,850 million (2020: HK$3,095 million).

(B) The loans and shareholder's loan facilities to joint ventures are disclosed under Note 15. Other amounts due from and to the related parties at 30 June 2021 are disclosed in Notes 18 and 19 respectively. At 30 June 2021, the Group did not have any guarantees which were of a significant amount given to or received from these entities (31 December 2020: nil).

(C) The total remuneration of the key management personnel is shown below:

	Six months ended 30 June	
	2021	2020
	HK$M	HK$M
Fees	**7**	6
Remuneration items (note)		
Base compensation, allowances & benefits	**38**	34
Performance bonus		
Annual incentive	**37**	26
Long-term incentive	**35**	39
Provident fund contribution	**7**	7
	124	112

Note: Refer to remuneration items on page 28 under Corporate Governance.

Key management personnel at 30 June 2021 comprised twelve (30 June 2020: ten) Non-executive Directors, two (30 June 2020: two) Executive Directors and ten (30 June 2020: nine) senior management personnel.

25. Contingent Liabilities

Indian Wind Power Projects – WWIL's Contracts

CLP India Private Limited and its subsidiaries (CLP India group) has invested in approximately 533MW of wind power projects developed with Wind World India Limited (WWIL). WWIL's major shareholder, Enercon GmbH, commenced litigation against WWIL claiming infringement of intellectual property rights. Dr Wobben, the controlling shareholder of Enercon GmbH, also brought actions against CLP India group, as a customer of WWIL. Dr Wobben is seeking, among other things, an injunction restraining CLP India group's use of certain rotor blades acquired from WWIL. As at 30 June 2021, the Group considers that CLP India group has good prospects of defending these claims and the legal proceedings are unlikely to result in any material outflow of economic benefits from the Group.

The litigation arising from the disposal of Iona Gas Plant was settled. Please refer to Note 6 for details.

26. Fair Value Estimation and Hierarchy of Financial Instruments

(A) Fair value hierarchy

The Group's financial instruments measured at fair value are analysed into the three levels prescribed under the accounting standards and are presented in the table below:

	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total HK$M
At 30 June 2021				
Financial assets				
Investments at fair value through other comprehensive income	**247**	**–**	**35**	**282**
Investments at fair value through profit or loss	**–**	**–**	**430**	**430**
Forward foreign exchange contracts	**–**	**104**	**–**	**104**
Foreign exchange options	**–**	**2**	**–**	**2**
Cross currency interest rate swaps	**–**	**252**	**–**	**252**
Interest rate swaps	**–**	**43**	**–**	**43**
Energy contracts	**372**	**1,084**	**1,087**	**2,543**
	619	**1,485**	**1,552**	**3,656**
Financial liabilities				
Forward foreign exchange contracts	**–**	**172**	**–**	**172**
Cross currency interest rate swaps	**–**	**1,392**	**–**	**1,392**
Interest rate swaps	**–**	**133**	**–**	**133**
Energy contracts	**7**	**149**	**577**	**733**
	7	**1,846**	**577**	**2,430**
At 31 December 2020				
Financial assets				
Investments at fair value through other comprehensive income	238	–	35	273
Investments at fair value through profit or loss	–	–	291	291
Forward foreign exchange contracts	–	129	–	129
Foreign exchange options	–	7	–	7
Cross currency interest rate swaps	–	509	–	509
Interest rate swaps	–	69	–	69
Energy contracts	783	824	1,192	2,799
	1,021	1,538	1,518	4,077
Financial liabilities				
Forward foreign exchange contracts	–	175	–	175
Cross currency interest rate swaps	–	1,212	–	1,212
Interest rate swaps	–	185	–	185
Energy contracts	7	922	800	1,729
	7	2,494	800	3,301

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 the six months ended 30 June 2021 and 2020, there were no transfers between Level 1 and Level 2.

You may refer to page 292 of the 2020 Annual Report for the definitions of Levels 1, 2 and 3.

26. Fair Value Estimation and Hierarchy of Financial Instruments (continued)

(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
Foreign exchange options	Garman Kohlhagen Model	Observable exchange rates, interest rates and volatility levels
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 curve

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 Audit and Risk Committee (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

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Investments HK$M	**Energy Contracts HK$M**	**Total HK$M**	Investments HK$M	Energy Contracts HK$M	Total HK$M
Opening balance	**326**	**392**	**718**	282	1,077	1,359
Total gains / (losses) recognised in						
Profit or loss and presented in fuel and other operating expenses (note)	**93**	**148**	**241**	(10)	136	126
Other comprehensive income	**–**	**70**	**70**	–	(717)	(717)
Purchases	**64**	**–**	**64**	13	–	13
Sales	**(18)**	**–**	**(18)**	–	–	–
Settlements	**–**	**(100)**	**(100)**	–	(185)	(185)
Closing balance	**465**	**510**	**975**	285	311	596

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$206 million (2020: HK$10 million).

The valuation of long tenure energy contracts is sensitive to electricity pool price assumptions. At 30 June 2021, a favourable and unfavourable change of 15% (31 December 2020: 15%) would cause the balance of the energy contracts to rise by HK$693 million (31 December 2020: HK$802 million) and decline by HK$720 million (31 December 2020: HK$806 million) respectively, with all other variables held constant.

To the Board of Directors of CLP Holdings Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements (the "Interim Financial Statements") set out on pages 34 to 57 which comprise the consolidated statement of financial position of CLP Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the Interim Financial Statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the Interim Financial Statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 2 August 2021

Scheme of Control Statement – Unaudited

The electricity related operations of CLP Power Hong Kong and CAPCO have been governed by the SoC Agreement with the Hong Kong Government, a summary of which is set out on pages 297 and 298 of the 2020 Annual Report. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies.

	Six months ended 30 June	
	2021	2020
	HK$M	HK$M
SoC revenue	**20,385**	19,689
Expenses		
Operating costs	**2,398**	2,293
Fuel	**6,835**	6,902
Purchases of nuclear electricity	**2,362**	2,565
Provision for asset decommissioning	**67**	57
Depreciation	**2,680**	2,427
Operating interest	**452**	490
Taxation	**946**	839
	15,740	15,573
Profit after taxation	**4,645**	4,116
Interest on borrowed capital	**529**	592
Profit for SoC	**5,174**	4,708
Transfer (to) / from Tariff Stabilisation Fund	**(315)**	11
Permitted return	**4,859**	4,719
Deduct interest on		
Borrowed capital as above	**529**	592
Tariff Stabilisation Fund to Rate Reduction Reserve	**1**	12
	530	604
Net return	**4,329**	4,115
Divisible as follows:		
CLP Power Hong Kong	**2,910**	2,745
CAPCO	**1,419**	1,370
	4,329	4,115
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	**2,910**	2,745
Interest in CAPCO	**993**	959
	3,903	3,704

Key Dates for 2021 Interim Results and Second Interim Dividend

Publication dates

Interim results and second interim dividend announcement	2 August 2021
Interim report available online:	9 August 2021

- CLP website: www.clpgroup.com ("Investor Relations" section)
- Hong Kong Stock Exchange website: www.hkexnews.hk

Interim report posted to shareholders	17 August 2021

Dividend-related dates

Ex-dividend date	2 September 2021
Latest time for lodging share transfer documents for registration	3 September 2021 (Not later than 4:30 p.m.)
Book close date	6 September 2021
Payment date	15 September 2021

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

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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)

Choice of Language and Means of Receipt of Corporate Communications [1]

You can ask for this Interim Report in printed form or in a language version other than your existing choice; and change [2] your choice of language (English and / or Chinese) and / or means of receipt (in printed form or by electronic means through our website) for the Company's future corporate communications.

You can make the above request(s) at any time, free of charge, by writing to the Company or the Company's Registrars or email to cosec@clp.com.hk or clp.ecom@computershare.com.hk.

If your shares are held in joint names, such notice must be specified and signed by all joint holders whose names stand on the Register of Shareholders of the Company in respect of the joint holding in order to be valid.

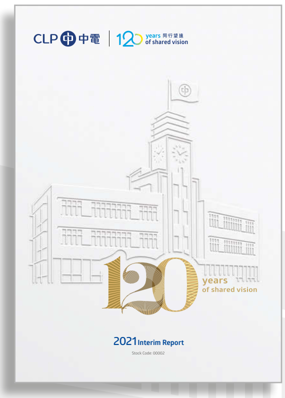
If you cannot access the corporate communications electronically, please ask us for a printed form and we will send these to you free of charge.

Notes:

1 Corporate communications refer to Interim / Annual Reports, Quarterly Statements, notices, documents 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.

120 years of shared vision



The way to the future is paved by the past. In the year of our 120th anniversary, the illustration of CLP's former headquarters on Argyle Street on the cover of the 2021 Interim Report recalls the Group's heritage and long-standing commitment to create sustainable value for our stakeholders.

CLP 中電

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