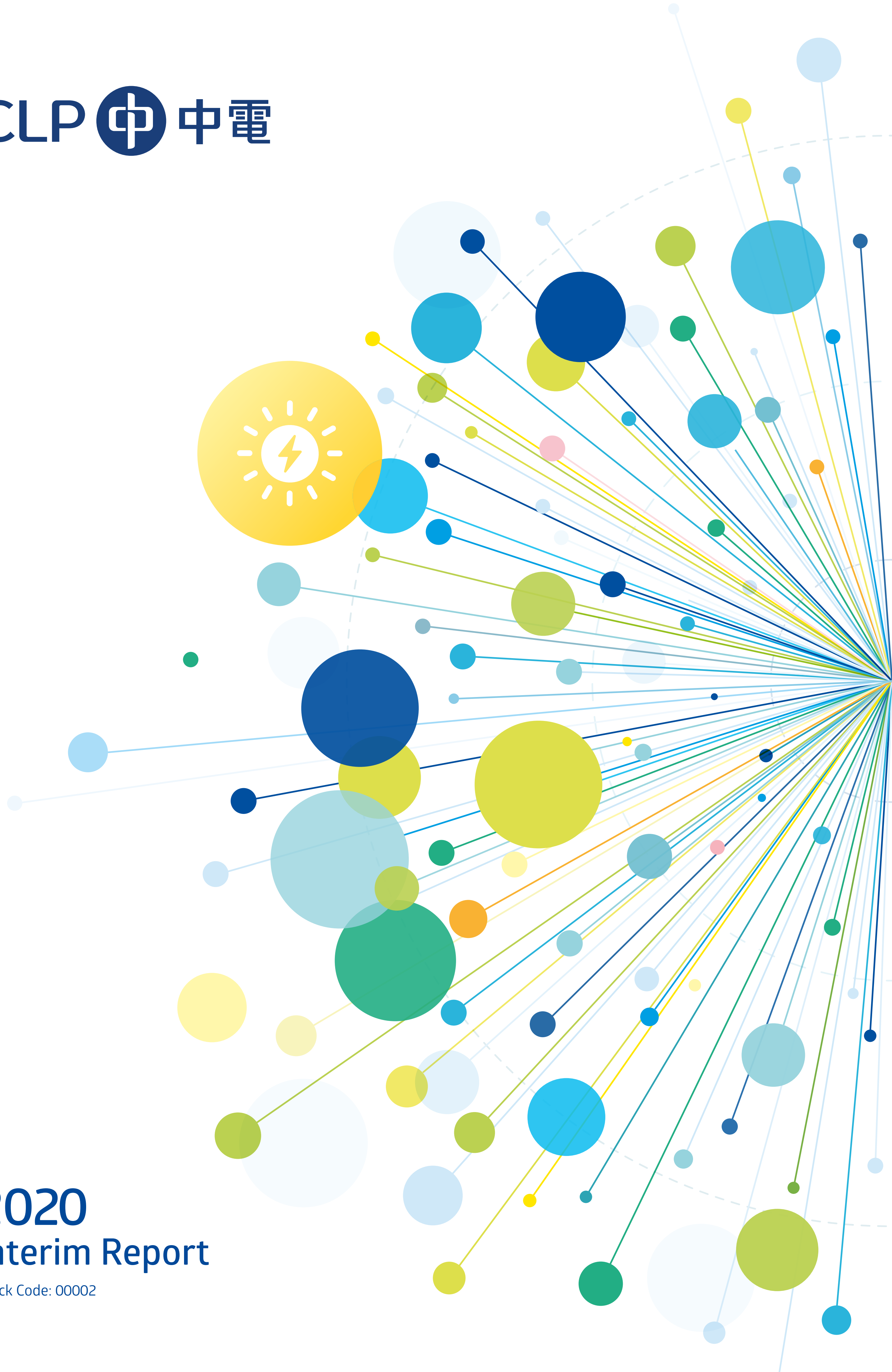
CLP 中電



2020
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 2020 Interim Results

- Group operating earnings increased 12.0% to HK$6,129 million for the first half of 2020.
- Total earnings were HK$6,010 million as compared to a loss of HK$907 million in 2019 after an impairment of EnergyAustralia's retail goodwill.
- Consolidated revenue decreased 11.7% to HK$38,701 million.
- Second interim dividend declared of HK$0.63 per share, same as 2019.
- The outlook remains cautious and will depend on the evolution of the COVID-19 pandemic and its long-term impact on the markets in which we operate.

Contents

Financial Highlights

Group operating earnings increased 12.0% to HK$6,129 million driven by the stable underlying performance of the Group and positive changes in the fair value of energy contracts in Australia. Total earnings were HK$6,010 million for the first half of 2020 as compared to a loss of HK$907 million in 2019 after an impairment of EnergyAustralia's retail goodwill.

	Six months ended 30 June 2020	2019	Increase / (Decrease) %
For the period *(in HK$ million)*			
Revenue			
Hong Kong electricity business	**19,679**	19,132	2.9
Energy businesses outside Hong Kong	**18,764**	24,470	(23.3)
Others	**258**	236	
Total	**38,701**	43,838	(11.7)
Earnings			
Hong Kong electricity business	**3,751**	3,587	4.6
Hong Kong electricity business related [1]	**102**	102	
Mainland China	**1,253**	1,174	6.7
India	**108**	120	(10.0)
Southeast Asia and Taiwan	**183**	140	30.7
Australia	**1,194**	824	44.9
Other earnings in Hong Kong	**(112)**	(82)	
Unallocated net finance income / (costs)	**22**	(34)	
Unallocated Group expenses	**(372)**	(357)	
Operating earnings	**6,129**	5,474	12.0
Items affecting comparability			
Property revaluation	**(119)**	–	
Impairment provision	**–**	(6,381)	
Total earnings	**6,010**	(907)	N/A
Net cash inflow from operating activities	**6,574**	5,991	9.7
Per share *(in HK$)*			
Earnings / (loss) per share	**2.38**	(0.36)	N/A
Dividends 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)	**8**	8	

	30 June 2020	31 December 2019	Increase / (Decrease) %
At the end of reporting period *(in HK$ million)*			
Total assets	**224,043**	221,623	1.1
Total borrowings	**56,437**	52,349	7.8
Shareholders' funds	**104,805**	105,455	(0.6)
Per share *(in HK$)*			
Shareholders' funds per share	**41.48**	41.74	(0.6)
Ratio			
Net debt to total capital [3] (%)	**28.7**	26.7	

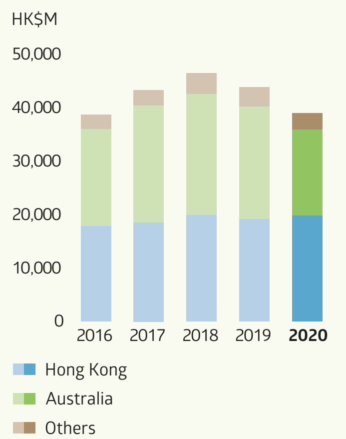
Notes:

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

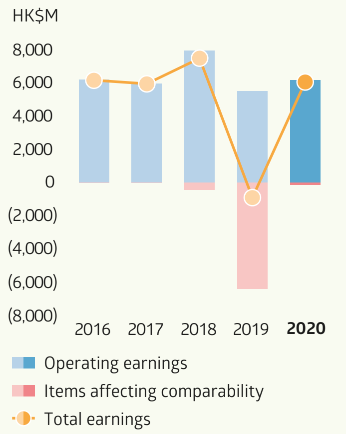
2 FFO (Funds from operations) interest cover = Cash inflow from operations / (Interest charges + capitalised interest)

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.

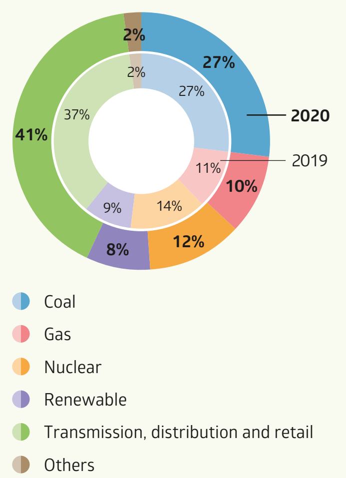
Revenue (First 6 months)



Total Earnings (First 6 months)



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



Dear Shareholders,

In last year's annual report, I wrote that 2019 had been "one of the most challenging years we have experienced". 2020 appears determined to continue in the same vein. COVID-19 is the greatest public health crisis in living memory. Many lives have been lost and our thoughts are with all those around the world who have been affected.

Throughout these challenging times we are maintaining our focus on operational excellence and continuing to put the safety and wellbeing of our own people and of the communities we serve at the heart of everything we do. My admiration and gratitude go to my CLP colleagues in all our markets who responded swiftly and professionally, showing great resilience. At times like these, our diversified portfolio and strategic commitments to digital transformation, long-term decarbonisation and targeted investments serve us especially well.

In the first half of 2020, the Group's operating earnings were HK$6,129 million, an increase of 12% compared to the same period of 2019. The underlying performance of our operations were in line with last year, while the increase in earnings is primarily due to positive changes in the fair value of energy hedging contracts in Australia. Total earnings were HK$6,010 million, while last year we reported a loss of HK$907 million following the impairment of goodwill in the Australian business. The Board, while conscious of margin and cash flow pressures associated with the ongoing pandemic, remains confident in the Group's ability to maintain the operational integrity of our assets and reliable delivery of energy and services to our customers. Our first and second interim dividends remain at HK$0.63 per share, unchanged from the same period in 2019.

COVID-19's impact on essential services like electricity has been less severe than on many other sectors. However, CLP's operations have not been immune. Restrictions on business and social activity in the first quarter dampened demand for electricity, affecting both our generation and retail businesses. The decline was somewhat balanced in the second quarter by the resumption of economic activity in the Asia-Pacific region where we operate. In Hong Kong, demand from the residential sector rose as people spent more time at home and the weather was hot and humid in the second quarter. In Mainland China, while the initial impact on our generation operations was significant, we are now seeing business activity recovering and demand increasing. Operations in India adjusted well to the national lockdown but we are mindful that COVID-19 may remain a significant challenge in the country for some time. In Australia, our performance was affected by lower demand resulting from lockdown measures as well as the new retail price regulation, lower customer numbers and continued margin pressure from competition.

Throughout the Group's response to COVID-19 we have proved ourselves a business that lives by its values of doing the right thing for its people, customers and the community at large. We were able to move thousands of our office-based colleagues to remote working quickly and securely thanks to our ongoing investment in digital technologies and solutions. For our site-based team members we reduced non-essential activity and changed working practices to ensure a safe environment. Throughout this, we displayed operational resilience and fulfilled our responsibility of providing a highly reliable electricity supply that our customers depend upon.

We have also offered significant support to our communities. Our initiatives have included donating hundreds of thousands of items of personal protective equipment to schools, restaurants, hospitals and underprivileged groups in Hong Kong and across the region. We have also expanded support schemes for residential and business customers facing challenging circumstances.

In a testament to our commitment to decarbonisation, progress on large projects has continued in spite of the severe disruption to global trade and logistics in recent months. These include the additional Combined-Cycle Gas Turbine at Black Point Power Station and the new offshore LNG terminal in Hong Kong. Our supply chain has stood up well and, impressively, we found ways to mobilise people and move essential equipment to Black Point safely and securely, despite the necessary restrictions. These projects are a key part of our support to the Hong Kong Government's target of increasing the use of gas to around 50% of the total fuel mix for electricity generation this year, and of our strategic shift to gas as a lower-carbon alternative to coal, driven by our Climate Vision 2050.

Our digitalisation journey saw a further roll-out of smart meters along with the launch of a new customer app in Hong Kong. In Mainland China, our first electricity distribution business in Fangchenggang in the Guangxi Zhuang Autonomous Region started operations. This project represents a step forward in our development of smart energy solutions and we continue to look for opportunities to support China's energy transition further, especially in the Greater Bay Area.

The second half of 2020 is likely to remain highly uncertain for the world, for Hong Kong and for CLP. I hope that it will be a period where we come to live with the risks of COVID-19 and see a recovery which builds a better, more sustainable future. In everything we do – whether it's our commitment to decarbonisation or response to the pandemic – we stay true to our purpose and use that to guide our strategic decision making. History shows that both countries and companies that take this approach are rewarded in the future.

I have spoken often about the young people of today as guardians of that future; never has that been truer than today. I am delighted that in spite of the evolving uncertainty we were able to increase the number of graduate trainees and interns joining our business. We can give them outstanding training in and knowledge of our industry; in turn they can give us their passion, diversity of thinking, and commitment. My confidence in them, as well as the resilience of our city, has confirmed my belief in Hong Kong's future as a long-term financial, economic and tourism powerhouse, built on a stable social and political environment.

In these challenging times more than ever, I wish our shareholders, customers, business partners and my colleagues at CLP a healthy, successful and safe second half of 2020.

The Honourable Sir Michael Kadoorie
Hong Kong, 3 August 2020

Our Portfolio

CLP's business spans every major segment of the energy value chain, including retail, transmission, distribution, and a diversified portfolio of electricity generation assets. The tables below detail the total generation capacity [1] as well as business activities in each CLP market as at 30 June 2020.

Hong Kong	Mainland China	India	Southeast Asia and Taiwan	Australia	Total
7,593MW	8,990MW	1,890MW	285MW	5,332MW	24,089MW

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 **2.65 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, 1,677 km of 132kV lines, 22 km of 33kV lines and 13,881 km of 11kV lines 68,819 MVA transformers, 235 primary and 14,955 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], five 337.5MW units and three 312.5MW units	Hong Kong	70%	3,175MW	3,175MW
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 and the associated gas launching and end stations, which transports natural gas from PetroChina's Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point	Hong Kong	40%	–	–
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 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 [5]	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
Shuangliao I Wind Farm	Jilin	49%	49.3MW	24MW
Shuangliao II Wind Farm	Jilin	49%	49.5MW	24MW
Qujiagou Wind Farm	Liaoning	24.5%	49.5MW	12MW
Mazongshan Wind Farm	Liaoning	24.5%	49.5MW	12MW
CLP Laizhou I Wind Farm	Shandong	100%	49.5MW	49.5MW
CLP Laizhou II Wind Farm [6]	Shandong	100%	49.5MW	49.5MW

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 commenced operation in July 2020.

3 The West New Territories Landfill 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 The sixth generating unit was commissioned in July 2019.

6 Commenced operation in June 2019.

Mainland China (Cont'd)				
Assets and Services	**Location**	**CLP's Equity Interest**	**Gross Capacity**	**CLP's Capacity (Equity / Long-term Purchase)**
Wind (Cont'd)				
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 [7]	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 [8]	85MW [8]
Meizhou Solar Power Station [9]	Guangdong	100%	36MW [10]	36MW [10]
Huai'an Solar Power Station	Jiangsu	100%	12.8MW [11]	12.8MW [11]
Sihong Solar Power Station	Jiangsu	100%	93MW [12]	93MW [12]
Lingyuan Solar Power Station	Liaoning	100%	17MW [13]	17MW [13]
Xicun I Solar Power Station	Yunnan	100%	42MW [14]	42MW [14]
Xicun II Solar Power Station	Yunnan	100%	42MW [15]	42MW [15]
Coal				
Beijing Yire Power Station [16]	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 [17]	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
Others				
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
Fangchenggang Incremental Distribution Network [18]	Guangxi	22.05%	–	–

7 Completed grid connection in June 2020 after finishing construction.

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

9 Acquisition completed in January 2019.

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

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

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

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

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

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

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

17 Shenmu Power Station ceased operation on 28 February 2018.

18 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.

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% [19]	50MW [20]	30MW [20]
Tornado Solar Farm	Maharashtra	60%	20MW [21]	12MW [21]
Cleansolar Renewable Energy Private Limited [22]	Telangana	60%	30MW [23]	18MW [23]
Divine Solren Private Limited [24]	Telangana	60%	50MW [25]	30MW [25]
Veltoor Solar Farm	Telangana	60% [26]	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% [29]	–	–

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 [30]	21MW [30]
Coal				
Ho-Ping Power Station	Taiwan	20%	1,320MW	264MW

19 Gale Solar Farm became wholly-owned by CLP India in March 2019 after CLP India acquired the equity interest previously held by Suzlon Energy Limited.
20 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 69 / 41.4MW.
21 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 27.6MW / 16.6MW.
22 CLP India acquired Cleansolar Renewable Energy Private Limited from Mahindra Renewables Private Limited in March 2020.
23 Gross / CLP Equity MW is expressed on an AC basis. If converted to DC, they are equivalent to 36.6MW / 22MW.
24 CLP India acquired Divine Solren Private Limited from Mahindra Renewables Private Limited in April 2020.
25 Gross / CLP Equity MW is expressed on an AC basis. If converted to DC, they are equivalent to 59.8MW / 36MW.
26 Veltoor Solar Farm became wholly-owned by CLP India in March 2019 after CLP India acquired the equity interest previously held by Suzlon Energy Limited.
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 2020.
29 CLP India acquired Satpura Transco Private Ltd. from Kalpataru Power Transmission Ltd in November 2019.
30 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 83 / 28MW.

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 **2.43 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 [31]	New South Wales	20%	22MW	4MW
Hallett Gas-fired Power Station [32]	South Australia	100%	233MW	233MW
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%	1,400MW	1,400MW
Yallourn Coal-fired Power Station and Brown Coal Open-cut Mine	Victoria	100%	1,480MW	1,480MW
Renewable Energy Long-term Purchase [33]				
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	60%	276MW [34]	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
Others				
Pine Dale Black Coal Mine	New South Wales	100%	–	–
Narrabri (2C contingent resource of up to 1,794PJ)	New South Wales	20%	–	–
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

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

32 Gross capacity at Hallett Power Station increased to 233MW in early 2020.

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

34 Gross capacity at Gullen Range Wind Farm increased to 276MW in early 2020. The offtake agreement with EnergyAustralia was unchanged.

Financial Review

Analysis of Financial Results

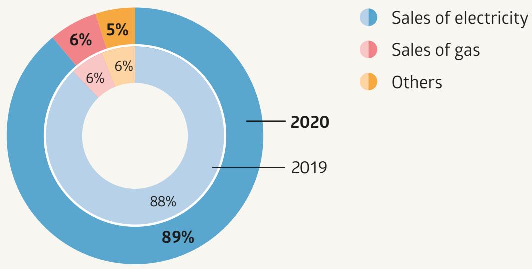
	Notes to the Financial Statements	Six months ended 30 June 2020 HK$M	2019 HK$M	Increase / (Decrease) HK$M	%
Revenue	5	**38,701**	43,838	(5,137)	(11.7)
EBITDAF *	6	**11,332**	11,531	(199)	(1.7)
Share of results of joint ventures and associates, net of tax	15 and 16	**1,415**	1,340	75	5.6
Consolidated EBITDAF *	6	**12,747**	12,871	(124)	(1.0)
Fair value adjustments		**397**	(660)	1,057	N/A
Net finance costs	8	**(811)**	(871)	(60)	(6.9)
Operating earnings	6	**6,129**	5,474	655	12.0
Items affecting comparability	7	**(119)**	(6,381)	(6,262)	N/A
Earnings attributable to shareholders		**6,010**	(907)	6,917	N/A

* Excluding items affecting comparability

Revenue

	2020 HK$M	2019 HK$M	Increase / (Decrease) HK$M	%
Hong Kong	**19,934**	19,362	572	3.0
Australia	**16,163**	21,111	(4,948)	(23.4)
India	**1,758**	2,494	(736)	(29.5)
Mainland China and others	**846**	871	(25)	(2.9)
	38,701	43,838	(5,137)	(11.7)

Revenues by Nature



- Hong Kong: Recovery of higher fuel costs slightly offset by lower units sold due to the impact of COVID-19 outbreak containment measures
- Australia: Lower retail revenue reflected the retail price re-regulation effective July 2019 and lower sales volumes resulted from keen competition; lower generation revenue mainly due to significant reduction in pool prices; impact from 7.9% reduction in AUD average exchange rate
- India: Lower generation during the lockdown period and lower capacity charges from Jhajjar; lower wind resource and no delayed payment charges received in 2020; partly offset by the contributions from two solar projects acquired in the first half of 2020 and a transmission project since December 2019
- Mainland China: Stable operations with lower rainfall at Huaiji mostly compensated by revenue contribution from CLP Laizhou II, commissioned in June 2019

Fair Value Adjustments

Favourable (2019: unfavourable) fair value movements on EnergyAustralia's energy contracts that are not qualified for hedge accounting, as a result of the decrease (2019: increase) in forward energy prices in our net sold position in Victoria

Net Finance Costs

- Hong Kong: Similar level as 2019 because increase in borrowings to finance continuous capital investments was largely offset by lower effective interest rates
- India: Lower finance costs from continuous repayments and refinancing of debts at lower interest rates
- Corporate: Net finance income in 2020 as compared to net finance costs in 2019 after the full repayment of HK$4.4 billion bank loans in November 2019

Consolidated EBITDAF *

	2020 HK$M	2019 HK$M	Increase / (Decrease) HK$M	%
Hong Kong *	**7,844**	7,607	237	3.1
Mainland China	**2,010**	1,956	54	2.8
India	**793**	861	(68)	(7.9)
Southeast Asia and Taiwan	**183**	140	43	30.7
Australia *	**2,267**	2,655	(388)	(14.6)
Corporate	**(350)**	(348)	(2)	
	12,747	12,871	(124)	(1.0)

* Excluding items affecting comparability

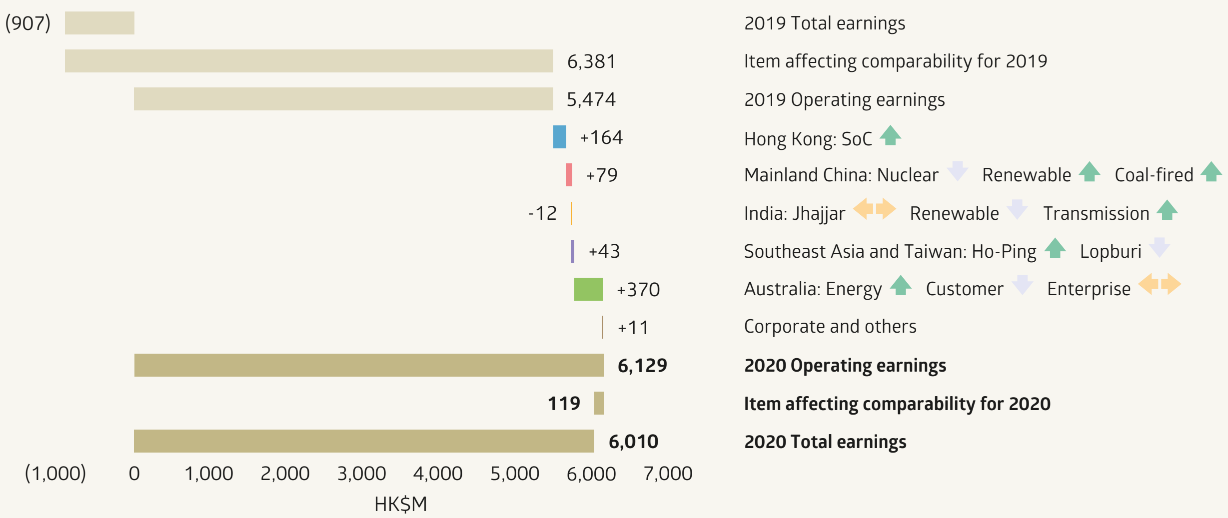
Items Affecting Comparability

Hong Kong: In line with the property market trend, a revaluation loss of HK$119 million (2019: nil) was recognised for the retail portion of the Laguna Mall in June 2020. The revaluation will be performed again at year end.

Australia: The retail price re-regulation (i.e. price caps) effective from 1 July 2019 adversely impacted tariffs and earnings in EnergyAustralia's retail segment. As a result, an impairment loss of HK$6,381 million was recognised in 2019.

- Hong Kong: Higher permitted return on higher average net fixed assets
- Mainland China: Higher contribution from Fangchenggang due to higher sent-out (due to lower competition from hydro projects) and lower coal costs; higher profits from renewable projects, mainly from the commissioning of CLP Laizhou II in June 2019 and higher solar irradiance coupled with lower grid curtailments, partially offset by lower water resource; a lower performance of the nuclear business as the result of Yangjiang's lower VAT refunds, higher service costs and higher tax rate (as tax benefits gradually expire) despite higher generation
- India: Jhajjar operation remained stable; lower performance of renewables mainly due to lower wind resource and absence of delayed payment charge revenue, partly offset by the contribution from new solar projects; and full six-month profit from the transmission project during 2020
- Southeast Asia and Taiwan: Higher results at Ho-Ping due to higher generation and lower coal costs, partly offset by a lower energy tariff; and lower results from Lopburi due to the expiry of its income tax exemption
- Australia: Reduced contribution from customer segment reflected the impact of retail price caps imposed from July 2019, lower customer accounts, higher energy procurement costs and bad debt provisions; improved contribution from energy segment mostly due to effective generation portfolio management during volatile periods, such as extreme weather in January, higher realised prices and higher generation (mainly from Mount Piper after the improvement in its coal supplies)

Earnings Attributable to Shareholders



Analysis of Financial Position

	Notes to the Financial Statements	30 June 2020 HK$M	31 December 2019 HK$M	Increase / (Decrease) HK$M		%
Fixed assets, right-of-use assets and investment property	*12 and 13*	**151,408**	150,786	622	↑	0.4
Goodwill and other intangible assets	*14*	**19,513**	20,111	(598)	↓	(3.0)
Derivative financial instrument assets #	*17*	**3,048**	2,424	624	↑	25.7
Derivative financial instrument liabilities #	*17*	**3,360**	2,298	1,062	↑	46.2
Trade and other receivables	*18*	**15,670**	12,986	2,684	↑	20.7
Trade payables and other liabilities	*19*	**16,240**	17,586	(1,346)	↓	(7.7)
Bank loans and other borrowings #	*20*	**56,437**	52,349	4,088	↑	7.8
Bank balance, cash and other liquid funds *		**8,172**	8,326	(154)	↓	(1.8)

Including current and non-current portions
* Including short-term deposits and restricted cash, and cash and cash equivalents

Details of our financing and capital resources can be found on pages 12 and 13.

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 1.1.2020	150,786	20,111
Acquisition of subsidiaries	575	–
Additions	5,034	180
Depreciation and amortisation	(3,632)	(493)
Translation difference ^ and others	(1,355)	(285)
Balance at 30.6.2020	**151,408**	**19,513**

^ Depreciation of Australian dollar, Indian rupee and Renminbi

- Hong Kong: HK$3.8 billion invested in enhancing the transmission and distribution networks (including smart meters) and generation facilities (including offshore LNG Terminal and CCGT units)
- Mainland China: Completion of the construction of Laiwu III in June 2020
- India: Freehold land and plant and machinery were brought in from the acquisitions of two solar projects in March and April
- Australia: Turbine upgrade in Mount Piper, continuous improvement works in generation plants (mainly Yallourn), commencement of water treatment plant (a right-of-use asset), and enterprise systems transformation project

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 deficit of HK$312 million, representing the net amount payable if these contracts were closed out at period end. Changes in the fair value of derivatives have no impact on cash flows until settlement.

The change from net derivative assets to liabilities was mainly due to unfavourable mark-to-market movements on energy contracts (net bought position) on falling forward energy prices in Australia and settlements received from principal-only-swaps in India in February 2020.

	Notional Amount		Derivative Assets / (Liabilities)	
	30 June 2020 HK$M	31 December 2019 HK$M	**30 June 2020 HK$M**	31 December 2019 HK$M
Forward foreign exchange contracts and foreign exchange options	**24,353**	26,492	**14**	178
Interest rate swaps and cross currency interest rate swaps	**35,426**	31,105	**(746)**	(735)
Energy contracts *	**N/A**	N/A	**420**	683
			(312)	126

* 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 2020 were 191,254GWh (31 December 2019: 175,097GWh) and 9.8 million barrels (31 December 2019: 6.3 million barrels) for electricity and oil respectively.

Trade and Other Receivables
Trade Payables and Other Liabilities

- Hong Kong: Higher electricity sales during summer resulted in higher trade debtors; lower capex creditors largely offset by increase in fuel purchase payables
- Mainland China: Higher accrued national subsidies for renewable projects as settlements historically have come close to year end; lower payable balances due to payment of construction costs mainly for CLP Laizhou II and Laiwu III
- India: Receivables remain stable as improved debt collection for renewable projects was substantially offset by higher trade debtors of Jhajjar and receivables added by the acquisitions of the solar projects; lower interest payable in line with lower interest expenses
- Australia: Lower AUD closing rate explained the decrease in the balances; higher seasonal gas trade debtors largely offset by lower margin deposits paid for derivative contracts; settlement of green liabilities and other operating costs in the first half accounted for lower payables

Impact on Collectability of Trade Receivables from COVID-19

Hong Kong: There has not been material deterioration of debt collection mainly due to relief measures implemented by the government.

Australia: As a result of COVID-19 and the disconnection restrictions imposed by the Australian Energy Regulator, there is an increase in the credit risk across our customer base, mass market in particular, and an increase in the ageing of our receivables. In response to these changes, our provisioning policies have been updated and an additional credit loss provision was recognised in the profit or loss in the first half of 2020.

Cash Flow Analysis

Free Cash Flow (2020: HK$6,291 million; 2019: HK$5,431 million; ⬆ 15.8%)

	Six months ended 30 June	
	2020	2019
	HK$M	HK$M
Funds from operations	**8,352**	7,605
Less: Tax paid	**(1,858)**	(1,716)
Less: Net finance costs paid	**(1,003)**	(1,109)
Less: Maintenance capex paid	**(465)**	(528)
Add: Dividends from joint ventures and associates	**1,265**	1,179
	6,291	5,431
Cash Outflows		
Capital investments (excluding maintenance capex)	**5,304**	5,246
Dividends paid	**4,598**	4,598
	9,902	9,844

- Hong Kong: Slightly lower inflow from SoC operations (mainly due to lower fuel cost recovered from customers, partially offset by a higher permitted return), and higher tax payments (deferred from last year), partly offset by lower distributions paid to perpetual capital securities holders
- Australia: Despite lower EBITDAF, favourable working capital movements, including significantly lower margin deposits paid to meet derivative contracts' settlement requirements, higher derivative contract settlements received (2019: paid) and lower tax payments, resulted in a significant increase in operating cash inflows
- Capital investments for the first half 2020 mainly related to SoC capex of HK$4.7 billion, growth capex of HK$248 million for turbine upgrade at Mount Piper and construction of wind projects in Mainland China, and HK$208 million for the acquisitions of two solar projects in India

Financing and Capital Resources

CLP engaged in a range of new financing activities in the first half of 2020 in support of its operation and growth of its business. In view of the uncertainties of the COVID-19 pandemic and its impact on financial markets, CLP rigorously reviewed the liquidity position of its businesses and strengthened risk mitigation to ensure the Group's continued financial integrity. CLP took pre-emptive action to early complete major financings for all CLP entities in Hong Kong, and achieved preferential terms for issuances of new bonds with different medium-to-long-term maturities. Overall, CLP Group preserved strong liquidity with undrawn bank facilities of HK$22.6 billion and bank balances of HK$8.2 billion at the end of June.

CLP Holdings maintained HK$7.8 billion of liquidity as at 30 June 2020, and the high level of liquidity is expected to be maintained thanks to continuous dividend payments and inflows from subsidiaries, joint ventures and associates. CLP Power Hong Kong and CAPCO, both regulated by the Scheme of Control (SoC) agreement, successfully completed several landmark public bond transactions to finance capital and operating expenditures approved under the 2018-2023 Development Plan with outstanding results.

CAPCO successfully issued a US$350 million (HK$2.7 billion) Energy Transition Bond at 2.2% fixed rate on 15 June to partially fund the offshore LNG terminal project. The bond was priced at a 1.625% margin over 10-year US Treasury Notes and received more than US$1.7 billion of orders from global fund managers and environment, social and governance (ESG) investors. This was the second Energy Transition Bond issued by CAPCO after a US$500 million (HK$3.9 billion) bond in 2017 to help fund the first combined-cycle gas turbine unit at Black Point Power Station. The new Energy Transition Bond was issued out of CAPCO's Medium Term Note (MTN) programme and the CLP Climate Action Finance Framework (CAFF). In addition, CAPCO executed an inaugural HK$3.3 billion medium-term Energy Transition Loan facility under the CAFF with a syndication of six banks at attractive rates to cover the remainder of the budget for the offshore LNG terminal project.

On 22 June 2020, CLP Power Hong Kong successfully issued US$750 million (HK$5.8 billion) of 10-year bonds, and US$250 million (HK$1.9 billion) of 15-year bonds. With respective coupons of 2.125% and 2.5%, the dual-tranche offering was priced at 1.6% and 1.9% credit spreads respectively over 10-year US Treasury Notes. Both tranches received strong support, with over US$3 billion and US$550 million orders respectively from global investors. The transactions enabled CLP Power Hong Kong to further diversify the sources of financing and optimise its debt maturity profile at favourable terms, with enhanced matching between the tenor of borrowings with the payback period of capital expenditures.

The full amount of the bond proceeds raised by CLP Power Hong Kong and CAPCO were swapped into Hong Kong dollar fixed rates to mitigate foreign currency 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 an aggregate nominal value of around HK$29.3 billion were issued by CLP Power Hong Kong and HK$6.8 billion by CAPCO.

In the first half of 2020, CLP Holdings, CLP Power Hong Kong, and CAPCO also completed bank refinancing on preferential terms with an aggregate amount of HK$8 billion.

CLP entities have so far not encountered any adverse impact arising from COVID-19 associated with financial covenants or repayment. The Group's net debt to total capital ratio at the end of June was 28.7% (end 2019: 26.7%) and fixed-rate debt as a proportion of total debt was 61% (end 2019: 54%) without perpetual capital securities or 63% (end 2019: 57%) with perpetual capital securities. For the six months ended 30 June 2020, the FFO (Funds from operations) interest cover was 8 times (January – June 2019: 8 times).

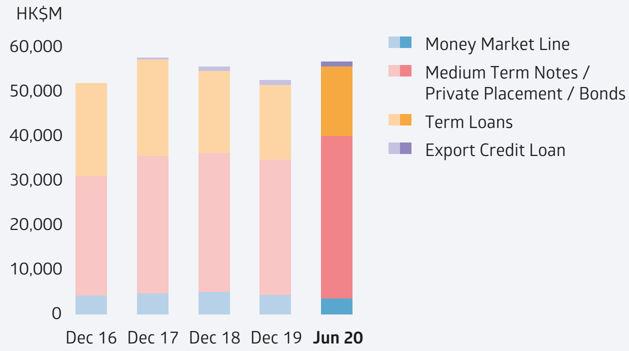
Debt Profile as at 30 June 2020

	CLP Holdings HK$M	CLP Power Hong Kong HK$M	CAPCO HK$M	Other Subsidiaries HK$M	CLP Group HK$M
Available facility [1]	6,020	38,576	18,640	15,839	79,075
Bank loans and other borrowings	–	32,980	12,418	11,039	56,437
Undrawn facility	6,020	5,596	6,222	4,800	22,638

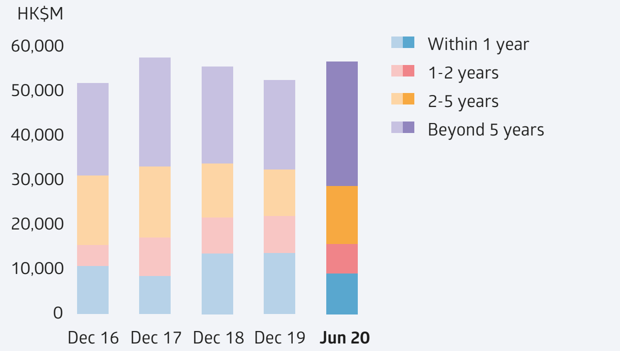
Note:

1 For the MTN Programmes, only the amounts of the bonds issued as at 30 June 2020 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 drawdown tenors.

Credit Ratings

Between May and July 2020, 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). All rating outlooks are stable. S&P views both CLP Power Hong Kong and CAPCO as insulated subsidiaries of CLP Holdings. The regulatory framework largely ringfences the companies' operations, and the financial performance and funding are highly independent from CLP Holdings. Moody's recognised the large earnings contribution from CLP Power Hong Kong with strong and highly predictable cash flow, the CLP Group's strong and adequate financial metrics despite moderation, well-managed debt maturities, sound liquidity profile and good access to the domestic and international banks and capital markets. Moody's also noted the significant business exposure outside Hong Kong, carbon transition risks and increasing capital spending of CLP Power Hong Kong with reduced regulatory rate of return.

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	–

Business Performance and Outlook

Hong Kong

CLP ensured the continued reliability of the electricity supply in Hong Kong despite the impact of the COVID-19 outbreak in the first half of the year, supporting customers and the community in a city-wide effort to combat the pandemic.

As the COVID-19 situation developed, CLP rapidly adjusted operations and implemented stringent measures to safeguard the wellbeing of its employees and customers. Some services including customer service centres, hotlines and meter reading have been scaled back, and non-essential works were reduced, while work-from-home arrangements and flexible working hours have been in place since January to minimise the risks of coronavirus transmission. CLP responded quickly to ensure sufficient supplies of personal protection equipment to the workforce to maintain operational safety, and developed a more diversified procurement strategy for essential supplies to ensure sustainable supply in the long run.

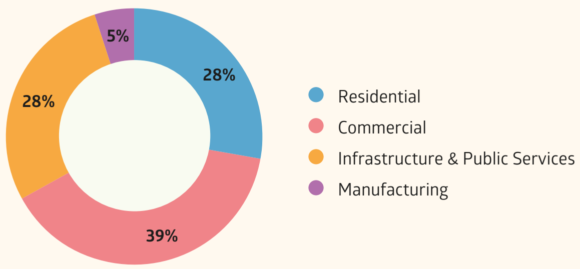
Sales of electricity in Hong Kong fell 1.2% to 15,729GWh compared with the same period in 2019. All sectors except for the Residential sector reported reduced sales, reflecting the impact of Government measures to contain the COVID-19 outbreak in the city. Electricity sales in the Commercial sector, especially from hotels and restaurants, were particularly hard-hit by travel curbs and social-distancing restrictions.

The temporary closure of many amenities including Government public services, schools, sports and recreational centres adversely affected sales in the Infrastructure and Public Services sector. However, demand from data centres was higher. Residential sector sales increased as people spent more time at home during COVID-19 outbreak and higher May and June temperatures led to a greater use of air-conditioners.

Here is a sector-by-sector analysis of electricity sales for the first half of 2020:

	Increase / (Decrease)	
Residential	384GWh	9.7%
Commercial	(326GWh)	(5.0%)
Infrastructure and Public Services	(213GWh)	(4.6%)
Manufacturing	(32GWh)	(4.0%)

% of Total Local Sales



CLP continued with its commitment to decarbonise Hong Kong's electricity generation and made progress in key capital projects, managing the challenges of COVID-19 to minimise delays. The new 550MW Combined-Cycle Gas Turbine (CCGT) unit at Black Point Power Station was put into operation as a baseload unit in early July with further testing progressed to the final stage. This will enable CLP to support

The new CLP app is designed to cover the whole digital customer journey, from new customer registration, providing access to billing information, to delivering advice on managing electricity use.

the Government's target of increasing natural gas use to around 50% of Hong Kong's fuel mix for power generation this year. Front-End Engineering Design has meanwhile been completed and an environmental permit amendment application was approved for a second CCGT unit, which is targeted to start operation by the end of 2023.

Construction of the offshore LNG terminal has begun this year after Engineering, Procurement, and Construction contracts were awarded in January for the offshore jetty facility and subsea pipelines. The project will give CLP access to competitive LNG sources from markets globally, enhancing the diversity and security of its fuel supply.

The power generation units installed at the West New Territories (WENT) Landfill project, which make use of landfill gas as a renewable energy source, went into commercial operations in March. The units have been working smoothly and supplying electricity to the grid. The plant can generate 68GWh of electricity annually, enough to supply the needs of 17,000 typical households in Hong Kong.

As part of CLP's ongoing efforts to decarbonise its operations, investments in digitalisation have been made to help lead Hong Kong to a smarter, low-carbon future. By the end of June, more than 576,000 smart meters had been connected to CLP's customers in Hong Kong. The continuing rollout of smart meters will provide all customers with access to consumption data, enabling them to improve energy efficiency and participate in demand response programmes to reduce energy consumption. Demand response initiatives activated by commercial and residential customers helped CLP manage its system load on 14 July 2020, when local electricity demand reached a new peak of 7,264MW, compared with the previous record of 7,206MW. Had CLP not incentivised its key customers to activate those measures, the level of demand would have been more than 90MW higher. Cloud-based information technology systems are also helping CLP to provide innovative services for customers, as well as improving operation efficiency and supporting remote working for employees.

CLP launched a new mobile app designed to cover the whole digital customer journey, from new customer registration, providing access to billing information, to delivering advice on managing electricity use. It also supports online shopping and provides a selection of digital content such as cookery videos for customers spending more time at home due to the COVID-19 outbreak.

More than 9,900 applications had been made to the Renewable Energy Feed-in Tariff programme, which supports the development of green energy in Hong Kong, as at 30 June 2020. Around 86% of those – representing a total capacity of around 126MW – have been approved or connected to the grid.

The response to the Renewable Energy Certificates programme has been dampened by a challenging business environment this year, and CLP will continue to encourage more participation. Over 260,000 customers activated their community membership of the Power Connect programme, which allows them to earn rewards for saving energy while helping people in need.

With social distancing and travel restrictions affecting wide swathes of the economy, CLP provided support to customers who were most severely affected. An electricity bill payment deferral programme was offered for small and medium-sized enterprises in the catering, hotel, and retail sectors, easing the financial burden on eligible customers by deferring their May and June electricity bills for two months.

As social distancing rules were gradually relaxed in the second quarter of the year, CLP distributed disinfectant spray to around 12,000 restaurants – some 70% of all restaurants in Hong Kong – to help them give people more confidence to dine out. CLP also provided restaurant coupons to eligible customers to help generate more business. At the same time, CLP provided surgical masks, disinfectant sprays, and daily necessities to the Hospital Authority, schools, and underprivileged groups.

Outlook

Hong Kong

CLP will continue to focus on ensuring the reliability of the electricity supply and supporting customers and communities as they deal with the issues arising from COVID-19. CLP is committed to ongoing innovation and enhancements to further strengthen its operational resilience at a time of uncertainty over the long-term impact of the global pandemic. CLP will continue efforts to minimise COVID-19-related delays in capital projects supporting the decarbonisation of Hong Kong, which remains the Group's core market.

Mainland China

CLP's operations in Mainland China were impacted in the first quarter of the year as COVID-19 caused a contraction in the economy and electricity demand, before a gradual recovery in the second quarter as the outbreak eased. Overall, first-half performance was solid. Throughout the crisis, CLP focused on protecting the health and safety of employees and their families, as well as maintaining the reliability of its generation portfolio.

The contribution from CLP's nuclear investments remained stable, though was marginally below expectation. Generation from Yangjiang Nuclear Power Station in Guangdong Province was impacted by lower electricity demand caused by COVID-19 and unplanned plant shutdown. The operation of Daya Bay Nuclear Power Station remained strong as 80% of its output goes to Hong Kong.

Renewable energy operations recorded a stable performance during the six-month period. Despite greater grid curtailments for wind projects in the first quarter because of the COVID-19 outbreak, overall generation from wind projects increased compared with the same period in 2019 mainly due to the contribution from CLP Laizhou II Wind Farm in Shandong Province which was commissioned in June 2019. CLP has meanwhile completed construction of Laiwu III Wind Farm in the same province and connected all wind turbines to the grid on schedule despite some delays in construction works due to the outbreak.

Generation from solar projects increased from the same period in 2019, largely because of a reduction in grid curtailments at the Jinchang plant in Gansu Province and improved solar irradiance at the Meizhou plant in Guangdong Province. While the Dali Yang_er hydro plant in Yunnan Province was impacted by lower rainfall earlier in the year, the performance of the Huaiji hydro plants in Guangdong was affected by flooding in June, as landslides caused the outages of some generation units.

The cash flow of CLP's wind and solar energy subsidiaries in Mainland China continued to be adversely affected by delayed national subsidy payments for renewable energy projects amounting to a total of RMB1.45 billion (HK$1.59 billion) as at 30 June 2020. The situation is expected to improve in the second half of the year when CLP usually collects partial payments.

Fangchenggang Power Station in the Guangxi Zhuang Autonomous Region saw an improved performance with lower coal costs and higher output resulting from reduced competition from hydro plants. It also benefitted from improved utilisation by supplying steam and carbon dioxide to nearby customers under an integrated energy provider business model. A decline in electricity demand because of COVID-19 led to lower contributions from CLP's other minority-owned coal-fired assets.

The incremental distribution network project at Fangchenggang Hi-Tech Zone partly-owned by TUS-CLP Smart Energy Technology Co. Ltd., our joint venture with a company affiliated to Tsinghua University in Beijing, began operations in January and commenced supply to customers in April. The project has been successfully signing customers, opening a new avenue in the electricity distribution market in Mainland China for CLP.

Outlook

Mainland China

CLP will continue to focus on maintaining the integrity of its operations in Mainland China to support the national recovery from COVID-19. The pace of the recovery from COVID-19 restrictions and the rate of increase in electricity demand will play a major part in determining margins and financial contribution in the second half. In addition, the evolution of market regulations and reforms is continuing to put pressure on margins for many projects. Nonetheless growth in renewable energy will be pursued continuously by developing new grid parity projects to reduce dependence on national subsidy payments. CLP will also explore investment opportunities in smart energy businesses to diversify its operations and contribute to the ongoing energy transition, with a particular focus in the Greater Bay Area.

CLP completed construction of Laiwu III Wind Farm in Shandong Province and connected all wind turbines to the grid on schedule.

India

CLP India saw a stable overall business performance in the first half of 2020, despite the impact on its operations of the Government's national lockdown from March onwards to prevent the spread of COVID-19. The company implemented a range of safety precautions including work-from-home arrangements to protect employees, while continuing to maintain reliable operations in support of its customers and energy sector partners.

Despite a combination of the lockdown and challenging weather conditions, potential supply chain disruptions to CLP India's renewable energy and transmission operations were minimised due to the efforts of project teams and support of partners, as well as speedy processing of permissions by the Government for the transport of personnel and materials.

The performance of CLP India's renewable energy projects was mixed. Wind energy generation decreased compared with the same period in 2019 because of lower wind resources, while Cyclone Nisarga caused widespread damage to the transmission infrastructure at Andhra Lake Wind Farm in Maharashtra. Operations resumed to normal following repairs to the damaged transmission lines. A power purchase agreement for the new Sidhpur wind project in Gujarat was signed in July 2020. However, COVID-19 may delay the development of the project, and CLP India is seeking flexibility from the Government on the commissioning timeline.

Solar energy assets continued to perform well with a small increase in generation compared with the same period last year due to contributions of new projects. In February, CLP India signed an agreement to acquire three solar farms in the southern state of Telangana with a combined capacity of 122MW. Two of the facilities, with capacities of 30MW and 50MW, have already been transferred to CLP India. An extension to the completion date for the third project has been agreed with the seller because of delays in procedures caused by the COVID-19 outbreak.

Satpura Transco Private Ltd. (STPL), a 240-kilometre, intra-state power transmission project in Madhya Pradesh acquired by CLP India in November 2019, contributed to first half earnings by maintaining 100% availability since its inception. STPL is one of three transmission assets that CLP India agreed to acquire in 2019. The owner of another asset, Alipurduar Transmission Limited, notified CLP India in May that the transaction had been terminated. The third asset is expected to be taken over by CLP India after the project is commissioned in the second half of 2020.

Jhajjar Power Station maintained strong performance, achieving its highest recorded level of availability after an overhaul of the plant's generation unit in 2019. The plant increased its generation to meet growing market demand as the lockdown was eased in the last week of May. It received an incentive payment for achieving an average annual availability of 90.9% for the year ended 31 March, exceeding its incentive threshold of 85%. The level of capacity tariff received by Jhajjar was lowered by about 10% with effect from 1 April under its long-term power purchase agreements. A planned outage at Jhajjar due to take place in the second quarter has been deferred to later in 2020 because of COVID-19.

Throughout the COVID-19 outbreak, CLP India has continued to support its suppliers by ensuring on-time payments, fulfilling its responsibility to partners in the power industry and helping to protect the livelihoods of Indian workers facing a difficult and unprecedented situation.

Outlook

India

CLP India will continue to focus on maintaining its operations and exploring potential new opportunities in the power sector on the back of a strong partnership between CLP and Caisse de dépôt et placement du Québec. The company will work towards completing pending solar energy and power transmission acquisitions and will review potential opportunities in new segments of the energy market. These include power distribution and captive power generation, as well as the Government's new plan to supply round-the-clock (RTC) power from renewable projects complemented with thermal projects.

During the first half, CLP India saw a reduction in outstanding receivables from local distribution companies from Rs 7,374 million (HK$805 million) on 31 December 2019 to Rs 5,935 million (HK$609 million) as at 30 June 2020. However, the financial health of these local distribution companies is expected to be further weakened as a result of the COVID-19 socio-economic impacts. The Government of India has announced plans for infusion of liquidity of about US$12 billion into the distribution companies, which when completed, will help in containing the impact of COVID-19.

CLP India's solar energy generation increased from a year earlier as plants continued to perform well.

Southeast Asia and Taiwan

Operations of the Ho-Ping coal-fired power station in Taiwan remained stable in the first half of 2020. In Thailand, the Lopburi solar plant continued to deliver steady generation. Both Ho-Ping and Lopburi implemented measures to protect the safety of its staff and to ensure uninterrupted operations during COVID-19.

Outlook

Southeast Asia and Taiwan

In line with the Group's undertaking under the updated Climate Vision 2050, CLP is exiting the Vung Ang II and Vinh Tan III legacy coal-fired projects in Vietnam. CLP is seeking potential new investment opportunities in renewable energy in Southeast Asia and Taiwan to support ongoing energy transition in these markets.

Australia

Devastating bushfires in Australia's eastern states in early 2020 were followed by the COVID-19 pandemic, tipping the national economy into its first recession for 29 years while significantly raising demand for customer support in the energy industry.

EnergyAustralia reacted swiftly and implemented a coordinated COVID-19 response plan which prioritised the health and safety of its people, the reliable operation of power stations, and caring, high quality service for all customers.

The EnergyAssist hardship programme was expanded with additional support staff to ensure vulnerable household customers received uninterrupted access to power as well as tailored assistance such as payment extension schemes. The Rapid Business Assist programme was meanwhile launched to provide support to small businesses.

Calls to contact centres from customers seeking support increased after the Government introduced pandemic-related restrictions on economic activity. While it is too early to judge the impact of those limits on customers' ability to pay, additional bad debt provisions were recognised to reflect the increase in credit risks.

Competition from new and existing energy suppliers intensified this year prior to the COVID-19 outbreak, and EnergyAustralia remains focused on meeting customers' needs for cost-effective electricity and gas services at a time when affordability is a top-of-mind consideration. To coincide with the onset of cooler weather and increased usage due to much greater working from home during COVID-19 isolation in the second quarter, new electricity and gas customers who switched to EnergyAustralia received upfront credits to help reduce their energy costs. Following positive initial results, the ongoing campaign aims to set EnergyAustralia on a new path of growth by continuing to deliver competitive offers and putting customers first.

Margins within the Customer business were under significant pressure during the first half of 2020. This was caused by the combined effects of the introduction of retail price regulation in Australia in July 2019, higher energy procurement costs compared with the first half of last year, strong competition, a 3% decline in accounts and demand reduction. As a result, the contribution to earnings from the Customer segment was negative for the first half.

The actual underlying energy procurement costs are now included within the Customer division, whereas previously they were reported within the Energy segment, providing a more accurate reflection of the costs of supplying energy to retail customers. The change has had no underlying impact on the earnings or profitability of EnergyAustralia, but ensured improved visibility of the cost of providing energy for customers, including expenses related to hedging instruments. The new practice will support EnergyAustralia's ongoing efforts to reduce supply costs in the Customer segment.

The National Electricity Market had a volatile start to the year as extreme weather both increased demand and caused supply disruptions in some areas during January. Wholesale prices have since dropped as a result of higher-than-usual coal-fired generation availability due to fewer plant outages, lower gas prices, increased renewable energy generation from utility-scale plants and rooftop solar installations, and a fall in business and industrial activity as a result of COVID-19.

In aggregate EnergyAustralia delivered increased plant availability during high-demand periods and slightly higher generation in the first half from a year earlier. Earnings from the Energy business increased, benefitting from higher realised prices during the summer months. EnergyAustralia also recognised a significant positive non-cash change in the fair value of some energy derivatives due to the fall in forward energy prices.

An issue with a boiler at Mount Piper Power Station in New South Wales led to an unplanned outage in March. The plant continues to pursue measures to enhance reliability including securing long-term coal supplies and upgrading its turbines. In Victoria, Yallourn Power Station maintained a stable performance following an extensive reliability programme ahead of the Australian summer and the completion of a programme to improve safety. In preparation for its largest ever maintenance programme starting in July, the Yallourn plant has added temporary buildings and lifts to ensure social distancing is maintained.

EnergyAustralia signed an Energy Storage Services Agreement with Genex Power Limited in March for full dispatch rights for the 250MW Kidston pumped storage hydro project in Queensland which will begin operation in 2024. The project is expected to reach financial close in 2020. In April, EnergyAustralia received approval from the New South Wales Government to expand its gas-fired Tallawarra Power Station. A further economic assessment will be conducted prior to an investment decision later in the year.

EnergyAustralia welcomes the Federal Government's Technology Investment Roadmap discussion paper released in May. The policy initiative affirms EnergyAustralia's focus on investing in flexible capacity to allow for the integration of more renewable energy. In addition to emissions reductions, the Roadmap also promotes technologies and industries that support job creation and regional economic growth, as well as Australia's research and development sector. These priorities highlight broader synergies, and EnergyAustralia will continue its constructive dialogue with Government officials over the roadmap.

The Prohibiting Energy Market Misconduct Act came into effect in June and provides a legislative framework consisting of new prohibitions and remedies in relation to electricity retail, contract, and wholesale markets, as well as stipulating interventionist penalties that can be applied. EnergyAustralia is continuing to engage with the Australian Competition & Consumer Commission on the new law's implementation as part of the company's ongoing efforts to contribute to a cleaner, more reliable and affordable power system in Australia.

Outlook
Australia

EnergyAustralia will continue to face challenging market conditions as the economy emerges from COVID-19 restrictions. The level of customer hardship, the speed of demand recovery, the intensity of retail competition and the longer-term outlook for price regulation will all have significant impact on margins for the Customer business. In the meantime, the continuing decline of forward prices in the wholesale market will put pressure on the margins in the Energy business.

In response EnergyAustralia will continue to focus on extending appropriate support to customers as well as safeguarding the wellbeing of its employees and maintaining operational and supply reliability. To maintain supply reliability, a major maintenance outage of Yallourn Unit 1 is being undertaken during the third quarter of 2020. While this will restrict output from Yallourn during 2020, it will help ensure that the plant is in the best possible operational condition for the coming summer and for its remaining life. A similar outage of Unit 2 will take place in 2021.

Looking further ahead EnergyAustralia aims to become carbon neutral by 2050 and is committed to a national system which provides cleaner, more reliable, and affordable energy, underpinned by renewable generation. The potential expansion of Tallawarra is part of up to 1,000MW of potential new gas-fired generation options being assessed by EnergyAustralia to support the development of a decarbonised and modern energy system for Australia.

Human Resources

The CLP Group employed 7,959 full-time and part-time employees as at 30 June 2020, compared to 7,928 at the same time in 2019. Of these, 4,299 were employed by CLP's Hong Kong electricity and related businesses, 3,274 by the Group's businesses in Mainland China, India, Australia, Southeast Asia and Taiwan, and 386 by CLP Holdings. Total remuneration for the six months to 30 June 2020 was HK$3,052 million, compared with HK$2,992 million for the same period in 2019, including retirement benefit costs of HK$292 million, compared with HK$290 million in 2019.

In response to the COVID-19 outbreak, CLP promptly introduced a comprehensive range of measures to safeguard the wellbeing of employees and contractors. These included implementing special work arrangements such as reducing non-essential work, work-from-home and flexible working hours. CLP also provided necessary protective equipment and access to health and wellbeing support to all employees.

As the energy industry evolves amid profoundly challenging external circumstances, CLP remains focused on building an agile, sustainable workforce. This year, a revamped Graduate Trainee Scheme in Hong Kong was launched to prepare graduates for leadership roles in the Group's lower-carbon, digitalised future. In addition, recognising the challenges faced by students graduating during the COVID-19 outbreak, CLP is offering 61 twelve-month internships for new graduates to gain work experience, half of which are in environmental fields. In total, CLP is more than doubling the work opportunities for Hong Kong university and vocational college graduates in 2020, compared to 2019.

These initiatives reflect CLP's commitment to encourage the development of talent for the long-term as well as its determination to support its people and the communities in which it operates.

This year, CLP Power Hong Kong entered international human resources firm Randstad's Hall of Fame as one of the world's twelve most attractive employers in 2019, after having won 'Most Attractive Employer in Hong Kong' three times in five years. In addition, CLP has been named a Mental Health Friendly Supreme Organisation by the Advisory Committee of Mental Health and Department of Health in Hong Kong. The recognition is a testament to CLP's ongoing efforts to promote mental health awareness and employee resilience.

Health & Safety

CLP's relentless focus on health and safety is central to the Group's mission to deliver energy in a responsible manner. The Group has an uncompromising goal of zero harm to all employees, contractors, and members of the public in all its activities and operations. It provides tools and support on health, safety, and the environment (HSE) to all employees and contractors, ingraining these priorities into its day-to-day business activities and operations.

The Group-wide HSE improvement strategy continued to be implemented across CLP's regional operations in the first half of 2020 despite the challenges of COVID-19. Safety leadership programmes are being held in different business units to provide leaders with the skills to support their teams and spread best practices among employees and contract workers.

To help support the management of safety risks across business units, the Group is upgrading its internal management system to provide clear standards, with a focus on operations carrying higher safety risks. New documentation is being issued to support the revamped management system, with some documents released in the first half after extensive consultations. To reduce risks associated with larger-scale safety events, ongoing monitoring and assessments are conducted to ensure effective prevention and response.

Rethinking risk is a key pillar of the HSE improvement strategy, as CLP is committed to proactive measures to improve safety, moving beyond compliance. The Group has begun consultations over the introduction of a new Design for Safety (DfS) framework to incorporate safety considerations into the design of operational and business processes. The focus is on the design and its intended purpose, the materials to be used, and the methods to be implemented across the life cycle of an asset. The new framework will be customised to CLP, and will meet global standards and best practices, as well as legal frameworks.

The Total Recordable Injury Rate (TRIR) and Lost Time Injury Rate (LTIR) for employees in the first half of 2020 were higher compared with the same period in 2019. The number of recordable injuries to employees across the Group increased by four from a year earlier. With contractors taken into account, the TRIR decreased while the LTIR was unchanged. CLP is committed to reducing these rates through the implementation of the HSE improvement strategy across operating regions, with regular reviews and experience sharing between business units.

	Employees		Employees and Contractors	
	Jan – Jun 2020	Jan – Jun 2019 [1]	**Jan – Jun 2020**	Jan – Jun 2019 [1]
LTIR	**0.11**	0.05	**0.09**	0.09
TRIR	**0.23**	0.14	**0.26**	0.34

Note:

1 Figures for 2019 were revised to reflect the reclassification of one case, as well as minor adjustments to the number of hours worked.

Environment

CLP is determined to manage and minimise the environmental impact of its operating assets and projects under development and construction. The Group is strengthening synergies between its different operations worldwide and continues to explore new ways to better fulfil its environmental commitments. CLP continually monitors new and upcoming regulations to ensure it is well prepared for new requirements and emerging challenges.

Compliance

CLP had no environmental regulatory non-compliance incidents resulting in fines or prosecutions in the first half of 2020.

Air Quality

Advanced technologies have been deployed in CLP's operations to support the Group's ongoing efforts to meet or exceed regulatory requirements on air emissions, which are becoming increasingly stringent in every jurisdiction.

In Hong Kong, the new 550MW CCGT unit at Black Point Power Station uses Selective Catalytic Reduction, an advanced active emissions control technology that significantly reduces nitrogen oxide (NO_x) emissions. Construction is due to begin on another CCGT unit later in 2020, making a further important contribution to the improvement of air quality in Hong Kong. The start of commercial operations at the WENT landfill gas project will meanwhile help CLP reduce the carbon dioxide emissions of its generation activities in Hong Kong.

In India, the operation of the flue gas desulphurisation unit is continuing to support further reductions of sulphur dioxide emissions at Jhajjar Power Station. The plant also implemented enhanced control and monitoring processes to improve NO_x emissions performance. EnergyAustralia continued to monitor its operations in preparation for revised environmental regulations in Victoria which are expected to come into effect on 1 July 2021.

Water Usage and Risk

CLP is committed to using water resources responsibly and sustainably in all its operations, and continued to implement water conservation initiatives in the first half of 2020. The Fangchenggang Power Station in Mainland China, for instance, now uses an estimated 500m^3 of treated greywater a day to reduce the use of fresh water in its flue gas desulphurisation processes.

In Australia, a new 14-km pipeline went into operation in 2019 to support the long-term operation of Mount Piper Power Station, drawing water from the nearby Springvale mine to provide the plant with cooling water supplies. The initiative has resulted in significantly less water being drawn from river catchments for the plant, and has lowered the risk of contaminated water from the mine going into rivers. The project is designed to supply more than 80% of Mount Piper's maximum daily water requirement.

Climate Change

CLP is committed to further decarbonising its asset portfolio under Climate Vision 2050, which guides the Group in investment decisions and supports the management of climate-related risks and opportunities. The Group progressed projects to enable the low-carbon transition of its business, including the new CCGT units at Black Point Power Station, the WENT landfill gas project in Hong Kong, Laiwu III Wind Farm in Shandong Province, and the acquisition of solar farms by CLP India. However, the COVID-19 pandemic adversely affected progress in some areas and resulted in delays to renewable energy investments, including a wind farm in Sidhpur, India.

The Group continued scenario analysis in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This work enables the Group to evaluate potential physical and transition changes associated with different scenarios, including one in which global temperatures increase by less than 2°C from pre-industrial levels.

CLP continued to participate in international and sectoral initiatives to support the low-carbon transition of the global economy, including two programmes by the World Business Council for Sustainable Development: SBT4Utilities, which offers electricity utilities a platform for understanding and setting science-based targets, and SOS 1.5, which aims to support companies to stay within the 1.5°C global temperature increase target.

Sustainability Performance

CLP's latest Sustainability Report published in March continued to focus on topics that are strategic to business sustainability in a changing operating environment. Based on a rigorous assessment on the megatrends affecting the energy industry, focus group workshops were organised and individual interviews with subject matter experts were conducted to gauge stakeholder feedback on CLP's performance and reporting on these topics.

To meet the expectations of stakeholders, in particular capital providers, for transparent and consistent climate-related information disclosure, the Sustainability Report followed the TCFD's recommendations for enhancement of climate-related reporting in four main areas, namely governance, strategy, risk management, and metrics and targets.

CLP's commitment to sustainability was again recognised by key indices, including the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index, the MSCI ESG Leaders Index, and the FTSE4Good Index.

Innovation

CLP continued to invest in the development of innovative technologies and solutions to meet the increasing need for smarter, lower-carbon energy services in the Asia-Pacific region. The Group is committed to capturing new opportunities emerging from the ongoing decarbonisaton and digitalisation of the energy sector such as corporate power purchase agreements, data centres, and microgrids.

CLP*e* Solutions, the Group's subsidiary focused on energy and infrastructure solutions, is supporting a growing number of commercial customers in the deployment of digitalised energy management systems. It was awarded a contract by the Airport Authority Hong Kong this year to provide an artificial intelligence-enabled building analytics system to optimise energy use at Terminal 1 of Hong Kong International Airport. CLP*e* Solutions' partners in the project include CLP's Smart Energy Connect (SEC) and R&B Technology, a specialist energy management software firm CLP has invested in.

Since its launch in 2019, SEC has expanded its digital solutions platform to offer energy management technologies for businesses and organisations to improve their energy efficiency and environmental performance. New technologies added this year include solutions for optimising heating, ventilation, and air-conditioning control, and advanced power consumption monitoring. SEC has continued to gain positive industry recognition, winning the Most Innovative Energy Solutions Platform prize for Asia in the annual FinTech Awards organised by British publisher AI Global Media.

To allow customers to benefit from the most promising energy digitalisation technologies, CLP continued to strengthen its partnerships with innovators. It announced a new cooperation with CYZone in June to help find companies in Mainland China with innovative energy technologies and business models to work on pilot projects for potential commercialisation.

CLP meanwhile participated again in the Free Electrons global energy accelerator programme, gaining access to the most innovative energy technologies from providers in Europe, the Americas, and Asia. EnergyAustralia continued its annual accelerator programme in partnership with Startupbootcamp, drawing on the best technologies and ideas from start-up companies around the world to drive innovation in the Australian energy sector.

Stakeholder Engagement & Social Performance

CLP is committed to working with a broad and diverse range of partners to address societal challenges and create new opportunities in the communities in which it operates. The Group is focused on driving initiatives to enhance community wellbeing, support education and development, and strengthen environmental protection.

Community Wellbeing

CLP provided ongoing support to communities in its operating regions to help combat the COVID-19 outbreak, distributing supplies of personal protective equipment, sanitisation products, and daily essentials to disadvantaged people and healthcare workers in Hong Kong, Mainland China, and India.

In Hong Kong, CLP donated surgical masks to the Hospital Authority, and teamed up with non-governmental organisations, including the Hong Kong Community Anti-Coronavirus Link and the Lok Sin Tong Benevolent Society, to distribute anti-virus supplies and daily essentials to elderly people, disabled people, low-income families and schools. The CLP Volunteer Team meanwhile worked with charitable organisations including Sik Sik Yuen to distribute needy goods to elderly people and tenants of sub-divided units.

With the help of video conferencing technology, CLP organised virtual visits to elderly homes and day care centres in June to celebrate the Tuen Ng Festival as part of the company's Sharing the Festive Joy programme. The novel online visits, organised in partnership with Po Leung Kuk, Tung Wah Group of Hospitals and Yan Chai Hospital, were the first of their kind and provided a new way to interact with elderly people under social distancing restrictions.

CLP is supporting communities in its operating regions in combating the COVID-19 outbreak.

In response to the COVID-19 outbreak, CLP donated medical supplies, including ventilators, to communities living near its operations in Mainland China. To improve hygiene as part of anti-virus efforts, CLP supported the installation of water purifying systems in schools near Sihong Solar Power Station in Jiangsu Province. CLP also continued its ongoing community programmes providing support to elderly people and underprivileged village residents in Mainland China.

CLP India, in partnership with the Confederation of Indian Industries and the Akshaya Patra Foundation, provided anti-virus supplies and food to more than 46,000 people in communities near its operations across the country. As COVID-19 restrictions are gradually relaxed by the Indian Government, CLP India will continue to support projects to make communities more resilient. The community resilience projects including sanitation improvement and emergency response training programmes will benefit an estimated 200,000 people. CLP India has so far spent Rs 39.5 million (HK$4.1 million) on COVID-19-related programmes.

CLP India also continued its support for social inclusion programmes and launched a new project in March for the empowerment of women, in partnership with non-profit development organisation Humana People to People India.

Meanwhile, in response to the devastating bushfires in Australia, CLP employees in Hong Kong and Australia made financial donations, matched by the Group and EnergyAustralia, to raise about A$174,000 for charities working with affected communities. EnergyAustralia also provided additional assistance to customers impacted by the bushfires and the COVID-19 outbreak. Besides taking part in volunteer programmes, EnergyAustralia employees continued to participate in the Workplace Giving programme, with staff contributions matched by the company and donated to selected charity partners. The programme has raised more than A$500,000 since it was started last year.

Education and Development

CLP Power Academy and the Vocational Training Council are collaborating on a new part-time Infrastructure Engineering (Mechanical) Diploma programme, the first of its kind in Hong Kong, to equip students with practical skills and expand their knowledge base for the electrical and mechanical engineering industries.

In partnership with educational institutions and universities, the academy is broadening its curriculum to offer a comprehensive range of programmes from post-secondary school to post-graduate levels in both electrical and mechanical engineering. CLP continued to promote power engineering as a career for young people through CLP's Engineer in School Programme, and ongoing engagements and activities with the Hong Kong Association of Career Masters and Guidance Masters.

During the extended suspension of school classes in Hong Kong amid COVID-19, CLP continued to expand the reach of its online education materials by engaging kindergartens and primary schools through the Power You Kindergarten Education Kit and the Green Elites Campus Accreditation programme to promote awareness of energy efficiency and conservation in the community.

CLP India teamed up with the Tata Institute of Social Sciences to launch a new vocational training programme focused on renewable energy and healthcare. The programme will benefit around 2,000 young people from economically-challenged backgrounds. Online classes began during the national COVID-19 lockdown. CLP India meanwhile continued its partnership with the Akshaya Patra Foundation to provide midday meals to children in Government schools near Saundatti Wind Farm and Veltoor Solar Farm. In February, the midday meals programme was further extended to more than 9,000 additional children.

EnergyAustralia announced a partnership with TAFE Gippsland college to support students with their driving lessons. Funding from the programme helps improve road safety by ensuring students receive adequate practice. EnergyAustralia also awarded other grants to community partners to support social inclusion and education.

Environment

The continuing growth of the Power Connect programme is giving increasing numbers of CLP customers in Hong Kong the opportunity to earn rewards by saving energy throughout the year. The programme on the other hand supports people in need, and received a high number of applications for electricity subsidies intended for underprivileged groups including elderly people, disabled people and low-income families. Power Connect also provides electricity subsidies to tenants of subdivided units, as well as financial support for landlords to carry out rewiring work for the installation of individual electricity meters for their tenants.

CLP India signed a three-year agreement in February with the SELCO Foundation for community projects using solar energy. The programme aims to support the use of solar energy for improving community infrastructure, as well as creating economic opportunities for communities near CLP India's plants including Veltoor Solar Farm and Saundatti Wind Farm.

Promoting Sustainability

After the launch of the updated Climate Vision 2050 in December 2019, CLP has enhanced communications about its decarbonisation strategies through different platforms and events. In partnership with the Hong Kong Institute of Chartered Secretaries and KPMG, CLP co-hosted a seminar on environmental, social, and governance issues as part of the International Financial Week, coinciding with the Asian Financial Forum in Hong Kong in January. In addition, CLP participated in two other conferences the same month, namely the Post-COP25 Hong Kong Forum, and the Sustainability Forum 2020 organised by non-profit organisation Culture for Tomorrow. In February, CLP delivered a lecture to the Yale School of Management. CLP also sponsored Towards a Sustainable Future, a five-part series of seminars organised by the Australian Chamber of Commerce in Hong Kong to explore corporate strategies for the transition to a low-carbon future being held during the course of 2020.

At an online forum organised by the World Business Council for Sustainable Development (WBCSD) in May, CLP presented its experiences on implementing the recommendations of the TCFD, to support other companies and organisations planning for future requirements. At a separate WBCSD event in the same month, CLP provided insights on how to strengthen corporate governance at a time of social and economic challenges.

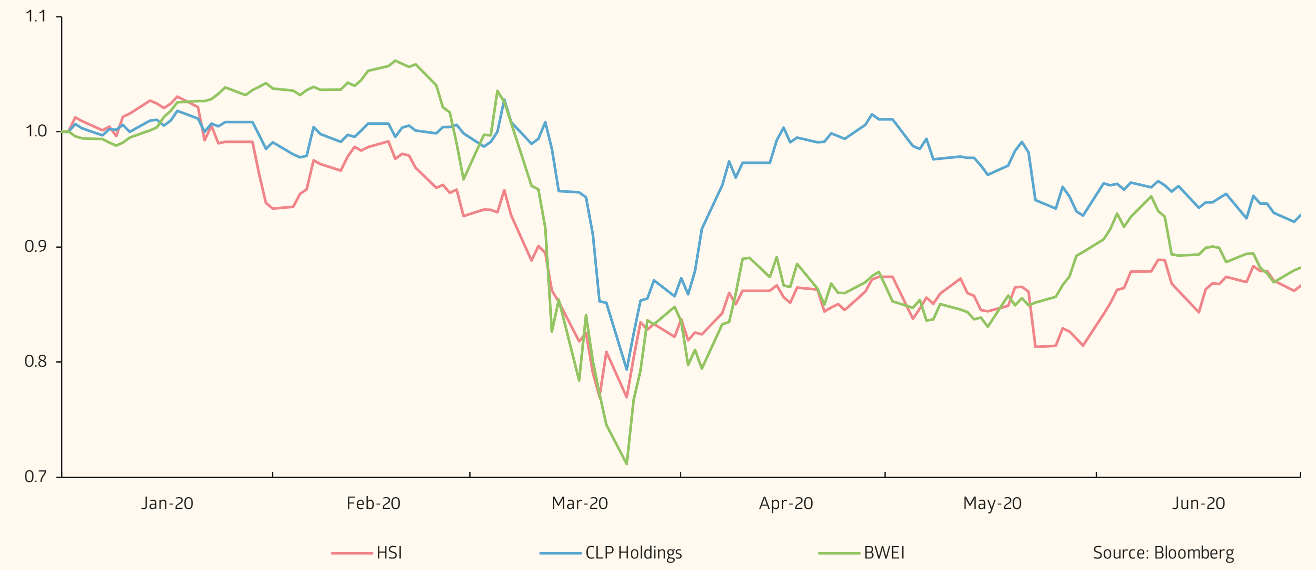
This year, CLP became one of 30 new signatories to the Business Environment Council's Low Carbon Charter in Hong Kong. Charter signatories are committed to implementing strategic action towards decarbonisation targets guided by the goals of the United Nations' Paris Agreement on climate change.

Shareholder Value

The world economy has been profoundly affected by COVID-19, and the Hong Kong market was further weighed down in the first half of 2020 by simmering tensions between China and the US. In late March, CLP's shares recorded the sharpest single-day drop since the global financial crisis in 2008, as stock markets around the world posted steep declines due to concerns about the economic impact of the pandemic. This was followed by a gradual global recovery as countries worldwide announced wide-ranging fiscal stimulus packages along with policy support and quantitative easing measures.

CLP's share price, while tracking the general markets trends, showed relatively less volatility and ended the six-month period down 7.2%, compared with losses of 13.3% and 11.8% by the Hang Seng Index (HSI) and Bloomberg World Electric Index (BWEI) respectively.

Relative Performance – CLP vs HSI and BWEI (1 January 2020 – 30 June 2020) (Base: 31 December 2019 = 1.0)



Highlights for the First Half of 2020

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 light of the COVID-19 situation, the 2020 AGM of the Company 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. The opportunity for shareholders to attend the AGM online and to send their questions in real-time has provided a convenient platform for shareholders to express their views amid special circumstances.
- Board and Board Committees Refresh: At the 2020 AGM, Mr Vernon Moore and Mr Vincent Cheng stepped down from the Board through retirement. Mr Nicholas C. Allen became the Chair of the Audit & Risk Committee and the Human Resources & Remuneration Committee following the retirement of Mr Moore and Mr Cheng. New appointments were also made to the Human Resources & Remuneration Committee, the Nomination Committee and the Sustainability Committee with effect from 1 January.

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 2020, the Company has 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 114 of our 2019 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 2020.

At the Company's AGM held on 8 May 2020, the re-appointment of PricewaterhouseCoopers as the Company's independent auditor for the financial year ending 31 December 2020 was approved by our shareholders with strong support of over 99.45% of the votes.

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

Our Board and Senior Management

The CLP Board

As at 30 June 2020, the composition of the Board of CLP Holdings is set out below:

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

The Directors who stood for re-election at the 2020 AGM, namely The Honourable Sir Michael Kadoorie, Mr William Mocatta and Sir Rod Eddington were re-elected with the approval of the shareholders.

Having regard to the Company's retirement age guideline under the Board Diversity Policy, Mr Vernon Moore and Mr Vincent Cheng retired as Independent Non-executive Directors of the Company at the conclusion of the 2020 AGM on 8 May 2020.

Save as disclosed above, there had been no other changes in the Board composition during the reported period and up to the date of this Report.

There were no substantial changes to the information of Directors as disclosed on pages 102 to 107 of the 2019 Annual Report and on the CLP website. The positions held by each of the 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

Since 1 January 2020, there have been a number of changes in the composition of the Board Committees:

- New appointments were made to the following Board Committees with effect from 1 January 2020:
  - Human Resources & Remuneration Committee – Mrs Fanny Law and Ms May Tan;
  - Nomination Committee – Ms May Tan;
  - Sustainability Committee – Mr Philip Kadoorie;
- Mr Vernon Moore has retired as the Chairman of the Audit & Risk Committee, as well as a Member of the Finance & General Committee and the Human Resources & Remuneration Committee of the Company following his retirement as an Independent Non-executive Director with effect from the conclusion of the 2020 AGM;
- Mr Vincent Cheng has retired as the Chairman of the Human Resources & Remuneration Committee, as well as a Member of the Finance & General Committee and the Nomination Committee of the Company following his retirement as an Independent Non-executive Director with effect from the conclusion of the 2020 AGM; and
- Mr Nicholas C. Allen took up the role of the Chairman of the Audit & Risk Committee and the Human Resources & Remuneration Committee immediately after the 2020 AGM.

Save as disclosed above, there had been no other changes in the composition of Board Committees as set out in the 2019 Annual Report (pages 123, 152, 160, 165 and 168) during the reported period and up to the date of this Report.

Directors' Time and Directorship Commitments

Directors have confirmed that they have given sufficient time and attention to the affairs of the Company during the six-month period ended 30 June 2020.

As at 30 June 2020, none of our Directors, individually, held directorships in more than five public companies (including the Company). Our Executive Directors do not hold directorship in other public companies; however, they are encouraged to participate in professional, public and community organisations.

Senior Management

As at 30 June 2020, the members of Senior Management remained the same as those set out on pages 108 and 109 of the 2019 Annual Report. Biographies of all the Senior Management members are available on the CLP website.

Remuneration

Non-executive Directors

In our 2019 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 171 of the Company's 2019 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 2019 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 2020 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 2020 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 2020:

(i) base compensation, allowances & benefits paid;

(ii) 2020 annual incentive accrued based on the previous year's Company performance and the 2019 annual incentive adjustment. The adjustment is the difference between the actual annual incentive paid in 2020 for 2019 performance and the annual incentive accrual for 2019;

(iii) the 2017 long-term incentive award paid in January 2020 when the vesting conditions were satisfied; and

(iv) provident fund contribution made.

The "Other Payments" column includes the non-recurring item for relocation payment for newly hired Senior Management.

	Recurring Remuneration Items					Non-recurring Remuneration Item	
		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 2020							
CEO (Mr Richard Lancaster)	5.0	3.5	6.3	1.3	**16.1**	–	**16.1**
Executive Director & Chief Financial Officer (Mr Geert Peeters)	3.9	2.7	5.0	0.7	**12.3**	–	**12.3**
Chief Operating Officer (Mr David Smales) [3]	2.7	2.1	–	0.5	**5.3**	0.2	**5.5**
Group Director & Vice Chairman – CLP Power Hong Kong (Mrs Betty Yuen)	2.4	1.7	3.0	0.6	**7.7**	–	**7.7**
Managing Director – CLP Power (Mr Chiang Tung Keung)	2.8	1.9	3.1	0.7	**8.5**	–	**8.5**
Managing Director – EnergyAustralia (Ms Catherine Tanna) [4]	5.4	4.6	9.6	0.1	**19.7**	–	**19.7**
Managing Director – India (Mr Rajiv Mishra) [5]	2.0	1.7	2.2	0.5	**6.4**	–	**6.4**
Managing Director – China (Mr Chan Siu Hung)	2.3	1.6	3.0	0.6	**7.5**	–	**7.5**
Group General Counsel & Chief Administrative Officer (Mr David Simmonds)	2.7	1.9	3.5	0.7	**8.8**	–	**8.8**
Chief Corporate Development Officer (Ms Quince Chong)	2.7	1.9	3.5	0.6	**8.7**	–	**8.7**
Chief Human Resources Officer (Ms Eileen Burnett-Kant)	2.4	1.8	–	0.3	**4.5**	–	**4.5**
Total	**34.3**	**25.4**	**39.2**	**6.6**	**105.5**	**0.2**	**105.7**

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 (2020 accrual and 2019 adjustment) and (b) long-term incentive (payment for 2017 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 David Smales joined the Company on 1 October 2019. The Other Payments reflected the relocation payment of HK$0.2 million paid in 2020.

4 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.

5 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 138 to 140 of the Company's 2019 Annual Report.

During the six-month period ended 30 June 2020, Group Internal Audit issued a total of eight 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 2020. 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 potentially 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 2020.

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 2020.

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 2020, 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 2020 were as follows:

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon Sir Michael Kadoorie	Note 1	410,526,125	16.24913
Mr William Mocatta	Note 2	400,000	0.01583
Mr J. A. H. Leigh	Note 3	218,796,853	8.66025
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	27,000	0.00107
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 410,526,125 shares in the Company. These shares were held in the following capacity:

   a 1,243 shares were held by his spouse, Lady Kadoorie in a personal capacity.

   b 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.

   c 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.

   d 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.

   e 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.

   For the purpose of the Securities and Futures Ordinance, the spouse of The Hon Sir Michael Kadoorie was taken to have a discloseable duty in Hong Kong in relation to the shares referred to in 1b to 1e above. The spouse of The Hon Sir Michael Kadoorie was therefore deemed to be interested in 410,526,125 shares in the Company representing approximately 16.25% of the issued share capital of the Company, of which 1,243 shares were held by her in a personal capacity and an aggregate of 410,524,882 shares were attributed to her pursuant to the Securities and Futures Ordinance for disclosure purposes. Nevertheless, she has no interest, legal or beneficial, in these 410,524,882 shares attributed to her for disclosure purposes.

2 Mr William Mocatta was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 400,000 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.

3 Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 218,796,853 shares in the Company. These shares were held in the following capacity:

   a 145,000 shares were held in a beneficial owner capacity.

   b 218,651,853 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 218,651,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 218,651,853 shares.

4 600 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 27,000 shares were held in a beneficial owner capacity and jointly with spouse.

Each of the other Directors, namely Sir Rod Eddington, Mrs Zia Mody and 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 2020.

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 2020.

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 2020.

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 2020, 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 2020:

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 corporations	226,011,664 Note 4	8.95
The Hon Sir Michael Kadoorie	Note 5	410,526,125 Note 5	16.25
Mr J. A. H. Leigh	Notes 6 & 7	218,796,853 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 and another company 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.

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 2020, 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 2020, 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 2020, 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 was 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 2020.

Consolidated Statement of Profit or Loss – Unaudited

for the six months ended 30 June 2020

	Note	2020 HK$M	2019 HK$M
Revenue	*5*	**38,701**	43,838
Expenses			
Purchases of electricity, gas and distribution services		**(13,583)**	(17,819)
Staff expenses		**(2,262)**	(2,263)
Fuel and other operating expenses		**(11,246)**	(12,885)
Depreciation and amortisation		**(4,125)**	(4,007)
		(31,216)	(36,974)
Other charge	*7*	**–**	(6,381)
Operating profit	*7*	**7,485**	483
Finance costs	*8*	**(888)**	(973)
Finance income	*8*	**77**	102
Share of results, net of income tax			
Joint ventures	*15*	**545**	425
Associates	*16*	**870**	915
Profit before income tax		**8,089**	952
Income tax expense	*9*	**(1,576)**	(1,320)
Profit / (loss) for the period		**6,513**	(368)
Earnings / (loss) attributable to:			
Shareholders		**6,010**	(907)
Perpetual capital securities holders		**69**	125
Other non-controlling interests		**434**	414
		6,513	(368)
Earnings / (loss) per share, basic and diluted	*11*	**HK$2.38**	HK$(0.36)

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 2020

	2020 HK$M	2019 HK$M
Profit / (loss) for the period	**6,513**	(368)
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	**(1,455)**	(194)
Cash flow hedges	**(521)**	679
Costs of hedging	**(240)**	29
	(2,216)	514
Items that cannot be reclassified to profit or loss		
Fair value changes on equity investments	**(68)**	41
Remeasurement losses on defined benefit plans	**(1)**	(10)
	(69)	31
Other comprehensive income for the period, net of tax	**(2,285)**	545
Total comprehensive income for the period	**4,228**	177
Total comprehensive income attributable to:		
Shareholders	**3,947**	(392)
Perpetual capital securities holders	**69**	125
Other non-controlling interests	**212**	444
	4,228	177

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 2020 HK$M	Audited 31 December 2019 HK$M
Non-current assets			
Fixed assets	*12*	**143,949**	143,615
Right-of-use assets	*13*	**6,457**	6,050
Investment property		**1,002**	1,121
Goodwill and other intangible assets	*14*	**19,513**	20,111
Interests in and loans to joint ventures	*15*	**10,326**	9,999
Interests in associates	*16*	**7,738**	8,708
Deferred tax assets		**722**	524
Derivative financial instruments	*17*	**1,689**	1,389
Other non-current assets		**1,179**	1,280
		192,575	192,797
Current assets			
Inventories – stores and fuel		**2,729**	2,510
Renewable energy certificates		**564**	996
Property under development		**2,974**	2,973
Trade and other receivables	*18*	**15,670**	12,986
Derivative financial instruments	*17*	**1,359**	1,035
Short-term deposits and restricted cash		**2,101**	445
Cash and cash equivalents		**6,071**	7,881
		31,468	28,826
Current liabilities			
Customers' deposits		**(5,764)**	(5,679)
Fuel clause account		**(467)**	(1,131)
Trade payables and other liabilities	*19*	**(16,240)**	(17,586)
Income tax payable		**(915)**	(1,522)
Bank loans and other borrowings	*20*	**(9,078)**	(13,551)
Derivative financial instruments	*17*	**(874)**	(993)
		(33,338)	(40,462)
Net current liabilities		**(1,870)**	(11,636)
Total assets less current liabilities		**190,705**	181,161

	Note	30 June 2020 HK$M	Audited 31 December 2019 HK$M
Financed by:			
Equity			
Share capital		**23,243**	23,243
Reserves	*22*	**81,562**	82,212
Shareholders' funds		**104,805**	105,455
Perpetual capital securities		**3,887**	3,887
Other non-controlling interests		**9,758**	9,987
		118,450	119,329
Non-current liabilities			
Bank loans and other borrowings	*20*	**47,359**	38,798
Deferred tax liabilities		**15,218**	15,117
Derivative financial instruments	*17*	**2,486**	1,305
Scheme of Control (SoC) reserve accounts	*21*	**1,621**	1,500
Asset decommissioning liabilities and retirement obligations		**3,600**	3,513
Other non-current liabilities		**1,971**	1,599
		72,255	61,832
Equity and non-current liabilities		**190,705**	181,161

The Honourable Sir Michael Kadoorie
Chairman
Hong Kong, 3 August 2020

Richard Lancaster
Chief Executive Officer

Geert Peeters
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 2020

	Attributable to Shareholders			Perpetual	Other Non-	
	Share Capital HK$M	Reserves HK$M	Total HK$M	Capital Securities HK$M	controlling Interests HK$M	Total Equity HK$M
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**
Balance at 1 January 2019	23,243	85,810	109,053	5,791	10,088	124,932
(Loss) / profit for the period	–	(907)	(907)	125	414	(368)
Other comprehensive income for the period	–	515	515	–	30	545
Dividends paid						
2018 fourth interim	–	(3,006)	(3,006)	–	–	(3,006)
2019 first interim	–	(1,592)	(1,592)	–	–	(1,592)
Acquisition of non-controlling interests	–	10	10	–	(96)	(86)
Distributions to perpetual capital securities holders	–	–	–	(125)	–	(125)
Dividends paid to other non-controlling interests	–	–	–	–	(400)	(400)
Balance at 30 June 2019	23,243	80,830	104,073	5,791	10,036	119,900

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 2020

	2020 HK$M	2020 HK$M	2019 HK$M	2019 HK$M
Operating activities				
Net cash inflow from operations	**8,352**		7,605	
Interest received	**80**		102	
Income tax paid	**(1,858)**		(1,716)	
Net cash inflow from operating activities		**6,574**		5,991
Investing activities				
Capital expenditure	**(5,135)**		(5,039)	
Capitalised interest and other finance costs paid	**(178)**		(148)	
Proceeds from disposal of fixed assets	**120**		14	
Additions of other intangible assets	**(180)**		(392)	
Acquisitions of subsidiaries	**(208)**		(50)	
Increase in other financial assets	**(24)**		(118)	
(Investments in and advances to) / repayment of advances from joint ventures	**(246)**		59	
Proceeds from partial disposal of interest in a joint venture	**–**		44	
Investment in an associate	**–**		(352)	
Dividends received from				
Joint ventures	**288**		73	
Associates	**977**		1,106	
Equity investments	**1**		13	
(Increase) / decrease in bank deposits with maturities of more than three months	**(1,353)**		2,395	
Net cash outflow from investing activities		**(5,938)**		(2,395)
Net cash inflow before financing activities		**636**		3,596
Financing activities				
Proceeds from long-term borrowings	**13,194**		3,687	
Repayment of long-term borrowings	**(8,931)**		(4,462)	
Decrease in short-term borrowings	**(805)**		(1,109)	
Payment of principal portion of lease liabilities	**(76)**		(71)	
Interest and other finance costs paid	**(875)**		(951)	
Settlement of derivative financial instruments	**174**		(43)	
Increase in advances from other non-controlling interests	**35**		31	
Distributions paid to perpetual capital securities holders	**(35)**		(125)	
Dividends paid to shareholders	**(4,598)**		(4,598)	
Dividends paid to other non-controlling interests	**(441)**		(400)	
Payment for acquisition of non-controlling interests	**–**		(86)	
Proceeds from disposal of interest in a subsidiary without loss of control	**–**		1,449	
Net cash outflow from financing activities		**(2,358)**		(6,678)
Net decrease in cash and cash equivalents		**(1,722)**		(3,082)
Cash and cash equivalents at beginning of period		**7,881**		7,365
Effect of exchange rate changes		**(88)**		24
Cash and cash equivalents at end of period		**6,071**		4,307

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

Notes to the 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, India and Australia, 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 Agreement are summarised on pages 295 and 296 of the 2019 Annual Report.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 3 August 2020.

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 2019 except for the adoption of the amendments to standards as set out in Note 3 below.

The financial information relating to the year ended 31 December 2019 that is included in the 2020 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 2019 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 2019 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

A number of amendments to standards have been issued and are effective from 1 January 2020. The Group applies these amendments for the first time in 2020, but do not have a material impact on the interim financial statements of the Group. Saved as disclosed below, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments. Those which are more relevant to the Group include:

- The Conceptual Framework for Financial Reporting 2018
- Amendments to HKAS 1 and HKAS 8 Definition of Material
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments to HKFRS 9, HKAS 39 and HKFRS 7 provide a temporary relief which enables hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. The interest rate benchmark reform (the "reform") would result in hedge ineffectiveness and potential hedge accounting termination. Such hedge accounting termination could have led to reclassification of amounts in the cash flow hedge reserve to profit or loss and cessation of fair value hedge accounting of fixed rate debt. The amendments avoid disruption to the Group's existing cash flow and fair value hedge accounting relationships that would otherwise be directly impacted by the reform.

3. Amendments to Standards Adopted by the Group (continued)

In addition, the Group has elected to early adopt the amendments to HKFRS 16 Leases on COVID-19 Related Rent Concessions on 1 January 2020. These amendments provide lessees with practical relief during the COVID-19 pandemic and are effective for annual reporting periods beginning on or after 1 June 2020. The impact on this adoption is immaterial to the Group.

4. The Impact of COVID-19 in the Current Reporting Period

The outbreak of COVID-19 (the "Outbreak") has developed rapidly in 2020 and significantly impacted entities and economic activities in varying scales globally. While there have been more immediate and pronounced disruptions in certain industries, its impact on the energy industry in the countries where we operate has been rather modest during the current reporting period. Nevertheless, as the Outbreak continues to evolve, it is challenging at this juncture to predict the full extent and duration of its impact to the business and the economy. Management has assessed the impact of COVID-19 across the Group, and up to the date of this report, has not identified any areas that could have a material impact on the financial performance or position of the Group as at 30 June 2020.

5. 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	
	2020	2019
	HK$M	HK$M
Revenue from contracts with customers		
Sales of electricity in Hong Kong	**19,640**	18,876
Transfer for SoC (from) / to revenue [(a)]	**(46)**	129
SoC sales of electricity	**19,594**	19,005
Sales of electricity outside Hong Kong	**15,049**	19,615
Sales of gas in Australia	**2,297**	2,733
Others	**372**	474
	37,312	41,827
Other revenue		
Power Purchase Agreements [(b)]		
Fixed capacity charge	**303**	377
Variable capacity charge	**151**	170
Energy charge	**744**	1,312
Others	**191**	152
	1,389	2,011
	38,701	43,838

Notes:

(a) Under the SoC Agreement, if the gross tariff revenue in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund. In any period, the amount of deduction from or addition to the Tariff Stabilisation Fund is recognised as a revenue adjustment to the extent that the return and charges under the SoC are recognised in the profit or loss.

(b) Revenue from power purchase agreements (PPAs) relate to 25-year offtake contracts between Jhajjar Power Limited (JPL) and its offtakers. PPAs are accounted for as operating leases with contract prices mainly comprise capacity and energy charges. Certain capacity charge is considered as in-substance fixed payment as it is payable for maintaining availability of the plant for the dispatch of electricity. Energy charge varies according to the amount of fuel consumed.

6. Segment Information

The Group operates, through its subsidiaries, joint ventures and associates, in five major geographical regions – Hong Kong, Mainland China, India, Southeast Asia and Taiwan, and Australia. The operating segments are based on geographical regions. Substantially all the principal activities of the Group in each region are for the generation and supply of electricity which are managed and operated on an integrated basis.

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

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2020							
Revenue from contracts with customers	19,876	814	519	3	16,100	–	37,312
Other revenue	58	26	1,239	–	63	3	1,389
Revenue	19,934	840	1,758	3	16,163	3	38,701
EBITDAF	7,733	776	793	(9)	2,270	(350)	11,213
Share of results, net of income tax							
Joint ventures	(8)	364	–	192	(3)	–	545
Associates	–	870	–	–	–	–	870
Consolidated EBITDAF	7,725	2,010	793	183	2,267	(350)	12,628
Depreciation and amortisation	(2,462)	(364)	(294)	–	(983)	(22)	(4,125)
Fair value adjustments	(15)	–	–	–	412	–	397
Finance costs	(464)	(124)	(253)	–	(43)	(4)	(888)
Finance income	5	9	26	–	11	26	77
Profit / (loss) before income tax	4,789	1,531	272	183	1,664	(350)	8,089
Income tax expense	(845)	(171)	(90)	–	(470)	–	(1,576)
Profit / (loss) for the period	3,944	1,360	182	183	1,194	(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	108	183	1,194	(350)	6,010
Excluding: Items affecting comparability	119	–	–	–	–	–	119
Operating earnings	3,639	1,355	108	183	1,194	(350)	6,129
At 30 June 2020							
Fixed assets, right-of-use assets and investment property	120,383	8,701	10,131	–	12,011	182	151,408
Goodwill and other intangible assets	5,545	4,056	26	–	9,886	–	19,513
Interests in and loans to joint ventures	451	7,633	–	2,141	101	–	10,326
Interests in associates	–	7,738	–	–	–	–	7,738
Deferred tax assets	–	88	27	–	607	–	722
Other assets	11,763	4,050	4,114	38	12,535	1,836	34,336
Total assets	138,142	32,266	14,298	2,179	35,140	2,018	224,043
Bank loans and other borrowings	45,398	5,441	5,598	–	–	–	56,437
Current and deferred tax liabilities	14,531	1,234	301	–	67	–	16,133
Other liabilities	21,662	984	440	2	9,616	319	33,023
Total liabilities	81,591	7,659	6,339	2	9,683	319	105,593

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 derivative financial instruments relating to transactions not qualifying as hedges 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.

6. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2019							
Revenue from contracts with customers	19,301	830	611	6	21,079	–	41,827
Other revenue	61	29	1,883	–	32	6	2,011
Revenue	19,362	859	2,494	6	21,111	6	43,838
EBITDAF	7,616	742	861	15	(3,736)	(348)	5,150
Share of results, net of income tax							
Joint ventures	(9)	299	–	125	10	–	425
Associates	–	915	–	–	–	–	915
Consolidated EBITDAF	7,607	1,956	861	140	(3,726)	(348)	6,490
Depreciation and amortisation	(2,403)	(366)	(322)	–	(907)	(9)	(4,007)
Fair value adjustments	(2)	–	–	–	(658)	–	(660)
Finance costs	(465)	(140)	(267)	–	(55)	(46)	(973)
Finance income	–	14	34	–	42	12	102
Profit/(loss) before income tax	4,737	1,464	306	140	(5,304)	(391)	952
Income tax expense	(770)	(175)	(122)	–	(253)	–	(1,320)
Profit/(loss) for the period	3,967	1,289	184	140	(5,557)	(391)	(368)
Earnings attributable to							
Perpetual capital securities holders	(125)	–	–	–	–	–	(125)
Other non-controlling interests	(337)	(13)	(64)	–	–	–	(414)
Earnings/(loss) attributable to shareholders	3,505	1,276	120	140	(5,557)	(391)	(907)
Excluding: Items affecting comparability	–	–	–	–	6,381	–	6,381
Operating earnings	3,505	1,276	120	140	824	(391)	5,474
At 31 December 2019							
Fixed assets, right-of-use assets and investment property	119,272	9,021	10,454	–	11,873	166	150,786
Goodwill and other intangible assets	5,545	4,199	27	–	10,340	–	20,111
Interests in and loans to joint ventures	162	7,767	–	1,958	112	–	9,999
Interests in associates	–	8,708	–	–	–	–	8,708
Deferred tax assets	–	92	39	–	393	–	524
Other assets	8,099	3,252	3,951	41	12,163	3,989	31,495
Total assets	133,078	33,039	14,471	1,999	34,881	4,155	221,623
Bank loans and other borrowings	41,171	5,777	5,401	–	–	–	52,349
Current and deferred tax liabilities	15,150	1,214	267	–	8	–	16,639
Other liabilities	21,801	1,090	490	2	9,477	446	33,306
Total liabilities	78,122	8,081	6,158	2	9,485	446	102,294

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.

7. Operating Profit

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

	Six months ended 30 June	
	2020	2019
	HK$M	HK$M
Charging		
Retirement benefits costs	**220**	221
Net loss on disposal of fixed assets	**40**	253
Impairment of		
Trade receivables	**292**	148
Goodwill (note)	**–**	6,381
Net fair value losses / (gains) on non-debt related derivative financial instruments		
Reclassified from cash flow hedge reserve and costs of hedging reserves to		
Purchases of electricity, gas and distribution services	**98**	253
Fuel and other operating expenses	**103**	(17)
Transactions not qualifying as hedges	**(525)**	660
Ineffectiveness on cash flow hedge	**66**	–
Revaluation loss on investment property	**119**	–
Crediting		
Net exchange (gain) / loss	**(1)**	8
Rental income from investment property	**(14)**	(17)
Dividends from equity investments	**(13)**	(13)

Note: In 2019, the Default Market Offer and Victorian Default Offer in Australia impacted the energy retail cash generating unit (CGU) of EnergyAustralia Holdings Limited (EnergyAustralia) by lowering gross margin and resetting the market baseline for market offers. As a result, the goodwill included in the energy retail CGU was impaired and a loss of HK$6,381 million was recognised as other charge in the profit or loss in June 2019.

8. Finance Costs and Income

	Six months ended 30 June	
	2020	2019
	HK$M	HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	**434**	427
Other borrowings	**564**	578
Tariff Stabilisation Fund (note)	**12**	7
Customers' deposits and fuel clause over-recovery	**19**	21
Lease liabilities	**10**	7
Finance charges	**111**	91
Net fair value (gains) / losses on debt related derivative financial instruments		
Reclassified from cash flow hedge reserve	**(109)**	(24)
Reclassified from costs of hedging reserves	**27**	36
Fair value hedges	**(352)**	(346)
Transactions not qualifying as hedges	**(38)**	(17)
Ineffectiveness of cash flow hedges	**(2)**	(4)
Ineffectiveness of fair value hedges	**10**	1
Loss on hedged items in fair value hedges	**352**	346
Other net exchange loss on financing activities	**42**	1
	1,080	1,124
Less: amount capitalised	**(192)**	(151)
	888	973
Finance income		
Interest income on bank deposits and loans to joint ventures	**77**	102

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	
	2020	2019
	HK$M	HK$M
Current income tax	**1,408**	1,231
Deferred tax	**168**	89
	1,576	1,320

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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			
	2020		2019	
	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 3 August 2020, the Directors declared the second interim dividend of HK$0.63 per share (2019: HK$0.63 per share). The second interim dividend is not reflected as a dividend payable in the interim financial statements.

11. Earnings / (Loss) per Share

The earnings / (loss) per share are computed as follows:

	Six months ended 30 June	
	2020	2019
Earnings / (loss) attributable to shareholders (HK$M)	**6,010**	(907)
Weighted average number of shares in issue (thousand shares)	**2,526,451**	2,526,451
Earnings / (loss) per share (HK$)	**2.38**	(0.36)

Basic and fully diluted earnings / (loss) per share are the same as the Company did not have any dilutive equity instruments throughout the six months ended 30 June 2020 and 2019.

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 2020	1,181	21,264	121,170	143,615
Acquisitions of subsidiaries (note)	50	–	525	575
Additions	–	302	4,164	4,466
Transfers and disposals	(76)	(15)	(95)	(186)
Depreciation	–	(349)	(3,110)	(3,459)
Exchange differences	(59)	(95)	(908)	(1,062)
Net book value at 30 June 2020	**1,096**	**21,107**	**121,746**	**143,949**
Cost	1,187	35,211	221,921	258,319
Accumulated depreciation and impairment	(91)	(14,104)	(100,175)	(114,370)
Net book value at 30 June 2020	**1,096**	**21,107**	**121,746**	**143,949**

Note: In March and April 2020, the Group acquired 100% interest in each of Cleansolar Renewable Energy Private Limited and Divine Solren Private Limited, which own and operate a 30MW and a 50MW solar farm in the southern state of Telangana, India, for a consideration of HK$112 million (Rs1,084 million) and HK$126 million (Rs1,245 million) respectively. These transactions are accounted for as asset acquisitions.

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 2020	5,782	187	81	6,050
Additions	–	6	562	568
Depreciation	(95)	(71)	(7)	(173)
Exchange differences	(4)	(6)	22	12
Net book value at 30 June 2020	**5,683**	**116**	**658**	**6,457**

Prepaid leasehold land represents upfront lease payments, including land premium, on lease of land with the tenure of 25 to 75 years. The Group has also leased several assets including a water treatment plant, offices and battery storage facilities.

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 2020	14,128	4,166	1,817	20,111
Cost adjustments / additions	–	(4)	184	180
Disposals	–	–	(25)	(25)
Amortisation	–	(138)	(355)	(493)
Exchange differences	(208)	–	(52)	(260)
Net carrying value at 30 June 2020	**13,920**	**4,024**	**1,569**	**19,513**
Cost	20,241	5,712	7,156	33,109
Accumulated amortisation and impairment	(6,321)	(1,688)	(5,587)	(13,596)
Net carrying value at 30 June 2020	**13,920**	**4,024**	**1,569**	**19,513**

Notes:

(a) Goodwill mainly arose from the acquisitions of energy retail business in Australia of HK$8,317 million (31 December 2019: HK$8,524 million) and the acquisition of CAPCO under Hong Kong electricity business of HK$5,545 million (31 December 2019: HK$5,545 million). In view of the Outbreak, for the CGUs in which goodwill is included, the Group has assessed for any presence of impairment indicators by reviewing any significant adverse movements in the key assumptions used in the valuation of the CGUs. Up to the date of this report, no such indicators have been identified.

(b) Capacity right represents the right to use 50% of the pumped storage capacity of Phase I of the Guangzhou Pumped Storage Power Station in Conghua, Guangzhou and the corresponding right to use the associated transmission facilities until 2034.

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 2020 HK$M	2019 HK$M
Group's share of profit and total comprehensive income		
CSEC Guohua International Power Company Limited (CSEC Guohua)	**11**	(17)
CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang)	**222**	159
OneEnergy Taiwan Ltd (OneEnergy Taiwan)	**171**	93
ShenGang Natural Gas Pipeline Company Limited (SNGPC)	**72**	70
Shandong Zhonghua Power Company, Ltd. (SZPC)	**(15)**	(1)
Hong Kong LNG Terminal Limited (HKLTL)	**–**	–
Others	**84**	121
	545	425

15. Interests in and Loans to Joint Ventures (continued)

	CSEC Guohua HK$M	Fang-chenggang HK$M	OneEnergy Taiwan HK$M	SNGPC[a] HK$M	SZPC HK$M	HKLTL[b] HK$M	Others HK$M	Total HK$M
At 30 June 2020								
Group's share of net assets	**2,292**	**2,084**	**1,733**	**882**	**408**	**–**	**2,333**	**9,732**
Goodwill	**–**	**–**	**–**	**–**	**–**	**–**	**70**	**70**
Interests in joint ventures	**2,292**	**2,084**	**1,733**	**882**	**408**	**–**	**2,403**	**9,802**
Loans to joint ventures	**–**	**–**	**–**	**118**	**–**	**398**	**8**	**524**
	2,292	**2,084**	**1,733**	**1,000**	**408**	**398**	**2,411**	**10,326**
At 31 December 2019								
Group's share of net assets	2,367	2,062	1,539	904	438	–	2,334	9,644
Goodwill	–	–	–	–	–	–	71	71
Interests in joint ventures	2,367	2,062	1,539	904	438	–	2,405	9,715
Loans to joint ventures	–	–	–	181	–	98	5	284
	2,367	2,062	1,539	1,085	438	98	2,410	9,999

Notes:

(a) Loan to SNGPC is unsecured, carries interest at 90% (31 December 2019: 90%) of the over five years Renminbi benchmark lending rate of the People's Bank of China and with final maturity in June 2022. The current portion of the loan of HK$119 million (31 December 2019: HK$121 million) was included in the Group's trade and other receivables.

(b) 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 2020, outstanding committed shareholder's loan facilities by the Group as 70% shareholder of HKLTL amounted to HK$1,233 million (31 December 2019: HK$1,533 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 2020 HK$M	2019 HK$M
Group's share of profit and total comprehensive income		
Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC)	**494**	468
Yangjiang Nuclear Power Co., Ltd. (Yangjiang Nuclear)	**376**	447
	870	915

	30 June 2020 HK$M	31 December 2019 HK$M
Group's share of net assets		
GNPJVC	**1,268**	1,760
Yangjiang Nuclear	**6,470**	6,948
	7,738	8,708

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

17. Derivative Financial Instruments

	30 June 2020		31 December 2019	
	Assets HK$M	**Liabilities HK$M**	Assets HK$M	Liabilities HK$M
Cash flow hedges				
Forward foreign exchange contracts	**30**	**111**	38	77
Foreign exchange options	**17**	**–**	19	–
Cross currency interest rate swaps	**332**	**1,169**	206	756
Interest rate swaps	**–**	**161**	26	44
Energy contracts	**1,675**	**1,553**	1,701	931
Fair value hedges				
Cross currency interest rate swaps	**290**	**75**	–	142
Interest rate swaps	**43**	**22**	–	44
Not qualifying as accounting hedges				
Forward foreign exchange contracts	**111**	**33**	242	44
Interest rate swaps	**21**	**5**	20	1
Energy contracts	**529**	**231**	172	259
	3,048	**3,360**	2,424	2,298
Current	**1,359**	**874**	1,035	993
Non-current	**1,689**	**2,486**	1,389	1,305
	3,048	**3,360**	2,424	2,298

18. Trade and Other Receivables

	30 June 2020 HK$M	31 December 2019 HK$M
Trade receivables	**13,279**	10,791
Deposits, prepayments and other receivables	**1,413**	1,985
Dividend receivables from		
Joint ventures	**113**	80
Associates	**726**	–
Equity investments	**12**	–
Loans to and current accounts with		
Joint ventures	**126**	129
Associates	**1**	1
	15,670	12,986

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

	30 June 2020 HK$M	31 December 2019 HK$M
30 days or below *	**11,251**	8,237
31 – 90 days	**590**	869
Over 90 days	**1,438**	1,685
	13,279	10,791

* Including unbilled revenue

19. Trade Payables and Other Liabilities

	30 June 2020 HK$M	31 December 2019 HK$M
Trade payables [(a)]	**4,912**	5,850
Other payables and accruals	**6,030**	6,743
Lease liabilities [(b)]	**184**	99
Advances from non-controlling interests	**1,379**	1,344
Current accounts with		
Joint ventures	**1**	1
Associates	**620**	468
Deferred revenue	**3,114**	3,081
	16,240	17,586

Notes:

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

	30 June 2020 HK$M	31 December 2019 HK$M
30 days or below	**4,747**	5,580
31 – 90 days	**83**	172
Over 90 days	**82**	98
	4,912	5,850

(b) At 30 June 2020, the non-current portion of lease liabilities of HK$583 million (31 December 2019: HK$208 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 2020 HK$M	31 December 2019 HK$M	**30 June 2020 HK$M**	31 December 2019 HK$M	**30 June 2020 HK$M**	31 December 2019 HK$M
Within one year	**8,972**	9,331	**106**	4,220	**9,078**	13,551
Between one and two years	**3,259**	4,957	**3,309**	3,332	**6,568**	8,289
Between two to five years	**4,676**	4,395	**8,358**	6,015	**13,034**	10,410
Over five years	**3,161**	3,423	**24,596**	16,676	**27,757**	20,099
	20,068	22,106	**36,369**	30,243	**56,437**	52,349

* Other borrowings mainly included Medium Term Notes of HK$35,384 million (31 December 2019: HK$28,677 million) and bonds of HK$961 million (31 December 2019: HK$1,539 million).

21. SoC Reserve Accounts

The 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 SoC reserve accounts. The respective balances at the end of the period / year are:

	30 June 2020 HK$M	31 December 2019 HK$M
Tariff Stabilisation Fund	**1,489**	1,478
Rate Reduction Reserve	**12**	22
Rent and Rates Refunds (note)	**120**	–
	1,621	1,500

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 the appeals up to 2007 / 08 have been settled, final resolution for the remaining appeals for rating years from 2008 / 09 has not yet been completed.

A further interim refund of HK$300 million was received in the period, bringing the total interim refunds paid by the Hong Kong Government on a without prejudice basis for the appeal years 2008 / 09 to 2017 / 18 to HK$1,057 million. Using the refunds received (totalling HK$2,354 million including the interim refunds), CLP Power Hong Kong has provided customers with the Rent and Rates Special Rebate. Including the rebate of HK$180 million paid during the first half of 2020, the Rent and Rates Special Rebate made by CLP Power Hong Kong has reached an aggregate of HK$2,234 million.

CLP Power Hong Kong maintains that it will recover no less than the interim refunds received to date for the remaining years under appeal in the final outcome of these appeals. The rent and rates refunds are classified within the SoC reserve accounts, and the Rent and Rates Special Rebate to customers was offset against the refunds received.

In the event that the final amount recovered on conclusion of the remaining appeals is less than the total amount rebated to customers in respect of these years, CLP Power Hong Kong will seek to recover any shortfall in the amounts of Rent and Rates Special Rebate already paid to customers. Similarly, if the final amount recovered for the remaining years exceeds the special rebates paid out, the additional amounts will be returned to customers.

22. Reserves

	Translation Reserves HK$M	Cash Flow Hedge Reserve HK$M	Costs of Hedging Reserves 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)
Amortisation / reclassification to profit or loss	–	–	17	–	–	17
Tax on the above items	–	–	45	–	–	45
Fair value loss on equity 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**

22. Reserves (continued)

	Translation Reserves HK$M	Cash Flow Hedge Reserve HK$M	Costs of Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2019	(7,429)	404	(43)	1,567	91,311	85,810
Loss attributable to shareholders	–	–	–	–	(907)	(907)
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	(206)	(10)	–	–	10	(206)
Joint ventures	(28)	–	–	–	–	(28)
Associates	3	–	–	–	–	3
Cash flow hedges						
Net fair value gains	–	793	–	–	–	793
Reclassification to profit or loss	–	198	–	–	–	198
Tax on the above items	–	(298)	–	–	–	(298)
Costs of hedging						
Net fair value losses	–	–	(11)	–	–	(11)
Amortisation / reclassification to profit or loss	–	–	39	–	–	39
Tax on the above items	–	–	(6)	–	–	(6)
Fair value gain on equity investments	–	–	–	41	–	41
Remeasurement losses on defined benefit plans	–	–	–	–	(10)	(10)
Total comprehensive income attributable to shareholders	(231)	683	22	41	(907)	(392)
Appropriation of reserves	–	–	–	(15)	15	–
Dividends paid						
2018 fourth interim	–	–	–	–	(3,006)	(3,006)
2019 first interim	–	–	–	–	(1,592)	(1,592)
Acquisition of non-controlling interests	–	–	–	10	–	10
Balance at 30 June 2019	(7,660)	1,087	(21)	1,603	85,821	80,830

23. Commitments

(A) Capital expenditure on fixed assets, leasehold land and intangible assets contracted for but not yet incurred at the end of the period amounted to HK$8,276 million at 30 June 2020 (31 December 2019: HK$6,580 million).

(B) At 30 June 2020, the total future lease payments for leases committed but not yet commenced in relation to land and building were HK$759 million (31 December 2019: land and building and a water treatment plant of HK$778 million and HK$694 million respectively).

(C) The Group has committed to purchase power transmission assets and a solar farm in India at a total consideration of approximately HK$908 million (31 December 2019: power transmission assets of approximately HK$1.3 billion). At 30 June 2020, the transactions remain subject to certain regulatory approvals. In addition, equity contributions to be made for joint ventures and private equity partnerships were HK$72 million (31 December 2019: HK$75 million) and HK$102 million (31 December 2019: HK$115 million) respectively.

(D) At 30 June 2020, the Group's share of capital, lease and other commitments of its joint ventures and associates were HK$4,033 million (31 December 2019: HK$3,135 million) and HK$623 million (31 December 2019: HK$1,317 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 2020, purchases of nuclear electricity from Guangdong Daya Bay Nuclear Power Station amounted to HK$3,095 million (2019: HK$3,087 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 2020 are disclosed in Notes 18 and 19 respectively. At 30 June 2020, the Group did not have any guarantees which were of a significant amount given to or received from these entities (31 December 2019: nil).

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

	Six months ended 30 June	
	2020	2019
	HK$M	HK$M
Fees	**6**	6
Recurring remuneration items (note)		
Base compensation, allowances & benefits	**34**	34
Performance bonus		
Annual incentive	**26**	32
Long-term incentive	**39**	52
Provident fund contribution	**7**	7
Non-recurring remuneration item (note)		
Other payments	**–**	8
	112	139

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

Key management personnel at 30 June 2020 comprised ten (30 June 2019: twelve) Non-executive Directors, two (30 June 2019: two) Executive Directors and nine (30 June 2019: nine) senior management personnel.

25. Contingent Liabilities

(A) CLP India – Deemed Generation Incentive Payment and Interest on Deemed Loans

This is a dispute between CLP India Private Limited (CLP India) and its offtaker Gujarat Urja Vikas Nigam Limited (GUVNL) under the PPA for Paguthan Plant (Paguthan). GUVNL is required to make a "deemed generation incentive" payment to CLP India when plant availability is above a set threshold. GUVNL has been making such payments since December 1997.

In September 2005, GUVNL filed a petition before the Gujarat Electricity Regulatory Commission (GERC) claiming that the "deemed generation incentive" payment should not be paid for periods when Paguthan is declared with availability to generate on "naphtha" as fuel rather than on "gas". GUVNL's contention is based on a 1995 Government of India notification which disallowed "deemed generation incentive" for naphtha-based power plants. The total amount of the claim plus interest and tax with respect to the "deemed generation incentive" is Rs8,533 million (HK$876 million) as at 30 June 2020. CLP India's position, amongst other arguments, is that Paguthan is not naphtha-based and therefore the Government of India notification does not apply to disallow the payments of the "deemed generation incentive".

25. Contingent Liabilities (continued)

(A) CLP India – Deemed Generation Incentive Payment and Interest on Deemed Loans (continued)

GUVNL also claimed that CLP India has wrongly received interest on "deemed loans" under the PPA. GUVNL's claim rests on two main grounds: (i) CLP India had agreed that interest paid by GUVNL for the period from December 1997 to 1 July 2003 was to be refunded; and (ii) interest was to be calculated on a reducing balance rather than on the basis of a bullet repayment on expiry of the loan term. The total amount of the claim plus interest for the "deemed loans" amounts to a further Rs830 million (HK$85 million) (31 December 2019: Rs830 million (HK$91 million)).

In February 2009, the GERC found in favour of GUVNL on the "deemed generation incentive" but held that GUVNL's claim up to 14 September 2002 was time-barred under the Limitations Act of India. The GERC also dismissed GUVNL's claim to recover interest on the "deemed loans". CLP India appealed the GERC's decision to the Appellate Tribunal for Electricity (APTEL). GUVNL also filed an appeal against the order for the time-barred claim. In January 2010, the APTEL upheld the decision of the GERC. Both CLP India and GUVNL then filed further cross appeals in the Supreme Court of India.

In view of the expiry of the PPA in December 2018 and uncertainty on the timing of recoverability, a provision of Rs3,796 million (HK$450 million) was made in 2018 against the amounts withheld by GUVNL.

In May 2020, the Supreme Court of India dismissed the appeals by CLP India and GUVNL and upheld the decision of the APTEL. Either party could file a petition to review the Supreme Court judgment. Based on advice from external counsel, the Group is of the view that the probability of the Supreme Court allowing a review petition by GUVNL in this matter is not very high. No provision has been made in respect of the time-barred portion of the claim totalling Rs4,737 million (HK$486 million) (31 December 2019: Rs4,737 million (HK$517 million)) in the financial statements.

(B) Indian Wind Power Projects – WWIL's Contracts

CLP India 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. CLP India group, as a customer of WWIL, has been named as a defendant. Enercon GmbH is also seeking an injunction restraining CLP India group's use of certain rotor blades acquired from WWIL. As at 30 June 2020, 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.

(C) JPL – Disputed Charges with Offtakers

JPL has disputes with its offtakers over applicable tariff of capacity charges and energy charges relating to transit loss. At 30 June 2020, total disputed amounts were Rs3,064 million (HK$314 million) (31 December 2019: Rs3,034 million (HK$331 million)). The Group considers that JPL has a strong case and hence, no provision has been made.

In September 2013, JPL filed a petition to Central Electricity Regulatory Commission (CERC) against its offtakers. In 2016, CERC pronounced its judgment in favour of JPL, which supports the Group's decision that no provision should be made.

The offtakers filed an appeal against the CERC's order in the APTEL and JPL filed an appeal challenging certain findings of the CERC. The APTEL hearing concluded on 16 June 2020 and the matter is now reserved for judgment.

25. Contingent Liabilities (continued)

(D) EnergyAustralia – Disposal of Iona Gas Plant

In December 2015, EnergyAustralia completed the disposal of its entire interest in the Iona Gas Plant for a total consideration of A$1,780 million (HK$9,991 million). On 19 May 2017, EnergyAustralia received a Statement of Claim issued by Lochard Energy (Iona Operations Holding) Pty Ltd (Lochard), the purchaser of the Iona Gas Plant, and certain related entities (together "the plaintiff"), commencing formal legal proceedings seeking A$967 million (approximately HK$5,141 million) or alternatively A$780 million (approximately HK$4,147 million) in damages. The claims allege that certain information regarding the technical performance of the Iona Gas Plant, and on which the plaintiff claims to have relied to make its offer, were incomplete or misleading.

On 6 May 2019, an amended Statement of Claim was issued by the plaintiff which introduced (as a third alternative method of quantifying its damages) a damages claim based on the cost to fix the alleged issues with the plant as well as alleged associated losses and costs.

Following further amendments to its Statement of Claim in 2020, Lochard has indicated in particulars that it now estimates the amount of:

(a) its original claim to be in the range of A$840 million to A$1.2 billion (approximately HK$4,466 million to HK$6,380 million); and

(b) its alternative claim to be in the range of A$337 million to A$412 million (approximately HK$1,792 million to HK$2,191 million), each based on a range of specified assumptions.

EnergyAustralia has rejected the claims and is vigorously defending the legal proceedings. On the basis of currently available information, the Directors' view is that a material outflow of economic benefits is unlikely and no provision has been made in the financial statements.

26. Fair Value Hierarchy of Financial Instruments

(A) Fair value hierarchy

The Group's financial instruments measured and recognised 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 2020				
Financial assets				
Investments at fair value through other comprehensive income	**228**	**–**	**35**	**263**
Investments at fair value through profit or loss	**–**	**–**	**250**	**250**
Forward foreign exchange contracts	**–**	**141**	**–**	**141**
Foreign exchange options	**–**	**17**	**–**	**17**
Cross currency interest rate swaps	**–**	**622**	**–**	**622**
Interest rate swaps	**–**	**64**	**–**	**64**
Energy contracts	**323**	**707**	**1,174**	**2,204**
	551	**1,551**	**1,459**	**3,561**
Financial liabilities				
Forward foreign exchange contracts	**–**	**144**	**–**	**144**
Cross currency interest rate swaps	**–**	**1,244**	**–**	**1,244**
Interest rate swaps	**–**	**188**	**–**	**188**
Energy contracts	**12**	**909**	**863**	**1,784**
	12	**2,485**	**863**	**3,360**
At 31 December 2019				
Financial assets				
Investments at fair value through other comprehensive income	296	–	35	331
Investments at fair value through profit or loss	–	–	247	247
Forward foreign exchange contracts	–	280	–	280
Foreign exchange options	–	19	–	19
Cross currency interest rate swaps	–	206	–	206
Interest rate swaps	–	46	–	46
Energy contracts	–	288	1,585	1,873
	296	839	1,867	3,002
Financial liabilities				
Forward foreign exchange contracts	–	121	–	121
Cross currency interest rate swaps	–	898	–	898
Interest rate swaps	–	89	–	89
Energy contracts	514	168	508	1,190
	514	1,276	508	2,298

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 2020 and 2019, there were no transfers between Level 1 and Level 2.

You may refer to page 291 of the 2019 Annual Report for the definitions of Levels 1, 2 and 3.

26. Fair Value Hierarchy of Financial Instruments (continued)

(B) Valuation techniques used to determine fair values

The valuation technique and inputs used in the fair value measurements within Level 2 and Level 3 are as follows:

Financial Instruments	Valuation Technique	Significant Inputs
Investments at fair value through profit or loss	Recent transactions	Based on recent arm's length transactions
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 2020			Six months ended 30 June 2019		
	Investments HK$M	**Energy Contracts HK$M**	**Total HK$M**	Investments HK$M	Energy Contracts HK$M	Total HK$M
Opening balance	**282**	**1,077**	**1,359**	136	339	475
Total (losses) / gains recognised in						
Profit or loss and presented in fuel and other operating expenses (note)	**(10)**	**136**	**126**	8	129	137
Other comprehensive income	**–**	**(717)**	**(717)**	–	1,097	1,097
Purchases	**13**	**–**	**13**	114	–	114
Settlements	**–**	**(185)**	**(185)**	–	(459)	(459)
Transfer out of Level 3	**–**	**–**	**–**	–	49	49
Closing balance	**285**	**311**	**596**	258	1,155	1,413

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$10 million (2019: HK$5 million).

At 30 June 2020 and 31 December 2019, the valuation of long tenure energy contracts is sensitive to electricity pool price assumptions. A favourable and unfavourable change of 15% (31 December 2019: 15%) would cause the balance of the energy contracts to rise by HK$755 million (31 December 2019: HK$859 million) and decline by HK$757 million (31 December 2019: HK$860 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 2020 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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 3 August 2020

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 295 and 296 of the 2019 Annual Report. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies.

	Six months ended 30 June	
	2020	2019
	HK$M	HK$M
SoC revenue	**19,689**	18,952
Expenses		
Operating costs	**2,293**	2,492
Fuel	**6,902**	6,375
Purchases of nuclear electricity	**2,565**	2,583
Provision for asset decommissioning	**57**	119
Depreciation	**2,427**	2,363
Operating interest	**490**	484
Taxation	**839**	780
	15,573	15,196
Profit after taxation	**4,116**	3,756
Interest on increase in customers' deposits	**–**	2
Interest on borrowed capital	**592**	551
Profit for SoC	**4,708**	4,309
Transfer from Tariff Stabilisation Fund	**11**	248
Permitted return	**4,719**	4,557
Deduct interest on		
Increase in customers' deposits as above	**–**	2
Borrowed capital as above	**592**	551
Tariff Stabilisation Fund to Rate Reduction Reserve	**12**	7
	604	560
Net return	**4,115**	3,997
Divisible as follows:		
CLP Power Hong Kong	**2,745**	2,696
CAPCO	**1,370**	1,301
	4,115	3,997
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	**2,745**	2,696
Interest in CAPCO	**959**	911
	3,704	3,607

Information for Our Investors

Financial Diary – 2020 Interim Results and Second Interim Dividend

Publication dates

Interim results and second interim dividend announcement	3 August 2020
Interim report available online:	10 August 2020

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

Interim report posted to shareholders	18 August 2020

Dividend-related dates

Ex-dividend date	2 September 2020
Latest time for lodging share transfer documents for registration	3 September 2020 (Not later than 4:30 p.m.)
Book close date	4 September 2020
Payment date	15 September 2020

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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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.

The cover of our 2020 Interim Report displays a myriad of radiating light beams in a rich palette of colours, evoking CLP's unwavering commitment to impart positive energy into the communities through ongoing business innovations almost 120 years since our founding.

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