中電控股有限公司
CLP Holdings Limited
(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

Quarterly Statement 2021 (January – September)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the nine months ended 30 September 2021 are summarised in this Quarterly Statement.

Hong Kong

Electricity sales in Hong Kong increased to 27,506GWh in the first nine months of 2021, 4.1% higher than the same period a year ago. Demand improved with the progressive recovery of the city's economy as the Government's vaccination programme and the easing of social-distancing restrictions allowed more people to return to offices and schools. Power consumption also increased due to the hot summer weather. The following table shows the year-on-year changes in electricity sales:

	Increase/(Decrease)		% of Total Local Sales
Residential	198GWh	2.4%	30%
Commercial	419GWh	4.2%	38%
Infrastructure & Public Services	416GWh	5.9%	27%
Manufacturing	47GWh	3.8%	5%

CLP continued to focus on investments to decarbonise Hong Kong's electricity supply, advancing key natural gas-based projects to progressively replace coal-fired capacity and further reduce the carbon intensity of the city's power generation. Early civil works on a second new combined-cycle gas turbine generator at Black Point Power Station were completed, while work on engineering, procurement, and construction contracting progressed well. The unit is scheduled to enter service in 2023. In parallel, marine installation of the offshore jetty and the laying of subsea gas pipelines commenced as planned at the offshore LNG terminal project due for completion in 2022, which will bring an alternative source of natural gas to Hong Kong.

To explore opportunities of increasing local renewable energy generation, CLP started pre-development studies for a possible offshore wind farm in the south-eastern waters of Hong Kong as the cost-effectiveness of offshore wind turbines continue to improve.

CLP and the Airport Authority Hong Kong jointly designed and developed the city's largest battery energy storage system with maximum power output of 4MW, helping guarantee a reliable, world-class electricity supply for the airport. The system was constructed, installed, and commissioned by CLP*e* Solutions, a CLP Group subsidiary, and went into service in June. CLP also worked with the Airport Authority to develop a predictive control system for air conditioning in Terminal 1, highlighting the increasing importance of digitalisation in empowering smarter, more efficient energy services.

The response to CLP's Renewable Energy Feed-in Tariff scheme remained strong. Projects with a combined capacity of over 239MW were approved or connected to the grid at the end of September. More than 1.1 million smart meters were connected by the end of September in a rolling initiative to replace conventional electricity meters with smart meters for all Hong Kong customers. Smart meters give customers greater insights into their electricity use, and allow them to take part in demand response programmes to reduce their consumption.

CLP welcomes and supports the net-zero carbon emissions targets and measures set out in the Government's Climate Action Plan 2050 to help the city achieve carbon neutrality before mid-century. CLP will continue to promote the development of local renewable energy, and work together with the Government to explore ways to enhance regional cooperation on zero-carbon energy. CLP also remains committed to helping customers manage energy demand and improve energy efficiency, as well as further promoting the electrification of transport and other sectors.

Developments in energy technologies will help accelerate the pace of decarbonisation in electricity generation. In September, a memorandum of understanding agreement with GE was signed for a new partnership to jointly develop a decarbonisation roadmap for CLP's gas-fired power generation facilities in Hong Kong, including the use of carbon-free fuels such as hydrogen.

Mainland China

CLP's non-carbon energy portfolio in Mainland China maintained a steady performance as the economy rebounded from the COVID-19 pandemic. However, thermal energy capacities were severely impacted by high coal prices.

In Guangdong province, the performance of Daya Bay Nuclear Power Station remained stable, while generation at Yangjiang Nuclear Power Station increased compared with last year.

Contributions from wind energy projects remained stable this year. Construction meanwhile progressed at Qian'an III Wind Farm in Jilin province, CLP's first grid-parity renewable energy project in Mainland China designed to operate without Government subsidies. In March 2021, CLP divested its minority stakes in two ageing wind farms in Liaoning province.

Generation from CLP's solar energy assets was slightly higher than the same period last year, mainly due to higher solar irradiance. However, output from CLP's hydro portfolio decreased because of reduced water resources in Sichuan and Guangdong provinces.

Fangchenggang Power Station in the Guangxi Zhuang Autonomous Region kept up a high level of generation in response to stronger electricity demand and reduced competition from hydro power plants. However, as reported in CLP's 2021 Interim Results, higher coal prices significantly reduced operating margins in the first half of 2021 and led to the thermal portfolio operating at a loss. Since that time coal prices have continued to rise placing further pressure on the operating margins and contributions across all of CLP's coal-fired assets.

The incremental distribution network at Fangchenggang Hi-Tech Zone, CLP's first investment in Mainland China's distribution sector launched in 2020, continued to draw new customers.

CLP is strengthening efforts to capture opportunities from energy infrastructure and smart energy development, capitalising on Government measures to reduce carbon intensity and increase energy efficiency under the 14th Five-Year Plan. In July, CLP signed a contract to invest in and operate a centralised cooling system at the Po Park Shopping Plaza in Guangzhou, signalling a new area of opportunities for CLP in the Greater Bay Area.

Australia

EnergyAustralia maintained its support for customers as the Australian economy continued to be hampered by ongoing COVID-19 restrictions. Despite the pandemic, the business remained focused on advancing a portfolio of new projects to provide clean, flexible generation and support the energy transition in the country.

In July, EnergyAustralia set new average electricity rates that were lower for most customers on a market contract in New South Wales, South Australia and Queensland, helping to relieve economic strains as lockdown restrictions continued to affect households and businesses. Customers struggling with the financial pressures caused by the COVID-19 pandemic continued to receive support from EnergyAustralia to manage their energy bills.

Bad debt expenses have been lower this year, and the retail business has also benefitted from resetting solar feed-in tariffs to better reflect wholesale prices for solar energy. However, intense market competition resulted in lower margins on new customer accounts. Customer numbers have been stable in recent months, and are down marginally from this time last year.

Generation from EnergyAustralia's power stations increased compared with the same period in 2020. However, wholesale power prices in the National Electricity Market have been lower this year, with periods of volatility from May to July. EnergyAustralia progressively hedges the output from its major power plants over two to three years. Realised prices and margins achieved by the generators have therefore declined significantly in line with the decline in average prices in the market over this time.

Output was marginally lower at Yallourn Power Station, where mine production was suspended as a precaution following exceptionally heavy rainfall in June. While there was no flooding, cracks were discovered in the structures of the Morwell River Diversion running through the Yallourn mine. The power plant was operating at restricted capacity during the latter parts of June before returning to normal operations. To assess the damage to the diversion and potential rectification options, construction of a pipeline to divert excess water into a nearby mine is in progress and expected to complete before the end of 2021.

Meanwhile, Mount Piper Power Station increased generation this year, with operations protected from the impact of high coal prices through a fixed-price agreement with the fuel supplier. A major maintenance outage at the power station previously scheduled for this year has been deferred to 2022 as a result of the COVID-19 situation in New South Wales and a focus on protecting the health of workers. A planned maintenance programme at Yallourn commenced in September to enhance the plant's reliability and performance to meet summer demand.

To help secure the energy supply in Victoria and enable more renewable energy to enter the system, EnergyAustralia has committed to building a 350MW utility-scale battery in Wooreen, adjacent to Jeeralang Power Station. EnergyAustralia began preliminary feasibility studies on technical requirements and potential environmental impacts of the battery storage project. The project is scheduled to be built by the end of 2026, supporting power reliability before the scheduled retirement of Yallourn Power Station in 2028.

EnergyAustralia will soon begin preparation works on the new Tallawarra B project, Australia's first net-zero emissions power plant designed specifically to use a blend of green hydrogen and natural gas. With generation capacity of more than 300MW, Tallawarra B is scheduled to begin operations for the 2023-24 Australian summer, helping to provide reliable, affordable and cleaner electricity supply as coal-fired generation capacity exits the market. In Queensland, EnergyAustralia has underpinned the 250MW Kidston pumped hydro energy storage project through a long-term energy dispatch agreement with the developer, and the plant is expected to complete construction in 2024.

India

CLP's subsidiary in India was recently renamed Apraava Energy Private Limited (Apraava), as the business strives for a new phase of growth through strengthening its focus on clean energy opportunities, power transmission and other customer-focused energy businesses. In the nine-month period, generation from Apraava's renewable energy portfolio increased, as gradually-easing COVID-19 restrictions across India drove a recovery in electricity demand. Output from wind energy assets was boosted by higher plant and grid availability during the monsoon season, when wind resources are generally at their strongest. In June, the Andhra Lake, Samana and Mahidad wind power plants were temporarily affected as Cyclone Tauktae damaged turbines and transmission lines. Normal operations resumed shortly afterwards. Operations at the Samana plant were impacted by flooding from heavy rainfall in September, but were quickly restored.

Substantial progress was made in construction of the new Sidhpur wind farm in Gujarat, which began this year. Power transmission infrastructure connecting the new plant is also under construction as scheduled. The Government granted an extension from November 2021 to August 2022 for the commissioning of the project because of delays caused by COVID-19 and other external factors.

Generation from Apraava's solar energy portfolio improved following the acquisition of two solar assets in 2020, as well as greater plant availability.

Jhajjar Power Station recorded strong performance with the support of a major maintenance programme carried out in the first quarter. The safety performance of Jhajjar gained further industry recognition with an award from the Royal Society for the Prevention of Accidents. The plant also received an award for business excellence from the Confederation of Indian Industries. In late September, Jhajjar temporarily halted generation at one of its two units for about one week as domestic coal shortages across India were exacerbated by cyclonic storms and heavy rains in key mining regions, resulting in sharply reduced fuel supplies to the plant. Jhajjar is focused on procuring sufficient supplies of domestic coal to maintain operations and fulfil strong market demand for electricity, as imported coal prices have surged.

Apraava's acquisition of Kohima Mariani Transmission Limited, an interstate power transmission asset, is on course for completion in the fourth quarter. The Satpura Transco Private Limited power transmission asset has operated with a high level of availability since being taken over in November 2019.

Southeast Asia and Taiwan

Ho-Ping Power Station in Taiwan maintained stable operations amid coal supply challenges. The plant's contributions to the Group were impacted by high fuel costs.

Lopburi Solar Farm in Thailand also performed steadily. CLP is continuing to explore other renewable energy investment opportunities in Southeast Asia and Taiwan.

Climate Vision 2050

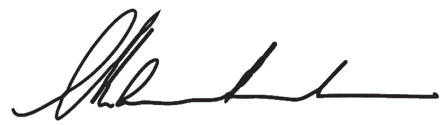
CLP updated its Climate Vision 2050 to accelerate decarbonisation of the business. The Group committed to achieving net-zero greenhouse gas emissions across the value chain by 2050. Coal-fired generation assets will be phased out by 2040, a decade earlier than previously pledged. In the interim, the Group has set new science-based targets for 2030 and strengthened its 2040 targets to align with the goal of limiting global warming to well-below 2°C above pre-industrial levels. EnergyAustralia released an update to its Climate Change Statement reinforcing the commitments it made in 2020 to net-zero emissions by 2050.

Climate Vision 2050 was updated following a strategic review this year. The review considered a comprehensive range of factors including the latest climate science, technology trends, the regulatory environment, the risks and opportunities to the business as well as the views of key internal and external stakeholders. CLP remains committed to strengthening its decarbonisation targets at least every five years, in recognition of the need to align with the goal of limiting global warming to 1.5°C, and the future evolution of government climate policies and technological advancements.

Third Interim Dividend

Today, the Board of Directors of the Company declared the third interim dividend for 2021 of HK$0.63 per share (2020: HK$0.63 per share) payable on 15 December 2021 to Shareholders registered as at 6 December 2021. The dividend of HK$0.63 per share is payable on the existing 2,526,450,570 shares in issue.

The Register of Shareholders will be closed on 6 December 2021. To rank for the third interim dividend, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 3 December 2021.



The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 18 October 2021

The Directors of the Company as at the date of this Quarterly Statement are:

Non-executive Directors:	The Hon Sir Michael Kadoorie, Mr William Mocatta, Mr J. A. H. Leigh, Mr Andrew Brandler and Mr Philip Kadoorie
Independent Non-executive Directors:	Sir Rod Eddington, Mr Nicholas C. Allen, Mrs Fanny Law, Mrs Zia Mody, Ms May Siew Boi Tan, Ms Christina Gaw and Mr Chunyuan Gu
Executive Director:	Mr Richard Lancaster

This Statement is also available at the Investor Relations section on the Company's website at www.clpgroup.com.

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You can ask to change[2] your choice of (a) language (English and/or Chinese); and/or (b) 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, Computershare Hong Kong Investor Services Limited, 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.