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

CLP 中電 | 120 years 同行望遠 of shared vision

Quarterly Statement 2021 (January – March)

To Shareholders:

The operations of CLP Holdings Limited (the Company) for the three months to 31 March 2021 are summarised in this Quarterly Statement.

Hong Kong

Electricity sales in Hong Kong totalled 6,821GWh during the period, an increase of 0.9% from a year earlier. This is mainly driven by a colder-than-usual January, an exceptionally warm March in 2021 and higher demand from the residential sector as people stayed and worked from home. The rise in sales was partially offset by measures adopted across the community to combat the COVID-19 pandemic, which continued to impact electricity sales in the Commercial and the Infrastructure & Public Services sectors, especially affecting such segments as restaurants, hotels, retail, schools and public amenities. Amid the ongoing growth in user demand for cloud-based services such as e-commerce and video conferencing, electricity sales to data centre operators continued to increase. The following table shows the year-on-year changes in local electricity sales during the period:

	Increase/(Decrease)		% of Total Local Sales
Residential	276GWh	17.0%	28%
Commercial	(151GWh)	(5.4%)	39%
Infrastructure & Public Services	(63GWh)	(3.2%)	28%
Manufacturing	1GWh	0.3%	5%

Despite the continuing challenges of COVID-19, CLP is committed to ongoing efforts towards decarbonisation. Following the commissioning of a new 550MW Combined-Cycle Gas Turbine (CCGT) unit at Black Point Power Station in 2020, CLP continued to work towards installing another CCGT generator to enable increased use of cleaner natural gas for electricity generation, while civil work is in progress. Engineering, procurement and construction contracts for the new unit have been awarded. Meanwhile, construction of the offshore LNG terminal project started and installation of the first jacket structure at the jetty site was successfully completed. Laying of the subsea gas pipe is underway.

Following the announcement last year made by the Chief Executive of the Hong Kong Special Administrative Region for the city to strive to achieve carbon neutrality by 2050, CLP started discussions with the Government to contribute to a preliminary decarbonisation roadmap for achieving the target. With the latest developments in offshore wind technology, CLP meanwhile continued to study the feasibility of constructing an offshore wind farm in the south-eastern waters of Hong Kong and engage relevant stakeholders.

Green transport will also play an important role, and CLP is supporting the installation of electric vehicle (EV) charging facilities in residential buildings through its Eco Charge 2.0 programme launched in 2020. The programme provides one-stop technical support to applicants for funding to install charging infrastructure under the Government's EV-charging at Home Subsidy Scheme. More than 340 applications from building owners and estate managers have been received so far, covering a total of around 90,000 parking bays. To date, CLP has completed preliminary assessments for around 90% of the applicants. It is also working closely with the Government following the launch in March of its new road map for the popularisation of EVs.

To support ongoing improvements in energy efficiency, CLP continued its programme to replace conventional electricity meters with smart meters for all customers, with around 930,000 smart meters connected by the end of March. CLP has also received a positive response to its Renewable Energy Feed-in Tariff scheme, with a total of 14,400 applications received by the end of the first quarter, of which around 90% – representing a combined capacity of around 200MW – having been approved or already connected to the grid.

CLP continued to offer extensive support to employees, customers and people in need in Hong Kong as the pandemic restricted economic activities and travel. In January, CLP began distributing retail and catering coupons with value of HK$100 to each of nearly 800,000 eligible residential customers and tenants of subdivided units in an initiative aimed at encouraging consumer spending and supporting disadvantaged people. By the end of March, around 35% of the coupons have been redeemed. The programme is part of a HK$160 million package of initiatives for 2021 funded by the CLP Community Energy Saving Fund.

Mainland China

CLP's operations in Mainland China continued to recover from the impact of the COVID-19 outbreak last year, supported by stable performance across the business. Contributions from Daya Bay Nuclear Power Station and Yangjiang Nuclear Power Station in Guangdong remained steady.

Generation from the wind portfolio increased thanks to ample resources and the addition of Laiwu III Wind Farm in Shandong province, which was commissioned in September 2020. CLP divested its minority interests of 24.5% in each of the ageing Mazongshan and Qujiagou wind farms in March, both of which are in the northern province of Liaoning.

CLP increased solar energy generation compared with the same period last year, mainly because of abundant resources. Output from CLP's hydro portfolio was lower, largely because of decreased water flow in projects in Sichuan and Guangdong provinces, and the planned maintenance outages on some of the generation units at the Huaiji plants in Guangdong.

Fangchenggang Power Station in the Guangxi Zhuang Autonomous Region increased output to meet higher demand amid reduced competition from hydro plants. The performance of CLP's minority-owned coal-fired assets was affected by higher coal prices. The incremental distribution network at Fangchenggang Hi-Tech Zone, CLP's first investment in Mainland China's distribution sector, has steadily added more customers since it began operating in early 2020.

The Chinese Government announced plans to reduce China's carbon intensity and increase energy efficiency under the 14th Five-Year Plan, which was approved by the National People's Congress in March. CLP is strengthening its efforts to capture opportunities from new energy infrastructure and smart energy development, with a particular focus on the Greater Bay Area, where the continued growth of innovative, higher-value manufacturing and service industries will increase demand for technology-enabled energy services including building management systems, centralised cooling systems and energy solutions for data centres.

India

Amid the sharp rise in COVID-19 cases in India towards the end of the first quarter, CLP India remained committed to protecting the health and safety of employees, implementing increased precautions including contact tracing and testing where required. Reliable operations have been maintained in support of its customers. Despite the continued severity of the COVID-19 outbreak in India, electricity demand in the country has recovered from the low levels recorded during the national lockdown in 2020. CLP India increased generation from its solar energy portfolio in the first quarter thanks to output from two solar assets acquired in 2020.

Generation from CLP India's wind portfolio declined moderately compared with the same period a year earlier, mainly because of low wind speeds in February. CLP India remains focused on strengthening the operation of its wind assets, and this was reflected by a year-on-year increase in availability. The performance of CLP India's wind farms will benefit from planned upgrades due to commence shortly at the plants in Tejuva and Chandgarh. Further, installation of devices to improve the aerodynamics of turbine blades to increase annual energy production at Harapanahalli Wind Farm is nearing completion. Construction at the new 250.8MW wind energy project in Sidhpur in Gujarat commenced in the first quarter.

During the first quarter, a major maintenance programme was completed on one of the generation units at Jhajjar Power Station. Involving more than 2,000 additional contract workers, it was the largest maintenance programme carried out at the power station since it went into operation in 2012. The project was completed on schedule without any major injuries to personnel, despite the challenges of the pandemic, and will enhance the plant's operational efficiency.

CLP India received approval from the Federal Government in March to proceed with the acquisition of Kohima Mariani Transmission Limited, an interstate transmission network. The transaction is expected to be completed in the second quarter subject to final agreement and fulfilment of agreed conditions precedent. Satpura Transco Private Limited, the transmission asset acquired by CLP India in 2019, meanwhile maintained close to full availability.

Australia

EnergyAustralia significantly progressed plans during the period to decarbonise its business and help lead the energy transition within Australia. In March, EnergyAustralia announced a plan to close Yallourn Power Station in mid-2028, four years earlier than the end of its technical life. EnergyAustralia will work with the Victorian Government to ensure an orderly transition, including support for employees. EnergyAustralia has also committed to building a 350MW, four-hour utility-scale battery close to Jeeralang Power Station in Victoria by the end of 2026. This will be larger than any battery operating in the world today, accelerating the transition to cleaner energy in the state. The advanced closure of Yallourn will result in the earlier recognition of some costs including depreciation and restructuring costs.

In May, EnergyAustralia reached an agreement with the New South Wales Government to build an additional power plant at the Tallawarra site capable of using a blend of green hydrogen and natural gas. With more than 300MW of capacity, the new plant is scheduled to start operations by the 2023/24 Australian summer, and will be the country's first net zero emissions hydrogen/gas power plant, with direct carbon emissions from the project offset over its operational life. In April, construction commenced at the 250MW Kidston pumped storage hydro project in Queensland, in which EnergyAustralia holds the contractual rights over the facility's output once completed. This is the first greenfield pumped hydro energy storage project in the National Electricity Market in almost 40 years.

In the first quarter, wholesale electricity prices were significantly lower than a year earlier, driven by cooler summer weather, available thermal power supply, and the increasing penetration of renewable energy from grid-scale and rooftop solar projects. Unlike the same period last year, however, there was no significant volatility as power supply was generally reliable amid milder weather.

Electricity production and energy sent-out from EnergyAustralia's power stations was higher. This was driven by strong asset reliability following the major maintenance programmes undertaken in 2020. However, volumes in the coming months are expected to be closer to last year's level as more planned outages have been scheduled to ensure the reliability of the assets.

With most generation contracted in advance at rates comparable to the first quarter last year, EnergyAustralia's Energy business was protected from the wholesale price drops. Looking ahead, however, the weakness in forward prices is expected to affect margins as older hedging contracts gradually lapse. In addition, adverse changes in the fair value of EnergyAustralia's energy hedging contracts resulted in a negative non-cash impact in the quarter, in contrast with the large positive changes in fair value reported a year earlier.

Meanwhile, re-contracting of gas purchasing arrangements at higher prices reflecting the international market affected margins in the Energy business, with the impact expected to be sustained through the year.

In the Customer business, competition in the retail electricity market and price regulation continued to affect margins, with no respite for the foreseeable future. Customer accounts dropped by about 14,000 in the quarter, a more moderate decrease compared with the same period in 2020. EnergyAustralia remains focused on providing more efficient, flexible energy services that meet customers' needs while managing operating costs.

Despite an improving outlook in the Australian economy as COVID-19 cases drop, recent cuts to government wage and welfare subsidies and continued constraints in some sectors meant concerns over energy bills have remained prevalent for some users. At the end of the first quarter, EnergyAustralia was continuing to support 22,000 customers experiencing financial hardship through the EnergyAssist programme.

EnergyAustralia reached a settlement agreement in March with Lochard Energy and related entities in relation to the disposal of the Iona Gas Plant. The settlement included payments by EnergyAustralia and the extension of an existing long-term commercial relationship for the provision of gas storage services at Iona to EnergyAustralia. The financial impact of the settlement is consistent with previous disclosure made by CLP.

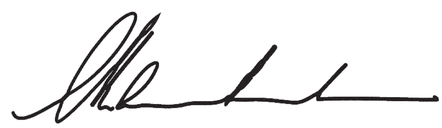
Annual General Meeting (AGM)

The twenty third AGM of the Company was held on 14 May 2021 and the results of the poll were published on the websites of the Company and The Stock Exchange of Hong Kong Limited on the same day. Minutes of the AGM and the proceedings of the Meeting will be available at the Investor Relations section on the Company's website at www.clpgroup.com as soon as practicable.

Dividend

Today, the Board of Directors of the Company declared the first interim dividend for 2021 of HK$0.63 per share payable on 15 June 2021 to Shareholders registered as at 3 June 2021. The dividend of HK$0.63 per share (2020: 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 3 June 2021. To rank for this 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 Wednesday, 2 June 2021.



The Hon Sir Michael Kadoorie
Chairman of the Board of Directors

Hong Kong, 17 May 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 Directors:	Mr Richard Lancaster and Mr Geert Peeters

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

Choice of language and means of receipt of corporate communications[1]

You can ask for this Quarterly Statement in printed form or in a language version other than your existing choice.

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.