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中 電 控 股 有 限 公 司

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Announcement of Interim Results as from 1 January 2021 to 30 June 2021, Dividend Declaration and Closure of Books

Financial Highlights

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Honourable Sir Michael Kadoorie

FINANCIAL PERFORMANCE

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

	Six months ended 30 June		**Increase/**
	2021	2020	**(Decrease)**
	HK$M	HK$M	**%**
Hong Kong electricity business	**3,885**	3,751	3.6
Hong Kong electricity business related*	**134**	102	
Mainland China	**962**	1,253	(23.2)
Australia	**837**	1,194	(29.9)
India	**111**	108	2.8
Southeast Asia and Taiwan	**152**	183	(16.9)
Other earnings in Hong Kong	**20**	(112)	
Unallocated net finance (costs)/income	**(4)**	22	
Unallocated Group expenses	**(399)**	(372)	
Operating earnings	**5,698**	6,129	(7.0)
Items affecting comparability	**(1,083)**	(119)	
Total earnings	**4,615**	6,010	(23.2)

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

The financial performance of individual business segment is analysed as below:

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

India	Lower capacity charge and higher operating and maintenance cost (due to deferral of major maintenance from 2020 to 2021) at Jhajjar largely offset by full six-month profit in 2021 from the two solar projects acquired in March and April 2020 and lower interest expenses at lower rates
Southeast Asia and Taiwan	Lower results at Ho-Ping due to lower energy tariff and lower generation; Lopburi operated steadily with stable solar resource
Items affecting comparability	Items affecting comparability mainly included the following two items from Australia with total impact of HK$1,042 million. In March, the litigation arising from the disposal of Iona Gas Plant was resolved and a settlement was paid and recognised as "other charge" in the profit or loss. In June, extremely heavy rain led to heightened water flows through the Morwell River Diversion (MRD) which runs through the Yallourn mine site. After the incident, cracks were discovered in the MRD structures which may pose a threat to the mine in the future. A provision for examination of the extent of the damage along with potential rectification options was made. Please refer to Notes 4 and 5 of the Financial Information for details on the litigation settlement and the provision respectively.

BUSINESS PERFORMANCE AND OUTLOOK

Hong Kong

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

	Increase / (Decrease)		% of Total Local Sales
Residential	200GWh	4.6%	28%
Commercial	188GWh	3.0%	39%
Infrastructure & Public Services	270GWh	6.1%	28%
Manufacturing	34GWh	4.4%	5%

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

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

In addition to using lower-carbon technologies for power generation, CLP recognises the importance of enabling customers to manage their electricity consumption and increase their energy efficiency as part of a holistic approach to decarbonisation. Since the start of the current Scheme of Control agreement with the Government in October 2018, CLP has helped commercial and industrial customers in Hong Kong achieve over 300GWh of electricity savings through energy efficiency programmes, including the CLP Eco Building Fund, Energy Audit Service and the Electrical Equipment Upgrade Scheme.

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

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

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

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

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

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

Outlook

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

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

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

Mainland China

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

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

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

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

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

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

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

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

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

Outlook

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

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

Australia

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

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

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

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

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

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

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

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

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

Outlook

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

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

India

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

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

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

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

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

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

Outlook

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

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

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

Southeast Asia and Taiwan

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

Outlook

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

Human Resources

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

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

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

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

To recognise the Company's fundamental responsibility to sustainability in the context of global energy transition, CLP launched Group Labour Standards this year that outline CLP's commitment to internationally-recognised principles and conventions, and bring to life its core value of caring for people. CLP received awards for Gender Equality and Family Status Equality in the inaugural Equal Opportunity Employer Recognition Scheme organised by the Equal Opportunities Commission in Hong Kong. These awards provide further recognition of CLP's ongoing efforts in promoting and practising equal opportunity employment in the workplace.

Health and Safety

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

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

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

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

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

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

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

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

Environment

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

Reducing Air Emissions

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

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

Sustainable Water Use

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

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

Climate Change

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

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

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

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

Sustainability Performance

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

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

Innovation

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

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

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

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

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

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the condensed consolidated interim financial statements, which are unaudited but have been reviewed by the Group's external auditor, PricewaterhouseCoopers (PwC), in accordance with Hong Kong Standard on Review Engagements 2410 and by the Audit & Risk Committee. PwC's unmodified review report is included in the Interim Report to be sent to shareholders.

Consolidated Statement of Profit or Loss – Unaudited
for the six months ended 30 June 2021

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited for the six months ended 30 June 2021

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

Consolidated Statement of Financial Position – Unaudited

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

Consolidated Statement of Financial Position – Unaudited (continued)

	Note	30 June 2021 HK$M	Audited 31 December 2020 HK$M
Financed by:			
Equity			
Share capital		**23,243**	23,243
Reserves	*14*	**88,793**	88,957
Shareholders' funds		**112,036**	112,200
Perpetual capital securities		**3,887**	3,887
Other non-controlling interests		**9,818**	9,885
		125,741	125,972
Non-current liabilities			
Bank loans and other borrowings		**46,525**	45,601
Deferred tax liabilities		**15,614**	15,429
Derivative financial instruments		**1,774**	2,135
Scheme of Control (SoC) reserve accounts	*13*	**2,681**	2,374
Asset decommissioning liabilities and retirement obligations		**4,048**	3,963
Other non-current liabilities		**2,700**	2,752
		73,342	72,254
Equity and non-current liabilities		**199,083**	198,226

Notes:

1. Basis of Preparation

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

The accounting policies adopted are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2020. The second phase of the amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform are effective from 1 January 2021, and had no impact on the condensed consolidated interim financial statements.

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

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

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

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

2. Revenue

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

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

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

3. Segment Information

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

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

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

* EBITDAF stands for earnings before interest, taxes, depreciation and amortisation, and fair value adjustments.

3. Segment Information (continued)

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

4. Other Charge

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

5. Operating Profit

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

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

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

6. Income Tax Expense

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

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

7. Dividends

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

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

8. Earnings per Share

The earnings per share are computed as follows:

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

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

9. Fixed Assets

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

10. Right-of-Use Assets

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

11. Trade and Other Receivables

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

11. Trade and Other Receivables (continued)

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

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

* Including unbilled revenue

12. Trade Payables and Other Liabilities

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

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

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

13. SoC Reserve Accounts

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

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

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

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

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

14. Reserves

The movements in reserves attributable to shareholders during the period are shown as follows:

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

15. Commitments

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

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

(C) The Group has committed to purchase a power transmission asset in India at a consideration of approximately HK$789 million (31 December 2020: HK$800 million). At 30 June 2021, the transaction remains subject to completion of certain conditions precedent. At 30 June 2021, the outstanding committed shareholder's loan facilities to a joint venture amounted to HK$895 million (31 December 2020: HK$982 million). In addition, equity contributions to be made for joint ventures and private equity partnerships at 30 June 2021 were HK$56 million (31 December 2020: HK$71 million) and HK$220 million (31 December 2020: HK$183 million) respectively.

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

16. Contingent Liabilities

Indian Wind Power Projects – WWIL's Contracts

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

SUPPLEMENTARY INFORMATION ON TREASURY ACTIVITIES

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

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

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

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

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

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

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

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

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

Thanks to CLP's well proven financial and treasury philosophy, no entities of the Group have encountered any adverse impact arising from the COVID-19 pandemic related to liquidity, financial covenants or debt servicing. As at 30 June 2021, the Group maintained HK$85.8 billion in financing facilities, including HK$13.7 billion for subsidiaries in Mainland China and India. Of the facilities available, HK$56.5 billion had been drawn down, of which HK$10.8 billion related to subsidiaries in Mainland China and India. The Group's net debt to total capital ratio at the end of June was 27.4%, compared with 25.1% at the end of 2020. Fixed-rate debt as a proportion of total debt was 64% without perpetual capital securities, compared with 63% at the end of 2020. With perpetual capital securities, fixed-rate debt as a proportion of total debt was 66%, compared with 65% at the end of 2020. For the six months to 30 June 2021, the FFO (Funds from operations) interest cover was 10 times, compared with 8 times for January to June 2020.

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

As at 30 June 2021, the Group had notional value of outstanding derivative financial instruments amounting to HK$64.3 billion for hedging of foreign exchange and interest rate risks, and notional volumes of outstanding energy derivatives amounting to 268,467GWh, 9 million barrels and 1,785TJ for electricity, oil and gas respectively. The fair value of these derivative instruments was a net surplus of HK$514 million, representing the net amount receivable if these contracts were closed out on 30 June 2021. However, changes in the fair value of derivatives have no impact on cash flows until settlement.

CORPORATE GOVERNANCE

Highlights for the First Half of 2021

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

- Hybrid Annual General Meeting (AGM): In accordance with the Hong Kong Government's social distancing laws and regulations concerning shareholders' meeting of a listed company under COVID-19, the 2021 AGM was held in a hybrid format, allowing shareholders to attend the meeting in person at the AGM venue through prior registration or to join through an online platform. This year, both registered and non-registered shareholders could participate in the online AGM to view, submit questions and cast votes in near real-time through the online platform, enabling shareholders to express their views amid special circumstances.

- Board Refresh: We saw shareholders' strong support for our continuous effort in refreshing the Board with about 99.77% of the votes approving the election of Ms Christina Gaw and Mr Chunyuan Gu as Directors at the 2021 AGM.

- Consultation Response: We shared our views by responding to the consultation paper on "Review of Corporate Governance Code and Related Listing Rules" published by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange).

Corporate Governance Practices

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

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

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

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

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

Remuneration – Non-executive Directors

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

Risk Management and Internal Control

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

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

Interests in CLP Holdings' Securities

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

SECOND INTERIM DIVIDEND

Today, the Board of Directors of the Company declared the second interim dividend for 2021 of HK$0.63 per share (2020: HK$0.63 per share) payable on 15 September 2021 to shareholders registered as at 6 September 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 September 2021. To rank for this second 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 September 2021.

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 2 August 2021

The Company's Interim Report containing financial statements and notes to the financial statements will be published on the Company's website www.clpgroup.com and the website of the Stock Exchange of Hong Kong by 9 August 2021 and despatched to shareholders on 17 August 2021.

中 電 控 股 有 限 公 司
CLP Holdings Limited

(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

The Directors of CLP Holdings as at the date of this announcement 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

Energy for Brighter Tomorrows