

A Snapshot
of CLP in 2021



120 years
of shared vision

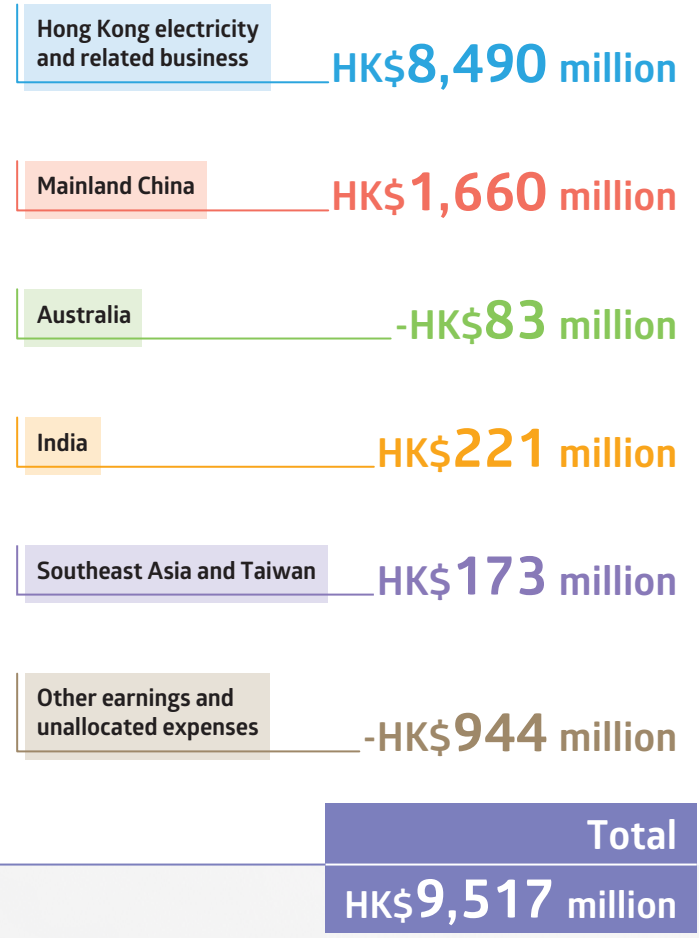


About the CLP Group

The CLP Group is an investor and operator in the Asia-Pacific energy sector with investments in Hong Kong, Mainland China, Australia, India, Southeast Asia and Taiwan that span across the energy supply chain. In addition to a diversified portfolio of generating assets that uses a wide range of fuels including coal, gas, nuclear and renewable sources, the Group has operations in the transmission, distribution and retail of energy, and offers smart energy services. In 2021, CLP celebrated the 120th anniversary of its founding in Hong Kong with a commitment to continue to move forward with the community based on a shared vision of a better tomorrow.



2021 Operating Earnings



clpgroup.com

Hong Kong

Hong Kong's electricity sector is regulated by the Scheme of Control Agreements and operated by two vertically-integrated utility companies that serve different geographical areas of the city. CLP Power Hong Kong, the larger of the two companies and a wholly-owned subsidiary of the Group, provides a power supply of over 99.999% world-class reliability to 2.71 million customers in Kowloon, the New Territories and most of the outlying islands, serving about 80% of the city's population.

Mainland China

The electricity industry in Mainland China is largely state-controlled. Transmission and distribution are limited to two state-owned enterprises while generation is open for investment. CLP first entered the market in 1979 when the Group began providing electricity to Guangdong province. Today, CLP China is the largest external independent power producer in Mainland China with over 50 power projects in 15 provinces, municipalities and autonomous regions, concentrating on low-carbon energy, including nuclear power and renewable energy, in addition to opportunities in smart energy services.

Australia

EnergyAustralia is one of the largest privately-owned electricity generators under the National Electricity Market (NEM), a major gas and electricity retailer in New South Wales, Victoria, South Australia and the Australian Capital Territory, and an electricity retailer in Queensland. Private generators operating under the NEM and a number of government-owned assets provide generation services in a competitive wholesale market. The electricity retail market is partially-regulated while the transmission and distribution segments remain substantially regulated.

Southeast Asia and Taiwan

CLP has minority interests in a solar project in Thailand and a coal-based generation plant in Taiwan. The electricity industry is government-controlled in both markets.

India

Much of the electricity industry in India has traditionally been owned and controlled by the Federal and State Governments. Since 2006, private companies have been encouraged to invest in the generation and increasingly transmission segments. On the distribution side, the Federal Government has recently progressed initiatives for more privatisation. Since entering the Indian market in 2002, CLP has built a diversified portfolio comprising wind, solar and supercritical coal generating facilities as well as transmission assets. The business, in which the global investment group Caisse de dépôt et placement du Québec (CDPQ) became a strategic shareholder in 2018, was renamed Apraava Energy in 2021, signifying a new phase of growth with a strengthened focus on clean energy, power transmission and other customer-focused energy businesses.

	Current Operations	Potential Opportunities
Generation	◆	◆
Transmission	◆	◆
Distribution	◆	◆
Retail	◆	◆
Smart Energy Services	◆	◆

Strategic Framework

Our purpose and strategy

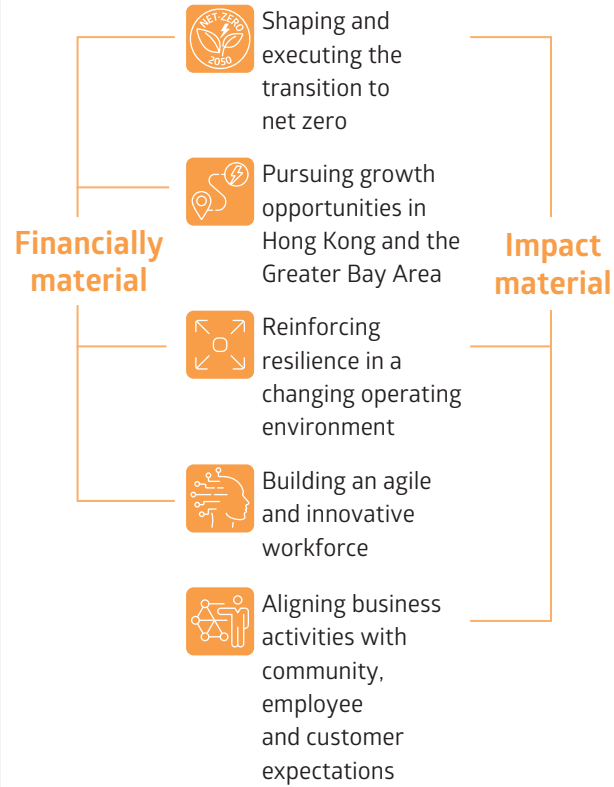
Purpose CLP provides sustainable energy solutions to create value for shareholders, customers, employees and the wider community. We aim to be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next.

Strategy

Through our values and commitments, we work every day to grow our business and meet our strategic priorities: creating a **sustainable business portfolio**; **accelerating our response to climate change** for our business and the communities we operate in; **serving growing demand for energy solutions**; **leveraging technology** to deliver leading customer experiences and enhance operating performance; and **investing to build an agile and innovative workforce**.

Double materiality assessment

Material ESG topics:



Megatrends analysis

Strategic priorities

1 Continue to grow a sustainable business portfolio

- Growing provision of energy solutions in the Asia-Pacific region underpinned by capital discipline

2 Accelerate our response to climate change

- Accelerate decarbonisation of CLP's portfolio, reinforce resilience in a changing climate and manage social impact

3 Serve growing demand for energy solutions

- Pursue growth opportunities from energy infrastructure, Energy-as-a-Service and customer-facing energy solutions

4 Leverage technology for experience and performance

- Deliver leading customer experiences and empower customers in making better energy choices
- Adopt technologies to enhance operating performance and drive new business

5 Invest to build an agile, innovative workforce

- Invest to build organisational agility and develop future skills
- Support CLP's people to thrive in change, promoting health and wellbeing

How we measure success

Key performance indicators

HK\$8,491 million
Total earnings
2020 : HK\$11,456 million

HK\$9,517 million
Operating earnings
2020 : HK\$11,577 million

HK\$7,832 million
Dividends
2020 : HK\$7,832 million

91,183 million kWh
Electricity sent out
2020 : 85,937 million kWh

5.15 million
Retail customer accounts in Hong Kong and Australia
2020 : 5.12 million

9 cases
Environmental regulatory non-compliance
2020 : 4 cases

0.57 kg CO₂e/kWh
Greenhouse gas emissions intensity
2020 : 0.57 kg CO₂e/kWh

Resilience projects and investments

- Assessing extreme weather impact on Yallourn
- Climate resilience studies for assets in Hong Kong, Mainland China and India

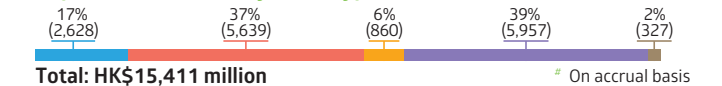
3,624 MW
Renewable energy capacity
2020 : 3,398 MW

99.999%
Reliability in Hong Kong
2020 : 99.999%

Operating earnings* by asset type % (HK\$ million)



Capital investment# by asset type %¹ (HK\$ million)



Notes: 1 Any minor discrepancies in totals are due to rounding of figures.
2 Capital investments in coal assets include maintenance, upgrades and efficiency improvements only.

Initiatives / investments in new products and services

- Partnered with CYZone and Free Electrons to identify innovators
- Investment in CSG Energy Innovation Equity Investment Fund
- Strategic investments in global innovation hubs

Adoption of new products and services

- Air conditioning predictive control system and battery energy storage system at Hong Kong International Airport
- 92% increase in sales of Smart Energy Connect's energy solutions
- CLPe Solutions' solar energy projects with DFI Retail Group and English Schools Foundation
- New business model for centralised cooling project at Guangzhou shopping mall
- EnergyAustralia offers homeowners integrated solar-plus battery system

73
CLP Power Hong Kong customer satisfaction score
2020 : 74

6.7%
Net Promoter Score for EnergyAustralia
2020 : 9.6%

Smart meters
over **1.2 million** connected for Hong Kong customers since 2018

over **0.9 million** connected for EnergyAustralia's customers

Digital adoption

- Data analytics platform for renewable energy assets in Mainland China and India
- Access to global data from The Weather Company

Feed-in Tariff Scheme in Hong Kong
265 MW
approved or connected to grid since May 2018

Renewable Energy Certificates sales in Hong Kong in 2021
15 GWh

Demand response programmes
over **70 MW** maximum demand reduced in Hong Kong
186.2 MW capacity contracted in Australia

8,116
Employees for CLP Group
2020 : 8,060

0.07
Lost time injury rate
2020 : 0.11
0.23
Total recordable injury rate
2020 : 0.32

51.6
Average training hours per employee
2020 : 42.5

30.5%
Women in leadership positions
2020 : 27.3%
12.3%
Women in engineering
2020 : 11.5%

26%
Female employees
2020 : 26%

56
Graduate internships in Hong Kong
2020 : 59



How we create value At CLP, we utilise various capitals to create value for shareholders, customers, employees and the wider community.

Inputs / Capitals

Financial Capital

- Shareholders' funds of HK\$113,034 million
- Total borrowings of HK\$58,215 million

Risks

- Financial risk
- Commercial risk

Manufactured Capital

- Generation capacity of 20,018 equity MW
- Long-term capacity and energy purchase agreements of 5,090MW
- Transmission and high voltage distribution lines of 16,834km
- 15,441 primary and secondary substations in Hong Kong

Risks

- Operational risk
- Extreme weather as a result of climate change

Human Capital

- 8,116 employees

Risks

- Human resources risk
- Health and safety

Intellectual Capital

- Strengthened technological capabilities to develop Energy-as-a-Service business model
- Digitalisation of operations
- Investments in technology companies and funds
- Partnerships with innovation accelerators

Risks

- Commercial risk

Natural Capital

- 426,190TJ of coal consumed
- 142,304TJ of gas consumed

Risks

- Climate change

Social and Relationship Capital

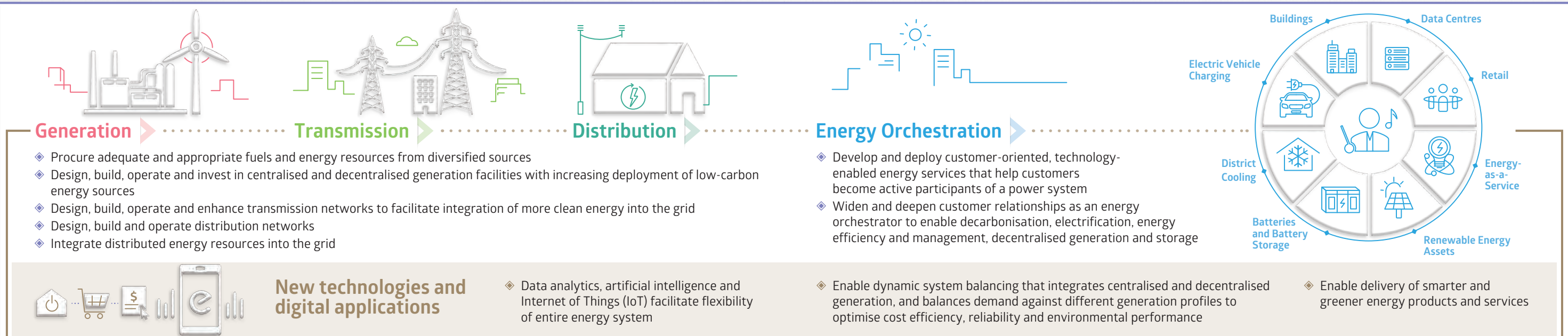
- Engagement with policymakers and stakeholders toward net zero
- Public education towards greater energy efficiency and decarbonisation
- Community support to mitigate the impact of COVID-19

Risks

- Regulatory risk
- Market risk

What we do

We operate in different parts of the energy value chain in each of the markets we are in, tailoring our solutions based on the local context.



Outcomes

Financial Capital

- Reliable and consistent ordinary dividends with steady growth supported by earnings
- Timely repayment to lenders
- Sustainable financing

Manufactured Capital

- Maintaining operational excellence despite challenges in weather conditions, fuel prices and COVID-19 to provide reliable, cleaner and affordable electricity supply

Human Capital

- Initiatives to promote staff wellbeing amid COVID-19
- Improvement on safety performance

Intellectual Capital

- Flexible, environmentally-sustainable energy solutions for customers with increase in sales from Smart Energy Connect

Natural Capital

- Updated Climate Vision 2050 to achieve net zero by 2050 and phase out coal by 2040
- Expansion of renewable energy portfolio

Social and Relationship Capital

- Strong focus on engagement with our key stakeholders to plan for and execute a just energy transition
- Provided support to the communities to mitigate pandemic-related impacts

Outputs

Economic value generated of HK\$85,088 million

- Shareholders:** total dividends of HK\$7,832 million, HK\$3.10 per share
- Lenders:** net finance costs of HK\$1,774 million

- Suppliers and Contractors:** fuel and other operating costs of HK\$58,428 million

- Employees:** staff expenses of HK\$5,107 million

- Government and Regulators:** current income tax of HK\$1,720 million
- Community:** donations of HK\$15 million

Financial Highlights

Group operating earnings decreased 17.8% to HK\$9,517 million, the strong performance in Hong Kong only partially offsetting lower earnings from our generation portfolio in Australia and high coal prices impact in Mainland China. Total earnings reduced to HK\$8,491 million after items affecting comparability while dividend is maintained at the same level as in 2020.

	2021	2020	Increase / (Decrease) %
For the year (in HK\$ million)			
Revenue			
Hong Kong electricity business	44,311	41,325	7.2
Energy businesses outside Hong Kong	38,941	37,687	3.3
Others	707	578	
Total	83,959	79,590	5.5
Earnings			
Hong Kong electricity business	8,189	7,818	4.7
Hong Kong electricity business related ¹	301	270	
Mainland China	1,660	2,233	(25.7)
Australia	(83)	1,690	N/A
India	221	175	26.3
Southeast Asia and Taiwan	173	386	(55.2)
Other earnings in Hong Kong	(66)	(238)	
Unallocated net finance (costs) / income	(9)	24	
Unallocated Group expenses	(869)	(781)	
Operating earnings	9,517	11,577	(17.8)
Items affecting comparability	(1,026)	(121)	
Total earnings	8,491	11,456	(25.9)
Net cash inflow from operating activities	18,078	22,374	(19.2)
At 31 December (in HK\$ million)			
Total assets	239,809	234,233	2.4
Total borrowings	58,215	54,348	7.1
Shareholders' funds	113,034	112,200	0.7
Per share (in HK\$)			
Earnings per share	3.36	4.53	(25.9)
Dividend per share	3.10	3.10	–
Shareholders' funds per share	44.74	44.41	0.7
Ratios			
Return on equity ² (%)	7.5	10.5	
Net debt to total capital ³ (%)	28.1	25.1	
FFO interest cover ⁴ (times)	12	13	
Price / Earnings ⁵ (times)	23	16	
Dividend yield ⁶ (%)	3.9	4.3	

Notes:

- Hong Kong electricity business related includes PSDC and Hong Kong Branch Line
- Return on equity = Total earnings / Average shareholders' funds
- Net debt to total capital = Net debt / (Equity + advances from non-controlling interests + net debt); debt = bank loans and other borrowings; net debt = debt – bank balances, cash and other liquid funds
- FFO (Funds from operations) interest cover = Cash inflow from operations / (Interest charges + capitalised interest)
- Price / Earnings = Closing share price on the last trading day of the year / Earnings per share
- Dividend yield = Dividend per share / Closing share price on the last trading day of the year

