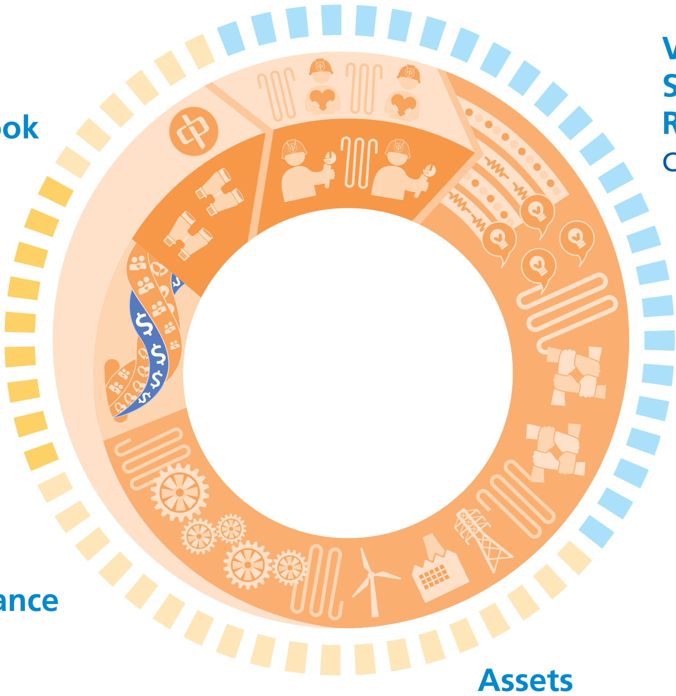
CLP 中電

2010
INTERIM REPORT

Contents



CLP's vision is to be a leading investor-operator in the Asia-Pacific electric power sector.

- Group operating earnings before one-off items for the first half of 2010 increased by 23.1% to HK$4,435 million, while total earnings (including one-off items) increased 83.0% to HK$5,921 million. The one-off items included a tax consolidation benefit from Australia of HK$989 million.
- Consolidated revenue rose by 17.5% to HK$27,618 million.
- Earnings from our electricity business in Hong Kong increased by 3.0% to HK$3,014 million, with revenue up by 5.3% to HK$13,669 million.
- Earnings from our businesses outside Hong Kong and other earnings rose by 82.6% to HK$1,654 million.
- Second interim dividend of HK$0.52 per share.

Financial Highlights

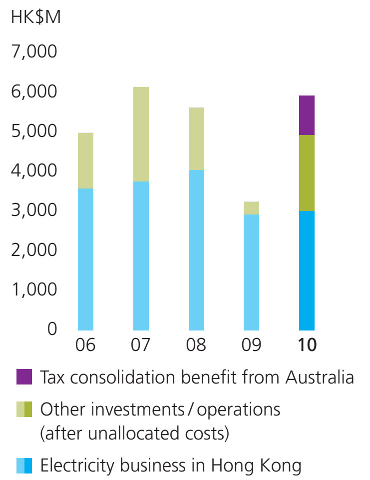
Total earnings increased 83.0% to HK$5.9 billion, on the back of 23.1% uplift in operating earnings and HK$989 million Australian tax consolidation benefit

	Six months ended 30 June 2010	Six months ended 30 June 2009	Increase / (Decrease) %
For the period *(in HK$ million)*			
Revenue			
Electricity business in Hong Kong (HK)	13,669	12,979	5.3
Energy business outside HK	13,818	10,434	32.4
Others	131	90	
Total	27,618	23,503	17.5
Earnings			
Electricity business in HK	3,014	2,925	3.0
Other investments / operations	1,654	906	82.6
Unallocated net finance costs	(8)	(11)	
Unallocated Group expenses	(225)	(217)	
Operating earnings	4,435	3,603	23.1
Other income	400	–	
Tax consolidation benefit from Australia	989	–	
Other one-off items of TRUenergy	97	(22)	
Provision for Solar Systems	–	(346)	
Total earnings	5,921	3,235	83.0
Net cash inflow from operating activities	5,866	5,399	8.6
Per share (in HK$)			
Earnings per share	2.46	1.34	83.0
Dividends per share			
First interim	0.52	0.52	
Second interim	0.52	0.52	
Total interim dividends	1.04	1.04	
Ratio			
Interest cover[1] (times)	8	7	

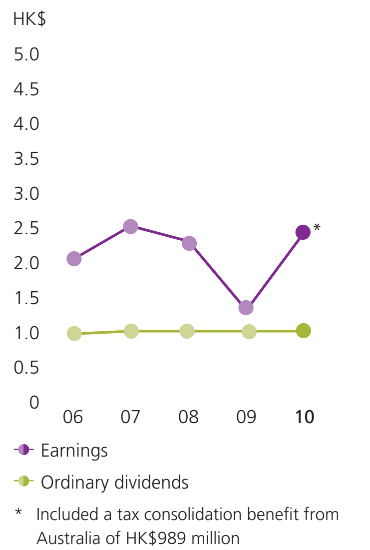
	30 June 2010	31 December 2009	Increase / (Decrease) %
At the end of the reporting period *(in HK$ million)*			
Total assets, including leased assets	160,302	156,531	2.4
Total borrowings	39,481	39,431	0.1
Shareholders' funds	71,987	70,761	1.7
Per share (in HK$)			
Shareholders' funds per share	29.92	29.41	1.7
Ratios			
Total debt to total capital[2] (%)	35.4	35.7	
Net debt to total capital[3] (%)	34.2	30.7	

Notes:
1 Interest cover = Profit before income tax and interest / (Interest charges + capitalised interest)
2 Total debt to total capital = Debt / (Equity + debt). Debt = Bank loans and other borrowings.
3 Net debt to total capital = Net debt / (Equity + net debt). Net debt = Debt - bank balances, cash and other liquid funds.

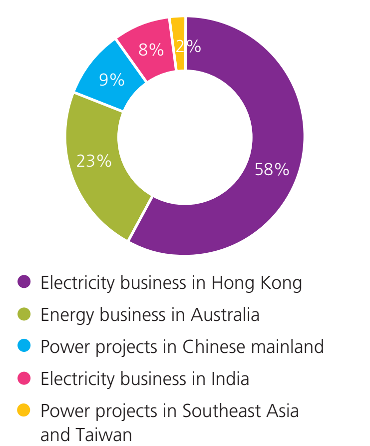
Total Earnings (First 6 months)



Earnings and Dividends per Share (First 6 months)



Total Assets at 30 June 2010



Chairman's Statement

Dear Shareholders,

In this Interim Report, as was the case with our Annual Report 2009, we explain how our business performance stems from the implementation of a clear business strategy. This strategy rests on a firm set of values, an objective analysis of the abilities of the Company and a determination to manage effectively the relationships with key stakeholders, ranging from employees, customers, governments and capital providers, on whose continued support, trust and confidence we rely.

When I wrote to you in last year's Interim Report, the world was experiencing extremely challenging economic and market conditions as governments, regulators, financial institutions and businesses grappled with the consequences of the financial turmoil which had started towards the end of 2008.

CLP, no more than any other major international business, was not immune from the impact of depressed and difficult economic conditions, even if, as I said at that time, our prudent financial management and strong balance sheet meant that we were well positioned to ride out the storm. Twelve months later, we have emerged into calmer financial waters, albeit that the risk of further market disruption or dislocation arising from instability in the Euro zone and the implications of government-led austerity measures, especially in western Europe, cannot yet be fully ascertained.

Delivering strong financial results

CLP's financial results for the first half of 2010 reflect both an underlying improvement in overall operating conditions, as well as the ongoing and careful implementation of our strategy of continued focus on the enhancement of our core Hong Kong electricity business, accompanied by targeted investment in our four major business streams outside Hong Kong, namely the Chinese mainland, Australia, India and Southeast Asia, always with an eye on our environmental objectives.

The Group's operating earnings for the first half of 2010 were HK$4,435 million, an increase of 23.1% compared with the corresponding period in 2009. The Group's total earnings, which include the tax consolidation benefit of HK$989 million from Australia and the gain on sale of our shareholding in CLP Power China (Anshun), which owns 70% interest in the Anshun II coal-fired power station in Guizhou Province, China, rose to HK$5,921 million, an increase of 83.0% over the first six months of 2009.

This increase in earnings reflected a growing contribution from most of our business streams. In both percentage and absolute terms, the strongest performer in the first half of 2010 came from our portfolio of investments in the Mainland, where we benefited significantly from the improved performance of our Fangchenggang power station. This performance reflected the strong upturn in electricity demand as China's economy rebounded, together with a fall in competing generation from hydro electric resources. Although the operating earnings from our Indian activities declined, this was predominantly due to the accounting treatment of net exchange losses on the translation of Pound Sterling and Euro receivables under the foreign exchange protection clause of the power purchase agreement (PPA) for our Gujarat Paguthan Energy Corporation

Private Limited (GPEC) gas-fired power station. The underlying performance of our Indian business remains strong.

I was also encouraged by the continued improvement in earnings from TRUenergy, our energy business in Australia. Operating earnings increased by 126% compared to the corresponding period in 2009, building on the upward trajectory in the performance of that business which we have seen since 2007. In addition to the growth in operating earnings, the tax consolidation benefit of HK$989 million which results from amendments to tax consolidation rules will have the effect of increasing the amount available for tax deductions from profits made in future years from our Australia business.

In addition to the weight we have always attached to prudent financial management, the performance of the business in the first six months of 2010 was a demonstration of our commitment to operational excellence and to responsibility in managing the environmental aspects of our business.

Delivering on our commitments

During the past six months, we have seen substantial progress in the construction of a range of generating assets in different markets and involving quite different engineering and technical challenges. In Hong Kong, our Emissions Control Project, which will lead to substantial reductions in emissions of sulphur dioxide, nitrogen oxides and particulates from the Castle Peak "B" Power Station, is well on the way towards completion by the end of this year. In India, our 1,320MW greenfield coal-fired power station project at Jhajjar is advancing well – despite the challenges of managing a large local workforce, in particular from a safety perspective, working in difficult climate conditions and to a tight programme. This has demanded the maximum effort from our India-based management resources, supported by expertise from across the Group. In the Mainland, we are completing construction of our first fully-owned wind project, at Qian'an in Jilin Province, and our 330MW wholly-owned hydro project at Jiangbian in Sichuan Province remains on schedule for completion in 2011.

Mention of these last two projects leads me to the subject of environmental responsibilities. CLP now has investments in over 60 operating and committed renewable energy projects in Australia, the Chinese mainland, Thailand and India. Within those projects, CLP's own shareholdings amount to over 2,000 equity MW. The scale of these investments has risen rapidly in recent years – as recently as 2005 CLP had interests in only about 230 equity MW of renewable energy. These investments are characterised not only by geographical spread but by the range of technologies which CLP is now applying. These include wind, hydro and biomass.

Most recently, CLP has been the driving force behind, and holds an effective 37.8% interest in, a 55MW solar farm in Thailand. Contracts for this project were signed and construction has commenced recently. On completion in early 2012 this will possibly be the largest solar energy project in Asia. Our wind energy portfolio started out in 2004 with a joint venture in a single project at Changdao in Shandong Province, Chinese mainland and our hydro presence grew from our first investment at Huaiji in 1998. I believe that, in similar vein, the experience gained in Thailand may provide a starting point for exploring further solar energy opportunities across the Group. In that regard, we are already considering potential projects in both India and Australia where we may be able to benefit from solar energy initiatives promoted by the central governments.

Our interests in clean energy are not restricted only to renewable energy itself. Our longstanding partnership with China Guangdong Nuclear Power Holding Company, Limited (CGNPC) established through our successful experience in working together on the Guangdong Daya Bay Nuclear Power Station is providing a platform for CLP to participate further in the growth of the Mainland's nuclear energy sector. For example, in July, we announced that CLP would be taking a 17% shareholding in the 6,000MW nuclear power station being constructed at Yangjiang in Guangdong Province. I can also foresee that, in the longer term, nuclear energy will play an increasing role in electricity generation in the Southern China region.

In the conclusion to my Chairman's Statement to last year's Interim Report, I explained that CLP had tackled the challenges of the global economic downturn squarely and effectively. I expressed confidence that CLP remained well-positioned and well-prepared to exploit the opportunities available to us across our various business streams. I believe that you will find that our Interim Report 2010 describes a Company which has lived up to those commitments, has delivered a strong performance in the first six months of 2010 and is on course to deliver value to its shareholders through the remainder of the year.

The Hon. Sir Michael Kadoorie
Hong Kong, 16 August 2010

Our Investments as at 30 June 2010

Nuclear power | Solar power | Coal power | Wind power

Hong Kong Investments

Equity Interest

100%

CLP Power Hong Kong Limited (CLP Power Hong Kong)[1]

CLP Power Hong Kong owns and operates the transmission and distribution system which includes:

- 554 km of 400kV lines, 1,509 km of 132kV lines, 28 km of 33kV lines and 11,552 km of 11kV lines
- 57,904 MVA transformers and 213 primary and 13,173 secondary substations in operation

40%

Castle Peak Power Company Limited (CAPCO)[1], 6,908MW of installed generating capacity

CAPCO owns and CLP Power Hong Kong operates:

Black Point Power Station (2,500MW)

- One of the world's largest gas-fired power stations comprising eight combined-cycle turbines of 312.5MW each

Castle Peak Power Station (4,108MW)

- Comprising four coal-fired units of 350MW each and another four units of 677MW each
- Two of the 677MW units can use gas as backup fuel. All units can use oil as a backup fuel

Penny's Bay Power Station (300MW)

- Three diesel-fired gas turbine units of 100MW each

Note (1): CLP Power Hong Kong purchases its power from CAPCO, PSDC and Guangdong Daya Bay Nuclear Power Station. These sources of power amount to a total capacity of 8,888MW available to serve the Hong Kong electricity business.

Australia Investments Gross / Equity MW

Equity Interest

100%

TRUenergy 3,046 / 3,046MW

TRUenergy is an integrated generation and retail electricity and gas business in Victoria, South Australia (SA), New South Wales (NSW), Queensland, Tasmania and the Australian Capital Territory, comprising:

- 1,480MW coal-fired **Yallourn Power Station** and brown coal mine in Victoria
- 180MW gas-fired **Hallett Power Station** in SA
- Ecogen long-term hedge agreement that allows TRUenergy to purchase up to 966MW gas-fired capacity
- 420MW gas-fired **Tallawarra Power Station** in NSW
- 22 petajoule **Iona Gas Storage facility** in Victoria
- 1.26 million business and residential electricity and gas customer accounts
- 10% stake in **Petratherm Paralana geothermal project**
- 4.51% equity stake in **Eastern Star Gas**
- Direct investment in **Upstream Gas Tenements** in Queensland

50%

Roaring 40s Renewable Energy Pty Ltd (Roaring 40s) 317 / 142MW[2]

Roaring 40s is a 50:50 joint venture partnership with Hydro Tasmania and owns:

- 100% of the 140MW Woolnorth wind farms in Tasmania and 111MW Waterloo wind farm, under construction in SA
- 50% interest in the 66MW Cathedral Rocks wind farm in SA

Note (2): The 142 equity MW attributed to CLP, through its 50% equity interest in Roaring 40s, takes into account varying equity interests held by Roaring 40s in the generating assets included in the 317 gross MW.

Hydro power Biomass power Gas power Geothermal power

India Investments Gross / Equity MW

Equity Interest	Investment
100%	**Gujarat Paguthan Energy Corporation Private Limited (GPEC) 705 / 705MW** GPEC owns and operates a 655MW gas-fired combined-cycle power station and the 50.4MW wind project **(Samana Phase I)** in Gujarat
100%	**Jhajjar Power Limited (Jhajjar Power) 1,320 / 1,320MW** **Jhajjar Power** is constructing a 1,320MW (2 x 660MW) coal-fired project, using supercritical technology, in Jhajjar, Haryana. The first unit is scheduled for commissioning in December 2011 and the second unit in May 2012
100%	**CLP Wind Farms 296 / 296MW** **Samana Phase II** (50.4MW), **Saundatti** project (82.4MW) in Karnataka, **Andhra Lake** project (113.6MW) in Maharashtra and **Theni Project Phase I** (49.5MW) in Tamil Nadu
100%	**CLP Wind Farms (Khandke) Private Limited (Khandke Wind) 50 / 50MW** 100% of the **Khandke Wind** project (50.4MW) in Maharashtra
100%	**CLP Wind Farms (Theni – Project II) Private Limited (Theni Project Phase II) 50 / 50MW** 100% of the **Theni Project Phase II** (49.5MW) in Tamil Nadu

Southeast Asia and Taiwan Investments Gross / Equity MW

Equity Interest	Investment
50%	**OneEnergy Limited (OneEnergy) 8,586 / 832MW(3)** A 50:50 joint venture with Mitsubishi Corporation of Japan, which currently owns: (a) 22.42% interest in **Electricity Generating Public Company Limited (EGCO)** in Thailand (CLP also has a 2.15% direct interest in EGCO). EGCO owns: • Rayong and KEGCO gas-fired combined-cycle power stations in Thailand (2,056MW) which it also operates • 50% interest in the 1,434MW BLCP coal-fired power station in Thailand • 50% interest in the 1,510MW Kaeng Khoi 2 combined-cycle gas turbine power station in Thailand • 25% interest in the 1,087MW Nam Theun 2 hydro project in Laos • 26% interest in the 503MW Quezon Power coal-fired power station in The Philippines • 322MW out of a total of 676MW in a portfolio of small power projects in Thailand and The Philippines (b) 40% interest in **Ho-Ping Power Company (HPC)**. HPC owns the 1,320MW coal-fired Ho-Ping Power Station in Taiwan. Operation is by a separate joint venture, with the same shareholdings, and OneEnergy management leadership
37.8%(4)	**Natural Energy Development Co., Ltd. (NED) 55 / 21MW** A joint venture company equally owned by CLP, Mitsubishi Corporation and EGCO, which owns a solar farm in Central Thailand, construction of which has commenced in early August 2010. The solar farm is rated at 73MW of direct current electricity which will be converted into net 55MW of alternating current electricity for sale to the state-owned power company Electricity Generating Authority of Thailand

Note (3): The 832 equity MW attributed to CLP, through its 50% equity interest in OneEnergy and its 2.15% direct interest in EGCO, takes into account that OneEnergy and CLP indirectly hold varying equity interests in the generating assets included in the 8,586 gross MW.

Note (4): 37.8% takes into account CLP's direct ownership in NED and indirect ownership through OneEnergy and EGCO.

Chinese Mainland Investments Gross / Equity MW

Equity Interest

25%

Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) 1,968 / 492MW

GNPJVC constructed and operates Guangdong Daya Bay Nuclear Power Station (GNPS) at Daya Bay (大亞灣). GNPS is equipped with two 984MW Pressurised Water Reactors incorporating equipment from France and the United Kingdom. 70% of electricity generated is supplied to Hong Kong, with the remaining 30% sold to Guangdong Province (廣東省)

30%

CSEC Guohua International Power Company Limited (CSEC Guohua) 7,650 / 1,333MW(5)

CSEC Guohua holds interests in five coal-fired power stations:

- Beijing Yire in Beijing (北京) (100% interest / 400MW capacity)
- Panshan in Tianjin (天津) (65% / 1,030MW)
- Sanhe I and II in Hebei Province (河北省) (55% / 1,300MW)
- Suizhong I and Suizhong II in Liaoning Province (遼寧省) (50% / 3,600MW). Both units of Suizhong II were commissioned in February and May 2010 respectively
- Zhungeer II and III in Inner Mongolia Autonomous Region (內蒙古自治區) (65% / 1,320MW)

49%

CLP Guohua Shenmu Power Company Limited (Shenmu) 220 / 108MW

Shenmu owns and operates Shenmu Power Station (220MW) in Shaanxi Province (陝西省)

29.4%

Shandong Zhonghua Power Company, Ltd. (SZPC) 3,060 / 900MW

SZPC owns four coal-fired power stations, Shiheng I and II (totalling 1,260MW), Liaocheng (1,200MW) and Heze II (600MW) in Shandong Province (山東省)

70%

CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang) 1,260 / 882MW

Fangchenggang owns and operates two 630MW supercritical coal-fired units at Fangchenggang (防城港), Guangxi (廣西)

49%

Shandong Guohua Wind Joint Ventures (Shandong Guohua Wind) 445 / 218MW

Shandong Guohua Wind comprises interests in nine wind farms in Shandong:

- Rongcheng I (48.8MW), commissioned in 2008
- Rongcheng II & III (2 x 49.5MW), scheduled for commissioning by first quarter of 2011
- Dongying Hekou (49.5MW), commissioned in September 2009
- Lijin I (49.5MW), commissioned in December 2009
- Lijin II (49.5MW), scheduled for commissioning in 2011
- Zhanhua I (49.5MW), commissioned in October 2009
- Zhanhua II (49.5MW), scheduled for commissioning in 2011
- Haifang (49.5MW), currently in preparation for construction and is scheduled for commissioning in late 2011

49%

Jilin Datang Wind Joint Ventures (Jilin Datang Wind) 148 / 73MW

Jilin Datang Wind owns interests in three wind farms in Jilin Province (吉林省):

- Datong (49.5MW), commissioned in August 2008
- Shuangliao I (49.3MW), commissioned in April 2007
- Shuangliao II (49.5MW), commissioned in May 2009

45%

Shandong Huaneng Wind Joint Ventures (Shandong Huaneng Wind) 96 / 43MW

Shandong Huaneng Wind owns interests in three wind farms in Shandong:

- Changdao (27MW), commissioned in May 2006
- Weihai I (19.5MW), commissioned in March 2007
- Weihai II (49.5MW), commissioned in December 2008

100%

Qian'an IW Power Co. Ltd. (Qian'an I Wind) 50 / 50MW

Qian'an I Wind (49.5MW) is located in Jilin Province. It is under construction and scheduled for commissioning in October 2010

Note (5): The 1,333 equity MW attributed to CLP, through its 30% equity interest in CSEC Guohua, takes into account that CSEC Guohua holds varying equity interests in the generating assets included in the 7,650 gross MW.

Chinese Mainland Investments Gross / Equity MW

Equity Interest

45%

Sinohydro CLP Wind Power Company Limited (Changling II Wind) 50 / 22MW
Changling II Wind is located in Changling County (長嶺縣) of Songyuan City (松原市), Jilin Province. It was commissioned in September 2009

45%

Huadian Laizhou Wind Power Company Limited (Laizhou Wind) 41 / 18MW
Laizhou Wind is located in Laizhou City (萊州市) of Shandong Province. It was commissioned in September 2008

50%

CLP-CWP Wind Power Investment Limited (CLP-CWP Wind) 99 / 24MW[6]
A 50:50 joint venture with China WindPower Group, which currently owns:

- 49% of 49.5MW Qujiagou wind farm in Fuxin City (阜新市), Liaoning Province. It was commissioned in December 2009
- 49% of 49.5MW Mazongshan wind farm in Fuxin City, Liaoning Province. It commenced operation in January 2010

100%

CLP (Penglai) Wind Power Ltd. (Penglai I Wind) 48 / 48MW
Penglai I Wind (48MW) is located in Shandong Province. It is commencing construction and scheduled for commissioning in 2011

32%

CGN Wind Power Company Limited (CGN Wind) 1,768 / 452MW[7]
CGN Wind invests, develops, constructs, and operates wind projects throughout China. As at end of June 2010, it has 1,045MW under operation

25%

Huaneng Shantou Wind Power Company Limited
(Nanao II Wind) 45 / 11MW
(Nanao III Wind) 15 / 4MW
Nanao II & III Wind are located on Nanao Island (南澳島) off Shantou (汕頭), Guangdong Province, serving Shantou City. Nanao II was commissioned in 2007. Nanao III is scheduled for commissioning by third quarter of 2010.

49%

Hong Kong Pumped Storage Development Company, Limited (PSDC) 1,200 / 600MW
PSDC may use half of the 1,200MW pumped storage capacity of Phase 1 of the Guangzhou Pumped Storage Power Station until 2034

84.9%

Huaiji Hydropower Stations (Huaiji Hydro) 125 / 106MW
12 small hydro power stations in Huaiji County (懷集縣) and Guangning County (廣寧縣), Guangdong Province

100%

Dali Yang_er Hydropower Development Co., Ltd. (Yang_er Hydro) 50 / 50MW
Yang_er Hydro is located in Yangbi County (漾濞縣) of Dali City (大理市), Yunnan Province (雲南省). It was commissioned in September 2009

100%

CLP Sichuan (Jiangbian) Power Company Limited (Jiangbian Hydro) 330 / 330MW
Constructs, owns and will operate a 3 x 110MW hydro project in Sichuan Province (四川省). Completion is targeted for 2011

79%

CLP Huanyu (Shandong) Biomass Heat and Power Company Limited (Boxing Biomass) Equivalent of 15 / 12MW
A biomass combined heat and power project, with 1 x 75 tonnes / hour cotton straw-fired boiler + 15MW[8] generator newly commissioned in March 2010. It is in Boxing County (博興縣), Binzhou City (濱州市), Shandong Province and commissioned in December 2008

Note (6): The 24 equity MW attributed to CLP, through its 50% equity interest in CLP-CWP Wind, takes into account that CLP-CWP Wind holds varying equity interests in the generating assets included in the 99 gross MW.

Note (7): The 452 equity MW attributed to CLP, through its 32% equity interest in CGN Wind, takes into account that CGN Wind holds varying equity interests in the generating assets included in the 1,768 gross MW.

Note (8): Boxing Biomass Phase I modification work of adding a 15MW condensing turbine was completed in March 2010 and therefore the rating is increased from 6MW to 15MW.

Performance

We deploy our experience and expertise to maximise the performance of our assets and investments to realise our strategy. This section describes CLP's operational performance in Hong Kong, Australia, the Chinese mainland, India and Southeast Asia and Taiwan over the first six months of 2010.

Electricity Business in Hong Kong

In the first half of 2010, local electricity sales were 14,202 gigawatt hours (GWh), an increase of 2.6% over the same period last year. This was mainly due to the economic recovery and a relatively higher humidity level in January, February and April, leading to higher load demand.

A breakdown of the local sales growth by sector during the period is as follows:

	Increase	As Percentage of Total Local Sales
Residential	3.2%	25.6%
Commercial	2.5%	41.9%
Infrastructure & Public Services	2.0%	25.9%
Manufacturing	3.3%	6.6%

Note: The method of allocating sales between sectors was refined in July 2009. Since the adjustments were only made between the sectors, there was no impact to the total local sales. To enable like-to-like comparison, previous monthly sector sales have been revised using the new method so as to present the sales growth in a consistent manner.

Sales to the Chinese mainland amounted to 1,433GWh, representing a reduction by 13.3% as compared to the same period last year. This was primarily due to lower contract volume with Guangdong Power Grid Corporation for 2010 compared with 2009.

Total electricity sales, including both local sales and sales to the Chinese mainland, increased by 0.9% over the period to 15,635GWh.

There was a 2.6% average net tariff increase with effect from 1 January 2010. This was the result of an increase of 2.6 cents in basic tariff, partially offset by a reduction of 0.3 cents in the fuel clause charge due to the downward movement of coal prices in 2009. The basic tariff, after this adjustment, is still lower than it was 10 years ago and remains the lowest in Hong Kong. The tariff adjustment will enable CLP to fund projects that will help improve environmental performance and support infrastructure developments in Hong Kong. We continue to work hard to ensure our customers enjoy a stable and competitive tariff through stringent cost control and the enhancement of operational efficiency.

In order to enhance its quality supply and reliability and to provide for demand created by infrastructure development projects, CLP incurred HK$3,425 million of capital expenditure in generation, transmission and distribution networks, as well as customer services and other supporting facilities during the period. Major projects included Castle Peak "B" Emissions Control Project, construction of new transmission substations on Lantau Island and in Southeast Kowloon, replacement of oil-filled cables and improvement of the 400kV overhead line network.

Progress continues to be made with Mainland oil companies on the implementation of gas supply projects to secure the three gas sources highlighted in the Memorandum of Understanding (MOU) signed between the Central People's Government and Hong Kong SAR Government in August 2008. Negotiations on long-term gas supplies and front end activities for the development of required infrastructure are underway. The Environmental Permit for the Hong Kong section of the pipeline between Dachan Island and Black Point Power Station was awarded on 25 May 2010. Ensuring the necessary infrastructure and commercial agreements are in place remains a key focus for the Hong Kong business as the current gas supply approaches the end of its life.

Construction and commissioning work is progressing well on the Castle Peak "B" Emissions Control Project. The equipment being added to the four Castle Peak "B" units will reduce the output of nitrogen oxides (NO_x), sulphur dioxide (SO_2), and particulate matter. Two of the four units have now had the full package of emissions reduction equipment installed, and a third unit is currently undergoing installation work. The last remaining unit already has part of the equipment installed and is expected to be completed around the end of this year. Good progress has been made in time to help achieve the Hong Kong Government's 2010 target for emission reduction.

Following the issue of an environmental permit for the development of an offshore wind farm in Hong Kong, preparations are being made to collect environmental and engineering data at the proposed site through the construction and installation of a data collection mast. A project management team has been assembled to take this initiative forward with a target mast installation date set for the second half of 2011.

We continually strive to improve customer services to our 2.3 million customer accounts in Hong Kong. Our record attests to that, with the latest survey showing our customer satisfaction level positioned well above benchmarked utilities.

Work continues on the promotion and development of electric vehicles (EV) in Hong Kong. CLP implemented a trial plan to install standard EV charging stations in 21 public car parks which has now been completed. A major milestone was reached when CLP launched Hong Kong's first EV Quick Charger which facilitates quicker charging compared with standard EV charging stations. In addition, CLP has received the first batch of 10 EVs from Mitsubishi and is currently testing them in our business.

CLP is always at the forefront of adopting innovative technologies to deliver electricity more reliably while adding new values to customers in particular on energy conservation and efficiency. One of the initiatives is the development of a smart grid. Smart grid is an aggregate of the latest automation and information technologies on an integrated digital architecture that enable the real time monitoring and intelligent control of the power grid, distributed renewable generation and customers' appliances. A number of smart grid projects are being implemented. These include the installation of on-line condition monitoring systems on major transmission network equipments and the commissioning of the Company's first digital transmission substation by 2012. Also in progress are pilot projects on advanced metering infrastructure (AMI) and smart meters in selected residential buildings in order to explore their potential in helping customers to save electricity. To promote the benefits of a smart grid to the general public, a Smart Grid Demonstration Centre is being established to showcase the related technologies.

Energy Business in Australia

Yallourn Power Station's gross generation was 1.6% above budget for the first half of 2010. The major outage on unit 3 was completed in early June with all significant planned work completed. The output and efficiency of the unit has increased by more than 3% due to the replacement of the High Intermediate Pressure turbine and other refurbishment and improvement works. The outlook for Yallourn generation is continued base load operation in line with budget and preparation for the unit 4 major outage in the first half of 2011.

Throughout the first six months of 2010, gross generation from the Tallawarra Power Station was 18% above budget. Tallawarra's reliability was unfavourable to budget with a forced outage rate of 3.6% against a year-to-date target of 3%.

As a fast-start, peaking power station with a capacity factor typically below 3%, the key operating requirement for Hallett Power Station is start reliability to generate during peak price periods when power demand is high. In the first half of 2010, Hallett achieved a start reliability of 98.5% against a target of 96%. The project to increase the output of Hallett by fogging the air inlet of the plant's gas turbines was completed and has exceeded the objective of increasing capacity by 20MW at ambient temperatures above 40°C. The outlook for Hallett is for continued low capacity factor and high levels of start reliability. An additional gas turbine, which will increase plant capacity by 20MW, is expected to be operational by the end of 2010.

Throughout the first half of 2010, Iona Gas Plant utilisation was 29% against a budget of 32%. Availability of the plant was 91.8%, unfavourable to plan at 94% due to additional outages to complete the expansion project works. The Iona Gas Plant expansion project, which added a second gas processing train, achieved a major milestone on 12 March with the first gas flow. The first stage of commissioning of Train 2 was completed on 29 March and increased Iona's Gas Plant capacity from 320 terajoules a day to more than 400

TRUenergy's Iona Gas Plant

terajoules a day. The plant expansion to 500 terajoules per day was completed in the second quarter with the commissioning of two new compressors.

TRUenergy's Retail Profit Improvement Programme continued to make good progress in the first half with the overall programme on track to achieve or exceed its target in the 2010 business plan. The focus during the first six months of the year has been on prioritising key initiatives, such as credit measures to continue to reduce bad debt.

Project Odyssey, TRUenergy's new retail customer service and back office information technology platform, continues to be challenging and at the end of June was behind schedule.

While key user training has commenced and IBM continues to execute Systems Integration Testing with 30% of test cases passed at the end of June, testing progress is slower than planned. Customer billing testing has also commenced producing 94% of bills when processing 100,000 customer accounts. Billing accuracy testing (comparing Odyssey produced bills to current bills) has also commenced.

Project suppliers IBM and Oracle have added significant additional resources to the project and TRUenergy has also escalated the project within IBM USA to ensure a revised and realistic schedule is set and can be met.

In March 2010 TRUenergy Solar Solutions was launched – a solar hot water business providing in home assessments, advice, support and installation of solar hot water systems for customers. TRUenergy Solar Solutions is part of the Energy Management Initiative, a dedicated team to implement our response to the increasing demand for energy efficiency products and services. The Solar Solutions offer has now been extended with a roof top solar power pilot programme underway in metropolitan Melbourne for residential customers.

Roaring 40s 111MW Waterloo Wind Farm project in SA is under construction and on track to be commissioned in the fourth quarter of 2010. The first of 37 turbines were installed during June.

In May the Australian Government announced that TRUenergy's proposal to build a solar plant of up to 180MW in Victoria using commercially proven thin-film photovoltaic modules developed by U.S. company, First Solar, had been shortlisted under the Solar Flagships programme. TRUenergy is now conducting a detailed feasibility study to confirm and optimise the final parameters of the plant, including the specific location and size. The announcement of final selected projects by the Government is expected in early 2011.

On 27 April 2010, the Australian Government announced that it would defer its emissions trading scheme, known as the Carbon Pollution Reduction Scheme, until after the conclusion of the current Kyoto commitment period, at the end of 2012.

On 24 June the Australian Prime Minister, Kevin Rudd, called a Labor Party leadership contest. The Deputy Prime Minister, Julia Gillard, was elected unopposed as the new leader and subsequently sworn in as Prime Minister.

On 17 July Prime Minister Gillard announced that an election would be held on 21 August 2010. The new Prime Minister has stated that the Government remains committed to a price on carbon and that community consensus would need to be reached on emissions trading before implementation. On 7 July the Prime Minister reaffirmed the 2012 timeframe for consideration of an emissions trading scheme.

The Opposition continues to advocate a direct action policy to reduce carbon emissions.

Changes to the structure of the 20% Renewable Energy Target (RET) were passed by the Australian Parliament on 25 June. The amendments, which were announced by the Government in February, split the scheme into a large-scale renewable energy target and a small-scale renewable energy scheme and are effective from 1 January 2011. The new structure was developed in response to the fall in the price of Renewable Energy Certificates (RECs), which was largely attributed to the major uptake of residential solar hot water systems. The lower REC prices had discouraged investment in large-scale renewable projects and the changes are intended to provide greater investment certainty.

The NSW Government confirmed it is continuing with its electricity reform plan with data rooms for bidders opening on 1 July. The process will include the sale of three retail businesses, four gentrader (tolling agreements with existing black coal generators) contracts and seven power station development sites. The government has indicated that binding bids for assets are due by 1 November 2010. TRUenergy is continuing to assess the opportunity.

The Victorian Government's AMI programme is on track to achieve its next roll-out target of 10% of small customers having a smart meter by the end of 2010. The government introduced a moratorium on the introduction of new Time Of Use tariffs until the end of 2010 while the likely impact is assessed. TRUenergy preparations are also on track with the AMI team recently completing key deliverables and achieving critical milestones, including an assessment of the impact of AMI on customer profitability and pricing.

Chinese Mainland

In March 2010, CLP completed the acquisition of a 32% shareholding in CGN Wind Power Company Limited (CGN Wind), a strategic joint venture with CGNPC to develop CGN Wind as a major platform for our future expansion in wind power projects in China. As at end of June 2010, the joint venture has a controlling generation capacity 1,768MW, of which 1,045MW under operation and 723MW under construction.

CLP signed an agreement with China Guodian Corporation on 13 April 2010 to sell CLP's entire interest in CLP Power China (Anshun) Limited which owns 70% interest in the 600MW Anshun II Power Station in Guizhou Province. The Anshun II project has a complicated, suboptimal ownership and operating structure which shared common facilities and despatch arrangements with the adjoining Anshun I (which was majority-owned by China Guodian Corporation). The divestment will streamline the operational efficiency of the two power plants and rationalise CLP's asset ownership in coal-fired projects in the Mainland.

Construction of the Jiangbian Hydro 3 x 110MW project in Sichuan is proceeding generally to plan, though we continue to face difficulties with poor rock quality in the extensive tunneling works that are required. Adverse weather and the remote location are also significant factors. We hope to have the plant in service in 2011. Our priority for this project is, and will continue to be, construction safety. We have acquired the remaining 35% equity interest of CLP Sichuan (Jiangbian) Power Company Limited from the local partner, Sichuan Basic Power Company Limited.

It has been possible to uprate the two Fangchenggang units from 600MW to 630MW. Demand in Guangxi has continued to grow following the economic recovery and production has been high so far this year. The plant has achieved good operational performance, but coal procurement is a challenge with electricity production being higher than plan and the market price of coal gradually increasing. Nevertheless, we have been able to import the necessary quantities of coal and the economic performance of the plant is favourable. We are exploring the possibility of adding two more units at Fangchenggang, using the available site area and infrastructure that was included in the first stage of the project.

Construction of CLP's first wholly-owned wind farm in China, Phase I of Qian'an wind farm (49.5MW) in Jilin Province, is proceeding as planned. The erection of all 33 wind turbines was completed in April, and preliminary testing was completed in June 2010. The project is expected to begin commercial operation in October 2010. We are also commencing construction of our second wholly-owned wind project, a 48MW wind farm at Penglai, Shandong Province. The scheduled commissioning date for the project is second quarter of 2011.

Since 1994, the Guangdong Daya Bay Nuclear Power Station has been supplying electricity to Hong Kong safely and reliably, establishing itself as a key player in supplying CLP's customers with reliable energy at virtually no emissions and on account of its impressive operational environmental and safety records. A minor operational matter occurred on 23 May at the Daya Bay Nuclear Power Station, which was unfortunately inaccurately reported by a number of media services. CLP, our partner

The main dam under construction at Jiangbian

CGNPC at Daya Bay, the operator of the power station and the Ministry of Environmental Protection of China have all confirmed that this case had no impact on public safety, public health or the environment.

An investigation into the matter is in progress but preliminary assessment indicates that there may be an imperfect sealing of one fuel rod (out of over 40,000 in the reactor core) in Unit 2. The investigation findings will be shared with the Hong Kong Government in line with established processes. This minor matter did not require classifying or reporting under the International Atomic Energy Agency's zero-to-seven scale for reporting nuclear safety incidents. Daya Bay retains its good safety record and there are many levels of safeguards to ensure secure operations at the Station. In addition, there are robust and vigorous national and international requirements for the monitoring, reporting and disclosure of nuclear-related incidents and CLP will continue to explore with the Hong Kong Government and our Daya Bay partner with a view to enhance local communication.

In July, CLP entered into an agreement of cooperation intent with CGNPC to take up 17% equity share of a 6,000MW nuclear power project in Yangjiang in Guangdong Province. Located on the coast of Guangdong, approximately 220 kilometres west of Hong Kong, the Yangjiang Nuclear Power Station will supply electricity to meet local demand in Guangdong Province. The construction of the station commenced in 2008, and the project is expected to be commissioned in phases between 2013 and 2017.

Cooperation with Shenhua Group through CSEC Guohua, our joint venture, is progressing well. Construction of the two 1,000MW coal-fired units of Suizhong II in Liaoning Province is on schedule and the two units were successfully commissioned in February and May 2010 respectively.

We have completed modifications to the Shandong Boxing Biomass plant with the installation of an additional 15MW condensing turbine. This enables generation of electricity independently of steam sales, thereby improving operational flexibility.

India

The 1,320MW coal-fired Jhajjar project in Haryana State is close to 50% completion and generally on schedule, with the second phase of financing in the process of being finalised. Power plant equipment is being delivered to site progressively and installed as areas become available. Safety continues to remain a key area of concern, with the occurrence of two fatalities in the past four months. We are working extremely hard to promote a rigorous safety culture.

Coal for the Jhajjar plant will come from Indian mines. The necessary contracts for railway connections have been placed. However, work continues on finalising the documentation required to confirm the intended arrangements for the supply of coal by Coal India.

GPEC was awarded the ROSPA President's Award for Occupational Health & Safety for promoting safety at work. This is the 11th consecutive gold medal awarded to GPEC by ROSPA.

In January 2010, the Appellate Tribunal for Electricity ruled in favour of the off-taker Gujarat Urja Vikas Nigam Ltd. (GUVNL) on their claim for repayment of around HK$488 million for

Construction workers placing cooling water pipelines at the Mahatma Gandhi Thermal Power Plant, Jhajjar deemed generation on naphtha. GPEC has filed an appeal, and the matter was admitted by the Supreme Court of India on 16 April 2010, with the hearing dates yet to be fixed. The background to GUVNL's claim is explained in Note 26 on pages 55 and 56 of this Interim Report, where it is treated as a contingent liability.

The 99MW wind farm at Theni, Tamil Nadu was fully commissioned in July 2010. This is CLP India's first project with Vestas and was completed in 10 months. CLP is now the largest wind developer in India, with a renewable energy portfolio comprising 446 equity MW, of which 263MW is already operational and an additional 70MW is expected to be commissioned before the end of 2010. The Samana II, Saundatti and Theni wind farms were registered to receive the Generation-based Incentive, instituted by the Indian government for wind projects in April 2010. On 12 February 2010, the 50.4MW Samana Phase I wind farm became the first project from CLP India to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) to sell Certified Emissions Reductions. In the months ahead, we will continue the expansion of our renewable energy portfolio and establish processes for clean development mechanism (CDM) registration and sale, enabling us to maximise revenues from carbon credits for wind projects.

Activities at our Andhra Lake wind project are behind schedule as we continue to await land consent. Completion for Phase I (56MW) is expected by March 2011 and Phase II by July 2011.

Southeast Asia and Taiwan

Operations of Electricity Generating Public Company Limited (EGCO) were not affected by the anti-government protests in Bangkok. All the power plants in EGCO's portfolio operated normally in accordance with their respective PPAs. The Nam Theun 2 hydro project in Laos, of which EGCO owns 25%, achieved commercial operation in April for 1,043MW of generation capacity out of its total capacity of 1,087MW, most of which is for cross-border sale to Thailand. EGCO continued to explore opportunities for growth within Thailand and in the ASEAN markets. Options for extending the current PPAs for the Rayong and Khanom plants, which will expire in a few years, or for repowering the plants, are being studied. EGCO is also pursuing opportunities for acquisition of operating power plants and greenfield projects in Indonesia and The Philippines.

Natural Energy Development Co., Ltd., the joint venture company equally owned by CLP, Mitsubishi Corporation and EGCO, has signed the construction and supply contract and financing documents for a 55MW solar project located in Central Thailand. Construction started in early August 2010 and commissioning will be carried out in phases from 2011 to 2012.

The good operational performance recorded in 2009 at the Ho-Ping power plant in Taiwan continued into the first half of 2010. With the re-built stronger coal storage domes, we expect that interruptions to operations will be minimised during the upcoming typhoon season. Ho-Ping has also secured, at reasonable prices, most of its coal supply for the year.

In Vietnam, development activities of the 1,320MW coal-fired Vung Ang 2 project led by CLP, Mitsubishi Corporation and local partners have intensified. A "Principles Agreement" was signed with the Ministry of Industry & Trade. This serves as the heads-of-agreement of the Build-Operate-Transfer (BOT) Contract, PPA and other key project agreements. Tendering documents for the Engineering, Procurement and Construction (EPC) Contract have been issued to short-listed contractors, while discussions on fuel supplies and financing options are ongoing.

The 1,980MW coal-fired Vinh Tan 3 project, the second greenfield project that CLP and Mitsubishi Corporation are developing in Vietnam, is moving slightly behind the Vung Ang 2 project. Although our local partners for the two projects are different, we believe that significant synergies can be achieved by leveraging our involvement in both projects, especially in the areas of EPC and fuel supply. The Vinh Tan 3 project was officially awarded BOT status in January, which entitles the project to sovereign guarantees, land-use rights and favorable tax treatment for an operating period of 25 years, after which ownership of the project reverts to the state. A key task for the second half of 2010 will be to complete the investment project report, which includes the feasibility study and environmental and social impact assessment, for the Vinh Tan 3 project in Vietnam.

Human Resources

As at 30 June 2010, the Group employed 5,904 staff (2009: 5,700), of whom 3,941 were employed in the Hong Kong electricity and related business, 1,660 by our businesses in Australia, the Chinese mainland, India, Southeast Asia and Taiwan, as well as 303 by CLP Holdings. Total remuneration for the six months ended 30 June 2010 amounted to HK$1,718 million (2009: HK$1,528 million), including retirement benefit cost of HK$131 million (2009: HK$122 million).

Safety

The Jhajjar project in India and the Jiangbian Hydro project in China are our most challenging projects in respect of safety management. Despite all efforts made, there were two fatalities at Jhajjar involving subcontractor workers. The first incident occurred in March during the reconfiguration of a construction crane and a detailed investigation has since been completed. The second happened in July during energisation of a temporary light fixture and a detailed investigation is underway. We are implementing additional controls to reduce risk during construction and, on the ground, we continue to promote the message as strongly as possible that safety is our highest priority.

There was also a tragic fatality in May to one of our Hong Kong meter readers who fell into a lift shaft near the meter room of a high-rise residential block during the course of his work. An investigation by the local authority is underway, while necessary measures are being taken within CLP to strengthen the awareness of safety risks in buildings owned and managed by others.

As part of our continuing safety initiatives across the Group we conducted a safety workshop to review the progress against the original safety objectives, the implementation effectiveness and the need for any changes. Reviews of this nature help to maintain the focus on safety and to refresh our approach. We held a workshop to initiate our contractor safety standard in India, and to explain the details to our sites and their contractors. This standard was developed to provide guidance on the minimum requirements to be incorporated in site management. We held a similar workshop in PRC last year.

Environment

Air quality and climate change remain our top challenges and as part of our endeavors to address both, in late 2009, we signed the Manifesto for Energy Efficiency in Buildings of the World Business Council for Sustainable Development (WBCSD). We will implement the actions outlined in the Manifesto over a three-year period and will report on our progress in subsequent annual Sustainability Reports.

Air Quality

Throughout the first half of 2010, we continued to work hard on our emissions reduction projects.

Good progress has been made on the retrofitting of Flue Gas Desulphurisation and NO_X reduction facilities at our Castle Peak Power Station. These facilities are necessary to meet the 2010 emission targets in Hong Kong. More details are covered on page 8.

Emissions from CAPCO power stations in the first half of 2010 were within target. The current emissions forecast for the year-end are within the emission caps granted by the Hong Kong Government, assuming timely completion of the Emissions Control Project. However, the uncertainty of gas supply contracts will result in the need to conserve gas from Yacheng for later years, leading to the greater use of coal. Even so, with the completion of the Emissions Control Project at Castle Peak Power Station, emissions will still be substantially reduced from 2009 levels and therefore comply with the 2010 emission targets.

In order to meet with the tightening reporting requirement of emission data, a new IT platform - Emission Management Information System will be established. This new system, expected to be rolled out in the third quarter of 2010, will help improve the integrity and robustness of our reported emission data and ensure CAPCO stays at the forefront of environmental management.

Climate Change

Despite disappointing results from the UNFCCC Conference of Parties in Copenhagen, CLP is continuing with its effort to reduce carbon emissions. We have not experienced any weakening of policy support in climate change related initiatives in countries where we operate. In certain jurisdictions, the support seems to be strengthening as evidenced by the updated Renewable Energy Law in the Chinese mainland which became effective since 1 April 2010.

Over the last few years, the world has moved from understanding the climate change problem to exploring possible solutions. Today, the global community expects their implementation. However, the challenge is so large that cooperation is needed across the public and private sectors in order to implement the solutions that are most appropriate.

To foster this cooperation, our senior executives and managers are taking on an increasing number of public speaking engagements as well as key positions in international organisations involved with policy advocacy. At the international level, CLP continues to participate as one of the leaders in power generation in the Asia-Pacific region, in the international climate change framework discussions through the WBCSD. At the local level, CLP has engaged with local authorities on local climate change-related issues, particularly in Australia and in Hong Kong.

CLP continued to respond to the Carbon Disclosure Project (CDP) and has been doing so since its inception in 2000. Our response, which includes an in-depth discussion of our carbon emissions, trends, risks, opportunities and management of the climate change issue within CLP, is available on CDP's website.

The growth in our renewable energy portfolio, development of additional gas-fired generation and our involvement in the Mainland's nuclear energy programme, all touched upon in this Interim Report, are part of our Climate Vision 2050 which was announced in 2007. We aim to make a significant contribution to the collective effort needed to tackle the threat of catastrophic climate change through drastic reductions in the carbon intensity of our generation portfolio.

Stakeholder Engagement

As the provider of an essential public service, CLP's operations are closely intertwined with the lives of the communities we serve. Gaining and sustaining our stakeholders' trust is integral to our licence to operate. At CLP, we are committed to building strong relationships with our stakeholders so that they have a clear understanding of our operations and are comfortable in questioning us on our strategies and approaches.

In the first half of 2010, CLP continued to be proactive in communicating and engaging our stakeholders. For instance, CLP hosted tours of power plants and energy efficiency facilities to over 40,000 individuals to promote energy efficiency and power generation education.

On the environmental front, our management team participated in numerous key dialogues. We discussed the role of the private sector within the UNFCCC process at a WBCSD workshop organised in Hong Kong, contributed to a dialogue on the financing and development of clean energy in Asia at a Bloomberg New Energy Finance Summit in the U.K., and exchanged views on the implications of the UNFCCC Conference in Copenhagen with various think-tanks and policy research groups.

Our staff are also closely involved with raising awareness on climate change. In February 2010, we sent five engineers from our operations in Hong Kong, India and Australia to Antarctica to view the effects of climate change first-hand, and to install renewable energy devices at E-Base, an educational facility operated by 2041, a non-government organisation. The engineers' blog attracted a readership of 9,000. As a follow-up to their Antarctica Expedition, the engineers have suggested a number of sustainable initiatives to the Company. Further details about this project are set out on the inside back cover of this Report.

At the policy level, in May 2010, CLP supported and participated in a roundtable discussion organised by The Climate Group in Beijing to address the cooperation needed between developing and developed countries to achieve a low-carbon future. We also established the CLP-Tsinghua University Clean Energy Education Fund to prepare future leaders in the sector and promote research on China's low-carbon development.

In India, CLP sponsored the CLP Electrodrome - the museum of electricity at the Gujarat Science City. The museum serves to educate visitors on various aspects of electricity, which is fundamental to supporting the country's economic growth.

The 2010 CLP Young Power Programme Kick-Off ceremony – "Towards a Low Carbon Future"

In Australia, TRUenergy made submissions on the proposed National Energy Customer Framework, which aims to streamline distribution and retail regulation through a national approach. TRUenergy also made submissions on the proposed changes to the structure of the national RET, which are intended to provide greater certainty for investors.

Looking ahead, CLP has lined up a number of programmes for the second half of 2010, such as the Young Power Programme and activities celebrating the International Year of Biodiversity. We will continue to work towards building and sustaining trust from the community.

Sustainability Report

Multi-sector cooperation is integral to finding solutions to the global challenges that face us today. We believe that businesses must demonstrate a commitment to build and achieve a more sustainable future for our planet, and hence for ourselves. In parallel to this, there has been growing interest from various stakeholder groups for information that is timely, relevant, accessible and trustworthy. Good, reliable and unbiased communication is vital to meet these needs. It has become increasingly important to report on all aspects of the debate in an objective and integrated way, and it is our responsibility to make this information readily accessible.

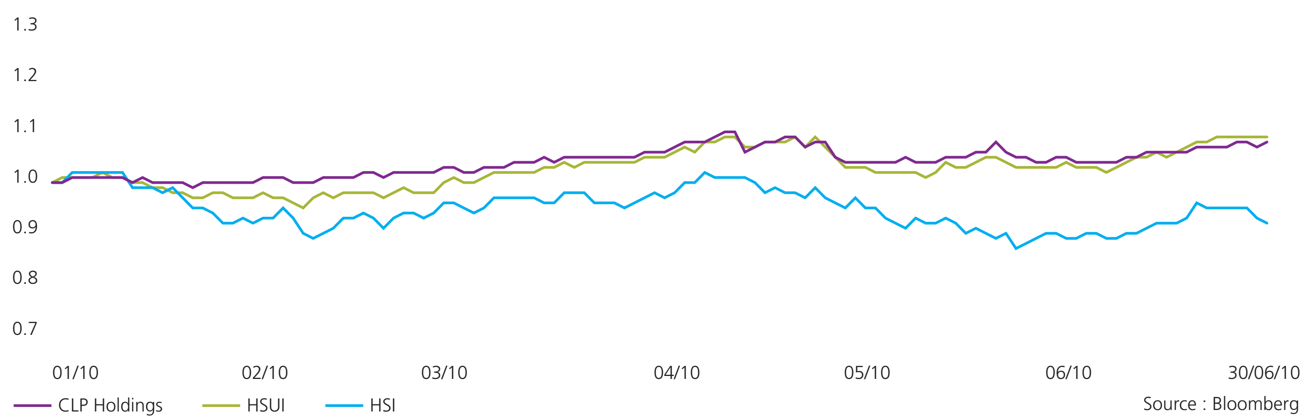
In light of this and to meet our stakeholder needs, we issued our fully revamped Sustainability Report in electronic book format and a hard copy "In Essence" summary in March 2010. In May 2010, we received the Globe Forum Award for Sustainability Reporting in Sweden, our first international award for our Group Sustainability Report.

Shareholder value

During the first half of 2010, CLP's share price and the Hang Seng Utilities Index (HSUI) rose by 7.63% and 9.44% respectively whilst the Hang Seng Index (HSI) dropped by 7.97%.

The final dividend for 2009 of HK$0.92 per share was paid to shareholders on 28 April 2010. The first interim dividend for 2010 of HK$0.52 per share was paid on 15 June 2010 and the second interim dividend of HK$0.52 per share will be paid on 15 September 2010.

Relative Performance – CLP vs Local Benchmark Indices (1 Jan 2010 – 30 Jun 2010) (Base: 31 Dec 2009 = 1.0)



Source : Bloomberg

Financial Review

Events that Shaped Our Financial Performance in the First Half

The increase in total earnings reflected a good financial performance of all the business streams. The following points are highlighted:

- Scheme of Control (SoC) earnings picked up due to ongoing capital investment in electricity infrastructure. The current SoC, which came into effect on 1 October 2008, reduced the SoC permitted return from 13.5% – 15% to 9.99%.
- The upturn in electricity demand in the Chinese mainland and less competition from hydro-generation in Guangxi substantially improved the financial results of Fangchenggang power station. There was also a higher contribution from our wind farms in the Chinese mainland as they commenced operations.
- TRUenergy continued to improve earnings by increases in retail electricity prices and volume and lower gas purchase price, which was reinforced by the 24% increase in the average exchange rate of Australian dollar over the corresponding period in 2009.
- Certain amendments to tax consolidation rules in Australia were enacted in 2010, which apply retrospectively from 2002. These amendments allow deductions of tax cost bases for some assets (which were not allowed under the original legislation), and benefit the acquisition of Yallourn and MEB by TRUenergy tax consolidation group in 2005. As a result, additional deferred tax asset of A$144 million (HK$989 million) and a corresponding income tax credit were recognised. This credit, however, has no immediate cash effect on the Group.
- The Australian Government announced that it did not intend to reintroduce the Carbon Pollution Reduction Scheme (CPRS) until after 2012. As a result, no impact of the CPRS has been reflected in the Group financial statements.
- The underlying performance of GPEC power station remained strong but was adversely impacted by the translation loss of foreign currency receivables in the power purchase agreement (PPA).

Financial Outlook for the Second Half

Benefiting from certain one-off items, the Group's financial performance in the first half has been strong. Nevertheless, the following issues may have a bearing on the Group's financial outlook in the second half of 2010:

- GPEC's deemed generation incentive payment dispute remains unresolved. Any unfavourable court decision may have significant effect on the Group's results. Please refer to Note 26 to the financial statements for details.
- The business environment in the Chinese mainland remains challenging due to high coal prices and government policies. In particular, the performance of Fangchenggang power station may be affected by increasing competition from hydro-generation during wet season.
- Volatile foreign exchange market may continue to have an effect, either translational or transactional, on the Group's results.

The current first-half is the first period when like-to-like comparison can be made with the corresponding period since the current SoC effective 1 October 2008.

Group's Financial Results

	Notes to the Financial Statements	Six months ended 30 June 2010 HK$M	2009 HK$M	Increase / (Decrease) HK$M	%
Revenue	*6*	**27,618**	23,503	4,115	17.5
Expenses		**(21,997)**	(18,790)	3,207	17.1
Other income	*7*	**400**	–	400	N/A
Finance costs	*9*	**(1,958)**	(1,668)	290	17.4
Share of results of jointly controlled entities	*15*	**1,264**	1,171	93	7.9
Share of results of associated companies	*16*	**335**	(356)	691	N/A
Income tax credit / (expense)	*10*	**228**	(666)	(894)	N/A
Earnings attributable to shareholders		**5,921**	3,235	2,686	83.0

see page 20

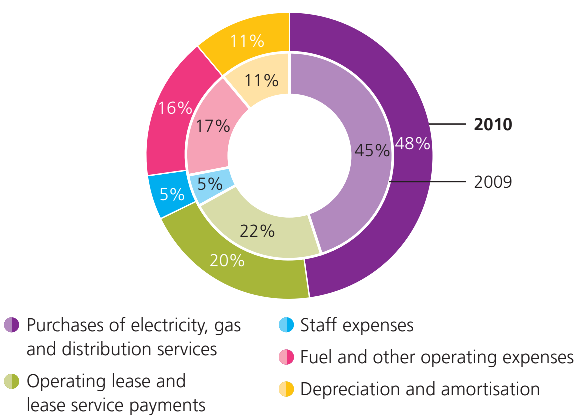
Revenue and Expenses

With the increase in basic tariff of HK¢2.6 per unit and mild sales growth of 0.9%, revenue from our Hong Kong electricity business rose by 5.3%. TRUenergy's revenue also increased as a result of higher retail electricity prices and volume, further reinforced by the higher average exchange rate of the Australian dollar. These increases are partly offset by the lower gas purchase price in India which pushed down GPEC's revenue under the cost pass-through mechanism.

TRUenergy experienced an increase in expenses. In addition to the higher average exchange rate and sales volume in Australia as noted before, higher network charges and the increase in Renewable Energy Certificates expense (due to the uplift in the Mandatory Renewable Energy Target) accounted for the increase. The rest of the increase in expenses was attributable to increases in operating lease and lease service payments (mainly due to the higher fuel cost to CAPCO), and higher depreciation expense from our expanding fixed assets base.

	Revenue		Expenses	
	Six months ended 30 June			
	2010 HK$M	2009 HK$M	**2010 HK$M**	2009 HK$M
Hong Kong	**13,798**	13,066	**(9,312)**	(8,960)
Australia	**12,307**	8,815	**(11,153)**	(8,233)
Chinese mainland	**144**	83	**(117)**	(160)
India	**1,341**	1,526	**(1,158)**	(1,206)
Southeast Asia and Taiwan	**26**	10	**(30)**	(13)
Unallocated	**2**	3	**(227)**	(218)
	27,618	23,503	**(21,997)**	(18,790)

Analysis of Expenses



Other Income

Other income represented solely the gain on the sale of our interest in CLP Power China (Anshun) Limited (CLP Power China (Anshun)) (which held 70% interest in Guizhou CLP Power which owns the Anshun II power station). The gain included the release of the translation reserve of HK$91 million on the investment.

Finance Costs

The increase was mainly attributable to the increase in finance lease charges and interest paid by CLP Power Hong Kong on the higher finance lease balance with CAPCO (due to the commissioning of part of the emissions control facilities at Castle Peak Power Station) and increased borrowings to finance capital expenditure respectively. The higher interest rates and refinancing charges for TRUenergy's borrowings also accounted for part of the increase.

Share of Results of Jointly Controlled Entities

Excluding the effect of reclassifying GNPJVC to associated company in September 2009 (see below), the performance of our jointly controlled entities in the Chinese mainland improved significantly. In particular, due to recovery of the economy and reduced generation from hydro, earnings from Fangchenggang power station rebounded strongly. Earnings from CSEC Guohua joint venture also increased as a result of higher demand and lower depreciation charge with the extension of useful lives of certain fixed assets.

Share of Results of Associated Companies

The results were mainly attributable to GNPJVC (HK$332 million) which was only reclassified from a jointly controlled entity to an associated company in September 2009. Besides, a provision for the investment in Solar Systems of HK$324 million made up the significant loss in 2009.

Income Tax Credit / (Expense)

A tax consolidation benefit of HK$989 million was recognised as a result of the additional deferred tax asset arising from the enactment of certain tax consolidation rules in Australia. Excluding this tax benefit, income tax expense increased, which was consistent with the general increase in operating earnings across the region.

From page 18

Earnings Attributable to Shareholders

	Six months ended 30 June					
	2010		2009		Increase / (Decrease)	
	HK$M	HK$M	HK$M	HK$M	HK$M	%
Electricity business in Hong Kong (HK)		3,014		2,925	89	3.0
Electricity sales to Chinese mainland from HK	25		33			
Generating facilities in Chinese mainland serving HK	351		378			
Other power projects in Chinese mainland	458		(97)			
Energy business in Australia	461		204			
Electricity business in India	115		159			
Power projects in Southeast Asia and Taiwan	191		244			
Other earnings	53		(15)			
Earnings from other investments / operations		1,654		906	748	82.6
Unallocated net finance costs		(8)		(11)		
Unallocated Group expenses		(225)		(217)		
Operating earnings		4,435		3,603	832	23.1
Other income		400		–		
Tax consolidation benefit from Australia		989		–		
Yallourn coal mine subsidence insurance recovery / (costs)		97		(1)		
TIPS* related contracts — MTM amortisation		–		(21)		
Provision for Solar Systems		–		(346)		
Earnings attributable to shareholders		5,921		3,235	2,686	83.0

* Torrens Island Power Station (TIPS) in South Australia was sold in July 2007.

The broad increase in operating earnings across the region, together with the tax consolidation benefit from Australia and the gain on sale of CLP Power China (Anshun), as opposed to the one-off provision for Solar Systems in 2009, raised the half-year earnings to HK$5,921 million, a 83.0% increase over the first half of 2009.

Hong Kong: SoC returns rose, reflecting ongoing investment in the Hong Kong electricity infrastructure. This was partly offset by higher interest expenses on higher borrowings.

Chinese Mainland: Fangchenggang power station sustained its excellent performance since the second half of 2009 and recorded earnings of HK$295 million (2009: loss of HK$84 million) during the period. In addition, earnings from the CSEC Guohua joint venture also improved as a result of higher demand and a lower depreciation charge with the extension of useful lives of certain fixed assets. However, the Shandong Zhonghua joint venture was adversely impacted by high coal prices. Earnings from the wind and hydro projects were above the 2009 level due to more wind farms coming into operation and higher rainfall in Huaiji.

Australia: Earnings from TRUenergy more than doubled. The increases in retail electricity prices and volume and the lower gas purchase price, as well as the improved collection of bad debts, made a positive contribution to earnings. This was reinforced by the 24.0% increase in average exchange rate of Australian dollar. On the other hand, the unfavourable mark-to-market movement of energy derivatives offset part of the increase.

India: GPEC continued to operate reliably with high availability and recorded an increase in operating earnings. However, it suffered a loss of HK$37 million (as opposed to a gain of HK$23 million in 2009) from the translation of Pound Sterling and Euro receivables under the foreign exchange protection clause of the PPA to Indian rupee at lower exchange rates. Jhajjar project also recorded a net fair value loss on its foreign exchange contracts.

Southeast Asia and Taiwan: Earnings from Ho-Ping came down as the energy tariff was set at a lower level, which reflected Taipower's lower prior year average coal cost. EGCO's contribution remained favourable.

Non-recurring Items: Other income represented solely the gain on sale of CLP Power China (Anshun). A tax consolidation benefit was recognised in current period due to changes in the relevant tax legislation in Australia. Furthermore, the final settlement of the Yallourn coal mine subsidence insurance of HK$97 million (after tax) was received in February 2010.

Group's Financial Position

	Notes to the Financial Statements	At 30 June 2010 HK$M	At 31 December 2009 HK$M	Increase / (Decrease) HK$M	%
Fixed assets	*13*	**103,278**	97,098	6,180	6.4
Interests in jointly controlled entities	*15*	**18,990**	18,838	152	0.8
Deferred tax assets		**3,970**	3,355	615	18.3
Derivative financial instruments assets (current & non-current)	*17*	**3,570**	3,293	277	8.4
Derivative financial instruments liabilities (current & non-current)	*17*	**2,104**	1,652	452	27.4
Trade and other receivables	*19*	**11,739**	9,018	2,721	30.2
Bank balances, cash and other liquid funds		**2,045**	7,994	(5,949)	(74.4)
Trade and other payables	*20*	**7,865**	8,926	(1,061)	(11.9)
Obligations under finance leases (current & non-current)	*22*	**24,522**	21,855	2,667	12.2
Bank loans and other borrowings (current & non-current)	*21*	**39,481**	39,431	50	0.1

see pages 22 to 24

Fixed Assets and Capital Commitments

To maintain our power stations and systems to world-class standards, we continue to invest heavily in fixed assets, which represented about 64% of our total assets. In Hong Kong, we invested substantially in the past six months in upgrading our network and the emissions control facilities at Castle Peak Power Station. Elsewhere, we invested HK$3.0 billion, mainly related to the construction of wind farms and the Jhajjar project in India. The acquisition of CLP Sichuan (Jiangbian) Power Company Limited (Jiangbian) as a wholly-owned subsidiary during the period also accounted for an increase of HK$1.2 billion fixed assets.

Capital commitments at 30 June 2010 amounted to HK$23.6 billion, representing mainly the capital works in Hong Kong and the construction work proceeding at the Jhajjar power station.

Interests in Jointly Controlled Entities

During the period, additional shareholders' loans of HK$904 million were advanced to CAPCO to finance its capital expenditure. This increase was offset by the sale of CLP Power China (Anshun) (which held 70% interest in Guizhou CLP Power) and the reclassification of Jiangbian as a wholly-owned subsidiary following the buy-out from the local joint venture partner.

Deferred Tax Assets

Additional deferred tax asset of HK$989 million were recognised by TRUenergy following amendments to the tax consolidation rules in Australia.

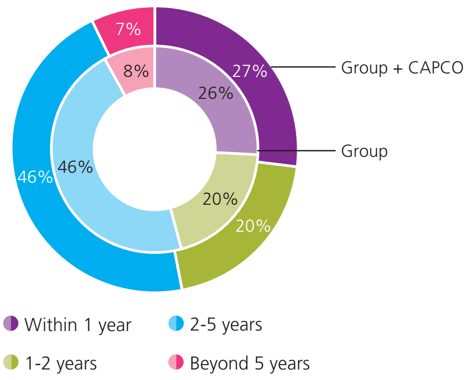
From page 21

Derivative Financial Instruments

As at 30 June 2010, the Group had gross outstanding derivative financial instruments amounting to HK$104.9 billion. The fair value of these derivative instruments was a net surplus of HK$1.5 billion, representing the net amount receivable if these contracts were closed out on 30 June 2010. However, changes in the fair value of derivatives will have no impact on cash flow until settlement. The breakdown by type and maturity profile of the derivative financial instruments is shown below:

	Notional Amount		Fair Value Gain / (Loss)	
	30 June 2010 HK$M	31 December 2009 HK$M	30 June 2010 HK$M	31 December 2009 HK$M
CLP Group				
Forward foreign exchange contracts	71,963	67,261	875	629
Interest rate swaps / cross currency & interest rate swaps	21,480	20,066	138	139
Energy contracts	11,492	12,440	453	873
	104,935	99,767	1,466	1,641
CAPCO				
Forward foreign exchange contracts	312	454	(27)	(29)
Interest rate swaps	1,269	1,586	(44)	(60)
Total	106,516	101,807	1,395	1,552

Maturity Profile at 30 June 2010



Trade and Other Receivables

Seasonal higher sales in June as compared to December have resulted in higher trade receivables in Hong Kong and Australia. Higher retail electricity prices and the deposits paid for gas purchases also explained the increase in Australia. In India, GUVNL's unilateral deduction of Rs.3,731 million (HK$629 million) from GPEC's invoices for the period January to March 2010 arising from the "deemed generation incentive payment" dispute further increased the receivable balance. Details of this dispute are disclosed in Note 26 to the financial statements.

Bank Balances, Cash and Other Liquid Funds

At 30 June 2010, the Group had liquid funds of HK$2.0 billion (31 December 2009: HK$8.0 billion), of which 91% was denominated in foreign currencies mainly held by overseas subsidiaries in India, Australia and the Chinese mainland. The remainder was denominated in Hong Kong dollars. The reduction of liquid funds was due to dividend payments and investment outlays for overseas projects, including the equity injection into CGN Wind (see below).

Trade and Other Payables

The settlement of the outstanding equity injection into CGN Wind of HK$1.2 billion in March 2010 reduced the balance.

Obligations under Finance Leases

The obligations primarily arise from the generation assets leased from CAPCO. The increase mainly related to the commissioning of part of the emissions control facilities at Castle Peak Power Station.

Financing and Capital Resources

The Group engaged in new financing activities in the first half of 2010 in support of the expansion of its electricity business. The Group continues to adopt a prudent approach to all financing arrangements, whilst aiming to achieve adequate, diversified and cost efficient funding.

In April 2010, CLP Holdings successfully completed the refinancing of a HK$6 billion 5-year revolving bank loan facility with a consortium of 18 international and regional banks. The total funding commitment received by CLP Holdings was substantially in excess of the funding requirement so the offered amount was scaled back to maintain the total facility at HK$6 billion.

In the first half of 2010, CLP Power Hong Kong successfully arranged HK$4.4 billion new financing at attractive interest rates. This comprised US$500 million (HK$3.9 billion) 10-year bond issued on 12 March 2010 under the Medium Term Note (MTN) Programme with a 4.75% coupon. The bond was priced at U.S. Treasury yield plus 1.15%. This bond issue was widely supported by investors resulting in an order book of US$4.5 billion (9 times cover). The bond is a Regulation S issue with listing on the Hong Kong Stock Exchange. All the U.S. dollars proceeds were swapped back into fixed rate Hong Kong dollars to mitigate foreign currency and interest rate exposures and achieved favourable pricing. CLP Power Hong Kong's MTN Programme was set up by its wholly-owned subsidiary CLP Power Hong Kong Financing Limited in 2002. Under the MTN Programme, bonds in an aggregate amount of up to US$2.5 billion, may be issued and will be unconditionally and irrevocably guaranteed by CLP Power Hong Kong. As at 30 June 2010, notes with a nominal value of about HK$16 billion have been issued under the MTN Programme. In addition, a new bank loan facility of HK$500 million was arranged at an attractive interest rate margin during the period.

In Australia, TRUenergy rolled over a A$300 million (HK$2.0 billion) working capital loan in June. In the Chinese mainland, Penglai Wind, a CLP wholly-owned wind power project in Shandong Province, procured a RMB332 million (HK$380 million) project level loan on a competitive basis on good terms.

The Group maintains an appropriate portion of committed credit facilities with staggered maturities to enhance liquidity and reduce refinancing risk. During 2010 we have increased our banking relationships from 54 financial institutions to 61 to facilitate business growth and further spread out concentration risk. We have also solicited and maintained bank facilities from a group of financial institutions with strong credit standings to ensure proper performance of contractual obligations by our counterparties. The debts of our subsidiaries are without recourse to CLP Holdings. Of the Group's total borrowings, HK$4,786 million as at 30 June 2010 was secured by fixed and floating charges over the assets of our subsidiaries in India. HK$1,843 million was secured by right of receipt of tariff, fixed assets and land use rights in Jiangbian, Qian'an, Dali Yang_er, Huaiji and Boxing Biomass. The Group's total debt to total capital ratio as at 30 June 2010 was 35.4%, decreasing to 34.2% after netting off bank balances, cash and other liquid funds as at 30 June 2010. Interest cover for the six months ended 30 June 2010 was 8 times.

As at 30 June 2010, the Group's fixed rate debt as a proportion of total debt was approximately 62% (61% for the Group and CAPCO combined).

	CLP Holdings HK$M	CLP Power Hong Kong HK$M	Other Subsidiaries[1] HK$M	Group HK$M	Group + CAPCO HK$M
Available Facility[2]	8,200	30,875	27,740	66,815	75,513
Loan Balance	–	22,709	16,772	39,481	46,108
Undrawn Facility	8,200	8,166	10,968	27,334	29,405

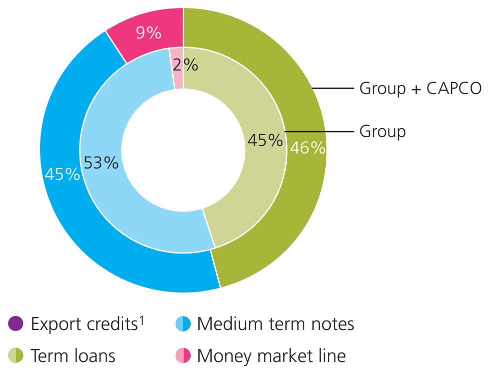
Notes:

1 Mainly relates to TRUenergy and subsidiaries in India.

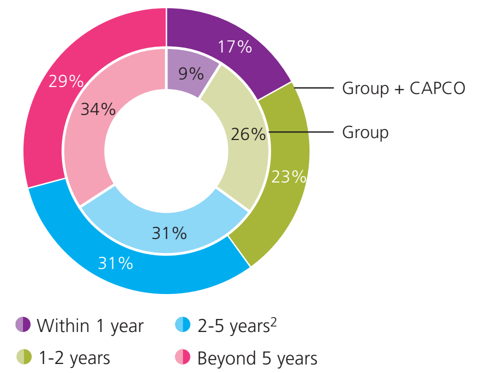
2 For the MTN Programme, only the amount of notes issued as at 30 June 2010 was included in the total amount of Available Facility.

Financing and Capital Resources (continued)

Loan Balance by Type



Maturity by Ageing



Notes:

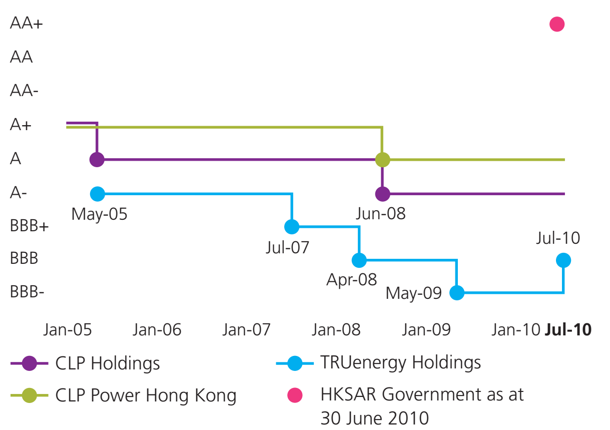
1 Export credits only accounted for 0.2% of the total loan balance of the Group and CAPCO combined (nil for the Group).

2 Including loan drawdown with current tenor less than one year under revolving facility with final maturity falling beyond one year.

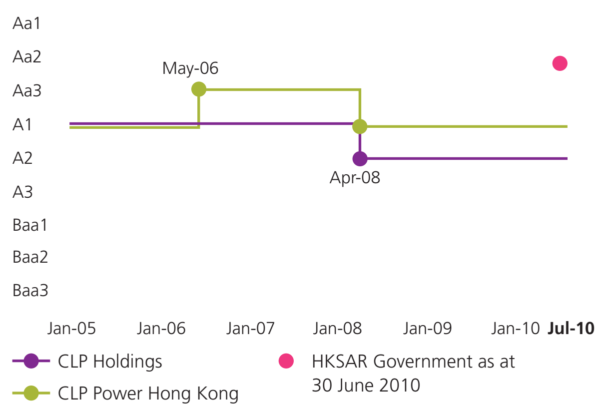
Credit Rating

Credit ratings of the CLP Holdings and CLP Power Hong Kong remain at strong investment grade throughout the period of financial market turmoils. CLP's prudent approach of debt and risk management and the disciplined investment strategy have enabled the Group to maintain good investment grade credit ratings, meet all commitments to lenders, secure adequate financing to support operations and expansion and preserve the capacity to access the financial markets to support future funding needs. In July 2010, Standard & Poor's (S&P) raised the credit rating of TRUenergy Holdings from BBB- to BBB after the Australian Government suspended the proposed CPRS which had once affected the (re)financing capabilities and terms of brown coal generators in the nation; and with improved operational and financial result at TRUenergy.

Standard & Poor's Long-term Credit Ratings – Foreign Currency and Local Currency



Moody's Long-term Credit Ratings – Foreign Currency and Local Currency



CLP Holdings

In July 2010, Moody's re-affirmed the A2 credit rating of CLP Holdings with stable outlook. This reflects the strong and predictable cash flows generated from CLP Power Hong Kong under the highly stable regulatory SoC business in Hong Kong; a sound liquidity profile supported by CLP Holdings' ability to access the domestic and international bank and capital markets; an appropriately managed debt maturity profile; and management's prudent and gradual approach in pursuing overseas expansion. According to Moody's, the rating also reflects CLP Holdings' weakened financial profile resulting from the lower permitted rate of return under the SoC; and the ongoing expansion into riskier, non-regulated merchant energy and retail businesses in the region.

CLP Holdings (continued)

In June 2010, S&P re-affirmed the A- credit rating of CLP Holdings with stable outlook. This reflects the strength of its dominant asset, CLP Power Hong Kong operating in a stable and favourable regulatory environment, having a strong market position in its service area and strong financial flexibility in a tight credit market. S&P opined that the strength which CLP Power Hong Kong brings to CLP Holdings is tempered by the parent's expansion into Asia-Pacific power investments – typically into higher-risk generation assets. However, S&P believed that CLP Group's good track record in prudent financial management with a balanced funding strategy should not unduly pressure CLP Holdings' financial risk profile, relative to the current rating, when CLP Holdings aspires to expand overseas.

In July 2010, Fitch re-affirmed its self-initiated A+ long-term issuer default rating to CLP Holdings with outlook remained at negative. Fitch considered CLP's liquidity to be sound, underpinned by the stable and recurring SoC cash flow and strong access to bank funding and capital markets. The negative outlook reflects Fitch's view of CLP's higher leverage and its large capital expenditure pipeline in Hong Kong and overseas.

CLP Power Hong Kong

In June 2010, Moody's re-affirmed the A1 credit rating of CLP Power Hong Kong with stable outlook. Moody's commented that the largely unchanged regulatory framework which offers a transparent tariff system, allowing 100% cost pass-through, would continue to provide CLP Power Hong Kong with a strong and highly predictable cash flow, but the lower permitted rate of return under the new SoC would weaken CLP Power Hong Kong's financial profile, albeit from a very strong level. That said, CLP Power Hong Kong's financial profile remains strong for its rating, given its low business risk profile. Moody's opined that CLP Power Hong Kong's liquidity profile is pressured to a certain extent by its dividend payment to CLP Holdings and its long term capital expenditure plan, but drew comfort from CLP Power Hong Kong's good track record in accessing domestic and international bank and capital markets, as well as its well-managed debt maturity profile.

In June 2010, S&P re-affirmed the A credit rating of CLP Power Hong Kong with stable outlook. S&P stated that the credit rating reflected the stable regulatory environment in which CLP Power Hong Kong operates, a strong market position in its service area, a strong operating track record and its strong financial flexibility. S&P opined that these strengths are partly offset by the uncertainty stemming from its parent's plan to continue expanding overseas. S&P expected CLP Power Hong Kong would maintain a modest financial profile at a time when it raises its debt leverage as it believed CLP Power Hong Kong would do so in a prudent manner which would maintain its strong financial flexibility.

In July 2010, Fitch re-affirmed its self-initiated A+ long-term issuer default rating to CLP Power Hong Kong with outlook remained at negative.

TRUenergy Holdings

In July 2010, S&P raised the credit rating of TRUenergy Holdings from BBB- to BBB with stable outlook. According to S&P, the rating action follows an abatement of TRUenergy's debt-refinancing risks; its strong operations and improved financial profile; the Australian Government's deferral of the proposed CPRS; lenders' willingness to support TRUenergy's business strategy; and CLP Holdings' continued support to TRUenergy.

Risk Management

The Group's investments and operations have resulted in exposure to foreign currency risks, interest rate risks, credit risks, as well as the price risks associated with the sale and purchase of electricity in Australia. We actively manage these risks by using different derivative instruments with the objective of minimising the impact of rate and price fluctuations on earnings, reserves and tariff charges to customers. In meeting the objectives of risk management, we always prefer simple, cost-efficient and HKAS 39 hedge-effective instruments. For instance, we prefer foreign currency forward contracts, cross currency and interest rate swaps to options and structured products. We also monitor our risk exposures with the assistance of a "Value-at-Risk" (VaR) methodology and stress testing techniques. Other than very limited energy trading activities engaged by our Australia business, all derivative instruments are employed solely for hedging purposes. Various risk factors faced by the Group and the management of them are set out in detail in our 2009 Annual Report at pages 107 to 115 and 194 to 200.

Outlook

By delivering economic value to our capital providers, as well as social and environmental value to all our stakeholders, we can create a sustainable business with a positive outlook.

Hong Kong

Our major plans and activities for the second half of 2010 include:

- finalising gas supply and commercial arrangements for the construction of gas infrastructure projects under the inter-government MOU on Energy Cooperation. We are working closely with Hong Kong and Central People's Government authorities to solicit permits and approvals;
- completing the Emissions Control Project at Castle Peak "B" Power Station on schedule, within budget and without safety incidents, in line with the current project schedule;
- engaging the HKSAR Government on a practical plan for meeting climate change goals and achieving air quality objectives;
- promoting the development of the EV market by continuing to play a proactive role in the Government's Steering Committee on Electric Vehicles and further developing EV charging infrastructure;
- stepping up efforts to achieve and promote energy efficiency, working with eligible non-government organisations and implementing pilot smart grid projects; and
- managing critical business issues, including tariff, environment and electricity market development, through excellence in operations and clarity and credibility of communication.

Australia

In the second half of 2010, TRUenergy will continue to focus on:

- achieving customer growth and maintaining retail margins in all the states in the National Energy Market; in particular focusing on maintaining and expanding profitable customer segments and managing retail bad debt position;
- improving the business-as-usual processes within retail operation and ensuring a high level of customer service;
- preparing meter data systems to manage the roll-out of AMI;
- delivering Project Odyssey (our new retail customer service and back office IT platform) to plan – or assessing alternative courses if this outcome appears not realisable;
- assessing the opportunities arising from the NSW energy reform process; and
- continuing to enhance our asset portfolio with the commissioning of the Waterloo wind farm, completion of the Iona Gas Plant project, the expansion of the Hallett Power Station and progressing permitting for up to 1,500MW of combined cycle gas turbine capacity at Yallourn and Tallawarra.

Chinese Mainland

Looking ahead to the second half of 2010, the focus of our activities in the Mainland will be to:

- continue to lobby for higher despatch for our power stations and maintain high despatch at Fangchenggang;
- explore the possibility of the Fangchenggang Phase II Expansion Project;
- complete the acquisition of 17% equity share in a nuclear power project in Yangjiang in Guangdong Province;
- grow the wind asset portfolio by expanding our current joint venture projects and developing new wholly-owned projects, either as an expansion of existing sites or as new greenfield opportunities;
- pursue wind projects through our CGN Wind platform, to the extent that the quality of the projects being undertaken by CGN Wind corresponds to our investment standards; and
- take the Jiangbian Hydro project towards completion in 2011, with a high priority on construction safety.

India

In the coming months, the focus of our activities will be to:

- continue the construction of Jhajjar according to schedule, within budget and with strong safety disciplines;
- commission our wind farms at Samana Phase II, Saundatti and Andhra Lake;
- register our wind projects under the CDM, enabling us to receive the necessary revenues from carbon credits;
- firm up the intended arrangements for the supply by Coal India of coal for the Jhajjar project;
- participate in generation and transmission bids, including the development of greenfield coal-fired and gas-fired projects, and, subject to the availability of sufficient long-term gas supply, explore an expansion to GPEC; and
- continue the expansion of our renewable portfolio. This will mostly be in the form of wind energy, but we are considering opportunities in solar energy and small to medium-sized hydro projects, especially run-of-the river projects.

Southeast Asia and Taiwan

The key tasks for the second half of 2010 will include:

- supporting EGCO's growth through acquisition and greenfield opportunities;
- commencing construction of the 55MW solar project in Thailand;
- maintaining operational performance at Ho-Ping;
- structuring key project agreements including the EPC contract and PPA, as well as developing a financing plan for the Vung Ang 2 project in Vietnam; and
- completing the investment project report, which includes the feasibility study, environmental and social impact assessment and other reports, for the Vinh Tan 3 project in Vietnam.

Part of CLP's growing fleet of electric vehicles in Hong Kong

Corporate Governance

Corporate Governance Practices

In the Corporate Governance Report of 25 February 2010, which was published in our 2009 Annual Report, we reported that the Company had adopted its own Code on Corporate Governance (CLP Code) on 28 February 2005 (further updated in February 2009). This incorporated all of the Code Provisions and Recommended Best Practices in the "Code on Corporate Governance Practices" issued by the Hong Kong Stock Exchange (the Stock Exchange Code), save for one exception.

This single deviation from the Recommended Best Practices of the Stock Exchange Code relates to the recommendation that an issuer should announce and publish quarterly financial results. The considered reasons for this deviation were stated in the Corporate Governance Report on page 94 of the Company's 2009 Annual Report. Although CLP does not issue quarterly financial results, CLP issues quarterly statements which set out key financial and business information such as revenue, electricity sales, dividends and progress in major business activities over the quarter.

During the six months ended 30 June 2010 the Company met the Code Provisions set out in the Stock Exchange Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules).

In the Corporate Governance Report we described the structure of CLP's Corporate Governance Framework and how various key players are involved in ensuring the application of good governance practices and policies within the CLP Group. The progress made in 2009 in the evolution of CLP's corporate governance practices was set out in the Corporate Governance Report on page 94 of the Company's 2009 Annual Report. In 2010, we made further progress in our corporate governance practices. This included sharing our expertise and views on corporate governance issues by participating in formal and informal working groups organised by the Hong Kong Stock Exchange, as well as by responding to formal Consultation Papers issued by the Securities and Futures Commission and the Financial Services and the Treasury Bureau. Director of Risk Management was appointed to develop group-level risk management framework which will enhance integration of current risk management practices done from the individual asset level up to the regional offices.

As at 30 June 2010 the composition of the Board of CLP Holdings was as follows:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
The Honourable Sir Michael Kadoorie	The Honourable Sir Sze Yuen Chung	Mr. Andrew Clifford Winawer Brandler
Mr. William Elkin Mocatta	Mr. Vernon Francis Moore	Mr. Tse Pak Wing Peter
Mr. Ronald James McAulay	Mr. Loh Chung Hon Hansen	Mr. Peter William Greenwood
Mr. John Andrew Harry Leigh	Professor Tsui Lam Sin Lai Judy	
Mr. Ian Duncan Boyce	Sir Roderick Ian Eddington	
Mr. Jason Holroyd Whittle	Mr. Nicholas Charles Allen	
Dr. Lee Yui Bor		
Mr. Paul Arthur Theys		

On 1 April 2010 Mr. Kan Man Lok Paul retired as an Independent Non-executive Director and Mr. Rudolf Bischof retired as a Non-executive Director. Mr. Jason Whittle resigned as a Non-executive Director on 1 July 2010.

The composition of Board Committees remains the same as set out in the Corporate Governance Report (pages 98, 99 and 116), save that Mr. Rudolf Bischof retired as a member of the Provident & Retirement Fund Committee with effect from 1 April 2010.

There were no substantial changes to the information of Directors as disclosed on pages 88 and 89 of the 2009 Annual Report and on CLP's website. The positions held by each Director with CLP Holdings' subsidiary companies and their directorships held in the last three years in public companies are updated in each Director's biography on CLP's website.

The Audit 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 2010. All of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman and two members having appropriate professional qualifications and experience in financial matters.

At the Company's Annual General Meeting held on 27 April 2010, shareholders approved the re-appointment of PricewaterhouseCoopers as the Company's External Auditors for the financial year ending 31 December 2010.

Change of Remuneration

Non-executive Directors

There has been no change to the basis of determining Directors' remuneration. The revised levels of fees payable to Non-executive Directors and Independent Non-executive Directors for serving on the Board and Board Committees as set out on page 119 of the 2009 Annual Report, which were proposed by Management, independently reviewed by Stephenson Harwood, Solicitors and considered and endorsed by the Human Resources & Remuneration Committee, have been approved by shareholders at the Annual General Meeting held on 27 April 2010.

Executive Directors

There was an increase, effective 1 April 2010, of 2% in the base salary of the three Executive Directors. This followed a base salary freeze in 2009.

For Mr. Andrew Brandler (Chief Executive Officer) and Mr. Peter P. W. Tse (Group Executive Director) there was an increase in their target long-term incentive (LTI) award from 16.67% of base salary to 25% with effect from 1 January 2010. As there is a three-year vesting period for the awards, the first payment under the increased LTI will be in 2013. The combined impact of the changes in base salary and target LTI was an increase in their target total remuneration of 6.74% compared to previous year. As for Mr. Peter Greenwood (Group Executive Director – Strategy), he joined the LTI scheme with effect from 1 January 2010 and was given a target award of 7.56% of base salary. The amount of this award was calculated to ensure that Mr. Peter Greenwood receives the same percentage increase in target total remuneration as the other Executive Directors. The first LTI payment to Mr. Greenwood will be in 2013 following the three-year vesting period. The combined impact of these changes in base salary and target LTI was an increase in his target total remuneration of 6.74% compared to previous year.

Senior Management

Mrs. Betty Yuen stepped down as Group Director - Managing Director Hong Kong and was appointed as the Vice Chairman of CLP Power Hong Kong on 4 January 2010. This role involves a change in responsibility from her previous role and is also a part time role. To reflect this Mrs. Yuen's package was revised on 1 January 2010 so that she no longer participates in the LTI. Her target total remuneration, which is defined as base salary plus target Annual Incentive and Company's contribution to the CLP Group Provident Fund Scheme, was also reduced by 42.41% to reflect a part time role.

To succeed Mrs. Yuen, Mr. Richard Lancaster was appointed as Group Director – Managing Director Hong Kong on 4 January 2010, and joined the Senior Management group.

There was an increase, effective 1 April 2010, of 2% in the base salary of all Senior Management. This followed a base salary freeze in 2009. There was an increase in the target LTI award from 16.67% of base salary to 25% with effect from 1 January 2010. This LTI increase did not apply to Mrs. Yuen. As there is a three-year vesting period for the awards, the first payment under the increased LTI will be in 2013. The combined impact of these changes in base salary and LTI was that each of the members of the Senior Management (excluding Mrs. Betty Yuen) received an increase in target total remuneration of 6.74%.

Target total remuneration for Executive Directors and Senior Management (excluding Mrs. Betty Yuen) is defined as base salary plus target Annual Incentive, target LTI and Company's contribution to the CLP Group Provident Fund Scheme.

Internal Control

In respect of the year ended 31 December 2009, the Board considered CLP's internal control system effective and adequate. During the six months ended 30 June 2010, no significant areas of concern that might affect shareholders were identified. All of the 11 reports on the Group's affairs submitted by Group Internal Audit during this period carried a satisfactory audit opinion. Details of the standards, processes and effectiveness of CLP's internal control system were set out in the Corporate Governance Report on pages 103 to 105 of the Company's 2009 Annual Report.

Interests in CLP Holdings' Securities

Since 1989, the Company has adopted its own CLP Securities Code. This is largely based on the Model Code set out in Appendix 10 of the Listing Rules. The CLP Securities Code has been updated from time to time to reflect new regulatory requirements as well as CLP Holdings' strengthened regime of disclosure of interests in its securities. The current CLP Securities Code is on terms no less exacting than the required standard set out in the Model Code. 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 CLP Securities Code throughout the period from 1 January to 30 June 2010.

We have voluntarily extended the ambit of the CLP Securities Code to cover Senior Management (comprising the three Executive Directors, Group Director & Chief Financial Officer, Vice Chairman – CLP Power Hong Kong, Group Director – Managing Director Australia, Group Director – Operations, Group Director – Managing Director Hong Kong, Managing Director – India, Managing Director – China, Managing Director – Southeast Asia, Group Director – Corporate Finance and Development and Group Director – Carbon Ventures, whose biographies are set out on CLP's website) and other "Specified Individuals" such as senior managers in the CLP Group.

All members of the Senior Management have confirmed, following specific enquiry by the Company, that throughout the period from 1 January to 30 June 2010 they have complied with the required standard set out in the Model Code and CLP Securities Code.

Save for the interests disclosed below by the three Executive Directors, the interests in 2,600 shares disclosed by the Group Director – Operations, the interests in 600 shares respectively disclosed by the Group Director – Managing Director Hong Kong and Managing Director – China, and the interests in 22,500 shares disclosed by the Group Director – Carbon Ventures, the other members of the Senior Management did not have any interests in CLP Holdings' securities as at 30 June 2010.

Interests of Directors and Chief Executive Officer

The interests / short positions of each of the Directors and Chief Executive Officer in the shares, underlying shares and debentures of the Company or any of the Company's associated corporations (within the meaning of the Securities and Futures Ordinance) as at 30 June 2010, as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance, are set out in the table and explanatory notes below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

The interests of Directors and Chief Executive Officer in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 30 June 2010 were as follows:

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon. Sir Michael Kadoorie	Note (a)	457,172,780	19.00023
Mr. William Mocatta	Note (b)	400,000	0.01662
Mr. R. J. McAulay	Note (c)	273,611,649	11.37138
The Hon. Sir S. Y. Chung	Beneficial owner	393,789	0.01637
Mr. J. A. H. Leigh	Note (d)	209,071,077	8.68905
Mr. Andrew Brandler (Chief Executive Officer)	Note (e)	10,600	0.00044
Mr. Peter P. W. Tse	Note (f)	20,600	0.00086
Dr. Y. B. Lee	Note (g)	15,806	0.00066
Mr. Jason Whittle	Note (h)	83,069,290	3.45238
Mr. Peter W. Greenwood	Beneficial owner	600	0.00002

Notes:

(a) The Hon. Sir Michael Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 457,172,780 shares in the Company. These shares were held in the following capacity:

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

 ii) 70,146,655 shares were ultimately held by discretionary trusts, of which The Hon. Sir Michael Kadoorie is one of the discretionary objects.

 iii) 237,044,212 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the beneficiaries and the founder.

 iv) 147,980,670 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the beneficiaries and the founder.

 v) 1,000,000 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the beneficiaries and the founder.

 vi) 1,000,000 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the beneficiaries and the founder.

 For the purpose of the Securities and Futures Ordinance, the spouse of The Hon. Sir Michael Kadoorie was taken to have a discloseable duty in Hong Kong in relation to the shares referred to in (ii) to (vi) above. The spouse of The Hon. Sir Michael Kadoorie was therefore deemed to be interested in 457,172,780 shares in the Company representing approximately 19.00% of the issued share capital of the Company, of which 1,243 shares were held by her in a personal capacity and an aggregate of 457,171,537 shares were attributed to her pursuant to the Securities and Futures Ordinance for disclosure purposes. Nevertheless, she has no interest, legal or beneficial, in these 457,171,537 shares attributed to her for disclosure purposes.

(b) Mr. William Mocatta was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 400,000 shares in the Company. These shares were held in the following capacity:

 i) 250,000 shares were held in the capacity as the founder of a discretionary trust.

 ii) 150,000 shares were held by a trust of which Mr. William Mocatta is one of the beneficiaries.

(c) Mr. R. J. McAulay was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 273,611,649 shares in the Company. These shares were held in the following capacity:

 i) 13,141 shares were held in a personal capacity.

 ii) 70,146,655 shares were ultimately held by discretionary trusts, of which Mr. R. J. McAulay is one of the discretionary objects.

 iii) 203,451,853 shares were ultimately held by a discretionary trust, of which Muriel, Lady Kadoorie, mother-in-law of Mr. R. J. McAulay, is the founder and a beneficiary and Mr. R. J. McAulay, his wife and members of his family are discretionary objects.

(d) Mr. J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 209,071,077 shares in the Company. These shares were held in the following capacity:

 i) 57,000 shares were held in a beneficial owner capacity.

 ii) 5,562,224 shares were ultimately held by a discretionary trust. Mr. J. A. H. Leigh was deemed to be interested in such 5,562,224 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 5,562,224 shares.

 iii) 203,451,853 shares were ultimately held by a discretionary trust. Mr. J. A. H. Leigh was deemed to be interested in such 203,451,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 203,451,853 shares.

(e) 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

(f) 600 shares were held in a personal capacity and 20,000 shares were held in a beneficial owner capacity.

(g) 600 shares were held in a personal capacity and 15,206 shares were held jointly with spouse.

(h) Mr. Jason Whittle was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 83,069,290 shares in the Company. These shares were held in the following capacity:

 i) 600 shares were held in a personal capacity.

 ii) 70,146,655 shares were ultimately held by discretionary trusts, of which Mr. Jason Whittle is one of the discretionary objects.

 iii) 7,359,811 shares were ultimately held by a discretionary trust, of which Mr. Jason Whittle is one of the discretionary objects.

 iv) 5,562,224 shares were ultimately held by a discretionary trust, of which Mr. Jason Whittle is one of the discretionary objects.

 Mr. Jason Whittle resigned from the Board of the Company effective from 1 July 2010.

Messrs. I. D. Boyce, V. F. Moore, Hansen C. H. Loh, Paul A. Theys and Nicholas C. Allen, Professor Judy Tsui and Sir Rod Eddington who are Directors of the Company, and Mr. Neo Kim Teck who is an Alternate Director, have each confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 30 June 2010. None of the Directors or the Chief Executive Officer had interests in debentures, under equity derivatives or in underlying shares of the Company and its associated corporations as at 30 June 2010.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors or the Chief Executive Officer had short positions in respect of shares, debentures, under equity derivatives or interests in underlying shares of the Company and its associated corporations as at 30 June 2010.

At no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the Directors and the Chief Executive Officer of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

Interests of Substantial Shareholders

The interests / short positions of substantial shareholders in the shares and underlying shares of the Company as at 30 June 2010, as recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance, are set out in the table and explanatory notes below:

1. Aggregate long position in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' interests in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 30 June 2010:

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares of the Company		% of the Issued Share Capital of the Company
Bermuda Trust Company Limited	Trustee / Interests of controlled corporations	518,278,544	Note (a)	21.54
Bermuda Trust (Cayman) Limited	Trustee / Interests of controlled corporations	218,171,475	Note (d)	9.07
Guardian Limited	Beneficiary / Interests of controlled corporations	209,014,077	Note (h)	8.69
Harneys Trustees Limited (formerly known as HWR Trustees Limited)	Interests of controlled corporations	394,660,706	Note (c)	16.40
Lawrencium Holdings Limited	Beneficiary	147,980,670	Note (b)	6.15
Lawrencium Mikado Holdings Limited	Beneficiary	239,044,212	Note (b)	9.93
The Magna Foundation	Beneficiary	239,044,212	Note (b)	9.93
Mikado Investments (PTC) Limited (formerly known as Mikado Investments Limited)	Interest of controlled corporation / Beneficiary of trusts	239,044,212	Note (a)	9.93
The Mikado Private Trust Company Limited	Trustee / Interests of controlled corporations	387,024,882	Note (b)	16.08
Muriel, Lady Kadoorie	Founder and Beneficiary	203,451,853	Note (d)	8.46
New Mikado Holding Inc. (formerly known as Mikado Holding Inc.)	Trustee	239,044,212	Note (a)	9.93
Oak CLP Limited	Beneficiary	196,554,172	Note (d)	8.17
Oak (Unit Trust) Holdings Limited	Trustee	196,554,172	Note (a)	8.17
The Hon. Sir Michael Kadoorie	Note (e)	457,172,780	Note (e)	19.00
Mr. R. J. McAulay	Note (f)	273,611,649	Note (f)	11.37
Mr. J. A. H. Leigh	Notes (g) & (h)	209,071,077	Notes (g) & (h)	8.69
Mr. R. Parsons	Trustee	209,014,077	Note (h)	8.69

Notes:

(a) Bermuda Trust Company Limited was deemed to be interested in the shares in which New Mikado Holding Inc. (formerly known as Mikado Holding Inc.), Mikado Investments (PTC) Limited (formerly known as Mikado Investments Limited), Oak (Unit Trust) Holdings Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The interests of Bermuda Trust Company Limited in the shares of the Company include the shares held by discretionary trusts of which The Hon. Sir Michael Kadoorie and / or Mr. R. J. McAulay are among the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

In addition, the Company was notified by Oak (Unit Trust) Holdings Limited that it was interested in 196,554,172 shares as at 26 August 2003. However, Bermuda Trust Company Limited indicated in its latest disclosure form that as at 8 October 2009, it was interested in, inter alia, 203,451,853 shares through its wholly-owned subsidiary, Oak (Unit Trust) Holdings Limited. Therefore, Oak (Unit Trust) Holdings Limited was interested in the same 203,451,853 shares as at 8 October 2009 but was not itself under a duty to notify the Company of the change under the Securities and Futures Ordinance.

(b) The Mikado Private Trust Company Limited was deemed to be interested in the shares in which Lawrencium Holdings Limited, Lawrencium Mikado Holdings Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The Magna Foundation was also deemed to be interested in the shares in which Lawrencium Mikado Holdings Limited was deemed to be interested. The interests of The Mikado Private Trust Company Limited in the shares of the Company include the shares held by discretionary trusts of which The Hon. Sir Michael Kadoorie is one of the beneficiaries and a founder as disclosed in "Interests of Directors and Chief Executive Officer".

(c) Harneys Trustees Limited (formerly known as HWR Trustees Limited) controlled The Mikado Private Trust Company Limited and another company and was therefore deemed to be interested in the shares in which such companies were deemed to be interested.

(d) Bermuda Trust (Cayman) Limited was deemed to be interested in the shares in which Oak CLP Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The interests of Bermuda Trust (Cayman) Limited in the shares of the Company include the shares held by a discretionary trust of which Muriel, Lady Kadoorie is a founder and a beneficiary and of which Mr. R. J. McAulay is one of the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

In addition, the Company was notified by Oak CLP Limited that it was interested in 196,554,172 shares as at 26 August 2003. However, Bermuda Trust (Cayman) Limited indicated in its disclosure form that as at 5 February 2004, it was interested in 203,451,853 shares through its wholly-owned subsidiary, Oak CLP Limited. Therefore, Oak CLP Limited was interested in the same 203,451,853 shares as at 5 February 2004 but was not itself under a duty to notify the Company of the change under the Securities and Futures Ordinance.

(e) See Note (a) under "Interests of Directors and Chief Executive Officer".

(f) See Note (c) under "Interests of Directors and Chief Executive Officer".

(g) See Note (d) under "Interests of Directors and Chief Executive Officer".

(h) Mr. R. Parsons and Mr. J. A. H. Leigh, in their capacities as trustees of a trust, jointly controlled Guardian Limited and therefore were deemed to be interested in the shares in which Guardian Limited was deemed to be interested. Accordingly, the 209,014,077 shares in which Guardian Limited was interested was duplicated within the interests attributed to each of Mr. J. A. H. Leigh and Mr. R. Parsons.

2. Aggregate short position in the shares and underlying shares of the Company

As at 30 June 2010, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interests of Any Other Persons

As at 30 June 2010, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance.

Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2010.

Consolidated Income Statement – Unaudited

		Six months ended 30 June	
		2010	2009
	Note	HK$M	HK$M
Revenue	*5, 6*	27,618	23,503
Expenses			
Purchases of electricity, gas and distribution services		(10,650)	(8,494)
Operating lease and lease service payments		(4,498)	(4,063)
Staff expenses		(1,066)	(866)
Fuel and other operating expenses		(3,426)	(3,294)
Depreciation and amortisation		(2,357)	(2,073)
		(21,997)	(18,790)
Other income	*7*	400	–
Operating profit	*8*	6,021	4,713
Finance costs	*9*	(1,958)	(1,668)
Finance income	*9*	36	35
Share of results, net of income tax			
Jointly controlled entities	*15*	1,264	1,171
Associated companies	*16*	335	(356)
Profit before income tax		5,698	3,895
Income tax credit / (expense)	*10*	228	(666)
Profit for the period		5,926	3,229
(Profit) / loss attributable to non-controlling interests		(5)	6
Earnings attributable to shareholders		5,921	3,235
Dividends	*11*		
First interim paid		1,251	1,251
Second interim proposed		1,251	1,251
		2,502	2,502
Earnings per share, basic and diluted	*12*	HK$2.46	HK$1.34

The notes on pages 40 to 56 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30 June			
	2010		2009	
	HK$M	HK$M	HK$M	HK$M
Profit for the period		**5,926**		3,229
Other comprehensive income				
Exchange differences on translation of				
Subsidiaries	**(1,058)**		2,571	
Jointly controlled entities	**29**		182	
Associated companies	**6**		58	
		(1,023)		2,811
Cash flow hedges				
Net fair value (losses) / gains	**(58)**		93	
Reclassification adjustment for amounts included in profit or loss	**(84)**		(27)	
Transfer to assets	**20**		(6)	
Translation difference	**–**		22	
Tax on the above items	**36**		(29)	
		(86)		53
Available-for-sale investments				
Fair value gains	**16**		61	
Tax on the above item	**(8)**		(18)	
		8		43
Share of other comprehensive (loss) / income of jointly controlled entities		**(20)**		119
Reclassification adjustments				
Sale of a subsidiary	**(91)**		–	
Acquisition of additional interest in a jointly controlled entity to become a subsidiary	**(17)**		–	
		(108)		–
Other comprehensive (loss) / income for the period, net of tax		**(1,229)**		3,026
Total comprehensive income for the period		**4,697**		6,255
Total comprehensive income attributable to:				
Shareholders of the Company		**4,691**		6,261
Non-controlling interests		**6**		(6)
		4,697		6,255

The notes on pages 40 to 56 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position – Unaudited

	Note	30 June 2010 HK$M	(Restated) 31 December 2009 HK$M	(Restated) 1 January 2009 HK$M
Non-current assets				
Fixed assets	*13*	**103,278**	97,098	87,416
Leasehold land and land use rights under operating leases	*13*	**1,745**	1,760	1,707
Goodwill and other intangible assets	*14*	**7,645**	8,105	6,324
Interests in jointly controlled entities	*15*	**18,990**	18,838	17,791
Interests in associated companies	*16*	**2,143**	1,813	242
Finance lease receivables		**2,283**	2,379	2,387
Deferred tax assets		**3,970**	3,355	2,992
Fuel clause account		**–**	14	800
Derivative financial instruments	*17*	**1,987**	1,821	1,505
Available-for-sale investments	*18*	**1,695**	1,692	224
Other non-current assets		**376**	327	258
		144,112	137,202	121,646
Current assets				
Inventories – stores and fuel		**689**	715	662
Trade and other receivables	*19*	**11,739**	9,018	8,239
Finance lease receivables		**134**	130	128
Derivative financial instruments	*17*	**1,583**	1,472	1,374
Bank balances, cash and other liquid funds		**2,045**	7,994	782
		16,190	19,329	11,185
Current liabilities				
Customers' deposits		**(3,911)**	(3,854)	(3,722)
Trade and other payables	*20*	**(7,865)**	(8,926)	(5,919)
Income tax payable		**(417)**	(208)	(366)
Bank loans and other borrowings	*21*	**(3,736)**	(6,892)	(3,313)
Obligations under finance leases	*22*	**(1,724)**	(1,523)	(1,403)
Derivative financial instruments	*17*	**(1,050)**	(1,035)	(1,198)
		(18,703)	(22,438)	(15,921)
Net current liabilities		**(2,513)**	(3,109)	(4,736)
Total assets less current liabilities		**141,599**	134,093	116,910

You may be curious that why there are three columns on the statement of financial position. During this period, the Group has retrospectively applied an amendment to the classification of leases of land which resulted in reclassification of certain leasehold land in Hong Kong from operating lease to finance lease. Under the new disclosure requirement, whenever there is a restatement of items in the statement of financial position, a third column presenting the financial position at the beginning of the earliest comparative period (i.e. 1 January 2009) is required to provide more information to the readers. Detail of the change in accounting policy is discussed in Note 3 to the financial statements.

	Note	30 June 2010 HK$M	(Restated) 31 December 2009 HK$M	(Restated) 1 January 2009 HK$M
Financed by:				
Equity				
Share capital		**12,031**	12,031	12,031
Share premium		**1,164**	1,164	1,164
Reserves				
Proposed dividends		**1,251**	2,214	2,214
Others		**57,541**	55,352	47,608
Shareholders' funds		**71,987**	70,761	63,017
Non-controlling interests		**96**	107	105
		72,083	70,868	63,122
Non-current liabilities				
Bank loans and other borrowings	*21*	**35,745**	32,539	23,383
Obligations under finance leases	*22*	**22,798**	20,332	20,362
Deferred tax liabilities		**7,190**	7,009	6,435
Fuel clause account		**99**	–	–
Derivative financial instruments	*17*	**1,054**	617	837
Scheme of Control (SoC) reserve accounts	*23*	**1,468**	1,654	1,826
Other non-current liabilities		**1,162**	1,074	945
		69,516	63,225	53,788
Equity and non-current liabilities		**141,599**	134,093	116,910

William Mocatta
Vice Chairman
Hong Kong, 16 August 2010

Andrew Brandler
Chief Executive Officer

Mark Takahashi
Chief Financial Officer

The notes on pages 40 to 56 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity – Unaudited

	Attributable to Shareholders							
	Share Capital HK$M	Share Premium HK$M	Capital Redemption Reserve HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M	Non-controlling Interests HK$M	Total Equity HK$M
Balance at 1 January 2010	12,031	1,164	2,492	5,153	49,921	70,761	107	70,868
Total comprehensive income for the period	–	–	–	(1,230)	5,921	4,691	6	4,697
Revaluation reserve realised upon depreciation	–	–	–	(1)	1	–	–	–
Dividends paid								
2009 final	–	–	–	–	(2,214)	(2,214)	–	(2,214)
2010 interim	–	–	–	–	(1,251)	(1,251)	–	(1,251)
Dividends paid to non-controlling interests of subsidiary	–	–	–	–	–	–	(17)	(17)
Balance at 30 June 2010	**12,031**	**1,164**	**2,492**	**3,922**	**52,378**	**71,987**	**96**	**72,083**
Balance at 1 January 2009	12,031	1,164	2,492	(369)	47,699	63,017	105	63,122
Total comprehensive income for the period	–	–	–	3,026	3,235	6,261	(6)	6,255
Revaluation reserve realised upon depreciation	–	–	–	(1)	1	–	–	–
Appropriation of reserves of jointly controlled entities	–	–	–	4	(4)	–	–	–
Dividends paid								
2008 final	–	–	–	–	(2,214)	(2,214)	–	(2,214)
2009 interim	–	–	–	–	(1,251)	(1,251)	–	(1,251)
Balance at 30 June 2009	12,031	1,164	2,492	2,660	47,466	65,813	99	65,912

Note: The proposed interim dividend at 30 June 2010 was HK$1,251 million (30 June 2009: HK$1,251 million) and the balance of retained profits after the proposed interim dividend was HK$51,127 million (30 June 2009: HK$46,215 million).

The notes on pages 40 to 56 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30 June			
	2010		2009	
	HK$M	HK$M	HK$M	HK$M
Operating activities				
Net cash inflow from operations	5,984		5,567	
Interest received	37		23	
Income tax paid	(155)		(191)	
Net cash inflow from operating activities		5,866		5,399
Investing activities				
Capital expenditure	(5,006)		(3,276)	
Capitalised interest paid	(233)		(137)	
Proceeds from disposal of fixed assets	205		9	
Additions of intangible assets	(30)		(25)	
Investments in available-for-sale investments	(1,190)		(39)	
Acquisition of a subsidiary	(38)		(145)	
Proceeds from sale of a subsidiary	852		–	
(Investments in and advances to) / repayment from				
Jointly controlled entities	(1,237)		(1,653)	
Associated companies	7		(100)	
Dividends received from				
Jointly controlled entities	1,392		1,588	
Associated companies	138		–	
Increase in bank deposits with maturities of more than three months	–		(14)	
Net cash outflow from investing activities		(5,140)		(3,792)
Net cash inflow before financing activities		726		1,607
Financing activities				
Proceeds from long-term borrowings	7,445		6,105	
Repayment of long-term borrowings	(7,384)		(1,172)	
Repayment of obligations under finance leases	(820)		(706)	
(Decrease) / increase in short-term borrowings	(346)		212	
Interest and other finance costs paid	(1,928)		(1,612)	
Dividends paid to shareholders	(3,465)		(3,465)	
Dividends paid to non-controlling interests of subsidiary	(17)		–	
Net cash outflow from financing activities		(6,515)		(638)
Net (decrease) / increase in cash and cash equivalents		(5,789)		969
Cash and cash equivalents at beginning of period		7,148		780
Effect of exchange rate changes		(22)		110
Cash and cash equivalents at end of period		1,337		1,859
Analysis of balances of cash and cash equivalents				
Short-term investments		47		148
Deposits with banks		1,116		1,878
Cash at banks and on hand		882		301
Bank balances, cash and other liquid funds		2,045		2,327
Excluding:				
Cash restricted for specific purposes		(700)		(454)
Bank deposits with maturities of more than three months		(8)		(14)
		1,337		1,859

The notes on pages 40 to 56 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

The Company, CLP Holdings Limited, and its subsidiaries are collectively referred to as the Group in the condensed consolidated interim financial statements. The Company is a limited liability company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are the generation and supply of electricity in Hong Kong, Australia and India, and investment holding of power projects in the Chinese mainland, Southeast Asia and Taiwan.

The financial operations of the Company's major subsidiary, CLP Power Hong Kong Limited (CLP Power Hong Kong), and its jointly controlled entity, Castle Peak Power Company Limited (CAPCO), are governed by a SoC entered with the Hong Kong Government. Our electricity business in Hong Kong is therefore also referred to as the SoC business. The main features of the SoC Agreement are summarised on pages 201 and 202 of the 2009 Annual Report.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 16 August 2010.

2. Basis of Preparation

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

Except as described in Note 3 below, the accounting policies used in the preparation of this set of condensed consolidated interim financial statements are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2009.

Interim financial statements are a set of "condensed" financial statements which include fewer disclosures than the full set for the whole year. However, the current financial information presented represents our selection of disclosures (on top of the minimum prescribed disclosures) which we believe are the most important ones in order for readers to grasp the changes of the Group since last December. To understand our interim financial statements more effectively, we suggest readers might read these statements together with our 2009 Annual Report.

3. Changes in Accounting Policies

The Group has adopted the following new / revised Hong Kong Financial Reporting Standards (HKFRS) effective 1 January 2010:

- HKFRS 3 (Revised) "Business Combinations"
- HKAS 27 (Revised) "Consolidated and Separate Financial Statements"
- HK(IFRIC)-Int 17 "Distribution of Non-cash Assets to Owners"
- Amendments to HKAS 39 "Eligible Hedged Items"
- HKICPA's improvements to HKFRS published in May 2009

Apart from the effects as stated below, the adoption of these new / revised HKFRS has no significant impact on the Group's financial statements.

HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards of ownership of an asset to the lessee. Prior to the amendment, land is classified as under operating lease when the title to that land is not expected to pass to the Group at the end of the lease term.

3. Changes in Accounting Policies (continued)

The Group has reassessed the classification of leases of land as at 1 January 2010. As a result of the reassessment, the Group has reclassified certain leasehold land in Hong Kong from under operating lease to finance lease. As the leasehold land is held for own use, it is classified as fixed assets on the statement of financial position and is depreciated over the unexpired term of the lease.

HKAS 17 (amendment) has been applied retrospectively with comparatives restated. The effect of the resulting changes on the consolidated statement of financial position is summarised below. There are no effects on the consolidated income statement and the consolidated statement of comprehensive income.

	30 June 2010 HK$M	31 December 2009 HK$M	1 January 2009 HK$M
Increase in fixed assets	417	494	543
Decrease in leasehold land and land use rights under operating leases	(417)	(494)	(543)
Change in net assets	–	–	–

4. Critical Accounting Estimates and Judgments

In preparing the financial statements, management is required to exercise significant judgments in the selection and application of accounting principles, as well as in making estimates and assumptions. Apart from the Australia Carbon Pollution Reduction Scheme (CPRS) as discussed below, those more significant accounting policies that are impacted by judgments and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions, are set out on pages 153 to 156 of the 2009 Annual Report.

Australia Carbon Pollution Reduction Scheme

Developments in climate change policy in Australia pose potentially significant financial risks to the Group's business in Australia. The position up to 31 December 2009 was disclosed on pages 153 and 154 of the 2009 Annual Report.

Following the amendment of the CPRS legislation in November 2009, the bill was reintroduced a third time to the Parliament in February 2010. The bill was passed by the lower house of parliament (House of Representatives) however the legislation was not progressed to a vote in the upper house (Senate).

On 27 April 2010, the Australian Government announced that it did not intend to reintroduce the CPRS bill again before 2012. Slow progress towards a comprehensive global agreement as well as continued opposition domestically were cited as reasons for the delay.

As the Australian Government has indicated that it plans to reintroduce the legislation at some point in the future, significant uncertainty remains regarding the timing and structure of the CPRS. As such, the introduction of the CPRS presents an unquantifiable, but potentially material, market risk to the Group. At 30 June 2010, no impact of the CPRS has been reflected in the Group's financial statements (including impairment model cash flows, and assumptions on discount rate, asset useful lives, outage rates and capital expenditure) on the basis that there is currently significant uncertainty in relation to the likely structure, timing and impact of the CPRS.

The carrying amount of the Yallourn power station assets which comprise a single cash generating unit was A$1,686 million or HK$11,117 million at 30 June 2010 (31 December 2009: A$1,662 million or HK$11,592 million). Other parts of the Group in Australia may also be impacted adversely or favourably.

5. Segment Information

The Group operates, through its subsidiaries, jointly controlled entities and associated companies, in five major geographical regions – Hong Kong, Australia, the Chinese mainland, India, and Southeast Asia and Taiwan. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on geographical regions. Substantially all the principal activities of the Group in each region are for the generation and supply of electricity which are managed and operated on an integrated basis.

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

	Hong Kong HK$M	Australia HK$M	Chinese Mainland HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2010							
Revenue	13,798	12,307	144	1,341	26	2	27,618
Operating profit / (loss)	4,486	1,154	427	183	(4)	(225)	6,021
Share of results, net of income tax							
Jointly controlled entities	549	(17)	534 [(a)]	–	198	–	1,264
Associated companies	–	3	332 [(a)]	–	–	–	335
Profit / (loss) before net finance costs and income tax	5,035	1,140	1,293	183	194	(225)	7,620
Finance costs	(1,480)	(387)	(24)	(59)	–	(8)	(1,958)
Finance income	–	19	1	16	–	–	36
Profit / (loss) before income tax	3,555	772	1,270	140	194	(233)	5,698
Income tax (expense) / credit	(463)	775	(56)	(25)	(3)	–	228
Profit / (loss) for the period	3,092	1,547	1,214	115	191	(233)	5,926
Profit attributable to non-controlling interests	–	–	(5)	–	–	–	(5)
Earnings / (loss) attributable to shareholders	3,092	1,547	1,209	115	191	(233)	5,921
At 30 June 2010							
Fixed assets	78,518	16,517	3,322	4,857	3	61	103,278
Interests in							
Jointly controlled entities	8,490	1,051	6,908	–	2,541	–	18,990
Associated companies	–	28	2,115	–	–	–	2,143
Deferred tax assets	–	3,907	63	–	–	–	3,970
Other assets	6,408	14,944	2,247	8,024	235	63	31,921
Total assets	93,416	36,447	14,655	12,881	2,779	124	160,302

5. Segment Information (continued)

	Hong Kong HK$M	Australia HK$M	Chinese Mainland HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2009							
Revenue	13,066	8,815	83	1,526	10	3	23,503
Operating profit / (loss)	4,106	582	(77)	320	(3)	(215)	4,713
Share of results, net of income tax							
Jointly controlled entities	541	(9)	392 [(a)]	–	247	–	1,171
Associated companies	–	(356)	–	–	–	–	(356)
Profit / (loss) before net finance costs and income tax	4,647	217	315	320	244	(215)	5,528
Finance costs	(1,317)	(283)	(15)	(42)	–	(11)	(1,668)
Finance income	10	14	2	9	–	–	35
Profit / (loss) before income tax	3,340	(52)	302	287	244	(226)	3,895
Income tax expense	(399)	(110)	(28)	(129)	–	–	(666)
Profit / (loss) for the period	2,941	(162)	274	158	244	(226)	3,229
Loss attributable to non-controlling interests	–	–	6	–	–	–	6
Earnings / (loss) attributable to shareholders	2,941	(162)	280	158	244	(226)	3,235
At 31 December 2009							
Fixed assets	75,061	17,283	1,730	2,960	3	61	97,098
Interests in							
Jointly controlled entities	7,545	1,144	7,447	–	2,702	–	18,838
Associated companies	–	37	1,776	–	–	–	1,813
Deferred tax assets	–	3,291	64	–	–	–	3,355
Other assets	5,401	15,277	1,919	7,331	244	5,255	35,427
Total assets	88,007	37,032	12,936	10,291	2,949	5,316	156,531

Note:

(a) Out of the amounts, HK$368 million (2009: HK$395 million) was attributed to investments in Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) and Hong Kong Pumped Storage Development Company, Limited (PSDC), whose generating facilities serve Hong Kong.

6. Revenue

	Six months ended 30 June	
	2010	2009
	HK$M	HK$M
Sales of electricity	23,462	19,444
Lease service income[a]	1,044	1,302
Finance lease income	180	182
Sales of gas	2,387	1,996
Other revenue	488	285
	27,561	23,209
Transfer for SoC[b]	57	294
	27,618	23,503

Notes:

(a) In accordance with HK(IFRIC)-Int 4 and HKAS 17, servicing income and fuel costs received from lessees with respect to the leased assets are not part of the minimum lease payments and are recognised as lease service income.

(b) Under the SoC, if the gross tariff revenue in Hong Kong 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 under the SoC (Note 23). In any period, the amount of deduction from or addition to these funds is recognised as revenue adjustment to the extent that the return and charges under the SoC are recognised in the income statement.

7. Other Income

In April 2010, the Group sold its entire interest in CLP Power China (Anshun) Limited which held 70% interest in Guizhou CLP Power Company Limited (Guizhou CLP Power), a jointly controlled entity in the Chinese mainland, at a consideration of RMB750 million (HK$852 million) resulting in a gain of HK$400 million (including the release of translation reserve of HK$91 million on the investment).

8. Operating Profit

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

	Six months ended 30 June	
	2010	2009
	HK$M	HK$M
Charging		
Staff costs		
Salaries and other costs	986	795
Retirement benefits costs	80	71
Net (gain) / loss on disposal of fixed assets	(36)	37
Impairment of fixed assets	–	19
Coal mine subsidence (insurance recovery) / cost of TRUenergy	(138)	1
Net fair value (gain) / loss on derivative financial instruments		
Cash flow hedges, reclassify from equity to		
Purchases of electricity, gas and distribution services	(36)	–
Fuel and other operating expenses	(30)	(53)
Transactions not qualifying as hedges	225	105
Crediting		
Net exchange loss / (gain)	50	(44)

9. Finance Costs and Income

	Six months ended 30 June 2010 HK$M	2009 HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	480	322
Other borrowings		
Wholly repayable within five years	107	73
Not wholly repayable within five years	252	209
Tariff Stabilisation Fund[a]	1	1
Customers' deposits, fuel clause over-recovery and others	1	–
Finance charges under finance leases[b]	1,158	1,082
Other finance charges	99	62
Fair value (gain) / loss on derivative financial instruments		
Cash flow hedges, reclassify from equity	(18)	26
Fair value hedges	(84)	54
Loss / (gain) on hedged items in fair value hedges	104	(28)
Other net exchange loss / (gain) on financing activities	79	(1)
	2,179	1,800
Less: amount capitalised	(221)	(132)
	1,958	1,668
Finance income		
Interest income on short-term investments, bank deposits and fuel clause under-recovery	36	35

Notes:

(a) CLP Power Hong Kong is required to credit, to a Rate Reduction Reserve in its financial statements, a charge of the average of one-month Hong Kong interbank offered rate on the average balance of the Tariff Stabilisation Fund (Note 23).

(b) Finance charges under finance leases primarily relate to contingent rent in respect of the power purchase arrangement between CLP Power Hong Kong and CAPCO accounted for as finance lease in accordance with HK(IFRIC)-Int 4 and HKAS 17.

10. Income Tax (Credit) / Expense

	Six months ended 30 June	
	2010	2009
	HK$M	HK$M
Current income tax		
Hong Kong	**325**	255
Outside Hong Kong	**59**	64
	384	319
Deferred tax		
Hong Kong	**138**	143
Outside Hong Kong (note)	**(750)**	204
	(612)	347
	(228)	666

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

Note: The amount included TRUenergy Holdings Pty Ltd (TRUenergy)'s tax consolidation benefit of HK$989 million (A$144 million) (2009: nil). Under the Australian tax consolidation regime, TRUenergy formed a tax consolidated group in 2005 whereby TRUenergy and its Australian-resident wholly-owned subsidiaries are treated as a single entity for income tax purpose. A tax consolidation benefit of HK$2,004 million was recognised in 2005 pursuant to the then relevant rules. During 2010, certain amendments to the tax consolidation rules were enacted and can be applied retrospectively from 1 July 2002. These amendments allow deductions of tax cost bases for some assets (which were not allowed under the original legislation), and benefit the acquisition of Yallourn and Merchant Energy Business (MEB) by TRUenergy tax consolidation group in 2005. As a result, additional deferred tax asset of HK$989 million (A$144 million) was recognised.

Current financial models indicate that these deferred tax assets can be utilised in the foreseeable future. However, any unexpected changes in assumptions and estimates and in tax regulations can affect the recoverability of this deferred tax asset in future.

11. Dividends

	Six months ended 30 June			
	2010		2009	
	HK$ per share	**HK$M**	HK$ per share	HK$M
First interim dividend paid	**0.52**	**1,251**	0.52	1,251
Second interim dividend proposed	**0.52**	**1,251**	0.52	1,251
	1.04	**2,502**	1.04	2,502

At the Board meeting held on 16 August 2010, the Directors declared the second interim dividend of HK$0.52 per share. The second interim dividend is not reflected as a dividend payable in the interim financial statements, but as a separate component of the shareholders' funds at 30 June 2010.

12. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June 2010	2009
Earnings attributable to shareholders (HK$M)	5,921	3,235
Number of shares in issue (thousand shares)	2,406,143	2,406,143
Earnings per share (HK$)	2.46	1.34

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 2010 (2009: nil).

13. Fixed Assets and Leasehold Land and Land Use Rights under Operating Leases

Fixed assets and leasehold land and land use rights under operating leases totalled HK$105,023 million at 30 June 2010 (31 December 2009: HK$98,858 million). Movements in the accounts are as follows:

	Fixed Assets							Leasehold Land and Land Use Rights under Operating Leases [b]
	Land		Buildings		Plant, Machinery and Equipment			
	Freehold	Leased [a], [b]	Owned	Leased [a]	Owned	Leased [a]	Total	
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Net book value at 1 January 2010, as previously reported	789	–	8,882	4,452	65,049	17,432	96,604	2,254
Adjustment for adoption of amendment to HKAS 17 (Note 3)	–	494	–	–	–	–	494	(494)
Net book value at 1 January 2010, as restated	789	494	8,882	4,452	65,049	17,432	97,098	1,760
Acquisition of a subsidiary	–	–	903	–	289	–	1,192	–
Additions	5	–	386	1,480	4,416	2,010	8,297	5
Transfers and disposals	–	(71)	(4)	(18)	(53)	(42)	(188)	–
Depreciation / amortisation	–	(6)	(101)	(146)	(1,346)	(612)	(2,211)	(21)
Exchange differences	(5)	–	1	–	(903)	(3)	(910)	1
Net book value at 30 June 2010	789	417	10,067	5,768	67,452	18,785	103,278	1,745
Cost	789	475	12,963	11,216	102,532	39,779	167,754	2,016
Accumulated depreciation / amortisation and impairment	–	(58)	(2,896)	(5,448)	(35,080)	(20,994)	(64,476)	(271)
Net book value at 30 June 2010	789	417	10,067	5,768	67,452	18,785	103,278	1,745

13. Fixed Assets and Leasehold Land and Land Use Rights under Operating Leases (continued)

Notes:

(a) The leased assets of HK$24,970 million (31 December 2009: HK$22,378 million) include mainly CAPCO's operational generating plant and associated fixed assets of net book value of HK$24,495 million (31 December 2009: HK$21,838 million), which are deployed for the generation of electricity supplied to CLP Power Hong Kong under the Electricity Supply Contract between the two parties. This arrangement has been accounted for as a finance lease in accordance with HK(IFRIC)-Int 4 and HKAS 17.

(b) Leasehold land (under finance or operating leases) is mainly held under medium-term (10 – 50 years) leases in Hong Kong.

14. Goodwill and Other Intangible Assets

	Goodwill HK$M	Other Intangible Assets HK$M	Total HK$M
Net carrying value at 1 January 2010	6,766	1,339	8,105
Acquisition of a subsidiary	32	–	32
Additions	–	71	71
Amortisation	–	(125)	(125)
Exchange differences	(367)	(71)	(438)
Net carrying value at 30 June 2010	**6,431**	**1,214**	**7,645**
Cost	6,431	2,255	8,686
Accumulated amortisation	–	(1,041)	(1,041)
Net carrying value at 30 June 2010	**6,431**	**1,214**	**7,645**

Other intangible assets mainly include contracted customers and a lease arrangement under the long-term Master Hedge Agreement with Ecogen Energy Pty Ltd arising from the acquisition of the MEB in Australia in May 2005.

15. Interests in Jointly Controlled Entities

	30 June 2010 HK$M	31 December 2009 HK$M
Share of net assets	**10,424**	11,131
Goodwill	**353**	381
Advances	**8,213**	7,326
	18,990	18,838

15. Interests in Jointly Controlled Entities (continued)

The Group's interests in jointly controlled entities are analysed as follows:

	30 June 2010 HK$M	31 December 2009 HK$M
CAPCO	**8,217**	7,271
OneEnergy Limited	**2,504**	2,695
CSEC Guohua International Power Company Limited	**2,526**	2,478
Shandong Zhonghua Power Company, Limited	**928**	1,111
CLP Guangxi Fangchenggang Power Company Limited	**1,350**	1,221
Guizhou CLP Power	**–**	534
Roaring 40s Renewable Energy Pty Ltd (Roaring 40s)	**1,051**	1,144
PSDC	**241**	270
Others (note)	**2,173**	2,114
	18,990	18,838

Note: Includes 49% interest in various Chinese jointly controlled entities at a carrying value of HK$1,174 million (31 December 2009: HK$852 million) in aggregate acquired from Roaring 40s in 2009.

The Group's share of net assets and results of the jointly controlled entities are as follows:

	30 June 2010 HK$M	31 December 2009 HK$M
Non-current assets	**35,490**	37,365
Current assets	**5,457**	5,563
Current liabilities	**(8,041)**	(8,688)
Non-current liabilities	**(21,029)**	(21,715)
Non-controlling interests	**(1,453)**	(1,394)
Share of net assets	**10,424**	11,131

	Six months ended 30 June	
	2010 HK$M	2009 HK$M
Revenue	**7,039**	6,150
Expenses	**(5,508)**	(4,739)
Profit before income tax	**1,531**	1,411
Income tax expense	**(195)**	(238)
Non-controlling interests	**(72)**	(2)
Share of profit for the period	**1,264**	1,171

16. Interests in Associated Companies

	30 June 2010 HK$M	31 December 2009 HK$M
Share of net assets	2,133	1,796
Goodwill	10	10
Advances	–	7
	2,143	1,813

The Group's interests in associated companies are analysed as follows:

	30 June 2010 HK$M	31 December 2009 HK$M
GNPJVC	2,115	1,776
Others	28	37
	2,143	1,813

Summarised financial information in respect of the Group's associated companies is set out below:

	30 June 2010 HK$M	31 December 2009 HK$M
Total assets	15,765	14,824
Total liabilities	(7,259)	(7,673)
Net assets	8,506	7,151
Group's share of associated companies' net assets	2,133	1,796

	Six months ended 30 June 2010 HK$M	2009 HK$M
Revenue	2,565	509
Profit / (loss) after income tax	1,332	(161)
Group's share of profit / (loss) after income tax (included a provision for Solar Systems Pty Ltd of HK$324 million in 2009)	335	(356)

17. Derivative Financial Instruments

	30 June 2010		31 December 2009	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cash flow hedges				
Forward foreign exchange contracts	686	116	532	113
Cross currency & interest rate swaps	282	179	301	96
Interest rate swaps	–	230	5	251
Energy contracts	1,097	696	1,033	475
Fair value hedges				
Cross currency & interest rate swaps	265	–	180	–
Held for trading or not qualifying as hedges				
Forward foreign exchange contracts	810	505	375	165
Energy contracts	430	378	867	552
	3,570	2,104	3,293	1,652
Analysed as:				
Current	1,583	1,050	1,472	1,035
Non-current	1,987	1,054	1,821	617
	3,570	2,104	3,293	1,652

18. Available-for-sale Investments

According to Group accounting policy, the Group's unquoted investment in CGN Wind Power Company Limited of HK$1,190 million (31 December 2009: HK$1,189 million) is treated for accounting purpose as an available-for-sale investment. There is no intention to sell the investment.

19. Trade and Other Receivables

	30 June 2010 HK$M	31 December 2009 HK$M
Trade receivables (note)	8,130	6,150
Deposits and prepayments	3,342	2,593
Dividends receivable from		
Jointly controlled entities	166	53
Associated companies	–	141
Current accounts with		
Jointly controlled entities	63	81
Associated companies	38	–
	11,739	9,018

19. Trade and Other Receivables (continued)

Note: The Group has established credit policies for customers in each of its core businesses. CLP Power Hong Kong's credit policy in respect of receivables arising from its principal electricity business is to allow customers to settle their electricity bills within two weeks after issue. Customers' receivable balances are generally secured by cash deposits or bank guarantees.

For subsidiaries outside Hong Kong, the credit term for trade receivables ranges from about 30 to 60 days. The provision for doubtful debts of TRUenergy in Australia is determined by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions and the days overdue. Future cash flows for each group of trade receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions. As a result of this credit risk assessment, virtually all of the credit risk groupings have been subject to some level of impairment. Receivable balances relating to known insolvencies are individually impaired.

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

	30 June 2010				31 December 2009			
	Not impaired HK$M	Impaired HK$M	Provision for impairment HK$M	Total HK$M	Not impaired HK$M	Impaired HK$M	Provision for impairment HK$M	Total HK$M
Not yet due	6,234	574	(9)	6,799	4,938	543	(42)	5,439
Overdue								
1 – 30 days	146	312	(25)	433	138	297	(35)	400
31 – 90 days	457	141	(40)	558	30	206	(57)	179
Over 90 days	220	372	(252)	340	16	410	(294)	132
	7,057	1,399	(326)	8,130	5,122	1,456	(428)	6,150

Receivables overdue over 90 days mainly relate to balances in Australia and India.

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

	30 June 2010 HK$M	31 December 2009 HK$M
30 days or below	6,785	5,511
31 – 90 days	607	459
Over 90 days	738	180
	8,130	6,150

20. Trade and Other Payables

	30 June 2010 HK$M	31 December 2009 HK$M
Trade payables[(a)]	3,457	3,243
Other payables and accruals	3,064	4,163
Current accounts with		
Jointly controlled entities[(b)]	1,186	1,299
Associated companies	158	221
	7,865	8,926

20. Trade and Other Payables (continued)

Notes:

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

	30 June 2010 HK$M	31 December 2009 HK$M
30 days or below	3,064	3,139
31 – 90 days	97	66
Over 90 days	296	38
	3,457	3,243

(b) Of the amounts payable to jointly controlled entities, HK$1,156 million (31 December 2009: HK$1,260 million) is due to CAPCO.

21. Bank Loans and Other Borrowings

	30 June 2010 HK$M	31 December 2009 HK$M
Current		
Short-term bank loans	1,282	1,838
Long-term bank loans	2,454	5,054
	3,736	6,892
Non-current		
Long-term bank loans	14,824	15,370
Other long-term borrowings		
Medium Term Note (MTN) programme (USD) due 2012 and 2020	6,480	2,523
MTN programme (HKD) due 2012 to 2023	8,520	8,520
MTN programme (JPY) due 2024	1,319	1,260
Electronic Promissory Notes (EPN) and MTN programme (AUD) due 2012 and 2015	4,602	4,866
	35,745	32,539
Total borrowings	39,481	39,431

22. Obligations under Finance Leases

The Group's obligations under finance leases arise predominantly from the power purchase arrangement with CAPCO in respect of the operational generating plant and associated fixed assets of the Hong Kong electricity business. CAPCO's power purchase arrangement is accounted for as finance leases in accordance with HK(IFRIC)-Int 4 and HKAS 17.

23. SoC Reserve Accounts

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

	30 June 2010 HK$M	31 December 2009 HK$M
Tariff Stabilisation Fund	1,466	1,653
Rate Reduction Reserve	2	1
	1,468	1,654

24. Commitments

(A) Capital expenditure on fixed assets, leasehold land and land use rights under operating leases, as well as intangible assets authorised but not brought into the interim financial statements is as follows:

	30 June 2010 HK$M	31 December 2009 HK$M
Contracted but not provided for	12,021	14,668
Authorised but not contracted for	11,593	11,643
	23,614	26,311

(B) The Group has entered into a number of joint venture arrangements to develop power projects. At 30 June 2010, remaining equity contributions of HK$328 million (31 December 2009: HK$460 million) would be required to be made by the Group.

25. Related Party Transactions

Below are the more significant transactions with related parties for the period:

(A) Purchases of electricity and gas from jointly controlled entities and associated companies

(i) Details of electricity supply contracts relating to the electricity business in Hong Kong with jointly controlled entities and associated company are shown below:

	Six months ended 30 June 2010 HK$M	2009 HK$M
Lease and lease service payment to CAPCO	6,511	5,894
Purchases of nuclear electricity from Guangdong Daya Bay Nuclear Power Station	2,100	2,277
Pumped storage service fee to PSDC	249	192
	8,860	8,363

25. Related Party Transactions (continued)

(ii) Gascor Pty Ltd (Gascor), an associated company, is a party to a gas supply contract in Victoria with Esso Australia Resources Pty Ltd (Esso) and BHP Billiton Petroleum (Bass Strait) Pty Ltd (BHP). The contract terms between Gascor and Esso/BHP are effectively replicated in the Master Agreement between TRUenergy and Gascor. TRUenergy purchases gas at the wholesale market price from Gascor, which in turn obtains the gas from Esso and BHP. The Master Agreement expired on 31 December 2009. During the period ended 30 June 2010, there was an agreement between TRUenergy and Gascor for TRUenergy to purchase a certain volume of gas from Gascor with the same terms under the Master Agreement. The amount paid to Gascor during the period was HK$104 million (six months ended 30 June 2009: HK$144 million).

Amounts due to the related parties at 30 June 2010 are disclosed in Note 20.

(B) Rendering of services to jointly controlled entities

In accordance with the CAPCO Operating Service Agreement between CLP Power Hong Kong and CAPCO, CLP Power Hong Kong is responsible to CAPCO for the efficient and proper construction, commissioning, operation and maintenance of the electricity generating facilities of CAPCO. In return, CAPCO reimburses CLP Power Hong Kong for all costs incurred in performance of the agreement. The charges from CLP Power Hong Kong to CAPCO during the period amounted to HK$601 million (six months ended 30 June 2009: HK$545 million) and a portion of the charges which is accounted for as operating expenses by CAPCO is covered under the Electricity Supply Contract.

Amounts due from the related parties at 30 June 2010 are disclosed in Note 19. No provisions have been made for the amounts owed by the related parties.

(C) The loan and advances made to jointly controlled entities are disclosed under Note 15. At 30 June 2010, the Group did not have any guarantees which were of a significant amount given to or received from these entities (31 December 2009: nil).

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

	Six months ended 30 June	
	2010 HK$M	2009 HK$M
Fees	4	4
Base compensation, allowances and benefits in kind	25	22
Tax equalisation, allowances and benefits in kind for secondment to overseas offices	6	7
Performance bonus		
Annual incentive	35	24
Long-term incentive	12	10
Provident fund contributions	3	3
	85	70

Key management personnel at 30 June 2010 comprised 14 (30 June 2009: 17) Non-executive Directors, 3 (30 June 2009: 3) Executive Directors and 10 (30 June 2009: 9) senior management personnel.

26. Contingent Liabilities

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

Under the original power purchase agreement between Gujarat Paguthan Energy Corporation Private Limited (GPEC) and its off-taker Gujarat Urja Vikas Nigam Ltd. (GUVNL), GUVNL was required to make a "deemed generation incentive" payment to GPEC when the plant availability was above 68.5% (70% as revised subsequently). GUVNL has been making such payments since December 1997.

26. Contingent Liabilities (continued)

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

In September 2005, GUVNL filed a petition before the Gujarat Electricity Regulatory Commission (GERC) claiming that the "deemed generation incentive" payment should not be paid for the periods when the plant is declared with availability to generate on "naphtha" as fuel rather than on "gas". GUVNL's contention is based on a 1995 Government of India notification which disallowed "deemed generation incentive" for naphtha-based power plants. The total amount of the claim plus interest calculated up to June 2005 amounts to about Rs.7,260 million or HK$1,224 million. GPEC's position, amongst other arguments, is that the GPEC power station is not naphtha-based and therefore the Government of India notification does not apply to disallow the payments of the "deemed generation incentive".

GUVNL also claimed that GPEC has wrongly received interest on "deemed loans" under the existing power purchase agreement. GUVNL's claim rests on two main grounds: (i) GPEC had agreed that interest paid by GUVNL for the period from December 1997 to 1 July 2003 was to be refunded; and (ii) interest was to be calculated on a reducing balance rather than on the basis of a bullet repayment on expiry of the loan term. The total amount of the claim plus interest for the "deemed loans" amounts to a further Rs.830 million or HK$140 million.

On 18 February 2009, the GERC made an adjudication on GUVNL's claims. On the issue related to the payment to GPEC of "deemed generation incentive", the GERC decided that the "deemed generation incentive" was not payable when GPEC's plant was declared with availability to generate on naphtha. However, the GERC also decided that GUVNL's claim against GPEC in respect of deemed generation incentive payments up to 14 September 2002 was time-barred under the Limitations Act of India. Hence, the total amount of the claim allowed by the GERC was reduced to Rs.2,896 million or HK$488 million (31 December 2009: Rs.2,896 million or HK$482 million). The GERC also dismissed GUVNL's claim to recover interest on the "deemed loans".

GPEC filed an appeal with the Appellate Tribunal for Electricity (ATE) against the decision of the GERC. GUVNL also filed an appeal in the ATE against an order of the GERC rejecting GUVNL's claims on interest on deemed loans and the time barring of the deemed generation claim to 14 September 2002.

On 19 January 2010, the ATE dismissed both GPEC and GUVNL's appeals and upheld the decision of the GERC. GPEC has filed an appeal against the ATE order in the Supreme Court of India. The appeal petition was admitted on 16 April 2010 but the next date of hearing has not yet been fixed by the court.

GUVNL has also filed a cross appeal challenging these parts of the ATE judgment which held that GUVNL's claims before September 2002 were time barred and which disallowed its claims for interest on "deemed loans".

Following the issue of the ATE's judgment, GUVNL deducted Rs.3,731 million or HK$629 million from January to March 2010 invoices after adjustment for a previous deposit of Rs.500 million or HK$84 million, which included tax on incentive relating to deemed generation on naphtha, and delayed payment charges on associated incentive calculated up to March 2010. The total amount of the claim plus interest and tax with respect to the "deemed generation incentive" is therefore revised to Rs.8,968 million or HK$1,512 million.

On the basis of legal advice obtained, the Directors are of the opinion that GPEC has a strong case on appeal to the Supreme Court. In consequence, no provision has been made in the financial statements at this stage in respect of these matters.

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

CLP Wind Farms (India) Private Limited, GPEC and CLP India group companies ("CLP India") have invested (or are committed to invest) in around 350MW of wind power projects to be developed with Enercon India Limited ("EIL"). EIL's major shareholder, Enercon GmbH, has commenced litigation against EIL claiming infringement of intellectual property rights. CLP India, as a customer of EIL, has been named as a pro-forma defendant. Enercon GmbH is also seeking an injunction restraining CLP India's use of certain rotor blades acquired from EIL. As at 30 June 2010, the Group considered that CLP India has good prospects of defending these claims and the legal proceedings are unlikely to result in any material outflow of economic benefits to the Group.

Report on Review of Interim Financial Statements

To the Board of Directors of CLP Holdings Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 56 which comprise the condensed consolidated statement of financial position of CLP Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 16 August 2010

Scheme of Control Statement – Unaudited

The electricity-related operations of CLP Power Hong Kong and CAPCO (the SoC Companies) have been governed by the SoC Agreement with the Hong Kong Government, a summary of which is set out on pages 201 and 202 in the 2009 Annual Report. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies.

	Six months ended 30 June	
	2010	2009
	HK$M	HK$M
SoC revenue	13,609	12,684
Expenses		
Operating costs	1,568	1,419
Fuel	3,364	3,043
Purchases of nuclear electricity	2,100	2,277
Provision for asset decommissioning	130	124
Depreciation	1,654	1,549
Operating interest	320	252
Taxation	765	681
	9,901	9,345
Profit after taxation	3,708	3,339
Interest on borrowed capital	372	296
Adjustments required under the SoC (being share of profit on sale of electricity to the Chinese mainland attributable to the SoC Companies)	(40)	(52)
Profit for SoC	4,040	3,583
Transfer from Tariff Stabilisation Fund	187	418
Permitted return	4,227	4,001
Deduct interest on		
Borrowed capital as above	372	296
Tariff Stabilisation Fund to Rate Reduction Reserve	1	1
	373	297
Net Return	3,854	3,704
Divisible as follows:		
CLP Power Hong Kong	2,453	2,405
CAPCO	1,401	1,299
	3,854	3,704
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	2,453	2,405
Interest in CAPCO	561	520
	3,014	2,925

Information for our Investors

Financial Diary

Announcement of interim results	16 August 2010
Interim report posted to Shareholders	31 August 2010
Last day to register for second interim dividend	6 September 2010
Book close day	7 September 2010
Payment of second interim dividend	15 September 2010
Financial year end	31 December 2010

Interim Report

Printed in English and Chinese, available on our website at www.clpgroup.com by 21 August 2010 and posted to Shareholders on 31 August 2010.

Those Shareholders who (a) received our 2010 Interim Report electronically and would like to receive a printed copy or vice versa; or (b) received our 2010 Interim Report in either English or Chinese only and would like to receive a printed copy of the other language version or receive printed copies of both language versions in future, are requested to write to the Company Secretary or the Company's Registrars.

Shareholders may at any time change their choice of the language or means of receipt of the Company's corporate communications, free of charge, by notice in writing to the Company Secretary or the Company's Registrars.

Company's Registrars

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Share Listing

CLP Holdings shares are listed on the Stock Exchange of Hong Kong and are traded over the counter in the United States in the form of American Depositary Receipts.

Our Stock Code

The Stock Exchange of Hong Kong:	00002
Bloomberg:	2 HK
Reuters:	0002.HK
Ticker Symbol for ADR Code:	CLPHY
CUSIP Reference Number:	18946Q101

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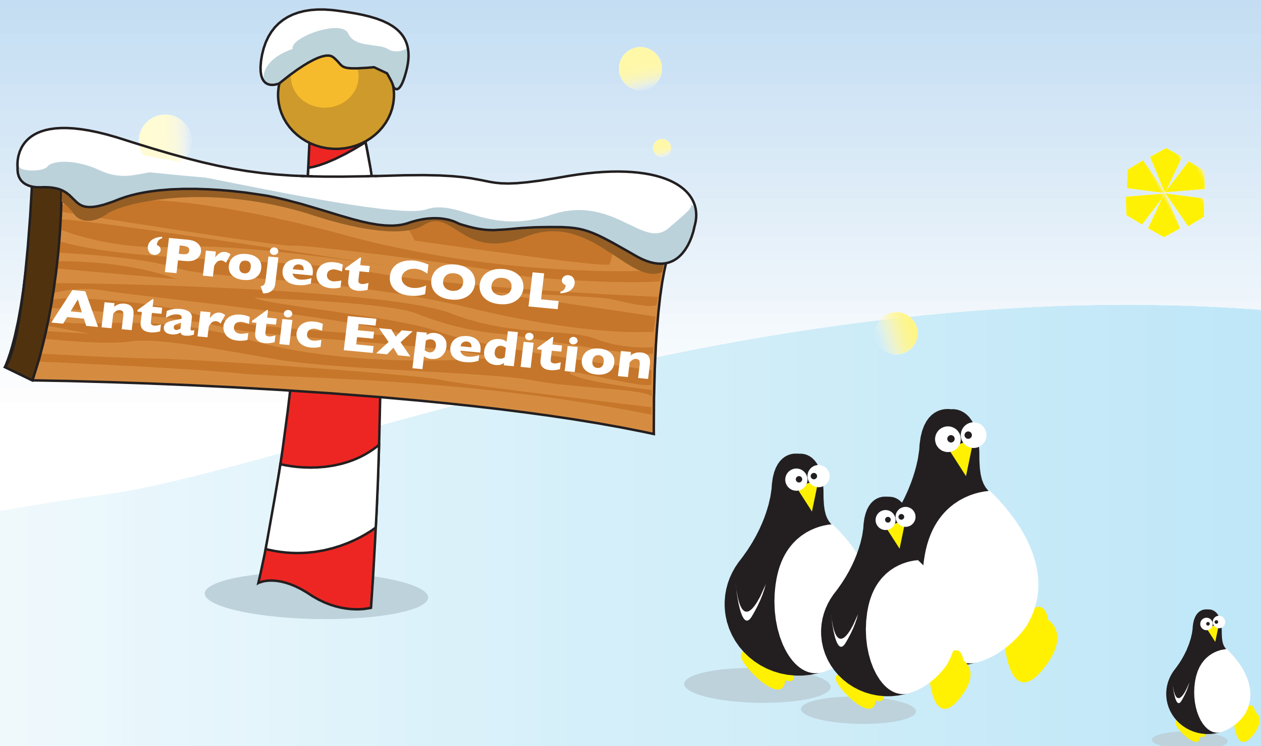
"Project COOL" Antarctic Expedition Nurtures Future Leaders to Realise Climate Vision 2050

"Project COOL" (Climate ActiOn JuniOr League) is CLP's new initiative to provide an innovative learning opportunity for outstanding engineers to apply their professional skills to a meaningful cause in an extremely challenging environment. It is also a platform to enable these young engineers to engage the community in a better understanding of the issues of climate change. "Project COOL" is amongst an array of initiatives that CLP takes to underpin its commitment to the Group's Climate Vision 2050.

The five engineers, dubbed as "COOL Captains", were selected from nearly 40 top CLP engineers in operations in Hong Kong, Australia and India. They embarked on a "COOL" journey in March to help the organisation "2041", founded by polar explorer Sir Robert Swan, to re-power its educational and research base (E-base) for climate studies in Antarctica. The COOL Captains, despite challenging conditions and adverse weather, succeeded in restoring broken down renewable energy devices and installing additional solar panels to power-up E-base.

Following their return, the COOL Captains have taken up a role as CLP's climate ambassadors by sharing their great stories and what they have witnessed about the adverse impact of climate change on nature. From friends to family, from colleagues to the community at large, they have worked hard to increase awareness on this important issue.

CLP hopes the expedition can help to nurture a group of future leaders to bring the Company towards a low-carbon future, and help us to achieve CLP's target to cut the carbon intensity of power generation portfolio by 75% by 2050.



PROJECT COOL

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This Interim Report is printed on environmentally friendly paper.