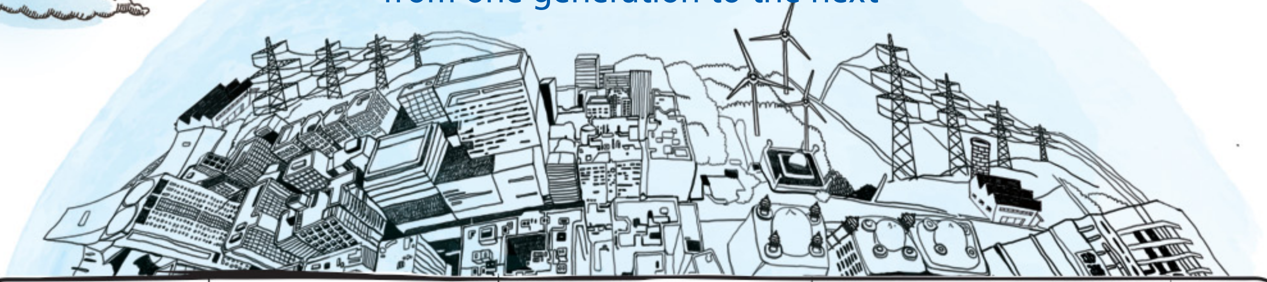
CLP 中電

2015 Interim Report

Our unwavering commitment to the communities we serve

Our Vision

To be the leading responsible
energy provider in the Asia-Pacific region,
from one generation to the next



Highlights of 2015 Interim Results

Group operating earnings amounted to HK$5,525 million, a 15.9% increase over the corresponding period in 2014.

Total earnings decreased by 14.8% to HK$5,723 million due to the one-off net gain on CAPCO and PSDC acquisitions in May 2014; earnings per share decreased to HK$2.27 per share.

Operating earnings from our electricity business in Hong Kong increased by 10.2% to HK$4,050 million.

Consolidated revenue down by 15.1% to HK$39,985 million.

Second interim dividend of HK$0.55 per share.

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Financial Highlights

Operating earnings raised 15.9% to HK$5,525 million; total earnings down 14.8% to HK$5,723 million primarily due to the one-off net gain on CAPCO and PSDC acquisitions in 2014.

	Six months ended 30 June 2015	2014	Increase / (Decrease) %
For the period *(in HK$ million)*			
Revenue			
Electricity business in Hong Kong	18,296	16,668	9.8
Energy business outside Hong Kong	21,508	30,257	(28.9)
Others	181	177	
Total	39,985	47,102	(15.1)
Earnings			
Hong Kong	4,050	3,674	10.2
Hong Kong related [1]	106	48	
Mainland China	941	662	42.1
India	94	82	14.6
Southeast Asia and Taiwan	140	113	23.9
Australia	493	585	(15.7)
Other earnings	(28)	(33)	
Unallocated net finance income / (costs)	1	(28)	
Unallocated Group expenses	(272)	(335)	
Operating earnings	5,525	4,768	15.9
Revaluation gain on Argyle Street site	198	–	
Net gain on CAPCO and PSDC acquisitions	–	1,953	
Total earnings	5,723	6,721	(14.8)
Net cash inflow from operating activities	6,812	6,886	(1.1)
Per share *(in HK$)*			
Earnings per share	2.27	2.66	(14.8)
Dividends per share			
First interim	0.55	0.54	
Second interim	0.55	0.54	
Total interim dividends	1.10	1.08	1.9
Ratio			
EBIT interest cover [2] (times)	8	8	

	30 June 2015	31 December 2014	Increase / (Decrease) %
At the end of the reporting period *(in HK$ million)*			
Total assets	214,207	214,663	(0.2)
Total borrowings	69,346	67,435	2.8
Shareholders' funds	88,132	88,013	0.1
Per share *(in HK$)*			
Shareholders' funds per share	34.88	34.84	0.1
Ratios			
Total debt to total capital [3] (%)	40.3	39.6	
Net debt to total capital [4] (%)	38.8	38.0	

Notes:

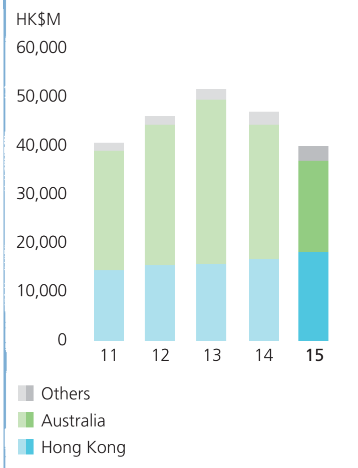
1 Hong Kong related included PSDC, Hong Kong Branch Line and sales to Guangdong from Hong Kong

2 Earnings before interest and taxes (EBIT) interest cover = Profit before income tax and interest / (Interest charges + capitalised interest)

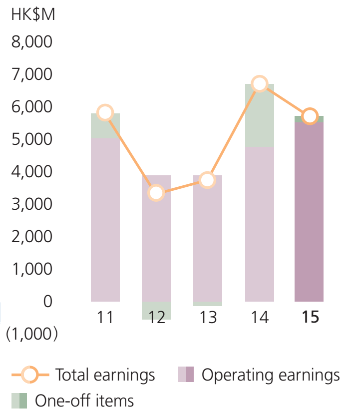
3 Total debt to total capital = Debt / (Equity + advance from non-controlling interests + debt). Debt = Bank loans and other borrowings.

4 Net debt to total capital = Net debt / (Equity + advance from non-controlling interests + net debt). Net debt = Debt - bank balances, cash and other liquid funds.

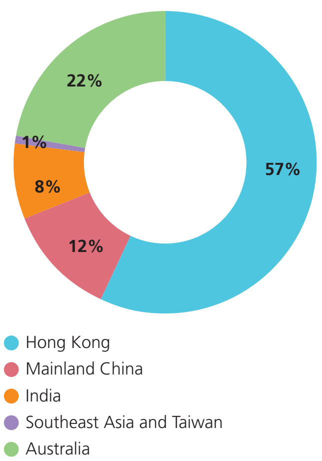
Revenue (First 6 months)



Total Earnings (First 6 months)



Total Assets at 30 June 2015



Chairman's Statement

Dear Shareholders,

I am pleased to report that our business has performed well across the board in the first six months of 2015. Our updated Group strategy — "Focus · Delivery · Growth" — has made a good start and with the projects now under development, our renewable energy portfolio has reached close to 3,000MW in total. On the financial front, in the first six months, our Group's operating earnings reached HK$5,525 million, a 16% increase over the corresponding period of last year.

Total earnings were down by 15% to HK$5,723 million simply because we booked a one-off gain from the acquisitions of Castle Peak Power Company Limited (CAPCO) and Hong Kong Pumped Storage Development Company, Limited (PSDC) in 2014. Thanks to the positive results, we have increased the level of both first and second interim dividends from HK$0.54 per share a year ago to HK$0.55 per share this year.

In the first six months of 2015, we saw rises in operating earnings across most regions. Operating earnings from our core business in Hong Kong grew by 10% to HK$4,050 million. Operating earnings from Mainland China were up 42% to HK$941 million. Performance of our India business continued to improve, resulting in an increase of 15% in operating earnings to HK$94 million. Operating earnings from Southeast Asia and Taiwan were also higher at HK$140 million, representing a 24% rise. In Australia, a still challenging market, operating results have improved but operating earnings in Hong Kong dollars decreased by 16% to HK$493 million, mainly reflective of the decline in the Australian dollar.

The 3-month public consultation on the future development of the electricity market of Hong Kong ended in June. We recognised the significance of this process for the community and our customers, and were encouraged by the keen public interest in and response to the issues involved. This reflects a general awareness in the community that the results of the consultation will have far-reaching implications for Hong Kong for generations to come.

We actively engaged with our stakeholders to exchange views over the future direction of the industry during the consultation and we made our submission to the Government in June. The existing regulatory arrangement has served Hong Kong extremely well and we support the Government's view that it should be continued. We take pride in being able to say that our track record speaks for itself. Our supply reliability, safety level and environmental performance are equal to or better than major world cities like London and New York whilst our tariffs are amongst the lowest in the developed world. The current regulatory arrangement has provided the market with both stability and flexibility, two critical ingredients which have supported that world class performance. At the same time, it must be acknowledged that the current arrangement has evolved with the aspirations of the community over time and we remain open to further refinements and improvements that the Government and community might suggest.

Our goal is to provide our customers with the most reliable, safe and clean supply of electricity possible at a reasonable cost. However, we cannot do this on our own. The fact that the life span of our assets can be as long as 60 years means we need to be able to attract funds from investors who take a long-term view of our business. Consistent and supportive government policies are crucial and so we are committed to working constructively with the Government so that its policies and regulatory arrangement can strike a proper balance amongst the often competing priorities of delivering a reliable and environmentally friendly electricity service at a reasonable cost.

Whatever the outcome of the consultation, we are prepared to roll up our sleeves and get on with business so that our customers can continue to enjoy the best electricity service possible. That is at the core of the CLP DNA. As a publicly-listed utility, we run our business by following sound business principles — delivering value to our shareholders, observing strict business disciplines, and balancing risks with opportunities. Most importantly, we consider ourselves a member of the communities we serve. This is especially true in Hong Kong where our core business has played such a long and positive role in the city's remarkable development. This is why we have always made our decisions with the long-term interests of Hong Kong in mind. It is this that guided us in the past, and we shall follow the same commitment in the future.

We have applied that approach to our management of the considerable volatility in global fuel markets that we continue to experience. Since we concluded the tariff arrangements for 2015 there has been a significant drop in fuel prices which, in concert with our continued efforts to manage our fuel costs carefully, has resulted in considerable savings in our fuel costs for the first half of 2015. We are passing on the benefit of these savings to our customers through a special fuel rebate totalling approximately HK$1.2 billion.

Outside Hong Kong, I am glad to report that we have done well in Mainland China and India in the first six months of 2015. In Mainland China, our renewable projects delivered good overall results and we plan to commission four more wholly-owned wind projects and one wholly-owned solar farm in the coming 12 months, adding about 300MW to our renewable portfolio. Our Xicun Solar Farm in Yunnan Province has taken an innovative approach to combine power generation with economic farming, thereby maximising land use, creating jobs for local farmers and supplying the community with clean energy. This is an outstanding example of how we have put our sustainability principles into practice. Our investment in high-efficiency coal-fired projects in Mainland China has also made good progress. Phase II of Fangchenggang Power Station is on the fast track for commissioning as scheduled next year. As the Guangxi Zhuang Autonomous Region continues to demonstrate significant growth, we are confident that our coal-fired projects will benefit and make good contributions to our earnings.

In India, the partial commissioning of our Tejuva Wind Farm and Chandgarh Wind Farm early this year has taken our operating wind capacity to nearly 820MW and we have another 260MW under development. This has maintained our position as the largest developer of wind power in India. We have taken note of the Government's ambition to make better use of India's rich renewable resources and we are exploring new opportunities including solar. The Indian energy market remains attractive and we are cautiously optimistic about its future growth.

In Australia, we have a new strengthened management team in place under the leadership of Catherine Tanna who has sharpened our focus on the retail side of the business, and adjusted our generation portfolio to be better aligned with our retail profile in the six-month period. EnergyAustralia is a strong brand and we are comfortable with its position in the national market. Now that our single billing system has stabilised, we will focus on enhancing efficiency, improving margins and reducing cost in the coming months in order to restore value to the business.

Turning to the broader subject of climate change, the United Nations Climate Change Conference in Paris later this year will provide another opportunity for world leaders to reach a meaningful global agreement to cut carbon emissions. Policy certainty is critical for long-term, capital intensive industries such as power generation and stronger international policy commitment is required to support the transition to lower carbon power generation. We will monitor the outcome of the Paris conference closely and hope that world leaders will reach some consensus in moving forward. As a responsible power company, we will continue to play our part. We have a long-term commitment to decarbonise our business in the context of an enabling regulatory environment and our investment strategy adopts a balanced approach where over time for every megawatt of conventional generation we build outside Hong Kong, we plan to support development of a megawatt of renewable energy.

Next year will mark our 115th year of serving Hong Kong. Our long history has laid a strong foundation for our future. By following our "Focus · Delivery · Growth" strategy, our business will continue to grow and prosper — in Hong Kong and other markets. We will press on with our strategy to reinforce our status as a leading energy service provider in Asia Pacific. The future will bring challenges, but with the dedication and professional expertise of our staff and management team, I am confident that our business will scale new heights in the decades ahead.

The Honourable Sir Michael Kadoorie
Hong Kong, 13 August 2015

Our Investments as at 30 June 2015

Coal | Gas | Nuclear | Wind | Hydro | Solar

Hong Kong Investments Gross / Equity MW

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:

- 555 km of 400kV lines, 1,635 km of 132kV lines, 25 km of 33kV lines and 12,608 km of 11kV lines
- 62,064 MVA transformers and 225 primary and 13,929 secondary substations in operation and provides electricity and customer service

70%

Castle Peak Power Company Limited (CAPCO) 6,908 / 4,836MW

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 a 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 mainly for backup purpose

40%

ShenGang Natural Gas Pipeline Company Limited (SNGPC)

SNGPC (CLP 40% / PetroChina Company Limited 60%) owns and operates the Hong Kong Branch Line (comprising a 20-km pipeline and the associated gas launching and end stations) which transports natural gas from PetroChina's Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point Power Station

Mainland China Investments Gross / Equity MW

Equity Interest

25%

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

GNPJVC constructed the **Guangdong Daya Bay Nuclear Power Station** (GNPS) at Daya Bay. GNPS is equipped with two 984MW Pressurised Water Reactors incorporating equipment from France and the United Kingdom. 70% [2] of electricity generated is supplied to Hong Kong, with the remaining 30% sold to Guangdong

70%

CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang) 2,580 / 1,806MW

Owns and operates a two-phase project at Fangchenggang in Guangxi with Guangxi Water & Power Engineering (Group) Co., Ltd. Phase I includes two 630MW supercritical coal-fired units. Phase II, which is under construction, includes two 660MW ultra-supercritical coal-fired units that are expected to commence operation in 2016

49%

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

Owns and operates **Shenmu Power Station** in Shaanxi (220MW) in joint venture with China Shenhua Energy Company Limited

30%

CSEC Guohua International Power Company Limited (CSEC Guohua) 7,840 / 1,363MW [3]

Owns interests in five coal-fired power stations with China Shenhua Energy Company Limited:

- 100% of **Beijing Yire** (400MW) [4]
- 65% of **Panshan** in Tianjin (1,060MW)
- 55% of **Sanhe I and II** in Hebei (1,300MW)
- 50% of **Suizhong I and II** in Liaoning (3,760MW), a 160MW retrofit expansion was completed in April 2015
- 65% of **Zhungeer II and III** in Inner Mongolia (1,320MW)

29.4%

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

Owns four coal-fired power stations in Shandong with China Guodian Corporation and EDF International S.A.S.:

- **Heze II** (600MW)
- **Liaocheng I** (1,200MW)
- **Shiheng I and II** (1,260MW)

Notes:

1 CLP Power Hong Kong purchases its power from CAPCO, PSDC and GNPS. These sources of power amount to a total capacity of 8,888MW (CAPCO: 6,908MW, PSDC: 600MW, GNPS: about 1,380MW) available to serve the Hong Kong electricity business.

2 Agreement has been reached to increase the proportion of supply to Hong Kong to slightly above 70% in 2014 and to about 80% from 2015 to 2018, with the remainder continuing to be sold to Guangdong.

3 The 1,363 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 7,840 gross MW.

4 The power station ceased operation on 20 March 2015.

Mainland China Investments Gross / Equity MW

Equity Interest	Investment
15.75%	**CGN Wind Power Company Limited (CGN Wind) 2,193 / 314MW** [5] Owns and operates 1,794MW of wind projects in various parts of China with another 399MW under construction
50%	**CLP-CWP Wind Power Investment Limited (CLP-CWP Wind) 99 / 24MW** [6] Owns two wind farms in Liaoning: 49% of **Qujiagou** (49.5MW) and 49% of **Mazongshan** (49.5MW)
100%	**CLP (Kunming) Renewable Energy Co., Ltd (Xundian Wind) 50 / 50MW** Owns **Xundian I Wind Farm** (49.5MW, under construction) in Yunnan
100%	**CLP (Laiwu) Renewable Energy Limited (Laiwu Wind) 99 / 99MW** Owns and operates two wind farms in Shandong: • **Laiwu I Wind Farm** (49.5MW) • **Laiwu II Wind Farm** (49.5MW); project construction expected to commence in the second half of 2015
100%	**CLP (Laizhou) Renewable Energy Limited (CLP Laizhou Wind) 50 / 50MW** Owns **CLP Laizhou I Wind Farm** (49.5MW) in Shandong; project construction expected to commence in the second half of 2015
100%	**CLP (Penglai) Wind Power Ltd. (Penglai Wind) 48 / 48MW** Owns and operates **Penglai I Wind Farm** (48MW) in Shandong
100%	**CLP (Sandu) Renewable Energy Limited (Sandu Wind) 99 / 99MW** Owns **Sandu I Wind Farm** (99MW) in Guizhou; project construction commenced in the first half of 2015
45%	**Huadian Laizhou Wind Power Company Limited (Huadian Laizhou Wind) 41 / 18MW** Owns **Huadian Laizhou I Wind Farm** (40.5MW) in Shandong
25%	**Huaneng Shantou Wind Power Company Limited (Nanao Wind) 60 / 15MW** Owns two wind farms in Guangdong: **Nanao II** (45MW) and **Nanao III** (15MW)
49%	**Jilin Datang Wind Joint Ventures (Jilin Datang Wind) 148 / 73MW** Owns three wind farms in Jilin: • **Datong** (49.5MW) • **Shuangliao I** (49.3MW) • **Shuangliao II** (49.5MW)
100%	**Qian'an IW Power Company Limited (Qian'an Wind) 99 / 99MW** Owns and operates two wind farms in Jilin: **Qian'an I** (49.5MW) and **Qian'an II** (49.5MW)
49%	**Shandong Guohua Wind Joint Ventures (Shandong Guohua Wind) 445 / 218MW** Owns nine wind farms in Shandong: • **Dongying Hekou** (49.5MW) • **Haifang** (49.5MW) (suspended due to land issues) • **Lijin I** (49.5MW) • **Lijin II** (49.5MW) • **Rongcheng I** (48.8MW) • **Rongcheng II** (49.5MW) • **Rongcheng III** (49.5MW) • **Zhanhua I** (49.5MW) • **Zhanhua II** (49.5MW)
45%	**Shandong Huaneng Wind Joint Ventures (Shandong Huaneng Wind) 96 / 43MW** Owns three wind farms in Shandong: • **Changdao** (27.2MW) • **Weihai I** (19.5MW) • **Weihai II** (49.5MW)
29%	**Shanghai Chongming Beiyan Wind Power Generation Company Limited (Shanghai Chongming Wind) 48 / 14MW** Owns **Chongming Wind Farm** (48MW) in Shanghai
45%	**Sinohydro CLP Wind Power Company Limited (Changling Wind) 50 / 22MW** Owns **Changling II Wind Farm** (49.5MW) in Jilin

Notes:

5 The 314 equity MW attributed to CLP, through its 15.75% equity interest in CGN Wind, takes into account that CGN Wind holds varying equity interests in the generating assets included in the 2,193 gross MW.

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.

Our Investments as at 30 June 2015

Mainland China Investments Gross / Equity MW

Equity Interest	Investment
100%	**CLP Sichuan (Jiangbian) Power Company Limited (Jiangbian Hydro) 330 / 330MW** Owns and operates **Jiangbian Hydropower Station** (330MW) in Sichuan
100%	**Dali Yang_er Hydropower Development Co., Ltd. (Dali Yang_er Hydro) 50 / 50MW** Owns and operates **Dali Yang_er Hydropower Station** (50MW) in Yunnan
100%	**Hong Kong Pumped Storage Development Company, Limited (PSDC) 1,200 / 600MW** PSDC holds the right to use half of the 1,200MW pumped storage capacity of Phase I of the **Guangzhou Pumped Storage Power Station** until 2034, but it has no stake in the power station
84.9%	**Huaiji Hydropower Joint Ventures (Huaiji Hydro) 129 / 110MW** Owns and operates 12 small hydropower stations in Guangdong; a 1MW expansion of one of the hydropower stations was completed in May 2015
51%	**Jinchang Zhenxin PV Power Company Limited (Jinchang Solar) 85 / 43MW** [7] Owns and operates **Jinchang Solar Power Station** (85MW) in Gansu
100%	**CLP Dali (Xicun) Solar Power Co., Ltd (Xicun Solar) 84 / 84MW** [8] Owns and operates **Xicun I Solar Power Station** (42MW) and **Xicun II Solar Power Station** (42MW, under construction) in Yunnan
51%	**Sihong Tianganghu PV Power Co., Ltd. (Sihong Solar) 93 / 48MW** [9] Owns and operates **Sihong Solar Power Station** (93MW) in Jiangsu, which commenced operation on 1 February 2015

India Investments Gross / Equity MW

Equity Interest	Investment
100%	**CLP India Private Limited (CLP India) 705 / 705MW** Owns and operates two projects in Gujarat: • **Paguthan Power Station (Paguthan)**, a 655MW combined-cycle gas-fired power plant designed to run on natural gas with naphtha as alternate fuel • **Samana I** (50.4MW)
100%	**CLP Wind Farms (India) Private Limited (CLP Wind Farms India) 931 / 931MW** Owns and operates the following wind projects: • **Andhra Lake** (106.4MW) in Maharashtra • **Bhakrani** (102.4MW) with 101.6MW commissioned and the remainder under construction in Rajasthan • **Chandgarh** (100MW) with 42MW commissioned and the remainder under construction in Madhya Pradesh • **Harapanahalli** (39.6MW) in Karnataka • **Jath** (60MW) in Maharashtra • **Mahidad** (50.4MW) in Gujarat • **Samana II** (50.4MW) in Gujarat • **Saundatti** (72MW) in Karnataka • **Sipla** (50.4MW) in Rajasthan • **Tejuva** (100.8MW) with 44.1MW commissioned and the remainder under construction in Rajasthan • **Theni I** (49.5MW) in Tamil Nadu • **Yermala** (148.8MW) under construction in Maharashtra
100%	**CLP Wind Farms (Khandke) Private Limited (Khandke Wind) 50 / 50MW** Owns and operates **Khandke** (50.4MW) in Maharashtra
100%	**CLP Wind Farms (Theni - Project II) Private Limited (Theni II) 50 / 50MW** Owns and operates **Theni II** (49.5MW) in Tamil Nadu
100%	**Jhajjar Power Limited (JPL) 1,320 / 1,320MW** Owns and operates **Jhajjar Power Station (Jhajjar)** (1,320MW), which comprises two 660MW supercritical coal-fired units in Haryana

Notes:

7 On an alternating current (AC) basis. Gross / Equity MW are 100 / 51MW if converted to direct current (DC).

8 On an alternating current (AC) basis. Gross / Equity MW are 100 / 100MW if converted to DC.

9 On an alternating current (AC) basis. Gross / Equity MW are 110 / 56MW if converted to DC.

Southeast Asia and Taiwan Investments Gross / Equity MW

Equity Interest

20%

Ho-Ping Power Company (HPC) 1,320 / 264MW

Owns the 1,320MW coal-fired **Ho-Ping Power Station** in Taiwan. CLP's 20% interest is held through OneEnergy Taiwan Ltd, a 50:50 project vehicle with Mitsubishi Corporation. Taiwan Cement Corporation owns the other 60% interest in HPC

33.3%

Natural Energy Development Co., Ltd. (NED) 63 / 21MW

Owns a 63MW solar farm in Lopburi Province in Central Thailand. NED is a joint venture company in which CLP has 33.3% shareholding. Electricity Generating Public Company Limited has the remaining 66.7%, including a 33.3% shareholding it acquired from Mitsubishi Corporation on 4 February 2015

Australia Investments Gross / Equity MW

Equity Interest

100% [10]

EnergyAustralia 3,585 / 3,539MW

EnergyAustralia is an integrated generation and retail electricity and gas business in Victoria, South Australia, NSW, Queensland and the Australian Capital Territory, comprising the following facilities in which we have equity interests:

- **Cathedral Rocks** wind farm (50% equity / 100% offtake) (66MW)
- **Hallett** gas-fired power station (203MW)
- **Iona** gas storage facility and processing plant (22PJ storage capacity)
- **Mount Piper** coal-fired power station (1,400MW)
- **Narrabri** (20%) (230PJ of equity coal seam gas 3P reserves)
- **Pine Dale** black coal mine
- **Tallawarra** gas-fired power station (420MW)
- **Wilga Park** gas-fired power station (20%) (16MW)
- **Yallourn** coal-fired power station and brown coal open-cut mine (1,480MW)

In addition, EnergyAustralia has signed the following capacity purchase agreements with facilities in which we have no ownership:

- Wind Projects
  - > **Boco Rock** wind farm (100% offtake) (95MW)
  - > **Gullen Range** wind farm (100% offtake) (160MW)
  - > **Mortons Lane** wind farm (100% offtake) (20MW)
  - > **Taralga** wind farm (100% offtake) (106MW)
  - > **Waterloo** wind farm [11] (50% offtake) (111MW)
- Other
  - > **Ecogen** (Newport and Jeeralang) offtake from gas-fired power stations (966MW)

Notes:

10 Except those specified.

11 EnergyAustralia sold its 25% equity interest in Waterloo on 30 April 2015.

Financial Review

Our Financial Performance

Operating earnings grew by 15.9% to HK$5,525 million mainly due to increased earnings from Hong Kong and Mainland China. Due to the absence of the 2014 one-off net gain on CAPCO and PSDC acquisitions of HK$1,953 million, total earnings were down 14.8% to HK$5,723 million.

	Six months ended 30 June					
	2015		2014		Increase / (Decrease)	
	HK$M	HK$M	HK$M	HK$M	HK$M	%
Hong Kong		4,050		3,674	376	10.2
Hong Kong related*	106		48			
Mainland China	941		662			
India	94		82			
Southeast Asia and Taiwan	140		113			
Australia	493		585			
Other earnings	(28)		(33)			
Earnings from other investments / operations		1,746		1,457	289	19.8
Unallocated net finance income / (costs)		1		(28)		
Unallocated Group expenses		(272)		(335)		
Operating earnings		5,525		4,768	757	15.9
Revaluation gain on Argyle Street site		198		–		
Net gain on CAPCO and PSDC acquisitions		–		1,953		
Total earnings		5,723		6,721	(998)	(14.8)

* Hong Kong related included PSDC, Hong Kong Branch Line and sales to Guangdong from Hong Kong

Average exchange rate

	Six months ended 30 June			
	2014		2015	Remarks
Australian dollar / Hong Kong dollar	7.1075	15.3%	**6.0217**	The depreciation of Australian dollar led to reduction in revenue and earnings from Australia by about HK$4,233 million and HK$89 million respectively.
Indian rupee / Hong Kong dollar	0.1280	3.6%	**0.1234**	
Renminbi / Hong Kong dollar	1.2544	0.6%	**1.2466**	

Hong Kong

Earnings from Hong Kong increased by 10.2% mainly due to the sharing of an additional 30% of CAPCO's earnings for the full six-month period after completion of the CAPCO acquisition in May 2014 (HK$323 million) and increase in net return on higher average net fixed assets (HK$132 million), partly offset by the coupons on perpetual capital securities.

Mainland China

Earnings from Mainland China increased mainly due to higher contribution from our coal-fired projects in Shandong as a result of lower coal costs and the resumption of sharing of earnings from CSEC Guohua (HK$178 million) after the lapse of the Share Transfer Agreement at 31 December 2014. However, the positive impact was partly offset by lower earnings from Fangchenggang due to lower tariff and dispatch. Earnings from renewables improved as a result of the commissioning of new solar projects (Xicun and Sihong) and better performance from wind projects due to more wind resources, notwithstanding performance of Huaiji was affected by less rainfall and lower water level. Earnings from GNPJVC decreased due to a planned 10-year outage from March to May 2015.

India

Higher earnings from India were mainly attributable to Paguthan as a result of increased incentive payments, lower operating and maintenance expenses as well as reduced heat rate losses. However, these were offset by lower contributions from wind farms due to less wind resources despite the commissioning of new projects.

Southeast Asia and Taiwan

Higher earnings from Southeast Asia and Taiwan were mainly due to higher earnings from Ho-Ping as a result of lower coal costs and reduced operating expenses.

Australia

Earnings from EnergyAustralia in Australian dollars were comparable with the corresponding period in 2014. Earnings in the first half of 2014 included compensation in relation to the carbon tax regime, which was repealed in July 2014. Taking into account there was no such compensation in the first half of 2015, earnings have in fact improved as a result of better retail gross margins brought by tariff uplifts for both mass market and Commercial and Industrial (C&I) sectors and lower operating expenses.

Group's Financial Results

	Notes to the Financial Statements	Six months ended 30 June 2015 HK$M	2014 HK$M	Increase / (Decrease) HK$M	%
Revenue	*4*	**39,985**	47,102	(7,117)	(15.1)
Expenses		**(32,168)**	(39,941)	(7,773)	(19.5)
Finance costs	*8*	**(1,552)**	(2,538)	(986)	(38.8)
Share of results of joint ventures	*14*	**861**	964	(103)	(10.7)
Income tax expense	*9*	**(1,315)**	(1,182)	133	11.3
Earnings attributable to shareholders		**5,723**	6,721	(998)	(14.8)
Adjusted current operating income (ACOI)		**8,829**	8,618	211	2.4

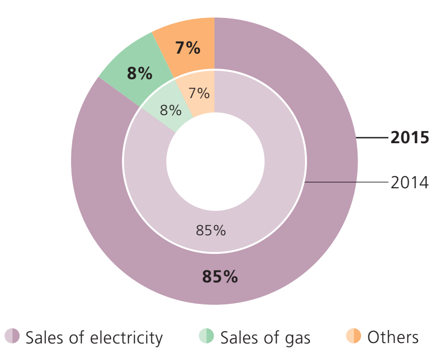
Revenue and Expenses

	Revenue				Expenses			
	2015 HK$M	2014 HK$M	Increase / (Decrease) HK$M	%	2015 HK$M	2014 HK$M	Increase / (Decrease) HK$M	%
Hong Kong	**18,475**	16,843	1,632	9.7	**12,259**	11,360	899	7.9
India	**2,456**	2,165	291	13.4	**1,842**	1,541	301	19.5
Australia	**18,671**	27,711	(9,040)	(32.6)	**17,487**	26,339	(8,852)	(33.6)
Others	**383**	383	–	–	**580**	701	(121)	(17.3)
	39,985	47,102	(7,117)		**32,168**	39,941	(7,773)	

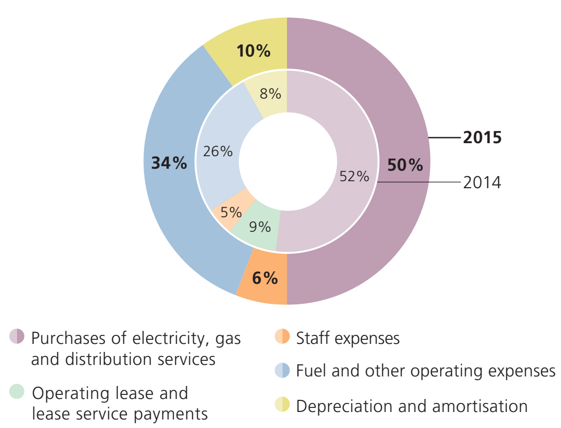
Decrease in revenue by 15.1% was mainly attributable to Australia. Excluding the effect of lower exchange rate, revenue from Australia dropped by 20% as a result of lower C&I contracted volumes, lower electricity prices after the carbon tax repeal in July 2014 and lower generation at Mount Piper and Wallerawang. The decrease was partly offset by higher revenue from Hong Kong electricity business due to higher fuel cost adjustment revenue to recover higher fuel costs. In India, the increase was mainly attributable to higher energy charges at Jhajjar and the commissioning of new wind farms.

The decrease in expenses was mainly due to lower "Purchases of electricity, gas and distribution services expenses" in Australia as a result of decline in pool prices after the carbon tax repeal and lower sales volume. In addition, "Fuel and other operating expenses" in Australia also decreased due to no more carbon tax expenses in 2015 and cessation of payments under Transition Services Agreement after termination in 2014.

Analysis of Revenue



Analysis of Expenses



Finance Costs

Significant decrease in finance costs was mainly due to no more finance lease charges were paid to CAPCO as the finance lease was settled upon the completion of CAPCO acquisition in May 2014.

Share of Results of Joint Ventures

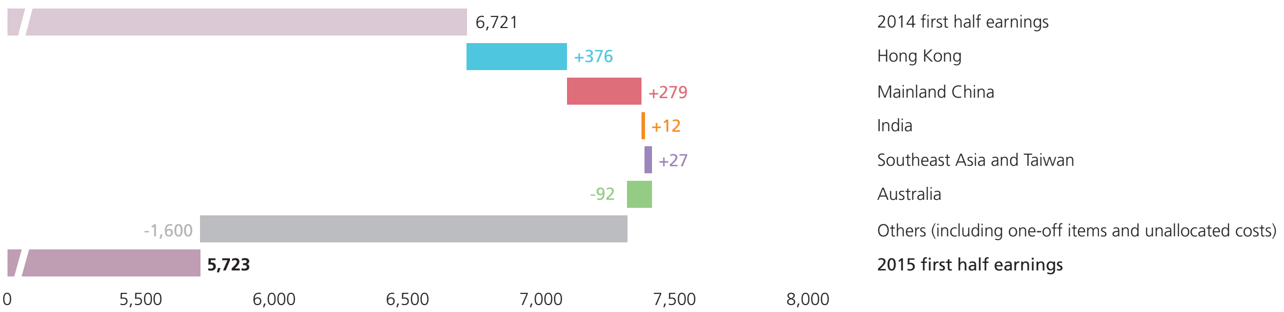
Share of results of joint ventures decreased mainly due to the reclassification of CAPCO and PSDC from joint ventures to subsidiaries after their acquisitions in May 2014 and lower earnings from Fangchenggang, partly offset by higher earnings from Shandong due to lower coal costs and the resumption of sharing of results from CSEC Guohua after the lapse of Share Transfer Agreement at 31 December 2014.

Income Tax Expense

The increase in income tax expense was in line with the increase in operating profit during the period.

Earnings Attributable to Shareholders

Total Earnings (HK$M)



Adjusted Current Operating Income (ACOI)

ACOI is a performance measurement which represents operating earnings before net finance costs, income tax, other non-controlling interests, distribution to perpetual capital securities holders and net fair value gain / loss on derivatives relating to transactions not qualified as hedges and ineffectiveness of cash flow hedges. For its analysis, please refer to our website.

The following two aspects are worth noting for readers to understand the financial results for the past six months:

CAPCO and PSDC Acquisitions

In May 2014, the Group completed the acquisitions of additional 30% interest in CAPCO and 51% interest in PSDC. CAPCO and PSDC were then reclassified from joint ventures (equity accounting) to subsidiaries (line-by-line consolidation). A full six months impact on profit or loss of the acquisitions was reflected in current period as opposed to the two months impact in the corresponding period last year.

Regaining joint control over CSEC Guohua and Shenmu

In 2014, the results of CSEC Guohua and Shenmu were not shared by the Group under the Share Transfer Agreement which subsequently lapsed at 31 December 2014. Thereafter, the Group regained joint control over CSEC Guohua and Shenmu and has resumed its right to share their results since January 2015.

Group's Financial Position

	Notes to the Financial Statements	At 30 June 2015 HK$M	At 31 December 2014 HK$M	Increase / (Decrease) HK$M	%
Fixed assets	12	128,897	128,133	764	0.6
Goodwill and other intangible assets	13	29,534	31,129	(1,595)	(5.1)
Trade and other receivables	18	16,051	15,719	332	2.1
Trade and other payables	19	20,144	21,620	(1,476)	(6.8)
Derivative financial instrument assets*	16	3,722	3,779	(57)	(1.5)
Derivative financial instrument liabilities*	16	3,850	3,771	79	2.1
Fuel clause account	21	1,597	2,966	(1,369)	(46.2)
Bank loans and other borrowings*	20	69,346	67,435	1,911	2.8

* Including current and non-current portions

Period end exchange rate

	At 31 December 2014		At 30 June 2015	Remarks
Australian dollar / Hong Kong dollar	6.3540	6.3%	5.9508	The depreciation of Australian dollar reduced the balances of assets and liabilities of EnergyAustralia with a corresponding charge to our translation reserve of HK$1,581 million.
Indian rupee / Hong Kong dollar	0.1227	0.8%	0.1217	
Renminbi / Hong Kong dollar	1.2496	0.1%	1.2487	

Fixed Assets and Capital Commitments

During the first half of 2015, we invested HK$3.3 billion in generation, transmission and distribution networks, as well as customer services and supporting facilities to enhance the reliability and security of power supply in Hong Kong. Outside Hong Kong, capital additions included our investments in new wind farms in Mainland China (such as Xundian and Sandu) of HK$485 million and India (such as Tejuva and Chandgarh) of HK$675 million.

Capital commitments at 30 June 2015 amounted to HK$5.7 billion, which mainly relate to the capital works on transmission and distribution networks in Hong Kong, generation assets in Australia and the ongoing construction of wind projects in Mainland China and India.

Goodwill and Other Intangible Assets

The decrease in goodwill and other intangible assets was mainly due to the depreciation of Australian dollar and amortisation charge during the period.

Trade and Other Receivables

The increase in trade and other receivables was mainly attributable to the seasonal effect of higher sales of electricity in summer in Hong Kong, partly offset by the receipts of dividend receivables during the period.

Trade and Other Payables

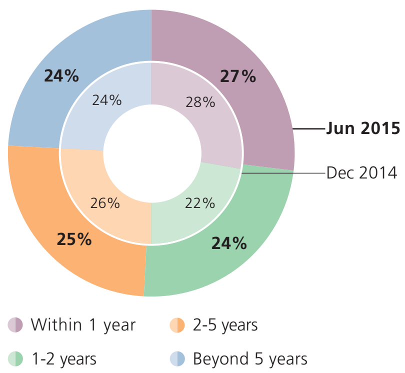
The decrease in trade and other payables was mainly attributable to the settlement of carbon liabilities and Renewable Energy Target obligations by EnergyAustralia in 2015, and lower Australian dollar exchange rate.

Derivative Financial Instruments

As at 30 June 2015, the Group had gross outstanding derivative financial instruments which amounted to HK$142.4 billion. The fair value of these derivative instruments was a net deficit of HK$128 million, representing the net amount payable if these contracts were closed out on 30 June 2015. However, changes in the fair value of derivatives have no impact on cash flows 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 2015 HK$M	31 December 2014 HK$M	**30 June 2015 HK$M**	31 December 2014 HK$M
Forward foreign exchange contracts and foreign exchange options	**83,503**	100,926	**715**	891
Interest rate swaps/cross currency interest rate swaps	**47,996**	46,820	**(411)**	(402)
Energy contracts	**10,863**	12,196	**(432)**	(481)
	142,362	159,942	**(128)**	8

Maturity Profile



Fuel Clause Account

The decrease in fuel clause account was due to a special fuel rebate of HK¢8 per unit to our customers in Hong Kong, totalling HK$1,267 million.

Financing and Capital Resources

The Group engaged in new financing activities in the first half of 2015 in support of the operation and growth of its electricity business. We continued to apply a prudent approach, characterised by liquidity, diversification and timeliness, to all financing and risk management activities to mitigate undue financing and market risks (availability, amount and pricing) that may cause material adverse impact to the Group.

CLP Holdings maintained adequate liquidity with undrawn bank facilities of HK$7.9 billion and bank balances of HK$1.6 billion as at the end of June 2015 to meet business growth and contingencies.

Up to July 2015, CLP Power Hong Kong successfully arranged HK$4.5 billion new financing at attractive interest rates. This comprises of:

- US$300 million (HK$2,325 million), 10-year bond issued under the Medium Term Note (MTN) Programme in April 2015 at 3.125% coupon. The bond was priced at US Treasury yield plus 1.25% which was issued at a time when US 10-year Treasury rate remained at a low level of around 1.9%. This bond issue was strongly supported by investors with an order book of US$2.8 billion (9 times coverage). This bond is a Regulation S issue with listing on the Stock Exchange of Hong Kong;
- HK$618 million (49% in Hong Kong dollar, 32% in Japanese yen and 19% in Australian dollar), 12 and 15-year fixed rate bonds issued under the MTN Programme. These long-tenured fixed rate bonds have further lengthened CLP Power Hong Kong's debt maturity and locked in favourable fixed interest rate levels during the very low interest rate environment in early 2015;
- US$125 million (HK$969 million), 3-year cross-border bank loans in July 2015. This is the third tranche of cross-border bank loans since 2013 which will be syndicated to Japan-based regional and city banks. This cross-border loan which is denominated in US dollar this time can help diversify the portfolio of lending banks and deliver very cost-effective terms to CLP Power Hong Kong vis-a-vis ordinary bank loans arranged in Hong Kong; and
- HK$600 million bank loan facility arranged in March 2015 at preferential rate.

All foreign currency proceeds were swapped back into Hong Kong dollars to mitigate foreign currency risk.

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$4.5 billion may be issued and will be unconditionally and irrevocably guaranteed by CLP Power Hong Kong. As at 30 June 2015, notes with an aggregate nominal value of about HK$26.7 billion have been issued under the MTN Programme.

In Mainland China, CLP completed RMB3.56 billion (HK$4.45 billion), 18-year non-recourse project level loan in March 2015 for Fangchenggang (70% owned by CLP) to develop the phase II extension of 1,320MW coal-fired generation units with emission reduction facilities and RMB579 million (HK$723 million), 15-year project loan in June 2015 for Sandu Wind project (wholly-owned by CLP) at competitive rates. In parallel, CLP tapped into the very liquid, cost-effective offshore Renminbi bank loan market in Hong Kong to diversify its funding base and further support the expansion of renewable projects in the nation.

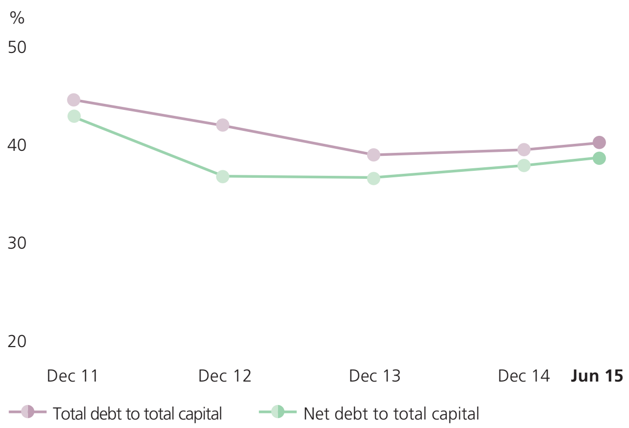
Financing and Capital Resources (continued)

In India, Jhajjar Power Limited became one of the first power companies in India to issue asset-specific corporate bonds, raising Rs.4.76 billion (HK$579 million) at 9.99% coupon with tenors of 10 and 11-year in April 2015. Interest is payable semi-annually. These bonds, which carry AA+ credit rating from India Ratings & Research and are listed on the Bombay Stock Exchange, can lengthen the average debt maturity of the company. The proceeds were used to repay existing bank loans to reduce funding cost. Also, CLP Wind Farms (India) Private Limited arranged Rs.3 billion (HK$365 million), 1-year bank loan facility for working capital and bridge finance of the construction of wind projects, increased its commercial paper issuance limit from Rs.2 billion (HK$243 million) to Rs.4 billion (HK$487 million) and received A1+ short-term credit rating from India Ratings & Research.

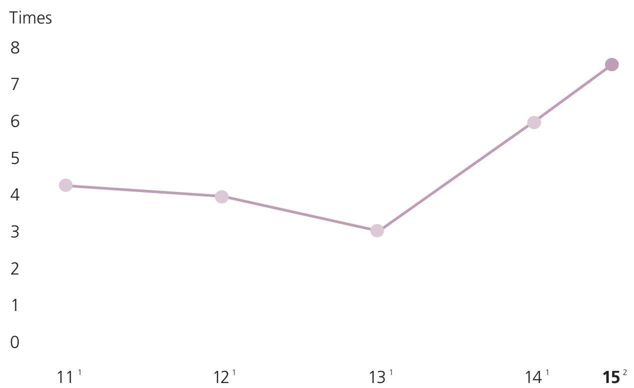
In Australia, EnergyAustralia refinanced A$1.8 billion (HK$10.7 billion) syndicated loan facilities in July 2015, down from originally A$2.1 billion (HK$12.5 billion) following the full implementation of the new billing system and the removal of the negative watch on the Standard & Poor's (S&P) credit rating. The refinancing extended the average tenor of facilities by 1.5 years at reduced interest margins. In parallel, EnergyAustralia extended a A$700 million (HK$4.2 billion) working capital facility by one year to June 2018 at lower interest margins.

This year, the Group continues to maintain an appropriate portion of committed credit facilities to ensure funding certainty. As at the end of June 2015, we maintained lending relationships with 73 financial institutions (31 December 2014: 77). Our efforts in diversification of debt funding to avoid over-concentration risk are illustrated in the charts below. We are very selective in choosing counterparties for financial and treasury related transactions. We deal only with financial institutions which have good credit standings and strong capabilities in order to ensure our counterparties will perform their contractual obligations. The debts of our subsidiaries are without recourse to CLP Holdings. Of the Group's total borrowings, HK$9,161 million as at 30 June 2015 was secured by fixed and floating charges over the assets of our subsidiaries in India, and HK$3,240 million was secured by right of receipt of tariff, fixed assets and land use rights of subsidiaries in Mainland China. The Group's total debt to total capital ratio as at 30 June 2015 was 40.3% (31 December 2014: 39.6%), decreasing to 38.8% (31 December 2014: 38.0%) after netting off bank balances, cash and other liquid funds. For the six months ended 30 June 2015, the earnings before interest and taxes (EBIT) interest cover was 8 times. As at 30 June 2015, the Group's fixed rate debt as a proportion of total debt was approximately 59% (31 December 2014: 58%).

Gearing



EBIT Interest Cover



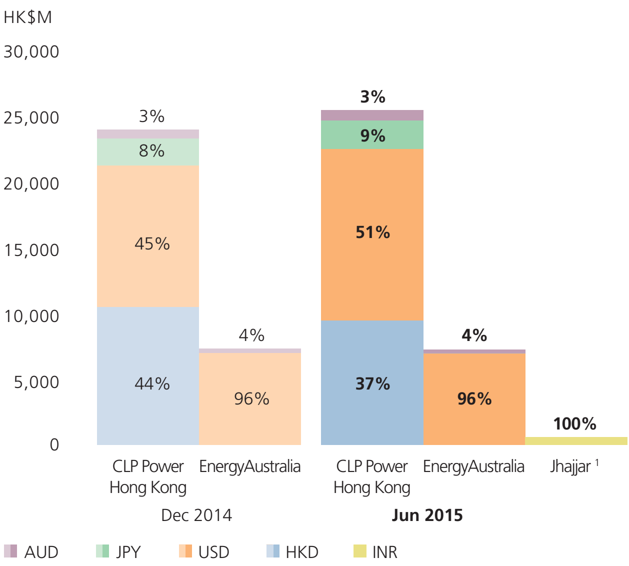
Notes:

1 Calculated on annual profit or loss figures

2 Calculated on interim profit or loss figures

Financing and Capital Resources (continued)

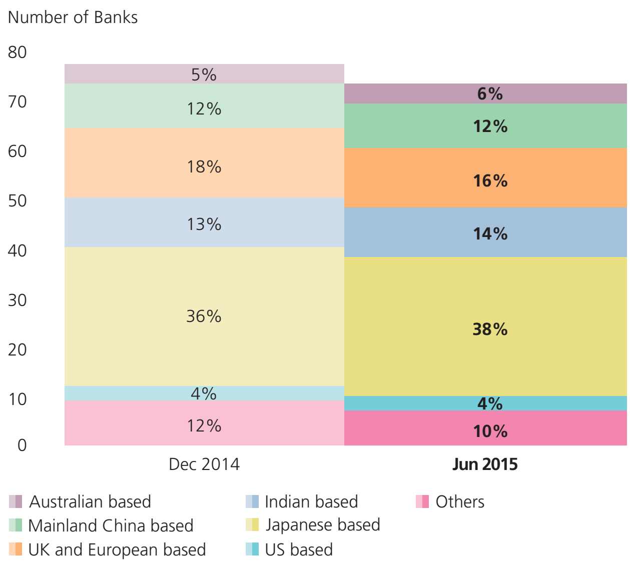
Currency of Bond Funding



Note:

1 Jhajjar Power Limited successfully arranged its inaugural issuance of Rs.4.76 billion (HK$579 million), 10 and 11-year bonds in April 2015.

CLP Banking Relationship – Balanced Mix of Lending Financial Institutions



Note:

Geographical bases of the financial institutions are determined according to the places of incorporation of their respective holding entities.

Debt Profile as at 30 June 2015

	CLP Holdings HK$M	CLP Power Hong Kong HK$M	CAPCO HK$M	Other Subsidiaries [1] HK$M	CLP Group HK$M
Available Facility [2]	9,400	40,122	7,165	38,318	95,005
Loan Balance	1,538	35,922	5,542	26,344	69,346
Undrawn Facility	7,862	4,200	1,623	11,974	25,659

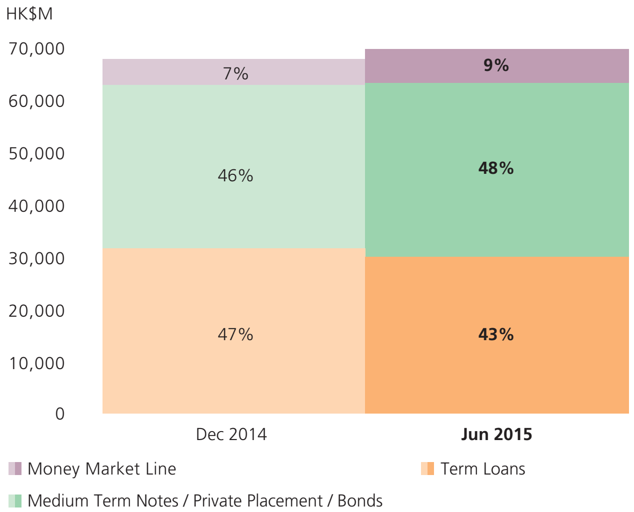
Notes:

1 Mainly relates to EnergyAustralia and subsidiaries in India.

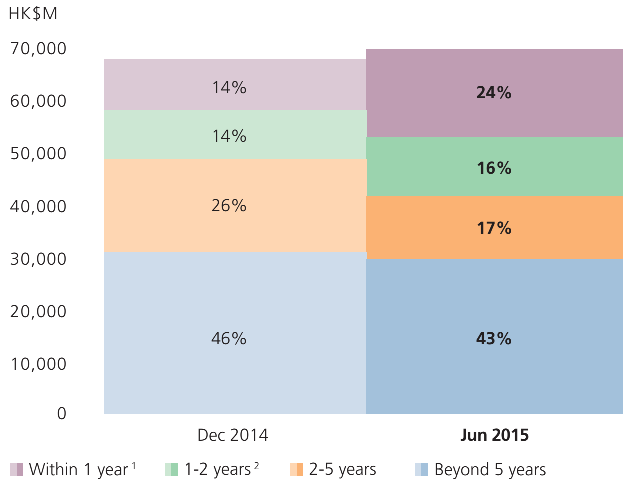
2 For the MTN Programme, only the amount of the bonds issued as at 30 June 2015 was included in the total amount of Available Facility. The Available Facility in EnergyAustralia excludes a facility set aside for guarantees.

Financing and Capital Resources (continued)

Loan Balance – Type



Loan Balance – Maturity



Notes:

1 The increase in loan balance with maturity within one year was mainly due to HK$5 billion bridge financing for CAPCO / PSDC acquisitions which will expire in May 2016. CLP Power Hong Kong will repay or refinance this loan amount on or before maturity date.

2 Loan balance between one and two years as at 31 December 2014 included loan drawdown with current tenor less than one year under revolving facility with maturity falling beyond one year.

Credit Rating

CLP always strives to maintain good investment grade credit ratings. Our initiatives to further enhance the capital structure of the Group by issuing US$750 million (HK$5.8 billion) perpetual capital securities, early repayment of HK$5 billion bridge loan facilities for CAPCO / PSDC acquisitions and maintain constructive dialogues with credit rating agencies paid off when Moody's changed CLP Power Hong Kong's and CLP Holdings' outlooks back to stable from negative in April 2014 and May 2015 respectively, and S&P changed CLP Holdings' and CLP Power Hong Kong's outlooks to stable from negative in May 2015. Both S&P and Moody's affirmed CLP Holdings' and CLP Power Hong Kong's credit ratings at A- / A2 and A / A1 respectively in May 2015. These rating actions demonstrate the two credit rating agencies concur that CLP will retain high level of discipline in business and financial management, and exercise strong prudence in operation and expansion.

S&P opines that CLP Holdings' cash flows remain sound and stable from its regulated Hong Kong business and the stabilisation of operations in Australia and India will gradually improve the Company's financial strength over the next two years. The Group should benefit from a more steady performance of the power generation business due to weak coal prices and capacity growth in Fangchenggang and improving coal supply and higher power plant utilisation in Jhajjar. Moreover, CLP Holdings' focus on organic growth should contribute to the steady improvement of credit metrics in the coming years.

Moody's believes that CLP Holdings' credit profile, though remains constraint in 2015, will strengthen in the next two to three years, helped by gradual decline in financial leverage of the Group, higher visibility and steady performance in Australia, predictable cash flows from Hong Kong operations, and increasing earnings from India and China operations.

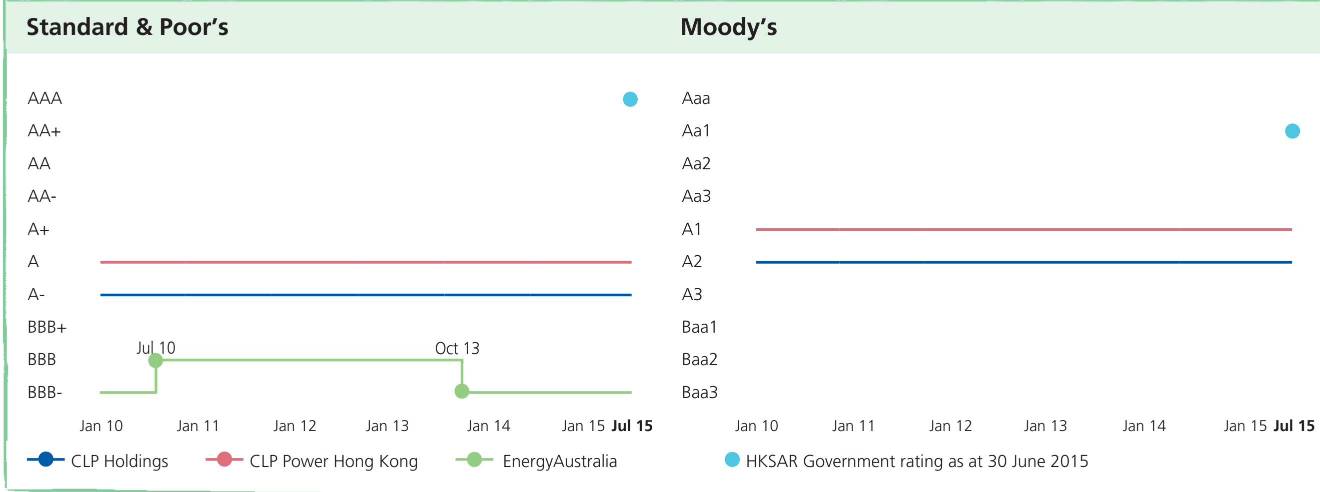
In May 2015, S&P revised EnergyAustralia's rating outlook to stable from negative and affirmed the BBB- credit rating. This reflects S&P's view of EnergyAustralia's stabilised operating performance following the completion of new retail billing system and more stable earnings base as a result of expected reduction of operating costs.

The credit ratings of major companies within the Group as at 30 June 2015 were as below.

	CLP Holdings		CLP Power Hong Kong		EnergyAustralia
	S&P	Moody's	S&P	Moody's	S&P
Long-term Rating					
Foreign currency	A-	A2	A	A1	BBB-
Outlook	Stable	Stable	Stable	Stable	Stable
Local currency	A-	A2	A	A1	BBB-
Outlook	Stable	Stable	Stable	Stable	Stable
Short-term Rating					
Foreign currency	A-2	P-1	A-1	P-1	–
Local currency	A-2	P-1	A-1	P-1	–

The charts below illustrate the credit rating changes of our major companies in the past five years. More information about our credit ratings is shown on our website.

Long-term Credit Ratings – Foreign Currency and Local Currency



Risk Management

The Group's investments and operations have resulted in exposure to foreign currency risk, interest rate risk, credit risk, as well as energy price risk 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 Hong Kong Financial Reporting Standards hedge-effective instruments. For instance, we prefer forward foreign currency contracts or cross currency interest rate swaps to structured products for managing financial risks. We also monitor our risk exposures with the assistance of "Earnings-at-Risk" (EaR) and "Value-at-Risk" (VaR) methodologies, and Volumetric Limits. Other than very limited price discovery 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 2014 Annual Report on pages 86 and 87, 132 to 141 and 260 to 270.

Performance and Business Outlook

This section describes CLP's operational performance in Hong Kong, Mainland China, India, Southeast Asia, Taiwan, and Australia over the first six months of 2015.

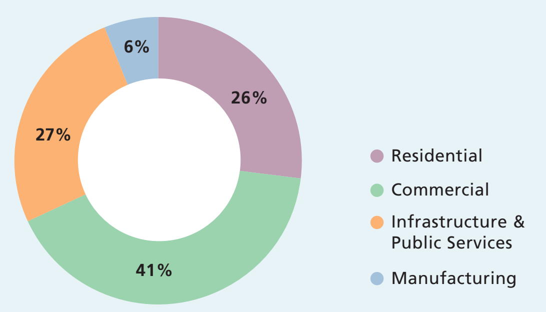
Hong Kong

We continued to achieve strong results in our core market whilst maintaining our world class reliability record.

During the first half of the year, local sales of electricity were 15,431 gigawatt hours (GWh), representing an increase of 1.5% over the same period last year. Residential sales recorded a decrease of 1.5% in the first six months of 2015 mainly due to a lower heating load in a warm first quarter. This was partially offset by a rise in cooling load in the second quarter. Sales to the Commercial, Infrastructure & Public Services and Manufacturing sectors recorded slight to moderate increases. A breakdown by sector of the changes in sales during the period is as follows:

	Increase / (Decrease)	
Residential	(62GWh) ↓	(1.5%)
Commercial	114GWh ↑	1.8%
Infrastructure & Public Services	158GWh ↑	3.9%
Manufacturing	19GWh ↑	2.2%

As Percentage of Total Local Sales



Sales to the Mainland amounted to 407GWh over the first six months, a decrease of 34.0% over the same period last year due to a drop of electricity sales to Guangdong Power Grid Co., Ltd.

Total electricity sales, local and Mainland included, rose slightly by 0.1% to 15,838GWh.

At the end of March, the Hong Kong Government launched a public consultation on the future development of the electricity market. The consultation paper recognised that the electricity supply in Hong Kong, which is governed by the Scheme of Control, has been able to achieve the four energy policy objectives of safety, reliability, reasonable tariffs and environmental protection. The Government has therefore proposed a continuation of the current contractual arrangement with some enhancements.

The consultation paper also presented the results of the 2014 public consultation on future fuel mix for electricity generation, recognising that the clear majority of respondents supported additional local power generation through the adoption of natural gas. Consequently, the Government has proposed a fuel mix for Hong Kong by 2020 of approximately 50% gas, 25% nuclear, and 25% coal and renewable energy.

We submitted our views to the Government in June, in which we stressed that any new regulatory arrangements must maintain Hong Kong's unique advantages. They include supply safety, reliability, environmental performance, reasonable tariffs and sufficient incentives to encourage continued investment. We believe that any new regulatory arrangements should build on the existing framework and evolve along our three proposed guiding principles, namely Greener and Smarter Electricity, Enhanced Customer Experience and Effective Regulation, as laid out in our submission.

In response to the views received in last year's public consultation, the Government recognises the need for additional gas-fired generation units in Hong Kong. CLP is conducting an environmental impact assessment study to build additional gas-fired generation units in order to meet the Government's environmental targets. We aim to complete the study in the first half of 2016. The implementation of the project will take into account a host of factors including environmental requirements, electricity demand, technical feasibility, project economics and Government's approval.

To meet the tighter statutory emission caps for power generation which have taken effect in 2015, CLP needs to use more natural gas in place of coal to generate electricity. We have taken great care to manage our fuel cost, whilst continuing to meet our emission cap requirements. As a result of savings from the lower fuel cost due to falling international fuel prices in recent months, a special fuel rebate of 8 cents per unit will be credited to customers' accounts starting from mid-August 2015 based on consumption in the first half of 2015. The total amount of rebate, which was drawn from the Fuel Clause Recovery Account, was HK$1.267 billion.

In the first half of 2015, we invested HK$3.3 billion in generation, transmission and distribution networks as well as in customer services and supporting facilities. Some of the investments support the construction of major infrastructure projects in our service areas.

Despite the numerous thunderstorms in May and June, we were able to maintain our supply reliability at above 99.999%. This demonstrates our commitment and continuing efforts to improve the resilience of our power system through network reinforcement, asset refurbishment, preventive maintenance and emergency preparedness. Moreover, we continue to assist our customers in managing voltage dips through expert support, improved communications platforms and educational briefings.

Our first-of-its-kind "Power Your Love" programme combines energy saving with helping those who are less fortunate in our society

CLP is fully committed to promoting energy efficiency. Our first-of-its-kind "Power Your Love" programme combines energy saving with helping those who are less fortunate in our society. Launched in April 2015, the programme encourages our residential customers to save energy by transferring the electricity saved to assist people in need. Direct financial donations can also be made by the public and CLP will match each donation dollar for dollar. A HK$6 million fund from CLP shareholders has been earmarked for the programme, which is anticipated to benefit about 20,000 underprivileged residential households.

To support green motoring in Hong Kong, CLP was the first to set up a network of charging stations with a variety of chargers across the city for different models of electric vehicles. In June, we introduced the first multi-standard quick charger in Hong Kong. There are now more than 140 charging points providing standard, semi-quick and quick charging services to electric vehicle owners. CLP has also extended its free charging services to the end of 2015. In May, we launched a new support service to simplify the installation of individual charging facilities for electric vehicles in residential and commercial buildings.

CLP is working to support distributed renewable energy facilities and so far, more than 200 such projects have been connected to our grid. We are also streamlining connection procedures to facilitate the installation of small-scale renewable energy systems, and enhancing customer support by offering a hotline and a more personalised service.

On demand side management, we are continuing our customer recruitment campaign for our Automated Demand Response programme. This programme enables our commercial and industrial customers to save electricity by meeting their pre-agreed load reduction targets during demand peaks. We have also shared with the Government our findings of myEnergy, an 18-month smart metering pilot programme to enable residential and small-to-medium commercial customers to save energy.

In addition, since the launch of Eco Building Fund, a matching fund to support energy efficiency improvement projects in the common areas of residential buildings in June 2014, we have received over 40 applications by the end of June 2015. So far, 12 applications have been approved, involving around HK$4.2 million.

Outlook

The future development of Hong Kong's electricity sector and its regulatory regime has far-reaching implications for our customers and the community. We welcome the opportunity to discuss with the Government possible refinements and improvements to the current regulatory arrangement with the mutual understanding that any framework must not compromise on safety, reliability, environmental performance and reasonable tariffs that are the cornerstones of our electricity supply today. We also look forward to a constructive dialogue with the wider community. Although the public consultation has ended, we will continue to engage with our stakeholders and participate in discussions over the future development of the regulatory arrangement and the electricity industry so that we can together find the most optimal arrangement to deliver the best long-term value for Hong Kong.

To prepare for the increase in use of natural gas in future years, we are exploring different supply options. At the same time, we are continuing our feasibility study of developing a floating liquefied natural gas storage regasification unit in Hong Kong.

Looking ahead, we are committed to serving our customers with a safe and reliable electricity supply at a reasonable cost, as we continue to strengthen our environmental performance. We will also invest in new energy efficiency initiatives, innovative technology and other conservation efforts in order to build a smarter and greener Hong Kong.

Mainland China

We have identified Mainland China as one of our key growth markets. As one of the largest external independent power producers in the market, we are continuing to expand our portfolio through renewable energy and high-efficiency coal-fired power generation.

Falling coal prices on both international and domestic markets contributed to positive returns for our coal-fired projects in Guangxi and Shandong. The lower coal prices have more than offset the impact of the reduction in on-grid tariff rates that took effect from April 2015, and have also compensated for reduced electricity dispatch from Fangchenggang Power Station (Fangchenggang) due to increased hydro generation throughout Guangxi. Fangchenggang has signed a steam supply contract with a nearby factory which may allow it to increase generation hours once that factory enters into large scale production. Power demand is also expected to increase over time as Guangxi continues to grow.

In March 2015, CLP secured an RMB3.56 billion (HK$4.45 billion) long-term non-recourse project financing agreement for the completion of Fangchenggang II (2 x 660MW). Construction of Fangchenggang II has been progressing well and commercial operation is targeted for the second half of 2016.

CLP has resumed booking its share of profit for the CSEC Guohua and Shenmu joint ventures following the lapse of a share transfer agreement in December 2014, under which CLP intended to divest its interests in CLP Power China (Tianjin) Limited and CLP Power China (Shenmu) Limited which hold minority interests in the coal-fired assets.

To support Beijing's efforts to combat air pollution, Beijing Yire Power Station ceased operation in March 2015, although the plant had complied fully with regulatory emissions requirements. We are working with our partner and the authorities on the relevant post-closure arrangements.

We are expanding our renewables portfolio as part of our investment strategy. In the first six months of 2015, we benefitted from the addition of two solar projects with a combined capacity of 135MW. These include Xicun I Solar Power Station, CLP's first wholly-owned photovoltaic project in Mainland China and the first large-scale demonstration project of agriculture-and-solar integration in Yunnan commissioned in December 2014, as well as Sihong Solar Power Station in Jiangsu, which achieved commercial operation in February 2015. Both plants are performing well and have met our expectations on both power generation and financial performance. In addition, we received approval for Xicun II

CLP's first wholly-owned photovoltaic project in Mainland China, Xicun I Solar Power Station, is the first large-scale demonstration project of agriculture-and-solar integration in Yunnan

Solar in April 2015, and construction is now underway. We target to commission the 42MW plant by the end of this year.

Performance of Jinchang Solar Power Station in Gansu has improved through its entry into an electricity sales scheme promoted by the local government, providing extra generation hours. With the upgrade of a power grid stability control system for some transmission lines, grid curtailment was also reduced, resulting in higher loading.

Our coastal wind projects in Shandong are achieving returns that are consistent with our long-term expectations, but grid curtailment in northeastern China continues to hamper the performance of our assets in the region.

On the wind project development front, we have commenced construction for Sandu I in Guizhou and Xundian I in Yunnan (combined generation capacity of approximately 150MW). We also plan to kick off construction of CLP Laizhou I and Laiwu II in Shandong in the second half of the year. These two projects will add about 100MW to our renewable generation capacity.

On hydro, Jiangbian Hydro Power Station in Sichuan increased its power generation in the first six months of this year. However, generation of Huaiji Hydro Power Station in Guangdong dropped, due mainly to low reservoir water levels.

This year marks the 30th anniversary of our partnership with CGN Group in Guangdong Daya Bay Nuclear Power Station (GNPS). GNPS continued to operate smoothly in the first half of 2015 with no Licensing Operational Events reported in the period. Earnings in the six-month period were impacted due to a planned 10-year outage.

Outlook

In March 2015, the Central Government promulgated a power sector reform policy document (commonly referred to as "Document No. 9") which sets out the blueprint of liberalisation of the electricity market. The key objective is to accelerate the development of market mechanism in the industry to introduce market competition and improve efficiency. CLP is closely monitoring the development and will explore potential opportunities that may arise.

We will continue our strategy of selective investment in renewables and high-efficiency coal-fired power generation. As part of this plan, we target to commission three wholly-owned wind and solar projects in the second half of 2015, adding about 200MW of renewable capacity. Besides, we expect to obtain project approval for Sandu Wind II (99MW) in Guizhou during the period. To help increase generation, Jiangbian Hydro in Sichuan will explore the signing of direct sales contracts. In addition to the local electricity sales scheme, Jinchang Solar in Gansu will look for other channels to improve generation.

In the second half of 2015, we expect our coal-fired projects to continue to benefit from low coal prices. We will continue to strengthen the operational performance of Fangchenggang by securing direct bulk sales with electricity users and press ahead with the construction of Fangchenggang II.

India

In the first six months of 2015, CLP's business in India continued to perform steadily, underpinning our strategy to position the country as another key growth market.

Jhajjar Power Station has benefitted from improved coal supply in the first half of this year. However, due to routine maintenance planned for the low demand season and a forced outage arising from a technical fault, the station experienced a marginal reduction in availability to about 76%, which is below the 80% level required to fully recover the capacity charges. These issues have been resolved and performance of the plant has continued to strengthen. The plant is expected to achieve availability of 80% in the second half of 2015.

In recent years, Paguthan has seen low utilisation due to the lack of affordably priced gas. In May 2015, with a new Government scheme to auction imported gas at subsidised prices, CLP India successfully secured gas for additional generation from June to September 2015. This is expected to increase Paguthan's utilisation levels from less than 5% currently to approximately 13%.

The partial commissioning of Tejuva Wind Farm in Rajasthan and Chandgarh Wind Farm in Madhya Pradesh in the six-month period helped solidify CLP's position as India's largest wind power developer. Our operating wind capacity has increased 86MW to 817MW, with a further 264MW currently under development. Wind power generation during this period was lower than expected because of delay in the start of the high wind season and unusually gusty winds and sand storms which impacted generation from our projects in Rajasthan. Nevertheless, the early commissioning of Tejuva and Chandgarh partially reduced the impact of lower generation. Performance in the second half will depend on wind strength during the monsoon season which commenced recently.

On a separate note, CLP India achieved a significant financial milestone in April 2015. It became one of the first power sector companies in India to issue an asset-specific bond, raising Rs.4.76 billion (HK$579 million) for Jhajjar to refinance some of its current debts.

Outlook

With full commissioning of Tejuva and Chandgarh expected later this year, a further 115MW of new wind generation capacity will be added to our portfolio. In the meantime, we will continue to expand our renewable energy portfolio and evaluate opportunities for potential solar power projects. At Jhajjar, we will focus our collective efforts to achieve availability of at least 80% in the second half of 2015. All in all, we remain fully committed to our investments in India and continue to be cautiously optimistic about our future prospects towards doing business there.

CLP continues to expand its renewable energy portfolio and maintains its position as India's largest wind power developer

Southeast Asia and Taiwan

The consistent, stable performance of Ho-Ping Power Station in Taiwan (20% owned by CLP) and the Lopburi solar farm in Thailand (one-third owned by CLP) contributed to strong operating earnings for our Southeast Asia and Taiwan business in the first half of 2015. Ho-Ping operated reliably and safely in this period and was able to benefit from the prevailing low coal prices. Lopburi, meanwhile, recorded good solar resources and maintained high plant availability.

In 2013, Ho-Ping Power Company (HPC) reached an agreement with Taiwan Power Company (Taipower) to reduce its tariffs from late 2012. In March 2015, Taipower made an unjustified claim for additional compensation of NT$5,266 million (CLP's share represents about HK$264 million) and HPC has rejected the claim. Separately, HPC continues to pursue and defend its position in the litigation against a penalty imposed by the Taiwan Fair Trade Commission (FTC) relating to HPC's tariff reduction negotiation with Taipower. HPC received a favourable ruling in 2014, but following an appeal by the FTC, the decision has been ordered to be re-examined.

In Vietnam, we continued the development of Vung Ang II and Vinh Tan III coal-fired projects. Negotiations with the Vietnamese Government for Vung Ang II have been narrowed down to a few key issues related to the Build-Operate-Transfer Contract (BOTC) and acceptance of the final tariff under the Power Purchase Agreement (PPA). Once these matters are resolved, we will be able to proceed with financing. For Vinh Tan III, equipment supply and construction contracts have been finalised, and negotiations on the project's BOTC and PPA are continuing.

Outlook

We will focus on maintaining a safe and reliable operation for Ho-Ping and Lopburi. In Vietnam, we are hopeful that negotiations with the Vietnamese Government on the BOTCs and PPAs of Vung Ang II and Vinh Tan III will reach a final stage to allow financing arrangements to proceed. This, in turn, will permit final investment decisions on the projects to be made.

Australia

In the first half of 2015, EnergyAustralia refreshed its strategy in order to sharpen its focus on customers and to optimise its generation portfolio. The management team has been strengthened, including the addition of professionals with extensive retail experience to ensure the company has the necessary expertise to execute on this strategy.

During this period, the performance of EnergyAustralia's retail business has benefitted from initiatives undertaken in 2014. This includes the completion of the migration of customer accounts onto one billing system and the consolidation of call centre facilities late last year. These initiatives, together with better management of systems, greater reliability of the billing platform and less manual processing, put the company on track to reduce full-year retail business costs by A$100 million by 2016 compared to 2013. Along with ongoing retail marketing activities, these initiatives also assisted in holding customer numbers steady across the first half of 2015. However, competition in the market increased towards the end of the six-month period. In response to this, EnergyAustralia launched a major new television advertising and brand promotion in June to support its customer-centric focus.

Amidst a challenging wholesale electricity market, EnergyAustralia has strengthened the profitability of its existing operations and remained focused on managing its asset portfolio.

At Yallourn Power Station, EnergyAustralia completed a major maintenance programme safely, within budget and to schedule. The work was part of a five-year programme which delivered a 2.7% improvement in generation efficiency at the plant's second generating unit.

In April, EnergyAustralia completed the sale of its 25% equity interest in Waterloo Wind Farm in South Australia. It continues to operate the project and receives 50% of its generation through a long-term PPA. EnergyAustralia has in place two further long-term PPAs for the Boco Rock and Taralga wind projects in New South Wales (NSW) which began commercial operation in the first half of 2015. Together with the Gullen Range PPA that came into effect in October 2014, these arrangements see EnergyAustralia as the largest offtaker for wind energy in NSW.

In June, EnergyAustralia initiated a competitive process aimed at gauging market interest in the company's gas storage facility and processing plant at Iona in southern Victoria. This process remains in progress.

The energy policy environment in Australia continues to be challenging. In May, the Federal Government and the opposition Labor Party agreed on a revised Renewable Energy Target (RET) of 33,000 gigawatt hours per year to be delivered from renewable energy sources by 2020. EnergyAustralia will continue to meet its obligations under the scheme in the most cost-effective manner.

In addition to these initiatives within the retail and wholesale businesses, EnergyAustralia has introduced changes at the corporate level. These changes are designed to ensure that processes best managed at the centre of the business are concentrated there with the appropriate resources and expertise to deliver cost-effective and fit-for-purpose services to the organisation.

EnergyAustralia also completed refinancing of its debt facilities. The refinancing will extend the debt maturity profile while maintain flexibility and reduce interest costs.

On 25 May 2015, Standard & Poor's (S&P) revised EnergyAustralia's rating outlook to stable from negative and affirmed its BBB- credit rating, reflecting S&P's views of EnergyAustralia's stabilised operating performance.

Outlook

The electricity retail market is expected to remain highly competitive in the second half of 2015. In the wholesale market, the business continues to face flat demand and oversupply. There are some positive signs, however. A recent forecast by the Australian Energy Market Operator (AEMO) points to an increase in demand for the first time in seven years in 2015/16. In addition, the market has seen further signs of supply-side adjustment by our peers following the closure of EnergyAustralia's Wallerawang Power Station in 2014. This has included both the shutdown of facilities and confirmation of the anticipated closure timeframe of old coal-fired generation facilities. However, the recovery in demand is expected to be gradual and AEMO also forecasts the wholesale market will remain significantly oversupplied in 2015. To improve the economic sustainability of the wholesale market, we believe there will need to be an industry-led, government-supported solution to this chronic oversupply.

Whilst changes to EnergyAustralia's internal structure and systems have delivered improvements, it is still in the early stage of a turnaround and more work is needed to restore value to the business. Over the remainder of the year, the management team will focus on embedding the new corporate structure, improving customer service, lifting cost efficiency and enhancing productivity.

Thanks to initiatives such as consolidation of call centre facilities, EnergyAustralia has held its customer numbers steady despite intense competition

Human Resources

As at 30 June 2015, the Group employed 7,278 staff (2014: 7,208), of whom 4,157 were employed in the Hong Kong electricity and related business, 2,878 by our businesses in Mainland China, India, Southeast Asia, Taiwan and Australia, as well as 243 by CLP Holdings. Total remuneration for the six months ended 30 June 2015 amounted to HK$2,463 million (2014: HK$2,663 million), including retirement benefit costs of HK$198 million (2014: HK$179 million).

Safety

Safety has always been one of our core values. This applies to all our stakeholders including employees, contractors and customers. Our goal is zero injuries in all assets. In the first six months of 2015, our safety performance remained steady compared with the same period in 2014. We had no fatal incidents and total safety performance for employees and contractors combined improved from a year ago, as reflected by the lower Lost Time Injury Rate (LTIR) [1] and Total Recordable Injury Rate (TRIR) [2] (see table below). However, the safety performance of CLP employees deteriorated, due to three minor lost time injury cases in Yallourn of Australia and Jhajjar of India, as opposed to only one such case last year.

	Employees		Employees and Contractors	
	Jan - Jun 2015	Jan - Jun 2014	**Jan - Jun 2015**	Jan - Jun 2014
LTIR [1]	**0.10**	0.02	**0.07**	0.09
TRIR [2]	**0.22**	0.15	**0.22**	0.36

Notes:

1 The number of lost time injuries measured over 200,000 working hours of exposure

2 The number of recordable injuries measured over 200,000 working hours of exposure

We continued to implement the Health, Safety, Security and Environment (HSSE) Management System Standard and 10 Critical Risk Standards across the CLP Group. As mentioned previously, we are confident that the new Standards will enable us to perform better and align our safety practices across the CLP Group.

We have implemented a behaviour safety programme for the construction of Fangchenggang II. Unlike traditional methods, this approach focuses on day-to-day behaviour of the contractors and employees. It also emphasises the importance of discussions and sharing of problems and challenges. So far,

CLP has implemented a behaviour safety programme that focuses on the day-to-day behaviour of the contractors and employees for the construction of Fangchenggang II

we are encouraged by the response to the programme with early indications suggesting it is improving safety awareness and performance.

In the coming months, we plan to put greater efforts into the health aspect of HSSE and introduce new health-related guidelines on such topics as health risk assessment and fatigue management, to raise awareness among staff.

Environment

In the first half of the year, we implemented a number of environmental standards and guidelines throughout our operations to further strengthen our internal management on material environmental issues such as environmental impact assessment, air emission, and data management. We also embarked on detailed studies on upcoming environmental issues to ensure that we are well prepared to meet new requirements and beyond.

Compliance

CLP Group had had no environmental regulatory non-compliance incidents in the first half of 2015 that resulted in fines or prosecutions, but there were a few occasional licence limit exceedances. Whilst CLP takes great effort to avoid any incidents, such exceedances are within normal power plant operational fluctuations and could be the result of a range of situations including maintenance works and start-up / shut down conditions. These are short episodic minor incidents that neither bear significant or additional impact on the environment nor result in any regulatory sanctions.

Climate Change

During the first six-month period, the Group's carbon intensity remained around 0.84kg CO_2/kWh, similar to our 2014 level. We anticipate our carbon intensity to continue to fluctuate in the foreseeable future as we implement our business strategy and invest in our growth markets, where the most attractive investments are predominantly coal-based. We will, nevertheless, continue to strive for the highest possible efficiency for our thermal projects and invest in renewable energy. We also remain committed to working towards our challenging Climate Vision 2050 goals and acknowledge that Government policies will play a key role in the timing of when we achieve our targets.

To support the development of a policy environment that will lead to action on climate change, CLP has been actively involved in global business efforts to encourage a meaningful agreement in the United Nations Climate Change Conference in Paris (COP21) at the end of the year. In particular, CLP has committed to adopting a science-based emissions reduction target, reporting climate change information in mainstream reports as a fiduciary duty, and taking part in responsible corporate engagement in climate policy. However, great emphasis will need to be placed on developing national and local policies and regulation that support climate change initiatives so that businesses, including CLP, can help deliver solutions to meet the world's climate change challenge.

Air Quality

As our portfolio of power plants span across the Asia Pacific region, we experience much polarised requirements on environmental pollution in various countries of vastly different development stages. In light of these, we have developed and adopted a set of internal fossil fuel power plant air emissions requirements as the minimum performance requirements for our portfolio, even if the requirements are more stringent than local regulations.

In Hong Kong, we are committed to improving air quality and complying with the Government's 2015 emissions caps against a projected growth in electricity demand. According to the Government's blueprint, compared to 2010, we are required to cut our sulphur dioxide (SO_2) emissions by over 60% and nitrogen oxides (NO_x) and respirable suspended particulates (RSP) by over 30%. To meet such stringent requirements, our consumption of gas in 2015 will need to be almost double that of 2014. In addition, we have imported additional nuclear energy from Daya Bay on a temporary basis, made use of more low-emission coal and enhanced the operational performance of our emission reduction equipment.

Sustainability Report

Published in March 2015, our 2014 Sustainability Report was our first report written in accordance with the Global Reporting Initiative (GRI) G4 Guidelines utilising the "Core" option. It is also available in eXtensible Business Reporting Language, or XBRL, format, which is a standards-based method for companies to report financial and business information. To help us understand our sustainability performance relative to other companies on both a regional and global basis, we respond to a selection of investor surveys and indices on an annual basis. In the first half of 2015, we responded to CDP (previously known as Carbon Disclosure Project), the Dow Jones Sustainability Index and the Hang Seng Corporate Sustainability Index. Results of these indices will be available in the second half of 2015.

Stakeholder Engagement & Social Performance

CLP recognises the importance of understanding evolving social needs and public expectations. In the first half of 2015, we continued to interact regularly with the international research community to enrich our knowledge about climate policies and other areas of our business, including sharing by scholars from Massachusetts Institute of Technology and participation in the Business Climate Summit and the Asian Clean Energy Forum.

Some of our activities at the local level are highlighted below.

Hong Kong

During the public consultation on the future development of the electricity market, we actively engaged with stakeholders, listened to their views and provided relevant information to facilitate a thorough understanding of the issues through public forums and local events.

We also launched various initiatives to bring positive impact to the community. The "Power Your Love" programme described on page 20 is a prime example of these efforts. Some of these community programmes included:

- **Caring for the Elderly**

  Supported by 364 District Councillors, 20 local community partners and four major catering associations, the Elderly Yum Cha programme distributed 120,000 dim sum breakfasts coupons to 30,000 elderly people in need, with a HK$3 million fund provided by our shareholders. In addition, 200 elderly people also celebrated Tuen Ng Festival with CLP volunteers under the Sharing the Festive Joy initiative.

- **Enhancing Environmental Awareness**

  Energy Saving's Got Talent 2015 is a programme to encourage secondary school students to learn more about energy efficiency and conservation and become young leaders in these areas in an innovative manner with mentoring support. Besides, the Green Elites Campus Accreditation Pilot Programme and Green Elites Portal, which aim to nurture primary school students to develop green behaviours at an early age, attracted over 10,000 participants. A ceremony was held in June 2015 to award outstanding students and schools.

- **Feeding the Needy**

  CLP's Hotmeal Canteen programme, which provides dietician-supervised meals to low-income families and the unemployed, served more than 50,370 meals for over 625 beneficiaries in the first half of 2015.

Mainland China

In the first half of 2015, our directors and senior executives continued to engage with local governments and other industry players through meetings, visitations and community programmes in order to give them a clear picture of our operations and expertise.

During this period, we funded the upgrade of teaching facilities of two schools in Yunnan and Guizhou as part of our commitment to support youth education. We also signed an agreement to sponsor nutritional food products and daily necessities for about 100 elderly people in Yunnan.

This summer, about 170 secondary school students from Hong Kong and Guangxi took part in the CLP Young Power Programme to enhance their environmental awareness and learn more about the engineering profession.

India

At Jhajjar, we continued our established programmes such as mobile health van, providing drinking water to school children, sponsoring learning devices for students and conducting cloth stitching training programmes for women. Besides, we organised an awareness session for around 250 women and girls in support of the Government's efforts to improve gender equality. A one-day visit was organised for farmers to an animal research centre to enhance their skills and knowledge. We also sponsored the hiring of a wrestling coach in one of the villages near our Jhajjar plant to train young people who are interested in a wrestling career.

The Elderly Yum Cha community programme treats the elderly to free dim sum breakfasts

At Paguthan, CLP India provided financial and mentoring support to 43 students to complete graduation courses of their interest. In addition, a grooming workshop was conducted for 26 students in May 2015 to help boost their employability after graduation.

Southeast Asia and Taiwan

In Taiwan, Ho-Ping continued its community programmes in Hualien County and Ilan County. These programmes focused on health, environmental and cultural activities and charity. They included sports games, beach cleaning, cultural events and blood donations.

In Thailand, the GreeNEDucation Centre continued to act as an important platform for promoting renewable energy. NED also offered internships to university students to gain practical working experience.

Australia

EnergyAustralia continued its partnership with Port Adelaide Football Club and the Aboriginal Academy tour was a major initiative in the first half of 2015. We sponsored 21 students from a football training school for indigenous youngsters to visit Alice Springs and learn about Alice Springs' indigenous lifestyles. They also received leadership training and acted as mentors for local children.

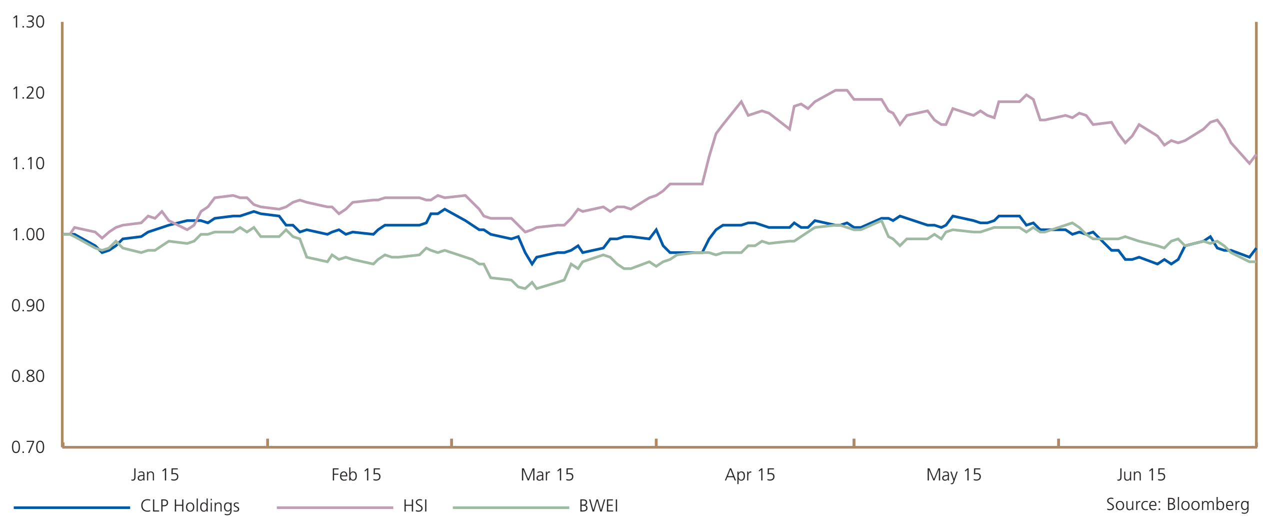
EnergyAustralia also provided assistance to customers with financial hardship. We have partnered with Kildonan UnitingCare, a community service organisation, to assist with the delivery of home energy audits and appliance swaps for customers in need.

Shareholder Value

During the first half of 2015, CLP's share price and Bloomberg World Electric Index (BWEI) dropped by 2% and 4% respectively. The Hang Seng Index (HSI) rose sharply in April following increasing utilisation of the southbound quota under the Shanghai-Hong Kong Stock Connect and reached its highest point since 2008 in late April. The index ended the six-month period up by 11%.

The fourth interim dividend for 2014 of HK$1.00 per share was paid to shareholders on 24 March 2015. The first interim dividend for 2015 of HK$0.55 per share was paid on 15 June 2015 and the second interim dividend of HK$0.55 per share will be paid on 15 September 2015.

Relative Performance – CLP vs HSI (1 January 2015 - 30 June 2015) **(Base: 31 December 2014 = 1.0)**



Source: Bloomberg

Corporate Governance

Corporate Governance Practices

In the Corporate Governance Report of 26 February 2015, which was published in our 2014 Annual Report, we reported that the Company had adopted its own Code on Corporate Governance (the CLP Code) in February 2005 (most recently updated in February 2015). This incorporated all of the Code Provisions and Recommended Best Practices in the Hong Kong Stock Exchange's Corporate Governance Code and Corporate Governance Report (the Stock Exchange Code), Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 112 of the Company's 2014 Annual Report. Although CLP does not issue quarterly financial results, CLP issues quarterly statements which set out key financial and business information such as electricity sales, dividends and progress in major activities.

During the six months ended 30 June 2015, the Company met the Code Provisions set out in the Stock Exchange Code.

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 2014 in the evolution of CLP's corporate governance practices was set out in the Corporate Governance Report on pages 112 and 113 of the Company's 2014 Annual Report. So far in 2015, we have made further progress in our corporate governance practices. This included:

(a) a performance evaluation of the CLP Holdings Board and its Board Committees for 2014 conducted by the Company Secretary in the form of a questionnaire to all Directors individually, with a focus on the review of the implementation of the recommendations in the 2013 Board Performance Evaluation. The 2014 Board Performance Evaluation covered similar areas as those in the 2013 Board Performance Evaluation: dynamics and overall impression of the Board; organisation of the Board; Committee organisation; Board composition; Board involvement and engagement; communication with shareholders and stakeholders; and overall Board effectiveness. The findings of the 2014 Board Performance Evaluation, as summarised in the Company Secretary's report, included:

- The recommendations of the 2013 Board Effectiveness Review were, in general, effectively implemented as appropriate.
- The existing organisation of Board Committees is generally effective in assisting the Board with governance of the Company.
- CLP's corporate governance policies and processes continue to be strong. They satisfy and / or exceed the Stock Exchange Code and Listing Rule requirements. Any exceptions to the Stock Exchange Code are relatively minor, are recognised by the Company and are capable of being suitably explained. (Such exception refers to the abovementioned single deviation from the Recommended Best Practices of the Stock Exchange Code in relation to announcement and publication of quarterly financial results.)

A copy of the conclusion of the 2014 Board and Board Committees Performance Evaluation has been published on the CLP website. The Board considered the findings and recommendations of the Company Secretary on the 2014 Board and Board Committees Performance Evaluation at its meeting on 8 May 2015 and approved the recommendations for implementation. Board performance is evaluated on an ongoing basis with an independent evaluation every three years.

(b) the CLP Group "Project Management Governance System" developed to ensure the application of world class project management practices across the Group. A "Project Management Academy" is being established to develop and train staff in project management skills.

(c) the terms of reference of the Audit Committee updated to reflect the Committee's additional responsibilities arising from the review of the assurance of sustainability data in the Sustainability Report and the Hong Kong Stock Exchange's proposal on risk management and internal control under the Stock Exchange Code.

(d) our third ESG webcast held on 28 April 2015 to further enhance our communication with institutional investors and their proxy advisors on the ESG aspects of our business. The recording of the webcast is available on the CLP website.

(e) corporate governance briefings given to local subsidiaries and joint ventures in Mainland China and Australia.

(f) sharing of our expertise and views on corporate governance issues by participating in formal and informal focus groups organised by the Hong Kong Stock Exchange, as well as by responding to the Consultation Paper issued by the Securities and Futures Commission with regard to Principles of Responsible Ownership.

As at 30 June 2015 the composition of the Board of CLP Holdings was as follows, which remained the same as set out in the 2014 Annual Report (pages 106 and 107):

Non-executive Directors	Independent Non-executive Directors	Executive Director
The Honourable Sir Michael Kadoorie	Mr Vernon Francis Moore	Mr Richard Kendall Lancaster
Mr William Elkin Mocatta	Sir Roderick Ian Eddington	
Mr Ronald James McAulay	Mr Nicholas Charles Allen	
Mr John Andrew Harry Leigh	Mr Cheng Hoi Chuen Vincent	
Mr Andrew Clifford Winawer Brandler	Mrs Law Fan Chiu Fun Fanny	
Dr Lee Yui Bor	Ms Lee Yun Lien Irene	
	Dr Rajiv Behari Lall	

As announced by the Company on 5 June 2015, Dr Rajiv Lall has resigned as an Independent Non-executive Director after the conclusion of the Board of Directors Meeting held on 13 August 2015 and Mrs Zia Mody has been appointed an Independent Non-executive Director with effect from 2 July 2015. Mrs Zia Mody is the founder and senior partner of AZB & Partners. The Board considered that Mrs Mody is independent and the supporting reasons were set out in the announcement of 5 June 2015.

As at 30 June 2015, the composition of Board Committees remained the same as set out in the 2014 Annual Report (pages 119, 142, 145 and 150).

As announced by the Company on 5 June 2015, Dr Rajiv Lall has resigned as a Member of the Finance & General Committee of the Board of the Company following his resignation after the conclusion of the Board of Directors Meeting held on 13 August 2015 and Mrs Zia Mody has been appointed a Member of the Human Resources & Remuneration Committee of the Board of the Company following her appointment as an Independent Non-executive Director on 2 July 2015.

There were no substantial changes to the information of Directors as disclosed on pages 106 and 107 of the 2014 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 Company has received confirmation from each Director that he / she has given sufficient time and attention to the affairs of the Company during the six-month period ended 30 June 2015. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. During this period, no current Director held directorships in more than seven public companies including the Company. No Executive Director holds any directorship in any other public companies, but he is encouraged to participate in professional, public and community organisations. Other details of Directors' appointments are available on CLP's website.

Corporate Governance

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 2015. All of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman, Mr Vernon Moore, and Mr Nicholas Allen having appropriate professional qualifications, including membership of the Hong Kong Institute of Certified Public Accountants, and experience in financial matters. Mrs Fanny Law has extensive experience in public administration and Ms Irene Lee has wide experience in financial services, including banking, funds management and general insurance.

At the Company's Annual General Meeting held on 7 May 2015 shareholders approved the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2015 and adopted a new set of Articles of Association (the AoA) of the Company which updated various provisions contained in the existing AoA in order to bring them into line with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

Change of Remuneration

Non-executive Directors

There has been no change to the basis of determining Directors' remuneration. The levels of fees payable to Non-executive Directors and Independent Non-executive Directors for serving on the Board and Board Committees for each of the financial years of 2013, 2014 and 2015, effective from 1 May in respect of each year, were approved by shareholders at the Annual General Meeting held on 30 April 2013 and were set out in the Human Resources & Remuneration Committee Report on page 152 of the Company's 2014 Annual Report.

Executive Director and Senior Management

Details of the remuneration of Executive Director and Senior Management prepared in accordance with the Hong Kong Financial Reporting Standards for the six months ended 30 June 2015 are set out in the table on page 33.

The amounts disclosed consist of remuneration accrued or paid for service during the first six months of 2015 and, for the annual and long-term incentives, service and performance in previous years. Both the annual incentive and long-term incentive are paid in the first half of the year. As a result, the totals in the table do not represent half of the remuneration which will be accrued or paid for the full year.

The amounts disclosed are the amounts recognised in the financial year for accounting purposes, which do not necessarily reflect the cash actually received by the individual. Where payments are made to the individual over more than one financial year, this is explained in the notes.

To provide a clear picture of remuneration, amounts are shown as recurring or non-recurring items. Recurring items are the normal annual remuneration of Executive Director and Senior Management, whilst non-recurring items relate primarily to the appointment or termination of Executive Director and Senior Management.

In the table on page 33 the Total Remuneration column includes the following recurring items for the six months ended 30 June 2015:

(i) base compensation, allowances & benefits paid.
(ii) 2015 annual incentive accrued based on previous year Company performance. Additionally, as the Company performance actually achieved in 2014 was higher than the annual incentive accrual for 2014, the difference was added in the current period.
(iii) the 2012 long-term incentive award paid in January 2015 when the vesting conditions were satisfied.
(iv) provident fund contribution made.

The Other Payments column includes the non-recurring item which is sign-on payments accrued in accordance with the Company's contractual obligation for newly hired Senior Management in consideration of income foregone with the individual's previous employer on joining CLP.

	Recurring Remuneration Items					Non-recurring Remuneration Items	
		Performance Bonus [2]					
	Base Compensation, Allowances & Benefits [1] HK$M	Annual Incentive (2015 Accrual + 2014 Adjustment) HK$M	Long-term Incentive (Payment for 2012) HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
Six months ended 30 June 2015							
CEO (Mr Richard Lancaster)	4.5	4.9	3.1	0.5	**13.0**	0.0	**13.0**
Group Director & Chief Financial Officer (Mr Geert Peeters) [3]	3.1	3.7	0.0	0.4	**7.2**	0.0	**7.2**
Group Director & Vice Chairman – CLP Power Hong Kong (Mrs Betty Yuen) [4]	2.0	3.4	0.0	0.2	**5.6**	0.0	**5.6**
Managing Director – CLP Power (Mr Paul Poon)	2.4	3.0	2.0	0.3	**7.7**	0.0	**7.7**
Managing Director – EnergyAustralia (Ms Catherine Tanna) [5]	5.8	6.7	0.0	0.0	**12.5**	2.4	**14.9**
Managing Director – India (Mr Rajiv Mishra) [6]	1.7	2.0	2.0	0.2	**5.9**	0.0	**5.9**
Managing Director – China (Mr Chan Siu Hung)	1.8	2.2	1.6	0.2	**5.8**	0.0	**5.8**
Group General Counsel & Chief Administrative Officer (Mr David Simmonds)	2.2	2.6	1.9	0.3	**7.0**	0.0	**7.0**
Chief Corporate Development Officer (Ms Quince Chong)	2.2	2.7	0.4	0.3	**5.6**	0.0	**5.6**
Director – Group Human Resources (Mr Roy Massey)	1.5	1.8	1.7	0.2	**5.2**	0.0	**5.2**
Total	**27.2**	**33.0**	**12.7**	**2.6**	**75.5**	**2.4**	**77.9**

Notes:

1 The value of non-cash benefits is included under the Base Compensation, Allowances & Benefits column of the above table. The nature of these benefits includes electricity allowance, the availability of a company vehicle for personal use, any approved personal club memberships entered into primarily for business entertainment purposes and consequently paid by the Company, life insurance and medical benefits. Which of these benefits applies depends primarily on the location of the individual.

2 Performance bonus consists of (a) annual incentive and (b) long-term incentive. The annual incentive payments and long-term incentive awards were approved by the Human Resources & Remuneration Committee (HR&RC). For Ms Catherine Tanna, the annual incentive payment was approved by the Board of EnergyAustralia following consultation between the CEO, the Chairman of the EnergyAustralia Nomination and Remuneration Committee and members of the HR&RC.

3 Mr Geert Peeters joined the Company on 1 February 2014. The 2nd instalment of the sign-on award of HK$2.5 million accrued in 2014 was paid in March 2015. The sign-on award is to compensate for income lost as a result of forfeiture of long-term incentive award with his previous employer on joining CLP.

4 The annual incentive of HK$3.4 million for Mrs Betty Yuen included an additional discretionary annual incentive of HK$1.0 million for 2014 performance.

5 Ms Catherine Tanna joined the Company on 1 July 2014 and as part of her employment contract has a sign-on award to compensate for income lost as a result of forfeiture of incentive awards with her previous employer on joining CLP. A sum of HK$12.0 million will be paid in September 2016 or pro rata to service if she leaves before this date. Under Other Payments the amount of HK$2.4 million is the accrual in the first half of 2015 against this figure. It was also approved to extend the reimbursement period for relocation expenses of HK$1.8 million accrued in 2014 to end December 2016. The remuneration of Ms Catherine Tanna is denominated in Australian dollars. The month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

6 The remuneration of Mr Rajiv Mishra is denominated in Indian Rupees. There is a temporary currency relief arrangement for Mr Rajiv Mishra for 2 years from 1 October 2013 to 30 September 2015 where 50% of his base salary and annual incentive payment in Rupees are converted to pay in Hong Kong dollars at an exchange rate of 1 HKD = 7.4 Rupees. For the remaining payments in Rupees, the month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

Internal Control

Pursuant to the delegated responsibility from the Board to assure that adequate internal controls are in place and followed, the Audit Committee reviewed the CLP Group's internal control review approach and the audit reports submitted by Group Internal Audit. Based on the information received from management, the external auditor and Group Internal Audit, the Audit Committee believed that overall financial and operating controls in place for the Group during 2014 continued to be effective and adequate.

During the six-month period ended 30 June 2015, all the reports submitted by Group Internal Audit carried satisfactory audit opinion and no significant areas of concern that might affect shareholders were identified. Details of the standards, processes and effectiveness of CLP's internal control system were set out in the Corporate Governance Report on pages 127 and 128 of the Company's 2014 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 2015.

We have voluntarily extended the ambit of the CLP Securities Code to cover Senior Management and other "Specified Individuals" such as other managers in the CLP Group.

All members of the Senior Management 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 2015.

Save for the interest disclosed by Mr Richard Lancaster on page 35 and the interest in 600 shares each respectively disclosed by Mr Paul Poon, Mr Chan Siu Hung and Mr Roy Massey, the other members of the Senior Management did not have any interests in CLP Holdings' securities as at 30 June 2015.

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 2015, 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 on page 35.

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 2015 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 1	479,372,780	18.97416
Mr William Mocatta	Note 2	400,000	0.01583
Mr Ronald J. McAulay	Note 3	288,811,649	11.43152
Mr J. A. H. Leigh	Note 4	224,339,077	8.87961
Mr Andrew Brandler	Note 5	10,600	0.00042
Dr Y. B. Lee	Note 6	15,806	0.00063
Mrs Fanny Law	Personal	16,800	0.00066
Mr Nicholas C. Allen	Note 7	12,000	0.00047
Mr Richard Lancaster (Chief Executive Officer)	Personal	600	0.00002

Notes:

1 The Hon Sir Michael Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 479,372,780 shares in the Company. These shares were held in the following capacity:

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

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

(c) 233,044,212 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

(d) 170,180,670 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

(e) 2,000,000 shares were ultimately held by each of three discretionary trusts, all 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 (b) to (e) above. The spouse of The Hon Sir Michael Kadoorie was therefore deemed to be interested in 479,372,780 shares in the Company representing approximately 18.97% 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 479,371,537 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 479,371,537 shares attributed to her for disclosure purposes.

2 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:

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

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

3 Mr Ronald J. McAulay was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 288,811,649 shares in the Company. These shares were held in the following capacity:

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

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

(c) 218,651,853 shares were ultimately held by a discretionary trust, of which Mr Ronald J. McAulay, his wife and members of his family are discretionary objects.

4 Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 224,339,077 shares in the Company. These shares were held in the following capacity:

(a) 125,000 shares were held in a beneficial owner capacity.

(b) 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.

(c) 218,651,853 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 218,651,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 218,651,853 shares.

5 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

6 600 shares were held in a personal capacity and 15,206 shares were held jointly with spouse.

7 12,000 shares were held in a beneficial owner capacity and jointly with spouse.

Mr Vernon Moore, Mr Vincent Cheng, Ms Irene Lee, Sir Rod Eddington and Dr Rajiv Lall have each confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 30 June 2015. 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 2015.

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 2015.

At no time during the period was the Company or its subsidiaries 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 2015, 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 2015:

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	544,198,166	Note 1	21.54
Guardian Limited	Beneficiary / Interests of controlled corporations	224,214,077	Note 8	8.87
Harneys Trustees Limited	Interests of controlled corporations	416,860,706	Note 3	16.50
Lawrencium Holdings Limited	Beneficiary	170,180,670	Note 2	6.74
Lawrencium Mikado Holdings Limited	Beneficiary	233,044,212	Note 2	9.22
The Magna Foundation	Beneficiary	233,044,212	Note 2	9.22
Mikado Investments (PTC) Limited	Trustee / Interest of controlled corporation	233,044,212	Note 1	9.22
The Mikado Private Trust Company Limited	Trustee / Interests of controlled corporations	409,224,882	Note 2	16.20
New Mikado Holding Inc.	Trustee	233,044,212	Note 1	9.22
Oak CLP Limited	Beneficiary	218,651,853	Note 4	8.65
Oak (Unit Trust) Holdings Limited	Trustee	218,651,853	Note 1	8.65
The Oak Private Trust Company Limited	Trustee / Interests of controlled corporations	233,371,475	Note 4	9.24
The Hon Sir Michael Kadoorie	Note 5	479,372,780	Note 5	18.97
Mr Ronald J. McAulay	Note 6	288,811,649	Note 6	11.43
Mr J. A. H. Leigh	Notes 7 & 8	224,339,077	Notes 7 & 8	8.88
Mr R. Parsons	Trustee	224,214,077	Note 8	8.87

Notes:

1 Bermuda Trust Company Limited was deemed to be interested in the shares in which New Mikado Holding Inc., Mikado Investments (PTC) Limited, Oak (Unit Trust) Holdings Limited, The Oak Private Trust Company 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 Ronald J. McAulay are among the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

2 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".

3 Harneys 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.

4 The Oak Private Trust Company 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 The Oak Private Trust Company Limited in the shares of the Company include the shares held by a discretionary trust of which Mr Ronald J. McAulay is one of the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

5 See Note 1 under "Interests of Directors and Chief Executive Officer".

6 See Note 3 under "Interests of Directors and Chief Executive Officer".

7 See Note 4 under "Interests of Directors and Chief Executive Officer".

8 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 224,214,077 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 2015, 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 2015, 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 2015.

Consolidated Statement of Profit or Loss – Unaudited

	Note	Six months ended 30 June 2015 HK$M	2014 HK$M
Revenue	4, 5	39,985	47,102
Expenses			
Purchases of electricity, gas and distribution services		(15,904)	(20,625)
Operating lease and lease service payments		–	(3,606)
Staff expenses		(1,862)	(1,953)
Fuel and other operating expenses		(11,040)	(10,497)
Depreciation and amortisation		(3,362)	(3,260)
		(32,168)	(39,941)
Other gain	6	–	2,025
Operating profit	7	7,817	9,186
Finance costs	8	(1,552)	(2,538)
Finance income	8	83	62
Share of results, net of income tax			
Joint ventures	14	861	964
An associate	15	371	401
Profit before income tax		7,580	8,075
Income tax expense	9	(1,315)	(1,182)
Profit for the period		6,265	6,893
Earnings attributable to:			
Shareholders		5,723	6,721
Perpetual capital securities holders		123	29
Other non-controlling interests		419	143
		6,265	6,893
Earnings per share, basic and diluted	11	HK$2.27	HK$2.66

The notes on pages 44 to 62 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

	Six months ended 30 June 2015 HK$M	2014 HK$M
Profit for the period	6,265	6,893
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	(1,677)	1,492
Cash flow hedges	(233)	(461)
Fair value changes on available-for-sale investments	98	–
Reclassification adjustment upon sale / loss of joint control of joint ventures	17	(422)
Share of other comprehensive income of joint ventures	(3)	19
	(1,798)	628
Items that cannot be reclassified to profit or loss		
Share of other comprehensive income of joint ventures	110	(49)
Other comprehensive income for the period, net of tax	(1,688)	579
Total comprehensive income for the period	4,577	7,472
Total comprehensive income attributable to:		
Shareholders	4,035	7,303
Perpetual capital securities holders	123	29
Other non-controlling interests	419	140
	4,577	7,472

The notes on pages 44 to 62 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position – Unaudited

	Note	30 June 2015 HK$M	(Audited) 31 December 2014 HK$M
Non-current assets			
Fixed assets	*12*	128,897	128,133
Leasehold land and land use rights under operating leases	*12*	5,618	5,696
Investment property	*12*	2,757	2,554
Goodwill and other intangible assets	*13*	29,534	31,129
Interests in joint ventures	*14*	11,725	11,176
Interest in an associate	*15*	1,146	786
Finance lease receivables		860	898
Deferred tax assets		3,270	3,828
Derivative financial instruments	*16*	3,103	3,120
Available-for-sale investments	*17*	1,805	1,707
Other non-current assets		179	111
		188,894	189,138
Current assets			
Inventories – stores and fuel		3,764	3,618
Renewable energy certificates		678	1,086
Trade and other receivables	*18*	16,051	15,719
Finance lease receivables		52	50
Derivative financial instruments	*16*	619	659
Bank balances, cash and other liquid funds		4,149	4,393
		25,313	25,525
Current liabilities			
Customers' deposits		(4,741)	(4,653)
Trade and other payables	*19*	(20,144)	(21,620)
Income tax payable		(1,263)	(790)
Bank loans and other borrowings	*20*	(16,715)	(9,636)
Derivative financial instruments	*16*	(625)	(709)
		(43,488)	(37,408)
Net current liabilities		(18,175)	(11,883)
Total assets less current liabilities		170,719	177,255

	Note	30 June 2015 HK$M	(Audited) 31 December 2014 HK$M
Financed by:			
Equity			
Share capital		23,243	23,243
Reserves	*23*	64,889	64,770
Shareholders' funds		88,132	88,013
Perpetual capital securities		5,791	5,791
Other non-controlling interests		2,079	2,155
		96,002	95,959
Non-current liabilities			
Bank loans and other borrowings	*20*	52,631	57,799
Deferred tax liabilities		13,534	13,418
Derivative financial instruments	*16*	3,225	3,062
Fuel clause account	*21*	1,597	2,966
Scheme of Control (SoC) reserve accounts	*22*	822	1,131
Asset decommissioning liabilities		1,114	1,082
Other non-current liabilities		1,794	1,838
		74,717	81,296
Equity and non-current liabilities		170,719	177,255

William Mocatta
Vice Chairman
Hong Kong, 13 August 2015

Richard Lancaster
Chief Executive Officer

Geert Peeters
Chief Financial Officer

The notes on pages 44 to 62 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity – Unaudited

for the six months ended 30 June 2015

	Attributable to Shareholders						
	Share Capital HK$M	Share Premium HK$M	Reserves HK$M	Total HK$M	Perpetual Capital Securities HK$M	Other Non-controlling Interests HK$M	Total Equity HK$M
Balance at 1 January 2015	23,243	–	64,770	88,013	5,791	2,155	95,959
Profit for the period	–	–	5,723	5,723	123	419	6,265
Other comprehensive income for the period	–	–	(1,688)	(1,688)	–	–	(1,688)
Dividends paid							
2014 fourth interim	–	–	(2,526)	(2,526)	–	–	(2,526)
2015 first interim (Note 10)	–	–	(1,390)	(1,390)	–	–	(1,390)
Distributions to perpetual capital securities holders	–	–	–	–	(123)	–	(123)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	–	(495)	(495)
Balance at 30 June 2015	**23,243**	**–**	**64,889**	**88,132**	**5,791**	**2,079**	**96,002**
Balance at 1 January 2014	12,632	8,119	66,610	87,361	–	120	87,481
Profit for the period	–	–	6,721	6,721	29	143	6,893
Other comprehensive income for the period	–	–	582	582	–	(3)	579
Transition to no-par value regime	10,611	(8,119)	(2,492)	–	–	–	–
Issue of perpetual capital securities	–	–	–	–	5,791	–	5,791
Acquisitions of subsidiaries	–	–	–	–	–	2,170	2,170
Dividends paid							
2013 fourth interim	–	–	(2,476)	(2,476)	–	–	(2,476)
2014 first interim (Note 10)	–	–	(1,364)	(1,364)	–	–	(1,364)
Distributions to perpetual capital securities holders	–	–	–	–	(29)	–	(29)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	–	(238)	(238)
Balance at 30 June 2014	23,243	–	67,581	90,824	5,791	2,192	98,807

The share premium account and the capital redemption reserve became part of the Company's share capital under the Hong Kong Companies Ordinance (Cap. 622) from March 2014.

The notes on pages 44 to 62 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30 June			
	2015		2014	
	HK$M	HK$M	HK$M	HK$M
Operating activities				
Net cash inflow from operations	7,133		7,154	
Interest received	78		62	
Income tax paid	(399)		(330)	
Net cash inflow from operating activities		6,812		6,886
Investing activities				
Capital expenditure	(5,396)		(3,821)	
Capitalised interest paid	(144)		(137)	
Proceeds from disposal of fixed assets	25		93	
Additions of other intangible assets	(69)		(748)	
Decrease in available-for-sale investments	3		2	
Proceeds from sale of a joint venture	202		–	
Acquisitions of subsidiaries	–		(8,172)	
Deposits for sales of subsidiaries (returned) / received	(283)		283	
Investments in and advances to joint ventures	(975)		(975)	
Dividends received from				
Joint ventures	1,922		556	
An associate	796		900	
Available-for-sale investments	64		20	
Increase in bank deposits with maturity of over three months	–		(2)	
Net cash outflow from investing activities		(3,855)		(12,001)
Net cash inflow / (outflow) before financing activities		2,957		(5,115)
Financing activities				
Proceeds from long-term borrowings	9,070		17,777	
Repayment of long-term borrowings	(8,139)		(8,758)	
Repayment of obligations under finance leases	–		(810)	
Settlement of obligations under finance leases	–		(5,338)	
Increase in short-term borrowings	1,608		4,615	
Interest and other finance costs paid	(1,384)		(2,242)	
Advances from / (repayment to) other non-controlling interests	169		(30)	
Issue of perpetual capital securities	–		5,791	
Distributions paid to perpetual capital securities holders	(123)		–	
Dividends paid to shareholders	(3,916)		(3,840)	
Dividends paid to other non-controlling interests of subsidiaries	(495)		(238)	
Net cash (outflow) / inflow from financing activities		(3,210)		6,927
Net (decrease) / increase in cash and cash equivalents		(253)		1,812
Cash and cash equivalents at beginning of period		4,036		4,784
Effect of exchange rate changes		(48)		(14)
Cash and cash equivalents at end of period		3,735		6,582
Analysis of balances of cash and cash equivalents				
Deposits with banks		2,716		6,024
Cash at banks and on hand		1,433		798
Bank balances, cash and other liquid funds		4,149		6,822
Excluding:				
Cash restricted for specific purposes		(412)		(238)
Bank deposits with maturity of over three months		(2)		(2)
		3,735		6,582

The notes on pages 44 to 62 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, India and Australia, and investment holding of power projects in Mainland China, Southeast Asia and Taiwan.

The financial operations of the Company's major subsidiaries, CLP Power Hong Kong Limited (CLP Power Hong Kong) and Castle Peak Power Company Limited (CAPCO), are governed by a SoC entered with the Hong Kong Government. The 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 271 and 272 of the 2014 Annual Report.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 13 August 2015.

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.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following revised Hong Kong Financial Reporting Standards (HKFRS) effective 1 January 2015:

- Annual Improvement to HKFRS 2010-2012 Cycle
- Annual Improvement to HKFRS 2011-2013 Cycle

The adoption of these revised HKFRS has had no significant impact on the results and financial position of the Group.

3. Critical Accounting Estimates and Judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the more significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014, as set out on pages 203 to 205 of the 2014 Annual Report.

4. Revenue

An analysis of the Group's revenue is as follows:

	Six months ended 30 June 2015 HK$M	2014 HK$M
Sales of electricity	34,016	40,126
Sales of gas	3,055	3,588
Operating lease income under Power Purchase Agreement (PPA)	1,767	1,555
Lease service income under PPA	221	140
Finance lease income under PPA	69	77
Other revenue	579	1,651
	39,707	47,137
Transfer for SoC to/(from) revenue (note)	278	(35)
	39,985	47,102

Note: 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 22). In any period, the amount of deduction from or addition to the Tariff Stabilisation Fund is recognised as revenue adjustment to the extent that the return and charges under the SoC are recognised in the profit or loss.

5. Segment Information

The Group operates, through its subsidiaries, joint ventures and an associate, in five major geographical regions – Hong Kong, Mainland China, India, Southeast Asia and Taiwan, and Australia. 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.

5. Segment Information (continued)

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

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2015							
Revenue	18,475	378	2,456	3	18,671	2	39,985
EBITDAF of subsidiaries	8,261	339	880	(7)	1,934	(250)	11,157
Share of results, net of income tax							
Joint ventures	–	714	–	146	1	–	861
An associate	–	371	–	–	–	–	371
EBITDAF of the Group	8,261	1,424	880	139	1,935	(250)	12,389
Depreciation and amortisation	(2,056)	(257)	(266)	–	(761)	(22)	(3,362)
Fair value adjustments	11	–	–	–	11	–	22
Finance costs	(581)	(101)	(409)	–	(440)	(21)	(1,552)
Finance income	1	31	20	1	8	22	83
Profit/(loss) before income tax	5,636	1,097	225	140	753	(271)	7,580
Income tax expense	(854)	(70)	(131)	–	(260)	–	(1,315)
Profit/(loss) for the period	4,782	1,027	94	140	493	(271)	6,265
Earnings attributable to							
Perpetual capital securities holders	(123)	–	–	–	–	–	(123)
Other non-controlling interests	(417)	(2)	–	–	–	–	(419)
Earnings/(loss) attributable to shareholders	4,242	1,025	94	140	493	(271)	5,723
Excluding: One-off items	(198)	–	–	–	–	–	(198)
Operating earnings	4,044	1,025	94	140	493	(271)	5,525
At 30 June 2015							
Fixed assets	98,495	5,726	11,561	–	12,977	138	128,897
Goodwill and other intangible assets	5,545	5,337	29	–	18,623	–	29,534
Interests in joint ventures	18	10,024	–	1,659	24	–	11,725
Interest in an associate	–	1,146	–	–	–	–	1,146
Deferred tax assets	–	94	–	–	3,176	–	3,270
Other assets	16,903	3,930	5,703	79	11,419	1,601	39,635
Total assets	120,961	26,257	17,293	1,738	46,219	1,739	214,207
Bank loans and other borrowings	41,464	3,826	9,161	–	13,357	1,538	69,346
Current and deferred tax liabilities	12,891	1,458	448	–	–	–	14,797
Other liabilities	23,945	1,143	741	2	8,068	163	34,062
Total liabilities	78,300	6,427	10,350	2	21,425	1,701	118,205

The difference between total assets and total liabilities represents shareholders' financing.

5. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2014							
Revenue	16,843	378	2,165	3	27,711	2	47,102
EBITDAF of subsidiaries	9,422	195	862	(20)	2,355	(315)	12,499
Share of results, net of income tax							
Joint ventures	411	424	–	131	(2)	–	964
An associate	–	401	–	–	–	–	401
EBITDAF of the Group	9,833	1,020	862	111	2,353	(315)	13,864
Depreciation and amortisation	(1,917)	(158)	(238)	–	(927)	(20)	(3,260)
Fair value adjustments	3	–	–	–	(56)	–	(53)
Finance costs	(1,465)	(101)	(399)	–	(532)	(41)	(2,538)
Finance income	7	2	24	2	14	13	62
Profit/(loss) before income tax	6,461	763	249	113	852	(363)	8,075
Income tax expense	(684)	(64)	(167)	–	(267)	–	(1,182)
Profit/(loss) for the period	5,777	699	82	113	585	(363)	6,893
Earnings attributable to							
Perpetual capital securities holders	(29)	–	–	–	–	–	(29)
Other non-controlling interests	(136)	(7)	–	–	–	–	(143)
Earnings/(loss) attributable to shareholders	5,612	692	82	113	585	(363)	6,721
Excluding: One-off items	(1,953)	–	–	–	–	–	(1,953)
Operating earnings	3,659	692	82	113	585	(363)	4,768
At 31 December 2014							
Fixed assets	97,372	5,364	11,259	–	13,982	156	128,133
Goodwill and other intangible assets	5,545	5,471	29	–	20,084	–	31,129
Interests in joint ventures	18	9,177	–	1,723	258	–	11,176
Interest in an associate	–	786	–	–	–	–	786
Deferred tax assets	–	95	6	–	3,727	–	3,828
Other assets	15,819	5,024	5,341	70	12,251	1,106	39,611
Total assets	118,754	25,917	16,635	1,793	50,302	1,262	214,663
Bank loans and other borrowings	40,644	3,516	8,656	–	14,619	–	67,435
Current and deferred tax liabilities	12,322	1,483	403	–	–	–	14,208
Other liabilities	24,571	1,611	724	3	9,936	216	37,061
Total liabilities	77,537	6,610	9,783	3	24,555	216	118,704

EBITDAF = Earnings before interest, tax, depreciation and amortisation, and fair value adjustments. For this purpose, fair value adjustments include fair value gains or losses on derivative financial instruments relating to transactions not qualifying as hedges and ineffectiveness of cash flow hedges.

One-off items refer to unusual and infrequent events such as acquisitions/disposals, impairment of non-current assets, property valuation gains/losses, changes in law or natural catastrophes. They are considered irrelevant for assessing the underlying performance of the Group and are separately disclosed to allow a better understanding and comparison of the financial results. Details of the one-off items can be found on page 8.

6. Other Gain

On 12 May 2014 the Group completed the acquisition of a further 30% interest in CAPCO and the remaining 51% interest in Hong Kong Pumped Storage Development Company, Limited (PSDC) and recorded a net gain of HK$2,025 million.

7. Operating Profit

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

	Six months ended 30 June	
	2015	2014
	HK$M	HK$M
Charging		
Staff costs		
Salaries and other costs	**1,709**	1,831
Retirement benefits costs	**153**	122
Net fair value (gain) / loss on non-financing related derivative financial instruments		
Cash flow hedges, reclassified from equity to		
Purchases of electricity, gas and distribution services	**(130)**	(140)
Fuel and other operating expenses	**(102)**	(63)
Transactions not qualifying as hedges	**(22)**	53
Loss on disposal of Waterloo (note)	**42**	–
Net loss / (gain) on disposal of fixed assets	**118**	(11)
Crediting		
Net exchange (gain) / loss	**(15)**	110
Revaluation gain on investment property	**(198)**	–

Note: In April 2015, the Group sold its entire interest in Waterloo Investment Holdings Pty Ltd (Waterloo), a joint venture in Australia, for a consideration of HK$202 million (A$33 million) with a loss of HK$42 million (2014: nil).

8. Finance Costs and Income

	Six months ended 30 June	
	2015	2014
	HK$M	HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	**647**	702
Other borrowings	**489**	515
Tariff Stabilisation Fund (note)	**1**	–
Customers' deposits and fuel clause over-recovery	**69**	43
Finance charges under finance leases	**1**	921
Other finance charges	**150**	221
Net fair value loss / (gain) on financing related derivative financial instruments		
Cash flow hedges, reclassified from equity	**99**	265
Fair value hedges	**11**	(302)
Not designated as hedges	**45**	23
Ineffectiveness of cash flow hedges	**(4)**	4
Loss on hedged items in fair value hedges	**7**	309
Other net exchange loss / (gain) on financing activities	**182**	(19)
	1,697	2,682
Less: amount capitalised	**(145)**	(144)
	1,552	2,538

8. Finance Costs and Income (continued)

	Six months ended 30 June 2015 HK$M	2014 HK$M
Finance income		
Interest income on short-term investments, bank deposits and loan to a joint venture	83	62

Note: 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 under the SoC (Note 22).

9. Income Tax Expense

	Six months ended 30 June 2015 HK$M	2014 HK$M
Current income tax		
Hong Kong	688	492
Outside Hong Kong	202	102
	890	594
Deferred tax		
Hong Kong	166	191
Outside Hong Kong	259	397
	425	588
	1,315	1,182

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

10. Dividends

	Six months ended 30 June 2015		2014	
	HK$ per share	HK$M	HK$ per share	HK$M
First interim dividend paid	0.55	1,390	0.54	1,364
Second interim dividend declared	0.55	1,390	0.54	1,364
	1.10	2,780	1.08	2,728

At the Board meeting held on 13 August 2015, the Directors declared the second interim dividend of HK$0.55 per share (2014: HK$0.54 per share). The second interim dividend is not reflected as a dividend payable in the interim financial statements.

11. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June 2015	2014
Earnings attributable to shareholders (HK$M)	5,723	6,721
Number of shares in issue (thousand shares)	2,526,451	2,526,451
Earnings per share (HK$)	2.27	2.66

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 2015 and 30 June 2014.

12. Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases and Investment Property

Fixed assets, leasehold land and land use rights under operating leases and investment property totalled HK$137,272 million at 30 June 2015 (31 December 2014: HK$136,383 million). Movements in the accounts are as follows:

	Fixed Assets					Leasehold Land and Land Use Rights under Operating Leases	Investment Property (note)
	Land Freehold HK$M	Land Leased HK$M	Buildings HK$M	Plant, Machinery and Equipment HK$M	Total HK$M	HK$M	HK$M
Net book value at 1 January 2015	712	486	19,652	107,283	128,133	5,696	2,554
Additions	–	–	381	4,418	4,799	7	5
Revaluation surplus	–	–	–	–	–	–	198
Transfers and disposals	–	–	(87)	(74)	(161)	–	–
Depreciation / amortisation	–	(7)	(299)	(2,580)	(2,886)	(85)	–
Exchange differences	(23)	–	(37)	(928)	(988)	–	–
Net book value at 30 June 2015	689	479	19,610	108,119	128,897	5,618	2,757
Cost / valuation	705	592	30,982	188,160	220,439	6,265	2,757
Accumulated depreciation / amortisation and impairment	(16)	(113)	(11,372)	(80,041)	(91,542)	(647)	–
Net book value at 30 June 2015	689	479	19,610	108,119	128,897	5,618	2,757

Note: The Group's investment property is located at Argyle Street, Kowloon. It was revalued at 30 June 2015 by DTZ Debenham Tie Leung Limited ("DTZ") based on the highest and best use approach. In formulating the optimal development of the property, DTZ has taken into account the development constraints stipulated on the covenants of the Government Leases and subsequent modifications. DTZ has adopted the residual valuation method, which is a modification of the income approach based on discounted cash flows, by making reference to the development potential of the subject property after deduction of costs for completion of the development. The valuation relies upon a series of assumptions which produce an estimation of the expected current market value of the property held for development or redevelopment. These assumptions include the statutory and non-statutory restrictions associated with development that may be imposed by the Government. Comparable transactions of similar development in the locality were gathered for gross development value assessment. The valuations are performed and reported twice a year, in line with the Group's reporting dates, to management.

The recurring fair value measurement of the Group's investment property is categorised within Level 3 of the fair value hierarchy at 30 June 2015 and 31 December 2014. The significant unobservable inputs used other than assumptions made in relation to development potential of the property are discount rate, cost of development and estimated return in the future for the property. The discount rate used is 5% (2014: 5%) and the higher the rate, the lower the fair value of the property.

13. Goodwill and Other Intangible Assets

	Goodwill HK$M	Capacity Right [a] HK$M	Others [b] HK$M	Total HK$M
Net carrying value at 1 January 2015	23,104	5,434	2,591	31,129
Additions	–	2	67	69
Amortisation	–	(136)	(255)	(391)
Exchange differences	(1,110)	–	(163)	(1,273)
Net carrying value at 30 June 2015	**21,994**	**5,300**	**2,240**	**29,534**
Cost	21,996	5,617	7,851	35,464
Accumulated amortisation and impairment	(2)	(317)	(5,611)	(5,930)
Net carrying value at 30 June 2015	**21,994**	**5,300**	**2,240**	**29,534**

Notes:

(a) Capacity right represents the right to use 50% of the pumped storage capacity of Phase 1 of the Guangzhou Pumped Storage Power Station in Conghua, Guangzhou until 2034.

(b) The balance includes contracted customers, mining licences and other identifiable intangible assets from EnergyAustralia Holdings Limited (EnergyAustralia).

14. Interests in Joint Ventures

	30 June 2015 HK$M	31 December 2014 HK$M
Share of net assets	10,836	10,121
Goodwill	47	47
Carrying amounts	10,883	10,168
Advances	–	103
Loan (note)	842	905
	11,725	11,176

Note: Loan to a joint venture is unsecured, carries interest at 90% of the People's Bank of China's over five years Renminbi benchmark lending rate and with final maturity in September 2022. The current portion of the loan of HK$125 million (31 December 2014: HK$94 million) was included in other receivables.

14. Interests in Joint Ventures (continued)

The Group's share of net assets and results of joint ventures are as follows:

	30 June 2015				31 December 2014			
	Share of Net Assets HK$M	Goodwill HK$M	Loan HK$M	Total HK$M	Share of Net Assets HK$M	Goodwill HK$M	Advances and loan HK$M	Total HK$M
CSEC Guohua International Power Company Limited (CSEC Guohua)	2,780	–	–	2,780	2,741	–	–	2,741
CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang)	2,248	–	–	2,248	1,443	–	–	1,443
Shandong Zhonghua Power Company, Limited (SZPC)	966	–	–	966	1,036	–	–	1,036
ShenGang Natural Gas Pipeline Company Limited (SNGPC)	668	–	842	1,510	611	–	905	1,516
OneEnergy Taiwan Ltd (OneEnergy Taiwan)	1,422	–	–	1,422	1,473	–	–	1,473
Others (note)	2,752	47	–	2,799	2,817	47	103	2,967
	10,836	47	842	11,725	10,121	47	1,008	11,176

Note: Includes 49% interest in various Chinese joint ventures at a total carrying value of HK$1,401 million (31 December 2014: HK$1,342 million), which hold interests in various wind power stations in Shandong and Jilin.

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Profit for the period HK$M	Other comprehensive income HK$M	Total comprehensive income HK$M	Profit for the period HK$M	Other comprehensive income HK$M	Total comprehensive income HK$M
CSEC Guohua	185	–	185	–	–	–
Fangchenggang	120	–	120	175	–	175
SZPC	251	–	251	152	–	152
SNGPC	57	–	57	1	–	1
OneEnergy Taiwan	118	(1)	117	99	–	99
CAPCO	–	–	–	411	–	411
Others	130	108	238	126	(30)	96
Total	861	107	968	964	(30)	934

The Group's capital commitments in relation to its interests in joint ventures are disclosed in Note 24.

15. Interest in an Associate

The balance represents the Group's share of net assets of Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) at the end of the reporting period.

The Group's share of results and net assets of GNPJVC are as follows:

	Six months ended 30 June	
	2015	2014
	HK$M	HK$M
Profit and total comprehensive income for the period	371	401

	30 June 2015	31 December 2014
	HK$M	HK$M
Group's share of net assets	1,146	786

16. Derivative Financial Instruments

	30 June 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
	HK$M	HK$M	HK$M	HK$M
Cash flow hedges				
Forward foreign exchange contracts	712	68	855	55
Foreign exchange options	72	–	74	–
Cross currency interest rate swaps	2,363	1,576	2,124	1,310
Interest rate swaps	37	947	66	1,031
Energy contracts	17	42	22	112
Fair value hedges				
Cross currency interest rate swaps	262	477	257	417
Interest rate swaps	15	100	18	122
Held for trading or not qualifying as accounting hedges				
Forward foreign exchange contracts	82	83	79	62
Interest rate swaps	29	17	37	24
Energy contracts	133	540	247	638
	3,722	3,850	3,779	3,771
Analysed as:				
Current	619	625	659	709
Non-current	3,103	3,225	3,120	3,062
	3,722	3,850	3,779	3,771

17. Available-for-sale Investments

	30 June 2015 HK$M	31 December 2014 HK$M
CGN Wind Power Company Limited (CGN Wind)	1,190	1,190
Others	615	517
	1,805	1,707

In accordance with the Group's accounting policy, the investment in CGN Wind, which is denominated in Renminbi, is treated for accounting purposes as an available-for-sale investment.

18. Trade and Other Receivables

	30 June 2015 HK$M	31 December 2014 HK$M
Trade receivables (note)	13,128	11,040
Deposits, prepayments and other receivables	2,521	2,566
Dividend receivables from		
Joint ventures	232	1,127
An associate	–	785
An available-for-sale investment	1	64
Current accounts with		
Joint ventures	168	136
An associate	1	1
	16,051	15,719

Note: The Group has established credit policies for customers in each of its retail 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 14 to 90 days.

EnergyAustralia determines its doubtful debts provisioning by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. 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 2015				31 December 2014			
	Not impaired HK$M	Subject to impairment HK$M	Provision for impairment HK$M	Total HK$M	Not impaired HK$M	Subject to impairment HK$M	Provision for impairment HK$M	Total HK$M
Not yet due	10,002	854	(64)	10,792	7,618	727	(56)	8,289
Overdue								
1 – 30 days	127	589	(53)	663	123	786	(71)	838
31 – 90 days	56	467	(98)	425	129	622	(144)	607
Over 90 days	717	1,750	(1,219)	1,248	745	1,699	(1,138)	1,306
	10,902	3,660	(1,434)	13,128	8,615	3,834	(1,409)	11,040

18. Trade and Other Receivables (continued)

Note (continued):

At 30 June 2015, trade receivables of HK$900 million (31 December 2014: HK$997 million) were past due but not considered impaired. These related to:

- a number of customers for whom there had been no recent history of default;
- an amount deducted by Gujarat Urja Vikas Nigam Limited (GUVNL) from the past invoices of CLP India Private Limited (CLP India) netted with refund totalled HK$402 million (Rs.3,306 million) (31 December 2014: HK$406 million (Rs.3,306 million)) (Note 26(A)) which is included in the amount aged over 90 days; and
- disputed charges between Jhajjar Power Limited (Jhajjar) and its offtakers. Total disputed amounts were HK$220 million (Rs.1,804 million) at 30 June 2015 (31 December 2014: HK$212 million (Rs.1,725 million)), of which HK$211 million (Rs.1,733 million) (31 December 2014: HK$206 million (Rs.1,682 million)) aged over 90 days (Note 26(C)).

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

	30 June 2015 HK$M	31 December 2014 HK$M
30 days or below	11,032	8,596
31 – 90 days	692	976
Over 90 days	1,404	1,468
	13,128	11,040

19. Trade and Other Payables

	30 June 2015 HK$M	31 December 2014 HK$M
Trade payables [(a)]	5,872	8,230
Other payables and accruals	6,516	6,223
Advances from non-controlling interests [(b)]	6,869	6,703
Current accounts with		
Joint ventures	1	2
An associate	625	139
Deferred revenue	261	323
	20,144	21,620

Notes:

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

	30 June 2015 HK$M	31 December 2014 HK$M
30 days or below	5,603	8,031
31 – 90 days	226	155
Over 90 days	43	44
	5,872	8,230

(b) The advances from non-controlling interests represented the advances from China Southern Power Grid International (HK) Co., Limited (CSG HK) to CAPCO. Pursuant to the agreement between the shareholders of CAPCO, both CLP Power Hong Kong and CSG HK are required to provide shareholders' advances pro rata to their shareholdings in CAPCO. The advances are unsecured, interest free and have no fixed repayment terms. The advances are mainly denominated in US dollar.

20. Bank Loans and Other Borrowings

	30 June 2015 HK$M	31 December 2014 HK$M
Current		
Short-term bank loans	6,661	4,908
Long-term bank loans	8,757	3,070
Other long-term borrowings		
Medium Term Note (MTN) programme (HKD) due 2015 and 2016	1,000	1,340
MTN programme (AUD) due 2015	297	318
	16,715	9,636
Non-current		
Long-term bank loans	20,826	28,320
Other long-term borrowings		
MTN programme (USD) due 2020 to 2027	12,986	10,731
MTN programme (HKD) due 2017 to 2041	8,393	9,075
MTN programme (JPY) due 2021 to 2027	2,166	2,022
MTN programme (AUD) due 2021 to 2030	773	698
US private placement notes (USD) due 2017 to 2027	6,914	6,953
Debentures (INR) due 2025 and 2026	573	–
	52,631	57,799
Total borrowings	69,346	67,435

21. Fuel Clause Account

CLP Power Hong Kong has committed to provide a special fuel rebate to customers of HK¢8 per unit based on their electricity consumption between January and June 2015 from the Fuel Clause Account. The Fuel Clause Account balance as at 30 June 2015 reflected the deduction of such special fuel rebate to customers totalling HK$1,267 million.

22. SoC Reserve Accounts

The Tariff Stabilisation Fund, Rate Reduction Reserve and Rent and Rates Interim Refunds 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 2015 HK$M	31 December 2014 HK$M
Tariff Stabilisation Fund	749	1,058
Rate Reduction Reserve	1	1
Rent and Rates Interim Refunds (note)	72	72
	822	1,131

Note: CLP Power Hong Kong is challenging the amount of Government rent and rates levied dating back to the year of assessment 2001/02. While the original Lands Tribunal judgment and the subsequent judgment on the review of valuation matters were received in CLP Power Hong Kong's favour, the final resolution of the case will be subject to the outcome of appeals to the Court of Appeal against the Lands Tribunal judgment on points of law.

Interim refunds totalling HK$1,713 million were received by CLP Power Hong Kong from the Hong Kong Government during 2012 and 2014. These interim refunds were made by the Hong Kong Government without prejudice to the final outcome of the appeals which means that these amounts will be adjusted by reference to the decisions of the Lands Tribunal and subsequent appeals.

Based on the latest development of the case, CLP Power Hong Kong maintains that it would recover no less than interim refunds received to date in the final outcome of these appeals. The interim refunds continued to be classified within the SoC reserve accounts. The Rent and Rates Special Rebate provided to customers during 2012 and 2013 with the amounts of interim refunds received in 2012 and 2013 of HK$1,641 million had been offset against the interim refunds received.

In the event that the final amount recovered on conclusion of these appeals is less than the total amount rebated to customers, CLP Power Hong Kong will seek to recover any shortfall in the amounts of Rent and Rates Special Rebate already paid to customers. Similarly, if the final amount recovered exceeds the special rebates paid out, these additional amounts will be returned to customers.

23. Reserves

	Translation Reserves HK$M	Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2015	(2,536)	561	2,751	63,994	64,770
Earnings attributable to shareholders	–	–	–	5,723	5,723
Other comprehensive income					
Exchange differences on translation of					
Subsidiaries	(1,671)	–	–	–	(1,671)
Joint ventures	(6)	–	–	–	(6)
Cash flow hedges					
Net fair value losses	–	(119)	–	–	(119)
Reclassification adjustment for amount included in profit or loss	–	(133)	–	–	(133)
Tax on the above items	–	19	–	–	19
Fair value gain on available-for-sale investments	–	–	98	–	98
Reclassification adjustment upon sale of a joint venture	39	(22)	–	–	17
Share of other comprehensive income of joint ventures	–	(2)	109	–	107
Total comprehensive income attributable to shareholders	(1,638)	(257)	207	5,723	4,035
Revaluation reserve realised due to depreciation of fixed assets	–	–	(1)	1	–
Appropriation of reserves of subsidiaries	–	–	2	(2)	–
Dividends paid					
2014 fourth interim	–	–	–	(2,526)	(2,526)
2015 first interim (Note 10)	–	–	–	(1,390)	(1,390)
Balance at 30 June 2015	(4,174)	304	2,959	65,800	64,889

23. Reserves (continued)

	Capital Redemption Reserve HK$M	Translation Reserves HK$M	Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2014	2,492	856	1,175	2,862	59,225	66,610
Earnings attributable to shareholders	–	–	–	–	6,721	6,721
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	–	1,728	–	–	–	1,728
Joint ventures	–	(233)	–	–	–	(233)
Cash flow hedges						
Net fair value losses	–	–	(684)	–	–	(684)
Reclassification adjustment for amount included in profit or loss	–	–	62	–	–	62
Tax on the above items	–	–	161	–	–	161
Reclassification adjustment upon loss of joint control of joint ventures	–	(422)	–	–	–	(422)
Share of other comprehensive income of joint ventures	–	–	19	(49)	–	(30)
Total comprehensive income attributable to shareholders	–	1,073	(442)	(49)	6,721	7,303
Transition to no-par value regime	(2,492)	–	–	–	–	(2,492)
Revaluation reserve realised due to depreciation of fixed assets	–	–	–	(1)	1	–
Appropriation of reserves of subsidiaries	–	–	–	18	(18)	–
Dividends paid						
2013 fourth interim	–	–	–	–	(2,476)	(2,476)
2014 first interim (Note 10)	–	–	–	–	(1,364)	(1,364)
Balance at 30 June 2014	–	1,929	733	2,830	62,089	67,581

24. Commitments

(A) Capital expenditure on fixed assets, leasehold land and land use rights under operating leases, investment property and intangible assets, contracted but not recorded in the statement of financial position amounted to HK$5,727 million at 30 June 2015 (31 December 2014: HK$5,859 million).

(B) The Group has entered into a number of joint arrangements to develop power projects. At 30 June 2015, remaining equity contributions of HK$111 million (31 December 2014: HK$111 million) were required to be made by the Group.

(C) At 30 June 2015, the Group's share of capital commitments of its joint ventures was HK$2,408 million (31 December 2014: HK$3,512 million).

25. Related Party Transactions

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

(A) Purchases of nuclear electricity from Guangdong Daya Bay Nuclear Power Station amounted to HK$2,425 million for the six months ended 30 June 2015 (2014: HK$2,380 million).

(B) The advances and loan made to joint ventures are disclosed under Note 14. At 30 June 2015, the Group did not have any guarantees which were of a significant amount given to or received from these entities (31 December 2014: nil). Other amounts due from and to the related parties at 30 June 2015 are disclosed in Notes 18 and 19 respectively. No provisions have been made for the amounts owed by the related parties.

25. Related Party Transactions (continued)

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

	Six months ended 30 June 2015 HK$M	2014 HK$M
Directors' fees	5	5
Base compensation, allowances and benefits in kind [(a)]	27	30
Tax equalisation and allowances for secondment to overseas offices	–	3
Performance bonus		
Annual incentive	33	37
Long-term incentive	13	34
Provident fund contributions	3	3
Final payment [(b)]	–	11
Other payment [(c)]	2	11
	83	134

Key management personnel at 30 June 2015 comprised 13 (30 June 2014: 13) Non-executive Directors, 1 (30 June 2014: 1) Executive Director and 9 (30 June 2014: 9) senior management personnel.

Notes:

(a) The nature of these benefits in kind includes electricity allowance, the availability of a company vehicle for personal use, any approved personal club memberships entered into primarily for business entertainment purposes and consequently paid by the company, life insurance and medical benefits. Which of these benefits applies depends primarily on the location of the individual.

(b) The final payment was a contractual termination payment paid to a former senior management upon leaving in 2014.

(c) The other payment was the sign-on award to senior management upon joining the Group.

26. Contingent Liabilities

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

Under the original power purchase agreement between CLP India and its offtaker GUVNL, GUVNL was required to make a "deemed generation incentive" payment to CLP India when the plant availability of Paguthan Plant (Paguthan) was above 68.5% (subsequently revised to 70% in 2003 and 80% in 2013). GUVNL has been making such payments since December 1997.

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 Paguthan 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 (HK$884 million). CLP India's position, amongst other arguments, is that Paguthan 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 CLP India has wrongly received interest on "deemed loans" under the existing power purchase agreement. GUVNL's claim rests on two main grounds: (i) CLP India 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 (HK$101 million) (31 December 2014: Rs.830 million (HK$102 million)).

26. Contingent Liabilities (continued)

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

On 18 February 2009, the GERC made an adjudication on GUVNL's claims. On the issue related to the payment to CLP India of "deemed generation incentive", the GERC decided that the "deemed generation incentive" was not payable when Paguthan was declared with availability to generate on naphtha. However, the GERC also decided that GUVNL's claim against CLP India in respect of "deemed generation incentive" 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.2,523 million (HK$307 million). The GERC also dismissed GUVNL's claim to recover interest on the "deemed loans".

CLP India 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 CLP India and GUVNL's appeals and upheld the decision of the GERC. CLP India 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 those 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 (HK$454 million) from January to March 2010 invoices after adjustment for a previous deposit of Rs.500 million (HK$61 million), which included tax on incentive relating to deemed generation on naphtha, and delayed payment charges on associated incentive calculated up to March 2010.

Subsequent to the above deduction, CLP India represented to GUVNL that, during April 2004 to March 2006, gas was available for generation and therefore should not be considered as availability (deemed generation) on naphtha. GUVNL accepted the representation and refunded the base amount of Rs.292 million (HK$36 million) and interest of Rs.150 million (HK$18 million) in March 2011. However, during the first and last quarter of 2011, with the spot gas availability being constrained, Paguthan was forced to declare availability on naphtha for certain periods, which resulted in deduction of incentive revenue by GUVNL under deemed generation of Rs.17 million (HK$2 million). At 30 June 2015, the total amount of the claim plus interest and tax with respect to the "deemed generation incentive" amounted to Rs.8,543 million (HK$1,040 million) (31 December 2014: Rs.8,543 million (HK$1,048 million)).

On the basis of legal advice obtained, the Directors are of the opinion that CLP India 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 – WWIL's Contracts

CLP Wind Farms (India) Private Limited, CLP India and its subsidiaries (CLP India group) have invested (or are committed to invest) in around 681MW of wind power projects to be developed with Wind World India Limited (WWIL). WWIL's major shareholder, Enercon GmbH, has commenced litigation against WWIL claiming infringement of intellectual property rights. CLP India group, as a customer of WWIL, has been named as a defendant. Enercon GmbH is also seeking an injunction restraining CLP India group's use of certain rotor blades acquired from WWIL. As at 30 June 2015, the Group considered that CLP India group has good prospects of defending these claims and the legal proceedings are unlikely to result in any material outflow of economic benefits from the Group.

(C) Jhajjar – Disputed Charges with Offtakers

Jhajjar has disputes with its offtakers over applicable tariff of capacity charges, energy charges relating to transit loss, coal-handling agent charges and Unscheduled Interchange charges payable as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Total disputed amounts were Rs.1,804 million (HK$220 million) at 30 June 2015 (31 December 2014: Rs.1,725 million (HK$212 million)). Jhajjar has filed a petition against its offtakers in March 2013. The Group considered that Jhajjar has a strong case and hence, no provision has been made.

27. Fair Value Hierarchy of Financial Instruments

The following table presents the Group's financial instruments that were measured at fair value:

	Level 1 HK$M	Level 2 [(a)] HK$M	Level 3 [(a), (b)] HK$M	Total HK$M
At 30 June 2015				
Financial assets				
Available-for-sale investments	578	–	1,227	1,805
Forward foreign exchange contracts	–	794	–	794
Foreign exchange options	–	72	–	72
Cross currency interest rate swaps	–	2,625	–	2,625
Interest rate swaps	–	81	–	81
Energy contracts	–	123	27	150
	578	3,695	1,254	5,527
Financial liabilities				
Forward foreign exchange contracts	–	151	–	151
Cross currency interest rate swaps	–	2,053	–	2,053
Interest rate swaps	–	1,064	–	1,064
Energy contracts	–	33	549	582
	–	3,301	549	3,850
At 31 December 2014				
Financial assets				
Available-for-sale investments	480	–	1,227	1,707
Forward foreign exchange contracts	–	934	–	934
Foreign exchange options	–	74	–	74
Cross currency interest rate swaps	–	2,381	–	2,381
Interest rate swaps	–	121	–	121
Energy contracts	–	150	119	269
	480	3,660	1,346	5,486
Financial liabilities				
Forward foreign exchange contracts	–	117	–	117
Cross currency interest rate swaps	–	1,727	–	1,727
Interest rate swaps	–	1,177	–	1,177
Energy contracts	–	39	711	750
	–	3,060	711	3,771

You may refer to page 266 of the 2014 Annual Report for the definitions of Levels 1, 2 and 3.

Notes:

(a) The valuation technique and inputs used in the fair value measurements within Level 2 and Level 3 are as follows:

	Valuation technique	Significant inputs
Available-for-sale investments	Discounted cash flow	Discount rate
Forward foreign exchange contracts	Discounted cash flow	Observable exchange rates
Foreign exchange options	Garman Kohlhagen Model	Observable exchange rates, interest rates and volatility levels
Cross currency interest rate swaps	Discounted cash flow	Observable exchange rates and swap rates of respective currency
Interest rate swaps	Discounted cash flow	Observable swap rates of respective currency
Energy contracts	Discounted cash flow	Brokers' quotes and observable exchange traded swap and cap rates

27. Fair Value Hierarchy of Financial Instruments (continued)

Notes (continued):

(b) Additional information about fair value measurements using significant unobservable inputs (Level 3):

	Significant unobservable inputs
Available-for-sale investments (i)	Discount rate
Energy contracts (ii)	Long-term forward electricity price and cap price curve

(i) The valuations are performed and reported twice each year, in line with the Group's reporting dates, to Group management.

(ii) The finance department of EnergyAustralia includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to EnergyAustralia's chief financial officer (CFO – EA) and Audit & Risk Committee (ARC – EA). The valuation of Level 3 forward energy contracts involves the use of a short-term forward curve which is observable in the liquid market and a long-term forward curve which is derived using unobservable inputs. This short-term forward curve is reviewed at least once every six months, in line with the Group's half-yearly reporting dates. Review of the long-term forward curve is performed between the CFO – EA and the ARC – EA annually due to the lack of market liquidity. Fair value changes analyses are performed on a monthly basis for reasonableness.

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or into or out of Level 3.

For the Group's financial instruments that are not measured at fair value at 30 June 2015 and 31 December 2014, their carrying values approximate their fair values.

The movements of Level 3 financial instruments are as follows:

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Available-for-sale Investments HK$M	Energy Contracts HK$M	Total HK$M	Available-for-sale Investments HK$M	Energy Contracts HK$M	Total HK$M
Opening balance	1,227	(592)	635	1,263	(1,308)	(45)
Total gains/(losses) recognised in						
Profit or loss	–	(37)	(37)	–	(188)	(188)
Other comprehensive income	–	86	86	–	(325)	(325)
Purchases	–	9	9	–	222	222
Settlements	–	12	12	–	(100)	(100)
Closing balance	1,227	(522)	705	1,263	(1,699)	(436)
Total losses for the period included in profit or loss and presented in fuel and other operating expenses	–	(37)	(37)	–	(188)	(188)
In respect of the assets and liabilities held at the end of the reporting period, the unrealised losses for the period and presented in fuel and other operating expenses	–	(87)	(87)	–	(127)	(127)

Changing unobservable inputs used in the Level 3 valuation to reasonable alternative assumptions would not change significantly the fair values recognised.

Review Report on 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 statements set out on pages 38 to 62 which comprises the condensed consolidated statement of financial position of CLP Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated statements of profit or loss, profit or loss and other 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 Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements 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 these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements 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 inquiries, 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 statements are not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 August 2015

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 271 and 272 in the 2014 Annual Report. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies.

	Six months ended 30 June	
	2015 HK$M	2014 HK$M
SoC revenue	17,968	16,588
Expenses		
Operating costs	1,878	1,669
Fuel	6,315	4,782
Purchases of nuclear electricity	2,025	2,380
Provision for asset decommissioning	32	–
Depreciation	2,026	1,930
Operating interest	465	361
Taxation	879	912
	13,620	12,034
Profit after taxation	4,348	4,554
Interest on borrowed capital	463	425
Adjustments required under the SoC (being share of profit on sale of electricity to Mainland China attributable to the SoC Companies)	(27)	(26)
Profit for SoC	4,784	4,953
Transfer from/(to) Tariff Stabilisation Fund	310	(35)
Permitted return	5,094	4,918
Deduct interest on		
Borrowed capital as above	463	425
Tariff Stabilisation Fund to Rate Reduction Reserve	1	–
	464	425
Net Return	4,630	4,493
Divisible as follows:		
CLP Power Hong Kong	3,097	2,967
CAPCO	1,533	1,526
	4,630	4,493
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	3,097	2,967
Interest in CAPCO	1,073	764
	4,170	3,731

Information for Our Investors

Financial Diary

Announcement of interim results	13 August 2015
Interim report posted to shareholders	28 August 2015
Last day to register for second interim dividend	4 September 2015
Book close day	7 September 2015
Payment of second interim dividend	15 September 2015
Financial year end	31 December 2015

Interim Report

This report is printed in English and Chinese, available on our website at www.clpgroup.com by 20 August 2015 and posted to shareholders on 28 August 2015.

Those shareholders who (a) received our 2015 Interim Report electronically and would like to receive a printed copy or vice versa; or (b) received our 2015 Interim Report in either English or Chinese only and would like to receive a printed copy of the other language version or to 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

Computershare Hong Kong Investor Services Limited

Address:	17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong
Tel:	(852) 2862 8628
Fax:	(852) 2865 0990
E-mail:	hkinfo@computershare.com.hk

Share Listing

CLP Holdings shares are listed on the Stock Exchange of Hong Kong and are one of the eligible stocks included in Southbound trading through Shanghai-Hong Kong Stock Connect. CLP Holdings shares are also 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

Contact Us

Address:	8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong	
Tel:	Shareholders' hotline	(852) 2678 8228
Fax:	Company Secretary	(852) 2678 8390
E-mail:	Company Secretary	cosec@clp.com.hk
	Director – Investor Relations	ir@clp.com.hk

CLP Holdings Limited
中電控股有限公司

8 Laguna Verde Avenue
Hung Hom, Kowloon, Hong Kong
Tel : (852) 2678 8111
Fax : (852) 2760 4448
www.clpgroup.com

Stock Code: 00002