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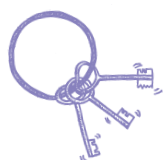
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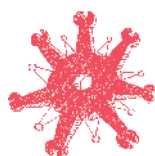
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- Look at our Sustainability Report



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# Explaining Our Business – The Corporate Cycle

We are engaged in all the elements of the electricity business, from fuel procurement to serving customers. The technologies we use range from steam turbines to solar photovoltaic panels and electric vehicles. From our Hong Kong base, we are present in markets which include almost half of the world's population and we are amongst the largest external investors in those markets.

Explaining a complex business is an interesting challenge.

The aim of this Annual Report, one of the key components in our corporate communications, is to offer an integrated picture of our business, how it is managed and where it is heading. In doing so, we must achieve the following:



- compliance with the laws, rules and regulations which govern this Annual Report – that must be the starting point, but in many respects we go beyond mere compliance in the scope of the information we present;
- accuracy – we make extraordinary efforts to check and recheck everything we say. If we later find we have made a mistake, we'll correct this on our website;
- relevance – we are not talking to ourselves. We think hard about what our shareholders and stakeholders need to know;
- clarity – what we write must be understandable. Our Financial Review is our way of presenting financial information so that you do not have to be an accountant to understand it. You'll find the Review clearly marked by the orange edges on pages 68 to 86;
- forward-looking – the past is the past and we cannot change it. Our shareholders hold CLP's shares not for what we have done, but for what they expect we will do. We do our best to explain the way ahead for their business; and
- going digital – interfacing with new media. Increasingly, our stakeholders serve themselves from our website (almost 4 million hits in 2010 alone). We seek to weld together this Report with the wealth of information on our website.

For us, integrated reporting means two things. First, linking up the economic, social and environmental performance and outcomes of our business – the so-called “triple bottom line”. That's why, whilst this Annual Report focuses on financial and economic value, our Sustainability Report explains the delivery of social and environmental value to our stakeholders.

Secondly, we need to connect values, actions and outcomes in a structured and logical way. And we recognise that our business does not start on 1 January and stop on 31 December in each year. We use a “corporate cycle” to explain how, starting with the values which govern our behaviour and the key capabilities of CLP which can create value, we develop a strategy. That strategy is implemented through the ownership and effective management of electricity assets. That in turn creates economic value for our shareholders, as well as social and environmental value for all stakeholders.

This corporate cycle is accompanied by processes which encourage, enable, monitor and measure what we are doing. These include our Financial Statements which report on our delivery of economic value.

In the future, we will continue to revisit, revise and reinforce our values and strategy in the light of experience, good and bad. We will also strengthen our processes whenever this will help us to deliver value to our shareholders and stakeholders.

To help readers, we have highlighted those areas of this Annual Report where further information is available in the Sustainability Report or on our website, by using the symbols  and .

Finally, we appreciate that not everyone wants to read a 200-page Annual Report. The “At a glance” feature, Financial Highlights and Chairman's Statement, which you'll find from pages 2 to 10, together give a pretty good snapshot of CLP.

We hope that this Annual Report, the Sustainability Report and our website provide an integrated picture of your Company. We welcome your feedback.