



Business Description

Hong Kong

- Electricity supplier since 1903
- We own and operate an integrated electricity business which comprises
 - Generation: 6,908 megawatts (MW)*
 - Energy Delivery: over 13,700 kilometers (km) of transmission and high voltage distribution lines
 - Customer Service: 2.3 million customer accounts (representing over 80% of Hong Kong's population)
- We're regulated by the Hong Kong Government under a Scheme of Control (SoC) Agreement which provides a stable base for investment until at least 2018

* Includes 100% of generating capacity owned by Castle Peak Power Company Limited and operated by CLP Power Hong Kong Limited

2010 Highlights

- World-class reliability and customer service
- We achieved the 2010 emissions reduction targets established by the HKSAR and Guangdong Governments – emissions of SO₂, NO_x and respirable suspended particulates went down by approximately 58%, 32% and 32% compared to 2009 and massively down since 1990 despite a 79% increase in electricity demand over that period
- We met a new record peak of local maximum demand of 6,766MW

Australia

- We've been a developer, investor, project manager, retailer and operator in the power business since 1999
- We're present in energy markets throughout Australia (except Western Australia and the Northern Territory)
- As TRUenergy, we operate a vertically integrated energy business with
 - Generation: 2,103MW from wholly-owned large coal and gas-fired power stations, a 966MW long-term hedge contract
 - 1.25 million customer accounts (gas and electricity)
 - Gas storage and processing
 - Renewable energy purchases and investments

- Good operating and financial performance over the year
- TRUenergy entered an agreement with the New South Wales (NSW) Government to acquire EnergyAustralia Retail, the State's largest retailer, the Delta Western GenTrader contract for the Mount Piper (1,400MW) and Wallerawang (1,000MW) coal-fired power stations, and three power station development sites
- Our Mallee Solar Park project to develop a 180MW solar photovoltaic power station in Victoria was shortlisted under the Australian Government's Solar Flagships Program and received Victorian Government support

Chinese Mainland

- We've been a developer, project manager and operator in the power business since 1985
- We're the largest external investor in the Chinese mainland electricity industry with 5,899 equity MW
- We've interests in different types of power generating assets including nuclear, pumped storage, coal-fired, hydro, wind and biomass in Guangdong, Beijing, Hebei, Tianjin, Shandong, Shaanxi, Liaoning, Inner Mongolia, Guangxi, Sichuan, Jilin and Yunnan

- Fangchenggang Power Station performed well throughout the year
- Units 3 and 4 of Suizhong II Power Station (2,000MW) entered operation
- Completed the disposal of CLP Power China (Anshun) Limited which held a 70% interest in the 600MW Anshun II Power Station in Guizhou Province
- Acquired a 35% shareholding in the 330MW Jiangbian hydro project from the existing local partner – the project is now wholly-owned. Construction is on schedule, with safety always a challenge
- We commissioned CLP's first wholly-owned wind project, Qian'an I
- A cooperation agreement was signed with China Guangdong Nuclear Power Holding Company, Limited (CGNPC) and Guangdong Yudean Group Co., Ltd. with an intention to invest jointly in Yangjiang Nuclear Power Station in Guangdong, with CLP owning 17% of the project

India

- We've been a developer, project manager and operator in the power business since 2001
- We're one of the largest foreign power investors in the Indian power sector with 2,461MW equity interest in power projects in the country
- We're the largest private sector investor in wind energy in India with 486MW of wind projects
- We're building a 1,320MW coal-based power plant based on supercritical technology at Jhajjar, Haryana

- GPEC operated at high levels of reliability and sets one of the highest standards in safety of any asset in the CLP Group
- The Jhajjar project has been underway since January 2008 and is now around 70% complete. Obtaining adequate labour resources on site has been difficult but we are maintaining progress in the critical areas of construction. Safety is a major challenge
- We added 213MW of operating wind energy to our portfolio and started development of another 40MW

Southeast Asia and Taiwan

- We've been a developer, investor, project manager and operator in the power business since 1994
- Following the sale in February 2011 of our stake in EGCO in Thailand, we now have 282 equity MW interests in Ho-Ping in Taiwan and the Lopburi solar project in Thailand
- We're co-developing two coal-fired projects in Vietnam

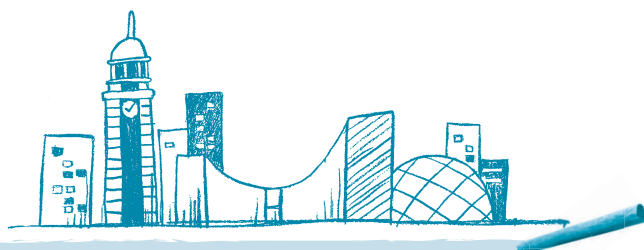
- Ho-Ping continued to perform well and achieved record generation and availability
- The 55MW NED solar project at Lopburi commenced construction under CLP construction management
- The two coal-fired projects in Vietnam made progress with a focus on major project document negotiations, sourcing of equipment, coal supply and financing



CLP is a leading investor-operator in the Asia-Pacific electric power sector

2011 Outlook

- Maintaining and improving where possible our excellent record in supply reliability, tariff levels, customer service and environmental performance
- Completing commissioning works for the emissions control project at Castle Peak Power Station
- Continuing to work with the Beijing and Hong Kong Governments and Chinese mainland parties, to bring in new supplies of gas under the Government-to-Government Memorandum of Understanding on energy supply
- Evaluating potential options for additional import of nuclear energy to Hong Kong
- Supporting an enhanced reporting mechanism of nuclear incidents and community education to reinforce public confidence in the import of nuclear generated electricity



- Finalise the acquisition of NSW energy assets in March and undertake integration of the retail business and GenTrader contract
- Continue to build on our strong operational performance
- Complete permitting for new power stations in NSW and Victoria
- Complete implementation of IT customer platform by the end of 2011
- The Federal Government aims to announce its preferred mechanism to address carbon emissions by the end of 2011 – we'll be an active voice in the debate and an active supporter of a fair outcome



- Continue to consolidate and rationalise our existing asset ownership and structure in the light of the evolving position on coal costs, tariffs and the ability of CLP to apply its expertise effectively
- Take the 330MW Jiangbian hydro project towards completion in 2011, with a high priority on construction safety
- Pursue expansion at our Fangchenggang site
- Continue to grow the hydro asset portfolio by investing in small and medium-sized hydro stations in selected regions
- We'll grow our wind portfolio focusing on majority-owned projects
- We'll build on our relationship with CGNPC and see how we can work together in the expansion of China's nuclear power industry. This includes nuclear power projects for the supply of Hong Kong, in line with HKSAR Government policy direction



- There are opportunities across the power sector – coal and gas-fired generation, renewable energy (mostly wind) and transmission
- We'll keep the Jhajjar project on track to phase I commissioning by May 2012
- We'll stick to reforming states
- We've a good position in wind energy and we're looking for new projects
- We'll keep bidding for generation and transmission projects



- Our Lopburi solar project should be commissioned in phases starting late 2011, while work is in hand for an 8MW expansion
- We will continue to explore various equipment supply and financing options for the two coal-fired projects in Vietnam with a view to lowering the overall costs and achieving reasonable tariffs which may be acceptable to the Vietnamese Government



Financial Highlights



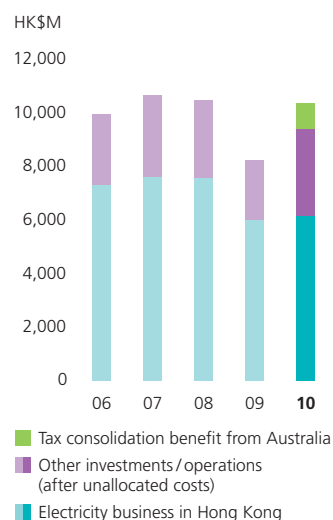
Strong financial results with 7.2% increase in operating earnings accompanied by 26.1% uplift in total earnings

	2010	2009	Increase %
For the year (in HK\$ million)			
Revenue			
Electricity business in Hong Kong (HK)	29,944	28,297	5.8
Energy business outside HK	28,124	22,175	26.8
Others	342	196	
Total	58,410	50,668	15.3
Earnings			
Electricity business in HK	6,129	5,964	2.8
Other investments/operations	3,476	3,007	15.6
Unallocated net finance costs	(18)	(21)	
Unallocated Group expenses	(439)	(413)	
Operating earnings	9,148	8,537	7.2
Other income	356	153	
Tax consolidation benefit from Australia	989	–	
Other one-off items of TRUenergy	97	(17)	
Provisions for Roaring 40s/ Solar Systems and OneEnergy	(258)	(477)	
Total earnings	10,332	8,196	26.1
Net cash inflow from operating activities	16,085	14,529	10.7
At 31 December (in HK\$ million)			
Total assets	179,355	156,531	14.6
Total borrowings	44,623	39,431	13.2
Shareholders' funds	79,661	70,761	12.6
Per share (in HK\$)			
Earnings per share	4.29	3.41	26.1
Dividends per share			
Interim	2.48	1.56	
Final ¹	–	0.92	
Total	2.48	2.48	–
Shareholders' funds per share	33.11	29.41	12.6
Ratios			
Return on equity ² (%)	13.7	12.3	
Total debt to total capital ³ (%)	35.9	35.7	
Net debt to total capital ⁴ (%)	33.3	30.7	
Interest cover ⁵ (times)	7	8	
Price/Earnings ⁶ (times)	15	15	
Dividend yield ⁷ (%)	3.9	4.7	

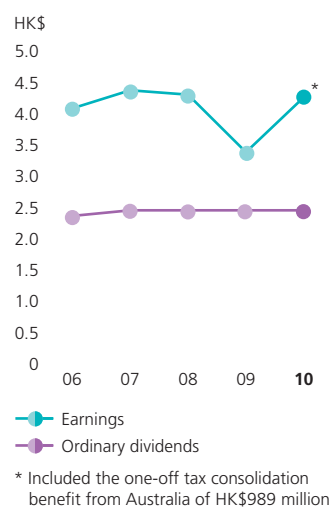
Notes:

- 1 A fourth interim dividend is paid instead of a final dividend for the year 2010.
- 2 Return on equity = Total earnings / Average shareholders' funds
- 3 Total debt to total capital = Debt / (Equity + debt). Debt = Bank loans and other borrowings.
- 4 Net debt to total capital = Net debt / (Equity + net debt). Net debt = Debt - bank balances, cash and other liquid funds.
- 5 Interest cover = Profit before income tax and interest / (Interest charges + capitalised interest)
- 6 Price / Earnings = Closing share price on the last trading day of the year / Earnings per share
- 7 Dividend yield = Dividends per share / Closing share price on the last trading day of the year

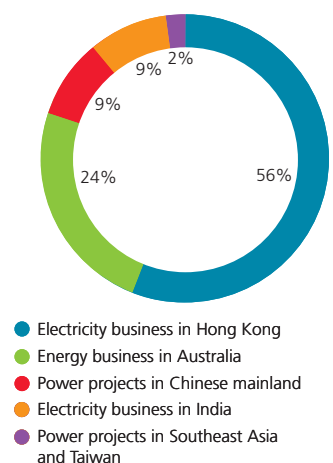
Total Earnings



Earnings and Dividends per Share



Total Assets in 2010



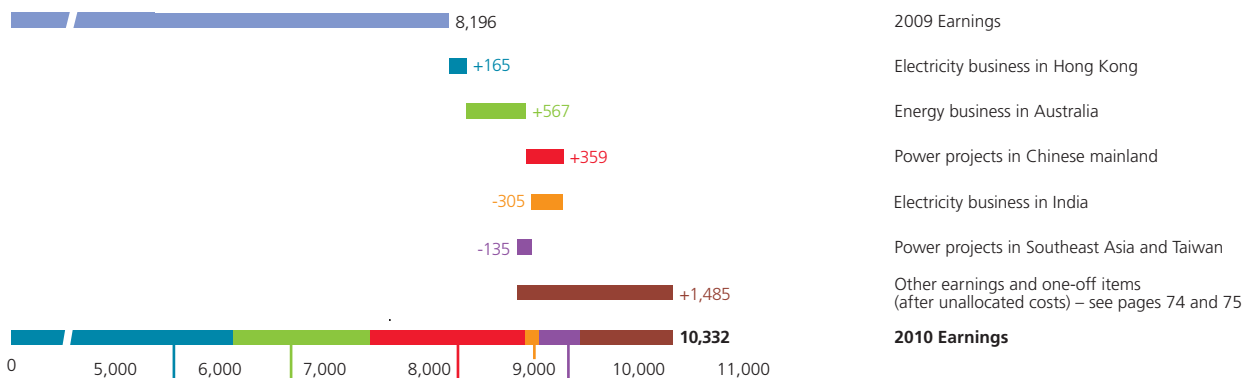


These charts explain the Group's financial performance in 2010 and the relative contributions made by each of our major business streams to that performance. Our objective is to present the highlights of CLP's performance during 2010 in a clear and accessible way.

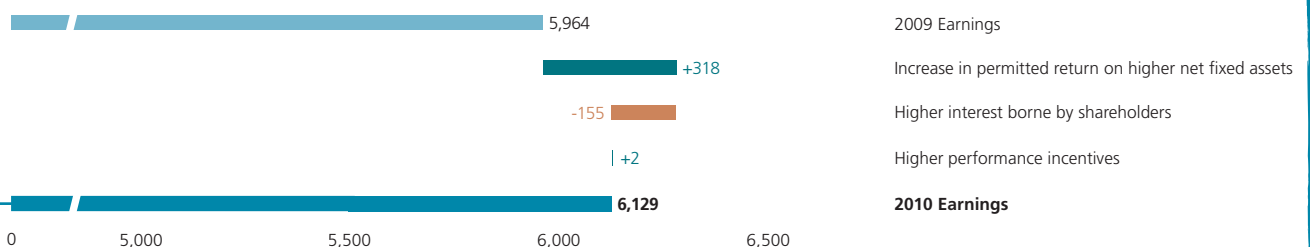
We start by setting out the Group's total earnings in 2009 and explaining the major variations (plus or minus) which have impacted on the earnings for 2010. We then show how each of our five main business streams contributed to Group total earnings, as well as the major variations between 2009 and 2010 in the operating earnings within each business stream.

A fuller explanation of business and operational events and financial performance in 2010 is set out in the Performance and Outlook and Economic Value sections of this Annual Report.

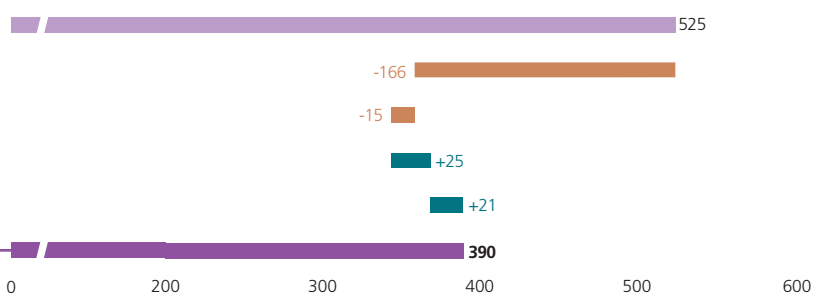
Group Earnings (HK\$M)



Hong Kong Earnings (HK\$M)



Southeast Asia and Taiwan Earnings (HK\$M)



2009 Earnings

Lower energy tariff and higher coal prices at Ho-Ping

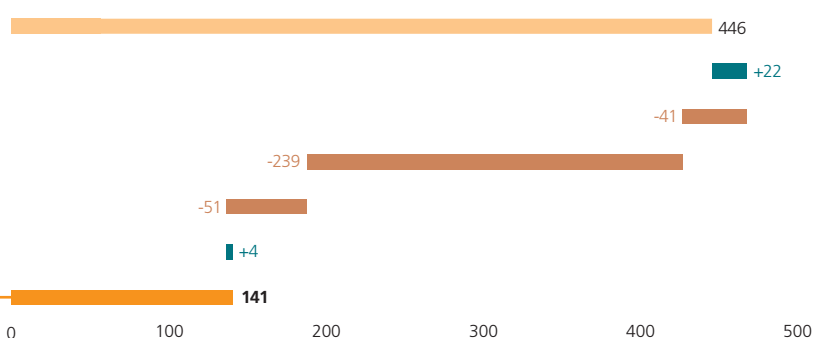
Lower contribution from EGCO

Appreciation of Thai baht and New Taiwan dollar

Others

2010 Earnings

India Earnings (HK\$M)



2009 Earnings

Higher earnings contribution from wind projects

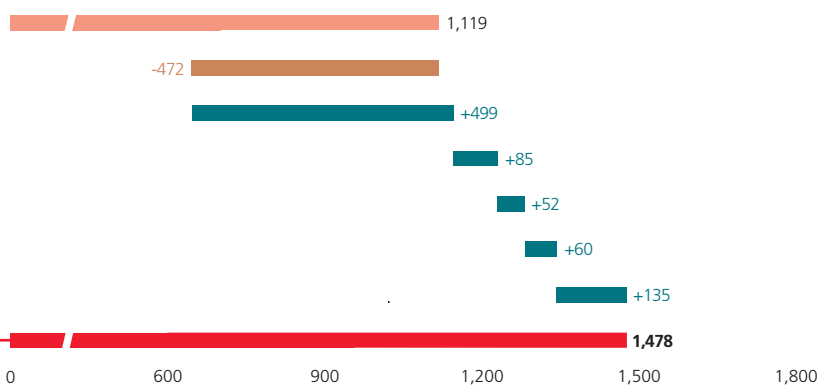
Unrealised exchange loss on foreign exchange protection in GPEC's power purchase agreement
Net fair value loss on hedging financial derivatives of Jhajjar project

Higher maintenance expenses for GPEC's major overhaul

Others

2010 Earnings

Chinese Mainland Earnings (HK\$M)



2009 Earnings

Higher coal prices

Higher generation of coal-fired portfolio

Higher earnings from GNPJVC

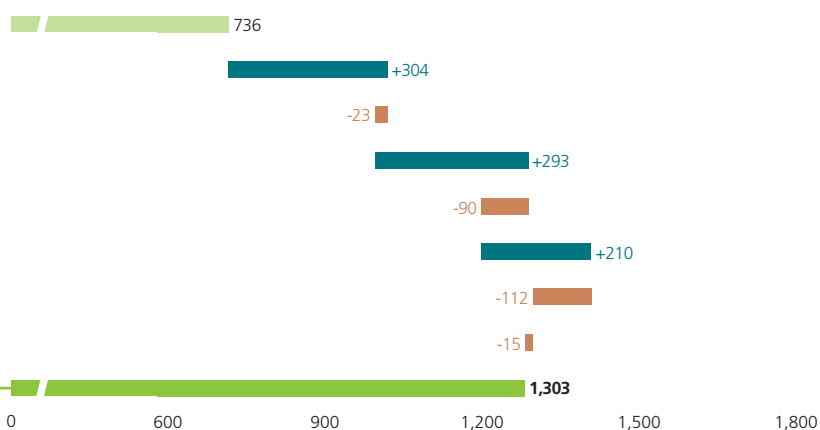
Higher average electricity tariff

Increase in generation capacity of wind portfolio

Others

2010 Earnings

Australia Earnings (HK\$M)



2009 Earnings

Higher margin on electricity retail

Higher interest expense and other finance costs

Higher gas margin

Higher depreciation, marketing and staff costs

Appreciation of Australian dollar

New South Wales acquisition costs

Others

2010 Earnings