

# 2011 — Our 5-Minute Annual Report

## Business Description

### Hong Kong

- Electricity supplier since 1903.
- We own and operate an electricity supply business,
  - Generation: 6,908 megawatts (MW), including 100% of generating capacity owned by Castle Peak Power Company Limited and operated by CLP Power
  - Energy Delivery: over 13,900 kilometres (km) of transmission and high voltage distribution lines
  - Customer Service: 2.4 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.

### Australia

- We've been in the Australian power sector since 1999.
- We're in energy markets throughout Australia (excluding Western Australia and the Northern Territory). As TRUenergy, we operate a vertically integrated energy business,
  - Generation: 2,103MW from wholly-owned coal and gas-fired power stations, 3,366MW from long-term hedge and GenTrader contracts
  - 2.8 million customer accounts (gas and electricity)
  - Gas storage and processing
  - Renewable energy purchases and investments

### Chinese Mainland

- We've been an owner, developer, project manager and operator in the Chinese mainland power industry since 1985.
- We're the largest external investor with 5,957 equity MW.
- We've interests in nuclear, pumped storage, coal, hydro, wind and biomass power generation located in Guangdong, Beijing, Hebei, Tianjin, Shandong, Shanghai, Shaanxi, Liaoning, Inner Mongolia, Guangxi, Sichuan, Jilin and Yunnan.

### India

- We've been a developer, project manager and operator in the power business since 2002.
- We're one of the largest foreign investors in the Indian power sector with 2,594 equity MW in power projects in the country.
- We're the largest private sector investor in wind energy in India with 619MW of wind projects under operation or in construction.

### Southeast Asia and Taiwan

- We've been an owner, developer, investor, project manager and operator in the Southeast Asia power business since 1994.
- We've a 20% interest in the 1,320MW Ho-Ping power station in Taiwan and a 33% interest in the 55MW Lopburi solar project in Thailand.
- We're co-developing two coal-fired projects in Vietnam.

## Major Events in 2011

- We continued to provide world-class reliability, environmental performance and customer service.
- Good progress in securing long-term gas supplies from the Chinese mainland.
- The announcement of a 4.9% tariff increase for 2012 was unwelcome, controversial but unavoidable.
- Hong Kong's transition towards cleaner forms of generation, including more gas and nuclear generation, is expected to continue, but the Fukushima accident may delay Government's decision on more imported nuclear energy.

- We completed the acquisition of EnergyAustralia Retail, which is the largest electricity retailer in New South Wales (NSW), the Delta Western GenTrader contracts and three power station development sites.
- Integration of the EnergyAustralia retail business, which doubled our customer numbers, has progressed well.
- Following the passage of Australia's "Clean Energy" legislative package we wrote down the book value of our Yallourn brown coal-fired power station by A\$350 million.
- We integrated the 111MW Waterloo and 66MW Cathedral Rocks wind farms into the TRUenergy generation portfolio.
- We acquired an effective interest in 500 petajoules (PJ) of upstream gas to support our retail and generation businesses.

- Fangchenggang Power Station performed well. We await approval for two further 660MW units on the same site.
- We completed construction of our wholly-owned Jiangbian hydro project (3x110MW) in June 2011 within budget and ahead of schedule.
- We completed construction of our Qian'an Phase II (49.5MW) and Penglai Phase I (48MW) wind power projects during the year.
- Daya Bay Nuclear Power Station has undergone an extensive safety review as part of China's response to the Fukushima accident.
- Completion of the acquisition of a 17% shareholding in the 6x1,080MW Yangjiang Nuclear Power Station awaits regulatory approval and the outcome of the national comprehensive nuclear safety review.

- Safety has been a major challenge with five subcontractor fatalities during the year.
- Our 1,320MW coal-fired power plant based on supercritical technology at Jhajjar, Haryana remains on schedule for commissioning in the first half of 2012.
- Our GPEC plant maintained high availability at 91.5% compared to 90.1% in 2010. A new long-term maintenance and support contract with Siemens will help control ongoing maintenance costs.
- 129MW of wind projects were commissioned with a further 176MW under active development or construction.

- We completed the sale of our stake in EGCO in Thailand, recognising a gain of HK\$876 million.
- Ho-Ping achieved good operational and safety performance, but earnings were affected by high coal market prices.
- 8MW of the Lopburi solar project was commissioned. The remaining 47MW will be completed by mid-2012.
- Development efforts continued on the coal-fired projects in Vietnam.

**137,266**  
**million kWh**

was sent out from power stations  
in which CLP have invested

### Electricity Supplied

**51%**

of the total assets of CLP are now  
outside Hong Kong, compared to  
only 26% in 2002

### Diversifying our Investment

**A-**  
**A2**

CLP Holdings' credit rating from  
Standard & Poor's and Moody's  
respectively

### Strong Financial Position

**5.19**  
**million**

comprising 2.38 million customer  
accounts in Hong Kong and  
2.81 million in Australia (where  
we doubled the number  
through the acquisition of the  
EnergyAustralia retail business in  
2011)

### Customer Accounts

**HK\$**  
**9,288**  
**million**  
**Total Earnings**

**HK\$  
2.52**  
Total Dividends  
Per Share

**0.23**  
DIIR

Disabling Injury Incidence Rate (DIIR), a key measure of safety performance, was worse than 2010 and not acceptable by our standards

#### Commitment to Safety

**58,000**  
people

directly engaged by CLP community initiatives in 2011

#### Community Investment

**18.3%**

of CLP's generating capacity came from renewable energy sources in 2011, compared to only 1% in 2005

#### Commitment to Renewable Energy

**0.8**  
kg CO<sub>2</sub> / kWh

carbon emissions intensity of CLP's generating capacity, down from 0.84 kg CO<sub>2</sub> / kWh in 2007

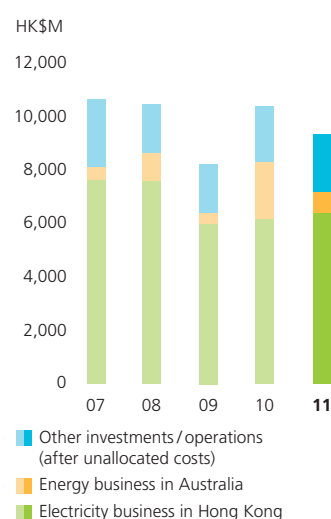
#### Tackling Climate Change

## Financial Highlights

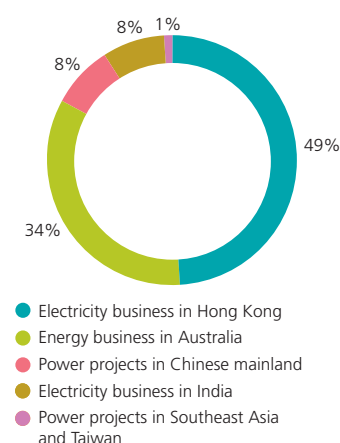
Operating earnings increased by 12.7% to HK\$10.3 billion whilst total earnings declined by 10.1% to HK\$9.3 billion, largely due to the impairment provision for Yallourn of HK\$1.9 billion

	2011	2010	Increase / (Decrease) %
<b>For the year (in HK\$ million)</b>			
Revenue			
Electricity business in Hong Kong (HK)	31,518	29,944	5.3
Energy business in Australia	56,325	25,182	123.7
Others	3,791	3,284	
<b>Total</b>	<b>91,634</b>	<b>58,410</b>	<b>56.9</b>
Earnings			
Electricity business in HK	6,339	6,129	3.4
Energy business in Australia	2,911	1,303	123.4
Other investments / operations	1,581	2,173	(27.2)
Unallocated net finance costs	(48)	(18)	
Unallocated Group expenses	(471)	(439)	
<b>Operating earnings</b>	<b>10,312</b>	<b>9,148</b>	<b>12.7</b>
Impairment provision for Yallourn	(1,933)	–	
Gain on sale of EGCO / CLP Power China (Anshun)	876	356	
Valuation gain on Hok Un redevelopment	225	–	
Tax consolidation benefit from Australia	–	989	
Other one-off items from Australia	(192)	(161)	
<b>Total earnings</b>	<b>9,288</b>	<b>10,332</b>	<b>(10.1)</b>
Net cash inflow from operating activities	18,062	16,085	12.3
<b>At 31 December (in HK\$ million)</b>			
Total assets	214,288	179,355	19.5
Total borrowings	65,521	44,623	46.8
Shareholders' funds	81,259	79,661	2.0
<b>Per share (in HK\$)</b>			
Earnings per share	3.86	4.29	(10.1)
Dividends per share	2.52	2.48	1.6
Shareholders' funds per share	33.77	33.11	2.0
<b>Ratios</b>			
Return on equity <sup>1</sup> (%)	11.5	13.7	
Total debt to total capital <sup>2</sup> (%)	44.6	35.9	
Net debt to total capital <sup>3</sup> (%)	43.1	33.3	
Interest cover <sup>4</sup> (times)	4	7	
Price / Earnings <sup>5</sup> (times)	17	15	
Dividend yield <sup>6</sup> (%)	3.8	3.9	

### Total Earnings



### Total Assets in 2011



#### Notes:

- Return on equity = Total earnings / Average shareholders' funds
- Total debt to total capital = Debt / (Equity + debt). Debt = Bank loans and other borrowings.
- Net debt to total capital = Net debt / (Equity + net debt). Net debt = Debt - bank balances, cash and other liquid funds.
- Interest cover = Profit before income tax and interest / (Interest charges + capitalised interest)
- Price / Earnings = Closing share price on the last trading day of the year / Earnings per share
- Dividend yield = Dividends per share / Closing share price on the last trading day of the year