

2012 — 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), representing 100% of generating capacity owned by Castle Peak Power Company Limited and operated by CLP Power
 - Energy Delivery: over 14,200 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 under a Scheme of Control (SoC) Agreement.

> Major Events in 2012

- > Continued to deliver world-class reliability, environmental performance and customer service.
- > Held basic tariff levels down with stringent cost management, but rising fuel costs caused an average net tariff increase of 5.9% in 2013.
- > Natural gas from the Second West-East Gas Pipeline arrived in Hong Kong at the end of 2012, a reliable long-term source of gas for Black Point Power Station.
- > Good progress in constructing key infrastructure to receive new gas supplies.

Australia

- As EnergyAustralia, we operate an integrated energy business.
 - We're the largest privately held supplier of electricity to the National Electricity Market, with generation of 2,103MW from our wholly-owned coal and gas-fired power stations, and 3,366MW from long-term hedge and GenTrader contracts
 - We're Australia's third largest energy retailer with 2.8 million customer accounts (gas and electricity), holding a market share of 21% across Eastern Australia
 - We own Victoria's only underground gas storage facility, with long-term gas supply contracts

- > EnergyAustralia focused on the fundamentals of the business, while positioning to provide for the future needs of our customers.
- > We rebranded the business – combining the best of the legacy brands in Victoria and New South Wales (NSW) under the EnergyAustralia brand.
- > We implemented a new billing system for our legacy retail business to provide customers with better billing information and improve our retail capabilities.
- > We delivered strong advocacy positions to ensure that regulatory regimes which impact us balance the needs of all stakeholders.
- > We implemented the carbon price across our business – a massive change to our industry which affected all aspects of our organisation.
- > We responded with resourcefulness to the breach of the Morwell River Diversion at Yallourn in June to minimise disruptions to our operations.

Chinese Mainland

- We have been in the Chinese mainland power industry since 1985.
- We're the largest external investor in the Mainland's power sector, with 5,911 equity MW.
- We have interests in nuclear, pumped storage, coal, hydro, wind, solar and biomass power generation in Guangdong, Beijing, Hebei, Tianjin, Shandong, Shanghai, Shaanxi, Liaoning, Inner Mongolia, Guangxi, Sichuan, Jilin, Yunnan and Gansu.

- > Fangchenggang Power Station performed well. Construction of two further 660MW units on the same site will commence as soon as final approval is granted by the Central Government.
- > We completed the commissioning of Penglai Phase I (48MW) and the construction of Chongming (48MW) wind projects. We commenced construction of Laiwu Phase I (49.5MW) in January 2013.
- > We signed a framework agreement to take a 51% equity interest in the Jinchang Solar Project (100MW) in Gansu Province, our first solar project in China. Construction is targeted to complete in the second quarter of 2013.
- > The PRC Government's comprehensive nuclear safety review confirmed that Daya Bay Nuclear Power Station has adequate guidelines to manage severe accidents.
- > CLP continued to work with China Guangdong Nuclear Power Holding Company, Limited (CGNPC) to obtain approval for the acquisition of a 17% shareholding in the 6 x 1,080MW Yangjiang nuclear project.

India

- We have been in the power business in India since 2002.
- We're one of the largest foreign investors in the Indian power sector with 2,947 equity MW in power projects.
- We're the largest private sector investor in wind energy in India with 972MW of wind projects in operation or under construction.

- > Our 1,320MW coal-fired power plant based on supercritical technology at Jhajjar was commissioned on schedule.
- > Subsequently, the operating and financial performance of the Jhajjar power station has been severely affected by inadequate, irregular and poor quality coal supplies.
- > Our Paguthan gas-fired plant maintained high levels of availability and high standards of technical, safety, health and environmental performance, but securing long-term competitively-priced gas supplies remains a challenge.
- > Our wind energy portfolio increased in size and improved in performance – we added 78MW and another 451MW is under active development or construction.

Southeast Asia and Taiwan

- We have been engaged in the Southeast Asia power business since 1994.
- We have a 20% interest in the 1,320MW Ho-Ping power station in Taiwan and a 33% interest in the 63MW Lopburi solar project in Thailand.
- We're co-developing two coal-fired projects in Vietnam.

- > Ho-Ping achieved additional generation following a major overhaul to one of its two units.
- > We are adding an additional 8MW to the Lopburi solar project.
- > Significant progress was made by CLP and its joint venture partners in the development of the Vung Ang II (1,320MW) and Vinh Tan III (1,980MW) coal-fired projects in Vietnam.

Generating Power

131,147
million kWh

was sent out from power stations in which CLP has invested (enough to run the Hong Kong MTR system for 95 years or to power China for 10 days)

Total Earnings

HK\$8,312
million

down 10.5% from 2011



Enhancing our Balance Sheet

5%

placement of additional shares in December 2012 with net proceeds to CLP Holdings of HK\$7,556 million

Developing Careers

6,581

women and men are employed by CLP across the Asia-Pacific region



Serving Customers

5.2 million

customer accounts are serviced by CLP (2.4 million in Hong Kong and 2.8 million in Australia)

Investing in Communities

27,607 people

directly engaged through CLP's community investment initiatives in 2012



Total Dividends

HK\$2.57

increased from HK\$2.52 in 2011



Tackling Climate Change

0.77

kg CO₂ / kWh

carbon emission intensity of CLP's electricity generation, down from 0.84 kg CO₂ / kWh in 2007 when we launched our Climate Vision 2050

Focusing on Safety

Zero fatality and 0.26 DIIR

Disabling Injury Incidence Rate (DIIR), a key measure of safety performance, was better than 2011 (but zero incidents is our goal)

Committed to Renewable Energy

20.2 %

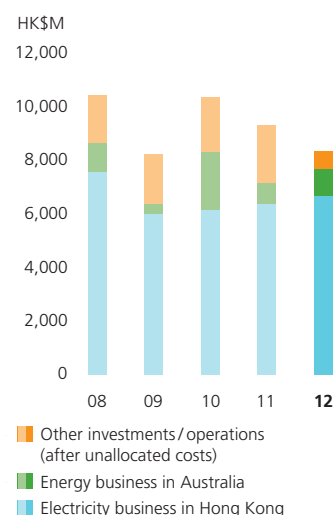
of CLP's generating capacity came from renewable energy sources in 2012, compared to less than 1% in 2004

Financial Highlights

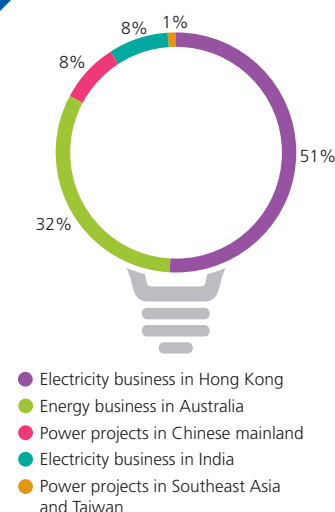
Operating earnings down 8.8% to HK\$9.4 billion. Total earnings reduced 10.5% to HK\$8.3 billion largely due to Yallourn mine flooding and Jhajjar impairment.

	2012	2011	Increase/ (Decrease) %
For the year (in HK\$ million)			
Revenue			
Electricity business in Hong Kong (HK)	33,643	31,518	6.7
Energy business in Australia	66,843	56,325	18.7
Others	4,375	3,791	
Total	104,861	91,634	14.4
Earnings			
Electricity business in HK	6,654	6,339	5.0
Energy business in Australia	1,685	2,911	(42.1)
Other investments / operations	1,631	1,581	
Unallocated net finance costs	(74)	(48)	
Unallocated Group expenses	(490)	(471)	
Operating earnings	9,406	10,312	(8.8)
Yallourn mine flooding	(790)	–	
Impairment provisions for Jhajjar and Boxing Biomass / Yallourn	(409)	(1,933)	
Gain on sale of EGCO	–	876	
Valuation gain on Hok Un redevelopment	–	225	
Other one-off items from Australia	105	(192)	
Total earnings	8,312	9,288	(10.5)
Net cash inflow from operating activities	23,915	18,062	32.4
At 31 December (in HK\$ million)			
Total assets	228,756	214,288	6.8
Total borrowings	66,198	65,521	1.0
Shareholders' funds	91,127	81,259	12.1
Per share (in HK\$)			
Earnings per share	3.45	3.86	(10.7)
Dividends per share	2.57	2.52	2.0
Shareholders' funds per share	36.07	33.77	6.8
Ratios			
Return on equity ¹ (%)	10.1	11.5	
Total debt to total capital ² (%)	42.1	44.6	
Net debt to total capital ³ (%)	36.8	43.1	
Interest cover ⁴ (times)	4	4	
Price / Earnings ⁵ (times)	19	17	
Dividend yield ⁶ (%)	4.0	3.8	

Total Earnings



Total Assets in 2012



Notes:

- Return on equity = Total earnings / Average shareholders' funds. The 2012 figure excludes the effect of the 5% share placement on 20 December 2012 to give a more accurate average shareholders' funds in 2012.
- 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