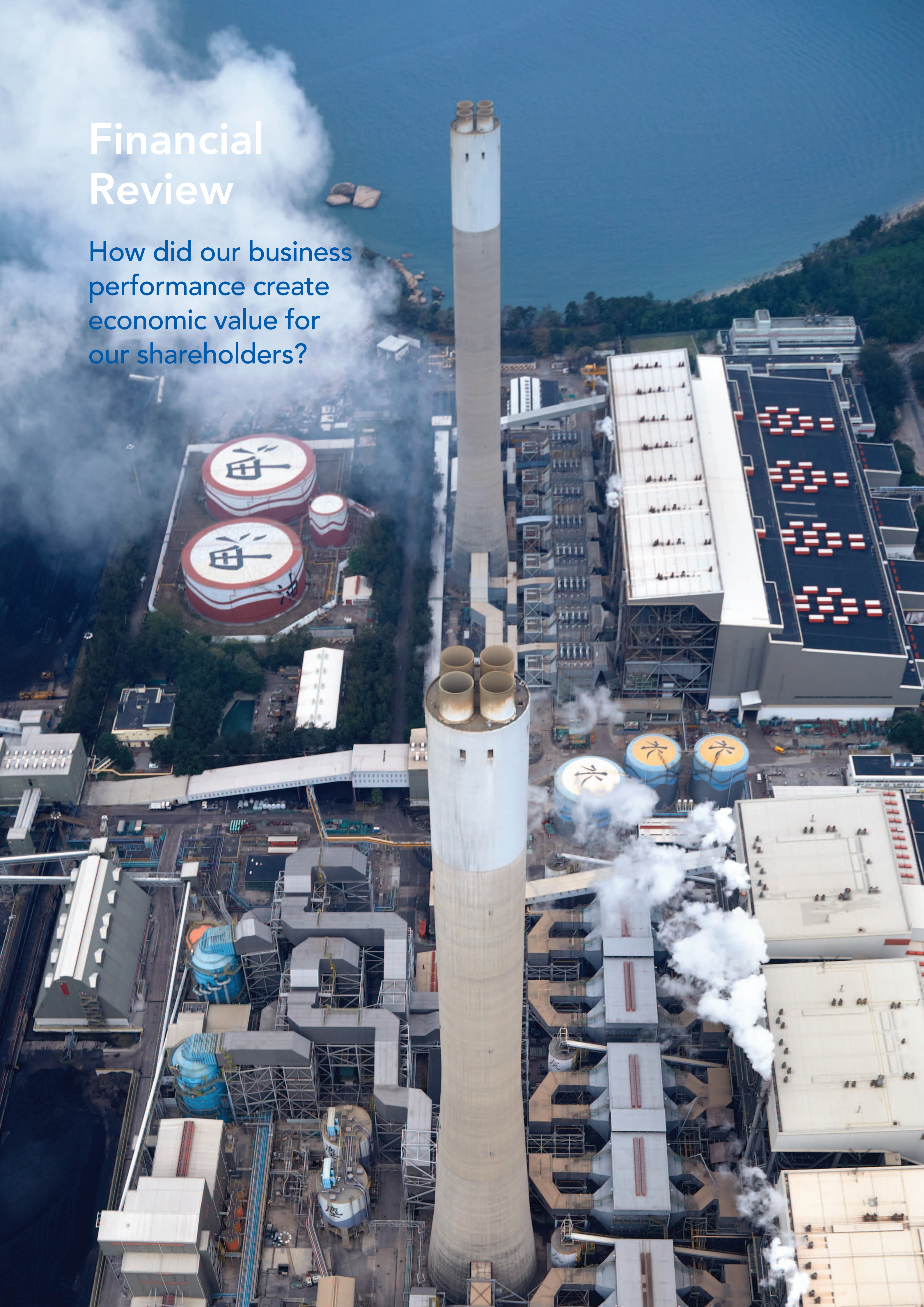
Financial Review

How did our business performance create economic value for our shareholders?



Financial Review

CLP Group's Financial Results and Position at a Glance

Financial statements are the scorecard of a business and the window to a company's operations. The Group's strategy drives investment decisions and business performance, the results of which then translate into a set of numbers in the financial statements. This chart summarises how we delivered economic value in 2012.

Strategy to Diversify Electricity Business

CLP invests in energy businesses in Hong Kong, Australia, the Chinese mainland, India and Southeast Asia and Taiwan. It has a diversified portfolio of power generation from gas, coal, renewables and nuclear in the Asia-Pacific region.

Outcome

- As a result of the tariff uplifts (both in Hong Kong and Australia) and higher generation revenue on higher pool prices in Australia, Group revenue[(1)] increased 14.4% to HK$104.9 billion. Revenue from Hong Kong and Australia represented 32.1% and 63.7% of total revenue respectively.
- The decrease in operating earnings[(2)] was primarily due to lower earnings from Australia and India. EnergyAustralia's operating earnings were adversely affected by lower demand, higher operating costs and unfavourable mark-to-market movements. The loss from India was largely attributable to the operating loss from Jhajjar as a result of a shortage in coal supply. On the other hand, earnings from coal-fired projects in the Chinese mainland improved as a result of tariff increases and falling coal prices. Higher generation and energy tariff at Ho-Ping resulted in higher earnings from Southeast Asia and Taiwan. The earnings from Hong Kong grew steadily.
- One-off items[(3)] mainly included costs associated with the Yallourn mine flooding in June (HK$790 million) and impairment provisions for Jhajjar (HK$315 million) and Boxing Biomass (HK$94 million).
- The translation gain resulting from the appreciation of Australian dollar (+2.0%); partly offset by the translation loss from the decrease in the closing rate of Indian rupee (-2.7%) and unfavourable mark-to-market movements charged to hedging reserve, lead to a slight movement in the other comprehensive income[(4)] for the year.
- In this year's Consolidated Statement of Financial Position, the diversification of our investments was demonstrated by the increase in fixed assets, goodwill and other intangible assets arising from our businesses outside Hong Kong. Out of the fixed assets, leasehold land and land use rights[(5)] of HK$134,329 million, 67.5% relates to our electricity business in Hong Kong. Goodwill and other intangible assets[(6)] of HK$28,479 million relate wholly to our businesses outside Hong Kong.
- Share capital, premium and reserves increased from HK$23,694 million to HK$31,407 million[(7)] as a result of the share placement in December 2012.

Last Year's Consolidated Statement of Financial Position

	HK$M
Assets	
Fixed assets, leasehold land and land use rights under operating leases	130,382
Goodwill and other intangible assets	27,369
Interests in jointly controlled entities	18,226
Interest in an associated company	1,465
Derivative financial instruments	7,185
Trade and other receivables	17,103
Cash and cash equivalents	3,104
Restricted cash	762
Bank balances, cash and other liquid funds	3,866
Other assets	8,692
	214,288
Equity and Liabilities	
Share capital, premium and reserves	23,694
Retained profits	57,565
Shareholders' funds	81,259
Non-controlling interests	93
Derivative financial instruments	7,294
Trade and other payables	16,990
Borrowings	65,521
Obligations under finance leases	27,396
SoC reserve accounts	643
Other liabilities	15,092
	214,288
Closing exchange rate	
Australian dollar / Hong Kong dollar	7.8894
Indian rupee / Hong Kong dollar	0.1457

Beyond Last Year's Statement of Financial Position

	HK$M
Charges on assets	18,063
Contingent liabilities	1,366
Operating lease commitments	10,449
Capital commitments	24,415

Consolidated Statement of Comprehensive Income for Two Years

		2011 HK$M	2012 HK$M
Revenue	(1)	91,634	104,861
Expenses		(76,461)	(91,760)
Other income		776	–
Other charge		(2,761)	–
Operating profit		13,188	13,101
Share of results of jointly controlled entities and associated companies, net of tax		3,610	2,984
Net finance costs		(5,859)	(6,101)
Income tax expense		(1,650)	(1,692)
(Earnings)/loss attributable to non-controlling interests		(1)	20
Earnings attributable to shareholders		9,288	8,312
Analysed into:			
Electricity business in Hong Kong		6,339	6,654
Energy business in Australia		2,911	1,685
Other investments/operations		1,581	1,631
Unallocated net finance costs		(48)	(74)
Unallocated Group expenses		(471)	(490)
Operating earnings	(2)	10,312	9,406
One-off items	(3)	(1,024)	(1,094)
Earnings attributable to shareholders		9,288	8,312
Other comprehensive (loss)/income	(4)	(1,723)	135
Total comprehensive income		7,565	8,447
Average exchange rate			
Australian dollar/Hong Kong dollar		8.1105	8.0400
Indian rupee/Hong Kong dollar		0.1667	0.1451

Consolidated Profits Retained for This Year

	HK$M
Retained profits at 31.12.2011	57,565
Earnings attributable to shareholders	8,312
Dividends paid for the year	
2011 fourth interim (HK$0.96 per share)	(2,310)
2012 first to third interim (HK$1.59 per share)	(3,825)
Other movements within equity	(22)
Retained profits at 31.12.2012	59,720
Fourth interim dividend declared for 2012, HK$ per share	0.98

From "Operating Profit" to "Cash Inflow from Operating Activities"

		HK$M
Operating profit		13,101
Depreciation and amortisation		7,021
Impairment charge		1,429
SoC items		738
Changes in working capital		1,534
Others		92
Cash inflow from operating activities	(8)	23,915

Consolidated Statement of Cash Flows for This Year

		HK$M
Operating activities		
Cash inflow from operating activities		23,915
Investing activities		
Dividends received		2,270
Capital expenditure		(9,056)
Acquisition of a subsidiary		(207)
Investments in and advances to jointly controlled entities and an associated company		(272)
Additions of other intangible assets		(985)
Other net outflow		(676)
Financing activities		
Net increase in borrowings		584
Repayment of finance lease obligations		(2,302)
Interest and other finance costs paid		(5,928)
Dividends paid		(6,135)
Issue of shares	(12)	7,556
Net increase in cash and cash equivalents		8,764
Cash and cash equivalents at 31.12.2011		3,104
Effect of exchange rate changes		22
Cash and cash equivalents at 31.12.2012		11,890

Breakdown of Capital Investments

		HK$M
Capital expenditure		9,056
Acquisition of a subsidiary		207
Investments in and advances to jointly controlled entities and an associated company		272
Additions of other intangible assets		985
Acquisition of leased assets		1,960
Accrual adjustments		280
		12,760
By business activity:		
Coal and gas assets		5,022
Renewables	(15)	1,007
Transmission, distribution and retail		6,700
Others		31
		12,760
By region:		
Hong Kong	(9)	7,873
Australia	(10)	2,789
Chinese mainland		51
India	(11)	1,935
Southeast Asia and Taiwan		112
		12,760

Today's Consolidated Statement of Financial Position

		HK$M
Assets		
Fixed assets, leasehold land and land use rights under operating leases	(5)	134,329
Goodwill and other intangible assets	(6)	28,479
Interests in jointly controlled entities		19,197
Interest in an associated company		1,856
Derivative financial instruments	(13)	5,044
Trade and other receivables		18,552
Cash and cash equivalents		11,890
Restricted cash		1,136
Bank balances, cash and other liquid funds		13,026
Other assets		8,273
		228,756
Equity and Liabilities		
Share capital, premium and reserves	(7)	31,407
Retained profits		59,720
Shareholders' funds		91,127
Non-controlling interests		74
Derivative financial instruments	(14)	5,846
Trade and other payables		21,732
Borrowings		66,198
Obligations under finance leases		27,055
SoC reserve accounts		1,245
Other liabilities		15,479
		228,756
Closing exchange rate		
Australian dollar / Hong Kong dollar		8.0469
Indian rupee / Hong Kong dollar		0.1417

Beyond Today's Statement of Financial Position

	HK$M
Charges on assets	19,291
Contingent liabilities	1,566
Operating lease commitments	11,308
Capital commitments	21,805

Strategy to Optimise Financial and Capital Structure

CLP's prudent financial management ensures that adequate resources are available to meet our operating, investing and financing needs.

Outcome

- Operating activities: The operating cash flows(8) from the Hong Kong SoC business and the expanded Australia business post-NSW acquisition are the main sources for dividend payments and future business growth.
- Investing activities: In Hong Kong, we continued development and enhancement of the power system network and generating plants(9). In Australia, capital investments of HK$2,789 million(10) mainly related to the enhancement works at Yallourn, investment in Pine Dale coal mine and development of a new billing system. The completion of Jhajjar and construction of wind projects in India represented capital investments of HK$1,935 million(11).
- Financing activities: In December, the Company completed a placement of 120,307,170 shares and raised HK$7,556 million(12). The proceeds will be used for expected investment needs across CLP's business. Our total debt to total capital ratio decreased from 44.6% to 42.1% at 2012 year end. CLPH's credit ratings of A- by Standard & Poor's and A2 by Moody's were maintained.

Strategy to Manage Risks

CLP's philosophy is to mitigate financial risks through the use of financial instruments to hedge our exposures to interest rate, foreign currency and energy price risks.

Outcome

The derivative assets(13) and liabilities(14) refer to the fair value gains and losses of the financial instruments respectively at year end. At 31 December 2012, the Group had net derivative liabilities of HK$802 million which represents the net amount we would pay if these contracts were closed out at year end. The increase in net derivative liabilities is primarily due to the depreciation of Japanese yen and lower floating interest rate for Australian dollar against our cross-currency interest rate swaps and interest rate swaps respectively.

Strategy to Reduce Carbon Intensity

CLP continues to invest in renewable energy to reduce the carbon intensity of its generating portfolio and exploit the opportunities of low carbon emissions generation.

Outcome

- Renewable energy contributed HK$389 million to operating earnings in 2012.
- Investment of HK$1,007 million(15) during the year mostly in wind farms across India and the Chinese mainland.
- Renewable energy sources increased from 2,424MW to 2,734MW and represent over 20% of our total generating capacity.

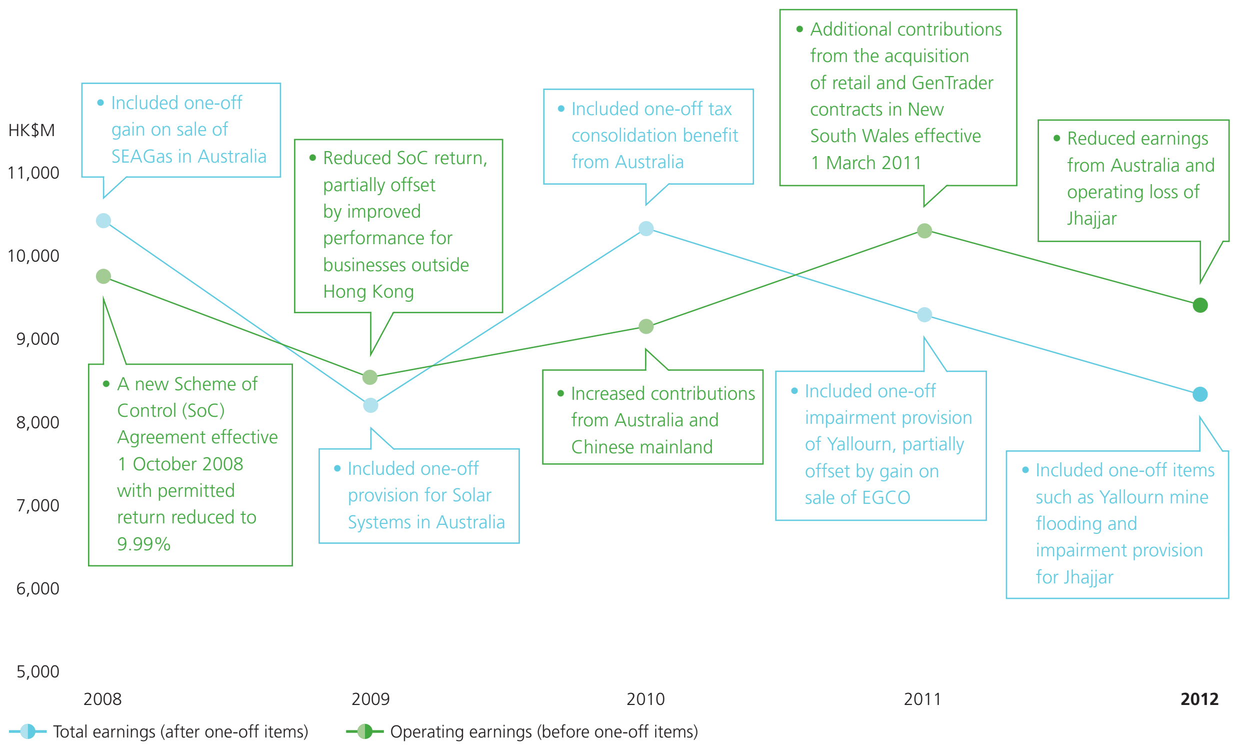
A Broader Perspective

An Annual Report necessarily concentrates on only one year's financial performance, with a comparison against the previous year. A broader perspective on CLP's financial performance can be helpful.

	2008	2009	2010	2011	**2012**
Performance Indicators					
Return on equity [1], %	16.4	12.3	13.7	11.5	**10.1**
Fixed assets turnover [2], %	61.1	53.9	54.0	73.9	**79.2**
Financial Health Indicators					
EBITDA interest cover [3], times	13.5	13.6	10.8	8.2	**7.0**
Debt over EBITDA [4], times	1.3	2.2	2.2	2.6	**2.8**
Investors' Return Indicators					
Total investor return [5], %	12.5	8.2	12.4	13.7	**12.6**
Dividend yield [6], %	4.7	4.7	3.9	3.8	**4.0**

1. 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.
2. Fixed assets turnover = Total sales / Average fixed assets
3. EBITDA interest cover = Earnings before interest, tax, depreciation and amortisation / (Interest charges + capitalised interest)
4. Debt over EBITDA = Bank loans and other borrowings / EBITDA
5. Total investor return represents the 10-year annualised rate of return from the combination of share price appreciation and dividend payments.
6. Dividend yield = Dividends per share / Closing share price on the last trading day of the year

Total Earnings and Operating Earnings



Financial Analysis

Group's Financial Results

Financial results	*Notes to the Financial Statements*	2012 HK$M	2011 HK$M	Increase/(Decrease) HK$M	%
Revenue	*2*	**104,861**	91,634	13,227	14.4
Expenses		**(91,760)**	(76,461)	15,299	20.0
Finance costs	*5*	**(6,423)**	(6,005)	418	7.0
Share of results of jointly controlled entities	*13*	**(2,405)**	(2,929)	(524)	(17.9)
Earnings attributable to shareholders		**8,312**	9,288	(976)	(10.5)

Earnings Attributable to Shareholders

	2012		2011		Increase/(Decrease)	
	HK$M	HK$M	HK$M	HK$M	HK$M	%
Electricity business in Hong Kong (HK)		**6,654**		6,339	315	5.0
Energy business in Australia		**1,685**		2,911	(1,226)	(42.1)
PSDC and sales to Guangdong from HK	**108**		116			
Nuclear power business	**592**		595			
Other power projects in Chinese mainland	**819**		560			
Electricity business in India	**(182)**		154			
Power projects in Southeast Asia and Taiwan	**243**		86			
Other earnings	**51**		70			
Earnings from other investments/operations		**1,631**		1,581	50	3.2
Unallocated net finance costs		**(74)**		(48)		
Unallocated Group expenses		**(490)**		(471)		
Operating earnings		**9,406**		10,312	(906)	(8.8)
Yallourn mine flooding		**(790)**		–		
Impairment provisions for Jhajjar and Boxing Biomass/Yallourn		**(409)**		(1,933)		
Tax consolidation benefit from Australia		**105**		–		
Gain on sale of EGCO		**–**		876		
Valuation gain on Hok Un redevelopment		**–**		225		
Stamp duty for NSW Acquisition		**–**		(640)		
Gain on reorganisation of Roaring 40s		**–**		300		
Gain on sale of 3.8% interest in ESG		**–**		148		
Total earnings		**8,312**		9,288	(976)	(10.5)

Whilst earnings from our Hong Kong electricity business grew moderately, the volatility of the Australia business significantly affected our operating earnings. The operating loss from India was largely attributable to the severe coal shortages experienced at Jhajjar. Taking into account the costs of the Yallourn mine flooding (HK$790 million), impairment provisions for Jhajjar and Boxing Biomass (HK$409 million) and other one-off items, total earnings declined 10.5% to HK$8,312 million. The performance of individual businesses is analysed on pages 38 to 63.

Finance Costs

The increase in finance costs was mainly due to the commissioning of Jhajjar and renewable projects in India and the Chinese mainland since mid-2011 (thus lower capitalisation of finance costs), and higher average borrowings during 2012.

Revenue and Expenses

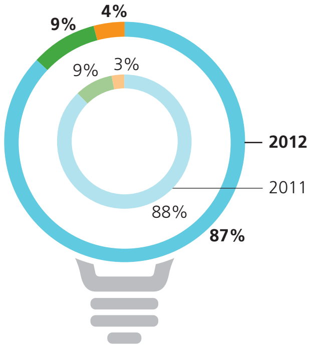
As a result of the NSW acquisition and inclusion of revenues from both retail and generation in Australia (only retail revenue is recognised by our SoC operation in Hong Kong due to differences in the energy market structure), EnergyAustralia surpassed CLP Power Hong Kong as the largest contributor to Group revenue since 2011.

The increase in revenue from EnergyAustralia was attributable to retail electricity and gas tariff uplifts in January and July 2012, and higher generation revenue on higher pool prices due to the effect of the carbon tax from 1 July 2012. In addition, cash assistance received under the Energy Security Fund (ESF) of HK$1,035 million (A$129 million) was recognised as revenue during the year. Revenue from Hong Kong grew slightly due to more units being sold to local customers and higher fuel clause revenue to recoup part of the rise in fuel costs. The commissioning of Jhajjar and other renewable projects in India and the Chinese mainland since mid-2011 also contributed to the increase.

Expenses in Australia, such as transmission and distribution charges, fuel costs, depreciation and other operating costs also increased. The costs of the Yallourn mine flooding (HK$1,129 million (A$144 million)), the carbon cost under the Clean Energy Legislative Package, and mark-to-market losses on energy contracts further increased expenses. There were also impairment provisions for Jhajjar (HK$350 million (after tax: HK$315 million)) and Boxing Biomass (HK$119 million (after non-controlling interests' share: HK$94 million)).

Analysis of Revenue

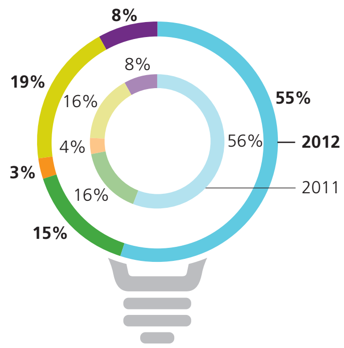
By Nature



Sales of electricity   Sales of gas   Others

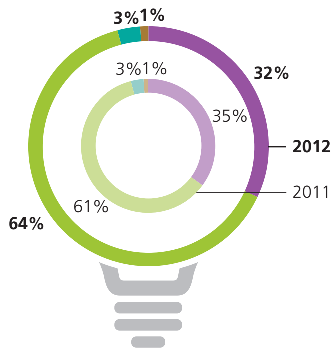
Analysis of Expenses

By Nature



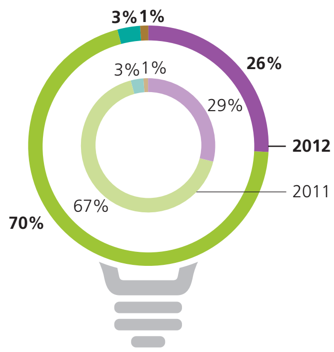
Purchases of electricity, gas and distribution services
Operating lease and lease service payments
Staff expenses
Fuel and other operating expenses
Depreciation and amortisation

By Region



Hong Kong   Australia   India   Others

By Region



Hong Kong   Australia   India   Others

Share of Results of Jointly Controlled Entities

Excluding the one-off gains on the sale of EGCO and Hok Un revaluation in 2011, the share of results of jointly controlled entities increased by HK$406 million this year compared to last year. The performance of our Chinese mainland projects improved. In particular, Shandong Zhonghua, benefited from tariff rises in April and December 2011 and falling coal prices in 2012. Earnings from Ho-Ping in Taiwan were also higher due to higher generation and energy tariff.

Group's Financial Position

Non-current assets are assets which are held for the long-term, either for use in operations, or for investment (such as fixed assets and investments in jointly controlled entities). They are not expected to be consumed or sold within the normal operating cycle (usually 12 months).

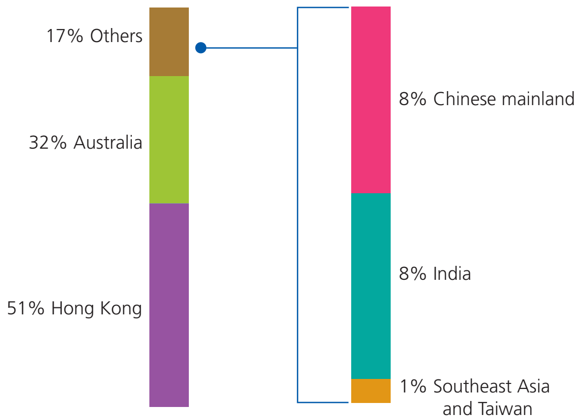
Non-current assets	*Notes to the Financial Statements*	2012 HK$M	2011 HK$M	Increase HK$M	%
Fixed assets	*10(A)*	**132,463**	128,571	3,892	3.0
Leasehold land and land use rights under operating leases	*10(B)*	**1,866**	1,811	55	3.0
Goodwill and other intangible assets	*11*	**28,479**	27,369	1,110	4.1
Interests in jointly controlled entities	*13*	**19,197**	18,226	971	5.3
Total assets		**228,756**	214,288	14,468	6.8
Net assets (total assets less total liabilities)		**91,201**	81,352	9,849	12.1

Total Assets and Net Assets

Net assets and total assets are further analysed as follows:

Net Assets	2012 HK$M	2011 HK$M	Increase / (Decrease) %
Hong Kong	**31,056**	30,429	2.1
Australia	**35,928**	35,075	2.4
Chinese mainland	**14,024**	14,197	(1.2)
India	**7,303**	7,167	1.9
Southeast Asia and Taiwan	**1,828**	1,467	24.6
Unallocated	**1,062**	(6,983)	n/a
	91,201	81,352	

Total Assets by Geographical Location in 2012



The acquisition of the NSW operations in Australia and the development of the India business altered the Group's total assets and net assets mix significantly in the past two years. About 49% and 65% of our total assets and net assets respectively are now located outside Hong Kong.

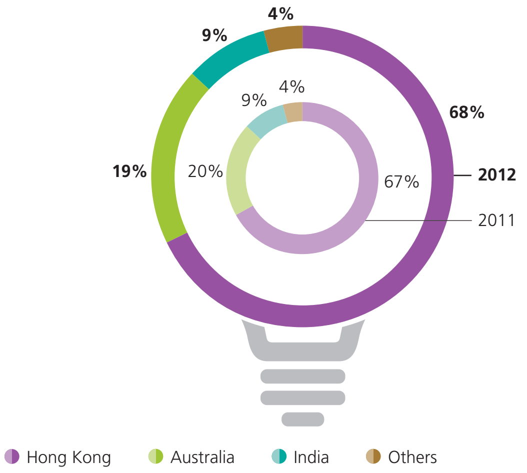
Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases

The capital-intensive nature of the power business means that CLP needs to invest continuously in fixed assets in order to sustain high quality electricity supply.

During 2012, we invested HK$7,586 million on our transmission and distribution network, customer services facilities and generating plants in Hong Kong. In India, the completion of Jhajjar power plant and the construction of wind farms added HK$1,935 million of fixed assets. In Australia, capital expenditure of HK$1,531 million was mainly incurred on regular capital works on the power stations, in particular, Yallourn.

Capital commitments at 31 December 2012 stood at HK$21.8 billion, representing mainly capital works in Hong Kong and Australia, and the ongoing construction of wind farms in India.

Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases by Geographical Location



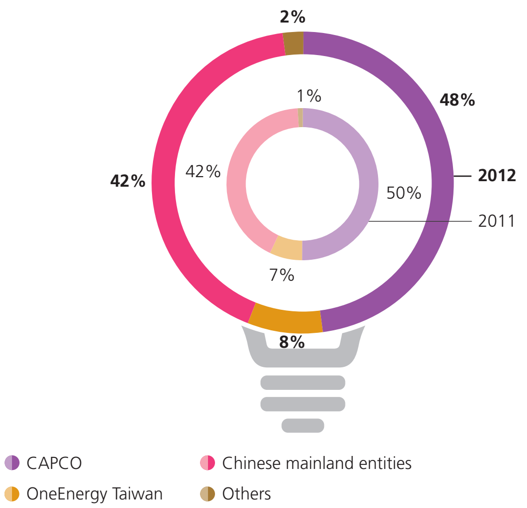
Goodwill and Other Intangible Assets

Goodwill and other intangible assets relate mostly to our Australia business. In June, the strategic acquisition of a coal mine in Australia gave rise to goodwill of HK$171 million (A$23 million). The additions attributable to Project Odyssey (the new retail customer service and billing platform in Australia), and the higher closing rate of the Australian dollar also resulted in a higher balance at year end.

Interests in Jointly Controlled Entities

Interests in jointly controlled entities increased as the performance of our joint ventures in the Chinese mainland and Southeast Asia and Taiwan improved.

The Group’s Major Jointly Controlled Entities



Group's Financial Position

Working capital comprises current assets and current liabilities which are continuously circulating in the business operations (such as bank balances, trade receivables and payables).

Working capital, Debts and other non-current liabilities and Equity	*Notes to the Financial Statements*	2012 HK$M	2011 HK$M	Increase / (Decrease) HK$M	%
Derivative financial instruments assets*	*16*	5,044	7,185	(2,141)	(29.8)
Derivative financial instruments liabilities*	*16*	(5,846)	(7,294)	(1,448)	(19.9)
Bank balances, cash and other liquid funds	*19*	13,026	3,866	9,160	236.9
Trade and other receivables	*18*	18,552	17,103	1,449	8.5
Trade and other payables	*20*	(21,732)	(16,990)	4,742	27.9
Bank loans and other borrowings*	*21*	(66,198)	(65,521)	677	1.0
Shareholders' funds		91,127	81,259	9,868	12.1

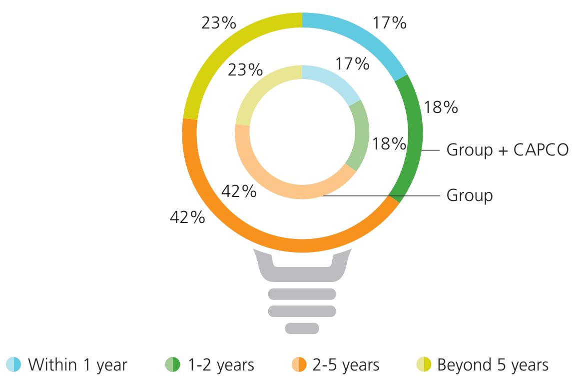
* Including current and non-current portions

Derivative Financial Instruments and Hedging

Except for limited energy trading activities by EnergyAustralia, CLP only uses derivative financial instruments for hedging purposes. The type and maturity profile of the derivative financial instruments are set out below:

	Notional Amount		Fair Value Gain / (Loss)	
	2012 HK$M	2011 HK$M	2012 HK$M	2011 HK$M
CLP Group				
Foreign exchange forward contracts and options	106,490	104,624	1,454	1,699
Interest rate swaps / cross currency & interest rate swaps	44,790	36,598	(448)	413
Energy contracts	23,092	32,210	(1,808)	(2,221)
	174,372	173,432	(802)	(109)
CAPCO				
Forward foreign exchange contracts	160	48	(3)	(3)
Interest rate swaps	–	477	–	(5)
Total	174,532	173,957	(805)	(117)

Maturity Profile in 2012



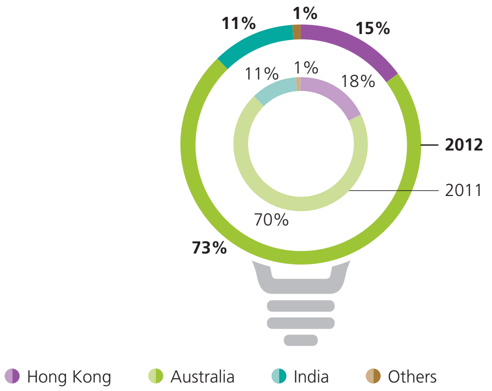
Bank Balances, Cash and Other Liquid Funds

The significant increase was mainly attributable to the cash from the Company's share placement and the funding arranged by CLP Power Hong Kong in the second half of the year. CLP India also held cash of HK$1,634 million for anticipated project needs as compared to HK$785 million in the prior year.

Trade and Other Receivables

The increase in trade and other receivables was mainly attributable to our overseas businesses. Trade receivables increased by HK$2,834 million, in line with the uplifts in tariffs and higher pool prices at year end in Australia and additional projects in India coming into operation. This was partially offset by the return of a deposit (HK$1,159 million) to CLP for the investment in Yangjiang nuclear power project in January 2012.

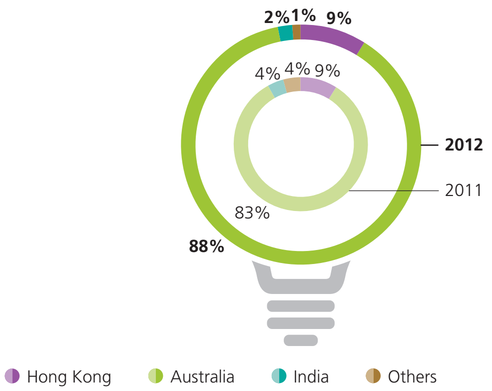
Trade Receivables by Segment



Trade and Other Payables

The increase mainly related to Australia and was attributable to the unamortised deferred revenue of HK$1,036 million (A$129 million) in respect of the cash assistance received under the ESF, the provision for carbon cost under the Clean Energy Legislative Package effective July 2012, and higher pool purchases payable on higher pool prices.

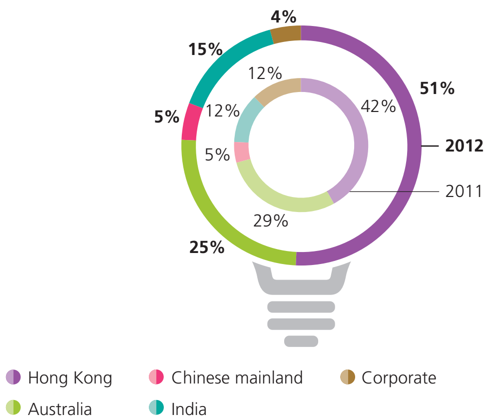
Trade Payables by Segment



Bank Loans and Other Borrowings

To support the funding needs for capital investment and business development, additional loans were drawn during the year. CLP Power Hong Kong arranged HK$9.9 billion new financing under the MTN programme and other banking facilities. EnergyAustralia obtained US$400 million (HK$3.1 billion) under the U.S. private placement and arranged A$750 million (HK$6 billion) new banking facilities, most of which are used to refinance its existing debts. Subsidiaries in India also drew down loans of HK$5.1 billion to finance the construction of Jhajjar and wind farms. On the other hand, HK$20.7 billion of borrowings were repaid during the year.

Bank Loans and Other Borrowings by Segment



Shareholders' Funds

The increase in shareholders' funds was mainly due to the 5% placement of the Company's shares for net proceeds of HK$7,556 million. The placement was completed on 20 December 2012.

CLP Group's Financial Obligations at a Glance

The financial risks associated with borrowings and unconsolidated financial obligations of an entity remain a market focus. Consistent with our practice of enhanced disclosure, the diagram below illustrates the financial obligations of the CLP Group, as well as those of our jointly controlled entities and associated companies. These financial obligations are classified into five categories according to their degree of recourse to CLP Holdings. Obligations under finance leases have not been included in the diagram.

	Category 1 Borrowings of CLP Holdings & CLP Power Hong Kong	Category 2 Borrowings of CAPCO & PSDC (1)	Category 3 Borrowings of Other Subsidiaries (2)	Category 4 Share of Debts of Jointly Controlled Entities and Associated Companies (3)	Category 5 Contingent Liabilities (4)
Consolidated	**2012 HK$36,335 million** 2011 HK$35,069 million		**2012 HK$29,863 million** 2011 HK$30,452 million		
Equity Accounted		**2012 HK$6,486 million** 2011 HK$5,622 million		**2012 HK$10,312 million** 2011 HK$11,025 million	
Off-balance Sheet Contingent Liabilities					**2012 HK$1,566 million** 2011 HK$1,366 million

Consolidated financial statements are prepared to show the effect as if the parent and all the subsidiaries were one entity by combining their financial statements on a line by line basis. In contrast, under the equity method of accounting, interests in jointly controlled entities and interests in associated companies are accounted for on the basis of proportionate sharing of net assets (i.e. assets minus liabilities). As a result, the underlying borrowings of equity accounted entities are not included as part of the debts shown in our consolidated financial statements. Total debt to total capital at CLP consolidated level (i.e. Category 1 and Category 3 together) in 2012 was 42.1% (2011: 44.6%). If 100% of debts(5) of Category 2 were included, total debt to total capital would be 40.9% (2011: 42.8%). If the attributable portion of debts of Category 4 were also included, total debt to total capital would rise to 44.1% (2011: 46.4%).

Notes:

(1) 100% of the debts of CAPCO and PSDC. Although the Group holds only a 40% interest in CAPCO and a 49% interest in PSDC, CLP Power Hong Kong has commitments to these companies through power purchase and service agreements, as explained in the SoC Statement on pages 221 to 223 and Note 30 to the Financial Statements.

(2) These debts are non-recourse to CLP Holdings. These debts mainly comprise debts of EnergyAustralia and CLP India.

(3) These debts are non-recourse to CLP Holdings or its subsidiaries. The share of debts is calculated by reference to the Group's shareholdings in the relevant jointly controlled entities and associated companies.

(4) Details of the contingent liabilities of CLP Holdings and its subsidiaries are set out in Note 31 to the Financial Statements.

(5) Including an additional 60% and 51% of the equity of CAPCO and PSDC respectively, in the denominator to ensure consistency.