Announcement of Interim Results as from 1 January 2012 to 30 June 2012, Dividend Declaration and Closure of Books

Financial Highlights

- Group operating earnings for the first half of 2012 decreased by 22.4% to HK$3,897 million.
- Steady performance from Hong Kong and China but reduced earnings from Australia and India.
- Total earnings taking into account non-recurring items such as the impact of the Yallourn mine flooding, decreased 42.1% to HK$3,356 million.
- Operating earnings from our electricity business in Hong Kong increased by 4.0% to HK$3,240 million.
- Operating earnings from our Australia business fell from HK$1,191 million to HK$268 million substantially due to mark-to-market accounting.
- Consolidated revenue rose by 13.5% to HK$46,156 million.
- Second interim dividend of HK$0.53 per share.

CHAIRMAN’S STATEMENT

In my Chairman’s Statement to last year’s Interim Report, I remarked on the fact that, whilst the power sector in Asia provided tremendous opportunities for companies such as CLP, the sector was also characterised by considerably greater volatility than might have been the case ten or twenty years ago. I also mentioned that whilst our business is well balanced, our differing business streams are operating well and we are investing for the future, the scale, nature and diversity of our portfolio could not safeguard CLP against the effects of some of the risks and challenges inherent in our business and the markets in which we operate.

CLP Holdings’ results for the first half of this year reflect those previous comments.

During this period, the Group’s operating earnings were HK$3,897 million compared with HK$5,025 million in 2011. The Group’s total earnings, including the one-off items, were HK$3,356 million, a decline of HK$2,444 million from the corresponding period in 2011. In the following paragraphs of this Chairman’s Statement, I wish to describe the performance of each of our major business streams, as well as the major challenges and opportunities which lie behind our results for the first six months of this year and which will bear upon our performance over the remainder of 2012.

Hong Kong

Our Hong Kong electricity business remains the core of the Group's activity with operating earnings of HK$3,240 million, a slight increase from HK$3,114 million in the first six months of 2011. The increase in earnings was mainly due to increased average net fixed assets, partly offset by higher interest expense due to higher interest rates on higher borrowings to finance ongoing investment in Hong Kong electricity infrastructure.

Preparing for the arrival of new gas supplies within the next 12 months in anticipation of the depletion of the Yacheng gas field has been a key area of focus for the Hong Kong business. We still await approval from the HKSAR Government for the gas supply agreement to allow the import of PetroChina's second West-to-East Pipeline gas to feed the Black Point Power Station. However, construction of a new sub-sea pipeline and a new gas receiving station for this purpose is making good progress. The generating units at Black Point Power Station are progressively being modified to enable them to operate with natural gas supplied from this new source.

While the price of the new gas supply is generally in line with prevailing international gas prices, it will be about three times that of the Yacheng gas contract whose pricing and terms were concluded 20 years ago when oil prices were much lower. Additionally we will need to increase our gas consumption by 2015 in order to meet tighter emissions caps set by the Government. The combined impact of these factors will ultimately be higher fuel costs over the next few years as Hong Kong makes the shift to using more clean natural gas in place of coal. Hong Kong needs to import all its fuel requirements, and international fuel prices remain volatile and have been at historic high levels in recent years.

CLP has responded to the community's demand for greater action on air pollution in Hong Kong and natural gas will play an increasingly important role in sustaining Hong Kong's effort to improve its air quality. We believe we have a responsibility to provide honest information to the people of Hong Kong about energy choices and the corresponding cost consequences so that we can shape the development of this great city together. For our part, we will spare no efforts to control costs and seek ways to minimise the impact of higher gas prices on our customers over the next few years. Additionally we have stepped up efforts to support our customers to better manage their own energy consumption and become more energy efficient.

We welcome the inauguration of the new Administration and look forward to working with them on a number of important issues relating to the electricity sector. Their strong support is needed for the smooth transition to the new gas supplies which will commence within the next 12 months. We will engage constructively with Government and the community on a practical plan for meeting proposed climate change goals and achieving air quality objectives. The question of whether Hong Kong should import more nuclear power from the Mainland as proposed in the Government's Climate Change Strategy and Action Agenda in September 2010 needs to be debated within the community. CLP welcomes an honest and open dialogue between the Government and the community on energy policy so that, as a society, we can strike a proper balance between reliability, environmental performance and cost.

Australia

The operating earnings from our Australian electricity generation and electricity and gas retail business during the six months to 30 June 2012 were HK$268 million, compared to HK$1,191 million in the same period last year. Operating earnings in 2012 included a fair value loss of HK$438 million compared to HK$34 million in the corresponding period of the prior year.

As advised in the public announcement we made on 9 July 2012, total earnings from our Australian activities have been adversely impacted by the flooding at the Yallourn Power Station mine which occurred following heavy rainfall at the beginning of June. Our colleagues have made tremendous and unstinting efforts to minimise the impact of the flooding and to restore mine operations and power generation as quickly as possible. Nonetheless, the financial consequences of the loss of generation from Yallourn, coupled with the projected costs of restoring the mine to sustainable, safe and secure operations are considerable. In line with CLP's prudent approach to such matters, we have decided to acknowledge the cost of the Yallourn flooding as fully as is appropriate in the Interim Financial Statements.

We continue to make good progress in the integration with our existing TRUenergy business of the EnergyAustralia retail business and the Delta Western GenTrader contracts which we acquired from the New South Wales (NSW) Government in March 2011. A visible expression of this integration will be the rebranding of our Australian business, under the single brand of "EnergyAustralia" with effect from October this year. We will also be rolling out a new customer care and billing system at the beginning of September. This will deliver enhanced customer service, including the capacity to offer new products to our customers, and to do so more quickly and effectively.

As shareholders will be aware, the operating earnings from our Australian business take into account the fair value of derivatives entered into by TRUenergy as part of its energy trading and risk management activities. There can be a considerable shift in the fair value of those derivatives from one accounting period to another. This has been the case for the first half of 2012, where we have recorded a loss of HK$438 million, compared to a loss of HK$34 million in the corresponding period in 2011. This loss represents the accounting treatment of mark-to-market movements of energy contracts. In particular these movements reflect falling forward prices for electricity in Australia, and the lower prices of caps which are used to guard against the consequences of future volatility in the price of electricity in Australia's national electricity market.

I must emphasise that the trading and energy derivative activities which are reflected in these mark-to-market movements are not speculative. On the contrary, they are part and parcel of good practice in the management of risks arising from a competitive and complex electricity market. Amongst other benefits, these derivatives allow us to use our generating assets more effectively and, on the retail side, help protect us against unforeseen rises in the cost of electricity we supply to our customers. The nature of our business in Australia and the ongoing use of derivatives to manage energy risk mean that significant fluctuations in the reported operating earnings from Australia will remain a continuing feature of our financial statements.

I am well aware of continuing market and media speculation about the possible listing of EnergyAustralia on the Australian Securities Exchange. Our position on this matter is clear and oft-repeated. Whilst a listing is an option for serious consideration, we have not yet taken any decision as to the principle, terms or timing of any such step. In any event, we do not envisage that any listing would take place this year. In the meantime, work is still being undertaken in preparation for a possible future listing. Much of this is beneficial to TRUenergy, such as strengthened organisational capability and enhanced management information and reporting systems, irrespective of whether or when a listing were pursued.

Chinese Mainland

Earnings from CLP's investments in the Chinese mainland (including our 25% stake in the Daya Bay Nuclear Power Station, 70% of whose output serves Hong Kong) totalled HK$661 million during the first half of 2012, a slight decrease compared to HK$668 million in the corresponding period last year.

The earnings from our investments in coal-fired plant benefited from the tariff increases made in April and December last year. A slight reduction in earnings from our wind projects was due to lower than average wind resources and some grid restrictions, whilst lower rainfall reduced the earnings from our hydro power stations at Jiangbian and Dali Yang_er.

We still await approval from the Mainland's regulatory authority for our investment in a 17% equity share in the Yangjiang Nuclear Power Station project (6,000MW) in Guangdong. However, the conclusion of the National Nuclear Safety Review instructed by the PRC Government, in light of last year's Fukushima accident, confirms that the substantial growth in the Mainland's nuclear energy generating capacity, of which Yangjiang forms part, will continue to move ahead, with additional safety features and disaster response capabilities being embedded in both existing power stations and new projects. We are optimistic that CLP's proposed investment in Yangjiang will receive the necessary approvals and that the longstanding relationship with China Guangdong Nuclear Power Group, established at Daya Bay and now being taken forwards at Yangjiang, will provide a long-term platform for our shareholders to participate in the growth of nuclear energy in the Mainland.

India

Earnings from our India business declined to a loss of HK$19 million compared to a profit of HK$183 million in the first half of 2011. Leaving aside an accounting loss of HK$60 million in the form of an exchange loss on translation net of fair value gains, this result is primarily attributable to our greenfield coal-fired power station at Jhajjar, whose two units moved to completion in March and July this year. The inability of Coal India Limited (CIL), the monopoly Union Government owned coal supplier, to deliver coal to Jhajjar on an adequate, timely and reliable basis has handicapped both the commissioning process and the commercial generation of electricity. This is a nationwide problem, which has been having a widespread and negative impact on coal-fired generation plant throughout India. As such, this issue has been receiving close and constant attention from the highest levels of the Indian Government including the Prime Minister's office, a process in which CLP has been directly and heavily engaged. Whilst the situation is by no means resolved, revised fuel supply arrangements are being put in place for Jhajjar, including access to imported coal. Whilst the remainder of the year may continue to be difficult at Jhajjar, we believe that, overtime, the coal supply situation should stabilise and then improve.

Our wind energy investments in India started to show an improved performance from the previous year. In light of the commissioning at the start of the year of the Andhra Lake project, our largest wind project in India, and the fact that the majority of wind resources in India arise during the monsoon season (which broadly runs from June to September) we are looking to see further improvement in the performance of our wind energy portfolio through to the end of this year.

Shareholder Value

Notwithstanding challenging operating conditions, we have increased the level of the first and second interim dividends for 2012 to HK$0.53 per share (compared to HK$0.52 per share the previous year). Shareholders will recall that, following the reduction in earnings from our Hong Kong electricity business which followed the cut in permitted return as part of the new Scheme of Control entered into in 2008, dividends were maintained at the same level from 2007 until we announced a small increase in the fourth interim dividend for 2011. Although the increase in interim dividends is modest, I believe that shareholders will welcome this as a clear signal of our aim to return to a steady upwards trend in dividend payments, in line with the underlying performance of the Group's business.

The CLP Group's financial performance during the period to 30 June 2012 has been adversely affected by difficult and challenging operating conditions. Some of these, such as at Yallourn, have been specific to our assets, whilst others, such as at Jhajjar, have been the result of wider influences. Our business is one which rewards expertise and commitment. We have also learned, over many years, that this is also a business which repays patience and perseverance. I am convinced and confident that our financial strength, operating skills and presence across a range of markets, fuels and technologies give us the capability to manage the challenges and exploit the opportunities presented by the Asian power sector and deliver long-term and sustainable value to our shareholders.

The Hon. Sir Michael Kadoorie

FINANCIAL PERFORMANCE

Operating earnings down 22.4% to HK$3,897 million, substantially attributable to the unfavourable mark-to-market movements of energy contracts in Australia. Total earnings declined from HK$5,800 million to HK$3,356 million, a 42.1% decrease from the same period last year, mainly as a result of the Yallourn mine incident and the absence of gains from asset disposals.

The contribution of each major activity to the Group earnings is analysed as follows:

	Six months ended 30 June				**Increase/**	
	2012		2011		**(Decrease)**	
	HK$M	**HK$M**	HK$M	HK$M	**HK$M**	**%**
Electricity business in Hong Kong (HK)		**3,240**		3,114	126	4.0
Energy business in Australia		**268**		1,191	(923)	(77.5)
PSDC and sales to Guangdong from HK	**58**		49			
Nuclear power business	**268**		319			
Other power projects in Chinese mainland	**393**		349			
Electricity business in India	**(19)**		183			
Power projects in Southeast Asia and Taiwan	**73**		28			
Other earnings	**(64)**		59			
Earnings from other investments/operations		**709**		987	(278)	(28.2)
Unallocated net finance costs		**(39)**		(17)		
Unallocated Group expenses		**(281)**		(250)		
Operating earnings		**3,897**		5,025	(1,128)	(22.4)
Yallourn mine incident		**(644)**		-		
Tax consolidation benefit from Australia		**103**		-		
Gain on sale of EGCO		**-**		876		
Gain on reorganisation of Roaring 40s		**-**		337		
Valuation gain on Hok Un redevelopment		**-**		202		
Stamp duty for NSW Acquisition		**-**		(640)		
Total earnings		**3,356**		5,800	(2,444)	(42.1)

The performance of individual business is analysed under individual business section.

PERFORMANCE & OUTLOOK

This section describes CLP's operational performance in Hong Kong, Australia, the Chinese mainland, India and Southeast Asia and Taiwan over the first six months of 2012.

Electricity Business in Hong Kong

Earnings from our Hong Kong electricity business grew slightly on higher average net fixed assets, partly offset by increased interest expense resulting from higher interest rates and borrowings.

In the first six months of 2012, local sales of electricity were 15,035 gigawatt hours (GWh), an increase of 4.8% over the same period last year. The sales growth was supported by increased loading arising from higher humidity in the first quarter and hotter weather in the second quarter. This weather effect was particularly significant in the residential sector, whereas in the manufacturing sector it was largely offset by the ongoing and longstanding decline in the local manufacturing industry.

A breakdown of the local sales growth by sector during the period is as follows:

	Increase		As Percentage of Total Local Sales
Residential	252GWh	6.6%	27%
Commercial	226GWh	3.8%	41%
Infrastructure & Public Services	209GWh	5.6%	26%
Manufacturing	3GWh	0.3%	6%

Sales to the Chinese mainland amounted to 1,002GWh, an increase of 18.1% as compared to the same period last year. This was attributable to the different timing of sales to Guangdong Power Grid Corporation, compared to the lower sales in the first half of 2011. Total electricity sales, including both local sales and sales to the Chinese mainland, increased by 5.6% over the same period last year to 16,037GWh.

With effect from 1 January 2012 there was a 4.9% average net tariff increase for our Hong Kong electricity customers. This was the result of increases of 4.2 cents in basic tariff and 3.7 cents in fuel clause charge, partially offset by a special rebate of 3.3 cents. These rises were needed to meet the increasingly stringent Government emissions regulations to support Hong Kong's drive for better air quality, leading to the need to invest in emissions control facilities and new infrastructure to use much more natural gas for power generation. Even with these increases, our tariffs remain highly competitive when compared with other major metropolitan cities. For example, over the last 25 years the overall increase in CLP's tariff is lower than that of the Consumer Price Index, rises in average wage levels and the costs charged by other public utilities.

To enhance supply quality and reliability, as well as to provide for demand created by infrastructure development projects, CLP incurred HK$3.7 billion of capital expenditure in generation, transmission and distribution networks, as well as customer services and other supporting facilities during the period.

In the night of 23/24 July 2012 the typhoon signal no. 10 was hoisted for the first time since 1999 as Severe Typhoon Vicente passed by Hong Kong. Supply to 36,500 customers was affected. Despite gale force winds and heavy rainfall, by around 10 a.m. the following morning supply had been safely restored to all except about 4,000 customers, whose supply was also restored during the day. This outstanding performance in highly adverse weather conditions was a testimony to the robustness of our transmission system and the efforts of our staff.

On 25 July, subsequent to Typhoon Vicente, a section of the coal conveyor belt structure transporting coal to Castle Peak A Power Station detached and fell to the ground. The incident caused no injuries but coal delivery to the A Station was temporarily affected as a result. Restoration work for the conveyor belt is now progressing and it may take two to three months to resume coal supply to the A Station. Power supply to our customers has remained unaffected despite the hot weather and high electricity demand.

Work continues on securing gas contemplated under the inter-Government Memorandum of Understanding (MOU) on energy supplies signed in August 2008. While approval from the HKSAR Government is still pending for the gas supply agreement with Mainland suppliers, for which negotiations were finalised in late 2011, the necessary infrastructure to transport and receive these new gas supplies is progressing as planned.

CLP provided support to the Government in their review of the Daya Bay nuclear contingency plan and participated in their two-day emergency exercise held in April to assess the effectiveness of the plan and the capability of Government's emergency response, based on a simulated nuclear accident at Daya Bay that led to radiation release and required Government counter-measures.

The third, fourth and fifth units of plant modification at Black Point Power Station were successfully completed. Modifications of the remaining units will continue in the second half of 2012 with all units to be completed by early 2013. These modifications will enable the Black Point Power Station to migrate progressively from the existing Yacheng gas supply to the future new gas supplies from the Chinese mainland.

On 15 March 2012 the Company announced that it, together with China Southern Power Grid Co., Ltd (CSG), was in discussions to acquire the 60% equity interest in Castle Peak Power Company Limited (CAPCO) currently held by ExxonMobil Energy Limited (EMEL), a subsidiary of Exxon Mobil Corporation (ExxonMobil). The Company also explained that there have been discussions over some time between the Company and ExxonMobil regarding the divestment of EMEL's interest in CAPCO, although CSG was a new party in these discussions. Currently, the Company has nothing further to add to this announcement.

CLP relocated its administrative office at Argyle Street to 8 Laguna Verde Avenue, Hung Hom on 28 May 2012. CLP has operated its administrative and management functions out of Argyle Street building since 1940. The building has served the Company well as it grew over the decades. However, as a building of over 70 years old, it has reached a point where it is no longer suitable for modern business needs. Moreover, changes to fire safety and building regulations require substantial and expensive renovation works. The departure from Argyle Street does allow the possibility of residential redevelopment at the site. However, the decision, timing and details of any such redevelopment are not yet determined. We are aware of the heritage value of the Argyle Street building, in particular the Clock Tower which will be a familiar sight to many of our fellow citizens. We are working towards an outcome, such as the preservation of the Clock Tower and its use for community purposes, which would see a proper balance being struck between the legitimate interest of CLP's shareholders in the realisation of value from the redevelopment of the site and the community's desire, supported by Government, to see the preservation of an important and distinctive element of Hong Kong's built heritage.

Outlook for the second half of 2012:

- Continuing to monitor gas availability from the existing Yacheng gas field and prudently managing gas usage prior to the arrival of replacement gas;

- Ensuring all infrastructure and plant modification works continue to progress on schedule in order to accept deliveries of new gas supplies by first quarter of 2013;

- Securing HKSAR Government approval for a new gas supply agreement for one of the three sources outlined in the MOU;

- Managing our operating costs amidst volatile international fuel prices and rising local labour costs so as to minimise the tariff increase impact on our customers;

- Stepping up efforts towards promoting energy efficiency through public education and the provision of energy efficiency related services;

- Continuing to enhance stakeholder engagement activities and communication plans in relation to nuclear safety issues so as to assist an informed debate on the future energy mix for Hong Kong;

- Engaging actively with the HKSAR Government on a practical plan for meeting proposed climate change goals and achieving air quality objectives, as well as starting to plan and pursue the major infrastructure developments in our business which will be needed if these policies are to be successfully implemented on time; and

- Taking forward innovative initiatives such as supporting Government in promoting the adoption of electric vehicles in Hong Kong, piloting smart grid projects including advanced metering infrastructure and facilitating the development of the best local renewable energy projects and their integration with the grid.

Energy Business in Australia

Operating earnings from Australia decreased by HK$923 million. This was due to unfavourable mark-to-market movements of energy contracts because of falls in forward prices (in particular NSW cap prices as a result of lack of market volatility), lower pool prices, higher operating costs following the NSW acquisition and reduced generation revenue from Yallourn after the mine incident. These negative factors were partly offset by a full six months contribution from the NSW acquisition (as compared to only four months in 2011).

In June 2012, heavy rain across Gippsland in Victoria, Australia preceded a breach in the Morwell River Diversion which flooded the coal mine at Yallourn. The costs of the incident, including a provision for river diversions, levees and dewatering and an impairment of fixed assets, amounted to HK$644 million (A$83 million) at 30 June 2012, as set out in Note 4 to the Financial Information. On the other hand, TRUenergy recognised a tax consolidation benefit of HK$103 million (A$13 million) as a result of legislative amendments to the tax consolidation rules in Australia in June 2012.

In Australia we have continued to build TRUenergy as a strong integrated and diversified energy business.

We have a large generation portfolio diversified by fuel type, geography and operating mode and we are Australia's largest generator by output. The portfolio includes the Yallourn brown coal-fired generator in Victoria; the Mount Piper and Wallerawang black coal-fired generators in NSW; gas-fired generation at Tallawarra in NSW, Hallett in South Australia (SA), and Newport and Jeeralang in Victoria; and wind farms at Waterloo and Cathedral Rocks in SA.

Total generation output for the six months was 11% higher than last year, driven by the inclusion of a full six-month contribution from the NSW GenTrader assets of Mount Piper and Wallerawang and high general levels of availability across the portfolio.

As noted in the previous explanation of the earnings from Australia during the first half of the year, in June fuel supply to the largest generator in the portfolio, Yallourn, was restricted due to a flooding event at the Yallourn mine. Despite this event we were able to cover the requirements of our retail business and third party contracts from other generators in the portfolio and purchases from the pool market, albeit at higher costs than would have been the case had Yallourn remained in full operation.

The disruption to fuel supply at Yallourn was caused by the collapse of a coal supply conveyor tunnel that runs beneath the Morwell River Diversion on 6 June. This destroyed one of four main trunk conveyors supplying coal to the power station and stopped the operation of two other conveyors. The power station was able to maintain output from one of its four generating units throughout June while recovery works were commenced.

Piping and pumping to divert the normal flows of the Morwell River across the mine and into the Latrobe River has been introduced and this will remain in place until a full repair of the Morwell River Diversion structure is completed.

Good progress has since been made on the reinstatement of full operations at the Yallourn Power Station with three of the power station's four generating units operating from 18 July following the recovery of one of the main trunk conveyors in mid-July.

The Newport and Jeeralang gas-fired power stations in Victoria are available to us under the Ecogen Master Hedge agreement, and we utilised the flexibility of these arrangements to help manage the restricted outage at Yallourn. High availability at the Tallawarra gas-fired power station in NSW and high start availability at the gas-fired Hallett Power Station, which is used to meet peak demand periods, also helped us manage our load profiles across the period.

We are the third largest energy retailer in Australia with a market share of 22% of customer accounts across eastern Australia. We have significant presence in the two largest markets, Victoria and NSW, which are also where our largest generation positions are located.

Electricity sales volumes increased by 14% compared with the prior period reflecting the additional contribution from the NSW energy retail business. Underlying demand was, however, weaker as a result of mild weather conditions and a general decline in per customer usage seen across the economy in eastern Australia. Gas sales declined by 2% compared with the prior period as a result of these same factors.

Australia's energy markets remain amongst the most competitive in the world, with high levels of customer churn. TRUenergy continued to perform well in our two major markets with NSW electricity churn out of 15.8%, compared to a market rate of 17.3% and Victorian electricity churn out at 21.4%, compared to a market rate of 25.6%.

The deployment of a new customer care and billing system, known as Odyssey, in September is designed to transform our customer service and billing capabilities. We completed user acceptance testing of the system in June 2012 and the platform will be deployed after a final pilot test and full dress rehearsal.

Work progressed well towards the introduction of a single national brand for the Australian retail business later this year. The rebranding provides a strong marketing opportunity and will be supported by a strategic communications and advertising campaign in Australia's major markets.

On 1 July the Australian Government's carbon pricing legislation came into effect. The package includes a default target of 5% abatement on 2000 CO_2 equivalent emissions by 2020 across the Australian economy, a fixed carbon price for the first three years beginning on 1 July and starting at A$23 per tonne for liable entities. The fixed carbon price will rise at 2.5% each year.

To facilitate the transition to lower carbon emissions the Government established an Energy Security Fund. Under the Fund a total of A$5.5 billion in the form of cash and free permits has been allocated to emission intensive coal-fired generation plant to be distributed as follows:

- a one-off payment of A$1 billion to be divided between recipient generators in proportion to their historical emission intensity and output and deliverable by 30 June 2012. On 22 June 2012 TRUenergy received a cash payment of A$257.5 million (or 25.75% of the total) as part of this arrangement.

- four annual allocations of 41.7 million free carbon permits to be divided between recipient generators in proportion to their historical emission intensity and output, deliverable on 1 September 2013, 2014, 2015 and 2016, respectively. TRUenergy anticipates receiving a further 25.75% of these allocations conditional on Yallourn passing a power system reliability test and publishing a Clean Energy Investment Plan.

In the second half of 2012, TRUenergy will focus on:

- the launch of a new single brand to build our national retail position;

- completing the introduction of our new customer care and billing system to transform our customer service and billing capabilities;

- the introduction of innovative retail products and services, such as home energy reporting; and

- maintenance of operational performance at Yallourn Power Station following the recovery of mine operations.

Chinese Mainland

In the Chinese mainland, earnings from the Shandong and Fangchenggang coal-fired power stations improved in 2012 with the benefit from tariff uplifts in April and December 2011. This improvement was partly offset by the effects of lower rainfall on our hydro projects, and lower wind speeds and more grid restrictions on our wind projects.

Earnings from nuclear were adversely affected by GNPJVC's planned refuelling outage during the period and the lower average shareholders' funds for profit determination. Dividend income of HK$55 million from Daya Bay Nuclear Power Operations and Management Company, Limited offset part of the decrease.

Fangchenggang Power Station has operated reliably so far this year and remains one of the major profit contributors to CLP's Mainland business. Utilisation was similar to the corresponding period in 2011. We have successfully completed trials with a wider range of coal types than originally considered in the plant design, thus giving more choices in sourcing supply and scope for reducing costs.

The stable operating performance of Fangchenggang, together with the ability to source competitively-priced international coal, supports CLP's proposal to move forward with the Fangchenggang Stage II project. This will add 1,320MW of ultra-supercritical generating capacity on the same site. The Guangxi Government submitted the project proposal to the National Development and Reform Commission (NDRC) and in-principle approval was obtained in July 2012. This will enable us to proceed with further preparatory work in anticipation of final approval.

The PRC Government issued its findings and necessary improvement measures in mid-June following a comprehensive safety review of the nuclear installations in the Mainland post Fukushima. This review concluded that operating nuclear power units have fully adopted the national nuclear safety standards and the latest International Atomic Energy Agency safety standards. Daya Bay Nuclear Power Station has been confirmed to have adequate guidelines in place to manage severe accidents including the impact of a potential regional tsunami. Even so, a number of enhancements are being implemented at Daya Bay to reinforce the continuation of Daya Bay's longstanding safety record.

Completion of the acquisition of a 17% equity share in the Yangjiang Nuclear Power Station project (6 x 1,080MW of the CPR1000 technology) in Guangdong is still awaiting regulatory approval. Construction of the station commenced in 2008 with expected commissioning in phases between 2013 and 2017 supplying power to Guangdong.

Since the introduction in January 2011 of an enhanced public notification mechanism for non-emergency Licensing Operating Events (LOE) for Daya Bay, there was a Level "0" LOE incident reported within 2 working days through the mechanism in April 2012, serving to keep the public informed even though there was no nuclear safety significance nor any impact on external environment and public safety in the incident.

Average wind speeds in Shandong and Jilin Provinces continue to be lower than long-term averages by between 2% and 10%, and the utilisation hours of our wind portfolio in 2012 will be below planned levels as a result. China is experiencing a low wind period that began in 2011 and has so far extended into the first six months of 2012. Downward variations in wind speed of this magnitude and duration have been recorded several times over the past 30 years.

The wind turbines at Qian'an Phases I and II in Jilin Province are operating smoothly but there are significant restrictions on production due to grid constraints. This is also a problem for other wind farms in the same region. Our wholly-owned wind project, Penglai Phase I (48MW), achieved commercial operation in February 2012 and has operated well so far.

Rainfall in western China was 30 to 40% lower than forecast in the first half of 2012 and generation from the Jiangbian and Dali Yang_er hydro stations was correspondingly reduced. We have taken the opportunity to maintain the plant during this dry weather period in preparation for the rainy season. The situation was different for the small Huaiji hydro units, which experienced higher rainfall.

Outlook for the second half of 2012:

- Effective maintenance and technical improvements at Fangchenggang to maximise availability for high dispatch periods and improve generation efficiency;

- Obtaining final NDRC approval to proceed with the construction of Fangchenggang II;

- Following up with our joint venture partners on the safety enhancement measures recommended by the National Nuclear Safety Administration in the comprehensive safety review with regard to Daya Bay Nuclear Power Station;

- Continuing to improve public knowledge and understanding in nuclear related matters in Hong Kong, including the launch of a new nuclear energy website;

- Completing the process for the acquisition by CLP of its minority stake in the Yangjiang project and thereafter monitoring its progress to support completion on time and within budget;

- Obtaining Provincial Development and Reform Commission's approval of the Laiwu Phase I wind project and commencing construction;

- Completing the construction of the Chongming wind project; and

- Maintaining high operational standards at Jiangbian and exploring new project opportunities to build on the experience gained in hydropower projects.

India

Whilst the operations of our Paguthan Plant remained stable, the loss from CLP India was largely attributable to the operating loss from Jhajjar as a result of a shortage in coal supply after the commissioning of Unit 1 in late March 2012. In addition, a net translation loss (as compared to a gain in 2011) on U.S. dollar loans relating to Jhajjar further reduced the contribution from CLP India.

The Jhajjar project declared commercial operation for its first unit on 29 March 2012. Since then the station has been running at irregular intervals due to the lack of coal. However, on 7 June 2012 the project company signed a Fuel Supply Agreement with Central Coalfields Limited (CCL), a subsidiary of CIL, the state-owned monopoly, for a quantity of 5.21 million tonnes for twenty years. It is expected that CCL will be able to supply around 60% of the signed quantity, although CCL will not have a liability to pay liquidated damages for any shortfall in coal deliveries over at least the coming three years. In addition to the above, approval to import 1 million tonnes of coal has recently been received from the Haryana State off-taker. With both these agreements the plant is expected to run to improving capacity.

Commercial operation of the second unit was achieved on 19 July 2012, within schedule and in accordance with the terms of the power purchase agreement (PPA).

The Paguthan Plant has a PPA with the Gujarat State off-taker under which the fuel costs are passed through. During the first half of the year the plant has run at a capacity of around 40% as the supply of gas from Reliance Industries, which is the cheapest gas source, has fallen by 50% from its peak levels. Based on the current scenario it is expected that gas availability will fall further and that imported gas prices will continue to remain high. To date, this shortage has not impacted the profitability of the project significantly as the PPA protects the returns of the plant.

During the period the Andhra Lake wind project (106MW) was fully commissioned and the Sipla wind project (50.4MW) in the state of Rajasthan was partly commissioned. The balance of the turbines at Sipla are expected to be commissioned by the third quarter of 2012.

The first half of the year is the low wind season in India. The monsoon season which runs from early June to the end of September should increase the output and, therefore, the earnings from our wind energy portfolio in the latter part of the year.

Outlook for the second half of 2012:

- The focus at Jhajjar will remain primarily on ensuring a continuous and regular supply of coal to run the plant at a sustained level. To this end intensive efforts will continue with the State, Central Government and CIL;

- We expect to complete the Sipla project in the second half of the year. Two new projects with a total installed capacity of 203.2MW are under construction in the state of Rajasthan and should be fully commissioned in later half of 2012 and first half of 2013; and

- We will continue existing efforts to diversify our portfolio by “run of river” hydro and solar projects, although such projects will be considered only on a selected basis having regard to critical issues such as land acquisition, reliable technology and a supportive tariff regime.

Southeast Asia and Taiwan

Earnings from Southeast Asia and Taiwan were mainly attributable to Ho-Ping in Taiwan (after the sale of EGCO in February 2011) which improved as a result of higher generation and energy charge during the period. The commissioning of the Lopburi solar project in Thailand also contributed to the increase.

Ho-Ping Power Station has operated at high levels of availability and continues to provide an economic supply of power to the Taiwan grid. We have passed a milestone of 3 million manhours on site, accumulated over the past seven years, without a lost time injury to our operating staff.

Taipower has put increased pressure on all the independent power producers (IPPs) in Taiwan, including Ho-Ping, to reduce the tariff applicable under the long-term PPAs. Ho-Ping management has been coordinating efforts with its shareholders and also other IPPs to argue that Taipower should honour its commitments under these agreements.

Our 55MW Lopburi solar project achieved full commercial operation on 29 March 2012. Arrangements for an 8MW expansion at the site are progressing.

We are exploring two coal-fired project opportunities in Vietnam, both based on imported coal and both on a build, operate and transfer basis. The status of these is as follows:

Vung Ang II – discussions with the Vietnam Government have established contractual conditions for the project development and operation. We now have sufficiently firm pricing of capital and operating costs to be able to enter tariff negotiations with Government. The outcome will determine whether the project is viable.

Vinh Tan III – similar negotiations are underway with the Vietnam Government on the principles of the various contracts that would be involved in developing the project. We have obtained competitive bids for the construction of the power station and the supply of fuel such that we can determine the economics of the investment and the cost of power.

The key tasks for the second half of 2012 will include:

- maintaining good operational performance at Ho-Ping;

- constructing the 8MW expansion of the Lopburi solar project; and

- continuing negotiations with the Vietnam Government on the Vung Ang II and Vinh Tan III projects.

Human Resources

As at 30 June 2012, the Group employed 6,429 staff (2011: 6,185), of whom 4,064 were employed in the Hong Kong electricity and related business, 2,095 by our businesses in Australia, the Chinese mainland, India, Southeast Asia and Taiwan, as well as 270 by CLP Holdings. Total remuneration for the six months ended 30 June 2012 amounted to HK$2,140 million (2011: HK$2,011 million), including retirement benefit costs of HK$157 million (2011: HK$147 million).

Safety

Safety performance in terms of the number of fatalities, has been better than the same period last year and in 2010. No fatal incident occurred in our majority-owned and operationally-controlled assets in the first half of this year. One of the reasons for the improvement is the completion of major construction projects in India, the Chinese mainland and Thailand.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the condensed consolidated interim financial statements, which are unaudited but have been reviewed by the Group's external auditors, PricewaterhouseCoopers (PwC), in accordance with Hong Kong Standard on Review Engagements 2410 and by the Audit Committee. PwC's unmodified review report is included in the Interim Report to be sent to shareholders.

Consolidated Income Statement – Unaudited

		Six months ended 30 June	
		2012	2011
	Note	**HK$M**	HK$M
Revenue	*2, 3*	**46,156**	40,678
Expenses			
Purchases of electricity, gas and distribution services		**(22,289)**	(19,048)
Operating lease and lease service payments		**(6,253)**	(5,187)
Staff expenses		**(1,447)**	(1,318)
Fuel and other operating expenses		**(7,470)**	(5,586)
Depreciation and amortisation		**(3,320)**	(3,024)
		(40,779)	(34,163)
Other income		**-**	628
Operating profit	*4*	**5,377**	7,143
Finance costs		**(3,143)**	(2,858)
Finance income		**145**	65
Share of results, net of income tax			
Jointly controlled entities		**1,212**	2,012
Associated companies		**234**	381
Profit before income tax		**3,825**	6,743
Income tax expense	*5*	**(466)**	(940)
Profit for the period		**3,359**	5,803
Earnings attributable to:			
Shareholders		**3,356**	5,800
Non-controlling interests		**3**	3
		3,359	5,803
Dividends	*6*		
First interim paid		**1,275**	1,251
Second interim declared		**1,275**	1,251
		2,550	2,502
Earnings per share, basic and diluted	*7*	**HK$1.39**	HK$2.41

Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30 June	
	2012	2011
	HK$M	HK$M
Profit for the period	**3,359**	5,803
Other comprehensive income		
Exchange differences on translation	**(999)**	2,050
Cash flow hedges	**(99)**	(369)
Net fair value gains/(losses) on available-for-sale investments	**6**	(43)
Share of other comprehensive income of jointly controlled entities	**(13)**	(370)
Reclassification adjustments		
Sale of an available-for-sale investment	**-**	(171)
Sale of a jointly controlled entity	**-**	(320)
Other comprehensive income for the period, net of tax	**(1,105)**	777
Total comprehensive income for the period	**2,254**	6,580
Total comprehensive income attributable to:		
Shareholders	**2,253**	6,575
Non-controlling interests	**1**	5
	2,254	6,580

Consolidated Statement of Financial Position – Unaudited

	Note	**30 June 2012 HK$M**	31 December 2011 HK$M
Non-current assets			
Fixed assets	*8*	**129,424**	128,571
Leasehold land and land use rights under operating leases	*8*	**1,890**	1,811
Goodwill and other intangible assets		**27,161**	27,369
Interests in jointly controlled entities		**18,129**	18,226
Interest in an associated company		**1,522**	1,465
Finance lease receivables		**1,678**	1,847
Deferred tax assets		**1,522**	1,276
Fuel clause account		**-**	212
Derivative financial instruments		**4,420**	5,027
Available-for-sale investments		**1,291**	1,288
Other non-current assets		**141**	141
		187,178	187,233
Current assets			
Inventories – stores and fuel		**1,536**	1,470
Renewable energy certificates		**1,476**	2,316
Trade and other receivables	*9*	**17,880**	17,103
Finance lease receivables		**143**	142
Derivative financial instruments		**1,844**	2,158
Bank balances, cash and other liquid funds		**6,963**	3,866
		29,842	27,055
Current liabilities			
Customers' deposits		**(4,361)**	(4,297)
Trade and other payables	*10*	**(21,336)**	(16,990)
Income tax payable		**(374)**	(143)
Bank loans and other borrowings		**(9,632)**	(12,596)
Obligations under finance leases		**(2,277)**	(2,200)
Derivative financial instruments		**(1,749)**	(2,212)
		(39,729)	(38,438)
Net current liabilities		**(9,887)**	(11,383)
Total assets less current liabilities		**177,291**	175,850

Consolidated Statement of Financial Position – Unaudited (continued)

	30 June 2012 HK$M	31 December 2011 HK$M
Financed by:		
Equity		
Share capital	**12,031**	12,031
Share premium	**1,164**	1,164
Reserves		
Declared dividends	**1,275**	2,310
Others	**65,457**	65,754
Shareholders’ funds	**79,927**	81,259
Non-controlling interests	**94**	93
	80,021	81,352
Non-current liabilities		
Bank loans and other borrowings	**56,392**	52,925
Obligations under finance leases	**24,657**	25,196
Deferred tax liabilities	**8,156**	7,979
Derivative financial instruments	**4,774**	5,082
Scheme of Control (SoC) reserve accounts	**520**	643
Fuel clause account	**217**	-
Other non-current liabilities	**2,554**	2,673
	97,270	94,498
Equity and non-current liabilities	**177,291**	175,850

Notes:

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The accounting policies used in the preparation of this set of condensed consolidated interim financial statements are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2011, except that the Group has adopted the following revised Hong Kong Financial Reporting Standards (HKFRS) effective 1 January 2012:

- Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"
- Amendments to HKFRS 7 "Disclosures – Transfers of Financial Assets"

The adoption of these revised HKFRS has had no significant impact on the results and the financial position of the Group.

Certain comparative amounts have been presented in more detail or reclassified to conform with current year's presentation:

- Separate presentation of HK$2,316 million of "Renewable energy certificates" which was previously included in "Trade and other receivables" on the consolidated statement of financial position at 31 December 2011;
- The following reclassifications were made on the consolidated income statement for the six months ended 30 June 2011 to reflect the nature of the transaction. These reclassifications have no overall impact to the profit for the period and are consistent with the presentation of the consolidated income statement for the year ended 31 December 2011:

  - A reclassification of certain expenses of HK$454 million previously netted in "Revenue", which resulted in an increase in both "Revenue" and "Purchases of electricity, gas and distribution services";
  - A reclassification to decrease "Fuel and other operating expenses" and "Revenue" by HK$21 million;
  - A reclassification of fair value gain to decrease "Purchases of electricity, gas and distribution services" and increase "Fuel and other operating expenses" by HK$494 million respectively.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 14 August 2012.

2. Revenue

	Six months ended 30 June 2012 HK$M	2011 HK$M
Sales of electricity	**40,794**	35,062
Lease service income	**726**	819
Finance lease income	**147**	176
Sales of gas	**4,041**	3,501
Other revenue	**472**	412
	46,180	39,970
Transfer for SoC (from)/to revenue (note)	**(24)**	708
	46,156	40,678

Note: Under the SoC, if the gross tariff revenue in Hong Kong in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund under the SoC. In any period, the amount of deduction from or addition to the Tariff Stabilisation Fund is recognised as revenue adjustment to the extent that the return and charges under the SoC are recognised in the income statement.

3. Segment Information

The Group operates, through its subsidiaries, jointly controlled entities, jointly controlled assets and an associated company, in five major geographical regions – Hong Kong, Australia, the Chinese mainland, India, and Southeast Asia and Taiwan.

Information about the Group's operations by geographical region is as follows:

	Hong Kong HK$M	Australia HK$M	Chinese Mainland HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2012							
Revenue	15,544	28,909	389	1,305	7	2	**46,156**
Operating profit/(loss)	4,855	326	115	378	(16)	(281)	**5,377**
Finance costs	(1,765)	(914)	(107)	(312)	-	(45)	**(3,143)**
Finance income	2	93	3	39	2	6	**145**
Share of results, net of income tax							
Jointly controlled entities	618	(4)	511 (a)	-	87	-	**1,212**
An associated company	-	-	234 (a)	-	-	-	**234**
Profit/(loss) before income tax	3,710	(499)	756	105	73	(320)	**3,825**
Income tax (expense)/credit	(516)	226	(52)	(124)	-	-	**(466)**
Profit/(loss) for the period	3,194	(273)	704	(19)	73	(320)	**3,359**
Earnings attributable to non-controlling interests	-	-	(3)	-	-	-	**(3)**
Earnings/(loss) attributable to shareholders	3,194	(273)	701	(19)	73	(320)	**3,356**
At 30 June 2012							
Fixed assets	87,076	25,063	5,075	12,041	-	169	**129,424**
Goodwill and other intangible assets	-	27,092	38	31	-	-	**27,161**
Interests in							
Jointly controlled entities	8,869	102	7,683	-	1,475	-	**18,129**
An associated company	-	-	1,522	-	-	-	**1,522**
Deferred tax assets	-	1,452	62	8	-	-	**1,522**
Other assets	8,851	20,924	2,709	5,770	60	948	**39,262**
Total assets	104,796	74,633	17,089	17,850	1,535	1,117	**217,020**

3. Segment Information (continued)

	Hong Kong HK$M	Australia HK$M	Chinese Mainland HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2011							
Revenue	14,520	24,670	210	1,257	18	3	40,678
Operating profit/(loss)	4,671	2,153	12	414	143	(250)	7,143
Finance costs	(1,737)	(878)	(46)	(179)	-	(18)	(2,858)
Finance income	2	30	1	29	2	1	65
Share of results, net of income tax							
Jointly controlled entities	792	15	443 [(a)]	-	762	-	2,012
Associated companies	-	40	341 [(a)]	-	-	-	381
Profit/(loss) before income tax	3,728	1,360	751	264	907	(267)	6,743
Income tax expense	(346)	(472)	(38)	(81)	(3)	-	(940)
Profit/(loss) for the period	3,382	888	713	183	904	(267)	5,803
Earnings attributable to non-controlling interests	-	-	(3)	-	-	-	(3)
Earnings/(loss) attributable to shareholders	3,382	888	710	183	904	(267)	5,800
At 31 December 2011							
Fixed assets	86,384	25,511	5,199	11,360	-	117	128,571
Goodwill and other intangible assets	-	27,295	39	35	-	-	27,369
Interests in							
Jointly controlled entities	9,096	98	7,609	-	1,423	-	18,226
An associated company	-	-	1,465	-	-	-	1,465
Deferred tax assets	-	1,212	63	1	-	-	1,276
Other assets	7,959	19,047	3,605	5,910	49	811	37,381
Total assets	103,439	73,163	17,980	17,306	1,472	928	214,288

Note:

(a) Out of the total amounts of HK$745 million (2011: HK$784 million), HK$274 million (2011: HK$379 million) was attributable to investments in Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) and Hong Kong Pumped Storage Development Company, Limited (PSDC), whose generating facilities serve Hong Kong.

4. Operating Profit

Operating profit is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2012	2011
	HK$M	HK$M
Staff costs		
Salaries and other costs	**1,344**	1,222
Retirement benefits costs	**103**	96
Net loss on disposal of fixed assets	**141**	72
Yallourn mine incident (note)	**920**	-
Net fair value (gain)/loss on derivative financial instruments		
Cash flow hedges, reclassified from equity to		
Purchases of electricity, gas and distribution services	**(194)**	105
Fuel and other operating expenses	**(56)**	(45)
Transactions not qualifying as hedges	**637**	319
Ineffectiveness of cash flow hedges	**(76)**	(17)
Net exchange loss/(gain)	**107**	(333)

Note: In June 2012, following heavy rain across Gippsland in Victoria, Australia and a subsequent breach in the Morwell River Diversion, the coal mine of Yallourn was flooded and the conveyors to supply coal from the mine to Yallourn Power Station were damaged, resulting in reduced operation of the Yallourn Power Station. Remediation work is in progress in order to allow Yallourn Power Station to resume safe and sustainable operations. Total costs of the incident, including a provision for river diversions, levees and dewatering and an impairment of fixed assets of HK$38 million (A$5 million) (2011: nil), amounted to HK$920 million (after tax: HK$644 million) (A$118 million (after tax: A$83 million)) (2011: nil).

5. Income Tax Expense

	Six months ended 30 June	
	2012	2011
	HK$M	HK$M
Current income tax		
Hong Kong	**340**	205
Outside Hong Kong	**120**	48
	460	253
Deferred tax		
Hong Kong	**175**	141
Outside Hong Kong (note)	**(169)**	546
	6	687
	466	940

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the period. Income tax on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

Note: The amount included TRUenergy Holdings Pty Ltd (TRUenergy)'s tax consolidation benefit of HK$103 million (A$13 million). The Australian Government retrospectively implemented legislative amendments to the tax consolidation rules that were enacted in 2010. The legislation was granted royal assent on 29 June 2012. The change in legislation required a recalculation of the tax cost bases of certain assets of TRUenergy which resulted in a tax credit in the current period.

6. Dividends

	Six months ended 30 June			
	2012		2011	
	HK$ per share	**HK$M**	HK$ per share	HK$M
First interim dividend paid	**0.53**	**1,275**	0.52	1,251
Second interim dividend declared	**0.53**	**1,275**	0.52	1,251
	1.06	**2,550**	1.04	2,502

At the Board meeting held on 14 August 2012, the Directors declared the second interim dividend of HK$0.53 per share (2011: HK$0.52 per share). The second interim dividend is not reflected as a dividend payable in the interim financial statements, but as a separate component of the shareholders' funds at 30 June 2012.

7. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June	
	2012	2011
Earnings attributable to shareholders (HK$M)	**3,356**	5,800
Number of shares in issue (thousand shares)	**2,406,143**	2,406,143
Earnings per share (HK$)	**1.39**	2.41

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the six months ended 30 June 2012 and 30 June 2011.

8. Fixed Assets and Leasehold Land and Land Use Rights under Operating Leases

Fixed assets and leasehold land and land use rights under operating leases totalled HK$131,314 million at 30 June 2012 (31 December 2011: HK$130,382 million). Movements in the accounts are as follows:

	Fixed Assets							Leasehold Land and Land Use Rights under Operating Leases
	Land		Buildings		Plant, Machinery and Equipment			
	Freehold HK$M	Leased HK$M	Owned HK$M	Leased [(a)] HK$M	Owned HK$M	Leased [(a)] HK$M	Total HK$M	Leases HK$M
Net book value at 1 January 2012	880	572	12,066	5,716	81,611	27,726	128,571	1,811
Acquisition of a subsidiary	1	-	-	-	38	-	39	-
Additions	198	-	1,212	47	3,241	618	5,316	104
Transfers and disposals	-	-	(18)	(2)	(91)	(85)	(196)	-
Depreciation/ amortisation	-	(8)	(143)	(166)	(1,765)	(976)	(3,058)	(23)
Impairment charge	-	-	-	-	(38)	-	(38)	-
Exchange differences	(51)	-	(119)	-	(963)	(77)	(1,210)	(2)
Net book value at 30 June 2012	**1,028**	**564**	**12,998**	**5,595**	**82,033**	**27,206**	**129,424**	**1,890**
Cost	1,028	647	16,428	11,694	126,662	50,922	207,381	2,250
Accumulated depreciation/ amortisation and impairment	-	(83)	(3,430)	(6,099)	(44,629)	(23,716)	(77,957)	(360)
Net book value at 30 June 2012	**1,028**	**564**	**12,998**	**5,595**	**82,033**	**27,206**	**129,424**	**1,890**

Note:

(a) These leased assets include mainly Castle Peak Power Company Limited (CAPCO)'s operational generating plant and associated fixed assets of net book value of HK$26,854 million (31 December 2011: HK$27,328 million), which are deployed for the generation of electricity supplied to CLP Power Hong Kong Limited (CLP Power Hong Kong) under the Electricity Supply Contract between the two parties; and Delta Electricity's power station at Mount Piper of net book value of HK$5,662 million (31 December 2011: HK$5,838 million) under the Delta Western GenTrader contracts. These arrangements have been accounted for as finance leases in accordance with HK(IFRIC)-Int 4 and HKAS 17.

9. Trade and Other Receivables

	30 June 2012 HK$M	31 December 2011 HK$M
Trade receivables [(a)]	**14,074**	12,702
Deposits, prepayments and other receivables [(b)]	**3,501**	3,951
Dividends receivable from		
Jointly controlled entities	**248**	36
An associated company	**-**	349
Current accounts with jointly controlled entities	**57**	65
	17,880	17,103

Notes:

(a) The Group has established credit policies for customers in each of its retail businesses. CLP Power Hong Kong's credit policy in respect of receivables arising from its principal electricity business is to allow customers to settle their electricity bills within two weeks after issue. Customers' receivable balances are generally secured by cash deposits or bank guarantees.

For subsidiaries outside Hong Kong, the credit term for trade receivables ranges from about 14 to 60 days. TRUenergy in Australia determines its doubtful debts provisioning by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. Future cash flows for each group of trade receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions. As a result of this credit risk assessment, virtually all of the credit risk groupings have been subject to some level of impairment. Receivable balances relating to known insolvencies are individually impaired.

The ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2012 HK$M	31 December 2011 HK$M
30 days or below	**12,499**	10,951
31 – 90 days	**618**	644
Over 90 days	**957**	1,107
	14,074	12,702

(b) CLP Power Hong Kong is challenging the amount of Government rent and rates levied dating back to the year of assessment 1999/2000 and is awaiting the decision of the Lands Tribunal. While the final resolution of the appeals is pending, CLP Power Hong Kong provided customers with a Rent and Rates Special Rebate of 3.3 cents per unit totalling HK$503 million during the period on the assumption of a favourable outcome of the appeals. Based on current sales forecast, the Rent and Rates Special Rebate will exceed HK$1 billion by the end of the year. In the event of an unfavourable outcome of the appeals, CLP Power Hong Kong will recover any shortfall in the amounts of Rent and Rates Special Rebate already paid to the customers and hence the amounts have been accounted for as a receivable.

10. Trade and Other Payables

	30 June 2012 HK$M	31 December 2011 HK$M
Trade payables [(a)]	**8,443**	8,824
Other payables and accruals [(b)]	**9,226**	6,373
Current accounts with		
Jointly controlled entities	**1,517**	1,656
An associated company	**145**	137
Deferred revenue [(c)]	**2,005**	-
	21,336	16,990

Notes:

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2012 HK$M	31 December 2011 HK$M
30 days or below	**7,774**	8,239
31 – 90 days	**228**	247
Over 90 days	**441**	338
	8,443	8,824

(b) CLP Power Hong Kong is challenging the amount of Government rent and rates levied dating back to the year of assessment 1999/2000 and is awaiting the decision of the Lands Tribunal. During the period, interim refunds of HK$1,521 million were made by the Hong Kong Government without prejudice to the final outcome of the appeals which means that these amounts will be adjusted by reference to the decision of the Lands Tribunal and any subsequent appeals. In the event of an unfavourable outcome of the appeals, CLP Power Hong Kong will have to repay all or part of the interim refunds to Hong Kong Government and hence the amounts have been accounted for as a liability.

(c) The balance represented cash assistance received by TRUenergy in Australia under the Energy Security Fund (ESF) with respect to Yallourn Power Station. The ESF was established under the Australian Government's Clean Energy Legislation, effected 1 July 2012, which provides transitional assistance over five years to promote the transformation of the electricity generation sector from high to low emissions generation, while addressing risks to energy security that may arise from the introduction of the carbon price. Under the ESF, the compensation is provided as cash compensation for the first year (paid in June 2012) and as permits available annually for four years. The cash assistance received will be amortised to profit or loss over the relevant period from 1 July 2012 to 30 June 2013.

11. Commitments

(A) Capital expenditure on fixed assets, leasehold land and land use rights under operating leases, as well as intangible assets, authorised but not recorded in the statement of financial position is as follows:

	30 June 2012 HK$M	31 December 2011 HK$M
Contracted but not provided for	**10,408**	10,158
Authorised but not contracted for	**11,254**	14,257
	21,662	24,415

(B) The Group has entered into a number of joint venture arrangements to develop power projects. At 30 June 2012, remaining equity contributions of HK$159 million (31 December 2011: HK$182 million) were required to be made by the Group.

12. Contingent Liabilities

(A) CLP India – Deemed Generation Incentive Payment and Interests on Deemed Loans

Under the original power purchase agreement between CLP India Private Limited (CLP India) and its off-taker Gujarat Urja Vikas Nigam Ltd. (GUVNL), GUVNL was required to make a “deemed generation incentive” payment to CLP India when the plant availability of the Paguthan Plant (Paguthan) was above 68.5% (70% as subsequently revised). GUVNL has been making such payments since December 1997.

In September 2005, GUVNL filed a petition before the Gujarat Electricity Regulatory Commission (GERC) claiming that the “deemed generation incentive” payment should not be paid for the periods when Paguthan is declared with availability to generate on “naphtha” as fuel rather than on “gas”. GUVNL’s contention is based on a 1995 Government of India notification which disallowed “deemed generation incentive” for naphtha-based power plants. The total amount of the claim plus interest calculated up to June 2005 amounts to about Rs.7,260 million (HK$992 million). CLP India’s position, amongst other arguments, is that Paguthan is not naphtha-based and therefore the Government of India notification does not apply to disallow the payments of the “deemed generation incentive”.

GUVNL also claimed that CLP India has wrongly received interest on “deemed loans” under the existing power purchase agreement. GUVNL’s claim rests on two main grounds: (i) CLP India had agreed that interest paid by GUVNL for the period from December 1997 to 1 July 2003 was to be refunded; and (ii) interest was to be calculated on a reducing balance rather than on the basis of a bullet repayment on expiry of the loan term. The total amount of the claim plus interest for the “deemed loans” amounts to a further Rs.830 million (HK$113 million) (31 December 2011: Rs.830 million (HK$121 million)).

On 18 February 2009, the GERC made an adjudication on GUVNL’s claims. On the issue related to the payment to CLP India of “deemed generation incentive”, the GERC decided that the “deemed generation incentive” was not payable when Paguthan was declared with availability to generate on naphtha. However, the GERC also decided that GUVNL’s claim against CLP India in respect of deemed generation incentive payments up to 14 September 2002 was time-barred under the Limitations Act of India. Hence, the total amount of the claim allowed by the GERC was reduced to Rs.2,896 million (HK$396 million). The GERC also dismissed GUVNL’s claim to recover interest on the “deemed loans”.

CLP India filed an appeal with the Appellate Tribunal for Electricity (ATE) against the decision of the GERC. GUVNL also filed an appeal in the ATE against an order of the GERC rejecting GUVNL’s claims on interest on deemed loans and the time barring of the deemed generation claim to 14 September 2002. On 19 January 2010, the ATE dismissed both CLP India and GUVNL’s appeals and upheld the decision of the GERC. CLP India has filed an appeal against the ATE order in the Supreme Court of India. The appeal petition was admitted on 16 April 2010 but the next date of hearing has not yet been fixed by the court. GUVNL has also filed a cross appeal challenging those parts of the ATE judgment which held that GUVNL’s claims before September 2002 were time barred and which disallowed its claims for interest on “deemed loans”.

Following the issue of the ATE’s judgment, GUVNL deducted Rs.3,731 million (HK$510 million) from January to March 2010 invoices after adjustment for a previous deposit of Rs.500 million (HK$68 million), which included tax on incentive relating to deemed generation on naphtha, and delayed payment charges on associated incentive calculated up to March 2010.

12. Contingent Liabilities (continued)

(A) CLP India – Deemed Generation Incentive Payment and Interests on Deemed Loans (continued)

Subsequent to the above deduction, CLP India represented to GUVNL that during April 2004 to March 2006, gas was available for generation and therefore should not be considered as availability (deemed generation) on naphtha. GUVNL accepted the representation and refunded the base amount of Rs.292 million (HK$40 million) and interest of Rs.150 million (HK$20 million) in March 2011. However, during the first and last quarter of 2011, with the spot gas availability being constrained, Paguthan was forced to declare availability on naphtha for certain periods, which resulted in deduction of incentive revenue by GUVNL under deemed generation of Rs.17 million (HK$2 million). At 30 June 2012, the total amount of the claim plus interest and tax with respect to the "deemed generation incentive" was revised to Rs.8,543 million (HK$1,167 million) (31 December 2011: Rs.8,543 million (HK$1,245 million)).

On the basis of legal advice obtained, the Directors are of the opinion that CLP India has a strong case on appeal to the Supreme Court. In consequence, no provision has been made in the financial statements at this stage in respect of these matters.

(B) Indian Wind Power Projects – Enercon's Contracts

CLP Wind Farms (India) Private Limited, CLP India and its subsidiaries (CLP India group) have invested in around 500MW of wind power projects developed with Enercon India Limited (EIL). EIL's major shareholder, Enercon GmbH, has commenced litigation against EIL claiming infringement of intellectual property rights. CLP India group, as a customer of EIL, has been named as a defendant. Enercon GmbH is also seeking an injunction restraining CLP India group's use of certain rotor blades acquired from EIL. As at 30 June 2012, the Group considered that CLP India group has good prospects of defending these claims and the legal proceedings are unlikely to result in any material outflow of economic benefits from the Group.

(C) Land Premium of a Property in Hong Kong

The Group has received a demand note from the relevant authorities in the Hong Kong Government in an amount of HK$237 million as land premium relating to the Group's new office at Laguna Verde at Hung Hom. The Group considers, including on the basis of legal and other professional advice, that no payment is due. Exchanges are continuing regarding both the principle and quantum of any such premium.

13. Event after the End of the Reporting Period

In July 2012, TRUenergy classified its Waterloo Wind Farm in South Australia as "held for sale" following completion of stage 1 of the sale process. The bids which have been submitted are being reviewed by TRUenergy with a view to the sale process being concluded in the second half of 2012.

As at 30 June 2012, Waterloo Wind Farm was included in the Australia reporting segment.

Supplementary Information on Treasury Activities

The Group engaged in new financing activities in the first half of 2012 in support of the expansion of its electricity business. In May and June 2012, CLP Holdings arranged HK$1.15 billion new bank facilities at favourable terms to further increase its firepower. Up to July 2012, CLP Power Hong Kong successfully arranged HK$3 billion new financing to fund its business. This included a JPY3 billion (swapped back to HK$294 million) 10-year bond and HK$1.4 billion 5, 7 and 15-year bonds issued under Medium Term Note (MTN) Programme, and HK$1.3 billion 3-year committed bank facilities. CLP Power Hong Kong's MTN Programme was set up by its wholly-owned subsidiary CLP Power Hong Kong Financing Limited in 2002. Under the MTN Programme, bonds in an aggregate amount of up to US$3.5 billion may be issued and will be unconditionally and irrevocably guaranteed by CLP Power Hong Kong. As at 30 June 2012, notes with an aggregate nominal value of about HK$19.6 billion have been issued under the MTN Programme.

In Australia, TRUenergy successfully arranged US$400 million (HK$3.1 billion) 5, 7, 10, 12 and 15-year bonds through U.S. private placement in March 2012. All the U.S. dollar proceeds were swapped back to fixed rate Australian dollars to mitigate foreign exchange and interest rate risks. In India, Jhajjar refinanced Rs.4.3 billion (HK$587 million) loans from nine Indian banks by loans from two international banks with reduced funding cost in July 2012.

As at 30 June 2012, financing facilities totalling HK$92.4 billion were available to the Group, including HK$40.1 billion for TRUenergy and subsidiaries in India. Of the facilities available, HK$66.0 billion had been drawn down, of which HK$28.5 billion relates to TRUenergy and subsidiaries in India. Facilities totalling HK$6.3 billion were available to CAPCO, of which HK$5.9 billion had been drawn down. The Group's total debt to total capital ratio as at 30 June 2012 was 45.2%, decreasing to 42.5% after netting off bank balances, cash and other liquid funds. Interest cover for the six months ended 30 June 2012 was 3 times.

CLP's commitment to prudent financial and risk management along with disciplined investment strategy have enabled the Group to maintain good investment grade credit ratings throughout the previous decades. CLP's ability to maintain a good credit standing and access the financial markets at cost-effective terms is crucial if we are to meet our business needs and objectives.

Moody's re-affirmed the A2 credit rating of CLP Holdings and A1 credit rating of CLP Power Hong Kong with stable outlooks in March 2012. They opined CLP Power Hong Kong (the wholly-owned subsidiary of CLP Holdings) has strong and highly predictable cash flows generated from the SoC business in Hong Kong; a sound liquidity profile supported by the good track record in accessing the domestic and international bank and capital markets; a well managed debt maturity profile; availability of sizable committed bank facilities; and management's prudent and gradual approach in pursuing overseas expansion. As a matter of caution, Moody's alerted that CLP Holdings' rating reflected a weakened (though still appropriate) financial profile due to its expansion into riskier, non-regulated merchant energy and retail businesses in the region which was mainly funded by debt borrowings. Moody's considered the NSW acquisition put pressure on the Group's financials with a temporary weakening in 2011, but expected to improve in 2012 and then onwards as a result of increased earnings from NSW business and Jhajjar project in India.

Standard & Poor's (S&P) re-affirmed the A- credit rating of CLP Holdings and A credit rating of CLP Power Hong Kong with stable outlooks in March 2012. The ratings reflect the adequate liquidity position supported by strong operating cashflow of the SoC business in Hong Kong and its strong financial flexibility, and good liability management practices with diversified funding sources and debt tenors. S&P opined that CLP's higher leverage resulting from expansion into unregulated power generation assets in the Asia-Pacific could weaken the Group's financial health and strong business profile, and put pressure on its modest financial risk profile. Notwithstanding this, S&P expected CLP Holdings' financial strength to improve meaningfully from 2013 due to higher return from Hong Kong operations from further capital expenditure and stable electricity demand, higher earnings from its enlarged Australian operations after integration of the NSW assets in 2013, full commissioning of the Jhajjar project in India in 2012, growing earnings from renewable energy investments and management's strong commitment to deleveraging the balance sheet.

S&P re-affirmed the BBB credit rating of TRUenergy Holdings with stable outlook in May 2012. According to S&P, the rating reflects the benefit from a higher rated owner, CLP Holdings; strong liquidity profile and continued prudent risk management practices; vertically integrated electricity generation and retailing components of the business; operational flexibility derived from the portfolio of plants by fuel and dispatch merit order; and improved business risk profile due to increased scale and diversity of operations attained from the NSW acquisition. That said, S&P reminded TRUenergy about the integration risks from the acquisition of assets in NSW and challenges to manage potential portfolio changes to mitigate its exposure to the government's carbon abatement scheme.

The Group's investments and operations have resulted in exposure to foreign currency risks, interest rate risks, credit risks, as well as price risks associated with the sale and purchase of electricity in Australia. We actively manage these risks by using different derivative instruments with the objective of minimising the impact of rate and price fluctuations on earnings, reserves and tariff charges to customers. In meeting the objectives of risk management, we always prefer simple, cost-efficient and HKAS 39 hedge-effective instruments. For instance, we prefer foreign currency forward contracts, cross currency and interest rate swaps to options and structured products for managing treasury risk. We also monitor our risk exposures with the assistance of a "Value-at-Risk" (VaR) methodology, Volumetric Limits and stress testing techniques. Other than very limited energy trading activities engaged by our Australia business, all derivative instruments are employed solely for hedging purposes.

As at 30 June 2012, the Group had gross outstanding derivative financial instruments amounting to HK$166.5 billion. The fair value of these derivative instruments was a net deficit of HK$259 million, representing the net amount payable if these contracts were closed out on 30 June 2012.

CORPORATE GOVERNANCE

Corporate Governance Practices

In the Corporate Governance Report of 27 February 2012, which was published in our 2011 Annual Report, we reported that the Company had adopted its own Code on Corporate Governance (CLP Code) in February 2005 (most recently updated in February 2012). This incorporated all of the Code Provisions and Recommended Best Practices in the then Appendix 14, "Code on Corporate Governance Practices" (the Stock Exchange Code) issued by the Hong Kong Stock Exchange in effect before 1 April 2012 and in the revised Appendix 14, "Corporate Governance Code and Corporate Governance Report" (the revised Stock Exchange Code) which came into effect on 1 April 2012, save for one exception.

This single deviation from the Recommended Best Practices of the revised Stock Exchange Code relates to the recommendation that an issuer should announce and publish quarterly financial results. The considered reasons for this deviation were stated in the Corporate Governance Report on page 87 of the Company's 2011 Annual Report. Although CLP does not issue quarterly financial results, CLP issues quarterly statements which set out key financial and business information such as revenue, electricity sales, dividends and progress in major activities over the quarter.

During the six months ended 30 June 2012 the Company met the Code Provisions set out in the Stock Exchange Code and the revised Stock Exchange Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules).

So far in 2012, we have made further progress in our corporate governance practices. This included:

(a) formalising the reporting to the Human Resources & Remuneration Committee of the training and continuous professional development of Senior Management;

(b) continuing a two-way communication with institutional and retail investors on corporate governance policies and practices; and

(c) undertaking a performance evaluation of the CLP Holdings Board and Board Committees, with an aim to finalising the analysis by the last quarter of 2012.

Since January 2012, there have been a number of changes in the Board as set out below:

- Mr. James F. Muschalik replaced Mr. Neo Kim Teck as Mr. Paul A. Theys' alternate on the Board with effect from 20 January 2012;
- Mrs. Fanny Law resigned as an Independent Non-executive Director on 20 April 2012 and was re-appointed as an Independent Non-executive Director with effect from 1 August 2012;
- Mr. Hansen C. H. Loh retired as an Independent Non-executive Director effective from the conclusion of the 2012 Annual General Meeting held on 8 May 2012; and
- Mr. Peter P. W. Tse retired as an Executive Director and was re-designated as a Non-executive Director with effect from 16 May 2012.

The composition of Board Committees remains the same as set out in the Annual Report (pages 93, 114, 116 and 118), save that

- Mr. Hansen C. H. Loh resigned as a member of the Audit Committee and Nomination Committee with effect from 2 April 2012;
- Mr. Vincent Cheng was appointed a member of the Nomination Committee with effect from 2 April 2012;
- Mrs. Fanny Law resigned as a member of the Audit Committee and Sustainability Committee on 20 April 2012 and was re-appointed as a member of these two Committees with effect from 1 August 2012; and
- Mr. Peter P. W. Tse resigned as a member of the Finance & General Committee, following his retirement as an Executive Director on 16 May 2012.

There were no substantial changes to the information of Directors as disclosed on pages 82 and 83 of the 2011 Annual Report and on CLP's website. The positions held by each Director with CLP Holdings' subsidiary companies and their directorships held in the last three years in public companies are updated in each Director's biography on CLP's website.

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company during the six-month period ended 30 June 2012. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. During this period, no current Director held directorships in more than four public companies including the Company. No Executive Directors hold any directorship in any other public companies, but they are encouraged to participate in professional, public and community organisations. Other details of Directors' appointments are available on CLP's website.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012. All of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman, Mr. Vernon Moore, Professor Judy Tsui and Mr. Nicholas Allen having appropriate professional qualifications, including membership of the Hong Kong Institute of Certified Public Accountants, and experience in financial matters, and Mrs. Fanny Law having extensive experience in public administration.

At the Company's Annual General Meeting held on 8 May 2012, shareholders approved the re-appointment of PricewaterhouseCoopers as the Company's External Auditors for the financial year ending 31 December 2012. Shareholders also approved amending Article 139 of the Articles of Association of the Company to provide greater flexibility for the Board, rather than the Shareholders through a general meeting, to declare a dividend which may be satisfied by a distribution in specie, in cases where a listing of the Company's assets is obtained.

Further information of CLP's corporate governance practices is set out in the Corporate Governance section of CLP's website.

Change of Remuneration

Non-executive Directors

There has been no change to the basis of determining Directors' remuneration. The levels of fees payable to Non-executive Directors and Independent Non-executive Directors for serving on the Board and Board Committees remain the same as last year, and as approved by shareholders at the Annual General Meeting held on 27 April 2010. The levels of fees payable to Directors were set out in the Remuneration Report on page 125 of the Company's 2010 Annual Report.

Mr. Peter P. W. Tse, upon his re-designation as a Non-executive Director with effect from 16 May 2012, has entered into a service contract with CLP Properties Limited for one year from 16 May 2012 to provide consultancy services on property matters at a fee based on actual time incurred at an hourly rate of HK$3,200. This service contract can be terminated by CLP Properties Limited or Mr. Tse by giving one month's notice.

Executive Directors and Senior Management

Details of the remuneration of Executive Directors and Senior Management for the six months ended 30 June 2012 are set out in the table below. It should be noted that the amounts disclosed comprise remuneration paid and accrued in respect of service during the first six months of 2012 and, in the case of the annual and long-term incentives, service and performance in previous years. Both annual incentive and long-term incentive are paid annually in the first half of the year, but relate to previous years performance.

As a result, the totals set out in the following table do not represent half of the remuneration which will actually be paid and accrued in respect of service in 2012.

		Performance Bonus *				
	Base Compensation, Allowances & Benefits HK$M	**Annual Incentive HK$M**	**Long-term Incentive HK$M**	**Provident Fund Contribution HK$M**	**Other Payments HK$M**	**Total HK$M**
Paid in the six months ended 30 June 2012						
CEO (Mr. Andrew Brandler)	3.7	5.2	2.8	0.4	-	12.1
Group Executive Director – Strategy (Mr. Peter W. Greenwood)	2.7	3.9	-	0.3	-	6.9
Group Director & Chief Financial Officer (Mr. Mark Takahashi)	2.3	3.0	1.5	0.3	-	7.1
Vice Chairman – CLP Power Hong Kong (Mrs. Betty Yuen)	1.6	3.1 [a]	2.2	0.2	-	7.1
Group Director – Managing Director Hong Kong (Mr. Richard Lancaster)	2.3	3.0	1.0	0.3	-	6.6
Managing Director – TRUenergy (Mr. Richard McIndoe) [b]	3.6	6.2	2.2	0.2	5.6 [c]	17.8
Group Director – Operations (Mr. Peter Littlewood)	1.9	2.7	1.1	0.2	-	5.9
Managing Director – India (Mr. Rajiv Mishra)	1.6	2.1	0.7	0.2	-	4.6
Former Group Executive Director (Mr. Peter P. W. Tse) [d]	2.0	3.6	8.9	0.2	-	14.7
	21.7	32.8	20.4	2.3	5.6	82.8

Notes:

(a) This figure included the additional discretionary annual incentive for year 2011 of HK$1 million paid to Mrs. Betty Yuen in March 2012.

(b) Effective 1 April 2012 Mr. Richard McIndoe's employment was transferred from CLP Holdings (as Group Director – Managing Director Australia) to TRUenergy (as Managing Director – TRUenergy) and he was employed on a local TRUenergy contract. All allowances related to the secondment from CLP Holdings including housing allowance, children's education allowances and tax equalisation on base compensation, allowances and benefits ceased on 31 March 2012. Mr. Richard McIndoe's local remuneration package is aligned with the Australian market and was approved by the Human Resources & Remuneration Committee in February 2012. The local package includes participation in the TRUenergy superannuation, local annual incentive and long-term incentive schemes. As a result no CLP Holdings long-term incentive award was made to Mr. Richard McIndoe in 2012. He will not participate in the CLP Holdings annual incentive scheme for 2012, and no pension contributions will be made by CLP Holdings.

(c) Payment for tax equalisation, housing allowance and children's education allowances from 1 January to 31 March 2012 for secondment to Australia. Out of this payment, HK$5.2 million (93%) was the tax payment to the tax authority of the country where the executive was based during secondment.

(d) Mr. Peter P. W. Tse retired from the Company as Group Executive Director with effect from 16 May 2012. The annual incentive of HK$3.6 million was for the years 2011 and 2012 paid to him this year. The long-term incentive of HK$8.9 million was for the years 2009, 2010, 2011 and 2012 paid to him this year. The annual incentive and long-term incentive for the year 2012 were made on a pro rata basis.

* Performance bonus consists of (i): annual incentive and (ii): long-term incentive. These payments and awards were approved by the Human Resources & Remuneration Committee.

(i) The total amount of annual incentive includes the accruals that have been made from January to June 2012 in the performance bonus at the target level (at 50% of base salary for all Executive Directors and members of Senior Management except Mr. Richard McIndoe whose target annual incentive is 75% of fixed annual remuneration under the TRUenergy local annual incentive scheme) of performance; and the actual bonus paid in 2012 for the previous year in excess of the previous accruals made.

(ii) The long-term incentive is the incentive for 2009, paid in January 2012 when the vesting conditions had been satisfied.

Internal Control

In respect of the year ended 31 December 2011, the Board considered CLP's internal control system effective and adequate. During the six months ended 30 June 2012, no significant areas of concern that might affect shareholders were identified. All of the 10 reports on the Group's affairs submitted by Group Internal Audit during this period carried satisfactory audit opinions. Details of the standards, processes and effectiveness of CLP's internal control system were set out in the Corporate Governance Report on pages 98 to 99 of the Company's 2011 Annual Report.

Interests in CLP Holdings' Securities

Since 1989, the Company has adopted its own CLP Securities Code. This is largely based on the Model Code set out in Appendix 10 of the Listing Rules. The CLP Securities Code has been updated from time to time to reflect new regulatory requirements as well as CLP Holdings' strengthened regime of disclosure of interests in its securities. The current CLP Securities Code is on terms no less exacting than the required standard set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and CLP Securities Code throughout the period from 1 January to 30 June 2012.

We have voluntarily extended the ambit of the CLP Securities Code to cover Senior Management (comprising the two Executive Directors, a former Executive Director and senior managers as set out above; their biographies are set out on CLP's website) and other "Specified Individuals" such as other managers in the CLP Group.

All members of the Senior Management have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and CLP Securities Code throughout the period from 1 January to 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2012.

INTERIM DIVIDEND

Directors today declared the second interim dividend of HK$0.53 per share (2011: HK$0.52 per share) which will be payable on 14 September 2012 to Shareholders registered as at the close of business on 4 September 2012. The dividend of HK$0.53 per share is payable on the existing 2,406,143,400 shares of HK$5.00 each in issue.

The Register of Shareholders will be closed on 5 September 2012. To rank for the second interim dividend of HK$0.53 per share, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 4 September 2012.

By Order of the Board
April Chan
Company Secretary

Hong Kong, 14 August 2012

The Interim Report containing financial statements and notes to the financial statements will be published on the Company's website www.clpgroup.com and the website of the Stock Exchange of Hong Kong by 21 August 2012 and despatched to shareholders on 30 August 2012.

For the avoidance of any doubt, this announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities in the United States must be made by means of a prospectus that contains detailed information about the issuer and its management, as well as financial statements.

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 00002)

Non-executive Directors:	The Hon. Sir Michael Kadoorie, Mr. William Mocatta, Mr. R. J. McAulay, Mr. J. A. H. Leigh, Mr. I. D. Boyce, Dr. Y. B. Lee, Mr. Peter P. W. Tse and Mr. Paul A. Theys (Mr. James F. Muschalik as Mr. Theys' alternate)
Independent Non-executive Directors:	Mr. V. F. Moore, Professor Judy Tsui, Sir Rod Eddington, Mr. Nicholas C. Allen, Mr. Vincent Cheng and Mrs. Fanny Law
Executive Directors:	Mr. Andrew Brandler and Mr. Peter W. Greenwood