CLP 中電

2018 Interim Report

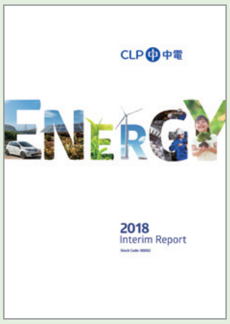
Stock Code: 00002

Our Vision

To be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next

Highlights of 2018 Interim Results

- Operating earnings up 33.3% to HK$7,886 million driven by significantly higher earnings from Australia and Mainland China.
- Total earnings increased 25.8% to HK$7,436 million.
- Operating earnings from our local electricity business in Hong Kong rose 3.2% to HK$4,497 million.
- Consolidated revenue rose 7.2% to HK$46,464 million.
- Second interim dividend of HK$0.61 per share.



The cover design of our 2018 Interim Report is a celebration of the people and work at the heart of CLP's efforts to create a cleaner and brighter future, shaped by the dynamics and possibilities of energy.

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Financial Highlights

Operating earnings up 33.3% to HK$7,886 million driven by significantly higher earnings from Australia and Mainland China; total earnings increased 25.8% to HK$7,436 million.

	Six months ended 30 June 2018	2017	Increase / (Decrease) %
For the period *(in HK$ million)*			
Revenue			
Electricity business in Hong Kong	**19,876**	18,597	6.9
Energy businesses outside Hong Kong	**26,129**	24,539	6.5
Others	**459**	201	
Total	**46,464**	43,337	7.2
Earnings			
Hong Kong electricity business	**4,497**	4,356	3.2
Hong Kong electricity business related [1]	**131**	148	
Mainland China	**1,116**	637	75.2
India	**251**	242	3.7
Southeast Asia and Taiwan	**63**	81	(22.2)
Australia	**2,257**	758	197.8
Other earnings in Hong Kong	**(3)**	(37)	
Unallocated net finance (costs) / income	**(19)**	13	
Unallocated Group expenses	**(407)**	(284)	
Operating earnings	**7,886**	5,914	33.3
Items affecting comparability			
Impairment provision	**(450)**	–	
Property revaluation	**–**	(5)	
Total earnings	**7,436**	5,909	25.8
Net cash inflow from operating activities	**9,382**	6,480	44.8
Per share *(in HK$)*			
Earnings per share	**2.94**	2.34	25.8
Dividends per share			
First interim	**0.61**	0.59	
Second interim	**0.61**	0.59	
Total interim dividends	**1.22**	1.18	3.4
Ratio			
EBIT interest cover [2] (times)	**11**	10	

	30 June 2018	31 December 2017	Increase %
At the end of reporting period *(in HK$ million)*			
Total assets	**228,163**	228,151	–
Total borrowings	**57,549**	57,341	0.4
Shareholders' funds	**109,659**	108,697	0.9
Per share *(in HK$)*			
Shareholders' funds per share	**43.40**	43.02	0.9
Ratio			
Net debt to total capital [3] (%)	**28.3**	27.8	

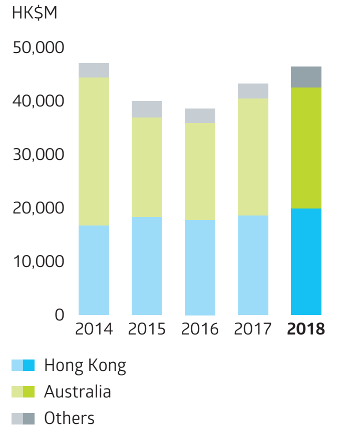
Notes:

1 Hong Kong electricity business related includes PSDC, Hong Kong Branch Line and sales to Guangdong from Hong Kong

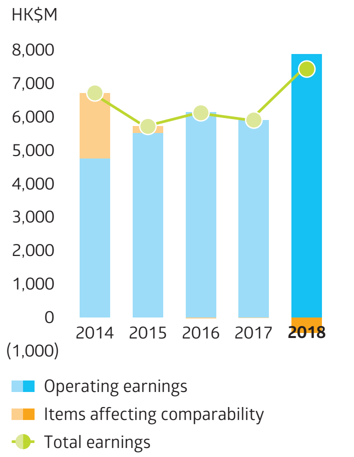
2 Earnings before interest and taxes (EBIT) interest cover = Profit before income tax and interest / (Interest charges + capitalised interest)

3 Net debt to total capital = Net debt / (Equity + advances from non-controlling interests + net debt). Debt = Bank loans and other borrowings. Net debt = Debt - bank balances, cash and other liquid funds.

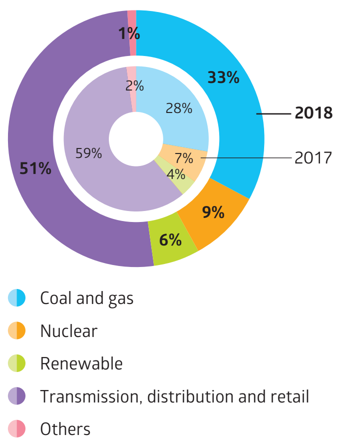
Revenue (First 6 months)



Total Earnings (First 6 months)



Operating Earnings (Before Unallocated Expenses) by Asset Type (First 6 months)



Dear Shareholders,

I have the pleasure of reporting to you strong results for the first half of 2018. They reflect the Group's robust and diversified asset base and our commitment to meet the needs of our customers across the markets in which we operate.

The Group's operating earnings were HK$7,886 million, an increase of 33.3% compared with the first half of 2017 with dependable results in our core market of Hong Kong and a solid performance in our overseas businesses. Total earnings increased by 25.8% to HK$7,436 million. With confidence in the long-term outlook for the Company, the Board increased the level of our first and second interim dividends from HK$0.59 per share in 2017 to HK$0.61 per share this year.

In Hong Kong, the new Scheme of Control (SoC) Agreement we have signed with the Government comes into effect this October and runs until 2033. This provides a stable regulatory environment at a time when the energy sector throughout the world is undergoing dramatic changes as a result of both new technologies and the energy transition. As part of the new SoC, our submission on a Development Plan for the next five years was approved by the Hong Kong Government. This will require investing HK$52.9 billion over the period to ensure a reliable supply of electricity to meet Hong Kong's continuous development as well as meeting Government's low carbon policy objectives. The Hong Kong administration has demonstrated the clarity of its long-term plans which are in line with China's national goals of moving away from dependence on coal-fired generation and towards less carbon-intensive sources of electricity.

Our new initiatives under the Development Plan aim at promoting the security of our city's electricity supply which is essential for the long-term prosperity of Hong Kong. One of the most significant proposed investments is the construction of an offshore LNG terminal that will allow us to buy natural gas from a wide range of global suppliers. We expect the permitting process to complete in the coming months. Hong Kong's target of generating half of its electricity from natural gas by 2020 is an ambitious one. With the new SoC Agreement and our Development Plan in place, we will demonstrate our commitment with investments such as this to ensure the needed reliability, diversity and cost-competitiveness of gas supply.

Outside of Hong Kong, our results in Australia continued to strengthen. Demand has stayed strong amid tight supply conditions driving up wholesale prices. This has in turn placed price pressures on our customers and consequently EnergyAustralia has introduced products and services to assist customers in keeping their energy costs under control. We have also taken initiatives to help stabilise wholesale electricity prices such as a recently completed programme to financially underpin the development of about 500MW of renewable energy projects. In addition, the business has been assessing investments to support the integration of solar and wind power into the national grid. We expect these initiatives, together with a long-term and stable national energy policy, will help deliver a modern, affordable and reliable energy system in Australia.

Mainland China and India remain our growth markets. We are seeing continued industry-wide policy reforms in both countries as part of their energy transition. Beijing's announcement in May that it would reduce subsidies for solar power is a notable example of a policy shift triggered by falling prices for renewable energy. We are taking a close look at how these policies are developing and how CLP can best work within the evolving regulatory and policy framework. We remain committed to further clean energy investments in both countries.

I am pleased to note that in our Mainland China business, carbon-free sources of electricity, including nuclear, hydro, solar and wind, accounted for over 90% of earnings during the period. Nuclear power is an important part of this as well as Mainland China's low carbon journey. In May, I had the pleasure to visit Yangjiang Nuclear Power Station for the first time since we completed our investment in the plant last year. The visit brought back memories from more than three decades ago when I accompanied my father to Beijing to witness the signing of the Daya Bay joint venture agreement. CLP's participation in Yangjiang reflects strongly on our belief that nuclear energy will not only play an important role in China's transition to a decarbonised economy, but also to the expansion of our non-carbon emitting portfolio in addressing climate change challenges. Equally important, the facility contributed meaningful earnings to CLP during the period under review. These earnings will become more significant when the remaining units in Yangjiang come on stream.

The electric utility business is in the early part of what promises to be an exciting period of technological change. Innovation is an increasingly important facet of our business. In the beginning of the year, we invested about HK$40 million in AutoGrid, a Silicon Valley-based energy management software developer. This represented our first direct investment in a technology startup as we seek to capture opportunities in the rapidly-evolving smart energy sector. In July, we signed a collaboration agreement with TUS-Clean Energy, an enterprise established in alliance with Tsinghua University in Beijing, to develop and deploy new energy and smart city-related technologies and businesses. These are just two of the many collaborations that we are forging around the world to support our efforts to develop new solutions and product offerings to meet the changing demands of our customers.

Reflecting on the performance and positioning of our Company, I know that the strategy and initiatives of the Board, management and employees are underpinned by a vision that will take us to 2050 and beyond. CLP remains committed, as we have been since we were founded more than a century ago, to making the investments needed to ensure safe, reliable and reasonably-priced electricity in the communities we serve while providing a fair return for our shareholders.

The Honourable Sir Michael Kadoorie
Hong Kong, 6 August 2018

Our Portfolio

as at 30 June 2018

CLP's business comprises over 15,700 kilometres of transmission and distribution lines, energy retail activities that serve more than 5.1 million electricity and gas customer accounts, and a diversified portfolio of generation assets across five Asia-Pacific markets, using coal, gas, nuclear, wind, hydro and solar. In addition to generation facilities where we hold equity interests, our portfolio includes long-term offtake arrangements. As at 30 June 2018, our equity generation capacity that was in operation and under construction stood at 20,303MW, while our long-term capacity purchase and offtake arrangements amounted to 4,258MW. Among them, renewable energy accounted for 2,791MW and 511MW respectively.

Generation capacity by market (equity basis and capacity purchase arrangements)

Hong Kong	Mainland China	India	Southeast Asia and Taiwan	Australia	Total
7,533MW	8,806MW	2,948MW	285MW	4,989MW	**24,561MW**

Coal	Gas	Nuclear	Wind	Hydro	Solar	Other

Hong Kong

Gross MW / CLP Equity MW

Equity	Fuel type	Investments

100%		**CLP Power Hong Kong Limited (CLP Power Hong Kong)**
		Assets include:
		• Electricity and customer services for about **2.58 million customer accounts** in Kowloon, the New Territories and most of Hong Kong's outlying islands
		• **Transmission and distribution infrastructure** comprising:
		  • 555 km of 400kV lines, 1,649 km of 132kV lines, 22 km of 33kV lines and 13,532 km of 11kV lines
		  • 67,278 MVA transformers, 233 primary and 14,581 secondary substations in operation

70%		**Castle Peak Power Company Limited (CAPCO) 7,533 / 5,273MW** Assets include: • **Black Point Power Station** (3,125MW), one of the world's largest gas-fired combined-cycle power stations comprising five 312.5MW units and three 337.5MW units, with another new 550MW unit under construction and expected to commence operation before 2020 • **Castle Peak Power Station** (4,108MW), comprising four 350MW coal-fired units and another four 677MW units. Two of the 677MW units can use gas as a backup fuel. All units can use oil as a backup fuel • **Penny's Bay Power Station** (300MW), comprising three 100MW diesel-fired gas turbine units mainly for backup purpose Co-investor: China Southern Power Grid International (HK) Co., Limited (30%)
40%		**ShenGang Natural Gas Pipeline Company Limited (SNGPC)** Assets include: • **The Hong Kong Branch Line**, comprising a 20-km pipeline and the associated gas launching and end stations, which transports natural gas from PetroChina's Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point Co-investor: PetroChina Company Limited (60%)

Mainland China

Gross MW / CLP Equity MW

Equity	Fuel type	Investments
25%		**Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) 1,968 / 492MW** Assets include: • **Guangdong Daya Bay Nuclear Power Station** (1,968MW) is equipped with two 984MW Pressurised Water Reactors. Through long-term capacity purchase, 70% (1,380MW) of electricity generated is supplied to Hong Kong, with the remaining 30% sold to Guangdong [1] Co-investor: Guangdong Nuclear Investment Co., Ltd. (75%)
17%		**Yangjiang Nuclear Power Co., Ltd. (Yangjiang Nuclear) 6,516 / 1,108MW** Assets include: • **Yangjiang Nuclear Power Station** (6,516MW), comprising six 1,086MW generating units [2] Co-investors: CGN Power Co., Ltd. (34%), Guangdong Nuclear Investment Co., Ltd. (25%), Guangdong Yudean Group Co., Ltd. (17%) and CGN Industry Investment Fund Phase I Co., Ltd. (7%)
70%		**CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang) 2,580 / 1,806MW** Assets include coal-fired power stations in Guangxi: • **Phase I of Fangchenggang Power Station** (1,260MW) • **Phase II of Fangchenggang Power Station** (1,320MW) Co-investor: China Energy Engineering Investment Corporation Limited (30%)

Notes:

1 Agreement has been reached to increase the proportion of supply to Hong Kong to slightly above 70% in 2014 and to about 80% from 2015 to 2018, with the remainder continuing to be sold to Guangdong.

2 Four units were in commercial operation as at 30 June 2018. The fifth unit was commissioned in July 2018 and the sixth unit is targeted to be commissioned in 2019.

Mainland China (cont'd) Gross MW / CLP Equity MW

Equity	Fuel type	Investments
49%	Coal	**CLP Guohua Shenmu Power Company Limited (Shenmu)** Assets include: • **Shenmu Power Station**[3] in Shaanxi province Co-investor: China Shenhua Energy Company Limited (51%)
30%	Coal	**CSEC Guohua International Power Company Limited (CSEC Guohua) 7,470 / 1,248MW**[4] Assets include: • **Beijing Yire Power Station**[5] • 65% of **Panshan Power Station** (1,060MW) in Tianjin • 55% of **Sanhe I and II Power Stations** (1,330MW) in Hebei province • 50% of **Suizhong I and II Power Stations** (3,760MW) in Liaoning province • 65% of **Zhungeer II and III Power Stations** (1,320MW) in Inner Mongolia Co-investor: China Shenhua Energy Company Limited (70%)
29.4%	Coal	**Shandong Zhonghua Power Company, Ltd. (SZPC) 3,060 / 900MW** Assets include coal-fired power stations in Shandong province: • **Heze II Power Station** (600MW) • **Liaocheng I Power Station** (1,200MW) • **Shiheng I and II Power Stations** (1,260MW) Co-investors: China Guodian Corporation (51%) and EDF International S.A.S. (19.6%)
50%	Wind	**CLP-CWP Wind Power Investment Limited (CLP-CWP Wind) 99 / 24MW**[6] Assets include wind farms in Liaoning province: • 49% of **Qujiagou Wind Farm** (49.5MW) • 49% of **Mazongshan Wind Farm** (49.5MW) Co-investor: China Wind Power Holdings Limited (50%)
100%	Wind	**CLP (Kunming) Renewable Energy Co., Ltd. (Xundian Wind) 50 / 50MW** Assets include: • **Xundian I Wind Farm** (49.5MW) in Yunnan province
100%	Wind	**CLP (Laiwu) Renewable Energy Limited (Laiwu Wind) 99 / 99MW** Assets include wind farms in Shandong province: • **Laiwu I Wind Farm** (49.5MW) • **Laiwu II Wind Farm** (49.5MW)
100%	Wind	**CLP (Laizhou) Renewable Energy Limited (CLP Laizhou Wind) 99 / 99MW** Assets include wind farms in Shandong province: • **CLP Laizhou I Wind Farm** (49.5MW) • **CLP Laizhou II Wind Farm** (49.5MW – under construction)
100%	Wind	**CLP (Penglai) Wind Power Limited (Penglai Wind) 48 / 48MW** Assets include: • **Penglai I Wind Farm** (48MW) in Shandong province
100%	Wind	**CLP (Sandu) Renewable Energy Limited (Sandu Wind) 198 / 198MW** Assets include wind farms in Guizhou province: • **Sandu I Wind Farm** (99MW) • **Sandu II Wind Farm** (99MW – construction on hold due to statutory approval process)
45%	Wind	**Huadian Laizhou Wind Power Company Limited (Huadian Laizhou Wind) 41 / 18MW** Assets include: • **Huadian Laizhou I Wind Farm** (40.5MW) in Shandong province Co-investor: Huadian Power International Corporation Limited (55%)
25%	Wind	**Huaneng Shantou Wind Power Company Limited (Nanao Wind) 60 / 15MW** Assets include wind farms in Guangdong province: • **Nanao II Wind Farm** (45MW) • **Nanao III Wind Farm** (15MW) Co-investors: Huaneng Renewables Corporation Limited (50%) and Guangdong Wind Power Company Limited (25%)
49%	Wind	**Jilin Datang Wind Joint Ventures (Jilin Datang Wind) 148 / 73MW** Assets include wind farms in Jilin province: • **Datong Wind Farm** (49.5MW) • **Shuangliao I Wind Farm** (49.3MW) • **Shuangliao II Wind Farm** (49.5MW) Co-investor: China Datang Corporation Renewable Power Company Limited (51%)
100%	Wind	**Qian'an IW Power Company Limited (Qian'an Wind) 99 / 99MW** Assets include wind farms in Jilin province: • **Qian'an I Wind Farm** (49.5MW) • **Qian'an II Wind Farm** (49.5MW)

Notes:

3 Shenmu Power Station ceased operation on 28 February 2018.

4 The 1,248 equity MW attributed to CLP, through its 30% equity interest in CSEC Guohua, takes into account that CSEC Guohua holds varying equity interests in the generating assets included in the 7,470 gross MW.

5 The Beijing Yire Power Station ceased operation on 20 March 2015.

6 The 24 equity MW attributed to CLP, through its 50% equity interest in CLP-CWP Wind, takes into account that CLP-CWP Wind holds varying equity interests in the generating assets included in the 99 gross MW.

Mainland China (cont'd) Gross MW / CLP Equity MW

Equity	Fuel type	Investments
49%		**Shandong Guohua Wind Joint Ventures (Shandong Guohua Wind) 395 / 194MW** Assets include wind farms in Shandong province: • **Dongying Hekou Wind Farm** (49.5MW) • **Lijin I Wind Farm** (49.5MW) • **Lijin II Wind Farm** (49.5MW) • **Rongcheng I Wind Farm** (48.8MW) • **Rongcheng II Wind Farm** (49.5MW) • **Rongcheng III Wind Farm** (49.5MW) • **Zhanhua I Wind Farm** (49.5MW) • **Zhanhua II Wind Farm** (49.5MW) Co-investor: Shenhua Renewable Company Limited (51%)
45%		**Shandong Huaneng Wind Joint Venture (Shandong Huaneng Wind) 69 / 31MW** Assets include wind farms in Shandong province: • **Weihai I Wind Farm** (19.5MW) • **Weihai II Wind Farm** (49.5MW) Co-investor: Huaneng Renewables Corporation Limited (55%)
29%		**Shanghai Chongming Beiyan Wind Power Generation Company Limited (Chongming Wind) 48 / 14MW** Assets include: • **Chongming Wind Farm** (48MW) in Shanghai Co-investors: Shanghai Green Environmental Protection Energy Co., Ltd. (51%) and CPI New Energy Holding Company Limited (20%)
45%		**Sinohydro CLP Wind Power Company Limited (Changling Wind) 50 / 22MW** Assets include: • **Changling II Wind Farm** (49.5MW) in Jilin province Co-investor: Sinohydro Renewable Energy Company Limited (55%)
100%		**CLP Sichuan (Jiangbian) Power Company Limited (Jiangbian Hydro) 330 / 330MW** Assets include: • **Jiangbian Hydropower Station** (330MW) in Sichuan province
100%		**Dali Yang_er Hydropower Development Co., Ltd. (Yang_er Hydro) 50 / 50MW** Assets include: • **Dali Yang_er Hydropower Station** (49.8MW) in Yunnan province
84.9%		**Huaiji Hydropower Joint Ventures (Huaiji Hydro) 129 / 110MW** Assets include hydropower stations in Guangdong with combined gross capacity of 129MW Co-investor: Huaiji County Huilian Hydro-electric (Group) Co., Ltd. (15.1%)
100%		**CLP Dali (Xicun) Solar Power Co., Ltd. (Xicun Solar) 84 / 84MW** [7] Assets include solar power stations in Yunnan province: • **Xicun I Solar Power Station** (42MW) • **Xicun II Solar Power Station** (42MW)
100%		**Huai'an Gangfa PV Power Company Limited (Huai'an Solar) 13 / 13MW** [8] Assets include: • **Huai'an Solar Power Station** (12.8MW) in Jiangsu province
100% [9]		**Jinchang Zhenxin PV Power Company Limited (Jinchang Solar) 85 / 85MW** [10] Assets include: • **Jinchang Solar Power Station** (85MW) in Gansu province
100%		**Sihong Tianganghu PV Power Co., Ltd. (Sihong Solar) 93 / 93MW** [11] Assets include: • **Sihong Solar Power Station** (93.4MW) in Jiangsu province
100%		**CLP (Lingyuan) Hejiagou New Energy Company Limited (Lingyuan Solar) 17 / 17MW** [12] Assets include: • **Lingyuan Solar Power Station** (17MW) in Liaoning province [13]
100%		**Hong Kong Pumped Storage Development Company, Limited (PSDC)** Assets include: • Right to use 50% (600MW, until 2034) of **Phase I of Guangzhou Pumped Storage Power Station** (1,200MW, non-equity interest), for serving our Hong Kong business under long-term capacity purchase agreement

Notes:

7 Gross / CLP Equity MW are expressed on an alternating current (AC) basis. If converted to direct current (DC), they are equivalent to 100 / 100MW.

8 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 15 / 15MW.

9 In May 2018, CLP acquired the remaining 49% shareholding in Jinchang Solar, making it a wholly owned subsidiary of CLP.

10 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 100 / 100MW.

11 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 110 / 110MW.

12 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 20 / 20MW.

13 Lingyuan Solar Power Station commenced operation in July 2018.

India

Gross MW / CLP Equity MW

Equity	Fuel type	Investments
100%	Gas, Wind	**CLP India Private Limited (CLP India) 705 / 705MW** Assets include: • **Paguthan Power Station** (655MW), a combined-cycle gas-fired power plant in Gujarat state designed to run on natural gas with naphtha as alternate fuel • **Samana I Wind Farm** (50.4MW) in Gujarat state
100%	Wind	**CLP Wind Farms (India) Private Limited (CLP Wind Farms India) 774 / 774MW** Assets include: • **Andhra Lake Wind Farm** (106.4MW) in Maharashtra state • **Bhakrani Wind Farm** (102.4MW) in Rajasthan state • **Chandgarh Wind Farm** (92MW) in Madhya Pradesh state • **Harapanahalli Wind Farm** (39.6MW) in Karnataka state • **Jath Wind Farm** (60MW) in Maharashtra state • **Mahidad Wind Farm** (50.4MW) in Gujarat state • **Samana II Wind Farm** (50.4MW) in Gujarat state • **Saundatti Wind Farm** (72MW) in Karnataka state • **Sipla Wind Farm** (50.4MW) in Rajasthan state • **Tejuva Wind Farm** (100.8MW) in Rajasthan state • **Theni I Wind Farm** (49.5MW) in Tamil Nadu state
100%	Wind	**CLP Wind Farms (Khandke) Private Limited (Khandke Wind) 50 / 50MW** Assets include: • **Khandke Wind Farm** (50.4MW) in Maharashtra state
100%	Wind	**CLP Wind Farms (Theni – Project II) Private Limited (Theni II) 50 / 50MW** Assets include: • **Theni II Wind Farm** (49.5MW) in Tamil Nadu state
100%	Coal	**Jhajjar Power Limited (JPL) 1,320 / 1,320MW** Assets include: • **Jhajjar Power Station** (1,320MW) in Haryana state, with two 660MW supercritical coal-fired units
49% [14]	Solar	**SE Solar Limited (SE Solar) 100 / 49MW** [15] Assets include: • **Veltoor Solar Farm** (100MW) in Telangana state Co-investor: Suzlon Energy Limited (51%)

Southeast Asia and Taiwan

Gross MW / CLP Equity MW

Equity	Fuel type	Investments
20%	Coal	**Ho-Ping Power Company (HPC) 1,320 / 264MW** Assets include: • **Ho-Ping Power Station** (1,320MW) in Taiwan Co-investors: Taiwan Cement Corporation (60%) and Mitsubishi Corporation (20%)
33.3%	Solar	**Natural Energy Development Co., Ltd. (NED) 63 / 21MW** Assets include: • **Lopburi Solar Farm** (63MW) in Central Thailand Co-investor: Electricity Generating Public Company Limited (66.7%)

Australia

Gross MW / CLP Equity MW

Equity	Fuel type	Investments
100%	Gas, Coal, Wind	**EnergyAustralia 5,089 / 4,478MW** Assets include: • Electricity and gas services for **2.56 million customers** in Victoria, South Australia, New South Wales and Queensland • **Hallett Gas-fired Power Station** (203MW) • **Mount Piper Coal-fired Power Station** (1,400MW) • **Tallawarra Gas-fired Power Station** (420MW) • **Yallourn Coal-fired Power Station** (1,480MW) and **Brown Coal Open-cut Mine** • **Newport Gas-fired Power Station** (500MW) [16] • **Jeeralang Gas-fired Power Station** (440MW) [16] • **Pine Dale Black Coal Mine** • 50% of **Cathedral Rocks Wind Farm** (64MW) • 20% of **Wilga Park Gas-fired Power Station** (16MW) • 20% of **Narrabri** (2C contingent resource of up to 1,795PJ)
Long-term Offtake [17]	Wind, Solar	• **Boco Rock Wind Farm** (113MW) 100% offtake • **Gullen Range Wind Farm** (165.5MW) 100% offtake • **Mortons Lane Wind Farm** (19.5MW) 100% offtake • **Taralga Wind Farm** (107MW) 100% offtake • **Waterloo Wind Farm Stage 1** (111MW) 50% offtake • **Gannawarra Solar Farm** (50MW) 100% offtake

Notes:

14 CLP India has an option to acquire Suzlon Group's remaining 51% stake one year after the commissioning of the project.

15 Gross / CLP Equity MW are expressed on an AC basis. If converted to DC, they are equivalent to 120 / 58.8MW.

16 EnergyAustralia acquired Ecogen Energy in April 2018, which included the Newport and Jeeralang Gas-fired Power Stations.

17 Relates to long-term power purchase from power stations in which CLP has neither equity nor operational control.

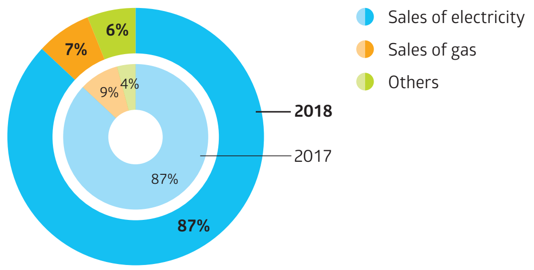
Analysis of Financial Results

	Notes to the Financial Statements	Six months ended 30 June 2018 HK$M	2017 HK$M	Increase / (Decrease) HK$M	%
Revenue	*4*	**46,464**	43,337	3,127 ▲	7.2
EBITDAF of subsidiaries	*5*	**13,793**	11,929	1,864 ▲	15.6
Share of results of joint ventures and associates, net of tax	*13 and 14*	**1,143**	671	472 ▲	70.3
EBITDAF of the Group	*5*	**14,936**	12,600	2,336 ▲	18.5
Depreciation and amortisation		**(4,004)**	(3,573)	431 ▲	12.1
Fair value adjustments		**125**	(206)	N/A	N/A
Net finance costs	*7*	**(914)**	(1,031)	(117) ▼	(11.3)
Operating earnings	*5*	**7,886**	5,914	1,972 ▲	33.3
Earnings attributable to shareholders		**7,436**	5,909	1,527 ▲	25.8

Revenue

	2018 HK$M	2017 HK$M	Increase HK$M	%
Hong Kong	**20,332**	18,795	1,537	8.2
Australia	**22,652**	21,900	752	3.4
India	**2,707**	1,973	734	37.2
Mainland China and others	**773**	669	104	15.5
	46,464	43,337	3,127	

Revenues by Nature



- Hong Kong: More units sold, increase in basic tariff of HK¢2.3 per unit effective January 2018 and recovery of higher fuel costs in 2018
- Australia: Higher retail revenue with tariff uplifts, partially offset by more discounts under intense market competition and lower customer numbers; lower generation revenue at lower pool prices and marginally lower volumes
- India: Higher generation and higher capacity charges on higher availability at Jhajjar; higher dispatch from Paguthan; phased commissioning of Veltoor Solar since the second half of 2017 but partially offset by lower wind resources
- Mainland China: More wind resources, less grid curtailment and more renewable projects in operation since the second half of 2017

Depreciation and Amortisation

- Hong Kong: Higher depreciation on continuous investments in SoC fixed assets
- Australia: Increase in depreciation on higher decommissioning assets for higher asset remediation costs and higher amortisation from customer related IT system

Fair Value Adjustments

Australia: Favourable fair value movements on energy contracts with net sell position as a result of the reduction in volatility of the wholesale prices, partially offset by fair value loss (2017: gain) on wind offtake contracts

Net Finance Costs

- Hong Kong: Favourable (2017: unfavourable) mark-to-market movement of perpetual capital securities related currency hedges
- India: Lower interest on lower debts resulted from scheduled repayments
- Australia: Strong operating cash flow and surplus fund resulted in minimal net finance costs and repayment of all external borrowings
- Corporate: Additional interest on borrowings for financing the acquisition of Yangjiang Nuclear in December 2017

EBITDAF of the Group

	2018 HK$M	2017 HK$M	Increase / (Decrease) HK$M	%
Hong Kong	**9,023**	8,601	422	4.9
Mainland China	**1,807**	1,248	559	44.8
India	**521**	973	(452)	(46.5)
Southeast Asia and Taiwan	**62**	79	(17)	(21.5)
Australia	**3,913**	1,966	1,947	99.0
Corporate	**(390)**	(267)	(123)	
	14,936	12,600	2,336	

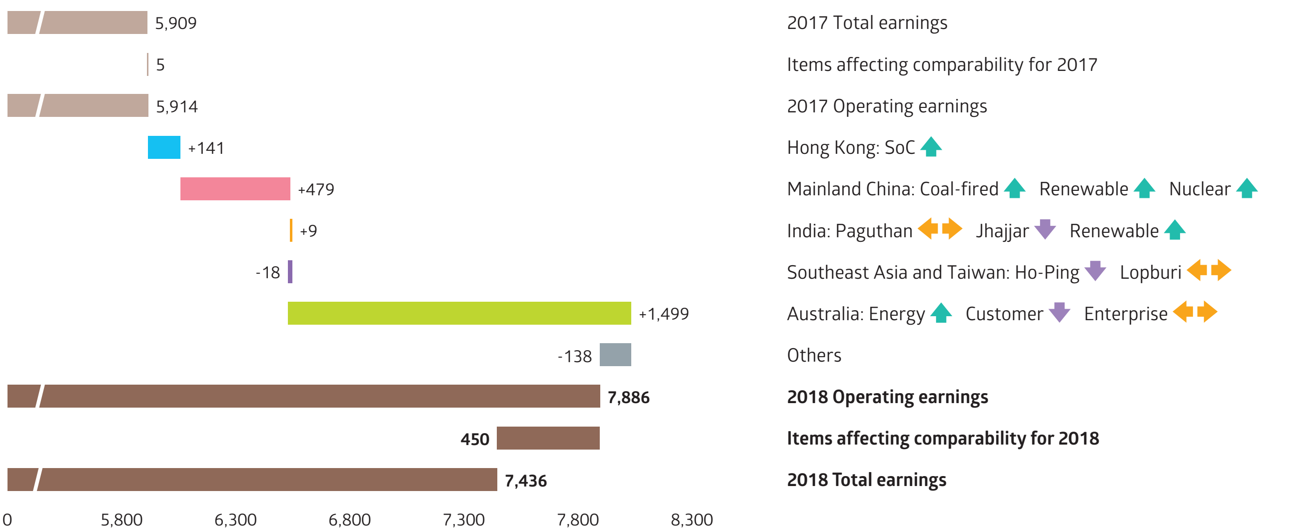
2018 Item Affecting Comparability

A provision of HK$450 million (Rs3,796 million) was made for the deemed generation dispute in India. While CLP India has not altered its view regarding the legal merits of the claim, in view of the imminent expiry of the Paguthan's PPA and uncertainty on the timing of recoverability, it is appropriate to make a provision against the amounts withheld by the offtaker. Details are set out in Note 23(A) to the Financial Statements.

- Hong Kong: Higher SoC permitted return on higher average net fixed assets
- Mainland China: Higher share of results of joint ventures and associates due to improved performance from coal-fired projects (mainly due to higher outputs partially offset by higher coal prices) and inclusion of our share of results from Yangjiang Nuclear (HK$366 million); higher contributions from renewables with commissioning of more wholly-owned renewable projects since the second half of 2017, more wind resources and less grid curtailment partially offset by lower generation from Huaiji due to less rainfall
- India: Paguthan's operation remained stable; notwithstanding solid underlying performance in 2018, lower Jhajjar's earnings due to a favourable coal stock adjustment in 2017; despite loss from the write-off of Yermala project in 2017, contributions from wind projects were lower due to less wind resources; contribution from Veltoor Solar since its phased commissioning in the second half of 2017
- Southeast Asia and Taiwan: Lower share of result from Ho-Ping mainly due to less generation, higher coal prices and increase in tax expenses on higher tax rate despite higher energy tariff; Lopburi Solar operated stably
- Australia: Higher energy (wholesale) contribution due to higher realised wholesale prices and lower energy procurement costs due to lower volatility during peak periods; lower customer (retail) contribution due to lower gross margin, lower customer numbers and discounting coupled with higher cost to serve on increased regulations

Earnings Attributable to Shareholders

Earnings for the First 6 Months (HK$M)



Analysis of Financial Position

	Notes to the Financial Statements	**30 June 2018 HK$M**	31 December 2017 HK$M	**Increase / (Decrease) HK$M**		**%**
Fixed assets, leasehold land and land use rights and investment property	*11*	**145,550**	143,738	1,812	▲	1.3
Goodwill and other intangible assets	*12*	**27,792**	29,087	(1,295)	▼	(4.5)
Trade and other receivables	*16*	**16,749**	15,427	1,322	▲	8.6
Trade and other payables	*17*	**17,946**	18,978	(1,032)	▼	(5.4)
Derivative financial instrument assets #	*15*	**2,807**	2,093	714	▲	34.1
Derivative financial instrument liabilities #	*15*	**2,268**	2,429	(161)	▼	(6.6)
Bank loans and other borrowings #	*18*	**57,549**	57,341	208	▲	0.4

Including current and non-current portions

Fixed Assets, Leasehold Land and Land Use Rights and Investment Property
Goodwill and Other Intangible Assets

- The movements of balances as follows:

	Fixed Assets, Leasehold Land and Land Use Rights and Investment Property HK$M	Goodwill and Other Intangible Assets HK$M
Opening balance at 1.1.2018	143,738	29,087
Acquisitions of subsidiaries	2,276	–
Additions	4,828	201
Depreciation and amortisation	(3,534)	(470)
Transfers and disposals	(109)	–
Translation difference * and others	(1,649)	(1,026)
Closing balance at 30.6.2018	**145,550**	**27,792**

* Mainly depreciation of Australian dollar, Indian rupee and Renminbi

- Acquisitions of 100% interest in Ecogen and 49% remaining interest of Jinchang Solar (which then became wholly-owned subsidiary) in 2018 brought in HK$2,276 million in fixed assets
- Major additions for the first half of 2018 included SoC capital expenditure of HK$3.9 billion in Hong Kong; enhancement projects at Yallourn and Mount Piper, higher decommissioning assets for higher asset remediation costs and upgrade of customer service facilities in Australia; and construction of wind and solar projects in Mainland China and India

Trade and Other Receivables
Trade and Other Payables

- Hong Kong: Higher trade debtors on higher seasonal electricity sales; lower trade creditors mainly due to lower accruals on capital expenditure made at June as compared to year end
- Mainland China: Lower receivables upon the receipt of consideration from CGN Wind divestment, partially offset by additional receivables brought in by consolidation of Jinchang Solar after acquisition in May and higher national subsidy receivables; creditor balances remained stable
- India: Lower debtors as a result of the provision for deemed generation receivables; lower creditor balances mainly reflecting the impact of lower closing rate of Indian rupee
- Australia: Disregarding the effect of lower closing rate of Australian dollar which reduced both receivables and payables, higher debtors due to higher winter sales; lower creditor balances mainly due to settlement of green liabilities (e.g. Renewable Energy Target obligations) in the first half, largely offset by higher pool purchases and distribution costs payables in line with higher seasonal sales

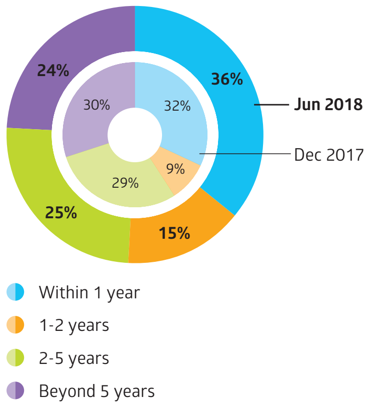
Derivative Financial Instruments

As at 30 June 2018, the Group had gross outstanding derivative financial instruments which amounted to HK$82.2 billion. The fair value of these derivative instruments was a net surplus of HK$539 million, representing the net amount receivable if these contracts were closed out at period end. However, changes in the fair value of derivatives have no impact on cash flows until settlement.

The net fair value of derivatives changed from liability at 31 December 2017 to asset at 30 June 2018 which was mainly due to favourable mark-to-market movements on energy contracts in Australia.

	Notional Amount		Fair Value Gain / (Loss)	
	30 June 2018 HK$M	31 December 2017 HK$M	**30 June 2018 HK$M**	31 December 2017 HK$M
Forward foreign exchange contracts and foreign exchange options	**21,467**	27,203	**407**	308
Interest rate swaps and cross currency interest rate swaps	**34,004**	34,902	**(865)**	(818)
Energy contracts	**26,684**	18,878	**997**	174
	82,155	80,983	**539**	(336)

Maturity Profile



Cash Flow Analysis

Free Cash Flow (2018: HK$8,652 million; 2017: HK$6,345 million; ▲ 36.4%)

	Six months ended 30 June	
	2018 HK$M	2017 HK$M
Funds from operations	**10,445**	6,987
Less: Tax paid	**(1,152)**	(581)
Less: Net finance costs paid	**(1,195)**	(1,126)
Less: Maintenance capex paid	**(441)**	(314)
Add: Dividends from joint ventures and associates	**995**	1,379
	8,652	6,345

- Hong Kong: Increased inflow from SoC mainly due to increase in basic tariff and higher fuel cost recovery from customers (as opposed to the payment of special fuel rebate of HK$786 million in 2017), partially offset by capitalised interests paid for MTN issued by CAPCO for financing CCGT since July 2017
- Australia: Favourable EBITDAF mainly driven by strong operating performance; improved working capital movement including favourable settlements of energy contracts, partially offset by payment of income tax since the second half of 2017 and higher maintenance capex
- Lower dividends received from coal-fired projects in Mainland China and Taiwan

Financing and Capital Resources

The Group engaged in new financing activities in the first half of 2018 in support of the operation and growth of its electricity business. Overall, CLP Holdings has maintained strong liquidity with undrawn bank facilities of HK$6.9 billion and bank balances of HK$1.7 billion as at the end of June 2018. CLP Holdings completed HK$2.5 billion refinancing through arrangement of new bank loan facilities with three banks at preferential interest rates.

During the period, CLP Power Hong Kong arranged a HK$1 billion 15-year fixed rate private placement bond and HK$1.3 billion three- and five-year bank loan facilities at attractive interest rates. Both CLP Power Hong Kong and CAPCO have Medium Term Note (MTN) Programmes in place under which bonds in aggregate amounts of up to US$4.5 billion and US$2 billion may be issued respectively. As at 30 June 2018, notes with an aggregate nominal value of about HK$26.5 billion and HK$3.9 billion had been issued by the two entities respectively.

Our projects beyond Hong Kong have maintained healthy liquidity positions. EnergyAustralia re-arranged a A$500 million (HK$2.9 billion) syndicated guarantee facility in March 2018 at more favourable costs. With stronger operating cash flow and more surplus fund, EnergyAustralia cancelled A$850 million (HK$4.9 billion) bank loan facilities and repaid US$30 million (HK$235 million) private placement bond earlier than scheduled to reduce finance costs. In addition, EnergyAustralia extended the maturity date of an existing A$300 million (HK$1.7 billion) working capital facility by three years to June 2021.

In India, we arranged a Rs1.5 billion (HK$171 million) 18-year project loan in June 2018 for SE Solar Limited (49% owned by CLP India with an option to acquire the remaining 51% shareholding one year after commissioned), owner of the Veltoor solar project, to refinance existing short-term bank facilities and shareholder's loan. In addition, Jhajjar Power Limited successfully negotiated with two lenders to reduce interest rate margins by 0.7% for Rs2.9 billion (HK$331 million) project loans.

Our strong track record in financial management is held in high regard in the industry. In May 2018, the arrangement of CAPCO's HK$5.7 billion term loan facilities was recognised as the Hong Kong Power Deal of the Year at the Asset Triple A Asia Infrastructure Awards 2018 organised by *The Asset* magazine. This self-arranged loan comprised the HK$1.4 billion, 15-year export credit facility arranged in March 2017 and the HK$4.3 billion, five-year commercial loan facility arranged in January 2017, for funding of the new Combined Cycle Gas Turbine plant at Black Point Power Station. In addition, financing arrangement for the project also includes the US$500 million (HK$3.9 billion) Energy Transition Bond issued in July 2017 to refinance a major portion of the aforementioned commercial loan facility.

The Group is committed to maintaining a diversified portfolio of debt funding and strong financial metrics. At the end of June 2018, our net debt to total capital ratio was 28.3% (end 2017: 27.8%) and fixed-rate debt as a proportion of total debt was 52% (end 2017: 52%) without perpetual capital securities or 56% (end 2017: 56%) with perpetual capital securities. For the six months ended 30 June 2018, the EBIT (earnings before interest and taxes) interest cover was 11 times.

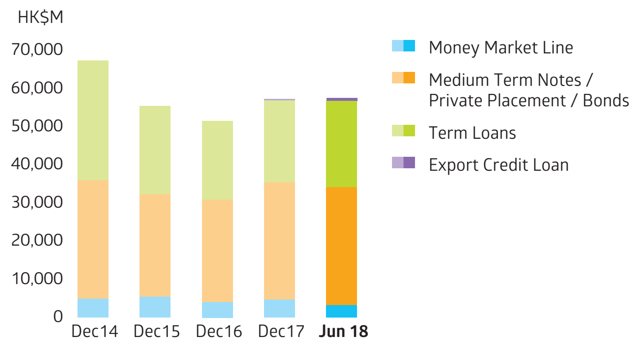
Debt Profile as at 30 June 2018

	CLP Holdings HK$M	CLP Power Hong Kong HK$M	CAPCO HK$M	Other Subsidiaries HK$M	CLP Group HK$M
Available Facility [1]	11,284	39,431	11,964	18,958	81,637
Loan Balance	4,394	32,117	9,142	11,896	57,549
Undrawn Facility	6,890	7,314	2,822	7,062	24,088

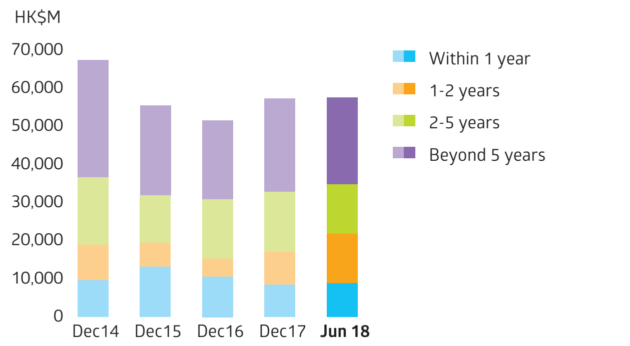
Note:

1 For the MTN Programmes, only the amounts of the bonds issued as at 30 June 2018 were included in the total amount of Available Facility. The Available Facility in EnergyAustralia excludes a facility set aside for guarantees.

Loan Balance - Type



Loan Balance - Maturity [1]



Note:

1 The maturity of revolving loans is in accordance with the maturity dates of the respective facilities instead of the current loan drawdown tenors.

Credit Ratings

In May 2018, both Standard & Poor's (S&P) and Moody's affirmed their credit ratings for CLP Holdings (A and A2) and CLP Power Hong Kong (A+ and A1) with stable outlooks. S&P expected CLP Holdings will steadily grow its cash flow and reduce leverage in the coming two years owing to increased contributions from Australia and our new investment in Yangjiang Nuclear Power Station. It also said the lowered permitted rate of return under the new SoC Agreement should have a moderate impact on CLP Holdings' financial performance. Moody's, meanwhile, indicated the credit ratings reflected CLP Power Hong Kong's large earnings contribution and predictable cash flow, CLP Group's strong financial profile, well-managed debt maturities and sound liquidity profile, adding that the financial impact arising from the new SoC Agreement should be manageable.

In June 2018, S&P affirmed CAPCO's AA- credit rating with stable outlook, while Moody's affirmed its A1 credit rating. S&P noted CAPCO's operations in a strong and transparent regulatory environment, underpinning its ability to earn stable and predictable cash flows, while Moody's factored in CAPCO's predictable cash flow and low-risk business profile.

As at the date of this Report, the credit ratings of major companies within the Group are as below.

	CLP Holdings		CLP Power Hong Kong		CAPCO		EnergyAustralia
	S&P	Moody's	S&P	Moody's	S&P	Moody's	S&P
Long-term Rating	A	A2	A+	A1	AA-	A1	BBB+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Short-term Rating	A-1	P-1	A-1	P-1	A-1+	P-1	–

Business Performance and Outlook

This section describes CLP's operational performance in Hong Kong, Mainland China, India, Southeast Asia, Taiwan, and Australia in the first six months of 2018.

Hong Kong

The new Scheme of Control (SoC) Agreement between CLP and the Hong Kong Government will become effective in October 2018. Our first five-year Development Plan under the new Agreement projects a capital expenditure of HK$52.9 billion between October 2018 and December 2023. These investments will help strengthen our supply security, maintain our reliability and facilitate Hong Kong's continuing journey to a low-carbon future through a transition from coal to gas.

In addition to the construction of a 550MW advanced combined cycle gas turbine at Black Point Power Station currently underway, the new Development Plan provides for the building of another gas-fired unit of similar capacity and design at the plant to allow for the gradual phasing out of the four oldest coal-fired units at Castle Peak Power Station.

Another important investment we are making to support the transition is an offshore LNG terminal – a critical infrastructure project that will improve the diversity, security, and cost competitiveness of future gas supplies. Good progress has been made with the environmental impact assessment report for the project which is expected to be concluded in the second half of 2018. We are also progressing with the finalisation of the contractual arrangements for the supply of LNG and the Floating Storage and Regasification Unit (FSRU) vessel for the project.

Apart from our own generation fleet, we plan to enhance the reliability and transmission capacity of the existing cross-border transmission overhead line circuits connecting Hong Kong and Mainland China. It will provide greater flexibility for the increased use of zero-carbon energy in future.

As part of our ongoing work to meet growing customer load requirements and ensure supply reliability, we will refurbish our generation assets and undertake improvement works on our core transmission and distribution systems.

The new SoC Agreement includes key initiatives to promote local renewable energy development and encourage community participation in energy efficiency and conservation. A Feed-in Tariff scheme, Renewable Energy Certificates and a new CLP Eco Building Fund will be rolled out in October, while a CLP Community Energy Saving Fund (CESF) will be effective from January 2019. The CESF will be set up by shareholders' incentives to implement a territory-wide energy efficiency and conservation campaign to encourage residential customers to adopt low-carbon lifestyles. It will also be used to assist business customers to replace electrical equipment with more energy efficient models and to support underprivileged people, including tenants of subdivided units.

Delivery of major components for additional gas-fired unit at Black Point Power Station

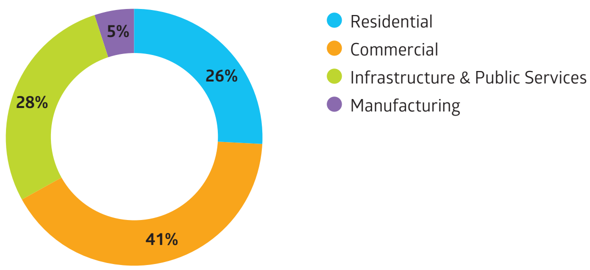
In July, we announced adjustments to the basic tariff for 15 months from October 2018 under the new Agreement, reflecting the revised permitted rate of return and projected investments in the new Development Plan. Our basic tariff will be 3.7% lower than the level in the first nine months of 2018. It also represents an increase of merely 2% compared to 20 years ago. The total tariff will increase by 2% due to the higher fuel cost resulting from substantially rising fuel prices since 2017 and higher gas consumption to meet the 2020 carbon reduction target. Overall, our tariff remains competitive among metropolitan cities around the world.

In the first half of 2018, total electricity sales, including local sales and sales to the Mainland China, increased 4.9% to 16,368GWh.

Sales of electricity in Hong Kong were 15,831GWh, an increase of 4.7% compared with the first half of 2017. Stronger sales in the residential sector reflected a higher cooling load in the second quarter, caused in part by the exceptionally hot weather in May and a relatively low baseline from the same period in 2017. Both Commercial sector and Infrastructure & Public Services sectors saw higher sales. The sustained growth in electricity sales in Hong Kong emphasised the need for continuing development of our facilities to provide a safe and reliable electricity supply. A breakdown of the changes in local sales during the period by sector is as follows:

	Increase / (Decrease)		
Residential	257GWh	▲	6.7%
Commercial	232GWh	▲	3.7%
Infrastructure & Public Services	233GWh	▲	5.5%
Manufacturing	(6GWh)	▼	(0.7%)

% of Total Local Sales



In the ongoing digital transformation of our business, we continue to focus on technology innovations to enhance customer experience and improve our efficiency. We plan to broaden our advanced metering infrastructure, installing more smart meters to give customers more information and control over their energy consumption. During the period, we teamed up with wet market operators to transform traditional markets into a more comfortable environment to promote sustainable business operations. Operationally, we have been trialling different technologies throughout the electricity supply chain to support asset reliability, optimise plant performance and make maintenance work faster and safer.

Outlook Hong Kong

With the start of the new SoC Agreement in the fourth quarter, CLP is preparing to deliver enhanced services to our customers in Hong Kong, while leading the city's transition to a low-carbon future. We have had a positive initial response to the Feed-in Tariff scheme and the Eco Building Fund and we will focus on executing these important programmes starting from the fourth quarter.

We look forward to implementing the infrastructure investments as set out in our Development Plan. Not only are we required to upgrade and maintain our existing facilities to continue to deliver the reliable electricity supply to our customers, we will also be pressing ahead with our new gas-fired generation unit at Black Point as well as the offshore LNG terminal project to contribute to a lower carbon footprint for Hong Kong.

To offer better services tailored to customers' needs, we will focus on the development of new smart service platforms for households and businesses, as well as technologies such as robotics solution, digitalisation, and data analytics to enhance our operational performance, and contribute to a greener and smarter Hong Kong.

Mainland China

In the first half of 2018, operations in Mainland China benefitted from CLP's focus on low-carbon investments as increased contributions from our nuclear and renewable assets partially offset the challenge of high coal prices.

Our investment in Yangjiang Nuclear Power Co., Ltd., completed in December 2017, bolstered first-half earnings and the fifth unit of the project has been commissioned. Operation of the Daya Bay Nuclear Power Station remains strong with stable contribution to our earnings.

Renewable energy projects enjoyed strong operations, supported by favourable resources and lower grid curtailment.

In particular, our solar portfolio grew after the commissioning of the Huai'an plant in Jiangsu last year and the acquisition in May of the remaining 49% shareholding in the Jinchang plant in Gansu. Generation from our solar projects increased further at the Jinchang plant as a result of lower grid curtailment.

Similarly, our wind projects saw less grid curtailment, especially those in the northeast of the country. Together with good wind resources in Shandong and the contribution from Laiwu II, commissioned in October 2017, our wind generation increased by more than 18% compared with the same period in 2017.

Hydro assets had a mixed performance in the first half of the year, reflecting diverse rainfall and water flow conditions in different regions. Generation at Jiangbian in Sichuan improved, but operations were impacted by reduced prices as market competition intensified.

Our coal-fired generation portfolio achieved a higher output in response to stronger customer demand in the first half of the year, driven by colder winter weather and sustained economic growth. The output of Fangchenggang Power Station in Guangxi rose on satisfactory market sales and reduced competition from hydro power. However, with coal prices remaining high and the lack of benchmark tariff adjustments, margins came under pressure and operating conditions continued to be challenging.

The power sector reform has introduced new business opportunities for private capital investment in independent distribution networks and retail energy services. We are exploring opportunities in South China leveraging our expertise across the whole electricity supply chain. We have signed a collaboration agreement with TUS-Clean Energy, an enterprise established in alliance with Tsinghua University in Mainland China, to develop and deploy new energy and smart city-related technologies and businesses on the Mainland.

Outlook Mainland China

In the second half of 2018, we will work with our partners to progress the construction of the sixth unit of the Yangjiang Nuclear Power Station. We remain committed to our energy transition strategy in Mainland China as we look to sustain the positive trajectory in our nuclear and renewable energy portfolios, and to pursuing new investment opportunities introduced under the power sector reform.

We will also strive to mitigate the risks associated with coal supply and continue our efforts to enhance the operational, commercial, and financial performance of our coal-fired portfolio. However, we expect that our earnings in the second half will be under pressure as Fangchenggang is impacted by lower dispatch volumes and higher costs associated with the use of imported and domestic coal, while at the same time our portfolio experiences the usual seasonal reduction in wind and solar resources.

Chairman Sir Michael Kadoorie led a delegation of senior executives on a visit to Yangjiang Nuclear Power Station in May 2018

India

The performance of our business in India was stable in the first half of 2018. Jhajjar coal-fired station performed well, reporting higher utilisation and availability. Despite a longer-than-projected planned outage at the plant, we achieved greater efficiencies and lower costs through our ongoing efforts to improve the quantity and quality of coal supplies.

Our portfolio increased following the full commissioning of Veltoor, CLP's first solar project in India. The plant is now operating smoothly, benefitting from best-in-class tracking and monitoring technologies.

Our wind projects faced challenging weather conditions in the period with lower than average wind resources in the northern, western, and central parts of the country before the arrival of the monsoon, which has started stronger than last year, leading to robust performance in June.

Operations at the Paguthan gas-fired station remained stable and we continue to review the way forward in anticipation of the expiry of the power purchase agreement in December.

Outlook India

In the second half of 2018, we will continue our efforts to maintain operational excellence and strengthen the foundations of our business. We will explore new commercial possibilities for our operations in Paguthan, although we anticipate the lack of gas supplies will continue to pose challenges to our ongoing negotiations.

CLP is committed to further expanding our renewable energy portfolio on the back of supportive government policies. We are also seeking out opportunities along the energy supply chain to broaden the scope of our business in the country.

With a dynamic economy and the Government's focus on strengthening regulatory supervision of the energy industry, India remains a primary growth market for CLP. We will continue to look for ways to enhance our contributions to the long-term growth of the power sector, drawing on our expertise and depth of market experience.

Veltoor, CLP's first solar project in India, is now fully operational

Southeast Asia and Taiwan

In the first half of 2018, a major planned overhaul of one of the two generating units at Ho-Ping coal-fired power station in Taiwan was completed, while a new permanent transmission tower was commissioned as a replacement for the one damaged in a typhoon last year. Performance was impacted by an increase in Taiwan's income tax rate, the extended outage caused by the works combined with higher fuel costs. Although energy tariffs had caught up with higher coal prices observed in 2017, the lagging adjustment meant the increase was offset by even higher coal prices in 2018.

Operations at the Lopburi solar plant in Thailand were stable.

In Vietnam, we continued to make progress in our discussions with the Government and banks over the Vung Ang II and Vinh Tan III projects.

Outlook Southeast Asia and Taiwan

In the second half of 2018, we will continue to work closely with the Vietnamese Government and banks to finalise commercial and financial arrangements for the Vung Ang II and Vinh Tan III projects so as to make investment decisions.

Australia

Wholesale electricity prices remained strong in the first half of 2018. The increase in earnings reflects the availability of our generation portfolio in this market. EnergyAustralia's generation has effectively supplied our customers, especially at peak price times, successfully mitigating the risks of not being able to meet customer demand on peak days and during generator outages.

At the same time, energy remained a prominent public policy issue. EnergyAustralia continues to face increasing costs of regulatory compliance, with many industry reviews and interventions commencing in 2017 and continuing in 2018. The Federal and State Governments have been engaged in ongoing discussions with industry groups on ways to address market challenges brought by the energy transition. EnergyAustralia continued to contribute to the solutions through supporting the development of renewable energy projects enabling effective integration of reliable renewable energy into the National Electricity Market (NEM).

Earlier this year, EnergyAustralia announced it had completed a programme to financially underpin around 500MW of new wind and solar projects in eastern Australia, around 390MW of which is directly contracted to EnergyAustralia.

In March, we signed agreements worth A$50 million to operate two utility-scale battery storage systems of 80MWh in Victoria, acquiring the rights to charge and dispatch this energy into the NEM.

The following month, EnergyAustralia completed the acquisition of Ecogen Energy, owner of the Newport and Jeeralang gas-fired power stations in Victoria. The two plants have a combined capacity of 940MW. Taking direct ownership of the plants, with which EnergyAustralia has had an offtake agreement stretching back nearly two decades, gives secure access to the flexibility of intermediate and peaking gas-fired generation to support the integration of renewable energy.

The Victorian Government has extended the mining licence for the Yallourn mine for six years. This will allow coal to be supplied to the adjacent Yallourn Power Station until 2032, the plant's end of technical life.

EnergyAustralia announced last year that it would deliver around 50MW of demand-response reserve capacity across New South Wales, Victoria and South Australia as part of a pilot programme run by the Australian Renewable Energy Agency and the Australian Energy Market Operator. In the trials that took place in April and May, EnergyAustralia successfully delivered 48MW reserve capacity and is on track to secure 50MW by the end of the year.

EnergyAustralia also progressed assessments of new projects and investments in other areas including pumped hydro-electricity and intelligent energy management systems. The business continues to explore plans for 1,000MW of new gas-fired projects in New South Wales.

We expect these technologies and our assets to underpin a modern energy system in Australia, provided the Federal and State Governments reach agreement on a long-term and stable national energy policy and regulatory framework. At present, the Federal and State Governments are working toward a plan combining energy and emissions policy, known as the National Energy Guarantee. EnergyAustralia believes the policy has the potential to provide the stability required to stimulate investment in the industry.

Meanwhile, high retail prices caused by the closure at short notice of the Hazelwood and Northern power stations continued to weigh heavily on customers. EnergyAustralia continued to experience lower retail customer churn than the overall market. However, intense competition for mass-market customers in the first half of the year resulted in lower sales and margin pressure, impacting customer account numbers and profitability. Customer accounts have dropped by approximately 60,000, or 2%, during the period.

To help ease cost pressures for our customers, EnergyAustralia has removed fees for paper bills and over-the-counter charges, expanded hardship support, and extended the *Secure Saver* offer, which enables customers to cap their electricity and gas tariffs for two years.

In June, EnergyAustralia announced that average energy prices for household and small business customers in 2018 would fall in Queensland, ease slightly in New South Wales and remain steady in South Australia.

Outlook Australia

Wholesale electricity prices realised by the business are likely to decline in the second half of 2018. The forward market also indicates reduced pricing into 2019 and beyond as a large number of wind and solar projects enter the market. Meanwhile, intense retail competition shows no sign of abating, placing further pressure on margins as EnergyAustralia focuses on retaining and acquiring customers.

New and ongoing initiatives, including current studies of flexible capacity options such as pumped hydro, battery storage, and gas-fired generation, will support EnergyAustralia's long-term plans for the generation of affordable and sustainable energy. In addition, EnergyAustralia will continue to explore and develop new energy technologies and services through our NextGen business and partnership with Startupbootcamp, a global accelerator programme for startups.

These initiatives seek to address energy affordability and sustainability, combined with the ongoing focus on improving the customer experience, will ensure customers remain at the heart of everything EnergyAustralia does.

EnergyAustralia has signed agreements to operate two utility-scale battery storage systems in Victoria

Human Resources

The Group employed 7,562 people as at 30 June 2018, compared with 7,433 at the same time in 2017. Of those, 4,225 were employed in Hong Kong electricity and related businesses, 3,019 by our businesses in Mainland China, India, Southeast Asia and Taiwan, and Australia, and 318 by CLP Holdings. Total remuneration for the six months to 30 June 2018 was HK$2,994 million, compared with HK$2,758 million for the same period in 2017, including retirement benefits costs of HK$284 million, compared with HK$277 million in 2017.

Health & Safety

CLP is committed to ensuring all our activities and operations result in zero harm for our employees, contractors, customers and the public. We want everyone to go home safe and well every day. As part of our commitment to driving continuous improvement in this area, a new role of Senior Director of Health, Safety, and Environment (HSE) was created in January 2018.

A new HSE Improvement Plan was approved by the Board in May 2018, focusing on raising our safety culture, rethinking our risks, and building a healthy and engaged workforce, involving all stakeholders on our journey. It also promotes initiatives to ensure we continue to operate in an environmentally responsible manner. We continue to focus on injury incidents, while at the same time drawing responsibly on lessons learnt from potential exposure to serious injuries and fatalities. To share experiences across CLP and to learn from other companies, a Group HSE Forum was held in July 2018.

In the first half of 2018, we observed a reduction in our injury rates compared with the corresponding period of 2017. The Lost Time Injury Rate (LTIR)[1] and Total Recordable Injury Rate (TRIR)[2] are shown in the table below:

	Employees		**Employees and Contractors**	
	Jan – Jun 2018	Jan – Jun 2017	**Jan – Jun 2018**	Jan – Jun 2017
LTIR[1]	**0.09**	0.09	**0.07**	0.13
TRIR[2]	**0.14**	0.19	**0.19**	0.26

Notes:

1 The number of lost time injuries measured over 200,000 working hours of exposure

2 The number of recordable injuries measured over 200,000 working hours of exposure

Environment

CLP remains committed to managing and minimising the environmental impact of our operating assets and projects under development. In the first half of 2018, we continued to strengthen the synergy among the regions in which we operate and explore ways to better fulfil our environmental commitment. We also initiated studies on key emerging environmental issues to ensure we are well prepared for any new requirements and challenges.

Compliance

CLP had no environmental regulatory non-compliance incidents resulting in fines or prosecutions in the first half of 2018.

Air Quality

Regulatory requirements on air emissions are becoming more stringent in jurisdictions where we operate, and we continue to explore technological solutions to ensure we remain at or ahead of our compliance requirements. In Mainland China, our emissions control retrofit at Fangchenggang Power Station is nearing completion. In India, we are evaluating enhancements to our flue gas desulphurisation equipment at Jhajjar Power Station so we can reliably meet the revised emissions requirements by 2019. In addition, we are studying options to improve Jhajjar's nitrogen oxides performance to meet the new required standard. In Hong Kong, we are committed to commissioning our new 550MW combined-cycle gas-fired generation unit at Black Point Power Station to support the Government's target for an increased use of natural gas by 2020. In Australia, we continue to monitor trends in emission standards and we are underpinning the construction of new renewable energy facilities.

Water Usage & Risk

We are committed to using water resources responsibly and sustainably in all our operations, and to ensuring our assets withdraw water according to licence entitlements. In the first half of 2018, water supplies at Jhajjar Power Station in India were subject to conservation measures that had a minor and temporary impact on the plant. We are looking at options to improve water resilience.

Every year we employ the World Business Council for Sustainable Development's global water tool to assess our operating assets and mitigate any risks that are identified. This year, we also participated in the CDP Water Survey, consulting with industry peers to benchmark and share good practices relating to water resource management.

Climate Change

Climate change remains one of the most significant global factors affecting our business. Our new targets under the updated Climate Vision 2050 are both challenging and ambitious. And they set a clear roadmap for our journey to a low-carbon future.

We anticipate our carbon intensity will continue to fluctuate for the foreseeable future. However, we are committed to achieving these targets, and our renewable energy and nuclear power projects will play important roles in our growth plans. Following our investment last year in Yangjiang Nuclear Power Co., Ltd., we have made progress in further reducing the carbon intensity of our portfolio in the first half of 2018.

Our new carbon credits e-commerce platform, launched in March 2018, was a new initiative to support our stakeholders on their journey to a low-carbon future. It leverages on our experience in renewable energy development for more than a decade, and helps our end-use customers to access greener and smarter electricity. Interested parties from anywhere in the world can use the platform to calculate their carbon emissions and purchase carbon credits from our wind farms in India to offset the emissions.

CLP and the Hong Kong University of Science and Technology jointly hosted an electric vehicle summer programme for secondary students

Sustainability Performance

In March 2018, we published our 2017 Sustainability Report as a supplement to our integrated Annual Report, with additional information on our operational, environmental, and social performance. It includes a set of quantitative key environmental, social, governance and financial performance indicators which have been verified by third parties. These indicators were also included in our Annual Report.

We have moved our full report online, allowing us to enhance signposting, draw references from different sources, show key ideas visually and interact more effectively with readers. As with previous years, it was prepared in accordance with the core option of the Global Reporting Initiative (GRI) Standards and the GRI G4 Electric Utilities Sector Disclosures. It also satisfies the "comply or explain" provisions and "recommended disclosures" of the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide.

Our sustainability performance continued to be recognised by key sustainability indices, including the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index, and the MSCI ESG Leaders Indexes. We will continue to respond to disclosure requests and to engage with the investor communities.

Innovation

As digitalisation of energy infrastructure gathers pace around the world and our industry continues to evolve, CLP is well-positioned to meet these opportunities and challenges, as well as rising demand from consumers and businesses for smarter and more connected energy services. Our works focus on global and local scanning of best of breed solutions and new business models; using technology and innovation to increase our operational efficiency and deliver enhanced services to our customers; and investing in companies and collaborating with partners to develop and deliver new capabilities and smart energy products and solutions.

Some of our achievements this year include:

- Completed our investment in AutoGrid, a Silicon Valley company focused on distributed energy management systems;
- Invested, along with Alibaba Entrepreneurs Fund, in En-trak, a Hong Kong energy management and smart lighting solutions provider;
- Joined Free Electrons, a global accelerator programme for startup companies focused on digital energy technologies with commercial potential. The programme is backed by nine other utilities from around the world including American Electric Power, Tokyo Electric, and SP Group;
- Signed an agreement with Beijing TUS-Clean Energy Co., Ltd., a subsidiary of TUS-Holdings Co., Ltd., to jointly explore clean energy and smart city technologies;
- Teamed up with public and private sector partners in Thailand to collaborate on energy technologies for industrial parks; and
- Deepening relationships with partners including the Hong Kong Science and Technology Parks Corporation and the West Kowloon Cultural District Authority to pilot innovative solutions.

Stakeholder Engagement & Social Performance

As a key member of the communities in which we operate, we strive to contribute to their betterment so that we can prosper together. We regularly and actively engage with our stakeholders to understand their concerns and priorities, and to drive change in our business and the energy sector.

Sustainability Education

To facilitate dialogues on sustainability and keep pace with market trends, CLP has continued supporting knowledge sharing and industry discussions. In February, we sponsored the third part of a sustainability lecture series at the City University of Hong Kong, where experts from Beijing, Singapore and Hong Kong shared their perspectives on China's leadership on the environment with about 170 participants. For the fourth consecutive time, we sponsored the Youth to Sustainability Summit, run by the student organisation AIESEC in Hong Kong, to help nurture some 330 local and overseas students.

Below are some of our community initiatives:

Hong Kong

In the first half of 2018, we initiated and supported campaigns to promote caring for the needy. These included opening a new Hotmeal Canteen in March to serve nutritious meals to the elderly and people in need at subsidised prices. At the same time, youth development continues to be a key focus area of our community initiatives.

Youth Programmes

Since its inauguration last year, CLP Power Academy has continued its collaboration with academic institutions. It is offering a range of part-time diploma, professional diploma and bachelor degree programmes, affording secondary three and above school leavers an alternative pathway to pursue careers in the power engineering profession, as well as providing opportunities for industry practitioners to advance their careers through acquiring the necessary professional and academic qualifications. We have joined the Pilot Scheme on Corporate Summer Internship on the Mainland and Overseas launched by the Hong Kong Government and provided 10 internship opportunities for tertiary students to work in CLP's operations in Mainland China, Thailand and Vietnam in the summer of 2018. In collaboration with the Hong Kong Federation of Youth Groups, CLP offered 20 scholarships through the CLP Energy for Brighter Tomorrows Award to students who have overcome personal adversity and show positive life attitude. Scholarship recipients are matched with a CLP engineer in a one-year mentorship programme.

Volunteering

The CLP Volunteer Team continued to serve to the needy in our community through a wide range of activities: power safety and energy saving workshops, supporting service to the CLP Hotmeal Canteen, English tutorial classes, tree planting, festive caring visits and elderly outing. The Team also initiated a pilot programme to conduct regular visits to elderly people with early signs of dementia in partnership with Caritas Hong Kong.

Stakeholder Engagement

In June, we hosted a Smart Energy Symposium to facilitate various sectors to work together towards a greener and smarter city. In parallel, we rolled out "A Clear Blue Sky" campaign to engage the public in combating climate change. Meanwhile, CLP's senior executives continued to share their knowledge on infrastructure financing, smart energy and the future of utility through speaking in conferences and forums. These included the Financial Times' Energy Transition Strategies Summit in London, the Belt and Road Summit organised by the Hong Kong Government and the Hong Kong Trade Development Council, the Smart City Summit organised by the American Chamber of Commerce in Hong Kong, the Industrialist Forum held by the Federation of Hong Kong Industries, and the Chinese General Chamber of Commerce Forum.

CLP supports Science, Technology, Engineering and Mathematics (STEM) education for young people

Mainland China

During the first half of 2018, a range of community initiatives were carried out in various assets to enhance community relations, promote well-being in the vicinity and convey messages on environmental protection and safety.

On World Environment Day, we participated in activities to promote environmental protection. For the first time, Sihong and Huai'an solar power stations in Jiangsu opened their doors to local villagers and students, showcasing the operation of solar plants and the benefits of clean energy.

Education and development is a key focus of our community initiatives in Mainland China. As part of Fangchenggang Power Station's *Little Engineer* programme, 11 primary school students from nearby villages visited the plant to learn about the operation of a power generation facility and environmental protection. Fangchenggang Power Station also sponsored the construction of two "music classrooms" and purchased musical instruments so that 350 children from two schools can share the joy of music.

With contributions from CLP colleagues and matching funds from CLP, 500 students from 17 schools in Guangxi, Guizhou, Guangdong and Yunnan benefitted from the *Support-a-student* programme. Donations from the company's *Support-a-school* initiative helped improve the conditions of three schools in Sichuan.

India

In the first half of 2018, CLP India continued to concentrate on supporting communities with a special focus on the empowerment of women, poverty relief measures and youth projects.

We have helped connect more than 1,500 women in villages around our wind farms in Jath and Chandgarh through micro credit societies to help create new livelihood opportunities.

We also carried out projects to improve the infrastructure of the communities in which we operate. Our works include constructing, repairing or desilting watershed structures, erecting solar street lights and distributing solar lanterns. Health is also an important aspect, both for humans and animals. We gave polio immunisations to 800 children living near our Paguthan plant. More than 18,000 cattle have been treated at veterinary camps around the Tejuva project.

In our continuing efforts to support young people, the CLP India Scholarship Scheme now supports around 450 students from nine business locations, up from 101 students and four locations in the same period in 2017. Meanwhile, five women from our Wrestling Academy at Jhajjar won prizes in district, state, and national level tournaments. Two male wrestlers have represented the Haryana state with one of them winning a national tournament.

Australia

The first half of 2018 has seen enthusiastic feedback from staff in a range of volunteering opportunities including packing food for charity distribution, organising breakfast and reading programmes at schools, mentoring high school students and representing EnergyAustralia at Mardi Gras.

In April, to mark Mount Piper Power Station's 25 years of operation, EnergyAustralia donated A$25,000 to three local community groups in addition to the A$60,000 annual community grants programme. An open day held at the power station to celebrate the milestone gave the local community a rare insight into the infrastructure.

2018 marks a new partnership between EnergyAustralia, Foodbank Victoria and the Essendon Football Club in the "Goals to End Hunger" campaign, under which EnergyAustralia will donate 200 meals to Foodbank Victoria for every goal kicked by the Essendon Football Club at their home games.

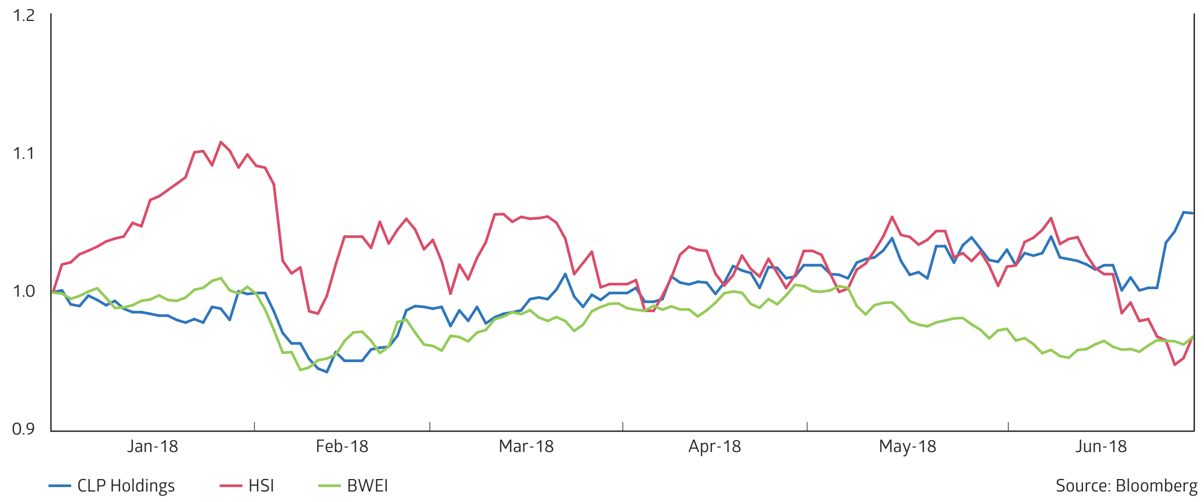
Prism, EnergyAustralia's Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI+) network launched in 2016 that is open to all employees, has been recognised as the Network of the Year at the 2018 Australian Workplace Equality Index (AWEI) awards, a national benchmark on LGBTI workplace inclusion.

Shareholder Value

CLP Holding's share price increased 5.7% in the first half of the year, significantly outperforming both the Bloomberg World Electric Index (BWEI), a global index of major electricity companies, and Hong Kong's benchmark Hang Seng Index (HSI). The positive performance of CLP's shares contrasted with the 3.2% drop and higher volatility in the HSI. The BWEI also experienced a similar decline during the period.

The fourth interim dividend for 2017 of HK$1.14 per share was paid to shareholders on 22 March 2018. The first interim dividend for 2018 of HK$0.61 per share was paid on 15 June 2018, and the second interim dividend of HK$0.61 per share will be paid on 14 September 2018.

Relative Performance – CLP vs HSI and BWEI (1 January 2018 – 30 June 2018) (Base: 31 December 2017 = 1.0)



Corporate Governance

Highlights for the first half of 2018

We have always emphasised that our corporate governance practices should evolve as we continuously look for opportunities to improve.

- Change in Board Committee composition: With effect from 1 June 2018, the Nomination Committee is chaired by an Independent Non-executive Director. As part of CLP Holdings' commitment to continuously adapt and improve its corporate governance practices, the Chairman has decided to step down as Chairman of the Nomination Committee but will remain on the Nomination Committee as a member. Other than the change in the role of the Chairman of the Committee, there is no change in the Committee's membership.
- Issuance of Climate Action Finance Report: Pursuant to CLP Climate Action Finance Framework (CAFF) which was established to formalise and govern project evaluation, monitoring and reporting the use of proceeds for Climate Action Bond issuances, a Climate Action Finance Report was issued within the 2017 Sustainability Report in respect of bonds issued under the CAFF, including the inaugural issue of Energy Transition Bond in July 2017. Our auditor also provided an independent assurance that selected information in this report had been prepared in line with the CAFF.

Corporate Governance Practices

The "CLP Code on Corporate Governance" (CLP Code) is our own unique code on corporate governance (available on our website or from the Company Secretary on request). CLP Code incorporates and goes beyond the principles of good corporate governance, and the two levels of recommendations (Code Provisions and Recommended Best Practices) in The Corporate Governance Code and Corporate Governance Report (the Stock Exchange Code), Appendix 14 of the Rules Governing the Listing of Securities (the Listing Rules) issued by The Stock Exchange of Hong Kong Limited.

CLP deviates from only one Recommended Best Practice in the Stock Exchange Code – that an issuer should announce and publish quarterly financial results. We do not issue quarterly financial results, but we issue quarterly statements which set out key financial and business information such as electricity sales, dividends and progress in major activities. Our considered reasons for not issuing quarterly financial results have been set out in the Corporate Governance Report on page 106 of our 2017 Annual Report.

During the six months ended 30 June 2018, the Company has met the Code Provisions and Recommended Best Practices, other than the exception explained above, as provided in the Stock Exchange Code.

The Audit & Risk 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 2018.

At the Company's Annual General Meeting (AGM) held on 4 May 2018, the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2018 was approved by our shareholders with strong support of over 99.15% of the votes.

Further information of CLP's corporate governance practices is set out in the "About CLP" and "Investors Information" sections of the CLP website.

Our Board and Senior Management

The CLP Board

As at 30 June 2018, the composition of the Board of CLP Holdings is set out below:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
The Honourable Sir Michael Kadoorie Mr William Elkin Mocatta Mr John Andrew Harry Leigh Mr Andrew Clifford Winawer Brandler Dr Lee Yui Bor	Mr Vernon Francis Moore Sir Roderick Ian Eddington Mr Nicholas Charles Allen Mr Cheng Hoi Chuen Vincent Mrs Law Fan Chiu Fun Fanny Mrs Zia Mody	Mr Richard Kendall Lancaster Mr Geert Herman August Peeters

The Directors who stood for re-election at the 2018 AGM, namely The Hon Sir Michael Kadoorie, Mr Andrew Brandler, Mr Nicholas C. Allen and Mrs Fanny Law, were all re-elected with the approval of the shareholders.

Ms Lee Yun Lien Irene retired as an Independent Non-executive Director of the Company at the conclusion of the 2018 AGM on 4 May 2018. She did not seek for re-election at the 2018 AGM as she would like to devote more time to her other business commitments and engagements.

Subsequent to 30 June 2018, the following new Directors have been appointed on the Board with effect from 7 August 2018:

Ms May Siew Boi Tan (Independent Non-executive Director)
Mr Philip Lawrence Kadoorie (Non-executive Director)

Save as disclosed above, there had been no other changes in the Board composition during the reported period and up to the date of this Report.

There were no substantial changes to the information of Directors as disclosed on pages 96 to 99 of the 2017 Annual Report and on the CLP website. The positions held by each of the Directors in CLP Holdings' subsidiary companies and their directorships held in the past three years in other public companies have been updated in the Directors' biographies on the CLP website.

Board Committees

Since 1 January 2018, there have been a number of changes in the composition of Board Committees:

- Ms Irene Lee has retired as a Member of the Audit & Risk Committee, the Finance & General Committee and the Sustainability Committee of the Company following her retirement as an Independent Non-executive Director with effect from the conclusion of the 2018 AGM on 4 May 2018;
- With effect from 1 June 2018, Mr Nicholas C. Allen has taken up the role of the Chairman of the Nomination Committee and The Hon Sir Michael Kadoorie has stepped down as the Chairman and remained as a Member of the Nomination Committee; and
- Ms May Siew Boi Tan has been appointed as a Member of the Audit & Risk Committee, the Finance & General Committee and the Sustainability Committee of the Company with effect from 7 August 2018.

Save as disclosed above, there had been no other changes in the composition of Board Committees as set out in the 2017 Annual Report (pages 110, 111, 136, 142 and 146) during the reported period and up to the date of this Report.

Directors' Time and Directorship Commitments

To ensure that our Directors have spent sufficient time on the affairs of the Company, the Directors have given certain confirmations and made disclosures about their other commitments.

- Sufficient time and attention: Directors have confirmed that they have given sufficient time and attention to the affairs of the Company during the six-month period ended 30 June 2018.
- Other offices and commitments: Directors disclose to the Company twice a year the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments, together with an indication of the time involved.
- Other directorships: As at 30 June 2018, none of our Directors, individually, held directorships in more than seven public companies (including the Company).

Our Executive Directors do not hold directorship in other public companies; however, they are encouraged to participate in professional, public and community organisations.

Senior Management

As at 30 June 2018, the members of Senior Management remained the same as those set out on page 101 of the 2017 Annual Report. Biographies of all the Senior Management members are available on the CLP website.

Remuneration

Non-executive Directors

In our 2017 Annual Report, we set out the fees for our Non-executive Directors (including Independent Non-executive Directors) who serve on the Board and on the Board Committees of the Company for the period from 2016 to the date of the AGM in 2019 (see page 149 of the Company's 2017 Annual Report). For other details on the principles of remuneration for our Non-executive Directors, please refer to the Human Resources & Remuneration Committee Report of our 2017 Annual Report.

Executive Directors and Senior Management

Details of the remuneration of Executive Directors and Senior Management prepared in accordance with the Hong Kong Financial Reporting Standards for the six months ended 30 June 2018 are set out in the table on page 29.

The amounts disclosed consist of remuneration accrued or paid for service during the first six months of 2018 and, for the annual and long-term incentives, service and performance in previous years. Both the annual incentive and long-term incentive are paid in the first half of the year. As a result, the totals in the table do not represent half of the remuneration which will be accrued or paid for the full year.

The amounts disclosed are the amounts recognised in the financial year for accounting purposes, which do not necessarily reflect the cash actually received by the individual. Where payments are made to the individual over more than one financial year, this is explained in the notes.

To provide a clear picture of remuneration, amounts are shown as recurring or non-recurring items. Recurring items are the normal annual remuneration of Executive Directors and Senior Management, whilst non-recurring items relate primarily to the appointment or termination of Executive Directors and Senior Management.

In the table on page 29 the "total remuneration" column includes the following recurring items for the six months ended 30 June 2018:

(i) base compensation, allowances & benefits paid;

(ii) 2018 annual incentive accrued based on the previous year's Company performance and the 2017 annual incentive adjustment. The adjustment is the difference between the actual annual incentive paid in 2018 for 2017 performance and the annual incentive accrual for 2017;

(iii) the 2015 long-term incentive award paid in January 2018 when the vesting conditions were satisfied; and

(iv) provident fund contribution made.

The "other payments" column includes any non-recurring items. During the first six months of 2018, there were no other payments made.

	Recurring Remuneration Items					Non-recurring Remuneration Items	
		Performance Bonus [2]					
	Base Compensation, Allowances & Benefits [1] HK$M	Annual Incentive HK$M	Long-term Incentive HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
Six months ended 30 June 2018							
CEO (Mr Richard Lancaster)	4.7	3.9	6.2	1.2	**16.0**	–	**16.0**
Executive Director & Chief Financial Officer (Mr Geert Peeters)	3.6	3.0	4.6	0.6	**11.8**	–	**11.8**
Chief Operating Officer (Mr Derek Parkin)	2.7	2.2	0.5	0.5	**5.9**	–	**5.9**
Group Director & Vice Chairman – CLP Power Hong Kong (Mrs Betty Yuen)	2.2	1.9	2.9	0.5	**7.5**	–	**7.5**
Managing Director – CLP Power (Mr Chiang Tung Keung)	2.5	3.0	1.8	0.7	**8.0**	–	**8.0**
Managing Director – EnergyAustralia (Ms Catherine Tanna) [3]	6.2	8.1	9.1	0.1	**23.5**	–	**23.5**
Managing Director – India (Mr Rajiv Mishra) [4]	2.1	1.9	2.1	0.6	**6.7**	–	**6.7**
Managing Director – China (Mr Chan Siu Hung)	2.1	1.8	2.7	0.6	**7.2**	–	**7.2**
Group General Counsel & Chief Administrative Officer (Mr David Simmonds)	2.6	2.1	3.4	0.6	**8.7**	–	**8.7**
Chief Corporate Development Officer (Ms Quince Chong)	2.5	2.1	3.4	0.5	**8.5**	–	**8.5**
Chief Human Resources Officer (Mr Roy Massey)	2.1	1.7	2.2	0.5	**6.5**	–	**6.5**
Total	**33.3**	**31.7**	**38.9**	**6.4**	**110.3**	**–**	**110.3**

Notes:

1 The value of non-cash benefits is included under the "base compensation, allowances & benefits" column of the above table. The nature of these benefits includes electricity allowance, the availability of a company vehicle for personal use, life insurance and medical benefits. Which of these benefits applies depends primarily on the location of the individual.

2 Performance bonus consists of (a) annual incentive (2018 accrual and 2017 adjustment) and (b) long-term incentive (payment for 2015 award). The annual incentive payments and long-term incentive awards were approved by the Human Resources & Remuneration Committee (HR&RC). For Ms Catherine Tanna, the annual incentive payment was approved by the Board of EnergyAustralia following consultation between the CEO, the Chairman of the EnergyAustralia Nomination and Remuneration Committee and members of the HR&RC.

3 The remuneration of Ms Catherine Tanna is denominated in Australian dollars. The month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

4 The remuneration of Mr Rajiv Mishra is denominated in Indian Rupees. There is a temporary currency relief arrangement for Mr Rajiv Mishra where 50% of his base salary and annual incentive payment in Rupees were converted to pay in Hong Kong dollars at an exchange rate of 1 HK$ = 8.3 Rupees from 1 October 2015 to 30 September 2019. For the remaining payments in Rupees, the month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

Risk Management and Internal Control

The Audit & Risk Committee has the delegated responsibility from the Board to assure that effective risk management and internal control systems are in place and followed. The Audit & Risk Committee has continued to oversee CLP Group's risk management and internal control approaches and the internal audit reports submitted by Group Internal Audit. Details of CLP's risk management and internal control systems were set out in the Corporate Governance Report on pages 125 and 126 of the Company's 2017 Annual Report.

During the six-month period ended 30 June 2018, Group Internal Audit issued nine audit reports and all the reports carried satisfactory audit opinion. No significant areas of concern that might affect shareholders were identified.

Interests in CLP Holdings' Securities

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's own Code for Securities Transactions (CLP Securities Code) throughout the period from 1 January to 30 June 2018. CLP Securities Code is largely based on the Model Code set out in Appendix 10 of the Listing Rules and is on terms no less exacting than those in the Model Code.

As we appreciate that some of our staff may in their day-to-day work have access to potentially inside information, our Senior Management and selected members of staff, "Specified Individuals", are subject to securities dealing restrictions in CLP Securities Code. 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 2018.

Save for the interest disclosed by the CEO on this page and the interest in 600 shares disclosed by the Managing Director – China, the other members of the Senior Management did not have any interests in CLP Holdings' securities as at 30 June 2018.

Interests of Directors and Chief Executive Officer

The interests / short positions of each of the Directors and the CEO in the shares, underlying shares and debentures of the Company or any of the Company's associated corporations (within the meaning of the Securities and Futures Ordinance) as at 30 June 2018, as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance, are set out in the table below and the corresponding explanatory notes:

1. **Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations**

   The interests of Directors and the CEO in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 30 June 2018 were as follows:

Directors	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
The Hon Sir Michael Kadoorie	Note 1	480,672,780	19.02562
Mr William Mocatta	Note 2	400,000	0.01583
Mr J. A. H. Leigh	Note 3	218,796,853	8.66025
Mr Andrew Brandler	Note 4	10,600	0.00042
Dr Y. B. Lee	Note 5	15,806	0.00063
Mr Nicholas C. Allen	Note 6	27,000	0.00107
Mrs Fanny Law	Personal	16,800	0.00066
Mr Richard Lancaster (CEO)	Personal	600	0.00002

Notes:

1 The Hon Sir Michael Kadoorie was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 480,672,780 shares in the Company. These shares were held in the following capacity:

   a 1,243 shares were held by his spouse, Lady Kadoorie in a personal capacity.

   b 70,146,655 shares were ultimately held by discretionary trusts, of which The Hon Sir Michael Kadoorie is one of the discretionary objects.

   c 233,044,212 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

   d 170,180,670 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

   e 1,300,000 shares were ultimately held by a discretionary trust, of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

   f 2,000,000 shares were ultimately held by each of three discretionary trusts, all of which The Hon Sir Michael Kadoorie is one of the beneficiaries and the founder.

   For the purpose of the Securities and Futures Ordinance, the spouse of The Hon Sir Michael Kadoorie was taken to have a discloseable duty in Hong Kong in relation to the shares referred to in 1b to 1f above. The spouse of The Hon Sir Michael Kadoorie was therefore deemed to be interested in 480,672,780 shares in the Company representing approximately 19.03% of the issued share capital of the Company, of which 1,243 shares were held by her in a personal capacity and an aggregate of 480,671,537 shares were attributed to her pursuant to the Securities and Futures Ordinance for disclosure purposes. Nevertheless, she has no interest, legal or beneficial, in these 480,671,537 shares attributed to her for disclosure purposes.

2 Mr William Mocatta was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 400,000 shares in the Company. These shares were held in the following capacity:

   a 250,000 shares were held in the capacity as the founder of a discretionary trust.

   b 150,000 shares were held by a trust of which Mr William Mocatta is one of the beneficiaries.

3 Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 218,796,853 shares in the Company. These shares were held in the following capacity:

   a 145,000 shares were held in a beneficial owner capacity.

   b 218,651,853 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 218,651,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 218,651,853 shares.

4 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

5 600 shares were held in a personal capacity and 15,206 shares were held jointly with spouse.

6 27,000 shares were held in a beneficial owner capacity and jointly with spouse.

Each of the other Directors, namely Mr Vernon Moore, Sir Rod Eddington, Mr Vincent Cheng, Mrs Zia Mody and Mr Geert Peeters have confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 30 June 2018.

None of the Directors or the CEO had interests in debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 30 June 2018.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors or the CEO had short positions in respect of shares, debentures or under equity derivatives, interests in underlying shares of the Company or its associated corporations as at 30 June 2018.

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors and the CEO of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

Interests of Substantial Shareholders

The interests / short positions of substantial shareholders in the shares and underlying shares of the Company as at 30 June 2018, as recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance, are set out in the table below and the corresponding explanatory notes:

1. Aggregate long position in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' interests in the shares of the Company as at 30 June 2018:

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
Bermuda Trust Company Limited	Trustee / Interests of controlled corporations	311,153,954 Note 1	12.32
Guardian Limited	Beneficiary / Interest of controlled corporation	218,651,853 Note 7	8.65
Harneys Trustees Limited	Interest of controlled corporation	410,524,882 Note 3	16.25
Lawrencium Holdings Limited	Beneficiary	170,180,670 Note 2	6.74
Lawrencium Mikado Holdings Limited	Beneficiary	233,044,212 Note 2	9.22
The Magna Foundation	Beneficiary	233,044,212 Note 2	9.22
The Mikado Private Trust Company Limited	Trustee / Interests of controlled corporations	410,524,882 Note 2	16.25
Oak CLP Limited	Beneficiary	218,651,853 Note 4	8.65
Oak (Unit Trust) Holdings Limited	Trustee	218,651,853 Note 1	8.65
The Oak Private Trust Company Limited	Trustee / Interests of controlled corporations	233,371,475 Note 4	9.24
The Hon Sir Michael Kadoorie	Note 5	480,672,780 Note 5	19.03
Mr J. A. H. Leigh	Notes 6 & 7	218,796,853 Notes 6 & 7	8.66
Mr R. Parsons	Trustee	218,651,853 Note 7	8.65

Notes:

1 Bermuda Trust Company Limited was deemed to be interested in the shares in which Oak (Unit Trust) Holdings Limited, The Oak Private Trust Company Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The interests of Bermuda Trust Company Limited in the shares of the Company include the shares held by discretionary trusts of which The Hon Sir Michael Kadoorie is one of the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

2 The Mikado Private Trust Company Limited was deemed to be interested in the shares in which Lawrencium Holdings Limited, Lawrencium Mikado Holdings Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies. The Magna Foundation was also deemed to be interested in the shares in which Lawrencium Mikado Holdings Limited was deemed to be interested. The interests of The Mikado Private Trust Company Limited in the shares of the Company include the shares held by discretionary trusts of which The Hon Sir Michael Kadoorie is one of the beneficiaries and a founder as disclosed in "Interests of Directors and Chief Executive Officer".

3 Harneys Trustees Limited controlled The Mikado Private Trust Company Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

4 The Oak Private Trust Company Limited was deemed to be interested in the shares in which Oak CLP Limited and other companies were deemed to be interested, either in the capacity as trustee of various discretionary trusts and / or by virtue of having direct or indirect control over such companies.

5 See Note 1 under "Interests of Directors and Chief Executive Officer".

6 See Note 3 under "Interests of Directors and Chief Executive Officer".

7 Mr R. Parsons and Mr J. A. H. Leigh, in their capacities as trustees of a trust, jointly controlled Guardian Limited and therefore were deemed to be interested in the shares in which Guardian Limited was deemed to be interested. Accordingly, the 218,651,853 shares in which Guardian Limited was interested was duplicated within the interests attributed to each of Mr J. A. H. Leigh and Mr R. Parsons.

Substantial Shareholder	**Capacity**	**Total Interests in Number of Ordinary Shares of the Company**	**% of the Issued Share Capital of the Company**
BlackRock, Inc.	Interests of controlled corporations	130,279,688 Note 1	5.16

Note 1: Such long position includes derivative interests in 3,562,500 underlying shares of the Company which are derived from unlisted and cash settled equity derivatives. The interests were based on the required notice filed by BlackRock, Inc. dated 15 June 2018.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any other long positions being held by any substantial shareholder in the underlying shares of the Company through equity derivatives such as share options, warrants to subscribe or convertible bonds.

2. Aggregate short position in the shares and underlying shares of the Company

Substantial Shareholder	Capacity	Total Interests in Number of Ordinary Shares of the Company	% of the Issued Share Capital of the Company
BlackRock, Inc.	Interests of controlled corporations	231,500 Note 1	0.01

Note 1: Such short position includes derivative interests in 60,000 underlying shares of the Company which are derived from unlisted and cash settled equity derivatives. The short position was based on the required notice filed by BlackRock, Inc. dated 15 June 2018.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any other short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interests of Any Other Persons

As at 30 June 2018, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance.

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 2018.

Review Report on Condensed Consolidated Interim Financial Statements

To the Board of Directors of CLP Holdings Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements set out on pages 36 to 59 which comprise the consolidated statement of financial position of CLP Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 6 August 2018

Consolidated Statement of Profit or Loss – Unaudited

	Note	Six months ended 30 June 2018 HK$M	2017 HK$M
Revenue	4	**46,464**	43,337
Expenses			
Purchases of electricity, gas and distribution services		**(17,285)**	(19,499)
Staff expenses		**(2,219)**	(2,059)
Fuel and other operating expenses		**(13,042)**	(10,056)
Depreciation and amortisation		**(4,004)**	(3,573)
		(36,550)	(35,187)
Operating profit	6	**9,914**	8,150
Finance costs	7	**(1,006)**	(1,103)
Finance income	7	**92**	72
Share of results, net of income tax			
Joint ventures	13	**357**	213
Associates	14	**786**	458
Profit before income tax		**10,143**	7,790
Income tax expense	8	**(2,141)**	(1,337)
Profit for the period		**8,002**	6,453
Earnings attributable to:			
Shareholders		**7,436**	5,909
Perpetual capital securities holders		**125**	124
Other non-controlling interests		**441**	420
		8,002	6,453
Earnings per share, basic and diluted	10	**HK$2.94**	HK$2.34

The notes on pages 42 to 59 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

	Six months ended 30 June	
	2018	2017
	HK$M	HK$M
Profit for the period	**8,002**	6,453
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	**(2,905)**	2,951
Cash flow hedges	**699**	(778)
Costs of hedging	**5**	(56)
Share of other comprehensive income of joint ventures	**1**	–
	(2,200)	2,117
Items that cannot be reclassified to profit or loss		
Fair value changes on equity investments	**(13)**	(193)
Remeasurement gains on defined benefit plans	**6**	15
	(7)	(178)
Other comprehensive income for the period, net of tax	**(2,207)**	1,939
Total comprehensive income for the period	**5,795**	8,392
Total comprehensive income attributable to:		
Shareholders	**5,239**	7,832
Perpetual capital securities holders	**125**	124
Other non-controlling interests	**431**	436
	5,795	8,392

The notes on pages 42 to 59 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position – Unaudited

	Note	30 June 2018 HK$M	Audited 31 December 2017 HK$M
Non-current assets			
Fixed assets	*11*	**138,860**	137,207
Leasehold land and land use rights under operating leases	*11*	**5,504**	5,345
Investment property	*11*	**1,186**	1,186
Goodwill and other intangible assets	*12*	**27,792**	29,087
Interests in and loans to joint ventures	*13*	**10,222**	10,383
Interests in associates	*14*	**7,848**	8,081
Finance lease receivables		**617**	620
Deferred tax assets		**495**	929
Derivative financial instruments	*15*	**1,381**	956
Equity investments		**339**	349
Other non-current assets		**564**	298
		194,808	194,441
Current assets			
Inventories – stores and fuel		**3,034**	3,050
Renewable energy certificates		**625**	1,047
Property under development		**2,971**	2,971
Trade and other receivables	*16*	**16,749**	15,427
Finance lease receivables		**70**	148
Derivative financial instruments	*15*	**1,426**	1,137
Short-term deposits and restricted cash		**2,740**	3,401
Cash and cash equivalents		**5,740**	6,529
		33,355	33,710
Current liabilities			
Customers' deposits		**(5,323)**	(5,221)
Fuel clause account		**(1,327)**	(2,212)
Trade and other payables	*17*	**(17,946)**	(18,978)
Income tax payable		**(1,453)**	(762)
Bank loans and other borrowings	*18*	**(8,801)**	(8,472)
Derivative financial instruments	*15*	**(724)**	(789)
		(35,574)	(36,434)
Net current liabilities		**(2,219)**	(2,724)
Total assets less current liabilities		**192,589**	191,717

	Note	30 June 2018 HK$M	Audited 31 December 2017 HK$M
Financed by:			
Equity			
Share capital		**23,243**	23,243
Reserves	*20*	**86,416**	85,454
Shareholders' funds		**109,659**	108,697
Perpetual capital securities		**5,791**	5,791
Other non-controlling interests		**6,951**	7,019
		122,401	121,507
Non-current liabilities			
Bank loans and other borrowings	*18*	**48,748**	48,869
Deferred tax liabilities		**14,433**	14,275
Derivative financial instruments	*15*	**1,544**	1,640
Scheme of Control (SoC) reserve accounts	*19*	**391**	977
Asset decommissioning liabilities and retirement obligations		**3,671**	2,987
Other non-current liabilities		**1,401**	1,462
		70,188	70,210
Equity and non-current liabilities		**192,589**	191,717

The Honourable Sir Michael Kadoorie
Chairman
Hong Kong, 6 August 2018

Richard Lancaster
Chief Executive Officer

Geert Peeters
Chief Financial Officer

The notes on pages 42 to 59 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity – Unaudited

for the six months ended 30 June 2018

	Attributable to Shareholders			Perpetual Capital Securities	Other Non-controlling Interests	Total Equity
	Share Capital HK$M	Reserves HK$M	Total HK$M	HK$M	HK$M	HK$M
Balance at 1 January 2018, as previously reported	23,243	85,454	108,697	5,791	7,019	121,507
Effect on adoption of HKFRS 15 (Note 3)	–	173	173	–	–	173
Balance at 1 January 2018, as restated	23,243	85,627	108,870	5,791	7,019	121,680
Profit for the period	–	7,436	7,436	125	441	8,002
Other comprehensive income for the period	–	(2,197)	(2,197)	–	(10)	(2,207)
Transfer to fixed assets	–	(29)	(29)	–	(12)	(41)
Dividends paid						
2017 fourth interim	–	(2,880)	(2,880)	–	–	(2,880)
2018 first interim	–	(1,541)	(1,541)	–	–	(1,541)
Distributions to perpetual capital securities holders	–	–	–	(125)	–	(125)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	(487)	(487)
Balance at 30 June 2018	**23,243**	**86,416**	**109,659**	**5,791**	**6,951**	**122,401**
Balance at 1 January 2017	23,243	74,767	98,010	5,791	1,972	105,773
Profit for the period	–	5,909	5,909	124	420	6,453
Other comprehensive income for the period	–	1,923	1,923	–	16	1,939
Contribution from other non-controlling interest of a subsidiary	–	–	–	–	5,115	5,115
Dividends paid						
2016 fourth interim	–	(2,754)	(2,754)	–	–	(2,754)
2017 first interim	–	(1,491)	(1,491)	–	–	(1,491)
Distributions to perpetual capital securities holders	–	–	–	(124)	–	(124)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	(469)	(469)
Balance at 30 June 2017	23,243	78,354	101,597	5,791	7,054	114,442

The notes on pages 42 to 59 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30 June			
	2018		2017	
	HK$M	**HK$M**	HK$M	HK$M
Operating activities				
Net cash inflow from operations	**10,445**		6,987	
Interest received	**89**		74	
Income tax paid	**(1,152)**		(581)	
Net cash inflow from operating activities		**9,382**		6,480
Investing activities				
Capital expenditure	**(4,870)**		(4,697)	
Capitalised interest and other finance costs paid	**(139)**		(106)	
Proceeds from disposal of fixed assets	**70**		32	
Additions of other intangible assets	**(201)**		(242)	
Acquisitions of subsidiaries	**(1,243)**		–	
Proceed from disposal of an equity investment	**958**		–	
Increase in equity investments	**(37)**		(12)	
Repayment of advances from joint ventures	**18**		89	
Investment in an associate	**(9)**		(8)	
Dividends received from				
Joint ventures	**65**		469	
An associate	**930**		910	
Equity investments	**1**		1	
Decrease in bank deposits with maturities of more than three months	**449**		–	
Net cash outflow from investing activities		**(4,008)**		(3,564)
Net cash inflow before financing activities		**5,374**		2,916
Financing activities				
Proceeds from long-term borrowings	**3,522**		10,682	
Repayment of long-term borrowings	**(2,406)**		(10,994)	
(Decrease) / increase in short-term borrowings	**(1,147)**		1,553	
Interest and other finance costs paid	**(1,020)**		(970)	
Increase in advances from other non-controlling interest	**121**		119	
Distributions paid to perpetual capital securities holders	**(125)**		(124)	
Dividends paid to shareholders	**(4,421)**		(4,245)	
Dividends paid to other non-controlling interests of subsidiaries	**(487)**		(469)	
Net cash outflow from financing activities		**(5,963)**		(4,448)
Net decrease in cash and cash equivalents		**(589)**		(1,532)
Cash and cash equivalents at beginning of period		**6,529**		4,467
Effect of exchange rate changes		**(200)**		121
Cash and cash equivalents at end of period		**5,740**		3,056
Analysis of balances of cash and cash equivalents				
Deposits with banks		**6,859**		1,726
Cash at banks and on hand		**1,621**		1,629
Bank balances, cash and other liquid funds		**8,480**		3,355
Excluding:				
Cash restricted for specific purposes		**(135)**		(297)
Bank deposits with maturities of more than three months		**(2,605)**		(2)
		5,740		3,056

The notes on pages 42 to 59 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

The Company, CLP Holdings Limited, and its subsidiaries are collectively referred to as the Group in the condensed consolidated interim financial statements. The Company is a limited liability company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. The principal activity of the Company is investment holding, and the principal activities of the subsidiaries are generation and supply of electricity in Hong Kong, India and Australia, and investment holding of power projects in Mainland China, Southeast Asia and Taiwan.

The financial operations of the Company's major subsidiaries in Hong Kong, CLP Power Hong Kong Limited (CLP Power Hong Kong) and Castle Peak Power Company Limited (CAPCO) (collectively referred to as SoC Companies), are governed by a SoC Agreement entered into with the Hong Kong Government. Our electricity business in Hong Kong is therefore also referred to as the SoC business. The main features of the SoC Agreement are summarised on pages 261 and 262 of the 2017 Annual Report.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 6 August 2018.

2. Basis of Preparation

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

The interim financial statements have been prepared in accordance with the accounting policies which are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of HKFRS 15 Revenue from Contracts with Customers (HKFRS 15) as described in Note 3 below. Other amendments to standards and new interpretation that are effective for the first time for this interim period did not have any impact to the Group's accounting policies.

The financial information relating to the year ended 31 December 2017 that is included in the 2018 Interim Report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on the 31 December 2017 financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

3. Adoption of HKFRS 15

The Group has first time adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application, under which the cumulative effect of the initial application is adjusted to the opening balance of retained profits on 1 January 2018 and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time. The new standard also sets out new capitalisation criteria for contract acquisition costs which are incremental and the entity is expected to recover them.

3. Adoption of HKFRS 15 (continued)

(A) Impact on adoption

Considering the nature of the Group's principal activities (i.e. generation and supply of electricity and sales of gas), the adoption of HKFRS 15 does not have material impact on the Group's revenue recognition. The key impact to the Group is on the accounting for costs to obtain a contract.

Costs of HK$247 million related to commissions paid to third parties for obtaining the contracts with residential customers in Australia were expensed previously but were qualified for capitalisation as an asset under HKFRS 15 at 1 January 2018. The capitalised costs are amortised on a straight line basis over the expected benefit periods of the contracts and consistent with the recognition pattern of the associated revenue. The table below summarises the impact on the adoption of HKFRS 15:

	At 1 January 2018 HK$M
Increase in other non-current assets	247
Decrease in deferred tax assets	(74)
Increase in retained profits	173

	Six months ended 30 June 2018 HK$M
Increase in fuel and other operating expenses*	16
Decrease in income tax expense	(5)
Decrease in earnings attributable to shareholders	(11)

* Increase in amortisation offset by capitalisation of commissions paid

(B) Revised accounting policy for revenue

Revenue from contracts with customers primarily represents sales of electricity and gas.

Revenues from sales of electricity and gas are recognised when electricity and gas are supplied to and consumed by the customers. Revenues are measured at the amounts billed to the customers based on the periodic cycle meter readings and the estimated accruals for the value of electricity and gas consumed from the meter reading date to the end of the reporting period (the "unbilled revenue").

Incremental costs to obtain a contract with a customer are capitalised if they are expected to be recoverable. Costs capitalised are amortised on a straight line basis over the expected benefit periods of the contracts. Non-incremental costs, i.e. costs would have been incurred regardless of whether the contract is obtained, are expensed when incurred.

Operating lease income represents leases payments which vary with operation parameters and are recognised as revenue when they are earned. Lease service income comprises servicing income and fuel costs received from lessees with respect to the leased assets. Finance lease income represents the interest element of the lease receipts on lease receivables and is recognised over the lease period using the effective interest method.

4. Revenue

The Group's revenue is disaggregated as follows:

	Six months ended 30 June 2018 HK$M	2017 HK$M
Revenue from contracts with customers		
Sales of electricity in Hong Kong	**19,542**	17,783
Transfer for SoC to revenue (note)	**232**	685
Total sales of electricity in Hong Kong	**19,774**	18,468
Sales of electricity outside Hong Kong	**20,657**	19,129
Sales of gas in Australia	**3,063**	3,738
Others	**661**	410
	44,155	41,745
Other revenue		
Operating lease income under Power Purchase Agreement (PPA)	**1,872**	1,184
Finance lease income under PPA	**52**	56
Lease service income under PPA	**233**	186
Others	**152**	166
	2,309	1,592
	46,464	43,337

Note: Under the SoC Agreement, if the gross tariff revenue 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. 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 profit or loss.

Another analysis of revenue from contracts with customers by segment is shown in Note 5.

5. Segment Information

The Group operates, through its subsidiaries, joint ventures and associates, in five major geographical regions – Hong Kong, Mainland China, India, Southeast Asia and Taiwan, and Australia. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on geographical regions. Substantially all the principal activities of the Group in each region are for the generation and supply of electricity which are managed and operated on an integrated basis.

5. Segment Information (continued)

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

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2018							
Revenue from contracts with customers	20,258	731	522	8	22,636	–	44,155
Other revenue	74	31	2,185	–	16	3	2,309
Revenue	20,332	762	2,707	8	22,652	3	46,464
EBITDAF of subsidiaries	9,032	719	521	(4)	3,915	(390)	13,793
Share of results, net of income tax							
Joint ventures	(9)	293	–	66	7	–	357
Associates	–	795	–	–	(9)	–	786
EBITDAF of the Group	9,023	1,807	521	62	3,913	(390)	14,936
Depreciation and amortisation	(2,515)	(344)	(310)	–	(818)	(17)	(4,004)
Fair value adjustments	(6)	–	–	–	131	–	125
Finance costs	(481)	(129)	(313)	–	(45)	(38)	(1,006)
Finance income	–	17	23	1	32	19	92
Profit / (loss) before income tax	6,021	1,351	(79)	63	3,213	(426)	10,143
Income tax expense	(952)	(127)	(106)	–	(956)	–	(2,141)
Profit / (loss) for the period	5,069	1,224	(185)	63	2,257	(426)	8,002
Earnings attributable to							
Perpetual capital securities holders	(125)	–	–	–	–	–	(125)
Other non-controlling interests	(422)	(5)	(14)	–	–	–	(441)
Earnings / (loss) attributable to shareholders	4,522	1,219	(199)	63	2,257	(426)	7,436
Excluding: Items affecting comparability	–	–	450	–	–	–	450
Operating earnings	4,522	1,219	251	63	2,257	(426)	7,886
At 30 June 2018							
Fixed assets, leasehold land and land use rights and investment property	113,519	9,180	10,655	–	12,095	101	145,550
Goodwill and other intangible assets	5,545	4,558	28	–	17,661	–	27,792
Interests in and loans to joint ventures	55	8,123	–	1,966	78	–	10,222
Interests in associates	–	7,819	–	–	29	–	7,848
Deferred tax assets	–	94	122	–	279	–	495
Other assets	12,538	3,236	4,101	30	14,603	1,748	36,256
Total assets	131,657	33,010	14,906	1,996	44,745	1,849	228,163
Bank loans and other borrowings	41,259	5,978	5,918	–	–	4,394	57,549
Current and deferred tax liabilities	14,144	909	285	–	548	–	15,886
Other liabilities	20,072	1,404	649	2	9,920	280	32,327
Total liabilities	75,475	8,291	6,852	2	10,468	4,674	105,762

EBITDAF = Earnings before interest, taxes, depreciation and amortisation, and fair value adjustments. For this purpose, fair value adjustments include fair value gains or losses on derivative financial instruments relating to transactions not qualifying as hedges and ineffectiveness of cash flow hedges.

Items affecting comparability refer to significant unusual and infrequent events such as acquisition / disposal, impairment of non-current assets, property valuation gain / loss, provision for legal disputes and change in law or natural catastrophe. They are considered irrelevant for assessing the underlying performance of the Group and are separately disclosed to allow a better understanding and comparison of the financial results. Details of the items affecting comparability can be found on page 9.

5. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2017							
Revenue from contracts with customers	18,692	644	503	6	21,900	–	41,745
Other revenue	103	16	1,470	–	–	3	1,592
Revenue	18,795	660	1,973	6	21,900	3	43,337
EBITDAF of subsidiaries	8,609	661	973	(10)	1,963	(267)	11,929
Share of results, net of income tax							
Joint ventures	(8)	125	–	89	7	–	213
Associates	–	462	–	–	(4)	–	458
EBITDAF of the Group	8,601	1,248	973	79	1,966	(267)	12,600
Depreciation and amortisation	(2,336)	(312)	(292)	–	(616)	(17)	(3,573)
Fair value adjustments	8	–	–	–	(214)	–	(206)
Finance costs	(567)	(114)	(354)	–	(57)	(11)	(1,103)
Finance income	–	20	22	2	4	24	72
Profit / (loss) before income tax	5,706	842	349	81	1,083	(271)	7,790
Income tax expense	(829)	(75)	(108)	–	(325)	–	(1,337)
Profit / (loss) for the period	4,877	767	241	81	758	(271)	6,453
Earnings attributable to							
Perpetual capital securities holders	(124)	–	–	–	–	–	(124)
Other non-controlling interests	(412)	(9)	1	–	–	–	(420)
Earnings / (loss) attributable to shareholders	4,341	758	242	81	758	(271)	5,909
Excluding: Items affecting comparability	5	–	–	–	–	–	5
Operating earnings	4,346	758	242	81	758	(271)	5,914
At 31 December 2017							
Fixed assets, leasehold land and land use rights and investment property	112,270	8,522	11,698	–	11,138	110	143,738
Goodwill and other intangible assets	5,545	4,698	29	–	18,815	–	29,087
Interests in and loans to joint ventures	34	8,417	–	1,848	84	–	10,383
Interests in associates	–	8,050	–	–	31	–	8,081
Deferred tax assets	–	97	67	–	765	–	929
Other assets	11,157	3,894	5,081	121	13,239	2,441	35,933
Total assets	129,006	33,678	16,875	1,969	44,072	2,551	228,151
Bank loans and other borrowings	40,361	5,573	6,785	–	234	4,388	57,341
Current and deferred tax liabilities	13,232	1,228	282	–	295	–	15,037
Other liabilities	21,145	1,526	1,002	2	10,213	378	34,266
Total liabilities	74,738	8,327	8,069	2	10,742	4,766	106,644

Our investments in Mainland China are mainly through joint ventures and associates, whereby under equity method of accounting, CLP shares its proportionate earnings but not the revenues and expenses.

The difference between total assets and total liabilities represents equity holders' (mainly shareholders') financing.

6. Operating Profit

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

	Six months ended 30 June	
	2018	2017
	HK$M	HK$M
Charging		
Retirement benefits costs	**212**	207
Net loss on disposal of fixed assets	**10**	109
Net fair value loss / (gain) on non-debt related derivative financial instruments		
Reclassified from cash flow hedge reserve and costs of hedging reserves to		
Purchases of electricity, gas and distribution services	**27**	1
Fuel and other operating expenses	**(64)**	20
Transactions not qualifying as hedges	**(125)**	206
Impairment loss on trade receivables	**661**	176
Revaluation losses on investment properties	**–**	5
Net exchange loss / (gain)	**16**	(95)
Crediting		
Rental income from investment property	**(21)**	(24)
Dividends from equity investments	**(13)**	(9)

7. Finance Costs and Income

	Six months ended 30 June	
	2018	2017
	HK$M	HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	**378**	412
Other borrowings	**618**	416
Tariff Stabilisation Fund (note)	**3**	1
Customers' deposits and fuel clause over-recovery	**43**	70
Finance charges under finance leases	**1**	1
Other finance charges	**124**	118
Net fair value (gain) / loss on debt related derivative financial instruments		
Reclassified from cash flow hedge reserve	**(252)**	(253)
Reclassified from costs of hedging reserves	**43**	56
Fair value hedges	**210**	(126)
Transactions not qualifying as hedges	**(86)**	132
Ineffectiveness of cash flow hedges	**(1)**	7
Ineffectiveness of fair value hedges	**(1)**	(3)
(Gain) / loss on hedged items in fair value hedges	**(210)**	126
Other net exchange loss on financing activities	**272**	265
	1,142	1,222
Less: amount capitalised	**(136)**	(119)
	1,006	1,103
Finance income		
Interest income on short-term investments, bank deposits and loans to joint ventures	**92**	72

Note: In accordance with the provisions of the SoC Agreement, CLP Power Hong Kong is required to credit, to a Rate Reduction Reserve in its financial statements, a charge of the average of one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund.

8. Income Tax Expense

	Six months ended 30 June 2018 HK$M	2017 HK$M
Current income tax	**1,873**	978
Deferred tax	**268**	359
	2,141	1,337

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

9. Dividends

	Six months ended 30 June			
	2018		2017	
	HK$ per Share	**HK$M**	HK$ per Share	HK$M
First interim dividend paid	**0.61**	**1,541**	0.59	1,491
Second interim dividend declared	**0.61**	**1,541**	0.59	1,491
	1.22	**3,082**	1.18	2,982

At the Board meeting held on 6 August 2018, the Directors declared the second interim dividend of HK$0.61 per share (2017: HK$0.59 per share). The second interim dividend is not reflected as a dividend payable in the interim financial statements.

10. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June 2018	2017
Earnings attributable to shareholders (HK$M)	**7,436**	5,909
Weighted average number of shares in issue (thousand shares)	**2,526,451**	2,526,451
Earnings per share (HK$)	**2.94**	2.34

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 2018 and 2017.

11. Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases and Investment Property

Fixed assets, leasehold land and land use rights under operating leases and investment property totalled HK$145,550 million at 30 June 2018 (31 December 2017: HK$143,738 million). Movements in the accounts are as follows:

	Fixed Assets					Leasehold Land and Land Use Rights under Operating Leases	Investment Property[a]
	Land Freehold	Land Leased	Buildings	Plant, Machinery and Equipment	Total		
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Net book value at 1 January 2018	786	386	19,943	116,092	137,207	5,345	1,186
Acquisitions of subsidiaries[b]	134	–	301	1,841	2,276	–	–
Additions	–	–	375	4,201	4,576	252	–
Transfers and disposals	–	(18)	(13)	(78)	(109)	–	–
Depreciation / amortisation	–	(6)	(345)	(3,093)	(3,444)	(90)	–
Impairment charge	–	–	(1)	(14)	(15)	–	–
Exchange differences	(56)	–	(121)	(1,454)	(1,631)	(3)	–
Net book value at 30 June 2018	**864**	**362**	**20,139**	**117,495**	**138,860**	**5,504**	**1,186**
Cost / valuation	964	495	33,228	211,478	246,165	6,688	1,186
Accumulated depreciation / amortisation and impairment	(100)	(133)	(13,089)	(93,983)	(107,305)	(1,184)	–
Net book value at 30 June 2018	**864**	**362**	**20,139**	**117,495**	**138,860**	**5,504**	**1,186**

Notes:

(a) Investment property at 30 June 2018 represented the commercial interest of the retail portion of the Laguna Mall in Hong Kong.

(b) In April 2018, the Group acquired all the shares of Ecogen Energy Pty Ltd (Ecogen) at a consideration of HK$1,065 million (A$174 million). Ecogen owns both the Newport and Jeeralang gas-fired power stations with a total capacity of 940MW in Victoria, Australia. Since 1999, EnergyAustralia Holdings Limited (EnergyAustralia) has had the right to call upon electricity from these power stations till 2019. This offtake agreement is effectively settled upon acquisition.

In May 2018, the Group acquired the remaining 49% interest in Jinchang Zhenxin PV Power Company Limited (Jinchang Solar), which owns and operates a 85MW solar farm in Gansu, China, from its joint venture partner for a consideration of HK$206 million (RMB168 million). Jinchang Solar became the wholly-owned subsidiary of the Group since then.

12. Goodwill and Other Intangible Assets

	Goodwill HK$M	Capacity Right[note] HK$M	Others HK$M	Total HK$M
Net carrying value at 1 January 2018	22,265	4,663	2,159	29,087
Additions	–	(2)	203	201
Amortisation	–	(138)	(332)	(470)
Exchange differences	(913)	–	(113)	(1,026)
Net carrying value at 30 June 2018	**21,352**	**4,523**	**1,917**	**27,792**
Cost	21,485	5,661	6,542	33,688
Accumulated amortisation and impairment	(133)	(1,138)	(4,625)	(5,896)
Net carrying value at 30 June 2018	**21,352**	**4,523**	**1,917**	**27,792**

Note: Capacity right represents the right to use 50% of the pumped storage capacity of Phase 1 of the Guangzhou Pumped Storage Power Station in Conghua, Guangzhou and the corresponding right to use the associated transmission facilities until 2034.

13. Interests in and Loans to Joint Ventures

The Group's share of results of and interests in joint ventures are as follows:

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Profit for the Period HK$M	Other Comprehensive Income HK$M	Total Comprehensive Income HK$M	Profit for the Period HK$M	Other Comprehensive Income HK$M	Total Comprehensive Income HK$M
CSEC Guohua International Power Company Limited (CSEC Guohua)	34	-	34	9	-	9
CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang)	43	-	43	(38)	-	(38)
ShenGang Natural Gas Pipeline Company Limited (SNGPC)	82	-	82	65	-	65
OneEnergy Taiwan Ltd (OneEnergy Taiwan)	42	-	42	69	-	69
Shandong Zhonghua Power Company, Ltd. (SZPC)	13	-	13	-	-	-
Others	143	1	144	108	-	108
Total	357	1	358	213	-	213

	30 June 2018					31 December 2017				
	Share of Net Assets HK$M	Goodwill HK$M	Interests in Joint Ventures HK$M	Loans (note) HK$M	Total HK$M	Share of Net Assets HK$M	Goodwill HK$M	Interests in Joint Ventures HK$M	Loans (note) HK$M	Total HK$M
CSEC Guohua	2,505	-	2,505	-	2,505	2,552	-	2,552	-	2,552
Fangchenggang	1,937	-	1,937	-	1,937	1,923	-	1,923	-	1,923
SNGPC	787	-	787	384	1,171	799	-	799	455	1,254
OneEnergy Taiwan	1,606	-	1,606	-	1,606	1,608	-	1,608	-	1,608
SZPC	570	-	570	-	570	588	-	588	-	588
Others	2,353	43	2,396	37	2,433	2,401	44	2,445	13	2,458
	9,758	43	9,801	421	10,222	9,871	44	9,915	468	10,383

Note: Loans to joint ventures mainly include the loan to SNGPC which is unsecured, carries interest at 90% (31 December 2017: 90%) of the over five years Renminbi benchmark lending rate of the People's Bank of China and with final maturity in June 2022. The current portion of the loan of HK$128 million (31 December 2017: HK$130 million) was included in trade and other receivables. There was no impairment recognised on the loans on 30 June 2018 and 31 December 2017.

The Group's capital commitments in relation to its interests in joint ventures are disclosed in Note 21(C).

14. Interests in Associates

The Group's share of results of and interests in associates are as follows:

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Profit for the Period HK$M	Other Comprehensive Income HK$M	Total Comprehensive Income HK$M	Profit for the Period HK$M	Other Comprehensive Income HK$M	Total Comprehensive Income HK$M
Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC)	429	–	429	462	–	462
Yangjiang Nuclear Power Co., Ltd. (Yangjiang Nuclear)	366	–	366	–	–	–
Redback Technologies Limited (Redback)	(9)	–	(9)	(4)	–	(4)
Total	786	–	786	458	–	458

	30 June 2018			31 December 2017		
	Share of Net Assets HK$M	Goodwill HK$M	Total HK$M	Share of Net Assets HK$M	Goodwill HK$M	Total HK$M
GNPJVC	1,214	–	1,214	1,707	–	1,707
Yangjiang Nuclear	6,605	–	6,605	6,343	–	6,343
Redback	1	28	29	1	30	31
Total	7,820	28	7,848	8,051	30	8,081

The Group's capital commitments in relation to its interests in associates are disclosed in Note 21(C).

15. Derivative Financial Instruments

	30 June 2018		31 December 2017	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cash flow hedges				
Forward foreign exchange contracts	195	52	224	113
Foreign exchange options	34	–	18	–
Cross currency interest rate swaps	227	626	300	727
Interest rate swaps	147	13	93	84
Energy contracts	1,303	56	442	36
Fair value hedges				
Cross currency interest rate swaps	5	517	9	352
Interest rate swaps	–	114	–	84
Not qualifying as accounting hedges or held for trading				
Forward foreign exchange contracts	245	15	225	46
Interest rate swaps	36	10	28	1
Energy contracts	615	865	754	986
	2,807	2,268	2,093	2,429
Current	1,426	724	1,137	789
Non-current	1,381	1,544	956	1,640
	2,807	2,268	2,093	2,429

16. Trade and Other Receivables

	30 June 2018 HK$M	31 December 2017 HK$M
Trade receivables	**14,190**	12,228
Deposits, prepayments and other receivables	**2,261**	2,930
Dividend receivables from		
Joint ventures	**146**	68
Equity investments	**12**	–
Loan to and current accounts with		
Joint ventures	**139**	200
Associates	**1**	1
	16,749	15,427

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

	30 June 2018 HK$M	31 December 2017 HK$M
30 days or below	**12,149**	9,465
31 – 90 days	**726**	882
Over 90 days	**1,315**	1,881
	14,190	12,228

17. Trade and Other Payables

	30 June 2018 HK$M	31 December 2017 HK$M
Trade payables	**6,646**	7,092
Other payables and accruals	**5,974**	6,991
Advances from non-controlling interest	**1,635**	1,514
Current accounts with		
Joint ventures	**1**	1
Associates	**624**	271
Deferred revenue	**3,066**	3,109
	17,946	18,978

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

	30 June 2018 HK$M	31 December 2017 HK$M
30 days or below	**6,216**	6,507
31 – 90 days	**110**	146
Over 90 days	**320**	439
	6,646	7,092

18. Bank Loans and Other Borrowings

At 30 June 2018, the Group's bank loans and other borrowings were repayable as follows:

	Bank Loans		Other Borrowings *		Total	
	30 June 2018 HK$M	31 December 2017 HK$M	**30 June 2018 HK$M**	31 December 2017 HK$M	**30 June 2018 HK$M**	31 December 2017 HK$M
Within one year	**8,035**	8,181	**766**	291	**8,801**	8,472
Between one and two years	**8,088**	7,186	**5,001**	1,588	**13,089**	8,774
Between two to five years	**5,436**	6,526	**7,514**	9,173	**12,950**	15,699
Over five years	**4,723**	4,427	**17,986**	19,969	**22,709**	24,396
	26,282	26,320	**31,267**	31,021	**57,549**	57,341

* Other borrowings mainly included Medium Term Notes of HK$29,389 million (31 December 2017: HK$28,503 million) and bonds of HK$1,549 million (31 December 2017: HK$2,141 million).

19. SoC Reserve Accounts

The Tariff Stabilisation Fund, Rate Reduction Reserve and Rent and Rates Interim Refunds of the Group's major subsidiary, CLP Power Hong Kong, are collectively referred to as SoC reserve accounts. The respective balances at the end of the period / year are:

	30 June 2018 HK$M	31 December 2017 HK$M
Tariff Stabilisation Fund	**332**	746
Rate Reduction Reserve	**3**	4
Rent and Rates Interim Refunds (note)	**56**	227
	391	977

Note: CLP Power Hong Kong is challenging the amount of Government rent and rates levied dating back to the year of assessment 2001 / 02. Final resolution of the matter is now subject to the application of the Lands Tribunal judgments, which were in favour of CLP Power Hong Kong, to the rent and rates amounts for all rating years under appeal.

Interim refunds totalling HK$1,868 million have been paid by the Hong Kong Government on a without prejudice basis since 2012. Using the interim refunds, CLP Power Hong Kong has provided customers with the Rent and Rates Special Rebate. Including the rebate of HK$171 million paid in the first half of 2018, the Rent and Rates Special Rebate made by CLP Power Hong Kong has reached an aggregate of HK$1,812 million. CLP Power Hong Kong maintains that it would recover no less than the interim refunds received to date in the final outcome of the appeals. The interim refunds are classified within the SoC reserve accounts, and the Rent and Rates Special Rebate to customers was offset against these interim refunds received.

In the event that the final amount recovered on conclusion of these appeals is less than the total amount rebated to customers, CLP Power Hong Kong will seek to recover any shortfall in the amounts of Rent and Rates Special Rebate already paid to customers. Similarly, if the final amount recovered exceeds the special rebates paid out, these additional amounts will be returned to customers.

20. Reserves

	Translation Reserves HK$M	Cash Flow Hedge Reserve HK$M	Costs of Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2018, as previously reported	(3,313)	668	(53)	2,853	85,299	85,454
Effect on adoption of HKFRS 15 (net of tax) (Note 3)	–	–	–	–	173	173
Balance at 1 January 2018, as restated	(3,313)	668	(53)	2,853	85,472	85,627
Earnings attributable to shareholders	–	–	–	–	7,436	7,436
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	(2,624)	62	(14)	–	(48)	(2,624)
Joint ventures	(177)	–	–	–	–	(177)
Associates	(96)	–	–	–	–	(96)
Cash flow hedges						
Net fair value gains	–	1,265	–	–	–	1,265
Reclassification to profit or loss	–	(283)	–	–	–	(283)
Tax on the above items	–	(279)	–	–	–	(279)
Costs of hedging						
Net fair value losses	–	–	(47)	–	–	(47)
Amortisation / reclassification to profit or loss	–	–	52	–	–	52
Tax on the above items	–	–	(2)	–	–	(2)
Fair value losses on equity investments	–	–	–	(13)	–	(13)
Remeasurement gains on defined benefit plans	–	–	–	–	6	6
Share of other comprehensive income of joint ventures	–	(3)	–	–	4	1
Total comprehensive income attributable to shareholders	(2,897)	762	(11)	(13)	7,398	5,239
Transfer to fixed assets	–	(29)	–	–	–	(29)
Revaluation reserve realised due to depreciation of fixed assets	–	–	–	(1)	1	–
Appropriation of reserves of subsidiaries	–	–	–	95	(95)	–
Dividends paid						
2017 fourth interim	–	–	–	–	(2,880)	(2,880)
2018 first interim	–	–	–	–	(1,541)	(1,541)
Balance at 30 June 2018	**(6,210)**	**1,401**	**(64)**	**2,934**	**88,355**	**86,416**

20. Reserves (continued)

	Translation Reserves HK$M	Cash Flow Hedge Reserve HK$M	Costs of Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2017	(7,638)	1,001	81	2,776	78,547	74,767
Earnings attributable to shareholders	–	–	–	–	5,909	5,909
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	2,561	–	–	–	–	2,561
Joint ventures	378	–	–	–	–	378
Associates	9	–	–	–	–	9
Cash flow hedges						
Net fair value losses	–	(860)	–	–	–	(860)
Reclassification to profit or loss	–	(217)	–	–	–	(217)
Tax on the above items	–	286	–	–	–	286
Costs of hedging						
Net fair value losses	–	–	(104)	–	–	(104)
Amortisation / reclassification to profit or loss	–	–	41	–	–	41
Tax on the above items	–	–	7	–	–	7
Fair value losses on equity investments	–	–	–	(193)	–	(193)
Remeasurement gains on defined benefit plans	–	–	–	15	–	15
Total comprehensive income attributable to shareholders	2,948	(791)	(56)	(178)	5,909	7,832
Revaluation reserve realised due to depreciation of fixed assets	–	–	–	(1)	1	–
Appropriation of reserves of subsidiaries	–	–	–	93	(93)	–
Dividends paid						
2016 fourth interim	–	–	–	–	(2,754)	(2,754)
2017 first interim	–	–	–	–	(1,491)	(1,491)
Balance at 30 June 2017	(4,690)	210	25	2,690	80,119	78,354

21. Commitments

(A) Capital expenditure on fixed assets, leasehold land and land use rights under operating leases, investment property as well as intangible assets contracted for at the end of the period but not yet incurred amounted to HK$4,858 million at 30 June 2018 (31 December 2017: HK$5,397 million).

(B) At 30 June 2018, equity contribution to be made for an associate and a private equity partnership was HK$5 million (31 December 2017: HK$15 million) and HK$61 million (31 December 2017: HK$64 million) respectively.

(C) At 30 June 2018, the Group's share of capital commitments of its joint ventures and associates were HK$463 million (31 December 2017: HK$475 million) and HK$1,465 million (31 December 2017: HK$1,310 million) respectively.

22. Related Party Transactions

Below are the more significant transactions with related parties for the period:

(A) For the six months ended 30 June 2018, purchases of nuclear electricity from Guangdong Daya Bay Nuclear Power Station amounted to HK$2,790 million (2017: HK$3,157 million).

(B) The loans made to joint ventures are disclosed under Note 13. Other amounts due from and to the related parties at 30 June 2018 are disclosed in Notes 16 and 17 respectively. At 30 June 2018, the Group did not have any guarantees which were of a significant amount given to or received from these entities (31 December 2017: none).

(C) The total remuneration of the key management personnel is shown below:

	Six months ended 30 June	
	2018	2017
	HK$M	HK$M
Fees	**5**	5
Base compensation, allowances & benefits (note)	**33**	32
Performance bonus		
Annual incentive	**32**	33
Long-term incentive	**39**	30
Provident fund contribution	**6**	6
	115	106

Note: The nature of these benefits includes electricity allowance, the availability of a company vehicle for personal use, life insurance and medical benefits. Which of these benefits applies depends primarily on the location of the individual.

Key management personnel at 30 June 2018 comprised eleven (30 June 2017: twelve) Non-executive Directors, two (30 June 2017: two) Executive Directors and nine (30 June 2017: nine) senior management personnel.

23. Contingent Liabilities

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

This is a dispute between CLP India Private Limited (CLP India) and its offtaker Gujarat Urja Vikas Nigam Limited (GUVNL) under the PPA for Paguthan Plant (Paguthan). GUVNL is required to make a "deemed generation incentive" payment to CLP India when plant availability is above a set threshold. 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 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 Rs7,260 million (HK$828 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 PPA. 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 Rs830 million (HK$95 million) (31 December 2017: Rs830 million (HK$102 million)).

23. Contingent Liabilities (continued)

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

In February 2009, the GERC found in favour of GUVNL on the "deemed generation incentive" but held that GUVNL's claim up to 14 September 2002 was time-barred under the Limitations Act of India. The GERC also dismissed GUVNL's claim to recover interest on the "deemed loans". CLP India appealed the GERC's decision to the Appellate Tribunal for Electricity (APTEL). GUVNL also filed an appeal against the orders of the GERC which went against GUVNL. In January 2010, the APTEL upheld the decisions of the GERC. Both CLP India and GUVNL have filed further appeals in the Supreme Court of India. The appeal petitions have been admitted but the next date of hearing has not yet been fixed by the court.

The PPA term is due to expire in December 2018 and GUVNL has formally declined extension of the PPA. A meeting was recently held with the Gujarat Power Ministry Officials to examine the possibility of an extension – however no progress could be made.

Attempts have been made to request the Honourable Supreme Court to expedite the hearings on the matter, especially given the matter has been outstanding for over seven years and the imminent expiry of the PPA. However, given the fact that the matter has not moved, it is considered unlikely that the matter will see a closure before the expiry of the PPA.

While CLP India has not altered its view regarding the legal merits of the claim, in view of the imminent expiry of the PPA and uncertainty on the timing of recoverability, it is appropriate to make a provision of Rs3,796 million (HK$450 million) in the profit or loss and against the amounts withheld by GUVNL. This will not prejudice the stance CLP India has taken all along and CLP India remains committed to pursuing this case and closing it successfully. If this is eventually achieved and the monies are recovered from GUVNL, the provision would be reversed.

At 30 June 2018, the time-barred portion of the claim plus interest and tax with respect to the "deemed generation incentive" amounted to Rs4,737 million (HK$540 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 the time-barred portion of the claim plus interest and tax.

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

CLP India and its subsidiaries (CLP India group) have invested in around 533MW of wind power projects developed with Wind World India Limited (WWIL). WWIL's major shareholder, Enercon GmbH, has commenced litigation against WWIL claiming infringement of intellectual property rights. CLP India group, as a customer of WWIL, 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 WWIL. As at 30 June 2018, 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) JPL – Disputed Charges with Offtakers

Jhajjar Power Limited (JPL) has disputes with its offtakers over applicable tariff of capacity charges and energy charges relating to transit loss. Total disputed amounts were Rs2,393 million (HK$273 million) at 30 June 2018 (31 December 2017: Rs2,117 million (HK$259 million)). The Group considers that JPL has a strong case and hence, no provision has been made.

JPL filed a petition to Central Electricity Regulatory Commission (CERC) against its offtakers in September 2013. On 25 January 2016, CERC pronounced its judgment in favour of JPL, which supports the Group's decision that no provision should be made. JPL and its offtakers have filed appeals to APTEL.

23. Contingent Liabilities (continued)

(D) EnergyAustralia – Disposal of Iona Gas Plant

In December 2015, EnergyAustralia completed the disposal of its entire interest in the Iona Gas Plant for a total consideration of A$1,780 million (HK$9,991 million). On 19 May 2017, EnergyAustralia received a Statement of Claim issued by Lochard Energy (Iona Operations Holding) Pty Ltd, the purchaser of the Iona Gas Plant, and certain related entities, commencing formal legal proceedings seeking A$967 million (approximately HK$5,576 million) or alternatively A$780 million (approximately HK$4,498 million) in damages. The claims allege that certain information regarding the technical performance of the Iona Gas Plant, and on which the consortium claims to have relied to make its offer, were incomplete or misleading. EnergyAustralia has rejected the claims and is vigorously defending the legal proceedings. On the basis of currently available information, the Directors' view is that a material outflow of economic benefits is unlikely and no provision has been made in the financial statements.

24. Fair Value Hierarchy of Financial Instruments

The following table presents the Group's financial instruments that were measured at fair value:

	Level 1 HK$M	Level 2 (note) HK$M	Level 3 (note) HK$M	Total HK$M
At 30 June 2018				
Financial assets				
Equity investments	**289**	**–**	**50**	**339**
Forward foreign exchange contracts	**–**	**440**	**–**	**440**
Foreign exchange options	**–**	**34**	**–**	**34**
Cross currency interest rate swaps	**–**	**232**	**–**	**232**
Interest rate swaps	**–**	**183**	**–**	**183**
Energy contracts	**72**	**1,207**	**639**	**1,918**
	361	**2,096**	**689**	**3,146**
Financial liabilities				
Forward foreign exchange contracts	**–**	**67**	**–**	**67**
Cross currency interest rate swaps	**–**	**1,143**	**–**	**1,143**
Interest rate swaps	**–**	**137**	**–**	**137**
Energy contracts	**–**	**266**	**655**	**921**
	–	**1,613**	**655**	**2,268**
At 31 December 2017				
Financial assets				
Equity investments	302	–	47	349
Forward foreign exchange contracts	–	449	–	449
Foreign exchange options	–	18	–	18
Cross currency interest rate swaps	–	309	–	309
Interest rate swaps	–	121	–	121
Energy contracts	–	957	239	1,196
	302	1,854	286	2,442
Financial liabilities				
Forward foreign exchange contracts	–	159	–	159
Cross currency interest rate swaps	–	1,079	–	1,079
Interest rate swaps	–	169	–	169
Energy contracts	232	578	212	1,022
	232	1,985	212	2,429

You may refer to page 256 of the 2017 Annual Report for the definitions of Levels 1, 2 and 3.

24. Fair Value Hierarchy of Financial Instruments (continued)

Note: The valuation technique and inputs used in the fair value measurements within Level 2 and Level 3 are as follows:

Financial Instruments	Valuation Technique	Significant Inputs
Forward foreign exchange contracts	Discounted cash flow	Observable exchange rates
Foreign exchange options	Garman Kohlhagen Model	Observable exchange rates, interest rates and volatility levels
Cross currency interest rate swaps	Discounted cash flow	Observable exchange rates and swap rates of respective currency
Interest rate swaps	Discounted cash flow	Observable swap rates of respective currency
Energy contracts	Discounted cash flow	Brokers' quotes and observable exchange traded swap and cap price curve; and long term forward electricity price and cap price curve

The significant unobservable inputs of energy contract used for fair value measurement included long term forward electricity price and cap price curve. The finance department of EnergyAustralia includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to EnergyAustralia's Chief Financial Officer (CFO – EA) and Audit & Risk Committee (ARC – EA). The valuation of Level 3 forward energy contracts involves the use of a short term forward curve which is observable in the liquid market and an internally generated long term forward electricity and cap price curve which is derived using unobservable inputs. This short term forward curve is reviewed at least once every six months, in line with the Group's half-yearly reporting dates. Review of the long term forward curve is performed by the CFO – EA and ARC – EA annually due to the lack of market liquidity. Analysis of fair value changes is performed on a monthly basis for reasonableness.

The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the six months ended 30 June 2018 and 2017, there were no transfers between levels.

The movements of Level 3 financial instruments are as follows:

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Equity Investments HK$M	**Energy Contracts HK$M**	**Total HK$M**	Equity Investments HK$M	Energy Contracts HK$M	Total HK$M
Opening balance	**47**	**27**	**74**	1,225	(59)	1,166
Total (losses)/gains recognised in						
Profit or loss and presented in						
fuel and other operating expenses*	**–**	**(116)**	**(116)**	–	(45)	(45)
Other comprehensive income	**–**	**223**	**223**	(200)	(4)	(204)
Purchases	**3**	**–**	**3**	12	–	12
Settlements	**–**	**(150)**	**(150)**	–	45	45
Closing balance	**50**	**(16)**	**34**	1,037	(63)	974

* Out of which, unrealised gains recognised in profit or loss relating to the assets and liabilities held at the end of the reporting period was HK$9 million (2017: HK$40 million).

At 30 June 2018 and 31 December 2017, the valuation of long tenure energy contracts is sensitive to electricity pool price assumptions. A favourable and unfavourable change of 15% (31 December 2017: 15%) would cause the fair values to rise by HK$551 million (31 December 2017: HK$547 million) and decline by HK$553 million (31 December 2017: HK$548 million) respectively, with all other variables held constant.

Scheme of Control Statement – Unaudited

The electricity-related operations of CLP Power Hong Kong and CAPCO have been governed by the SoC Agreement with the Hong Kong Government, a summary of which is set out on pages 261 and 262 of the 2017 Annual Report. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies.

	Six months ended 30 June	
	2018	2017
	HK$M	HK$M
SoC revenue	**19,590**	17,833
Expenses		
Operating costs	**2,052**	1,950
Fuel	**6,399**	5,586
Purchases of nuclear electricity	**2,401**	2,406
Provision for asset decommissioning	**186**	51
Depreciation	**2,487**	2,308
Operating interest	**493**	493
Taxation	**960**	854
	14,978	13,648
Profit after taxation	**4,612**	4,185
Interest on borrowed capital	**523**	479
Adjustments required under the SoC (being share of profit on sale of electricity to Mainland China attributable to the SoC Companies)	**(34)**	(32)
Profit for SoC	**5,101**	4,632
Transfer from Tariff Stabilisation Fund	**418**	736
Permitted return	**5,519**	5,368
Deduct interest on		
Borrowed capital as above	**523**	479
Tariff Stabilisation Fund to Rate Reduction Reserve	**3**	1
	526	480
Net return	**4,993**	4,888
Divisible as follows:		
CLP Power Hong Kong	**3,423**	3,333
CAPCO	**1,570**	1,555
	4,993	4,888
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	**3,423**	3,333
Interest in CAPCO	**1,099**	1,088
	4,522	4,421

Information for Our Investors

Financial Diary

Announcement of interim results	6 August 2018
Interim report available online CLP website: www.clpgroup.com ("Investors Information" section) Hong Kong Stock Exchange website: www.hkexnews.hk	13 August 2018
Interim report posted to shareholders	21 August 2018
Last day to register for second interim dividend	4 September 2018
Book close day	5 September 2018
Payment of second interim dividend	14 September 2018
Financial year end	31 December 2018

Company's Registrars

Computershare Hong Kong Investor Services Limited

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Share Listing

Shares of CLP Holdings are:

- listed on the Stock Exchange of Hong Kong;
- eligible for Southbound trading through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; and
- traded over the counter in the United States in the form of American Depositary Receipts.

Our Stock Code

The Stock Exchange of Hong Kong	: 00002
Bloomberg	: 2 HK
Reuters	: 0002.HK
Ticker Symbol for ADR Code	: CLPHY
CUSIP Reference Number	: 18946Q101

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Email	: cosec@clp.com.hk (Company Secretary) ir@clp.com.hk (Director – Investor Relations)

Choice of Language and Means of Receipt of Corporate Communications[1]

- Interim Report – you can ask for this in printed form or in a language version other than your existing choice.
- The Company's future corporate communications – you can ask to change[2] your choice of

  (a) language (English and / or Chinese); and / or
  (b) means of receipt (in printed form or by electronic means through our website).

You can make the above request(s) at any time, free of charge, by writing to the Company or the Company's Registrars, Computershare Hong Kong Investor Services Limited or email to cosec@clp.com.hk or clp.ecom@computershare.com.hk.

Should you have any difficulties in accessing the corporate communications electronically, please ask us for a printed form and we will promptly send you the corporate communications free of charge.

Notes:

1 Corporate communications refer to Interim / Annual Reports, Quarterly Statements, notices, documents or other shareholder publications of the Company (including any "corporate communication" as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

2 Your change request applies to the next batch of corporate communications if we have at least 7 days written notice of your request, otherwise, it will apply to the subsequent batch of corporate communications.

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