Announcement of Interim Results as from 1 January 2009 to 30 June 2009, Dividend Declaration and Closure of Books

Financial Highlights

- Group operating earnings before one-off items for the first half of 2009 decreased 32.5% to HK$3,603 million, with total earnings (including one-off items) falling by 42.3% to HK$3,235 million.
- Consolidated revenue dropped 14.6% to HK$23,503 million.
- Earnings from our electricity business in Hong Kong decreased by 27.6% to HK$2,925 million, with revenue down by 13.2% to HK$12,979 million, primarily due to the reduction of the permitted return.
- Second interim dividend of HK$0.52 per share.

CHAIRMAN'S STATEMENT

I am pleased to present our Interim Results for the six months to 30 June 2009.

Financial Results for the Six Months Period

The Group's operating earnings for the first half of 2009 were HK$3,603 million, a decline of 32.5% as compared with the corresponding period in 2008. This was mainly due to the reduced rate of permitted return under the new Scheme of Control (SoC) in Hong Kong effective from 1 October 2008. The Group's total earnings, after a provision for CLP's investment in Solar Systems in Australia, were HK$3,235 million, representing a decrease of 42.3% against the previous period.

Despite the fall in earnings, the CLP Group's financial position remains strong, reflecting a prudent approach to the management of CLP's financial resources, cash flows and balance sheet in line with the longstanding policy of the Board. One measure of the resilience of CLP's overall position is our credit ratings. Despite the financial turmoil which started in 2008 and the generally depressed economic conditions, all ratings of the Group's major entities remain at investment grade, enhancing our position in Hong Kong and overseas business activities, including fund raising, investment and new business opportunities. CLP Holdings' own credit ratings, for example, have remained unchanged since April 2008, notwithstanding the substantial deterioration in the global economic climate which we have all witnessed over the past months.

Clearly, the decline in the Group's earnings during the first half of 2009, as compared to the corresponding period in the previous year, is not welcome news. Nonetheless, I believe that in difficult economic and market conditions, the Group as a whole has performed well.

Our business has been impacted by global economic trends and developments such as, for example, a broad slowdown, and even in places a temporary reversal, of the growth in electricity demand. However, whilst there may be some common factors and links, the five markets in which the CLP Group is present, namely, Hong Kong, Chinese mainland, Australia, Southeast Asia and India all have individual characteristics which strongly influence both current operating performance as well as future prospects.

These matters are described in more detail in our Interim Report. In this Chairman's Statement, I wish to highlight some of the particular factors which bear upon the performances of each of our major business streams. I also want to outline the scale and nature of the investment opportunities that lie before us, as I believe that each of our markets presents potentially attractive opportunities for the further growth and development of CLP's presence, even if at all times we must maintain a disciplined approach to new investment.

Hong Kong

2009 will see the first full year effect of the significant reduction in shareholder earnings from our Hong Kong electricity business, resulting from the cut in permitted return under the SoC, by which that business is regulated. This lies behind the substantial fall in earnings from this business to HK$2,925 million, as against HK$4,040 million in the first six months of 2008, when our business was still operating under the previous SoC.

Shareholders will have expected, and will readily understand, this fall in operating earnings. However, looking ahead, I am confident that our Hong Kong electricity business will remain at the centre of the Group's activities and will continue to offer opportunities for value enhancing investment. For example, the Development Plan for 2008 to 2013, approved by Government as part of the new SoC, contemplates substantial investments in generation, power systems, customer services and other supporting facilities in order to enhance supply quality and reliability, as well as providing for demand created by infrastructure development projects. Moreover, our participation in the implementation of the Memorandum of Understanding (MOU) signed in August 2008 between the Central People's Government and the Government of the Hong Kong SAR on the continued supply of natural gas and nuclear energy to Hong Kong from the Mainland involves not only arrangements for long term fuel and energy supplies for our business, but also provides an opportunity for CLP to participate in the necessary infrastructure. This includes the liquefied natural gas (LNG) receiving terminal in Shenzhen in which CLP aims to take a significant, albeit minority, shareholding.

Chinese Mainland

The performance of our investments in the Chinese mainland during the first half of 2009 was disappointing, with a loss of HK$97 million, contrasting with earnings of HK$34 million for the same period in 2008.

The electricity generation sector in the Mainland has seen unstable and generally unfavourable operating conditions in recent times. The global economic downturn has led to reduced electricity demand and generation. In the case of coal-fired generation in regions such as Guangxi, this has been exacerbated by a surplus of hydro power due to high rainfall. Volatile coal prices and restrictions on the ability of generators to pass on fuel prices to their offtakers have also aggravated the difficult operating environment. Although there has been a significant reduction in coal prices compared to the high levels seen during 2008, the tariff adjustments allowed by the PRC authorities have still not allowed us and our fellow Mainland electricity generators to recover the full impact of increased fuel costs.

Taking a broader view, I remain optimistic that the Mainland's underlying economic strength will see a gradual return to electricity demand growth in the coming months and that the relevant authorities will work to restore market stability through properly safeguarding the legitimate interests of electricity generators and continuing to promote the ongoing increase in generating capacity which the Mainland will require.

Part of this growth will come through the broad expansion in China's nuclear energy sector. Our strong and longstanding relationship with China Guangdong Nuclear Power Holding Co. (CGNPC) and our successful collaboration in the development and operation of the Mainland's first nuclear power station, Daya Bay, provide CLP with perhaps a unique opportunity amongst external investors, to participate actively in the growth of commercial nuclear power generation in the Mainland in the coming decades.

Australia

Shareholders will have noted that the strong focus by the Board and management on improved business operations and disciplines within TRUenergy, our electricity generation and gas and electricity retail business in Australia, contributed to a significant improvement in the earnings from that business in 2008. While the overall improvements in operating performance have been largely maintained, with first half earnings of HK$204 million against HK$115 million for the corresponding period in 2008, the delay in commercial operation of the Tallawarra plant in January, together with lower electricity pool prices and an increase in bad debt provision for retail customers, have resulted in first half earnings slightly below plan.

I remain concerned that the quality of the TRUenergy business and the successful outcome of the initiatives taken by management to reduce operating costs and enhance earnings continue to be overshadowed by the Australian Federal Government's proposal to introduce a Carbon Pollution Reduction Scheme (CPRS), even before agreement has been reached on a wider global accord on measures needed to tackle the threat of climate change.

The impact of the CPRS is discussed in our Interim Report. For my part, I wish to emphasise that CLP supports and welcomes practical, fair and well thought out proposals to respond to the impact on mankind of catastrophic climate change. Our own actions, including our substantial commitment to renewable energy investment, as part of our Climate Vision 2050, speak loudly and convincingly to that commitment. However, it seems to us that the CPRS, if passed in its current form, represents neither a practical, fair nor well thought out scheme to promote a smooth and effective transition from coal-fired generation in Australia towards lower or zero carbon emitting forms of generation.

Although revisions to the draft CPRS proposed earlier in the year addressed concerns from other stakeholders, no meaningful attempt has yet been made by the Federal Government to address its potential and substantial value impact on brown coal electricity generators, such as TRUenergy with our Yallourn Power Station (which alone provides 5% of Australia's total electricity output and 21% of the output for Victoria). This impact has far reaching implications for Australia's future electricity supply reliability and security. A poorly designed emissions trading scheme with inadequate adjustment assistance for existing power generators erodes the ability of incumbent industry participants to play a major and effective role in making the investment necessary to take Australia along the path to cleaner power generation. With the uncertainty surrounding the CPRS, we are already seeing a significant negative impact on the generation sector. This includes cuts in expenditure on long term maintenance and capital investment, difficulties in securing long term debt funding, a growing inability to enter into forward contracts for the sale of electricity from brown coal generation and a decline in investors' appetite, especially amongst international investors such as ourselves, to participate in Australia's electricity sector.

CLP, particularly through our colleagues at TRUenergy, has been a vigorous and informed participant in the ongoing debate in Australia about a future carbon emissions reduction regime. At times, we have felt that the debate has not properly reflected an appreciation, or even a willingness to appreciate, the economic consequences of radical policy steps. Even so, we believe that common sense should and must prevail, so that a CPRS can move forward on a basis which will not only enable the underlying policy goal of substantial reductions in carbon emissions to be achieved, an objective we all share, but also on terms which allow electricity generators to play a vital and substantial role in lowering Australia's carbon footprint, whilst maintaining the adequacy and reliability of electricity supply.

Solar Systems

Solar Systems, the solar technology development company in Australia in which CLP holds a 20% equity stake, has had difficulty raising further capital to enable the continuous development and eventual commercialisation of its solar technology. We believe that Solar Systems' technology shows technical promise. However, Solar Systems' fund raising efforts have taken place in a very challenging financial market, particularly for start-up solar companies facing the difficulties of obtaining financing for large scale projects, uncertain valuations and increased competition from established solar companies, who have reduced their margins in response to the recent demand slowdown.

Given the general uncertainty on the availability of financing for solar investments in the current market, and our Company's fundamental strengths as an investor and operator of projects, we do not believe that it is justifiable for CLP to continue funding a technology business without an additional strategic or financial partner to share the ongoing development risks. Therefore, in accordance with our prudent approach towards our financial accounts, we have decided to make a provision for the investment in Solar Systems resulting in a net loss to the Group of HK$346 million.

Notwithstanding this provision, we remain confident that good solar project opportunities will be realised when appropriate government policies are in place. We will however take a very cautious approach towards future technology investment opportunities.

Southeast Asia

Earnings from our investments in Southeast Asia and Taiwan increased substantially in the first six months of 2009, rising to HK$244 million from HK$75 million in the corresponding period in 2008.

The Ho-Ping Power Station in Taiwan, in which CLP holds an effective 20% stake, was a major contributor to this increase in earnings. This was due to higher recovery of coal price increases under the offtake agreement with Taiwan Power Company, as well as our ability to maintain a sufficient supply of coal at reasonable market prices.

Although the economic slowdown may defer programmes to increase electricity generating capacity in markets such as Taiwan, I believe that over the medium to longer term the continuing economic development of Southeast Asia will provide a steady stream of investment opportunities. For example, through OneEnergy we are currently looking at two greenfield coal-fired power station projects in Vietnam, as well as renewable projects in Thailand. These opportunities may be a reflection of an emerging, but discernible, trend in the region for an expansion of greenfield coal-fired projects to meet base load electricity demand in rapidly developing economies, whereas markets in more developed economies may now have the political will and financial capability to promote increased renewable energy capacity and to accommodate the generally higher generating costs of renewable energy sources.

India

Our underlying financial performance in India remained steady. Operating earnings in the first six months of 2009 were HK$159 million compared to HK$263 million in the previous year. The fall of HK$104 million is mainly attributable to the depreciation of the average Indian rupee exchange rate against the Hong Kong dollar by 17.6% and lower interest income and cost incurred on the development of the wind and Jhajjar projects.

I am pleased to report that construction of our 1,320MW project in Jhajjar started in January 2009 and is proceeding satisfactorily. In addition, the first phase (50.4MW) of our Samana wind project was commissioned in March 2009 with a further 82.4MW of wind energy at Saundatti due for commissioning in February 2010.

The major focus for our India business must be on the completion, on time and within budget, of the Jhajjar project. At the same time, there are significant opportunities available across the electricity industry, including further wind power projects and transmission investments (reflecting India's urgent need to strengthen its transmission grid).

With regard to conventional power generation, whilst we remain interested in increasing our participation in gas-fired generation beyond our existing GPEC Power Station, this depends upon a stable, long term gas supply arrangement coming into place. The actual growth of coal-fired generating capacity in India has been lagging well behind the Indian Government's plans and objectives for the sector. As our Jhajjar project demonstrates, we remain keen to grow our investment in coal-fired generation in India whenever the overall project structure is sufficiently well constructed to give us reasonable confidence that our investments will generate value for our shareholders.

Climate Change

The end of this year will see the United Nations Climate Change Conference taking place in Copenhagen. Whether or not an agreement will actually be reached at Copenhagen seems uncertain, but there can be little doubt that the future will bring further strengthening and broadening of international and national frameworks and regulatory structures to lower global carbon emissions. The electricity generation sector presently produces around 40% of total global CO_2 emissions. It is clear that no meaningful attempt can be made to reduce carbon emissions without a move towards lower carbon emitting generation and the involvement of the developing economies of the Asia-Pacific region in which CLP itself is a significant player.

CLP will be joining the Copenhagen Conference through our participation in the World Business Council for Sustainable Development which brings an informed business and industry voice to the inter-governmental discussions. I am pleased to note that not only does CLP make a contribution to the debate on this critical issue for the future of our industry, our region and indeed our planet as a whole, but we also make a material contribution through the substantial investments that we have been making in renewable energy. Our Interim Report records our progress in the past six months in expanding our wind energy portfolio in Australia, Chinese mainland and India. We are now amongst the largest external investors in the wind power sectors of both India and China – with both the capability and willingness to do more, in line with our "Climate Vision 2050" – our goal of a 75% cut in the carbon emissions intensity of our generating portfolio by 2050 and meaningful reductions, measured by a series of intermediate milestones, to mark our progress along this trajectory.

As at 30 June 2009, our total renewable energy portfolio involved investments in 30 operating and committed projects with a total capacity of approximately 1,200 equity MW, representing about 9% of our total generating capacity. In 2004 when "Our Manifesto on Air Quality & Climate Change" was published, CLP's investments in all renewable energy totalled just over 100 equity MW (which was approximately 1% of our then generating portfolio). This shows the significant progress that we have already made. A successful outcome to the Copenhagen Conference will be one which encourages and allows us to continue along this path by ensuring that our investments rest on stable, predictable and long term international and national legal and regulatory structures.

The past six months have seen challenging operating conditions for CLP, as they have for so many of our business counterparts, whether in the electricity sector or elsewhere. We have tackled the challenges of the past months squarely and effectively. We have done our utmost to mitigate the downside impact on our business. Above all, we remain well-positioned and well-prepared to exploit the opportunities available to us across our various business streams.

The Hon. Sir Michael Kadoorie

OPERATIONAL PERFORMANCE

Electricity Business in Hong Kong

In the first half of 2009, local electricity sales were 13,840GWh, an increase of 0.6% over the same period last year. This was mainly due to the hot weather in June which reversed the negative sales growth of the first five months. Sales growth in the Residential sector was particularly strong, because the summer school vacation started early as a preventive measure against swine flu outbreaks. Exacerbated by the economic downturn, the declining trend in the Manufacturing sector continued.

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

	Increase /(Decrease)	As Percentage of Total Local Sales
Residential	3.5%	24.5%
Commercial	1.4%	42.4%
Infrastructure & Public Services	1.5%	26.5%
Manufacturing	(15.0%)	6.6%

Sales to Chinese mainland amounted to 1,654GWh, representing a reduction by 12.1% as compared to the same period last year. This was primarily due to the weak economy which forced many factories in Guangdong to close.

Total electricity sales, including both local sales and sales to the Chinese mainland, declined by 0.9% over the period to 15,494GWh.

In 2008, we announced a 3% average reduction in total tariff for all our Hong Kong customers. This was the result of a reduction of 10% in basic tariff, partly offset by increases in the fuel clause charge (which allows CLP to recover increased fuel costs). Prior to this cut, basic tariff had already been frozen for 10 years and, during that period, we had offered over HK$4 billion in rebates to our Hong Kong customers.

We continue to exercise stringent cost control, to minimise both the impact on tariffs and the risk of lower electricity sales resulting from the effect of the recent economic slowdown.

Consistent with the 2008 Development Plan approved by Government to enhance supply quality and reliability as well as provide for demand created by infrastructure development projects, CLP incurred HK$1,640 million of capital expenditure in the transmission and distribution networks during the period. Major projects included construction of Eastern Road substation, Kai Tak Cruise Terminal substation, Fu On Street substation, Castle Peak Cable Tunnel and the third 132kV Black Point – Pak Kok circuit. We also invested HK$1,315 million in generation, customer services and other supporting facilities.

Work continues with Mainland oil companies on the implementation of gas supply projects to secure the three gas sources highlighted in the MOU signed in August 2008. Planning and design work is progressing well for the development of infrastructure necessary to bring the gas to Hong Kong, including a new LNG receiving terminal in Shenzhen on Dachan Island in the Pearl River Delta and the subsea gas pipeline from Dachan Island to Black Point Power Station.

Good progress has been made in developing the overall engineering required for the Emissions Control Project at Castle Peak "B" Power Station and in carrying out the main civil construction works at site. The relocation work, which involves moving large items of existing plant to new areas of the plant to allow for emission control equipment to be located in the areas vacated, has been completed. The two Flue Gas Desulphurisation (FGD) absorber vessels associated with units B1 and B2 have already been erected and work is proceeding on a number of the ancillary buildings associated with the FGD plant. Installation of nitrogen oxides (NOx) reduction plants and other equipment is also proceeding well. Currently there are over 1,500 staff and contractors working on site to complete the Emissions Control Project.

As part of the feasibility study of an offshore wind farm development in Hong Kong, CLP, in association with Wind Prospect, presented the Environmental Impact Assessment (EIA) study for public consultation in June 2009. The EIA Report was approved and the Environmental Permit was awarded by the Environmental Protection Department in August 2009. The next phase of the project is the collection of on site environmental data. In parallel we continue to review the underlying business case for the project, including through ongoing wind resource measurement.

CLP is committed to continuous improvement in our customer services to our 2.3 million customer accounts in Hong Kong. The latest survey has shown that our customer satisfaction level was well above benchmarking utilities in Hong Kong. To further strengthen our relationship with customers, our new energy service company in Guangdong offers energy saving advisory solutions to our commercial/manufacturing customers who have operations in Guangdong. This service aims to increase the energy efficiency of customers' undertakings in Guangdong, thus contributing to the improvement of the Pearl River Delta environment.

To support Government's initiative to promote the development of electric vehicles in Hong Kong, CLP embarked on its plan for a trial network of charging stations in May with major car parks, property developers and corporations to provide an easy and convenient means for electric vehicle users to re-charge the vehicle batteries at public locations.

Our major plans and activities for the second half of 2009 will include:

- carrying forward the implementation of the MOU;
- submitting the Shenzhen LNG receiving terminal project including the associated subsea gas pipeline to Black Point Power Station to the National Development and Reform Commission of China for approval by end of 2009;
- working closely with the relevant Government authorities to solicit the necessary permits and approvals for the construction of the subsea gas pipeline in Hong Kong waters. Early progress on this is crucial to bringing new gas supplies to Hong Kong;
- working out the arrangement with our Chinese counterparts for the continuing supply of nuclear energy from Daya Bay beyond 2014; and
- ensuring the Castle Peak Emissions Control Project runs to schedule.

Energy Business in Australia

Construction of the modern 420MW gas-fired, combined cycle Tallawarra Power Station was completed on 23 January 2009 and it was officially opened on 18 March 2009. TRUenergy Tallawarra supplies electricity to over 200,000 homes and businesses across New South Wales (NSW). As Australia's most efficient, large-scale gas-fired power station, Tallawarra produces 65% less carbon dioxide emissions than the average Australian coal-fired plant. The power station has performed in line with business expectations and requirements.

TRUenergy Yallourn Power Station delivered stable generation throughout the first half of 2009. In 2008, TRUenergy received progress payments totalling A$40 million from its insurers in relation to the Yallourn coal mine subsidence that occurred in 2007. TRUenergy continues to progress its insurance claim in order to recover the significant loss to the business caused by the coal mine subsidence.

The Iona Gas Plant expansion project, which aims to increase daily processing capacity from 320 terajoules to 500 terajoules and gas storage capacity from 12 petajoules to 22 petajoules, is on track for completion by the end of 2009. Design and civil works have been completed and equipment installation work commenced in June 2009.

Total customer accounts have decreased by 1.2% since the start of the year to 1,274,502, primarily due to below expected customer acquisition through the door to door channel, which decreased net residential customer accounts in Victoria by 3%. In early 2009, we reviewed our channel management and customer processes. This review has resulted in a Profit Improvement Programme which aims to drive significant annualised profit improvement over a three-year period. This programme is leading our shift of retail focus from “account volume” to “profitable growth”.

Our new process and systems platform that will support further transformation of our Retail business, is progressing, but has been delayed in testing by our prime solution provider IBM and their key subcontractor Oracle. Given ongoing changes in the regulatory environment and recent new product support that needs to be included with the initial solution, we have recently reviewed and agreed with IBM a new delivery timeline for the platform, inclusive of a formal pilot of the solution in the first half of 2010.

For the first six months of 2009, spot prices in the Australia National Electricity Market were generally below levels seen in the same period last year. This was primarily because the extended period of extremely hot weather which had resulted in record prices in South Australia in March 2008 was not repeated in 2009. A short period of high temperatures in Victoria in late January and early February led to higher volatility and increased spot prices in that state. Contract price levels for 2010 and beyond, as well as movements in those prices, have reflected changing expectations and policy announcements concerning the proposed CPRS, which was originally proposed for introduction from 1 July 2010. On 4 May, the Australian Government announced that it would defer the introduction of the CPRS until 1 July 2011 and cap carbon prices at A$10/tonne in the first year of the CPRS. This announcement led to significant falls in forward electricity prices for 2010 and 2011, which has affected the value of our Economic Hedge book.

Legislation to enact the Australian Government’s CPRS was passed by the House of Representatives on 6 June 2009. However, the legislation, which would introduce a cap and trade system to Australia, was rejected by the Opposition, the independent senators and the Greens in the Senate on 13 August 2009. The Australian Government must now wait three months before it can re-introduce the legislation into the Parliament.

The legislation that was rejected by the Senate in August would have resulted in significant write downs of assets on balance sheets, meaning less investment in the energy sector, as well as undermining the reliability of generation, which is an issue for the wider Australian economy. Over the past 18 months, TRUenergy, along with industry associations, has engaged with the Federal Government at all levels to ensure they are aware of the range of potential outcomes from emissions trading policy decisions. TRUenergy also continues to advocate for appropriate transitional support to allow a smooth transition to a lower-carbon economy and not risking the reliability of energy supply.

The Australian Government’s proposed Renewable Energy Target (RET) legislation is presently with the Senate. This would mandate a 20% share of renewables in Australia’s electricity mix by 2020. As and when the RET is passed, TRUenergy and other electricity retailers will be required to meet the new increased renewable energy targets. The RET scheme guarantees a market for additional renewable energy generation, using a mechanism of tradeable Renewable Energy Certificates (RECs). The Government is increasing the legislated target more than four times from 9,500 gigawatt-hours (GWh) to 45,000GWh in 2020. The RET scheme will expand on the existing Mandatory Renewable Energy Target and absorbs existing and proposed State and Territory renewable energy schemes into a single national scheme.

TRUenergy has been actively engaged with the NSW government departments responsible for the state’s electricity privatisation process and their advisors over the past six months. In addition to local discussions, the NSW Finance Minister, who has lead responsibility for the reform process, met senior management of CLP and TRUenergy in May in Hong Kong. These discussions have been useful in understanding the nature of the assets to be divested and the possible timing of the proposed process. TRUenergy continues to monitor the process and expects an expression of interest phase and further announcements by NSW Government in the third quarter of 2009.

In February, wildfires destroyed large parts of Victoria, including areas close to TRUenergy’s Yallourn Power Station and its call centre in the Whittlesea area. While TRUenergy’s operations were not directly affected, a number of employees lost relatives, friends or property. In response, CLP, TRUenergy and employees donated to the fire relief fund-raising appeal contributing around A$255,000, volunteered for relief work, provided free electricity to a Salvation Army sorting centre as part of the relief effort, and provided call centre staff to help coordinate state-wide volunteers and donated supplies. TRUenergy also waived bills for customers in fire affected areas.

In the second half of 2009, TRUenergy will continue to focus on:

- discussions with Federal Government to secure adequate financial transitional arrangements to the CPRS in order to ensure ongoing reliable generation and new investment;
- finalisation of our current programme for refinancing A$350 million of long term credit facilities for the business;
- delivering cost reductions across the business;
- retail profitability including a focus on reducing bad debt levels amongst retail customers and ensuring higher levels of efficiency in retail billing and connections;
- the Environmental Assessment of the additional gas-fired capacity at Tallawarra which is proceeding through public consultation;
- advancing its goal of transitioning to low-emissions operations at the Yallourn Power Station. These could include, in phases and subject to government and regulatory support, coal drying, gasification and, ultimately, carbon capture and storage; and
- monitoring growth opportunities in NSW via the privatisation process.

Chinese Mainland

Domestic and international coal prices surged in mid-2008, affecting both price and supply. The situation improved as coal prices started to fall towards the end of 2008 due to the global economic downturn and the consequent reduced electricity demand and generation. In the first half of 2009, adequate coal supplies to our power stations have been maintained and the price has been lower than the average price in 2008. We will continue to strengthen our operation management and marketing efforts to ensure stable and effective fuel supply.

The Fangchenggang Power Station (2 x 630MW supercritical coal-fired units) has entered its second year of operation with generally reliable plant performance, but grid dispatch has been significantly below expectations. The Guangxi grid has been affected by reduced electricity demand, due to the economic downturn, and a surplus of hydro power due to high rainfall. We expect that this situation will gradually improve but revenue will be adversely affected in the short-term. Fangchenggang uses imported coal and is therefore subject to the volatile international market prices. There has been a significant reduction in prices after the high levels of last year but tariff adjustments by the PRC authorities still do not reflect the full impact of increased costs.

During the first half of the year, CSEC Guohua, our joint venture with the Shenhua Group, has progressed construction of the two 1,000MW coal-fired units of Suizhong II in Liaoning Province to schedule. We have completed our final injection of registered capital in June 2009 and our equity interest in CSEC Guohua is now 30%, as scheduled.

We are constructing the 330MW Jiangbian Hydro Project at a remote site in Sichuan Province. This will provide a significant addition to CLP’s zero carbon generating capacity (CLP ownership is 65%). The main areas of work are currently the dam, the tunnel that will bring water to the generators and the underground power house. Equipment pre-assembly has started. Progress on the tunnel is being affected by varying rock quality, which brings a risk of rock bursts from newly excavated surfaces. We are therefore reprogramming other activities to reduce the impact on the overall project programme.

In the first half of 2009, CLP made significant expansion in its investments in wind power projects on the Mainland.

Through our partnership in the Daya Bay Nuclear Power Station, CGNPC has invited CLP to acquire a 32% shareholding in CGN Wind Power Company Limited (CGN Wind) as a strategic partner and to develop CGN Wind as a major platform for our future expansion in wind power projects in China. Approval from the Ministry of Commerce to the acquisition is awaited.

In March 2009, CLP acquired a 50% equity interest in a wholly-owned subsidiary of China WindPower Group (CWP). The new joint venture, CLP-CWP Wind Power Investment Limited, owns 49% of two wind projects with a combined installed capacity of 99MW in Fuxin City of Liaoning Province, China. The wind farm facilities are expected to be completed in 2009.

In April 2009, CLP acquired from Roaring 40s, a 50:50 joint venture between CLP and Hydro Tasmania, its wind farm portfolio in the Chinese mainland. As a result of this acquisition, CLP has a 49% stake in seven wind projects, of which four are in operation.

Together with CLP's other interests in hydro and biomass projects on the Mainland, our renewable energy portfolio on the Mainland has grown to about 480 equity MW representing interests in 19 projects, in addition to the Jiangbian Hydro Project.

Looking ahead to the second half of 2009, the focus of our activities on the Mainland will be to:

- support our joint venture with Shenhua and CGNPC;
- continue to extract greater value from existing assets by pushing for higher tariffs, sourcing alternative coal supplies and reducing operating and maintenance costs;
- promote environmental improvement at power stations; and
- continue with the development of our activities in wind energy.

India

We have started construction of the 1,320MW coal-fired Jhajjar Project in Haryana State using equipment and other resources from PRC suppliers and contractors. We chose to use a PRC main contractor with previous experience in India. We initially encountered problems as the cost of raw materials increased and currencies fluctuated abnormally in the financial crisis. It became necessary to amend the contract price but we have now reached an agreement on the revised terms and signed the contract at a price which is still well below international market levels. Construction at the Jhajjar site is progressing well, with the first unit of the plant due for commissioning in December 2011 and the second unit in May 2012.

The Jhajjar Project was formally certified as a "Mega Power Project" by the Ministry of Power, Government of India on 13 May 2009. In accordance with the current mega power project policy, a project qualifying as a mega project is exempt from customs and excise duties, which are otherwise levied on the equipment installed. Construction, engineering and equipment procurement is proceeding satisfactorily. Financial close, with a consortium of Indian banks and financial institutions, is expected to occur by the end of the third quarter 2009. A Letter of Assurance has been issued by Central Coalfields Limited, a subsidiary of Coal India Limited for supply of coal to the power plant. Final supply and transportation agreements are expected to be in place by the end of 2009.

As part of ongoing efforts to secure long-term gas supplies to GPEC Power Station, GPEC and Reliance Industries, together with the transportation companies, signed a gas sale purchase agreement for approximately 1 million cubic metres/day (mcmd) of gas from the Krishna Godavari D6 gas field on the eastern coast of India on 24 April 2009, with supply of gas commencing on 26 April 2009. This takes the total long-term gas supply available to the plant to 1.75 mcmd. A side-letter with Reliance Industries was executed by GPEC on 22 May 2009 for an additional 1.4 mcmd of gas for GPEC, in addition to the 0.97 mcmd executed earlier for a five-year period. The additional gas is available from now until 30 September 2009.

With regard to the decision of the Gujarat Electricity Regulatory Commission (GERC) that the "deemed generation incentive" was not payable by Gujarat Urja Vikas Nigam Ltd. (GUVNL) when the plant of GPEC was declared with its availability on naphtha, GPEC appealed the decision and sought a stay order from the Appellate Tribunal of Electricity (ATE), India against enforcement of GERC's decision. The ATE granted a conditional stay. Substantive hearings at the ATE on the merits of this dispute are currently scheduled for September 2009.

The background to GUVNL's claim is explained in Note 24 to the Condensed Consolidated Interim Financial Statements in our Interim Report 2009, where it is treated as a contingent liability.

In June 2009, CLP acquired from Roaring 40s a 100% stake in the 50.4MW Khandke Wind Farm in Maharashtra, India. To date, CLP is the largest external wind developer in India, with a renewable energy portfolio comprising 347.2 equity MW. This also includes the Samana Wind Project, whose first phase (50.4MW) was commissioned on 12 March 2009. Construction of the Samana Phase II and Saundatti (82.4MW) is well under way, with Saundatti expecting to be commissioned by February 2010.

The outlook for CLP India in the second half of 2009 continues to be positive, with a focus on:

- moving forward with the construction of the Jhajjar Power Station safely, on time and within budget;
- strengthening CLP's management resources in India in line with the demands of a growing business;
- pursuing greenfield opportunities in transmission and generation projects;
- completing Samana Phase II and Saundatti; and
- continuing to expand its renewable energy portfolio.

Southeast Asia and Taiwan

OneEnergy has been restructured by CLP and Mitsubishi Corporation so that it continues to be a strong strategic alliance in the pursuit of greenfield power projects in Southeast Asia and Taiwan, by drawing upon both parties' complementary strengths, whilst corporate infrastructure and overheads are streamlined.

The development efforts of CLP and Mitsubishi are currently focused on two Independent Power Producers (IPP) projects in Vietnam, as well as on renewable projects in Thailand. A joint venture company in Vietnam was established for the 3x660MW coal-fired Vinh Tan 3 project, which is currently being developed by CLP and Mitsubishi, in partnership with the state electricity company Vietnam Electricity and the private company Pacific Group Corporation. The preliminary design and preparations for engineering, procurement and construction ("EPC") contract for the 2x660MW Vung Ang 2 project in Central Vietnam are being progressed.

The Ho-Ping Power Station in Taiwan has been affected over the past few years by various aspects of fuel supply and handling. Coal suppliers are reluctant to fix prices beyond a period of one year in the current conditions of high market volatility and some seek renegotiation of lower prices that were fixed in earlier years. Nonetheless, we have been able to maintain a sufficient supply of coal at prices generally favourable to the market. Operating profitability at Ho-Ping has improved significantly this year, largely as a result of the current high energy tariff relative to our current coal costs. Under the Power Purchase Agreement (PPA) with Taipower, Ho-Ping's energy tariff adjusts on a calendar year basis to reflect Taipower's actual prior year unit coal costs. This lag in energy tariff adjustments should result in adequate recovery of coal costs over the full term of the PPA. However, it also increases the volatility of Ho-Ping's annual financial results.

Coal at Ho-Ping is intended to be stored under cover but the enclosures were all destroyed in typhoons a few years ago. Open storage of loose piled coal leads to problems in heavy rainfall and this has affected plant availability. We are now close to completing the rebuild of the coal storage domes to higher wind speed standards and this should reduce the impact of wet coal on boiler operation.

Electricity Generating Public Company Limited (EGCO) continues to pursue growth opportunities in Thailand and neighbouring countries. In March 2009, EGCO completed the acquisition of the remaining 2.6% interest in the 503MW Quezon power plant in the Philippines, bringing its shareholding to 26%. All operating power plants in EGCO's portfolio achieved high levels of availability and safety. Construction of the 1,087MW Nam Theun 2 hydro project in Laos is progressing towards scheduled commercial operation in December 2009.

The key tasks for the second half of 2009 will include to:

- effectively manage Ho-Ping Power Station operations and fuel supply to achieve high availability and profitability;
- advance development for the Vinh Tan 3 and Vung Ang 2 projects in Vietnam, including engineering design, fuel supply, EPC contracting, financing and PPA negotiations;
- accelerate development activities for renewable projects in Thailand and review opportunities in other markets including Taiwan;
- support EGCO in its growth strategy; and
- consider strategic acquisitions as opportunities arise.

Human Resources

As at 30 June 2009, the Group employed 5,700 staff (2008: 5,639), of whom 3,983 were employed in the Hong Kong electricity and related business, 1,421 by our businesses in Australia, the Chinese mainland, India, Southeast Asia and Taiwan, as well as 296 by CLP Holdings. Total remuneration for the six months ended 30 June 2009 amounted to HK$1,528 million (2008: HK$1,606 million), including retirement benefit costs of HK$122 million (2008: HK$118 million). The decrease in total remuneration was mainly due to the lower average exchange rates of the Australian dollar in the first six months of 2009 as compared to the same period in 2008.

Safety

Overall safety performance improved during the first half of 2009. In Hong Kong, for instance, there were no employee disabling injuries.

We had a total of two employee and nine contractor lost time injuries across the Group. There was a general reduction in the seriousness of injuries, with most incidents related to falls, trips and cuts. We did, however, see an increase in rock burst incidents at the excavated surfaces inside the tunnels of our hydro project at Jiangbian in the Chinese mainland, with one contractor worker seriously injured by flying rock pieces in May. Site teams there are monitoring rock conditions and work control has been increased.

In Taiwan, we have completed investigations into the fatalities of two contractor workers inside a coal mill at Ho-Ping in December 2008. Actions have been taken to improve supervision, risk management, and staff engagement in safety activities.

In India, GPEC completed a pilot run of the Group Safety Information System on incident reporting and corrective action process. The system will be rolled out to all CLP operations in the second half of the year.

As part of our continuing safety initiatives across the Group, we have put in place new safety principles, policies and standards so that there is consistency at all locations. We also made satisfactory progress on a wide range of safety initiatives. As the worldwide swine flu epidemic emerged earlier this year, we put in place response plans across the Group. So far the impact of swine flu has been limited to our TRUenergy operations in Victoria, Australia where there were a small number of confirmed cases in a call centre and in the management head office. TRUenergy has stepped up its local control measures such as travel restrictions and controls on visitors.

Environment

We have long recognised that environmental impact of our business is an important issue for society. In particular, there has been growing concern from our stakeholders over regional air quality and global climate change issues. We continue to apply expertise and innovation to address these concerns, and to ensure that we continuously act in an environmentally responsible manner.

Air Quality

Our ongoing efforts in air quality improvement projects in Hong Kong have put us in good stead to contribute to significant emissions reduction.

FGD and NOx reduction facilities are the major environmental mitigation projects at our Castle Peak Power Station. These facilities are necessary to meet the 2010 emission targets in Hong Kong and these projects are progressing well.

Emissions from CAPCO power stations in the first half of 2009 were well managed and within target. The current emissions forecast for the year end are within the emission caps granted by the Hong Kong Government. Whilst we have made progress in securing gas sources for supply to Hong Kong pursuant to the MOU between Hong Kong Government and Central People's Government, we need to conserve gas from Yacheng for later years. Accordingly, the gas volume burnt in 2009 at CAPCO power stations will be slightly lower than in 2008. Because of this, it is likely that the year end emissions for 2009 will be slightly higher than those achieved in 2008 but still within license limits. After the completion of the Emissions Control Project at Castle Peak Power Station, emissions will be substantially reduced and will comply with the 2010 emission targets.

Climate Change

Through the World Business Council for Sustainable Development (WBCSD), CLP has taken part in a global series of stakeholder dialogues on the future international regulatory regime for the electricity industry. CLP will be taking part in the United Nations Climate Change Conference in Copenhagen in December 2009 through the WBCSD.

The growth in our renewable energy portfolio, development of additional gas-fired generation and our involvement in the Mainland's nuclear energy programme, all touched upon in this Interim Report, are part of our Climate Vision 2050 which was announced in 2007. We aim to make a significant contribution to the collective effort needed to tackle the threat of catastrophic climate change through drastic reductions in the carbon intensity of our generation portfolio.

Since 2007, TRUenergy has been committed to reducing its emissions by 60% by 2050, subject to the introduction of an effective and efficient national emissions trading scheme. We believe fair emissions regulation should include an appropriate level of direct assistance to severely affected coal-fired power plants. Such a national emissions trading scheme will allow TRUenergy to invest in transitioning to a low carbon future.

In Hong Kong, CLP is in a good position to further reduce emission intensity as a result of developing additional supplies of natural gas. Elsewhere in CLP's portfolio, risk assessment indicates lower financial impact from regulations to reduce carbon emissions, either because our emissions are relatively low, and/or because our investments are in line with the national energy policies and security objectives.

CLP continued to participate in the investor-led Carbon Disclosure Project (CDP). Our report includes an in-depth discussion of our emissions, trends, risks, opportunities and management of the climate change issue within CLP. Our full submission is available on CLP's website.

FINANCIAL PERFORMANCE

The reduced contribution from Hong Kong electricity business and the provision for our investment in Solar Systems (contrasting with the one-off gain on disposal of SEAGas, Australia in 2008) has resulted in the half-year earnings attributable to shareholders falling 42.3% to HK$3,235 million, as compared to HK$5,610 million in the first half of 2008.

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

	Six months ended 30 June				Increase/	
	2009		2008		(Decrease)	
	HK$M	**HK$M**	HK$M	HK$M	HK$M	%
Electricity business in Hong Kong (HK)		**2,925**		4,040	(1,115)	(27.6)
Electricity sales to Chinese mainland from HK	**33**		42			
Generating facilities in Chinese mainland serving HK	**378**		492			
Other power projects in Chinese mainland	**(97)**		34			
Energy business in Australia	**204**		115			
Electricity business in India	**159**		263			
Power projects in Southeast Asia and Taiwan	**244**		75			
Other earnings	**(15)**		454			
Earnings from other investments/operations		**906**		1,475	(569)	(38.6)
Unallocated net finance costs		**(11)**		(1)		
Unallocated Group expenses		**(217)**		(176)		
Operating earnings		**3,603**		5,338	(1,735)	(32.5)
Other income		**-**		423		
TIPS* related contracts – MTM amortisation		**(21)**		(84)		
Yallourn coal mine subsidence costs		**(1)**		(67)		
Provision for Solar Systems		**(346)**		-		
Earnings attributable to shareholders		**3,235**		5,610	(2,375)	(42.3)

* Torrens Island Power Station in South Australia was sold in July 2007.

The lower permitted return (from 13.5%-15% to 9.99%) under the SoC effective October 2008 has reduced earnings from electricity business in Hong Kong by 27.6%.

The write-back of the provision for dividend withholding tax in 2008 of HK$76 million and fewer units sent out in 2009 due to planned outage explains the reduced earnings from generating facilities in the Chinese mainland serving Hong Kong.

In the Chinese mainland, as a result of the reduced market demand, utilisation of the Group's coal-fired stations was lower than that in 2008. Fangchenggang additionally suffered from competing generation from hydro power stations in Guangxi and recorded a net loss of HK$77 million in current period (2008: net profit of HK$11 million).

Notwithstanding the 23.6% decrease in average exchange rate of Australian dollar, TRUenergy has benefited from the uplift of retail electricity price in 2009 and higher retail electricity volume. The increased generation of 12% at Yallourn and the commissioning of Tallawarra Power Station in January 2009 also contributed to the increase for the period.

GPEC has continued to operate at a high level of reliability and availability as in 2008. Apart from the 17.6% lower average exchange rate of Indian rupee, earnings from India were adversely affected by the reduction in interest income and by expenses incurred for new wind projects and the Jhajjar project.

Earnings from Southeast Asia and Taiwan improved as a result of higher profit sharing from Ho-Ping. The higher energy charge rate effective 2009 (to catch up with past high coal prices), has improved the earnings of Ho-Ping.

Included in 2008 "other earnings" was the write-back of HK$389 million deferred tax due to a reduction in Hong Kong profits tax rate from 17.5% to 16.5%.

A loss of HK$346 million (2008: nil) resulted from the provision for the Group's 20% interest in Solar Systems Pty Ltd, an associated company in Australia, due to difficulty in raising further capital under the current weak financial market conditions to enable continuous operation and development of the solar energy technology.

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

Condensed Consolidated Income Statement – Unaudited

	Note	Six months ended 30 June **2009** **HK$M**	2008 HK$M
Revenue	*3, 4*	**23,503**	27,534
Expenses			
Purchases of electricity, gas and distribution services		**(8,494)**	(9,337)
Operating lease and lease service payments		**(4,063)**	(4,083)
Staff expenses		**(866)**	(930)
Fuel and other operating expenses		**(3,294)**	(4,520)
Depreciation and amortisation		**(2,073)**	(2,459)
		(18,790)	(21,329)
Other income	*5*	**-**	489
Operating profit	*6*	**4,713**	6,694
Finance costs		**(1,668)**	(2,278)
Finance income		**35**	68
Share of results, net of income tax			
Jointly controlled entities		**1,171**	1,469
Associated companies	*11*	**(356)**	(12)
Profit before income tax		**3,895**	5,941
Income tax expense	*7*	**(666)**	(330)
Profit for the period		**3,229**	5,611
Loss/(profit) attributable to minority interests		**6**	(1)
Earnings attributable to shareholders		**3,235**	5,610
Dividends	*8*		
First interim paid		**1,251**	1,252
Second interim proposed		**1,251**	1,252
		2,502	2,504
Earnings per share, basic and diluted	*9*	**HK$1.34**	HK$2.33

Condensed Consolidated Statement of Financial Position – Unaudited

	Note	**30 June 2009 HK$M**	31 December 2008 HK$M
Non-current assets			
Fixed assets	*10*	**91,098**	86,873
Leasehold land and land use rights	*10*	**2,293**	2,250
Goodwill and other intangible assets		**7,334**	6,324
Interests in jointly controlled entities		**19,749**	17,791
Interests in associated companies	*11*	**25**	242
Finance lease receivables		**2,401**	2,387
Deferred tax assets		**3,315**	2,992
Fuel clause account		**324**	800
Derivative financial instruments		**1,567**	1,505
Other non-current assets		**684**	482
		128,790	121,646
Current assets			
Inventories – stores and fuel		**731**	662
Trade and other receivables	*12*	**9,086**	8,239
Finance lease receivables		**131**	128
Derivative financial instruments		**1,169**	1,374
Bank balances, cash and other liquid funds		**2,327**	782
		13,444	11,185
Current liabilities			
Customers' deposits		**(3,772)**	(3,722)
Trade and other payables	*13*	**(6,365)**	(5,919)
Income tax payable		**(496)**	(366)
Bank loans and other borrowings		**(5,179)**	(3,313)
Obligations under finance leases		**(1,441)**	(1,403)
Derivative financial instruments		**(1,183)**	(1,198)
		(18,436)	(15,921)
Net current liabilities		**(4,992)**	(4,736)
Total assets less current liabilities		**123,798**	116,910
Financed by:			
Equity			
Share capital		**12,031**	12,031
Share premium		**1,164**	1,164
Other reserves			
Proposed dividends		**1,251**	2,214
Others		**51,367**	47,608
Shareholders' funds		**65,813**	63,017
Minority interests		**99**	105
		65,912	63,122
Non-current liabilities			
Bank loans and other borrowings		**28,203**	23,383
Obligations under finance leases		**20,129**	20,362
Deferred tax liabilities		**6,707**	6,435
Derivative financial instruments		**543**	837
Scheme of Control (SoC) reserve accounts		**1,338**	1,826
Other non-current liabilities		**966**	945
		57,886	53,788
Equity and non-current liabilities		**123,798**	116,910

Notes:

1. Basis of Preparation

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

The accounting policies used in the preparation of this set of condensed consolidated interim financial statements are consistent with those set out in the Group’s annual financial statements for the year ended 31 December 2008, except that the Group has adopted the following new/revised Hong Kong Financial Reporting Standards (HKFRS) standards and interpretations:

- HKAS 1 (Revised) “Presentation of Financial Statements”
- HKAS 23 (Revised) “Borrowing Costs”
- HKFRS 8 “Operating Segments”
- HK(IFRIC)-Int 16 “Hedges of a Net Investment in a Foreign Operation”
- Amendments to HKFRS 7 “Financial Instruments: Disclosures” – Improving Disclosures about Financial Instruments
- HKICPA’s improvements to HKFRS published in October 2008

Apart from certain presentational changes, the adoption of these new/revised HKFRS standards and interpretations has no significant impact on the Group’s financial statements. Where necessary, comparative information has been reclassified and expanded from previously reported interim financial statements to take into account any presentational changes made in the annual financial statements or in these interim financial statements.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 18 August 2009.

2. Critical Accounting Estimates and Judgments

Australia Carbon Pollution Reduction Scheme

Recent developments in climate change policy in Australia pose potentially significant financial risks to the Group's business in Australia. The position up to 31 December 2008 was disclosed on pages 156 and 157 of the 2008 Annual Report.

Following the release of the White Paper on 15 December 2008, an exposure draft of the Carbon Pollution Reduction Scheme (CPRS) legislation was introduced on 10 March 2009. This set out what would be required of participants in the Scheme and the mechanics of the Scheme. The Australian Government sought feedback from stakeholders on the terms of the draft legislation and its effectiveness in delivering the White Paper's policy positions.

New measures for the CPRS were announced by the Government on 4 May 2009, including a one year delay in the proposed start date for the CPRS to July 2011, a fixed price for carbon permits for the first year (A$10/tonne) and a target of 25% reduction of 2000 levels by 2020.

The Government introduced a package of 11 emissions trading scheme bills into the Parliament on 14 May 2009. On 4 June 2009, the lower house of parliament (House of Representatives) passed the legislation, allowing it to proceed to a vote in the upper house Senate. The legislation passed by 74 votes to 63 in the lower house, where the Government holds a majority.

The bills were debated in the upper house (Senate) during the June and August sittings of parliament and were ultimately defeated at a vote of 42 to 30 on 13 August 2009.

Notwithstanding the defeat of the legislation in the Senate, as the Government may reintroduce the legislation at some point in the future, significant uncertainty remains regarding the timing and structure of the CPRS. As such, the introduction of the CPRS presents an unquantifiable, but potentially material, market risk to the Group. At 30 June 2009, no impact of the CPRS has been reflected in the Group's financial statements (including impairment model cash flows, and assumptions on discount rate, asset useful lives, outage rates and capital expenditure) on the basis that there is currently significant uncertainty in relation to the likely structure, timing and impact of the CPRS.

The carrying amount of the Yallourn power station assets which comprise a single cash generating unit was A$1,695 million or HK$10,651 million at 30 June 2009 (31 December 2008: A$1,682 million or HK$9,036 million). Other parts of the Group may also be impacted adversely or favourably.

3. Segment Information

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

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

	Hong Kong HK$M	Australia HK$M	Chinese Mainland HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Unallocated Items HK$M	Total HK$M
Six months ended 30 June 2009							
Revenue	13,066	8,815	83	1,526	10	3	**23,503**
Segment results	4,106	582	(77)	320	(3)	(215)	**4,713**
Share of results, net of income tax							
Jointly controlled entities	541	(9)	392	-	247	-	**1,171**
Associated companies	-	(356)	-	-	-	-	**(356)**
Profit/(loss) before net finance costs and income tax	4,647	217	315	320	244	(215)	**5,528**
Finance costs	(1,317)	(283)	(15)	(42)	-	(11)	**(1,668)**
Finance income	10	14	2	9	-	-	**35**
Profit/(loss) before income tax	3,340	(52)	302	287	244	(226)	**3,895**
Income tax expense	(399)	(110)	(28)	(129)	-	-	**(666)**
Profit/(loss) for the period	2,941	(162)	274	158	244	(226)	**3,229**
Six months ended 30 June 2008							
Revenue	15,074	10,069	75	2,301	13	2	27,534
Segment results	5,594	905	(32)	413	-	(186)	6,694
Share of results, net of income tax							
Jointly controlled entities	890	(5)	509	-	75	-	1,469
Associated companies	-	(12)	-	-	-	-	(12)
Profit/(loss) before net finance costs and income tax	6,484	888	477	413	75	(186)	8,151
Finance costs	(1,815)	(416)	(14)	(24)	-	(9)	(2,278)
Finance income	1	23	2	34	-	8	68
Profit/(loss) before income tax	4,670	495	465	423	75	(187)	5,941
Income tax (expense)/credit	(96)	(106)	61	(159)	(1)	(29)	(330)
Profit/(loss) for the period	4,574	389	526	264	74	(216)	5,611

4. Revenue

	Six months ended 30 June 2009 HK$M	2008 HK$M
Sales of electricity	**19,444**	21,401
Lease service income	**1,302**	2,067
Finance lease income	**182**	234
Sales of gas	**1,996**	2,484
Other revenue	**285**	355
	23,209	26,541
Transfer for SoC (note)	**294**	993
	23,503	27,534

Note: Under the SoC, if the gross tariff revenue in Hong Kong in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund under the 2008 SoC – previously the Development Fund under the 1993 SoC. In any period, the amount of deduction from or addition to these funds is recognised as revenue adjustment to the extent that the return and charges under the SoC are recognised in the income statement.

5. Other Income

In 2008, the Group sold its interest in SEAGas, a jointly controlled entity in Australia and realised a gain of HK$489 million.

6. Operating Profit

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

	Six months ended 30 June 2009 HK$M	2008 HK$M
Charging		
Staff costs		
Salaries and other costs	**795**	864
Retirement benefits costs	**71**	66
Net loss on disposal of fixed assets	**37**	67
Impairment of fixed assets	**19**	-
Coal mine subsidence of TRUenergy	**1**	96
Net fair value (gain)/loss on derivative financial instruments		
Cash flow hedges, transfer from equity to fuel and other operating expenses	**(53)**	160
Transactions not qualifying as hedges	**105**	170
Crediting		
Other net exchange gains	**(44)**	(15)

7. Income Tax Expense

Income tax in the condensed consolidated income statement represents the income tax of the Company and subsidiaries and is analysed below:

	Six months ended 30 June	
	2009	2008
	HK$M	HK$M
Current income tax		
Hong Kong	**255**	355
Outside Hong Kong	**64**	65
	319	420
Deferred tax		
Hong Kong (note)	**143**	(230)
Outside Hong Kong	**204**	140
	347	(90)
	666	330

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period. Income tax on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

Note: In 2008, included a write-back of deferred tax liabilities of HK$327 million as the Hong Kong profits tax rate was reduced from 17.5% to 16.5%.

8. Dividends

	Six months ended 30 June			
	2009		2008	
	HK$ per share	**HK$M**	HK$ per share	HK$M
First interim dividend paid	**0.52**	**1,251**	0.52	1,252
Second interim dividend proposed	**0.52**	**1,251**	0.52	1,252
	1.04	**2,502**	1.04	2,504

At the Board meeting held on 18 August 2009, the Directors declared the second interim dividend of HK$0.52 per share. The second interim dividend is not reflected as a dividend payable in the interim financial statements, but as a separate component of the shareholders' funds at 30 June 2009.

9. Earnings per Share

The earnings per share are computed as follows:

	Six months ended 30 June 2009	2008
Earnings attributable to shareholders (HK$M)	**3,235**	5,610
Weighted average number of shares in issue (thousand shares)	**2,406,143**	2,408,246
Earnings per share (HK$)	**1.34**	2.33

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 2009 (2008: nil).

10. Fixed Assets, Leasehold Land and Land Use Rights

Fixed assets, leasehold land and land use rights totalled HK$93,391 million at 30 June 2009 (31 December 2008: HK$89,123 million). Movements in the accounts are as follows:

	Fixed Assets					
	Freehold Land and Buildings		**Plant, Machinery and Equipment**			**Leasehold Land and Land Use Rights**
	Owned HK$M	**Leased HK$M**	**Owned HK$M**	**Leased HK$M**	**Total HK$M**	**HK$M**
Net book value at 1 January 2009	8,292	4,615	56,800	17,166	86,873	2,250
Acquisition of a subsidiary	3	-	515	-	518	-
Additions	882	11	2,090	498	3,481	71
Transfers and disposals	(3)	(3)	(38)	(20)	(64)	-
Depreciation/amortisation	(87)	(133)	(1,178)	(547)	(1,945)	(28)
Impairment charge	(4)	-	(15)	-	(19)	-
Exchange differences	76	-	2,171	7	2,254	-
Net book value at 30 June 2009	**9,159**	**4,490**	**60,345**	**17,104**	**91,098**	**2,293**
Cost	11,861	9,697	92,801	37,131	151,490	2,590
Accumulated depreciation/ amortisation and impairment	(2,702)	(5,207)	(32,456)	(20,027)	(60,392)	(297)
Net book value at 30 June 2009	**9,159**	**4,490**	**60,345**	**17,104**	**91,098**	**2,293**

Leasehold land is mainly held under medium-term (10 – 50 years) leases in Hong Kong. Leasehold land is considered under the SoC Agreement as one type of fixed assets on which permitted return is earned.

11. Interests in associated companies

A provision for the investment in Solar Systems Pty Ltd is made resulting in a loss of HK$324 million (2008: nil). Together with related tax adjustment, the total loss is HK$346 million (2008: nil).

12. Trade and Other Receivables

	30 June 2009 HK$M	31 December 2008 HK$M
Trade receivables	**6,893**	5,655
Deposits, prepayments and other receivables	**2,122**	2,085
Dividends receivable from jointly controlled entities	**2**	452
Current accounts with jointly controlled entities	**69**	47
	9,086	8,239

The Group has established credit policies for customers in each of its core businesses. CLP Power Hong Kong's credit policy in respect of receivables arising from its principal electricity business is to allow customers to settle their electricity bills within two weeks after issue. Customers' receivable balances are generally secured by cash deposits or bank guarantees. For subsidiaries outside Hong Kong, the credit term for trade receivables ranges from about 30 to 60 days.

The ageing analysis of the trade receivables is as follows:

	30 June 2009				31 December 2008			
	Not impaired HK$M	**Impaired HK$M**	**Provision for impairment HK$M**	**Total HK$M**	Not impaired HK$M	Impaired HK$M	Provision for impairment HK$M	Total HK$M
Not yet due	**5,827**	**482**	**(28)**	**6,281**	5,173	28	(3)	5,198
Overdue								
1 – 30 days	**93**	**276**	**(23)**	**346**	285	23	(23)	285
31 – 90 days	**30**	**152**	**(35)**	**147**	58	75	(36)	97
Over 90 days	**3**	**350**	**(234)**	**119**	2	268	(195)	75
	5,953	**1,260**	**(320)**	**6,893**	5,518	394	(257)	5,655

13. Trade and Other Payables

	30 June 2009 HK$M	31 December 2008 HK$M
Trade payables	**2,818**	2,113
Other payables and accruals	**2,076**	2,376
Current accounts with jointly controlled entities	**1,471**	1,430
	6,365	5,919

The ageing analysis of the trade payables is as follows:

	30 June 2009 HK$M	31 December 2008 HK$M
Below 30 days (including amount not yet due)	**2,779**	2,099
31 − 90 days	**29**	9
Over 90 days	**10**	5
	2,818	2,113

14. Commitments

(A) Capital expenditure on fixed assets, leasehold land and land use rights, as well as intangible assets authorised but not brought into the interim financial statements is as follows:

	30 June 2009 HK$M	31 December 2008 HK$M
Contracted but not provided for	**14,435**	4,008
Authorised but not contracted for	**9,953**	17,952
	24,388	21,960

(B) The Group has entered into a number of joint venture arrangements to develop power projects in the Chinese mainland. At 30 June 2009, remaining equity contributions of HK$256 million (31 December 2008: HK$629 million) would be required to be made by the Group.

(C) CLP Power Hong Kong has a commitment to provide all the necessary shareholder's advances to CAPCO for financing the installation of emissions control facilities at Castle Peak "B" Power Station. The funding commitment is contingent upon the serving of advance notice from ExxonMobil Energy Limited to CLP Power Hong Kong with the effective date falling within the period from 2 October 2008 to three months after the commissioning of the first unit of the emissions control facilities. Such shareholder advances will be unsecured, interest free with no fixed term of repayment, but are eligible for permitted return and net return applicable to the emissions control facilities. The maximum shareholder's advances, if requested, are estimated to be HK$5,130 million (31 December 2008: HK$5,530 million) and expected to occur in 2011.

(D) The Group has entered into a Share Transfer Agreement with the China Guangdong Nuclear Power Corporation and Guangdong Nuclear Investment Corporation to purchase 32% of CGNPC Wind Power Company, Limited. The consideration is RMB1,047 million (HK$1,187 million) and is payable following People's Republic of China Government approval which is expected in 2009.

15. Contingent Liabilities

Under the original power purchase agreement between Gujarat Paguthan Energy Corporation Private Limited (GPEC) and its off-taker Gujarat Urja Vikas Nigam Ltd. (GUVNL), GUVNL was required to make a “deemed generation incentive” payment to GPEC when the plant availability was above 68.5% (70% as revised subsequently). GUVNL has been making such payments since December 1997. In September 2005, GUVNL filed a petition before the Gujarat Electricity Regulatory Commission (GERC) claiming that the “deemed generation incentive” payment should not be paid for the period when the plant was declared with its availability 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 amounts to about HK$1,177 million (31 December 2008: HK$1,157 million).

On 18 February 2009, the GERC made an adjudication on GUVNL’s claim. On the substantive issue, the GERC decided that the “deemed generation incentive” was not payable when GPEC’s plant was declared with its availability on naphtha. However, the GERC also decided that GUVNL’s claim in respect of deemed generation payments up to 14 September 2002 was time-barred under the Limitations Act of India. Hence, the total amount of the claim allowed by the GERC was reduced to HK$421 million. GPEC filed an appeal with the Appellate Tribunal for Electricity (“ATE”) against the decision of the GERC and the appeal process has commenced. A partial stay of the GERC decision has been granted pending the outcome of the appeal. Under the stay GPEC has paid INR500 million (HK$81 million) to GUVNL as deposits and GUVNL are prevented from recovering the balance of the sum awarded by the GERC.

GUVNL has also filed an appeal in the ATE against an Order of the GERC rejecting GUVNL’s claims on interest on deemed loan. GUVNL has claimed that GPEC has wrongly claimed interest under the existing power purchase agreement on two main grounds: (i) GPEC 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 amounts to HK$135 million.

On the basis of legal advice obtained, the Directors are of the opinion that GPEC is on strong ground on both cases. In consequence, no provision has been made in the financial statements at this stage in respect of these matters.

Supplementary Information on Treasury Activities

The Group engaged in new financing activities in the first half of 2009 in support of the expansion of our electricity business. CLP Power Hong Kong successfully arranged HK$4.9 billion new financing at attractive interest rates amidst a very challenging market environment. This comprises HK$2.9 billion bond issuances with tenor of 3 to 15 years at fixed interest rates ranging from 2.25% to 4.62% and HK$2.0 billion short to medium-term bank facilities. The bonds were issued under the Medium Term Note (MTN) Programme set up by CLP Power Hong Kong's wholly-owned subsidiary CLP Power Hong Kong Financing Limited in 2002. Under the MTN Programme, bonds in an aggregate amount of up to US$2.5 billion, increased from previously US$1.5 billion, may be issued and will be unconditionally and irrevocably guaranteed by CLP Power Hong Kong. As at 30 June 2009, notes with a nominal value of about HK$11.0 billion have been issued under the MTN Programme. In Australia, TRUenergy rolled over a A$300 million (HK$1.9 billion) working capital loan in June and is working with the lead arranging banks to complete a refinancing of A$350 million (HK$2.2 billion) long-term credit facilities. In India, we have obtained approval from all participating banks to arrange a INR39 billion (HK$6.3 billion) project level loan to fund the construction of the 1,320MW coal-fired Jhajjar project.

As at 30 June 2009, financing facilities totalling HK$48.9 billion were available to the Group, including HK$17.1 billion for TRUenergy and GPEC. Of the facilities available, HK$33.4 billion had been drawn down, of which HK$11.8 billion relates to TRUenergy and GPEC. Facilities totalling HK$8.0 billion were available to CAPCO, of which HK$7.4 billion had been drawn down. The Group's total debt to total capital ratio as at 30 June 2009 was 33.6%, decreasing to 32.0% after netting off bank balances, cash and other liquid funds. Interest cover for the six months ended 30 June 2009 was 7 times.

In June 2009, Moody's re-affirmed the A2 credit rating of CLP Holdings and A1 credit rating of CLP Power Hong Kong with stable outlooks. This reflects the strong and predictable cash flows generated from CLP Power Hong Kong under a stable regulatory environment in Hong Kong as well as its sound liquidity profile, supported by the Group's good track record in accessing domestic and international bank and capital markets, and its well-managed debt maturity profile. CLP Holdings' credit profile also recognises the gradual and prudent approach of its management in pursuit of overseas expansion. Moody's warned that the lowering of SoC permitted return and leverage up of the SoC business would weaken CLP Holdings' financial profile from a strong level, and CLP Holdings' further expansion into non-regulated merchant energy and retail business in the region could raise the Group's overall business risk profile.

In June 2009, Standard & Poor's (S&P) re-affirmed the A- credit rating of CLP Holdings and A credit rating of CLP Power Hong Kong with stable outlooks. This reflects the strength of CLP Power Hong Kong operating in a stable and favourable regulatory environment and having strong financial flexibility in a tight credit market. S&P suggested that the strength which CLP Power Hong Kong brings to CLP Holdings is tempered by the parent's expansion into riskier assets in the Asia-Pacific region but S&P believed that CLP Group's good track record in prudent financial management with a balanced funding strategy should not unduly pressure CLP Holdings' financial profile, relative to the current rating, when CLP Holdings aspires to expand overseas.

In May 2009, S&P downgraded TRUenergy Holdings' rating from BBB to BBB- and maintained negative credit-watch. According to S&P, the rating downgrade reflected TRUenergy's on-going debt-refinancing risk in the short term and diminishing financial flexibility in the medium term due to significant uncertainty on the implications of any CPRS.

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

As at 30 June 2009, the Group had gross outstanding derivative financial instruments amounting to HK$99.9 billion. The fair value of these derivative instruments was at a net surplus of HK$1.0 billion, which represents the net amount we would receive if these contracts were closed out on 30 June 2009.

CORPORATE GOVERNANCE

In the Corporate Governance Report of 26 February 2009, which was published in our 2008 Annual Report, we reported that the Company had adopted its own Code on Corporate Governance (CLP Code) on 28 February 2005, which incorporated all of the Code Provisions and Recommended Best Practices in the "Code on Corporate Governance Practices" issued by the Hong Kong Stock Exchange (the Stock Exchange Code), save for one exception.

This single deviation from the Recommended Best Practices of the Stock Exchange Code relates to the recommendation that an issuer should announce and publish quarterly financial results. The considered reasons for this deviation were stated in the Corporate Governance Report on page 96 of the Company's 2008 Annual Report. Although CLP does not issue quarterly financial results, CLP issues quarterly statements which set out key financial and business information such as revenue, electricity sales, interim dividends and progress in major business activities over the quarter.

In 2009, we made further progress in our corporate governance practices, including updating CLP's Code for Securities Transactions (CLP Securities Code), and formalising current practices in monitoring developments in our businesses for potentially price-sensitive information and communicating such information to our shareholders, the media and analysts into a set of Continuous Disclosure Obligation Procedures. These procedures are being finalised and will be published on CLP's website.

During the first half of 2009, there have been a number of changes to the Board:

- Ms. Marjorie M. T. Yang resigned as an Independent Non-executive Director on 20 January 2009.
- Mr. Nicholas C. Allen was appointed an Independent Non-executive Director with effect from 12 May 2009.
- Mr. Peter P. W. Tse, formerly Group Executive Director & Chief Financial Officer, was succeeded as Chief Financial Officer by Mr. Mark Takahashi on 1 June 2009, a member of the Senior Management of the Company. Mr. Tse continues to serve as an Executive Director on the Board with an active role in the monitoring of all CLP Group activities, working closely with the Chief Executive Officer. This role includes a particular emphasis on the oversight of all aspects of CLP's activities in the Chinese mainland.

Directors' biographies are set out on CLP's website.

The composition of Board Committees remains the same as set out in the Corporate Governance Report (pages 100, 101 and 120), save for the following changes:

- Mr. Nicholas C. Allen was appointed a member of the Audit Committee with effect from 12 May 2009.
- The China Committee was abolished with effect from 13 May 2009, and all significant matters relating to China are considered by the full Board.
- Mr. Mark Takahashi, currently Group Director & Chief Financial Officer, was appointed as a member of the Provident & Retirement Fund Committee, in place of Mr. Peter P. W. Tse, with effect from 1 June 2009.
- Mr. Mark Takahashi was appointed a member of the Finance & General Committee with effect from 1 June 2009.

There were no substantial changes to the information of Directors as disclosed on pages 6 and 7 of the 2008 Annual Report and on CLP's website. The positions held by each Director with CLP Holdings' subsidiary companies and their directorships held in the last three years in public companies are updated in each Director's biography and disclosed on CLP's website.

There has been no change to the basis of determining Directors' remuneration. The levels of fees payable to Non-executive Directors and Independent Non-executive Directors for serving on the Board and Board Committees remain unchanged to those set out on page 124 of the 2008 Annual Report. The base compensation for Executive Directors for 2009 remains at the level set by the Human Resources &

Remuneration Committee in February 2008 and which took effect on 1 April 2008. There was no adjustment this year – base compensation was frozen in recognition of the prevailing economic climate.

In respect of the year ended 31 December 2008, the Board considered CLP's internal control system effective and adequate. During the six months ended 30 June 2009, no significant areas of concern that might affect shareholders were identified. One out of the 11 reports on the Group's affairs submitted by Group Internal Audit during this period carried an unsatisfactory audit opinion. The issues arising from the audit are being addressed. Details of the standards, processes and effectiveness of CLP's internal control system were set out in the Corporate Governance Report on pages 105 to 107 of the Company's 2008 Annual Report.

During the six months ended 30 June 2009 the Company met the Code Provisions set out in the Stock Exchange Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009. All of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman and two members having appropriate professional qualifications and experience in financial matters.

At the Company's Annual General Meeting held on 28 April 2009, shareholders approved the re-appointment of PricewaterhouseCoopers as the Company's External Auditors for the financial year ended 31 December 2009.

Since 1989, the Company has adopted its own CLP Securities Code, which is largely based on the Model Code set out in Appendix 10 of the Listing Rules. The CLP Securities Code has been updated from time to time to reflect new regulatory requirements as well as CLP Holdings' strengthened regime of disclosure of interests in its securities. The current CLP Securities Code is on terms no less exacting than the required standard set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and CLP Securities Code throughout the period from 1 January to 30 June 2009.

We have voluntarily extended the ambit of the CLP Securities Code to cover Senior Management (comprising the three Executive Directors, Group Director – Managing Director Hong Kong, Group Director – Managing Director Australia, Managing Director – China, Managing Director – India, Managing Director – Southeast Asia, Group Director & Chief Financial Officer, Group Director – Operations, Group Director – Carbon Ventures and Group Director – Corporate Finance and Development, whose biographies are set out on CLP's website) and other "Specified Individuals" such as senior managers in the CLP Group.

With respect to this voluntary extension of the CLP Securities Code to Senior Management, a member of the Senior Management who is not a Director of the Company advised the Company in July 2009 that his spouse had purchased 2,000 shares in CLP Holdings in June 2009. As soon as he himself became aware of this purchase, he brought the matter to the attention of the Company and updated the Company with the details of his interests in CLP Holdings' securities. The other members of the Senior Management have all confirmed, following specific enquiry by the Company, that throughout the period from 1 January to 30 June 2009 they complied with the required standard set out in the Model Code and CLP Securities Code.

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 2009.

INTERIM DIVIDEND

Directors today declared the second interim dividend of HK$0.52 per share (2008: HK$0.52 per share) which will be payable on 15 September 2009 to Shareholders registered as at the close of business on 4 September 2009. The dividend of HK$0.52 per share is payable on the existing 2,406,143,400 shares of HK$5.00 each in issue.

The Register of Shareholders will be closed on 7 September 2009. To rank for the second interim dividend of HK$0.52 per share, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 September 2009.

By Order of the Board
April Chan
Company Secretary

Hong Kong, 18 August 2009

The Interim Report containing financial statements and notes to the financial statements will be published on the Company's website www.clpgroup.com and the website of the Stock Exchange of Hong Kong on 25 August 2009 and despatched to shareholders on 31 August 2009.

CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 002)

Non-executive Directors:	The Hon. Sir Michael Kadoorie, Mr. W. E. Mocatta, Mr. R. J. McAulay, Mr. J. A. H. Leigh, Mr. R. Bischof, Mr. I. D. Boyce, Mr. Jason Whittle, Dr. Y. B. Lee and Mr. Paul A. Theys (Mr. Neo Kim Teck as his alternate)
Independent Non-executive Directors:	The Hon. Sir S. Y. Chung, Mr. V. F. Moore, Mr. Hansen C. H. Loh, Mr. Paul M. L. Kan, Professor Judy Tsui, Sir Rod Eddington, Mr. Peter T. C. Lee and Mr. Nicholas C. Allen
Executive Directors:	Mr. Andrew Brandler, Mr. Peter P. W. Tse and Mr. Peter W. Greenwood