RISK MANAGEMENT REPORT

We are committed to continually improving our risk management framework, capabilities, and culture across the Group so as to ensure the long-term growth and sustainability of our business.

CLP's Risk Management Philosophy

Risk is inherent in CLP's business and the markets in which it operates. The challenge is to identify risks and then manage these so that they can be reduced, transferred, avoided or understood. This demands a proactive approach to risk management and an effective group-wide risk management framework.

CLP's overall risk management process is overseen by its Board as an element of solid corporate governance. CLP recognises that risk management is the responsibility of everyone within CLP. Rather than being a separate and standalone process, risk management is integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

CLP's risk management objectives:

- At a strategic level, CLP focuses on the identification and management of material risks at the Group, business and functional levels in order to better equip itself to pursue the Group's strategic and business objectives. In pursuing growth opportunities, CLP aims to optimise risk / return decisions while establishing strong and independent review and challenge processes.
- At an operational level, CLP aims to identify, assess, evaluate and mitigate operational hazards and risks in order to create a safe, healthy, efficient and environmentally-friendly workplace for its employees and contractors while ensuring public safety and health, and minimising environmental impact.

CLP's Risk Appetite and Risk Profiling Criteria

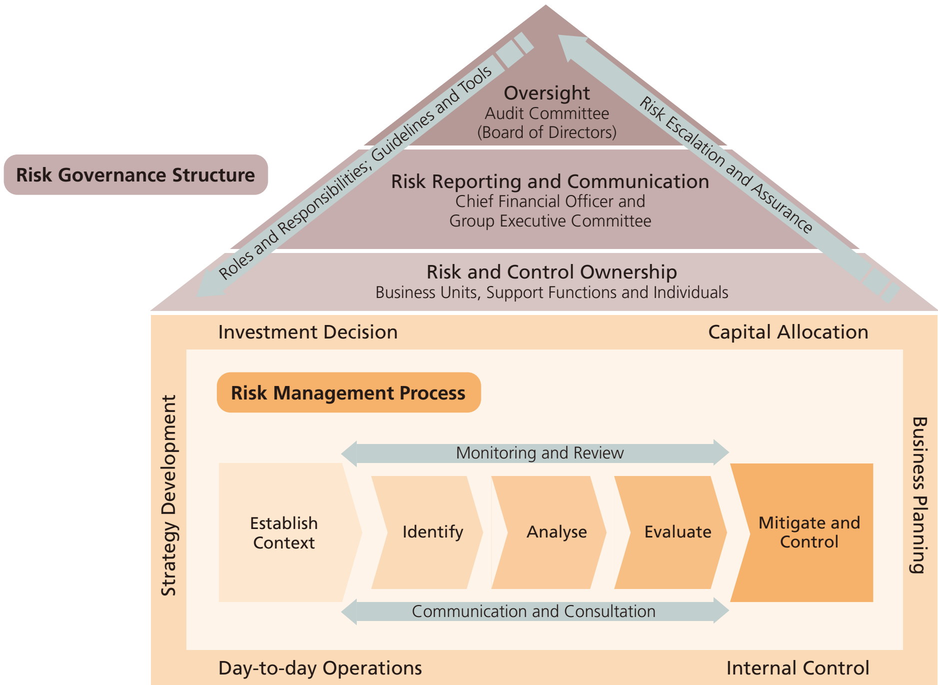
CLP's risk appetite represents the amount of risk the Group is willing to undertake in pursuit of its strategic and business objectives. In line with CLP's Value Framework and expectations of its stakeholders, CLP will only take reasonable risks that (a) fit its strategy, (b) can be understood and managed, and (c) do not expose the Group to:

- material financial loss impacting ability to execute the Group's business strategy and / or materially compromising the Group's ongoing financial viability,
- incidents affecting safety and health of our staff, contractors and the general public,
- material breach of external regulations liable for loss of critical operational / business licence and / or substantial fines,
- damage of the Group's reputation and brand name,
- business / supply interruption leading to severe impact on the community, and
- severe environmental incidents.

Based on the above, CLP has established its risk profiling criteria in the form of a risk matrix to help assess and prioritise risks at the Group level. Business units are required to adopt the same risk matrix structure in order to establish their own risk profiling criteria in determining consequence and likelihood of identified risks with reference to their own materiality and circumstances.

CLP's Risk Management Framework

CLP's risk management framework comprises two key elements: risk governance structure and risk management process.



CLP's Risk Governance Structure

- Facilitates risk identification and escalation whilst providing assurance to the Board.
- Assigns clear roles and responsibilities and facilitates implementation with guidelines and tools.
- Consists of three different layers of roles and responsibilities as explained below.

Oversight	**Audit Committee, acting on behalf of the Board** • Oversees material risks that warrant attention and supervises risk management process as part of good corporate governance.
Risk Reporting and Communication	**Chief Financial Officer and Group Executive Committee** • Supported by Group Risk Management, communicate and assess the Group's risk profile and material risks at the Group level. • Track progress of mitigation plans and activities of material risks and report on detailed examinations of specific risks as required.
Risk and Control Ownership	**Business Units, Support Functions and Individuals** • Facilitated and coordinated by Group Risk Management, ensure that risk management processes and mitigation plans follow good practices and guidelines established by the Group. • Carry out risk management activities and reporting according to our risk management framework in their day-to-day operations. • At CLP Power Hong Kong, EnergyAustralia, CLP India and China business units, Risk Management Committees or parallel Executive Committees oversee their risk management frameworks and activities. Group Risk Management participates in these committees or reviews risk reports of the business units. • In other business and functional units, executives meet regularly to review their risk profiles and risk management activities. • Risk managers or coordinators at business and functional units have been appointed to facilitate communication, experience sharing and risk reporting.

CLP's Risk Management Process

- Is embedded in our strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.
- Is in line with leading industry standards and practices, including ISO31000:2009 Risk Management – Principles and Guidelines.
- Involves establishing the context, identifying risks, assessing their consequences and likelihood, evaluating risk level, control gaps and priorities, and developing control and mitigation plans. This is a continuous process with periodic monitoring and review in place.

Quarterly Risk Review Process at Group Level	• Every quarter, our business and functional units are required to submit their material risks identified through their risk management process to Group Risk Management. • Group Risk Management, through aggregation, filtering and prioritising processes, compile a Quarterly Group Risk Management Report for discussion at the Group Executive Committee, chaired by the CEO. The Committee reviews and scrutinises the material risks and ensures the appropriate controls and mitigation measures are in place or in progress. Emerging risks, which might have a material impact on the Group over a longer timeframe, are monitored and discussed at the Committee. • Following review by the Group Executive Committee, the Quarterly Group Risk Management Report is submitted to the Audit Committee with a summary of the material risks circulated to the Board. "Deep dive" presentations on selected risks are presented to the Audit Committee for more detailed review.
Risk Review Process for Investment Decisions	• All new investments must be endorsed by the CLP Holdings Investment Committee, chaired by the CEO, before seeking approval from the Board or Finance & General Committee. • We adopt a multi-gated system of periodic project appraisals during their development and investment cycles both prior to and after a final investment decision is made. These ongoing reviews provide feedback to the CLP Group's capital allocation decisions, creating a more streamlined approach across business units and facilitating learnings from project to project and across different regions. • We require independent multi-disciplinary review of any investment proposal before submission to the Investment Committee. Group Risk Management sign-off is part of the investment review process. • Group Risk Management facilitates the project owner to conduct a detailed project risk assessment with proper documentation. Detailed checklists and worksheets are used for identifying risks / mitigations and assessing risk level. Material risks and associated mitigations are highlighted and discussed at the Investment Committee.
Risk Management Integrated with Internal Control Systems	• Risk management is closely linked to CLP's Integrated Framework of Internal Control. Key controls are subject to testing in order to assess their effectiveness. Details on Internal Control are set out in the Corporate Governance Report on pages 126 to 129.
Risk Management in the Business Planning Process	• In our annual business planning process, business units are required to identify all material risks that may impact their achievement of business objectives. Identified risks are evaluated based on the same set of risk profiling criteria as the quarterly risk review process. Plans to mitigate the identified risks are developed for implementation and budget purposes. The material risks set out on pages 136 to 139 of this Annual Report have been extracted from our 2014 business planning process.

Major Risk Management Initiatives in 2014

- CLP Holdings strengthened the governance of its Investment Committee, concentrating on project investments and associated financial and resource commitments through the publication of revised Investment Committee Guidelines. The updated Investment Committee Guidelines seek to introduce a multi-gated review of projects under development up to and following a final investment decision being made. In addition, the new Guidelines have extended the scope of the Investment Committee's review to include other non-standard contractual commitments proposed by any business within the CLP Group, as well as anything which may give rise to substantial non-standard off-balance sheet or on-balance sheet commitments.
- CLP Holdings provided feedback to the Hong Kong Stock Exchange consultation paper on its proposed amendments to the Corporate Governance Code and Corporate Governance Report (the Stock Exchange Code) relating to Risk Management and Internal Control. The proposed amendments to the Stock Exchange Code will become effective for accounting periods from 1 January 2016.
- The Quarterly Group Risk Management Report was further improved for better communication with the Board and the Audit Committee.
- CLP Power Hong Kong conducted an internal assessment and review of Business Continuity Management to ensure consistency with the requirements of ISO22301:2012 Business Continuity Management.
- CLP India updated its Enterprise Risk Management Framework and Procedures, including risk profiling criteria used for assessing financial consequences.
- CLP's China business unit initiated risk assessment programmes for Fangchenggang and Jiangbian focusing on extreme weather events.
- EnergyAustralia strengthened its energy risk management capability via the implementation of a separate trading book structure for generation, retail and strategic value. This maintains the benefits of integrating trading strategy across the value chain and provides flexibility to respond to market changes.
- EnergyAustralia continues to develop ownership and accountability of business-unit-specific risk profiles with monthly reporting that includes a specific view on risks and opportunities impacting the business plan. The roll-up and reporting of enterprise-wide risks is managed centrally with a focus on financial equivalence of key risk exposures and key risk indicators providing insights into the movement of risk.

Material Risks of the Group

Our 2014 business planning process has identified the following as material risks of the Group.

Risk Description	Changes in 2014	Key Risk Mitigations
Regulatory Risks		
Regulatory & political risk of Hong Kong business Medium-term risk of adverse changes to the post-2018 regulatory structure exists. A public consultation on electricity market development is expected to be launched by the Government in the first half of 2015. *Note: Challenge of tariff increase has been separately reported.*	⬅➡ *Fuel mix consultation ended with further action or decision by Government pending*	• Implement comprehensive stakeholder engagement plan to facilitate sensible and informed discussion on the post-2018 regulatory regime. • Focus on brand building, customer service and operating performance to reinforce CLP's performance and commitment to the community and our customers.
Uncertain regulatory outcomes impacting EnergyAustralia's profitability May include pricing deregulation or re-regulation in Australian states and changes to the Renewable Energy Target (RET), particularly as EnergyAustralia has a large inventory of green energy and certificates under the RET.	⬆ *RET review completed with decision by Government pending*	• Strategic review of assets and portfolio for future positioning on the value chain. • Stakeholder and Government engagement to advocate our position on regulatory changes.
Market Risks		
Significant energy market changes impacting EnergyAustralia's stability Overall market demand reduction, reduced pool prices and increasing retail competition, compounded by loss of compensation (offset by no tax on emissions) from carbon tax repeal.	⬆ *Carbon tax repealed*	• Strategic review of assets and portfolio for future positioning on the value chain. • Investments (self-funded) in future revenue streams in addition to cost, productivity and marketing initiatives.
Electricity volume risk affecting China portfolio Volume risk due to resource variability, supply-demand imbalances and grid constraints / curtailments in certain areas. In 2014, Fangchenggang's generation output was impacted by two typhoons and increased hydro generation from rainfall.	*New*	• Review of operations and development strategy. • Proactively engage with Government and grid companies advocating for more dispatch. • Monitor impact of new generation capacity.

⬆ Risk level increased ⬇ Risk level decreased ⬅➡ Risk level remains broadly the same

Risk Description	Changes in 2014	Key Risk Mitigations
Financial Risks		
Potential further downgrade of EnergyAustralia's credit ratings Improving business prospects for 2015 remains a key challenge for EnergyAustralia. A potential further downgrade would trigger additional interest charges on drawn and undrawn funds, and credit support required by counterparties.	⬅➡ *Maintained BBB- with Negative Outlook in 2014*	• Review business strategies, revisit capital structure and lock in long-term funding to ensure liquidity. • Sufficient undrawn debt facilities to meet calls for credit support by counterparties in case of a further downgrade.
Group's liquidity risk of inadequate funding Inability to obtain adequate and cost-effective funding on time.	⬅➡ *CLP Holdings has maintained sufficient liquidity after funding CAPCO / PSDC acquisitions*	• Maintain current dividend practices, good investment grade credit ratings, and adequate liquidity. • Solicit adequate and cost-effective funding in advance and maintain an appropriate mix of committed credit facilities. • Ensure funding diversification (sources, instruments and tenor). • Maintain good, long-lasting relationship with lenders.
Foreign currency risk associated with the Group's investments The Group is exposed to transaction and translation (exchange rate) risks, particularly Rupee, RMB and AUD, and the associated financial cost risks. Group level earnings may also be impacted by marked-to-market fair value gains / losses as some of the economic hedges are classified as "ineffective" according to Hong Kong Financial Reporting Standards.	⬅➡ *Currency volatility has become a market norm*	• Hedge currency exposures in line with Group Treasury Policy. • Natural hedge by matching currency of revenue, cost and debt. • Project level debts to be denominated in and / or swapped into functional currency where possible.
Default of Group's financial counterparties Inability to enforce financial derivatives for hedging CLP's economic obligations. Exposures relating to unrecoverable amounts from financial counterparties.	⬅➡ *Event risks overhanging despite improvement in global financial markets*	• Transact only with creditworthy and pre-approved financial institutions. • Allocate exposure limits based on bank's credit standing to avoid over-concentration while maintaining meaningful competition. • No recourse to CLP Holdings for counterparties of subsidiaries and affiliates.

⬆ Risk level increased ⬇ Risk level decreased ⬅➡ Risk level remains broadly the same

Risk Description	Changes in 2014	Key Risk Mitigations
Commercial Risks		
Major commercial disputes with offtakers over Power Purchase Agreements (PPAs) in India Paguthan's Deemed Generation Incentive litigation is pending a Supreme Court hearing. An adverse judgment may require CLP India to pay all previously time barred amounts in addition to amounts already paid. *(See contingent liabilities disclosure on pages 258 to 259.)* Jhajjar's disputes with offtakers over applicable tariff, energy charges, and availability penalty are pending dispute resolution through adjudication.	⬅➡ *Pending court hearing / adjudication*	Paguthan's Deemed Generation Incentive litigation • No further mitigations anticipated. Jhajjar's disputes with offtakers • Dispute resolution through adjudication process of Central Electricity Regulatory Commission (CERC). • Provisions to be made as appropriate.
Risk of PPA renegotiation / extension at Paguthan Continuing non-availability of gas at affordable prices.	⬇ *PPA revised to provide relief to the offtaker*	• Monitor gas supply situation and try to obtain domestic contracts when available. • Paguthan's development options upon PPA expiry being reviewed.
Rising costs of Hong Kong business and challenges of tariff increases Increases in fuel cost resulting from tightening emission requirements may be challenged.	⬇ *The 2015 Tariff Review concluded smoothly with increase lower than projected level in the 2014 -18 Development Plan*	• Implement optimal fuel mix strategy. • Mitigate gas price volatility with supply diversification. • Exercise stringent cost management. • Help customers mitigate tariff impact. • Continue to enhance energy efficiency and conservation initiatives. • Step up stakeholder engagement efforts.
Counterparty risk of Indian distribution companies	⬅➡ *Experiencing some delays in receivables only*	• Monitor the credit ratings and financial health of State utilities with particular focus on their implementation of approved debt restructuring package and payment records. • Follow up with utilities at a commercial level and escalate to senior level when required.

⬆ Risk level increased ⬇ Risk level decreased ⬅➡ Risk level remains broadly the same

Risk Description	Changes in 2014	Key Risk Mitigations
Industrial / Operational Risks		
Major accident at construction or operating plants With new construction sites in China and India, there is increased incidence risk of contractors' safety management.	*A fatal accident occurred involving a contractor worker at Tejuva Wind Farm site*	• Implement CLP Group Health, Safety, Security and Environment (HSSE) Management System and related standards and guidelines, including the Critical Risk Standards, to enhance the awareness of both employees and contractors. (see more details on pages 93 to 94)
Potential stabilisation issues after integration of Ausgrid customers into EnergyAustralia's system Ausgrid customer data migration was completed (end-November 2014). Post migration stabilisation support and monitoring procedures have been established.	*Shifted from delivery risk of customer integration programme to its stabilisation*	• Post migration support from Ausgrid. • Planned and completed a "Hyper Care" process post migration, providing a heightened level of support and rapid resolution of issues. • Less critical system stabilisation issues are on track to be completed.
Uncertainty in Jhajjar's plant performance Current concerns include capability of the plant to operate in a trouble-free manner if it has to run on 100% domestic coal instead of blending with imported coal.	Plant availability increased with coal supply much improved	• Identify and maintain critical spare parts • Develop local vendors for equipment repair and fabrication. • Develop a long-term maintenance plan. • Implement CLP benchmark practices with a group-wide collaboration effort.
Performance risk of wind power projects across the Group Continuing low wind resource and grid constraints in both India and China.	Expanded from India wind resource risk to performance risk of wind projects across the Group	• Improve wind yield estimation and operational data analysis. • Conduct forensic analysis. • Proactively engage with Government and grid companies advocating for more dispatch. • Seek contractual protection by warranty, plant availability guarantee and power curve performance guarantee.

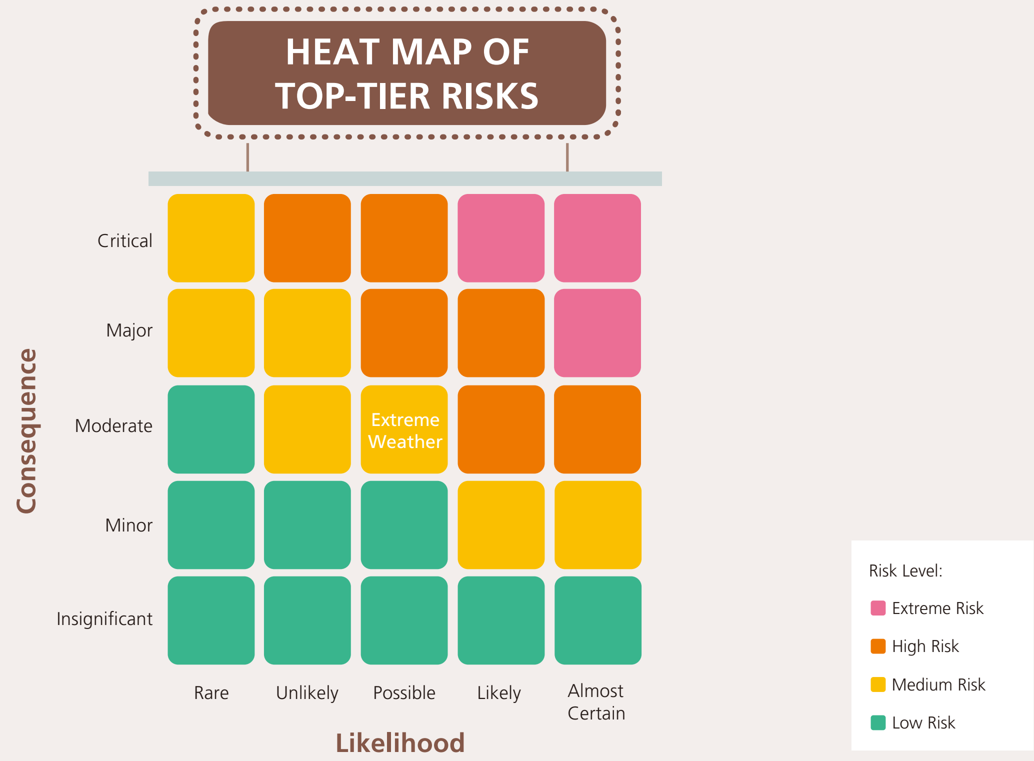
Other Industrial and Operational Risks

- CLP is continually focusing on preventive measures and remediation relating to safety, emissions compliance, fuel supply, plant performance, human capital, data privacy, cyber-attacks and increasing occurrence of extreme weather events.

Risk level increased | Risk level decreased | Risk level remains broadly the same

Emerging Risk: Increasing Occurrence of Extreme Weather Events

Extreme weather events such as the increase in intensity of tropical cyclones, flooding and drought may adversely affect our assets and operations across the Group. In 2014, various assets in Mainland China were affected by significant extreme weather events (Jiangbian, Huaiji and Fangchenggang) resulting in generation losses for extended periods.



Key Mitigations:

- Climate adaptation studies conducted for existing power plants, starting with our fossil fuel power plants and recently moving on to our renewable portfolio.
- Currently reviewing how this climate adaptation assessment can be incorporated as part of the plant design phase for new projects.
- Mitigating actions that have been implemented include:
  - reinforcing structures to withstand damage from stronger typhoons;
  - dealing with self-ignition of coal and bushfires during extreme high temperature scenarios;
  - installation of flood barriers, gates and alarms for flood-prone plant rooms and substations;
  - pumps and piping in place to cater for flood risk of the coal mine of EnergyAustralia;
  - emergency response plans and business continuity plans with regular drills; and
  - insurance policies covering property and revenue loss where appropriate.

Outlook and Major Initiatives for 2015

- Continue to enhance CLP's group-wide risk management framework and its implementation in line with the Stock Exchange Code and industry best practices.
- Continue to assist business units in the roll-out of their own frameworks in line with group-wide framework and guidelines.
- CLP Power Hong Kong to finalise its company-wide Risk Management Framework and Guidelines in order to reinforce its effective and consistent implementation across its units.
- China business unit to continue to roll out its risk management framework and procedures across subsidiary and majority-owned entities. To drive risk ownership and accountability, each China asset will establish a dedicated team focusing on risk assessment and reporting. Risk awareness training is being planned for all China assets.
- EnergyAustralia to continue to focus on both awareness and ownership of risks across its units. Refinement of Enterprise Risk Reporting will continue to focus on alignment with the business planning process. Risk team is also working to improve key controls and revamp the investment governance process.

CLP is facing a wide range of current and emerging risks which demand continuous and close attention based on an effective risk management framework. It should be acknowledged that our risk management framework is designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Benjamin Lau
Acting Chief Financial Officer
Hong Kong, 26 February 2015

AUDIT COMMITTEE REPORT

The Audit Committee is appointed by CLP Holdings' Board of Directors and has four members, all of whom are Independent Non-executive Directors. The Chairman, Mr Vernon Moore, and Mr Nicholas Allen have appropriate professional qualifications, including membership of the Hong Kong Institute of Certified Public Accountants (HKICPA), and experience in financial matters. Mrs Fanny Law has extensive experience in public administration and Ms Irene Lee has wide experience in financial services, including banking, funds management and general insurance.

The Board has given the Committee written terms of reference prepared by reference to the HKICPA's "A Guide for Effective Audit Committees" and the Hong Kong Stock Exchange's Appendix 14 to the Listing Rules "Corporate Governance Code and Corporate Governance Report" (the Stock Exchange Code). Its terms of reference are set out in the CLP Code on Corporate Governance (CLP Code) and on CLP's and the Stock Exchange's websites.

In 2014 the Committee increased the number of regular meetings from five to six per annum. The additional meeting is held in January to review likely critical judgmental issues of the CLP Group in advance of the Committee's review of the Financial Statements in February. Special meetings may be called by its Chairman or at the request of the CEO or Director – Group Internal Audit to review significant control or financial issues. There is an open invitation between the Committee and the EnergyAustralia Audit & Risk Committee for members to attend the others' meetings. Individual attendance of members at the meetings held in 2014 is set out in the Corporate Governance Report on page 120. In 2014, the Chairman of the Committee participated in three EnergyAustralia Audit & Risk Committee meetings and also the meeting held in February 2015 whilst the Chairman of EnergyAustralia Audit & Risk Committee participated in the meetings of the Committee held in January and February 2015.

During the year, the Committee members visited the Penglai Wind Farm in Mainland China and Delhi in India to meet the local management and senior government officials.

Responsibilities

The Committee is accountable to the Board, all members of which are provided the minutes of every meeting of the Committee. The Chairman reports to the Board on Committee's review of significant internal control issues and the Company's annual / interim results. In addition, the Chairman gives an annual report to the Board on the Committee's activities. The Committee's primary responsibilities are to:

- assure that adequate internal controls and risk management systems are in place and followed;
- assure that appropriate accounting principles and reporting practices are followed;
- satisfy itself as to the adequacy of the scope and direction of external and internal auditing;
- satisfy itself that good accounting, audit and compliance principles, internal controls and ethical practices are applied on a consistent basis throughout the CLP Group; and
- perform the corporate governance duties described further in this Report and fulfill the functions conferred on the Committee pursuant to the CLP Code.

Summary of Work Done

Between 1 January 2014 and the date of this Report (the Relevant Period), the Audit Committee met eight times and discharged its responsibilities in its review of the interim and annual results and systems of internal control and risk management and its other duties as set out in the CLP Code. The work performed by the Committee during the Relevant Period are summarised in the following paragraphs.

Internal Control and Risk Management

The Committee reviewed the CLP Group's internal control review approach and received regular updates on internal control testing from management. No significant areas of concern that might affect shareholders were identified during the Relevant Period.

The Committee received regular updates on its Customer Management and Billing System – Customer First (C1) and the status of customer integration from EnergyAustralia; and for the whole Group, the status of the testing of key controls and of outstanding audit issues.

The Committee received a General Representation Letter, signed jointly by the CEO and the CFO regarding compliance with internal control systems, disciplines and procedures which cover financial and relevant non-financial information for the year ended 31 December 2013 and separately for 2014 Interim as well as for the year ended 31 December 2014. This provides assurance to the Audit Committee that adequate internal controls are in place and operating.

Based on the information received from management, the external auditor and Group Internal Audit (GIA), the Committee believes that overall financial and operating controls in place for the Group during 2014 continue to be effective and adequate. Further information about control standards, checks and balances and control processes is set out in the Corporate Governance Report on pages 127 to 128. The Audit Committee confirms that it has discharged its responsibilities in accordance with the requirements of the CLP Code and is satisfied that the Group has complied with all the Code Provisions of the Stock Exchange Code with respect to internal controls.

The Committee oversees the development and implementation of the Group Risk Management Framework which has been established to improve the communication of identified risks and facilitate the implementation of a structured approach in assessing and managing the risks across the Group. The Committee also reviewed, on a quarterly basis, the Group's material risks and the associated key mitigating actions. In addition to an annual review of cyber security measures, topics of importance are brought to the Committee on an ad hoc basis for review and oversight, for instance, the Committee reviewed the electricity volume risk in the China portfolio this year.

Accounting Principles and Reporting Practices

The Committee reviewed the CLP Group's accounting principles and practices and the impacts on accounting policies arising from revised financial reporting standards.

The Committee reviewed the 2013 and 2014 Annual Reports including the Corporate Governance Report, the Directors' Report and Financial Statements for the years ended 31 December 2013 and 2014 and the relevant annual results announcement, with a recommendation to the Board for approval. The Committee also reviewed the 2014 Interim Report including the CLP Group Interim Financial Statements for the six months ended 30 June 2014 and the interim results announcement, with a recommendation to the Board for approval.

The Audit Committee paid particular regard to judgmental issues in respect of the Company's Financial Statements for the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2014. Amongst other inputs, the management reports to the Committee and the audit reports submitted by external auditor summarised significant matters of the CLP Group for the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2014, such as in respect of auditing and accounting matters, taxation issues and internal controls, together with the manner in which they had been addressed.

During the Relevant Period the major judgmental issues included, by way of example, the assumptions for modelling the long-term electricity price curve in Australia, the impairment review for each major asset of the CLP Group, the impairment test for goodwill arising from the acquisition of further interest in CAPCO and the divestment of CLP's interests in CSEC Guohua and Shenmu joint ventures.

Internal and External Auditing

The Committee reviewed the overall internal audit results for 2013 and 2014 and all the internal audit reports submitted in 2014.

During the Relevant Period, the Committee was advised that one report out of a total of 28 submitted by GIA carried an unsatisfactory audit opinion. It covered the Wholesale IT unit of EnergyAustralia. The issues arising from this audit had no significant impact on the Financial Statements and are being addressed by management.

The Committee reviewed the staffing and resources of the GIA department and the audit plans for 2014 and 2015, with areas of emphasis identified. The Committee reviewed revisions to GIA administrated policies and procedures and noted review of the GIA Charter, Anti-fraud Policy and Policy on Making Political Contributions.

The Committee reviewed the audit fees payable to the external auditor, PricewaterhouseCoopers (PwC), for the years ended 31 December 2013 and 2014 for approval by the Board, with a recommendation for their reappointment for 2014. PwC were reappointed independent auditor of the Company by shareholders at the AGM held on 8 May 2014. PwC audit all companies in the CLP Group which require statutory audit opinions. Their audit strategy for the year ended 31 December 2014 was reviewed by the Committee.

The Committee has reviewed the revisions to the Guidelines on audit, audit-related and non-audit services provided by the external auditor. It has also reviewed the proposed engagement of the external auditor in respect of permissible audit-related and non-audit services. Details of fees paid to PwC for their permissible audit-related and non-audit services are set out in the Corporate Governance Report on page 125. Having reviewed PwC's performance during 2014 and satisfied itself of their continuing independence and objectivity within the context of applicable regulatory requirements and professional standards, the Committee has recommended to the Board the reappointment of PwC as independent auditor at the forthcoming AGM. A resolution to that effect has been included in the Notice of AGM.

Compliance

The Committee reviewed the compliance by the Company with the Stock Exchange Code throughout the years ended 31 December 2013 and 2014 and throughout the six months ended 30 June 2014. CLP complies with all the Code Provisions, with one deviation from Recommended Best Practices, which is on quarterly reporting. The reason is explained in the Corporate Governance Report on page 112 of this Annual Report.

The Committee also reviewed the Company's compliance with the Listing Rules, Companies Ordinance and Securities and Futures Ordinance throughout the years ended 31 December 2013 and 2014. No breaches were identified.

Every six months, the Committee reviewed legal cases in which CLP Holdings or any member of the CLP Group was a named defendant. Only those disclosed under Note 34 Contingent Liabilities to the Financial Statements are material.

Corporate Governance

The terms of reference of the Audit Committee cover all of the corporate governance functions set out in the Stock Exchange Code and which may be delegated by the Board to the Audit Committee. In addition to its existing role in corporate governance, the Committee reviews:

- existing policies and practices and monitoring their effectiveness, including the Shareholders' Communication Policy, Code of Conduct, Whistleblowing Policy and Procedure for Gifts & Entertainment;
- key elements of proposed changes to CLP's Articles of Association;
- procedures to monitor connected transactions and continuing connected transactions (CCTs);
- the adequacy of training programmes and the budget of the accounting and financial reporting functions;
- new policies and practices on corporate governance matters and making recommendations to the Board;
- Code of Conduct issues identified in 2014. None of the seven breaches of the Code was material to the Group's financial statements or overall operations. None of the reported Code of Conduct violations involved senior managers;
- irregularity investigations process involving Senior Executives and Non-Senior Executives;
- management development, succession planning and training for key finance, accounting and internal audit positions;
- proposed governance arrangement following completion of CAPCO and PSDC acquisitions;
- cyber security;
- Code of Conduct response rate;
- the annual summary results of the Management's Ethical and Controls Commitment Surveys completed during the year;
- the Ethical and Controls Commitment Survey of Senior Executive Management conducted once every three years (2014); and
- the Representation Letters from management with respect to the auditor's report on the Consolidated Financial Statements for the year ended 31 December 2014, and the limited assurance opinion / report on the Group's CCTs for 2014 and on the identified sustainability information in the 2014 Sustainability Report. SR

Audit Committee Effectiveness

The Company Secretary has evaluated the performance and effectiveness of the Audit Committee in 2014. The scope of the evaluation was reviewed by internal and external auditors. The CLP Holdings Board has endorsed the evaluation of the Company Secretary to the effect that the Audit Committee was performing its responsibilities in an effective manner and in accordance with its terms of reference.

Vernon Moore

Vernon Moore
Chairman, Audit Committee
Hong Kong, 26 February 2015

SUSTAINABILITY COMMITTEE REPORT

The Sustainability Committee is appointed by the Board to oversee CLP's position and practices on sustainability issues. In light of the growing scope and number of sustainability-related initiatives and activities across the Group, as well as the increasing significance of ESG-related emerging risks and opportunities for the business, the Terms of Reference of the Committee were reviewed in 2014 to ensure that the roles and responsibilities of the Committee were commensurate with the changing needs and capabilities required to manage these areas. The new Terms of Reference (which are set out in the CLP Code of Corporate Governance and on the CLP's and the Stock Exchange's websites) were adopted with effect from the date of this Report with the objective to oversee management and advise the Board on matters required to enable:

- the CLP Group to operate on a sustainable basis for the benefit of current and future generations;
- sustainable growth by maintaining and enhancing CLP Group's economic, environmental, human, technological and social capital in the long term; and
- the effective management of CLP Group's sustainability risks.

The Committee is chaired by the CEO, Mr Richard Lancaster, and comprises Mr Nicholas C. Allen, Mrs Fanny Law, Ms Irene Lee, Mr Andrew Brandler and the Chief Corporate Development Officer, Ms Quince Chong. The Committee meets as frequently as required but not less than twice a year. Any Committee member may call a meeting of the Committee.

Responsibilities

The Committee is accountable to the Board. Its primary responsibilities include the reviews of:

- CLP's sustainability standards, priorities and goals and to oversee CLP group-level strategies, policies and practices on sustainability matters to attain those standards and goals;
- the adequacy and effectiveness of CLP group-level frameworks insofar as they are related to sustainability matters;
- key international trends in legislation, regulation, litigation and public debate as regards social, environmental and ethical standards of corporate behaviour;
- sustainability risks, opportunities and performance of CLP and to recommend strategies for improvements;
- CLP's community, charitable and environmental partnerships, strategies and related group-level policies and make recommendations to the Board on any changes to those partnerships, strategies and policies; and
- CLP's public reporting as regards its performance on sustainability matters.

Summary of Work Done

Between 1 January 2014 and 26 February 2015 (the Relevant Period), the Committee met four times and discharged its responsibilities in its review of CLP's sustainability standards, performance and reporting. The work performed by the Committee during the Relevant Period are summarised in the following paragraphs.

Sustainability Standards

CLP's sustainability standards stem from our commitment to enable sustainable growth of the Company from generation to generation. The standards are encompassed in CLP's Value Framework, Climate Vision 2050 and other policies and statements.

The Committee reviewed the performance of the interim targets set in CLP's Climate Vision 2050 which commits CLP to a long-term goal to reduce carbon intensity of its generating portfolio by 75% by 2050. In light of stalled progress in reaching a global agreement on climate change as well as the ensuing weakening of local policy support for greenhouse gas reductions, the Committee reviewed the interim targets in the Climate Vision. It was noted that although these global factors have significantly increased the challenge of achieving the interim targets outlined in CLP's Climate Vision 2050, the long-term goal is still achievable. CLP remains committed to its Climate Vision 2050.

In 2012, CLP rolled out its Responsible Procurement Policy Statement (RePPS) across the Group in order to understand the level of sustainability awareness and current practice in its supply chain as well as to encourage its suppliers to focus on sustainability issues. In 2014, the Committee reviewed the progress of embedding the RePPS requirements into CLP's existing processes, such as in respect of the Hong Kong business risk-based Supplier Assessment System (SAS) which gathers feedback on CLP's own performance as well as that of its key suppliers.

In 2014, CLP launched a Health, Safety, Security and Environment (HSSE) Management System to ensure a more integrated approach to managing HSSE issues across the Group. The Committee reviewed the 10 critical risk standards for identified high risk activities. These standards are used by CLP's local businesses when developing their asset-based procedures to ensure that risks are well managed and that experiences and best practices from different sites are shared.

The Committee endorsed the preparation of our 2014 Sustainability Report to be in accordance with the Core level of the fourth generation Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines that were launched in 2013. The differences between the Core and Comprehensive levels of the G4 were discussed and potential areas of focus in the future to move towards Comprehensive level were also explored.

During the Relevant Period, the Committee has reviewed the reporting standards and goals for the upcoming years, as well as emerging sustainability risks and opportunities for the business.

Sustainability Performance

CLP's sustainability performance is monitored by a Sustainability Framework which includes 15 sustainability goals, and is reflected in various investor-related sustainability ratings. The Committee reviewed the achievement of these goals which rest on an approach whereby:

- each business sets its own targets under each of the 15 goals as a contribution to the Group's sustainability objective as part of its business planning process;
- each target should make an efficient, positive contribution to business value – this aspect of CLP's activities is treated as part of everyday business operations and, as with everything we do, should increase the value of the business to its shareholders; and
- performance against the targets set during the annual business planning process are assessed at year end, at both business unit and Group level and incorporated into the overall annual CLP Group performance assessment process.

The following table highlights the 2014 performance in achieving the sustainability goals.

Critical Area – Objective	Goals	2014 Highlights	Examples of Relevant KPIs
People – meet the evolving expectations of our stakeholders	• Zero injuries in all our workplaces • Support a healthy workforce • Develop committed and motivated employees • Meet or exceed customer expectations • Earn and maintain community acceptance • Operate our business ethically	• Strong safety performance tarnished by one contractor fatality in India at our Tejuva wind farm construction site, involving a truck reversing into the parking area. An independent accident investigation panel was set up to look into the root cause of the incident and the panel's recommendations have been adopted • Many initiatives across the Group supporting healthy lifestyle and work life balance initiatives • Relatively positive employee opinion survey results and relatively low turnover rates reflect committed and motivated employees • Excellent customer service performance in Hong Kong and much improved customer service performance in Australia relative to last year • Numerous and varied community engagement initiatives organised and supported throughout the Group • Compliance with the Code of Conduct, including reporting seven breaches of the Code, none of which were material to the Group's financial statements or overall operations • Progress on implementing responsible procurement practices in line with CLP's Procurement Policy	• Health & safety (e.g. number of fatalities, lost time injury incidence rate, total recordable injury rate) • Employee turnover (e.g. voluntary turnover rates) • Level of employee engagement (e.g. number of meetings with the Managing Director / General Manager events, feedback from survey) • Customer satisfaction (e.g. 12-month average customer satisfaction percentage, same day reconnection percentage, percentage of calls answered within 30 seconds) • Community initiative & engagement (e.g. number of engagements, number of programmes sponsored) • Ethical behaviour (e.g. compliance with the Code of Conduct) • Implementation of CLP's RePPS, including requirements in supplier selection and monitoring

Critical Area – Objective	Goals	2014 Highlights	Examples of Relevant KPIs
Business Performance – continually increase business value	• Create long-term shareholder value • Adapt proactively to a changing business environment • Enhance individual and organisational capability	• Strong performance relative to business plans • Implementation of risk management processes in accordance with the CLP Group Risk Management Policy, constructive engagement activities with government, meaningful engagement with industry stakeholders and many opportunities for new energy efficiency products and services and more advanced generation technologies pursued • Several staff training initiatives pursued, training man-days targets met and succession planning initiatives implemented	• Performance against business plan metrics, primarily earnings, capital expenditure and operating expenditure • Management of risk in accordance with the CLP Group Risk Management Policy, engagement with governments and major industry stakeholders and a number of partnerships / projects to support research and development of new technologies • Development and training (e.g. number of training man-days, succession index)
Energy Supply – deliver world-class products and services	• Supply energy reliably • Be operationally efficient • Adopt emerging technology in a timely manner	• A wide variety of quantitative operational performance targets set and largely achieved across the Group • Several Smart Grid pilot projects ongoing in Hong Kong and Australia and power station energy efficiency improvement programmes executed • Different types of new and more efficient power generation technologies investigated and pursued	• Service performance (e.g. unplanned customer minutes lost, average service availability, average supply restoration) • Operational performance of assets (e.g. equivalent forced outage rate, energy efficiency targets) • Incremental efficiency improvements of existing assets; pursue new products and opportunities • Contribute thought leadership to industry level discussions, expand our renewables portfolio, and investigate and consider adopting new technologies
Environment – minimise environmental impacts	• Move towards zero emissions • Move towards a more sustainable rate of resource use • Move towards no net loss of biodiversity	• Group carbon emissions intensity increased in 2014 relative to 2013 due mainly to acquiring additional shares for our power generation assets in Hong Kong and a general reduction in output from our renewables projects • Many initiatives to decrease water use and waste production across the Group • Biodiversity efforts conform to local regulations and comply with Group's Environmental Impact Assessment guidelines	• Reducing emissions (e.g. operational efficiency improvements, use of lower emitting fuel) • Reducing resource use (e.g. water and waste recycling) • Minimising our impact on biodiversity (e.g. including biodiversity impact assessments in environmental impact assessments, land rehabilitation)

During the year, the Committee has reviewed the Sustainability Framework and noted management's plan to re-map CLP's 15 sustainability goals into more focused management areas with CLP's Value Framework as the foundation.

The Committee reviewed CLP's sustainability performance against external sustainability indices with a view to identifying and focusing on the potential areas of sustainability performance for further improvement.

A summary of selected 2014 sustainability ratings for CLP is shown in the following table. The scoring for the year reflects the performance of the year before.

Index Name	2014 Score	2013 Score	2012 Score	
Dow Jones Sustainability Index	63	64	64	CLP named to DJSI Asia Pacific and DJSI Asia Pacific 40 again in 2014. While the global electric utility industry average score decreased from 61 (2012) to 56 (2014), our score remained similar to the past.
Carbon Disclosure Project (CDP)	95	94	92	Performance band was "B" from 2011 - 2014. CLP included in the CDP Asia ex-Japan Climate Disclosure Leadership Index 2014, holding the top score for HK-based companies.
Hang Seng Corporate Sustainability Index	AA	AA+	AA+	CLP was recognised as having the best overall score in the utilities industry and the best Organisational Governance Score in the reporting universe. CLP received an "AA" rating from HKQAA for its performance.
Bloomberg ESG	Overall: 64.05	Overall: 68.18	Overall: 66.12	The 2013 score reflects our 2012 performance when certain operational issues resulted in lower emissions, thus resulting in a higher environmental score compared to other years such as that for 2014.
FTSE4Good	3.4	3.4	3.4	CLP is still not included in FTSE4Good Index due to its nuclear investments.

During the Relevant Period, the Committee has also reviewed the 2013 and 2014 activities as well as 2014 and 2015 plan for community initiatives of the Group and the communications and engagement strategy for post-2018 regulatory regime.

Sustainability Reporting

In view of CLP's move towards Integrated Reporting, combined with the Environmental, Social and Governance (ESG) Reporting Guide, published by the Hong Kong Stock Exchange as Appendix 27 to the Listing Rules (the ESG Guide), CLP began in 2011 to commission independent assurance of its Sustainability Report in accordance with the International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000). This year, for the first time, the Sustainability Report is subject to the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statement, in addition to the ISAE 3000. The number of data points covered by the independent assurance this year was also expanded from 11 data points to 27 data points. The Committee reviewed the 2013 and 2014 CLP Group Sustainability Report and Sustainability Assurance findings. SR

The Committee also reviewed the ESG data management and reporting strategy for 2014 to 2016 which aims to reinforce the integrity of non-financial information disclosure. The overall scope of CLP's Sustainability Reporting, which predates the introduction of the ESG Guide, is wider than that of the ESG Guide. The ESG Guide is organised around four ESG subject areas: work place quality, environmental protection, operating practices and community involvement. Our Sustainability Reporting was constructed around the GRI Guidelines and evolved to incorporate those areas, objectives and goals which we considered most relevant to our business. This year, as endorsed by the Sustainability Committee, we have developed our Sustainability Report in accordance with the Core level of the GRI G4 Sustainability Reporting Guidelines.

There is a table, available on our Sustainability Report landing page, which refers the reader to the relevant sections of our Sustainability Report where we set out in detail the manner in which CLP has met, and in many respects exceeded, the terms of the ESG Guide. The Five-year Summary of statistics on the Group's environmental and social performance on pages 276 and 277 of this Annual Report includes cross-references to the KPIs suggested in the Hong Kong Stock Exchange's ESG Guide.

Sustainability Report

Looking Ahead

The Sustainability Committee will continue to review its role in offering effective support to the Board and oversight to management in the development, implementation, measurement and reporting of the Group's performance on social, environmental and ethical matters as a whole with a view to enabling the CLP Group to operate on a sustainable basis for the benefit of the current and future generations.

Richard Lancaster
Chairman, Sustainability Committee
Hong Kong, 26 February 2015

HUMAN RESOURCES & REMUNERATION COMMITTEE REPORT

1. Introduction

On behalf of the Board, the Human Resources & Remuneration Committee (HR&RC) scrutinises the remuneration policies applied within the CLP Group, including the remuneration of Non-executive and Executive Directors and of Senior Management. Our objective is to ensure that CLP applies properly structured and fair remuneration policies which align the interests of Directors and Senior Management with those of the Company and its shareholders. This Report explains the policies applied to determining remuneration levels and sets out the remuneration paid to Non-executive Directors, Executive Director and Senior Management. This Report has been reviewed and endorsed by the HR&RC.

The contents of sections 6 to 9 and 11, in the highlighted boxes below, comprise the "auditable" part of the HR&RC Report and have been audited by the Company's Auditor.

2. Membership

A majority of the members of the HR&RC are Independent Non-executive Directors. In line with good practice, the Executive Director is not a member of the Committee. Mr Vincent Cheng, an Independent Non-executive Director, is the Chairman of the Committee. Other members of the Committee include Mr William Mocatta, Mr V. F. Moore and Mr Nicholas C. Allen.

3. Responsibilities and Work Done

The HR&RC considers major human resources and pay issues. It also provides forward guidance on EnergyAustralia's remuneration policy through interactions between the Committee and the EnergyAustralia Nomination & Remuneration Committee. Between 1 January 2014 and 26 February 2015 (the Relevant Period), the HR&RC approved the 2013 and 2014 HR&RC Reports, and reviewed:

- the Group performance for 2013 and 2014 and Group targets for 2014 and 2015;
- 2013 and 2014 organisation performance for CLP Power Hong Kong and CLP India and targets for 2014 and 2015;
- the base pay for 2014 and 2015 for Hong Kong payroll staff, CLP India and China;
- Executive Remuneration Policy for Senior Management;
- CEO's remuneration;
- the remuneration of Direct Reports to the CEO, including annual incentive payments for 2014 and pay review for 2015;
- the Senior Executive remuneration (Hong Kong and India), including annual incentive payments for 2013 and pay review for 2014;
- nomination of Group Senior Management and succession plan;
- approach to managing 2014 annual incentive payments for executive team in EnergyAustralia;
- update on EnergyAustralia remuneration matters;
- training and continuous professional development of Senior Management;
- update on remuneration disclosure issues in 2014 Interim and Annual Reports;
- update on organisational and human resources initiatives; and
- update on standby duties claim.

4. Remuneration Policies

The main elements of CLP's remuneration policy have been in place for a number of years and are incorporated in the CLP Code on Corporate Governance (CLP Code):

- No individual should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom CLP competes for human resources; and
- Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the value of the Company to its shareholders.

5. Non-executive Directors – Principles of Remuneration

The above policies apply to the remuneration of the Non-executive Directors, with appropriate adjustments to reflect good corporate governance practices, the particular nature of their duties and that they are not Company employees.

In considering the level of remuneration payable to Non-executive Directors, we have referred to the:

- Report of the Committee on the Financial Aspects of Corporate Governance of December 1992 (The Cadbury Report);
- "Review of the Role and Effectiveness of Non-executive Directors" (The Higgs Report) of January 2003; and
- Hong Kong Stock Exchange's Corporate Governance Code and associated Listing Rules.

In light of these considerations, CLP's Non-executive Directors are paid fees in line with market practice, based on a formal independent review undertaken no less frequently than every three years. Those fees were reviewed at the beginning of 2013 (the 2013 Review). The methodology adopted in the 2013 Review is the same as that used in the previous reviews and as explained to shareholders in the CLP Code. The methodology is aligned with the recommendations of the Higgs Report and includes:

- the application of an hourly rate of HK$4,500 as an average of the partner rates charged by legal, accounting and consulting firms in providing professional services to CLP. This hourly rate of HK$4,500 has remained unchanged since the review in 2010;
- the calculation of the time spent by Non-executive Directors on CLP's affairs (including attendance at Board and Board Committee meetings, reading papers, etc.); and
- an additional fee of about 40% and 10% per annum for the Chairmen of the Board / Board Committees and the Vice Chairman of the Board respectively (reflecting the additional workload and responsibility which these offices involve).

The resulting fees were then benchmarked against those paid by leading listed companies in Hong Kong and major utility companies listed on the London Stock Exchange. The methodology and resulting fees were independently reviewed by J.S. Gale & Co, solicitors. Further to CLP's commitment to the adoption of a transparent methodology for determining Non-executive Directors' remuneration, the 2013 Review and the opinion of J.S. Gale & Co on the 2013 Review are placed on CLP's website.

It is worth noting that the methodology takes into account past and present data, rather than any forward-looking projections. For these reasons, on previous occasions the full amount of the adjustment to annual fees has taken effect upon shareholder approval at the following AGM. Whilst maintaining the same methodology, the Board recommended that, instead of taking effect of the 2013 Review in one go, the adjustment in fees should be partially deferred by being spread out over the next three years.

In line with our policy that no individual should determine his or her own remuneration, the levels of fees set out in the table below were proposed by management, reviewed by J.S. Gale & Co and approved by our shareholders at the AGM on 30 April 2013. In this respect, CLP's approach goes beyond that required by law or regulation in Hong Kong or the provisions of the Hong Kong Stock Exchange's Corporate Governance Code.

Fees for Non-executive Directors[1]

	Fees per annum (w.e.f. 1 May 2015) HK$	Fees per annum (w.e.f. 1 May 2014) HK$	Fees per annum (w.e.f. 1 May 2013) HK$	Fees per annum (before 1 May 2013) HK$
Board				
Chairman	666,900	629,200	593,600	560,000
Vice Chairman	524,000	494,300	466,400	440,000
Non-executive Director	476,400	449,400	424,000	400,000
Audit Committee				
Chairman	463,800	407,700	358,300	315,000
Member	334,700	293,200	256,800	225,000
Finance & General Committee				
Chairman	397,500	394,900	392,400	390,000
Member	287,400	284,900	282,400	280,000
Human Resources & Remuneration Committee				
Chairman	85,300	68,900	55,700	45,000
Member	58,800	49,400	41,600	35,000
Sustainability Committee				
Chairman	106,100	94,500	84,200	75,000
Member	78,400	69,600	61,900	55,000
Nomination Committee[2]				
Chairman	14,000	14,000	14,000	14,000
Member	10,000	10,000	10,000	10,000
Provident & Retirement Fund Committee[2]				
Chairman	14,000	14,000	14,000	14,000
Member	10,000	10,000	10,000	10,000

Notes:

1 Executive Directors and management serving on the Board and Board Committees are not entitled to any Directors' fees.

2 A nominal fee has been maintained for the Chairman and Member of the Nomination Committee and the Provident & Retirement Fund Committee.

6. Non-executive Directors – Remuneration in 2014

The fees paid to each of our Non-executive Directors in 2014 for their service on the CLP Holdings Board and, where applicable, on its Board Committees are set out below. There was a small increase in total Directors' fees compared to 2013. This was primarily due to an increase in the levels of Non-executive Directors' fees which took effect on 1 May 2014 and the full year service of Dr Rajiv Lall who was appointed in 2013.

Higher levels of fees were paid to Chairmen of the Board and Board Committees and the Vice Chairman of the Board as indicated by "C" and "VC" respectively. Executive Directors and Management serving on the Board and Board Committees are not entitled to any Directors' fees.

In HK$	Board	Audit Committee	Nomination Committee	Finance & General Committee	HR&RC	Provident & Retirement Fund Committee	Sustainability Committee	Total 2014	Total 2013
Non-executive Directors									
The Hon Sir Michael Kadoorie	617,495.88(C)	–	14,000.00(C)	–	–	–	–	**631,495.88**	596,553.42
Mr William Mocatta[1]	485,127.40(VC)	–	–	394,078.09(C)	46,835.61	14,000.00(C)	–	**940,041.10**	902,761.64
Mr Ronald J. McAulay	441,049.32	–	–	–	–	–	–	**441,049.32**	416,109.59
Mr J. A. H. Leigh	441,049.32	–	–	–	–	–	–	**441,049.32**	416,109.59
Mr I. D. Boyce[2]	149,247.12	–	–	99,088.22	–	–	–	**248,335.34**	697,720.55
Mr Andrew Brandler[3]	336,501.38	–	–	214,445.20	–	–	51,805.48	**602,752.06**	–
Dr Y. B. Lee	441,049.32	–	–	–	–	–	–	**441,049.32**	416,109.59
Mr Paul A. Theys[4]	152,940.82	–	–	–	–	–	–	**152,940.82**	416,109.59
Mr Peter P. W. Tse[5]	–	–	–	–	–	–	–	**–**	131,506.85
Independent Non-executive Directors									
Mr V. F. Moore	441,049.32	391,458.90(C)	–	284,078.08	46,835.61	–	–	**1,163,421.91**	1,081,215.07
Professor Judy Tsui[6]	149,247.12	90,853.70	–	–	–	–	21,876.16	**261,976.98**	722,086.29
Sir Rod Eddington[7]	441,049.32	–	–	284,078.08	14,759.45	–	–	**739,886.85**	737,150.69
Mr Nicholas C. Allen	441,049.32	281,232.88	10,000.00	284,078.08	46,835.61	–	67,068.49	**1,130,264.38**	1,053,127.39
Mr Vincent Cheng	441,049.32	–	10,000.00	284,078.08	64,560.27(C)	–	–	**799,687.67**	759,902.74
Mrs Fanny Law	441,049.32	281,232.88	–	–	–	–	67,068.49	**789,350.69**	722,086.29
Ms Irene Lee[8]	441,049.32	281,232.88	–	284,078.08	–	–	45,383.02	**1,051,743.30**	944,065.75
Dr Rajiv Lall	441,049.32	–	–	284,078.08	–	–	–	**725,127.40**	272,883.29
							Total	**10,560,172.34**	10,285,498.33

Notes:

1 Mr William Mocatta also received HK$307,895.90 as fees for his service on the boards of CLP Power Hong Kong Limited, Castle Peak Power Company Limited and Hong Kong Pumped Storage Development Company, Limited. In 2013, he received HK$303,000 as fees for his service on the boards of these companies.

2 Mr I. D. Boyce retired as a Non-executive Director and a member of the Finance & General Committee after the conclusion of the 2014 AGM held on 8 May 2014. The fees paid to Mr Boyce were made on a pro rata basis in respect of his service up to 8 May 2014.

3 As a result of the redesignation as a Non-executive Director, Mr Andrew Brandler is entitled to receive Directors' fees from 1 April 2014 onwards for his service on the Board, Finance & General Committee and Sustainability Committee. The fees paid to Mr Brandler were made on a pro rata basis for 2014.

4 Mr Paul A. Theys resigned as a Non-executive Director following completion of the CAPCO / PSDC Acquisitions on 12 May 2014. The fees paid to Mr Theys were made on a pro rata basis in respect of his service up to 11 May 2014.

5 The fee paid to Mr Peter P. W. Tse (a former Director) is included in the table, solely for the purpose of comparing the total fees paid to Non-executive Directors in 2013 with those in 2014.

6 Professor Judy Tsui retired as an Independent Non-executive Director and a member of the Audit Committee and the Sustainability Committee after the conclusion of the 2014 AGM held on 8 May 2014. The fees paid to Professor Tsui were made on a pro rata basis in respect of her service up to 8 May 2014.

7 Sir Rod Eddington resigned as a member of HR&RC after the conclusion of the 2014 AGM held on 8 May 2014. The fees paid to Sir Rod for his service on the HR&RC were made on a pro rata basis up to 8 May 2014.

8 Ms Irene Lee was appointed as a member of the Sustainability Committee with effect from 8 May 2014. The fees paid to Ms Lee for her service on the Sustainability Committee for 2014 were made on a pro rata basis from 8 May 2014.

7. Change of Remuneration – 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 twelve months ended 31 December 2014 are set out in the tables on page 155 (Executive Directors) and pages 160 to 162 (Senior Management).

The amounts disclosed consist of remuneration accrued or paid for service in 2014 and, for the annual and long-term incentives, service and performance in previous years.

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. As 2014 included three departures and two new hires, there were a significant amount of non-recurring items.

In the tables on page 155 and pages 160 to 162 the Total Remuneration column for 2014 includes the following recurring items:

(i) base compensation, allowances & benefits paid.

(ii) 2014 annual incentive accrued based on previous year Company performance (or pro rata annual incentive paid for departed Senior Management). Additionally, as the Company performance actually achieved in 2013 was higher than the annual incentive accrual for 2013, the difference was added in the current period.

(iii) the 2011 long-term incentive award paid in January 2014 when the vesting conditions were satisfied (the comparative figures are the long-term incentive for 2010 paid in 2013). About 8% of the amount of 2011 long-term incentive payments results from the change in CLP Holdings' share price between 2011 and 2013, with dividends reinvested.

(iv) provident fund contributions made.

The Other Payments column includes the following non-recurring items:

(i) sign-on payments accrued or paid in accordance with the Company's contractual obligation for newly hired Senior Management in consideration of income foregone with their previous employer on joining CLP.

(ii) relocation payments for newly hired Senior Management.

(iii) approved acceleration of long-term incentive payments and any contractual termination payments for departed Senior Management.

8. Executive Directors – Remuneration in 2014

The remuneration paid to the Executive Directors of the Company in 2014 was as follows:

	Recurring Remuneration Items					Non-recurring Remuneration Items	
		Performance Bonus[1]					
	Base Compensation, Allowances & Benefits HK$M	Annual Incentive (2014 Accrual + 2013 Adjustment) HK$M	Long-term Incentive (Payment for 2011) HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
2014							
CEO							
(Mr Richard Lancaster)	7.5	7.7	3.3	0.9	19.4	–	19.4
Executive Director							
(Mr Andrew Brandler)[2]	0.6	–	–	0.1	0.7	–	0.7
	8.1	7.7	3.3	1.0	20.1	–	20.1

		Performance Bonus[1]					
	Base Compensation, Allowances & Benefits HK$M	Annual Incentive (2013 Accrual + 2012 Adjustment) HK$M	Long-term Incentive (Payment for 2010) HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
2013							
CEO							
(Mr Richard Lancaster)[3]	3.4	1.7	–	0.4	5.5	–	5.5
Executive Director							
(Mr Andrew Brandler)[2]	6.6	6.9	4.9	0.8	19.2	14.5	33.7
Group Executive Director – Strategy							
(Mr Peter W. Greenwood)[4]	2.2	5.4	1.1	0.3	9.0	4.4	13.4
	12.2	14.0	6.0	1.5	33.7	18.9	52.6

Notes:

1 Performance bonus consists of (a) annual incentive and (b) long-term incentive. The annual incentive payments and long-term incentive awards were approved by the HR&RC.

Payment of the annual incentive and granting of the long-term incentive awards relating to 2014 performance will be made in March 2015. These payments and awards are subject to the prior approval of the HR&RC after 31 December 2014. Details of these will be published on the CLP website at the time that the 2014 Annual Report is published.

2 After stepping down as the CEO on 30 September 2013, Mr Andrew Brandler was employed in a limited capacity by the Company until 31 March 2014 on a remuneration equivalent to the Directors' fees payable on a pro rata basis for service on the boards and committees of the Company and EnergyAustralia on which he continued to serve. His entitlement to annual incentive for 2013 was ceased on 30 September 2013 and fully paid out with long-term incentive in 2013. No annual incentive and long-term incentive awards were made to Mr Andrew Brandler in 2014. The other payments of HK$14.5 million in 2013 included (a) accelerated payment of long-term incentive for 2011, 2012 and 2013 (HK$14.4 million) and (b) encashment of untaken annual leave (HK$0.1 million).

3 Mr Richard Lancaster was appointed as Executive Director of the Company with effect from 3 June 2013 and was appointed as the CEO to succeed Mr Andrew Brandler with effect from 30 September 2013. The remuneration for 2013 covered the period from 3 June 2013 to 31 December 2013.

4 Mr Peter W. Greenwood retired from his position as Group Executive Director – Strategy and also as a Director of the Company on 19 May 2013. The annual incentive for the years 2012 and 2013 was HK$5.4 million. This figure included the additional discretionary annual incentive for year 2013 of HK$2.0 million. The annual incentive and long-term incentives for the year 2013 were made on a pro rata basis for his service up to 19 May 2013. The other payments of HK$4.4 million included (a) accelerated payment of long-term incentive for 2011, 2012 and 2013 (HK$4.1 million) and (b) encashment of untaken annual leave (HK$0.3 million).

The Group does not have, and has never had, a share option scheme. No Executive Director has a service contract with the Company or any of its subsidiaries with a notice period in excess of six months or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

9. Total Directors' Remuneration in 2014

The total remuneration of Non-executive and Executive Directors in 2014 was:

	2014 HK$M	2013 HK$M
Fees	11	10
Recurring Remuneration Items		
Base compensation, allowances and benefits in kind	8	12
Performance bonus[1]		
– Annual incentive	8	14
– Long-term incentive	3	6
Provident fund contributions	1	2
Non-recurring Remuneration Item		
Other payments	–	19
	31	63

Note:
1 Refer to Note 1 on performance bonus on page 155.

Of the total remuneration paid to Directors, HK$6 million (2013: HK$8 million) has been charged to the SoC operation.

10. Senior Management – Principles of Remuneration

For the purposes of this Section, Senior Management means the managers whose details are set out on page 109.

CLP's Senior Management Remuneration Policy is an important element of the Group's strategy and an expression of its culture. It is designed to attract, retain and motivate high performing executives – who for their technical and managerial skills and their diversity in terms of origin and experience – are a key factor in support of CLP's long-term business success and the creation of value for our stakeholders.

The design of our Senior Management remuneration programmes and the pay opportunities are influenced by the characteristics of our business and the market from which we compete for executive talent.

Given the scale and life-span of CLP's investments, and the array of stakeholders impacted by our operations, CLP takes a long-term view to remunerating its executives for their contributions to the Company's sustainable, profitable growth.

Our Senior Managers are, depending on their role, responsible for a mix of businesses: a vertically-integrated regulated business in Hong Kong, a competitive wholesale and retail energy provider in Australia, and an independent power producer in Mainland China, India, Southeast Asia and Taiwan. Hence, the structure of our remuneration packages is assessed in terms of appropriateness to the role and alignment with the reference market.

The labour market for our Chief Executive Officer and most other Senior Managers extends beyond the local market. Hence, there are different reference markets for purposes of competitive remuneration assessments.

We emphasise strong management development, succession planning and job mobility to fill vacancies for executive positions, as we believe that a long-term career with the Group is an important asset to CLP and consequently external competitiveness has to be balanced with internal equity.

Our policy is based on the following principles that guide our remuneration programmes and decisions:

- appropriateness and fairness of remuneration in relation to the assigned job responsibilities and capabilities demonstrated;
- alignment with Company strategy and shareholder interests;
- competitive with respect to pay levels in the relevant reference market;
- performance based in terms of sustained results, behaviours and values; and
- governed by and compliant with the relevant regulatory frameworks.

In order to make informed decisions on competitive Total Remuneration as well as its individual components, the HR&RC takes reference from remuneration data for comparable positions at relevant local and, as appropriate, international companies that are representative of CLP's industry, size and operational characteristics and against which CLP competes for executive talent.

To assess appropriate remuneration levels for Senior Management positions, the HR&RC may give different weight to local and international company remuneration data, and target Total Remuneration reflects both market conditions and the scope and complexity of the role. The comparative analysis is carried out by taking into account specific groups of comparator companies to ensure alignment with the reference market.

The competitive assessment against comparator companies is used both for assessing CLP's relative performance and for assessing the competitiveness of the remuneration packages.

As publicly disclosed comparator information is available for only a limited number of senior management positions, we supplement peer data from published remuneration surveys.

Our Senior Management pay structure consists of fixed pay, annual incentives, deferred remuneration and a retirement arrangement, with the exception of the Managing Director – EnergyAustralia, whose pay structure is aligned with Australian market practice. The ratio between these components reflects CLP's risk management framework that does not induce excessive risk taking and is designed to promote commitment in contributing to the achievement of sustainable results.

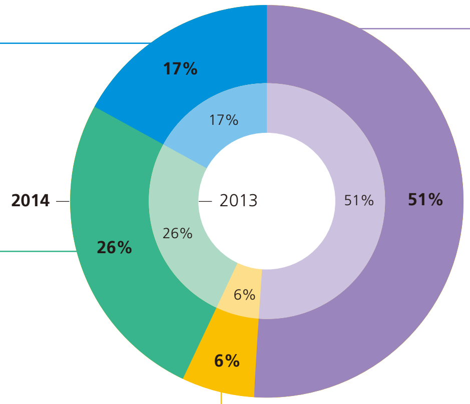
In determining incentive payments and Total Remuneration the HR&RC takes into account a broad range of performance indicators including financial (e.g. long-term growth in the share price and dividends), operational, safety, environmental, social, governance and compliance related factors. The determination of performance outcomes is not formulaic, as the Committee believes their overriding responsibility is to exercise judgment and responsibility.

In determining overall Total Remuneration the HR&RC applies a balanced overall judgment, with the intention to align Total Remuneration between the median and the upper quartile of the reference market, with overall positioning consistent with business performance and with individual positioning based on an assessment of performance, potential and the strategic impact of the individual.

An independent external remuneration consultant provides the HR&RC and top management with relevant market information and analysis, with special reference to current practices amongst our comparator companies at the local and international level.

The four components of remuneration of members of Senior Management are explained in the diagram on the following pages, including the proportion of target total remuneration which each component represented in both 2013 and 2014.

Senior Management's Remuneration[1] (excluding Managing Director – EnergyAustralia)



Base Compensation

Base Compensation is reviewed annually and takes into consideration the competitive position against the relevant labour market, the responsibilities assigned and individual performance.

Pension Arrangement

The members of Senior Management are eligible to join the Group's defined contribution retirement fund. The Group's contribution to the retirement fund amounts to a maximum of 12.5% of base compensation, subject to a 5% contribution by the employee. This accounts for 6% of his / her target total remuneration in 2014.

Annual Incentive

The Annual Incentive depends on the performance of the CLP Group for the Chief Executive Officer and Hong Kong based members of Senior Management. For the Managing Director of India and Managing Director of Australia it is based on the performance of India and Australia respectively.

Each member of Senior Management is assigned a "target" annual incentive of 50% of Base Compensation, which accounted for 26% of his / her total remuneration in 2014. The amount of annual incentive is capped at twice the "target" annual incentive (although this cap may be exceeded in exceptional cases where a discretionary additional annual incentive is awarded by the Committee), with the actual amount being determined by the overall assessment of organisational performance.

A payout was made in 2014, based on an overall assessment of the 2013 performance of the Group. The average payout to this group in 2014 was 81.9% of the Base Compensation as at 31 December compared to 79% in 2013.

Long-term Incentive

Awards under the Long-term Incentive (LTI) plan are based on organisational performance and support the retention of Senior Management. Each of the Senior Management members is assigned a "target" LTI of 33.3% of Base Compensation, which accounts for 17% of his / her total remuneration in 2014. The composition of the LTI award:

Target LTI award set at the beginning of 2014 × Performance multiplier (Performance for the year preceding that in which the award is made) = Actual LTI award:
a) A minimum of 75% of the award and up to a maximum of 100% allocated to CLP Holdings phantom shares
b) The remainder of the award up to a maximum of 25% is allocated to a notional cash deposit

→ Payment of LTI award will be made in 2017

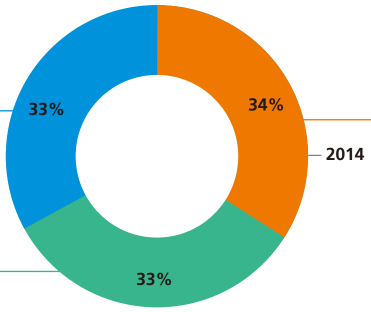
The final value of the award, at the vesting date, is based on the initial choices made and the subsequent impact of changes in share price, dividend reinvestment, exchange rate movements, and interest earned during the three-year vesting period.

Note:

1 Mrs Betty Yuen had different arrangements affecting the proportion of target total remuneration with which each component represented in 2013. The proportions of her 2013 target total remuneration were Base Compensation (61%), Annual Incentive (31%) and Pension (8%) as she did not participate in the LTI. The HR&RC approved her participation in the LTI scheme effective 1 January 2014 to reflect an increase in her responsibilities and to align with other Hong Kong based Senior Management.

The remuneration components for Ms Catherine Tanna who joined as Managing Director – EnergyAustralia on 1 July 2014 are explained below:

Remuneration for Catherine Tanna, Managing Director – EnergyAustralia



Fixed Annual Remuneration (FAR)

FAR includes base salary and employer contribution to the Australian statutory superannuation scheme. It is reviewed annually taking into consideration the competitive market position compared to ASX 100 companies, market practice and individual performance.

Annual Incentive

Ms Tanna was assigned a "target" annual incentive of 100% of FAR, which accounted for 33% of her total remuneration in 2014. The annual incentive payout depends upon the performance of EnergyAustralia. Key measures include achievement of financial and non-financial goals.

The amount of annual incentive is capped at 150% of the "target" annual incentive i.e. 150% of FAR. The actual payout of Ms Tanna's Annual Incentive will be approved by the Board of EnergyAustralia. 70% of her actual Annual Incentive for 2014 will be paid in 2015 with the remainder of the actual Annual Incentive deferred for 2 years, payable in 2017.

Long-term Incentive

Ms Tanna was assigned an LTI Award of 100% of FAR, pro rata to service in 2014.

The final 2014 LTI award value to be paid will be decided by the EnergyAustralia Board, depending on the achievement of the LTI Performance Conditions.

The terms and conditions of the LTI plan are currently under review by the Nomination & Remuneration Committee of EnergyAustralia.

Upon determination of the Final Award Value, 100% of that value (subject to the discretion of the Nomination & Remuneration Committee of EnergyAustralia) will be paid to Ms Tanna in April 2017 (the Vesting Date).

11. Senior Management – Remuneration in 2014

Senior Management comprises the Executive Director and managers listed below. Details of their remuneration (excluding Executive Director) are set out in the table below.

	Recurring Remuneration Items					Non-recurring Remuneration Items	
		Performance Bonus[1]					
	Base Compensation, Allowances & Benefits HK$M	Annual Incentive (2014 Accrual + 2013 Adjustment) HK$M	Long-term Incentive (Payment for 2011) HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
2014							
Group Director & Chief Financial Officer (Mr Mark Takahashi)[2]	1.2	2.5	3.2	0.2	7.1	12.2	19.3
Group Director & Chief Financial Officer (Mr Geert Peeters)[3]	5.5	3.6	–	0.7	9.8	10.8	20.6
Vice Chairman – CLP Power Hong Kong (Mrs Betty Yuen)[4,5]	3.6	4.5	–	0.4	8.5	–	8.5
Managing Director – CLP Power (Mr Paul Poon)[6]	4.6	4.7	1.9	0.6	11.8	–	11.8
Managing Director – EnergyAustralia (Mr Richard McIndoe)[7]	5.8	1.8	5.4	0.1	13.1	16.5	29.6
Managing Director – EnergyAustralia (Ms Catherine Tanna)[8]	6.0	6.3	–	0.1	12.4	7.1	19.5
Group Director – Operations (Mr Peter Littlewood)[9]	1.0	2.1	2.7	0.1	5.9	5.3	11.2
Managing Director – India (Mr Rajiv Mishra)[10]	3.3	2.3	1.9	0.4	7.9	–	7.9
Managing Director – China (Mr Chan Siu Hung)	3.4	3.4	1.5	0.4	8.7	–	8.7
Group General Counsel & Chief Administrative Officer (Mr David Simmonds)	4.2	4.3	1.8	0.5	10.8	–	10.8
Chief Corporate Development Officer (Ms Quince Chong)[11]	4.2	4.1	–	0.5	8.8	–	8.8
Director – Group Human Resources (Mr Roy Massey)	2.7	2.5	1.7	0.3	7.2	–	7.2
Total	45.5	42.1	20.1	4.3	112.0	51.9	163.9

Notes 1 to 11 are set out on pages 161 and 162.

	Recurring Remuneration Items					Non-recurring Remuneration Items	
		Performance Bonus[1]					
	Base Compensation, Allowances & Benefits HK$M	Annual Incentive (2013 Accrual + 2012 Adjustment) HK$M	Long-term Incentive (Payment for 2010) HK$M	Provident Fund Contribution HK$M	Total Remuneration HK$M	Other Payments HK$M	Total HK$M
2013							
Group Director & Chief Financial Officer (Mr Mark Takahashi)	4.9	3.6	2.8	0.6	11.9	–	11.9
Vice Chairman – CLP Power Hong Kong[4,5]	3.5	3.3	–	0.4	7.2	–	7.2
Group Director – Managing Director Hong Kong (Mr Richard Lancaster)[12,13]	2.1	2.2	3.0	0.3	7.6	–	7.6
Managing Director – CLP Power[6,14]	1.1	0.6	–	0.1	1.8	–	1.8
Managing Director – EnergyAustralia (Mr Richard McIndoe)[15]	11.4	(1.2)	3.3	0.1	13.6	2.0	15.6
Group Director – Operations	4.1	3.2	2.3	0.5	10.1	–	10.1
Managing Director – India	3.2	2.2	2.0	0.4	7.8	–	7.8
Managing Director – China[16]	0.4	0.2	–	–	0.6	–	0.6
Group General Counsel & Chief Administrative Officer[16]	0.4	0.2	–	0.1	0.7	–	0.7
Chief Corporate Development Officer[16]	0.4	0.2	–	0.1	0.7	–	0.7
Director – Group Human Resources[17]	0.2	0.1	–	–	0.3	–	0.3
Total	31.7	14.6	13.4	2.6	62.3	2.0	64.3

Notes:

1 Refer to Note 1 on performance bonus on page 155.

2 Mr Mark Takahashi left the Company on 31 March 2014. The other payments of HK$12.2 million included (a) retention award (HK$6.5 million) for remaining in service until 31 March 2014 to facilitate the transition to a new Chief Financial Officer, (b) accelerated payment of long-term incentive for 2012, 2013 and 2014 (HK$5.6 million) and (c) encashment of untaken annual leave (HK$0.1 million). The annual incentive and the long-term incentive for the year 2014 were made on a pro rata basis for his service up to 31 March 2014.

3 Mr Geert Peeters joined the Company on 1 February 2014. The other payments of HK$10.8 million included (a) a relocation payment (HK$0.1 million) and (b) a sign-on award of HK$10.7 million to be made in three payments over three years. The 1st instalment of the sign-on award (HK$5.7 million) was paid in March 2014. The 2nd (HK$2.5 million) and 3rd instalments (HK$2.5 million) were accrued in 2014 in accordance with the contractual obligation to pay and will be paid in March 2015 and March 2016. The sign-on award is to compensate for income lost as a result of forfeiture of pension contributions and incentive awards with his previous employer on joining CLP. On relocation costs, there were also relocation expenses of HK$0.4 million directly settled by CLP for Mr Geert Peeters to the service providers.

4 The annual incentives paid to Mrs Betty Yuen in 2014 and 2013 included additional discretionary annual incentives of HK$1.0 million for 2013 and HK$0.8 million for 2012 performance respectively.

5 HK$1.2 million of total remuneration (2013: HK$0.8 million) for Mrs Betty Yuen was charged to the Non-SoC operation.

6 HK$0.8 million of total remuneration (2013: HK$0.7 million) for Mr Paul Poon was charged to the Non-SoC operation.

7 Mr Richard McIndoe left the Company on 30 June 2014. The annual incentive payment was approved by the EnergyAustralia Board following consultation between the CEO, the Chairman of the EnergyAustralia Nomination and Remuneration Committee and members of the HR&RC. The long-term incentive of HK$5.4 million included the 2011 additional discretionary long-term incentive award of HK$1.6 million. The other payments of HK$16.5 million included (a) Australian tax equalisation (HK$3.0 million) for the 2011 long-term incentive award, (b) a final payment consisting of a contractual termination payment of 12 months Fixed Annual Remuneration (HK$11.0 million) and (c) encashment of untaken annual and long service leave (HK$2.5 million) paid in accordance with Australian law. The remuneration of Mr Richard McIndoe is denominated in Australian dollars. The month end exchange rates prevailing at the month of payment were adopted for conversion to Hong Kong dollars.

8 Ms Catherine Tanna joined the Company on 1 July 2014. The other payments of HK$7.1 million included (a) provision of relocation expenses of HK$1.8 million to be reimbursed by end of December 2015 and (b) sign-on award of HK$5.3 million including HK$2.7 million paid in July 2014 and HK$2.6 million accrued on pro rata to service basis. According to the employment contract, the sign-on award of HK$2.7 million was paid in July 2014 and the balance of HK$12.0 million will be paid in September 2016 or on pro rata to service if she leaves before that date. The sign-on award is to compensate for income lost as a result of forfeiture of incentive awards with her previous employer on joining CLP. 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.

9 Mr Peter Littlewood left the Company on 31 March 2014. The other payments of HK$5.3 million included (a) accelerated payment of long-term incentive for 2012, 2013 and 2014 (HK$5.1 million) and (b) encashment of untaken annual leave (HK$0.2 million). The annual incentive and the long-term incentive for the year 2014 were made on a pro rata basis for his service up to 31 March 2014.

10 The remuneration of Mr Rajiv Mishra is denominated in Indian Rupees. There is a temporary currency relief arrangement for Mr Rajiv Mishra for 2 years from 1 October 2013 to 30 September 2015 where 50% of his base salary and annual incentive payment in Rupees are converted to pay in Hong Kong dollars at an exchange rate of 1 HKD = 7.4 Rupees. 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.

11 HK$2.9 million (2013: HK$0.1 million) of total remuneration for Ms Quince Chong was charged to the Non-SoC operation.

12 Mr Richard Lancaster has been appointed as Executive Director from 3 June 2013 and was appointed as the Chief Executive Officer from 30 September 2013. The remuneration covered the period from 1 January to 2 June 2013. The long-term incentive for year 2010 included additional discretionary long-term incentive of HK$0.7 million paid to him in 2013.

13 HK$1.0 million of total remuneration for Mr Richard Lancaster was charged to the Non-SoC operation.

14 Mr. Paul Poon has become member of Senior Management from 30 September 2013 and his remuneration covered the period from that date to 31 December 2013.

15 No accrual was made for the annual incentive for Mr Richard McIndoe for year 2013. The negative figure represents the reversal of over-accrual made in 2012. Other payments of HK$2.0 million was Australia tax equalisation for the long-term incentive for year 2010.

16 Mr Chan Siu Hung, Mr David Simmonds and Ms Quince Chong have become members of Senior Management from 19 November 2013 and their remuneration covered the period from that date to 31 December 2013.

17 Mr Roy Massey has become member of Senior Management from 9 December 2013 and his remuneration covered the period from that date to 31 December 2013.

The five highest paid individuals in the Group included one Director (2013: three Directors), two members and two former members of Senior Management (2013: one member of Senior Management and one former senior executive of the Group). The total remuneration of the five highest paid individuals in the Group is shown below:

	2014 HK$M	2013 HK$M
Recurring Remuneration Items		
Base compensation, allowances and benefits in kind	26	27
Performance bonus[1]		
– Annual incentive	22	17
– Long-term incentive	12	14
Provident fund contributions	2	2
Non-recurring Remuneration Item		
Other payments	46	28
	108	88

Note:

1 Refer to Note 1 on performance bonus on page 155.

The remuneration paid to these five individuals is within the following bands:

	Number of Individuals 2014	2013		Number of Individuals 2014	2013
HK$12,500,001 – HK$13,000,000	–	1	HK$13,000,001 – HK$13,500,000	–	2
HK$15,500,001 – HK$16,000,000	–	1	HK$19,000,001 – HK$19,500,000	2	–
HK$19,500,001 – HK$20,000,000	1	–	HK$20,500,001 – HK$21,000,000	1	–
HK$29,500,001 – HK$30,000,000	1	–	HK$33,500,001 – HK$34,000,000	–	1

12. Continued Scrutiny and Disclosure

The HR&RC remains committed to the careful oversight of remuneration policies and levels in the interests of the Company and its shareholders, and to honest and open disclosure on these matters.

Vincent Cheng
Chairman, Human Resources & Remuneration Committee
Hong Kong, 26 February 2015

The Chairman and fellow Directors meet our staff at the Jhajjar Power Station

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report together with the audited Financial Statements for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding and those of its subsidiaries are the generation and supply of electricity. The Company's principal subsidiary companies are listed under Note 14 to the Financial Statements.

Consolidated Financial Statements

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries (collectively referred to as the Group) together with the Group's interests in joint ventures, joint operations and associate. Details of the joint ventures and associate are provided under Notes 15 and 16 to the Financial Statements.

Earnings and Dividends

The earnings of the Group for the year are set out under the consolidated statement of profit or loss.

The Directors have declared and paid the first to third interim dividends of HK$1.62 (2013: HK$1.59) per share totalling HK$4,093 million (2013: HK$4,017 million) during the year.

The Directors declared the fourth interim dividend of HK$1.00 (2013: HK$0.98) per share totalling HK$2,526 million (2013: HK$2,476 million).

This fourth interim dividend will be paid on 24 March 2015.

Business Review and Performance

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the CEO's Strategic Review, Financial Review, Financial Capital and the Performance and Business Outlook sections respectively from pages 11 to 17, pages 28 to 41, pages 80 to 89 and pages 42 to 77 of this Annual Report. Description of the principal risks and uncertainties facing the Company can be found throughout this Annual Report, particularly in the Risk Management Report from pages 132 to 141. Particulars of important events affecting the Company that have occurred since the end of the financial year 2014, if any, can also be found in the abovementioned sections and the Notes to the Financial Statements. The outlook of the Company's business is discussed throughout this Annual Report including in the Chairman's Statement from pages 7 to 10 of this Annual Report. An account of the Company's relationships with its key stakeholders is included in the Capitals section from pages 80 to 103 of this Annual Report and the 2014 Sustainability Report available online. SR

In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company, are provided in the Sustainability Report. SR

Share Capital

Details of the movements in the share capital of the Company during the year are set out in Note 28 to the Financial Statements. There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the year.

Reserves

Distributable reserves of the Company amounted to HK$28,026 million as at 31 December 2014 (2013: HK$27,751 million). Movements in the reserves of the Group and the Company during the year are set out under the consolidated statement of changes in equity and Note 29 to the Financial Statements.

Fixed Assets

Additions to the fixed assets of the Group for the year totalled HK$9,144 million, comprising HK$8,557 million in owned assets (generation, transmission and distribution equipment and buildings) and HK$587 million in leased assets. In 2013, a total addition of HK$12,049 million was recorded, made up of HK$8,547 million for owned assets and HK$3,502 million for leased assets. Details of movements in the fixed assets of the Group are shown under Note 12 to the Financial Statements.

Bank Loans and Other Borrowings

The total borrowings of the Group as at 31 December 2014 amounted to HK$67,435 million (2013: HK$56,051 million). Particulars of borrowings are set out in Note 23 to the Financial Statements.

Financial Assistance and Guarantees to Affiliated Companies

The financial assistance given to affiliated companies and the guarantees given for facilities granted to affiliated companies aggregated to 0.6% of the Group's total assets as at 31 December 2014.

Finance Costs Capitalised

Finance costs amounting to HK$296 million (2013: HK$271 million) were capitalised by the Group during the year as set out in Note 7 to the Financial Statements.

Equity-linked Agreements

For the year ended 31 December 2014, the Company has not entered into any equity-linked agreement.

Donations

Donations by the Group for charitable and other purposes amounted to HK$12,019,000 (2013: HK$8,449,000).

Five-year Summary

A summary of the results for the year and of the assets and liabilities of the Group as at 31 December 2014 and for the previous four financial years are on pages 274 and 275 of this Annual Report. A ten-year summary is on the CLP website.

Senior Management

The biographical details of the Senior Management as at the date of this Report are set out on page 109 of this Annual Report. Details of their remuneration are set out in the Human Resources & Remuneration Committee Report at page 150 of this Annual Report.

Major Customers and Suppliers

Sales to the Group's five largest customers together represented less than 30% of the Group's total turnover during the year. Purchases from the Group's five largest suppliers together accounted for 38.597% of the Group's total purchases during the year. The five largest suppliers are set out below in descending order:

1. 13.020% from Ausgrid in which the Group has no interest. EnergyAustralia pays the distribution charges to Ausgrid which owns and operates the electricity distribution network that provides services to customers located in Sydney, the Central Coast and Hunter regions of NSW. EnergyAustralia also pays charges to Ausgrid for certain core services in relation to the operation of EnergyAustralia Retail under the Transition Services Agreement between EnergyAustralia and Ausgrid.
2. 10.713% from Australian Energy Market Operator (AEMO) in which the Group has no interest. AEMO is the administrator and operator of the Australian energy market, from whom electricity is bought to supply EnergyAustralia group customers and to whom electricity is sold from EnergyAustralia group generators.
3. 6.640% from Castle Peak Power Company Limited (CAPCO) when CAPCO was 40% owned by CLP Power Hong Kong Limited (CLP Power Hong Kong). Before completion of CAPCO / PSDC Acquisitions which took place on 12 May 2014 (Completion), Mr David W. Moore, Mr William Mocatta and Mr Richard Lancaster were directors of CAPCO. After Completion, Mr David W. Moore resigned from the board of CAPCO whilst Mr William Mocatta and Mr Richard Lancaster remain on the board of CAPCO as its chairman and director respectively. CAPCO supplies electricity to CLP Power Hong Kong only and is currently 70% owned by CLP Power Hong Kong which is a wholly-owned subsidiary of the Company.
4. 4.261% from Clean Energy Regulator in which the Group has no interest. The Clean Energy Regulator is the Government body responsible for administering legislation to reduce carbon emissions and increase the use of clean energy under which EnergyAustralia is a liable entity to pay the administration fees. The Clean Energy Regulator administers the National Greenhouse and Energy Reporting (NGER) Scheme, Carbon Pricing Mechanism (abolished from 1 July 2014), Carbon Farming Initiative, and the Renewable Energy Target.
5. 3.963% from Guangdong Nuclear Investment Company, Limited in which the Group has no interest.

As at 31 December 2014, Bermuda Trust Company Limited, Guardian Limited, Harneys Trustees Limited, Lawrencium Holdings Limited, Lawrencium Mikado Holdings Limited, The Magna Foundation, Mikado Investments (PTC) Limited (formerly known as Mikado Investments Limited), The Mikado Private Trust Company Limited, New Mikado Holding Inc. (formerly known as Mikado Holding Inc.), Oak CLP Limited, Oak (Unit Trust) Holdings Limited, The Oak Private Trust Company Limited, The Hon Sir Michael Kadoorie, Lady Kadoorie, Mr Ronald J. McAulay, Mr J. A. H. Leigh and Mr R. Parsons who are substantial shareholders of the Company, had indirect interests in CAPCO, which interests arose from the Company's interest in CAPCO.

Directors

The Directors of the Company as at the date of this Report, whose names appear on pages 106 and 107 of this Annual Report, were Directors for the whole year. Their biographical details as at the date of this Report are set out on the same pages. Details of Directors' remuneration are set out in the

Human Resources & Remuneration Committee Report at page 150 of this Annual Report.

Mr Andrew Brandler was re-designated as a Non-executive Director with effect from 1 April 2014.

Professor Judy Tsui retired as an Independent Non-executive Director effective from the conclusion of the 2014 Annual General Meeting (AGM) held on 8 May 2014.

Mr I. D. Boyce retired as a Non-executive Director with effect from the conclusion of the 2014 AGM held on 8 May 2014.

Mr Paul A. Theys resigned as a Non-executive Director following completion of the CAPCO / PSCD Acquisitions on 12 May 2014.

Under the existing Articles of Association of the Company, all the Directors are subject to retirement by rotation and re-election at the AGM. In accordance with Article 103 of the Company's Articles of Association, Mr William Mocatta, Mr Vernon Moore, Mr Vincent Cheng, The Hon Sir Michael Kadoorie and Mr Andrew Brandler will retire by rotation at the 2015 AGM. All the retiring Directors, being eligible, offer themselves for re-election. None of the Directors offering themselves for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation.

No contracts of significance in relation to the Group's business to which the Company or any of its fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

Alternate Directors

As at the date of this Report, Mr Andrew Brandler is alternate to Mr Ronald J. McAulay and Mr William Mocatta (appointed with effect from 8 May 2014).

During the year ended 31 December 2014, Mr I. D. Boyce was alternate to Mr Ronald J. McAulay and Mr William Mocatta from 1 January 2014 to 8 May 2014 and Mr David William Moore was alternate to Mr Paul A. Theys from 1 January 2014 to 12 May 2014.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2014 or during the period from 1 January 2015 to the date of this Report are available on the CLP website.

Permitted Indemnity

Pursuant to the Company's Articles of Association, subject to the statues, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he / she may sustain or incur in the execution of his / her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Continuing Connected Transactions

Subsequent to the completion of acquisitions of interests in CAPCO by each of CLP Power Hong Kong and China Southern Power Grid International (HK) Co., Limited ("CSG HK") on 12 May 2014 (the "Acquisition"), CSG HK (effectively China Southern Power Grid Co., Ltd. and its subsidiaries (collectively the "CSG Group")), which holds a 30% interest in CAPCO, a non wholly-owned subsidiary of CLP Holdings, has become a connected person of CLP Holdings at the subsidiary level under Chapter 14A of the Listing Rules. The ongoing transactions entered into between members of the CSG Group and the CLP Group prior to the completion, which had been announced on 12 May 2014, together with any new transactions with CSG Group members, became connected transactions of CLP Holdings as from the completion of the Acquisition.

Since 12 May 2014, continuing connected transactions (CCTs) (including power sales contracts, power purchase agreements (PPAs), grid connection contracts (GCCs) and other associated agreements with members of the CSG Group) have been entered into / renewed / rolled-over (collectively the "Transactions") during the course of 2014. As disclosed in the 2 January 2015 announcement, these Transactions, after aggregating with the Fangchenggang I Power Purchase Agreement ("FCG I PPA") that was renewed on 1 January 2015, exceeded 1% but less than 5% of the relevant percentage ratios under the Listing Rules, and are therefore subject to the disclosure requirements under the Listing Rules.

Set out below are the details of the CCTs which are required to be disclosed pursuant to Rule 14A.49 and 14A.71 of the Listing Rules. The consideration for 2014 represents the value of the relevant CCTs for the full 12 months for 2014.

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
CLP Power electricity sales to Mainland China							
1.	Power Sales Contract effective from 10 February 2012, and three related supplemental agreements dated 4 July 2012, 21 November 2012 and 26 November 2014 respectively.	CLP Power, a wholly-owned subsidiary of the Company.	Guangdong Power Grid Co., Ltd. ("GPG"), a subsidiary of CSG. Guangdong Guang-hua Industry Import and Export Co. Ltd, as payment agent of GPG, a subsidiary of CSG.	From 10 February 2012 to 31 December 2015 (as extended).	Sale of electricity by CLP Power to GPG.	Payment is based on the number of GWh sold as to be agreed between the parties and multiplied by an arm's length tariff negotiated between the parties. The tariff is determined after taking into account available market information and the relevant cost.	HK$185.85 million
The Huaiji hydro project							
2.	Zelian Hydro Station PPA and GCC Date: PPA: Automatically renewed on 23 July 2013 and 23 July 2014 respectively. Current period covers 23 July 2014 to 22 July 2015. GCC: 30 September 2009	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	PPA: The agreement was originally entered into in respect of the period from 23 July 2009 to 22 July 2010 and automatically extended for successive one year periods since then. Renewal is automatic unless one party gives a notice of objection to the other party at the expiry of each one year period and the parties cannot reach an agreement within 30 days of that objection in relation to continuing the contract for a further year. GCC: no term is specified. As such, the GCC continues indefinitely unless and until terminated by both parties, but in practice will fall away when the PPA is terminated.	The PPA governs the sale of electricity by the relevant CLP Group company to GPG. The GCC sets out the operational and technical provisions relating to grid connection and enables the flow of power from the power station to the grid. The PPA is subject to the operational GCC being in place at all relevant times.	Payment under the PPA is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff, determined by the Zhaoqing City Price Bureau. This tariff is published at Zhaoqing Price Bureau Document ZhaoJia [2012] No. 67 and is updated from time to time. The above pricing also applies to Contracts 3-8. No fee is payable under the GCC.	HK$4.62 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
3.	Longzhongtan Hydro Station PPA and GCC Date: As in Contract 2 above.	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	As in Contract 2 above.	As in Contract 2 above.	As in Contract 2 above.	HK$2.73 million
4.	Jiaoping Hydro Station PPA and GCC Date: As in Contract 2 above.	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	As in Contract 2 above.	As in Contract 2 above.	As in Contract 2 above.	HK$2.05 million
5.	Xiazhu Hydro Station PPA and GCC Date: As in Contract 2 above.	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	As in Contract 2 above.	As in Contract 2 above.	As in Contract 2 above.	HK$8.36 million
6.	Shuixia Hydro Station PPA and two GCCs Date: PPA: Automatically renewed on 23 February 2013 and 23 February 2014 respectively. Subsequently on 28 July 2014, a new PPA was signed in respect of the period from 28 July 2014 to 27 July 2015. GCCs: Entered into on 20 October 2010 with the same term as PPA. Subsequently on 28 July 2014, two new GCCs were signed and both in practice will fall away when PPA is terminated.	Guangdong Huaiji Weifa Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	PPA : The agreement was originally entered into in respect of the period from 23 February 2012 to 22 February 2013 and automatically extended for successive one year periods since then. Renewal is automatic unless one party gives a notice of objection to the other party at the expiry of each one year period and the parties cannot reach an agreement within 30 days of that objection in relation to continuing the contract for a further year. Subsequently on 28 July 2014, a new PPA was signed in replacement of the then existing PPA at the same automatic renewal terms. GCCs: One agreement was originally entered into on 20 October 2010 with the same term as the PPA. Subsequently on 28 July 2014, two new GCCs were signed in replacement of the then existing GCC.	As in Contract 2 above.	As in Contract 2 above.	HK$34.10 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
7.	Niuqi Hydro Station Connection Contract (equivalent to a PPA) and GCC Date: PPA: Automatically renewed on 12 January 2013 and 12 January 2014 respectively. Current period covers 12 January 2014 to 11 January 2015. GCC: 22 October 2010 and same term as the PPA.	Guangdong Huaiji Xinlian Hydro-electric Power Company Limited, a subsidiary of the Company.	GPG, a subsidiary of CSG.	PPA: The agreement was originally entered into in respect of the period from 12 January 2009 to 11 January 2010 and automatically extended for successive one year periods since then. Renewal is automatic unless one party gives a notice of objection to the other party at the expiry of each one year period and the parties cannot reach an agreement within 30 days of that objection in relation to continuing the contract for a further year. GCC: the same term as per the PPA.	As in Contract 2 above.	As in Contract 2 above.	HK$28.57 million
8.	Baishuihe Four Hydro Stations PPA and GCC Date: PPA: Automatically renewed on 23 February 2013 and 23 February 2014 respectively. Current period covers 23 February 2014 to 22 February 2015. GCC: 9 October 2007	Guangdong Huaiji Changxin Hydro-electric Power Company Limited Guangdong Huaiji Gaotang Hydro-electric Power Company Limited Guangdong Huaiji Weifa Hydro-electric Power Company Limited Guangdong Huaiji Xinlian Hydro-electric Power Company Limited All of the above companies are subsidiaries of the Company.	GPG, a subsidiary of CSG.	PPA: The agreement was originally entered into in respect of the period from 23 February 2012 to 22 February 2013 and automatically extended for successive one year periods since then. Renewal is automatic unless one party gives a notice of objection to the other party at the expiry of each one year period and the parties cannot reach an agreement within 30 days of that objection in relation to continuing the contract for a further year. GCC: no term is specified. As such, the GCC continues indefinitely unless and until terminated by both parties, but in practice will fall away when the PPA is terminated.	As in Contract 2 above.	As in Contract 2 above.	HK$175.73 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
9.	Cuizhu Transmission Line Maintenance Contract Date: 31 March 2011	Guangdong Huaiji Gaotang Hydro-electric Power Company, a subsidiary of the Company.	GPG, a subsidiary of CSG.	Continuingly valid, but, in practice, will fall away when the relevant PPA (item 8 above) is terminated.	Asset and obligation sharing in relation to the Hydro Station for Guangdong Huaiji Gaotang Hydro-electric Power Company Limited (refer to item 8 above).	No fee is payable.	Not applicable
	Aggregated total consideration for the Huaiji hydro project						HK$256.16 million
The Yang_er hydro project							
10.	Yang_er Hydro Project PPA and GCC Date: PPA: 21 April 2014 in respect of the period from 1 January to 31 December 2014. GCC: Entered into on 18 April 2013 in respect of the period from 18 April 2013 to 17 April 2014 and continuingly valid. Subsequently on 9 July 2014, a new GCC was signed for a one year period.	Dali Yang_er Hydropower Development Co., Ltd ("Dali Yang_er"), a wholly-owned subsidiary of the Company.	Yunnan Power Grid Company ("Yunnan Gridco"), a subsidiary of CSG.	PPA: The agreement was originally entered into on 19 August 2009. A written agreement was last entered into on 21 April 2014 in respect of the extension for a one year period from 1 January to 31 December 2014. GCC: The agreement was originally entered into in respect of the period from 18 April 2013 to 17 April 2014 and continuingly valid until signing of a new GCC. Subsequently on 9 July 2014, a new GCC was signed in replacement of the then existing GCC at the same automatic renewal terms.	The PPA governs the sale of electricity by Dali Yang_er to Yunnan Gridco. The GCC sets out the operational and technical provisions relating to grid connection and enables the electricity to flow into the grid. The PPA is subject to the operational GCC being in place at all relevant times.	Payment under the PPA is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff, determined by the Yunnan Provincial Development and Reform Commission. This tariff is published at Yunnan Price Bureau Document YunJiaJiaGe [2013] No. 139 and is updated from time to time. No fee is payable under the GCC.	HK$36.00 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
11.	High Voltage Electricity Supply Contract Date: 1 September 2009	Dali Yang_er, a wholly-owned subsidiary of the Company.	Yangbi Electricity Supply Co., Ltd ("Yangbi"), a subsidiary of CSG.	The contract was originally entered into in respect of the period from 1 September 2009 to 31 August 2010. However, the contract is continuingly valid as the parties continue to perform the contract until the unilateral termination of the contract by either Dali Yang_er or Yangbi in accordance with its terms.	Electricity supply from Yangbi for use by the facilities at the main dam.	Payment is based on the number of kWh sold pursuant to the agreement multiplied by the industrial use tariff for bulk industrial users determined by the Yunnan Provincial Development and Reform Commission. This tariff is updated from time to time.	HK$0.02 million
12.	High Voltage Electricity Supply Contract Date: 1 September 2009	Dali Yang_er, a wholly-owned subsidiary of the Company.	Yangbi, a subsidiary of CSG.	As in Contract 11 above.	Electricity supply from Yangbi to Dali Yang_er during outages due to overhaul.	As in Contract 11 above.	HK$0.01 million
13.	High Voltage Electricity Supply Contract Date: 4 November 2009	Dali Yang_er, a wholly-owned subsidiary of the Company.	Yunnan Gridco, a subsidiary of CSG.	The contract was originally entered into in respect of the period from 4 November 2009 to 31 October 2012 and then was amended to take effect from 20 November 2009. The contract is continuingly valid until signing a new contract.	Electricity supply (110kV) from Yunnan Gridco during outages due to overhaul.	As in Contract 11 above.	HK$0.01 million
	Aggregated total consideration for the Yang_er hydro project						HK$36.04 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
The Fangchenggang coal-fired project							
14.	Fangchenggang Coal-fired Project PPA and GCC Date: PPA: 7 March 2014 in respect of the period from 1 January to 31 December 2014. GCC: Automatically renewed on 30 July 2013 and 30 July 2014 respectively. Current period covers 31 July 2014 to 30 July 2015.	CLP Guangxi Fangchenggang Power Company Limited ("CLP FCG"), a majority owned joint venture of the Company.	Guangxi Power Grid Company ("Guangxi Gridco"), a subsidiary of CSG (in respect of the PPA). CSG (in respect of the GCC).	PPA: The agreement was originally entered into in August 2007. A written agreement was last entered into on 7 March 2014 in respect of the extension for a one year period from 1 January to 31 December 2014. GCC: The contract was originally entered into in respect of the period from 30 July 2007 to 30 July 2008 and has been automatically extended for another year if no written notice of termination is given by either party.	The PPA governs the sale of electricity by CLP FCG to Guangxi Gridco. The GCC sets out the operational and technical provisions relating to grid connection and enables the electricity to flow into the grid. The PPA is subject to the operational GCC being in place at all relevant times.	Payment under the PPA is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff, determined by the Guangxi Price Bureau. This tariff is published at Guangxi Price Bureau Document GuiJiaGe[2014] No.108 and is updated from time to time. No fee is payable under the GCC.	HK$2,263.73 million
15.	Fangchenggang Coal-fired Project 220kV Startup Standby Substation Grid Connection Contract Date: Automatically renewed on 1 September 2012 and 1 September 2014 respectively. Current period covers 1 September 2014 to 31 August 2016.	CLP FCG, a majority owned joint venture of the Company.	Guangxi Gridco, a subsidiary of CSG.	The contract was originally entered into on 26 December 2006. It was extended on 1 September 2008 in respect of the period from 1 September 2008 to 31 August 2010 and has been automatically extended since then for each of the subsequent terms of two year period in the absence of any notice of objection issued by either party.	The contract sets out the operational and technical provisions relating to grid connection for start up and standby purposes.	No fee is payable.	Not applicable

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
16.	Fangchenggang High Voltage Electricity Supply Contract Date: Automatically renewed on 1 September 2012 and 1 September 2014 respectively. Current period covers 1 September 2014 to 31 August 2016.	CLP FCG, a majority owned joint venture of the Company.	Guangxi Gridco, a subsidiary of CSG.	The contract was originally entered into on 9 December 2006. It was extended on 1 September 2008 in respect of the period from 1 September 2008 to 31 August 2010 and has been automatically extended for each of the subsequent terms of two year period in the absence of any notice of objection issued by either party.	The contract governs the purchase of standby electricity by CLP FCG from Guangxi Gridco.	Payment is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff, determined by the Guangxi Price Bureau. This tariff is published at Guangxi Price Bureau Document GuiJiaGe [2013] No.99 and GuiJiaTiao [2014] No. 71 and is updated from time to time.	HK$8.43 million
17.	Fangchenggang Power Station 10kV Transmission Line Dispatch Agreement Date: Automatically renewed on 1 June 2013 and 1 June 2014 respectively. Current period covers 1 June 2014 to 31 May 2015.	CLP FCG, a majority owned joint venture of the Company.	Guangxi Gridco, a subsidiary of CSG.	The agreement was originally entered into in respect of the period from 1 June 2009 to 31 May 2011 and has been automatically extended for each of the subsequent terms of twelve month period in the absence of any notice of objection issued by either party.	The agreement governs the purchase of standby electricity by CLP FCG from Guangxi Gridco.	As in Contract 16 above.	Not applicable
18.	Fangchenggang High Voltage Electricity Supply Contract Date: Automatically renewed on 1 June 2013 in respect of the period from 1 June 2013 to 31 May 2015.	CLP FCG, a majority owned joint venture of the Company.	Guangxi Gridco, a subsidiary of CSG.	The contract was originally entered into in respect of the period from 1 June 2009 to 31 May 2011 and has been automatically extended for each of the subsequent terms of two year period after the end of aforesaid period if no written amendment or termination agreement is signed.	The contract governs the purchase of standby electricity by CLP FCG from Guangxi Gridco.	As in Contract 16 above.	HK$0.25 million

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
19.	Fangchenggang Replacement and Generation Agreement Date: 18 November 2014, ended 31 December 2014.	CLP FCG, a majority owned joint venture of the Company.	Guangxi Gridco, a subsidiary of CSG.	New agreement entered into.	Additional capacity for sale of electricity to Guangxi Gridco and the additional generation capacity was transferred to CLP FCG from a small coal-fired generation unit, Guangxi Tiandong Power Plant that was being shut down in line with the PRC's State Council Policy.	Payment is, in line with the PRC's State Council policy on the acceleration of the shutdown of small coal-fired generation units (as per State Council Notice No.2 of 2007 dated 20 January 2007), based on the number of GWh sold pursuant to the agreement multiplied by the state pre-determined tariff which was determined by the Guangxi Price Bureau as applicable to Guangxi Tiandong Power Plant in 2008 (when the plant was shut down in line with the aforesaid State Council policy).	Nil
	Aggregated total consideration for the Fangchenggang coal-fired project						HK$2,272.41 million
Xicun solar project							
20.	Xicun Solar Project PPA and GCC Date: PPA: 24 September 2014 in respect of the period from 15 September 2014 to 31 December 2014. GCC: 23 September 2014 and valid for one year and remains continuingly valid until signing of a new GCC in substitution.	CLP Dali (Xicun) Solar Power Co., Ltd. ("Xicun"), a wholly-owned subsidiary of the Company.	Yunnan Gridco, a subsidiary of CSG.	PPA and GCC: new agreements for this new project.	The PPA governs the sale of electricity by Xicun to Yunnan Gridco. The GCC sets out the operational and technical provisions relating to grid connection and enables the electricity to flow into the grid. The PPA is subject to the operational GCC being in place at all relevant times.	Payment under the PPA is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff, determined by the National Development and Reform Commission. This tariff is published at Document FaGaiJiaGe [2013] No.1638 and is updated from time to time. No fee is payable under the GCC.	HK$14.73 million
21.	Xicun Solar Project Metering Technology Agreement Date: 24 September 2014 and will remain valid so long as the PPA for this project is operational.	Xicun, a wholly-owned subsidiary of the Company.	Yunnan Gridco, a subsidiary of CSG.	As in Contract 20 above.	This agreement sets out the technical requirements in relation to the metering equipment for this project.	No fee is payable.	Not applicable

No.	Name, date and current term of the agreement	Transaction party within the CLP Group	Transaction party within the CSG Group	Original term of the agreement	Nature and description of the transaction	Basis for determining the consideration	Consideration for 2014
22.	Xicun Solar Project Electricity Supply Contract (10kV) Date: 11 December 2014 in respect of the three year period ending 10 December 2017.	Xicun, a wholly-owned subsidiary of the Company.	Binchuan Electricity Supply Company, a subsidiary of CSG.	New agreement for this new project.	Electricity supply via a 10kV line from a subsidiary of CSG (for all power consumption at the project site).	Payment under the Electricity Supply Contract is based on the number of GWh sold pursuant to the agreement multiplied by a state pre-determined tariff of the Yunnan Provincial Development and Reform Commission. This tariff is published at Yunnan Price Bureau Document YunJiaJiaGe[2013] No. 139.	Nil
	Aggregated total consideration for Xicun solar project						HK$14.73 million
Wind project (in development) – technology related							
23.	Wind Project Technology Consultancy Contract Date: 11 September 2014, valid until successful completion of consultancy work, which has been duly completed.	Dali Yang_er, a wholly-owned subsidiary of the Company.	Yunnan Gridco, a subsidiary of CSG.	New agreement for this new wind project in development.	Consultancy services provided by Yunnan Gridco regarding grid connection system for the prospective wind project.	A fixed fee of RMB60,000 (HK$76,311.00).	HK$0.08 million

All the Independent Non-Executive Directors of CLP Holdings have reviewed the CCTs and confirmed that the CCTs have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of CLP Holdings and its shareholders as a whole.

Our external auditor, PricewaterhouseCoopers, have been engaged to report on the CCTs and they have provided a letter to the Board of Directors confirming that nothing has come to their attention that caused them to believe that:

(i) the disclosed CCTs have not been approved by CLP Holdings' Board of Directors;

(ii) for those CCTs that involve provision of goods or services by the Group, the CCTs were not, in all material respects, in accordance with the pricing policies of the Group; and

(iii) the CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such CCTs.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 33 to the Financial Statements. None constitutes a discloseable connected transaction as defined under the Listing Rules.

Interests of Directors and Chief Executive Officer

The interests / short positions of each of the Directors and Chief Executive Officer 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 31 December 2014, 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 and explanatory notes below:

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

The interests of Directors and Chief Executive Officer in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 31 December 2014 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	479,372,780	18.97416
Mr William Mocatta	Note 2	400,000	0.01583
Mr Ronald J. McAulay	Note 3	288,811,649	11.43152
Mr J. A. H. Leigh	Note 4	224,339,077	8.87961
Mr Andrew Brandler	Note 5	10,600	0.00042
Dr Y. B. Lee	Note 6	15,806	0.00063
Mrs Fanny Law	Personal	16,800	0.00066
Mr Nicholas C. Allen	Note 7	12,000	0.00047
Mr Richard Lancaster (Chief Executive Officer)	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 479,372,780 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) 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 (b) to (e) above. The spouse of The Hon Sir Michael Kadoorie was therefore deemed to be interested in 479,372,780 shares in the Company representing approximately 18.97% 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 479,371,537 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 479,371,537 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 Ronald J. McAulay was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 288,811,649 shares in the Company. These shares were held in the following capacity:

(a) 13,141 shares were held in a personal capacity.

(b) 70,146,655 shares were ultimately held by discretionary trusts, of which Mr Ronald J. McAulay is one of the discretionary objects.

(c) 218,651,853 shares were ultimately held by a discretionary trust, of which Mr Ronald J. McAulay, his wife and members of his family are discretionary objects.

4 Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 224,339,077 shares in the Company. These shares were held in the following capacity:

(a) 125,000 shares were held in a beneficial owner capacity.

(b) 5,562,224 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 5,562,224 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 5,562,224 shares.

(c) 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.

5 600 shares were held in a personal capacity and 10,000 shares were held in a beneficial owner capacity.

6 600 shares were held in a personal capacity and 15,206 shares were held jointly with spouse.

7 12,000 shares were held in a beneficial owner capacity and jointly with spouse.

Mr V. F. Moore, Mr Vincent Cheng, Ms Irene Lee, Sir Rod Eddington and Dr Rajiv Lall have each confirmed that they had no interests in the shares of the Company or any of its associated corporations as at 31 December 2014. None of the Directors or the Chief Executive Officer had interests in debentures, under equity derivatives or in underlying shares of the Company and its associated corporations as at 31 December 2014.

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

None of the Directors or the Chief Executive Officer had short positions in respect of shares, debentures, under equity derivatives or interests in underlying shares of the Company and its associated corporations as at 31 December 2014.

At no time during the year was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the Directors and the Chief Executive Officer 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 31 December 2014, 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 and explanatory notes below:

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 (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at 31 December 2014:

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	544,198,166 Note 1	21.54
Guardian Limited	Beneficiary / Interests of controlled corporations	224,214,077 Note 8	8.87
Harneys Trustees Limited	Interests of controlled corporations	416,860,706 Note 3	16.50
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
Mikado Investments (PTC) Limited	Trustee / Interest of controlled corporation	233,044,212 Note 1	9.22
The Mikado Private Trust Company Limited	Trustee / Interests of controlled corporations	409,224,882 Note 2	16.20
New Mikado Holding Inc.	Trustee	233,044,212 Note 1	9.22
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	479,372,780 Note 5	18.97
Mr Ronald J. McAulay	Note 6	288,811,649 Note 6	11.43
Mr J. A. H. Leigh	Notes 7 & 8	224,339,077 Notes 7 & 8	8.88
Mr R. Parsons	Trustee	224,214,077 Note 8	8.87

Notes:

1 Bermuda Trust Company Limited was deemed to be interested in the shares in which New Mikado Holding Inc., Mikado Investments (PTC) Limited, 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 and / or Mr Ronald J. McAulay are among 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 another company and was therefore deemed to be interested in the shares in which such companies were 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. The interests of The Oak Private Trust Company Limited in the shares of the Company include the shares held by a discretionary trust of which Mr Ronald J. McAulay is one of the discretionary objects as disclosed in "Interests of Directors and Chief Executive Officer".

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 See Note 4 under "Interests of Directors and Chief Executive Officer".

8 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 224,214,077 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.

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

As at 31 December 2014, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interests of Any Other Persons

As at 31 December 2014, 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.

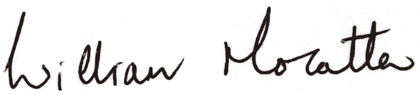
Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report at page 110 of this Annual Report, whilst our Sustainability Report available online describes the Company's actions and initiatives with particular emphasis on the social and environmental aspects of our activities.

Auditor

The Financial Statements for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment at the AGM of the Company.

By Order of the Board



William Mocatta
Vice Chairman
Hong Kong, 26 February 2015