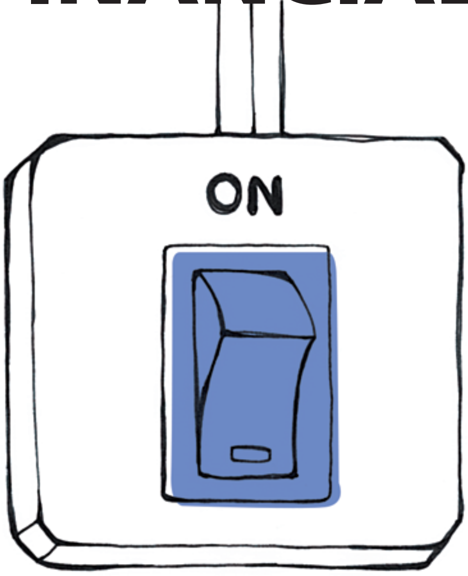
FINANCIALS



What was an accounting view of our financial performance in 2015 and how we stood at the end of the year?

Approaching Our Financial Statements

Financial Statements Decoded

The purpose of financial statements is to communicate the Group's financial information to its stakeholders, especially shareholders, investors and lenders. In this section we try to help readers who are not familiar with accounting rules and financial expressions to understand our financial information, by explaining the functions and relationships between the essential financial statements: the statement of profit or loss and other comprehensive income, the statement of financial position and the statement of cash flows. For comprehensive and authoritative definitions and explanations, readers should turn to the relevant accounting standards, but we hope this section offers useful guidance.

Statement of profit or loss and other comprehensive income

"Financial performance measured by recording the flow of resources over a period of time"

This statement comprises (a) profit or loss and (b) other comprehensive income (OCI). The objective of this statement is to present all income or expenses (transactions with non-owners) in a performance statement. OCI represents certain income and expenses which are not recognised in profit or loss as required or permitted by the relevant accounting standards.

An example of OCI in CLP is the exchange losses arising from the translation of our Australia and India businesses in 2015 which decreased our net assets in these two regions. Transactions with owners such as dividends are presented in the statement of changes in equity.

Statement of financial position

"A snapshot, taken at a point in time, of all the assets the company owns and all the claims against those assets"

This statement sums up the Group's economic resources (non-current assets and working capital), obligations (debts and other non-current liabilities) and owners' equity at a particular point of time, in this case, our year end at 31 December 2015. It also shows how the economic resources contributed by lenders and shareholders are used in the business. In the past, we used to call this statement a "balance sheet" because at any given time, assets must equal liabilities plus owners' equity (in other words, be in balance). The current name reflects its function more accurately.

Statement of cash flows

"Where the company gets its cash and how it spends it"

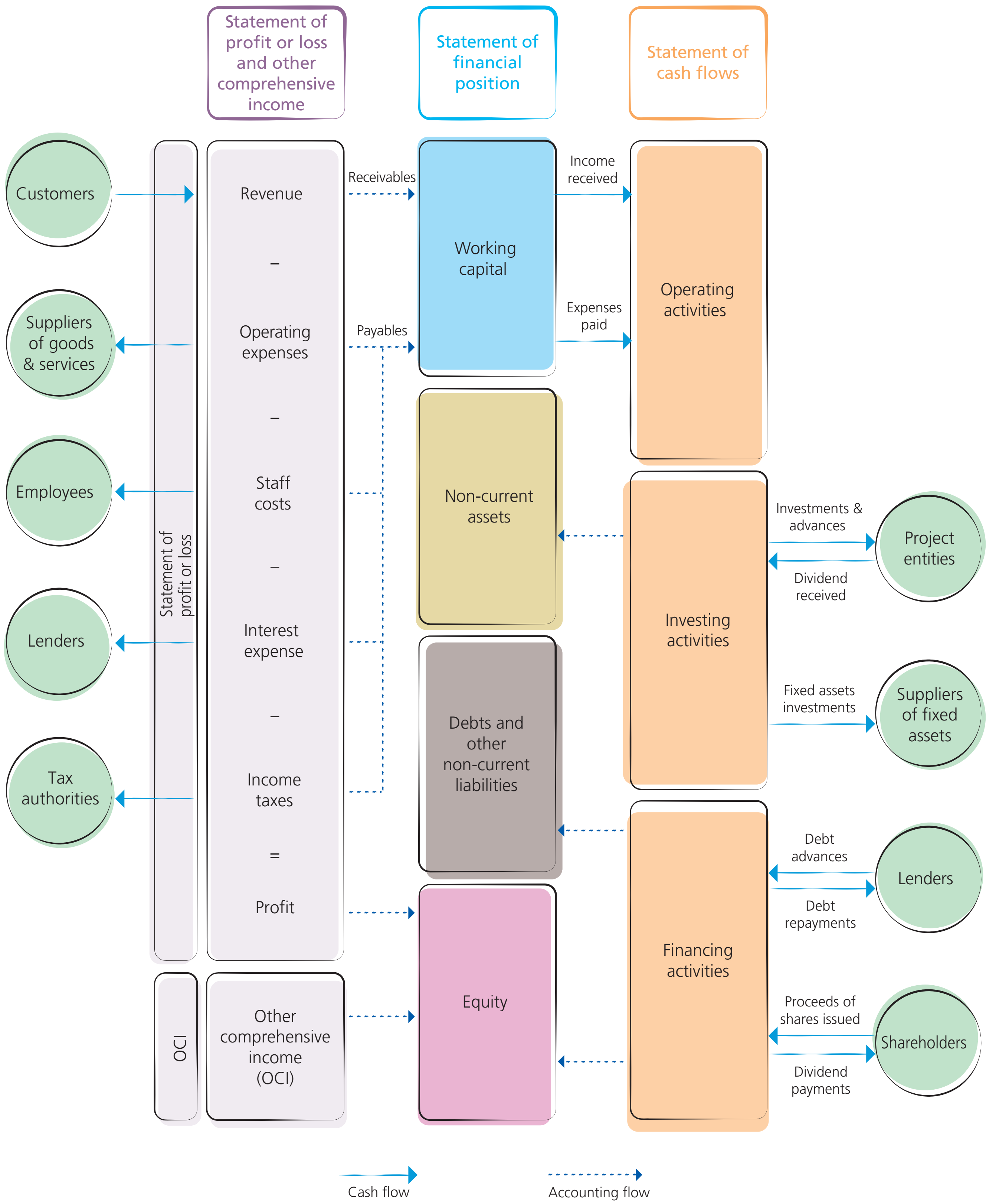
This statement divides the cash flows into operating, investing and financing cash flows. While the operating profit underlies the operating cash flows, certain non-cash charges or credits, such as depreciation, amortisation and fair value changes on derivatives, mean the operating cash flows and the operating profit are different. Investing cash flows are the cash flows arising from the purchase or disposal of non-current assets. Financing cash flows represent the cash flows between the Group, its shareholders and lenders.

Financial Statements Illustrated

The diagram opposite illustrates the relationships between the statement of profit or loss and other comprehensive income, the statement of financial position and the statement of cash flows, as well as their links with the Group's stakeholders.

On the one hand, the Group earns revenue from customers through the deployment of non-current assets and working capital. On the other hand, it pays operating expenses to suppliers of goods and services, incurs staff and interest costs and also invests in additional non-current assets. The net balance of revenue, operating expenses and staff and interest costs is the operating profit. After deducting income taxes charged by tax authorities, this profit is available for payment to lenders and for distribution to shareholders (dividends) in return for their contribution of funds to the Group in the form of debt and equity. The Group also makes investments and advances to its project entities and receives dividend income from them in return.

Financial Statements – An Illustration



ACCOUNTING MINI-SERIES

Foreign Currency Transaction and Translation

The global currency market was very volatile in 2015. The reporting currencies of our major subsidiaries such as Australian dollar and Indian rupee fell by 10.8% and 4.6% respectively against Hong Kong dollar by the end of the year. Their average rates even fell by 16.9% and 5.1% respectively during the year. The fluctuations in exchange rates have affected CLP's earnings, assets and liabilities which are denominated in these currencies. When you read our financial statements and assess our financial performance and position, you should be cautious about the impact of these foreign currency movements on the financial statements. To help you read our financial statements, this year's accounting mini-series will tell you how foreign exchange fluctuation affects both the balance sheet and income statement, and how foreign exchange risk may be mitigated.

Functional currency and presentation currency

Functional currency

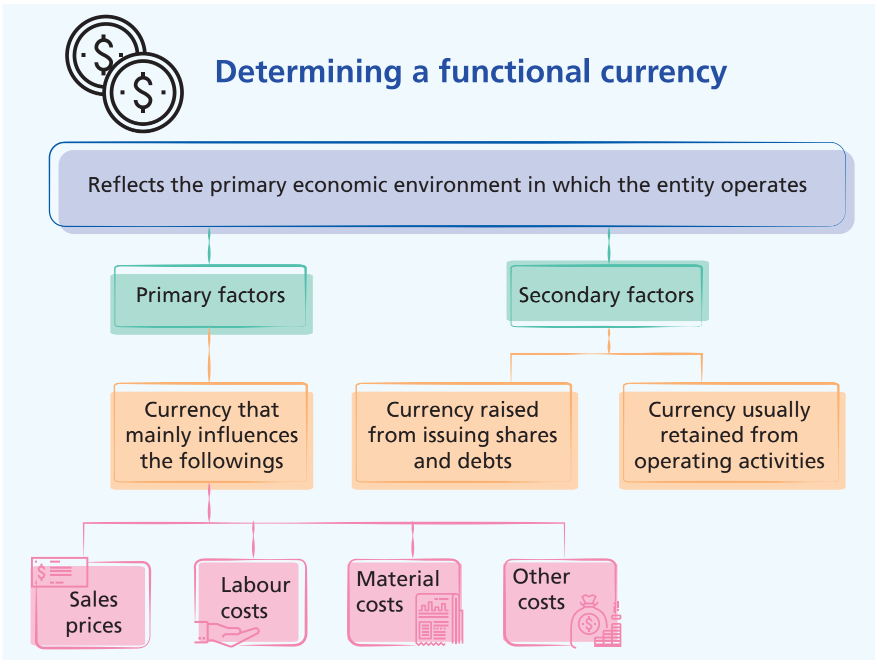
An entity doing business with overseas suppliers or customers, or having foreign operations will have to deal with foreign currency transactions. Foreign currency is defined in the accounting standard as the currency other than the functional currency of that entity.

" The determination of a functional currency is not a free choice to an entity."

This is based on the concept of primary economic environment in which an entity operates. This is governed by the accounting standard, HKAS 21 "The Effects of Changes in Foreign Exchange Rates".

Presentation currency

The presentation currency is the currency in which the financial statements are presented. Unlike functional currency, management is free to choose a presentation currency which may differ from its functional currency. For a group with foreign investments such as subsidiaries, joint ventures and associates, which are reported in different currencies, their financial statements have to be translated in one single currency, i.e. the presentation currency. This is usually the functional currency of the parent company.



Entity level

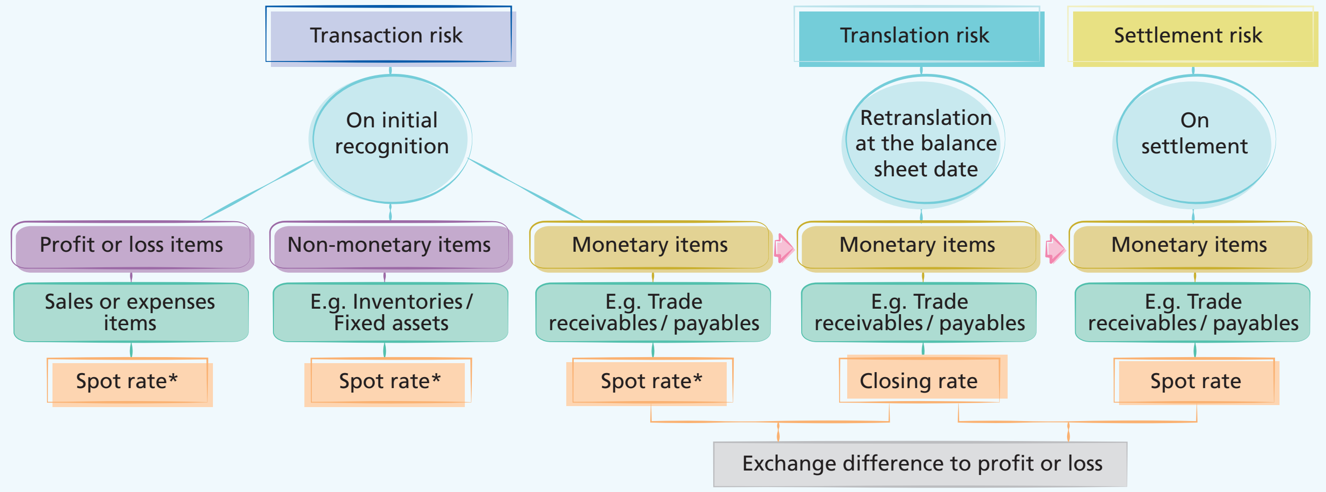
Transactions in foreign currencies are expressed in an entity's functional currency for financial reporting purposes. These transactions expose the entity to the various kinds of foreign exchange risk.

Currency transaction risk

Currency transaction risk occurs when an entity enters into a foreign currency transaction because the value of this transaction may be affected by the unanticipated movement in exchange rate. Foreign currency transaction needs to be converted into a functional currency on initial recognition using the spot rate at the date of the transaction. HKAS 21 permits the use of an average exchange rate if it is a reasonable approximation of the actual rate.

Currency translation and settlement risks

If the day that an entity enters into a transaction differs from the day that it is settled or translated at the reporting date, monetary items like cash, trade receivables, trade payables and loans are converted at the settlement rates or at the closing rates. Gains or losses arising from these foreign currency conversions are recognised in profit or loss.



* HKAS 21 permits the use of an average exchange rate if it is a reasonable approximation of the actual rate.

How to mitigate foreign currency risk?

To mitigate the exposure to variability in cash flows associated with foreign currency transactions, an entity can formulate its hedging strategies such as arranging foreign exchange forward contracts, currency swaps or currency options to hedge the anticipated foreign currency transactions. In the accounting terminology, this is referred to as cash flow hedges. For the financial instrument that is qualified as cash flow hedges, the effective portion of the change in fair value of the financial instrument is recorded in other comprehensive income and accumulated in equity. It is realised to profit or loss when the hedged cash flows / items affect profit or loss to offset the effect; or included in the cost of the non-financial assets when they are initially recognised.

Group level

When preparing consolidated financial statements, results and financial position of foreign operations such as overseas subsidiaries, joint ventures and associates are translated into the presentation currency which the consolidated financial statements are reported.

Currency translation risk

In consolidation, assets and liabilities of foreign operations are translated at the exchange rates at the reporting date. Incomes, expenses and cash flows are translated at the exchange rates at the dates of the relevant transactions, albeit average rates may be used where appropriate. Although this kind of currency translation does not affect the underlying cash flows of foreign operations, exchange differences arose will have two main impacts on the group's financial statements:

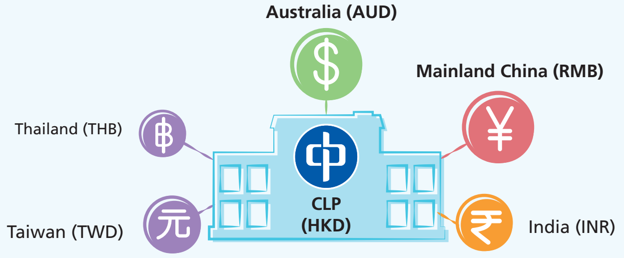
(1) Reported earnings of foreign operations are affected by the translation of their incomes and expenses into the presentation currency of the group.

(2) Exchange differences arising from (a) and (b) below are recognised in the group's translation reserve within equity. There are differences due to (a) incomes and expenses of foreign operations being translated at average rates while the corresponding assets or liabilities generated are translated at closing rates; and (b) change in closing rates of the net assets of foreign operations from its previous closing rates. These exchange differences are reclassified to profit or loss on disposal or partial disposal of foreign operations.

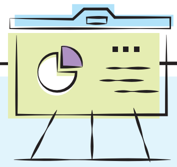
How to mitigate currency translation risk?

Translation of the financial statements of foreign operations into the group's presentation currency is an accounting exercise which does not create an exposure to foreign currency risk. Therefore, hedge accounting is not necessary or permitted. Only when the functional currency of a foreign operation is different from the functional currency of its parent company, a foreign exchange risk is created at the group level. In such situation, a hedge of a net investment in a foreign operation, i.e. a hedge of the parent company's interest in the net assets of that foreign operation, is allowed in the accounting perspective.

Functional currencies of CLP foreign operations



Net investment hedge is performed at the consolidation level. It is in effect the hedge of the foreign currency translation risk of a foreign operation. The hedged item can be the full or partial amount of the net assets of the foreign operation in the consolidated financial statements. The hedging instrument is accounted for in the same way as a cash flow hedge, i.e. translated at the closing rate with the gain or loss on the effective hedge being recognised in equity. This is perfectly matched by the gain or loss on translation of the net investment which is recognised in the translation reserve, resulting in a perfect hedge effect. Gains or losses in the reserves will only be realised when the foreign operation is disposed of.



Unveil the mist of foreign currency translation impact on CLP's 2015 financial statements

CLP has investments in the energy sector of Mainland China, India, Southeast Asia and Taiwan, and Australia. Unavoidably, their 2015 financial performances are blurred by the currency translation as a result of volatile currency movements in 2015. What would our results look like if the impact of currency translation is unveiled? Let us review our Australia and India performances from a different angle.

Segment Information (Australia)	2015		2014		Increase / (Decrease)		Translation impact
	A$M	HK$M	A$M	HK$M	%(A$)	%(HK$)	%(HK$) – %(A$)
Fixed assets	1,612	9,139	2,201	13,982	(27%)	(35%)	-8%
Goodwill and other intangible assets	3,083	17,476	3,161	20,084	(2%)	(13%)	-11%
Total assets	6,447	36,551	7,917	50,302	(19%)	(27%)	-8%
Total liabilities	1,415	8,021	3,864	24,555	(63%)	(67%)	-4%
Revenue	6,165	35,707	7,298	50,895	(16%)	(30%)	-14%
Operating earnings	143	836	108	756	32%	11%	-21%

Segment Information (India)	2015		2014		Increase / (Decrease)		Translation impact
	Rs.M	HK$M	Rs.M	HK$M	%(Rs.)	%(HK$)	%(HK$) – %(Rs.)
Fixed assets	98,565	11,542	91,760	11,259	7%	3%	-4%
Bank loans and other borrowings	75,448	8,835	70,546	8,656	7%	2%	-5%
Total assets	143,271	16,777	135,575	16,635	6%	1%	-5%
Total liabilities	81,896	9,590	79,731	9,783	3%	(2%)	-5%
Revenue	42,311	5,104	37,910	4,821	12%	6%	-6%
Operating earnings	5,073	612	2,123	270	139%	127%	-12%

Decreases in exchange rates of Australian dollar and Indian rupee at year end reduced the assets as well as the liabilities of EnergyAustralia and CLP India in the Group's consolidated financial position. The growths in their operating earnings were also undermined by the decline in the average exchange rates during the year. However, as CLP takes a long-term view on its investments in these regions, short-term fluctuations in exchange rates will not change the Company's development strategy.

Independent Auditor's Report

To the Members of CLP Holdings Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of CLP Holdings Limited (the "Company") and its subsidiaries set out on pages 184 to 254 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 February 2016

Consolidated Statement of Profit or Loss

for the year ended 31 December 2015

	Note	2015 HK$M	2014 HK$M
Revenue	2	80,700	92,259
Expenses			
Purchases of electricity, gas and distribution services		(31,280)	(40,234)
Operating lease and lease service payments		-	(3,607)
Staff expenses		(3,649)	(3,980)
Fuel and other operating expenses		(25,886)	(24,777)
Depreciation and amortisation		(6,765)	(6,791)
		(67,580)	(79,389)
Other gain	4	8,900	2,025
Operating profit	5	22,020	14,895
Finance costs	6	(4,090)	(4,180)
Finance income	6	170	131
Share of results, net of income tax			
Joint ventures	12	1,357	1,562
An associate	13	888	796
Profit before income tax		20,345	13,204
Income tax expense	7	(3,582)	(1,268)
Profit for the year		16,763	11,936
Earnings attributable to:			
Shareholders		15,670	11,221
Perpetual capital securities holders		247	152
Other non-controlling interests		846	563
		16,763	11,936
Earnings per share, basic and diluted	9	HK$6.20	HK$4.44

The notes and disclosures on pages 190 to 254 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	2015 HK$M	2014 HK$M
Profit for the year	**16,763**	11,936
Other comprehensive income		
Items that can be reclassified to profit or loss		
Exchange differences on translation	**(3,728)**	(2,972)
Cash flow hedges	**(178)**	(638)
Fair value changes on available-for-sale investments	**(63)**	80
Reclassification adjustment upon sale / loss of joint control of joint ventures	**17**	(422)
Share of other comprehensive income of joint ventures	**(1)**	24
	(3,953)	(3,928)
Items that cannot be reclassified to profit or loss		
Share of other comprehensive income of joint ventures	**79**	(74)
Other comprehensive income for the year, net of tax	**(3,874)**	(4,002)
Total comprehensive income for the year	**12,889**	7,934
Total comprehensive income attributable to:		
Shareholders	**11,800**	7,221
Perpetual capital securities holders	**247**	152
Other non-controlling interests	**842**	561
	12,889	7,934

This statement of profit or loss and other comprehensive income includes not only conventional profit for the year, but also "other comprehensive income". The concept of other comprehensive income is explained on page 178. Further details of other comprehensive income attributable to shareholders are presented in Note 25.

The notes and disclosures on pages 190 to 254 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2015

	Note	2015 HK$M	2014 HK$M
Non-current assets			
Fixed assets	*10(A)*	127,801	128,133
Leasehold land and land use rights under operating leases	*10(B)*	5,542	5,696
Investment property	*10(C)*	2,669	2,554
Goodwill and other intangible assets	*11*	28,257	31,129
Interests in joint ventures	*12*	11,250	11,176
Interest in an associate	*13*	785	786
Finance lease receivables	*14*	799	898
Deferred tax assets	*21*	1,690	3,828
Derivative financial instruments	*15*	1,078	3,120
Available-for-sale investments	*16*	1,644	1,707
Other non-current assets		174	111
		181,689	189,138
Current assets			
Inventories – stores and fuel		3,110	3,618
Renewable energy certificates		902	1,086
Trade and other receivables	*17*	13,812	15,719
Finance lease receivables	*14*	52	50
Derivative financial instruments	*15*	600	659
Bank balances, cash and other liquid funds	*18*	3,799	4,393
		22,275	25,525
Current liabilities			
Customers' deposits	*17(a)*	(4,829)	(4,653)
Trade and other payables	*19*	(19,023)	(21,620)
Income tax payable		(651)	(790)
Bank loans and other borrowings	*20*	(13,189)	(9,636)
Derivative financial instruments	*15*	(595)	(709)
		(38,287)	(37,408)
Net current liabilities		(16,012)	(11,883)
Total assets less current liabilities		165,677	177,255

	Note	2015 HK$M	2014 HK$M
Financed by:			
Equity			
Share capital	*24*	**23,243**	23,243
Reserves	*25*	**69,875**	64,770
Shareholders' funds		**93,118**	88,013
Perpetual capital securities	*26*	**5,791**	5,791
Other non-controlling interests		**2,023**	2,155
		100,932	95,959
Non-current liabilities			
Bank loans and other borrowings	*20*	**42,294**	57,799
Deferred tax liabilities	*21*	**13,476**	13,418
Derivative financial instruments	*15*	**2,802**	3,062
Fuel clause account	*22*	**2,226**	2,966
Scheme of Control (SoC) reserve accounts	*23*	**1,009**	1,131
Asset decommissioning liabilities	*23(A)*	**1,025**	1,082
Other non-current liabilities		**1,913**	1,838
		64,745	81,296
Equity and non-current liabilities		**165,677**	177,255

The more familiar name for the Statement of Financial Position is "Balance Sheet".

Under new Companies Ordinance (Cap. 622) requirements, the Company's statement of financial position is presented in Note 32.

William Mocatta
Vice Chairman
Hong Kong, 29 February 2016

Richard Lancaster
Chief Executive Officer

Geert Peeters
Chief Financial Officer

The notes and disclosures on pages 190 to 254 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Attributable to Shareholders						
	Share Capital HK$M	Share Premium HK$M	Reserves HK$M	Total HK$M	Perpetual Capital Securities HK$M	Other Non-controlling Interests HK$M	Total Equity HK$M
Balance at 1 January 2014	12,632	8,119	66,610	87,361	–	120	87,481
Profit for the year	–	–	11,221	11,221	152	563	11,936
Other comprehensive income for the year	–	–	(4,000)	(4,000)	–	(2)	(4,002)
Transition to no-par value of shares under new Companies Ordinance (Cap. 622)	10,611	(8,119)	(2,492)	–	–	–	–
Issue of perpetual capital securities	–	–	–	–	5,791	–	5,791
Acquisitions of subsidiaries	–	–	–	–	–	2,170	2,170
Dividends paid							
2013 fourth interim	–	–	(2,476)	(2,476)	–	–	(2,476)
2014 first to third interim	–	–	(4,093)	(4,093)	–	–	(4,093)
Distributions to perpetual capital securities holders	–	–	–	–	(152)	–	(152)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	–	(696)	(696)
Balance at 31 December 2014	23,243	–	64,770	88,013	5,791	2,155	95,959
Balance at 1 January 2015	23,243	–	64,770	88,013	5,791	2,155	95,959
Profit for the year	–	–	15,670	15,670	247	846	16,763
Other comprehensive income for the year	–	–	(3,870)	(3,870)	–	(4)	(3,874)
Dividends paid							
2014 fourth interim	–	–	(2,526)	(2,526)	–	–	(2,526)
2015 first to third interim	–	–	(4,169)	(4,169)	–	–	(4,169)
Distributions to perpetual capital securities holders	–	–	–	–	(247)	–	(247)
Dividends paid to other non-controlling interests of subsidiaries	–	–	–	–	–	(974)	(974)
Balance at 31 December 2015	**23,243**	**–**	**69,875**	**93,118**	**5,791**	**2,023**	**100,932**

The share premium account and the capital redemption reserve became part of the Company's share capital under the Hong Kong Companies Ordinance (Cap. 622) from March 2014.

The notes and disclosures on pages 190 to 254 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 HK$M	2015 HK$M	2014 HK$M	2014 HK$M
Operating activities					
Net cash inflow from operations	*27(A)*	20,994		23,431	
Interest received		161		130	
Income tax paid		(1,987)		(1,595)	
Net cash inflow from operating activities			19,168		21,966
Investing activities					
Capital expenditure		(10,871)		(9,192)	
Capitalised interest paid		(278)		(294)	
Proceeds from disposal of fixed assets		46		105	
Additions of other intangible assets		(166)		(1,287)	
Proceeds from sale of subsidiaries	*4(a)*	9,991		–	
Proceeds from sale of a joint venture	*5(d)*	202		–	
Acquisitions of subsidiaries		–		(8,172)	
Deposits for sale of subsidiaries (refunded) / received		(283)		283	
Increase in available-for-sale investments		(1)		(358)	
Investments in and advances to joint ventures		(930)		(1,835)	
Dividends received from					
Joint ventures		2,440		1,105	
An associate		796		900	
Available-for-sale investments		120		64	
Increase in bank deposits with maturities of more than three months		–		(2)	
Net cash inflow / (outflow) from investing activities			1,066		(18,683)
Net cash inflow before financing activities			20,234		3,283
Financing activities					
Proceeds from long-term borrowings		41,405		30,305	
Repayment of long-term borrowings		(50,384)		(23,572)	
Repayment of obligations under finance leases		–		(811)	
Settlement of obligation under finance lease		–		(5,338)	
Increase in short-term borrowings		210		1,160	
Interest and other finance costs paid		(3,841)		(3,723)	
Advances from / (repayment to) other non-controlling interests		21		(336)	
Issue of perpetual capital securities		–		5,791	
Distributions paid to perpetual capital securities holders		(247)		(115)	
Dividends paid to shareholders		(6,695)		(6,569)	
Dividends paid to other non-controlling interests of subsidiaries		(974)		(696)	
Net cash outflow from financing activities			(20,505)		(3,904)
Net decrease in cash and cash equivalents			(271)		(621)
Cash and cash equivalents at beginning of year			4,036		4,784
Effect of exchange rate changes			(200)		(127)
Cash and cash equivalents at end of year	*27(B)*		3,565		4,036

The notes and disclosures on pages 190 to 254 are an integral part of these consolidated financial statements.

Significant Accounting Policies

Apart from the accounting policies presented within the corresponding notes to the financial statements, other significant accounting policies are set out below.

1. Basis of Preparation

The Company, CLP Holdings Limited, and its subsidiaries are collectively referred to as the Group in the consolidated financial statements.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) and investment property which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are especially significant to the consolidated financial statements, are disclosed in Critical Accounting Estimates and Judgments on pages 198 and 199.

2. Changes in Accounting Policies

(A) Adoption of amendments to standards effective 1 January 2015

The Group has adopted the following amendments to standards effective 1 January 2015 for the first time for the financial year beginning on 1 January 2015:

- Annual Improvements to HKFRS 2010-2012 Cycle (Amendments to HKFRS 8 – Disclosures on the aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets)
- Annual Improvements to HKFRS 2011-2013 Cycle (Amendment to HKFRS 3 – Scope exclusion for the formation of joint arrangements and Amendment to HKAS 40 – Interrelationship of HKFRS 3 and HKAS 40)

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

(B) New standards and amendments to standards that have been issued but are not yet effective

The following new standards and amendments to standards have been issued and are effective for accounting periods beginning on or after 1 January 2016. The Group has not early adopted them for the year ended 31 December 2015:

- Amendments to HKAS 1 Disclosure Initiative
- Amendments to HKAS 28 and HKFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- HKFRS 9 (2014) Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Annual Improvements to HKFRS 2012-2014 Cycle

HKFRS 9 (2014) introduces new requirements for classification and measurement of financial instruments, a new expected credit loss model that replaces the incurred loss impairment model used in HKAS 39, and a new hedge accounting model which represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The Group has early adopted HKFRS 9 (2014) from 1 January 2016 which has an effect on the Group's available-for-sale investments, impairment of financial assets and the application of hedge accounting.

2. Changes in Accounting Policies (continued)

(B) New standards and amendments to standards that have been issued but are not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers replaces HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations. It establishes that revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Group is assessing the impact of HKFRS 15.

Apart from the aforementioned, the adoption of these new standards and amendments to standards is not expected to have any significant impact on the results and financial position of the Group.

(C) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. Consolidation

(A) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries made up to 31 December and include the Group's interests in joint ventures and associates on the basis set out in (C) below.

The financial statements of subsidiaries acquired during the year are included in the consolidated financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary to ensure consistency with the policies adopted by the Group, adjustments are made to the financial statements of subsidiaries, joint ventures and associates.

(B) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investments in subsidiaries together with advances from the Company which are neither planned nor likely to be settled in the foreseeable future, are carried on the statement of financial position of the Company at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments within the measurement period. Provision for impairment in a subsidiary is made when the recoverable amount of the subsidiary is lower than the Company's respective cost of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(C) Joint ventures and associates

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligation for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence but not control nor joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

3. Consolidation (continued)

(C) Joint ventures and associates (continued)

Investments in joint ventures / associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of post-acquisition profit or loss and other comprehensive income, until the date on which joint control or significant influence ceases. Distributions received from an investee reduce the carrying amounts of the investments.

In the consolidated statement of financial position, interests in joint ventures / associates comprise the carrying amounts of the investments and its net advances made to the joint ventures / associates (where the advances are neither planned nor likely to be settled in the foreseeable future).

When the Group's share of losses of a joint venture / associate equals or exceeds its interest therein, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures / associates.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture or associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture / associate and its carrying value.

Unrealised gains on transactions between the Group and its joint ventures / associates are eliminated to the extent of the Group's interest in the joint ventures / associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Dilution gains or losses arising in investments in joint ventures / associates are recognised in profit or loss.

(D) Change in ownership interests

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. For purchases of ownership interests from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of a subsidiary acquired is recorded in equity. For disposal of ownership interests to non-controlling interests that do not result in loss of control, gains or losses on disposals to non-controlling interests are also recorded in equity.

If the ownership interest in a joint venture or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

For changes in ownership interests that result in loss of control of subsidiaries, loss of joint control in joint ventures or loss of significant influence in associates, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as a joint venture, associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to profit or loss.

A quick guide to the classification of different entities:

Control → Subsidiary
Joint Control → Joint Venture
Significant Influence → Associate
Less than Significant Influence → Available-for-sale Investment

4. Impairment of Non-Financial Assets

Non-financial assets that have indefinite useful lives are not subject to amortisation. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and, in any case, at least annually. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually for impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Goodwill arising from a business combination is allocated to cash generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset or a cash generating unit less costs of disposal and its value in use.

An impairment loss recognised in prior years for an asset other than goodwill is reversed when there is a favourable change in the estimates used to determine the recoverable amount of an asset. A reversal of the impairment loss is limited to the asset's carrying amount (net of accumulated amortisation or depreciation) that would have been determined had no impairment loss been recognised in prior years.

Indefinite useful life ≠ Infinite useful life

An indefinite useful life only means that there is no foreseeable limit to the period over which an asset is expected to generate cash flows to the Group. It does not necessarily mean that it will generate such cash flows forever.

5. Derivative Financial Instruments and Hedging Activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either fair value hedges, which are hedges of the fair value of recognised financial assets or financial liabilities or firm commitments (e.g. fixed interest rate loans and foreign currency trade receivables) or cash flow hedges, which are hedges of the cash flows of recognised financial assets or financial liabilities or highly probable forecast transactions (e.g. floating interest rate loans, future purchases of fuels denominated in US dollar).

The Group documents at the inception of the transaction the intended relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(A) Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, which offset any changes in the fair values recognised in profit or loss of the corresponding hedged asset or liability that are attributable to the hedged risk and achieve the overall hedging result.

(B) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

5. Derivative Financial Instruments and Hedging Activities (continued)

(B) Cash flow hedges (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged items affect profit or loss. Such reclassification from equity will offset the effect on profit or loss of the corresponding hedged item to achieve the overall hedging result. However, when the highly probable forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset at the time of acquisition. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified from equity to profit or loss in the same period as the hedged forecast cash flows ultimately affect profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that has been deferred in equity is reclassified to profit or loss immediately.

(C) Derivatives not qualifying for hedge accounting or held for trading purposes

Certain derivative financial instruments do not qualify for hedge accounting or held for trading purposes. Changes in the fair values of these derivative financial instruments are recognised immediately in profit or loss.

The Group enters into sale and purchase transactions for commodities within the ordinary course of business. Transactions that take the form of contracts that are within the scope of HKAS 39 are fair valued at the end of each reporting period. Contracts that were entered into and continue to be held for the purpose of receipt or delivery of commodities in accordance with the Group's expected sale, purchase or usage requirements are not within the scope of HKAS 39 but need to be assessed at inception to determine if they contain embedded derivatives.

An embedded derivative is one or more implicit or explicit terms in a contract that affect the cash flows of the contract in a manner similar to a stand-alone derivative instrument. Any embedded derivative that meets the separation criterion shall be separated from its host contract and measured as if it were a stand-alone derivative if its economic characteristics are not closely related to those of the host contract.

6. Inventory

Inventory comprises stores and fuel and is stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis for stores, coal and gas. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

7. Renewable Energy Products

Renewable energy and energy efficiency schemes operate through the creation, trade and surrender of energy products. Renewable energy certificates are recognised upon the risks and rewards transferring to the Group and are measured at the lower of cost or net realisable value. Cost is calculated on the weighted average basis. The Group's forward obligations under the contracts are classified as future operating commitments.

8. Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised either in other comprehensive income or directly in equity. In this case, the tax is also recognised in either other comprehensive income or equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

9. Employee Benefits

(A) Retirement benefits

The Group operates and / or participates in a number of defined contribution plans in Hong Kong, including the CLP Group Provident Fund Scheme (GPFS) administered by Bank Consortium Trust Company Limited and the Mandatory Provident Fund (MPF) scheme administered by HSBC Life (International) Limited. These schemes are set up as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of these schemes are held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the participating companies of the Group, and provide benefits linked to contributions and investment returns on the plans. The Group has no further legal or constructive payment obligations if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods, once the contributions have been paid.

The Group's employees outside Hong Kong are primarily covered by the respective defined contribution schemes in accordance with local legislation and practices.

Contributions to the defined contribution plans are recognised as expenses in the year to which the contributions relate, except to the extent that they are capitalised as part of the cost of qualifying assets.

(B) Incentive bonus and employee leave entitlement

Provisions are made for the estimated liability for incentive bonus and employee leave entitlement as a result of services rendered by employees up to the end of the reporting period, where there is a contractual obligation or past practice has created a constructive obligation.

10. Foreign Currency Translation

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollar, which is the Group's presentation currency.

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies by using the exchange rates at the end of the reporting period are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

For subsidiaries, joint ventures and associates that have a functional currency different from the Group's presentation currency for the purpose of consolidation, assets and liabilities for each statement of financial position presented are translated using the closing rate at the end of the reporting period; whilst income and expenses for each statement of profit or loss presented are translated at the average exchange rate for the reporting period (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions). All resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rate at the end of the reporting period.

Upon disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary / loss of joint control over a joint venture / loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in a joint venture or associate that do not result in the Group losing joint control or significant influence) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Monetary assets and liabilities are assets to be received and liabilities to be paid in fixed money amounts. For example, a trade receivable is a monetary asset (the amount to be received is fixed) but a fixed asset is not a monetary asset because it is uncertain how much you will receive if the fixed asset is to be sold.

A company entity can have both functional currency and presentation currency; however, a consolidation group can only have presentation currency but not functional currency. This is because presentation currency is a matter of choice but functional currency is based on the different primary economic environment in which each group entity is operating.

The following exchange rates have been used in the preparation of Group financial statements:

	2015		2014	
	Average	**Closing**	Average	Closing
Australian dollar / Hong Kong dollar	**5.7916**	**5.6691**	6.9735	6.3540
Indian rupee / Hong Kong dollar	**0.1206**	**0.1171**	0.1272	0.1227
Renminbi / Hong Kong dollar	**1.2321**	**1.1935**	1.2573	1.2496

11. Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease is amortised on a straight-line basis over the term of the lease to profit or loss.

Leases of assets where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at their commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. A fixed asset held under a finance lease is depreciated over the shorter of its useful life or the lease term. The corresponding rental obligations, net of finance charges, are included as obligations under finance leases in current and non-current liabilities. Where assets are leased out under a finance lease, the present value of the lease receipts is recognised as a receivable.

For a finance lease, each lease receipt / payment is allocated between the receivable / liability and finance income / charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the lease receipt / payment is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the receivable / liability for each period.

CLP believes that understanding financial statements is a right, not a privilege. To help those unfamiliar with accounting terms read our financial statements, we have developed an accounting "mini-series" to explain various accounting concepts which are applicable to the operations of the Group over the years. Readers who are interested in our expanded discussions on the following topics are encouraged to visit our website:

- Lease accounting
- Fair value, derivatives, hedging and CLP
- Impairment
- Provision and contingent liability
- Business combinations
- Deferred tax
- Revenue recognition
- Liability or equity
- Foreign currency transaction and translation

Critical Accounting Estimates and Judgments

In preparing the consolidated financial statements, management are required to exercise significant judgments in the selection and application of accounting principles, as well as in making key estimates and assumptions. The following is a review of the more significant judgments and uncertainties made, in respect of which different amounts may be reported under a different set of conditions or using different assumptions.

1. Asset Impairment

The Group has made substantial investments in fixed assets, joint ventures and an associate. The Group conducts impairment reviews of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The Group also tests annually whether goodwill has suffered any impairment in accordance with the relevant accounting standards.

Determining whether an asset or a cash generating unit is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows, a growth rate (that reflects the economic environments in which the Group operates) and a pre-tax discount rate (that reflects the current market assessments of the time value of money and the risks specific to the asset) in order to calculate the present value. Where the expected cash flows are less than the asset's carrying amount, an impairment loss may arise. During 2015, after reviewing the business environment as well as the Group's strategies and past performance of the investments, management concluded that there were impairment for EnergyAustralia Holdings Limited (EnergyAustralia)'s generation assets of HK$1,984 million (Note 5(c)) and Beijing Yire Power Station of CSEC Guohua International Power Company Limited (CSEC Guohua) of HK$243 million (Note 12) (2014: Narrabri Coal Seam Gas Project in Australia of HK$2,254 million, fixed assets and goodwill of Dali Yang_er Hydropower Development Co., Ltd. totalled HK$197 million and investment in a joint venture in Australia of HK$59 million).

Apart from the assets impaired, the latest annual impairment models for other relevant assets indicated that sufficient headroom (meaning the excess of the recoverable amount over carrying value) existed. Management believe that any reasonably possible changes in the assumptions used in the models would not affect management's view on impairment at 2015 year end.

2. Assessment of the Carrying Value of Generation Assets in Australia

Given the continued structural changes in the National Energy Market (NEM) in Australia and an imbalance in the supply and demand equilibrium, risk is introduced in market modelling which heightens the criticality of this judgment area. As part of making these critical judgments, risk do exist in the assumptions made around supply and demand in regards to the Group's generation assets in Australia. In certain circumstances, where contraction of demand and supply side response vary substantially from the assumptions made, significant changes in the value of the assets could eventuate.

3. Asset Retirement Obligations

CLP Power Hong Kong and CAPCO have been investing in the transmission and distribution network and power stations respectively to supply electricity to the customers in its supply area in Hong Kong. CLP Power Hong Kong and CAPCO expect that the land currently used for its transmission and distribution network and generation facilities will continue to be used for generation and distribution of electricity supply in order to maintain the electricity supply to customers for the foreseeable future. It is considered remote that the transmission and distribution network and the power stations would be removed from the existing land sites. As such, an asset retirement obligation has not been recognised upfront in the respective accounts of CLP Power Hong Kong and CAPCO in accordance with the requirements of accounting standards.

4. SoC-related Accounts

As stipulated in the SoC, the balances in the Tariff Stabilisation Fund and the Rate Reduction Reserve shall represent liabilities in the financial statements of CLP Power Hong Kong and shall not accrue to the benefit of its shareholders save as provided for by the SoC. CLP Power Hong Kong also has the obligation to maintain the Fuel Clause Account, which represents the difference between an agreed standard cost of fuel and the actual fuel costs. The Group considers that CLP Power Hong Kong is required under the SoC to discharge its obligations arising from the SoC upon the expiry of the SoC Agreement to customers such that these account balances meet the definition of a financial liability.

5. Lease Accounting

The application of HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" has resulted in finance lease accounting being applied to CLP India Private Limited (CLP India) as lessor for the Power Purchase Agreement (PPA) with its offtaker. In determining whether an arrangement contains a lease, the Group considers the right to use an asset is conveyed if the purchaser has the ability or right to operate the asset or to control physical access to the underlying assets while obtaining or controlling more than an insignificant amount of the output of the asset, or that it is remote that parties other than the purchaser will take more than an insignificant amount of the output and the price paid is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery. In addition, to apply finance lease accounting, a number of assumptions in the lease models have been made, such as the determination of minimum lease payments, implicit interest rates and residual values of the power plants at the end of contract periods. Any future changes to these assumptions will affect the value of the lease assets and liabilities recognised and the corresponding lease income and expenses.

6. Revenue Recognition

The Group records revenue for retail and wholesale energy sales under the accrual method. Retail electricity and gas revenues are recognised when the commodity is provided to customers on the basis of periodic cycle meter readings and include an estimated accrual for the value of the commodity consumed from the meter reading date to the end of the reporting period. The unbilled revenue is calculated at the end of the reporting period based on estimated daily consumption after the meter reading date to the end of the reporting period. Estimated daily consumption is derived using historical customer profiles adjusted for weather, long unbilled customers and other measurable factors affecting consumption. Unbilled revenue of the Group (included in trade and other receivables) totalled HK$4,376 million at 31 December 2015 (2014: HK$5,118 million).

7. Contingent Liabilities

Please refer to Note 31 for the Group's contingent liabilities and the judgments made.

8. Fair Value Estimation of Derivative Financial Instruments and Investment Property

Please refer to "Financial Risk Management" No. 2 Fair Value Estimation and Hierarchy of Financial Instruments on pages 250 to 252 for derivative financial instruments. For fair value estimation of investment property, please refer to Note 10(C).

Notes to the Financial Statements

1. General Information

The Company is a limited liability company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are the generation and supply of electricity in Hong Kong, India and Australia, and investment holding of power projects in Mainland China, Southeast Asia and Taiwan.

The financial operations of the Company's major subsidiaries, CLP Power Hong Kong and CAPCO, (collectively referred as SoC Companies) are governed by a SoC entered with the Hong Kong Government. Our electricity business in Hong Kong is therefore also referred to as the SoC business. The main features of the SoC Agreement are summarised on pages 255 and 256, which are unaudited by PricewaterhouseCoopers.

These financial statements have been approved for issue by the Board of Directors on 29 February 2016.

2. Revenue

Accounting Policy

Revenue primarily represents sales of electricity and gas, engineering and maintenance service fees, other electricity-related revenue such as temporary electricity supply works and reconnection fees and adjustments stipulated under the SoC. It is measured at the fair value of the consideration received or receivable, net of applicable tax, discounts and rebates.

Sales of electricity and gas are based on actual and accrued consumption or the amount billed in accordance with the terms of the contractual agreements where applicable during the year. Other revenue is recognised when services are rendered or sales are completed.

Lease service income comprises servicing income and fuel costs received from lessees with respect to the leased assets. Finance lease income represents the interest element of the lease receipts on lease receivables and is recognised over the lease period using the effective interest method. Operating lease income is recognised on a straight-line basis over the term of the lease. Interest income is recognised on a time proportion basis using the effective interest method.

An analysis of the Group's revenue is as follows:

	2015 HK$M	2014 HK$M
Sales of electricity	68,566	79,034
Sales of gas	6,490	7,976
Operating lease income under PPA	3,409	3,334
Finance lease income under PPA	134	151
Lease service income under PPA	631	456
Other revenue	1,289	2,328
	80,519	93,279
Transfer for SoC to/(from) revenue (Note 23)	181	(1,020)
	80,700	92,259

2. Revenue (continued)

The operating lease income under PPA relates to Jhajjar, whose PPA has been accounted for as an operating lease.

The finance lease income and lease service income under PPA relate to Paguthan. In accordance with HK(IFRIC)-Int 4 and HKAS 17, servicing income and fuel costs received by Paguthan from the lessee with respect to the leased assets are not part of the minimum lease payments and are recognised as lease service income.

3. Segment Information

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is the chief operating decision-maker of the Group. In accordance with the Group's internal organisation and reporting structure, the operating segments are based on geographical regions.

Segment revenue is based on the geographical region in which the electricity is generated and / or services are rendered. Segment capital additions represent the total costs incurred during the year to acquire fixed assets and other segment assets that are expected to be used for more than one year. Unallocated items comprise mainly corporate expenses, corporate assets, and the Company's liquid funds and borrowings.

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

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

Items affecting comparability refer to significant unusual and infrequent events such as acquisition / disposal, impairment of non-current assets, property valuation gain / loss, change in law or natural catastrophe. They are considered irrelevant for assessing the underlying performance of the Group and are separately disclosed to allow a better understanding and comparison of the financial results. Details of the items affecting comparability can be found on page 32.

3. Segment Information (continued)

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

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
For year ended 31 December 2015							
Revenue	38,937	937	5,104	9	35,707	6	80,700
EBITDAF of subsidiaries	16,548	786	1,985	(12)	10,315	(600)	29,022
Share of results, net of income tax							
Joint ventures	1	1,031	–	322	3	–	1,357
An associate	–	888	–	–	–	–	888
EBITDAF of the Group	16,549	2,705	1,985	310	10,318	(600)	31,267
Depreciation and amortisation	(4,201)	(517)	(556)	–	(1,448)	(43)	(6,765)
Fair value adjustments	4	–	–	–	(241)	–	(237)
Finance costs	(1,091)	(206)	(830)	–	(1,928)	(35)	(4,090)
Finance income	2	59	35	2	20	52	170
Profit/(loss) before income tax	11,263	2,041	634	312	6,721	(626)	20,345
Income tax expense	(1,809)	(147)	(22)	–	(1,604)	–	(3,582)
Profit/(loss) for the year	9,454	1,894	612	312	5,117	(626)	16,763
Earnings attributable to							
Perpetual capital securities holders	(247)	–	–	–	–	–	(247)
Other non-controlling interests	(837)	(9)	–	–	–	–	(846)
Earnings/(loss) attributable to shareholders	8,370	1,885	612	312	5,117	(626)	15,670
Excluding: Items affecting comparability	(99)	243	–	–	(4,281)	–	(4,137)
Operating earnings	8,271	2,128	612	312	836	(626)	11,533
Capital additions	7,588	1,648	1,396	–	825	26	11,483
Impairment provisions							
Fixed assets and leasehold land and land use rights under operating leases	–	–	–	–	1,865	–	1,865
Goodwill and other intangible assets	–	–	–	–	138	–	138
Receivables and others	4	–	37	–	418	–	459
At 31 December 2015							
Fixed assets	100,508	6,473	11,542	–	9,139	139	127,801
Goodwill and other intangible assets	5,545	5,208	28	–	17,476	–	28,257
Interests in joint ventures	18	9,498	–	1,709	25	–	11,250
Interest in an associate	–	785	–	–	–	–	785
Deferred tax assets	–	90	–	–	1,600	–	1,690
Other assets	14,016	4,599	5,207	71	8,311	1,977	34,181
Total assets	120,087	26,653	16,777	1,780	36,551	2,116	203,964
Bank loans and other borrowings	40,976	4,402	8,835	–	964	306	55,483
Current and deferred tax liabilities	12,408	1,452	215	–	52	–	14,127
Other liabilities	24,232	1,411	540	3	7,005	231	33,422
Total liabilities	77,616	7,265	9,590	3	8,021	537	103,032

The difference between total assets and total liabilities represents shareholders' financing.

3. Segment Information (continued)

	Hong Kong HK$M	Mainland China HK$M	India HK$M	Southeast Asia & Taiwan HK$M	Australia HK$M	Unallocated Items HK$M	Total HK$M
For year ended 31 December 2014							
Revenue	35,623	909	4,821	8	50,895	3	92,259
EBITDAF of subsidiaries	17,926	501	1,934	(27)	1,292	(542)	21,084
Share of results, net of income tax							
Joint ventures	411	891	–	321	(61)	–	1,562
An associate	–	796	–	–	–	–	796
EBITDAF of the Group	18,337	2,188	1,934	294	1,231	(542)	23,442
Depreciation and amortisation	(3,923)	(412)	(567)	–	(1,845)	(44)	(6,791)
Fair value adjustments	(18)	–	–	–	620	–	602
Finance costs	(1,954)	(211)	(920)	–	(1,019)	(76)	(4,180)
Finance income	9	9	42	3	28	40	131
Profit/(loss) before income tax	12,451	1,574	489	297	(985)	(622)	13,204
Income tax (expense)/credit	(1,807)	(102)	(219)	–	860	–	(1,268)
Profit/(loss) for the year	10,644	1,472	270	297	(125)	(622)	11,936
Earnings attributable to							
Perpetual capital securities holders	(152)	–	–	–	–	–	(152)
Other non-controlling interests	(549)	(14)	–	–	–	–	(563)
Earnings/(loss) attributable to shareholders	9,943	1,458	270	297	(125)	(622)	11,221
Excluding: Items affecting comparability	(2,198)	158	–	–	881	–	(1,159)
Operating earnings	7,745	1,616	270	297	756	(622)	10,062
Capital additions	7,940	537	461	–	1,777	18	10,733
Impairment provisions							
Fixed assets and leasehold land and land use rights under operating leases	–	195	–	–	67	–	262
Goodwill and other intangible assets	–	2	–	–	2,223	–	2,225
Interests in joint ventures	–	–	–	–	59	–	59
Receivables and others	30	–	27	–	720	–	777
At 31 December 2014							
Fixed assets	97,372	5,364	11,259	–	13,982	156	128,133
Goodwill and other intangible assets	5,545	5,471	29	–	20,084	–	31,129
Interests in joint ventures	18	9,177	–	1,723	258	–	11,176
Interest in an associate	–	786	–	–	–	–	786
Deferred tax assets	–	95	6	–	3,727	–	3,828
Other assets	15,819	5,024	5,341	70	12,251	1,106	39,611
Total assets	118,754	25,917	16,635	1,793	50,302	1,262	214,663
Bank loans and other borrowings	40,644	3,516	8,656	–	14,619	–	67,435
Current and deferred tax liabilities	12,322	1,483	403	–	–	–	14,208
Other liabilities	24,571	1,611	724	3	9,936	216	37,061
Total liabilities	77,537	6,610	9,783	3	24,555	216	118,704

4. Other Gain

	2015 HK$M	2014 HK$M
Gain on sale of subsidiaries [(a)]	8,900	–
Net gain on CAPCO and PSDC acquisitions [(b)]		
Gain on deemed disposal of previously owned interests in joint ventures	–	7,363
Loss on settlement of a pre-existing finance lease payable	–	(5,338)
	8,900	2,025

Notes:

(a) On 1 December 2015, the Group completed the sale of its interests in EnergyAustralia Gas Storage Holdings Pty Ltd and EnergyAustralia Gas Storage Pty Ltd, which own the Iona Gas Plant, a 23.5 petajoule gas storage site located in southwest Victoria, Australia for a consideration of A$1,780 million (HK$9,991 million). Details of the calculation of the gain are as follows:

	A$M	HK$M
Consideration received	1,780	9,991
Less: Assets sold	(194)	(1,091)
Gain on sale	1,586	8,900
Transaction costs	(22)	(125)
Tax	(384)	(2,156)
Gain on sale after tax and transaction costs	1,180	6,619

(b) On 12 May 2014, the Group completed the acquisition of a further 30% interest in CAPCO and the remaining 51% interest in Hong Kong Pumped Storage Development Company, Limited (PSDC) and recorded a net gain of HK$2,025 million.

5. Operating Profit

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

	2015 HK$M	2014 HK$M
Charging		
Staff costs		
Salaries and other costs	3,354	3,684
Retirement benefits costs [(a)]	295	296
Auditor's remuneration		
Audit services	39	37
Permissible audit related and non-audit services [(b)]	8	7
Operating lease expenditure on the agreement with Ecogen	230	276
Net loss on disposal of fixed assets	343	282
Impairment of		
Fixed assets and leasehold land and land use rights under operating leases [(c)]	1,865	262
Goodwill and other intangible asset [(c)]	138	2,225
Inventories – stores and fuel	7	41
Provision for onerous contract [(c)]	74	–
Net fair value (gain) / loss on non-financing related derivative financial instruments		
Cash flow hedges, reclassified from equity to		
Purchases of electricity, gas and distribution services	(261)	(331)
Fuel and other operating expenses	(176)	(167)
Transactions not qualifying as hedges	237	(602)
Loss on sale of a joint venture [(d)]	42	–
Net exchange loss	101	126

5. Operating Profit (continued)

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

	2015 HK$M	2014 HK$M
Crediting		
Revaluation gain on investment property	(99)	(245)

Notes:

(a) The retirement benefit plans for staff employed by the Group entities in Hong Kong are regarded as defined contribution schemes. The current scheme, GPFS, provides benefits linked to contributions and investment returns on the scheme. Contributions paid to defined contribution schemes, including GPFS and MPF as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, totalled HK$231 million (2014: HK$222 million), of which HK$65 million (2014: HK$64 million) was capitalised.

Staff employed by the Group entities outside Hong Kong are primarily covered by defined contribution schemes in accordance with local legislation and practices. Total contributions amounted to HK$153 million (2014: HK$161 million).

(b) Permissible audit-related and non-audit services comprise Sustainability Report assurance, internal audit peer review, audits of CLP's provident funds, auditor's attestation and accounting / tax advisory services for business development.

(c) Despite signs of short-term improvement, the wholesale electricity market in Australia remains significantly oversupplied with prices well below the level required to provide adequate long-term returns on generation investments. The carrying value of certain assets identified cannot be supported by the discounted cash flows representing their value in use. Therefore, the Group recognised impairments across three of its generating cash generating units (CGUs) in Australia (Yallourn Power Station, Mount Piper Power Station and Tallawarra Power Station) and a provision for onerous contract with respect to Ecogen Master Hedge Agreement (Ecogen), totalling A$363 million (HK$2,058 million) (after tax: A$261 million (HK$1,480 million)).

	HK$M
Impairment provision	
Yallourn Power Station	969
Mount Piper Power Station	658
Tallawarra Power Station	357
	1,984
Provision for onerous contract – Ecogen	74
	2,058

The recoverable amount assessment for the generating CGUs in Australia is based on value in use calculations, applying a discounted cash flow methodology. The value in use calculations use cash flow projections as at 31 December 2015 based on the EnergyAustralia's Business Plan, a discounted terminal value and an option value, where relevant. The recoverable amounts of the generating CGUs as at 31 December 2015 were as follows:

	HK$M
Yallourn Power Station	3,822
Mount Piper Power Station	3,432
Tallawarra Power Station	1,274

Key estimates and assumptions relating to generating CGUs testing are:

- Critical judgment exists in estimating forward electricity pool prices (the forward curve), generation volumes, retail volumes and gas prices. The forward curve has a significant impact on the accounting for certain items including value in use calculations for impairment purposes.
- Operating costs are escalated by relevant cost drivers using activity-based costing principles. Non-contracted fuel costs are based on management's estimate of the future fuel prices.
- The pre-tax discount rates used range from 10.3% to 10.5% (2014: 10.9% to 13.0%).

(d) In April 2015, the Group sold its entire interest in Waterloo Investment Holdings Pty Ltd, a joint venture in Australia, for a consideration of HK$202 million (A$33 million) with a loss of HK$42 million (2014: nil).

6. Finance Costs and Income

Accounting Policy

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent that they are capitalised when they are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use.

	2015 HK$M	2014 HK$M
Finance costs		
Interest expenses on		
Bank loans and overdrafts	1,196	1,430
Other borrowings	1,096	1,137
Tariff Stabilisation Fund [(a)]	2	1
Customers' deposits and fuel clause over-recovery	116	110
Finance charges under finance leases [(b)]	2	922
Costs associated with the early termination of debt in Australia [(c)]	1,226	–
Other finance charges	259	372
Net fair value loss / (gain) on financing related derivative financial instruments		
Cash flow hedges, reclassified from equity	(256)	677
Fair value hedges	(106)	(666)
Not designated as hedges	45	(1)
Ineffectiveness of cash flow hedges	(8)	33
Loss on hedged items in fair value hedges	110	658
Other net exchange loss / (gain) on financing activities	710	(197)
	4,392	4,476
Less: amount capitalised [(d)]	(302)	(296)
	4,090	4,180
Finance income		
Interest income on short-term investments, bank deposits and loan to a joint venture	170	131

Notes:

(a) In accordance with the provisions of the SoC Agreement, CLP Power Hong Kong is required to credit, to a Rate Reduction Reserve in its financial statements, a charge of the average of one-month Hong Kong interbank offered rate on the average balance of the Tariff Stabilisation Fund under the SoC (Note 23).

(b) In 2014, finance charges under finance leases primarily related to contingent rent in respect of the power purchase arrangement between CLP Power Hong Kong and CAPCO accounted for as finance lease in accordance with HK(IFRIC)-Int 4 and HKAS 17 prior to acquisition of CAPCO as a subsidiary.

(c) Following receipt of the sale proceeds of Iona Gas Plant (Note 4(a)), EnergyAustralia reduced its debt. The termination costs of debt together with the costs required to close out associated hedging derivatives (including fair value loss on cash flow hedges reclassified from equity of A$84 million (HK$462 million)) totalled A$222 million (HK$1,226 million) (after tax: A$155 million (HK$858 million)) (2014: nil).

(d) Finance costs have been capitalised at average interest rates of 1.13% – 3.22% (2014: 1.33% – 5.90%) per annum.

7. Income Tax Expense

Accounting Policy No. 8

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

	2015 HK$M	2014 HK$M
Current income tax	1,818	1,571
Deferred tax	1,764	(303)
	3,582	1,268

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Income tax on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2015 HK$M	2014 HK$M
Profit before income tax	20,345	13,204
Less: Share of results of joint ventures and an associate, net of income tax	(2,245)	(2,358)
	18,100	10,846
Calculated at an income tax rate of 16.5% (2014: 16.5%)	2,987	1,790
Effect of different income tax rates in other countries	717	(217)
Income not subject to tax	(70)	(393)
Expenses not deductible for tax purposes	264	204
Revenue adjustment for SoC not subject to tax (Note 23)	(30)	168
Over-provision in prior years	(12)	(645)
Utilisation of previously unrecognised tax losses	(276)	–
Tax losses not recognised	2	1
Derecognition of deferred tax assets	–	360
Income tax expense	3,582	1,268

8. Dividends

	2015 HK$ per share	2015 HK$M	2014 HK$ per share	2014 HK$M
First to third interim dividends paid	1.65	4,169	1.62	4,093
Fourth interim dividend declared	1.05	2,653	1.00	2,526
	2.70	6,822	2.62	6,619

At the Board meeting held on 29 February 2016, the Directors declared the fourth interim dividend of HK$1.05 per share (2014: HK$1.00 per share). The fourth interim dividend is not reflected as dividends payable in the financial statements.

9. Earnings per Share

The earnings per share are computed as follows:

	2015	2014
Earnings attributable to shareholders (HK$M)	**15,670**	11,221
Weighted average number of shares in issue (thousand shares)	**2,526,451**	2,526,451
Earnings per share (HK$)	**6.20**	4.44

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the year ended 31 December 2015 (2014: nil).

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

Accounting Policy

(A) Fixed assets and leasehold land and land use rights under operating leases

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the fixed asset. Cost may also include transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of fixed assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For any asset replacement, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the period in which they are incurred.

Fixed assets employed for the electricity business in Hong Kong, also referred to as SoC fixed assets, represent a major portion of the assets of the Group. Depreciation of fixed assets and amortisation of leasehold land is on a straight-line basis using the rates authorised under the SoC which reflect the pattern in which the assets' economic benefits are consumed.

Leasehold land	unexpired term of the lease
Cable tunnels	100 years
Buildings and civil structures at power stations	35 years
Ash lagoon	35 years
Other buildings and civil structures	60 years
Overhead lines (33 kV and above)	60 years
Overhead lines (below 33 kV)	45 years
Cables	60 years
Switchgear and transformers	50 years
Generating plant	25 years
Substation miscellaneous	25 years
Meters	15 years
System control equipment, furniture, tools, communication and office equipment	10 years
Computers and office automation equipment other than those forming part of the generating plant	5 years
Motor vehicles and marine craft	5 years
Refurbished or improved assets	remaining original life plus any life extension

10. Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases and Investment Property (continued)

Accounting Policy

(A) Fixed assets and leasehold land and land use rights under operating leases (continued)

Fixed assets used for the non-SoC business primarily relate to the electricity businesses located outside Hong Kong. Amortisation of leasehold land and depreciation of fixed assets are calculated, using the straight-line method, to allocate their costs to their estimated residual values over the unexpired term of the lease or their estimated useful lives, as appropriate. Their estimated useful lives are similar to those of the SoC fixed assets and are set out below:

Leasehold land	unexpired term of the lease
Buildings	10 – 60 years
Generating plant	15 – 35 years
Switchgear and transformers	17 – 45 years
Gas storage plant	25 years
Other equipment	10 – 30 years
Computers, furniture and fittings and office equipment	3 – 15 years
Motor vehicles	3 – 10 years
Freehold land	not depreciable

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. For plant under construction, no depreciation is provided until the construction is completed and the assets are ready for their intended use. Leasehold land commences amortisation from the time when the land interest becomes available for its intended use. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(B) Investment Properties

Investment properties include properties that are being constructed or developed for future use as investment properties. Land held under operating leases is accounted for as an investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Any gains and losses arising from changes in the fair value or from the retirement or disposal of an investment property are recognised in profit or loss in the period in which they arise.

If an item of owner occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised directly in revaluation reserve within equity.

10. Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases and Investment Property (continued)

Fixed assets, leasehold land and land use rights under operating leases and investment property totalled HK$136,012 million (2014: HK$136,383 million), which included assets under construction with book value of HK$14,364 million (2014: HK$13,776 million). Movements in the accounts are as follows:

(A) Fixed Assets

	Land		Buildings		Plant, Machinery and Equipment		
	Freehold HK$M	Leased HK$M	Owned HK$M	Leased HK$M	Owned HK$M	Leased HK$M	Total HK$M
Net book value at 1 January 2014	826	506	13,473	5,615	84,063	22,393	126,876
Acquisition of subsidiaries	–	–	5,544	(5,477)	22,333	(22,206)	194
Additions	–	–	1,178	18	7,379	569	9,144
Transfers and disposals	(79)	(6)	251	(41)	(527)	(65)	(467)
Depreciation	–	(14)	(482)	(115)	(4,432)	(678)	(5,721)
Impairment charge	(1)	–	(180)	–	(80)	–	(261)
Exchange differences	(34)	–	(132)	–	(1,465)	(1)	(1,632)
Net book value at 31 December 2014	712	486	19,652	–	107,271	12	128,133
Cost	727	592	30,932	–	186,235	30	218,516
Accumulated depreciation and impairment	(15)	(106)	(11,280)	–	(78,964)	(18)	(90,383)
Net book value at 31 December 2014	712	486	19,652	–	107,271	12	128,133
Net book value at 1 January 2015	712	486	19,652	–	107,271	12	128,133
Additions	–	–	955	–	10,324	–	11,279
Transfers and disposals	10	–	(107)	–	(328)	–	(425)
Sale of subsidiaries	(10)	–	(15)	–	(1,109)	–	(1,134)
Depreciation	–	(13)	(612)	–	(5,229)	(1)	(5,855)
Impairment charge (Note 5(c))	(19)	–	(60)	–	(1,784)	(2)	(1,865)
Exchange differences	(51)	–	(207)	–	(2,073)	(1)	(2,332)
Net book value at 31 December 2015	**642**	**473**	**19,606**	**–**	**107,072**	**8**	**127,801**
Cost	741	592	31,258	–	189,085	27	221,703
Accumulated depreciation and impairment	(99)	(119)	(11,652)	–	(82,013)	(19)	(93,902)
Net book value at 31 December 2015	**642**	**473**	**19,606**	**–**	**107,072**	**8**	**127,801**

10. Fixed Assets, Leasehold Land and Land Use Rights under Operating Leases and Investment Property (continued)

(B) Leasehold Land and Land Use Rights under Operating Leases

	2015 HK$M	2014 HK$M
Net book value at 1 January	5,696	1,806
Acquisition of subsidiaries	–	3,811
Additions	22	214
Amortisation	(170)	(131)
Impairment charge	–	(1)
Exchange differences	(6)	(3)
Net book value at 31 December	5,542	5,696
Cost	6,272	6,258
Accumulated amortisation and impairment	(730)	(562)
Net book value at 31 December	5,542	5,696

(C) Investment Property

	2015 HK$M	2014 HK$M
At 1 January	2,554	2,221
Additions	16	88
Revaluation surplus	99	245
At 31 December	2,669	2,554

The Group's investment property is located at Argyle Street, Kowloon. It was revalued at 31 December 2015 by DTZ Debenham Tie Leung Limited (DTZ) based on the highest and best use approach. In formulating the optimal development of the property, DTZ has taken into account the development constraints stipulated on the covenants of the Government Leases and subsequent modifications. DTZ has adopted the residual valuation method, which is a modification of income approach based on discounted cash flows, by making reference to the development potential of the subject property after deduction of costs for completion of the development. The valuation relies upon a series of assumptions which produce an estimation of the expected current market value of the property held for development or redevelopment. These assumptions include the statutory and non-statutory restrictions associated with development that may be imposed by the Government. Comparable transactions of similar development in the locality were gathered for gross development value assessment. The valuations are performed and reported twice a year, in line with the Group's reporting dates, to management.

The recurring fair value measurement of the Group's investment property is categorised within Level 3 of the fair value hierarchy at 31 December 2015 and 2014. The significant unobservable inputs used other than assumptions made in relation to development potential of the property are discount rate, cost of development and estimated return in the future for the property. The discount rate used is 5% (2014: 5%) and the higher the rate, the lower the fair value of the property.

11. Goodwill and Other Intangible Assets

Accounting Policy

(A) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken at least annually or if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(B) Other intangible assets

Intangible assets other than goodwill are measured initially at cost or, if acquired in a business combination, fair value at the acquisition date. An intangible asset with a finite useful life is amortised on a straight-line basis over its useful life of 6 – 34 years and carried at cost less accumulated amortisation and accumulated impairment losses.

11. Goodwill and Other Intangible Assets (continued)

	Goodwill[(a)] HK$M	Licences HK$M	Capacity Right[(b)] HK$M	Others[(c)] HK$M	Total HK$M
Net carrying value at 1 January 2014	19,109	2,280	–	2,458	23,847
Acquisition of subsidiaries	5,545	–	5,607	–	11,152
Additions	–	198	8	1,081	1,287
Write-off	–	–	–	(16)	(16)
Amortisation	–	(3)	(181)	(755)	(939)
Impairment charge	(2)	(2,223)	–	–	(2,225)
Exchange differences	(1,548)	(252)	–	(177)	(1,977)
Net carrying value at 31 December 2014	23,104	–	5,434	2,591	31,129
Cost	23,106	2,223	5,615	6,090	37,034
Accumulated amortisation and impairment	(2)	(2,223)	(181)	(3,499)	(5,905)
Net carrying value at 31 December 2014	23,104	–	5,434	2,591	31,129
Net carrying value at 1 January 2015	23,104	–	5,434	2,591	31,129
Additions	–	–	11	155	166
Amortisation	–	–	(272)	(468)	(740)
Impairment charge (Note 5(c))	(129)	–	–	(9)	(138)
Exchange differences	(1,888)	–	–	(272)	(2,160)
Net carrying value at 31 December 2015	**21,087**	**–**	**5,173**	**1,997**	**28,257**
Cost	21,218	1,984	5,626	5,585	34,413
Accumulated amortisation and impairment	(131)	(1,984)	(453)	(3,588)	(6,156)
Net carrying value at 31 December 2015	**21,087**	**–**	**5,173**	**1,997**	**28,257**

11. Goodwill and Other Intangible Assets (continued)

Notes:

(a) Goodwill mostly arose from the previous acquisitions of energy retail business in Australia of HK$15,480 million (2014: HK$17,350 million) and the acquisition of CAPCO under Hong Kong electricity business of HK$5,545 million (2014: HK$5,545 million) in 2014. In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill for the corresponding cash generating units and determined that such goodwill has not been impaired. The recoverable amount of the cash generating units tested for impairment has been determined based on value in use calculations. The value in use calculations use cash flow projections as at 31 December 2015 based on an approved Business Plan which has a forecast covering a period of ten years and necessary updates. Projections for a period of greater than five years have been used on the basis that a longer projection period represents the long dated nature of our generation and electricity supply assets and a more appropriate reflection of future cash flows from anticipated legislative, regulatory and structural changes in the industry.

The key assumptions used in the value in use calculations are as follows:

Energy retail business in Australia

- Retail prices are sensitive to regulatory changes including regulation and deregulation of retail tariffs. In the absence of any known or expected changes to the current pricing structure, the Group's retail price path assumptions are based on management estimates and expectations on current market conditions and the Group's expectation of regulatory outcomes.
- The electricity and gas volumes for purchases and sales represent the forecast projections in the EnergyAustralia Business Plan. External information was used to verify and align internal estimates.
- The number of customer accounts for electricity and gas aligns with the EnergyAustralia Business Plan.
- Electricity and gas network (distribution) cost assumptions are based on published regulated price paths. When no estimates are available, network costs are assumed to escalate by the relevant consumer price index.
- Electricity pool prices, generation volumes, dispatch levels and gas prices were derived using modelling of the electricity wholesales market. NEM modelling is prepared internally, where possible, using observable inputs. NEM modelling used for the electricity wholesale and gas markets is based on past experience and observable market activity.
- The cash flow projections are discounted using a pre-tax discount rate of 12.6% (2014: 12.1%). The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.
- Terminal value growth rate has been used in estimating cash flows beyond a period of ten years. A norminal rate of 2.7% (2014: 3.0%) was used for the current period.

Hong Kong electricity business

- Goodwill arising from the CAPCO acquisition has been allocated to the CLP Power Hong Kong and CAPCO combined cash generating unit as the acquisition is considered to benefit the whole SoC business.
- The electricity tariff for the supply of electricity in meeting the demand of customers in Hong Kong over the forecast periods is determined with reference to the rate-setting mechanism under the SoC.
- The forecast for electricity demand is based on the load forecast to support local infrastructure development and meeting customer load requirements, maintaining safety and supply reliability, and meeting environmental requirements.
- Expenditure for the supply of electricity in meeting the forecast demand are based on committed purchase contracts where applicable, and inputs on costs trend as specific to the electricity business in Hong Kong. Such forecast aligns with the projection in the Business Plan for our Hong Kong electricity business, with capital expenditures for the periods to 2018 aligned with those forecasted in the approved development plan.
- Terminal value of the cash generating unit is adopted to estimate the cash flows to be generated for the periods beyond ten years. This is expressed as a multiple of net asset values which corresponds to our return model based on fixed assets investment. The terminal value is a multiple of 1.2 times of the net asset values forecasted as at the end of 2025.
- The cash flow projections are discounted using a pre-tax discount rate of 11.92% (2014: 12.05%), or a post-tax discount rate of 9.99% (2014: 9.99%) which reflects the SoC return rate applicable to the electricity business in Hong Kong.

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

(c) The balance includes contracted customers and other identifiable intangible assets from EnergyAustralia.

12. Interests in Joint Ventures

Accounting Policy No. 3(C)

	2015 HK$M	2014 HK$M
Share of net assets	10,463	10,121
Goodwill	44	47
Carrying amounts	10,507	10,168
Advances [(a)]	–	103
Loan [(b)]	743	905
	11,250	11,176

Notes:

(a) Advances to joint ventures are unsecured, interest free and have no fixed repayment terms. These advances are considered equity in nature.

(b) Loan to a joint venture is unsecured, carries interest rate fixed at 90% (2014: 90%) of the over five years Renminbi benchmark lending rate of the People's Bank of China and with final maturity in September 2022. The current portion of the loan of HK$122 million (2014: HK$94 million) was included in other receivables.

Details of the joint ventures are summarised below:

(A) CSEC Guohua, a joint stock company with 70% of its registered capital owned by China Shenhua Energy Company Limited and 30% owned by the Group, is incorporated in Mainland China. It holds interests in five coal-fired power stations, namely Beijing Yire Power Station in Beijing (ceased operation in March 2015), Panshan Power Station in Tianjin, Sanhe Power Station in Hebei, Zhungeer Power Station in Inner Mongolia and Suizhong Power Station in Liaoning, with a combined capacity of 7,440MW.

(B) CLP Guangxi Fangchenggang Power Company Limited (Fangchenggang) is incorporated in Mainland China and 70% of its registered capital is owned by the Group. This company owns and operates a 1,260MW coal-fired power station and two 660MW ultra-supercritical coal-fired units under construction in Guangxi. All power generated is for supply to the Guangxi power grid.

Under the joint venture agreement, none of the joint venture partners has unilateral control over the economic activities of Fangchenggang and hence, the Group's interest is accounted for as a joint venture.

(C) ShenGang Natural Gas Pipeline Company Limited (SNGPC) is incorporated in Mainland China and 40% of its registered capital is owned by the Group. This company owns and operates a 20 km pipeline and the associated gas launching and end stations (the Hong Kong Branch Line) which transports natural gas from PetroChina's Second West-East Gas Pipeline in Shenzhen Dachan Island to Black Point Power Station in Hong Kong.

(D) OneEnergy Taiwan Ltd (OneEnergy Taiwan) is incorporated in the British Virgin Islands and 50% of its ordinary share capital is owned by each of Mitsubishi Corporation of Japan and the Group. This company owns a 40% interest in Ho-Ping Power Company.

(E) Shandong Zhonghua Power Company, Ltd. (SZPC) is incorporated in Mainland China and 29.4% of its registered capital is owned by the Group. This company owns four coal-fired power stations, namely Shiheng I, Shiheng II, Heze II and Liaocheng I, with a combined installed capacity of 3,060MW. All power generated is for supply to the Shandong power grid.

12. Interests in Joint Ventures (continued)

(F) The Group's other investments include the following key projects:

- 33.3% interest in the ordinary share capital of Natural Energy Development Co., Ltd., which is incorporated in Thailand and owns a solar farm in Lopburi Province in Central Thailand, with an installed capacity of 63MW;
- 51% interest in the registered capital of Jinchang Zhenxin PV Power Company Limited, which is incorporated in Mainland China and owns Jinchang Solar Power Station, with an installed capacity of 85MW in Gansu; and
- 49% interests in the registered capital of various Chinese joint ventures at a carrying amount of HK$1,300 million (2014: HK$1,342 million) in aggregate. These joint ventures are incorporated in Mainland China and hold interests in various wind power stations in Shandong and Jilin, with a total installed capacity of 543MW.

Summarised financial information of significant joint ventures and the Group's share of results and net assets are as follows:

	For year ended 31 December 2015						
	CSEC Guohua[a] HK$M	Fangcheng-gang HK$M	SNGPC HK$M	OneEnergy Taiwan HK$M	SZPC HK$M	Others HK$M	Total HK$M
Revenue	13,115	1,396	947	–	7,931	1,937	25,326
Depreciation and amortisation	(2,045)	(183)	(137)	–	(964)	(604)	(3,933)
Interest income	1	2	4	–	4	14	25
Interest expense	(499)	(154)	(124)	–	(257)	(312)	(1,346)
Other expenses	(9,320)	(880)	(206)	(2)	(4,024)	(486)	(14,918)
Share of results of joint ventures	–	–	–	549	–	(7)	542
Profit before income tax	1,252	181	484	547	2,690	542	5,696
Income tax expense	(384)	(49)	(122)	–	(710)	(60)	(1,325)
Profit for the year	868	132	362	547	1,980	482	4,371
Non-controlling interests	(627)	–	–	–	–	–	(627)
Profit for the year attributable to shareholders	241	132	362	547	1,980	482	3,744
Profit for the year	868	132	362	547	1,980	482	4,371
Other comprehensive income	–	–	–	(1)	–	159	158
Total comprehensive income	868	132	362	546	1,980	641	4,529
Group's share							
Profit for the year attributable to shareholders	73	93	144	273	582	192	1,357
Other comprehensive income	–	–	–	(1)	–	79	78
Total comprehensive income	73	93	144	272	582	271	1,435
Dividends from joint ventures	144	316	–	200	579	154	1,393

12. Interests in Joint Ventures (continued)

	For year ended 31 December 2014						
	CAPCO[(b)] HK$M	Fangcheng-gang HK$M	SNGPC HK$M	OneEnergy Taiwan HK$M	SZPC HK$M	Others HK$M	Total HK$M
Revenue	4,539	2,288	51	–	8,403	2,198	17,479
Depreciation and amortisation	(28)	(185)	(23)	–	(947)	(779)	(1,962)
Interest income	–	16	13	–	6	9	44
Interest expense	(5)	(180)	(9)	(2)	(326)	(493)	(1,015)
Other expenses	(3,268)	(1,333)	(40)	(1)	(5,062)	(493)	(10,197)
Share of results of joint ventures	–	–	–	530	–	–	530
Profit/(loss) before income tax	1,238	606	(8)	527	2,074	442	4,879
Income tax (expense)/credit	(211)	(143)	2	–	(564)	(69)	(985)
Profit/(loss) for the year attributable to shareholders	1,027	463	(6)	527	1,510	373	3,894
Other comprehensive income	(2)	–	–	2	–	(67)	(67)
Total comprehensive income	1,025	463	(6)	529	1,510	306	3,827
Group's share							
Profit/(loss) for the year attributable to shareholders	411	324	(2)	264	444	121	1,562
Other comprehensive income	(1)	–	–	1	–	(50)	(50)
Total comprehensive income	410	324	(2)	265	444	71	1,512
Dividends from joint ventures	145	607	–	45	406	293	1,496

Notes:

(a) The Group's share of results of CSEC Guohua included its share of impairment provision for Beijing Yire Power Station of HK$243 million (2014: nil). The Group did not share the results of CSEC Guohua in 2014 under a share transfer agreement which lapsed at 31 December 2014.

(b) The share of results of CAPCO related to the period from 1 January 2014 to 12 May 2014 (prior to acquisition as a subsidiary).

12. Interests in Joint Ventures (continued)

	At 31 December 2015						
	CSEC Guohua HK$M	Fangcheng-gang HK$M	SNGPC HK$M	OneEnergy Taiwan HK$M	SZPC HK$M	Others HK$M	Total HK$M
Non-current assets	25,509	7,361	3,704	2,978	7,964	11,257	58,773
Current assets							
Cash and cash equivalents	72	153	254	3	406	688	1,576
Other current assets	4,207	302	56	1	893	806	6,265
	4,279	455	310	4	1,299	1,494	7,841
Current liabilities							
Financial liabilities *	(8,919)	(419)	(305)	–	(1,855)	(1,265)	(12,763)
Other current liabilities	(2,067)	(718)	(39)	–	(1,139)	(728)	(4,691)
	(10,986)	(1,137)	(344)	–	(2,994)	(1,993)	(17,454)
Non-current liabilities							
Financial liabilities *	(2,523)	(3,599)	–	–	(2,914)	(4,631)	(13,667)
Shareholders' loans	–	–	(1,857)	–	–	(59)	(1,916)
Other non-current liabilities	(1,421)	(37)	(5)	(1)	(44)	(59)	(1,567)
	(3,944)	(3,636)	(1,862)	(1)	(2,958)	(4,749)	(17,150)
Non-controlling interests	(6,356)	–	–	–	–	–	(6,356)
Net assets	8,502	3,043	1,808	2,981	3,311	6,009	25,654
Group's share of net assets	2,551	2,131	723	1,491	973	2,594	10,463
Goodwill	–	–	–	–	–	44	44
Carrying amounts	2,551	2,131	723	1,491	973	2,638	10,507
Loan	–	–	743	–	–	–	743
	2,551	2,131	1,466	1,491	973	2,638	11,250

* Excluding trade and other payables and provisions.

In accordance with HKFRS12 "Disclosure of Interests in Other Entities" requirements, trade and other payables and provisions are excluded from financial liabilities and included under other current / non-current liabilities for disclosure purposes.

12. Interests in Joint Ventures (continued)

	At 31 December 2014						
	CSEC Guohua HK$M	Fangcheng-gang HK$M	SNGPC HK$M	OneEnergy Taiwan HK$M	SZPC HK$M	Others HK$M	Total HK$M
Non-current assets	28,427	5,706	4,016	2,942	9,219	13,956	64,266
Current assets							
Cash and cash equivalents	17	444	325	4	481	739	2,010
Other current assets	3,791	561	33	–	890	1,022	6,297
	3,808	1,005	358	4	1,371	1,761	8,307
Current liabilities							
Financial liabilities *	(7,913)	(261)	(235)	–	(2,309)	(1,424)	(12,142)
Other current liabilities	(4,224)	(1,687)	(347)	(1)	(923)	(756)	(7,938)
	(12,137)	(1,948)	(582)	(1)	(3,232)	(2,180)	(20,080)
Non-current liabilities							
Financial liabilities *	(3,116)	(2,668)	–	–	(3,796)	(6,101)	(15,681)
Shareholders' loans	–	–	(2,264)	–	–	(408)	(2,672)
Other non-current liabilities	(1,378)	(33)	(1)	–	(37)	(256)	(1,705)
	(4,494)	(2,701)	(2,265)	–	(3,833)	(6,765)	(20,058)
Non-controlling interests	(6,469)	–	–	–	–	–	(6,469)
Net assets	9,135	2,062	1,527	2,945	3,525	6,772	25,966
Group's share of net assets	2,741	1,443	611	1,473	1,036	2,817	10,121
Goodwill	–	–	–	–	–	47	47
Carrying amounts	2,741	1,443	611	1,473	1,036	2,864	10,168
Advances and loan	–	–	905	–	–	103	1,008
	2,741	1,443	1,516	1,473	1,036	2,967	11,176

* Excluding trade and other payables and provisions.

	2015 HK$M	2014 HK$M
Share of capital commitments	1,587	3,512
Share of contingent liabilities	58	60

The Group's capital commitments in relation to its interests in joint ventures are disclosed in Note 29.

13. Interest in an Associate

Accounting Policy No. 3(C)

The balance represents the Group's share of net assets of Guangdong Nuclear Power Joint Venture Company, Limited (GNPJVC) at the end of the reporting period.

GNPJVC is unlisted, incorporated and operates in Mainland China, and its registered capital is 25% owned by the Group and 75% owned by Guangdong Nuclear Investment Company, Limited. GNPJVC constructed and operates the Guangdong Daya Bay Nuclear Power Station and its principal activity is the generation of electricity for supply to Hong Kong and Guangdong Province.

Summarised financial information of GNPJVC and the Group's share of results and net assets are as follows:

	2015 HK$M	2014 HK$M
Revenue	7,552	7,165
Profit and total comprehensive income	3,552	3,184
Group's share of profit and total comprehensive income	888	796
Dividends from an associate	889	1,685
Non-current assets	3,283	3,060
Current assets	8,572	8,235
Current liabilities	(5,369)	(4,766)
Non-current liabilities	(3,346)	(3,384)
Net assets	3,140	3,145
Group's share of net assets	785	786

At 31 December 2015, the Group's share of capital commitments of its associate was HK$96 million (2014: HK$177 million).

14. Finance Lease Receivables

Accounting Policy No. 11

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2015 HK$M	2014 HK$M	2015 HK$M	2014 HK$M
Amounts receivable under finance leases				
Within one year	166	177	52	50
After one year but within five years	1,005	1,234	799	898
	1,171	1,411	851	948
Less: unearned finance income	(320)	(463)		
Present value of minimum lease payments receivable	851	948		

The finance lease receivables, accounted for as finance lease in accordance with HK(IFRIC)-Int 4 and HKAS 17, relate to the 20-year power purchase agreement under which CLP India sells all of its electricity output of Paguthan Plant (Paguthan) to its offtaker, Gujarat Urja Vikas Nigam Limited (GUVNL). The effective interest rate implicit in the finance lease was approximately 13.4% for both 2015 and 2014.

15. Derivative Financial Instruments

Accounting Policy No. 5

	2015		2014	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cash flow hedges (note)				
Forward foreign exchange contracts	595	135	855	55
Foreign exchange options	83	–	74	–
Cross currency interest rate swaps	529	1,544	2,124	1,310
Interest rate swaps	18	195	66	1,031
Energy contracts	27	11	22	112
Fair value hedges				
Cross currency interest rate swaps	94	424	257	417
Interest rate swaps	13	78	18	122
Held for trading or not qualifying as accounting hedges				
Forward foreign exchange contracts	60	115	79	62
Interest rate swaps	31	9	37	24
Energy contracts	228	886	247	638
	1,678	3,397	3,779	3,771
Analysed as:				
Current	600	595	659	709
Non-current	1,078	2,802	3,120	3,062
	1,678	3,397	3,779	3,771

Although termed "held for trading or not qualifying as accounting hedges" above, these derivatives are used as "economic hedges" or for the purpose of understanding energy price movements.

Note: Derivative financial instruments qualifying as cash flow hedges at 31 December 2015 have a maturity of up to 15 years (2014: 14 years) from the end of the reporting period.

The maturities of the derivative financial instruments used for hedging correlate to the timing of the cash flows associated with the corresponding hedged items. As for the energy contracts that are hedges of anticipated future purchases and sales of electricity (cash flow hedge), any unrealised gains or losses on the contracts recognised are deferred in the hedging reserve (through other comprehensive income) and reclassified to profit or loss, as an adjustment to purchased electricity expense or the billed electricity revenue, when the hedged purchase or sale is recognised.

16. Available-for-sale Investments

Accounting Policy

Available-for-sale investments are non-derivative financial assets that are either designated in that category or not classified in any of the other categories of financial instruments. Purchases and sales of financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. They are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

Changes in the fair value of available-for-sales equity investments are recognised in other comprehensive income. When an available-for-sale equity investment is sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss. Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive payments is established.

The Group assesses at the end of each reporting period whether there is objective evidence that an available-for-sale investment is impaired. A significant or prolonged decline in the fair value of an equity investment below its cost is evidence that the asset is impaired. If any such evidence exists, the cumulative loss, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss.

Available-for-sale investments are classified as non-current assets unless management intend to dispose of the investment within 12 months after the end of the reporting period.

The Group's available-for-sale investments are analysed as follows:

	2015 HK$M	2014 HK$M
CGN Wind Power Company Limited (CGN Wind)	1,190	1,190
Others	454	517
	1,644	1,707

In accordance with the Group's accounting policy, the unquoted investment in CGN Wind, which is denominated in Renminbi, is treated for accounting purpose as an available-for-sale investment.

Although termed "available-for-sale" by the accounting standard, investments in this category are generally held for the long-term.

17. Trade and Other Receivables

Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

	2015 HK$M	2014 HK$M
Trade receivables [a]	10,061	11,040
Deposits, prepayments and other receivables	2,613	2,566
Dividend receivables from [b]		
Joint ventures	80	1,127
An associate	877	785
An available-for-sale investment	–	64
Current accounts with [b]		
Joint ventures	180	136
An associate	1	1
	13,812	15,719

Trade and other receivables attributed to overseas subsidiaries amounted to HK$9,682 million (2014: HK$11,686 million). At 31 December 2015, CLP India has obtained payment for some of its receivables from GUVNL through bill discounting with recourse amounted to HK$89 million (2014: HK$123 million) and the transactions have been accounted for as collateralised borrowings (Note 20).

Notes:

(a) Trade receivables

18% (2014: 17%) and 57% (2014: 62%) of the gross trade receivables relate to sales of electricity in Hong Kong and sales of electricity and gas in Australia respectively. There is no significant concentration of credit risk with respect to these trade receivables as the customer bases are widely dispersed in different sectors and industries. The trade receivables in currencies other than Hong Kong dollar are denominated in the functional currencies of the respective overseas entities.

The Group has established credit policies for customers in each of its retail businesses. CLP Power Hong Kong's credit policy in respect of receivables arising from its principal electricity business is to allow customers to settle their electricity bills within two weeks after issue. Customers' receivable balances are generally secured by cash deposits or bank guarantees from customers for an amount not exceeding the highest expected charge for 60 days of consumption. At 31 December 2015, such cash deposits amounted to HK$4,829 million (2014: HK$4,652 million) and the bank guarantees stood at HK$843 million (2014: HK$883 million). The customer deposits are repayable on demand and bear interest at the HSBC bank savings rate. Impairment provisions on trade receivables are recognised on an individual basis once a receivable is more than 90 days overdue and are calculated by reference to the historical past due recovery pattern together with any customer deposits held. For subsidiaries outside Hong Kong, the credit terms for trade receivables range from about 14 to 90 days.

17. Trade and Other Receivables (continued)

Notes (continued):

(a) Trade receivables (continued)

EnergyAustralia determines its doubtful debt provisioning by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. Future cash flows for each group of trade receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions. As a result of this credit risk assessment, virtually all of the credit risk groupings have been subject to some level of impairment. Receivable balances relating to known insolvencies are individually impaired.

The ageing analysis of trade receivables at 31 December based on due date is as follows:

	2015				2014			
	Not impaired HK$M	Subject to impairment HK$M	Provision for impairment HK$M	Total HK$M	Not impaired HK$M	Subject to impairment HK$M	Provision for impairment HK$M	Total HK$M
Not yet due	7,024	671	(58)	7,637	7,618	727	(56)	8,289
Overdue								
1 – 30 days	135	540	(55)	620	123	786	(71)	838
31 – 90 days	215	450	(107)	558	129	622	(144)	607
Over 90 days	778	1,722	(1,254)	1,246	745	1,699	(1,138)	1,306
	8,152	3,383	(1,474)	10,061	8,615	3,834	(1,409)	11,040

At 31 December 2015, trade receivables of HK$1,128 million (2014: HK$997 million) were past due but not considered impaired. These related to:

- a number of customers for whom there had been no recent history of default;
- an amount deducted by GUVNL from the past invoices of CLP India netted with refund totalled HK$387 million (Rs.3,306 million) (2014: HK$406 million (Rs.3,306 million)) (Note 31(A)) which is included in the amount aged over 90 days; and
- disputed charges between Jhajjar Power Limited (Jhajjar) and its offtakers. Total disputed amounts were HK$218 million (Rs.1,860 million) at 31 December 2015 (2014: HK$212 million (Rs.1,725 million)), of which HK$213 million (Rs.1,819 million) (2014: HK$206 million (Rs.1,682 million)) aged over 90 days (Note 31(C)).

According to the accounting standard requirement, when certain receivables are individually impaired, they are written off directly from the books or through the use of an allowance account. If no objective evidence of impairment exists for individual receivables, they are included in a group of receivables with similar credit risk characteristics and collectively assessed for impairment. The amounts under the caption "Subject to impairment" mainly relate to EnergyAustralia and are assessed for impairment under this collective approach.

The ageing analysis of trade receivables at 31 December based on invoice date is as follows:

	2015 HK$M	2014 HK$M
30 days or below	7,788	8,596
31 – 90 days	744	976
Over 90 days	1,529	1,468
	10,061	11,040

17. Trade and Other Receivables (continued)

Notes (continued):

(a) Trade receivables (continued)

Movements in the provision for impairment are as follows:

	2015 HK$M	2014 HK$M
Balance at 1 January	1,409	1,384
Provision for impairment	455	763
Receivables written off during the year as uncollectable	(254)	(609)
Amounts reversed	(3)	(27)
Exchange differences	(133)	(102)
Balance at 31 December	1,474	1,409

"Ageing analysis based on invoice date" is presented to meet the reporting requirements under the Listing Rules of the Hong Kong Stock Exchange, whereas "ageing analysis based on due date" is disclosed in accordance with the requirements of HKFRS.

Invoice date = Date of issue of an invoice
Due date = Invoice date + credit period granted to customers

(b) The amounts receivable from joint ventures and an associate are unsecured, interest free and have no fixed repayment terms.

18. Bank Balances, Cash and Other Liquid Funds

Accounting Policy

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, short-term highly liquid investments that are readily convertible to cash, subjected to insignificant risk of change in value and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

	2015 HK$M	2014 HK$M
Trust accounts restricted under TRAA (note)	232	355
Bank deposits	2,220	2,424
Bank balances and cash	1,347	1,614
	3,799	4,393

Note: Pursuant to Trust and Retention Account Agreements (TRAA) of CLP India and its subsidiaries with their corresponding lenders, various trust accounts are set up for designated purposes.

The Group's bank balances, cash and other liquid funds denominated in the currencies other than the functional currency of the respective entities amounted to HK$2,162 million (2014: HK$1,185 million) which was mostly denominated in Renminbi (2014: Renminbi).

19. Trade and Other Payables

Accounting Policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2015 HK$M	2014 HK$M
Trade payables [(a)]	5,904	8,230
Other payables and accruals	5,599	6,223
Advances from non-controlling interests [(b)]	6,720	6,703
Current accounts with [(c)]		
Joint ventures	1	2
An associate	577	139
Deferred revenue [(d)]	222	323
	19,023	21,620

Notes:

(a) The ageing analysis of trade payables at 31 December based on invoice date is as follows:

	2015 HK$M	2014 HK$M
30 days or below	5,759	8,031
31 – 90 days	106	155
Over 90 days	39	44
	5,904	8,230

At 31 December 2015, trade payables denominated in a currency other than the functional currency of the corresponding Group entities amounted to HK$778 million (2014: HK$1,254 million), which were mostly denominated in US dollar of HK$571 million (2014: HK$1,088 million) and Renminbi of HK$66 million (2014: HK$33 million).

(b) The advances from non-controlling interests represented the advances from China Southern Power Grid International (HK) Co., Limited (CSG HK) to CAPCO. Pursuant to the agreement between the shareholders of CAPCO, both CLP Power Hong Kong and CSG HK are required to provide shareholders' advances pro rata to their shareholdings in CAPCO. The advances are unsecured, interest free and have no fixed repayment terms. The advances are mainly denominated in US dollar.

(c) The amounts payable to joint ventures and an associate are unsecured, interest free and have no fixed repayment terms.

(d) Non-current deferred revenue of HK$1,193 million (2014: HK$1,099 million) was included under other non-current liabilities.

20. Bank Loans and Other Borrowings

Accounting Policy

Borrowings are recognised initially at fair value of proceeds received, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial liability. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is amortised to profit or loss or capitalised as cost of the qualifying assets over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

	2015 HK$M	2014 HK$M
Current		
Short-term bank loans	5,033	4,908
Long-term bank loans	7,156	3,070
Other long-term borrowings		
Medium Term Note (MTN) programme (HKD) due 2015 and 2016	1,000	1,340
MTN programme (AUD) due 2015	–	318
	13,189	9,636
Non-current		
Long-term bank loans	16,423	28,320
Other long-term borrowings		
MTN programme (USD) due 2020 to 2027	13,024	10,731
MTN programme (HKD) due 2017 to 2041	8,418	9,075
MTN programme (JPY) due 2021 to 2027	2,209	2,022
MTN programme (AUD) due 2021 to 2030	736	698
US private placement notes (USD) due 2023	232	6,953
Bonds (INR) due 2018 to 2026	1,252	–
	42,294	57,799
Total borrowings	55,483	67,435

Details of the debentures issued by the Group during the year are as follows:

- During the year, CLP Power Hong Kong Financing Limited (CLPPHKF), a wholly owned subsidiary of CLP Power Hong Kong issued a total of HK$2,943 million senior unsecured notes under the MTN programme of CLPPHKF for general corporate purposes. After deducting the issuance costs and discount, net proceeds of HK$2,927 million were received.
- In April 2015, Jhajjar issued Rs.4,760 million (HK$591 million) 10 and 11-year bonds to lengthen the average debt maturity of the company. After deducting the issuance costs, net proceeds of Rs.4,707 million (HK$584 million) were received.
- In September 2015, CLP Wind Farms (India) Private Limited issued Rs.6,000 million (HK$706 million) 3 to 5-year green bonds to fund the development of wind projects. After deducting the issuance costs, net proceeds of Rs.5,977 million (HK$703 million) were received.

20. Bank Loans and Other Borrowings (continued)

Total borrowings included secured liabilities of HK$13,039 million (2014: HK$11,969 million), analysed as follows:

	2015 HK$M	2014 HK$M
CLP India and its subsidiaries [(a)]	**8,835**	8,656
Subsidiaries in Mainland China [(b)]	**4,204**	3,313
	13,039	11,969

Notes:

(a) Bank loans and bonds for CLP India and its subsidiaries are secured by fixed and floating charges over their immovable and moveable properties and current assets with total carrying amounts of HK$14,845 million (2014: HK$13,937 million). Collateralised borrowings for CLP India were secured by trade receivables, the carrying amounts of which were HK$89 million (2014: HK$123 million).

(b) Bank loans for subsidiaries in Mainland China are secured by rights of receipt of tariff, fixed assets and land use rights, with the carrying amounts of these fixed assets and land use rights of HK$4,571 million (2014: HK$4,924 million).

Bank loans and other borrowings totalling HK$14,201 million (2014: HK$26,791 million) were attributed to overseas subsidiaries and are non-recourse to the Company.

At 31 December 2015, the Group's bank loans and other borrowings were repayable as follows:

	Bank Loans		Other Borrowings		Total	
	2015 HK$M	2014 HK$M	**2015 HK$M**	2014 HK$M	**2015 HK$M**	2014 HK$M
Within one year	**12,189**	7,978	**1,000**	1,658	**13,189**	9,636
Between one and two years	**4,790**	8,273	**1,450**	1,000	**6,240**	9,273
Between two to five years	**6,562**	14,072	**5,898**	3,631	**12,460**	17,703
Over five years	**5,071**	5,975	**18,523**	24,848	**23,594**	30,823
	28,612	36,298	**26,871**	31,137	**55,483**	67,435

Another presentation of the Group's liquidity risk is set out on page 249.

At 31 December 2015 and 2014, all of the Group's borrowings are either in the functional currencies of the corresponding Group entities or hedged into those currencies.

At 31 December 2015, the Group had undrawn bank loans and overdraft facilities of HK$29,685 million (2014: HK$32,533 million).

21. Deferred Tax

Accounting Policy No. 8

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2015 HK$M	2014 HK$M
Deferred tax assets	1,690	3,828
Deferred tax liabilities	(13,476)	(13,418)
	(11,786)	(9,590)

Deferred tax asset = income tax recoverable in the future
Deferred tax liability = income tax payable in the future

Substantially all deferred tax balances are to be recovered or settled after more than 12 months.

The gross movement on the deferred tax account is as follows:

	2015 HK$M	2014 HK$M
At 1 January	(9,590)	(5,464)
(Charged)/credited to profit or loss (Note 7)	(1,764)	303
(Charged)/credited to other comprehensive income	(84)	207
Acquisition of subsidiaries	–	(4,428)
Withholding tax	44	84
Exchange differences	(392)	(292)
At 31 December	(11,786)	(9,590)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

Deferred tax assets (prior to offset)

	Tax Losses [(a)]		Accruals and Provisions		Others [(b)]		Total	
	2015 HK$M	2014 HK$M	2015 HK$M	2014 HK$M	2015 HK$M	2014 HK$M	2015 HK$M	2014 HK$M
At 1 January	2,913	2,542	1,291	1,022	880	1,414	5,084	4,978
Credited/(charged) to profit or loss	(1,881)	593	(276)	341	(365)	(712)	(2,522)	222
Credited/(charged) to other comprehensive income	–	–	(34)	32	1	48	(33)	80
Acquisition of subsidiaries	–	–	–	–	–	186	–	186
Exchange differences	(302)	(222)	(121)	(104)	(63)	(56)	(486)	(382)
At 31 December	730	2,913	860	1,291	453	880	2,043	5,084

21. Deferred Tax (continued)

Deferred tax liabilities (prior to offset)

	Accelerated Tax Depreciation		Withholding/ Dividend Distribution Tax		Unbilled Revenue		Intangibles		Others[b]		Total	
	2015 HK$M	2014 HK$M	**2015 HK$M**	2014 HK$M	**2015 HK$M**	2014 HK$M	**2015 HK$M**	2014 HK$M	**2015 HK$M**	2014 HK$M	**2015 HK$M**	2014 HK$M
At 1 January	**(12,064)**	(7,084)	**(279)**	(327)	**–**	(998)	**(1,365)**	(1,126)	**(966)**	(907)	**(14,674)**	(10,442)
(Charged)/credited to profit or loss	**(100)**	(1,428)	**160**	(16)	**–**	1,007	**117**	765	**581**	(247)	**758**	81
(Charged)/credited to other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**(51)**	127	**(51)**	127
Acquisition of subsidiaries	**–**	(3,535)	**–**	–	**–**	–	**–**	(1,079)	**–**	–	**–**	(4,614)
Withholding tax	**–**	–	**44**	84	**–**	–	**–**	–	**–**	–	**44**	84
Exchange differences	**(38)**	(17)	**3**	(20)	**–**	(9)	**33**	75	**96**	61	**94**	90
At 31 December	**(12,202)**	(12,064)	**(72)**	(279)	**–**	–	**(1,215)**	(1,365)	**(340)**	(966)	**(13,829)**	(14,674)

Notes:

(a) The deferred tax asset arising from tax losses related to the electricity businesses in India of HK$723 million (2014: Australia of HK$2,251 million and India of HK$662 million). The expiry of tax losses ranged from eight years to no expiry.

(b) Others mainly relate to temporary differences arising from derivative financial instruments and lease accounting adjustments.

22. Fuel Clause Account

Cost of fuel consumed by CLP Power Hong Kong is passed on to the customers. The variations between the actual cost of fuel and the fuel cost billed are captured in the fuel clause account. The balance of the account (inclusive of interest) represents amounts over-recovered or under-recovered and is treated as an amount due to or from customers. Interest charged to customers on the amount under-recovered is based on the actual borrowing cost of CLP Power Hong Kong, whilst interest is credited to customers at prime rate on the amount over-recovered.

23. SoC Reserve Accounts

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

	2015 HK$M	2014 HK$M
Tariff Stabilisation Fund (A)	**935**	1,058
Rate Reduction Reserve (B)	**2**	1
Rent and Rates Interim Refunds (C)	**72**	72
	1,009	1,131

23. SoC Reserve Accounts (continued)

The movements in SoC reserve accounts during the year are shown as follows:

(A) Tariff Stabilisation Fund

	2015 HK$M	2014 HK$M
At 1 January	1,058	19
Transfer from Rate Reduction Reserve	1	9
Transfer under the SoC [a]		
– transfer for SoC (to)/from revenue (Note 2)	(181)	1,020
– charge for asset decommissioning [b]	57	10
At 31 December	935	1,058

Notes:

(a) Under the SoC Agreement, if the gross tariff revenue in Hong Kong in a period is less than or exceeds the total of the SoC operating costs, permitted return and taxation charges, such deficiency shall be deducted from, or such excess shall be added to, the Tariff Stabilisation Fund. In any period, the amount of deduction from or addition to the Tariff Stabilisation Fund is recognised as revenue adjustment to the extent that the return and charges under the SoC are recognised in profit or loss (Note 2).

(b) Under the SoC, a periodic charge for asset decommissioning is made with corresponding deferred liabilities recognised in the statement of financial position of the SoC Companies. The balance of the asset decommissioning liabilities account of HK$1,025 million (2014: HK$1,082 million) recognised under the SoC represents a liability of the Group.

(B) Rate Reduction Reserve

	2015 HK$M	2014 HK$M
At 1 January	1	9
Transfer to Tariff Stabilisation Fund	(1)	(9)
Interest expense charged to profit or loss (Note 6)	2	1
At 31 December	2	1

(C) Rent and Rates Interim Refunds

CLP Power Hong Kong is challenging the amount of Government rent and rates levied dating back to the year of assessment 2001/02. While the original Lands Tribunal judgment and the subsequent judgment on the review of valuation matters were received in CLP Power Hong Kong's favour, the final resolution of the case will be subject to the outcome of appeals to the Court of Appeal against the Lands Tribunal judgment on points of law.

Interim refunds totalling HK$1,713 million were received by CLP Power Hong Kong from the Hong Kong Government during 2012 and 2014. These interim refunds were made by the Hong Kong Government without prejudice to the final outcome of the appeals which means that these amounts will be adjusted by reference to the decisions of the Lands Tribunal and subsequent appeals.

Based on the latest development of the case, CLP Power Hong Kong maintains that it would recover no less than interim refunds received to date in the final outcome of these appeals. The interim refunds continued to be classified within the SoC reserve accounts. The Rent and Rates Special Rebate provided to customers during 2012 and 2013 with the amounts of interim refunds received in 2012 and 2013 of HK$1,641 million had been offset against the interim refunds received.

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

24. Share Capital

	2015 Number of Ordinary Shares	2015 Amount HK$M	2014 Number of Ordinary Shares	2014 Amount HK$M
Issued and fully paid, at 31 December	**2,526,450,570**	**23,243**	2,526,450,570	23,243

25. Reserves

	Capital Redemption Reserve HK$M	Translation Reserves HK$M	Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2014	2,492	856	1,175	2,862	59,225	66,610
Earnings attributable to shareholders	–	–	–	–	11,221	11,221
Other comprehensive income						
Exchange differences on translation of						
Subsidiaries	–	(2,630)	–	–	–	(2,630)
Joint ventures	–	(341)	–	–	–	(341)
An associate	–	1	–	–	–	1
Cash flow hedges						
Net fair value losses	–	–	(1,003)	–	–	(1,003)
Reclassification to profit or loss	–	–	179	–	–	179
Tax on the above items	–	–	186	–	–	186
Fair value gain on available-for-sale investments	–	–	–	80	–	80
Reclassification adjustment upon loss of joint control of joint ventures	–	(422)	–	(146)	146	(422)
Share of other comprehensive income of joint ventures	–	–	24	(74)	–	(50)
Total comprehensive income attributable to shareholders	–	(3,392)	(614)	(140)	11,367	7,221
Transition to no-par value of shares under new Companies Ordinance (Cap. 622)	(2,492)	–	–	–	–	(2,492)
Revaluation reserve realised due to depreciation of fixed assets	–	–	–	(2)	2	–
Appropriation of reserves						
Subsidiaries	–	–	–	23	(23)	–
Joint ventures	–	–	–	8	(8)	–
Dividends paid						
2013 fourth interim	–	–	–	–	(2,476)	(2,476)
2014 first to third interim	–	–	–	–	(4,093)	(4,093)
Balance at 31 December 2014	–	(2,536)	561	2,751	63,994 [a]	64,770

25. Reserves (continued)

	Translation Reserves HK$M	Hedging Reserves HK$M	Other Reserves HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2015	(2,536)	561	2,751	63,994	64,770
Earnings attributable to shareholders	–	–	–	15,670	15,670
Other comprehensive income					
Exchange differences on translation of					
Subsidiaries	(3,200)	–	–	–	(3,200)
Joint ventures	(523)	–	–	–	(523)
An associate	(1)	–	–	–	(1)
Cash flow hedges					
Net fair value gains	–	104	–	–	104
Reclassification to profit or loss	–	(231)	–	–	(231)
Tax on the above items	–	(51)	–	–	(51)
Fair value loss on available-for-sale investments	–	–	(63)	–	(63)
Reclassification adjustment upon sale of a joint venture	39	(22)	–	–	17
Share of other comprehensive income of joint ventures	–	(1)	79	–	78
Total comprehensive income attributable to shareholders	(3,685)	(201)	16	15,670	11,800
Revaluation reserve realised due to depreciation of fixed assets	–	–	(2)	2	–
Appropriation of reserves					
Subsidiaries	–	–	10	(10)	–
Joint ventures	–	–	8	(8)	–
Dividends paid					
2014 fourth interim	–	–	–	(2,526)	(2,526)
2015 first to third interim	–	–	–	(4,169)	(4,169)
Balance at 31 December 2015	**(6,221)**	**360**	**2,783**	**72,953** [(a)]	**69,875**

Note:

(a) The fourth interim dividend declared for the year ended 31 December 2015 was HK$2,653 million (2014: HK$2,526 million). The balance of retained profits after the fourth interim dividend of the Group was HK$70,300 million (2014: HK$61,468 million).

26. Perpetual Capital Securities

A total of US$750 million perpetual capital securities was issued by the wholly owned subsidiary, CLP Power HK Finance Ltd. in 2014. The securities are perpetual, non-callable in the first 5.5 years and entitle the holders to receive distributions at a distribution rate of 4.25% per annum in the first 5.5 years, floating thereafter and with fixed step up margins at year 10.5 and at year 25.5, payable semi-annually in arrears, cumulative and compounding. The distributions are at the Group's discretion, if the issuer and CLP Power Hong Kong, as guarantor of the securities, do not (a) declare or pay dividends to their shareholders or (b) cancel or reduce their share capitals within each distribution payment period. As the perpetual capital securities do not contain any contractual obligation to pay cash or other financial assets, in accordance with HKAS 32, they are classified as equity and for accounting purpose regarded as part of non-controlling interests.

27. Notes to the Consolidated Statement of Cash Flows

(A) Reconciliation of profit before income tax to net cash inflow from operations

	2015 HK$M	2014 HK$M
Profit before income tax	20,345	13,204
Adjustments for:		
Finance costs	4,090	4,180
Finance income	(170)	(131)
Dividend income from available-for-sale investments	(46)	(48)
Share of results of joint ventures and an associate, net of income tax	(2,245)	(2,358)
Depreciation and amortisation	6,765	6,791
Impairment charge	2,462	3,264
Provision for onerous contract	74	–
Net loss on disposal of fixed assets	343	282
Revaluation gain on investment property	(99)	(245)
Gain on sale of subsidiaries	(8,900)	–
Loss on sale of a joint venture	42	–
Gain on deemed disposal of previously owned interests in joint ventures	–	(7,363)
Loss on settlement of a pre-existing finance lease payable	–	5,338
Fair value loss / (gain) of derivative financial instruments and net exchange difference	362	(513)
SoC items		
Increase in customers' deposits	177	149
Increase in fuel clause account	408	1,393
Special fuel rebate to customers	(1,264)	–
Increase in Rent and Rates Interim Refunds	–	72
Decrease in Tariff Stabilisation Fund for asset decommissioning charge for a joint venture	–	(13)
Transfer for SoC	(181)	1,020
	(860)	2,621
(Increase) / decrease in trade and other receivables	(135)	2,212
Decrease in finance lease receivables	54	68
Decrease in cash restricted for specific purposes	123	94
Decrease in derivative financial instruments net liabilities	(168)	(655)
Decrease in trade and other payables	(1,470)	(3,345)
Increase in current accounts due to joint ventures and an associate	427	35
Net cash inflow from operations	20,994	23,431

(B) Analysis of balances of cash and cash equivalents

	2015 HK$M	2014 HK$M
Deposits with banks	2,444	2,776
Cash at banks and on hand	1,355	1,617
Bank balances, cash and other liquid funds (Note 18)	3,799	4,393
Excluding:		
Cash restricted for specific purposes	(232)	(355)
Bank deposits with maturity of over three months	(2)	(2)
	3,565	4,036

28. Subsidiaries

The table below lists the principal subsidiaries of the Group at 31 December 2015:

Name	Issued Share Capital / Registered Capital	% of Ownership Interest at 31 December 2014 and 2015	Place of Incorporation / Business	Principal Activity
CLP Power Hong Kong Limited	HK$20,400,007,269.65 divided into 2,488,320,000 ordinary shares	100	Hong Kong	Generation and Supply of Electricity
Castle Peak Power Company Limited	HK$50,000,000 divided into 500,000 ordinary shares	70 [(a)]	Hong Kong	Generation and Sale of Electricity
Hong Kong Pumped Storage Development Company, Limited	HK$10,000,000 divided into 100,000 ordinary shares	100 [(a)]	Hong Kong / Mainland China	Provision of Pumped Storage Services
Hong Kong Nuclear Investment Company Limited	HK$300,000,000 divided into 300,000 ordinary shares	100	Hong Kong / Mainland China	Power Projects Investment Holding
CLP Engineering Limited	HK$49,950,000 divided into 4,995 ordinary shares	100	Hong Kong	Engineering Services
CLP Power Asia Limited	1,000 ordinary shares of US$1 each	100	British Virgin Islands / International and Mainland China	Power Projects Investment Holding
CLP Power China Limited	192,000,000 ordinary shares of US$1 each	100 [(a)]	British Virgin Islands / Mainland China and Hong Kong	Power Projects Investment Holding
CLP Power International Limited	692,000 ordinary shares of US$1,000 each	100 [(a)]	British Virgin Islands / International	Power Projects Investment Holding
CLP Properties Limited	HK$150,000,000 divided into 15,000,000 ordinary shares	100	Hong Kong	Property Investment Holding
CLP Research Institute Limited	1 ordinary share of US$1 each	100	British Virgin Islands / Hong Kong	Research and Development
EnergyAustralia Holdings Limited	533,676,005 ordinary shares of A$1 each	100 [(a)]	Australia	Energy Business Investment Holding
EnergyAustralia Yallourn Pty Ltd	15 ordinary shares of A$1 each	100 [(a)]	Australia	Generation and Supply of Electricity
EnergyAustralia Pty Ltd	3,368,686,988 ordinary shares of A$1 each	100 [(a)]	Australia	Retailing of Electricity and Gas
EnergyAustralia NSW Pty Ltd	2 ordinary shares of A$1 each	100 [(a)]	Australia	Generation of Electricity
CLP India Private Limited	2,842,691,612 equity shares of Rs.10 each	100 [(a)]	India	Generation of Electricity and Power Projects Investment Holding
Jhajjar Power Limited	20,000,000 equity shares of Rs.10 each; 2,324,882,458 compulsory convertible preference shares of Rs.10 each	100 [(a)]	India	Generation of Electricity

28. Subsidiaries (continued)

Name	Issued Share Capital / Registered Capital	% of Ownership Interest at 31 December 2014 and 2015	Place of Incorporation / Business	Principal Activity
CLP Sichuan (Jiangbian) Power Company Limited [(b)]	RMB496,380,000	100 [(a)]	Mainland China	Generation of Electricity
Guangdong Huaiji Changxin Hydro-electric Power Company Limited [(c)]	RMB69,098,976	84.9 [(a)]	Mainland China	Generation of Electricity
Guangdong Huaiji Gaotang Hydro-electric Power Company Limited [(c)]	RMB249,430,049	84.9 [(a)]	Mainland China	Generation of Electricity
Guangdong Huaiji Weifa Hydro-electric Power Company Limited [(c)]	US$13,266,667	84.9 [(a)]	Mainland China	Generation of Electricity
Guangdong Huaiji Xinlian Hydro-electric Power Company Limited [(c)]	RMB141,475,383	84.9 [(a)]	Mainland China	Generation of Electricity

Notes:

(a) Indirectly held through subsidiaries of the Company

(b) Registered as a wholly foreign owned enterprise under People's Republic of China (PRC) law

(c) Registered as Sino-Foreign Cooperative Joint Ventures under PRC law

Summarised financial information of CAPCO, which has material non-controlling interests, is set out below:

	2015 HK$M	2014 HK$M
Results for the year		
Revenue	16,963	15,510
Profit for the year	3,168	3,115
Other comprehensive income for the year	–	(2)
Total comprehensive income for the year	3,168	3,113
Dividends paid to non-controlling interests	959	683
Net assets		
Non-current assets	29,380	29,262
Current assets	5,656	5,820
Current liabilities	(27,395)	(28,926)
Non-current liabilities	(6,702)	(5,186)
	939	970
Cash flows		
Net cash inflow from operating activities	3,327	3,346
Net cash outflow from investing activities	(253)	(20)
Net cash outflow from financing activities	(3,074)	(3,326)
Net change in cash and cash equivalents	–	–

29. Commitments and Operating Lease Arrangements

(A) Capital expenditure on fixed assets, leasehold land and land use rights under operating leases and investment property, as well as intangible assets contracted but not recorded in the statement of financial position amounted to HK$4,586 million (2014: HK$5,859 million).

(B) The Group has entered into a number of joint venture arrangements to develop power projects. Equity contributions required and made by the Group under each project are summarised below:

Project Name	Total Equity Contributions Required	Amount Contributed at 31 December 2015	Remaining Balance to be Contributed	Expected Year for Last Contribution
Haifang wind power project	RMB92 million	RMB18 million (HK$21 million)	RMB74 million (HK$88 million)	2016
CGN CLP Energy Services (Shenzhen)	RMB29 million	RMB14 million (HK$17 million)	RMB15 million (HK$18 million)	On or before 2041

(C) The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 HK$M	2014 HK$M
Within one year	472	525
Later than one year but not later than five years	1,401	1,806
Over five years	1,490	1,688
	3,363	4,019

Of the above amount, HK$1,892 million (2014: HK$1,992 million) relates to a Capacity Purchase Contract between PSDC and Guangdong Pumped Storage Company, Limited with fixed annual payments for 26 years up to 2034 for the use of the land, other resources and infrastructural facilities at Guangzhou Pumped Storage Power Station in Conghua, Guangzhou; and HK$798 million (2014: HK$1,163 million) relates to a 20-year Master Hedge Agreement between EnergyAustralia and Ecogen which ends in 2019. Under the latter Agreement, EnergyAustralia has the right to call upon electricity from the power stations at predetermined charging rates over the life of the Agreement.

(D) The 25-year power purchase arrangements between Jhajjar and its offtakers are accounted for as operating leases. Under the agreements, the offtakers are obliged to purchase the output of Jhajjar power plant at predetermined prices. The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2015 HK$M	2014 HK$M
Within one year	739	858
Later than one year but not later than five years	2,999	3,205
Over five years	7,055	8,104
	10,793	12,167

30. Related Party Transactions

Accounting Policy

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, joint ventures, associates and key management personnel, where the individual or company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

Related Parties ≠ Connected Parties

They sometimes overlap but should not be confused. Accounting standards define related parties, while the Listing Rules of the Hong Kong Stock Exchange define connected parties.

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

(A) CLP Power Hong Kong is obliged to purchase 70% of the output from Guangdong Daya Bay Nuclear Power Station (GNPS) (2014: 25% share of the output from GNPS and an additional 45% of GNPS's output from Guangdong Nuclear Investment Company, Limited (GNIC)). The price paid by CLP Power Hong Kong for electricity generated by GNPS throughout the terms of the power purchase agreements is determined by a formula based on GNPS's operating costs and a calculation of profits. The calculation of profits was with reference to shareholders' fund and the capacity factor for periods up to 6 May 2014, and with reference to capacity factor for periods thereafter. The purchase of nuclear electricity under the arrangement was HK$5,203 million for the year ended 31 December 2015 (2014: HK$4,867 million).

Under a separate purchase arrangement with GNIC and GNPJVC, the Group would purchase an approximately 10% of additional nuclear electricity from GNPS on a best endeavour basis from October 2014 to end of 2018, at the same unit price as that under the above purchase arrangement which amounted to HK$703 million for the year ended 31 December 2015 (2014: HK$68 million).

(B) The advances made to joint ventures are disclosed under Note 12. At 31 December 2015, the Group did not have any guarantees which were of a significant amount given to or received from these parties (2014: nil). Other amounts due from and to the related parties at 31 December 2015 are disclosed in Notes 17 and 19 respectively. No provision has been made for the amounts owed by the related parties.

30. Related Party Transactions (continued)

(C) Emoluments of key management personnel

Under HKAS 24 "Related Party Disclosures", key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. The total remuneration of the key management personnel shown below comprises the Non-executive Directors and the Senior Management Group. Members of the Senior Management Group include the Executive Director and ten (2014: nine) senior management personnel.

	2015 HK$M	2014 HK$M
Fees	11	11
Recurring remuneration items [(a)]		
Base compensation, allowances & benefits in kind [(b)]	55	54
Performance bonus		
Annual incentive	57	50
Long-term incentive	13	23
Provident fund contribution	5	5
Non-recurring remuneration item [(a)]		
Other payments	8	52
	149	195

Notes:

(a) Refer to recurring and non-recurring remuneration items on page 152 of Human Resources & Remuneration Committee Report.

(b) The nature of these benefits in kind includes electricity allowance, the availability of a company vehicle for personal use, any approved personal club memberships in 2015 entered into primarily for business entertainment purposes and consequently paid by the Company, life insurance and medical benefits. Which of these benefits applies depends primarily on the location of the individual.

At 31 December 2015, the CLP Holdings' Board was composed of thirteen Non-executive Directors and one Executive Director. Remuneration of all Directors for the year totalled HK$32 million (2014: HK$31 million). With respect to the emoluments of the highest paid employees, the five highest paid individuals in the Group during the year included one Director (2014: one Director) and four members of Senior Management (2014: two members and two former members of Senior Management) of the Group. The total remuneration of these five highest paid individuals amounted to HK$86 million (2014: HK$108 million). Further details of the remuneration of the Directors and Senior Management, on a named basis, and remuneration paid to the five highest paid individuals by bands are disclosed in sections 6 to 9 and 11 (as highlighted) of the Human Resources & Remuneration Committee Report on pages 151 to 154 and 158 to 160 respectively. These sections form the "auditable" part of the Human Resources & Remuneration Committee Report and are part of the financial statements.

(D) Interest of Directors

There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2014: nil).

During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Group was or is a party (2014: nil).

31. Contingent Liabilities

Accounting Policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

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

Under the original power purchase agreement between CLP India and its offtaker GUVNL, GUVNL was required to make a "deemed generation incentive" payment to CLP India when the plant availability of Paguthan was above 68.5% (subsequently revised to 70% in 2003 and 80% in 2013). GUVNL has been making such payments since December 1997.

In September 2005, GUVNL filed a petition before the Gujarat Electricity Regulatory Commission (GERC) claiming that the "deemed generation incentive" payment should not be paid for the periods when Paguthan is declared with availability to generate on "naphtha" as fuel rather than on "gas". GUVNL's contention is based on a 1995 Government of India notification which disallowed "deemed generation incentive" for naphtha-based power plants. The total amount of the claim plus interest calculated up to June 2005 amounts to about Rs.7,260 million (HK$850 million). CLP India's position, amongst other arguments, is that Paguthan is not naphtha-based and therefore the Government of India notification does not apply to disallow the payments of the "deemed generation incentive".

GUVNL also claimed that CLP India has wrongly received interest on "deemed loans" under the existing power purchase agreement. GUVNL's claim rests on two main grounds: (i) CLP India had agreed that interest paid by GUVNL for the period from December 1997 to 1 July 2003 was to be refunded; and (ii) interest was to be calculated on a reducing balance rather than on the basis of a bullet repayment on expiry of the loan term. The total amount of the claim plus interest for the "deemed loans" amounts to a further Rs.830 million (HK$97 million) (2014: Rs.830 million (HK$102 million)).

On 18 February 2009, the GERC made an adjudication on GUVNL's claims. On the issue related to the payment to CLP India of "deemed generation incentive", the GERC decided that the "deemed generation incentive" was not payable when Paguthan was declared with availability to generate on naphtha. However, the GERC also decided that GUVNL's claim against CLP India in respect of "deemed generation incentive" up to 14 September 2002 was time-barred under the Limitations Act of India. Hence, the total amount of the claim allowed by the GERC was reduced to Rs.2,523 million (HK$295 million). The GERC also dismissed GUVNL's claim to recover interest on the "deemed loans".

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

31. Contingent Liabilities (continued)

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

Following the issue of the ATE's judgment, GUVNL deducted Rs.3,731 million (HK$437 million) from January to March 2010 invoices after adjustment for a previous deposit of Rs.500 million (HK$59 million), which included tax on incentive relating to deemed generation on naphtha, and delayed payment charges on associated incentive calculated up to March 2010.

Subsequent to the above deduction, CLP India represented to GUVNL that, during April 2004 to March 2006, gas was available for generation and therefore should not be considered as availability (deemed generation) on naphtha. GUVNL accepted the representation and refunded the base amount of Rs.292 million (HK$34 million) and interest of Rs.150 million (HK$18 million) in March 2011. However, during the first and last quarter of 2011, with the spot gas availability being constrained, Paguthan was forced to declare availability on naphtha for certain periods, which resulted in deduction of incentive revenue by GUVNL under deemed generation of Rs.17 million (HK$2 million). At 31 December 2015, the total amount of the claim plus interest and tax with respect to the "deemed generation incentive" amounted to Rs.8,543 million (HK$1,000 million) (2014: Rs.8,543 million (HK$1,048 million)).

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

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

CLP Wind Farms (India) Private Limited, CLP India and its subsidiaries (CLP India group) have invested (or are committed to invest) in around 681MW of wind power projects to be developed with Wind World India Limited (WWIL). WWIL's major shareholder, Enercon GmbH, has commenced litigation against WWIL claiming infringement of intellectual property rights. CLP India group, as a customer of WWIL, has been named as a defendant. Enercon GmbH is also seeking an injunction restraining CLP India group's use of certain rotor blades acquired from WWIL. As at 31 December 2015, the Group considered that CLP India group has good prospects of defending these claims and the legal proceedings are unlikely to result in any material outflow of economic benefits from the Group.

(C) Jhajjar – Disputed Charges with Offtakers

Jhajjar has disputes with its offtakers over applicable tariff of capacity charges and energy charges relating to transit loss. Total disputed amounts were Rs.1,860 million (HK$218 million) at 31 December 2015 (2014: Rs.1,725 million (HK$212 million)). The Group considered that Jhajjar has a strong case and hence, no provision has been made.

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

32. Statement of Financial Position of the Company

	2015 HK$M	2014 HK$M
Non-current assets		
Fixed assets	139	156
Investments in subsidiaries	51,786	51,271
Advance to a subsidiary	39	39
Other non-current assets	3	4
	51,967	51,470
Current assets		
Trade and other receivables	53	54
Bank balances and cash	3	3
	56	57
Current liabilities		
Trade and other payables	(310)	(258)
Advance from a subsidiary	(26)	–
Bank loans and other borrowings	(306)	–
	(642)	(258)
Net current liabilities	(586)	(201)
Total assets less current liabilities	51,381	51,269
Financed by:		
Equity		
Share capital	23,243	23,243
Reserves (note)	28,138	28,026
	51,381	51,269

William Mocatta
Vice Chairman
Hong Kong, 29 February 2016

Richard Lancaster
Chief Executive Officer

Geert Peeters
Chief Financial Officer

32. Statement of Financial Position of the Company (continued)

Note:

	Capital Redemption Reserve HK$M	Retained Profits HK$M	Total HK$M
Balance at 1 January 2014	2,492	27,751	30,243
Profit and total comprehensive income for the year	–	6,844	6,844
Transition to no-par value of shares under new Companies Ordinance (Cap. 622)	(2,492)	–	(2,492)
Dividends paid			
2013 fourth interim	–	(2,476)	(2,476)
2014 first to third interim	–	(4,093)	(4,093)
Balance at 31 December 2014	–	28,026	28,026
Balance at 1 January 2015	–	28,026	28,026
Profit and total comprehensive income for the year	–	6,807	6,807
Dividends paid			
2014 fourth interim	–	(2,526)	(2,526)
2015 first to third interim	–	(4,169)	(4,169)
Balance at 31 December 2015	**–**	**28,138**	**28,138**

The balance of retained profits after the fourth interim dividend of the Company was HK$25,485 million (2014: HK$25,500 million).

Financial Risk Management

1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value and cash flow interest rate risks, and energy portfolio risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the impact of exchange rate, interest rate and energy price fluctuations on the Group's financial performance. The Group uses different derivative financial instruments to manage its exposure in these areas. Other than limited energy trading activities for the purpose of understanding price movements engaged by EnergyAustralia, all derivative financial instruments are employed solely for hedging purposes.

Risk management for Hong Kong operations, predominantly the Company and its major subsidiary CLP Power Hong Kong, is carried out by the Company's central treasury department (Group Treasury) under policies approved by the Board of Directors or the Finance and General Committee of those companies. Overseas subsidiaries conduct their risk management activities in accordance with policies approved by their respective Boards. Group Treasury identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and cash management.

Foreign currency risk

The Group operates in the Asia-Pacific region and is exposed to foreign exchange risk arising from future commercial transactions, and from recognised assets and liabilities and net investments in foreign operations. This is primarily with respect to Australian dollar, Renminbi and Indian rupee. Additionally, CLP Power Hong Kong has significant foreign currency obligations relating to its foreign currency denominated debts, US dollar denominated nuclear power purchase offtake commitments and other fuel-related payments. The Group uses forward contracts and currency swaps to manage its foreign exchange risk arising from future commercial transactions, and from recognised assets and liabilities which are denominated in a currency that is not the functional currency of the respective Group entity. Hedging is only considered for firm commitments and highly probable forecast transactions.

CLP Power Hong Kong

Under the SoC, CLP Power Hong Kong is allowed to pass-through foreign exchange gains and losses arising from future commercial transactions and recognised liabilities which are denominated in a currency other than Hong Kong dollar, thus retaining no significant foreign exchange risk over the long term. CLP Power Hong Kong uses forward contracts and currency swaps to hedge all its debt repayment obligations denominated in foreign currencies for the full tenor, and a significant portion of its US dollar obligations on fuel and nuclear power purchases, provided that for US dollar the hedging can be accomplished at rates below the Hong Kong Government's historical target peg rate of HK$7.8 : US$1. The objective is to reduce the potential impact of foreign exchange movement on electricity tariffs.

At the end of the reporting period, the fair value movement of the derivative financial instrument in a cash flow hedge relationship is recorded in equity. The extent of the impact to the hedging reserve under equity due to exchange rate movements, with all other variables held constant, is as follows:

	2015 HK$M	2014 HK$M
Increase / (decrease) in the hedging reserve		
Hong Kong dollar against US dollar		
If Hong Kong dollar weakened by 0.6% (2014: 0.6%)	196	292
If Hong Kong dollar strengthened by 0.6% (2014: 0.6%)	(196)	(292)
Hong Kong dollar against Japanese yen		
If Hong Kong dollar weakened by 4% (2014: 5%)	31	49
If Hong Kong dollar strengthened by 4% (2014: 5%)	(29)	(44)

1. Financial Risk Factors (continued)

Foreign currency risk (continued)

This fluctuation in equity is a timing difference as when the exchange gain or loss is realised in profit or loss, the amount is recoverable under the SoC.

The Group's Asia-Pacific Investments

With respect to the power project investments in the Asia-Pacific region, the Group is exposed to both foreign currency translation and transaction risks.

The Group closely monitors translation risk using a Value-at-Risk (VaR) approach but does not hedge foreign currency translation risk because translation gains or losses do not affect the project company's cash flow or the Group's annual profit until an investment is sold. At 31 December 2015, the Group's net investment subject to translation exposure was HK$56,882 million (2014: HK$53,696 million), arising mainly from our investments in Mainland China, India, Southeast Asia and Taiwan and Australia. This means that, for each 1% (2014: 1%) average foreign currency movement, our translation exposure will vary by about HK$569 million (2014: HK$537 million). All the translation exposures are recognised in other comprehensive income and therefore have no impact on our profit or loss.

We consider that the non-functional currency transaction exposures at the individual project company level, if not managed properly, can lead to significant financial distress. Our primary risk mitigation is therefore to ensure that project-level debt financings are implemented on a local currency basis to the maximum extent possible. Each overseas subsidiary and project company has developed its own hedging programme into local currency taking into consideration any indexing provision in project agreements, tariff reset mechanisms, lender requirements and tax and accounting implications.

Most foreign currency exposures of the Group entities are hedged / or their transactions are predominantly conducted through the functional currency of the respective entity. The following analysis presents the Group's (apart from CLP Power Hong Kong) sensitivity to a reasonably possible change in the functional currencies of the Group entities against the US dollar and Renminbi, with all other variables held constant. The sensitivity rates in US dollar and Renminbi used are considered reasonable given the current level of exchange rates and the volatility observed in the different functional currencies of the Group entities. These are both on a historical basis and market expectations for future movement at the end of the reporting period and under the economic environments in which the Group operates. The extent of the impact to post-tax profit or equity due to exchange rate movements of US dollar and Renminbi against different functional currencies of Group entities, with all other variables held constant, is as follows:

	2015 HK$M	2014 HK$M
US dollar		
If US dollar strengthened by 5% (2014: 5% / 10%) (note)		
Post-tax profit for the year	(139)	(103)
Equity – hedging reserve	(91)	(21)
If US dollar weakened by 5% (2014: 5% / 10%) (note)		
Post-tax profit for the year	146	107
Equity – hedging reserve	91	17
Renminbi		
If Renminbi strengthened by 4% (2014: 2%)		
Post-tax profit for the year	126	26
Equity – hedging reserve	–	–
If Renminbi weakened by 4% (2014: 2%)		
Post-tax profit for the year	(126)	(26)
Equity – hedging reserve	–	–

Note: 5% against Indian rupee (2014: 5% against Indian rupee and 10% against Australian dollar).

1. Financial Risk Factors (continued)

Energy portfolio risk

EnergyAustralia purchases and sells substantially all of its electricity through a competitive power pool at spot (half-hour) market prices. Although EnergyAustralia has a vertically-integrated business structure, there remains an exposure to commodity price risk for its electricity generation and retail customer demand.

In addition to its physical market position, EnergyAustralia enters into forward electricity contracts in accordance with EnergyAustralia's hedging strategies. These contracts are hedges against future retail and generation activities. The set of hedges that do not meet the accounting standard definition of cash flow hedges are termed economic hedges. The mark-to-market gains and losses on economic hedges are recognised in profit or loss in the period in which they occur and are offset by the future profit or loss relating to the generation and retail activities at the time of settlement.

EnergyAustralia is exposed to energy portfolio risk from exposure of the physical and trading asset position to market prices. EnergyAustralia manages its energy portfolio exposure through an established risk management framework. The framework consists of policies which place appropriate limits on overall energy market exposures, delegations of authority on trading, pre-defined product lists, regular reporting of exposures, and segregation of duties. The corporate governance process also includes oversight by an Audit & Risk Committee which acts on behalf of EnergyAustralia's Board.

EnergyAustralia's business is also exposed to the risk of significant change in retail load outcomes and the resultant impact upon the wholesale cost base.

EnergyAustralia uses Earnings-at-Risk (EaR) analyses to measure the potential earnings variance from business plan. The EaR methodology uses Monte Carlo simulations to model the variability in spot market prices, electricity generation and retail customer demand. The EaR measure is drawn from the resulting earnings distribution and is set at a 95% confidence level.

EnergyAustralia has limited energy trading contract positions separate to the defined hedging strategies. The risk of these positions is carefully monitored, managed and limited through VaR and Stop Loss limits.

Based on the methods explained above, the energy portfolio risk exposure for EnergyAustralia at 31 December 2015 was HK$317 million (2014: HK$652 million). The reduction in risk is primarily driven by the lower expected price volatility.

1. Financial Risk Factors (continued)

Interest rate risk

The Group's interest rate risk arises from debt borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at fixed rates expose the Group to fair value interest rate risk. The risks are managed by monitoring an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swaps.

The appropriate level of the fixed / floating mix is determined for each operating company subject to a regular review. For instance, CLP Power Hong Kong conducts an annual review to determine a preferred fixed / floating interest rate mix appropriate for its business profile. Each overseas subsidiary and project company has developed its own hedging programme taking into consideration project debt service sensitivities to interest rate movements, lender requirements, tax and accounting implications.

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year (as a result of change in interest expense on floating rate borrowings and impact of shift in yield curve on energy contracts) and equity (as a result of change in the fair value of derivative instruments which qualify as cash flow hedges). Such amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged items affect profit or loss, and offset one another in the profit or loss.

The analysis has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the end of the reporting period. For floating rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity to interest rates used is considered reasonable given the market forecasts available at the end of the reporting period and under the economic environments in which the Group operates, with all other variables held constant.

	2015 HK$M	2014 HK$M
Hong Kong dollar		
If interest rates were 0.7% (2014: 0.65%) higher		
Post-tax profit for the year	(92)	(96)
Equity – hedging reserve	2	4
If interest rates were 0.7% (2014: 0.65%) lower		
Post-tax profit for the year	92	96
Equity – hedging reserve	(2)	(4)
Indian rupee		
If interest rates were 1% (2014: 1%) higher		
Post-tax profit for the year	(16)	(22)
Equity – hedging reserve	–	–
If interest rates were 1% (2014: 1%) lower		
Post-tax profit for the year	16	22
Equity – hedging reserve	–	–

1. Financial Risk Factors (continued)

Credit risk

The Group has no significant concentrations of credit risk with respect to the sales of electricity and / or gas in Hong Kong and Australia as their customer bases are widely dispersed in different sectors and industries. The Group has policies in place to monitor the financial viability of counterparties. CLP Power Hong Kong has established a credit policy to allow electricity customers to settle their bills within two weeks after issue. To limit the credit risk exposure, CLP Power Hong Kong also has a policy to require cash deposits or bank guarantees from customers for an amount not exceeding the highest expected charge for 60 days determined from time to time by reference to the usage of the customers. EnergyAustralia has policies in place to ensure that sales of products and services are made to major retail customers of an appropriate credit quality. For EnergyAustralia, receivables are due for settlement no more than 14 to 32 days after issue and collectability is reviewed on an ongoing basis.

CLP India sell a majority of its electricity output to various state electricity boards in India through power purchase agreements for 13 to 25 years. Receivables are due for settlement in 15 to 60 days after billing and the management closely monitor the credit quality and collectability of receivables from those offtakers.

On the treasury side, all finance-related hedging transactions and deposits of the Group entities are made with counterparties with good credit quality in conformance to the Group treasury policies to minimise credit exposure. Good credit ratings from reputable credit rating agencies and scrutiny of the financial position of non-rated counterparties are two important criteria in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transaction. The Group further assigns mark-to-market limits to its financial counterparties to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty. In an attempt to forestall adverse market movement, the Group also monitors potential exposures to each financial institution counterparty, using VaR methodology. All derivatives transactions are entered into at the sole credit of the respective subsidiaries, joint ventures and associates without recourse to the Company.

The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equals to the carrying amount of each financial asset, including derivative financial instruments, as reported in the statement of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments, new investments and close out market positions if required. The Group maintains significant flexibility to respond to opportunities and events by ensuring that committed credit lines are available to meet future funding requirements. Management also monitor rolling forecasts of the Group's undrawn borrowing facilities and cash and cash equivalents on the expected cash flows.

1. Financial Risk Factors (continued)

Liquidity risk (continued)

The table below analyses the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities (both net settled and gross settled), which are based on contractual undiscounted cash flows.

	Within 1 year HK$M	Between 1 and 2 years HK$M	Between 2 to 5 years HK$M	Over 5 years HK$M	Total HK$M
At 31 December 2015					
Non-derivative financial liabilities					
Bank loans	**12,872**	**5,439**	**7,628**	**6,100**	**32,039**
Other borrowings	**2,044**	**2,442**	**8,541**	**21,701**	**34,728**
Customers' deposits	**4,829**	**–**	**–**	**–**	**4,829**
Trade and other payables	**19,023**	**–**	**–**	**–**	**19,023**
Fuel clause account	**–**	**–**	**2,226**	**–**	**2,226**
SoC reserve accounts	**–**	**–**	**1,009**	**–**	**1,009**
Asset decommissioning liabilities	**–**	**–**	**1,025**	**–**	**1,025**
	38,768	**7,881**	**20,429**	**27,801**	**94,879**
Derivative financial liabilities					
Net settled					
Forward foreign exchange contracts	**2**	**–**	**–**	**–**	**2**
Interest rate swaps	**110**	**52**	**91**	**57**	**310**
Energy contracts	**359**	**225**	**267**	**513**	**1,364**
Gross settled					
Forward foreign exchange contracts	**33,438**	**19,666**	**15,460**	**792**	**69,356**
Cross currency interest rate swaps	**1,586**	**2,641**	**6,696**	**15,216**	**26,139**
	35,495	**22,584**	**22,514**	**16,578**	**97,171**
At 31 December 2014					
Non-derivative financial liabilities					
Bank loans	8,945	9,254	15,172	7,140	40,511
Other borrowings	2,707	2,136	6,781	29,084	40,708
Customers' deposits	4,653	–	–	–	4,653
Trade and other payables	21,620	–	–	–	21,620
Fuel clause account	–	–	2,966	–	2,966
SoC reserve accounts	–	–	1,131	–	1,131
Asset decommissioning liabilities	–	–	1,082	–	1,082
	37,925	11,390	27,132	36,224	112,671
Derivative financial liabilities					
Net settled					
Interest rate swaps	271	229	455	340	1,295
Energy contracts	427	161	258	404	1,250
Gross settled					
Forward foreign exchange contracts	38,101	31,740	27,889	678	98,408
Cross currency interest rate swaps	906	1,839	5,594	22,713	31,052
	39,705	33,969	34,196	24,135	132,005

2. Fair Value Estimation and Hierarchy of Financial Instruments

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at the end of each reporting period.

For the Group's financial instruments that are not measured at fair value, their carrying values approximate their fair values.

Financial instruments measured at fair value are analysed into the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial instruments that are measured at fair value at 31 December:

	Level 1 HK$M	Level 2 [(a)] HK$M	Level 3 [(a), (b)] HK$M	Total HK$M
At 31 December 2015				
Financial assets				
Available-for-sale investments	417	–	1,227	1,644
Forward foreign exchange contracts	–	655	–	655
Foreign exchange options	–	83	–	83
Cross currency interest rate swaps	–	623	–	623
Interest rate swaps	–	62	–	62
Energy contracts	–	135	120	255
	417	1,558	1,347	3,322
Financial liabilities				
Forward foreign exchange contracts	–	250	–	250
Cross currency interest rate swaps	–	1,968	–	1,968
Interest rate swaps	–	282	–	282
Energy contracts	–	146	751	897
	–	2,646	751	3,397

2. Fair Value Estimation and Hierarchy of Financial Instruments (continued)

	Level 1 HK$M	Level 2 [a] HK$M	Level 3 [a], [b] HK$M	Total HK$M
At 31 December 2014				
Financial assets				
Available-for-sale investments	480	–	1,227	1,707
Forward foreign exchange contracts	–	934	–	934
Foreign exchange options	–	74	–	74
Cross currency interest rate swaps	–	2,381	–	2,381
Interest rate swaps	–	121	–	121
Energy contracts	–	150	119	269
	480	3,660	1,346	5,486
Financial liabilities				
Forward foreign exchange contracts	–	117	–	117
Cross currency interest rate swaps	–	1,727	–	1,727
Interest rate swaps	–	1,177	–	1,177
Energy contracts	–	39	711	750
	–	3,060	711	3,771

The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During 2015 and 2014, there were no transfers between Level 1 and Level 2, or into Level 3.

Notes:

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

	Valuation technique	Significant inputs
Available-for-sale investments	Discounted cash flow	Discount rate
Forward foreign exchange contracts	Discounted cash flow	Observable exchange rates
Foreign exchange options	Garman Kohlhagen Model	Observable exchange rates, interest rates and volatility levels
Cross currency interest rate swaps	Discounted cash flow	Observable exchange rates and swap rates of respective currency
Interest rate swaps	Discounted cash flow	Observable swap rates of respective currency
Energy contracts	Discounted cash flow	Brokers' quotes and observable exchange traded swap and cap rates

(b) Additional information about fair value measurements using significant unobservable inputs (Level 3):

	Significant unobservable inputs
Available-for-sale investments [i]	Discount rate
Energy contracts [ii]	Long term forward electricity price and cap price curve

(i) The valuations are performed and reported twice each year, in line with the Group's reporting dates, to Group management.

(ii) The finance department of EnergyAustralia includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to EnergyAustralia's chief financial officer (CFO – EA) and Audit & Risk Committee (ARC – EA). The valuation of Level 3 forward energy contracts involves the use of a short term forward curve which is observable in the liquid market and a long term forward curve which is derived using unobservable inputs. This short term forward curve is reviewed at least once every six months, in line with the Group's half-yearly reporting dates. Review of the long term forward curve is performed between the CFO – EA and ARC – EA annually due to the lack of market liquidity. Fair value changes analyses are performed on a monthly basis for reasonableness.

2. Fair Value Estimation and Hierarchy of Financial Instruments (continued)

The movements of Level 3 financial instruments for the years ended 31 December are as follows:

	2015			2014		
	Available-for-sale Investments HK$M	Energy Contracts HK$M	Total HK$M	Available-for-sale Investments HK$M	Energy Contracts HK$M	Total HK$M
Opening balance	1,227	(592)	635	1,263	(1,308)	(45)
Total gains / (losses) recognised in						
Profit or loss and presented in fuel and other operating expenses	–	(81)	(81)	–	864	864
Other comprehensive income	–	146	146	3	29	32
Purchases	–	–	–	–	42	42
Settlements	–	30	30	(39)	(219)	(258)
Transfers out of Level 3 (note)	–	(134)	(134)	–	–	–
Closing balance	1,227	(631)	596	1,227	(592)	635
Unrealised losses recognised in profit or loss relating to the assets and liabilities held at the end of the reporting period, and presented in fuel and other operating expenses	–	(81)	(81)	–	(373)	(373)

Note: During 2015, the transfer of certain energy contracts out of Level 3 (2014: nil) is because certain observable significant inputs are used in the fair value measurement instead of those unobservable ones used previously.

Changing unobservable inputs used in the Level 3 valuation to reasonable alternative assumptions would not change significantly the fair values recognised.

3. Offsetting Financial Assets and Financial Liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

	Effect of offsetting in the consolidated statement of financial position			Related amounts not offset in the consolidated statement of financial position [a]		
	Gross amounts recognised HK$M	Gross amounts offset HK$M	Net amounts included in the respective line HK$M	Financial instruments HK$M	Financial collateral received/pledged HK$M	Net amount HK$M
At 31 December 2015						
Financial assets						
Bank balances, cash and other liquid funds	232	–	232	(232)	–	–
Trade and other receivables	4,414	–	4,414	(2,365)	(2,049)	–
Derivative financial instruments	1,062	(340)	722	(398) [b]	–	324
	5,708	(340)	5,368	(2,995)	(2,049)	324
Financial liabilities						
Customers' deposits	4,829	–	4,829	(2,049)	–	2,780
Bank loans and other borrowings	10,910	–	10,910	–	(2,597)	8,313
Derivative financial instruments	3,426	(340)	3,086	(398) [b]	–	2,688
	19,165	(340)	18,825	(2,447)	(2,597)	13,781
At 31 December 2014						
Financial assets						
Bank balances, cash and other liquid funds	355	–	355	(355)	–	–
Trade and other receivables	4,239	–	4,239	(2,142)	(2,097)	–
Derivative financial instruments	1,511	(398)	1,113	(748) [b]	–	365
	6,105	(398)	5,707	(3,245)	(2,097)	365
Financial liabilities						
Customers' deposits	4,652	–	4,652	(2,097)	–	2,555
Bank loans and other borrowings	11,109	–	11,109	–	(2,497)	8,612
Derivative financial instruments	2,769	(398)	2,371	(751) [b]	–	1,620
	18,530	(398)	18,132	(2,848)	(2,497)	12,787

Notes:

(a) Under HKFRS, amounts cannot be offset if the rights of set-off are conditional on a future event e.g. default of payment.

(b) For derivative financial instruments, the Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements in which there is a set-off provision. Under certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, a termination value is then assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position since the Group does not have any currently legally enforceable right to offset recognised amounts. The right to offset is enforceable only on the occurrence of future events such as a default on the bank transactions or other credit events.

3. Offsetting Financial Assets and Financial Liabilities (continued)

The table on the previous page presents the financial instruments that are either subject to offset, or subject to enforceable master netting arrangements or other similar arrangements but not offset as at the end of the reporting period. They are disclosed correspondingly as follows:

- "Net amounts included in the respective line" column which presents the net amounts of financial assets / liabilities after offset, where the Group currently has a legally enforceable right and intention to set off. Such amounts were included in the respective line of the consolidated statement of financial position.
- "Net amount" column which presents what the net impact would be on the consolidated statement of financial position if all set-off rights (e.g. master netting arrangements, collateral arrangements, etc.) were exercised. These items include
  - restricted cash of CLP India disclosed under Note 18 to the financial statements;
  - trade receivables related to Hong Kong electricity business where customers' deposits are served as security for payments, and trade receivables of subsidiaries in Mainland China and India which are pledged against their bank loans and other borrowings (as noted below); and
  - bank loans and other borrowings of subsidiaries in Mainland China and India which are secured by charges over certain assets or rights to income.

4. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong credit rating and a healthy capital ratio to support the business and to enhance shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or raise and repay debts. The Group's capital management objectives, policies or processes were unchanged during 2015 and 2014.

The Group monitors capital using "total debt to total capital" and "net debt to total capital" ratios. These ratios are as follows:

	2015 HK$M	2014 HK$M
Total debt [(a)]	**55,483**	67,435
Net debt [(b)]	**51,684**	63,042
Total equity [(c)]	**107,652**	102,662
Total capital (based on total debt) [(d)]	**163,135**	170,097
Total capital (based on net debt) [(e)]	**159,336**	165,704
Total debt to total capital (based on total debt) ratio (%)	**34.0**	39.6
Net debt to total capital (based on net debt) ratio (%)	**32.4**	38.0

The reduction in total debt to total capital and net debt to total capital ratios were mainly due to the application of the proceeds of HK$9,991 million (A$1,780 million) from the sale of Iona Gas Plant to early repay a significant amount of drawn debt in December 2015 and its one-off gain of HK$6,619 million which increased the total capital.

Certain entities of the Group are subject to certain loan covenants. For both 2015 and 2014, there is no material non-compliance with those loan covenants.

Notes:

(a) Total debt equals to bank loans and other borrowings.

(b) Net debt equals to total debt less bank balances, cash and other liquid funds.

(c) Total equity equals to equity plus advances from non-controlling interests.

(d) Total capital (based on total debt) equals to total debt plus total equity.

(e) Total capital (based on net debt) equals to net debt plus total equity.

Scheme of Control Statement

CLP Power Hong Kong Limited and Castle Peak Power Company Limited

Overview

In Hong Kong, CLP Power Hong Kong Limited (CLP Power Hong Kong) operates a vertically integrated electricity generation, transmission and distribution business. The generating plants in Hong Kong are owned by Castle Peak Power Company Limited (CAPCO), in which CLP Power Hong Kong originally owned 40% and was further increased to 70% since May 2014. CLP Power Hong Kong builds and operates CAPCO's power stations under contract and is the sole customer for CAPCO's electricity which CLP Power Hong Kong transmits and distributes to its customers in Kowloon and the New Territories. CLP Power Hong Kong owns the transmission and distribution network.

Since financial year 1964, the electricity-related operations of CLP Power Hong Kong and CAPCO (the SoC Companies) have been governed by a Scheme of Control Agreement (SoC) with the Hong Kong Government. The SoC specifies the SoC Companies' obligations to supply adequate and reliable electricity supplies to customers at the lowest reasonable cost and the mechanism for Hong Kong Government to monitor their financial affairs and operating performance. In return, CLP Power Hong Kong is allowed to charge tariffs designed to recover the operating costs (including tax) and allowed net return of the SoC Companies.

The current SoC took effect from 1 October 2008. The SoC covers a period of 10 years to 30 September 2018, and provides that the SoC Companies will continue to earn the permitted return until 30 September 2023 on all approved investments.

The current SoC includes a provision to give the SoC Companies protection for stranded costs, which may arise as a result of future changes to the market structure which adversely impact on the SoC Companies' ability to recover and to earn returns on existing investments made in good faith in accordance with the SoC. These costs will include the costs of investments, fuel and power purchase agreements previously approved by the Hong Kong Government. If stranded costs arise after the SoC Companies have implemented mitigation measures reasonably required by the Hong Kong Government, the SoC Companies are entitled to recover them from the market, consistent with international practice. Three years before market changes are introduced, the SoC Companies and the Hong Kong Government will agree on the amount of stranded costs and the mechanism for their recovery by the SoC Companies.

Tariff Setting Mechanism

For each year, CLP Power Hong Kong designs the net tariff it charges to cover the SoC Companies' operating costs and allowed net return. The net tariff consists of the following components:

(i) basic tariff rate which is derived by taking into account the annual forecast of (a), (b) and (c) below, using the formula "(a-b)/c":
   (a) the allowed net return and operating costs including the standard cost of fuel; generation, transmission, distribution and administration expenses; depreciation; interest expenses; and taxes;
   (b) 80% of the profit on electricity sale to Mainland China; and
   (c) local unit sales as determined by the load forecast.

(ii) fuel clause charge or rebate (Fuel Cost Adjustment) which represents the difference between the costs of fuel (including natural gas, coal and oil) and the standard cost recovered through the basic tariff rate.

Any difference between the actual profit for SoC operations and the permitted return for the year is transferred to or from a Tariff Stabilisation Fund. The Tariff Stabilisation Fund does not form part of distributable shareholders' funds and represents a liability in the accounts of CLP Power Hong Kong. A charge on the average balance of the Tariff Stabilisation Fund is credited to the Rate Reduction Reserve in the accounts of CLP Power Hong Kong, which balance as at the end of each year is to be transferred to the Tariff Stabilisation Fund in the following year.

Permitted and Net Return

The permitted and net return that the SoC Companies are allowed under the SoC are calculated as follows:

- The annual permitted return under the SoC is 9.99% of the SoC Companies' average net fixed assets other than renewable energy investments; and 11% for renewable energy investments.
- The net return is the permitted return after the deduction or adjustment of the following items:
  - (a) interest up to a maximum of 8% per annum on borrowed capital arranged for financing fixed assets;
  - (b) a charge of the average one-month Hong Kong interbank offered rate on the average balance of the Tariff Stabilisation Fund under the SoC, which is credited to the Rate Reduction Reserve;
  - (c) an excess capacity adjustment of 9.99% under the SoC on the average excess capacity expenditure less an allowed interest charge up to 8% per annum on the average excess capacity expenditure;
  - (d) interest up to 8% per annum on the increase in average balance of the customers' deposits in excess of the balance as at 30 September 1998; and
  - (e) performance related incentives/penalties adjustments are in the range of -0.03% to +0.1% on the average net fixed assets with respect to customer performance, energy efficiency and renewables performance applicable to each full calendar year under the SoC.
- The rate of return on average net fixed assets of the SoC Companies for the year ended 31 December 2015 was 9.15% (2014: 9.18%).

The net return is divided between the SoC Companies in accordance with the provisions of the agreements between the SoC Companies. These provisions state that each company will receive that proportion of the total net return represented by the net return that company would receive if it were the only company under the SoC and the net return were calculated solely on the basis of its own financial statements. In year 2015, 67% (2014: 66%) of the net return was allocated to CLP Power Hong Kong and 33% (2014: 34%) to CAPCO.

The calculations shown on page 257 are in accordance with the SoC and the agreements between the SoC Companies.

For the year ended 31 December

	2015 HK$M	2014 HK$M
SoC revenue	38,205	36,092
Expenses		
Operating costs	4,068	3,842
Fuel	12,682	10,375
Purchases of nuclear electricity	5,203	4,867
Provision for asset decommissioning	(57)	(10)
Depreciation	4,143	3,901
Operating interest	940	834
Taxation	1,865	2,048
	28,844	25,857
Profit after taxation	9,361	10,235
Interest on borrowed capital	920	856
Adjustment for performance (incentives) / penalties	(51)	(49)
Adjustments required under the SoC (being share of profit on sale of electricity to Mainland China attributable to the SoC Companies)	(68)	(54)
Profit for SoC	10,162	10,988
Transfer from / (to) Tariff Stabilisation Fund	124	(1,030)
Permitted return	10,286	9,958
Deduct interest on / Adjustment for		
Borrowed capital as above	920	856
Performance (incentives) / penalties as above	(51)	(49)
Tariff Stabilisation Fund to Rate Reduction Reserve	2	1
	871	808
Net return	9,415	9,150
Divisible as follows:		
CLP Power Hong Kong	6,319	6,070
CAPCO	3,096	3,080
	9,415	9,150
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	6,319	6,070
Interest in CAPCO	2,167	1,852
	8,486	7,922

Five-year Summary: CLP Group Statistics

Economic

	2015	2014	2013	2012	2011
Consolidated Operating Results, HK$M					
Revenue					
Electricity business in Hong Kong	**38,488**	35,303	33,840	33,643	31,518
Energy businesses outside Hong Kong	**41,757**	56,633	70,352	70,983	59,906
Others	**455**	323	338	235	210
Total	**80,700**	92,259	104,530	104,861	91,634
Operating profit	**22,020**	14,895	8,906	13,101	13,188
Earnings					
Hong Kong	**8,276**	7,777	6,966	6,654	6,339
Other investments / operations	**3,883**	2,907	2,790	3,316	4,492
Gains / (losses) on acquisitions / sales of investments	**6,619**	1,953	(75)	–	876
Provisions for fixed assets, joint ventures and other assets	**(1,723)**	(1,736)	(3,696)	(409)	(1,933)
Revaluation gains on properties	**99**	245	–	–	225
Tax consolidation benefit from Australia	**–**	–	–	105	–
Other items affecting comparability from Australia	**(858)**	697	524	(790)	(192)
Unallocated net finance income / (costs)	**17**	(36)	(26)	(74)	(48)
Unallocated Group expenses	**(643)**	(586)	(423)	(490)	(471)
Total	**15,670**	11,221	6,060	8,312	9,288
Dividends	**6,822**	6,619	6,493	6,301	6,063
Capital expenditure, owned and leased assets	**11,317**	9,446	12,052	11,230	15,798
Depreciation & amortisation, owned and leased assets	**6,765**	6,791	7,592	7,021	6,353
Consolidated Statement of Cash Flows, HK$M					
Net cash inflow from operating activities	**19,168**	21,966	21,021	23,915	18,062
Consolidated Statement of Financial Position, HK$M					
SoC fixed assets	**104,479**	101,420	67,057	63,599	60,142
Other fixed assets	**31,533**	34,963	63,846	70,730	70,240
Goodwill and other intangible assets	**28,257**	31,129	23,847	28,479	27,369
Interests in joint ventures	**11,250**	11,176	19,940	19,197	18,226
Interests in associates	**785**	786	1,675	1,856	1,465
Other non-current assets	**5,385**	9,664	8,601	7,742	9,791
Current assets	**22,275**	25,525	26,719	37,153	27,055
Total assets	**203,964**	214,663	211,685	228,756	214,288
Shareholders' funds	**93,118**	88,013	87,361	91,127	81,259
Perpetual capital securities	**5,791**	5,791	–	–	–
Other non-controlling interests	**2,023**	2,155	120	74	93
Equity	**100,932**	95,959	87,481	91,201	81,352
Bank loans and other borrowings	**55,483**	67,435	56,051	66,198	65,521
Obligations under finance leases	**–**	27	27,976	27,055	27,396
SoC reserve accounts	**1,009**	1,131	28	1,245	643
Other current liabilities	**25,098**	27,771	25,251	28,147	23,642
Other non-current liabilities	**21,442**	22,340	14,898	14,910	15,734
Total liabilities	**103,032**	118,704	124,204	137,555	132,936
Equity and total liabilities	**203,964**	214,663	211,685	228,756	214,288
Per Share Data, HK$					
Shareholders' funds per share	**36.86**	34.84	34.58	36.07	33.77
Earnings per share	**6.20**	4.44	2.40	3.45	3.86
Dividends per share	**2.70**	2.62	2.57	2.57	2.52

A ten-year summary is on our website

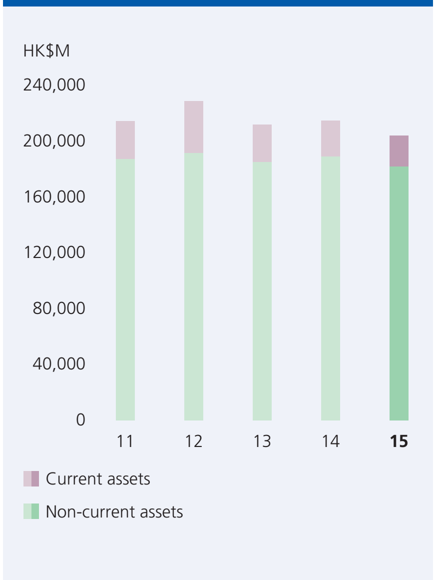
	2015	2014	2013	2012	2011
Per Share Data, HK$ (continued)					
Closing share price					
Highest	**69.75**	68.00	69.85	68.95	74.95
Lowest	**62.20**	56.30	60.35	62.30	59.95
As at year-end	**65.85**	67.25	61.30	64.85	66.05
Ratios					
Return on equity, %	**17.3**	12.8	6.8	10.1 [1]	11.5
Total debt to total capital, %	**34.0**	39.6	39.1	42.1	44.6
Net debt to total capital, %	**32.4**	38.0	36.7	36.8	43.1
EBIT interest cover, times	**10**	6	3	4	4
Price / Earnings, times	**11**	15	26	19	17
Dividend yield, %	**4.1**	3.9	4.2	4.0	3.8
Dividend pay-out (total earnings), %	**43.5**	59.0	107.1	74.5	65.3
Dividend pay-out (operating earnings), %	**59.2**	65.8	69.8	65.9	58.8
Group Generating Capacity					
(owned / operated / under construction) [2], MW					
– by region					
Hong Kong	**6,908**	6,908	6,908	6,908	6,908
Mainland China	**7,072**	6,740	5,760	5,911	5,957
India	**3,048**	3,056	3,026	2,947	2,594
Southeast Asia & Taiwan	**285**	285	285	285	282
Australia	**4,505**	4,533	5,533	5,616	5,616
	21,818	21,522	21,512	21,667	21,357
– by status					
Operational	**20,336**	20,176	20,974	21,175	19,707
Construction	**1,482**	1,346	538	492	1,650
	21,818	21,522	21,512	21,667	21,357

Notes:

1 The 2012 figure excluded the effect of the 5% share placement on 20 December 2012 to give a more accurate average shareholders' funds in 2012.

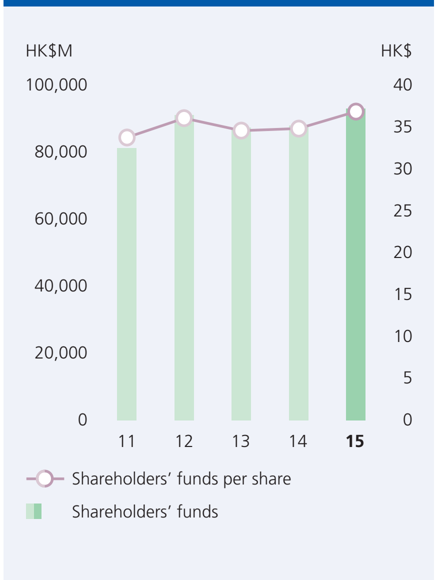
2 Group generating capacity (in MW) is incorporated on the following basis: (a) CAPCO on 100% capacity as stations operated by CLP Power Hong Kong; (b) PSDC (during 2011 to 2013) and Ecogen on 100% as having right to use; and (c) other stations (including PSDC from 2014) on the proportion of the Group's equity interests.

Total Assets



Earnings

Shareholders' Funds



Environmental

Performance Indicators	Units	2015	2014	2013	2012	2011	Global Reporting Initiative Reference (G4)	HKEx ESG Reporting Guide Reference
Resource Use & Emissions [1]								
Coal consumed (for power generation)	TJ	**450,937**	541,865	433,763	361,819	419,357	G4-EN3	A2.1
Gas consumed (for power generation)	TJ	**95,591**	63,268	73,510	86,200	101,166	G4-EN3	A2.1
Oil consumed (for power generation)	TJ	**2,892**	2,345	1,973	8,200	1,508	G4-EN3	A2.1
CO_2e emissions from power generation (Scopes 1 & 2)	kT	**46,723**	53,258	44,258	38,464	44,450	G4-EN15, G4-EN16	A1.2
CO_2 emissions from power generation (Scopes 1 & 2) [2]	kT	**46,553**	53,044	44,076	38,319	44,298		
Nitrogen oxides emissions (NO_x)	kT	**56.3**	74.6	50.2	42.9	48.1	G4-EN21	A1.1
Sulphur dioxide emissions (SO_2)	kT	**63.4**	93.0	50.5	35.1	35.8	G4-EN21	A1.1
Total particulates emissions	kT	**9.8**	11.5	5.5	4.7	6.2	G4-EN21	A1.1
Water withdrawal							G4-EN8	A2.2
from marine water resources	Mm^3	**4,447.6**	4,774.5	4,987.9	4,648.6	4,688.6		
from freshwater resources	Mm^3	**48.8**	52.9	37.2 [3]	35.4	37.9		
from municipal sources	Mm^3	**6.6**	6.6	6.2 [3]	5.8	5.5		
Total	Mm^3	**4,503.0**	4,834.0	5,031.0	4,689.6	4,732.0		
Water discharged							G4-EN22	
cooling water to marine water bodies	Mm^3	**4,447.6**	4,774.5	4,987.9	4,648.6	4,688.6		
treated wastewater to marine water bodies	Mm^3	**1.1**	1.3	1.2	1.1	0.8		
treated wastewater to freshwater bodies	Mm^3	**12.6**	14.5	10.1	14.0	18.1		
wastewater to sewerage	Mm^3	**1.6**	1.8	1.5	1.7	1.8		
wastewater to other destinations	Mm^3	**0.1**	0.1	0.1	0.3	0.6		
Total	Mm^3	**4,463.0**	4,792.2	5,000.8	4,665.7	4,710.0		
Hazardous waste produced [4]	T (solid) / kl (liquid)	**641 / 2,832**	484 / 2,783	337 / 1,228	262 / 1,500	799 / 912	G4-EN23	A1.3
Hazardous waste recycled [4]	T (solid) / kl (liquid)	**203 / 1,176**	89 / 1,463	34 / 981	25 / 1,023	36 / 831	G4-EN23	
Non-hazardous waste produced [4]	T (solid) / kl (liquid)	**11,455 / 199**	21,142 / 78	7,700 / 0	10,830 / 21	6,301 / 0	G4-EN23	A1.4
Non-hazardous waste recycled [4]	T (solid) / kl (liquid)	**4,414 / 199**	4,172 / 78	1,853 / 0	2,719 / 4	3,699 / 0	G4-EN23	
Environmental regulatory non-compliances resulting in fines or prosecutions	number	**1**	1	0	0	0	G4-EN29	
Environmental licence limit exceedances & other non-compliances	number	**13** [6]	3 [5]	4	1	5	G4-EN29	
Climate Vision 2050 Target Performance (Equity Basis) [7]								
Total renewable energy generation capacity	% (MW)	**16.8 (3,051)**	14.1 (2,660)	16.3 (2,579)	20.2 (2,734)	18.3 (2,424)		
Non-carbon emitting generation capacity	% (MW)	**19.5 (3,543)**	16.7 (3,152)	19.4 (3,071)	23.8 (3,226)	22.0 (2,916)		
Carbon dioxide emissions intensity of CLP Group's generation portfolio	kg CO_2 / kWh	**0.81** [8]	0.84 [8]	0.82 [8]	0.77	0.80	G4-EN18	A1.2

Notes:
(1) Covered operating facilities where CLP has operational control for the full calendar reporting year.
(2) Includes Yallourn and Hallett facilities' CO_2e emissions as CO_2 emissions data were not available.
(3) Data updated to align with reporting definition.
(4) Waste categorised in accordance with local regulations.
(5) Yallourn's data updated to reflect compliance status as per local Environmental Protection Authority's notification.
(6) In 2015 environmental license limit exceedances are counted as one single event per month at the facility level even if there were multiple instances in the month. In 2015, there were 12 environmental license limit exceedances at our Jhajjar power station due mainly to start up, shut down and maintenance and repairs. Because of legacy reporting reasons, concentration license limit exceedances at our Fangchenggang power station are not included in our Group level reporting but are listed in the footnotes of the Fangchenggang Asset Performance Statistics sheet, available on the CLP Group website. We are considering fine tuning our reporting practices for this data point.
(7) Performance data is consolidated on an equity basis – i.e. if CLP holds a fraction of the total entity, performance is consolidated on a pro rata basis in accordance with CLP's equity holding (it would include all majority and minority share facilities in the CLP Group portfolio).
(8) CGN Wind not included as per the Greenhouse Gas Protocol due to its accounting categorisation.

*All 2015 data on this page have been independently verified by PricewaterhouseCoopers **except** those numbers which are shaded in grey.*

Social

Performance Indicators	Units	2015	2014	2013	2012	2011	Global Reporting Initiative Reference (G4)	HKEx ESG Reporting Guide Reference
Employees								
Employees based on geographical location							G4-9	B1.1
Hong Kong	number	4,438	4,405	4,394	4,345	4,259		
Mainland China	number	527	480	469	539	552		
Australia	number	1,998	2,143	1,745	1,302	1,111		
India	number	397	359	360	391	374		
Other locations (Southeast Asia & Macau)	number	–	–	–	4	20		
Total	number	7,360	7,387	6,968	6,581	6,316		
Employees eligible to retire within the next five years [9]							EU15	
Hong Kong	%	16.2%	15.4%	15.2%	14.0%	13.4%		
Mainland China	%	11.9%	11.1%	12.2%	11.9%	9.6%		
Australia	%	10.9%	9.2%	10.9%	11.9%	9.6%		
India	%	0.8%	1.4%	0.8%	0.8%	1.1%		
Other locations (Southeast Asia & Macau) [10]	%	N/A	N/A	N/A	N/A	0%		
Total	%	13.3%	12.4%	13.0%	12.6%	11.6%		
Voluntary staff turnover rate [11][12]							G4-LA1	B1.2
Hong Kong	%	2.8%	2.6%	1.9%	–	–		
Mainland China	%	2.6%	2.5%	2.6%	–	–		
Australia	%	13.7%	11.6%	9.4%	–	–		
India	%	9.8%	13.2%	10.1%	–	–		
Other locations (Southeast Asia & Macau)	%	N/A	N/A	N/A	–	–		
Training per employee [13][14]	average hours	57.2	43.4	5.5	5.6	5.4	G4-LA9	B3.2
Safety [15]								
Fatalities (employees only) [16]	number	0	0	0	0	0	G4-LA6	B2.1
Fatalities (contractors only) [16]	number	0	1	1	N/A	N/A	G4-LA6	B2.1
Fatality Rate (employees only) [17]	rate	0.00	0.00	0.00	N/A	N/A	G4-LA6	B2.1
Fatality Rate (contractors only) [17]	rate	0.00	0.01	0.01	N/A	N/A	G4-LA6	B2.1
Lost Time Injury (employees only) [18]	number	8	4	5	N/A	N/A	G4-LA6	
Lost Time Injury (contractors only) [18]	number	8	19	28	N/A	N/A	G4-LA6	
Lost Time Injury Rate (employees only) [17][18]	rate	0.10	0.05	0.06	N/A	N/A	G4-LA6	
Lost Time Injury Rate (contractors only) [17][18]	rate	0.06	0.15	0.22	N/A	N/A	G4-LA6	
Total Recordable Injury Rate (employees only) [17][19]	rate	0.18	0.26	0.23	N/A	N/A	G4-LA6	
Total Recordable Injury Rate (contractors only) [17][19]	rate	0.28	0.51	0.50	N/A	N/A	G4-LA6	
Days lost / charged (employees only) [20]	number	199	105	29	240	674	G4-LA6	B2.2
Governance								
Convicted cases of corruption	cases	0	0	0	0	0	G4-SO5	B7.1
Breaches of Code of Conduct	cases	6	7	12	14	6		

Notes:
(9) The percentages given refer to full-time permanent staff within each location, who are eligible to retire within the next five years.
(10) There were no permanent staff in "Other locations (Southeast Asia & Macau)" since 2012.
(11) Voluntary turnover is employees leaving the organisation voluntarily and does not include dismissal, retirement, separation under a separation scheme or end of contract.
(12) In Mainland China, voluntary staff turnover rates refer to both permanent and short-term employees. In all other regions, voluntary staff turnover rates refer to permanent employees only.
(13) The average training hours do not include non CP / AP / SAP re-authorization web based training.
(14) Training per employee from 2014 is reported in average hours of training. Prior to 2014, training per employee is reported in average days of training.
(15) The system of rules applied in recording and reporting accident statistics complies with the International Labour Organization (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases. Safety data are based on information at the time of publication.
(16) Fatality is the death of an employee or contractor personnel as a result of an occupational illness / injury / disease incident in the course of employment.
(17) All rates are normalised to 200,000 worked hours, which is approximately equal to the number of hours worked by 100 people in one year.
(18) An occupational illness / injury / disease sustained by an employee or contractor personnel causing him / her to miss one scheduled workday / shift or more after the day of the injury. Lost Time Injury does not include the day the injury incident occurred or any days that the injured person was not scheduled to work and it does not include restricted work injury.
(19) Total Recordable Injury is the sum of all occupational injury incidents, illness other than first aid cases. They include Fatalities, Lost Time Injury, Restricted Work Injury, Medical Treatment.
(20) Time ('days') that could not be worked (and is thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational accident or disease. A return to limited duty or alternative work for the same organisation does not count as lost days.

*All 2015 data on this page have been independently verified by PricewaterhouseCoopers **except** those numbers which are shaded in grey.*

Five-year Summary: Scheme of Control Financial & Operating Statistics

CLP Power Hong Kong Limited and Castle Peak Power Company Limited

	2015	2014	2013	2012	2011
SoC Financial Statistics, HK$M					
Combined Profit & Loss Statement					
Profit for SoC	10,162	10,988	8,945	9,388	8,068
Transfer from / (to) Tariff Stabilisation Fund	124	(1,030)	693	(75)	868
Permitted return	10,286	9,958	9,638	9,313	8,936
Less: Interest on / Adjustment for					
Borrowed capital	920	856	887	859	841
Performance (incentives) / penalties	(51)	(49)	(48)	(47)	(45)
Tariff Stabilisation Fund	2	1	1	2	2
Net return	9,415	9,150	8,798	8,499	8,138
Combined Balance Sheet					
Net assets employed					
Fixed assets	104,479	101,420	97,918	95,243	91,187
Non-current assets	382	684	1,091	1,904	2,310
Current assets	5,327	6,770	6,778	11,530	4,913
	110,188	108,874	105,787	108,677	98,410
Less: current liabilities	18,565	18,518	17,142	22,248	17,439
Net assets	91,623	90,356	88,645	86,429	80,971
Exchange fluctuation account	113	(565)	(939)	(907)	(1,428)
	91,736	89,791	87,706	85,522	79,543
Represented by					
Equity	42,307	42,456	45,067	43,070	41,845
Long-term loans and other borrowings	30,730	28,340	26,873	28,254	25,283
Deferred liabilities	17,764	17,937	15,747	13,486	11,778
Tariff Stabilisation Fund	935	1,058	19	712	637
	91,736	89,791	87,706	85,522	79,543
Other SoC Information					
Total electricity sales	38,087	35,969	33,064	33,842	30,824
Capital expenditure	7,630	7,800	7,479	8,621	7,774
Depreciation	4,143	3,901	4,475	4,146	3,863
SoC Operating Statistics					
Customers and Sales					
Number of customers (thousand)	2,485	2,460	2,429	2,400	2,378
Sales analysis, millions of kWh					
Commercial	13,209	13,099	12,935	12,917	12,670
Manufacturing	1,791	1,791	1,832	1,890	1,886
Residential	9,228	9,450	8,658	8,900	8,594
Infrastructure and Public Services	8,805	8,585	8,358	8,288	8,018
Local	33,033	32,925	31,783	31,995	31,168
Export	1,187	1,226	1,650	1,838	2,957
Total Electricity Sales	34,220	34,151	33,433	33,833	34,125
Annual change, %	0.2	2.1	(1.2)	(0.9)	1.8
Local consumption, kWh per person	5,466	5,516	5,379	5,466	5,373
Local sales, HK¢ per kWh (average)					
Basic Tariff	87.1	88.6	84.0	84.2	80.1
Fuel Cost Adjustment *	27.0	22.4	22.4	17.8	14.1
Total Tariff	114.1	111.0	106.4	102.0	94.2
Rent and Rates Special Rebate **	–	–	(1.7)	(3.3)	–
Net Tariff ***	114.1	111.0	104.7	98.7	94.2
Annual change in Basic Tariff, %	(1.7)	5.5	(0.2)	5.1	–
Annual change in Total Tariff, %	2.8	4.3	4.3	8.3	2.8
Annual change in Net Tariff, %	2.8	6.0	6.1	4.8	2.8

A ten-year summary is on our website

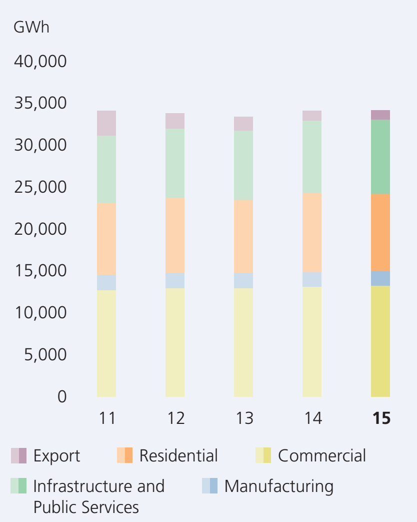
	2015	2014	2013	2012	2011
Generation (Including Affiliated Generating Companies)					
Installed capacity, MW	**8,888**	8,888	8,888	8,888	8,888
System maximum demand					
Local, MW	**6,878**	7,030	6,699	6,769	6,702
Annual change, %	**(2.2)**	4.9	(1.0)	1.0	(0.9)
Local and Mainland China, MW	**7,582**	7,502	7,615	7,431	7,798
Annual change, %	**1.1**	(1.5)	2.5	(4.7)	6.1
System load factor, %	**57.0**	57.8	55.7	57.5	55.3
Generation by CAPCO stations, millions of kWh	**25,739**	27,533	26,994	25,894	26,800
Sent out, millions of kWh –					
From own generation	**24,075**	25,597	25,084	24,102	24,955
Net transfer from					
Landfill gas generation	**4**	3	4	3	5
GNPS / GPSPS / Others	**11,612**	10,084	9,757	11,172	10,558
Total	**35,691**	35,684	34,845	35,277	35,518
Fuel consumed, terajoules –					
Oil	**2,160**	1,785	1,491	7,900	1,044
Coal	**161,988**	215,367	205,198	182,651	188,407
Gas	**71,406**	42,465	47,545	50,420	57,665
Total	**235,554**	259,617	254,234	240,971	247,116
Cost of fuel, HK$ per gigajoule – Overall	**51.25**	39.66	38.02	40.56	35.33
Thermal efficiency, % based on units sent out	**36.8**	35.5	35.5	36.0	36.4
Plant availability, %	**85.0**	83.7	85.2	82.1	85.4
Transmission and Distribution					
Network, circuit kilometres					
400kV	**555**	555	555	555	555
132kV	**1,645**	1,643	1,587	1,581	1,531
33kV	**24**	27	27	27	27
11kV	**12,739**	12,475	12,328	12,074	11,809
Transformers, MVA	**63,373**	61,450	60,430	60,136	59,454
Substations –					
Primary	**226**	224	218	216	213
Secondary	**14,019**	13,845	13,692	13,536	13,361
Employees and Productivity					
Number of SoC employees	**3,817**	3,807	3,819	3,791	3,734
Productivity, thousands of kWh per employee	**8,666**	8,635	8,353	8,504	8,375

* The Fuel Cost Adjustment has replaced the Fuel Clause Charge effective from October 2014.

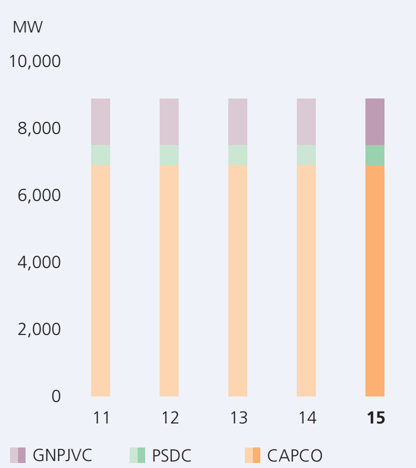
** While the rent and rates appeals are still progressing, CLP Power Hong Kong provided customers with a Rent and Rates Special Rebate of 3.3 cents and 2.1 cents per unit in 2012 and January to mid-October 2013 respectively, rebating to customers all interim refunds received from the Government in 2012 and 2013 for overcharged rent and rates.

*** The effective net tariff including the one-off special fuel rebate in 2015 is 110.3 cents per unit.

Electricity Sales by Sector



Installed Capacity



SoC Net Fixed Assets