

## 6. HOK UN REDEVELOPMENT PROFIT

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Share of profit before taxation	1,353	586	609
Reversal of provision	4	10	17
	<b>1,357</b>	596	626
Taxation	(225)	(98)	(106)
Share of profit after taxation	<b>1,132</b>	498	520

During the year, the Group recorded its share of profit arising from the sale of Phase 3 of Laguna Verde at Hok Un (Phase 2 in 1999).

## 7. SHARE OF PROFIT / (LOSS) OF ASSOCIATED COMPANY

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Share of profit before amortisation	42	90	127
Amortisation of goodwill	(8)	(77)	(95)
Amortisation of cost of investment	(29)	(19)	(25)
Share of profit / (loss) after amortisation	<b>5</b>	(6)	7

## 8. DIRECTORS' REMUNERATION

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Fees	2	3	4
Salaries, allowances and benefits in kind	14	9	11
Provident fund contributions	1	1	1
	<b>17</b>	13	16

## 8. DIRECTORS' REMUNERATION *(continued)*

The remuneration paid to the Directors is within the following bands:

	Number of Directors		
	12 months ended 31 December 2000	12 months ended 31 December 1999	15 months ended 31 December 1999
HK\$nil - HK\$1,000,000	13	17	17
HK\$4,000,001 - HK\$4,500,000	1	-	-
HK\$4,500,001 - HK\$5,000,000	1	-	-
HK\$5,500,001 - HK\$6,000,000	1	-	-
HK\$9,500,001 - HK\$10,000,000	-	1	-
HK\$12,000,001 - HK\$12,500,000	-	-	1

Included in the directors' remuneration were fees of HK\$429,212 (12 months ended 31 December 1999: HK\$306,530 or 15 months ended 31 December 1999: HK\$570,223) paid to the Independent Non-executive Directors during the year.

## 9. SENIOR MANAGEMENT REMUNERATION

The five highest paid individuals in the Group during the year included two (1999: one) Directors whose remuneration is disclosed under Directors' Remuneration above. The details of the remuneration of the other three (1999: four) individuals were:

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Salaries, allowances and benefits in kind	14	19	24
Provident fund contributions	1	1	1
	<b>15</b>	<b>20</b>	<b>25</b>

Such remuneration is within the following bands:

	Number of Individuals		
	12 months ended 31 December 2000	12 months ended 31 December 1999	15 months ended 31 December 1999
HK\$4,500,001 - HK\$5,000,000	2	3	-
HK\$5,000,001 - HK\$5,500,000	-	1	-
HK\$5,500,001 - HK\$6,000,000	1	-	-
HK\$6,000,001 - HK\$6,500,000	-	-	3
HK\$6,500,001 - HK\$7,000,000	-	-	1

## 10. RETIREMENT BENEFITS

The Group currently operates two retirement funds, one for professional and general staff, and the other for industrial staff. Both funds are established under trust with the assets of the funds held separately from those of the Group by an independent trustee, and are Mandatory Provident Fund ("MPF") exempted schemes under the Occupational Retirement Schemes Ordinance. The fund which previously operated for senior executives is in the process of liquidation. Commencing 1 December 2000, the Group also participates in a master trust MPF scheme operated by an independent service provider.

The fund for professional and general staff consists of three programmes; the defined benefit programme, the segregated fund programme and the defined contribution programme (newly introduced on 1 December 2000). The defined benefit programme provides benefits that are linked to final pay and requires member's contributions of 5% of basic salary. Both the defined contribution programme and the segregated fund programme provide benefits linked to contributions and investments thereon. The defined contribution programme further provides members with a guarantee that benefits will not be less than mandatory company contributions to a basic MPF scheme. The defined contribution programme requires member's contributions of at least 2.5% of basic salary whereas members are not required to contribute under the segregated fund programme. The defined benefit programme and the segregated fund programme have been closed to new employees since 1 December 2000.

The fund for industrial staff consists of two programmes; the defined benefit programme and the defined contribution programme (newly introduced on 1 December 2000). The defined benefit programme provides benefits that are linked to final pay and does not require member contributions. The defined contribution programme provides benefits linked to contributions and investments thereon and provides members with a guarantee that benefits will not be less than mandatory company contributions to a basic MPF scheme. The defined contribution programme requires members to contribute at least 2.5% of basic salary (waived for existing members who opted to join the defined contribution programme at inception). The defined benefit programme has been closed to new employees since 1 December 2000.

The Group contributed to the funds such amount or amounts as the Group considers appropriate having regard to the recommendations from time to time of an independent actuary on the basis of periodic valuation and the prescribed contribution schedules of the funds. When payments are made to the funds, contributions are charged to the profit and loss accounts or, for employees working on capital projects, to the relevant projects. The Group's total contributions to the funds for the 12 months ended 31 December 2000 were HK\$149 million (12 months ended 31 December 1999: HK\$159 million and 15 months ended 31 December 1999: HK\$200 million).

The latest valuations of the retirement funds were carried out as of 30 June 1999 by Mr. A.G. Stott, Fellow of the Faculty of Actuaries, of Watson Wyatt Hong Kong Limited, using the attained age method. These valuations showed that the ratio of net assets available for benefits to aggregate past service liabilities was 140% and 151% for professional & general staff fund and the industrial staff fund respectively. The valuations assumed that the average investment return on assets of the funds to be 1% per annum higher than the rate of salary escalation.

## 11. TAXATION

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Taxation in the consolidated profit and loss account represents:			
Current taxation			
On Scheme of Control profit			
Subsidiary company – Hong Kong	653	677	901
Jointly controlled entity – Hong Kong	243	267	321
	<b>896</b>	944	1,222
On Non-Scheme of Control profit			
Subsidiary companies – Hong Kong	242	6	26
Jointly controlled entities			
– Hong Kong	2	1	1
– outside Hong Kong	72	58	70
	<b>316</b>	65	97
	<b>1,212</b>	1,009	1,319
10% 1997/98 Hong Kong profits tax rebate			
Subsidiary companies – Hong Kong	–	(41)	(41)
Jointly controlled entity – Hong Kong	–	(17)	(17)
	–	(58)	(58)
Deferred taxation			
On Scheme of Control profit			
Subsidiary company – Hong Kong	190	141	161
Jointly controlled entity – Hong Kong	(16)	(30)	(25)
	<b>174</b>	111	136
On Non-Scheme of Control profit			
Jointly controlled entity – Hong Kong	(8)	98	86
	<b>166</b>	209	222
	<b>1,378</b>	1,160	1,483

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. Taxation on profits assessable outside Hong Kong has been provided at the rates prevailing in the respective jurisdictions.

## 12. TRANSFERS UNDER SCHEME OF CONTROL

The financial operations of CLP Power are governed by a Scheme of Control Agreement. In accordance with this Agreement, transfers required under Scheme of Control are shown below:

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Transfers under Scheme of Control			
To development fund (note A)	<b>(1,386)</b>	(1,040)	(1,497)
From special provision account (note B)	<b>37</b>	–	–
To rate reduction reserve (note C)	<b>(280)</b>	(236)	(290)
	<b>(1,629)</b>	(1,276)	(1,787)

Movements on the development fund, special provision account and rate reduction reserve of CLP Power are as follows:

(A) Development fund:			
Balance at beginning of year	<b>3,320</b>	2,851	2,528
Transfer from profit and loss account	<b>1,386</b>	1,040	1,497
Transfer to special provision account (note B)	<b>(803)</b>	–	–
CLP centenary rebate	<b>(387)</b>	–	–
Special rebates to customers	<b>(593)</b>	(571)	(705)
Balance at end of year	<b>2,923</b>	3,320	3,320

In view of the cost savings achieved through productivity drives in the past years and strong sales in 2000, CLP Power was able to provide each customer with a rebate of HK\$200 in commemoration of CLP's centenary. This amount was charged directly to the development fund. A special rebate of HK¢2.2 per unit (1999: HK¢2.2 per unit) was also made to customers during the year.

(B) Special provision account:			
Balance at beginning of year	–	–	–
Transfer from development fund (note A)	<b>803</b>	–	–
Transfer to profit and loss account	<b>(37)</b>	–	–
Balance at end of year	<b>766</b>	–	–

CLP Power and its jointly controlled generating company, Castle Peak Power Company Limited, agreed with the Government in December 1999 to further defer construction of units 7 & 8 of the Black Point Power Station. It was also agreed that a total of HK\$803 million be set aside from the development fund to a special provision account to which the deferral premium is charged. The deferral premium is a contractual obligation that corresponds to additional costs incurred by the vendors for delayed delivery of the two generating units. Under the arrangement, there is no permitted return to be earned on the deferral premium.

## 12. TRANSFERS UNDER SCHEME OF CONTROL *(continued)*

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
(C) Rate reduction reserve:			
Balance at beginning of year	253	171	154
Transfer from profit and loss account	280	236	290
Rebates to customers	(162)	(154)	(191)
Balance at end of year	<b>371</b>	253	253

A rebate of HK¢0.6 per unit was made to customers from 1 March 1999.

## 13. EARNINGS

Of the consolidated earnings of HK\$5,768 million (12 months ended 31 December 1999: HK\$6,661 million and 15 months ended 31 December 1999: HK\$8,329 million), HK\$6,511 million (12 months ended 31 December 1999: HK\$7,376 million and 15 months ended 31 December 1999: HK\$7,352 million) has been dealt with in the accounts of the Company.

## 14. OTHER NON-SCHEME OF CONTROL OPERATING EARNINGS

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Income from power projects outside Hong Kong	553	543	699
Export sales	34	13	16
Property income	10	37	41
Public lighting and engineering services	11	12	14
Unallocated Group expenses	(78)	(84)	(106)
Development of multi-utility businesses	(104)	(9)	(9)
	<b>426</b>	512	655