

15. DIVIDENDS

	12 months ended 31 December 2000 HK\$M	12 months ended 31 December 1999 HK\$M	15 months ended 31 December 1999 HK\$M
Interim dividends HK\$1.20 per share (12 months ended 31 December 1999: HK\$1.14) (15 months ended 31 December 1999: HK\$1.52)	2,497	2,652	3,582
Special interim dividend HK\$0.27 per share (1999: nil)	562	–	–
	3,059	2,652	3,582
Proposed final dividend HK\$0.50 per share (1999: HK\$0.50)	1,040	1,041	1,041
Proposed special centenary dividend HK\$0.27 per share (1999: special final dividend HK\$0.25)	562	520	520
	4,661	4,213	5,143

16. EARNINGS PER SHARE

The prescribed figure for earnings per share which includes the Hok Un redevelopment profit (Note 6) and impairment losses on investments (Notes 20 and 21) is computed as follows:

	12 months ended 31 December 2000	12 months ended 31 December 1999	15 months ended 31 December 1999
Earnings for the year (HK\$M)	5,768	6,661	8,329
Weighted average number of shares in issue (million shares)	2,081.227	2,362.973	2,380.191
Earnings per share (HK\$)	2.77	2.81	3.50

To enable investors to understand better the Group's results, an additional earnings per share figure, excluding the Hok Un redevelopment profit and impairment losses on investments, is provided 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
Earnings for the year	5,768	6,661	8,329
Less: Hok Un redevelopment profit	(1,132)	(498)	(520)
Add: Impairment loss on investment securities	130	–	–
Impairment loss on investment in associated company	900	–	–
Earnings excluding Hok Un redevelopment profit and impairment losses on investments	5,666	6,163	7,809
Earnings per share excluding Hok Un redevelopment profit and impairment losses on investments (HK\$)	2.72	2.60	3.28

17. FIXED ASSETS (GROUP)

	Land HK\$M	Buildings HK\$M	Plant, Machinery And Equipment HK\$M	Total HK\$M
Cost				
At 1 January 2000	1,712	4,248	34,616	40,576
Additions	155	399	2,848	3,402
Transfers and disposals	–	(72)	(383)	(455)
At 31 December 2000	1,867	4,575	37,081	43,523
Accumulated depreciation				
At 1 January 2000	–	1,061	10,612	11,673
Charge for the year	–	115	1,359	1,474
Transfers and disposals	–	(20)	(296)	(316)
At 31 December 2000	–	1,156	11,675	12,831
Net book value				
At 31 December 2000	1,867	3,419	25,406	30,692
At 31 December 1999	1,712	3,187	24,004	28,903

Included in fixed assets are equipment awaiting installation and plant under construction, the book values of which at 31 December 2000 were HK\$381 million and HK\$3,611 million respectively (1999: HK\$373 million and HK\$2,444 million respectively) for the Group.

The tenure of the land of the Group is as follows:

	31 December 2000 HK\$M	31 December 1999 HK\$M
Held in Hong Kong:		
On long-term lease (over 50 years)	45	45
On medium-term lease (10-50 years)	1,817	1,662
On short-term lease (less than 10 years)	5	5
	1,867	1,712

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	31 December 2000 HK\$M	31 December 1999 HK\$M
Unlisted shares, at cost	24,153	24,203
Advances to subsidiary companies	5,559	3,982
Advances from subsidiary companies	(482)	–
	29,230	28,185

The advances to / from subsidiary companies are unsecured, interest free and have no fixed repayment terms.

The table below lists the principal subsidiary companies of the Group at 31 December 2000.

Name	Issued Share Capital	Percentage of Issued Capital Directly Held	Place of Incorporation / Operation	Principal Activity
CLP Power Hong Kong Limited	2,488,320,000 shares of HK\$5 each	100	Hong Kong	Generation and Supply of Electricity
Hong Kong Nuclear Investment Company Limited	300,000 shares of HK\$1,000 each	100	Hong Kong / Chinese mainland	Power Project Investment Holding
CLP Engineering Limited	260 shares of HK\$10,000 each	100	Hong Kong	Engineering Services
CLP Power China Limited	192,000,000 shares of US\$1 each	100	British Virgin Islands / Chinese mainland	Power Projects Investment Holding
CLP Power International Limited	192,000 shares of US\$1,000 each	100	British Virgin Islands / International	Power Projects Investment Holding
CLP Properties Limited	15,000,000 shares of HK\$10 each	100	Hong Kong	Property Investment Holding
CLP Telecommunications Limited	10,000,000 shares of HK\$10 each	100	Hong Kong	Telecommunications business
CLP Enterprises Limited	1 share of US\$1	100	British Virgin Islands / Hong Kong and southern China	Multi-utility Investment Holding
CLP Research Institute Limited	1 share of US\$1	100	British Virgin Islands / Hong Kong	Research and Development
Belleterre Holdings Limited	50,000 shares of US\$1 each	100	British Virgin Islands / International	Investment Holding

19. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	31 December 2000 HK\$M	31 December 1999 HK\$M
Castle Peak Power Company Limited (A)		
Unlisted shares, at cost	20	20
Advances	3,977	3,756
Special loan	78	78
	4,075	3,854
Guangdong Nuclear Power Joint Venture Company, Limited (B)		
Unlisted shares, at cost	780	777
Share of retained profits	1,950	1,549
	2,730	2,326
Hok Un Joint Venture (C)		
Advances	491	424
Share of retained profits	1,671	1,768
	2,162	2,192
Shandong Zhonghua Power Company Limited (D)		
Unlisted shares, at cost	1,288	1,367
Share of capital reserves	-	1
Share of retained profits	122	113
	1,410	1,481
Ho-Ping Power Company Limited (E)		
Share of net assets other than goodwill	667	352
Unamortised goodwill on acquisition	261	-
(Unlisted shares, at cost: HK\$948million)	928	352
Hong Kong Pumped Storage Development Company, Limited (F)		
Unlisted shares, at cost	5	5
Advances	285	285
	290	290
Others (G)		
Unlisted shares, at cost	320	281
Advances	76	75
Share of capital reserves	1	-
Share of retained profits less losses	18	3
	415	359
	12,010	10,854

- (A) Castle Peak Power Company Limited ("CAPCO") is 40% owned by CLP Power and 60% owned by ExxonMobil Energy Limited (formerly known as Exxon Energy Limited) and is incorporated in Hong Kong. Its principal activity is the generation of electricity for supply to CLP Power. While CAPCO owns the power generation assets, CLP Power builds and operates all CAPCO's power stations and is the sole offtaker.

Under the terms of the revised CAPCO Deed of Subordination, in the event of the winding up of CAPCO, CLP Power's advances to it would be subordinated to certain loans of CAPCO. CLP Power's advances to CAPCO may be withdrawn only to the extent that the shareholders' funds exceed two-thirds of the aggregate principal amount outstanding of the said loans. In this context the shareholders' funds represent the sum of the issued share capital, shareholders' advances, special advances, deferred taxation, retained earnings and any proposed dividend.

The Special Loan to CAPCO is non-interest bearing and repayable in full on 30 September 2008.

19. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

- (B) Guangdong Nuclear Power Joint Venture Company, Limited is 25% owned by the Group and 75% owned by Guangdong Nuclear Investment Company, Limited and is incorporated in the Chinese mainland. This company constructed and operates the Guangdong Nuclear Power Station at Daya Bay and its principal activity is the generation of electricity for supply to Hong Kong and the Guangdong Province of China.
- (C) The Group entered into a joint venture agreement with a wholly-owned subsidiary of Cheung Kong (Holdings) Limited in 1991 to develop the Hok Un site at Hung Hom (named "Laguna Verde"). Under the agreement, the Group has the right to share 50% of profits arising from the project, with a minimum overall profit guaranteed by the subsidiary of Cheung Kong (Holdings) Limited which also provides all the necessary funding.

In 1999, the joint venture acquired additional Plot Ratio from the Government. Under a separate agreement with the subsidiary of Cheung Kong (Holdings) Limited, the Group shares 50% of the net proceeds of sale from this additional gross floor area and bears 50% of associated land premium, development and marketing costs.

- (D) Shandong Zhonghua Power Company Limited is 29.4% owned by the Group and is incorporated in the Chinese mainland. This company owns four power stations totalling 3,000 MW. Two of the power stations, Shiheng I and Shiheng II are in operation and the other two power stations, Heze II and Liaocheng are under construction. All power generated will be supplied to the Shandong Grid.
- (E) Ho-Ping Power Company Limited is 40% owned by the Group and 60% owned by Taiwan Cement Corporation and is incorporated in Taiwan. This company will construct, operate and own a 1,320 MW coal-fired power station and an associated 53 km of 345 kV transmission line at Ho Ping in eastern Taiwan. All power generated will be supplied to Taiwan Power Company, the government-owned utility of Taiwan.

During the year, the Group increased its interest in Ho-Ping Power Company from 30% to 40% by acquiring an additional 10% interest from Taiwan Cement Corporation. The purchased goodwill of HK\$261 million will be amortised over its useful economic life, being the term of the power purchase agreement of 25 years.

- (F) Hong Kong Pumped Storage Development Company, Limited is 49% owned by CLP Power and is incorporated in Hong Kong. This company has the right to use 50% of the capacity of the Guangzhou Pumped Storage Power Station in the Guangdong Province of China until 2034.
- (G) The Group's other investments include:
- 41.5% interest in a number of hydro power projects in Huaiji County of Guangdong Province;
 - 50% interest in a joint venture undertaken with a subsidiary of Cheung Kong (Holdings) Limited in Hong Kong to provide second mortgage financing to purchasers of Laguna Verde.

The advances to jointly controlled entities are unsecured and have no fixed repayment terms. Except for an advance of HK\$76 million to a joint venture undertaken with a subsidiary of Cheung Kong (Holdings) Limited which bears interest at Hong Kong prime rate, the advances to jointly controlled entities are interest free.

20. INVESTMENT IN ASSOCIATED COMPANY

	31 December 2000 HK\$M	31 December 1999 HK\$M
Electricity Generating Public Company Limited ("EGCO")		
Share of net assets other than goodwill	990	1,037
Unamortised goodwill on acquisition	1,083	1,119
Impairment loss on goodwill*	(900)	–
	1,173	2,156
Investment in EGCO at cost less impairment:		
Balance at beginning of year	2,053	1,883
Investment during the year	125	170
Impairment loss*	(1,005)	–
Balance at end of year	1,173	2,053
Market value at 31 December	767	921

* the difference was mainly due to the amortisation of goodwill at Group level since 1998

EGCO is 20.81% (1999: 18.1%) owned by the Group and is incorporated and listed in Thailand. Its principal activity is the generation of electricity for supply to the Electricity Generating Authority of Thailand ("EGAT"). The purchased goodwill of EGCO is amortised on the straight-line basis over its useful life of 16 years, being the unexpired term of the power purchase agreements with EGAT.

During the year, the Group has reviewed the carrying value of EGCO, which includes unamortised goodwill capitalised in accordance with the Group's accounting policy. This review has focused on the investment fundamentals and has taken into consideration a change in government policy on the privatisation of the assets of EGAT as well as slower growth of electricity demand in Thailand. In reflecting the fair value of the investment, the Group has written off HK\$900 million of the unamortised goodwill of EGCO as an impairment loss. The carrying value of EGCO after the write-off of HK\$900 million was reduced to HK\$1,173 million at 31 December 2000, which is equivalent to Baht 60 per share.

21. INVESTMENT SECURITIES

	31 December 2000 HK\$M	31 December 1999 HK\$M
Equity securities listed outside Hong Kong, at cost	773	773
Provision for impairment loss	(130)	–
At Directors' valuation	643	773
Market value at 31 December	660	740

The Group acquired 114.4 million shares (representing 5% shareholding) of YTL Power International Berhad ("YTL Power"), a listed company in Malaysia, at a price of Malaysian Ringgits ("RM") 3.29 per share in November 1999 as a long-term investment. The Group has performed a review of the investment fundamentals and considered it appropriate to provide for an impairment loss of HK\$130 million. The carrying value of YTL Power after the provision of HK\$130 million was reduced to HK\$643 million at 31 December 2000, which is equivalent to RM2.74 per share.