



Electricity-Related Business

CLP pursues selective opportunities in Hong Kong beyond our conventional electricity business, by leveraging off our existing business, assets, expertise and relationships. These activities are carried out on a limited and selected basis, in line with the Group's overriding focus on its electricity business.

Property Business

CLP redevelops sites in Hong Kong which are no longer required for electricity purposes.

In recent years, our major project has been the residential redevelopment of the former power station at Hok Un, Kowloon. This 50/50 joint venture project, known as Laguna Verde, led by CLP and a wholly-owned subsidiary of Cheung Kong (Holdings) Ltd., comprises 4,735 flats, 1,692 parking spaces and 270,000 sq.ft. of commercial space. About 99% of the residential units had been sold by the end of 2004.

During the year, a CLP site at 305 Castle Peak Road was sold for redevelopment for a price of HK\$221 million following a competitive bid process. This site, measuring 7,200 sq.ft. was formerly used as a 33kV substation, but had become surplus to the needs of our power network. The earnings from this sale are being distributed to shareholders by way of a special dividend.

Our share of profit from the sale of residential units and parking spaces in the Hok Un redevelopment amounted to HK\$159 million (2003: HK\$240 million). The disposal of the site at Castle Peak Road also brought in a capital gain of HK\$214 million.

Following the completion of the Hok Un redevelopment and the sale of the site at 305 Castle Peak Road, we do not currently consider that there are other surplus sites in Hong Kong which would be made available for redevelopment on any significant scale.

CLP has considered the possible redevelopment of the site of its Head Office at 147 Argyle Street, Kowloon, as part of the regular reviews of the use of our property which we conduct from time to time. However, there are no specific proposals or timetable for such a project.

Public Lighting and Engineering Services

During 2004 CLP continued to offer contracting and consultancy services in power engineering, communications systems, building services, energy services, road lighting and facility management for customers in Hong Kong and neighbouring areas.

Railway-related work remained the base of our work on infrastructure projects. In 2004 we successfully completed one major project for the Mass Transit Railway Corporation with three further projects on schedule for completion in or after 2005. However, the gradual recovery of the economy did not lead to a significant upturn in our engineering contracting business.

Our energy services focus on opportunities to improve power quality and on fuel switching to produce energy savings and/or environmental benefits for our customers. For example, in 2004 we commissioned four centralised electric hot water systems, comprising heat pumps and electric heaters, for hotels and property management companies. We also broadened our power quality improvement services to leading banking and airline companies by using active harmonic filters to enhance reliability of their electrical systems.

We manage, operate and maintain the public lighting system in Kowloon and New Territories East under a four-year contract secured in October 2002. We have used our longstanding expertise in this field to develop private lighting activities in areas such as private estates and road infrastructure.

We have maintained the electrical systems in the Passenger Terminal Building for the Airport Authority

since 2002, and have received a number of safety and customer service awards in the past year. In addition to having the existing contract extended for a further three years, another two contracts were awarded to us.

Telecommunications

CLP had previously held a 19% stake in PowerCom Network Hong Kong Limited (PowerCom), a joint venture with Cheung Kong Enterprises Limited (CKE) to provide broadband services to Hong Kong customers using powerline telecommunications technology. We participated in a sale of PowerCom by CKE to Vanda Systems & Communications Holdings Limited (renamed as Hutchison Global Communications Holdings Limited – HGCH) in January 2004 in exchange for the issue of shares in HGCH. We subsequently placed 37.7% of those shares in March 2004 and sold the remaining shares in July 2004.

With the sale of our interest in PowerCom and the termination at the end of 2004 of "ChinaLink", a small-scale operation which provided cross-border communications to Hong Kong corporations operating in the Mainland, CLP has now withdrawn entirely from an unsuccessful but limited involvement in the telecommunications sector to focus on our conventional electricity business.

	Property Business		Telecom Business		Other Activities		Total	
	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M
Turnover	15	17	9	25	169	154	193	196
Profit/(loss) before financing and taxation	401	291	(48)	(86)	(22)	(17)	331	188
Earnings/(losses)	373	240	(48)	(86)	(28)	(41)	297	113
Investments in affiliates	596	862	–	84	2	–	598	946