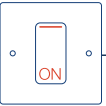


FINANCIAL SUMMARY

Commentary on variances in the Consolidated Profit and Loss Account and Balance Sheet

Consolidated Profit and Loss Account	2002 (HK\$M)	2001 (HK\$M)	Increase/ (Decrease) (HK\$M)	%	Commentary
Turnover	11,605	10,867	738	6.8	This increase is mainly due to an increase in electricity sales in Hong Kong.
Other Revenue	878	663	215	32.4	This increase is mainly due to an increase in income from our Australian investments and the realised and unrealised gains on other listed investments.
Direct and Other Operating Costs	4,241	4,120	121	2.9	This slight increase is mainly due to an increase in depreciation charges and higher Government rent and rates.
Finance Costs	565	695	(130)	-18.7	This decrease is mainly due to a lower average cost of borrowing. Total external borrowings increased in 2002 due to the acquisition of CitiPower I Pty Limited.
Share of Results of Associates	163	472	(309)	-65.5	An exceptional one-off gain of HK\$344 million arising from the sale of the retail division of Powercor Australia Limited was recorded in 2001. Excluding this, the Group's businesses in Australia recorded an increase of HK\$33 million or 26% over last year.
Taxation	1,001	776	225	29.0	This increase is mainly due to higher profit before taxation and an increase in the Group's effective tax rate from 10.8% to 12.8% due to reduced capital allowances on lower capital expenditure.
Scheme of Control Transfers	(12)	96	(108)	–	The Scheme of Control ("SOC") Transfers are calculated in accordance with the SOC Agreement.
Profit Attributable to Shareholders					
- Local Activities	6,473	5,889	584	9.9	This increase results from increased contribution from the Group's core business and realised and unrealised gains on other listed investments.
- Overseas Activities	354	618	(264)	-42.7	The increase in contribution from the Group's Australian businesses is offset by an exceptional gain recorded in 2001.
Profit Attributable to Shareholders – Total	6,827	6,507	320	4.9	



Consolidated Balance Sheet	2002 (HK\$M)	2001 (HK\$M)	Increase/ (Decrease) (HK\$M)	%	Commentary
Fixed Assets	45,202	43,955	1,247	2.8	The Group's capital expenditure for the year amounted to HK\$3,145 million, invested principally in generation, transmission and distribution assets. Depreciation charges for the year were HK\$1,667 million.
Interest in Associates	7,982	4,836	3,146	65.1	This increase reflects the acquisition of CitiPower I Pty Limited in 2002 and a strengthening of the Australian dollar.
Other Assets	3,456	3,315	141	4.3	This increase is mainly due to the inclusion of employee retirement benefit assets in compliance with the Statement of Standard Accounting Practice 34 "Employee Benefits", and increases in trade and other receivables arising from sales of electricity, partly offset by the decrease in bank balances and other liquid funds, which were used to fund new investments.
Bank Loans and Other Borrowings	16,354	14,338	2,016	14.1	The increase is mainly due to the financing required for the acquisition of CitiPower I Pty Limited in 2002.
Taxation	425	792	(367)	-46.3	This decrease is mainly due to the timing of the payment of provisional Hong Kong profits tax.
Other Liabilities	2,561	3,071	(510)	-16.6	This decrease is mainly due to a reduction of accruals for capital expenditure.
Rate Reduction Reserve and Development Fund	149	147	2	–	
Net Assets	37,151	33,758	3,393	10.1	
Net Gains Not Recognised in Profit and Loss Account			88		Exchange difference arising on the translation of the Group's investment in overseas' subsidiaries and associates, which were credited directly to reserves.
Dividends Paid			(3,522)		Previous year's final dividend and current year's interim dividend, which were approved and paid during the year.
Profit Attributable to Shareholders			6,827		