

# CLP Group's Financial Results and Position at a Glance

<b>Last Year's Balance Sheet</b> (Consolidated Balance Sheet as at 31.12.2004)	
	HK\$M
<b>Assets</b>	
Fixed assets, leasehold land and land use rights	57,748
Goodwill	(1,022)
Interests in affiliates	16,638
Deferred tax assets	1,043
Trade and other receivables	3,564
Cash & cash equivalents	2,520
Other assets	308
	<u>80,799</u>
<b>Shareholders' Equity and Liabilities</b>	
Share capital, premium & reserves	16,517
Retained profits	27,682
Shareholders' funds	44,199
Borrowings	18,774
SoC reserve accounts	3,720
Deferred tax liabilities	5,084
Customers' deposits	3,119
Trade and other payables	4,216
Other liabilities	1,687
	<u>80,799</u>

<b>Cash Flow For The Year</b> (Consolidated Cash Flow Statement for the year ended 31.12.2005)	
	HK\$M
(1) Cash inflow from operating activities	10,046
Dividends paid less dividends received	(2,470)
(2) Acquisition of subsidiaries	(12,439)
(3) Investments in/advances to affiliates	(728)
Capital expenditure	(5,204)
Net increase in borrowings	10,441
Other net outflow, including exchange effect	(125)
Net decrease in cash	(479)
Cash & cash equivalents at 31.12.2004	<u>2,520</u>
Cash & cash equivalents at 31.12.2005	<u>2,041</u>

(1) The Hong Kong operations continued to be our main source of cash inflow.

(2) During the year, the Group completed the acquisition of the MEB in Australia and acquired control of the Huaiji hydro power project in Guangdong, the Chinese mainland. Total purchase consideration (excluding non-cash items) amounted to HK\$13,114 million whereas their cash and cash equivalents at acquisition were HK\$675 million.

(3) Investments in affiliates mainly included equity contribution to Fangchenggang (HK\$439 million), Roaring 40s (HK\$236 million) and Changdao Wind Power Project (HK\$42 million).

<b>Profits Retained For The Year</b> (Consolidated Retained Profits for the year ended 31.12.2005)	
	HK\$M
Total earnings	11,368
Dividends paid for the year	
2004 finals	(2,119)
2005 interims	(3,468)
Capital redemption by a subsidiary	(417)
Share of reserves of a jointly controlled entity	(31)
Net increase in retained profits	5,333
Retained profits at 31.12.2004	27,682
Adjustments for adoption of new HKFRSs	1,129
Retained profits at 31.12.2005	<u>34,144</u>

**Earnings For The Year**  
(Consolidated Profit and Loss Account  
for the year ended 31.12.2005)

	HK\$M
(4) Revenue	38,584
(4) Expenses	(29,889)
(5) Share of profits of affiliates, net of tax	3,239
Profit before financing and taxation	11,934
Net finance costs	(1,489)
Taxation	(1,082)
(6) Tax consolidation benefit from Australia	2,004
Profit after taxation	11,367
Minority interest	1
(7) Total earnings	11,368

(4) Revenue and expenses in 2005 incorporated the 7-month and 2-month results of the MEB and Huajji respectively.

Revenue primarily represented sales revenue from the Hong Kong electricity business (HK\$28,303 million) and from energy businesses outside Hong Kong (HK\$10,031 million).

(5) After-tax profits of affiliates were mainly contributed by CAPCO (HK\$1,466 million), GNPJVC & PSDC (HK\$760 million) and Hok Un (HK\$267 million).

(6) CLP Australia Holdings elected to form a tax consolidation group resulting in adjustment of deferred tax balances and recognition of a one-off non-cash tax benefit of HK\$2,004 million.

(7) Earnings after taxation amounted to HK\$11,368 million, which comprised Hong Kong electricity business earnings of HK\$7,047 million, Asia-Pacific energy/other businesses earnings of HK\$2,339 million, Hok Un redevelopment profit of HK\$267 million, tax consolidation benefit from Australia of HK\$2,004 million, offset by unallocated net finance costs and unallocated Group expenses of HK\$289 million.

The current year results are further explained on pages 38 and 39.

**Today's Balance Sheet**  
(Consolidated Balance Sheet as at 31.12.2005)

	HK\$M
<b>Assets</b>	
(8) Fixed assets, leasehold land and land use rights	63,049
(9) Goodwill and other intangible assets	7,949
Interests in affiliates	18,160
Deferred tax assets	2,537
(10) Derivative instruments	1,562
Trade and other receivables	5,505
Cash & cash equivalents	2,041
Other assets	1,102
	<u>101,905</u>
<b>Shareholders' Equity and Liabilities</b>	
Share capital, premium & reserves	16,015
Retained profits	34,144
Shareholders' funds	50,159
Minority interest	111
(11) Borrowings	29,391
(12) SoC reserve accounts	4,174
Deferred tax liabilities	5,472
(10) Derivative instruments	1,578
Customers' deposits	3,308
Trade and other payables	6,079
Other liabilities	1,633
	<u>101,905</u>

(8) Fixed assets, leasehold land and land use rights employed for Hong Kong electricity business amounted to HK\$45,099 million whereas those attributed to overseas subsidiaries was HK\$17,840 million, with the increase mainly resulting from acquisition of the MEB. During the year, the Group invested HK\$5,640 million in fixed assets, leasehold land and land use rights, mainly by CLP Power Hong Kong in its transmission and distribution networks.

(9) The negative goodwill of HK\$1,046 million at 31 December 2004 resulting from the acquisitions of interests in Yallourn and GPEC during the period 2001-2004 was transferred to reserves on 1 January 2005 under HKFRS 3. Goodwill arose from the acquisition of the MEB in 2005 representing the value of the non-contracted customers and business synergies expected through integration with Yallourn. Other intangible assets included contracted customers and a lease arrangement under the long-term hedge agreement with Ecogen which also arose from the acquisition of the MEB at the end of May 2005.

(10) Mark-to-market value of all derivative instruments is now recognised in the balance sheet.

(11) The Group's gearing, measured as total debt over total capital, was 36.9%.

(12) Comprised the Development Fund balance of HK\$3,685 million and Rate Reduction Reserve balance of HK\$489 million.