

Scheme of Control Statement

The electricity-related operations of CLP Power Hong Kong and CAPCO (the SoC Companies) have been governed by the SoC Agreement with the Hong Kong Government. A summary of which was disclosed on page 190 in the Annual Report 2005. The calculations shown below are in accordance with the SoC and the agreements between the SoC Companies. The calculations are extracted from the management accounts of CLP Power Hong Kong for the six months ended 30 June 2006.

	(Unaudited)	
	6 months ended 30 June	
	2006	2005
	HK\$M	HK\$M
SoC Revenue	13,505	13,300
Expenses		
Operating costs	1,473	1,454
Fuel	2,339	1,977
Purchases of nuclear electricity	2,115	2,447
Depreciation	2,008	1,825
Operating interest	356	220
Taxation	849	920
	<u>9,140</u>	<u>8,843</u>
Profit after taxation	4,365	4,457
Interest on increase in customers' deposits	17	2
Interest on long-term financing	406	362
Adjustments required under the SoC (including share of profit on sale of electricity to Chinese mainland attributable to the SoC Companies)	(85)	(98)
Profit for SoC	4,703	4,723
Transfer from Development Fund	488	338
Permitted return	<u>5,191</u>	<u>5,061</u>
Deduct interest		
On increase in customers' deposits	17	2
On long-term financing as above	406	362
On Development Fund and special provision account transferred to Rate Reduction Reserve	133	120
	<u>556</u>	<u>484</u>
Net return	4,635	4,577
Divisible as follows:		
CLP Power Hong Kong	2,862	2,795
CAPCO	1,773	1,782
	<u>4,635</u>	<u>4,577</u>
CLP Power Hong Kong's share of net return		
CLP Power Hong Kong	2,862	2,795
Interest in CAPCO	711	715
	<u>3,573</u>	<u>3,510</u>