

## Ten-Year Balance Sheet

As at 31st December

### The Hongkong Electric Company, Limited

HK\$ million	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
<b>Non-current assets</b>										
Fixed assets	45,353	45,104	45,287	44,045	41,688	39,761	37,750	35,120	32,315	29,087
Employee retirement benefit assets	277	220	212	-	-	-	-	-	-	-
	45,630	45,324	45,499	44,045	41,688	39,761	37,750	35,120	32,315	29,087
<b>Current assets</b>										
Coal and fuel oil	189	86	120	138	100	142	135	143	188	152
Stores and materials	275	281	292	301	299	309	291	280	275	265
Fuel Clause Account	1,197	1,147	1,235	1,216	981	262	186	-	-	-
Trade and other receivables	1,049	1,018	1,039	664	633	641	525	486	416	348
Bank balances	7	3	2	5	12	9	-	-	6	1
	2,717	2,535	2,688	2,324	2,025	1,363	1,137	909	885	766
<b>Current liabilities</b>										
Bank loans and other borrowings	(7,535)	(8,269)	(9,266)	(7,944)	(6,573)	(5,992)	(5,176)	(4,680)	(4,901)	(3,326)
Fuel Clause Account	-	-	-	-	-	-	-	(7)	(20)	(103)
Trade and other payables	(1,010)	(1,011)	(1,242)	(1,858)	(1,511)	(1,867)	(2,309)	(2,351)	(1,957)	(3,024)
Current taxation	(229)	(301)	(419)	(792)	(209)	(227)	(179)	(142)	(204)	(53)
	(8,774)	(9,581)	(10,927)	(10,594)	(8,293)	(8,086)	(7,664)	(7,180)	(7,082)	(6,506)
<b>Net current liabilities</b>	(6,057)	(7,046)	(8,239)	(8,270)	(6,268)	(6,723)	(6,527)	(6,271)	(6,197)	(5,740)
<b>Total assets less current liabilities</b>	39,573	38,278	37,260	35,775	35,420	33,038	31,223	28,849	26,118	23,347
<b>Non-current liabilities</b>										
Bank loans and other borrowings	(4,276)	(3,852)	(7,295)	(8,036)	(9,639)	(8,790)	(8,444)	(8,343)	(5,649)	(3,461)
Deferred creditors	(548)	(760)	(972)	(1,184)	(1,362)	(1,770)	(2,036)	(1,734)	(3,103)	(4,064)
Customers' deposits	(1,455)	(1,387)	(1,350)	(1,302)	(1,242)	(1,169)	(1,131)	(1,084)	(1,016)	(958)
Employee retirement benefit liabilities	(79)	(68)	(57)	-	-	-	-	-	-	-
Deferred taxation (Note 4)	(5,236)	(5,105)	(4,599)	-	-	-	-	-	-	-
	(11,594)	(11,172)	(14,273)	(10,522)	(12,243)	(11,729)	(11,611)	(11,161)	(9,768)	(8,483)
<b>Rate Reduction Reserve (Note 1)</b>	-	(5)	(10)	(9)	(14)	(21)	(62)	(92)	(93)	(80)
<b>Development Fund (Note 2)</b>	-	-	(139)	(138)	(249)	(89)	(340)	(338)	(556)	(638)
<b>Net Assets</b>	27,979	27,101	22,838	25,106	22,914	21,199	19,210	17,258	15,701	14,146
<b>Capital and Reserves</b>										
Share capital	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411
Reserves (Notes 3 & 4)	-	-	937	2,460	2,201	1,975	1,724	1,390	1,066	730
Proposed dividend	4,244	5,200	1,903	4,311	3,917	3,945	3,518	3,036	2,828	2,409
	6,655	7,611	5,251	9,182	8,529	8,331	7,653	6,837	6,305	5,550
Loan capital	21,324	19,490	17,587	15,924	14,385	12,868	11,557	10,421	9,396	8,596
	27,979	27,101	22,838	25,106	22,914	21,199	19,210	17,258	15,701	14,146

#### Notes:

- (1) The purpose of this reserve is to reduce, by means of rebates, electricity tariffs to customers.
- (2) The main purpose of the development fund is to assist in financing the acquisition of fixed assets and it is not part of shareholders' funds.
- (3) Up to 2001, these reserves include a Scheme of Control tax adjustment, calculated in accordance with the renewed Scheme of Control Agreement effective 1st January 1994. These represent the accumulated difference between depreciation and the Inland Revenue tax allowances, applying the tax rate applicable to each respective year. This Scheme of Control tax adjustment was required to be retained within The Hongkong Electric Company, Limited ("HEC") until such time as it may be required to pay the tax. Starting from 2002 following the implementation of Hong Kong Statement of Standard Accounting Practice No. 12 (revised) "Income Taxes", a deferred tax liability has been recognised on HEC's balance sheet and this Scheme of Control tax adjustment is no longer considered necessary.
- (4) Hong Kong Statement of Standard Accounting Practice No.12 (revised) "Income Tax" was first effective for accounting periods beginning on or after 1st January 2003. In order to comply with this revised Statement, the Group adopted a new accounting policy for deferred tax in 2003. Figures for 2002 have been adjusted. However, it is not practicable to restate earlier years for comparison purposes.