

Electricity-Related Business



Leveraging off our assets and expertise in Hong Kong.

CLP pursues 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 selective basis, reflecting the Group's overriding focus on its electricity business.

Property Business

CLP redevelops sites, or disposes of properties, 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, comprising 4,735 flats, 1,692 parking spaces and 270,000 sq.ft. of commercial space. Over 99% of the residential units had been sold by the end of 2005. No significant further earnings are now expected from this project.

In 2005, CLP sold five relatively small properties, which were surplus to the needs of the electricity business. Sales of these properties contributed HK\$167 million to Group earnings.

Public Lighting and Engineering Services

CLP continues to expand its contracting and consultancy services, in Hong Kong and neighbouring areas, in power engineering, telecommunications, building services, energy services and road lighting and facility management.

Transport-related work remained the basis of our activities on infrastructure projects. In 2005, we successfully completed one major project for the Mass Transit Railway Corporation (MTRC) with five other projects due to be completed in or

after 2006. New railway projects, such as the Kowloon-Canton Railway Corporation Kowloon Southern Link and MTRC Tseung Kwan O South Extension will start construction in 2006. We expect that this will create new opportunities for us. We have also undertaken contracting work in Macau.

With the continuing economic recovery and further infrastructure projects coming on stream from 2006 onwards, we are confident that next year will see an overall improvement in the performance of our contracting and consultancy business.

Our energy services focus on offering optimised solutions to meet customer needs. Our services span the entire electrical range from extra-low voltage to super-high voltage, and involve activities from design, application, installation, commissioning, maintenance and review investigation through to problem solving. For example, in 2005 we provided energy audits, heat pump applications for hot water and power quality improvement advice for our customers.

In the area of facilities management, we are now responsible for maintenance work on a number of key systems at the Hong Kong International Airport, including the passenger terminal electrical system, sea-water pumping system, street lighting system and fixed ground power network.

We manage, operate and maintain the public lighting system in Kowloon and New Territories East. We use our longstanding expertise in public lighting to develop private lighting projects in areas such as private estates and road infrastructure. In 2005, we won a project for lighting replacement in the Hong Kong Cross Harbour Tunnel.