

CLP and our Employees

The following charts and tables offer a profile of the CLP Group's employees.

Distribution of Employees by Business

Of our 6,087 staff, 70% are based in Hong Kong.

	2006 %	2005 %
CLP Holdings	1.3	1.3
Hong Kong electricity and related businesses	67.9	68.0
Australia energy business	20.7	18.3
Chinese mainland electricity business	6.3	8.2
India electricity business	1.9	1.8
Southeast Asia and Taiwan electricity business	1.9	2.4

Employee Characteristics

Our staff are experienced, with considerable length of service. A high proportion are university graduates. The rate of increase in the average age has slowed, reflecting our workforce rejuvenation initiatives.

	2006	2005
Total at year end ⁽¹⁾	6,087	6,059
Average age	42.0	41.8
Average years of service	15.6	15.2
Qualification (staff holding university degree or above) ⁽²⁾	33.1%	31.1%

Notes:

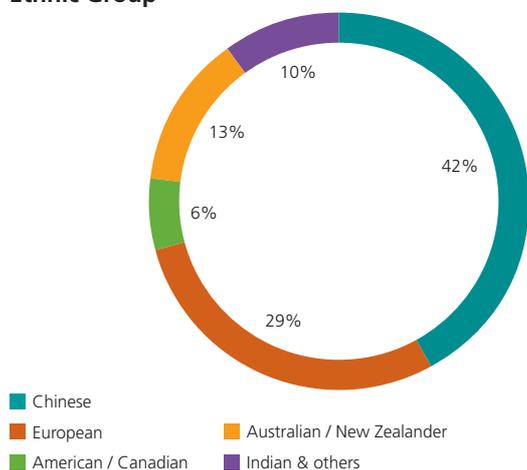
(1) The manpower figure does not include 198 and 156 part-time staff and interns in 2006 and 2005 respectively.

(2) Information on TRUenergy employees is not available. The figure for 2005 included diploma/certificate holders. For 2006, to provide more consistent information between subsidiaries, only degree holders are included.

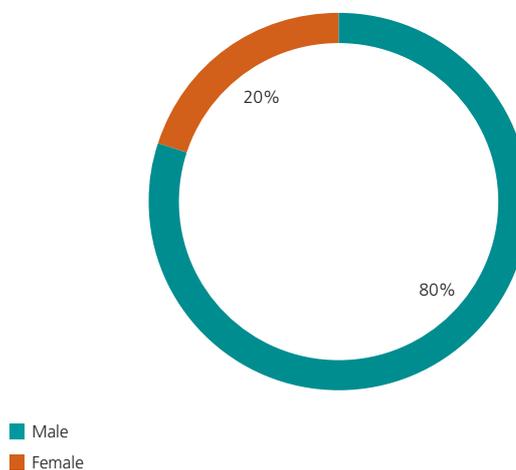
The growth of our business and its increasing geographical spread has widened the pool of talent available to fill management positions within the Group. The following chart shows the breakdown of the 31 senior executives in the CLP Group – demonstrating a diversity of background and experience which can help our regional expansion.

The male/female breakdown of our workforce is typical of utilities around the world. Our female representation at senior executive level is at 19%. We believe this to be higher than the usual level in the energy industry, which may be in the region of 5%.

Breakdown of Senior Executives by Nationality or Ethnic Group



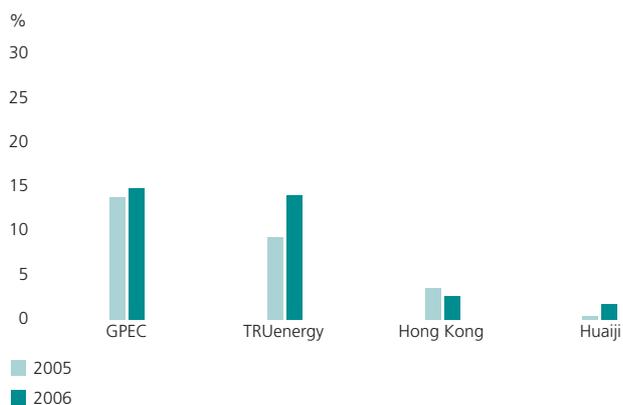
Employees by Gender



Turnover

Voluntary turnover in Hong Kong has declined, and remains significantly below the market average. In TRUenergy the voluntary turnover figure reflects the anticipated impact of organisational consolidation and integration in 2006, and also the typically higher turnover rates for call centre staff (market average: 24%).

Voluntary Staff Turnover



Note: Voluntary turnover includes resignations only. Other separations (end of contract, retirement and dismissal) are excluded.

Voluntary Staff Turnover compared to 2006 market average

	Turnover %	Market Average %	Difference %
GPEC	14.9	15.7 ⁽¹⁾	-0.8
TRUenergy	14.1	13.4 ⁽²⁾	0.7
Hong Kong	2.7	11.5 ⁽³⁾	-8.7
Huaiji	1.7	13.8 ⁽⁴⁾	-12.1

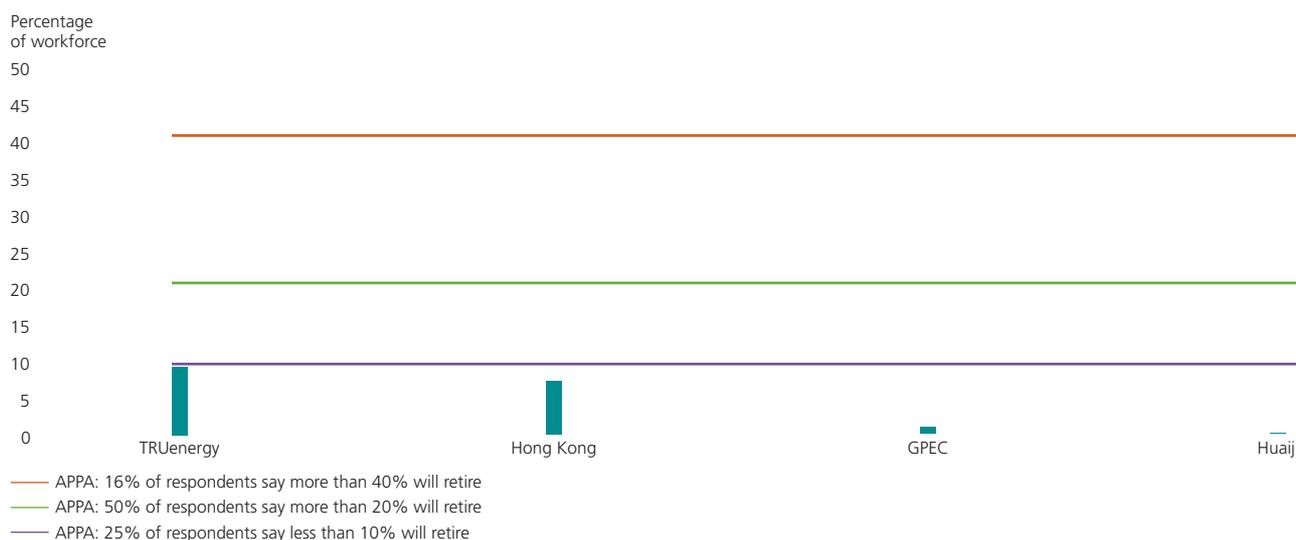
Source:

- (1) Hewitt Associates India
- (2) Mercer Australia
- (3) Hong Kong Institute of Human Resource Management
- (4) Hewitt Associates China

Retirement

Our projection of the percentage of our staff who will retire over the next five years compares well against 2005 benchmark data from the American Public Power Association (APPA), where 50% of survey respondents reported that more than 20% of staff would retire within five years, and only 25% reported that less than 10% would retire. Whilst this is no reason for complacency, it puts our retirement projection into context and indicates that we are well placed to anticipate and manage this issue. Since 2002 we have been planning ahead to address the impact of projected retirement in Hong Kong.

Percentage of Permanent Staff Due to Retire in the Next Five Years Compared to 2005 Benchmark Data from the American Public Power Association (APPA)



Human Resource Challenges

The regional growth and expansion of the CLP Group brings with it human resource (HR) issues which need to be addressed on a Group-wide basis, such as:

- ensuring effective integration of acquired businesses into CLP;
- ensuring that, as we expand, our core values are understood and applied;
- maintaining our HR governance standards; and
- ensuring we have adequate staff mobility across the Group to meet our business needs.

In addition, our businesses in the region are at different stages of development, ranging from a mature organisation and workforce in Hong Kong to a start-up operation at BLCPL in Thailand. This, coupled with differing social, cultural and educational backgrounds in individual countries, means that HR issues arise, and must be managed, in the light of the stage of development of each business and its local cultural and economic context.

For example, the HR agenda at TRUenergy was dominated in 2006 by the need to continue with organisational integration and to prepare the organisation for further expansion in the Australian market. Considerable effort was put into communicating the Group's core values to TRUenergy staff and providing Code of Conduct training. At GPEC, we face competition for engineering staff from projects in the Gulf states, reflecting the world-wide demand for qualified engineers. The relatively remote location of GPEC also creates

challenges in attracting and retaining staff. To address these challenges, particular attention has been paid to ensuring that remuneration and benefits are aligned at a very competitive level with the market. A new pay and grade structure was also introduced for GPEC in 2006. Huaiji, our small hydro projects in Northern Guangdong, faces similar difficulties in attracting staff because of its remote location. In the past year, we took steps to integrate Huaiji into core group-wide HR processes, including Management Development and Succession Planning (MDSP) and the annual remuneration review.

Building and Maintaining Human Capital

From an HR resourcing perspective we face two challenges. First, in common with developed economies in general and utilities in particular, we face workforce ageing issues. Secondly, continued regional expansion places demands on our management and technical capabilities. We are planning ahead to meet both challenges.

- In Hong Kong, we have anticipated the risks of workforce ageing through our rolling five-year manpower planning process, implemented in 2002. The results of this are translated into specific initiatives to address projected workforce ageing. These include targeted knowledge management initiatives, accelerated training and development programmes including external accreditation of our internal courses, and the planned recruitment of apprentices, technicians and graduate trainees. We currently have 60 apprentices or trainees undergoing training, one of whom, Mr. David Lai, won the

Considering the expansion of CLP's business across Asia and Australia, what benefits, development and opportunities for local and overseas staff could be expected?



Mr. Sanjay Kumar Dubey
Manager – Operations & Construction, CLP Holdings

Whilst the majority of positions will continue to be filled in the relevant local employment market, for some skills we will need more international mobility in order to meet future business needs.

Consequently, as we continue to expand across the region, this will provide more career development opportunities for those staff with the required skills who are prepared to be internationally mobile.

For those staff who are temporarily seconded overseas, our policy is to ensure that, based on a comprehensive assessment of differences in personal taxation, cost of living and other factors relevant to their situation, they suffer no financial loss as a result of the move.

For those staff who agree to be transferred permanently from one country to another, this will be on the relevant local terms and conditions.



Roy Massey
Director – Group Human Resources

“Outstanding Apprentice Award” for 2006 presented by the Hong Kong Vocational Training Council. As part of our long-term approach to managing supply, we are promoting engineering as a career to secondary school children and offering a number of scholarships to electrical engineering undergraduates.

- Similarly, TRUenergy has 34 trainee operators, apprentices and tradespeople under training for operations and maintenance roles in Yallourn and Torrens Island to anticipate the impact of projected retirement.
- Both Hong Kong and TRUenergy are reviewing how planned skill mix changes and technology upgrades (e.g. in control systems) can be used to mitigate the impact of projected retirement.
- The well established Group MDSP process was rolled out to TRUenergy, GPEC and Huaiji in 2006 and will be fully implemented across the Group in 2007. This will provide us with a more comprehensive picture of our existing talent pool and future demand for skills, so that we can identify and plan ahead to close gaps. Internal successors have been identified for 83% of key management positions (2005: 80%). In 2006 92% of key positions which became vacant were filled internally in accordance with our planned succession arrangements (2005: 89%). Both the 2005 and 2006 figures reflect Hong Kong based positions only – in 2007, we will expand reporting to cover regional businesses.
- The second intake of the CLP Executive Programme completed their two-year management training and moved into challenging managerial positions. Meanwhile, the first batch who joined in 2002, have continued to progress into senior management positions.
- We continued the CLP Internship Programme which encourages students to join CLP in Hong Kong during summer or for a twelve-month placement. Each student has a specific project and a designated CLP manager as mentor. There were 43 students participating in this Programme in

2006 (2005: 48), which continues to enjoy an excellent reputation with local universities. TRUenergy has a similar Vacation Student Programme lasting 10 weeks, for six engineering students.

Investing in Training and Development

Our total training man days in 2006 amounted to an average of 5.0 man days per employee (2005: 4.7).

Our policy is to ensure that each of our businesses has a sound training and development infrastructure in place, and to invest at an adequate level in the skills and capabilities of our workforce in order to ensure they perform well in their current roles and prepare them for future opportunities. This infrastructure is most fully developed in Hong Kong, the largest and most mature of our businesses, where our internal Training School is ISO accredited and its live-work training programme won the Hong Kong Management Association’s Silver Prize and Most Innovative Training Award in 2005. In 2006, our Customer Information Centre Training Manager, Ms. Angela Tsui, won the Association’s Outstanding New Trainer Award.

We are strengthening the integration between the rolling five-year manpower planning process and our investments in knowledge management and training. For example, the results of knowledge management initiatives are being linked directly to the contents of technical and operational training programmes.

Regional staff mobility is increasing. Over time, experience in a range of the Group’s operations throughout the region will be an important factor in preparing our younger managers for senior positions within the Group. Our graduate engineer regional posting programme was introduced in 2006, with the posting of two Hong Kong staff to TRUenergy for a year. This programme has been well received and we plan to extend it next year, so that an increasing number of our young engineers are exposed to differing international environments at an early stage of their careers. 2006 also saw a significant increase in senior level staff movements between India, Hong Kong and Australia.



→ (Left) Team building for CLP’s Thailand staff
 → (Right) Training on overhead line work at our Training Centre in Shatin, Hong Kong

An Employer of Choice

Attracting and retaining staff is about more than competitive pay and benefits. We want to be an organisation that earns loyalty and trust based on fair and respectful treatment to our staff. To provide some examples:

- In 2006, eight employees' children in Hong Kong received financial awards for their university education under our Centenary Scholarship Programme, established in 2001. We envisage to increase the number of scholarships and expand this programme to our businesses elsewhere in the region.
- TRUenergy was awarded an Employer of Choice citation in 2006 by the Equal Opportunity for Women in the Workplace Agency in Australia. This is the third consecutive year TRUenergy has received this award.
- CLP Power won the 2006/2007 Total Caring Award presented by The Hong Kong Council of Social Service to recognise our continuous, sustainable and total commitment to caring for the well-being of our employees, their families and the community.
- We adopt family friendly employment practices in order to encourage work/life balance. This includes a five-day working week, special leave to meet family emergencies, and an Employee Assistance Program offering confidential counselling to employees and their family members on work and/or family problems. We also organise various social, recreational and sports activities, which have been well attended by staff and their family members.

Looking ahead to 2007

As the regional growth of CLP's business continues, there are two areas we plan to focus on in 2007.

The first is strengthening regional communication within our senior management group. This is particularly important because of the significant geographical separation between our various businesses. In late 2006, we began an independent survey of communication effectiveness amongst senior management. The results of this, which will become available in early 2007, will be used to develop improvements in communication processes. In recent years, various businesses within the Group have carried out employee surveys. To reflect the fact that we are one organisation, in 2007 we plan to undertake a common Group-wide survey aimed at giving us a more complete and uniform understanding of the views of our colleagues, regardless of where they work.

The second is that of continuing to strengthen our management capability to support business growth. In 2007, the existing MDSP process will continue to evolve with the identification of high potential staff expanding to regional level, complementing the talent management processes already in place at subsidiary level. As part of this we will launch a Regional Executive Development Programme, aimed at preparing the next generation of leaders to take on the most senior positions within the Group.

- (Left) Transmission lines at Fangchenggang – the winning photograph in the CLP Staff Annual Report Photo Competition
- (Right) Kicking-off at the Managing Director's Cup Final

