Power Assets Holdings Ltd.
電能實業有限公司
於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 6

香港堅尼地道四十四號港燈中心
Hongkong Electric Centre, 44 Kennedy Road, Hong Kong
電話 / Tel 2843 3111 傳真 / Fax 2810 0506
電郵 / Email mail@powerassets.com
www.powerassets.com

2011 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Investments Outside Hong Kong Power Record Profits Despite Lower Earnings From Hong Kong

2011 marked our first year as Power Assets Holdings Limited. I am pleased to report that we have lived up to the new name, having benefitted from the increased focus of looking beyond Hong Kong to grow our business.

Despite the lower earnings from Hong Kong, we achieved record results in 2011 with earnings from operations outside Hong Kong surpassing those from Hong Kong for the first time. This outstanding financial performance was largely attributed to the decision we made more than a decade ago to begin actively investing in power and utility-related businesses globally in order to build an investment portfolio outside Hong Kong. Earnings from Hong Kong were lower in 2011. In addition we have not collected our full entitlement under the Scheme of Control Agreement as we have deferred passing on the full fuel costs to consumers.

Income from operations outside Hong Kong increased significantly in 2011 and provided the main thrust to the good growth in the Group’s overall earnings. The excellent result in 2011 was bolstered by the first full-year of earnings contributions from the acquisitions we made in 2010 of a 40% interest in UK Power Networks Limited (UKPN) and a 25% interest in the Seabank Power Station (Seabank) both in the U.K.

Despite the uncertain global economic environment in 2011 and the volatile fuel prices and exchange rates experienced by utilities, we have benefitted from a solid foundation of regulated returns and strong cash flows from our operations, enabling us to weather the economic uncertainties and create value for our shareholders.

As our investments outside Hong Kong buoyed Power Assets, we remain steadfast in our commitment to provide reliable electricity to our home market in Hong Kong through our subsidiary, The Hongkong Electric Company, Limited (HK Electric) while helping to build a low carbon future for Hong Kong.

Results

The Group’s profit for the year ended 31 December 2011 was HK$9,075 million (2010: HK$7,194 million), an increase of 26%. Earnings from operations outside Hong Kong were HK$4,563 million (2010: HK$2,535 million). The 80% growth was mainly attributable to full year earnings from the interests in UKPN and Seabank which were acquired in October and June 2010 respectively. Earnings from Hong Kong operations were HK$4,512 million (2010: HK$4,659 million), including earnings from HK Electric of HK$4,480 million (2010: HK$4,620 million). The lower HK Electric earnings were primarily due to higher interest expense and higher deferred tax adjustment reflecting the higher year end fuel clause recovery account balance.

Dividends

The Directors will recommend a final dividend of HK$1.7 per share, payable on 7 June 2012 to those persons registered as shareholders on 31 May 2012. This, together with the interim dividend of HK$0.62 per share, will add up to a total dividend of HK$2.32 per share for the year (2010: HK$2.11 per share).

Operations outside Hong Kong

Power Assets currently has investments in mainland China, the United Kingdom, Australia, Thailand, Canada and New Zealand. These businesses all performed well in 2011 with UKPN reporting strong results for its first full year of operations.

The financial performance of UKPN, which supplies electricity to over eight million customers in London and the East and South East of England, was well ahead of expectations. Together with improved operational performance in a number of key areas, UKPN made significant progress in improving the performance of its networks and in minimising the impact of power interruptions. The company in 2011 invested over £550 million in its regulated networks, including the high and low voltage electricity distribution infrastructure for the London 2012 Olympic Park and other venues.

Seabank completed a major scheduled overhaul and lifetime extension of its two gas-fired combined-cycle gas turbine generating units without any lost time incidents or environmental incidents. Revenue for the year was ahead of forecast.

Northern Gas Networks recorded higher total revenue as a result of a gas transportation price increase from 1 April coupled with higher demand due to the cold winter weather, but partially offset by higher emergency and repair costs due to adverse weather conditions.

ETSA Utilities, which is the sole electricity distributor in the State of South Australia serving over 800,000 customers, met all key financial targets in 2011. Regulated revenues exceeded targets due to higher network tariffs as a result of the 2010-15 regulatory reset and appeal outcome.

CitiPower and Powercor in Australia continued to make stable earnings contribution. They achieved significant improvement in network reliability over 2010 and the number of customers increased 2% in 2011.

In mainland China, the 1,400 MW Zhuhai Plant and the 1,200 MW Jinwan Plant generated electricity at higher load factors due to warmer weather and electricity demand within the Guangdong province. Total power sales from the Zhuhai and Jinwan plants were respectively 11% and 7% higher, compared with 2010. The Zhuhai Plant continued to enjoy contractual returns, while the Jinwan Plant recorded satisfactory earnings with improved operating efficiency.

The Dali Wind Farm in Yunnan Province and Laoting Wind Farm in Hebei province operated smoothly in 2011 with total unit sales of 202 GWh of electricity, offsetting 194,000 tonnes of carbon emissions.

In Thailand, Ratchaburi Power Company Limited (RPCL) recorded a successful year for 2011. Both its power units achieved full availability required under a 25-year power purchase agreement with the Electricity Generating Authority of Thailand. RPCL’s units also exceeded their production targets in thermal efficiency.

In New Zealand, Wellington Electricity Lines Limited’s (WELL) network continued to perform reliably in 2011. Though the heavy snowfall in August had affected targeted reliability levels for the month, the network was restored promptly to minimise customer disruption.

In April 2011, Stanley Power completed the acquisition of the interests in the 220 MW Meridian Cogeneration gas fired plant in Saskatchewan which it did not already own. Electricity and steam from the Meridian plant is sold to SaskPower and Husky Energy respectively under contracts extending to 2024 and gas is supplied by Husky Energy. TransAlta Cogeneration LP, which holds interests in five power generation plants in Canada and in which Stanley Power has a 49.99% interest, performed well in 2011.

Operations in Hong Kong

At HK Electric, unit sales of electricity in 2011 remained substantially the same as that for 2010. Our customers continued to enjoy a world-class supply reliability rating of over 99.999%, a record we have maintained since 1997.

The Hong Kong Government and the local community are working toward a low carbon future and we are moving in step to help attain this goal. We support the Government's Climate Change Strategy and Action Agenda to provide electricity with a clean and low carbon fuel mix by 2020. We consider the strategy an achievable target, provided there is a stable and proven regulatory framework under which to operate, enough time for planning and construction of the necessary infrastructure and a supportive government policy.

In support of a cleaner Hong Kong, we have continued to invest in facilities at the Lamma Power Station to lower emissions and to increase the use of renewable energy and cleaner fuels. Even though coal still remains the primary fuel source for the Lamma Power Station, we have been able to reduce emissions through the use of more low-sulphur coal together with lower coal consumption. Our coal consumption was lowered by 19% as compared with 2008 while our gas-fired generation units contributed 33% of total electricity supply in 2011. As compared with 2008, emissions of sulphur dioxide, nitrogen oxides and respirable suspended particulates in 2011 have fallen by 84%, 39% and 64% respectively.

Our renewable energy assets also performed well with Lamma Winds generating 868 MWh of electricity in 2011. Since commissioning in 2006, the wind turbine has offset more than 4,400 tonnes of carbon dioxide emissions. In its first full year of operation, the 550 kW thin-film photovoltaic (TFPV) solar power system installed on the building roofs of Lamma Power Station has generated 691 MWh of green electricity.

To increase our renewable energy portfolio in Hong Kong, plans are in the pipeline to install another 450 kW TFPV panels to expand the solar power system to 1 MW with work scheduled for completion in the latter half of 2012. A wind measurement programme is to commence soon for the 100 MW offshore wind farm project in the Southwest Lamma Channel.

We also expanded our transmission and distribution network and undertook various projects to enhance reliability. To protect stability in electricity supply, we further improved our reliability with advanced cable diagnostic systems to assess the condition of cables and joints for early detection of any weak components.

Against a backdrop of fluctuations in global energy prices, fuel costs continued to apply pressure on electricity tariffs. Both coal and liquefied natural gas prices continued to be at higher levels and this situation is expected to continue through 2012.

Our continuous efforts in environmental protection and management, and corporate social responsibility practices were recognised by various external organisations in 2011. In April, the Hong Kong Council of Social Services presented us with the Total Caring Award under the Caring Company Scheme, which recognises model corporate citizens that demonstrate all-round commitment to caring for the well-being of the community, employees and the environment. This was followed in December by the Gold Award presented by the Hong Kong Productivity Council under the Hong Kong Corporate Citizenship Programme. We also topped the list of 15 Hong Kong companies participating in the Carbon Disclosure Project while receiving numerous awards recognising our efforts and performance in customer services, health and safety and environmental protection.

Outlook

At Power Assets, the success of our strategy of growing the earnings base by investing outside Hong Kong has been reflected in the record Group results achieved in 2011.

With our solid base and a global investment portfolio, we remain optimistic as we embark on our second year as Power Assets, notwithstanding the economic uncertainties in global markets. We will continue to grow our earnings base outside Hong Kong, building on our strong foundations.

In Hong Kong, we expect fuel costs to continue to put pressure on tariffs. Going forward we will work with the government on its low carbon policy and in particular on the future fuel mix for electricity generation in Hong Kong.

I would like to thank the board of directors and all the Group’s employees for their hard work and dedication that has contributed to our success in the past year.

Fok Kin Ning, Canning
Chairman
Hong Kong, 7 March 2012

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

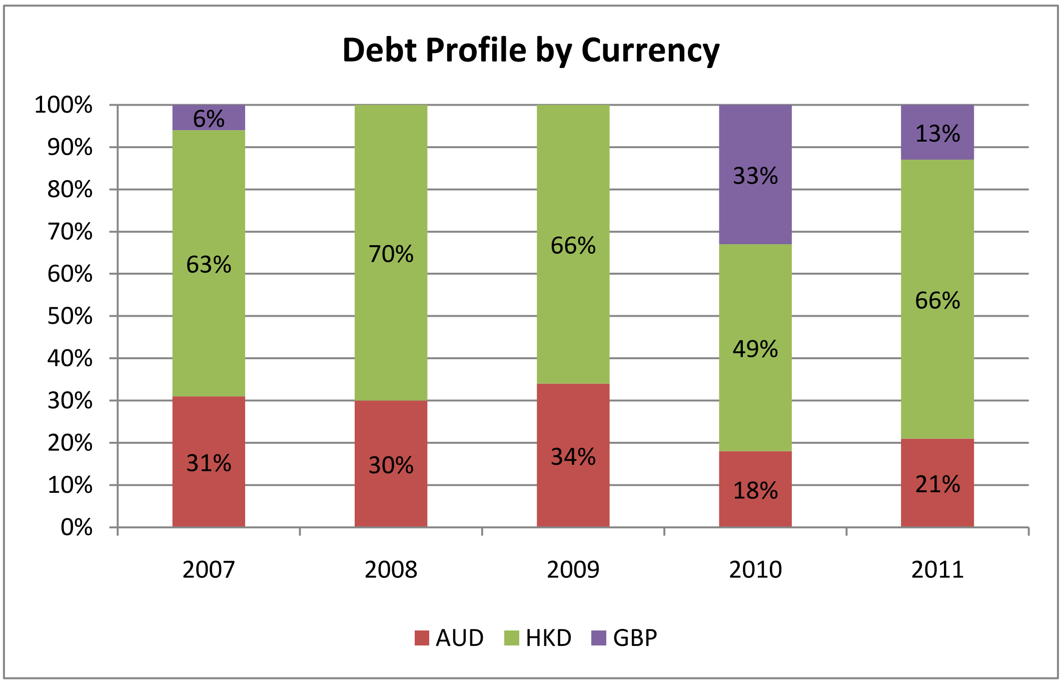
Capital expenditure in Hong Kong during the year amounted to HK$2,890 million (2010: HK$2,431 million), which was primarily funded by cash from operations. Total external borrowings outstanding at the year end were HK$23,626 million (2010: HK$25,773 million), comprising unsecured bank loans and debt securities in issue. In addition, the Group had undrawn committed bank facilities of HK$6,500 million (2010: HK$6,500 million) and bank deposits and cash of HK$6,121 million (2010: HK$5,839 million).

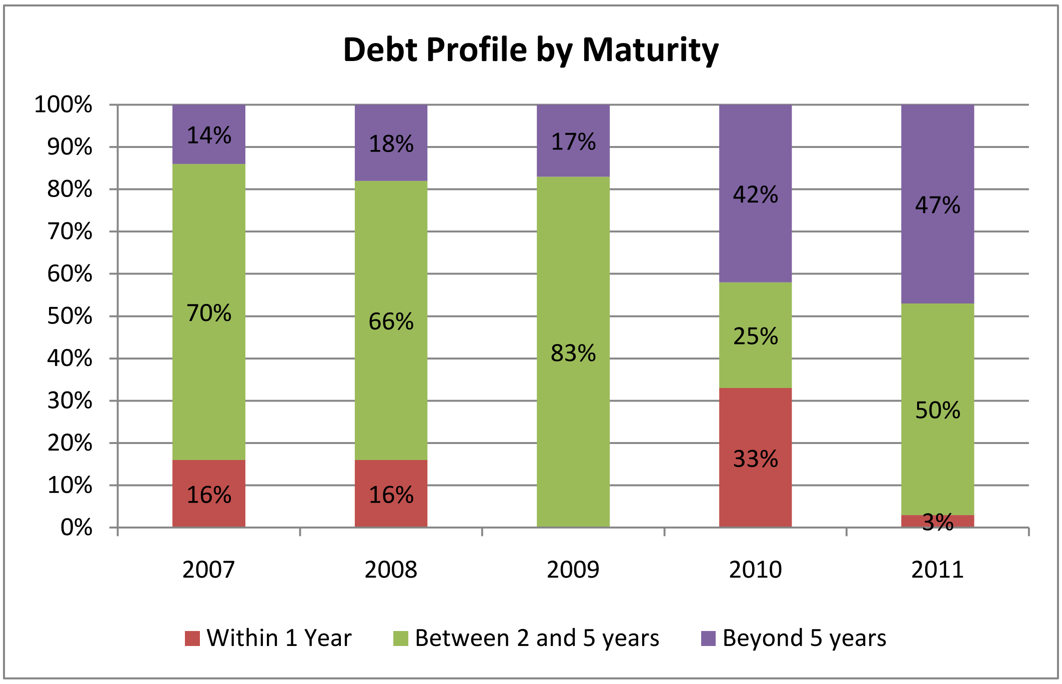
Treasury Policy, Financing Activities and Debt Structure

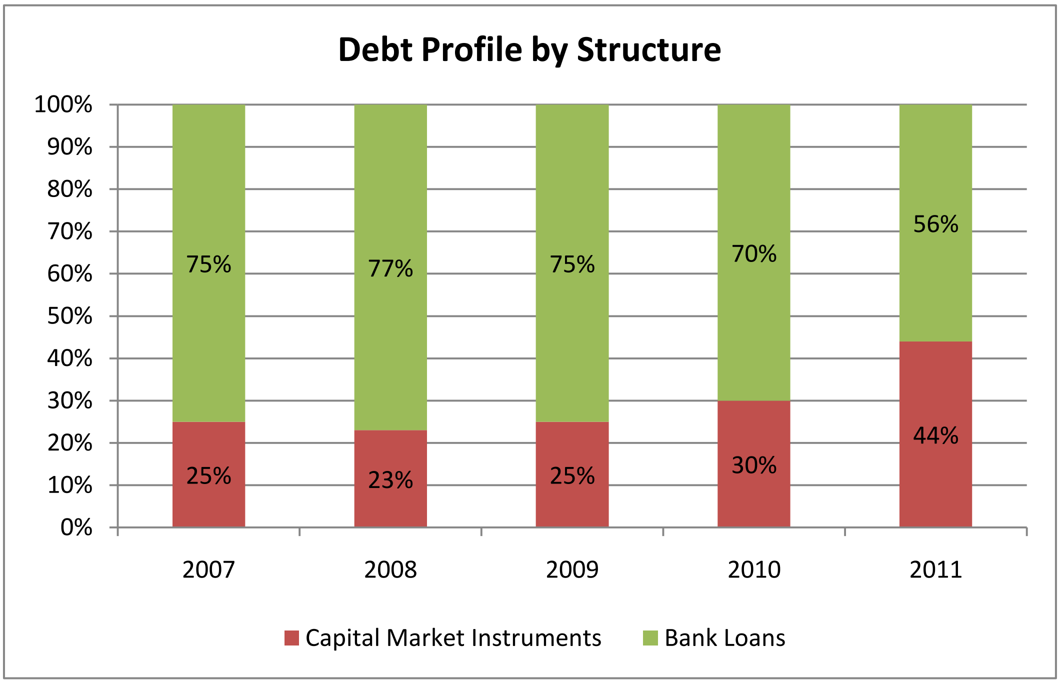
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. The Group aims to ensure that adequate financial resources are available for refinancing and business growth.

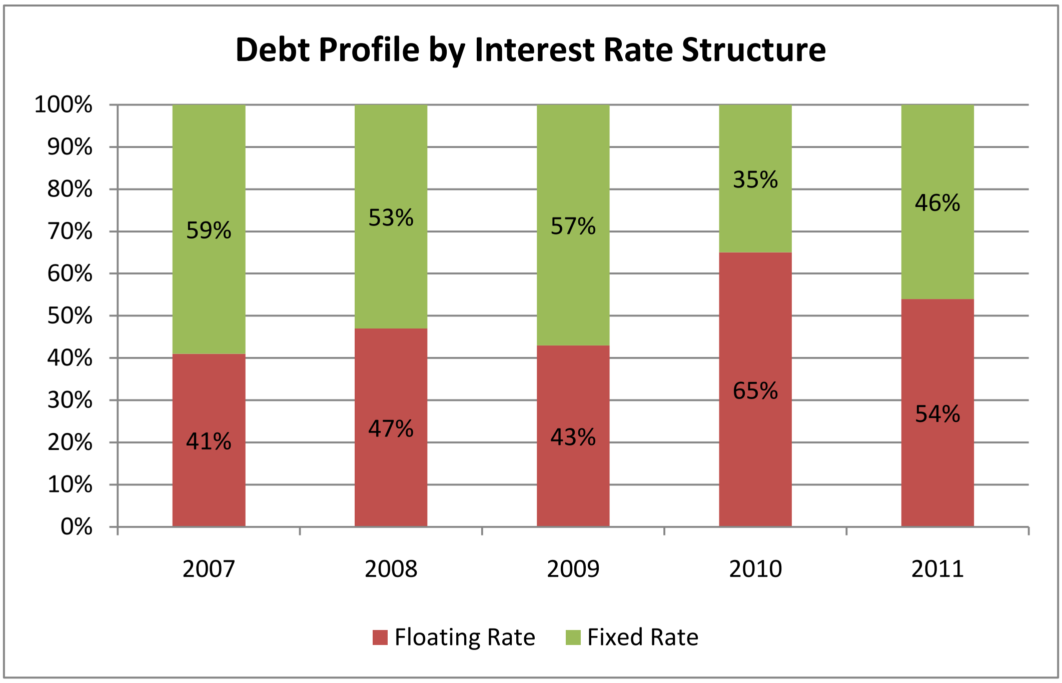
The Group's financial profile remained strong during the year. In December 2011, Standard and Poor's affirmed the "A+" long term credit ratings of Power Assets Holdings Limited and The Hongkong Electric Company, Limited with a stable outlook. As at 31st December 2011, the net debt of the Group was HK$17,505 million (2010: HK$19,934 million) with a net debt-to-equity ratio of 30% (2010: 36%) and a net debt-to-total capital ratio of 21% (2010: 24%).

The profile of the Group's external borrowings as at 31st December after taking into account interest rate and cross currency swaps, is set out in the tables below:-




Debt Profile by Maturity
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
14%
18%
17%
42%
47%
70%
66%
83%
25%
50%
16%
16%
33%
3%
2007
2008
2009
2010
2011
Within 1 Year
Between 2 and 5 years
Beyond 5 years


Debt Profile by Structure
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
75%
77%
75%
70%
56%
25%
23%
25%
30%
44%
2007
2008
2009
2010
2011
Capital Market Instruments
Bank Loans



The Group's policy is to maintain a portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed or floating rate borrowings or by using interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong and from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward contracts. As at 31st December 2011, over 90% of the Group's transaction exposure was either denominated in United States dollars or hedged into Hong Kong or United States dollars. Where considered appropriate, currency exposure arising from investments outside Hong Kong is mitigated by financing those investments in local currency borrowings and by entering into forward foreign exchange contracts. Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31st December 2011 amounted to HK$26,405 million (2010: HK$15,918 million).

Charges on Group Assets

At 31st December 2011, the Group's interest in two associates of HK$10,964 million (2010: HK$9,982 million) had been pledged as part of the security to secure financing facilities granted to those associates.

At 31st December 2011, the Group's interest in a jointly controlled entity of HK$3,120 million (2010: HK$3,259 million) had been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

Contingent Liabilities

As at 31st December 2011, the Group had given guarantees and indemnities totalling HK$1,149 million (2010: HK$2,126 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK$8,161 million (2010: HK$13,200 million). Out of this amount, HK$8,156 million (2010: HK$13,190 million), while being a contingent liability of the Company, is reflected in the consolidated balance sheet of the Group.

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31st December 2011, excluding directors' emoluments, amounted to HK$858 million (2010: HK$828 million). As at 31st December 2011, the Group employed 1,861 (2010: 1,862) permanent employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011
(Expressed in Hong Kong dollars)

	Note	**2011 $ million**	2010 $ million
Turnover	3	**10,201**	10,371
Direct costs		**(4,032)**	(3,938)
		6,169	6,433
Other revenue and other net income	4	**1,625**	1,063
Other operating costs		**(1,482)**	(814)
Operating profit		**6,312**	6,682
Finance costs	5	**(617)**	(391)
Share of profits less losses of associates		**3,717**	1,391
Share of profits less losses of jointly controlled entities		**476**	508
Profit before taxation	6	**9,888**	8,190
Income tax:	7		
Current		**(595)**	(799)
Deferred		**(263)**	(138)
		(858)	(937)
Profit after taxation		**9,030**	7,253
Scheme of Control transfers from/(to):	8		
Tariff Stabilisation Fund		**46**	(58)
Rate Reduction Reserve		**(1)**	(1)
		45	(59)
Profit attributable to equity shareholders of the Company			
Hong Kong operations		**4,512**	4,659
Operations outside Hong Kong		**4,563**	2,535
Profit for the year		**9,075**	7,194
Earnings per share			
Basic and diluted	9	**$4.25**	$3.37

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 19.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2011
(Expressed in Hong Kong dollars)

	2011 **$ million**	2010 $ million
Profit for the year	**9,075**	7,194
Other comprehensive (loss)/income for the year		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	**183**	274
Net investment hedge	**(355)**	262
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	**(267)**	53
Reclassification adjustments for amounts transferred to the income statement	**(1)**	-
Amounts transferred to the initial carrying amount of hedged items	**(22)**	(2)
Net deferred tax credited/(charged) to other comprehensive income	**80**	(13)
	(210)	38
Defined benefit retirement schemes:		
Actuarial (losses)/gains, net of tax	**(801)**	434
Share of other comprehensive (loss)/income of associates:		
Other comprehensive (loss)/income	**(2,269)**	416
Net deferred tax credited/(charged) to other comprehensive income	**616**	(122)
	(1,653)	294
	(2,836)	1,302
Total comprehensive income for the year attributable to equity shareholders of the Company	**6,239**	8,496

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2011
(Expressed in Hong Kong dollars)

	Note	**2011 $ million**	2010 $ million
Non-current assets			
Fixed assets			
- Property, plant and equipment		**43,727**	43,533
- Assets under construction		**2,976**	2,238
- Interests in leasehold land held for own use under finance leases		**2,096**	2,153
	10	**48,799**	47,924
Interest in associates	11	**30,071**	29,472
Interest in jointly controlled entities	12	**5,626**	5,984
Other non-current financial assets		**67**	67
Derivative financial instruments	17	**433**	77
Deferred tax assets		**87**	-
Employee retirement benefit assets		**273**	842
		85,356	84,366
Current assets			
Inventories		**1,115**	747
Trade and other receivables	13	**1,101**	1,182
Fuel Clause Recovery Account		**1,035**	569
Current tax recoverable		**2**	-
Bank deposits and cash	14	**6,121**	5,839
		9,374	8,337
Current liabilities			
Trade and other payables	15	**(3,451)**	(1,702)
Bank overdrafts – unsecured	14	**-**	(2)
Current portion of bank loans and other interest-bearing borrowings	16	**(617)**	(8,459)
Current tax payable		**(218)**	(163)
		(4,286)	(10,326)
Net current assets/(liabilities)		**5,088**	(1,989)
Total assets less current liabilities		**90,444**	82,377
Non-current liabilities			
Bank loans and other interest-bearing borrowings	16	**(23,009)**	(17,312)
Derivative financial instruments	17	**(357)**	(132)
Customers' deposits		**(1,801)**	(1,748)
Deferred tax liabilities		**(5,883)**	(5,771)
Employee retirement benefit liabilities		**(1,023)**	(730)
		(32,073)	(25,693)
Rate Reduction Reserve		**(1)**	(4)
Tariff Stabilisation Fund		**(497)**	(543)
Net assets		**57,873**	56,137
Capital and reserves			
Share capital	18	**2,134**	2,134
Reserves		**55,739**	54,003
Total equity attributable to equity shareholders of the Company		**57,873**	56,137

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2011
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						
$ million	Share capital	Share premium	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	Total
Balance at 1st January 2010	2,134	4,476	554	(116)	41,916	3,180	52,144
Changes in equity for 2010:							
Profit for the year	-	-	-	-	7,194	-	7,194
Other comprehensive income	-	-	536	230	536	-	1,302
Total comprehensive income	-	-	536	230	7,730	-	8,496
Final dividend in respect of the previous year approved and paid	-	-	-	-	-	(3,180)	(3,180)
Interim dividend paid (see note 19)	-	-	-	-	(1,323)	-	(1,323)
Proposed final dividend (see note 19)	-	-	-	-	(3,180)	3,180	-
Balance at 31st December 2010 and 1st January 2011	**2,134**	**4,476**	**1,090**	**114**	**45,143**	**3,180**	**56,137**
Changes in equity for 2011:							
Profit for the year	**-**	**-**	**-**	**-**	**9,075**	**-**	**9,075**
Other comprehensive loss	**-**	**-**	**(172)**	**(901)**	**(1,763)**	**-**	**(2,836)**
Total comprehensive income	**-**	**-**	**(172)**	**(901)**	**7,312**	**-**	**6,239**
Final dividend in respect of the previous year approved and paid	**-**	**-**	**-**	**-**	**-**	**(3,180)**	**(3,180)**
Interim dividend paid (see note 19)	**-**	**-**	**-**	**-**	**(1,323)**	**-**	**(1,323)**
Proposed final dividend (see note 19)	**-**	**-**	**-**	**-**	**(3,628)**	**3,628**	**-**
Balance at 31st December 2011	**2,134**	**4,476**	**918**	**(787)**	**47,504**	**3,628**	**57,873**

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011
(Expressed in Hong Kong dollars)

	Note	**2011 $ million**	2010 $ million
Operating activities			
Cash generated from operations	14(b)	**7,144**	7,621
Interest paid		**(639)**	(457)
Interest received		**1,472**	758
Rate Reduction Reserve rebated		**(4)**	(11)
Hong Kong Profits Tax paid		**(564)**	(877)
Tax paid for operations outside Hong Kong		**(15)**	(6)
Tax refunded for operations outside Hong Kong		**37**	15
Net cash generated from operating activities		**7,431**	7,043
Investing activities			
Purchase of fixed assets and capital stock		**(2,480)**	(2,238)
Increase in bank deposits with more than three months to maturity when placed		**(1,599)**	-
Capitalised interest paid		**(55)**	(52)
Receipts from sale of fixed assets		**2**	6
Redemption of preference shares in an associate		**189**	-
Investments in associates		**-**	(9,308)
New loans to associates		**-**	(4,652)
Repayment of loan from an associate		**163**	-
Advance (to)/from associates		**(1)**	81
(Advance to)/repayment from jointly controlled entities		**(2)**	49
Dividends received from associates		**1,440**	791
Dividends received from jointly controlled entities		**864**	106
Dividends received from available-for-sale equity securities		**40**	33
Net cash used in investing activities		**(1,439)**	(15,184)
Financing activities			
New bank loans and other borrowings		**7,635**	15,743
Repayment of bank loans and other borrowings		**(10,492)**	(2,423)
New customers' deposits		**276**	305
Repayment of customers' deposits		**(223)**	(233)
Dividends paid to equity shareholders of the Company		**(4,503)**	(4,503)
Net cash (used in)/generated from financing activities		**(7,307)**	8,889
Net (decrease)/increase in cash and cash equivalents		**(1,315)**	748
Cash and cash equivalents at 1st January	14(a)	**5,837**	5,093
Effect of foreign exchange rate changes		**-**	(4)
Cash and cash equivalents at 31st December	14(a)	**4,522**	5,837

<u>Notes to Annual Results</u>
(Expressed in Hong Kong dollars unless otherwise indicated)

1. Review of annual results

The annual results have been reviewed by the Audit Committee.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2011 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- Amendments to HK(IFRIC) 14, HKAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group.

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements of HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments are consistent with the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3. Turnover and segment information

$ million	Sales of electricity Hong Kong	Infrastructure investments Australia	United Kingdom	Mainland China	Others	Sub-total	All other activities	Total
	2011							
For the year ended 31st December								
Revenue								
Group turnover	**10,185**	**-**	**-**	**-**	**-**	**-**	**16**	**10,201**
Other revenue and other net income	**50**	**-**	**-**	**40**	**81**	**121**	**37**	**208**
Reportable segment revenue	**10,235**	**-**	**-**	**40**	**81**	**121**	**53**	**10,409**
Result								
Segment earnings	**7,410**	**-**	**-**	**13**	**87**	**100**	**(780)**	**6,730**
Depreciation and amortisation	**(1,837)**	**-**	**-**	**-**	**-**	**-**	**2**	**(1,835)**
Interest income	**-**	**631**	**487**	**-**	**244**	**1,362**	**55**	**1,417**
Operating profit	**5,573**	**631**	**487**	**13**	**331**	**1,462**	**(723)**	**6,312**
Finance costs	**(249)**	**(316)**	**(52)**	**-**	**-**	**(368)**	**-**	**(617)**
Share of profits less losses of associates and jointly controlled entities	**-**	**528**	**3,086**	**498**	**79**	**4,191**	**2**	**4,193**
Profit before taxation	**5,324**	**843**	**3,521**	**511**	**410**	**5,285**	**(721)**	**9,888**
Income tax	**(889)**	**-**	**37**	**(4)**	**-**	**33**	**(2)**	**(858)**
Profit after taxation	**4,435**	**843**	**3,558**	**507**	**410**	**5,318**	**(723)**	**9,030**
Scheme of Control transfers	**45**	**-**	**-**	**-**	**-**	**-**	**-**	**45**
Reportable segment profit	**4,480**	**843**	**3,558**	**507**	**410**	**5,318**	**(723)**	**9,075**
At 31st December								
Assets								
Fixed assets	**48,848**	**-**	**-**	**-**	**-**	**-**	**(49)**	**48,799**
Other assets	**3,932**	**69**	**-**	**67**	**-**	**136**	**45**	**4,113**
Interest in associates and jointly controlled entities	**-**	**7,566**	**19,017**	**5,851**	**3,255**	**35,689**	**8**	**35,697**
Bank deposits and cash	**24**	**-**	**-**	**-**	**-**	**-**	**6,097**	**6,121**
Reportable segment assets	**52,804**	**7,635**	**19,017**	**5,918**	**3,255**	**35,825**	**6,101**	**94,730**
Liabilities								
Segment liabilities	**(5,199)**	**(273)**	**(199)**	**(4)**	**-**	**(476)**	**(957)**	**(6,632)**
Current and deferred taxation	**(6,101)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,101)**
Interest-bearing borrowings	**(15,774)**	**(4,823)**	**(3,029)**	**-**	**-**	**(7,852)**	**-**	**(23,626)**
Rate Reduction Reserve	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Tariff Stabilisation Fund	**(497)**	**-**	**-**	**-**	**-**	**-**	**-**	**(497)**
Reportable segment liabilities	**(27,572)**	**(5,096)**	**(3,228)**	**(4)**	**-**	**(8,328)**	**(957)**	**(36,857)**
For the year ended 31st December								
Other information								
Capital expenditure	**2,888**	**-**	**-**	**-**	**-**	**-**	**2**	**2,890**

$ million	Sales of electricity Hong Kong	Infrastructure investments Australia	United Kingdom	Mainland China	Others	Sub-total	All other activities	Total
	2010							
For the year ended 31st December								
Revenue								
Group turnover	10,363	-	-	-	-	-	8	10,371
Other revenue and other net income	34	-	-	33	-	33	29	96
Reportable segment revenue	10,397	-	-	33	-	33	37	10,467
Result								
Segment earnings	7,522	-	-	6	-	6	(22)	7,506
Depreciation and amortisation	(1,794)	-	-	-	-	-	3	(1,791)
Interest income	-	565	126	-	248	939	28	967
Operating profit	5,728	565	126	6	248	945	9	6,682
Finance costs	(113)	(264)	(14)	-	-	(278)	-	(391)
Share of profits less losses of associates and jointly controlled entities	-	455	876	532	34	1,897	2	1,899
Profit before taxation	5,615	756	988	538	282	2,564	11	8,190
Income tax	(936)	-	11	(3)	-	8	(9)	(937)
Profit after taxation	4,679	756	999	535	282	2,572	2	7,253
Scheme of Control transfers	(59)	-	-	-	-	-	-	(59)
Reportable segment profit	4,620	756	999	535	282	2,572	2	7,194
At 31st December								
Assets								
Fixed assets	47,976	-	-	-	-	-	(52)	47,924
Other assets	3,251	53	57	67	-	177	56	3,484
Interest in associates and jointly controlled entities	-	7,903	17,630	6,196	3,719	35,448	8	35,456
Bank deposits and cash	9	-	-	-	-	-	5,830	5,839
Reportable segment assets	51,236	7,956	17,687	6,263	3,719	35,625	5,842	92,703
Liabilities								
Segment liabilities	(4,035)	(38)	(28)	(3)	-	(69)	(208)	(4,312)
Current and deferred taxation	(5,919)	(9)	-	-	-	(9)	(6)	(5,934)
Interest-bearing borrowings	(12,589)	(4,775)	(8,409)	-	-	(13,184)	-	(25,773)
Rate Reduction Reserve	(4)	-	-	-	-	-	-	(4)
Tariff Stabilisation Fund	(543)	-	-	-	-	-	-	(543)
Reportable segment liabilities	(23,090)	(4,822)	(8,437)	(3)	-	(13,262)	(214)	(36,566)
For the year ended 31st December								
Other information								
Capital expenditure	2,431	-	-	-	-	-	-	2,431

4. Other revenue and other net income

	2011 $ million	2010 $ million
Interest income from financial assets not at fair value through profit or loss	**1,417**	967
Dividend income from unlisted available-for-sale equity securities	**40**	33
Foreign exchange gain on loans and receivables	**100**	19
Net profit on sale of fixed assets	**1**	5
Sundry income	**67**	39
	1,625	1,063

5. Finance costs

	2011 $ million	2010 $ million
Interest on overdrafts, bank loans and other borrowings repayable within 5 years	**512**	370
Interest on other borrowings repayable over 5 years	**175**	81
Less: Interest capitalised to fixed assets	**(50)**	(43)
Interest transferred to fuel cost	**(20)**	(17)
Total interest expense on financial liabilities not at fair value through profit or loss	**617**	391

Interest expenses have been capitalised at an average rate of approximately 1.9% per annum (2010: 1.7% per annum) for assets under construction.

6. Profit before taxation

	2011 **$ million**	2010 $ million
Profit before taxation is arrived at after charging:		
Depreciation	**1,777**	1,734
Amortisation of leasehold land	**58**	57
Costs of inventories	**5,552**	4,578
Write down of inventories	**5**	5
Staff costs	**503**	482
Fixed assets written off	**39**	46
Auditors' remuneration		
- audit and audit related work		
- KPMG	**5**	5
- other auditors	**1**	1
- non-audit work		
- KPMG	**1**	-
- other auditors	**2**	3

7. Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2011	2010
	$ million	$ million
Current tax - Hong Kong Profits Tax		
Provision for the year	**625**	797
Under provision in respect of prior years	**-**	1
	625	798
Current tax – operations outside Hong Kong		
Provision for the year	**7**	12
Tax credit for the year	**(37)**	(11)
	(30)	1
	595	799
Deferred tax		
Origination and reversal of temporary differences	**263**	138
	858	937

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

Taxation for operations outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2011	2010
	$ million	$ million
Profit before taxation	**9,888**	8,190
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**941**	1,041
Tax effect of non-deductible expenses	**161**	29
Tax effect of non-taxable income	**(243)**	(132)
Tax effect on Rate Reduction Reserve rebated	**(1)**	(2)
Under provision in respect of prior years	**-**	1
Actual tax expense	**858**	937

8. Scheme of Control transfers

The financial operations of The Hongkong Electric Company, Limited ("HEC"), a wholly-owned subsidiary of the Company, are governed by the SCA agreed with the Government which provides for HEC to earn a Permitted Return. Any excess or deficiency of the gross tariff revenue over the sum of total operating costs, Scheme of Control Net Return and Scheme of Control taxation charges is transferred to/(from) a Tariff Stabilisation Fund from/(to) the income statement of HEC. When transfer from the Tariff Stabilisation Fund to the income statement is required, the amount transferred shall not exceed the balance of the Tariff Stabilisation Fund. In addition, a charge calculated by applying the average one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund is transferred from the income statement of HEC to a Rate Reduction Reserve, which amount is subsequently rebated to customers. Movements in the Tariff Stabilisation Fund and Rate Reduction Reserve are as follows:

(a) Tariff Stabilisation Fund

	2011 $ million	2010 $ million
At 1st January	**543**	485
Transfer (to)/from the consolidated income statement	**(46)**	58
At 31st December	**497**	543

(b) Rate Reduction Reserve

	2011 $ million	2010 $ million
At 1st January	**4**	14
Transfer from the consolidated income statement	**1**	1
Rebate to customers	**(4)**	(11)
At 31st December	**1**	4

9. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $9,075 million (2010: $7,194 million) and 2,134,261,654 ordinary shares (2010: 2,134,261,654 ordinary shares) in issue throughout the year.

There were no dilutive potential ordinary shares in existence during the years ended 31st December 2011 and 2010.

10. Fixed assets

$ million	Site formation and buildings	Plant, machinery and equipment	Assets under construction	Sub-total	Interests in leasehold land held for own use under finance leases	Total fixed assets
Cost:						
At 1st January 2010	13,704	56,979	2,540	73,223	2,815	76,038
Additions	2	635	1,792	2,429	2	2,431
Transfers between categories	80	2,014	(2,094)	-	-	-
Disposals	(1)	(403)	-	(404)	(1)	(405)
At 31st December 2010	13,785	59,225	2,238	75,248	2,816	78,064
At 1st January 2011	**13,785**	**59,225**	**2,238**	**75,248**	**2,816**	**78,064**
Additions	**5**	**856**	**2,028**	**2,889**	**1**	**2,890**
Transfers between categories	**93**	**1,197**	**(1,290)**	**-**	**-**	**-**
Disposals	**-**	**(758)**	**-**	**(758)**	**-**	**(758)**
At 31st December 2011	**13,883**	**60,520**	**2,976**	**77,379**	**2,817**	**80,196**
Accumulated amortisation and depreciation:						
At 1st January 2010	4,664	23,304	-	27,968	606	28,574
Written back on disposals	-	(336)	-	(336)	-	(336)
Charge for the year	242	1,603	-	1,845	57	1,902
At 31st December 2010	4,906	24,571	-	29,477	663	30,140
At 1st January 2011	**4,906**	**24,571**	**-**	**29,477**	**663**	**30,140**
Written back on disposals	**-**	**(690)**	**-**	**(690)**	**-**	**(690)**
Charge for the year	**245**	**1,644**	**-**	**1,889**	**58**	**1,947**
At 31st December 2011	**5,151**	**25,525**	**-**	**30,676**	**721**	**31,397**
Net book value:						
At 31st December 2011	**8,732**	**34,995**	**2,976**	**46,703**	**2,096**	**48,799**
At 31st December 2010	8,879	34,654	2,238	45,771	2,153	47,924

The above are mainly electricity-related fixed assets in respect of which financing costs capitalised during the year amounted to $50 million (2010: $43 million).

The Group's leasehold land at 31st December 2011 is held in Hong Kong and comprises long term and medium term leasehold land with carrying values of $42 million (2010: $42 million) and $2,054 million (2010: $2,111 million) respectively.

Depreciation charges for the year included $112 million (2010: $111 million), relating to assets utilised in development activities, which has been capitalised.

11. Interest in associates

	2011 **$ million**	2010 $ million
Share of net assets	**17,681**	17,117
Loans to unlisted associates (see note below)	**11,966**	11,958
Amounts due from unlisted associates (see note below)	**424**	397
	30,071	29,472

The loans to unlisted associates are unsecured, interest bearing at rates ranging from 9.95% per annum to 13.79% per annum (2010: 10.00% per annum to 13.79% per annum) and are not due within five years.

Included in the loans to unlisted associates are subordinated loans totalling $11,060 million (2010: $11,064 million). The rights in respect of these loans are subordinated to the rights of any other lenders to the associates and they are treated as part of the investment in the associates.

The amounts due from unlisted associates are unsecured, interest free and have no fixed repayment terms but the Group is unlikely to demand payment within 12 months of the balance sheet date.

Neither the loans to unlisted associates nor the amounts due from unlisted associates are past due or impaired.

At 31st December 2011, the Group's interest in two associates of $10,964 million (2010: $9,982 million) had been pledged as part of the security to secure financing facilities granted to those associates.

The financial guarantees issued by the Company in respect of banking facilities available to associates have been disclosed in note 21.

Summarised financial information (gross amount) based on the unaudited management accounts of the associates is as follows (100%):

	2011 **$ million**	2010 $ million
Assets	**236,527**	221,380
Liabilities	**(190,670)**	(177,005)
Equity	**45,857**	44,375
Revenues	**47,083**	31,451
Profit	**6,625**	4,047

12. Interest in jointly controlled entities

	2011 $ million	2010 $ million
Share of net assets	**5,622**	5,982
Amounts due from unlisted jointly controlled entities (see note below)	**4**	2
	5,626	5,984

The amounts due from unlisted jointly controlled entities are unsecured, interest free and have no fixed repayment terms. They are neither past due nor impaired.

At 31st December 2011, the Group's interest in a jointly controlled entity of $3,120 million (2010: $3,259 million) had been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

The financial guarantees issued by the Group in respect of banking facilities available to jointly controlled entities have been disclosed in note 21.

Summarised financial information (gross amount) based on the unaudited management accounts of the jointly controlled entities is as follows (100%):

	2011 $ million	2010 $ million
Assets	**17,485**	17,504
Liabilities	**(7,641)**	(8,262)
Equity	**9,844**	9,242
Revenues	**10,573**	9,311
Profit	**1,307**	1,744

13. Trade and other receivables

	2011 $ million	2010 $ million
Trade debtors (see note below)	**637**	637
Other receivables	**427**	425
	1,064	1,062
Derivative financial instruments		
- held as cash flow/fair value hedging instruments	**16**	74
Deposits and prepayments	**21**	46
	1,101	1,182

All of the trade and other receivables are expected to be recovered within one year.

Other receivables of the Group include unbilled electricity charges of $379 million (2010: $370 million) to be received from electricity customers.

The ageing analysis of trade debtors, which are neither individually nor collectively considered to be impaired, are as follows:

	2011 **$ million**	2010 $ million
Current	**597**	582
1 to 3 months past due	**26**	37
More than 3 months past due but less than 12 months past due	**14**	18
Total trade debtors	**637**	637

Electricity bills issued to domestic, small industrial, commercial and miscellaneous customers for electricity supplies are due upon presentation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, a surcharge of 5% can be added to the electricity bills.

Trade debtors for electricity charges that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade debtors for electricity charges that were past due but not impaired relate to a number of independent customers. HEC, a wholly-owned subsidiary, obtains collateral in the form of security deposits from customers and the balances are considered to be fully recoverable.

The Group's trade debtors are individually assessed for impairment. Any impairment losses are written off against the trade debtors directly. No separate account is maintained for impairment losses.

14. Bank deposits and cash

(a) Bank deposits and cash comprise:

	2011 **$ million**	2010 $ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	**4,421**	5,802
Cash at bank and on hand	**101**	37
Bank overdrafts	**-**	(2)
Cash and cash equivalents in the consolidated cash flow statement	**4,522**	5,837
Bank overdrafts	**-**	2
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	**1,599**	-
Bank deposits and cash in the consolidated balance sheet	**6,121**	5,839

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2011 $ million**	2010 $ million
Profit before taxation		**9,888**	8,190
Adjustments for:			
Share of profits less losses of associates		**(3,717)**	(1,391)
Share of profits less losses of jointly controlled entities		**(476)**	(508)
Interest income	4	**(1,417)**	(967)
Dividend income from unlisted available-for-sale equity securities	4	**(40)**	(33)
Finance costs	5	**637**	408
Depreciation	6	**1,777**	1,734
Amortisation of leasehold land	6	**58**	57
Fixed assets written off	6	**39**	46
Net profit on sale of fixed assets	4	**(1)**	(5)
Exchange (gains)/losses		**(133)**	49
Financial instrument revaluation gain		**(1)**	(58)
Changes in working capital:			
(Increase)/decrease in inventories		**(360)**	206
Decrease/(increase) in trade and other receivables		**10**	(32)
Increase in Fuel Clause Recovery Account		**(466)**	(17)
Increase in trade and other payables		**1,442**	33
Decrease/increase in net employee retirement benefit liabilities/assets		**(96)**	(91)
Cash generated from operations		**7,144**	7,621

15. Trade and other payables

	2011 $ million	2010 $ million
Creditors measured at amortised cost (see note below)	**3,447**	1,702
Derivative financial instruments		
- held as cash flow/fair value hedging instruments	**4**	-
	3,451	1,702

All of the trade and other payables are expected to be settled within one year.

Creditors' ageing is analysed as follows:

	2011	2010
	$ million	$ million
Due within 1 month or on demand	**997**	539
Due after 1 month but within 3 months	**497**	455
Due after 3 months but within 12 months	**1,953**	708
	3,447	1,702

16. Non-current bank loans and other interest-bearing borrowings

	2011	2010
	$ million	$ million
Bank loans	**12,963**	18,228
Current portion	**(115)**	(8,459)
	12,848	9,769
Hong Kong dollar notes (see note below)	**4,826**	3,786
United States dollar notes (see note below)	**5,837**	3,757
	10,663	7,543
Current portion	**(502)**	-
	10,161	7,543
Total	**23,009**	17,312

The Hong Kong dollar fixed rate notes bear interest at rates ranging between 3.28% to 4.55% per annum (2010: 3.28% to 4.55% per annum), while interest on the Hong Kong dollar floating rate notes is determined with reference to the Hong Kong Interbank Offered Rate.

The United States dollar fixed rate notes bear interest at 4.25% per annum (2010: 4.25% per annum).

Some banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31st December 2011 and 2010, none of the covenants relating to drawn down facilities had been breached.

None of the non-current interest-bearing borrowings is expected to be settled within one year. All the above borrowings are unsecured.

The borrowings are repayable as follows:

	2011 $ million	2010 $ million
After 1 year but within 2 years	**4,996**	521
After 2 years but within 5 years	**6,722**	5,993
After 5 years	**11,291**	10,798
	23,009	17,312

17. Derivative financial instruments

	2011 $ million	2010 $ million
Derivative financial instruments used for hedging:		
- Cross currency swaps	**422**	(123)
- Interest rate swaps	**(245)**	40
- Foreign exchange forward contracts	**(89)**	102
Total	**88**	19
Current portion of derivative financial instruments (see notes 13 and 15)	**(12)**	(74)
	76	(55)
Represented by:		
Derivative financial instruments assets	**433**	77
Derivative financial instruments liabilities	**(357)**	(132)
	76	(55)

18. Share capital

	Number of shares	**2011 $ million**	2010 $ million
Authorised:			
Ordinary shares of $1 each	3,300,000,000	**3,300**	3,300
Issued and fully paid:			
Ordinary shares of $1 each	2,134,261,654	**2,134**	2,134

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19. Dividends

	2011 **$ million**	2010 $ million
Interim dividend declared and paid of $0.62 per ordinary share (2010: $0.62 per ordinary share)	**1,323**	1,323
Final dividend proposed after the balance sheet date of $1.7 per ordinary share (2010: $1.49 per ordinary share)	**3,628**	3,180
	4,951	4,503

The final dividend proposed after the balance sheet date is based on 2,134,261,654 ordinary shares (2010: 2,134,261,654 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

20. Capital commitments

The Group's capital commitments outstanding at 31st December and not provided for in the financial statements were as follows:

	2011 **$ million**	2010 $ million
Contracted for:		
Capital expenditure for fixed assets	**1,565**	1,576
Investment in associates	**-**	465
	1,565	2,041
Authorised but not contracted for:		
Capital expenditure for fixed assets	**9,348**	9,377

21. Contingent liabilities

	2011 **$ million**	2010 $ million
Financial guarantees issued in respect of banking facilities available to (see note below):		
- Associates	**-**	1,685
Other guarantees given in respect of:		
- Subsidiaries	**5**	10
- Associates	**1,144**	431
	1,149	2,126

As at the balance sheet date, the Company had issued guarantees to banks in respect of banking facilities granted to wholly-owned subsidiaries and associates. In addition, the Company had provided performance guarantees for its wholly-owned subsidiaries and associates. The Directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the issued guarantees is disclosed above. The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured using observable market data.

22. Material related party transactions

The Group had the following material transactions with related parties during the year:

(a) Shareholder

(i) On 17th June 2011, a wholly owned subsidiary of the Company entered into an agreement with a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"), a substantial shareholder holding approximately 38.87% of the issued shares of the Company. Pursuant to the agreement, the subsidiary of the Company undertook a turnkey solution project for the subsidiary of CKI at a consideration of $26 million. The project is expected to be completed in February 2013.

(ii) Outram Limited ("Outram"), a subsidiary of the Company, reimbursed CKI $35 million (2010: $33 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the year.

On 30th September 2011, Outram issued a notice to an indirect wholly owned subsidiary of CKI, to extend the term of the operation and management services contract which will expire on April 2012 for a further three-year period, renewable thereafter with the same contract terms.

(b) Associates

(i) Interest income received/receivable from associates in respect of the loans to associates amounted to $1,362 million (2010: $938 million) for the year. At 31st December 2011, the total outstanding interest-bearing loan balances due from associates were $11,966 million (2010: $11,958 million). The outstanding balances with associates are disclosed in note 11.

(ii) A wholly owned subsidiary of the Company received $37 million (2010: $11 million) from an associate in respect of the tax credit claimed under the consortium relief in the United Kingdom.

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's Directors, is as follows:

	2011	2010
	$ million	$ million
Short-term employee benefits	**65**	64
Post-employment benefits	**4**	5
	69	69

Total remuneration is included in "staff costs" (see note 6). At 31st December 2011 and 2010, there was no amount due from the key management personnel.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed as follows:

(a) For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 23rd May 2012 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 18th May 2012 to Wednesday, 23rd May 2012, both days inclusive. In order to qualify for the right to attend and vote at the meeting (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Thursday, 17th May 2012.

(b) For the purpose of ascertaining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 29th May 2012 to Thursday, 31st May 2012, both days inclusive. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Monday, 28th May 2012.

The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Group's corporate governance is maintained through a framework of processes, policies and guidelines.

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December 2011.

Annual General Meeting

The annual general meeting of the Company will be held at Grand Ballroom, 1st Floor, Harbour Grand Hong Kong, 23 Oil Street, North Point, Hong Kong on Wednesday, 23rd May 2012 at 12:00 noon. Notice of the annual general meeting will be published and sent to shareholders in the manner as required by the Listing Rules in due course.

Board Composition

As at the date of this announcement, the directors of the Company are:

Executive directors	: Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam (Mr. CHAN Loi Shun, Alternate Director to Mr. KAM Hing Lam), Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See
Non-executive directors	: Mr. Ronald Joseph ARCULLI and Mr. George Colin MAGNUS
Independent non-executive directors	: Mr. Holger KLUGE, Mr. LEE Lan Yee, Francis, Mr. Ralph Raymond SHEA and Mr. WONG Chung Hin