

港燈電力投資

HK Electric Investments

(根據香港法律按日期為二零一四年一月一日的信託契約組成，其受託人為港燈電力投資管理人有限公司。)

(As constituted pursuant to a deed of trust on 1 January 2014 under the laws of Hong Kong, the trustee of which is HK Electric Investments Manager Limited.)

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港燈電力投資有限公司

HK Electric Investments Limited

(於開曼群島註冊成立的有限公司 Incorporated in the Cayman Islands with limited liability)

(股份代號 Stock Code : 2638)



港燈電力投資

HK Electric Investments

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2015 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Keeping our promises in a changing world

In 2015, HKEI completed its second year of operations as a business trust, once again achieving all its goals and objectives. While we are a relatively new entity on the Stock Exchange, our heritage in Hong Kong is long: for over 125 years we have been providing electricity to the city's citizens and businesses.

The power sector in Hong Kong has evolved over the years, but our promise has always remained the same: to provide customers with safe, reliable, clean and affordable power while ensuring steady returns for our investors. Our constant focus on delivering this pledge has helped both residential and commercial customers in Hong Kong achieve their own aspirations - be they a comfortable lifestyle or business growth. Our experience and deep understanding of Hong Kong's energy sector inform how we move forward to serve our customers' evolving energy needs.

I extend a warm welcome to Qatar Investment Authority which during the year acquired a 19.9% stake in HKEI to become our third largest shareholder after Power Assets Holdings Limited and the State Grid Corporation of China.

In 2015, our performance reflects our success in delivering on three strategic parameters. First, we kept our promise to pay out 100% of distributable income to holders of our Share Stapled Units (SSU). Second, we delivered power at over 99.999% supply reliability while freezing tariffs for the second year in a row. And thirdly, we reduced our environmental footprint and made investments to enable us to continue to do so in future.

Financial results and distributions

For the year ended 31 December 2015, HKEI's EBITDA was HK\$8,035 million (2014: HK\$7,698 million) and profits attributable to SSU holders was HK\$3,591 million (2014: HK\$3,201 million).

Distributable income for the year was HK\$3,538 million (2014: HK\$3,218 million – from listing date on 29 January 2014 to 31 December 2014) and will be distributed to SSU holders in its entirety.

The Board of the Trustee-Manager has declared a final distribution by the Trust of HK20.12 cents (2014: HK19.89 cents) per SSU, payable on 13 April 2016 to SSU holders whose names appear on the Share Stapled Units Register on 1 April 2016. This, together with the interim distribution of HK19.92 cents (2014: HK16.53 cents) per SSU, amounts to a total distribution of HK40.04 cents per SSU for the year (2014: HK36.42 cents per SSU – from listing date on 29 January 2014 to 31 December 2014).

Power sector needs a stable and balanced regulatory regime

Hong Kong's electricity companies operate on the basis of a Scheme of Control Agreement (SCA) with the government, which sets out their returns and performance obligations. The current SCA will expire in 2018 with an option for the government to extend it by five years. During the year the government conducted a public consultation on the future development of the electricity market in Hong Kong, seeking the community's views on a number of strategic topics including regulatory arrangements going forward and the introduction of more competition to the market.

Following extensive consultation with our stakeholders we have submitted to the government that the proposals contained in the consultation paper will only bring about uncertainties, and not benefits. We are encouraged that the majority of the respondents to the consultation exercise share our views on all key facets of the consultation.

Hong Kong is a highly compact vertical city and an unfailing supply of electricity is fundamental to the lives and businesses of those who work here. In fact, it underpins Hong Kong's very position as a global financial and trade hub. The prevailing SCA is cost-effective and provides stability, allowing industry players to operate effectively. Almost all respondents to the exercise concurred with us that the current arrangement had generally worked well and allowed the government to achieve its energy policy objectives of safety, reliability, affordability and environmental protection.

The rate of return permitted under the current SCA has proven effective in balancing the interests of consumers and industry players, creating a stable environment where the long-term investments necessary for Hong Kong's electricity infrastructure can be made. More than half of the submissions from the public supported the maintenance of the rate of return at the current level of 9.99% to provide the necessary incentives for power companies to make investments.

The majority of the respondents also agreed with our view that the duration of the SCA should be maintained at ten years, with an option exercisable by the government to extend for five more years.

Experiences in overseas markets have proved that deregulation processes are laborious and protracted. Competition may not deliver tariff reduction, and choice may not guarantee customer satisfaction. The majority of the respondents considered that the power supply in Hong Kong was reliable and safe at an affordable price. They did not see a need to introduce competition for the sake of bringing in choice.

It is our belief and conviction that the current Scheme of Control regime, with its clear and proven track record, is the best way forward for Hong Kong.

Further steps towards reducing emissions

As a power company we recognise that our operations affect Hong Kong's environment as a whole and we run a multi-pronged emissions reduction programme to minimise our impact. As a result we have consistently outperformed statutory targets, reducing emissions of sulphur dioxide, nitrogen oxides and respirable suspended particulates by 40% to 90% since 2008.

We strive to constantly improve our emissions performance to leave a clean Hong Kong for the generations to come. In this context we agreed to more stringent environmental targets as contained in the government's relevant Technical Memorandum No. 5, which will come into force from 2020 onwards.

Our primary strategy to achieve these targets is to increase the proportion of electricity we generate from natural gas. Following formal approval by the government, we are moving full steam ahead with the development of a new gas-fired generating unit (L10) at Lamma Power Station. The project is part of our Five-year Development Plan (2014-2018). Among other things, it will enable us to increase the proportion of gas-fired generation to about 50% while maintaining reliability. The L10 unit will play an important role in reducing emissions and our carbon footprint when it is commissioned in 2020.

We have strengthened our support for electric vehicles (EVs) in order to aid the community's efforts to reduce roadside emissions. A special advisory service has been launched to facilitate the setting up of EV charging facilities at private buildings.

The Smart Power Fund, which helps private residential buildings to carry out energy efficiency measures by providing financial support on a matching basis, provided funding to 15 projects in 2015. The programme has now supported 21 projects since its introduction in June 2014.

An unchanging commitment to quality

2015 saw HK Electric successfully maintaining its high standards with respect to system reliability and power quality, excellence in customer service, and community engagement. Through investment in new equipment, proactive network upgrading and monitoring as well as staff recruitment and training, we delivered value to our stakeholders within the community.

During the year power supply reliability was maintained at over 99.999%, a record we are proud to have achieved consistently since 1997. For the 7th consecutive year, our customers experienced on average less than one minute of unplanned power interruption per customer per year. We once again met all our 18 pledged customer service standards and achieved high customer satisfaction ratings. Apart from excellence in service to the residential sector, we won a number of awards during the year for our range of customised services to Hong Kong's thriving SME sector.

Electricity sales in 2015 dropped slightly by 0.7% primarily as a result of energy conservation measures undertaken by consumers despite record high monthly mean temperatures recorded for June and November which have increased the cooling load.

We believe in a healthy work-life balance and strive to offer an environment where employees can perform at their best. During the year we offered a total of 82,288 hours of staff development through comprehensive programmes that included technical skills training, safety courses, management skills and holistic development.

2015 was also a successful year for our employee volunteering programme. Our employees spent 6,708 hours supporting 136 services including environmental work, services for the elderly and fund raising for charities. By lending a helping hand and listening ear they have made a positive difference in the lives of those less fortunate than ourselves. I invite you to review their work in our 2015 sustainability report which will be published later in the year.

Outlook

The current SCA will expire in 2018 and one of the most important priorities in the year ahead is to engage with the government to establish a stable and long-term post-2018 regime to guide the development of Hong Kong's electricity market. The agreed scheme must retain the key elements of the current SCA including the rate of return to enable operators to make long-term investments conducive to the continued provision of safe, reliable and clean electricity to customers at affordable prices.

In order to pass on the benefits of low international fuel prices to customers, HK Electric has reduced net tariffs across the board by an average of 1.1% in 2016. This goes one step beyond our December 2013 commitment to keep tariffs unchanged till end 2018, based on which we had frozen tariffs for the past two years.

Globally and no less in Hong Kong, the power industry is dynamic, affecting and being affected by a wide range of factors including technologies, fuels, climate, emissions policy, consumer behaviour and more. In this environment of change, we strive to be as responsible and responsive as we can to satisfy the evolving energy needs of our customers.

At the heart of our success in keeping this pledge is every employee's zeal for service excellence. It is only when a skilled workforce and a strong management team work together that we can deliver service that the community can rely on. To these dedicated colleagues I am deeply grateful.

Fok Kin Ning, Canning

Chairman

Hong Kong, 15 March 2016

FINANCIAL REVIEW

Financial performance and distribution

The Trust Group's revenue and consolidated profit for the year ended 31 December 2015 were HK\$11,210 million (2014: HK\$10,504 million) and HK\$3,591 million (2014: HK\$3,201 million) respectively. Distributable income as calculated pursuant to the Trust Deed for the year ended 31 December 2015 was HK\$3,538 million (2014: HK\$3,218 million - from listing date on 29 January 2014 to 31 December 2014) whilst distributable income per SSU was HK40.04 cents (2014: HK36.42 cents).

The Trustee-Manager Board has declared the payment of a final distribution by the Trust of HK20.12 cents (2014: HK19.89 cents) per SSU. In order to enable the Trust to pay that distribution, the Company Board has declared the payment of a second interim dividend in lieu of a final dividend in respect of the Company's ordinary shares held by the Trustee-Manager, of HK20.12 cents (2014: HK19.89 cents) per ordinary share in respect of the same period. This, together with the interim distribution of HK19.92 cents (2014: HK16.53 cents) per SSU, brings the total distribution to HK40.04 cents per SSU for the year ended 31 December 2015 (2014: HK36.42 cents per SSU - from listing date on 29 January 2014 to 31 December 2014) representing 100% payout of distributable income per SSU.

	2015 HK\$ million	For the period from listing date on 29 January 2014 to 31 December 2014 HK\$ million
Consolidated profit attributable to SSU holders	3,591	3,201
After:		
(i) eliminating the effects of the Adjustments (see note (a) below)	4,532	4,594
(ii) adding/(deducting)		
– movement in Fuel Clause Recovery Account	1,652	530
– changes in working capital	52	178
– adjustment for employee retirement benefit schemes	18	12
– taxes paid	(918)	(847)
	804	(127)
(iii) capital expenditure payment	(2,237)	(1,662)
(iv) deducting		
– debt repayment	(779)	(500)
– net finance costs	(937)	(1,132)
	(1,716)	(1,632)
(v) deducting		
– reserve for future capital expenditure/debt service and/or compliance with covenants in credit facility agreement	(1,436)	(1,156)
Distributable income	3,538	3,218

	2015 HK\$ million	For the period from listing date on 29 January 2014 to 31 December 2014 HK\$ million
Interim distribution	1,760	1,461
Final distribution	1,778	1,757
Distribution amount	3,538	3,218
Distributions per SSU (see note (c) below)		
– Interim distribution per SSU	HK19.92 cents	HK16.53 cents
– Final distribution per SSU	HK20.12 cents	HK19.89 cents
Total distributions per SSU	HK40.04 cents	HK36.42 cents

Note:

- (a) Pursuant to clause 1.1 of the Trust Deed, “Adjustments” includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (b) The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager’s calculation of the above distribution entitlement per SSU and (ii) having made all reasonable enquiries, immediately after making the above distribution to the registered unit holders of the Trust, the Trustee-Manager will be able to fulfill, from the Trust Property (as defined in the Trust Deed), the liabilities of the Trust as they fall due.
- (c) Interim distribution per SSU of HK19.92 cents (2014: HK16.53 cents) was calculated based on the interim distribution amount of HK\$1,760 million (2014: HK\$1,461 million) and 8,836,200,000 SSUs in issue as at 30 June 2015 (30 June 2014: 8,836,200,000 SSUs). Final distribution per SSU of HK20.12 cents (2014: HK19.89 cents) was calculated based on the final distribution amount of HK\$1,778 million (2014: HK\$1,757 million) and 8,836,200,000 SSUs in issue as at 31 December 2015 (31 December 2014: 8,836,200,000 SSUs).

Capital expenditure, liquidity and financial resources

Capital expenditure during the year amounted to HK\$2,516 million (2014: HK\$2,167 million excluding the addition of property, plant and equipment and interests in leasehold land from the acquisition of HK Electric), which was primarily funded by cash from operations. Total external borrowings outstanding at 31 December 2015 were HK\$47,217 million (2014: HK\$47,869 million), comprising unsecured bank loans and debt securities in issue. In addition, the Trust Group at 31 December 2015 had undrawn committed bank facilities of HK\$1,000 million (2014: HK\$1,000 million) and bank deposits and cash of HK\$6,157 million (2014: HK\$4,630 million).

Treasury policy, financing activities, capital and debt structure

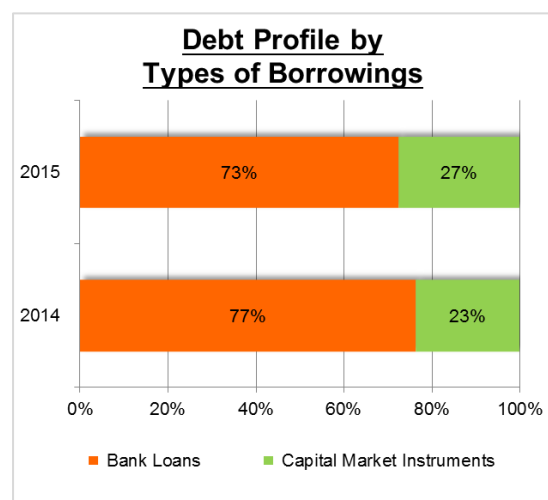
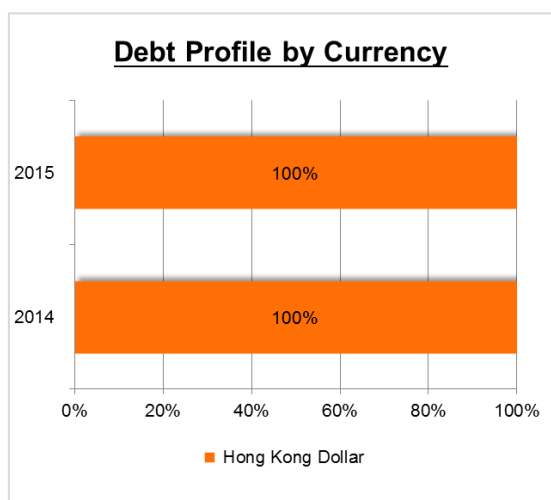
The Trust Group manages its financial risks in accordance with guidelines laid down in its treasury policy which is designed to manage the Trust Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from provision for capital expenditure to be incurred and from electricity bill collection, are placed on short term deposits denominated in Hong Kong dollars. The Trust Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

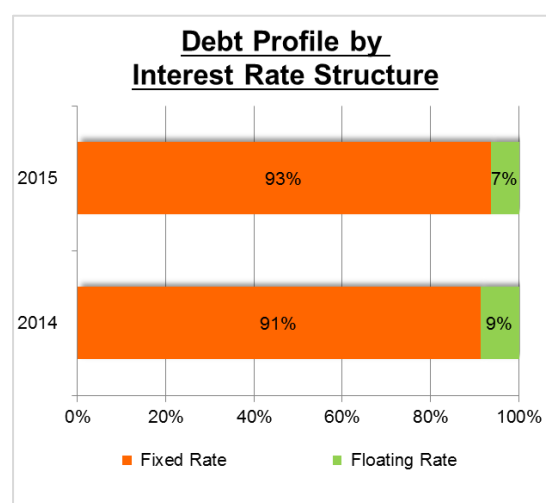
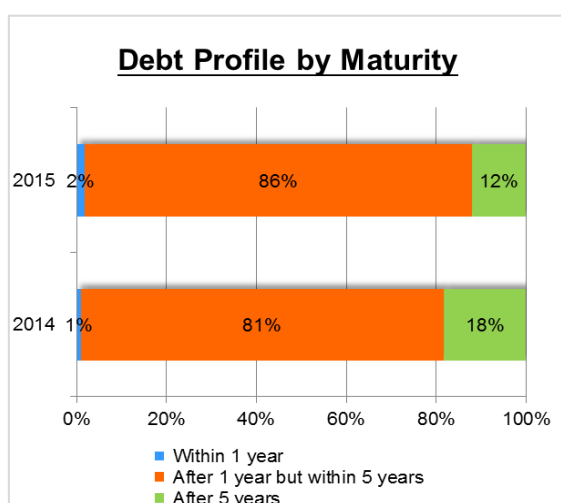
As at 31 December 2015, the net debt of the Trust Group was HK\$41,060 million (2014: HK\$43,239 million) with a net debt-to-net total capital ratio of 46% (2014: 47%). The Trust Group's financial profile remained strong during the year. Following the partial disposal of SSUs by Power Assets, the major SSU holder of the Trust Group, Standard & Poor's reaffirmed on 9 June 2015 the "A-" long term credit rating of HK Electric with a stable outlook. On 8 September 2015, Standard & Poor's initiated its coverage for the Company and assigned its "A-" long term credit rating to the Company.

In the fourth quarter of 2015, the Trust Group took advantage of the liquidity and long tenor in the Formosa bond market to extend its debt maturity profile by issuing US\$135 million 20 year and US\$115 million 30 year zero coupon bonds. It subsequently also tapped the Hong Kong dollar market for a HK\$1,056 million 15 year zero coupon bond. The proceeds of these issues were used to prepay the existing term loan facility of HK Electric.

Subsequent to the end of the reporting period, HK Electric further prepaid approximately HK\$3,700 million of its existing term loan facility with internal resources.

The profile of the Trust Group's external borrowings as at 31 December 2015, after taking into account forward foreign exchange contracts, cross currency and interest rate swaps, was as follows:





The Trust Group's policy is to maintain a portion of its debt at fixed interest rates taking into consideration business and operational needs. Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Trust 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 Trust Group's principal foreign currency transaction exposures arise from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward foreign exchange contracts. As at 31 December 2015, over 90% of the Trust Group's transaction exposure from the import of fuel and capital equipment was either denominated in United States dollars or hedged into Hong Kong or United States dollars. The Trust Group is also exposed to foreign currency fluctuation arising from the foreign currency borrowings. Such exposures are, where appropriate, mitigated by the use of either forward foreign exchange contracts, cross currency and interest rate swaps.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2015 amounted to HK\$54,267 million (2014: HK\$51,069 million).

Charge on assets

At 31 December 2015, no assets of the Trust Group were pledged to secure its loans and banking facilities (2014: Nil).

Contingent liabilities

As at 31 December 2015, the Trust Group had no guarantee or indemnity to external parties (2014: Nil).

Employees

The Trust Group maintains a policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Trust Group's total remuneration costs for the year ended 31 December 2015, excluding directors' emoluments, amounted to HK\$1,074 million (2014: HK\$973 million). As at 31 December 2015, the Trust Group employed 1,800 (2014: 1,813) permanent employees. No share option scheme is in operation.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
OF THE TRUST AND OF THE COMPANY**

For the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$ million	2014 \$ million
Revenue	5	11,210	10,504
Direct costs		(5,189)	(4,832)
		6,021	5,672
Other revenue and other net income	7	78	121
Other operating costs		(811)	(766)
Operating profit		5,288	5,027
Finance costs		(1,025)	(938)
Profit before taxation	8	4,263	4,089
Income tax:	9		
Current		(1,059)	(880)
Deferred		309	171
		(750)	(709)
Profit after taxation		3,513	3,380
Scheme of Control transfers	10(b)	78	(179)
Profit for the year attributable to the holders of Share Stapled Units/shares of the Company		3,591	3,201
Earnings per Share Stapled Unit/share of the Company			
Basic and diluted	12	40.64 cents	39.23 cents

As explained in note 3, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Details of distributions/dividend payable to holders of Share Stapled Units/shares of the Company attributable to the profit for the year are set out in note 11.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
OF THE TRUST AND OF THE COMPANY**

For the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	2015 \$ million	2014 \$ million
Profit for the year attributable to the holders of Share Stapled Units/shares of the Company	3,591	3,201
Other comprehensive income for the year, after tax and reclassification adjustments		
Items that will not be reclassified to profit or loss		
Defined benefit retirement schemes:		
Remeasurement of net defined benefit asset/liability	(158)	49
Deferred tax credited/(charged) to other comprehensive income	26	(8)
	(132)	41
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	(167)	(77)
Reclassification adjustments for amounts transferred to profit or loss	4	-
Amounts transferred to the initial carrying amount of hedged items	19	(7)
Net deferred tax credited to other comprehensive income	23	14
	(121)	(70)
Total comprehensive income for the year attributable to the holders of Share Stapled Units/shares of the Company	3,338	3,172

As explained in note 3, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE TRUST AND OF THE COMPANY**

At 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$ million	2014 \$ million
Non-current assets			
Property, plant and equipment		64,521	64,802
Interests in leasehold land held for own use under finance leases		6,472	6,665
	13	70,993	71,467
Goodwill		33,623	33,623
Derivative financial instruments		314	352
Employee retirement benefit scheme assets		580	668
Deferred tax assets		6	3
		105,516	106,113
Current assets			
Inventories		882	933
Trade and other receivables	14	1,160	1,135
Bank deposits and cash		6,157	4,630
		8,199	6,698
Current liabilities			
Trade and other payables	15	(2,586)	(2,488)
Fuel Clause Recovery Account	16	(2,283)	(631)
Current portion of bank loans and other interest-bearing borrowings	17	(900)	(520)
Current tax payable		(360)	(219)
		(6,129)	(3,858)
Net current assets		2,070	2,840
Total assets less current liabilities		107,586	108,953
Non-current liabilities			
Bank loans and other interest-bearing borrowings	17	(46,317)	(47,349)
Derivative financial instruments		(207)	(82)
Customers' deposits		(2,001)	(1,937)
Deferred tax liabilities		(9,247)	(9,602)
Employee retirement benefit scheme liabilities		(587)	(499)
		(58,359)	(59,469)
Scheme of Control Fund and Reserve	10(c)	(215)	(293)
Net assets		49,012	49,191
Capital and reserves			
Share capital		8	8
Reserves		49,004	49,183
Total equity		49,012	49,191

As explained in note 3, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

NOTES TO THE FINANCIAL STATEMENTS OF THE TRUST AND OF THE COMPANY

(Expressed in Hong Kong dollars)

1. Review of annual results

The annual results have been reviewed by the Audit Committees.

The figures in respect of the preliminary announcement of the Trust Group's and the Group's results for the year ended 31 December 2015 have been compared by the Trust Group's and the Group's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Trust Group's and the Group's draft consolidated 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. General information

HK Electric Investments Limited (the "Company") was incorporated in the Cayman Islands on 23 September 2013 as an exempted company with limited liability under the Companies Law 2011 (as consolidated and revised) of the Cayman Islands. The Company has established a principal place of business in Hong Kong at Hongkong Electric Centre, 44 Kennedy Road, Hong Kong. The principal activity of the Company is investment holding.

On 1 January 2014, HK Electric Investments (the "Trust") was constituted as a trust by a Hong Kong law governed Trust Deed entered into between HK Electric Investments Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and the Company. The scope of activity of the Trust as provided in the Trust Deed is limited to investing in the Company.

The Company's wholly-owned subsidiary, Treasure Business Limited, acquired the entire issued share capital of HK Electric and the acquisition was completed on 29 January 2014. Following this acquisition, HK Electric has become an indirect wholly-owned subsidiary of the Company.

The Share Stapled Units structure comprises (1) a unit in the Trust; (2) a beneficial interest in a specifically identified ordinary share in the Company which is linked to the unit and held by Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (3) a specifically identified preference share in the Company which is "stapled" to the unit. The Share Stapled Units are jointly issued by the Trust and the Company and listed on the Main Board of the Stock Exchange.

3. Basis of presentation

Pursuant to the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The consolidated financial statements of the Trust for the year ended 31 December 2015 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries (together the “Trust Group”). The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the consolidated financial statements of the Company and its subsidiaries (together the “Group”).

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2015 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated results and financial position of the Company with the only differences being disclosures of share capital of the Company. The Directors of the Trustee-Manager and Directors of the Company believe that it is clearer to present the consolidated financial statements of the Trust and of the Company together. The consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred as the “consolidated financial statements of the Trust and of the Company”.

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, significant accounting policies and the related explanatory information are common to the Trust and the Company. Information specific to the Company are disclosed separately in the relevant explanatory information in notes to the consolidated financial statements.

The Trust Group and the Group are referred as the “Groups”.

4. Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Groups. Of these, the following developments are relevant to the Trust's and the Company's consolidated financial statements:

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

The adoption of these amendments to HKFRSs has no material impact on the Groups' results and financial position for the current or prior periods. The Groups have not applied any new standard or amendment that is not effective for the current accounting period.

5. Revenue

The principal activity of the Groups is the generation and supply of electricity to Hong Kong Island and Lamma Island. Revenue is analysed as follows:

	2015 \$ million	2014 \$ million
Sales of electricity	11,165	10,489
Concessionary discount on sales of electricity	(6)	(6)
Electricity-related income	51	21
	11,210	10,504

6. Segment reporting

The Groups have one reporting segment which is the generation and supply of electricity to Hong Kong Island and Lamma Island. All segment assets are located in Hong Kong. The Groups' chief operating decision-maker reviews the consolidated results of the Groups for the purposes of resource allocation and performance assessment. Therefore, no additional reportable segment and geographical information has been presented.

7. Other revenue and other net income

	2015 \$ million	2014 \$ million
Interest income from financial assets not at fair value through profit or loss	46	47
Sundry income	32	74
	78	121

8. Profit before taxation

	2015 \$ million	2014 \$ million
Profit before taxation is arrived at after charging:		
Depreciation	2,600	2,539
Amortisation of leasehold land	193	179
Costs of inventories	3,728	4,595
Write down of inventories	6	5
Staff costs	635	523
Net loss on disposal and written off of property, plant and equipment	77	90
Auditor's remuneration		
- audit and audit related work	4	3
- non-audit work (see note below)	-	6
Listing expenses	-	19

Non-audit work for 2014 was in relation to global offering of Share Stapled Units and acquisition of HK Electric.

9. Income tax in the consolidated statement of profit or loss

	2015 \$ million	2014 \$ million
Current tax		
Provision for Hong Kong Profits Tax for the year	1,059	881
Over-provision in respect of prior year	-	(1)
	1,059	880
Deferred tax		
Origination and reversal of temporary differences	(309)	(171)
	750	709

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Groups are exempt from any income tax in these jurisdictions.

10. Scheme of Control transfers

- (a) The financial operations of HK Electric are governed by the Scheme of Control Agreement (“SoCA”) agreed with the Government which provides for HK Electric 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 statement of profit or loss of HK Electric. When transfer from the Tariff Stabilisation Fund to the statement of profit or loss 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 statement of profit or loss of HK Electric to a Rate Reduction Reserve.

Pursuant to 2013 mid-term review of Scheme of Control, a Smart Power Fund was established in June 2014 to support the carrying out of improvement works to upgrade the energy efficiency performance of building services installations for communal use in non-commercial buildings. Specifically, HK Electric consented to contribute to the Smart Power Fund each year during the period from 1 January 2014 to 31 December 2018 an amount being deducted from its financial incentive under the energy efficiency incentive mechanism in the SoCA for outperforming the energy audit and energy saving targets (if any) each year during the period from 1 January 2013 to 31 December 2017.

- (b) Scheme of Control transfers (to)/from the consolidated statement of profit or loss represents:

	2015 \$ million	2014 \$ million
Tariff Stabilisation Fund	(84)	169
Rate Reduction Reserve	1	-
Smart Power Fund		
- Injection during the year	-	5
- Provisional sum to be injected in the following year	5	5
	(78)	179

A provisional sum of \$4,952,000, representing deduction of HK Electric’s 2015 financial incentive (2014: \$4,934,000), was transferred from the consolidated statement of profit or loss and included in the trade and other payables for injection into the Smart Power Fund in the following year.

- (c) Movements in the Tariff Stabilisation Fund, Rate Reduction Reserve and Smart Power Fund are as follows:

	Tariff Stabilisation Fund (see note below)	Rate Reduction Reserve (see note below)	Smart Power Fund	Total
\$ million				
At 1 January 2014	-	-	-	-
Addition upon business combination	119	-	-	119
Transfer from the consolidated statement of profit or loss	169	-	-	169
Injection for the year (see note (b) above)	-	-	5	5
At 31 December 2014 and 1 January 2015	288	-	5	293
Transfer (to)/from the consolidated statement of profit or loss	(84)	1	-	(83)
Injection for the year (see note (b) above)	-	-	5	5
At 31 December 2015	204	1	10	215

Pursuant to mid-term review of Scheme of Control, the year-end balance of the Rate Reduction Reserve of a year has to be transferred to the Tariff Stabilisation Fund in the following year starting from end 2013.

11. Distributions/dividends

(a) The distributable income for the year/period was as follows:

	2015 \$ million	From listing date on 29 January 2014 to 31 December 2014 \$ million
Consolidated profit attributable to the holders of Share Stapled Units	3,591	3,201
After:		
(i) eliminating the effects of the Adjustments (see note 1 below)	4,532	4,594
(ii) adding/(deducting)		
- movement in Fuel Clause Recovery Account	1,652	530
- changes in working capital	52	178
- adjustment for employee retirement benefit schemes	18	12
- taxes paid	(918)	(847)
	804	(127)
(iii) capital expenditure payment	(2,237)	(1,662)
(iv) deducting		
- debt repayment	(779)	(500)
- net finance costs	(937)	(1,132)
	(1,716)	(1,632)
(v) deducting		
- reserve for future capital expenditure/debt service and/or compliance with covenants in credit facility agreement	(1,436)	(1,156)
Distributable income	<u>3,538</u>	<u>3,218</u>

Note 1 Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.

Note 2 The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

Note 3 The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income which is referred as audited consolidated profit attributable to the holders of Share Stapled Units for the relevant financial year or distribution period, after making adjustments in respect of items as set out in the Trust Deed.

(b) Distributions/dividends payable to holders of Share Stapled Units/shares of the Company attributable to the year/period

	2015	From listing date on 29 January 2014 to 31 December 2014
	\$ million	\$ million
Interim distribution/first interim dividend declared and paid of 19.92 cents (2014: 16.53 cents) per Share Stapled Unit/share	1,760	1,461
Final distribution/second interim dividend proposed after the end of the reporting period of 20.12 cents (2014: 19.89 cents) per Share Stapled Unit/share	1,778	1,757
	3,538	3,218

For the year ended 31 December 2015, the Company Board declared the payment of a second interim dividend of 20.12 cents per ordinary share (2014: 19.89 cents per ordinary share), amounting to \$1,778 million (2014: \$1,757 million), in lieu of a final dividend after the end of the reporting period and therefore no final dividend was proposed by the Company Board.

For the year ended 31 December 2015, the Trustee-Manager Board declared a final distribution of 20.12 cents per Share Stapled Unit (2014: 19.89 cents per Share Stapled Unit), amounting to \$1,778 million (2014: \$1,757 million), after the end of the reporting period.

The final distribution/second interim dividend declared after the end of the reporting period is based on the number of Shares Stapled Units/ordinary shares of the Company of 8,836,200,000 as at 31 December 2015 (2014: 8,836,200,000). The final distribution/second interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Distributions/dividends payable to holders of Share Staples Units/shares of the Company attributable to the previous financial year, approved and paid during the year

	2015 \$ million	2014 \$ million
Final distribution/second interim dividend in respect of the previous financial year, approved and paid during the year, of 19.89 cents (2014: Nil) per Share Stapled Unit/share	<u>1,757</u>	<u>-</u>

12. Earnings per Share Stapled Unit/share of the Company

The calculation of basic and diluted earnings per Share Stapled Unit/share of the Company are based on the profit attributable to the holders of Share Stapled Units/ordinary shares of the Company of \$3,591 million (2014: \$3,201 million) and the weighted average of 8,836,200,000 Share Stapled Units/ordinary shares of the Company (2014: 8,158,354,521 Share Stapled Units/ordinary shares of the Company) in issue during the year.

13. Property, plant and equipment and interests in leasehold land

\$ million	Site formation and buildings	Plant, machinery and equipment	Fixtures, fittings and motor vehicles	Assets under construction	Sub-total	Interests in leasehold land held for own use under finance leases	Total
Cost							
At 1 January 2014	-	-	-	-	-	-	-
Additions upon business combination	16,148	45,891	281	3,073	65,393	6,844	72,237
Additions	8	422	45	1,692	2,167	-	2,167
Transfer	356	1,269	81	(1,706)	-	-	-
Disposals	(3)	(216)	(14)	-	(233)	-	(233)
At 31 December 2014 and 1 January 2015	16,509	47,366	393	3,059	67,327	6,844	74,171
Additions	6	578	88	1,844	2,516	-	2,516
Transfer	37	1,016	41	(1,094)	-	-	-
Disposals	(5)	(308)	(15)	-	(328)	-	(328)
At 31 December 2015	16,547	48,652	507	3,809	69,515	6,844	76,359
Accumulated depreciation and amortisation							
At 1 January 2014	-	-	-	-	-	-	-
Written back on disposals	(1)	(110)	(13)	-	(124)	-	(124)
Charge for the year	467	2,089	93	-	2,649	179	2,828
At 31 December 2014 and 1 January 2015	466	1,979	80	-	2,525	179	2,704
Written back on disposals	(2)	(217)	(15)	-	(234)	-	(234)
Charge for the year	510	2,114	79	-	2,703	193	2,896
At 31 December 2015	974	3,876	144	-	4,994	372	5,366
Net book value							
At 31 December 2015	15,573	44,776	363	3,809	64,521	6,472	70,993
At 31 December 2014	16,043	45,387	313	3,059	64,802	6,665	71,467

The above are mainly electricity-related property, plant and equipment in respect of which financing costs capitalised during the year amounted to \$78 million (2014: \$74 million).

Depreciation charges for the year included \$103 million (2014: \$110 million), relating to assets utilised in development activities, which has been capitalised.

14. Trade and other receivables

	2015 \$ million	2014 \$ million
Trade debtors (see note (a) below)	678	668
Other receivables (see note below)	463	452
	1,141	1,120
Derivative financial instruments	2	3
Deposits and prepayments	17	12
	1,160	1,135

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

Other receivables of the Groups include unbilled electricity charges of \$408 million (2014: \$406 million) to be received from electricity customers.

(a) **Trade receivables ageing analysis**

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

	2015 \$ million	2014 \$ million
Current and within 1 month	625	610
1 to 3 months	36	38
More than 3 months but less than 12 months	17	20
	678	668

Electricity bills issued to residential, 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. HK Electric obtains collateral in the form of security deposits or bank guarantees from customers and the balances are considered to be fully recoverable.

(b) Impairment of trade and other receivables

The Groups' 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. During the year ended 31 December 2015, impairment of trade and other receivables of \$1 million (2014: \$1 million) was charged to profit or loss.

15. Trade and other payables

	2015 \$ million	2014 \$ million
Creditors measured at amortised cost (see note below)	2,557	2,466
Derivative financial instruments	29	22
	2,586	2,488

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

Creditors' ageing is analysed as follows:

	2015 \$ million	2014 \$ million
Due within 1 month or on demand	700	798
Due after 1 month but within 3 months	529	475
Due after 3 months but within 12 months	1,328	1,193
	2,557	2,466

16. Fuel Clause Recovery Account

The Fuel Clause Charges per unit for electricity sales was 32.3 cents from 1 January 2015 (2014: 33.1 cents). Movements on the Fuel Clause Recovery Account were as follows:

	2015 \$ million	2014 \$ million
At 1 January	631	-
Addition upon business combination	-	101
Transferred to profit or loss	(1,861)	(2,875)
Fuel Clause Charges during the year	3,513	3,405
At 31 December	2,283	631

This account, inclusive of interest, has been and will continue to be used to stabilise electricity tariffs.

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

	2015 \$ million	2014 \$ million
Bank loans	34,057	36,788
Current portion	-	(20)
	34,057	36,768
Hong Kong dollar medium term notes		
Fixed rate notes (see note (a) below)	4,486	4,983
Zero coupon notes (see note (b) below)	633	-
	5,119	4,983
Current portion	(900)	(500)
	4,219	4,483
United States dollar medium term notes		
Fixed rate notes (see note (a) below)	6,087	6,098
Zero coupon notes (see note (b) below)	1,954	-
	8,041	6,098
	46,317	47,349

- (a) The Hong Kong dollar fixed rate notes bear interest at rates ranging from 1.65% to 4.55% per annum (2014: 1.65% to 4.55% per annum).

The United States dollar fixed rate notes bear interest at 4.25% per annum (2014: 4.25% per annum).

- (b) The Hong Kong dollar zero coupon notes which were issued at discount have nominal amount of \$1,056 million and accrual yield of 3.5% per annum.

The United States dollar zero coupon notes have nominal amount of US\$250 million and accrual yields ranging from 4.6% to 4.8% per annum. These notes embed with issuer call options allowing issuer to early redeem the notes on 20 October 2020 and annually thereafter until the penultimate year to maturity.

- (c) Some banking facilities of the Groups are subject to the fulfilment of covenants relating to certain of the Groups' statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Groups were to breach the covenants, the drawn down facilities would become payable on demand and any undrawn amount will be cancelled. The Groups regularly monitors its compliance with these covenants. As at 31 December 2015 and 2014, none of the covenants relating to drawn down facilities had been breached.

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

The non-current interest-bearing borrowings are repayable as follows:

	2015 \$ million	2014 \$ million
After 1 year but within 2 years	34,357	900
After 2 years but within 5 years	6,417	37,397
After 5 years	5,543	9,052
	46,317	47,349

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
OF HK ELECTRIC INVESTMENTS MANAGER LIMITED**

For the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$	2014 \$
Revenue		-	-
Administrative expenses		-	-
Profit before taxation	5	-	-
Income tax	6	-	-
Profit and total comprehensive income for the year		-	-

**STATEMENT OF FINANCIAL POSITION
OF HK ELECTRIC INVESTMENTS MANAGER LIMITED**

At 31 December 2015

(Expressed in Hong Kong dollars)

	2015 \$	2014 \$
Current assets		
Amount due from immediate holding company	1	1
Net assets	1	1
Capital and reserves		
Share capital	1	1
Reserves	-	-
Total equity	1	1

**NOTES TO THE FINANCIAL STATEMENTS
OF HK ELECTRIC INVESTMENTS MANAGER LIMITED**
(Expressed in Hong Kong dollars)

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 HK Electric Investments Manager Limited's (the "Company") results for the year ended 31 December 2015 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Company'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. General information

The Company was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 25 September 2013 and is an indirect wholly-owned subsidiary of Power Assets Holdings Limited, which is incorporated in Hong Kong with its shares listed on the Stock Exchange and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States. The address of the registered office and the principal place of business of the Company is Hongkong Electric Centre, 44 Kennedy Road, Hong Kong.

The principal activity of the Company is administering HK Electric Investments (the "Trust"), in its capacity as trustee-manager of the Trust. The Trust was constituted as a trust on 1 January 2014 by a Hong Kong law governed Trust Deed entered into between the Company, as the trustee-manager of the Trust, and HK Electric Investments Limited.

The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the registered holders of units of the Trust but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

3. Basis of presentation

In accordance with the Trust Deed, a distributions statement shall be included in the financial statements of the Company. As the details of the distribution has already been presented in note 11 to the consolidated financial statements of the Trust and HK Electric Investments Limited on page 19, no distributions statement is therefore presented in these financial statements.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company's financial statements together with the consolidated financial statements of the Trust and of HK Electric Investments Limited for the year ended 31 December 2014 has been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2015 will be delivered to the Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Company for the year ended 31 December 2014. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance. The financial statements for the year ended 31 December 2015 have yet to be reported on by the Company's auditor.

4. Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Company. The adoption of these amendments to standards does not have material impact on the Company's financial statements.

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

5. Profit before taxation

Auditor's remuneration of \$55,000 (2014: \$52,000) and all other expenses of the Company which were incurred for the administering of the Trust of \$503,448 (2014: \$404,328) for the year have been borne by HK Electric Investments Limited, which has waived its right of recovery thereof.

Except for the above, the Company did not incur any administrative expenses during the year (2014: \$Nil).

6. Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements for the current and prior years as the Company did not have any assessable profits.

OTHER INFORMATION

Final distribution and closure of Registers

The Trustee-Manager Board has declared a final distribution by the Trust for 2015 of HK20.12 cents per Share Stapled Unit. The final distribution will be payable on 13 April 2016 to Holders of Share Stapled Units whose names appear in the Share Stapled Units Register at the close of business on Friday, 1 April 2016, being the record date for determination of entitlement to the final distribution. To qualify for the final distribution, all transfers accompanied by the relevant Share Stapled Unit certificates should be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Friday, 1 April 2016.

For the purpose of ascertaining Holders of Share Stapled Units who are entitled to attend and vote at the Annual General Meeting to be held on Thursday, 12 May 2016 (or any adjournment thereof), the Registers will be closed from Monday, 9 May 2016 to Thursday, 12 May 2016, both days inclusive, during which no transfer of Share Stapled Units will be registered. 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 Stapled Unit certificates should be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Friday, 6 May 2016.

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 Share Stapled Units

Pursuant to the Trust Deed, the Holders of Share Stapled Units have no right to demand for repurchase or redemption of their Share Stapled Units. Unless and until expressly permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission from time to time, the Trustee-Manager shall not repurchase or redeem any Share Stapled Units on behalf of the Trust.

None of the Trust, the Trustee-Manager, the Company nor any of their subsidiaries purchased, sold or redeemed any of issued Share Stapled Units during the year ended 31 December 2015.

Corporate governance practices

The Boards are committed to maintaining high standards of corporate governance, and recognise that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Trustee-Manager and the Trust Group, and the ability to attract investment, protect the rights of Holders of Share Stapled Units and other stakeholders, and enhance the value of the Share Stapled Units. The corporate governance policies of the Trustee-Manager and the Trust Group are designed to achieve these objectives and are maintained through a framework of processes, policies and guidelines.

The Trust and the Company are both listed on the Main Board of the Stock Exchange, and are subject to the provisions of the Listing Rules. Pursuant to the Trust Deed, the Trustee-Manager is responsible for compliance by the Trust with the Listing Rules applicable to the Trust and other relevant laws and regulations, the Company is responsible for compliance by the Company with the Listing Rules applicable to the Company and other relevant laws and regulations, and each of the Trustee-Manager and the Company will co-operate with each other to ensure that each party complies with the Listing Rules obligations and to coordinate disclosure to the Stock Exchange.

The Trust and the Company have complied with the applicable code provisions in the Corporate Governance Code throughout the year ended 31 December 2015, except as noted hereunder.

The Trustee-Manager does not have a remuneration committee as provided for in code provision B.1, since under the terms of their letters of appointment the Directors of the Trustee-Manager are not entitled to any remuneration.

Neither the Trustee-Manager nor the Company has a nomination committee as provided for in code provision A.5. At present, the Trustee-Manager and the Company do not consider it necessary to have a nomination committee as the full Boards are responsible for reviewing the structure, size and composition of the Boards and the appointment of new Directors from time to time having regard to the Group's board diversity policy. The Boards as a whole are also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer.

Following the appointments of Mr. Fahad Hamad A H Al-Mohannadi and Mr. Deven Arvind Karnik as Non-executive Directors of the Trustee-Manager Board and the Company Board with effect from 9 June 2015, the Boards had five Independent Non-executive Directors which fall below the required percentage under Rule 3.10A of the Listing Rules. The Trustee-Manager and the Company applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 3.10A of the Listing Rules for a period of one month from 8 September 2015. On 7 October 2015, Mr. Ralph Raymond Shea was appointed as an additional Independent Non-executive Director of the Trustee-Manager and the Company, following which the numbers of Independent Non-executive Directors of the Boards were in compliance with Rule 3.10A of the Listing Rules.

The Trust Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Trustee-Manager Audit Committee and the Company Audit Committee have reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Trustee-Manager and the Company have established a policy relating to inside information and securities dealing for compliance by all employees of the Group.

Annual General Meeting

The Annual General Meeting will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 12 May 2016 at 10:00 a.m. Notice of the Annual General Meeting will be published and despatched to Holders of Share Stapled Units in the manner as required by the Listing Rules in due course.

Boards composition

As at the date of this announcement, the Directors are:

- | | | |
|-------------------------------------|---|--|
| Executive Directors | : | Mr. FOK Kin Ning, Canning (Chairman) (Mrs. CHOW WOO Mo Fong, Susan as his alternate), Mr. WAN Chi Tin (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. CHENG Cho Ying, Francis, Mr. SHAN Shewu and Mr. YUEN Sui See |
| Non-executive Directors | : | Mr. LI Tzar Kuoi, Victor (Deputy Chairman) (Mr. Frank John SIXT as his alternate), Mr. Fahad Hamad A H AL-MOHANNADI, Mr. Ronald Joseph ARCULLI, Mr. DU Zhigang, Mr. JIANG Xiaojun and Mr. Deven Arvind KARNIK |
| Independent Non-executive Directors | : | Mr. FONG Chi Wai, Alex, Mr. KWAN Kai Cheong, Mr. LEE Lan Yee, Francis, Mr. George Colin MAGNUS, Mr. Donald Jeffrey ROBERTS and Mr. Ralph Raymond SHEA |

GLOSSARY

In this annual results announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

Term(s)	Definition
“Annual General Meeting”	The annual general meeting of unitholders of the Trust and shareholders of the Company, as convened by the Trustee-Manager and the Company held on a combined basis as a single meeting characterised as the annual general meeting of Holders of Share Stapled Units
“Boards” or “Boards of Directors”	Trustee-Manager Board and Company Board
“Company”	HK Electric Investments Limited (港燈電力投資有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2013
“Company Audit Committee”	Audit committee of the Company
“Company Board”	Board of directors of the Company
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 of the Listing Rules
“Government”	HKSAR Government
“Group”	The Company and its subsidiaries
“HK Electric”	The Hongkong Electric Company, Limited (香港電燈有限公司), a company incorporated in Hong Kong with limited liability on 24 January 1889 and an indirect wholly-owned subsidiary of the Company
“HKASS”	Hong Kong Accounting Standards
“HKEI”	The Trust and the Company

Term(s)	Definition
“HKFRSs”	A collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Holder(s) of Share Stapled Units” or “SSU holder(s)”	Person(s) who holds Share Stapled Units issued by HKEI
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Power Assets”	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“Registers”	The Share Stapled Units Register, the Units Register, the Principal and Hong Kong Branch Registers of Members and the Register of Beneficial Interests
“Share Stapled Unit(s)” or “SSU(s)”	Share Stapled Unit(s) jointly issued by the Trust and the Company, with each Share Stapled Unit being the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of the Trust); and (c) a specifically identified preference share of the Company stapled to the unit.
“Share Stapled Units Register”	The register of registered Holders of Share Stapled Units

Term(s)	Definition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	HK Electric Investments (港燈電力投資), as constituted pursuant to the Trust Deed under the Laws of Hong Kong
“Trust Deed”	The trust deed dated 1 January 2014 constituting the Trust, entered into between the Trustee-Manager and the Company
“Trust Group”	The Trust and the Group
“Trustee-Manager”	HK Electric Investments Manager Limited (港燈電力投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 25 September 2013 and an indirect wholly-owned subsidiary of Power Assets, in its capacity as trustee-manager of the Trust
“Trustee-Manager Audit Committee”	Audit committee of the Trustee-Manager
“Trustee-Manager Board”	Board of directors of the Trustee-Manager