## **Ten-Year Balance Sheet**

As at 31st December

## The Hongkong Electric Company, Limited

Fixed assets	HK\$ million	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Employee retirement benefit asserts   1,033   539   159   277   220   212   2 -   -   -   -   -   -	Non-current assets										
Derivative financial instruments   29	Fixed assets	46,550	46,123	46,565	46,331	45,353	45,104	45,287	44,045	41,688	39,761
Current assets	Employee retirement benefit assets	-	1,033	539	159	277	220	212	-	-	-
Current assets	Derivative financial instruments	29	8	1	29	-	-	-	-	-	-
Coal, fuel oil and liquefied natural gas   375   255   204   164   189   86   120   138   100   142   250   250   283   281   278   281   275   281   292   301   299   309   309   209   200		46,579	47,164	47,105	46,519	45,630	45,324	45,499	44,045	41,688	39,761
Stores and materials   283   281   278   281   275   281   292   301   299   309   100	Current assets										
Puel Clause Account	Coal, fuel oil and liquefied natural gas	375	255	204	164	189	86	120	138	100	142
Trade and other receivables Cash and bank balances         1,104 1,071 1,074 2,125 2,39 2,71 3 3 2 5 12 9         1,013 2,71 3 2 2 7 3 3 2 5 12 9         1,013 2,71 3 2,71 3 2 2,71 3 3 2 5 12 3 2 3 3 2 5 12 3 3 3 2 3 2 3 3 2 3 3 2 3 3 2 3 3 2 3 3 3 2 3 3 2 3 3 3 3 3 3 2 3	Stores and materials	283	281	278	281	275	281	292	301	299	309
Cash and bank balances         11         4         21         2         7         3         2         5         12         9           Current liabilities         2,771         1,947         2,125         2,539         2,717         2,535         2,688         2,324         2,025         1,363           Current liabilities         8         11,009         (860)         (898)         (842)         (7,535)         (8,699)         (9,666)         (7,944)         (6,573)         (5,992)           Trade and other payables         (11,009)         (860)         (898)         (842)         (1,010)         (1,011)         (1,242)         (1,588)         (1,511)         (1,687)           Current taxation         (2,883)         (2,675)         (5,173)         (5,460)         (229)         (301)         (419)         (792)         (8,293) <td>Fuel Clause Account</td> <td>998</td> <td>336</td> <td>566</td> <td>1,079</td> <td>1,197</td> <td>1,147</td> <td>1,235</td> <td>1,216</td> <td>981</td> <td>262</td>	Fuel Clause Account	998	336	566	1,079	1,197	1,147	1,235	1,216	981	262
Current liabilities	Trade and other receivables	1,104	1,071	1,056	1,013	1,049	1,018	1,039	664	633	641
Current liabilities	Cash and bank balances	11	4	21	2	7	3	2	5	12	9
Bank loans and other borrowings         (1,687)         (1,405)         (3,735)         (4,398)         (7,535)         (8,269)         (9,266)         (7,944)         (6,573)         (5,992)           Trade and other payables         (1,009)         (860)         (898)         (842)         (1,010)         (1,011)         (1,242)         (1,858)         (1,511)         (1,867)         (227)         (220)         (229)         (301)         (419)         (792)         (209)         (227)         (227)         (229)         (301)         (419)         (792)         (209)         (227)         (227)         (229)         (301)         (419)         (792)         (209)         (227)         (227)         (229)         (301)         (419)         (4,268)         (4,268)         (4,276)         (5,881)         (10,927)         (10,594)         (8,293)         (8,086)         (6,723)         (8,086)         (8,283)         (8,086)         (8,086)         (8,086)         (8,086)         (8,086)         (8,086)         (8,086)         (8,086)         (8,270)         (6,268)         (6,723)         (8,086)         (8,233)         (8,270)         (6,268)         (6,720)         (8,086)         (8,270)         (8,086)         (8,790)         (8,283)         (8,790)		2,771	1,947	2,125	2,539	2,717	2,535	2,688	2,324	2,025	1,363
Trade and other payables Current taxation (1,009) (860) (898) (842) (1,010) (1,011) (1,242) (1,858) (1,511) (1,867) (207	Current liabilities										
Current taxation         (187)         (410)         (540)         (220)         (229)         (301)         (419)         (792)         (209)         (227)           Location In Exercise Current Liabilities         (2,883)         (2,675)         (5,173)         (5,460)         (8,774)         (9,581)         (10,927)         (10,594)         (8,293)         (8,086)           Non-current liabilities         46,467         46,436         44,057         43,598         39,573         38,278         37,260         35,775         35,420         33,038           Non-current liabilities         46,467         46,436         44,057         43,598         39,573         38,278         37,260         35,775         35,420         33,038           Non-current liabilities         46,467         46,436         44,057         43,598         39,573         38,278         37,260         35,775         35,420         33,038           Non-current liabilities         10,037         (9,796)         (9,845)         (6,936)         (4,276)         (3,852)         (7,295)         (8,036)         (9,639)         (8,790)           Deferred creditors         -         -         -         (52)         (548)         (760)         (972)         (1,144)	Bank loans and other borrowings	(1,687)	(1,405)	(3,735)	(4,398)	(7,535)	(8,269)	(9,266)	(7,944)	(6,573)	(5,992)
	Trade and other payables	(1,009)	(860)	(898)	(842)	(1,010)	(1,011)	(1,242)	(1,858)	(1,511)	(1,867)
Non-current liabilities   46,467   46,436   44,057   43,598   39,573   38,278   37,260   35,775   35,420   33,038     Non-current liabilities	Current taxation	(187)	(410)	(540)	(220)	(229)	(301)	(419)	(792)	(209)	(227)
Non-current liabilities   46,467   46,436   44,057   43,598   39,573   38,278   37,260   35,775   35,420   33,038		(2,883)	(2,675)	(5,173)	(5,460)	(8,774)	(9,581)	(10,927)	(10,594)	(8,293)	(8,086)
Non-current liabilities   Bank loans and other borrowings   C10,037   (9,796)   (9,845)   (6,936)   (4,276)   (3,852)   (7,295)   (8,036)   (9,639)   (8,790)   (8,790)   (9,796)   (9,796)   (1,585)   (1,537)   (1,585)   (1,587)   (1,455)   (1,387)   (1,387)   (1,350)   (1,302)   (1,242)   (1,169)   (1,267)   (423)   (307)   (268)   (79)   (68)   (57)   -   -   -   -   -   -     (1,645)   (1,362)   (1,645)   (1,362)   (1,645)   (1,362)   (1,645)   (1,362)   (1,	Net current liabilities	(112)	(728)	(3,048)	(2,921)	(6,057)	(7,046)	(8,239)	(8,270)	(6,268)	(6,723)
Bank loans and other borrowings   (10,037)   (9,796)   (9,845)   (6,936)   (4,276)   (3,852)   (7,295)   (8,036)   (9,639)   (8,790)   (9,790)   (1,770)   (1,770)   (1,770)   (1,508)   (1,537)   (1,508)   (1,455)   (1,537)   (1,508)   (1,455)   (1,387)   (1,387)   (1,350)   (1,302)   (1,242)   (1,169)   (1,267)   (423)   (307)   (268)   (79)   (68)   (5,77)	Total assets less current liabilities	46,467	46,436	44,057	43,598	39,573	38,278	37,260	35,775	35,420	33,038
Deferred creditors	Non-current liabilities										
Customers' deposits         (1,634)         (1,585)         (1,537)         (1,508)         (1,455)         (1,387)         (1,489)         (2,310)         (3,487)         (1,481)         (1,481)         (1,582)         (5,105)         (4,599)         —         (1,589)         (1,14)         (2,11)	Bank loans and other borrowings	(10,037)	(9,796)	(9,845)	(6,936)	(4,276)	(3,852)	(7,295)	(8,036)	(9,639)	(8,790)
Employee retirement benefit liabilities   (1,267)   (423)   (307)   (268)   (79)   (68)   (57)     -       Deferred tax liabilities (Note 4)   (5,479)   (5,426)   (5,426)   (5,432)   (5,382)   (5,236)   (5,105)   (4,599)     -       Derivative financial instruments   (14)   (7)   (1)   (5)       -     -       Derivative financial instruments   (14)   (17)   (17,122)   (14,151)   (11,594)   (11,172)   (14,273)   (10,522)   (12,243)   (11,729)     Rate Reduction Reserve (Note 1)   (14)   (1)       (5)   (10)   (9)   (14)   (21)     Development Fund (Note 2)   (311)   (14)         (139)   (138)   (249)   (89)     Net Assets   27,711   29,184   26,935   29,447   27,979   27,101   22,838   25,106   22,914   21,199     Capital and Reserves (Notes 3 & 4)   22   6   4   -   -   937   2,460   2,201   1,975     Hedging reserves (Notes 3 & 4)   22   6   4   -   -   937   2,460   2,201   1,975     Hedging reserves (22)   (6)   (4)   3   -   -   -   -   -   -   -   -       Proposed dividend   3,455   4,928   4,878   3,882   4,244   5,200   1,903   4,311   3,917   3,945     Loan capital   21,845   21,845   19,646   23,151   21,324   19,490   17,587   15,924   14,385   12,868     Description   21,845   21,845   19,646   23,151   21,324   19,490   17,587   15,924   14,385   12,868     Capital and Reserves (Notes 3 & 4)   22   (6)   (7,339   7,289   6,296   6,655   7,611   5,251   9,182   8,529   8,331     Loan capital   21,845   21,845   19,646   23,151   21,324   19,490   17,587   15,924   14,385   12,868     Capital and Reserves (Notes 3 & 4)   22   2,845   21,845   21,846   23,151   21,324   21,324   21,490   21,587   21,592   21,435   21,848   21,848     Capital and Reserves (Notes 3 & 4)   2,411	Deferred creditors	_	-	-	(52)	(548)	(760)	(972)	(1,184)	(1,362)	(1,770)
Deferred tax liabilities (Note 4)   C5,479   C5,426   C5,432   C5,382   C5,236   C5,105   C4,599	•	(1,634)	(1,585)	(1,537)	(1,508)	(1,455)	(1,387)	(1,350)	(1,302)	(1,242)	(1,169)
Derivative financial instruments   (14)   (7)   (1)   (5)   -   -   -   -   -   -   -   -       (18,431)   (17,237)   (17,122)   (14,151)   (11,594)   (11,172)   (14,273)   (10,522)   (12,243)   (11,729)     Rate Reduction Reserve (Note 1)   (14)   (1)   -   -   -   (5)   (10)   (9)   (14)   (21)     Development Fund (Note 2)   (311)   (14)   -   -   -   -   (139)   (138)   (249)   (89)     Net Assets   27,711   29,184   26,935   29,447   27,979   27,101   22,838   25,106   22,914   21,199     Capital and Reserves   Share capital   2,411   2,	Employee retirement benefit liabilities	(1,267)	(423)	(307)	(268)	(79)	(68)	٠,	-	-	-
Capital and Reserves (Note 3 & 4)   Capital Reserves (Note 3	Deferred tax liabilities (Note 4)	(5,479)	(5,426)	(5,432)	(5,382)	(5,236)	(5,105)	(4,599)	-	-	-
Rate Reduction Reserve (Note 1)         (14)         (1)         -         -         -         (5)         (10)         (9)         (14)         (21)           Development Fund (Note 2)         (311)         (14)         -         -         -         -         (139)         (138)         (249)         (89)           Net Assets         27,711         29,184         26,935         29,447         27,979         27,101         22,838         25,106         22,914         21,199           Capital and Reserves         Share capital         2,411	Derivative financial instruments	(14)	(7)	(1)	(5)	_	_	_	_	_	
Development Fund (Note 2)         (311)         (14)         -         -         -         -         (139)         (138)         (249)         (89)           Net Assets         27,711         29,184         26,935         29,447         27,979         27,101         22,838         25,106         22,914         21,199           Capital and Reserves         Share capital         2,411         2		(18,431)	(17,237)	(17,122)	(14,151)	(11,594)	(11,172)	(14,273)	(10,522)	(12,243)	(11,729)
Net Assets         27,711         29,184         26,935         29,447         27,979         27,101         22,838         25,106         22,914         21,199           Capital and Reserves         Share capital         2,411	Rate Reduction Reserve (Note 1)	(14)	(1)	_	_	_	(5)	(10)	(9)	(14)	(21)
Capital and Reserves           Share capital         2,411	<b>Development Fund (Note 2)</b>	(311)	(14)	-	_	_	_	(139)	(138)	(249)	(89)
Share capital         2,411	Net Assets	27,711	29,184	26,935	29,447	27,979	27,101	22,838	25,106	22,914	21,199
Reserves (Notes 3 & 4)         22         6         4         -         -         -         937         2,460         2,201         1,975           Hedging reserves         (22)         (6)         (4)         3         -	Capital and Reserves								_		
Hedging reserves         (22)         (6)         (4)         3         -	Share capital	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411
Proposed dividend         3,455         4,928         4,878         3,882         4,244         5,200         1,903         4,311         3,917         3,945           5,866         7,339         7,289         6,296         6,655         7,611         5,251         9,182         8,529         8,331           Loan capital         21,845         21,845         19,646         23,151         21,324         19,490         17,587         15,924         14,385         12,868	Reserves (Notes 3 & 4)	22	6	4	-	_	-	937	2,460	2,201	1,975
5,866         7,339         7,289         6,296         6,655         7,611         5,251         9,182         8,529         8,331           Loan capital         21,845         21,845         19,646         23,151         21,324         19,490         17,587         15,924         14,385         12,868		(22)	(6)	(4)	3	-	-	-	-	-	-
Loan capital 21,845 21,845 19,646 23,151 21,324 19,490 17,587 15,924 14,385 12,868	Proposed dividend	3,455	4,928	4,878	3,882	4,244	5,200	1,903	4,311	3,917	3,945
		5,866	7,339	7,289	6,296	6,655	7,611	5,251			
<b>27,711</b> 29,184 26,935 29,447 27,979 27,101 22,838 25,106 22,914 21,199	Loan capital	21,845	21,845	19,646	23,151	21,324	19,490	17,587	15,924	14,385	12,868
		27,711	29,184	26,935	29,447	27,979	27,101	22,838	25,106	22,914	21,199

## Notes:

<sup>(1)</sup> The purpose of this reserve is to reduce, by means of rebates, electricity tariffs to customers.

<sup>(2)</sup> The main purpose of the development fund is to assist in financing the acquisition of fixed assets and it is not part of shareholders' funds.

<sup>(3)</sup> Up to 2001, these reserves include a Scheme of Control tax adjustment, calculated in accordance with the renewed Scheme of Control Agreement effective 1st January 1994. These represent the accumulated difference between depreciation and the Inland Revenue tax allowances, applying the tax rate applicable to each respective year. This Scheme of Control tax adjustment was required to be retained within The Hongkong Electric Company, Limited ("HEC") until such time as it may be required to pay the tax. Starting from 2002 following the implementation of Hong Kong Statement of Standard Accounting Practice No. 12 (revised) "Income Taxes", a deferred tax liability has been recognised on HEC's balance sheet and this Scheme of Control tax adjustment is no longer considered necessary.

<sup>(4)</sup> Hong Kong Statement of Standard Accounting Practice No.12 (revised) "Income Taxes" was first effective for accounting periods beginning on or after 1st January 2003. In order to comply with this revised Statement, the Group adopted a new accounting policy for deferred tax in 2003. Figures for 2002 have been adjusted. However, it is not practicable to restate earlier years for comparison purposes.