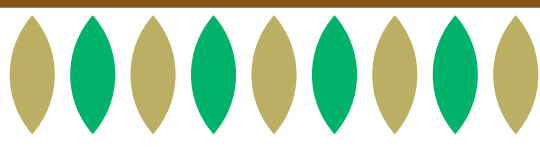


Growing from our strengths

With its long heritage and strong foundation at home, HK Electric has been actively pursuing investment opportunities outside Hong Kong for the past decade. It now has a wide range of energy-related businesses across the continents, accounting for over 30% of the Group's total profits in 2009, up from 13% the year before.



Equipment upgrades at Stanley Power will result in annual reductions of greenhouse gas emissions



We hold a 50% stake in Wellington Electricity that achieved modest growth last year



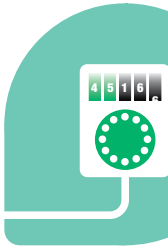
We own 41.3% of NGN, serving 6.7 million people in the UK



Equity in Yunnan Dali and Hebei Leping wind farms



Smart meter programme at CityPower/Powercor



Full operation of Ratchaburi Power Co Ltd with its 1,400MW installed capacity



CANADA
 UNITED KINGDOM
 AUSTRALIA
 THAILAND
 CHINA
 NEW ZEALAND



Growing from our strengths

IN BUSINESS: BEYOND HONG KONG

From our coal and gas-fired power stations in Canada to gas-fired units in Thailand, electricity distribution networks in Australia to gas distribution in the United Kingdom and wind farms in mainland China, HK Electric has been leveraging the success in Hong Kong in its operations outside Hong Kong.

New foray into mainland China

In 2009, we took a strategic step in gaining access to the electricity generating business in mainland China by acquiring 45% interests in two power plants in Guangdong province and one in Jilin province. Given Guangdong's proximity to Hong Kong, we are well positioned for greater entry into the mainland market in the future.

Increased shares in NGN

In the United Kingdom, our investment in Northern Gas Networks (NGN) increased from 35.1% to 41.3% in November 2009. NGN is sharply focused on being the most efficient network in the UK's gas industry.

Stanley Power looking for acquisitions

With operations across Canada, Stanley Power is looking to expand its current portfolio for even greater earnings opportunities. A 50% stake in Stanley Power puts HK Electric in a good position to see this materialise.

ETSA Utilities' proposal for 2010–2015 regulatory period

ETSA Utilities, of which HK Electric holds a 27.9% interest, has submitted a proposal for the 2010-2015 regulatory price reset period. The Australian Energy Regulator's final decision is due in April 2010.

Thailand full year operations

In Thailand, where HK Electric holds a 25% stake in the Ratchaburi Power Company Limited, we expect a promising future after seeing a full year operation of the Ratchaburi Power Station. Two gas-fired generation units totalling 1,400MW were commissioned in 2008.

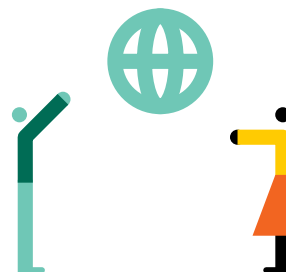
Growth opportunities

Growing our earnings base from operations outside Hong Kong remains a key strategy for HK Electric. We expect these profit contributions to continue increasing in the coming years as we keep looking for investment opportunities outside Hong Kong and aim to reduce reliance on our Hong Kong operation.

Meeting local demand

In Hong Kong, our customers have the full assurance that under the new Scheme of Control Agreement effective 1st January 2009, provisions are in place to encourage emissions reduction, energy efficiency, operational performance, service quality, and the use of renewable energy.

Projects to increase the supply of electricity to the MTR West Island Line and South Island Line will begin in 2010. Replacement and addition of transformers for the two lines will be up for commissioning through 2016.





Growing from our strengths

FOR THE ENVIRONMENT: PROVIDING GREEN POWER

HK Electric is actively engaged in global efforts to deliver cleaner, more efficient and reliable electricity. Whether in Hong Kong or outside, we do so with an acute awareness that our customers' needs for electricity are inseparable from their respect for the planet we all share. A number of measures are in place to address their concerns about environmental challenges associated with the provision of electricity.

Increasing the use of natural gas

HK Electric has been gradually increasing its gas-fired generation since 2006 with the commissioning of its first gas-fired unit. This now accounts for 20% of our total electricity sent out in 2009, and is expected to continue rising to about 30% in 2010 when new gas supply is available.

With our increased use of natural gas, we have significantly reduced coal consumption for power generation.

Retrofitting more FGDs and Low NO_x Burners

To help meet emission targets set by the Hong Kong SAR Government for 2010, HK Electric completed the retrofitting of the 4th Flue Gas Desulphurisation (FGD) plant and Low Nitrogen Oxides (NO_x) Burner on an existing coal-fired generating unit, L5, in Lamma Power Station in mid 2009. Two more FGD plants and one more Low NO_x Burner will be brought on line for L4 and L2 in 2010. When all these emission reduction works are completed, the electricity generated by Lamma Power Station is basically clean.

Developing wind farm in Hong Kong

HK Electric is in the planning stages for a proposed 100MW offshore wind farm in the Southwest Lamma Channel. The plan is to produce enough energy for

about 50,000 families in Hong Kong, representing 1-2% of our total electricity output. An environmental impact assessment study was completed at the end of 2009, and, subject to approval by the Government, a one-year wind monitoring exercise will be conducted before tendering and construction.

Introducing solar energy

We are also embarking on the largest project to harness solar energy in Hong Kong. 5,500 modules using Thin Film Photovoltaic (TFPV) technology will be installed on the roofs of the Main Station Buildings at the Lamma Power Station. This 550kW TFPV system is expected to generate 773,000 kWh of electricity annually. Erection work will begin in March 2010 and commissioning of the project is scheduled for June 2010.

Building wind farms in mainland China

In 2009, we saw the successful commissioning of our two wind farms in Yunnan and Hebei, totaling 97.5MW, in partnership with the China Huaneng Group. Following these successes, we are watching for new investment opportunities in renewable resources.

Support for electric vehicles

In December 2009, we opened the first electric vehicle (EV) charging station in our supply territory. In support of the Hong Kong Government's promotion of the wider use of EVs to improve roadside air quality, we have been working with car park operators and property management companies to install charging infrastructure. Free charging is available to motorists during the initial period to familiarise them with the procedures.

