

Consistency

Since 1889, HK Electric has been providing Hong Kong with efficient and affordable electricity. With world class reliability, we have contributed to the development of Hong Kong and its role as a financial centre.





We have met or exceeded all pledged customer services standards in 2008.



Our shareholders benefit from the Group's strong financial position.



HK Electric achieves outstanding electricity supply reliability.





Five Customer Relationship Excellence Awards are given to outstanding employees at HK Electric.



The Marsh Road Station Building adopts a green building concept.



CitiPower and Powercor reach important milestone of one million customers.

...in providing reliable electricity

Generation

HK Electric's Lamma Power Station has a total installed capacity of 3,735 MW, which includes both coal-fired and gas-fired generating units. In 2008, the power station's coal-fired units generated approximately 83% of the electricity sent out while the gas-fired units generated approximately 17%.

Overall availability and reliability of all the generating units was higher in 2008. Unit 9, HK Electric's first gas-fired combined cycle generating unit performed satisfactorily in 2008. To increase the power station's gas-fired generating capacity, the conversion of GT57 from an oil-fired combined cycle unit to a gas-fired unit was completed in 2008.

Emission reduction works continued at the Lamma Power Station in 2008 with the installation of flue gas desulphurisation (FGD) plants and low nitrogen oxide system retrofit works for Units 4 and 5 and Unit 2 FGD retrofit works. By the end of 2010, it is expected that over 95% of the electricity generated at the Lamma Power Station will be generated by both gas-fired and coal-fired units with FGD and low nitrogen oxide burners resulting in lower emission levels.

Coal prices increased substantially in 2008 and, while moderating toward the end of the year and into 2009, they remain high by historic standards. The impact of the higher coal costs was mitigated in part through the sourcing and use of a variety of coal during the year.

Transmission and Distribution

Unit sales of electricity in 2008 were 10,865 million kWh compared with 10,891 million kWh in 2007. The slightly lower sales were due to the cooler and wetter weather

during the summer and to the effect of various energy saving initiatives. System maximum demand increased from 2,552 MW in 2007 to 2,589 MW in 2008 due to the exceptionally warm weather in late September.

HK Electric continued to maintain world class supply reliability with a rating of over 99.999% in 2008, the high level of supply reliability has been consistently maintained since 1997.

Supply reliability was supported through investment in our transmission and distribution system. Major transmission projects completed in 2008 included substations and transmission circuits at Marsh Road, Morrison Hill, Apleichau, Tamar and Cyberport. The Marsh Road substation commissioned in 2008 is an energy efficient building with renewable energy installations serving the financial and commercial districts on Hong Kong Island.

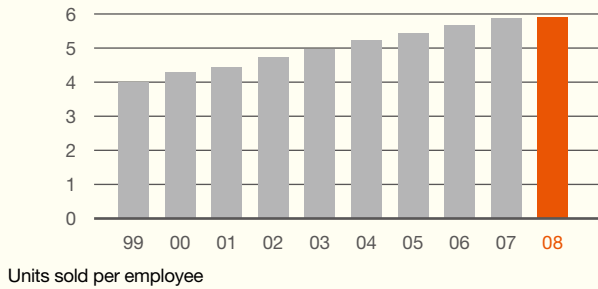
We upgraded major computer application systems such as the Energy Management System and Distribution Management System, which were completed in November for enhanced reliability and performance in system control and monitoring.

...in providing a high standard of customer service

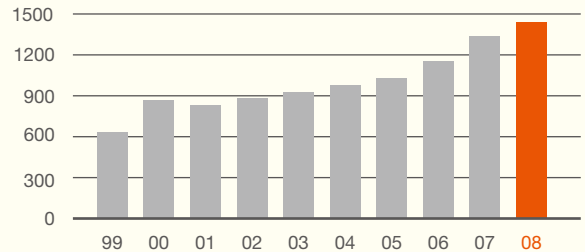
Professionalism

We are pleased that all of our pledged customer services standards in the past year were either achieved or surpassed. The number of commendations received from customers reached a record high of 1,443. This reflected a high level of customer satisfaction with our services, which was due in no small part to the considerable effort of each of our employees.

Productivity 1999 - 2008 (millions of kWh)



Written Commendation Statistics 1999 - 2008



In the past year, individual employees at HK Electric took home five 2007 Customer Relationship Excellence Awards for the following honours: Customer Services Manager of the Year, Customer Services Team Leader of the Year, Customer Services Professional of the Year, and two Merit awards for Customer Services Team Leader of the Year and Customer Services Professional of the Year.

Government electricity charge subsidy

In February 2008, the Government announced that an Electricity Charge Subsidy Scheme would be launched to ease inflationary pressure. We offered full support to the Scheme and worked closely with the Government to devise the implementation details. The Scheme was successfully launched on 1st September 2008. Under the Scheme, a monthly electricity charge subsidy of \$300 is allocated to each residential electricity account for 12 consecutive months. The subsidy can be used for paying electricity charges until 31st August 2014 or the closure of the account, whichever is earlier.

Convenient billing

Our customers now have a network of options for settling their electricity bills. The electricity bill payment service via VanGO convenience stores was introduced in December 2008. In addition to Circle K and 7-Eleven convenience stores, customers can settle electricity bills of up to \$5,000 per transaction by cash at any VanGO store.

The Enterprise Advisor Service was introduced in 2008 at the Customer Centre, providing our commercial customers and their electrical contractors with one-stop advisory services on application for new or additional supply, energy efficiency, electricity safety, power quality and account matters.

To enhance our services to the Maximum Demand customers, the provision of automatic meter reading for the Maximum Demand customers was practically completed in 2008.

Communicating with our customers

To enhance communication with our customers, a new bulletin “HK Electric On-line” was introduced in June for distribution to all customers on a quarterly basis. The bulletin features company updates, green initiatives and community work.

The annual Customer Liaison Group (CLG) Meeting was held on 12th January, where the Company’s major milestones in 2007 and a number of topical issues related to the Company’s latest developments were shared with members. In return, members offered their views and feedback on our services for continuous improvements. This was followed by another meeting of the CLG Committee on 27th September.

...in providing a steady return for our shareholders

HK Electric shareholders have benefited from the Group’s strong financial position and conservative investment profile with the Company shares being one of the best performing shares in the Hang Seng Index in 2008. Going forward, the Company and its businesses both in Hong Kong and internationally are well placed to withstand the current worldwide economic uncertainties, and we expect to see continued growth in the proportion of our earnings arising from our activities outside Hong Kong.