

# Financial Review

## Financial Performance and Distribution

As a business trust, HK Electric Investments (the “Trust”) was constituted on 1 January 2014. HK Electric Investments Limited (the “Company”) and its subsidiaries (collectively the “Group”) have not carried on any business since their dates of incorporation up to 31 December 2013. The Company did incur certain expenses during the period in connection with the acquisition of the entire issued share capital of HK Electric and the listing of the Share Stapled Units jointly issued by the Trust and the Company.

The Trust and the Company were publicly listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 January 2014, the date on which the acquisition of HK Electric was also completed. Following this, HK Electric has become a wholly-owned subsidiary of the Company.

In light of this, the Trust and the Company shall only be entitled to the profit of HK Electric as from the date of completion of the acquisition which is the same date as the listing date. Holders of the Share Stapled Units will not receive distributions for any period before the listing date of the Share Stapled Units and the first distribution will be paid for the period from the listing date to 30 June 2014 as an interim distribution.

## Treasury Policy, Liquidity and Capital Resources

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy which is designed to manage the Group’s currency, interest rate and counterparty risks. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

Following the completion of the acquisition and the listing of Share Stapled Units on the Main Board of the Stock Exchange, a total of 8,836,200,000 Share Stapled Units are in issue, of which, 4,426,900,000 were issued pursuant to the global offering and 4,409,299,999 were issued, as part of the acquisition consideration to Quickview Limited (“Quickview”),

a wholly-owned subsidiary of Power Assets Holdings Limited (“Power Assets”). The offer price per Share Stapled Unit was HK\$5.45 and the total equity capital raised (including Share Stapled Units issued to Quickview and before listing expenses) amounted to HK\$48,157 million.

Loan facility agreements dated 10 January 2014 were entered into between HK Electric, the Company and each of the participating banks set out therein, pursuant to which dual currency term loan facilities comprising a Hong Kong dollar tranche of up to approximately HK\$16,521 million and a United States dollar tranche of up to approximately US\$1,519 million (approximately HK\$11,779 million) were made available to HK Electric while a Hong Kong dollar tranche of up to approximately HK\$5,079 million and a United States dollar tranche of up to approximately US\$467 million (approximately HK\$3,621 million) were made available to the Company.

On 6 February 2014, approximately HK\$27,445 million was drawn down by HK Electric for the repayment to Power Assets of loan and loan capital and approximately HK\$8,503 million was drawn down by the Company for the redemption of the promissory note issued by Treasure Business Limited in favour of Power Assets in partial settlement of the acquisition consideration. The maturity dates of these facilities are three years from the date of the first drawdown.

To mitigate the exposure to the foreign currency risk and interest rate risk of the said dual currency term loan facilities, hedging arrangements using cross currency and interest rate swaps have been executed to convert United States dollar liabilities into Hong Kong dollar liabilities and to convert floating rate obligations to fixed rate obligations.

## Charge On Assets

At 31 December 2013, no assets of the Group were pledged to secure its loans and banking facilities.

## Employees

During the period ended 31 December 2013, the Group did not have any employees.