

CEO'S REPORT

A RELIABLE PARTNER FOR HONG KONG

We are proud to have once again delivered on all our stakeholder pledges in our second year of operations as a listed entity on the main board of the Hong Kong Stock Exchange.



In 2015, HK Electric remained one of the world's most reliable suppliers of electricity, an indispensable partner to Hong Kong's economic and social success. Our customer service and supply standards are world-class, with affordable tariffs that were frozen for 2014 and 2015. We have also met our obligations to SSU holders by achieving a steady profit and meeting our distributable income targets.

OPERATION REVIEW

During the year, HK Electric generated over 12,000 GWh of electricity to our customer base of 572,000 (2014: 570,000) on Hong Kong Island and Lamma Island. Electricity sales decreased slightly by 0.7% to 10,879 million kWh (2014: 10,955 million kWh). There was an increase in residential and commercial customers.

Global coal prices remained soft throughout the year, enabling us to source coal at advantageous rates. Declines in world oil prices eased pressure on the cost of natural gas.

CONTRIBUTING TO THE FUTURE DEVELOPMENT OF HONG KONG'S ENERGY MARKET

In 2015, the government conducted a public consultation on the future development of the electricity market to determine the way forward after 2018, when the current Scheme of Control Agreement (SCA) expires.

Following extensive stakeholder research, HK Electric concluded that the current SCA provides the most effective framework for power companies to achieve the government's energy policy objectives with respect to safety, reliability, affordability and environmental protection.

With a power supply reliability rating of over 99.999% since 1997, HK Electric has been able to achieve an average of less than one minute of unplanned power interruption per customer per year since 2009. During the term of this SCA, we have made investments in clean energy and reduced significantly our emissions of sulphur dioxide (SO₂), nitrogen oxide (NO_x) and respirable suspended particulates (RSP) by 40% to 90%. Tariffs had been frozen for two years before



Systematic equipment inspection and maintenance ensure supply reliability.

being reduced across the board in 2016. From 2008 to 2016, net tariffs have only been marginally increased by 4.7% compared to overall inflation of about 27% over the same period.

The prevailing regulatory regime provides a perfect balance whereby consumers enjoy both quality and value for money services and investors receive a rate of return conducive to making long-term investments in electricity infrastructure. As such we believe that change for the sake of change is counterproductive and the SCA should continue in its present form.

The results of the consultation as published by the government show widespread support for our position that the current SCA, with its 9.99% rate of return and 10 year duration, offers an effective and stable platform for innovation and reliability. Respondents saw the power supply in Hong Kong as affordable and cautioned against the introduction of competition just for the sake of bringing in choice.

GENERATING PERFORMANCE OF A HIGH STANDARD

Lamma Power Station (LPS), with an installed capacity of 3,737 MW, forms the heart of our generation activities. LPS operates eight coal-fired units, two gas-fired combined cycle units, five oil-fired open cycle gas turbine units, one commercial-scale wind turbine, and a solar power system consisting of 8,662 thin-film photovoltaic panels.

Following formal approval by the government, we began construction of a new gas-fired generating unit (L10) at LPS in January 2016. Tendering for the unit was completed as planned and the contract was awarded in November 2015. Preliminary engineering design layouts and piling designs have been confirmed and piling will commence in early 2016 with a target of commissioning in 2020. The new unit will enhance our natural gas-fired capacity, helping meet stringent new emissions and carbon intensity targets.

The L2 coal-fired unit was taken offline during the fourth quarter of 2015 for six months to replace aged boiler parts and optimise the combustion system for extension of its service life. Work on the main generation unit will be completed during the second quarter of 2016.

During the year, work progressed on a 3-year refurbishment project to modernise LPS various water supply systems, which are up to 30 years old. Phase 1, involving the replacement of fresh water pipes at the water reservoir and slope area, was completed in December 2015.



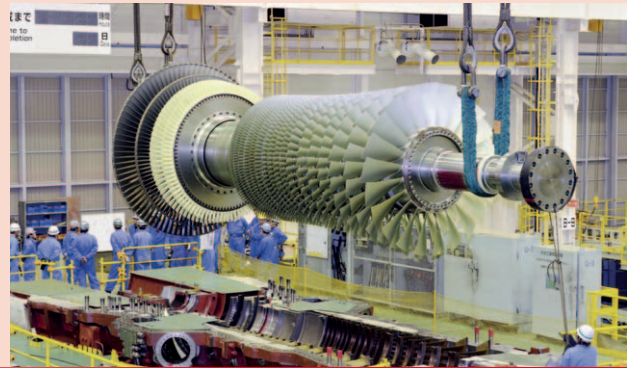
Lamma Winds has generated over 8 million units of green energy since its commissioning.

NEW L10 UNIT TO ADDRESS TIGHTENED ENVIRONMENTAL GOALS

Hong Kong has adopted a carbon intensity reduction target of 50%-60% by 2020 compared with 2005. To support this target we aim to provide 50% of our electricity supply to the customers using natural gas by this date.

Our upcoming L10 gas-fired combined cycle generating unit will be central to meeting these natural gas-based energy targets. Combined cycle generation technology is one of the cleanest and most efficient ways in the world to generate electricity from fossil fuels. The high efficiency of the new L10 unit means that using the same amount of fuel, more power can be generated at a lower cost.

Equipped with a Selective Catalytic Reduction system and state-of-the-art Dry Low NO_x combustion system, the new L10 turbine will further minimise NO_x emissions beyond the levels of the existing units.



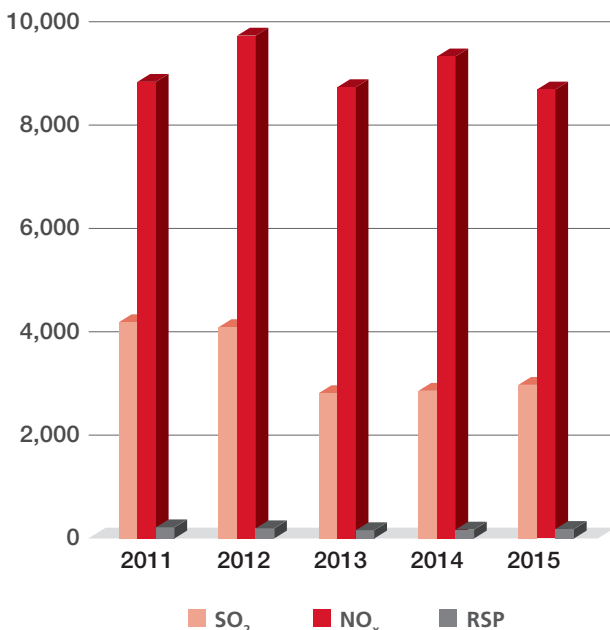
LOW-EMISSION ENERGY PRODUCTION FOR THE NEW GENERATION

We constantly review the environmental impact of our generation activities. In 2015, natural gas and low-sulphur coal remained our primary fuels with the proportion of gas-fired power standing at about 34%.

Natural gas was primarily sourced from Australia and Qatar. Our supply of low-sulphur coal with lower ash content from Indonesia, Russia and Australia played a role in improving our environmental performance during the year. During selection and throughout our engagement we aim to ensure that our suppliers uphold our own standards for sustainability including ethics, human and labour rights, health and safety, and environmental protection.

SO₂, NO_x and RSP emission performance

Tonnes



A range of emissions reduction measures is in place at LPS including flue gas desulphurisation plants and low-nitrogen-oxide burner systems. In 2015 we outperformed the emissions targets set by the government.

During the year, we worked with the government to determine emissions allowances from 2020 onwards. From 2020, our target emissions levels will further decrease by 26% for SO₂, 29% for NO_x and 28% for RSP respectively. Apart from increasing production of gas-fired and renewable energy, we will continue to invest in emissions reduction technology and manage our fuel supply to meet the challenge.

GENERATING GREEN ENERGY FOR BLUE SKIES

Renewable energy forms an important part of our sustainability strategy. We utilise both solar and wind energy for power generation on Lamma Island. In 2015 the renewable energy we generated offset 1,530 tonnes of carbon dioxide emissions.



Our solar power system at LPS generated over 1 million units of electricity during the year.

Lamma Winds, Hong Kong's first commercial-scale 800-kW wind turbine, generated 811,000 units of electricity. The turbine has cumulatively generated 8,909,000 units of green electricity since its commissioning in 2006.

The 1-MW solar power system located on the roof and grounds of LPS generated over 1 million units of electricity.

We completed three years of wind monitoring for our proposed wind farm project. Initial analysis of the wind resource data has confirmed the feasibility of developing a wind farm at the site. Additional data to optimise its design is now being collected. Discussions with key stakeholders have revealed that the community in general is supportive of the project.

The System Control Centre runs on advanced IT platforms.



DELIVERING RECORD LEVELS OF RELIABILITY

HK Electric's transmission and distribution network is responsible for taking the electricity generated from LPS, the wind turbine and solar power system, to homes and businesses on Hong Kong and Lamma Islands. We own and operate a network of 6,145 km of underground and submarine cables, run on a state-of-the-art IT platform at our System Control Centre.

Good management and maintenance of our network assets delivers long term value for our customers as well as investors. We run a proactive network maintenance and improvement programme to ensure supply excellence combined with safe and cost-effective operations.

During the year, the System Control Centre continued with an upgrade of its sophisticated computer systems with smart and green grid features. The Centre's backup systems were reviewed and enhancements and drills were carried out to ensure these critical cyber assets are protected in line with international standards.

We completed tendering for a major project to replace four distributed computer rooms with two next-generation computer rooms with high-speed fibre connectivity. The new rooms will significantly enhance the capacity and capabilities of our existing IT services and operations. The project will be completed in 2017.

CRISIS SIMULATION DRILLS TO PREPARE FOR EMERGENCIES

HK Electric aims to be well prepared to respond effectively to the impact of unforeseen emergencies. We have in place crisis plans which we test in "drill situations" on an annual basis, after which they are evaluated, adapted, and updated based on feedback received.

During March 2015, a drill was conducted in order to evaluate and test our crisis preparedness and response procedures. Featuring system-wide hypothetical scenarios involving a fire incident at our facility, the drill involved senior management across divisions. Follow-up actions identified after the drill are being implemented.



In 2015, we continued to replace components of the outgoing feeder cables at our twenty-five 11 kV zone substations. We have also retrofitted eleven zone substations with on-line partial discharge detection systems to monitor the conditions of the switchgear and cables.

Improvement and cabling work progressed during the year on the North Point 132 kV switching station, which serves as the hub between HK Electric and CLP Power's networks, and also acts as the switching hub for HK Electric's 132 kV system. The first phase of the project commenced in 2014 and will be completed in April 2017. The remaining phases will be considered in the next development plan.

To increase transformer capacity and improve supply reliability and safety, one of the two aged oil-filled transformers located at the MTR Admiralty substation was replaced in 2015. Replacement of the second transformer has commenced and the new transformer will be commissioned in June 2016.

The MTR's proposed Shatin-to-Central Link will extend the existing East Rail Line across Victoria Harbour to Wan Chai North and Admiralty. To supply power for this project we will install two 132/25 kV transformers fed by two 132 kV single-phase cable circuits from the Marsh Road 132 kV switching station. Design and trenching work are under way to go live in March 2020.

Our coordinated network maintenance and improvement approach enables us to maximise customer satisfaction, maintain safety and minimise costs. We achieved a supply reliability rating of over 99.999% in 2015, one of the highest in the world. This is the 19th consecutive year that we have maintained the record.

During the year, representatives from HK Electric participated in a task force run by the government's Electrical and Mechanical Services Department to update and modernise the Electricity Supply Code for electricity suppliers in Hong Kong. The review was completed with the latest version officially released in August 2015.



Replacement of the Admiralty substation transformer will improve safety and reliability.

OUR CARBON FOOTPRINT MATTERS

We all share the responsibility to minimise the environmental impact of our business activities. We believe that by instilling public awareness, reducing waste and recycling, we can do our bit to help protect Hong Kong's environment.

LPS continued its efforts to run the greenest operation possible. In 2015 it obtained the first ISO 14001:2015 Certificate awarded by the Hong Kong Quality Assurance Agency to a public utility for environmentally friendly operations. The Station also expanded its efforts to reduce landfill waste by recycling plastic, glass, paper, used toners, printer cartridges, compact disks, fluorescent lamps and scrap metal. Food-waste eliminators and wood chippers were used to convert organic food waste and grass trimmings into compost for landscaping. 847 kg of organic waste was recycled. During the year we began to supply shore electricity to ash barges while they were berthed at LPS, reducing fuel consumption as well as emissions. We also collected 113,288 m³ of wastewater and rainwater for reuse.

Across our transmission and distribution network we continued to achieve excellent performance under our Environmental Management System, which is



We support community-wide green initiatives around the year to minimise waste.

ISO 14001:2015 certified. The implementation of 21 environmental management programmes including fuel savings as well as the Wastewi\$e Scheme has enabled us to save over HK\$2 million during the year as compared with baseline figures.

HELPING IMPROVE ROADSIDE AIR QUALITY THROUGH ELECTRIC VEHICLES

Environmentally-friendly electric vehicles (EVs) help reduce roadside emissions. We operate a fleet of EVs and provide charging facilities for public use. As at end December 2015, the total number of EVs increased to about 100 units, which represented over one-third of our vehicle fleet, enabling us to reduce fuel consumption during the year.

Our existing 10 charging stations across Hong Kong Island are free to use by the public until end of 2016. We plan to upgrade these stations, reducing charging time by about 60%.

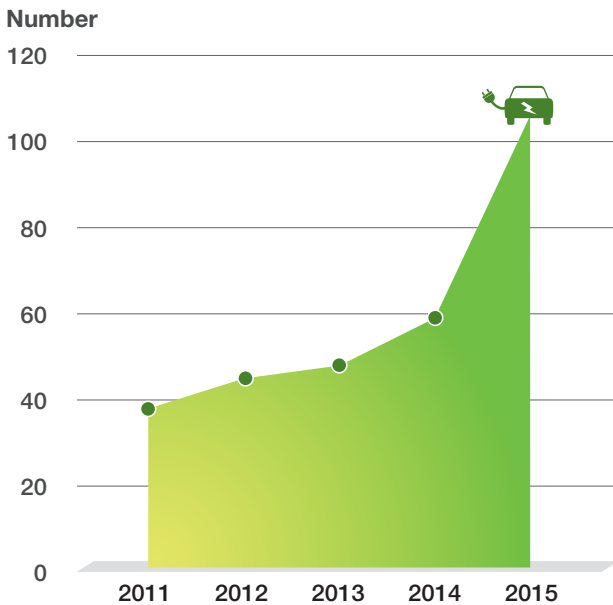
To promote the wider use of EVs, we hosted a number of seminars, exhibitions and panel discussions through the year. We introduced the "Drive EV Charge Easy"

service – a one-stop solution to provide incorporated owners, management offices and EV owners with all-round support for the installation of EV charging facilities in their buildings.



CEO'S REPORT

Growth in HK Electric's fleet of electric vehicles



Our efforts won us four Carbon Reduction Certificates under the Hong Kong Green Organisation Certification scheme. We were also awarded one IAQwi\$e, one Energywi\$e and two Wastewi\$e Certificates under the said scheme, as well as six IAQ Certificates under the Environmental Protection Department's certification scheme. In addition, the Administration Building at LPS was awarded a gold benchmark in Friends of the Earth's Building Energy Consumption Survey while the new LMX Maintenance Building also achieved the BEAM Plus PLATIUM rating.

Our commitment to the environment also includes supporting our customers to reduce their own enviro-impact.

The Smart Power Fund, established in 2014, helps residential buildings improve their energy performance by providing technical advice and subsidies for upgrade projects. In 2015, 15 applications worth about HK\$2.2 million subsidies for energy efficiency improvement were approved, including replacements of lift driving systems, lighting and air-conditioners with more efficient types. A seminar to further promote the Fund was held to mark its first anniversary.

SERVICE EXCELLENCE FOR A SUPERB CUSTOMER EXPERIENCE

Our 18 customer service standards, combined with regular training, ensure that all sections of Hong Kong's diverse community receive consistently high standards of customer

service. We achieved or surpassed all our service standards in 2015, a record we have maintained for sixteen years. These included tightened target service levels for three customer performance indices stipulated in the SCA.

Average waiting times for telephone enquiry services and counter services at our Customer Centre were less than 9 seconds and 3.5 minutes respectively. The average waiting time for calls to the Customer Emergency Services Centre (CESC) was just 2.88 seconds, surpassing our pledged service standard of 9 seconds. An upgrade from analogue to digital trunked lines was completed in CESC to improve the call handling capacity during emergency situations. The number of commendations we received from satisfied customers reached a record high.

Understanding customers' viewpoints enables us to improve and we monitored feedback and suggestions through various channels including customer surveys, "We Meet on Friday" sessions, as well as the "In-Touch Programme". In 2015, the average customer satisfaction index from after-service surveys was 4.6 on a 5-point scale.

We use technology to provide responsive and accessible services that match our customers' lifestyles while being environmentally friendly. To this end we continued to introduce and encourage paperless options including incentives for customers to adopt e-bills. A new e-Receipt Service and e-Cheque Payment Service, as well as convenient smartphone-friendly electronic forms were introduced to improve the customer experience.

To enhance online engagement with customers, we launched a revamped corporate website in September 2015. Featuring a new technology platform and interactive features, both desktop and mobile versions have been well



Our customer service standards are once again recognised by the Hong Kong Retail Management Association.



Our elderly-friendly website makes information easy to find and read.

received. “Web for the Elderly” was also launched during the year, a separate website that incorporates accessible design and provides useful information for senior citizens.

To adhere to global best practice in quality management, we upgraded seven ISO 9001 certificates to the latest version of 2015.

OFFERING SMES THE INFRASTRUCTURE TO SUCCEED

SMEs are vital to Hong Kong’s success as they bring innovation, flexibility and speed to the business landscape. We provide a comprehensive portfolio of services to SMEs covering business start-up and energy management, including advice on supply applications, energy efficiency and safety, and customer installation pre-check services to enable speed to market.

In recognition of our efforts to support the needs of SMEs, the Hong Kong General Chamber of Small and Medium Business named us the Best SME’s Partner of 2015.



Our SME services provide entrepreneurs with end-to-end support.

PROVIDING POWER AND COOLING TO THE REGION’S DATA CENTRES

Data centres remain a key growth sector in Hong Kong. To position ourselves as the best energy partner for data centre operators, HK Electric organised a symposium for about 200 local IT practitioners in 2015 that offered guidance, shared experiences and updates in Hong Kong.

We participated in key industry events and trade shows and conducted intensive marketing campaigns to showcase our one-stop customised data centre services throughout the year.



IT practitioners share experiences at HK Electric Data Centre Symposium.

We are cautiously optimistic about our prospects and performance in the immediate term. We expect that fuel prices will demonstrate some upward movement and will work with our suppliers to continue to achieve efficiencies. Emissions regulations have tightened and our new natural gas-fired L10 unit will form the cornerstone of our efforts to further reduce our carbon footprint. We will retain our emphasis on proactive maintenance and excellent customer service at affordable tariffs. As a result of a decline in international fuel prices, combined with operating efficiencies, we are pleased to be able to reduce net tariff for all customers by an average of 1.1% or 1.5 cents per unit of electricity from 1 January 2016.

CEO REPORT

A SUSTAINABLE FUTURE



HK Electric recognises the impact that its activities have on the community and the environment. As a responsible corporate citizen, we make every effort to measure, understand and communicate our performance in this regard. Apart from caring for our employees, we engage with the community through a range of popular initiatives, continuously striving to enhance our own performance.

Chaired by the Chief Executive Officer and comprising senior management from various divisions, the Group's Corporate Social Responsibility (CSR) Committee steers our efforts in integrating sustainability into our day-to-day operations.

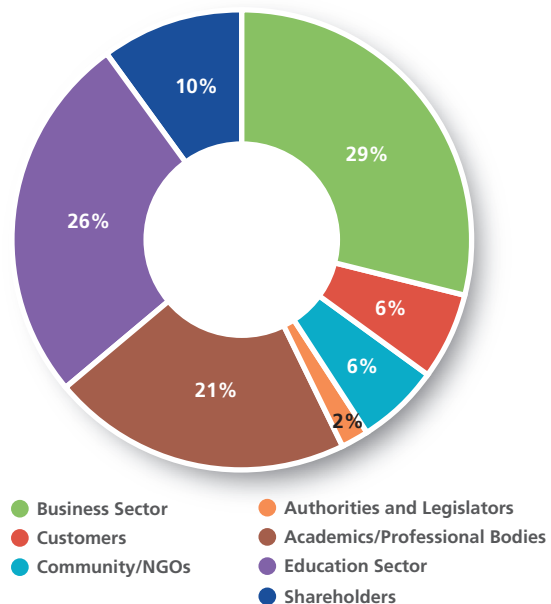
ENGAGING WITH OUR STAKEHOLDERS

The HK Electric Customer Liaison Group (CLG) is the primary formal channel for HK Electric to interact with customers, providing valuable feedback to help us better our services. In 2015, the CLG whose membership now includes customers, district councilors, community leaders and NGO representatives met twice and visited LPS for an update on recent developments of the company.

HK Electric's Joint Consultation Committee with more than 70 members is an important vehicle for communication and consultation between employees and management on a range of topics pertaining to effective operations and employee wellness. The committee held 20 meetings during the year.

Our five district liaison teams continued to serve as the ambassadors of HK Electric at community level. Since 2013, team members have acted as focal points of contact in addressing local concerns as we strive to promote closer and stronger working relationships with various stakeholder groups. During the year, they supported a host of activities organised at district levels.

Visits to LPS and company's facilities by stakeholder groups in 2015



In 2015, we continued to host members of our stakeholder community on visits to LPS and other facilities to enhance their understanding of our operations. Over 240 visits were organised for SSU holders, students, professional bodies, political parties and others.

OUR PEOPLE, CULTURE AND POLICIES

A talented and engaged workforce is central to our sustained success. We strive to create a stimulating and supportive work environment which encourages the pursuit of excellence and rewards success and effective teamwork. We have 1,801 employees in a range of frontline, technical and corporate roles, of which 16.6% are women.



We provide multifaceted orientation and training to graduate trainees.

Attracting the best talent

We recruit employees at all levels, and our graduate trainee programme is central to filling our talent pipeline. During the year we participated in career expos and recruitment seminars organised by universities, government and other bodies, recruiting 24 graduate trainees and 28 technician trainees.

The power industry as a whole needs to make all efforts to attract more of Hong Kong's young students towards an engineering career. To this end we engaged with secondary schools and took in a number of secondary school interns. We also introduced an industrial attachment scheme to provide on-the-job exposure for final-year students of higher engineering diploma courses.

Remuneration and equal opportunities

Our remuneration policy is designed to ensure the company is able to attract, develop and retain high-performing and motivated employees. We offer

competitive and market-aligned remuneration packages that reward performance and initiative. We provide employees with retirement benefits and facilitate wise management and investment of their pension funds. HK Electric was awarded the 2014/15 Good MPF Employer Award by the Mandatory Provident Fund Scheme Authority in recognition of its efforts in this area.

We believe it is essential to provide equal opportunities to everyone without discrimination in all aspects of employment, including recruitment and promotion, giving

ENHANCING OUR SKILLS WITH THE HELP OF INDUSTRY EXPERTS

The HK Electric Institute, a training faculty which taps into the knowledge and expertise of our retired colleagues and in-house experts, conducted 55 modules for 1,223 participants, providing a total of 3,876 training hours in 2015. Lectures by outside professionals have also been incorporated into the Institute's programme. These are proving highly effective as a vehicle for knowledge management.

In November 2015, the Institute signed a Memorandum of Understanding with The Hong Kong Polytechnic University for its experts to serve as visiting lecturers at the university's master's programme. HK Electric will also offer university students hands-on experience with our modern electricity systems, and provide opportunities for research projects. This partnership between industry and academia will help integrate professional knowledge and technical know-how into study courses, enriching the learning process for Hong Kong's future engineers.



CEO'S REPORT

guidance and encouragement to employees at all levels to act fairly. We do not condone discrimination, harassment, vilification and victimisation under any circumstances in the workplace.

Staff training and development

We follow a structured staff development strategy to enable employees to achieve both personal growth and corporate goals. Apart from non-selective training, we also offer an integrated talent management mechanism to identify and accelerate the development of high-potential individuals and render them ready to step into senior leadership roles.

We offered on average 41.8 hours of training per employee in 2015 ranging from technical skills, personal effectiveness and teamwork training for graduate trainees to leadership skills workshop for supervisors and managers.



Employee training workshops are central to staff development and retention.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

HK Electric provided a series of talks for employees on physical and psychological health throughout the year. Using the theme "Positive Workplace and Healthy Lifestyle", the programme also offered staff outings and other recreational activities to encourage employees to develop and maintain a healthy lifestyle. 186 employees received additional training to equip them with knowledge and skills in providing social and psychological support to peers or subordinates facing work-related or personal problems.

We aim to provide a work environment that is both safe and productive for our employees. We comply with all statutory requirements and are guided by international best practice.



Regular inspection helps enforce high health and safety standards.

A comprehensive, accredited Safety Management System, Health and Safety Policy, and Alcohol and Drugs Policy are in place and strictly enforced.

In 2015, LPS achieved 201 days of continuous operation without lost time injury. The transmission and distribution network completed the entire year without lost time injuries, a record it has now maintained for five consecutive years.

We expanded the scope of implementation of our 5S Good Housekeeping and Work Safe Behaviour programmes to cover a wider range of operational activities with more trained in-house observers. Internal audits as well as audits by the Hong Kong Quality Assurance Agency were conducted systematically throughout the year. We incentivise employees to participate in health and safety initiatives and work towards incident-free operations.

The company joined the Workplace Hygiene Charter, organised by the Occupational Safety and Health Council, Labour Department and Radio Television Hong Kong Radio 1, to guide our initiatives towards establishing a hygienic workplace.

We continued to organise a range of workshops, quizzes, slogan and poster design contests and other interactive activities across the company to engage employees and keep safe and healthy working practices at the top of their minds. We also released a health and safety guidebook and videos, and launched our Safety Resource Centre.

A company-wide Safety Climate Index survey was conducted in order to examine our current safety culture and establish a roadmap for future improvement.

INVOLVEMENT IN THE COMMUNITY

As a utility, one of our missions is to play a positive role in enhancing the public's social and environmental awareness. In fact, our commitment goes beyond philanthropic donations and extends to hands-on involvement to make a difference. Our passionate and energetic team of volunteers has been lending a helping hand to the aged, underprivileged and vulnerable in society.

Our activities revolve around two themes close to our hearts: assistance for the aged and underprivileged and protecting the environment through education and conservation efforts. 2015 saw the team participate in 136 initiatives involving over 1,600 participants, including visits to the elderly, free electrical inspections and environmental services.



Our volunteers support various worthwhile environmental and social causes.

Supporting senior citizens

Over the past decade our team of volunteers has engaged with local communities to render practical assistance to elderly people.

Three district councils, eight NGOs and two rural committees joined HK Electric during the year to launch "CAREnJOY". Under the scheme volunteers would visit the elderly living alone, help purchase heavy and bulky daily necessities such as rice and oil and conduct simple electrical inspections. More than 200 CAREnJOY ambassadors have been recruited to help identify and engage with socially isolated senior citizens. From March 2015 to January 2016, visits were paid to 1,070 elderly.

Co-founded in 2006 by HK Electric and The Hong Kong Council of Social Service, the University of the Third Age (U3A) continues to bring retired people together to learn from each other, volunteer and contribute to the community. U3A leaders organised a total of 512 courses in 2015/16, providing 9,250 learning opportunities for other senior citizens.

RUNNING A G.R.E.E.N.E.R OPERATION

We are committed to sustainable development and strive to conduct our business in an environmentally responsible manner. We follow a "continuous improvement" model with respect to the impact of our operations on the environment. We comply fully with laws and regulations and endeavour to integrate environmental considerations into all aspects of our business operations.

Our activities are governed by the following principles:

- G** enerate, deliver and use electricity efficiently, and utilise natural gas in power generation to enhance diverse fuel mix;
- R** einforce the "4R" policy to reduce, reuse, recover and recycle materials and resources, and promote biodiversity and conservation as much as possible;
- E** xplore the wider use of all kinds of renewable energy;
- E** mbrace green purchasing practices and adopt best practicable technologies and processes to conserve natural resources;
- N** uture environmental awareness amongst our business partners while educating the public on the smart and efficient use of energy;
- E** nsure commitment from all employees and all levels of management, and maintain a close dialogue with our stakeholders;
- R** eport our environmental performance and related information on a regular basis.

CEO'S REPORT



We visit overseas coal suppliers to help maintain quality standards.

4R policy to conserve resources and eliminate wastage

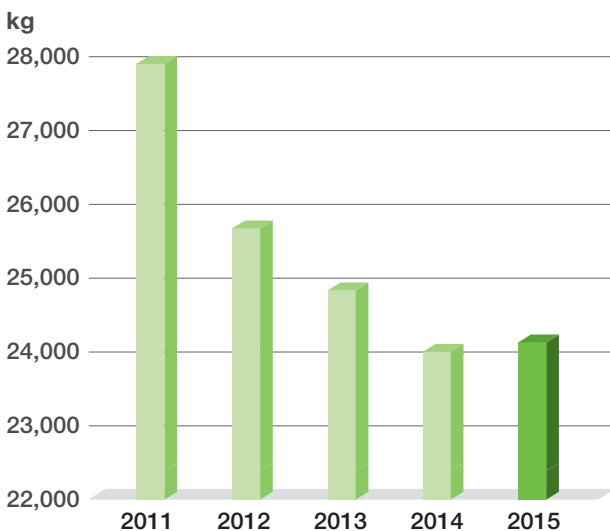
In 2015, we continued to conserve resources and eliminate wastage across our operations through the 4R (reduce, reuse, recover and recycle) policy.

Carbon audits were conducted across our buildings and we maintained the average indoor room temperature of our main office buildings at 24-26°C during the summer months to minimise power consumption.

We increased the scope of our recycling efforts during the year. We separate commercial and industrial waste at source in order to support Hong Kong's efforts with recycling. Glass bottles, plastic and paper are recycled across our facilities.

We endeavor to ensure our suppliers/contractors perform to the same environmental standards as our own. We visited overseas coal suppliers during the year to carry out quality control checks as well as understand their corporate, environmental, social, health, and safety activities.

HK Electric's paper consumption



Educating consumers and businesses about smarter energy choices

We actively educate our stakeholders on green energy and provide them with the tools to make wise energy choices. During the year, we conducted 42 mini energy efficiency workshops at the HK Electric Smart Power Centre for academia/schools, professional institutions, overseas utilities, trade practitioners and property/facility management professionals. We also carried out over 50 free energy audits to help businesses identify energy-saving opportunities at their premises.

Electric cooking is healthy, environmentally friendly and well suited to Hong Kong homes. In order to promote its benefits, the popular HK Electric Home Management Centre hosted demonstrations at public events, competitions, school visits, and the activities of various Hong Kong charities related to electric cooking. It also conducted 930 courses for over 10,000 consumers.



HK Electric's Home Management Centre promotes healthy electric cooking.

In order to educate the younger generation of social consumers on how to be more power-wise during their everyday activities, we launched the "Eco-Quality Home" YouTube channel featuring short videos on creating a green household, Facebook promotions, as well as display centres for innovative green home appliances. These activities attracted more than 5,000 visitors and extensive media coverage.

Our efforts to encourage the catering trade to adopt environmentally-friendly electric kitchen equipment to promote efficiency and provide a healthy working environment enabled us to receive the Green Achievement in Catering Industry Award from the International Association of Gourmet Master Chefs & Hospitality Executives during the year.

INSTILLING GREEN THINKING IN CHILDREN AND FAMILIES

Our Smart Power Campaign ran activities for over 80,000 students and members of the public throughout the year.

The “Happy Green School” initiative, launched in 2012, expanded to include about 310 schools, including over 65,000 students in a range of eco-friendly activities. A competition was held in which school students submitted ideas for implementing renewable energy/energy efficiency initiatives on campus. We offered schools achieving environmental targets incentives in the form of talks on energy conservation, visits to the company’s Smart Power Centre, eco-heritage tours and up-cycling workshops.

Our 2015 “Green Hong Kong Green” Eco-tour Festival involved more than 1,200 people in activities including eco-heritage tours; a carnival featuring music; educational game booths; talks; cooking demonstrations and hands-on workshops.



Supporting eco-initiatives

HK Electric employees and their families supported various external green initiatives in 2015 including the 42nd anniversary of the United Nations’ World Environment Day, which saw 500 employees taking part. To mark “Earth Hour 2015” we switched off external and decorative lighting at nine of the company’s buildings for an hour during the evening of 28 March and provided data for WWF to assess

the impact of the campaign. We also provided data to Green Sense for “No Air Con Night” held on 25 September to estimate its impact.

SUSTAINABILITY PERFORMANCE AND DISCLOSURE



Our sustainability report showcases our performance and achievements in CSR work.

At HKEI we implement proactive business strategies to combat climate change and enhance transparency in information disclosure. As a participant in the Carbon Disclosure Project, we report greenhouse gas emissions as well as our strategies to reduce them on an annual basis. In March 2015, we published our 2014 Sustainability Report in accordance with Global Reporting Initiative’s G4 Sustainability Reporting Guidelines as well as the Hong Kong Stock Exchange’s Environmental, Social and Governance Reporting Guide, with external independent assurance. The Sustainability Report is available on HKEI’s website (www.hkei.hk).

OUR WAY FORWARD

We believe it is not only good practice but also good business to support the “three pillars of sustainability” – people, planet and profitability. Through our everyday activities and behaviour, we will continue to make every endeavor to set an example for our community, and give back to society whenever we can.

WAN CHI TIN

Chief Executive Officer
Hong Kong, 15 March 2016