

# Report of the Directors

(Expressed in Hong Kong Dollars)

The Directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31st December 2009.

## Principal activities

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are the generation and supply of electricity. Particulars of the Company's principal subsidiaries are set out in Appendix 2 on page 111 of the financial statements.

## Financial statements

The consolidated income statement for the year ended 31st December 2009 is set out on page 54 and shows the Group's profit after tax and Scheme of Control transfers, of \$6,697 million (2008: \$8,029 million). The state of the Company's and the Group's affairs as at 31st December 2009 are set out in the financial statements on pages 54 to 113.

## Dividends

An interim dividend of 62 cents (2008: 62 cents) per ordinary share was paid to shareholders on 15th September 2009 and the Directors recommend a final dividend of \$1.49 (2008: \$1.49) per ordinary share payable on 7th May 2010 to shareholders who are registered on the register of members on 6th May 2010.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 27(a) to the financial statements and in the consolidated statement of changes in equity on page 57 respectively.

## Charitable donations

Charitable donations made by the Group during the year amounted to \$3 million (2008: \$3 million).

## Fixed assets

Additions of fixed assets for the year amounted to \$2,751 million (2008: \$2,084 million). The movements in fixed assets during the year are set out in note 13 to the financial statements.

## Subsidiaries

The names, principal activities, places of incorporation and operation and particulars of the issued share capital and debt securities of the principal subsidiaries are set out in Appendix 2 on page 111 of the financial statements.

## Summary of five-year financial results

The summary of five-year financial results of the Group is set out on page 114.

## Major customers and suppliers

The Group's five largest customers combined did not exceed 30% of the Group's total turnover for each of the years ended 31st December 2009 and 2008.

The largest supplier of revenue items for the year represents 15.6% (2008: 31.3%) of the Group's total purchase of revenue items, and the combined total of the largest five suppliers accounts for 61.6% (2008: 71.8%) for the year ended 31st December 2009.

At no time during the year have the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the above major customers and suppliers.

## Directors

The Directors in office during the year were Mr. Fok Kin Ning, Canning, Mr. Tso Kai Sum, Mr. Ronald Joseph Arculli, Mrs. Chow Woo Mo Fong, Susan, Mr. Andrew John Hunter, Mr. Kam Hing Lam, Mr. Holger Kluge, Mr. Lee Lan Yee, Francis, Mr. Li Tzar Kuoi, Victor, Mr. George Colin Magnus, Mr. Neil Douglas McGee, Mr. Ralph Raymond Shea, Mr. Frank John Sixt, Mr. Wan Chi Tin, Mr. Wong Chung Hin and Mr. Yuen Sui See.

During the year, Mrs. Chow Woo Mo Fong, Susan also served as Alternate Director to Mr. Fok Kin Ning, Canning and Mr. Frank John Sixt, and Mr. Chan Loi Shun served as Alternate Director to Mr. Kam Hing Lam.

## Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year (2008: Nil).

## Arrangement to purchase shares or debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangement that enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate (2008: Nil).

## Report of the Directors

### Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined balance sheet of the affiliated companies as at 31st December 2009 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

#### Combined balance sheet of the affiliated companies as at 31st December 2009

	\$ million
Non-current assets	77,601
Current assets	7,423
Current liabilities	(10,416)
Non-current liabilities	(62,613)
Net assets	11,995
Share capital	6,356
Reserves	5,639
Capital and reserves	11,995

As at 31st December 2009, the consolidated attributable interest of the Group in these affiliated companies amounted to \$9,538 million.

By Order of the Board

### Fok Kin Ning, Canning

Chairman

Hong Kong, 3rd March 2010