



港燈電力投資 HK Electric Investments

HK Electric Investments
and
HK Electric Investments Limited
(Stock Code: 2638)



Enduring
Legacy

Constant
Innovation

Annual Report 2025



135+ 推動永續未來
POWERING FOR
SUSTAINABILITY



HK Electric Investments

constituted in January 2014, is a fixed single investment trust in Hong Kong focusing purely on the energy sector. Our Share Stapled Units, issued by the trust and HK Electric Investments Limited (collectively known as “HKEI”), are listed on the Main Board of the Hong Kong Stock Exchange. Our trust is structured to enable us to maintain a dedicated focus on delivering stable distributions to holders of our Share Stapled Units, while ensuring potential for sustainable long-term growth.

Our main operating company, HK Electric, is a power utility responsible for the generation, transmission, distribution and supply of electricity to more than 599,000 customers in Hong Kong. Powering the city’s economic growth since 1890 with affordable, safe and reliable electricity, HK Electric is increasing its gas-fired generation capacity and the use of renewable energy, as well as supporting the community to decarbonise as we help Hong Kong achieve carbon neutrality before 2050.

We are committed to continuing HK Electric’s long tradition of community engagement and support for the underprivileged, and to remaining a positive and responsible member of the Hong Kong community.

With a world-class supply reliability of over 99.999% since 1997 and over 99.9999% in recent years, HK Electric will continue to power Hong Kong into a caring, sustainable and low-carbon city.

Embracing AI and innovation

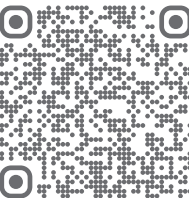


Enduring Legacy Constant Innovation

The annual report cover design captures HK Electric’s enduring legacy and its continuous growth alongside Hong Kong. Built on the principles of reliability, trust, care, and an unwavering commitment to excellence, the visual concept expresses how the company’s heritage continues to guide its future.

The overlapping circles symbolise the seamless connection between tradition and evolution, illustrating how long-standing values inspire ongoing innovation. By uniting past and present operations, the design highlights the equilibrium between stability and forward-looking progress that has long defined the company in powering Hong Kong.

Scan to find out more about our history



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Intelligent Distribution Solution



**Fish Deterrent
System**

Performance Highlights



FINANCIALS

	2025	2024
Revenue	HK\$12,125 million	HK\$12,057 million
Distributable Income	HK\$2,830 million	HK\$2,830 million
Total Distribution per SSU	HK32.03 cents	HK32.03 cents
Interim Distribution per SSU	HK15.94 cents	HK15.94 cents
Final Distribution per SSU	HK16.09 cents	HK16.09 cents
Total Assets	HK\$118,451 million	HK\$118,499 million
Net Debt-to-Net Total Capital Ratio	51%	51%
S&P Credit Rating		
HK Electric	A- / Stable	A- / Stable
HK Electric Investments Limited	A- / Stable	A- / Stable

OPERATIONS

Generation

3,083 MW

Generation Capacity

2024: 3,083 MW

Electricity Generation

~69% ~31%

Gas-fired

2024: 68%

Coal-fired

2024: 32%

750 (Total capacity 15.1 MW)

Number of Renewable Energy

Installations under Feed-in Tariff Scheme

2024: 674 (Total capacity 13.4 MW)

~5.7 GWh

Renewable Energy Certificates
Subscribed by Customers

2024: ~8.7 GWh

Transmission & Distribution

>99.9999%

Supply Reliability

2024: >99.9999%

7,143 km

Network Length

2024: 7,047 km

<0.5 minutes

Unplanned Power Interruption per Customer

2024: <0.5 minutes

Customer Services

599,000

Number of Customers

2024: 593,000

>600,000

Smart Meters Installed

2024: >480,000

9,916 GWh

Units Sold

2024: 10,150 GWh

4.79

Average Customer
Satisfaction Index
(5-Point Scale)

2024: 4.77



Lamma Power Station (1982)

In 1982, Lamma Power Station began operation as a coal-fired facility with two 250-MW coal-fired units.



Lamma Power Station (2025)

By 2025, Lamma Power Station had an installed capacity of 3,083 MW, with gas-fired units contributing 1,475 MW. The three new gas-fired units (L10 – L12) are equipped with Selective Catalytic Reduction systems to reduce emissions, supporting Hong Kong's progress toward decarbonisation.



BUSINESS REVIEW

Steady progress towards
net-zero goals

Chairman's Statement

We take pride in pioneering technologies to enhance our supply reliability, safety and efficiency.



The year 2025 marked our 135th anniversary of lighting up Hong Kong. Over more than a century and a quarter, Hong Kong — and our own operations — have transformed beyond recognition. The economy, society, technologies, fuels, customer expectations and environmental responsibilities, have all evolved.

However, we have been steadfast in our commitment to our core purpose and values. We invest and innovate with a long-term vision, support the community and each other with care and professionalism, and respect the environment in everything we do.

Engineering innovation has always been our pathway to the future. From the early adoption of computerisation in the 1960s, to network automation in the 1970s and today's advanced equipment diagnostics and artificial intelligence (AI), we take pride in pioneering technologies to improve our supply reliability, safety and efficiency.

During the year, we continued to progress the key undertakings in our 2024 – 2028 Development Plan in support of the HKSAR Government's decarbonisation objectives. The construction of L13, our next gas-fired combined-cycle generating unit, and three new oil-fired open-cycle gas-turbine units, advanced on schedule. These projects reinforce generation security, uphold system reliability and pave the way for continued reductions in emissions over time. At the same time, we have practically completed the rollout of smart meters across our customer base.

Financial results and distributions

For the year ended 31 December 2025, HKEI's EBITDA was HK\$8,749 million (2024: HK\$8,719 million) and audited profits attributable to holders of Share Stapled Units (SSU) was HK\$3,149 million (2024: HK\$3,111 million).

The Board of the Trustee-Manager has declared a final distribution by the Trust of HK16.09 cents (2024: HK16.09 cents) per SSU, payable on 22 April 2026 to SSU holders whose names appear on the Share Stapled Units Register on 9 April 2026. Together with the interim distribution of HK15.94 cents (2024: HK15.94 cents) per SSU, this amounts to a total distribution of HK32.03 cents (2024: HK32.03 cents) per SSU for the year.

Infrastructure for a carbon-neutral future

2025 marked the second year of our 2024 – 2028 Development Plan and the transition from planning to intensive implementation. We completed piling works, advanced major civil works for L13, and initiated detailed design and manufacturing of plant equipment during the year. The unit is on track for commissioning in early 2029. When completed, it will increase our proportion of gas-fired generation to about 80%, which will enable us to further reduce carbon emissions.

We also advanced the construction of three new oil-fired open-cycle gas-turbine units, which will replace four existing ageing units. These units are a necessary part of our system to maintain reliability, resilience and operational flexibility. Phased commissioning of the new units is scheduled to begin in early 2027.

During the year, we have practically completed the rollout of smart meters across our entire customer base. We now have detailed electricity consumption data for customers to better understand and manage their energy use, while enabling us to manage our electricity grid more effectively.

Chairman's Statement

A reliable, resilient partner for Hong Kong today

Reliability remains the cornerstone of our commitment to Hong Kong. In 2025, we once again achieved a supply reliability of over 99.9999%, meaning customers experienced, on average, less than half a minute of unplanned power interruption over the year. This performance is, as always, the result of proactive asset management, preventive maintenance and decades of investment in network reinforcement and modernisation.

We seek to ensure that customers have uninterrupted power supply as far as possible even during extreme weather events like super typhoons. Our network assets like distribution substations near the sea are vulnerable to flooding during storms. To mitigate this, we have elevated critical equipment, enhanced drainage and installed protective systems to reduce vulnerability to storm surges and heavy rainfall. These measures complement earlier investments such as cable tunnels and underground power lines, projects initiated by earlier generations of engineers whose foresight continues to benefit Hong Kong today.

Sustainable generation on a green pathway

Gas-fired generation accounted for approximately 69% of our total electricity output in 2025. This reflects steady progress along our coal-to-gas transition and contributes directly to lower carbon intensity and improved air quality. We continued to maximise opportunities for renewable generation despite constraints imposed on the scale of these installations by Hong Kong's geography and scarcity of land resources. Our renewable energy installations, together with customer-owned renewable systems connected under the Feed-in Tariff Scheme, generated around 16 GWh of green electricity throughout the year.

Tech-led operations: embedding IoT and AI

During the year, we have been building an in-house "AI Powerhouse", aiming to make use of this new field of technology to enhance our operations, which is expected to be ready in early 2026. We believe that AI adoption can enhance operational efficiency and support informed decision-making through advanced data analysis, automation, and secure integration. Projects leveraging other AI tools and machine learning to facilitate asset inspection, fault analysis, and maintenance planning have also been successfully launched. These initiatives are improving productivity, safety and resource efficiency.

Following our successful experience with the high-voltage network, we have started to implement round-the-clock automated remote monitoring to our low-voltage network. In addition, our SmartLink@HK Electric platform, supported by sensors connected wirelessly over the LoRaWAN network, now enables earlier fault detection, richer data and faster response capabilities across a wider portion of the system. This is HK Electric's first Internet-of-Things project.

Facilitating customers' green digital lifestyles

Digital channels now sit alongside our customer centre as primary points of engagement. We continued to expand self-service options through the HK Electric App and online platforms. In 2025, around 40% of customer transactions related to service activation, service requests and information access were completed through digital channels. Around 70% of bill payments were made through electronic means.

Green transport remains a key enabler of decarbonisation and the uptake of electric vehicles is growing robustly in Hong Kong. We are supporting this trend with technical consultancy to property managers, transport operators and government bodies on the installation of large-scale charging facilities.

A caring partner for those in need

We continued our long-standing commitment to support vulnerable members of the community through programmes focusing on dignity, accessibility and tangible impact. Our flagship initiatives including CAREnJOY and community care programmes under our Smart Power Care Fund provided practical assistance to the elderly and underprivileged, helping them to improve their quality of life. The Happy Green Campaign and Green Hong Kong Green programme continued to foster appreciation of our environment and promote sustainable living through educational and engaging activities.

Outlook

Looking ahead, affordability remains a central concern for our customers. In January 2026, our Net Tariff fell by 2.2% year-on-year to HK163.3 cents per unit, driven by a lower Fuel Clause Charge. This reduction was achieved despite an increase in the Basic Tariff reflecting ongoing capital investment. We concentrate on managing tariffs carefully in order to balance affordability, reliability and long-term sustainability.

We will focus Smart Power Services where they deliver the greatest benefit, particularly for vulnerable customers and those with high energy needs. We are also exploring initiatives such as time-of-use tariff to encourage home charging of electric vehicles (EVs) during off-peak periods given the rapid increase in EV adoption.

The pathway to carbon neutrality before 2050 is clear but challenging. We are committed to advancing the projects in our Development Plan, enhancing resilience and continuing to plan for the future import of zero-carbon energy. Our systems are capable of supporting widespread electrification of transport, and we will continue to enable the decarbonisation of Hong Kong.

HK Electric's achievements are built on the dedication of our people, the trust of our customers and the vision of those who came before us. I thank my colleagues, SSU holders and board members for all their efforts as we move forward with humbleness, confidence and a deep sense of responsibility towards Hong Kong.

Fok Kin Ning, Canning

Chairman

Hong Kong, 17 March 2026

Long-term Development Strategy

Over our long history we have consistently supported Hong Kong's economic journey by offering safe, reliable and affordable electricity while minimising the impact of our operations on the environment as we strive to deliver sustainable growth in long-term value to our investors.

To achieve our vision to excel in the power business in Hong Kong and continue our long-standing tradition of efficiency and sustainability performance, we are guided by the following long-term strategies:

Serve Hong Kong through world-class power provision

A fail-safe supply of electricity is critical for Hong Kong's economic success. Our priority is maintaining world-class supply reliability, delivered with unrivalled customer service standards. We are also innovating, deploying technology and equipment that allow us to minimise environmental impact.

In recent years, we plan to phase out coal-fired generation by 2035 and have been increasing gas-fired generation and renewable energy in support of Clean Air Plan for Hong Kong 2035. In the long term, we look forward to working with our stakeholders to help achieve the Government's carbon neutrality vision for the city before 2050.

Sustain steady growth in our asset base

Pragmatic and long-term principles guide our investment in power generation, transmission and distribution facilities. All expenditure must support our goals of maintaining supply reliability, enhancing efficiency and customer services while conserving the environment with low-emission energy sources. These investments will enable steady growth in our asset base which in turn generates stable and growing returns for our long-term investors.





Run our business on prudent financial and efficient principles

We embrace the values of prudent financial management and maintain an optimal capital structure with strong liquidity. We strive for operational efficiency and effectiveness and rigorously manage operating costs, including fuel costs. These principles enable us to deliver sustainable returns to our investors while allowing us to provide electricity to our customers at affordable prices.

Year at a Glance

JANUARY – JUNE

- “Smart Power Ambassador Training Programme 2024/2025” offers over 80 retirees opportunities to learn about artificial intelligence and sustainability, including a study tour to the Greater Bay Area on smart ageing enabled by gerontology.



- Seven major power restoration drills are conducted to maintain emergency preparedness, including backup power tests for the 15th National Games Beach Volleyball competition, an exercise with the Electrical and Mechanical Services Department at Heng Fa Chuen to prepare for extreme weather, and a drill with Hong Kong Tramways to strengthen communication and incident-response capabilities.



- Despite its small size, Lamma Island hosts about two-thirds of Hong Kong’s recorded biodiversity, with Lamma Power Station (LPS) attracting over 40% of the island’s bird species through long-term conservation efforts. Alongside bird and coral surveys of habitats, HK Electric’s Green Hong Kong Green nighttime safaris give members of the public an opportunity to explore local wildlife after dark.



- HK Electric and Maxim’s Group’s “All You Can Cook!” x “Happy Green Campaign” Culinary Competition challenges the community to turn unconsumed, leftover ingredients into creative dishes. 24 finalist teams compete in four categories with special awards for “Zero Food Waste Dish”, “Most Creative Dish”, and “Most Popular Dish”, promoting waste reduction and sustainable cooking.





- The Smart Power Gallery 2.0 showcases HK Electric's energy transformation and commitment to sustainability through a revitalised and interactive experience. Featuring redesigned multimedia displays, interactive games and STEAM workshops, the Gallery introduces Smart Power Services and demonstrates the role of electrification and low-carbon energy transition in advancing Hong Kong's roadmap to achieving carbon neutrality before 2050.

- HK Electric holds its first barter event to encourage reuse of resources and waste reduction to support World Environment Day 2025. Colleagues contribute idle items in new or good condition, with around 200 items finding new owners. Unwanted items are either donated or recycled, giving resources a meaningful second life.



- HK Electric's training strategy is showcased by three trainees winning HKIE and Sir Edward Youde Memorial Fund awards. The achievements of Ivan Ip, Zion Yung and Mike Tse reflect the company's strong development pathways, on-the-job training and partnership with Employees Retraining Board, underscoring its sustained investment in cultivating future power industry professionals.

- The 13-day "Belt and Road Advanced Programme in Power and Energy 2025" gathers 28 professionals from six Belt and Road countries and regions for lectures and site visits in Jinan, Xi'an and Hong Kong. The program has been held for eight consecutive years and is co-organised by The Hong Kong Polytechnic University, Xi'an Jiaotong University, State Grid Corporation of China and HK Electric. This year's program focuses on green energy collaboration, smart grids and carbon-neutrality goals.



Year at a Glance

JULY – DECEMBER

- The company's Happy Green Campaign promotes green power and environmental education through its flagship Green Energy Dreams Come True competition. Winning teams create a solar-powered "artificial tree" water harvesting system, an AI-enabled infrared "tree doctor", and an algae-based "living wall". Winners also join a study tour to Chengdu, Sichuan on Chinese Mainland to explore green energy developments.



- HK Electric enters into an agreement with Taihei Dengyo Kaisha, Ltd. to commence erection of the new gas-fired generating unit, L13, scheduled for commissioning in 2029. The unit is expected to increase the company's gas-fired generation to around 80%, supporting Hong Kong's decarbonisation targets.



- HK Electric is advancing transport electrification through Smart Power Services, supporting electric buses, ferries, EV charging and petrol-station upgrades. NGOs such as the Aberdeen Kai-fong Welfare Association benefited from the Green Rehabilitation Bus Pilot Scheme in the provision of accessible rehabilitation buses with less carbon emission.



- Hong Kong Baptist University and HK Electric sign a MOU to collaborate on AI-driven solutions that will enhance power infrastructure and operational efficiency. The first joint-project uses AI to detect faults in low-voltage networks, enabling proactive maintenance and strengthening supply reliability.





- HK Electric supports the 15th National Games by converting the electricity supply to the Media Centre from 11 kV to 22 kV and reinforcing the supply network to ensure reliable electricity supply for all competition venues and training facilities on Hong Kong Island. The company also deploys volunteers to assist at triathlon events and engages the community by arranging viewing sessions for elderly residents.

- The installation ceremony at Hing Tung Estate in Sai Wan Ho marks the near-full rollout of smart meters. With more than 580,000 units installed across Hong Kong Island and Lamma Island, the Advanced Metering Infrastructure helps customers better manage energy use while strengthening HK Electric's overall grid management.



- Supported by advanced control and monitoring systems, strengthened infrastructure and dedicated round-the-clock teams, HK Electric maintains a stable power supply during Super Typhoon Ragasa, with LPS and the power networks operating normally throughout the storm. Only 5 customers on Lamma Island experienced short power interruptions due to trees falling on power lines.

- The company announces a 2.2% reduction in its tariff in January 2026 compared with January 2025, while commits to contributing over HK\$80 million to enhance Smart Power Services and drive low-carbon transformation.



CEO's Report



Cheng Cho Ying, Francis
Chief Executive Officer

An innovation mindset remains at the core of our daily operations as we advance our energy transition.

At 6 p.m. on 1 December 1890, we began supplying power to Hong Kong. Since then, the city, its economy and its community have undergone profound transformation. Marking the 135th anniversary of brightening the first 50 streetlights in Central, we took pride in reflecting on our journey while reaffirming our commitment to customers, the community and the environment. We celebrated our legacy, expressed gratitude, and deepened engagement with those we serve through special initiatives.

We have always been committed to innovating to solve business challenges, and this mindset remains at the core of our daily operations as we advance our energy transition. Despite challenging external conditions, our overall performance remained stable and outstanding. Supply reliability exceeded 99.9999%, despite the severe weather brought about by Super Typhoon Ragasa in September 2025. Carbon emissions declined by around 42% against the baseline year of 2005, as gas-fired generation accounted for about 69% of our output in 2025.

Evolving to meet the carbon neutrality goals

Our operational priorities were aligned with the HKSAR Government's decarbonisation targets to halve the city's carbon emissions by 2035, from 2005 levels, and achieve carbon neutrality before 2050. Efforts during the year covered the modernisation of our generation, transmission and digital infrastructure.

At Lamma Power Station (LPS), the major projects of the 2024 – 2028 Development Plan moved from planning into active execution. Construction of the new gas-fired combined-cycle generating unit L13 advanced according to schedule, with piling works completed in February



2025 and structural works for the main station building progressing on schedule. The contract for electrical and mechanical erection was awarded in September 2025, and preparatory works are progressing steadily ahead of key erection activities beginning in mid-2026. The unit is targeted to commence operations in early 2029, whereby gas-fired generation will increase to about 80% of our total output, further reducing our carbon emissions, by capturing the opportunity of replacing another aged coal-fired unit L6.

In parallel, site installation works for the reprovisioning of three new oil-fired open-cycle gas-turbine units are under way. The units will provide contingency capacity and are scheduled for phased commissioning from early 2027.

Completion of the rollout of the smart meters, together with the associated network and IT infrastructure across our customer base of more than 599,000, represented another significant milestone. Data from smart meters enables customers to use energy more wisely. The changeover has also established a network-wide digital backbone that gives us better visibility across the low-voltage network, enabling us to optimise our system performance, detect faults and trigger proactive maintenance more effectively.



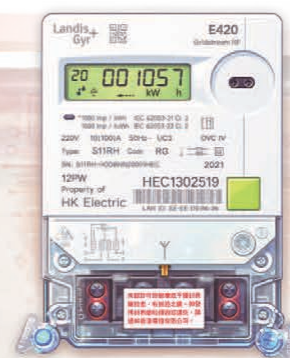
- HK Electric Managing Director, Francis C.Y. Cheng (2nd from right), joins distinguished guests to celebrate the completion of the advanced metering infrastructure and the near-full deployment of smart meters.

FUN FACT



Electricity meter — changing with the times

Did you know that HK Electric has replaced mechanical meters with modern smart meters? They enable real-time remote data access, allowing us to take readings more efficiently and customers manage their consumption more effectively.



CEO's Report



- Enhancing the resilience of our substations ensures uninterrupted power supply.

- HK Electric's engineering team conducts on-site drills and simulated voltage-dip tests ahead of the 15th National Games.

Assuring reliability across the network

Augmenting network resilience remained a key focus in our evolution to meet the needs of Hong Kong's energy future. We moved forward with long-term projects, including the phased replacement of ageing cables and equipment and the expansion of the 22-kV distribution network.

Targeted infrastructure development progressed in the Southern and Eastern Districts of Hong Kong Island to support new and large-scale developments in the area, with land acquisition for new primary substations in the pipeline.

Installation of anti-flooding systems for substations in high-risk areas, has been ongoing in the past two years, and is almost completed. Bund walls, flood gates, sump pumps, and alarm systems have been installed at all substations located within 100 metres of the coastline at areas identified with high flooding risk. Enhanced flood-proofing measures have also been implemented at 145 out of 157 substation sites located at vulnerable sites beyond 100 metres of the coastline.

Operational readiness was reinforced through internal and joint emergency drills. These included joint emergency power restoration drills with relevant government departments for various venues of the 15th National Games, a coordinated drill with Hong Kong Tramways to test incident communication, and a black-rainstorm simulation at Heng Fa Chuen with the Electrical and Mechanical Services

Department. These exercises enhanced cross-team coordination and preparedness during important events and climate emergencies.

HK Electric maintained stable operations throughout Super Typhoon Ragasa, with power generation and transmission systems operating normally. LPS remained fully operational, supported by enhanced flood-protection infrastructure and climate-resilience measures. The operation teams and emergency support teams stayed in the station throughout the typhoon period and worked two shifts to maintain continuous operation of the station. Four brief voltage dips were recorded during the typhoon attack, all triggered by faults outside our system and resolved within a second. During the period, only two low-voltage supply interruption cases occurred on Lamma Island, affecting five customers. Supply was restored before the typhoon signal was lowered in all cases.

Long-term infrastructure investments also contributed to system resilience. The replacement of overhead lines with underground cables, the deployment of smart technologies such as the Intelligent Distribution Solution, and real-time monitoring at high-risk substations enabled early detection of anomalies. Engineering teams combined remote monitoring with safe on-site support to maintain reliable service and ensure rapid restoration where needed.

A reliability performance exceeding 99.9999% is a testament to the strength of disciplined asset management, effective predictive maintenance, comprehensive emergency preparedness and structured operational planning.

FUN FACT



Cables — from up above to down below

Once-familiar pylons and overhead lines have been replaced with subterranean or in-tunnel cables, helping achieve a world-class supply reliability of over 99.9999%.



Smart Innovation across the Low-Voltage Network

HK Electric successfully launched a new Low-Voltage Management System (LVMS) in November 2025 — a major step in smart-grid innovation and operational excellence.

Leveraging SmartLink@HK Electric, a LoRaWAN wireless communication system deployed across our network and Lamma Power Station, the LVMS delivers near real-time visibility of the low-voltage network, helping to improve operational efficiency, minimise fault impacts, and accelerate supply restoration.

The LVMS provides continuous monitoring of low-voltage network conditions through the in-house developed and patented Low-Voltage Fault Indicators, a low-cost Internet-of-Things sensor for large-scale deployment and tailored to the site constraints of low-voltage customer supply points. This enables more efficient fault location, faster deployment of operation teams and more targeted remedial actions as sensor deployment progresses.

The LVMS also incorporates geographical data, providing an intuitive visualisation of the network through both geographic layouts and schematic circuit diagrams. This enhances situational awareness and supports more effective decision-making in low-voltage operations.

The successful implementation of the LVMS represents a significant milestone in HK Electric's digital transformation journey, supporting our goal of powering Hong Kong with resilience, intelligence, and innovation.



Panda Adventure Powered by New Technology

We supported Ocean Park's popular Giant Panda Adventure exhibit and its adjacent facilities with Hong Kong's first Low-Voltage Direct Current (LVDC) System designed to enhance supply stability and operational flexibility.

The LVDC System integrates alternating current (AC) and direct current (DC) networks to supply power efficiently. Leveraging advances in modern power electronics, existing cables that traditionally operate on AC systems can have their power capacity increased by operating under higher DC voltage. Direct current interconnects low-voltage distribution devices using existing AC cables, allowing the system to operate as an additional back-feed source without the need for extensive civil works for installing new cables. This approach enables more efficient and flexible power distribution while making use of established infrastructure.

System resilience is the key benefit of the design. In the event of a fault affecting part of the network, devices within the LVDC System can switch power sources rapidly. This capability reduces the risk of service interruption and enhances supply reliability for critical functions within the campus.

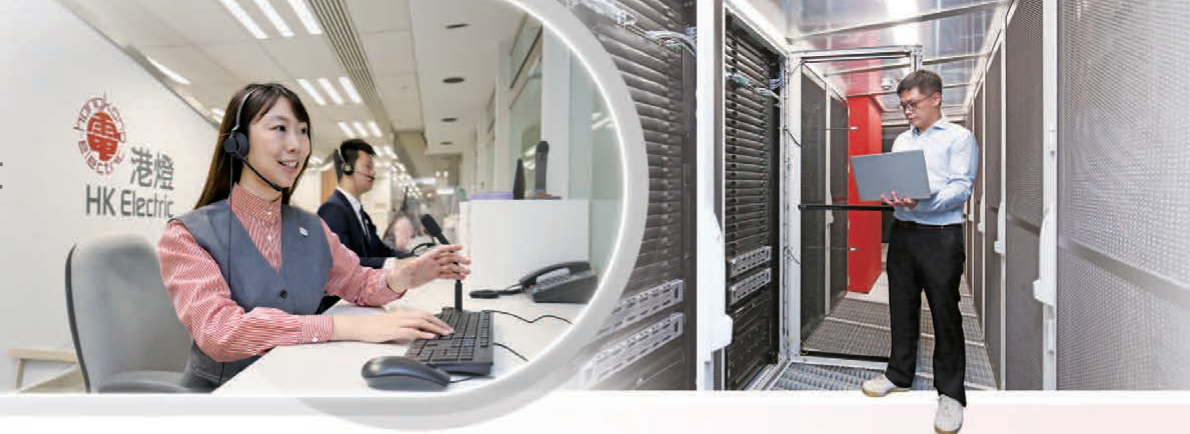
Operational data from the LVDC System is continuously monitored, providing visibility of performance and supporting timely intervention when abnormal conditions arise.

The LVDC System for Giant Panda Adventure demonstrates how easily it can be retrofitted into existing networks to enhance supply reliability and back-feed capability. The design and operating experience provide a practical reference for other mission-critical campuses or sites where supply continuity, flexibility and efficient use of infrastructure are required.

- HK Electric introduces smarter power distribution at Ocean Park's Giant Panda Adventure, with an LVDC power cabinet installed in the distribution substation to further enhance power supply reliability for the Park's critical facilities.



CEO's Report



- HK Electric customer service representatives provide professional and friendly support while consistently upholding the highest service standards.

- Our "AI Powerhouse" platform provides a secure, centralised and systematised infrastructure for hosting and operating AI models.

Delivering service and operational excellence

In 2025, electricity sales to our 599,000 customers declined by 2.3% to 9,916 GWh (2024: 10,150 GWh) due to challenging economic conditions, the absence of a leap day, and milder weather.

Entering its second full year of operation, the offshore liquefied natural gas (LNG) terminal met more than half of LPS's natural gas needs and has helped us source natural gas at more competitive prices from the global market.

As always, we sought to keep tariffs affordable for our customers. In January 2025, the Net Tariff, which includes both the Basic Tariff and Fuel Clause Charge (FCC), increased by HK1.5 cents, or 0.9%, per unit of electricity to HK167.0 cents, compared with HK165.5 cents a year earlier.

For 2026, the Basic Tariff increased by HK5.0 cents to HK127.9 cents per unit to support ongoing capital investment and higher operating expenses. Meanwhile, FCC reduced from HK44.1 cents per unit in January 2025 to HK35.4 cents per unit, resulting in a 2.2% reduction in the Net Tariff to HK163.3 cents per unit in January 2026.

All 18 pledged service standards were met or surpassed during the year. Customer satisfaction remained high, with an index score of 4.79 out of 5.

We continued to expand our digital service offerings to improve customer experience. A new online enquiry form streamlined customer interactions and improved service responsiveness.

Enhanced electronic application forms allowed residential customers to set up autopay during move-in. Customers can now settle electricity bills via the Faster Payment System (FPS) either by scanning the QR codes on the bills or through the Government's "iAM Smart" app. Following the practical completion of the rollout of smart meters, we released a series of educational videos to help customers make better use of our energy management tools.

Digital transformation pathway

Over our 135 years, we have always been an early adopter of technology and believe that artificial intelligence (AI), automation and connected technologies have the potential to drive improvements in safety, operational efficiency, and performance.

A wireless network named SmartLink@HK Electric using Long Range Wide Area Network (LoRaWAN) technology now covers our entire grid and LPS, creating an advanced communications platform that enables seamless data flow from sensors and field devices to data platforms. This greatly enhances our oversight of the network and generating units, and supports 24x7 monitoring with early detection of emerging issues.

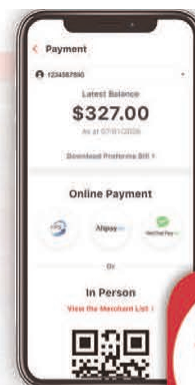
We also rolled out an Intelligent Distribution Solution to enhance monitoring across our distribution substations. This newly deployed system integrates AI-powered CCTV and smart sensors to provide real-time surveillance and operational oversight, further improving reliability and situational awareness across the grid.

FUN FACT



Bills and payments get digital

Electronic bills with e-payment options via FPS and other electronic means have replaced paper invoices, offering greater convenience and saving an estimated 22.1 tonnes of paper each year.



- The Smart Power Building Fund provides subsidies to building owners to enhance the energy efficiency of communal building services installations.

We created a reliable and secure foundation for innovation through AI with the launch of an in-house “AI Powerhouse”. Built on multiple open-source large language models, the platform supports both training and inferencing while safeguarding sensitive information. It will allow models to be created and tuned, and allow integration with internal systems to enhance efficiency.

Collaboration with academia will help us accelerate our AI capabilities and to this end, a Memorandum of Understanding was signed with Hong Kong Baptist University for research and development in this area.

We continued to digitalise our operational records, converting historical and in-service substation files into a searchable, paperless system using structured tagging and AI-driven classification. Following testing, the platform release is targeted for March 2026.

Sustainability-first mindset

Lower-emissions generation from natural gas accounted for approximately 69% of electricity produced while about 31% was coal-fired generation, using low-sulphur coal with reduced ash contents. Emissions control facilities — including flue gas desulphurisation plants, low-NO_x burner systems and electrostatic precipitators — helped us minimise our impact on local air quality. Relative to the baseline year of 2005, sulphur dioxide emissions declined by 97%, nitrogen oxides by 85%, respirable suspended particulates by 92%, and carbon emissions by 42%, approximately. We met or exceeded applicable regulatory targets on all fronts.

We continued to leverage the Smart Power Services umbrella as our primary channel to support the community's energy transition.

In 2025, 210 non-residential customers received free energy audits under the Smart Power Energy Audit scheme. The Smart Power Building Fund approved 77 applications covering 161 buildings, providing subsidies to upgrade communal building services with eligible energy-efficiency projects.

A total of 10 non-profit-making NGOs and schools implemented projects to improve energy efficiency and adopt renewable energy with funding from the Energy-efficient Community Subsidy Programme offered under the Smart Power Services umbrella. Each eligible building received a subsidy of up to HK\$3 million.

- The customer's renewable energy system uses solar panels installed on both the rooftop and façade to maximise power output.

Customer participation in renewable generation continued to grow. Under the Feed-in Tariff (FiT) Scheme, 80 new installations were connected. In total, 750 customer-side FiT installations are now linked to the grid with a combined capacity of 15.1 MW. Our renewable energy installations, together with customer-owned installations, delivered around 16 GWh of renewable electricity.

We continued to help Hong Kong create greener buildings with lower embedded carbon by connecting building sites to grid supply through a Smart Power for Construction Site initiative. The scheme received 20 requests in 2025, and since its launch has connected 60 construction sites to the grid, helping reduce approximately 45,000 tonnes of carbon emissions throughout the construction life-cycle.

- HK Electric offers a one-stop Smart Power for Construction Site service, ensuring timely grid-electricity supply for construction sites while reducing carbon emissions and eliminating the air and noise pollution.

CEO's Report

Minimising and reusing resources

We monitor our operational environmental performance through regular audits covering electricity and water consumption, as well as waste management practices.

In 2025, a range of energy-saving measures, including the installation of LED lighting and the optimisation of the temperatures of chiller water and the operating schedules of chillers in manned buildings at LPS, resulted in an estimated 2.6% reduction in electricity consumption compared with that of 2024. Over 119,000 m³ of rainwater and plant processing water was collected and reused. We reduced freshwater consumption for LPS by 2.3% as compared with 2024. The by-products of electricity generation such as pulverised fly ash and gypsum were also reused in construction and other activities.

In addition, 6,290 litres of turbine oil from the retired generating unit L3 were reused in units L6, L7 and L8 in 2025.

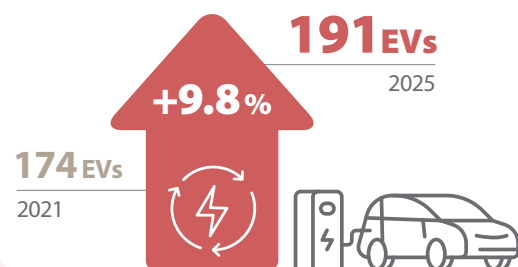
All waste generated from operations was separated in accordance with the Environmental Protection Department's Programme on Source Separation of Commercial and Industrial Waste, supporting higher recycling rates and reduced landfill disposal.

Support for electric transportation

Momentum in electric vehicle (EV) adoption remained strong across Hong Kong and we continued to be at the forefront as an enabler in installing charging infrastructure. Our Smart Power EV Charging Solution received about 470 requests under the Government's EV-charging at Home Subsidy Scheme (EHSS). A total of 120 EV charging-enabling infrastructure projects were completed in 2025, including 95 under the EHSS.

Support extended beyond individual installations. Technical advice, assessments of power supply and installation coordination were complemented by grid planning for large-scale fast-charging facilities at bus terminals and North Point Ferry Pier. HK Electric's own fleet includes 190 EVs and one electric bus, supported by 231 charging stations. HK Electric is also exploring the introduction of a new Time-of-Use tariff for residential EV charging in mid-2026, encouraging users to charge during off-peak hours and offering more flexible options. This initiative promotes low-carbon living and sustainable development.

Increase in the number of HK Electric's EVs: 2025 vs 2021



- Our support for electric transportation extends to Hong Kong's iconic ferries.



Marking 135 Years of Powering Hong Kong

HK Electric marked its 135th anniversary of power supply to Hong Kong in 2025, a milestone that highlights the enduring service behind Hong Kong's electricity system. For over a century, generations of engineers and operation professionals have strengthened and modernised the network, ensuring it keeps pace with evolving demand, advancing technologies and rising environmental expectations.

A series of activities were designed to celebrate this important milestone focusing on sustainability, professional exchange, and institutional memory. In April, a tree-planting ceremony at Lamma Power Station (LPS) showcased the company's commitment to carbon neutrality and biodiversity. Under-Secretary for Environment and Ecology Diane Wong was joined by about 100 stakeholders and green supporters in planting 135 trees and shrubs along the station's main bridge, which connects LPS, and Lamma Extension where all gas-fired units in operation or under construction are located. The bridge was named "Eco-Carbon Bridge", symbolising how these 135 seedlings will grow into mini carbon sinks supporting Hong Kong's low-carbon future.

In October, an Engineering Conference "When Tradition Meets Technology" brought together more than 100 professionals from different utility companies and engineering sectors to exchange operational insights, trace the evolution of engineering practices and explore emerging innovations shaping the future of the engineering industry. The company also marked the occasion by publishing "HK Electric – The Endeavour Behind High Supply Reliability", a commemorative book that captures and passes on the knowledge, experience and wisdom of the many predecessors who helped build HK Electric's world-class distribution network.

A Historical Corner was established in the lobby of Hongkong Electric Centre to showcase landmark moments and exhibits from our 135-year journey. Five interactive panels brought the company's history to life through more than 100 historical photos, videos and documents. By linking past decisions with present-day operations, the exhibition illustrates how early innovations and long-term investments in generation, transmission and distribution infrastructure continue to underpin today's system performance — reinforcing the importance of visionary planning and disciplined execution.

A "Homecoming Reunion" was also organised to reconnect retired and current colleagues across generations to express our gratitude to our predecessors. Their stories and experiences reminded us that the company's achievements today are built on the steadfast efforts of those who came before us.



The planting of 135 seedlings at the "Eco-Carbon Bridge" of LPS symbolises the company's commitment to carbon neutrality.



The launch of the Historical Corner brings the company's past to life.



Engineering conference explores future directions in energy and sustainability.



"Homecoming Reunion" pays tribute to our predecessors.

CEO's Report

We implemented a range of initiatives to reduce our own environmental footprint and align with ESG best practices.

WE EMBODY

transparency and
inclusiveness in our activities



WE SUPPORT

communities and groups
where we can have a real impact



WE PRESERVE

the environment and our
heritage in partnership
with the community



WE FOSTER

a safe, supportive
and rewarding work
environment that promotes
employee wellbeing

Sustainability is central to our corporate strategy and long-term development. Throughout the year, we implemented a wide range of initiatives to reduce our own environmental footprint while maintaining a strong focus on environmental, social, and governance (ESG) best practices. Across generation, transmission and distribution, customer services and corporate functions, our actions were guided by sustainability considerations, as we continued to support Hong Kong's decarbonisation objectives while delivering world-class supply reliability and service excellence.

The strategies pertaining to sustainability and ESG are set across the Group by a board-level Sustainability Committee. A Sustainability Management Committee, led by the CEO, is responsible for cultivating an appreciation of sustainability across the Group, implementing initiatives under the strategy and ensuring adherence to them.

This Sustainability Review should be read together with the Operation Review, which outlines the technical and investment measures underpinning our transition towards clean energy.

Governance and commitment

HK Electric's sustainability framework is rooted in the Group's Vision, Missions and Core Values, as well as our Sustainability Policy. Addressing climate change is a material focus within our strategic direction and is aligned with Hong Kong's Climate Action Plan 2050. In support of the objective to reduce the city's carbon emissions by 50% by 2035 compared with 2005, the company is switching from coal-fired to gas-fired generation and exploring a number of routes to achieve net-zero electricity generation. These include promoting renewable energy and exploring other zero-carbon energy solutions.

HK Electric also supports the six United Nations' Sustainable Development Goals (UNSDGs) that are most relevant to its business, including:



The company has established targets to track progress against these UNSDGs.

Minimising operational footprint and waste

Across our generation facilities, transmission and distribution networks, offices and support facilities, HK Electric applies a long-established 4R principles — reduce, reuse, recover and recycle — to manage resource use and environmental impact. Building on these principles, we proactively prevent or minimise potential environmental impacts across our operations. At LPS, we consistently meet the Government's emission caps, staying well below the required limits. We also continue to drive down our water and energy consumption while reducing waste generation across our processes. Our green certifications, including ISO 14001, ISO 50001, Energywise and Wastewise Certificates of Excellent Level, and Carbon Reduction Certificates for major manned buildings, demonstrate our commitment to continuous improvement and sustainability leadership.

Sustainability Management Committee

- 1 **Francis C.Y. Cheng**
Chief Executive Officer
- 2 **Alex Ng**
Group Legal Counsel
and Company Secretary
- 3 **Wong Kim Man**
Chief Financial Officer
- 4 **Raymond Choi**
Operations Director
- 5 **Bill Ho**
General Manager
(Corporate Development)
- 6 **Dennis Wu**
General Manager
(Human Resources)
- 7 **John Liauw**
General Manager
(Public Affairs)



CEO's Report



- Children enjoy interactive games at the Smart Power Gallery while learning about renewable energy and sustainable living.

- Employees trade unused items, from bicycle helmets to milk frothers, at our first "Barter Market".

Our staff canteens served more than 524,000 meals in 2025. Enhanced meal planning and employee engagement initiatives, such as food pre-ordering, contributed to a reduction in food waste by around 680 kg in 2025 compared with 2024. Employees were also encouraged to participate in post-meal food-waste segregation, promoting a more environmentally responsible workplace culture. In recognition of these ongoing efforts, our canteens at LPS and Head Office received the "Diamond" Class Food Wise Eateries accreditation from the Environmental Protection Department in 2025.

Resource circulation and reuse were further promoted through internal engagement activities. HK Electric organised its first internal barter event on World Environment Day 2025, encouraging employees to exchange reusable items. Around 200 items were collected for exchange, with surplus items either donated to charitable organisations or recycled via government recycling facilities.

HK Electric is a long-term signatory to the Government's Energy Saving Charter and 4T Charter, under which organisations commit to setting energy-saving targets, implementing reduction

measures, and reporting progress transparently. Internal targets covering electricity, water and paper consumption have been established, with staff engagement forming an integral part of delivery. Targets for our key office premises focus on reducing resource use and waste generation. As of 2025, electricity, water and paper consumption, together with waste generated, had decreased by 8.9%, 5.7%, 33.3% and 16.9% respectively compared with the 2020 baseline year.

Indoor air quality remained an operational priority. Office buildings continued to receive recognition under the Government's Indoor Air Quality Certification Scheme, supporting a healthy working environment for employees.

Raising green shoots in the community

Apart from minimising our own footprint, we also spread awareness of environmental conservation within the community.

Our Smart Power Gallery in Sheung Wan was revamped with new interactive exhibits illustrating Hong Kong's evolution towards a smart, zero-carbon and caring city. Smart Power Gallery 2.0

FUN FACT

Renewable energy for Hong Kong

Over two decades, we have expanded renewables generation from the pioneering Lamma Winds turbine and one of Hong Kong's largest solar power system at LPS to 750 customer-side renewable systems under our popular FiT Scheme.



FUN FACT



Appreciating our eco and cultural heritage

Green Lamma Green, a tree-planting initiative launched in 2005, has blossomed into today's Green Hong Kong Green programme with 12 eco-heritage routes that showcase local history and ecology, enjoyed by more than 34,000 people so far through guided tours.



showcases topics including climate change and carbon neutrality, low-carbon energy transition, smart grids, energy management and electrification. A total of 106 guided tours and online learning activities were conducted in 2025 for students, community groups and other stakeholders, providing hands-on learning experiences for visitors.

The Happy Green Campaign remained our flagship umbrella under which a wide range of activities were organised to promote energy efficiency and green lifestyles among the younger generation, reaching out to around 120,000 people through various initiatives held during the year. As part of our efforts to promote waste reduction and decarbonisation, we organised the debut "All You Can Cook!" x "Happy Green Campaign" cooking competition, motivating the public to unlock their culinary creativity by transforming leftover food into delicious dishes. Winning teams received dining and shopping vouchers and also had their recipes showcased in an e-cookbook.

More than 800 schools across Hong Kong are members of the Happy Green Schools Network, receiving educational resources and opportunities to participate in over 100 Other Learning Experiences (OLE) activities that integrate energy efficiency, renewable energy and

low-carbon lifestyle into everyday living. About 100 secondary school students were trained as Happy Green Ambassadors, helping to promote green messages on campus and in the community, while 12 primary schools received funding to implement their green projects.

The annual Green Energy Dreams Come True competition encouraged students from secondary schools and tertiary institutions to propose innovative ideas to help make Hong Kong a more sustainable city. In 2025, 13 winning projects were recognised for their creativity and practical applicability. In addition, 18 delegates joined a six-day learning and cultural tour to Chengdu in Sichuan Province, where they deepened their understanding of clean energy and sustainability, marking the programme's first study tour outside Hong Kong.

The 12 eco-heritage routes operated under the Green Hong Kong Green campaign continued to attract strong public interest. During the year, more than 1,500 local citizens came to appreciate the eco-heritage spots along our routes on Hong Kong and Lamma Islands through physical, online and virtual tours. Night safaris were also organised in August in support of the National Ecology Day, showcasing the city's nocturnal ecology and charm.

- Winners of the Green Energy Dreams Come True competition join a six-day "Green Energy Study Tour" to Chengdu to learn about green energy and Chinese culture.



CEO's Report

FUN FACT



Serving with our hearts

Our volunteers have been a familiar sight across Hong Kong for over 22 years. From around 600 colleagues offering monthly electrical inspections for the elderly, we now have 1,100 “ambassadors of care”, who support cultural events, deliver environmental programmes, and assist underprivileged communities.



Fostering care and inclusion

We consider it our responsibility to help the underprivileged and run a programme of service activities throughout the year. Our efforts are especially targeted towards enriching the lives of elderly members of the society.

The Smart Power Care Fund continued to support a range of programmes to assist low-income families. In 2025, we distributed 10,000 sets of cash coupons to customers under the Concessionary Tariff Schemes and households in financial need, helping them purchase daily necessities.

We partnered with the Government's Care Teams across Hong Kong Island to expand access to our range of care services including the Concessionary Tariff Schemes and the Registration of Life-Support Equipment Users. Information materials and e-leaflets were shared with the Care Teams and Home Affairs Department to convey these messages to eligible customers.

- Our Catering Subsidy Programme supports NGO community centres in providing food and beverages to underprivileged families and those in need during energy-efficiency promotional events.



Care for the elderly remains a long-standing focus of our community work. Through the CAREnJOY programme, we partnered with local NGOs to deliver social, educational and recreational activities for senior members of the community. Popular initiatives included two “CAREnJOY Movie Days”, which encouraged elders and their caregivers to socialise and stay connected, as well as an “Electrical Safety Fun Day” that promoted the safe and efficient use of electricity through games and quizzes.

Volunteering is deeply rooted in HK Electric's culture, reflecting our commitment to caring for the community and being appreciated by both our employees and the public. In 2025, our volunteers contributed a total of 4,849 hours across a wide range of services, from supporting major sporting and cultural events to visiting elderly people and preparing meals for people in need. Our employees also provided on-site assistance to those affected by the Tai Po fire tragedy, complemented by staff donations to provide financial support for longer-term needs.

- Electrical Safety Fun Day educates over 130 seniors and their caregivers on safe and smart use of electricity.



U3A: Two Decades of Empowering Third-Age Citizens

Designed with Hong Kong's ageing population in mind, The "University of 3rd Age" (U3A) programme — funded by the HK Electric Centenary Trust and administered by the Hong Kong Council of Social Services (HKCSS) — has supported active ageing since 2006. U3A encourages retirees to pursue lifelong learning and contribute to the community through volunteering. Since its launch, the programme has organised more than 10,000 courses, providing over 170,000 learning opportunities for local retirees.

Education, ambassadorship and advocacy form the backbone of U3A's initiatives. Beyond personal enrichment, the programme empowers seniors to give back to society, including serving as Smart Power Ambassadors to promote carbon-reducing behaviours and environmental awareness.

We commissioned the Research Centre for Gerontology and Family Studies at The Hong Kong Polytechnic University to assess the social impact of U3A after two decades of running the programme. A survey of 826 local retirees, including 326 U3A participants, yielded compelling findings: more than 95% of U3A members reported benefits in retirement planning, gerontechnology awareness (95%) and environmental protection (97%), while over 98% noted improvements in social and communication skills.

- Smart Power Ambassadors attend the annual Gerontechnology and Innovation Expo cum Summit in Hong Kong to understand the latest technology.



- Winners of U3A's "Outstanding Smart Power Ambassador 2024 – 25" award demonstrate excellence in promoting energy conservation, gerontechnology, and self-learning.

Participants also reported significantly higher overall happiness and lower levels of depression compared with non-participants.

Going forward, HK Electric remains committed to enriching the lives of the elderly. We will support the Government's initiatives to advance the silver economy by expanding choices for seniors, as well as promoting gerontechnology and smart living.

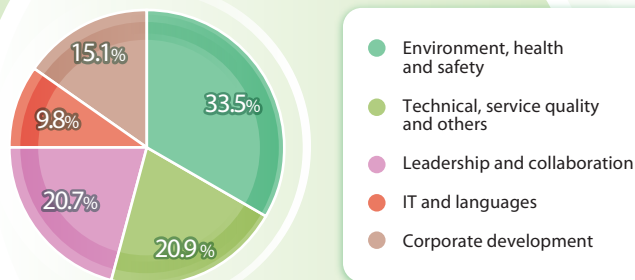
- Over 80 U3A members visit an integrated elderly care facility in Guangzhou to learn about gerontechnology and smart ageing.



CEO's Report



Employee training in 2025



Total training hours:

69,589

- Our career fairs are popular with students across Hong Kong.

Building a strong and resilient workforce

Our ability to deliver reliable, affordable electricity depends on a workforce with deep technical expertise, strong engagement and a shared sense of purpose. In 2025, our people strategy focused on maintaining workforce stability, renewing critical skills and strengthening a culture that supports performance, safety and well-being.

At the end of 2025, HK Electric maintained a stable permanent workforce comprising 1,635 employees. Our workforce composition continued to reflect the technical requirements of the business, alongside ongoing efforts to enhance diversity and inclusion. Women represented around 22% of our total workforce, and the proportion of women in management and engineering roles were 10.0% and 7.5% respectively. Our voluntary turnover rate, including both resignations and retirements, stood at 5.1%, which was lower than that of 2024.

Hong Kong's highly competitive labour market continued to feature a demand-supply gap for engineering, digital and technical talent. In view of this challenge, we maintained our multi-channel approach to talent acquisition, balancing near-term operational requirements with longer-term succession-planning priorities.

Employer-branding efforts were extended through enhanced engagement with social media and targeted outreach, including job-shadowing opportunities for students from The University of Hong Kong. These initiatives provided early exposure to the power industry and helped position HK Electric as an employer of choice for technically predisposed graduates.

Other recruitment activities included participation in career fairs and recruitment talks at local tertiary institutions, as well as structured intake through our Graduate Trainee, Trainee Technician, Industrial Placement, Industrial Attachment Trainee and Vacation Trainee Programmes. Recruitment of candidates from the Chinese Mainland also continued, supporting access to specialist engineering and power-sector expertise.

Staying engaged and connected

In 2025, the company maintained its customary two-way dialogue with employees through a range of formal and informal channels. The longstanding Joint Consultation Committees remained a formal forum for management-employee discussion on workplace matters. Additional channels, including the "Hear Your Voice" platform, and focus groups enabled colleagues to share ideas and concerns directly.

"Dialogue with Francis" was further strengthened through both on-site and online forums with the Chief Executive Officer, providing opportunities for open exchange on business priorities, operational challenges and strategic direction of the company.



- The "Dialogue with Francis" employee communication session attracts participation from more than 500 colleagues.

FUN FACT

From seminars to gamification for holistic development

Our training has evolved from classroom-based to blended learning, combining face-to-face instruction with digital self-learning covering topics from AI to growth mindset.



Maximising every employee's potential

Training and development are an integral part of our people strategy, enabling employees to build the capabilities needed to meet evolving business requirements. Learning activities spanned both technical and non-technical competencies, with webinars and learning sessions covering topics such as emotional management, growth mindset, and AI applications, attracting more than 4,800 participants during the year with an average employee feedback rating of 4.5 out of 5. In addition, more than 220 web-based training modules were created on the i-learn platform in 2025 to support self-directed learning.

In collaboration with the State Grid, the company organised the "Belt and Road Advanced Programme in Power and Energy 2025" workshop, providing employees with exposure to regional power-sector developments and emerging technologies. Knowledge sharing was further strengthened through a book-sharing forum focused on power-supply publications by China Electric Power Press. More than 200 employees attended, on-site and online, demonstrating a strong engagement in structured technical learning.

Promoting physical and mental well-being

A safe, inclusive and supportive working environment underpins sustained performance. During the year, HK Electric continued to promote health, safety and well-being through initiatives delivered across divisions. Health and safety engagement activities were organised to reinforce awareness of workplace risks and promote proactive reporting and prevention, complementing established safety management systems at operational sites.

A series of training and awareness programmes, including a forum themed "Unite to Comply — Building a Culture of Safety Excellence", brought together management, employees, contractors and safety professionals to reinforce compliance and workplace safety standards. In addition, an internal review was conducted to strengthen employees' safety awareness, identify systemic vulnerabilities, and foster a deeply embedded safety culture that encourages questioning and clarification as proactive measures to mitigate safety hazards.

- The Power Professional Book Sharing Session covers the latest trends in power safety management and electricity supply technologies.

- Energy professionals and scholars from six Belt and Road countries and regions engage in dynamic dialogue on advancing green energy initiatives and shaping a sustainable energy future under the "Belt and Road Advanced Programme in Power and Energy 2025".



CEO's Report

Wellness Days: Building a Healthy Workplace



Employees receive health checks and participate in fitness mini-challenges during a Wellness Day at Head Office.

Our commitment to employee well-being is holistic, extending beyond physical health and safety to encompass mental and emotional wellness. We hosted a Wellness Day at our Head Office in May 2025 to promote greater awareness of overall health, attracting enthusiastic participation from more than 150 colleagues.

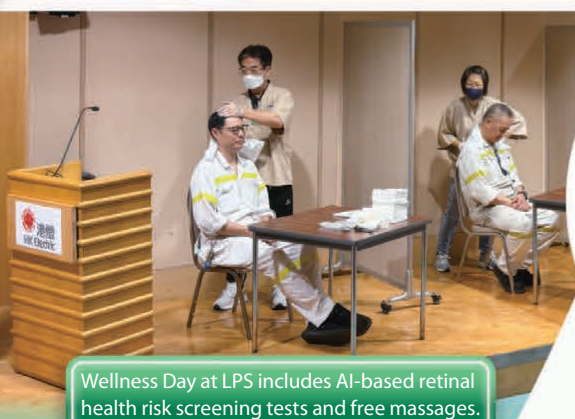
The event featured a range of wellness experiences, including assessment of body compositions, eye examinations, and massage therapy. A clay figurine-making workshop encouraged creativity and self-expression, while fitness mini-challenges and snack booths created an engaging atmosphere.

Encouraged by positive feedback, we extended the initiative by organising two additional Wellness Days at Lamma Power Station and Electric Tower in September and December respectively, both of which were enthusiastically received. These events offered multiple interactive health booths, including health check-ups, shoulder and neck massages, AI-powered retinal health risk screening, a mental wellness workshop, fitness challenges and snack stations, with total participation exceeding 350 colleagues.

Our senior executives attended these events and actively participated in the activities, demonstrating leadership commitment to employee well-being and encouraging colleagues to look after their health. Collectively, the three Wellness Days helped ease the “busyness” of work life, strengthened awareness of personal health management, and contributed to a safer and healthier working environment for all.



Wellness Day at Electric Tower educates staff on behaviours to build a healthy workplace.



Wellness Day at LPS includes AI-based retinal health risk screening tests and free massages.



- Members of the Good Neighbours' Club take part in peer-support training to assist colleagues facing challenges.

Employee benefits were reviewed to better reflect changing workforce needs. Marriage leave entitlements were increased from two days to five days, alongside wellness check-ups that supported preventive healthcare and work-life balance.

Employee well-being focus group meetings were conducted with 220 colleagues to strengthen our understanding of employee perspectives and to explore areas of concern highlighted in a 2024 company-wide survey. Further discussions with individual business unit heads will be arranged in early 2026 to address unit-specific results, followed by an open forum to share key highlights with all employees.

The Good Neighbours' Club continued to expand its peer-support capabilities, providing training to 20 members during the year to recognise and support colleagues experiencing stress or emotional challenges. This Club promotes early intervention and nurtures a culture of mutual care at the workplace.

A wellness reward programme, "HK Electric Coins", encouraged employees to build and maintain healthy habits. Those employees who earn the designated number of virtual coins within the specified programme year will receive shopping vouchers.

Communication and stakeholder engagement

We believe that transparent disclosure and communication is an essential component of our sustainability pathway.

Our annual Sustainability Report serves as the primary channel in this regard, providing details of our sustainability strategies and performance. The report is compliant with the Global Reporting Initiative's Sustainability Reporting Standards and Electric Utilities

- Shareholders visit LPS to learn about our daily operations and the latest business developments.

Sector Disclosures as well as the ESG reporting requirements specified by HKEX, including those climate-related disclosures, which are developed based on the International Sustainability Standards Board's International Financial Reporting Standards S2. Reference is also made to Sustainability Accounting Standards Board Standards for Electric Utilities and Power Generators. Its accuracy is verified by an external independent party. We have also conducted a double-materiality assessment to determine topics that should be included in the report.

Direct and regular engagement builds strong relationships. During the year, we hosted 52 visits across various business units to introduce our operations to a wide range of stakeholders, including SSU holders, students, government representatives and district council members, enhancing their understanding of our latest developments. Our "Corporate Information" brochure, corporate factsheets, quarterly newsletter "HK Electric Online", Facebook and YouTube channels also provided regular updates to keep customers and stakeholders informed of our activities.

Powering for sustainability today and always

Our primary focus in the short and medium term remains constant: to advance Hong Kong's energy transition towards a net-zero community. Through disciplined execution, long-term investment and active engagement with the community, we continue to support the city's environmental and social objectives while delivering the reliability and service quality expected of Hong Kong's energy partner for over a century.

Financial Review

Financial performance

The Trust Group's revenue and audited consolidated profit for the year ended 31 December 2025 were HK\$12,125 million (2024: HK\$12,057 million) and HK\$3,149 million (2024: HK\$3,111 million) respectively.

Distribution

The Trustee-Manager Board has declared the payment of a final distribution by the Trust of HK16.09 cents (2024: HK16.09 cents) per SSU. In order to enable the Trust to pay that distribution, the Company Board has declared the payment of a second interim dividend in lieu of a final dividend in respect of the Company's ordinary shares held by the Trustee-Manager, of HK16.09 cents (2024: HK16.09 cents) per ordinary share in respect of the same period. This, together with the interim distribution of HK15.94 cents (2024: HK15.94 cents) per SSU, brings the total distribution to HK32.03 cents (2024: HK32.03 cents) per SSU for the year ended 31 December 2025.

	2025 HK\$ million	2024 HK\$ million
Audited consolidated profit attributable to SSU holders	3,149	3,111
After:		
(i) eliminating the effects of the Adjustments (see note (a) below)	5,819	5,807
(ii) adding/(deducting)		
– movement in Fuel Clause Recovery Account	411	162
– changes in working capital	(184)	(43)
– adjustment for employee retirement benefit schemes	(31)	(16)
– taxes paid	(780)	(1,406)
	(584)	(1,303)
(iii) capital expenditure payment	(3,812)	(3,787)
(iv) deducting		
– debt repayment	(513)	–
– net finance costs	(1,281)	(1,499)
	(1,794)	(1,499)
Distributable income	2,778	2,329
(v) adding discretionary amount as determined by the Company Board pursuant to clause 14.1(c) of the Trust Deed	52	501
Distributable income after adjustment of the discretionary amount	2,830	2,830
Interim distribution	1,408	1,408
Final distribution	1,422	1,422
Distribution amount	2,830	2,830
Distributions per SSU (see note (c) below)		
– Interim distribution per SSU	HK15.94 cents	HK15.94 cents
– Final distribution per SSU	HK16.09 cents	HK16.09 cents
Total distributions per SSU	HK32.03 cents	HK32.03 cents

In determining the distribution amount, the Company Board has taken into account the Group's financial performance achieved during the year and its stable cashflow from operations, and consider it appropriate to adjust the distributable income for the year ended 31 December 2025, as calculated pursuant to the Trust Deed, by the above discretionary amount, pursuant to clause 14.1(c) of the Trust Deed.

Notes:

- (a) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (b) The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the above distribution entitlement per SSU and (ii) having made all reasonable enquiries, immediately after making the above distribution to the registered unit holders of the Trust, the Trustee-Manager will be able to fulfil, from the Trust Property (as defined in the Trust Deed), the liabilities of the Trust as they fall due.
- (c) Interim distribution per SSU of HK\$15.94 cents (2024: HK\$15.94 cents) was calculated based on the interim distribution amount of HK\$1,408 million (2024: HK\$1,408 million) and 8,836,200,000 SSUs in issue as at 30 June 2025 (30 June 2024: 8,836,200,000 SSUs). Final distribution per SSU of HK\$16.09 cents (2024: HK\$16.09 cents) was calculated based on the final distribution amount of HK\$1,422 million (2024: HK\$1,422 million) and 8,836,200,000 SSUs in issue as at 31 December 2025 (31 December 2024: 8,836,200,000 SSUs).

Capital expenditure, liquidity and financial resources

Capital expenditure (excluding right-of-use assets but including the Trust Group's capital expenditure in the offshore LNG terminal developed by a joint venture) during the year amounted to HK\$4,193 million (2024: HK\$3,659 million), which was funded by cash from operations and external borrowings. Total external borrowings outstanding at 31 December 2025 were HK\$50,556 million (2024: HK\$50,855 million), comprising unsecured bank loans and debt securities in issue. In addition, the Trust Group at 31 December 2025 had undrawn committed bank facilities of HK\$7,100 million (2024: HK\$4,850 million) and bank deposits and cash of HK\$28 million (2024: HK\$30 million).

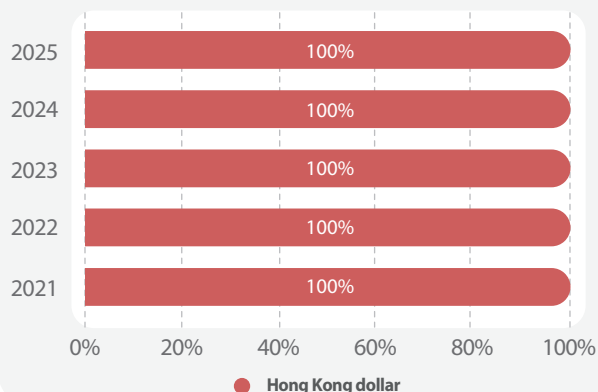
Treasury policy, financing activities, capital and debt structure

The Trust Group manages its financial risks in accordance with guidelines laid down in its treasury policy which is designed to manage the Trust Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from provision for capital expenditure to be incurred and from electricity bill collection, are placed on short term deposits denominated in Hong Kong dollars. The Trust Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

As at 31 December 2025, the net debt of the Trust Group was HK\$50,528 million (2024: HK\$50,825 million) with a net debt-to-net total capital ratio of 51% (2024: 51%). The Trust Group's financial profile remained strong during the year. On 30 March 2025, Standard & Poor's reaffirmed the "A-" long-term credit rating and "Stable" outlook for the Company which had remained unchanged since September 2015, as well as the "A-" long-term credit rating of HK Electric with a stable outlook, unchanged since January 2014.

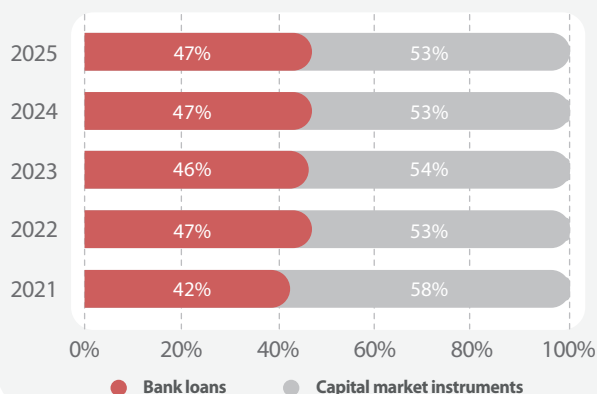
The profile of the Trust Group's external borrowings as at 31 December 2025, after taking into account forward foreign exchange contracts, cross currency and interest rate swaps, was as follows:

Debt Profile by Currency

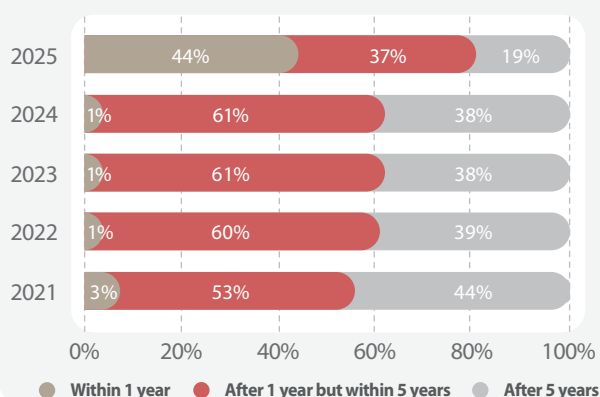


Financial Review

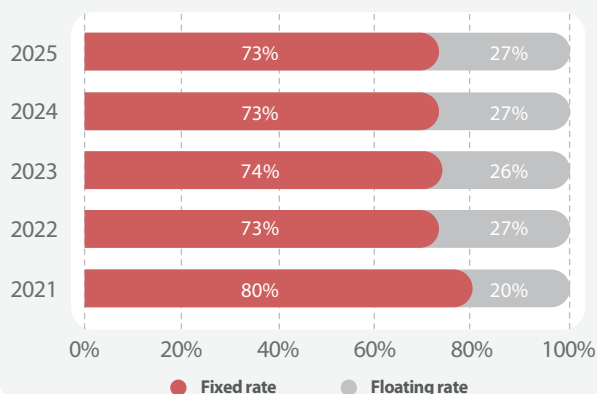
Debt Profile by Types of Borrowings



Debt Profile by Maturity



Debt Profile by Interest Rate Structure



The Trust Group's policy is to maintain a portion of its debt at fixed interest rates taking into consideration business and operational needs. Interest rate risk is managed by either securing fixed rate borrowings or employing interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Trust Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Trust Group's principal foreign currency transaction exposures arise from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward foreign exchange contracts. As at 31 December 2025, over 90% of the Trust Group's transaction exposure from the import of fuel and capital equipment was either denominated in United States dollars or hedged into Hong Kong or United States dollars. The Trust Group is also exposed to foreign currency fluctuation arising from the foreign currency borrowings. Such exposures are, where appropriate, mitigated by the use of either forward foreign exchange contracts or cross currency swaps.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2025 amounted to HK\$54,139 million (2024: HK\$49,558 million).

Charge on assets

At 31 December 2025, no assets of the Trust Group were pledged to secure its loans and banking facilities (2024: Nil).

Contingent liabilities

As at 31 December 2025, the Trust Group had no guarantee or indemnity to external parties (2024: Nil).

Employees

The Trust Group maintains a policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Trust Group's total remuneration costs for the year ended 31 December 2025, excluding directors' emoluments, amounted to HK\$1,258 million (2024: HK\$1,235 million). As at 31 December 2025, the Trust Group employed 1,635 (2024: 1,649) permanent employees. No share option scheme is in operation.

Awards Gallery



CORPORATE / COMMUNITY

21 Awards

Caring Company Scheme 2024/25

- Leading Performance

The Community Chest of Hong Kong

- Corporate and Employee Contribution Programme 2024/25: Bronze Award

Happiness-at-work Promotional Scheme 2025

- "Happy Company 10 Years+" Label

ERB Manpower Developer Award Scheme

- Manpower Developer 2025 – 27

ERB Annual Award Presentation Ceremony 2024 – 25 ②

- ERB Outstanding Employer Award

Partner Employer Award 2025

- 10-Years Excellence Award
- Existing Employee Retention Award

Good MPF Employer Award 2024 – 25

- Good MPF Employer
- e-Contribution Award
- MPF Support Award

Digital Accessibility Recognition Scheme 2024 – 2025

- Triple Gold Award

Privacy-Friendly Awards 2025 ①

- Outstanding Gold Award

HKIoD Awards for Director Excellence 2025 ③

Listed Companies – Executive Directors Category

- Climate Governance Awards

The HKIE 50th Anniversary Legacy Award

- Innovation Category: Merit Certificate

The HKIE Geotechnical Project Excellence Award 2025

- Ground Engineering Works Category: Winner

Education Bureau – "Business-School Partnership Programme"

- 20-Year Partner Organisation: Gold Diamond Award
- Award for Highest Student Participation in Activities
- Certificate of Appreciation

Construction Industry Volunteer Award Scheme 2025 ④

- Excellence in Construction Industry Volunteering Collaboration: Gold Award
- Annual CISVP Corporate Award for Activeness: Bronze Award

HKYWCA Ming Yue Volunteer Recognition Ceremony 2024

- Annual Volunteer Awards

CUSTOMER SERVICE

30 Awards

The 23rd International APCSC Customer Relationship Excellence Awards

Corporate Category

- Public Service of the Year 2025

Individual Category

- Customer Service Team Leader of the Year 2025 (Contact Centre – Public Utilities)
- Customer Service Professional of the Year 2025
 - Contact Centre – Public Utilities
 - Service Centre – Public Utilities
 - Technical Centre – Public Utilities
 - Contact Centre: 2 Merit Certificates
 - Technical Centre: 2 Merit Certificates

HKRMA Quality Service Programme 2025

- Excellent Service Retailer of the Year – Flagship Store
- Quality Service Retailer of the Year – Retail (Services) Category

HKRMA Quality Service Programme

October 2024 to December 2024

- Service Category Leader (Retail (Services))
- Service Industry Leader: Gold Award

January 2025 to March 2025

- Service Category Leader (Retail (Services))
- Service Industry Leader: Gold Award

April 2025 to June 2025

- Service Category Leader (Retail (Services))
- Service Industry Leader: Gold Award

Awards Gallery



5



6

July 2025 to September 2025

- Service Category Leader (Retail (Services))
- Service Industry Leader: Gold Award

HKRMA 2025 Service Talent Award

Individual Category

- Retail Services (Junior Frontline Level): Gold Award

Hong Kong Customer Contact Association Award 2025

Corporate Category

- Mystery Customer Assessment Award (Brick-and-Mortar): Best of the Best Award
- Mystery Customer Assessment Award (Brick-and-Mortar) – Public Service and Utilities: Best-in-Class Award
- Mystery Customer Assessment Award (Brick-and-Mortar) – Public Service and Utilities: Gold Award
- Mystery Customer Assessment Award – Public Service and Utilities: 2 Gold Awards
- Most Innovative Use of Technology in Customer Service: Bronze Award

Individual Category

- Brick-and-mortar Customer Contact Professional of the Year: Silver Award
- Inbound Customer Contact Professional of the Year: Merit

Best SME's Partner Award 2025

- Best SME's Partner Gold Award

Hong Kong Star Brand Award 2025 (Enterprise)

ENVIRONMENTAL

20 Awards

BOCHK Corporate Low-Carbon Environmental Leadership Awards 2024

- Manufacturing Sector: Silver Award

Hong Kong Green Organisation Certification

- Carbon Reduction Certificate: Hongkong Electric Centre
- Carbon Reduction Certificate: Lamma Power Station (Amenity Building, Fire and Security Building, New Control Building, Fuel & Ash Control Building and Administration and Control Building)
- Carbon Reduction Certificate: Lamma Power Station (Generation Maintenance (GM) and Training Workshop (TW) Buildings)
- Excellent Level Energywise Certificate: Lamma Power Station
- Excellent Level Energywise Certificate: Transmission & Distribution Division (Electric Centre)
- Excellent Level Wastewise Certificate: Generation Division
- Excellent Level Wastewise Certificate: Transmission & Distribution Division (Electric Tower)

Indoor Air Quality Certification Scheme

- Excellent Class Certificate: Hongkong Electric Centre
- Excellent Class Certificate: Electric Centre (9/F Office)
- Excellent Class Certificate: Electric Tower
- Good Class Certificate: Electric Centre
- Good Class Certificate: Lamma Power Station (Administration and Control Building)
- Good Class Certificate: Lamma Power Station (Amenity Building)
- Good Class Certificate: Lamma Power Station (New Control Building)

World Green Organisation

- Green Office Label and Eco-Healthy Workplace Label

CarbonCare® Label Scheme 2025

- CarbonCare® Star Label
- CarbonCare® Label: Level 4

Food Wise Eateries Scheme

- Diamond Class

iRecycle Sustainability Award 2025 Season 2

- Bronze Award



8



9



尤德爵士紀念基金獎學金頒獎典禮
Sir Edward Youde Memorial Fund
Awards Presentation Ceremony 2025

7



STAFF

60 Awards

QUALITY / HEALTH / SAFETY

21 Awards

The 11th Regional Safety Quiz

- Public Category: 1st Runner-up
- Enterprise Category: 2nd Runner-up

Safety Quiz 2025 ⑧

Enterprise Category

- Cup: Champion
- Cup: 1st Runner-up
- Cup: 2nd Runner-up
- Plate: Champion
- Plate: 1st Runner-up
- Highest Accumulative Score Award
- Preliminary Highest Score Award

The 24th Hong Kong Occupational Safety and Health Award

- OSH Report Award: Gold Award
- Safety Performance Award (All Industries Category): 2 Excellence Awards
- Safety Management System Award (All Industries Category): Silver Award
- 5S Good Housekeeping Best Practices Award (All Industries Category): Silver Award

Heart Caring Organization Award 2024 – 2025

- Outstanding Organization Award

Short Film Competition on Innovative Technology for Electrical Safety

- Gold Prize
- Silver Prize

Construction Safety Week 2025 – Life First 2025

- “Walk the Talk – Care round-the-clock” Award: Silver Award

31st Considerate Contractors Site Award Scheme

- Non-Public Works – New Works – Group A: 3 Site Supervisory Company Awards

Outstanding Apprentice Award

- 2024 Merit Apprentice

Sir Edward Youde Memorial Fund Awards Presentation Ceremony 2025 ⑦

- Award for Self-Improvement for Working Adults
- Outstanding Apprentice Award

Employees Retraining Board (ERB) Annual Award Presentation Ceremony 2024 – 2025

- Outstanding Award for Trainees

The HKIE Trainee of the Year Award 2024

- 1st Prize

Youth Employment and Training Programme (YETP) Most Improved Trainees 2025

- Winner

2025 Young Lo Pan Election Award

- Young Lo Pan Award

Inter-Hong Lawn Bowls Tournament 2025 ⑥

- Champion

Rowing Competition for 60th anniversary of Dongjiang Water Supply to Hong Kong

- Men's 4 x 500m Relay – 2nd Runner-up

2024 Volunteer Service Appreciation Certificate

- 4 Gold Awards
- 11 Silver Awards
- 36 Bronze Awards



Electric House-cum-Kennedy Road Substation (1971 – 1995)

Originally intended solely for power transmission and central control centre, the building was repurposed during construction to accommodate HK Electric's headquarters on the lower floors.

Hongkong Electric Centre (2001 – Now)

The new headquarters, more than twice the size of the previous building, gives the company the capacity to house its people and equipment in support of its development.



CORPORATE GOVERNANCE

Firm commitment to
transparency and sustainability

Boards of Directors and Management Team

Boards of Directors

Executive Directors

FOK Kin Ning, Canning

Chairman

Aged 74. Appointed to the Boards of the Trustee-Manager and the Company, and as the Chairman of the Boards since December 2013. He is also the Chairman of HK Electric, a wholly-owned subsidiary of the Company. Mr. Fok is the Deputy Chairman and an Executive Director, and was previously the Group Co-Managing Director, of CK Hutchison. He is the Deputy Chairman of CKI, the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited and TPG Telecom Limited ("TPG Telecom"), the Executive Chairman of CK Hutchison Group Telecom Holdings Limited ("CKHGT"), and a Deputy President Commissioner of PT Indosat Tbk. All the companies mentioned above, except the Trustee-Manager, HK Electric and CKHGT, are listed companies. Mr. Fok acts as a Director of certain substantial Holders of Share Stapled Units within the meaning of Part XV of the SFO and a Director of certain companies controlled by certain substantial Holders of Share Stapled Units. Mr. Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

CHENG Cho Ying, Francis

Chief Executive Officer

Aged 69. Appointed to the Boards of the Trustee-Manager and the Company since December 2013 and as Chief Executive Officer of the Company in July 2023. Mr. Cheng is also Managing Director of HK Electric and a Director of all of the subsidiaries of the Company. Mr. Cheng is an Executive Director of Power Assets, a listed company and a substantial Holder of Share Stapled Units for the purpose of Part XV of the SFO. Mr. Cheng has worked for the Group since 1979, previously served as the Operations Director of HK Electric. He holds a Bachelor's degree in Chemistry and is a Fellow of the Royal Society of Chemistry in the United Kingdom, and a Fellow of The Hong Kong Institution of Engineers.

Term of office: 17 May 2023 (re-elected) to 2026 Annual General Meeting

CHAN Loi Shun

Aged 63. Appointed to the Boards of the Trustee-Manager and the Company since their incorporation in September 2013. Mr. Chan is also a Director of all of the subsidiaries of the Company including HK Electric. He is an Executive Director, Chief Financial Officer and General Manager (appointed since January 2026) of CKI, and an Executive Director of Power Assets. Mr. Chan joined the

CK Group in January 1992. All the companies mentioned above, except the Trustee-Manager and HK Electric, are listed companies. Mr. Chan acts as a Director of a number of substantial Holders of Share Stapled Units for the purpose of Part XV of the SFO, namely CKI, Power Assets and Quickview Limited. Mr. Chan is a fellow of the HKICPA, a fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Certified Management Accountants (Australia).

Term of office: 22 May 2024 (re-elected) to 2027 Annual General Meeting

CHOI Wai Man

Aged 66. Appointed to the Boards of the Trustee-Manager and the Company in July 2025. Mr. Choi is also a Director of HK Electric and serves as its Operations Director responsible for operational activities of the Group covering customer services, transmission and distribution, information technology and public affairs. Mr. Choi has been with the Group since October 1981, and has over 43 years of experience in electricity supply and customer services. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. He is a Chartered Engineer, and a Fellow of The Hong Kong Institution of Engineers and a member of The Institution of Engineering and Technology in the United Kingdom.

Term of office: 1 July 2025 (appointed) to 2026 Annual General Meeting

WANG Yuanhang

Aged 50. Appointed to the Boards of the Trustee-Manager and the Company in July 2022. Mr. Wang is also a Director and the Co-General Manager (Transmission & Distribution) of HK Electric. He is a Director of State Grid International Development Limited. He previously served as Director of the Development and Strategy Department of State Grid Brazil Holding S.A., Director of Department of Overseas Operations (Operation Monitoring Center) of State Grid International Development Co., Limited and Director of Independent Power Transmission Operator S.A. in Greece. State Grid International Development Limited and State Grid International Development Co., Limited are substantial Holders of Share Stapled Units for the purpose of Part XV of the SFO. Mr. Wang holds a Bachelor's Degree in Relay Protection and Automatic Telecontrol Technology from North China Electric Power University and a Master's Degree in Business Administration from Shanxi University. He is also a Chartered Engineer registered by the Engineering Council in the United Kingdom.

Term of office: 17 May 2023 (re-elected) to 2026 Annual General Meeting



From left to right:
WANG Yuanhang; CHAN Loi Shun;
CHENG Cho Ying, Francis; CHOI Wai Man

Boards of Directors and Management Team

Non-executive Directors

LI Tzar Kuoi, Victor

Deputy Chairman of the Company Board

Aged 61. Appointed to the Boards of the Trustee-Manager and the Company, and as Deputy Chairman of the Company Board in November 2014. Mr. Li is also a Director of HK Electric and a Non-executive Director of Power Assets. Mr. Li is the Chairman and Executive Director of CK Hutchison, the Chairman and Managing Director, and the Chairman of the Executive Committee of CK Asset Holdings Limited ("CKA"), and the Chairman of CKI and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"). All the companies mentioned above, except the Trustee-Manager and HK Electric, are listed companies. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also Vice Chairman of the Hong Kong General Chamber of Commerce (the "Chamber"). Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He acts as a Director of certain substantial Holders of Share Stapled Units within the meaning of Part XV of the SFO, and a Director of certain companies controlled by certain substantial Holders of Share Stapled Units. Mr. Li holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.).

Term of office: 22 May 2024 (re-elected) to 2027 Annual General Meeting

Fahad Hamad A H AL-MOHANNADI

Aged 70. Appointed to the Boards of the Trustee-Manager and the Company in June 2015. He is also a Director of HK Electric. Mr. Al-Mohannadi was previously the Managing Director and the General Manager of Qatar Electricity & Water Co. which is listed on the Qatar Stock Exchange until his retirement in December 2020. Mr. Al-Mohannadi holds a Bachelor's degree in Mechanical Engineering.

Term of office: 22 May 2024 (re-elected) to 2027 Annual General Meeting

Ronald Joseph ARCULLI

Aged 87. Appointed to the Boards of the Trustee-Manager and the Company in December 2013. He is also a Director of HK Electric. Mr. Arculli is a practising solicitor and was a Member of the Legislative Council of Hong Kong from 1988 to 2000, representing the Real Estate and Construction functional constituency between 1991 and 2000. He was a non-official member of the Executive Council of the Hong Kong Special Administrative Region from November 2005 to June 2012, and served as Convenor from October 2011 to June 2012. He has a distinguished record of public service and has served on numerous government committees and advisory bodies. Mr. Arculli is a Non-executive Director of Sino Hotels (Holdings) Limited, Sino Land Company Limited and Tsim Sha Tsui Properties Limited. Mr. Arculli was previously an Independent Non-executive Director of HKEX and Adviser to Chair of Hang Lung Properties Limited. All the companies mentioned above, except the Trustee-Manager and HK Electric, are listed companies.

Term of office: 17 May 2023 (re-elected) to 2026 Annual General Meeting

Deven Arvind KARNIK

Aged 58. Appointed to the Boards of the Trustee-Manager and the Company in June 2015. He is also a Director of HK Electric. Mr. Karnik is the Head of Infrastructure at Qatar Investment Authority ("QIA"). Prior to joining QIA in 2013, Mr. Karnik worked for about 7 years in Hong Kong where he was a Managing Director at Morgan Stanley and a Managing Director at Dresdner Kleinwort. Mr. Karnik holds a Bachelor of Commerce degree and is a member of the Institute of Chartered Accountants in England and Wales.

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

WANG Zijian

Aged 59. Appointed to the Boards of the Trustee-Manager and the Company in September 2022. Mr. Wang is also a Director of HK Electric. He is a Third-level Advisor of State Grid International Development Co., Limited. He previously served as Staff Representative Director, Executive Vice President, and Chairman of the Labour Union of State Grid International Development Co., Limited, as well as Director of Comprehensive Planning Division, and Director of Statistics Division, of Development Planning Department of State Grid Corporation of China ("State Grid"). State Grid International Development Co., Limited and State Grid are substantial Holders of Share Stapled Units for the purpose of Part XV of the SFO. Mr. Wang holds a Bachelor's Degree in Economics from Xiamen University.

Term of office: 17 May 2023 (re-elected) to 2026 Annual General Meeting

ZHU Guangchao

Aged 58. Appointed to the Boards of the Trustee-Manager and the Company in May 2017. Mr. Zhu is also a Director of HK Electric. He is Vice President of State Grid, a substantial Holder of Share Stapled Units for the purpose of Part XV of the SFO, Chairman of National Grid Corporation of the Philippines, and Vice Chairman of the Board of Directors of Redes Energéticas Nacionais, SGPS, S.A., a listed company and the national electric and gas grid corporation of Portugal. He previously served as Vice Chief Engineer and Director General of International Cooperation Department of State Grid, Managing Director, President, Senior Vice President and Chief Executive Officer of State Grid International Development Co., Limited, Director General of International Cooperation Department of State Grid and Director of State Grid International Development Co., Limited, Deputy Director General of State Grid's Representative Office in the Philippines, Chief Executive Adviser, Board Director and Deputy Chief of Project Team of National Grid Corporation of the Philippines, and Deputy Director General of Finance Department of State Grid. Mr. Zhu holds a Master's Degree in Power System and Automation and a Master's Degree in Business Administration.

Term of office: 22 May 2024 (re-elected) to 2027 Annual General Meeting

Independent Non-executive Directors

FONG Chi Wai, Alex

Aged 69. Appointed to the Boards of the Trustee-Manager and the Company in December 2013. Dr. Fong is also a Director of HK Electric. He was CEO of the Chamber from 2006 to 2011. Prior to joining the Chamber, he served in the civil service for over 25 years, holding various senior positions in the Government of Hong Kong. He has a long record of public service providing both operational and policy-formulation expertise. Dr. Fong is an Independent Non-executive Director of TOM Group Limited ("TOM Group") and Hutchison Port Holdings Management Pte. Limited ("HPHMPL") which is the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"). Dr. Fong is an Adjunct Professor at the Hong Kong University Business School and the City University of Hong Kong College of Business, and an Adjunct Associate Professor at the Chinese University of Hong Kong Business School. He was previously an Independent Non-executive Director of Power Assets, a substantial Holder of Share Stapled Units for the purpose of Part XV of the SFO. All the companies mentioned above, except the Trustee-Manager, HK Electric and HPHMPL, are listed companies, and HPH Trust is a listed business trust. Dr. Fong holds a Bachelor of Social Science degree in Business and Economics, a Master of Technology Management degree in Global Logistics Management, a Master of Science degree in Global Finance, a Doctor of Business Administration degree and a Doctor of Philosophy degree.

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

KOH Poh Wah

Aged 69. Appointed to the Boards of the Trustee-Manager and the Company in May 2021. Ms. Koh is also a Director of HK Electric. She has more than 30 years of working experience in the areas of operations management, technology, financial and business re-engineering. Ms. Koh is an Independent Non-executive Director of CKI and Power Assets (both listed companies and substantial Holders of Share Stapled Units for the purpose of Part XV of the SFO). She is also an Independent Non-executive Director of ESR Asset Management (Fortune) Limited which is the manager of Fortune Real Estate Investment Trust, a listed real estate investment trust. Ms. Koh was previously the Regional Accountant (Alpha Asia Pacific) of Alpha International, a non-profit organisation, from 2012 to 2015 in charge of the finance functions for Alpha Asia Pacific region, Alpha Singapore and AAP Publishing Pte. Ltd. Prior to this role she was a Director with Future Positive Pte. Ltd. working extensively on information technology and business re-engineering consultancy areas. Ms. Koh also worked for American International Assurance Co. Ltd. for 15 years during the period from 1986 to 2000, with her last position as Vice President – Quality Support & Operations Management. Ms. Koh holds a Master of Science in Management Science and Operational Research, a Bachelor of Arts Degree (Honours) in Accounting, a Diploma from Institute for the Management of Information Systems (previously known as Institute of Data Processing Management, UK) and a Fellow of Life Management Institute (USA).

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

KWAN Kai Cheong

Aged 76. Appointed to the Boards of the Trustee-Manager and the Company in January 2015. Mr. Kwan is also a Director of HK Electric. He is Managing Director of Morrison & Company Limited, a business consultancy firm. Mr. Kwan worked for Merrill Lynch & Co., Inc. for over 10 years during the period from 1982 to 1993, with his last position as President for its Asia Pacific region. He was formerly Joint Managing Director of Pacific Concord Holding Limited and the chairman of the board of G.T. Land Holdings Limited. Mr. Kwan is an Independent Non-executive Director of Greenland Hong Kong Holdings Limited, Henderson Sunlight Asset Management Limited (as manager of Sunlight Real Estate Investment Trust), Win Hanverky Holdings Limited and CK Life Sciences, all being listed companies (except Sunlight Real Estate Investment Trust being a listed real estate investment trust). Mr. Kwan holds a Bachelor of Accountancy (Honours) degree and is a fellow of the HKICPA, The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Directors. He completed the Stanford Executive Program in 1992.

Term of office: 22 May 2024 (re-elected) to 2027 Annual General Meeting

Boards of Directors and Management Team

LEE Lan Yee, Francis

Aged 85. Appointed to the Boards of the Trustee-Manager and the Company in December 2013. Mr. Lee is also a Director of HK Electric. Mr. Lee was previously an Independent Non-executive Director of Power Assets, a listed company and a substantial Holder of Share Stapled Units for the purpose of Part XV of the SFO. He had served the Power Assets Group for over 40 years in various capacities and while being Director & General Manager (Engineering) from 1997 to 2008, Mr. Lee was responsible for all the engineering activities of the Power Assets Group, including the development and operation of power generation, transmission and distribution systems. He holds a Bachelor of Science degree and a Master of Science degree in Engineering. He is a Chartered Engineer and a Fellow of the Institute of Mechanical Engineers in Hong Kong and the United Kingdom.

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

George Colin MAGNUS

Aged 90. Appointed to the Boards of the Trustee-Manager and the Company in December 2013. Mr. Magnus is also a Director of HK Electric. He is a Non-executive Director of CKI having served previously as Deputy Chairman of the company. He was previously Deputy Chairman and then a Non-executive Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited ("HWL"). Mr. Magnus was previously the Chairman of Power Assets from 1993 to 2005, a Non-executive Director from 2005 to 2012 and an Independent Non-executive Director until January 2014. He was a Non-executive Director of CK Hutchison from January 2015 until his retirement in March 2025. All of these companies mentioned above, except the Trustee-Manager, HK Electric, Cheung Kong (Holdings) Limited and HWL, are listed companies. Mr. Magnus acts as a Director of a number of substantial Holders of Share Stapled Units for the purpose of Part XV of the SFO. He holds a Master's degree in Economics.

Term of office: 17 May 2023 (re-elected) to 2026 Annual General Meeting

Donald Jeffrey ROBERTS

Aged 74. Appointed to the Boards of the Trustee-Manager and the Company in December 2013. He is also a Director of HK Electric. Mr. Roberts is an Independent Non-executive Director of CKA, Queen's Road Capital Investment Ltd. and CK Life Sciences, all being listed companies. He is also an Independent Non-executive Director of Welab Bank Limited and Welab Capital Limited. Mr. Roberts joined HWL in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts was a Member of the Listing Committee of the Main Board and GEM of the Stock Exchange from July 2015 to July 2020. He was previously a member of the Executive Committee of The

Canadian Chamber of Commerce in Hong Kong and is currently Governor of the chamber. He previously served as a Governor of the Canadian International School of Hong Kong for the periods between 1998 to 2004, and between 2006 to 2012 and was also a member on its Finance & Administration Committee. Mr. Roberts served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the HKICPA for nine years. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

Term of office: 21 May 2025 (re-elected) to 2028 Annual General Meeting

Alternate Director

Frank John SIXT

Aged 74. Appointed Alternate Director to Mr. Victor T K Li, the Deputy Chairman of the Company Board and Non-executive Director of the Trustee-Manager and the Company, in June 2015. He is also an Alternate Director of HK Electric. Mr. Sixt is an Executive Director, Group Co-Managing Director and Group Finance Director of CK Hutchison, the Non-executive Chairman of TOM Group, an Executive Director of CKI, a Non-executive Director of TPG Telecom and a Director of Cenovus Energy Inc. Mr. Sixt was previously the Chairman and an Alternate Director of Hutchison Telecommunications (Australia) Limited ("HTAL") (now known as Hutchison Telecommunications (Australia) Pty Limited). All the companies mentioned above, except the Trustee-Manager, HK Electric and HTAL, are listed companies. He has over four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr. Sixt acts as a Director of certain substantial Holders of Share Stapled Units within the meaning of Part XV of the SFO, and a Director of certain companies controlled by certain substantial Holders of Share Stapled Units. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

Management Team of the Company

CHAN Lok Man, Norman

Aged 55, General Manager (Projects), has been with the Group since January 1994. He has over 31 years of experience in the management and execution of power projects. He holds a Bachelor of Engineering degree in Mechanical Engineering and a Master of Philosophy degree in Management. He is a Chartered Engineer, and a member of The Hong Kong Institution of Engineers and The Institution of Mechanical Engineers in the United Kingdom.

CHOW Fo Shing

Aged 56, General Manager (Generation), has been with the Group since September 1994. He has over 31 years of experience in electricity generation. He holds a Bachelor of Engineering degree in Mechanical Engineering and a Master of Science degree in Mechanical Engineering.

HO Yin Piu, Bill

Aged 55, General Manager (Corporate Development), joined the Group in January 2019. He has over 30 years of experience in managing the corporate development and business operations of power utilities in Chinese Mainland and Hong Kong. Mr. Ho is also a Director of the Business Environment Council. He holds a Bachelor of Engineering degree, a Master's degree in Business Administration, and a Master of Practising Accounting degree. He is a Chartered Engineer, and a member of The Hong Kong Institution of Engineers, The Institution of Engineering and Technology in the United Kingdom and The Hong Kong Institute of Directors.

LEUNG Wai Kin

Aged 55, General Manager (Customer Services), has been with the Group since September 1992. He has over 30 years of experience in power project management, corporate development and customer services. He holds a Bachelor of Engineering degree in Electrical and Electronic Engineering and a Master's degree in Business Administration. He is a Chartered Engineer, and a member of both The Hong Kong Institution of Engineers and The Institution of Engineering and Technology in the United Kingdom.

LIAUW Chung Ping, John

Aged 57, General Manager (Public Affairs), joined the Group in June 2013. He has over 34 years of experience in journalism and corporate communications. He holds a Bachelor of Social Sciences (Honours) degree in Communication and two Master's degrees in China Studies and International and Public Affairs (MIPA) respectively.

SHIU Chun Keung, Michael

Aged 57, General Manager (Information Technology), has been with the Group since November 2020. He has over 35 years of local and overseas experience in information technology, cybersecurity and telecommunications. He holds a Bachelor of Science (Honours) degree in Engineering and a Master's degree in Business Administration.

SO Hin Lun, Alan

Aged 57, General Manager (Group Commercial), has been with the Group since September 1991. He has over 34 years of experience in managing power projects and procurement activities. He holds a Bachelor of Science degree and a Master of Science degree both in Mechanical Engineering.

WONG Kim Man

Aged 65, Chief Financial Officer, has been with the Group since September 2010. He has over 40 years of experience in financial management and accounting. He holds a Bachelor's and a Master's degree in Business Administration. He is also a member of the HKICPA and the American Institute of Certified Public Accountants.

WU Kwok Kwong, Dennis

Aged 61, General Manager (Human Resources), joined the Group in June 2014. He has over 30 years of experience in human resources management and administration gained from organisations in both private and public sectors in Hong Kong. He holds a Master of Science degree in Training and is a Professional Member of the Hong Kong Institute of Human Resource Management and a Member of the Institute of Hospitality (UK).

YEUNG Kwong Tung, Tony

Aged 62, General Manager (Transmission & Distribution), has been with the Group since September 1987. He has over 38 years of experience in electricity supply. He holds a Master of Science degree in Electrical Engineering. He is a Chartered Engineer and Registered Professional Engineer, and a Fellow of The Hong Kong Institution of Engineers and a member of The Institution of Engineering and Technology in the United Kingdom.

Trustee-Manager Secretary and Company Secretary

NG Wai Cheong, Alex

Aged 56, Group Legal Counsel and Company Secretary, has been with the Group since November 2008. He is also the Group Legal Counsel and Company Secretary of Power Assets. He has over 25 years of experience in legal, regulatory and compliance fields. Mr. Ng holds a Bachelor's degree in Science and a Bachelor's degree in Laws. He was admitted as a solicitor in Hong Kong and in England and Wales.

Combined Report of the Directors

The Boards have pleasure in submitting the annual report together with the audited consolidated financial statements of the Trust and of the Company for the year ended 31 December 2025 (the "consolidated financial statements of the Trust and of the Company").

The Trustee-Manager Board also presents the audited financial statements of the Trustee-Manager for the year ended 31 December 2025.

Principal activities

The Trust is a fixed single investment trust, with its activities being limited to investing in securities and other interests in the Company.

The principal activity of the Company is investment holding, whilst the principal activities of the Group are the generation and supply of electricity in Hong Kong Island and Lamma Island. Particulars of the Company's subsidiaries are set out in note 18 to the consolidated financial statements of the Trust and of the Company.

The Trustee-Manager, an indirect wholly-owned subsidiary of Power Assets, has a specific and limited role to administer the Trust, and is not actively engaged in running the business managed by the Trust Group.

Business review

A review of the business of Trust Group (of which the Group forms part) during the year and an indication of likely future developments in the Trust Group's business are provided in the Chairman's Statement on pages 6 to 9, CEO's Report on pages 16 to 33, Financial Review on pages 34 to 36 and Performance Highlights on pages 2 and 3.

The principal risks and uncertainties facing the Trust Group and how the Trust Group manages these risks and uncertainties are described in Risk Management and Risk Factors on pages 77 to 81.

The Trust Group's relationships with its key stakeholders, environmental (including climate-related) policies and performance is discussed in the CEO's Report on pages 16 to 33, whilst its compliance with the relevant laws and regulations that have a significant impact on the Trust Group are included in Risk Factors on pages 79 to 81 and the Combined Corporate Governance Report on pages 51 to 76.

These review and discussion form part of this Combined Report of the Directors.

Results

The results for the year ended 31 December 2025 and the financial position as at that date of the Trust Group and the Group are set out in the consolidated financial statements of the Trust and of the Company on pages 90 to 167.

The results for the year ended 31 December 2025 and the financial position as at that date of the Trustee-Manager are set out in the financial statements of the Trustee-Manager on pages 170 to 178.

Distributions and dividends

Distributable income

Distributable income and distributable income per Share Stapled Unit are set out in note 14 to the consolidated financial statements of the Trust and of the Company.

Distribution per Share Stapled Unit

The Trustee-Manager Board has declared a final distribution by the Trust of HK16.09 cents (2024: HK16.09 cents) per Share Stapled Unit for the year ended 31 December 2025, payable on 22 April 2026 to Holders of Share Stapled Units whose names appear on the Share Stapled Units Register on 9 April 2026. This, together with the interim distribution of HK15.94 cents (2024: HK15.94 cents) per Share Stapled Unit, brings the total distribution to HK32.03 cents per Share Stapled Unit for the year ended 31 December 2025 (2024: HK32.03 cents).

In order to enable the Trust to pay the interim distribution and the final distribution, the Company Board declared the payments of a first interim dividend and a second interim dividend, in respect of each of the Company's ordinary shares held by the Trustee-Manager, of HK15.94 cents (2024: HK15.94 cents) and HK16.09 cents (2024: HK16.09 cents) respectively for the year ended 31 December 2025.

The Trustee-Manager Board does not recommend the payment of a dividend for the year ended 31 December 2025.

Share capital and Share Stapled Units

Share capital

Details of the share capital of the Company are set out in note 30(b) to the consolidated financial statements of the Trust and of the Company. There was no movement during the year.

Details of the share capital of the Trustee-Manager are set out in note 8 to the financial statements of the Trustee-Manager. There was no movement during the year.

Share Stapled Units

There was no movement in the number of issued Share Stapled Units, or individually units in the Trust, or ordinary shares, or preference shares of the Company, during the year.

Donations

Charitable and other donations made by the Trust Group during the year amounted to approximately HK\$2 million (2024: approximately HK\$2 million).

Five-year financial summary

A five-year summary of the results and of the assets and liabilities of the Trust Group and the Group is set out on page 179.

Major customers and suppliers

Sales to the five largest customers combined was less than 30% of the Trust Group's total revenue for the years ended 31 December 2025 and 2024.

Purchases from the largest supplier of revenue items for the year represented 31.9% (2024: 33.2%) of the Trust Group's total purchases of revenue items, and purchases from the five largest suppliers combined accounted for 74.2% (2024: 79.8%) of the Trust Group's total purchases of revenue items for the year ended 31 December 2025.

At no time during the year have the Directors, their close associates or any Holders of Share Stapled Units (which to the knowledge of the Boards own more than 5% of the number of issued Share Stapled Units) had any interest in the above major customers and suppliers.

Directors

The Directors of the Trustee-Manager and the Company in office during the year ended 31 December 2025 and up to the date of this report (unless otherwise stated) were Mr. Fok Kin Ning, Canning, Mr. Li Tzar Kuoi, Victor, Mr. Cheng Cho Ying, Francis, Mr. Fahad Hamad A H Al-Mohannadi, Mr. Ronald Joseph Arculli, Mr. Chan Loi Shun, Mr. Choi Wai Man (appointed on 1 July 2025), Dr. Fong Chi Wai, Alex, Mr. Deven Arvind Karnik, Ms. Koh Poh Wah, Mr. Kwan Kai Cheong, Mr. Kwan Ying Leung (resigned on 1 July 2025), Mr. Lee Lan Yee, Francis, Mr. George Colin Magnus, Mr. Donald Jeffrey Roberts, Mr. Wang Yuanhang, Mr. Wang Zijian and Mr. Zhu Guangchao.

During the year, Mr. Kwan Ying Leung resigned as a Director of the Trustee-Manager and the Company to devote more time to his personal health, and he has no disagreement with the Boards and does not have any matters in relation to his resignation that should be brought to the attention of the Holders of Share Stapled Units.

During the same period, Mr. Frank John Sixt served as the Alternate Director to Mr. Li Tzar Kuoi, Victor.

Permitted indemnity

Pursuant to the Trust Deed the Directors of the Trustee-Manager shall be entitled to be indemnified out of the Trust property or any part thereof against any actions, costs, claims, damages, expenses, penalties or demands to which they may be put as Directors of the Trustee-Manager of the Trust, save where occasioned by the fraud, wilful default or negligence of the Directors.

The articles of association of each of the Company and the Trustee-Manager provides that every Director shall be entitled to be indemnified out of the assets of the Company or the Trustee-Manager (excluding, for the avoidance of doubt, the Trust property) respectively against any losses or liability incurred or sustained by him/her as a Director.

A Directors Liability Insurance is currently in place, and was in place during the year to protect the directors of the Trustee-Manager, the Company and their subsidiaries against potential costs and liabilities arising from claims brought against them.

Combined Report of the Directors

Directors' material interest in significant transaction, arrangement and contract

No transaction, arrangement and contract of significance in relation to the Trust Group's business to which the Trustee-Manager, the Company or their parent companies, subsidiaries or fellow subsidiaries was a party, and in which a Director or his/her connected entity had, directly or indirectly, a material interest, subsisted at the end of the year or at any time during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Trust Group were entered into or existed during the year.

Arrangement to purchase Share Stapled Units, shares or debentures

At no time during the year was the Trustee-Manager or the Company or any of their parent companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Share Stapled Units, or shares in, or debentures of, the Trustee-Manager, the Company or any other body corporate.

Equity-linked agreements

No equity-linked agreements were entered into by the Trust Group or the Trustee-Manager during the year or subsisted at the end of the year.

Purchase, sale or redemption of Share Stapled Units

Pursuant to the Trust Deed, the Holders of Share Stapled Units have no right to demand for repurchase or redemption of their Share Stapled Units. Unless and until expressly permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission from time to time, the Trustee-Manager shall not repurchase or redeem any Share Stapled Units on behalf of the Trust.

None of the Trust, the Trustee-Manager, the Company nor any of their subsidiaries purchased, sold or redeemed any of issued Share Stapled Units during the year ended 31 December 2025.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's amended and restated articles of association and the laws of the Cayman Islands which would oblige the Company to offer new Share Stapled Units on a pro-rata basis to existing Holders of Share Stapled Units.

On behalf of the Boards of
HK Electric Investments Manager Limited
and
HK Electric Investments Limited

Fok Kin Ning, Canning

Chairman

Hong Kong, 17 March 2026

Combined Corporate Governance Report



The Boards of the Trustee-Manager and the Company present their corporate governance report for the year ended 31 December 2025.

Corporate Governance

The Boards are committed to maintaining high standards of corporate governance, and recognise that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Trustee-Manager and the Trust Group, and the ability to attract investment, protect the rights of Holders of Share Stapled Units and other stakeholders, and enhance the value of the Share Stapled Units. The corporate governance practices of the Trustee-Manager and the Trust Group are designed to achieve these objectives and are maintained through a framework of processes, policies and guidelines.

The Trust, managed by the Trustee-Manager, and the Company are both listed on the Main Board of the Stock Exchange, and are subject to the provisions of the Listing Rules. Pursuant to the Trust Deed, each of the Trustee-Manager and the Company is responsible for its compliance with the Listing Rules and other relevant laws and regulations, and will co-operate with each other to ensure compliance of the Listing Rules obligations and co-ordinate disclosure to the Stock Exchange.

The Trust and the Company have complied with the applicable code provisions in the Corporate Governance Code throughout the year ended 31 December 2025, except as stated and explained hereunder.

Vision, Missions and Core Values

The Trust and the Company have the vision to excel in the power business in Hong Kong, and are dedicated to the missions of enhancing shareholder value, delivering excellent customer services and supply reliability, nurturing a harmonious and engaged workforce, caring for the communities the Group serves, caring for the environment in all activities of the Group and driving efficiency in the Group's operations. Guided by the four core values – pursuit of excellence, integrity, respect and trust, and caring – the Group is committed to operating its business lawfully, ethically and responsibly.

The Boards are committed to ensuring the long-term sustainability of the Group's business and have formulated the Sustainability Policy, which is published on the Company's website, to set out the sustainability approach for its operations.

Under the leadership of the Boards, the Trustee-Manager and the Company instil these vision, missions, core values and sustainability approach in our staff and stakeholders while integrating them into the Group's day-to-day operations. Information on the Trust Group's performance and the basis on which the Trustee-Manager and the Company generate value over the longer term and the

Combined Corporate Governance Report

strategy for delivering the above vision and missions are set out in the Chairman's Statement on pages 6 to 9, the Long-term Development Strategy on pages 10 and 11 and the CEO's Report on pages 16 to 33 of the Annual Report.

Boards of Directors

Each of the Trustee-Manager Board and the Company Board, led by the Chairman and comprising the same individuals, is collectively responsible for the management and operations of the Trustee-Manager and the Company respectively. Their responsibilities include approval and monitoring of strategies and policies, approval of annual budgets and business plans, evaluation of the performance, and oversight of the management. Management, led by the Chief Executive Officer, is responsible for the day-to-day operations of the Group. The senior management of the Trust Group, comprising the Executive Directors, is accountable to the Boards, and ultimately to the Holders of Share Stapled Units.

Directors at all times have full and timely access to information of the Trust Group, including board papers and related materials. A financial summary outlining the Group's financial position and performance and containing the actual and budgeted results from different operations, with major variances explained, is sent to Directors each month for their review.

All Directors, including the Non-executive Directors and the Independent Non-executive Directors, have independent access to the management team for information on the Trust Group and unrestricted access to the advice and services of the Company Secretary on governance matters and board procedures. There is a procedure for Directors to seek independent professional advice whenever deemed necessary by them at the expense of the Trustee-Manager or the Company, as appropriate.

The Trustee-Manager and the Company have arranged insurance coverage in respect of directors' liability for all Directors.

Board Composition

The Boards currently comprise five Executive Directors, six Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors meets the one-third requirement under the Listing Rules, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise.

During 2025, Mr. Kwan Ying Leung resigned, and Mr. Choi Wai Man was appointed, as an Executive Director both with effect from 1 July 2025.

Biographical details of the Directors are set out in the Boards of Directors and Management Team section on pages 42 to 47 of the Annual Report. An updated list of Directors containing their biographical information is maintained on the website of the Company. The names of all Directors and their role and function are posted on the website of HKEX.

Board Committees

The Trustee-Manager Board and the Company Board are supported by the Trustee-Manager Audit Committee and the Company Audit Committee respectively, and the Company Board is additionally supported by the Nomination Committee, Remuneration Committee and Sustainability Committee. Details of these Committees are set out later in this report, and their terms of reference are published on the Company's website and the HKEX's website.

Board Proceedings

The Trustee-Manager Board and the Company Board hold meetings on a combined basis. There are four regular meetings each year at approximately quarterly intervals and additional meetings will be held when warranted. Regular meetings are scheduled during the last quarter of the preceding year providing Directors with adequate time to plan their schedules to attend. The Directors may attend meetings in person, by telephone or other electronic means or by their alternate directors in accordance with the articles of association of the Trustee-Manager and the Company. Throughout the year, the Directors also consider and approve matters by way of written resolutions, which are circulated to Directors together with explanatory briefings from the Chief Executive Officer or the Company Secretary as required. Directors are required to declare their interests, if any, in the matters to be considered by them during board meetings and in the circular resolutions.

Directors receive at least fourteen days prior written notice of a regular meeting and may propose matters for discussion to be included in the agenda. An agenda with supporting board papers is sent to the Directors no less than three days prior to a regular meeting. The Company Secretary assists the Chairman in seeing that Directors receive adequate information on each matter set out in the agenda for informed decisions and acts as co-ordinator for management in providing clarification sought by Directors.

The minutes of Board meetings are prepared by the Company Secretary with details of the decisions reached, any concerns raised and dissenting views expressed. The draft minutes are sent to all Directors for their comments. The final minutes are kept by the Company Secretary and available for inspection by Directors. Copies are sent to Directors for their records within a reasonable time after each meeting. This arrangement also applies to meetings of the board committees.

Directors' Attendance of Meetings

Directors attend to the affairs of the Trust Group through their participation at the Boards and board committees meetings and the Annual General Meeting. In addition, the Chairman held meetings with the Independent Non-executive Directors without the presence of other Directors, to listen to their independent views on matters relating to the Group and its operations. The attendance record of the meetings during 2025 are as follows:

Directors	Company						Trustee-Manager			Combined 2025 Annual General Meeting
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meetings	Meetings between Chairman and Independent Non-executive Directors	Board Meetings	Audit Committee Meetings	Meetings between Chairman and Independent Directors	
Executive Directors										
Fok Kin Ning, Canning (Chairman)	4/4	–	1/1	–	–	2/2	4/4	–	2/2	√
Cheng Cho Ying, Francis (Chief Executive Officer)	4/4	–	–	–	2/2	–	4/4	–	–	√
Chan Loi Shun	4/4	–	–	–	–	–	4/4	–	–	√
Choi Wai Man ^(Note 1)	2/2	–	–	–	1/1	–	2/2	–	–	–
Kwan Ying Leung ^(Note 2)	2/2	–	–	–	1/1	–	2/2	–	–	√
Wang Yuanhang	4/4	–	–	–	–	–	4/4	–	–	√
Non-executive Directors										
Victor T K Li (Deputy Chairman)	4/4	–	–	1/1	–	–	4/4	–	–	√
Fahad Hamad A H Al-Mohannadi	1/4	–	–	–	–	–	1/4	–	–	x
Ronald Joseph Arculli	4/4	4/4	–	–	–	–	4/4	4/4	–	√
Deven Arvind Karnik	4/4	–	–	–	–	–	4/4	–	–	√
Wang Zijian	3/4	–	–	–	–	–	3/4	–	–	√
Zhu Guangchao	3/4	–	–	–	–	–	3/4	–	–	x
Independent Non-executive Directors										
Fong Chi Wai, Alex	4/4	–	1/1	–	2/2	2/2	4/4	–	2/2	√
Koh Poh Wah	4/4	4/4	–	–	–	2/2	4/4	4/4	2/2	√
Kwan Kai Cheong	4/4	–	–	1/1	–	2/2	4/4	–	2/2	√
Lee Lan Yee, Francis	4/4	4/4	–	1/1	–	2/2	4/4	4/4	2/2	√
George Colin Magnus	4/4	–	–	–	–	2/2	4/4	–	2/2	√
Donald Jeffrey Roberts	4/4	4/4	1/1	–	–	2/2	4/4	4/4	2/2	√

Notes:

- (1) Appointed as an Executive Director of the Boards and a member of the Sustainability Committee of the Company on 1 July 2025.
- (2) Resigned as an Executive Director of the Boards, and concurrently ceased to be a member of the Sustainability Committee of the Company on 1 July 2025.

Combined Corporate Governance Report

Each Director has confirmed that he/she has made contributions to the Trust Group that are commensurate with his/her role and board responsibilities, devoted sufficient time and attention to the affairs of the Trust Group, and disclosed their offices held in other public companies or organisations and other significant external time commitments and updated the Company on any subsequent changes in a timely manner.

Board Performance Evaluation

The Boards, supported by the Nomination Committee of the Company, conduct regular evaluation of their performance to ensure good corporate governance and board effectiveness. As part of the annual evaluation process, each Director completes a questionnaire covering a range of topics including: (a) board composition and expertise, board information, board process and effectiveness, continuous development and education, board accountability and leadership; (b) the constituent and expertise, and process and effectiveness of each of the board committees; and (c) his/her views on the performance of the Boards and the board committees and any suggestions for improving the board process. The evaluation results were then analysed and presented to the Nomination Committee and the Boards for review internally.

Subsequent to the financial year end, the Boards conducted an evaluation of their performance for 2025 in the manner described above, and the results were reviewed at the Nomination Committee meeting and the Boards meeting both held in March 2026. Positive feedbacks were received in recognition of the diversity of the Boards with an appropriate balance of competencies, experience and skill, timely and effective communication among the Boards, the management and the Holders of Share Stapled Units, and continuous development trainings offered to Directors. Based on the review of the performance evaluation, the Directors considered the Boards and the board committees continued to operate effectively.

Nomination, Appointment and Re-election

Pursuant to the Trust Deed and the Company's articles of association, any director appointed by the Company Board either to fill a casual vacancy or as an addition shall also be appointed a director of the Trustee-Manager.

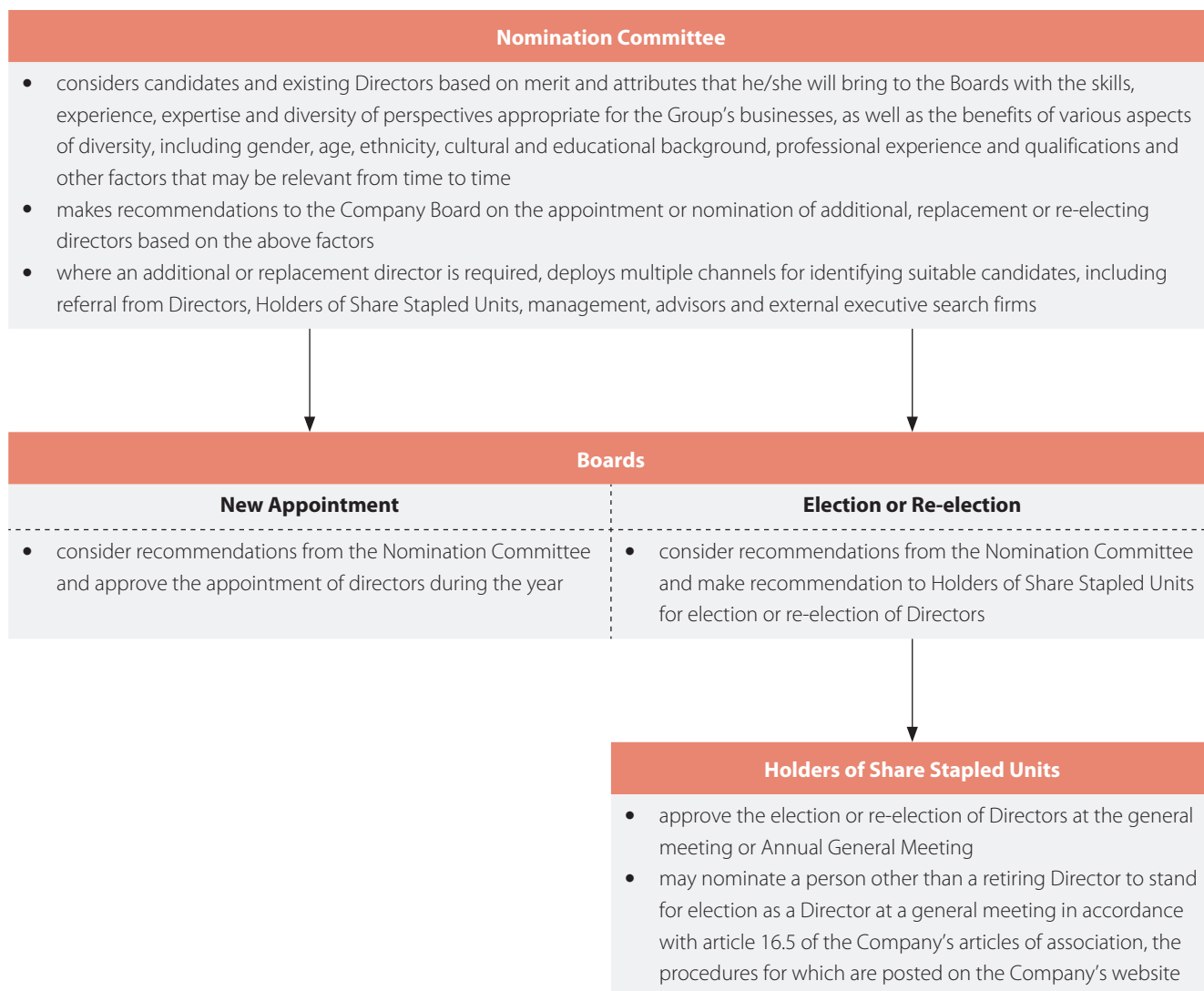
All Directors have been appointed on annual twelve-month basis (save for the initial period which is for a period up to 31 December in the year of appointment), subject to retirement from office by rotation and re-election at the Annual General Meeting at least once every three years pursuant to the Trust Deed and the articles of association of the Company. Any Director appointed to fill the casual vacancy shall hold office only until the next following general meeting and in the case of an addition, until the next Annual General Meeting, and shall be eligible for re-election at that meeting.

Directors retiring by rotation at the forthcoming Annual General Meeting are Mr. Ronald Joseph Arculli, Mr. Cheng Cho Ying, Francis, Mr. George Colin Magnus, Mr. Wang Yuanhang and Mr. Wang Zijian. Mr. Choi Wai Man, who was appointed as a Director subsequent to the 2025 Annual General Meeting, will also retire at the forthcoming Annual General Meeting. All the abovementioned retiring Directors offer themselves for re-election. Information relating to these Directors required to be disclosed under the Listing Rules is contained in the circular to be despatched to Holders of Share Stapled Units together with this Annual Report.

None of the Directors has a service contract which is not determinable by the Trustee-Manager or the Company within one year without payment of compensation (other than statutory compensation).

Nomination Process

The following diagram outlines the nomination process, as set out in the Director Nomination Policy, for new appointment and election or re-election of Directors:



Diversity

The Trustee-Manager and the Company recognise the importance of having qualified and competent Directors that possess a balance of skill set, experience, expertise and diversity of perspectives appropriate for the strategies of the Trustee-Manager and the Company, which can enhance decision-making capability and the overall effectiveness of the Boards to achieve corporate strategy as well as promote shareholder value.

The full Boards are ultimately responsible for reviewing the structure, size, diversity profile and skills matrix of the Boards, appointment of new Directors and succession plan for Directors. They have delegated their responsibility to the Nomination Committee of the Company, and established the Director Nomination Policy and the Board Diversity Policy, which are published on the Company's website, to provide guidance on the approach and procedure for these processes based on the abovementioned diversity criteria and objectives. The Nomination Committee of the Company reviews annually the implementation of these policies and makes recommendation on any revisions as may be required to the Boards for approval to ensure their continued effectiveness.

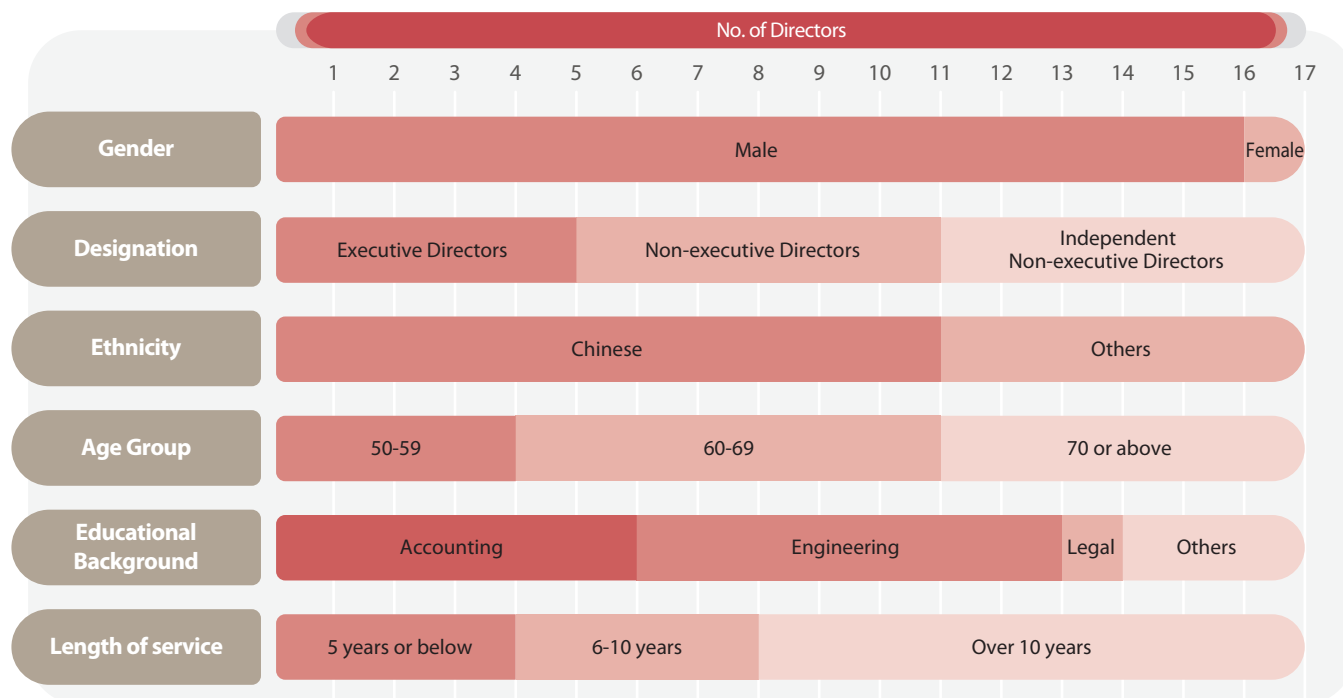
Combined Corporate Governance Report

Currently the Boards have one female Independent Non-executive Director. They will continue to embrace gender diversity when making future board appointments but no specific targets or timelines to further enhance gender diversity have been set as they are of the view that all aspects of diversity should be considered as a whole in the selection of suitable candidates for appointment to the Boards.

The Company also recognises the importance of diversity throughout the Group. It has established the Workforce Diversity Policy, which is published on the Company's website, to provide guidance in creating a diverse, inclusive and supportive working environment for its employees where individual differences are respected and all employees are treated with dignity. Progress in fostering gender empowerment, gender equality and gender diversity across its workforce is continuously monitored, and training on diversity and inclusion-related topics are provided to employees from time to time to enhance employee awareness and foster inclusive practice at all levels of the Group.

The same approach to gender diversity at the board level also applies to the Group's workforce, including the senior management. As of 31 December 2025, the gender ratio of the senior management comprising the Executive Directors of the Trustee-Manager and the Company is 100% male, whereas the gender ratio of the workforce of the Group (excluding the senior management) is 21.81% female and 78.19% male. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. However, the Group currently does not consider it appropriate to set any specific gender target or timeline for its workforce. The availability of female candidates for many of the engineering positions is currently somewhat limited, and being an equal opportunity employer, the Group also considers other relevant factors in making its decision on fitting the right person to the right position.

The diversity profile of the Boards as at 31 December 2025 is as follows:



The table below shows the mix of skills the Boards possess which is reviewed annually by the Nomination Committee:

Skills and Expertise	Description	Importance to the Group	No. of Directors ^(Note)
Board governance / leadership	Ability to oversee corporate directions and uphold governance standards	Ensure long-term stewardship, accountability and transparency for effective leadership	17
Business management	Experience in running organisations and managing operations	Guide commercial decisions and operational discipline to deliver performance	15
Strategic planning / risk management	Skills in setting long-term strategy and identifying, assessing and mitigating risks	Plan strategically to manage risks and achieve corporate objectives	8
Regulatory regime / public policy	Understanding of regulatory framework and policy trends in power utility markets	Assess regulatory mechanism and trends and their impacts on HK Electric's operations	11
Accounting / finance	Knowledge in financial management and reporting, and financial transactions	Oversee financial strategies and reporting to support decision making and safeguard shareholder value	8
Legal / regulatory	Experience in legal and regulatory compliance	Manage legal and regulatory risks to ensure compliance	1
Engineering	Understanding of technical and operational aspects of power utility businesses	Assess engineering matters in HK Electric's operations	7
Related industry knowledge / experience	Experience in the energy, power utility or infrastructure sectors	Provide industry insight, market context and operational perspectives to drive improvement	13
Sustainability	Understanding of ESG strategies, sustainability in operations and responsible investment practices	Drive long-term sustainability performance	4
Climate-related risk and opportunity	Knowledge of climate impacts, and transition and decarbonisation risks and opportunities	Align HK Electric's operations with global decarbonisation trends and build long-term resilience	4
Information technology / data	Knowledge of information technology, digital systems, cybersecurity, data governance and analytics	Oversee HK Electric's critical IT infrastructure, cybersecurity resilience, digital transformation initiatives and data governance	5

Note: Multiple skills and/or expertise may apply to one Director.

The combination of the skills and expertise set out above enhances the decision-making capability and the overall effectiveness of the Boards, and are in alignment with the core values and corporate strategies of the Group.

Combined Corporate Governance Report

Board Independence

The Trustee-Manager and the Company are committed to promoting strong Board independence.

The Boards must be satisfied that an Independent Non-executive Director does not have any material relationship with the Trust Group. They are guided by the criteria of independence as set out in the Listing Rules in determining the independence of Independent Non-executive Directors.

Taking into consideration the confirmation of his/her independence with reference to the factors set out in Rule 3.13 of the Listing Rules (which also covers his/her immediate family members) provided by each Independent Non-executive Director to the Trustee-Manager and the Company for the financial year 2025, the Boards continue to consider them to be independent.

The Boards have put in place mechanisms to ensure independent views and inputs from Directors are available to the Boards, and such mechanisms and their implementation during the financial year 2025 have been reviewed and considered effective by the Boards. The Chairman holds meetings annually with Independent Non-executive Directors without the presence of other Directors with an open agenda enabling them to voice out their independent views and promoting an open and constructive dialogue. During the year, the Chairman had two such meetings with the Independent Non-executive Directors to discuss matters relating to the Group and its operations. In addition, all Directors, including Independent Non-executive Directors, provide valuable views and inputs to the Boards through the board performance evaluation mentioned earlier in this report. Independent Non-executive Directors receive fixed fees for their appointments as members of the Boards and/or additional fees for sitting on each board committee, none of which are based on the performance of the Group. None of the Independent Non-executive Directors are financially dependent on the Group.

Directors' Interests in Competing Business

None of the Directors is interested in any businesses apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business in the generation, transmission, distribution and supply of electricity in Hong Kong.

Directors' Professional Development and Induction

The Company arranges and provides continuous professional development ("CPD") training to Directors to help them kept abreast of current trends and developments in the commercial, legal and regulatory environment in which the Trust Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. Directors may undertake CPD on their own by external training, internal training or self-study. The Company Secretary maintains records of CPD training undertaken by Directors, which are reviewed by the Audit Committees regularly.

Mr. Choi Wai Man, the newly appointed Director taking on his first board appointment at the Company, has attained more than 24 training hours during the year ended 31 December 2025 upon his appointment and completed the minimum number of training hours as required under the Listing Rules.

During the year, all Directors have participated in continuous professional development training and have complied with the relevant requirements under the Listing Rules. Details of their participation are summarised as follows:

Directors	Number of training hours			Total number of training hours
	External training ¹ Topics ⁴	Internal training ² Topics ⁴	Self-study ³ Topics ⁴	
Executive Directors				
FOK Kin Ning, Canning (Chairman)	– –	– –	17.5 (i), (ii), (iii), (iv), (v)	17.5
CHENG Cho Ying, Francis (Chief Executive Officer)	– –	3.0 (ii), (iii), (iv)	18.5 (i), (ii), (iii), (iv), (v)	21.5
CHAN Loi Shun	– –	3.0 (ii), (iii), (iv)	20.6 (i), (ii), (iii), (iv), (v)	23.6
CHOI Wai Man (Appointed on 1 July 2025)	– –	3.0 (ii), (iii), (iv)	24.5 (i), (ii), (iii), (iv), (v)	27.5
WANG Yuanhang	– –	– –	21.5 (i), (ii), (iii), (iv), (v)	21.5
Non-executive Directors				
Victor T K LI (Deputy Chairman)	– –	– –	17.6 (i), (ii), (iii), (iv), (v)	17.6
Fahad Hamad A H AL-MOHANNADI	– –	– –	21.5 (i), (ii), (iii), (iv), (v)	21.5
Ronald Joseph ARCULLI	17.8 (i), (ii), (iv), (v)	– –	19.2 (i), (ii), (iii), (iv), (v)	37.0
Deven Arvind KARNIK	– –	– –	21.5 (i), (ii), (iii), (iv), (v)	21.5
WANG Zijian	– –	– –	21.5 (i), (ii), (iii), (iv), (v)	21.5
ZHU Guangchao	– –	– –	21.5 (i), (ii), (iii), (iv), (v)	21.5
Independent Non-executive Directors				
FONG Chi Wai, Alex	– –	– –	34.4 (i), (ii), (iii), (iv), (v)	34.4
KOH Poh Wah	4.0 (iv), (v)	– –	25.1 (i), (ii), (iii), (iv), (v)	29.1
KWAN Kai Cheong	– –	– –	36.0 (i), (ii), (iii), (iv), (v)	36.0
LEE Lan Yee, Francis	– –	– –	28.0 (i), (ii), (iii), (iv), (v)	28.0
George Colin MAGNUS	– –	– –	6.2 (i), (ii), (iii), (iv), (v)	6.2
Donald Jeffrey ROBERTS	– –	3.0 (ii), (iii), (iv)	20.1 (i), (ii), (iii), (iv), (v)	23.1

Combined Corporate Governance Report

Notes:

1. External training includes in-person training or online webinars provided by external providers. During 2025, providers of external training include professional bodies such as The Law Society of Hong Kong, professional legal firm in Hong Kong, and accreditation and certification body for the financial sector in Singapore.
2. Internal training includes training arranged by the Company.
3. Self-study includes independent learning through reading articles or watching videos on specific topics.
4. The CPD training includes the following topics:
 - (i) the roles, functions and responsibilities of the board, its committee and its directors, and board effectiveness;
 - (ii) listed issuer's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates) relevant to the discharge of such obligations and duties;
 - (iii) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the listed issuer and its business);
 - (iv) risk management and internal controls; and
 - (v) updates on industry-specific developments, business trends and strategies relevant to the Company.

For the new Executive Director, Mr. Choi Wai Man, who was appointed during the year, the Company provided briefings and a package of orientation materials on the operations and businesses of the Group, together with information relating to duties and responsibilities of directors under statutory regulations and the Listing Rules. Mr. Choi had obtained legal advice relating to director's duties and responsibilities under applicable laws and regulations on 19 June 2025 from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and had confirmed that he understood his obligations as a Director of the Trustee-Manager and the Company.

Directors' Securities Transactions

The Trustee-Manager and the Company have established the Policy on Inside Information and Securities Dealing setting out the restrictions in securities dealing, and establishing preventive controls and reporting mechanism applicable to confidential or unpublished inside information in relation to the Trust Group and its securities.

As stated in the policy, the Boards have adopted the Model Code as their code of conduct regulating directors' securities transactions. In addition, senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Trust Group and its securities, are also required to comply with the Model Code. Reminders are sent during the year to these individuals on prohibitions against dealing in the securities of the Trust and the Company during the "blackout period" specified in the Model Code.

All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2025.

Directors' Responsibility for Financial Reporting and Disclosure

Annual and Interim Reports and Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Trust Group, the Group and the Trustee-Manager, as appropriate. The interim and annual results of the Trust Group, the Group and the Trustee-Manager are published in a timely manner within two months and three months respectively after the end of the relevant periods.

Accounting Policies

The Directors consider that in preparing financial statements, the Trustee-Manager and the Company ensure statutory requirements are met, apply appropriate accounting policies that are consistently adopted, and make judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring the Trustee-Manager and the Group, as appropriate, keep proper accounting records which disclose at any time the respective financial position of the Trust Group, the Group and the Trustee-Manager from which the respective financial statements of the Trust Group, the Group and the Trustee-Manager could be prepared in accordance with statutory requirements and the appropriate accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Trust, the Trustee-Manager and the Group, as appropriate, and to prevent and detect fraud and other irregularities within the Trustee-Manager and the Trust Group.

Going Concern

The Directors consider that each of the Trustee-Manager and the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon each of their abilities to continue as going concerns. The financial statements of the Trust Group, the Group and the Trustee-Manager have accordingly been prepared on a going concern basis.

Disclosure

The Directors are aware of the applicable requirements under the Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures, and authorise their publication as and when required.

The Company Secretary, working with the Chief Financial Officer and professional advisors, as applicable, advise the Boards on inside information, notifiable transactions, connected transactions and obligations about timely disclosure under the Listing Rules and applicable laws, rules and regulations, to ensure the relevant disclosure obligations are complied with.

Combined Corporate Governance Report

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer of the Company are held by separate individuals, and are subject to retirement from their directorship by rotation and re-election at least once every three years at the Annual General Meeting. The Chairman of the Boards is Mr. Fok Kin Ning, Canning and the Company's Chief Executive Officer is Mr. Cheng Cho Ying, Francis. The Trustee-Manager does not appoint a Chief Executive Officer due to its specific and limited role to administer the Trust.

The Chairman and the Chief Executive Officer of the Company have distinct and separate roles as set out below:

Chairman	Chief Executive Officer
- provides leadership to, and oversees the functioning and effective running of, the Boards to ensure that each Board acts in the best interests of the Trust and the Group, as appropriate - ensures that good corporate governance practices and procedures are established - acts in an advisory capacity to the Chief Executive Officer in all matters covering the interests and management of the Group - approves board meeting agendas and ensures that meetings of the Boards are planned and conducted effectively and that all Directors are properly briefed on issues arising at board meetings - maintains an ongoing dialogue with the Independent Non-executive Directors for their independent views	- manages the businesses of the Group and assumes full accountability to the Company Board for all Group operations - attends to the formulation and successful implementation of Group policies - attends to developing strategic operating plans and ensures the maintaining of the operational performance of the Group - ensures that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action when necessary - maintains an ongoing dialogue with the Chairman and all other Directors to keep them informed of all major business development and issues

Directors' Interests and Short Positions in Share Stapled Units, Underlying Share Stapled Units and Debentures

As at 31 December 2025, the interests or short positions of the Directors and chief executives of the Trustee-Manager and the Company in the SSUs, underlying SSUs and debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Trustee-Manager and the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Share Stapled Units

Name of Director	Capacity	Nature of Interests	Number of SSUs Held	Total	Approximate % of Issued SSUs
Li Tzar Kuoi, Victor	Interest of controlled corporation	Corporate	5,170,000) (Note 1))	7,870,000	0.08%
	Beneficiary of trusts	Other	2,700,000) (Note 2))		
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000 (Note 3)	2,000,000	0.02%
Donald Jeffrey Roberts	Interests held jointly	Other	1,398,000 (Note 4)	1,398,000	0.02%
Ronald Joseph Arculli	Interest of controlled corporation	Corporate	502	502	≈0%

Notes:

- (1) Such SSUs are held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (2) Such SSUs are held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of another discretionary trust ("DT2")) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the SSUs by reason only of its obligation and power to hold interests in those SSUs in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the SSUs independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said SSUs held by TUT1 as trustee of UT1 under the SFO as a Director of the Trustee-Manager and the Company.

- (3) Such SSUs are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
- (4) Such SSUs are jointly held by Mr. Donald Jeffrey Roberts and his wife.

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Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Trustee-Manager and the Company had any interests or short positions in the SSUs, underlying SSUs or debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to the Model Code.

Audit Committees

Each of the Trustee-Manager Audit Committee and the Company Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director. They are chaired by Mr. Donald Jeffrey Roberts (an Independent Non-executive Director), and the other members are Mr. Ronald Joseph Arculli (a Non-executive Director), Ms. Koh Poh Wah (an Independent Non-executive Director) and Mr. Lee Lan Yee, Francis (an Independent Non-executive Director). The Trust Deed requires that the memberships of both committees must be the same. None of the committee members is a partner or former partner of the external auditor of the Trust, the Trustee-Manager and the Company.

Responsibilities

The Audit Committees report directly to the Trustee-Manager Board and the Company Board, as appropriate, and act as the key representative body for overseeing relations with the external auditor. Their principal responsibilities are to assist the Boards in fulfilling their duties through the review and supervision of financial reporting, the review of financial information, the consideration of issues relating to external auditor and their appointment, the review and the development of corporate governance functions and risk management and internal controls. The Company Audit Committee also oversees the Company's whistleblowing procedure. Committee members may seek independent professional advice where necessary to discharge their duties.

The terms of reference of the Trustee-Manager Audit Committee and the Company Audit Committee amended on 21 May 2025 are published on the Company's website and HKEX's website.

Work Done

The Audit Committees held four meetings in 2025. Management are available at all of these meetings to assist with any information and resources as may be required to enable committee members to carry out their functions. During the year, members reviewed and considered matters including:

- the interim and annual results and reports, and the financial highlights summary;
- the risk management reports, the assessments and declarations in respect of the effectiveness of the risk management and internal control systems, and the sustainability governance and management, the effectiveness of the Company's internal audit function, the internal audit plan, all reports of internal audit activities compiled during the year, ESG Risk and Opportunity Management Framework, and corporate governance policies (including Anti-Fraud and Anti-Bribery Policy and Whistleblowing Policy) and the newly introduced Fraud Risk Management Framework;
- the corporate governance structure and compliance with the Corporate Governance Code and the ESG Reporting Code;
- the continuous professional development activities (including trainings related to ESG) undertaken by Directors and senior managers, as well as the adequacy of resources, staff qualifications and trainings of the Company's accounting and financial reporting, internal audit, and ESG performance and reporting functions;
- the report on engagement activities for Holders of Share Stapled Units and investors for assessment of the implementation and effectiveness of the Holder of Share Stapled Units Communication Policy;
- auditor related matters (including fees for audit services and non-audit services, engagement, independence, re-appointment, auditor's report and the review of the pre-approval policy and procedures for engaging independent auditor for non-assurance services);
- the Group's outstanding litigation and claims, the statistics and registers on illegal or unethical behaviour of the Group (including whistleblowing cases) and on the cyber security incident; and
- the amendments to the terms of reference of the Trustee-Manager Audit Committee and the Company Audit Committee.

Representatives from KPMG, the external auditor, were invited to attend two of the meetings to discuss the 2024 audited financial statements, the 2025 audit plan and various accounting matters with the committee members. The Audit Committees also held private sessions with representatives from KPMG and Internal Audit Department respectively without the presence of management members during the year to ensure that there are no unresolved issues or concerns.

Subsequent to the financial year end, the Audit Committees held a meeting in March 2026, at which they reviewed consolidated financial statements of the Trust and of the Company and the financial statements of the Trustee-Manager for the year ended 31 December 2025, and the Annual Report 2025; and resolved to recommend the approval of the financial statements and the re-appointment of KPMG as the external auditor of the Trust, the Trustee-Manager and the Company for 2026.

Nomination Committee

The Nomination Committee of the Company comprises four members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Lee Lan Yee, Francis (an Independent Non-executive Director), and the other members are Ms. Koh Poh Wah (an Independent Non-executive Director and was appointed as a member of the committee with effect from 21 May 2025), Mr. Kwan Kai Cheong (an Independent Non-executive Director) and Mr. Victor T K Li (a Non-executive Director). The Trustee-Manager does not have a nomination committee as the Trust Deed and the Trustee-Manager's articles of association require the directors of the Company and the Trustee-Manager comprise the same individuals, and the requirement to establish a nomination committee is hence considered irrelevant to the Trustee-Manager.

Responsibilities

The Nomination Committee reports directly to the Company Board. Its principal responsibilities are to review the structure, size and composition (including the skills, knowledge, experience and diversity profile) of the Company Board and assist the Company Board in maintaining a Board skills matrix, to facilitate the selection and nomination process, to assess the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules, to make recommendations to the Company Board on the appointment or re-appointment of Directors and succession planning for Directors as guided by the process and criteria in Director Nomination Policy and Board

Diversity Policy as mentioned earlier in this report, to review and assess regularly the time commitment and contribution to the Boards by each Director as well as the Director's ability to discharge his/her responsibilities effectively, and to support the regular evaluation of the performance of the Boards. Committee members may seek independent professional advice where necessary to discharge their duties.

The terms of reference of the Nomination Committee amended on 21 May 2025 are published on the Company's website and HKEX's website.

Work Done

The Nomination Committee held a meeting in March 2025, during which members performed matters including:

- reviewed and were satisfied with the results of the board performance evaluation conducted for the year ended 31 December 2024;
- reviewed and were satisfied with the implementation and effectiveness of the Board Diversity Policy and the Director Nomination Policy;
- reviewed the structure, size, diversity profile and skills matrix of the Company Board and the needs of the Board;
- assessed the independence of the Independent Non-executive Directors;
- resolved to recommend the nomination of all the retiring Directors standing for re-election at the 2025 Annual General Meeting;
- reviewed the amendments to the terms of reference of the Nomination Committee; and
- considered and recommended the appointment of Mr. Choi Wai Man as an Executive Director of the Boards to fill the vacancy following the resignation of Mr. Kwan Ying Leung as an Executive Director.

Subsequent to the financial year end, the Nomination Committee held a meeting in March 2026, at which it reviewed and assessed each Director's time commitment and contribution to the Boards, as well as the Director's ability to discharge his/her responsibilities effectively, taking into account professional qualifications and work experience, existing listed company directorships and other significant external time commitments and other factors or circumstances relevant to the director's character, integrity, independence and experience. The Nomination Committee was satisfied that each Director discharged his/her responsibilities at the Boards and the board committees effectively.

Combined Corporate Governance Report

Remuneration Committee

The Remuneration Committee of the Company comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Donald Jeffrey Roberts (an Independent Non-executive Director), and the other members are Mr. Fok Kin Ning, Canning (Chairman of the Company Board) and Dr. Fong Chi Wai, Alex (an Independent Non-executive Director). The Trustee-Manager does not have a remuneration committee as the Directors of the Trustee-Manager, in such capacity, are not entitled to any remuneration.

Responsibilities

The Remuneration Committee reports directly to the Company Board. Its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and management team, and the determination of their individual remuneration packages.

The Company Board has adopted a Policy on Remuneration of Full Time Directors and Management Team (which was reviewed and updated during the year) to provide guidance on the determination of remuneration of Executive Directors and management team, with reference to the Group's financial, operational and sustainability performance and profitability, industry remuneration benchmarks and prevailing market conditions. Remuneration should be performance-based and, coupled with an incentive system, competitive to attract and retain talented employees. The Group's Human Resources Division assists the Remuneration Committee by providing relevant remuneration data and market conditions for the Committee's consideration. Committee members may, if considered necessary, seek independent professional advice to perform their duties. The Trust Group does not have any equity-based remuneration during the year.

Non-executive Directors and Independent Non-executive Directors receive fixed fees for their appointments as members of the Boards and/or additional fees for sitting on each board committee. None of such fees are based on the performance of the Group.

Work Done

The Remuneration Committee held a meeting in December 2025, during which members under delegated responsibility from the Company Board performed matters including:

- reviewed the updates to the policies and structure for remuneration of Directors and management team of the Group;
- considered the performance of the full time Executive Directors and management team of the Group and approved their performance-based bonus in respect of the 2025 financial year and their remuneration package for 2026;
- considered and approved the 2026 wage and salary review proposal for the Group's employees; and
- considered and recommended the proposed increment to Directors' fees and fees for serving on board committees commencing 2026.

No Director or member of the management team participated in the determination of his/her own remuneration.

The emoluments paid to each Director of the Company for the 2025 financial year are shown in note 12 to the financial statements on page 116 of the Annual Report. The remuneration paid to members of the management team for the 2025 financial year is disclosed by bands in the same note.

Sustainability Committee

The Sustainability Committee of the Company comprises three members. It is chaired by Mr. Cheng Cho Ying, Francis (Chief Executive Officer), and the other members are Mr. Choi Wai Man (appointed as an Executive Director and a member of the committee on 1 July 2025 following the resignation of Mr. Kwan Ying Leung as an Executive Director and his cessation as a member of the committee) and Dr. Fong Chi Wai, Alex (an Independent Non-executive Director).

Responsibilities

The Sustainability Committee reports directly to the Company Board. Its principal responsibilities are to oversee management of, and advise the Company Board on, the development and implementation of the sustainability initiatives of the Group, review the related policies and practices, and assess and make recommendations on matters concerning the Group's sustainability development and risks.

The Group's Sustainability Management Committee, a management-level committee chaired by the Chief Executive Officer, supports the Sustainability Committee to discharge its duties and drives and coordinates the Group's sustainability efforts, and promotes understanding of sustainability within the Group. Committee members may, if considered necessary, seek any information required from management or have access to independent professional advice.

Work Done

The Sustainability Committee held two meetings in 2025. During the year, members performed matters including:

- considered the Group's sustainability objectives, strategies, risks and opportunities, priorities, initiatives and goals, status of achievement and the Group's newly adopted and updated sustainability policies;
- reviewed the updated ESG Risk and Opportunity Management Framework and the Group's ESG Risk and Opportunity Universe and Register;
- reviewed the Group's risk register under the ESG Risk Management Framework and the preliminary control summary for the ESG opportunities identified, and the ESG assessment results for 2024; and
- reviewed the Sustainability Report 2024.

Subsequent to the financial year end, the Sustainability Committee at a meeting held in March 2026 reviewed and recommended the Sustainability Report 2025 for the Boards' approval.

Company Secretary

The Company Secretary of the Trustee-Manager and the Company supports the Boards by ensuring good information flow within the Boards and that board policy and procedures are followed. He also updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements necessary in discharging their duties. He is responsible for advising the Boards through the Chairman and/or the Chief Executive Officer on governance matters and also facilitates induction and professional development of Directors. The Company Secretary also acts as the secretary to all board committees.

The appointment and removal of the Company Secretary is subject to approval of the Boards. Although the Company Secretary reports to the Chairman and the Chief Executive Officer, all Directors have access for his relevant advice and service. Mr. Alex Ng, the

Company Secretary of the Trustee-Manager and the Company, is an employee of the Group and has knowledge of the Group's daily affairs. He has received no less than 15 hours of relevant professional training during the year to refresh his skills and knowledge.

External Auditor

Independence

KPMG, the external auditor and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, have confirmed that they have been, for the year ended 31 December 2025, independent of the Trustee-Manager, the Trust Group and the Group in accordance with the independence requirements of the HKICPA.

Rotation of Engagement Partner

KPMG adopt a policy of rotating the engagement partner servicing their client companies every seven years in accordance with the requirements under the HKICPA's Code of Ethics for Professional Accountants. The last rotation in respect of the Group took place in the audit of the 2021 financial statements and the next rotation will take place in the audit of the 2028 financial statements.

Reporting Responsibility

The reporting responsibilities of KPMG are stated in the Independent Auditor's Reports on pages 84 to 89 and pages 168 and 169 of the Annual Report.

Remuneration

An analysis of the fees of KPMG for audit services and non-audit services (which included among others tax related services and translation services) is shown in note 10 to the consolidated financial statements of the Trust and the Company on page 114 of the Annual Report and note 4 to the financial statements of the Trustee-Manager on page 177 of the Annual Report.

Re-appointment

A resolution for re-appointment of KPMG as auditor of the Trust, the Trustee-Manager and the Company will be proposed at the forthcoming Annual General Meeting. There has been no change in auditor of the Trustee-Manager and the Company in the preceding three years.

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Risk Management and Internal Control

Board Oversight

The Boards have overall responsibility for evaluating and determining the nature and extent of the risks, including ESG risks, that the Trustee-Manager and the Group are willing to take in achieving corporate strategic objectives, and overseeing the risk management and internal control systems. The Audit Committees assist the Boards in reviewing the effectiveness of the risk management and internal control systems of the Trust Group and the Trustee-Manager half-yearly to ensure that appropriate and effective systems are in place for the purposes of dealing with identified risks, safeguarding assets, and preventing and detecting fraud, misconduct and loss.

The Audit Committees review all significant aspects of risk management and internal control, including financial, operational and compliance controls, and the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including qualifications and experience, training programmes and budgets of the staff of the Company's accounting, internal audit, financial reporting, and ESG performance and reporting functions; the process by which the Trustee-Manager and the Company evaluate their control environment and their risk assessment process, and the way in which current and emerging risks are managed. The Audit Committees also review the effectiveness of the internal audit function and its annual work plans, and consider the reports of the Chief Executive Officer and an Executive Director on the effectiveness of the systems of risk management and internal control, and make their recommendation to the Boards for approval of the annual financial statements.

The Boards, through the Audit Committees, have conducted reviews on the effectiveness of the risk management and internal control systems of the Trust Group and the Trustee-Manager for the half year ended 30 June 2025 and the year ended 31 December 2025, and taking into consideration the reports from the management, confirmed that such systems were appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code. During the year, there were no significant changes in the Group's assessment of risks (including ESG risks) or in the risk management and internal control systems. No significant control failings or weaknesses were identified and the Boards were not aware of any material unforeseen outcomes or contingencies that have had, or may in the future have, a material impact on the Group's financial performance or condition.

Risk Management

Effective risk management is fundamental to the achievement of the corporate strategic objectives, and an enterprise risk management policy is in place to outline the framework and processes adopted by the Group and provide top-down and bottom-up approaches to identify, assess, prioritise, mitigate and monitor key risks at corporate and operating unit levels in a structured and consistent manner. These key risks include risks in topics such as climate change, fuel supply, environmental compliance, supply reliability, health and safety, cyber security, and laws and regulations which the Group considered to be key material ESG issues. More details are given in the Risk Management and Risk Factors on pages 77 to 81 of the Annual Report.

Internal Control Environment

The management encourages a risk aware and control conscious environment, setting objectives, performance targets or policies for the management of key risks including areas in strategic planning, business operations, investments, legal and regulatory compliance, expenditure control, treasury, environment, health and safety, customer service and cyber security.

There are inherent limitations in any systems of risk management and internal control and accordingly the Trustee-Manager's and the Trust Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Control Structure

The Trustee-Manager and the Company have a well-established organisational structure with defined levels of responsibility and authority and reporting procedures.

Executive Directors review operational and financial reports and key operating statistics of each division and hold regular meetings with division general managers to review their reports.

Budgets are prepared annually by the management of each division and are subject to review and approval firstly by the Chief Executive Officer and then by the Company Board. Re-forecasts of operating results for the current year are prepared on a quarterly basis, reviewed for differences to the budget and for approval by the Executive Directors.

The Group Finance Division has established guidelines and procedures for the approval and control of expenditure. Operating expenditure is subject to overall budget control, with approval levels being set by reference to the level of authority of each executive and officer. Capital expenditure is also subject to overall control within the approved budget of individual projects with more specific control and approval being required for overspending, unbudgeted expenditure and material expenditure within the approved budget. Monthly reports of actual versus budgeted and approved expenditure are also reviewed.

The Treasury Department, reporting to an Executive Director, is in charge of the treasury function overseeing investment and funding activities of the Group. It regularly reports on the Group's cash and liquid investments, borrowings, outstanding contingent liabilities and financial derivatives commitments. The Boards have approved and adopted a treasury policy governing the management of financial risks (including interest rate risk, foreign exchange risk and liquidity risk) and the operational risks associated with such risk management activities. The treasury policy is reviewed by the Audit Committees from time to time.

The Group Legal and Company Secretarial Department, reporting to the Chief Executive Officer, is in charge of legal and company secretarial functions, overseeing, among other things, the Trust Group's compliance of the Listing Rules and other legal and regulatory requirements.

Internal Control Assessment

Regarding the Group's Internal Control System, the Chief Executive Officer and an Executive Director review the results of the self-assessment on internal controls. The assessment of the effectiveness of entity-level controls is the first tier of the internal control self-assessment. Division general managers and department heads conduct surveys on entity-level controls self-assessment with reference to five components of internal control, namely, Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The second tier of internal control self-assessment at key business process level is also conducted to assess the effectiveness of controls over the operations within their areas of accountability and compliance with applicable laws and regulations. These assessments form part of the basis on which the Chief Executive Officer and an Executive Director formulate their opinion on risk management and internal control systems and report their results to the Audit Committees and the Boards.

The Chief Executive Officer and other Executive Directors have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risk. The Group Finance Division, working with each division, is responsible for arranging appropriate insurance coverage for the Trustee-Manager and the Trust Group.

Internal Audit

The Internal Audit Department, reporting to the Audit Committees and an Executive Director, provides independent assurance as to the existence and effectiveness of the risk management activities and internal controls in business operations. Staff members of the department are from disciplines including accounting, engineering and information technology.

Internal Audit Department prepares its annual audit plan by using risk assessment methodology, and taking into account the scope and nature of the Group's activities and changes in operating environment. The audit plan is reviewed and approved by the Audit Committees. Its internal audit reports on the Group's operations are also reviewed and considered by the Audit Committees. The scope of work performed includes financial, operations and information technology reviews, recurring and ad hoc audits, fraud investigations, productivity efficiency reviews and laws and regulations compliance reviews. The Internal Audit Department follows up audit recommendations on implementation by operating units and the progress is reported to the Audit Committees regularly.

During the year, the review of the effectiveness of risk management and internal control systems of the Trust Group and the Trustee-Manager was conducted internally. The Internal Audit Department facilitates the bi-annual risk management and internal control self-assessment which enables the Chief Executive Officer and an Executive Director to review the profile of the significant risks and how these risks have been identified, evaluated and managed, changes since the last assessment in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of the risk management and internal control systems. The results are presented to and reviewed by the Audit Committees.

Reports from the external auditor on material non-compliance with procedures and significant internal control weaknesses, if any, are also presented to the Audit Committees. These reports are considered and reviewed and appropriate action is to be taken if required.

Combined Corporate Governance Report

Inside Information

There are procedures including pre-clearance on dealing in the Trust Group's securities by designated Directors, notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

Pursuant to an agreement dated 14 January 2014 with Power Assets, the Company shares support services including the relevant financial and accounting, treasury and internal audit services with Power Assets to support risk management and internal control functions outlined above.

Code of Conduct and Anti-corruption

The Trustee-Manager and the Group recognise the importance of maintaining a culture of corporate ethics and anti-corruption, and place great emphasis on ethical standards and integrity in all aspects of the Group's operations.

The Group's Code of Conduct provides guidance on expected standards of ethical behaviour and sets out reporting mechanisms for unethical conduct, with the aim of fostering a culture of integrity, accountability and honesty. All employees, and other stakeholders in certain situations, are required to adhere to the standards set out in the Code of Conduct. Guidance on specific matters are supplemented by other policies and procedures of the Group, as appropriate.

The Trustee-Manager and the Group have established the Anti-Fraud and Anti-Bribery Policy which, together with the Code of Conduct, prohibit any form of fraud, bribery or corruption. The offering, giving, soliciting or accepting of any advantages in connection with the Trustee-Manager's and the Group's business, whether from or to clients, suppliers or any person is strictly prohibited. An anti-fraud and anti-bribery control assessment is conducted biannually to evaluate the effectiveness of controls for managing fraud and bribery risks. A monitoring mechanism has been established to review compliance with anti-corruption laws and the Code of Conduct.

It is the responsibility of each Director and employee to avoid situations that may lead to or involve a conflict of interest, and make full disclosure of any dealings in case of potential or actual conflict. All Directors and employees who have access to, or are in control of the Trustee-Manager's and the Group's information are required to implement and maintain adequate safeguards to prevent any unauthorised use, abuse or misuse of such information, and not to use it to secure personal advantage.

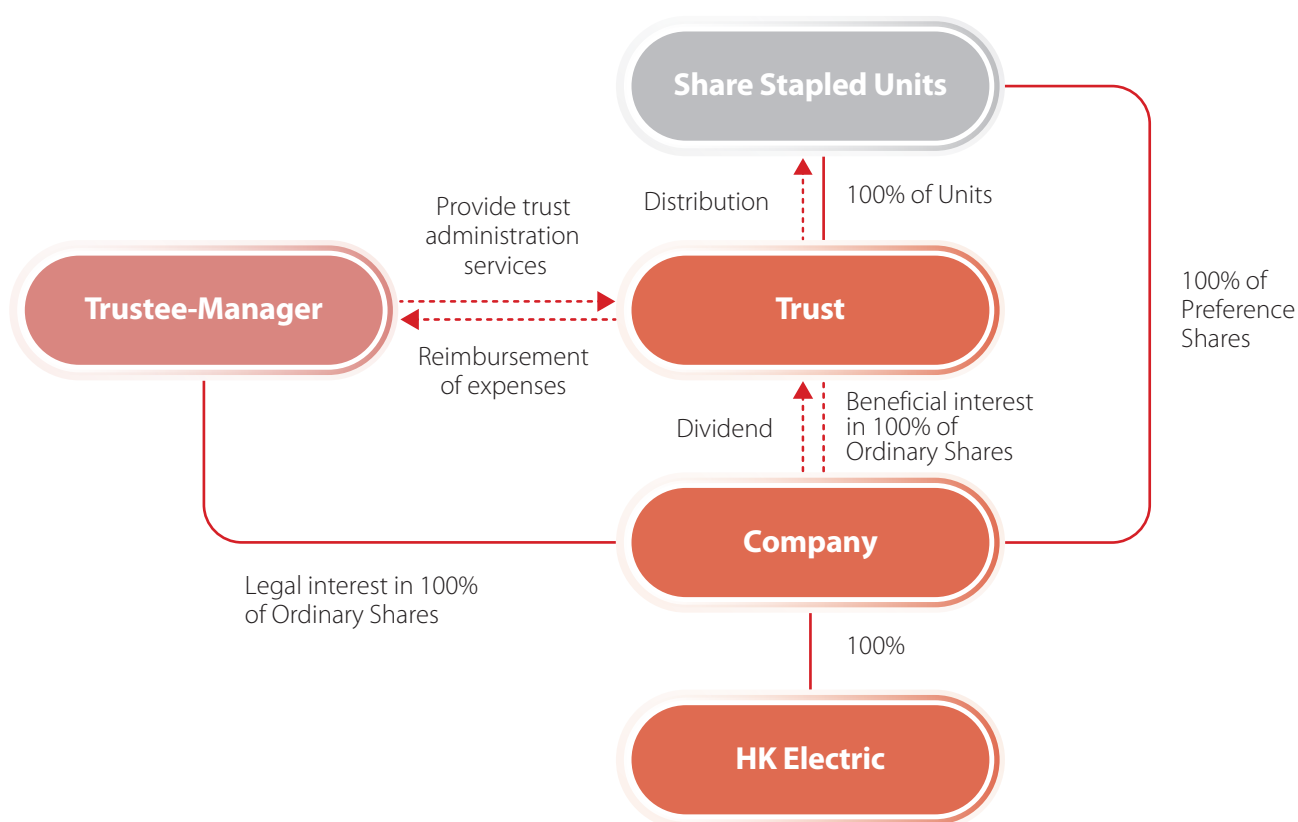
The Trustee-Manager and the Group ensure procurement of supplies and services is conducted in a manner of high ethical standards to promote fair and open competition. Procurement and tendering procedures are in place to ensure impartial selection of suppliers and contractors, and the hire of services and purchase of goods are based solely upon price, quality, suitability and need. Suppliers and contractors are expected to adhere to a high level of ethical standards as set out in the Code of Practice for Suppliers, and no corruption will be tolerated.

Whistleblowing

To ensure high standards of openness, probity and accountability, the whistleblowing procedures, as set out in the Code of Conduct and Whistleblowing Policy, allow employees as well as external parties such as customers, suppliers, contractors, debtors and creditors to report any suspected violation of the Code of Conduct or improprieties, misconduct or malpractice within the Group, including fraud and illegal acts. Investigations are carried out on all reported cases. The results are reported to the Company Audit Committee and the Chief Executive Officer, and disciplinary and remedial actions are taken as appropriate. During 2025, there were three reported whistleblowing cases, one of which involved a confirmed breach of the Code of Conduct. There were no convicted cases of discrimination, harassment, breaches of personal data privacy, corruption, money laundering or insider trading.

Share Stapled Units

A Share Stapled Unit is the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (c) a specifically identified preference share of the Company stapled to the unit. The structure of the Trust Group and the Share Stapled Units is as follows:



Constitutional Documents

The current versions of the Trust Deed, and the memorandum and articles of association of each of the Trustee-Manager and the Company are available on the Company's website and HKEX's website. No changes were made to any of these constitutional documents during the year ended 31 December 2025.

Public Float

Throughout the year ended 31 December 2025, according to information that is available to the Trustee-Manager and the Company and within the knowledge of the Directors, the Trust and the Company maintain the level of public float required under the Listing Rules. As at 31 December 2025, the public float of the Trust and the Company was approximately 25.60% of its total issued 8,836,200,000 Share Stapled Units.

Combined Corporate Governance Report

The holding structure of the Share Stapled Units as at 31 December 2025 is set out below:

Group of Holders of Share Stapled Units / Name	Number of SSUs Held	Approximate % of SSUs Holding ¹
(a) Holders of Share Stapled Units who are not members of “the public” (as defined under the Listing Rules)		
(i) Substantial Holders of Share Stapled Units and their close associates		
Power Assets Holdings Limited and its close associates	2,948,966,418	33.37%
State Grid Corporation of China and its close associates	1,855,602,000	21.00%
Qatar Investment Authority and its close associates	1,758,403,800	19.90%
(ii) Directors of the Trustee-Manager and the Company and their close associates		
Li Tzar Kuoi, Victor	7,870,000	0.08%
Fok Kin Ning, Canning	2,000,000	0.02%
Donald Jeffrey Roberts	1,398,000	0.02%
Ronald Joseph Arculli	502	≈0%
(iii) Any other persons excluded from the definition of “the public”	0	0%
(b) Holders of Share Stapled Units who are members of “the public” (as defined under the Listing Rules)	2,261,959,280 ²	25.60%
Total	8,836,200,000	100.00%

Notes:

- (1) Percentage may not add up to the total due to rounding.
- (2) This is the balancing figure between the total number of Share Stapled Units in issue and the sum of Share Stapled Units held by all specific Holders of Share Stapled Units or groups of Holders of Share Stapled Units as listed in the table above.

Details of the share capital of the Company are set out in note 30(b) to the consolidated financial statements of the Trust and of the Company. There was no movement during the year ended 31 December 2025.

Engagement of Holders of Share Stapled Units

Rights of Holders of Share Stapled Units

Distribution Policy

The Boards have adopted a distribution policy which outlines the principles of payment on distribution. The Boards have a single-minded focus on delivering stable distribution to Holders of Share Stapled Units in accordance with the stated intention contained in the Trust Deed and the Company's articles of association. The level of such distribution from time to time will depend on prevailing business conditions and the Company's capital requirements and earning performance.

The Boards at its meetings held in August 2025 and March 2026 reviewed and confirmed that all distribution decisions made by the Boards were made in accordance with the distribution policy of the Trust and the Company. The levels of distributions (both interim and final) declared during the year remain the same as those for the previous corresponding periods.

Rights relating to General Meeting

Pursuant to the Company's articles of association, any two or more shareholders of the Company (or a shareholder of the Company if such shareholder is a recognised clearing house or its nominees) may requisition for the convening of an extraordinary general meeting to put forward proposals for transaction, provided that such requisitionists hold as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. The requisition stating the objects of the meeting should be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong. Pursuant to the Trust Deed, the Trustee-Manager may (and the Trustee-Manager shall at the request in writing of registered holders of units of the Trust holding not less than 5% of the units (as a component of the Share Stapled Units) of the Trust for the time being in issue and outstanding) at any time convene an extraordinary general meeting of registered holders of units at such time or place in Hong Kong. Holders of Share Stapled Units can refer to the detailed requirements and procedures as set forth in the relevant sections of the Trust Deed and the articles of association of the Company when making any requisitions or proposals for transaction at the general meetings.

Registration and Related Matters

The Trustee-Manager and the Company handle registration matters relating to Share Stapled Units, such as transfer of Share Stapled Units, change of address, change of distribution payment instruction, issue and/or loss of Share Stapled Unit certificates and death of Holders of Share Stapled Units, through Computershare Hong Kong Investor Services Limited, the share stapled units registrar, whose contact details are set out on page 184 of the Annual Report.

Financial Calendar and Other Information

A financial calendar of the announced key dates for 2025 and 2026 and other relevant information of the Share Stapled Units are set out on page 185 of the Annual Report.

Communications with Holders of Share Stapled Units

The Trustee-Manager and the Company have established the Holder of Share Stapled Units Communication Policy, which is published on the website of the Company, to lay down the framework and put in place a range of communication channels between themselves and Holders of Share Stapled Units and investors to promote effective communication.

The Audit Committees at a meeting held in March 2026 reviewed the engagement activities for Holders of Share Stapled Units or investors conducted in 2025, and were satisfied with the implementation and effectiveness of the Holder of Share Stapled Units Communication Policy for the year ended 31 December 2025.

General Meetings

Annual General Meeting and other general meetings are the primary forums for communications with Holders of Share Stapled Units and their participation to facilitate constructive engagement and for Directors to develop a balanced understanding of their views on matters affecting the Trustee-Manager and the Company, including governance and performance against the corporate strategy.

2025 Annual General Meeting

The 2025 Annual General Meeting was held as a hybrid meeting on 21 May 2025. Holders of Share Stapled Units had the option of attending, participating and voting at the meeting physically or through online access.

Combined Corporate Governance Report

The notice of meeting, the annual report and the circular containing information on the proposed resolutions were sent to Holders of Share Stapled Units on 17 April 2025, more than 21 clear days (as required by the Company's articles of association) prior to the meeting.

All Directors attended the 2025 Annual General Meeting except two Non-executive Directors were unable to attend. The chairs and members of all board committees as well as representatives from KPMG, the external auditor, were available at the meeting to answer relevant questions from the Holders of Share Stapled Units, which could either be raised at the meeting venue or online. Question and answer session at the Annual General Meeting fosters constructive dialogues between Holders of Share Stapled Units, members of the Boards and the senior management, and any unattended matters at the Annual General Meeting are handled and followed up by relevant business units. A separate resolution was proposed in respect of each substantially separate issue and voted by way of a poll, and the poll voting procedure was explained fully to Holders of Share Stapled Units at the start of the meeting. Computershare Hong Kong Investor Services Limited, the share stapled units registrar, acted as scrutineer for the poll.

All resolutions proposed at the meeting were ordinary resolutions and were passed by more than 50% of the votes. The percentage of votes in favour of these resolutions were set out below:

- Adoption of the audited Financial Statements of the Trust and the Company and of the Trustee-Manager, the Combined Report of the Directors, and the Independent Auditor's Reports for the year ended 31 December 2024 (99.9986%);
- Election of Mr. Fok Kin Ning, Canning (99.9099%), Mr. Deven Arvind Karnik (99.8390%), Dr. Fong Chi Wai, Alex (99.9960%), Mr. Lee Lan Yee, Francis (98.7556%), Mr. Donald Jeffrey Roberts (99.9913%) and Ms. Koh Poh Wah (99.9956%) as Directors;
- Re-appointment of KPMG as auditor of the Trust, the Trustee-Manager and the Company and authorisation of Directors of the Trustee-Manager and the Company to fix auditor's remuneration (99.9898%); and
- Granting of a general mandate to Directors of the Trustee-Manager and the Company to issue and deal with additional Share Stapled Units not exceeding 10% of the total number of Share Stapled Units in issue (99.9999%).

The poll results, including the number of Share Stapled Units voted for and against each resolution, were announced to the meeting on its conclusion and subsequently posted on the Company's and HKEX's websites on the same day.

Financial and Other Reporting

The Trustee-Manager and the Company report operating results for the first half of the financial year and the full financial year and produce interim and annual reports, and from time to time communicate other information with Holders of Share Stapled Units by way of announcement or circular, in accordance with the requirements of the Listing Rules and applicable laws. They also publish sustainability report for the full financial year to report on the Group's approach, commitments and strategy to sustainability, key achievements with regard to the Group's sustainability performance during the year and plans and targets for the future.

Corporate Website

The Company's corporate website at www.hkei.hk is an information platform to facilitate communications with Holders of Share Stapled Units, the investor community and other stakeholders. It contains a wide range of information including financial results, annual and interim reports, sustainability reports, notices, announcements and circulars, press releases and other corporate publications, and details of the arrangements for dissemination of corporate communications. An e-subscription service is available to enable subscribers to register and receive notifications when financial and sustainability reports and Listing Rules announcements are posted.

Holders of Share Stapled Units may at any time notify the Company or the share stapled units registrar if they wish to receive corporate communications in printed form or choose to change their choice as to the language of the printed form. Further details are set out in the section "Arrangements For Dissemination Of Corporate Communications" under the "Investor Information" of the Company's website.

Investor Relations

All Holders of Share Stapled Units may put enquiries to the Boards at general meetings, whether they attend the meetings physically or through online access, and at other times by mail or email to the Company for the attention of an Executive Director, the Chief Financial Officer, the Group Treasurer or the Company Secretary, whose contact channels are set out on page 184 of the Annual Report.

To facilitate communication with Holders of Share Stapled Units and the investment community and solicit their views, meetings, briefings and roadshows with investors and analysts are held from time to time, as appropriate. In 2025, around 30 meetings were conducted by Investor Relations with institutional investors and analysts by means of calls or video conferences to facilitate constructive dialogues with the investment community.

Views and feedbacks received from the engagement channels are referred to relevant business units as appropriate and in a timely manner.

Conflict of Interest

The Trustee-Manager and the Company have implemented certain measures to deal with potential conflict of interest issue between (1) the Trust; and (2) any unitholder holding 30% or more of the units in issue, or any Director or shareholder of the Trustee-Manager holding 30% or more of the issued shares in the Trustee-Manager. Under the Company's articles of association, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the board which it has determined to be material, the matter should be dealt with by a physical board meeting instead of a circulating written resolution and independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. Further, pursuant to the Trust Deed and the Trustee-Manager's articles of association, a Director of the Trustee-Manager must give priority to the interest of all the registered holders of units as a whole over the interest of the Company in the event of a conflict between the interest of all the registered holders of units as a whole and the interest of the Company.

A committee, comprising all Independent Non-executive Directors, has reviewed compliance by Power Assets in 2025 of the terms of a non-competition deed dated 14 January 2014. Pursuant to the deed, Power Assets agreed, save for certain exceptions, not to, and to procure its members not to, carry on, or be engaged in or interested in the business of generation, transmission, distribution and supply of electricity in Hong Kong. Taking into consideration the 2025 written compliance confirmation from Power Assets and all other relevant factors, the committee is of the view that Power Assets complied with the terms of the above non-competition deed during 2025.

Disclosure under the Trust Deed

Pursuant to the Trust Deed, the Trustee-Manager Board confirms that:

- (i) Any charges paid and payable out of the trust property of the Trust to the Trustee-Manager for the year ended 31 December 2025 are in accordance with the Trust Deed;
- (ii) The connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or obtained from independent third parties, with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Holders of Share Stapled Units as a whole; and
- (iii) It is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of the Trust or on the interests of all Holders of Share Stapled Units as a whole.

Combined Corporate Governance Report

Interests and Short Positions of Holders of Share Stapled Units

As at 31 December 2025, Holders of Share Stapled Units (other than Directors or chief executives of the Trustee-Manager and the Company) who had interests or short positions in the SSUs or underlying SSUs of the Trust and the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange were as follows:

Substantial Holders of Share Stapled Units

Long Positions in Share Stapled Units

Name	Capacity	Number of SSUs Held	Approximate % of Issued SSUs
Power Assets Holdings Limited	Interest of controlled corporation	2,948,966,418 (Note 1)	33.37%
Hyford Limited	Interest of controlled corporations	2,948,966,418 (Notes 1 and 2)	33.37%
Cheung Kong Infrastructure (BVI) Limited	Interest of controlled corporations	2,948,966,418 (Note 2)	33.37%
CK Infrastructure Holdings Limited	Interest of controlled corporations	2,948,966,418 (Note 2)	33.37%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	2,948,966,418 (Note 3)	33.37%
CK Hutchison Global Investments Limited	Interest of controlled corporations	2,948,966,418 (Note 3)	33.37%
CK Hutchison Holdings Limited	Interest of controlled corporations	2,948,966,418 (Note 3)	33.37%
State Grid Corporation of China	Interest of controlled corporations	1,855,602,000 (Note 4)	21.00%
State Grid International Development Co., Limited	Interest of controlled corporation	1,855,602,000 (Note 4)	21.00%
State Grid International Development Limited	Beneficial owner	1,855,602,000 (Note 4)	21.00%
Qatar Investment Authority	Interest of controlled corporation	1,758,403,800	19.90%

Notes:

- (1) Power Assets is deemed to be interested in 2,948,966,418 SSUs which are beneficially owned by its direct wholly-owned subsidiary, Quickview Limited. Hyford Limited ("Hyford") is deemed to be interested in 2,948,966,418 SSUs which interests are duplicated in the 2,948,966,418 SSUs in which Power Assets is interested, as Hyford is entitled to exercise or control the exercise of more than one-third of the issued shares of Power Assets through its direct and indirect wholly-owned subsidiaries.
- (2) CKI is deemed to be interested in the 2,948,966,418 SSUs as referred to in Note (1) above as it holds more than one-third of the issued share capital of Cheung Kong Infrastructure (BVI) Limited, which holds more than one-third of the issued share capital of Hyford. Its interests are duplicated in the interest of CK Hutchison in HKI described in Note (3) below.
- (3) CK Hutchison is deemed to be interested in the 2,948,966,418 SSUs as referred to in Note (2) above as it holds more than one-third of the issued share capital of CK Hutchison Global Investments Limited ("CKHGI"). Certain subsidiaries of CKHGI hold more than one-third of the issued voting shares of Hutchison Infrastructure Holdings Limited which in turn holds more than one-third of the issued share capital of CKI.
- (4) State Grid International Development Limited is a direct wholly-owned subsidiary of State Grid International Development Co., Limited and an indirect wholly-owned subsidiary of State Grid Corporation of China ("State Grid"), and the interests of State Grid International Development Limited and State Grid International Development Co., Limited of 1,855,602,000 SSUs each are duplicated in the 1,855,602,000 SSUs held by State Grid.

Save as disclosed above, as at 31 December 2025, there was no other person (other than Directors or chief executives of the Trustee-Manager and the Company) who had interests or short positions in the SSUs or underlying SSUs of the Trust and the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange.

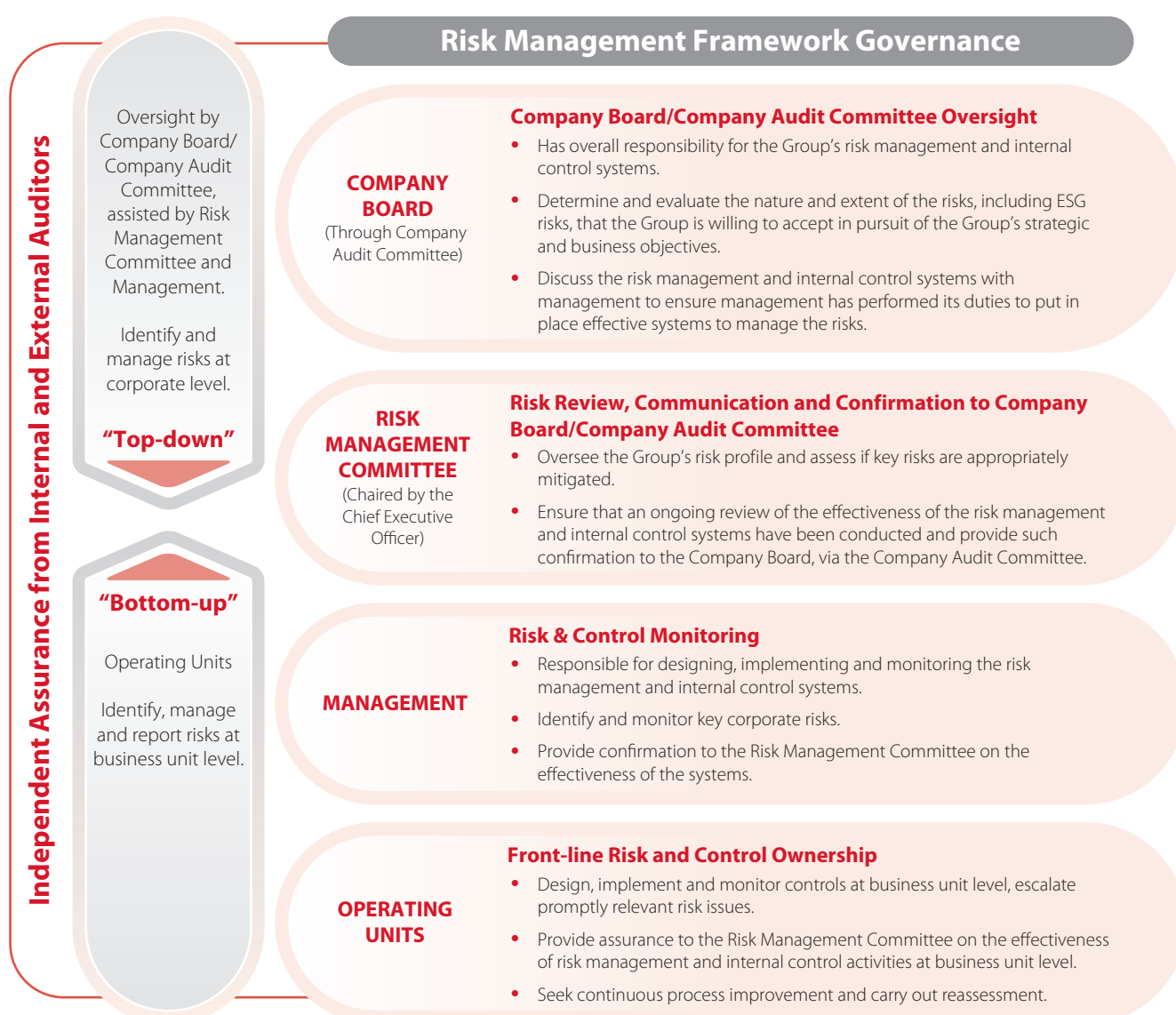
Risk Management

Effective risk management and internal control systems are fundamental to the achievement of our strategic objectives.

Risk management framework

The Group has in place an Enterprise Risk Management (ERM) framework that provides a structured and consistent approach to identifying, assessing, prioritising, mitigating, and monitoring key business, financial, operational and compliance risks across the organisation. This framework also integrates Environmental, Social and Governance (ESG) risks, including those related to climate change. To strengthen this integration, the Group applies an ESG Risk and Opportunity Management Framework, which ensures

that ESG and climate-related risks and opportunities are effectively identified, assessed, and managed. As part of this process, climate scenario analysis is conducted to evaluate potential climate-related risks and opportunities. Their impacts are assessed from two distinct perspectives: business model and value chain. Further details are provided in the Group's Sustainability Report 2025. The ERM framework, together with the ESG Risk and Opportunity Management Framework, provides a proactive and integrated approach to risk management across the organisation, reinforced by ongoing monitoring and review. Beyond mitigating risks, this approach enables the Group to leverage ESG and climate-related opportunities to foster sustainable growth and create long-term value.



Risk Management

Governance and oversight

The Group is committed to fostering a risk aware and control conscious environment. Responsibility for risk management resides at all levels within the organisation. The Company Board, through the Company Audit Committee, oversees the overall management of risks. The Risk Management Committee, supported by Internal Audit, assists the Company Board and Company Audit Committee to review and monitor key risks of the Group. Management is responsible for identifying and assessing risks of strategic nature. Operating units are responsible for the identification and management of risks in their activities. The top-down and bottom-up approaches complement each other and enable us to identify and manage the Group's key risks in an effective manner, including material emerging risks at corporate and business unit levels.

Risk management process

The risk management process is integrated into our day-to-day activities and is an ongoing process involving all parts of the Group from the Company Board down to individual employees.

The risk identification process takes into account internal and external factors. These include economic, political, social, technological, environmental, laws and regulations, Group strategy, as well as our stakeholders' expectations in these aspects. Risks are grouped into different categories to facilitate analysis. Each risk identified is analysed on the basis of likelihood and impact in accordance with the risk appetite set by the Company Board.

During the risk assessment process, the impact of a risk is evaluated across various aspects, including financial, health and safety, environmental, reputational, regulatory, customer service, reliability, organisational, and employee engagement, with severity levels ranging from insignificant to very substantial. The likelihood of a risk occurring is assessed on a scale from rare to almost certain. Together, these two dimensions determine the overall risk rating, which guides the prioritisation and management of risks. Action plans are then developed to mitigate potential impacts and reduce the likelihood of occurrence. The risk assessment process also includes a review of the control mechanisms for each risk and a rating of the effectiveness of each control.

The Group compiles a risk register which is updated and monitored on an ongoing basis, taking into account emerging risks which may have a material impact on the Group. A risk management report that highlights key corporate and business level risks and action plans is reviewed by the Risk Management Committee half-yearly. A register of top corporate risks is presented to the Company Audit Committee for reporting to the Company Board. Significant changes in key risks on a day-to-day basis are handled as they arise and reported to management.

Fundamental to achieving our business goals is how we can effectively manage existing and emerging risks in different economic, social and political environments. A description of the Group's risk factors is shown on pages 79 to 81 of this Annual Report. The Group works to continually improve its risk management framework in order to keep pace with the changing business environment.



Risk Factors

Risks and uncertainties can affect the Group's business, financial condition, operating results or growth prospects, leading to a divergence from expected or historical results. Key risk factors affecting the Group are outlined below. In dealing with these, the Group remains in touch with its stakeholders with the aim of understanding and addressing their concerns.

These factors are not exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could become material in the future.

Global and Hong Kong economic environment

Global economic growth is expected to moderate amid persistent uncertainties in the international environment. Geopolitical tensions and escalating trade conflicts continue to affect supply chains and weaken investor confidence, creating challenges for global trade and investment. Hong Kong's economy has remained subdued, although the increase in inbound tourism may help improve the situation.

The prevailing global uncertainty may impact the business performance of customers or potential customers, which could lead to reduced demand for electricity and related services in Hong Kong. This may adversely affect the Group's financial position, potential income, asset values and liabilities.

To address the uncertainty of the global and Hong Kong economies, the Group pursues prudent and pragmatic strategies in financial management and capital investment. The Group also strives for efficiency and cost effectiveness in all aspects of its operations to enhance its financial performance.

Interest rates and currency markets

The Group is exposed to interest rate risk primarily with its interest-bearing liabilities. In 2025, the US Federal Reserve continued its rate cut cycle with three 25 basis points cuts, one in September, one in October and the other in December, taking the total to 175 basis points since the first reduction in September 2024. The Group is also exposed to currency risk that mainly arises from the import of fuel and capital equipment. Volatility in interest rates and currency markets may adversely affect the Group's financial conditions and operation results.

The Group's treasury policy guides the measures it undertakes to manage these exposures. Details of the Group's current practices to manage interest rate and currency risks are in the Financial Review on pages 34 to 36.

Electricity market

The operations of the Group's electricity business in Hong Kong are subject to the Scheme of Control Agreement (SCA) with the Government, which provides for a permitted level of earnings based principally on average net fixed assets for electricity-related operations.

The current SCA commenced on 1 January 2019, with a term of 15 years from 2019 to 2033. The SCA will be reviewed every five years. While the SCA is providing the necessary stability in the areas of financial and service regulation, the Government's strategies and policies on air quality, decarbonisation of the electricity sector to mitigate global warming, energy efficiency and conservation, and electricity market competition are among the factors affecting the Group's results and growth in the medium to long term.

The Group has established a mechanism to review these factors on a regular basis and continuously engages in discussions with the Environment and Ecology Bureau as well as various stakeholders on electricity market and regulatory issues.

Climate change

The impacts of climate change are global in scope, affecting many countries and regions. Climate change may increase the frequency and intensity of extreme weather events, such as super typhoons, floods, overtopping waves, severe rainstorms, extreme temperatures, and other natural catastrophes. It could disrupt supply chains, interrupt business operations, and cause financial and physical damages. In October 2021, the Government published "Hong Kong's Climate Action Plan 2050", outlining the strategies for combating climate change. This Plan sets medium to long-term targets for reducing Hong Kong's carbon emissions by 50% before 2035 (as compared to the 2005 level) and ultimately achieving carbon neutrality before 2050. As a major utility in Hong Kong, the Group is subject to physical and transition risks posed by climate change, while also recognising opportunities for low-carbon business development.

The Group mitigates the physical risks by continuing to build climate resilience into its power infrastructure, as mentioned in the "Reliability of Supply" risk factor below. To address the risks related to the transition to low-carbon electricity supply, the Group has pledged full support for the Government's carbon reduction targets. It is pursuing various decarbonisation initiatives and has its own science-based carbon reduction target. These initiatives include, but are not limited to, decarbonising our generation portfolio through coal-to-gas power generation transition, promoting renewable energy (RE), and exploring the use of other potential zero-carbon energy technologies and innovative

Risk Factors

generation solutions. A special task force has been formed to regularly review the availability and applicability of alternatives to sulfur hexafluoride (SF₆) used in high-voltage equipment in the system. The Group also implements recycling practices to reduce waste and discharges from its operations, advances energy efficiency and RE through funding schemes and educational activities, champions the adoption of electric vehicles (EVs), provides technical support to customers seeking to install electric transportation charging infrastructure, and supports environmental projects initiated by green groups and community organisations.

The Group's Sustainability Report 2025 offers more detailed discussions on the Group's approach to sustainability, including how it manages climate-related risks and opportunities in accordance with relevant local and international disclosure guidelines.

Environmental compliance

In 2008, the Government promulgated annual emission allowances for the power sector (including those for Lamma Power Station) for 2010 and beyond through the Technical Memorandum for Allocation of Emission Allowances in respect of Specified Licences under the Air Pollution Control Ordinance (APCO). So far, ten Technical Memoranda have been issued. The latest one, issued in 2025, stipulates the annual emission allowances for 2030 and beyond.

In addition to the annual emission allowances under APCO, the Group needs to conform to the terms and conditions in the Specified Process Licence (SP-Licence) issued for Lamma Power Station under the APCO, as well as other applicable environmental licences and permits. Failure to comply with these requirements could result in legal action against the Group.

The Group has in place Environmental Management Systems with monitoring and reporting mechanisms run by dedicated teams to ensure compliance with relevant environmental regulations, address public concerns and closely monitor and control the emission of pollutants from the power plant.

Fuel supply

Our generating units in Lamma Power Station mainly rely on natural gas and coal as fuel sources. Any interruption or shortage in the supply of natural gas or coal, or substandard fuel quality, may result in significant disruption to the operations of our generating units. This could have an adverse effect on the reliability of electricity supply, environmental performance, business, value chain, financial condition as well as the reputation of the Group. Fuel price volatility also poses a financial risk to the Group.

The Group has a fuel supply strategy and fuel quality control system in place to maintain a reliable fuel supply and sufficient stock of appropriate quality to meet its generation requirements. The offshore liquefied natural gas (LNG) terminal, developed through a joint venture and utilising Floating Storage and Regasification Unit (FSRU) technology, has continued to operate reliably since its commercial launch in July 2023. In 2025, the terminal further enhanced the Group's fuel supply resilience by providing a stable and diversified source of natural gas and enabling procurement at competitive prices. Euro V Diesel reserves continue to be maintained at Lamma Power Station as a backup fuel to ensure uninterrupted power generation in the event of disruptions to natural gas or coal supplies.

Reliability of supply

The Group can be exposed to risks in relation to electricity supply interruptions. Extensive damage in generation or network facilities caused by severe earthquake, storm, flood, overtopping waves, landslide, extreme weather phenomenon due to climate change, fire, sabotage, terrorist attack, damages, failure of critical information and control systems that support the power system or any other unplanned events could lead to a prolonged and extensive power outage.

The loss of cash flow resulting from supply interruption, and the cost of recovery from damage to network and generation assets could be considerable. Such incidents could damage customer goodwill and lead to claims and litigation. Substantial increases in the number or duration of supply interruptions could result in increases in the costs associated with the operation of the Group's supply networks, which could have an adverse effect on the business, financial condition and efficiency of operations as well as the reputation of the Group.

The Group conducts thorough risk assessments including the emerging risk of climate change, public health contingencies, physical security and cybersecurity, and fire risk within critical power system facilities; adopts resilient infrastructure designs to withstand climate change and extreme weather; performs reliability-centred maintenance and condition monitoring of critical infrastructure and assets; conducts strategic replacement programmes for ageing power equipment and cables; upgrades its power supply and fire services equipment; undertakes regular reliability reviews; provides comprehensive training to operational employees; and deploys sophisticated information technology control and asset management systems. It also conducts drills on contingency plans with different stakeholders on a regular basis to ensure supply reliability is maintained at a high standard.

Health and safety

The nature of the Group's operations exposes it to a range of health and safety risks.

Major health and safety incidents resulting in fatalities, injuries or ill health to members of the public or employees, or damage to the Group's properties, could have severe consequences. These may include widespread distress and harm or significant disruption to the Group's operations, and could result in regulatory action, legal liability, material costs and damage to the Group's reputation.

The Group has in place a Health and Safety Management System to manage its exposure and protect its employees, customers, contractors, visitors and the public by conducting its business in a safe and socially responsible manner. Operational activities also undergo risk assessment to mitigate or eliminate potential health and safety hazards, including those arising from climate change. Continuous improvements and the implementation of new technologies are carried out to strengthen the organisation's culture, awareness, measures, and commitment to health and safety.

The Group continues to maintain a monitoring framework and preventive measures to manage the risks of emerging public health contingencies in relation to its operations.

Cybersecurity

The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyber world. The fact that cyber-attacks occur with greater frequency and intensity around the world has increased the risk posed by cybercrime to the Group. Failure to protect the Group's critical utility and information assets from targeted or non-targeted cyber-attacks can result in reputational damage, financial loss and disruptions in operations.

The Group has taken a risk-based and integrated approach to combating cybersecurity risks. A robust Cyber Security Management Framework has been established with the implementation of an

Information Security Management System which is based upon a defence-in-depth cybersecurity management strategy with deployment of multiple layers of security controls throughout the IT landscape and integration with different cybersecurity processes. This enables the Group to proactively identify, prevent, detect, respond to and recover from cyber-attacks. Resources and development efforts are focused on the three pillars of cybersecurity management, namely people, process and technology, to ensure the confidentiality, integrity and availability of corporate information assets and critical infrastructure.

Laws and regulations

The Group's main operating company, HK Electric, engages in the generation, transmission, distribution and supply of electricity to Hong Kong Island and Lamma Island, and is subject to strict compliance with Hong Kong laws and regulations relating to, amongst other things, development, construction, licensing and operation of our power facilities. It must comply with the conditions contained in its operational and construction licences and permits. Changes in laws and regulations may also cause it to incur additional capital and operating expenses or other obligations or liabilities in order to comply with such changes. Failure to comply with the applicable laws and regulations and relevant changes could expose the Group to prosecution and litigation and result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of licences or permits, or may possibly have material and adverse impacts on its business, financial condition and operating results.

The Compliance Committee, chaired by the Chief Executive Officer, is responsible for overseeing the Group's compliance functions. A Compliance Framework is in place to manage its compliance obligations under a consistent and structured approach across the Group. As part of the Framework, a Regulatory Compliance and Monitoring Programme with designated responsible parties has been implemented to proactively monitor the Group's compliance obligations and status as well as any changes in laws and regulations and their implications.



Annual Report (1976)

Hongkong Electric Holdings Limited (now known as Power Assets Holdings Limited) was established and listed on the Main Board of the Hong Kong Stock Exchange in 1976. Its first Annual Report was published.

Annual Report (Now)

Following a spin-off exercise on 29 January 2014, HK Electric Investments was listed on the Main Board of the Hong Kong Stock Exchange as a commercial trust. Today, our Annual Report is published in print as well as on our website to facilitate widespread public access.



FINANCIAL STATEMENTS

Sustainable growth in
shareholder value



Independent Auditor's Report

To the Holders of Share Stapled Units of HK Electric Investments and HK Electric Investments Limited

(HK Electric Investments is a trust constituted under the laws of Hong Kong; HK Electric Investments Limited is incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of HK Electric Investments (the "Trust"), HK Electric Investments Limited (the "Company") and its subsidiaries (together the "Trust Group") and of the Company and its subsidiaries (the "Group") set out on pages 90 to 167 (together referred to as the "consolidated financial statements of the Trust and of the Company"). As explained in note 2 to the consolidated financial statements of the Trust and of the Company, the consolidated financial statements of the Trust and of the Company together comprise the consolidated statement of financial position of the Trust Group and of the Group as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Trust Group and of the Group for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements of the Trust and of the Company give a true and fair view of the consolidated financial position of the Trust Group and of the Group as at 31 December 2025 and of the Trust Group's and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust Group and of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the Trust and of the Company of the current period. These matters were addressed in the context of our audit of the consolidated financial statements of the Trust and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence and accuracy of property, plant and equipment

Refer to note 16 to the consolidated financial statements of the Trust and of the Company and the accounting policies 3(f), (g) and (h)(ii).

The key audit matter

A wholly owned subsidiary of the Company, The Hongkong Electric Company, Limited ("HK Electric"), is engaged in the generation, transmission and distribution of electricity in Hong Kong (the "Hong Kong electricity business"), which requires substantial capital investment in property, plant and equipment.

The Scheme of Control Agreement entered into by HK Electric and the Government of the HKSAR provides for HK Electric to earn a permitted return calculated based on 8% of average net fixed assets. The Development Plan under the Scheme of Control Agreement governs HK Electric's capital expenditure on the Hong Kong electricity business over the Scheme of Control Agreement period.

HK Electric's property, plant and equipment is specialised in nature and certain items are self-constructed. The cost of self-constructed property, plant and equipment comprises, inter alia, the costs of materials and direct labour, overheads capitalised and borrowing costs. The Directors have implemented internal controls over the capitalisation of costs in property, plant and equipment.

We identified assessing the existence and accuracy of property, plant and equipment as a key audit matter because property, plant and equipment is the most significant asset of the Trust Group and the Group and is critical to the operations of Hong Kong electricity business and because, due to the terms and conditions of the Scheme of Control Agreement, property, plant and equipment is a key focus of management and the users of the consolidated financial statements of the Trust and of the Company.

How the matter was addressed in our audit

Our audit procedures to assess the existence and accuracy of property, plant and equipment included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the existence and accuracy of property, plant and equipment;
 - assessing the Trust Group's and the Group's capitalisation policy for expenditure relating to property, plant and equipment with reference to the requirements of the prevailing accounting standards;
 - selecting sample items of property, plant and equipment acquired and capitalised during the year ended 31 December 2025 and inspecting relevant underlying documentation to assess whether these items met the criteria for capitalisation with reference to the requirements of the prevailing accounting standards and to evaluate the date on which costs were capitalised;
 - assessing whether the additions to property, plant and equipment for the year ended 31 December 2025 were consistent with the Development Plan agreed between HK Electric and the Government of the HKSAR which governs the level of capital expenditure over a period of time;
 - forming an expectation of the value of costs capitalised for the current year based on the prior year's capitalisation ratio and the level of capital work undertaken during the current year, comparing our expectation with the actual costs capitalised for the current year and discussing with management the nature of and reasons for any significant variances; and
 - physically inspecting a sample of additions to property, plant and equipment during the current year.
-

Independent Auditor's Report

Assessment of potential impairment of goodwill relating to the Hong Kong electricity business

Refer to note 17 to the consolidated financial statements of the Trust and of the Company and the accounting policies 3(e) and (h)(ii).

The key audit matter

The Company acquired the Hong Kong electricity business operated by HK Electric from Power Assets Holdings Limited in 2014. The goodwill arising on this acquisition amounted to HK\$33.6 billion.

Management assessed goodwill for potential impairment as at 30 November 2025 by comparing the carrying amount of the cash-generating unit to which goodwill has been allocated with the recoverable amount determined by assessing the value-in-use ("VIU") by preparing a discounted cash flow forecast. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate.

We identified the assessment of potential impairment of goodwill relating to the Hong Kong electricity business as a key audit matter because the carrying value of the goodwill is material to the consolidated financial statements of the Trust and of the Company and also because management's assessment of the value of the future cash flows expected to be derived from the Hong Kong electricity business involves certain critical judgements in respect of the assumptions made which are inherently uncertain and could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess potential impairment of goodwill relating to the Hong Kong electricity business included the following:

- evaluating management's cash flow forecast by comparing the assumptions adopted by management with our understanding of the Hong Kong electricity business and by comparing key assumptions and estimates with relevant underlying documentation, which included comparing future revenue growth and operating profit with the Development Plan agreed between HK Electric with the Government of the HKSAR and comparing components of the discount rate with market data;
- evaluating management's rationale for adopting cash flow projections over a period greater than five years with reference to the guidance in the prevailing accounting standards;
- involving our internal valuation specialists to assist us in assessing the methodology applied by management in its discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards and whether the discount rates adopted in the discounted cash flow forecasts were comparable with those of companies in the same industry;
- performing sensitivity analyses on the discount rate and terminal growth rate applied and the assumptions for revenue adopted by management in the cash flow forecast to assess the impact of changes in these key assumption on the conclusion reached in management's impairment assessment and considering whether there were any indicators of management bias in the assumption adopted; and
- comparing the actual results for the current year with management's forecasts for the previous year in order to assess the historical accuracy of the management's forecasting process.

Information other than the consolidated financial statements and auditor's report thereon

The Directors of HK Electric Investments Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and the Directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements of the Trust and of the Company and our auditor's report thereon.

Our opinion on the consolidated financial statements of the Trust and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements of the Trust and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of the Trust and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors of the Trustee-Manager and the Directors of the Company are responsible for the preparation of the consolidated financial statements of the Trust and of the Company that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements of the Trust and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Trust and of the Company, the Directors are responsible for assessing the Trust Group's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust Group and the Group or to cease operations or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committees of the Trustee-Manager and of the Company in discharging their responsibilities for overseeing the Trust Group's and the Group's financial reporting process.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Trust and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements of the Trust and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust Group's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Group's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements of the Trust and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Trust and of the Company, including the disclosures, and whether the consolidated financial statements of the Trust and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust Group and the Group as a basis for forming an opinion on the consolidated financial statements of the Trust and of the Company. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committees of the Trustee-Manager and of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committees of the Trustee-Manager and of the Company with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committees of the Trustee-Manager and of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Trust and of the Company of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wai Shun, Wilson (practising certificate number: P04961).

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

17 March 2026

Consolidated Statement of Profit or Loss of the Trust and of the Company

For the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Revenue	5	12,125	12,057
Direct costs		(6,041)	(5,598)
		6,084	6,459
Other revenue and other net income	7	77	81
Other operating costs	8	(1,113)	(1,052)
Operating profit		5,048	5,488
Finance costs	9	(1,284)	(1,408)
Profit before taxation	10	3,764	4,080
Income tax:	11		
Current		(750)	(741)
Deferred		64	–
		(686)	(741)
Profit after taxation		3,078	3,339
Scheme of Control transfers	13(b)	71	(228)
Profit for the year attributable to the holders of Share Stapled Units/shares of the Company		3,149	3,111
Earnings per Share Stapled Unit/share of the Company			
Basic and diluted	15	35.64 cents	35.21 cents

The notes on pages 95 to 167 form part of these consolidated financial statements.

As explained in note 2, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Details of distributions/dividends payable to holders of Share Stapled Units/shares of the Company attributable to the profit for the year are set out in note 14.

Consolidated Statement of Comprehensive Income of the Trust and of the Company

For the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	2025 \$ million	2024 \$ million
Profit for the year attributable to the holders of Share Stapled Units/shares of the Company	3,149	3,111
Other comprehensive income for the year, after tax and reclassification adjustments		
Items that will not be reclassified to profit or loss		
Defined benefit retirement schemes:		
Remeasurement of net defined benefit asset/liability	163	204
Net deferred tax charged to other comprehensive income	(27)	(33)
	136	171
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	3	(12)
Cost of hedging – changes in fair value	2	12
Net deferred tax charged to other comprehensive income	(1)	–
	4	–
	140	171
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	1	124
Reclassification adjustments for amounts transferred to profit or loss	(141)	(301)
Cost of hedging – changes in fair value	(287)	82
Cost of hedging – reclassified to profit or loss	(65)	(63)
Net deferred tax credited to other comprehensive income	58	17
	(434)	(141)
Total comprehensive income for the year attributable to the holders of Share Stapled Units/shares of the Company	2,855	3,141

The notes on pages 95 to 167 form part of these consolidated financial statements.

As explained in note 2, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Consolidated Statement of Financial Position of the Trust and of the Company

At 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Non-current assets			
Property, plant and equipment		75,472	75,113
Interests in leasehold land held for own use		4,642	4,837
	16	80,114	79,950
Goodwill	17	33,623	33,623
Interest in a joint venture	19	929	887
Derivative financial instruments	26	276	616
Employee retirement benefit scheme assets	27(a)	1,199	1,053
		116,141	116,129
Current assets			
Inventories	20	931	982
Trade and other receivables	21	1,351	1,358
Bank deposits and cash	22(a)	28	30
		2,310	2,370
Current liabilities			
Trade and other payables and contract liabilities	23	(2,665)	(2,787)
Fuel Clause Recovery Account	24	(626)	(215)
Current portion of bank loans and other interest-bearing borrowings	25	(22,477)	(727)
Bank overdrafts – unsecured		–	(45)
Current tax payable	29(a)	(194)	(224)
		(25,962)	(3,998)
Net current liabilities		(23,652)	(1,628)
Total assets less current liabilities		92,489	114,501
Non-current liabilities			
Bank loans and other interest-bearing borrowings	25	(28,079)	(50,083)
Derivative financial instruments	26	(247)	(156)
Customers' deposits		(2,546)	(2,507)
Deferred tax liabilities	29(b)	(10,046)	(10,140)
Employee retirement benefit scheme liabilities	27(a)	(8)	(56)
Other non-current liabilities	28	(1,471)	(1,401)
		(42,397)	(64,343)
Scheme of Control Fund and Reserve	13(c)	(777)	(868)
Net assets		49,315	49,290
Capital and reserves			
Share capital	30(b)	8	8
Reserves		49,307	49,282
Total equity		49,315	49,290

Approved and authorised for issue by the Boards on 17 March 2026.

Cheng Cho Ying, Francis

Director

Chan Loi Shun

Director

The notes on pages 95 to 167 form part of these consolidated financial statements.

As explained in note 2, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Consolidated Statement of Changes in Equity of the Trust and of the Company

For the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Attributable to holders of Share Stapled Units/shares of the Company					Proposed/ declared distribution/ dividend (note 14)	Total
	Share capital (note 30(b))	Share premium (note 30(c))	Hedging reserve (note 30(d)(i))	Revenue reserve (note 30(d)(ii))			
\$ million							
Balance at 1 January 2024	8	47,472	78	(2)	1,422		48,978
Changes in equity for 2024:							
Profit for the year	–	–	–	3,111	–		3,111
Other comprehensive income	–	–	(141)	171	–		30
Total comprehensive income	–	–	(141)	3,282	–		3,141
Amounts transferred to the initial carrying amount of hedged items, net of tax	–	–	1	–	–		1
Final distribution/second interim dividend in respect of previous year approved and paid (see note 14(c))	–	–	–	–	(1,422)		(1,422)
Interim distribution/first interim dividend paid (see note 14(b))	–	–	–	(1,408)	–		(1,408)
Proposed final distribution/second interim dividend (see note 14(b))	–	–	–	(1,422)	1,422		–
Balance at 31 December 2024 and 1 January 2025	8	47,472	(62)	450	1,422		49,290
Changes in equity for 2025:							
Profit for the year	–	–	–	3,149	–		3,149
Other comprehensive income	–	–	(430)	136	–		(294)
Total comprehensive income	–	–	(430)	3,285	–		2,855
Final distribution/second interim dividend in respect of previous year approved and paid (see note 14(c))	–	–	–	–	(1,422)		(1,422)
Interim distribution/first interim dividend paid (see note 14(b))	–	–	–	(1,408)	–		(1,408)
Proposed final distribution/second interim dividend (see note 14(b))	–	–	–	(1,422)	1,422		–
Balance at 31 December 2025	8	47,472	(492)	905	1,422		49,315

The notes on pages 95 to 167 form part of these consolidated financial statements.

As explained in note 2, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Consolidated Cash Flow Statement of the Trust and of the Company

For the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Note	2025 \$ million	2024 \$ million
Operating activities			
Cash generated from operations	22(b)	9,194	9,049
Interest paid		(1,161)	(1,307)
Interest received		39	39
Hong Kong Profits Tax paid		(780)	(1,406)
Net cash generated from operating activities		7,292	6,375
Investing activities			
Payment for the purchase of property, plant and equipment and capital stock		(3,743)	(3,769)
Capitalised interest paid		(159)	(231)
New loan to a joint venture		(69)	(18)
Loan repaid from a joint venture		27	26
Proceeds from disposal of property, plant and equipment		1	1
Net cash used in investing activities		(3,943)	(3,991)
Financing activities			
Proceeds from bank loans	22(c)	–	697
Repayment of bank loans	22(c)	(213)	–
Redemption of medium term notes	22(c)	(300)	(300)
Payment of lease liabilities	22(c)	(3)	(2)
New customers' deposits	22(c)	336	325
Repayment of customers' deposits	22(c)	(297)	(267)
Distributions/dividends paid		(2,830)	(2,830)
Net cash used in financing activities		(3,307)	(2,377)
Net increase in cash and cash equivalents		42	7
Cash and cash equivalents at 1 January		(15)	(23)
Effect of foreign exchange rate changes		1	1
Cash and cash equivalents at 31 December	22(a)	28	(15)

The notes on pages 95 to 167 form part of these consolidated financial statements.

As explained in note 2, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

1. General information

HK Electric Investments Limited (the “Company”) was incorporated in the Cayman Islands on 23 September 2013 as an exempted company with limited liability under the Companies Law 2011 (as consolidated and revised) of the Cayman Islands. The Company has established a principal place of business in Hong Kong at Hongkong Electric Centre, 44 Kennedy Road, Hong Kong. The principal activity of the Company is investment holding.

On 1 January 2014, HK Electric Investments (the “Trust”) was constituted as a trust by a Hong Kong law governed Trust Deed entered into between HK Electric Investments Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and the Company. The scope of activity of the Trust as provided in the Trust Deed is limited to investing in the Company.

The Share Stapled Units structure comprises (1) a unit in the Trust; (2) a beneficial interest in a specifically identified ordinary share in the Company which is linked to the unit and held by Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (3) a specifically identified preference share in the Company which is “stapled” to the unit. The Share Stapled Units are jointly issued by the Trust and the Company and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. Basis of presentation

Pursuant to the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The consolidated financial statements of the Trust for the year ended 31 December 2025 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries (together the “Trust Group”) and the Trust Group’s interest in a joint venture. The consolidated financial statements of the Company for the year ended 31 December 2025 comprise the consolidated financial statements of the Company and its subsidiaries (together the “Group”) and the Group’s interest in a joint venture.

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2025 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated results and financial position of the Company with the only differences being disclosures of share capital of the Company. The Directors of the Trustee-Manager and Directors of the Company believe that it is clearer to present the consolidated financial statements of the Trust and of the Company together. The consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred as the “consolidated financial statements of the Trust and of the Company”.

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, material accounting policies and the related explanatory information are common to the Trust and the Company. Information specific to the Company are disclosed separately in the relevant explanatory information in notes to the consolidated financial statements.

The Trust Group and the Group are referred as the “Groups”.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Groups are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Groups. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Groups for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 37.

(c) Subsidiaries

Subsidiaries are entities controlled by the Groups. The Groups control an entity when the Groups are exposed, or have the rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. When assessing whether the Groups have power, only substantive rights (held by the Groups or other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Groups' interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Groups lose control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in a joint venture or an associate.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 3(h)(ii)).

(d) Joint venture

A joint venture is an arrangement in which the Groups or the Company have joint control, whereby the Groups or the Company have the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). It is initially recorded at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Groups' share of the profit or loss and other comprehensive income of that investee, until the date on which joint control ceases.

When the Groups' share of losses exceeds their interest in the joint venture, the Groups' interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Groups have incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Groups' interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Groups' net investment in the joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see note 3(h)(i)).

Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Groups' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(e) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 3(h)(ii)).

(f) Property, plant and equipment, interests in leasehold land and depreciation and amortisation

- (i) Property, plant and equipment including right-of-use assets arising from leases over leasehold properties where the Groups are not registered owner of the property interest, other than assets under construction, are stated at cost less accumulated depreciation (see note 3(f)(viii)) and any accumulated impairment losses (see note 3(h)(ii)).
- (ii) Assets under construction are stated at cost less impairment losses (see note 3(h)(iii)), and are not depreciated. Assets under construction are transferred to appropriate class of property, plant and equipment when completed and ready for use.
- (iii) The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of production overheads and borrowing costs (see note 3(v)).
- (iv) Subsequent expenditure to replace a component of an item of property, plant and equipment that is accounted for separately, or to improve its operational performance is included in the item's carrying amount or recognised as a separate item as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Groups and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (v) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

- (vi) Leasehold land held for own use is stated at cost less accumulated amortisation (see note 3(f)(vii)) and impairment losses (see note 3(h)(ii)).
- (vii) The cost of acquiring interests in leasehold land is amortised on a straight-line basis over the shorter of the estimated useful lives of the leased assets and the unexpired lease term.
- (viii) Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative period are as follows:

	Years
Cable tunnels	100
Buildings	60
Ash lagoon and gas pipeline	60
Transmission and distribution equipment, overhead lines and cables	60
Generating plant and machinery	35
Gas turbines and gas turbine combined cycle	30
Mechanical meters	30
Photovoltaic systems	25
Wind turbines	20
Electronic meters, microwave and optical fibre equipment and trunk radio systems	15
Furniture and fixtures, sundry plant and equipment	10
Computers	5 to 10
Motor vehicles and marine craft	5 to 6
Workshop tools and office equipment	5
Properties leased for own use	Shorter of the unexpired term of lease and the properties' estimated useful life

Immovable assets are amortised on a straight-line basis over the unexpired lease terms of the land on which the immovable assets are situated if the unexpired lease terms of the land are shorter than the estimated useful lives of the immovable assets.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the property, plant and equipment is allocated on a reasonable basis between the parts and each part is depreciated separately. Depreciation methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(g) Leased assets

At inception of a contract, the Groups assess whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Groups recognise a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Groups enter into a lease in respect of a low-value asset, the Groups decide whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 3(f) and (h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Groups' estimate of the amount expected to be payable under a residual value guarantee, or if the Groups change their assessment of whether the Groups will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Groups recognise a loss allowance for ECLs on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loan to a joint venture).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- trade and other receivables and fixed rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Groups are exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Groups measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Groups consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Groups' historical experience and informed credit assessment, that includes forward-looking information.

The Groups consider a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Groups in full, without recourse by the Groups to actions such as realising security (if any is held); or (ii) the receivables are 90 days past due and the debtor does not respond to the Groups' collection activities as historical experience indicates that receivables meet those criteria are generally not recoverable.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Groups recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Groups assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Groups on terms that the Groups would not consider otherwise;
- it is probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Groups determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Groups review the carrying amounts of their non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Groups are required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Groups apply the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 3(h)(i) and 3(h)(ii)).

Impairment loss recognised in an interim period in respect of goodwill is not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Groups have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(j) Retirement scheme obligations

(i) Defined benefit retirement scheme obligations

The Groups' net obligation in respect of defined benefit retirement schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The discount rate is the yield at the end of the reporting period on Hong Kong Special Administrative Region Government Exchange Fund Notes that have maturity dates approximating the terms of the Groups' obligations. The calculation is performed by a qualified actuary using the "Projected Unit Credit Method".

Where the calculation results in a benefit to the Groups, the asset recognised is limited to the present value of economic benefits available in the form of any future refunds from or reductions in future contributions to the defined benefit retirement scheme.

Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in the revenue reserve and will not be reclassified to profit or loss.

The Groups determine the net interest expense or income for the period on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liabilities or assets during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in profit or loss.

(ii) Contributions to defined contribution retirement schemes

Obligations for contributions to defined contribution retirement schemes, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as the related service is provided.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Coal, stores, fuel oil and natural gas are valued at cost measured on a weighted average basis.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories recognised as an expense includes the write-off and all losses of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(l) Trade and other receivables

A receivable is recognised when the Groups have an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 3(h)(i)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Groups' accounting policy for borrowing costs (see note 3(v)).

A call option embedded in a host debt instrument is closely related to and not separated from the host debt instrument if the option's exercise price is approximately equal on each exercise date to the amortised cost of the host debt instrument.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Groups recognise the related revenue (see note 3(r)). A contract liability is also recognised if the Groups have an unconditional right to receive non-refundable consideration before the Groups recognise the related revenue. In such cases, a corresponding receivable is also recognised (see note 3(l)).

(p) Derivative financial instruments

The Groups hold derivative financial instruments to manage their foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting (see note 3(q)).

(q) Hedging

The Groups designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges), or as hedging instruments to hedge changes in the fair value of a recognised asset or liability (fair value hedges).

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, along with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedges

Where a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve within equity. The effective portion that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

Forward element of forward foreign currency contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Groups exclude the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the “excluded elements”) from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity to the extent that it relates to the hedged items.

When the hedged forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (such as when interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, the amount that has been accumulated in the hedging reserve is immediately reclassified through other comprehensive income to profit or loss.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(r) Revenue recognition

(i) Regulation of earnings under the Scheme of Control Agreement

The earnings of the Groups' major subsidiary, HK Electric, are regulated by the HKSAR Government (the "Government") under a Scheme of Control Agreement ("SoCA") which provides for a permitted level of earnings based principally on a return on HK Electric's capital investment in electricity generation, transmission and distribution assets (the "Permitted Return"). The SoCA also provides for performance based incentives and penalties which encourage customer service quality, energy efficiency, demand response reduction and renewable energy development. The Net Return of HK Electric under the SoCA is determined by deducting from the Permitted Return interest and excess capacity adjustments, if any, and adjusting for the abovementioned incentives and penalties. HK Electric is required to submit detailed Development Plans for approval by the Government which project the key determinants of the Net Return to which HK Electric will be entitled over the Development Plan period.

The Government has approved the 2024 – 2028 Development Plan covering the period from 1 January 2024 to 31 December 2028. No further Government approval is required during this period unless a need for significant Basic Tariff increases, over and above those set out in the Development Plan, is identified during the Annual Tariff Review conducted with the Government under the terms of the SoCA.

(ii) Fuel Clause Recovery Account

Under the SoCA, any difference between the standard cost of fuel, as agreed with the Government, and the actual cost of fuel consumed is transferred to the Fuel Clause Recovery Account ("Fuel Cost Account Adjustments").

Fuel Clause Charges (or Rebates) are charged (or given) to customers by adding to (or deducting from) the Basic Tariff to produce a Net Tariff payable by customers and are credited (or debited) to the Fuel Clause Recovery Account.

The balance on the Fuel Clause Recovery Account at the end of a financial year represents the difference between Fuel Clause Charges (or Rebates) and Fuel Cost Account Adjustments during the year, together with any balance brought forward from the prior year and interest thereon based on prevailing market interest rates.

(iii) Income recognition

Income is classified by the Groups as revenue when it arises from the sale of electricity, the provision of services or the use by others of the Groups' assets under leases in the ordinary course of the Groups' business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Groups are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue is after deduction of any trade discounts.

Further details of the Groups' revenue and other income recognition policies are as follows:

- (1) Electricity income is recognised based on the actual and accrued units of electricity consumed by customers during the year at the Basic Tariff, which is the unit charge agreed with the Government during the Annual Tariff Review for each financial year.
- (2) Electricity-related income is recognised when the related services are rendered.
- (3) Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates, or at contract rates if foreign currencies are hedged by forward foreign exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are generally dealt with in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Groups initially recognised such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Groups' cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 3(h)(i).

(u) Income tax

Income tax for the year comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Groups are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Groups. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Provisions and contingent liabilities

Provisions are recognised when the Groups or the Company have a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

3. Material accounting policies (continued)

(x) Related parties

- (i) A person, or a close member of that person's family, is related to the Groups if that person:
 - (1) has control or joint control over the Groups;
 - (2) has significant influence over the Groups; or
 - (3) is a member of the key management personnel of the Groups.
- (ii) An entity is related to the Groups if any of the following conditions applies:
 - (1) The entity and the Groups are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is a joint venture or an associate of the other entity (or a joint venture or an associate of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Groups or an entity related to the Groups.
 - (6) The entity is controlled or jointly controlled by a person identified in note 3(x)(i).
 - (7) A person identified in note 3(x)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides a key management personnel services to the Groups.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of the Groups for the purposes of resource allocation and performance assessment.

4. Changes in accounting policies

The Groups have applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period.

The adoption of the amendments has no impact on the Groups' results and financial positions for the current or prior periods. The Groups have not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

5. Revenue

The principal activity of the Groups is the generation and supply of electricity to Hong Kong Island and Lamma Island. Disaggregation of revenue by type of output and services is analysed as follows:

	2025 \$ million	2024 \$ million
Sales of electricity	12,089	12,018
Less: concessionary discount on sales of electricity	(6)	(6)
	12,083	12,012
Electricity-related income	42	45
	12,125	12,057

6. Segment reporting

The Groups have one reporting segment which is the generation and supply of electricity to Hong Kong Island and Lamma Island. All segment assets are located in Hong Kong. The Groups' chief operating decision-maker reviews the consolidated results of the Groups for the purposes of resource allocation and performance assessment. Therefore, no additional reportable segment and geographical information has been presented.

7. Other revenue and other net income

	2025 \$ million	2024 \$ million
Interest income on financial assets measured at amortised cost	39	39
Sundry income	38	42
	77	81

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(Expressed in Hong Kong dollars unless otherwise indicated)

8. Other operating costs

	2025 \$ million	2024 \$ million
Administrative expenses, government rent and rates	409	385
Staff costs in relation to corporate and administrative supports	250	241
Provisions for asset decommissioning obligation	125	86
Portion of depreciation and amortisation of leasehold land included in other operating costs	216	215
Net loss on disposal and written off of property, plant and equipment	113	125
	1,113	1,052

9. Finance costs

	2025 \$ million	2024 \$ million
Interest on borrowings and other finance costs	1,499	1,724
Less: interest expense and other finance costs capitalised to assets under construction	(190)	(287)
interest expense transferred to fuel costs	(25)	(29)
Total interest expense arising from borrowings and other finance costs	1,284	1,408

Interest expense has been capitalised at an average rate of approximately 3.0% (2024: 3.3%) per annum for assets under construction.

10. Profit before taxation

	2025 \$ million	2024 \$ million
Profit before taxation is arrived at after charging:		
Depreciation		
– owned property, plant and equipment	3,542	3,073
– properties leased for own use	3	2
Amortisation of leasehold land	195	195
Expenses of short-term leases	8	8
Costs of inventories	4,688	5,648
Write down of inventories	13	13
Staff costs	771	758
Net loss on disposal and written off of property, plant and equipment	113	125
Auditor's remuneration		
– audit and audit related services	6	6
– non-audit services (see note below)	–	–

Auditor's remuneration for non-audit services amounted to \$348,000 (2024: \$334,000).

11. Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 \$ million	2024 \$ million
Current tax		
Provision for Hong Kong Profits Tax for the year	750	741
Deferred tax (see note 29(b))		
Origination and reversal of temporary differences	(64)	–
	686	741

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Groups which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Groups are exempt from any income tax in these jurisdictions.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 \$ million	2024 \$ million
Profit before taxation	3,764	4,080
Notional tax on profit before taxation, calculated at the Hong Kong Profits Tax rate (see note below)	621	673
Tax effect of non-deductible expenses	84	87
Tax effect of non-taxable income	(3)	(4)
Tax effect of recognition of previously unrecognised temporary differences	(16)	(15)
Actual tax expense	686	741

For the year ended 31 December 2025, the notional tax is calculated at 16.5% (2024: 16.5%), except for one subsidiary of the Groups which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, tax on the first \$2 million of profits is calculated at 8.25% and tax on the remaining profits is calculated at 16.5%. The notional tax of this subsidiary is calculated at the same basis as 2024.

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(Expressed in Hong Kong dollars unless otherwise indicated)

12. Directors' emoluments and five highest paid individuals

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the Directors of the Company are as follows:

Name of Directors	Fees \$ million	Basic salaries, allowances and other benefits ⁽¹⁾ \$ million	Retirement scheme contributions \$ million	Bonuses \$ million	2025 Total emoluments \$ million	2024 Total emoluments \$ million
Executive Directors ⁽¹⁾						
Fok Kin Ning, Canning ⁽³⁾						
Chairman	0.12	1.17	–	–	1.29	1.27
Cheng Cho Ying, Francis ⁽⁵⁾						
Chief Executive Officer	0.09	6.32	–	5.37	11.78	10.83
Chan Loi Shun	0.07	3.82	–	–	3.89	3.74
Choi Wai Man ^{(5) (7) (8)}	0.05	1.86	–	0.64	2.55	–
Kwan Ying Leung ⁽⁹⁾	0.04	1.95	0.23	0.76	2.98	5.20
Wang Yuanhang	0.07	2.68	0.02	0.68	3.45	3.29
Non-executive Directors						
Victor T K Li ⁽⁴⁾						
Deputy Chairman to the Company Board	0.09	0.46	–	–	0.55	0.57
Fahad Hamad A H Al-Mohannadi	0.07	–	–	–	0.07	0.07
Ronald Joseph Arculli ⁽²⁾	0.14	0.07	–	–	0.21	0.21
Deven Arvind Karnik	0.07	–	–	–	0.07	0.07
Wang Zijian	0.07	–	–	–	0.07	0.07
Zhu Guangchao	0.07	–	–	–	0.07	0.07
Independent Non-executive Directors						
Fong Chi Wai, Alex ^{(3) (5)}	0.11	0.03	–	–	0.14	0.13
Koh Poh Wah ^{(2) (4) (10)}	0.15	–	–	–	0.15	0.14
Kwan Kai Cheong ⁽⁴⁾	0.09	0.02	–	–	0.11	0.12
Lee Lan Yee, Francis ^{(2) (4)}	0.16	0.03	–	–	0.19	0.18
George Colin Magnus	0.07	0.05	–	–	0.12	0.12
Donald Jeffrey Roberts ^{(2) (3)}	0.16	0.01	–	–	0.17	0.17
Alternate Director						
Frank John Sixt ⁽⁶⁾	–	0.03	–	–	0.03	0.04
Total for the year 2025	1.69	18.50	0.25	7.45	27.89	
Total for the year 2024	1.68	17.04	0.45	7.12		26.29

Notes:

- (1) Senior management of the Groups comprises all Executive Directors.
 - (2) Member of the Trustee-Manager Audit Committee and the Company Audit Committee.
 - (3) Member of the Remuneration Committee.
 - (4) Member of the Nomination Committee.
 - (5) Member of the Sustainability Committee.
 - (6) An Alternate Director to Mr. Victor T K Li.
 - (7) Appointed as Executive Director and member of the Sustainability Committee with effect from 1 July 2025.
 - (8) Total emolument in 2025 was in the band of \$4,500,001–\$5,000,000.
 - (9) Resigned as Executive Director, and concurrently ceased to be member of the Sustainability Committee with effect from 1 July 2025.
 - (10) Appointed as member of the Nomination Committee with effect from 21 May 2025.
 - (11) Other benefits include electricity allowances to Directors for residential use. For Directors who are employees of the Groups, other benefits also include insurance coverage, medical benefits available to the Groups' employees, and accommodation in lieu of allowance if applicable.
 - (12) At 31 December 2025 and 2024, there was no amount due from Directors.
- (a) The five highest paid individuals of the Groups included two directors (2024: two) whose total emoluments are shown above. The remuneration of the other three individuals (2024: three) who comprise the five highest paid individuals of the Groups is set out below:

	2025	2024
	\$ million	\$ million
Basic salaries, allowances and other benefits	11.28	10.46
Retirement scheme contributions	1.15	1.42
Bonuses	3.94	3.96
	16.37	15.84

The total remuneration of the three (2024: three) individuals with the highest remuneration are within the following bands:

	2025	2024
	Number	Number
\$4,000,001 – \$4,500,000	1	1
\$5,500,001 – \$6,000,000	1	2
\$6,000,001 – \$6,500,000	1	–

Notes to the Financial Statements of the Trust and of the Company

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13. Scheme of Control transfers

- (a) The financial operations of HK Electric are governed by the SoCA agreed with the Government which provides for HK Electric to earn a Permitted Return (see note 3(r)(i)). Any excess or deficiency of the gross tariff revenue over the sum of total operating costs, Scheme of Control Net Return and Scheme of Control taxation charges is transferred to/(from) a Tariff Stabilisation Fund from/(to) the statement of profit or loss of HK Electric. When transfer from the Tariff Stabilisation Fund to the statement of profit or loss is required, the amount transferred shall not exceed the balance of the Tariff Stabilisation Fund. In addition, a charge calculated by applying the average one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund is transferred from the statement of profit or loss of HK Electric to a Rate Reduction Reserve.

Under current SoCA, a Smart Power Care Fund was established on 1 January 2019 with initial funding provided by the net closing balance as at 31 December 2018 of the Smart Power Fund, which was established pursuant to 2013 mid-term review of 2009 – 2018 SoCA, to promote energy efficiency and conservation, such as accelerating end-use energy efficiency through programmes designed to help residential, industrial and commercial customers, and also disadvantaged customers/groups to replace or upgrade end-use appliances to more energy-efficient electrical models. HK Electric consented to deduct an amount equal to 65% of the Energy Efficiency Incentive Amount of each year during the period from 1 January 2019 to 31 December 2033 for funding the contribution to the Smart Power Care Fund provided that there is an Energy Efficiency Incentive Amount in respect of that year.

- (b) Scheme of Control transfers (to)/from the consolidated statement of profit or loss represents:

	2025	2024
	\$ million	\$ million
Tariff Stabilisation Fund	(137)	155
Rate Reduction Reserve	22	32
Smart Power Care Fund		
– Provisional sum to be injected in the following year	44	41
	(71)	228

A provisional sum of \$43,768,000, representing deduction of HK Electric's 2025 financial incentive (2024: \$40,499,000), was transferred from the consolidated statement of profit or loss and included in the trade and other payables and contract liabilities as at 31 December 2025 for injection into the Smart Power Care Fund in the following year.

- (c) Movements in the Tariff Stabilisation Fund, Rate Reduction Reserve and Smart Power Care Fund are as follows:

\$ million	Tariff Stabilisation Fund	Rate Reduction Reserve	Smart Power Care Fund	Total
At 1 January 2024	630	31	9	670
Transfer from Rate Reduction Reserve to Tariff Stabilisation Fund (see note below)	31	(31)	–	–
Transfer from the consolidated statement of profit or loss	155	32	–	187
Injection for the year	–	–	25	25
Disbursement for the year	–	–	(14)	(14)
At 31 December 2024 and 1 January 2025	816	32	20	868
Transfer from Rate Reduction Reserve to Tariff Stabilisation Fund (see note below)	32	(32)	–	–
Transfer (to)/from the consolidated statement of profit or loss	(137)	22	–	(115)
Injection for the year	–	–	41	41
Disbursement for the year	–	–	(17)	(17)
At 31 December 2025	711	22	44	777

Pursuant to SoCA, the year-end balance of the Rate Reduction Reserve of a year has to be transferred to the Tariff Stabilisation Fund in the following year.

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(Expressed in Hong Kong dollars unless otherwise indicated)

14. Distributions/dividends

(a) The distributable income for the year was as follows:

	2025 \$ million	2024 \$ million
Audited consolidated profit attributable to the holders of Share Stapled Units	3,149	3,111
After:		
(i) eliminating the effects of the Adjustments (see note 1 below)	5,819	5,807
(ii) adding/(deducting)		
– movement in Fuel Clause Recovery Account	411	162
– changes in working capital	(184)	(43)
– adjustment for employee retirement benefit schemes	(31)	(16)
– taxes paid	(780)	(1,406)
	(584)	(1,303)
(iii) capital expenditure payment	(3,812)	(3,787)
(iv) deducting		
– debt repayment	(513)	–
– net finance costs	(1,281)	(1,499)
	(1,794)	(1,499)
Distributable income	2,778	2,329
(v) adding discretionary amount as determined by the Company Board pursuant to clause 14.1(c) of the Trust Deed (see note 4 below)	52	501
Distributable income after adjustment of the discretionary amount	2,830	2,830

Note 1 Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.

Note 2 The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

Note 3 The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income which is referred as audited consolidated profit attributable to the holders of Share Stapled Units for the relevant financial year or distribution period, after making adjustments in respect of items as set out in the Trust Deed.

Note 4 In determining the distribution amount, the Company Board has taken into account the Group's financial performance achieved during the year and its stable cashflow from operations, and consider it appropriate to adjust the distributable income for the year ended 31 December 2025, as calculated pursuant to the Trust Deed, by the above discretionary amount, pursuant to clause 14.1(c) of the Trust Deed.

(b) Distributions/dividends payable to holders of Share Stapled Units/shares of the Company attributable to the year

	2025 \$ million	2024 \$ million
Interim distribution/first interim dividend declared and paid of 15.94 cents (2024: 15.94 cents) per Share Stapled Unit/share	1,408	1,408
Final distribution/second interim dividend proposed after the end of the reporting period of 16.09 cents (2024: 16.09 cents) per Share Stapled Unit/share	1,422	1,422
	2,830	2,830

For the year ended 31 December 2025, the Company Board declared the payment of a second interim dividend of 16.09 cents per ordinary share (2024: 16.09 cents per ordinary share), amounting to \$1,422 million (2024: \$1,422 million), in lieu of a final dividend after the end of the reporting period and therefore no final dividend was proposed by the Company Board.

For the year ended 31 December 2025, the Trustee-Manager Board declared a final distribution of 16.09 cents per Share Stapled Unit (2024: 16.09 cents per Share Stapled Unit), amounting to \$1,422 million (2024: \$1,422 million), after the end of the reporting period.

The final distribution/second interim dividend declared after the end of the reporting period is based on the number of Shares Stapled Units/ordinary shares of the Company of 8,836,200,000 as at 31 December 2025 (2024: 8,836,200,000). The final distribution/second interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Distributions/dividends payable to holders of Share Stapled Units/shares of the Company attributable to the previous financial year, approved and paid during the year

	2025 \$ million	2024 \$ million
Final distribution/second interim dividend in respect of the previous financial year, approved and paid during the year, of 16.09 cents (2024: 16.09 cents) per Share Stapled Unit/share	1,422	1,422

15. Earnings per Share Stapled Unit/share of the Company

The calculation of basic and diluted earnings per Share Stapled Unit/share of the Company are based on the profit attributable to the holders of Share Stapled Units/ordinary shares of the Company of \$3,149 million (2024: \$3,111 million) and the weighted average of 8,836,200,000 Share Stapled Units/ordinary shares of the Company (2024: 8,836,200,000 Share Stapled Units/ordinary shares of the Company) in issue during the year.

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16. Property, plant and equipment and interests in leasehold land

\$ million	Site formation and buildings	Properties leased for own use	Plant, machinery and equipment	Fixtures, fittings and motor vehicles	Assets under construction	Sub-total	Interests in leasehold land held for own use	Total
Cost								
At 1 January 2024	20,460	4	66,648	1,513	10,574	99,199	6,961	106,160
Additions	–	1	52	26	3,572	3,651	–	3,651
Transfer	2,981	–	5,594	79	(8,654)	–	–	–
Disposals	(52)	(1)	(690)	(39)	–	(782)	(1)	(783)
At 31 December 2024 and								
1 January 2025	23,389	4	71,604	1,579	5,492	102,068	6,960	109,028
Additions	–	4	58	21	4,070	4,153	–	4,153
Transfer	64	–	2,167	87	(2,318)	–	–	–
Disposals	(6)	(3)	(457)	(23)	–	(489)	–	(489)
At 31 December 2025	23,447	5	73,372	1,664	7,244	105,732	6,960	112,692
Accumulated depreciation and amortisation								
At 1 January 2024	5,057	1	18,510	840	–	24,408	1,928	26,336
Written back on disposals	(49)	(1)	(553)	(39)	–	(642)	–	(642)
Charge for the year	630	2	2,409	148	–	3,189	195	3,384
At 31 December 2024 and								
1 January 2025	5,638	2	20,366	949	–	26,955	2,123	29,078
Written back on disposals	(4)	(3)	(336)	(22)	–	(365)	–	(365)
Charge for the year	646	3	2,881	140	–	3,670	195	3,865
At 31 December 2025	6,280	2	22,911	1,067	–	30,260	2,318	32,578
Net book value								
At 31 December 2025	17,167	3	50,461	597	7,244	75,472	4,642	80,114
At 31 December 2024	17,751	2	51,238	630	5,492	75,113	4,837	79,950

The above are mainly electricity-related property, plant and equipment in respect of which financing costs capitalised during the year amounted to \$190 million (2024: \$287 million).

Depreciation charges for the year included \$125 million (2024: \$114 million), relating to assets utilised in development activities, which have been capitalised.

17. Goodwill

(a) Carrying amount of goodwill

	2025 \$ million	2024 \$ million
Cost		
At 1 January and 31 December	33,623	33,623

(b) Impairment test for goodwill

HK Electric is the Groups' only cash-generating unit ("CGU") to which the goodwill has been allocated.

In the case of triggering events and at least annually, the Groups test whether the goodwill has suffered any impairment. Recoverable amount of the CGU, to which the goodwill has been allocated, was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 16-year period (2024: 16-year period). Projections for a period of greater than five years have been used on the basis that a longer projection period represents the long-lived nature of generation, transmission and distribution assets and a more appropriate reflection of future cash flows of HK Electric under the regulatory regime. The cash flow projections are discounted using a pre-tax discount rate of 5.91% (2024: 6.63%). The discount rate used reflects specific risks relating to the relevant CGU. Cash flows beyond the 16-year period are extrapolated using the terminal growth rate of 1.0% (2024: 1.0%).

There was no indication of impairment arising from review on goodwill as at 30 November 2025.

If the discount rate rose to 7.40% (2024: 7.28%), the recoverable amount of the CGU would be approximately equal to its carrying amount. Except this, any reasonably possible changes in the other key assumptions used in the value-in-use calculation would not affect management's view on impairment test result as at 30 November 2025.

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18. Investments in subsidiaries

Details of the subsidiaries at 31 December 2025 are as follows:

Name of subsidiary	Issued share capital and debt securities	Percentage of equity held by the Company	Place of incorporation/operation	Principal activity
Century Rank Limited	US\$1	100%	British Virgin Islands/ Hong Kong	Investment holding
HK Electric Technical Services Limited	HK\$1	100%	Hong Kong	Provision of engineering solutions
Treasure Business Limited	US\$1	100% ⁽¹⁾	British Virgin Islands/ Hong Kong	Investment holding
The Hongkong Electric Company, Limited	HK\$2,411,600,000	100% ⁽¹⁾	Hong Kong	Electricity generation and supply
Hongkong Electric Finance Limited	US\$1 HK\$8,104 million Hong Kong dollar fixed rate notes US\$1,750 million United States dollar fixed rate notes HK\$1,056 million Hong Kong dollar zero coupon notes US\$400 million United States dollar callable zero coupon notes (see note 25)	100% ⁽¹⁾	British Virgin Islands/ Hong Kong	Financing

(1) Indirectly held

19. Interest in a joint venture

Details of the Groups' interest in a joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Issued share capital	Groups' effective interest	Place of incorporation/operation	Principal activity
Hong Kong LNG Terminal Limited ("HKLTL")	\$10	30%	Hong Kong	Operate, maintain and own a liquefied natural gas (LNG) terminal in Hong Kong and providing related services

HKLTL is jointly owned by HK Electric and Castle Peak Power Company Limited ("CAPCO") for the operation of an LNG terminal in Hong Kong. HKLTL is a joint venture of HK Electric and CAPCO as its significant operational and financial decisions require unanimous consent of both shareholders.

HKLTL, the only joint venture in which the Groups participate, is an unlisted corporate entity whose quoted market price is not available.

Summarised financial information below represents amounts shown in HKLTL's financial statements prepared in accordance with HKFRS Accounting Standards and the Groups' share of results and net assets:

	2025 \$ million	2024 \$ million
Current assets		
Bank deposits and cash	2	–
Other current assets	225	189
	227	189
Non-current assets	4,873	5,020
Current liabilities		
Loans from shareholders	(95)	(88)
Financial liabilities	(151)	(142)
Trade and other payables	(90)	(198)
	(336)	(428)
Non-current liabilities		
Loans from shareholders	(3,002)	(2,868)
Non-current financial liabilities	(1,762)	(1,913)
	(4,764)	(4,781)
Net assets	–	–
Revenue	788	785
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income	–	–
Included in above profit:		
Depreciation and amortisation	289	267
Finance costs	256	257

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19. Interest in a joint venture (continued)

	2025 \$ million	2024 \$ million
Groups' share of net assets	–	–
Loan to joint venture (see note below)	929	887
	929	887

HK Electric entered into a Shareholder Loan Facility Agreement ("SLFA") in 2019 with HKLTL under which two tranches of loan facilities totalling \$699 million are provided by HK Electric to finance HKLTL's obtaining the land lease and construction of the jetty for the LNG terminal. Both tranches of loans are unsecured and interest-bearing with the rates benchmarked with market rates. HK Electric and HKLTL further entered into three Amendment Agreements to the SLFA respectively in 2022, 2023 and 2025 to increase the two tranches of loan facilities to \$996 million.

20. Inventories

	2025 \$ million	2024 \$ million
Coal, fuel oil and natural gas	587	673
Stores and materials (see note below)	344	309
	931	982

Included in stores and materials is capital stock of \$197 million (2024: \$155 million) which was purchased for future maintenance of capital assets.

21. Trade and other receivables

	2025 \$ million	2024 \$ million
Trade debtors, net of loss allowance (see notes (a) and (b) below)	701	681
Other receivables (see note below)	542	584
	1,243	1,265
Derivative financial instruments (see note 26)	11	2
Deposits and prepayments	97	91
	1,351	1,358

All of the trade and other receivables are expected to be recovered within one year.

Other receivables of the Groups include unbilled electricity charges of \$422 million (2024: \$443 million) to be received from electricity customers.

(a) Ageing analysis of trade debtors

The ageing analysis of trade debtors based on invoice date, which are neither individually nor collectively considered to be impaired, is as follows:

	2025	2024
	\$ million	\$ million
Current and within 1 month	631	614
1 to 3 months	57	53
More than 3 months but less than 12 months	13	14
	701	681

Electricity bills issued to residential, small industrial, commercial and miscellaneous customers for electricity supplies are due upon presentation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, a surcharge of 5% can be added to the electricity bills.

(b) Expected credit losses of trade debtors

The Groups measure loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Groups determine the provision for ECLs by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic environment. For trade debtors relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The Groups classify trade debtors by nature of customer accounts namely live accounts and final accounts. The following table provides information about the Groups' exposure to credit risk and ECLs for trade debtors:

	2025			
	ECL rate	Gross carrying amount	Lifetime ECLs	Net carrying amount
	%	\$ million	\$ million	\$ million
Live accounts				
Provision on collective basis	1	682	(9)	673
Final accounts				
Provision on individual basis	10	18	(2)	16
Other trade debtors				
Provision on collective basis	0	12	–	12
		712	(11)	701

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

21. Trade and other receivables (continued)

(b) Expected credit losses of trade debtors (continued)

	2024			
	ECL rate %	Gross carrying amount \$ million	Lifetime ECLs \$ million	Net carrying amount \$ million
Live accounts				
Provision on collective basis	2	663	(11)	652
Final accounts				
Provision on individual basis	15	20	(3)	17
Other trade debtors				
Provision on collective basis	0	12	–	12
		695	(14)	681

HK Electric obtained collateral in the form of security deposits or bank guarantees from customers (see note 31(a)).

Movement in the loss allowance account in respect of trade debtors during the year is as follows:

	2025 \$ million	2024 \$ million
At 1 January	14	17
Impairment losses recognised during the year	–	1
Amounts written off during the year	(3)	(4)
At 31 December	11	14

22. Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

	2025 \$ million	2024 \$ million
Cash at bank and in hand	28	30
Bank overdrafts – unsecured	–	(45)
Cash and cash equivalents in the consolidated cash flow statement	28	(15)
Bank overdrafts – unsecured	–	45
Bank deposits and cash in the consolidated statement of financial position	28	30

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 \$ million	2024 \$ million
Profit before taxation		3,764	4,080
Adjustments for:			
Interest income	7	(39)	(39)
Finance costs	9	1,284	1,408
Interest expense transferred to fuel costs	9	25	29
Depreciation	10	3,545	3,075
Amortisation of leasehold land	10	195	195
Net loss on disposal and written off of property, plant and equipment	10	113	125
Increase in provisions for asset decommissioning obligation	28(a)	125	86
Net financial instrument revaluation and exchange gains		–	(1)
Changes in working capital:			
Decrease in inventories		93	38
(Increase)/decrease in trade and other receivables		(5)	80
Movements in Fuel Clause Recovery Account		411	162
Decrease in trade and other payables and contract liabilities		(214)	(92)
Increase/decrease in net employee retirement benefit assets/liabilities		(31)	(16)
Payment for asset decommissioning obligation expenditure	28(a)	(55)	(67)
Smart Power Care Fund disbursement	13(c)	(17)	(14)
Cash generated from operations		9,194	9,049

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

22. Bank deposits and cash and other cash flow information (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Groups' liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Groups' consolidated cash flow statement as cash flows from financing activities.

	Bank loans (note 25)	Medium term notes (note 25)	Customers' deposits	Lease liabilities (note 28(b))	Derivative financial instrument held to hedge borrowings (assets)	Derivative financial instrument held to hedge borrowings (liabilities)	Total
\$ million							
At 1 January 2025	23,738	27,072	2,507	2	(576)	115	52,858
Changes from financing cash flows:							
Repayment of bank loans	(213)	-	-	-	-	-	(213)
Redemption of medium term notes	-	(300)	-	-	-	-	(300)
Payment of lease liabilities	-	-	-	(3)	-	-	(3)
New customers' deposits	-	-	336	-	-	-	336
Repayment of customers' deposits	-	-	(297)	-	-	-	(297)
Total changes from financing cash flows	(213)	(300)	39	(3)	-	-	(477)
Changes in fair value	-	-	-	-	337	28	365
Other changes:							
Increase in lease liabilities	-	-	-	4	-	-	4
Interest on borrowings and other finance costs	23	236	-	-	-	-	259
At 31 December 2025	23,548	27,008	2,546	3	(239)	143	53,009

\$ million	Bank loans (note 25)	Medium term notes (note 25)	Customers' deposits	Lease liabilities (note 28(b))	Derivative financial instrument held to hedge borrowings (assets)	Derivative financial instrument held to hedge borrowings (liabilities)	Total
At 1 January 2024	23,017	27,145	2,449	3	(703)	141	52,052
Changes from financing cash flows:							
Proceeds from bank loans	697	–	–	–	–	–	697
Redemption of medium term notes	–	(300)	–	–	–	–	(300)
Payment of lease liabilities	–	–	–	(2)	–	–	(2)
New customers' deposits	–	–	325	–	–	–	325
Repayment of customers' deposits	–	–	(267)	–	–	–	(267)
Total changes from financing cash flows	697	(300)	58	(2)	–	–	453
Changes in fair value	–	–	–	–	127	(26)	101
Other changes:							
Increase in lease liabilities	–	–	–	1	–	–	1
Interest on borrowings and other finance costs	24	227	–	–	–	–	251
At 31 December 2024	23,738	27,072	2,507	2	(576)	115	52,858

23. Trade and other payables and contract liabilities

	2025 \$ million	2024 \$ million
Trade and other payables		
Creditors measured at amortised cost (see note (a) below)	2,590	2,742
Lease liabilities (see note 28(b))	2	1
Derivative financial instruments (see note 26)	1	1
Amount due to a joint venture (see note 34(b)(ii))	4	1
	2,597	2,745
Contract liabilities (see note (b) below)	68	42
	2,665	2,787

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

23. Trade and other payables and contract liabilities (continued)

(a) Creditors' ageing is analysed as follows:

	2025 \$ million	2024 \$ million
Due within 1 month or on demand	943	1,105
Due after 1 month but within 3 months	736	753
Due after 3 months but within 12 months	911	884
	2,590	2,742

(b) Contract liabilities

- (i) The contract liabilities relate to the advance consideration received from customers for electricity-related services, which consists mainly of (1) permanent supply service, primarily associated with the supply of electricity to customer substations for large new developments and to small new developments without customer substation provisions, and (2) site service primarily associated with the temporary supply of electricity to construction sites or special functions, for which revenue is recognised upon completion of the electricity-related services.

- (ii) Movements in contract liabilities during the year are as follows:

	2025 \$ million	2024 \$ million
At 1 January	42	33
Increase in contract liabilities as a result of billing in advance for performance of electricity-related services	51	26
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(25)	(17)
At 31 December	68	42

24. Fuel Clause Recovery Account

HK Electric adjusts Fuel Clause Charge per unit for electricity sales on a monthly basis to reflect actual cost of fuels in a timely manner.

Movements in the Fuel Clause Recovery Account are as follows:

	2025 \$ million	2024 \$ million
At 1 January	215	53
Transferred to profit or loss	(3,281)	(4,184)
Fuel Clause Charges during the year	3,692	4,346
At 31 December	626	215

This account, inclusive of interest, has been and will continue to be used to stabilise electricity tariffs.

25. Bank loans and other interest-bearing borrowings

	2025 \$ million	2024 \$ million
Bank loans	23,548	23,738
Current portion	(16,630)	(427)
	6,918	23,311
Hong Kong dollar medium term notes		
Fixed rate notes (see note (a) below)	8,070	8,365
Zero coupon notes (see note (b) below)	893	863
	8,963	9,228
Current portion	–	(300)
	8,963	8,928
United States dollar medium term notes		
Fixed rate notes (see note (a) below)	13,612	13,597
Zero coupon notes (see note (b) below)	4,433	4,247
	18,045	17,844
Current portion	(5,847)	–
	12,198	17,844
Non-current portion	28,079	50,083

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

25. Bank loans and other interest-bearing borrowings (continued)

- (a) The Hong Kong dollar fixed rate notes bear interest at rates ranging from 2.4% to 4% per annum (2024: 2.4% to 4% per annum).

The United States dollar fixed rate notes bear interest at rates ranging from 1.875% to 2.875% per annum (2024: 1.875% to 2.875% per annum).

- (b) The Hong Kong dollar zero coupon notes which were issued at discount have nominal amount of \$1,056 million (2024: \$1,056 million) and accrual yield of 3.5% per annum (2024: 3.5% per annum).

The United States dollar zero coupon notes have nominal amount of US\$400 million (2024: US\$400 million) and accrual yield of 4.375% per annum (2024: 4.375% per annum). These notes embed with issuer call options allowing issuer to early redeem the notes and are callable on 12 October 2022 and annually thereafter until the penultimate year to maturity.

- (c) Details of the issuer of the Hong Kong dollar and United States dollar medium term notes are set out in note 18.

- (d) Banking facilities of the Groups are subject to the fulfilment of covenants relating to certain of the Groups' statement of profit or loss and statement of financial position ratios, which are assessed at the end of each interim and/or annual period, as are commonly found in lending arrangements with financial institutions. If the Groups were to breach the covenants, the drawn down facilities would become payable on demand and any undrawn amount will be cancelled. The Groups regularly monitors its compliance with these covenants and do not identify any difficulties in complying with these covenants. Further details of the Groups' management of liquidity risk are set out in note 31(b). As at 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

- (e) None of the non-current interest-bearing borrowings is expected to be settled within one year. All the above borrowings are unsecured.

The non-current interest-bearing borrowings are repayable as follows:

	2025 \$ million	2024 \$ million
After 1 year but within 2 years	6,420	22,168
After 2 years but within 5 years	12,256	8,823
After 5 years	9,403	19,092
	28,079	50,083

26. Derivative financial instruments

	2025		2024	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges:				
– Cross currency swaps	2	(66)	–	(88)
– Interest rate swaps	157	(7)	483	(1)
– Forward foreign exchange contracts	128	(175)	135	(68)
	287	(248)	618	(157)
Analysed as:				
Current	11	(1)	2	(1)
Non-current	276	(247)	616	(156)
	287	(248)	618	(157)

27. Employee retirement benefits

The Groups offer three retirement schemes which together cover all permanent staff.

One of the schemes (the “Pension Scheme”) provides pension benefits based on the employee’s final basic salary and length of service. This scheme is accounted for as a defined benefit retirement scheme.

Another scheme is defined contribution in nature (the “Defined Contribution Scheme”) and offers its members various investment funds in which they can invest. One of the investment funds provides a guaranteed return and is thus defined benefit in nature; the part of the Defined Contribution Scheme in respect of this investment fund is accounted for as a defined benefit retirement scheme (“Defined Contribution Scheme – DB Portion”). In respect of other investment funds which do not offer a guaranteed return, the scheme is accounted for as a defined contribution retirement scheme (“Defined Contribution Scheme – DC Portion”) (see note 27(b)).

Both the Pension Scheme and the Defined Contribution Scheme are established under trust and are registered under the Hong Kong Occupational Retirement Schemes Ordinance. The assets of the schemes are held independently of the Groups’ assets in separate trustee administered funds. The responsibility for the governance of the schemes – including investment and contribution decisions – lies with the independent trustees in accordance with the trust deeds of the schemes.

Since the introduction of the Mandatory Provident Fund System in Hong Kong in December 2000, both the Pension Scheme and the Defined Contribution Scheme have been closed to new entrants and all new recruits are enrolled in a master trust Mandatory Provident Fund Scheme (the “MPF Scheme”) operated by an independent service provider under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The MPF Scheme is a defined contribution retirement scheme with the employer and its employees each contributing to the scheme in accordance with the relevant scheme rules. The MPF Scheme rules provide for voluntary contributions to be made by the employer calculated as a percentage of the employees’ basic salaries.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

27. Employee retirement benefits (continued)

(a) Defined benefit retirement schemes (“the Schemes”)

The funding policy in respect of the Pension Scheme is based on valuations prepared periodically by independent professionally qualified actuaries at Willis Towers Watson Hong Kong Limited. The policy for employer’s contributions is to fund the scheme in accordance with the actuary’s recommendations on an on-going basis. The principal actuarial assumptions used include discount rate, long term salary increase rate and future pension increase rate which are disclosed in note 27(a)(viii) together with appropriate provisions for mortality rates, turnover and adjustments to reflect the short-term market expectation of salary increases. The most recent actuarial valuation of the Pension Scheme was carried out by the appointed actuary, represented by Ms. Wing Lui, FSA, as at 1 January 2024. The valuation revealed that the assets of the Pension Scheme were sufficient to cover the aggregate vested liabilities as at the valuation date.

Both defined benefit retirement schemes expose the Groups to investment risk and interest rate risk. In addition, the Defined Contribution Scheme – DB Portion exposes the Groups to salary risk, while the Pension Scheme also exposes the Groups to risks of longevity and inflation.

The retirement scheme expense/income recognised in profit or loss for the year ended 31 December 2025 was determined in accordance with HKAS 19, *Employee benefits*.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	2025 \$ million	2024 \$ million
Fair value of assets of the Schemes	3,287	3,103
Present value of defined benefit obligations	(2,096)	(2,106)
	1,191	997
Represented by:		
Employee retirement benefit scheme assets	1,199	1,053
Employee retirement benefit scheme liabilities	(8)	(56)
	1,191	997

A portion of the above asset/liability is expected to be realised/settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next 12 months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

- (ii) Movements in fair value of plan assets of the Schemes are as follows:

	2025	2024
	\$ million	\$ million
At 1 January	3,103	3,085
Interest income on the Schemes' assets	112	95
Return on Schemes' assets, excluding interest income	268	96
Employer contributions paid to the Schemes	28	30
Employee contributions paid to the Schemes	9	9
Benefits paid	(233)	(212)
At 31 December	3,287	3,103

The Groups expect to contribute \$55 million to the Schemes in 2026.

- (iii) Movements in the present value of defined benefit obligations of the Schemes are as follows:

	2025	2024
	\$ million	\$ million
At 1 January	2,106	2,308
Current service cost	33	36
Interest cost	76	73
Employee contributions paid to the Schemes	9	9
Actuarial losses/(gains) due to:		
– liability experience	8	(11)
– change in financial assumptions	101	(76)
– change in demographic assumptions	(4)	(21)
Benefits paid	(233)	(212)
At 31 December	2,096	2,106

- (iv) The (income)/expenses recognised in the consolidated statement of profit or loss, prior to any capitalisation of employment costs attributable to additions of property, plant and equipment, are as follows:

	2025	2024
	\$ million	\$ million
Current service cost	33	36
Net interest income on net defined benefit asset/liability	(36)	(22)
	(3)	14

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

27. Employee retirement benefits (continued)

(a) Defined benefit retirement schemes ("the Schemes") (continued)

- (v) The (income)/expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2025 \$ million	2024 \$ million
Direct costs	(4)	5
Other operating costs	1	9
	(3)	14

- (vi) The cumulative amount of actuarial gains recognised in the consolidated statement of comprehensive income is as follows:

	2025 \$ million	2024 \$ million
At 1 January	964	760
Remeasurement of net defined benefit asset/liability recognised in the consolidated statement of comprehensive income during the year	163	204
At 31 December	1,127	964

- (vii) The major categories of assets of the Schemes are as follows:

	2025 \$ million	2024 \$ million
Hong Kong equities	287	236
European equities	133	101
North American equities	550	568
Asia Pacific and other equities	183	147
Global bonds	2,047	2,009
Deposits, cash and others	87	42
	3,287	3,103

Strategic investment decisions are taken with respect to the risk and return profiles.

- (viii) The principal actuarial assumptions used as at 31 December are as follows:

	2025	2024
Discount rate		
– The Pension Scheme	3.3%	3.9%
– The Defined Contribution Scheme – DB portion	2.7%	3.5%
Long-term salary increase rate	5.0%	5.0%
Future pension increase rate	2.5%	2.5%

(ix) Sensitivity analysis

(1) The Pension Scheme

	Increase/(decrease) in defined benefit obligations	
	2025 \$ million	2024 \$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	(32)	(31)
– decrease by 0.25%	33	32
Pension increase rate		
– increase by 0.25%	32	31
– decrease by 0.25%	(31)	(30)
Mortality rate applied to specific age		
– set forward one year	(54)	(47)
– set backward one year	55	47

(2) The Defined Contribution Scheme – DB Portion

	Increase/(decrease) in defined benefit obligations	
	2025 \$ million	2024 \$ million
Actuarial assumptions		
Discount rate		
– increase by 0.25%	(9)	(10)
– decrease by 0.25%	9	10
Interest to be credited		
– increase by 0.25%	9	10

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised within the consolidated statement of financial position. The analysis has been performed on the same basis as for 2024.

(x) The following table sets out the weighted average durations of the defined benefit obligations of the Schemes:

	2025	2024
The Pension Scheme	10.0 Years	10.1 Years
The Defined Contribution Scheme – DB Portion	4.4 Years	4.7 Years

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

27. Employee retirement benefits (continued)

(b) Defined contribution retirement schemes

	2025 \$ million	2024 \$ million
Expenses recognised in profit or loss	85	81

Forfeited contributions of \$714,000 (2024: \$2,446,000) have been received during the year and no contributions (by employers on behalf of employees who leave the schemes prior to vesting fully in such contributions) were used to offset existing contributions.

28. Other non-current liabilities

	2025 \$ million	2024 \$ million
Provisions (see note (a) below)	1,470	1,400
Lease liabilities (see note (b) below)	1	1
	1,471	1,401

(a) Provisions

	2025 \$ million
Provisions for asset decommissioning obligation	
At 1 January	1,400
Additional provisions made	125
Provisions utilised	(55)
At 31 December	1,470

Under SoCA, provision which represents the best estimation of expenditure required to settle asset decommissioning obligation has to be made to the extent that HK Electric incurs an obligation for the costs of dismantling and removing property, plant and equipment and restoring the sites on which they are located either when the assets are acquired or as a consequence of having used them during a particular period for electricity-related activities.

(b) Lease liabilities

The following table shows the remaining contractual maturities of the Groups' lease liabilities at the end of the current and previous reporting periods:

	2025		2024	
	Present value of the minimum lease payments \$ million	Total minimum lease payments \$ million	Present value of the minimum lease payments \$ million	Total minimum lease payments \$ million
Within 1 year	2	2	1	1
After 1 year but within 2 years	1	1	1	1
	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>
Less: total future interest expenses		–		–
Present value of lease liabilities		<u>3</u>		<u>2</u>

29. Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position

	2025 \$ million	2024 \$ million
Hong Kong Profits Tax		
Provision for Hong Kong Profits Tax for the year	750	741
Provisional Profits Tax paid	(556)	(517)
	<u>194</u>	<u>224</u>

(b) Deferred tax liabilities

	2025 \$ million	2024 \$ million
Deferred tax liabilities	10,046	10,140

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

29. Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax liabilities (continued)

- (i) The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

\$ million	Depreciation allowances in excess of the related depreciation	Fuel Clause Recovery Account	Defined benefit retirement schemes	Others	Total
At 1 January 2024	10,089	(9)	79	(35)	10,124
Charged/(credited) to profit or loss	25	(27)	3	(1)	–
Charged/(credited) to other comprehensive income	–	–	33	(17)	16
At 31 December 2024 and 1 January 2025	10,114	(36)	115	(53)	10,140
Charged/(credited) to profit or loss	3	(67)	5	(5)	(64)
Charged/(credited) to other comprehensive income	–	–	27	(57)	(30)
At 31 December 2025	10,117	(103)	147	(115)	10,046

- (ii) The Groups had no material unprovided deferred tax assets or liabilities as at 31 December 2025 and 2024.

30. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Groups' consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

\$ million	Share capital (note 30(b))	Share premium (note 30(c))	Hedging reserve (note 30(d)(i))	Revenue reserve (note 30(d)(ii))	Proposed/ declared dividend (note 14)	Total
Balance at 1 January 2024	8	47,472	230	4,739	1,422	53,871
Changes in equity for 2024:						
Profit for the year	–	–	–	1,109	–	1,109
Other comprehensive income	–	–	(53)	–	–	(53)
Total comprehensive income	–	–	(53)	1,109	–	1,056
Second interim dividend in respect of previous year approved and paid (see note 14(c))	–	–	–	–	(1,422)	(1,422)
First interim dividend paid (see note 14(b))	–	–	–	(1,408)	–	(1,408)
Proposed second interim dividend (see note 14(b))	–	–	–	(1,422)	1,422	–
Balance at 31 December 2024 and 1 January 2025	8	47,472	177	3,018	1,422	52,097
Changes in equity for 2025:						
Profit for the year	–	–	–	2,524	–	2,524
Other comprehensive income	–	–	(141)	–	–	(141)
Total comprehensive income	–	–	(141)	2,524	–	2,383
Second interim dividend in respect of previous year approved and paid (see note 14(c))	–	–	–	–	(1,422)	(1,422)
First interim dividend paid (see note 14(b))	–	–	–	(1,408)	–	(1,408)
Proposed second interim dividend (see note 14(b))	–	–	–	(1,422)	1,422	–
Balance at 31 December 2025	8	47,472	36	2,712	1,422	51,650

All of the Company's share premium and revenue reserve is available for distribution. The Company Board declared the payment of a second interim dividend of 16.09 cents (2024: 16.09 cents) per ordinary share, amounting to \$1,422 million (2024: \$1,422 million), in lieu of a final dividend and therefore no final dividend was proposed by the Company Board.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

30. Capital, reserves and dividends (continued)

(b) Share capital

The Company

	2025	
	Number of Shares	Nominal value \$
Authorised:		
Ordinary shares of \$0.0005 each		
At 1 January and 31 December	20,000,000,000	10,000,000
Preference shares of \$0.0005 each		
At 1 January and 31 December	20,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of \$0.0005 each		
At 1 January and 31 December	8,836,200,000	4,418,100
Preference shares of \$0.0005 each		
At 1 January and 31 December	8,836,200,000	4,418,100
	2024	
	Number of Shares	Nominal value \$
Authorised:		
Ordinary shares of \$0.0005 each		
At 1 January and 31 December	20,000,000,000	10,000,000
Preference shares of \$0.0005 each		
At 1 January and 31 December	20,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of \$0.0005 each		
At 1 January and 31 December	8,836,200,000	4,418,100
Preference shares of \$0.0005 each		
At 1 January and 31 December	8,836,200,000	4,418,100

(c) Share premium

Share premium represents the excess of Share Stapled Unit issuing price over the nominal values of ordinary and preference shares, after deducting underwriting commissions and listing expenses pursuant to global offering that have been charged to equity. The application of share premium is governed by Section 34 of Cayman Companies Law and the provisions of Company's amended and restated Memorandum and Articles of Association.

(d) Nature and purpose of reserves

(i) Hedging reserve

The hedging reserve includes cash flow hedge reserve and cost of hedging reserve. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges (net of any deferred tax effect) pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 3(q)(ii). Under HKFRS 9, *Financial instruments*, if the Groups exclude the forward element of forward contracts and the foreign currency basis spread of financial instruments (the "excluded elements") from the designation of the hedging instruments, then the excluded elements may be separately accounted for as cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity as cost of hedging reserve to the extent that it relates to the hedged items.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

30. Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(i) Hedging reserve (continued)

The following tables provide a reconciliation of the components in hedging reserve and an analysis of other comprehensive income by risk category that arises from hedge accounting:

(1) Cash flow hedge reserve

\$ million	Interest rate risk	Currency risk	Total
Balance at 1 January 2024	406	627	1,033
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	189	(77)	112
Reclassification adjustments for amounts transferred to profit or loss (see note 1 below)	(301)	–	(301)
Net deferred tax credited to other comprehensive income	10	12	22
	(102)	(65)	(167)
Amounts transferred to the initial carrying amount of hedged items, net of tax (see note 2 below)	–	5	5
Balance at 31 December 2024 and 1 January 2025 (see note 3 below)	304	567	871
Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	(167)	171	4
Reclassification adjustments for amounts transferred to profit or loss (see note 1 below)	(141)	–	(141)
Net deferred tax credited/(charged) to other comprehensive income	27	(28)	(1)
	(281)	143	(138)
Amounts transferred to the initial carrying amount of hedged items, net of tax (see note 2 below)	–	10	10
Balance at 31 December 2025 (see note 3 below)	23	720	743

Note 1 Amounts reclassified to profit or loss are recognised in the "Finance costs" line item in the consolidated statement of profit or loss.

Note 2 Amounts transferred to the initial carrying amount of hedged items are recognised in the "Property, plant and equipment" or "Inventories" line items in the consolidated statement of financial position.

Note 3 The entire balance relates to continuing hedges.

(2) Cost of hedging reserve

\$ million	Foreign currency basis spread	Forward element	Total
Balance at 1 January 2024	(14)	(941)	(955)
Hedging for time-period related hedged items			
– Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	22	60	82
– Reclassification adjustments for amounts transferred to profit or loss (see note 1 below)	–	(63)	(63)
Hedging for transaction related hedged items			
– Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	–	12	12
– Amounts transferred to the initial carrying amount of hedged items (see note 2 below)	–	(4)	(4)
Net deferred tax charged to other comprehensive income	(4)	(1)	(5)
Balance at 31 December 2024 and 1 January 2025 (see note 3 below)	4	(937)	(933)
Hedging for time-period related hedged items			
– Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	1	(288)	(287)
– Reclassification adjustments for amounts transferred to profit or loss (see note 1 below)	–	(65)	(65)
Hedging for transaction related hedged items			
– Effective portion of changes in fair value of hedging instruments recognised in other comprehensive income	–	2	2
– Amounts transferred to the initial carrying amount of hedged items (see note 2 below)	–	(10)	(10)
Net deferred tax credited to other comprehensive income	–	58	58
Balance at 31 December 2025 (see note 3 below)	5	(1,240)	(1,235)

Note 1 Amounts reclassified to profit or loss are recognised in the “Finance costs” line item in the consolidated statement of profit or loss.

Note 2 Amounts transferred to the initial carrying amount of hedged items are recognised in the “Property, plant and equipment” or “Inventories” line items in the consolidated statement of financial position.

Note 3 The entire balance relates to continuing hedges.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

30. Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(ii) Revenue reserve

The revenue reserve comprises the accumulated profits retained by the Company and its subsidiaries and accumulated actuarial gains/losses on remeasurement of net defined benefit asset/liability of HK Electric.

(e) Capital management

The Groups' primary objectives when managing capital are:

- to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for holders of Share Stapled Units and benefits for other stakeholders;
- to provide returns to holders of Share Stapled Units by securing access to finance at a reasonable cost;
- to support the Groups' stability and future growth; and
- to provide capital for the purpose of strengthening the Groups' risk management capability.

The Groups actively and regularly review and manage the capital structure, taking into consideration the future capital requirements of the Groups and capital efficiency, forecast profitability, forecast operating cash flows, forecast capital expenditure and projected investment opportunities.

The Groups monitor the capital structure on the basis of a net debt-to-net total capital ratio. For this purpose the Groups define net debt as interest-bearing borrowings (as shown in the consolidated statement of financial position) less bank deposits and cash. Net total capital includes net debt and equity which comprises all components of equity (as shown in the consolidated statement of financial position).

During 2025, the Groups' strategy, which was unchanged from 2024, was to control the Groups' level of debt in order to secure access to finance at a reasonable cost. In order to maintain or adjust the level of debt, the Groups may adjust the amount of distributions paid to holders of Share Stapled Units in accordance with the Trust Deed, issue new Share Stapled Units, raise new debt financing or sell assets to reduce debt.

The net debt-to-net total capital ratio at 31 December 2025 and 2024 was as follows:

	2025	2024
	\$ million	\$ million
Bank loans and other interest-bearing borrowings	50,556	50,810
Bank overdrafts – unsecured	–	45
Less: Bank deposits and cash	(28)	(30)
Net debt	50,528	50,825
Total equity	49,315	49,290
Net debt	50,528	50,825
Net total capital	99,843	100,115
Net debt-to-net total capital ratio	51%	51%

31. Financial risk management and fair values of financial instruments

The Groups are exposed to credit, liquidity, interest rate and currency risks in the normal course of its business. In accordance with the Groups' treasury policy, derivative financial instruments are only used to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Groups do not hold or issue derivative financial instruments for trading or speculative purposes.

(a) Credit risk

The Groups' credit risk is primarily attributable to trade and other receivables relating to electricity customers, bank deposits and over-the-counter derivative financial instruments entered into for hedging purposes. The Groups have a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables relating to electricity customers, HK Electric obtains collateral in the form of security deposits or bank guarantees from customers in accordance with the Supply Rules. The collateral covered \$441 million of trade and other receivables at 31 December 2025 (2024: \$440 million). The credit policy is set out in note 21.

The Groups have defined minimum credit rating requirements and transaction limits for counterparties when dealing in financial derivatives or placing deposits to minimise credit exposure. The Groups do not expect any counterparty to fail to meet its obligations.

The Groups have no significant concentrations of credit risk in respect of trade and other receivables relating to electricity customers, as the five largest customers combined did not exceed 30% of the Groups' total revenue.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

Further quantitative disclosures in respect of the Groups' exposure to credit risk arising from trade and other receivables are set out in note 21.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Offsetting financial assets and financial liabilities

The Groups' derivative transactions are executed with financial institutions and governed by either International Swaps and Derivatives Association Master Agreements ("ISDA") or the general terms and conditions of these financial institutions, with a conditional right of set off under certain circumstances that would result in all outstanding transactions being terminated and net settled.

As these financial institutions currently have no legal enforceable right to set off the recognised amounts and the Groups do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously, all such financial instruments are recorded on gross basis at the end of the reporting period.

The following table presents the recognised financial instruments that are subject to enforceable master netting arrangements but are not offset at the end of the reporting period.

		2025			2024		
		Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount	Gross amounts of financial instruments in the consolidated statement of financial position	Related financial instruments that are not offset	Net amount
\$ million	Note						
Financial assets							
Cross currency swaps	31(f)(i)	2	(1)	1	–	–	–
Interest rate swaps	31(f)(i)	157	(90)	67	483	(89)	394
Forward foreign exchange contracts	31(f)(i)	128	(117)	11	135	(68)	67
Total		287	(208)	79	618	(157)	461
Financial liabilities							
Cross currency swaps	31(f)(i)	66	(34)	32	88	(88)	–
Interest rate swaps	31(f)(i)	7	(7)	–	1	(1)	–
Forward foreign exchange contracts	31(f)(i)	175	(167)	8	68	(68)	–
Total		248	(208)	40	157	(157)	–

(b) Liquidity risk

The Groups operate a central cash management system in order to achieve a better control of risk and minimise the costs of funds. The Groups' policy is to regularly monitor current and expected liquidity requirements and compliance with loan covenants, to ensure that the Groups maintain sufficient reserves of cash and adequate committed lines of funding to meet liquidity requirements in the short and longer term. The Groups had undrawn committed bank facilities of \$7,100 million at 31 December 2025 (2024: \$4,850 million).

The following tables show the remaining contractual maturities at the end of the reporting period of the Groups' non-derivative financial liabilities and derivative financial instruments, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Groups can be required to pay.

	2025					
	Contractual undiscounted cash outflows/(inflows)					
\$ million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
Non-derivative financial liabilities						
Bank loans and other borrowings and interest accruals	23,458	7,022	13,461	17,543	61,484	50,741
Creditors and accrued charges	2,373	–	–	–	2,373	2,373
	25,831	7,022	13,461	17,543	63,857	53,114
Derivative financial instruments						
Net settled						
Interest rate swaps and related interest accruals	(139)	(31)	(30)	(20)	(220)	(149)
Gross settled						
Cross currency swaps and related interest accruals						58
– outflow	116	32	87	–	235	
– inflow	(113)	(29)	(88)	–	(230)	
Forward foreign exchange contracts held as cash flow hedging instruments:						47
– outflow	2,921	6,888	9,665	6,984	26,458	
– inflow	(2,947)	(6,955)	(10,150)	(7,373)	(27,425)	
Other forward foreign exchange contracts:						–
– outflow	78	–	–	–	78	
– inflow	(78)	–	–	–	(78)	

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

	2024					
	Contractual undiscounted cash outflows/(inflows)					
\$ million	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
Non-derivative financial liabilities						
Bank loans and other borrowings and interest accruals	2,555	23,384	10,247	27,936	64,122	51,019
Bank overdrafts – unsecured	45	–	–	–	45	45
Creditors and accrued charges	2,460	–	–	–	2,460	2,460
	5,060	23,384	10,247	27,936	66,627	53,524
Derivative financial instruments						
Net settled						
Interest rate swaps and related interest accruals	(322)	(266)	(113)	(45)	(746)	(491)
Gross settled						
Cross currency swaps and related interest accruals						81
– outflow	201	116	95	24	436	
– inflow	(198)	(113)	(88)	(29)	(428)	
Forward foreign exchange contracts held as cash flow hedging instruments:						(67)
– outflow	3,638	–	7,923	10,340	21,901	
– inflow	(3,660)	–	(8,175)	(10,893)	(22,728)	
Other forward foreign exchange contracts:						–
– outflow	5	–	–	–	5	
– inflow	(5)	–	–	–	(5)	

(c) Interest rate risk

The Groups are exposed to interest rate risk on its interest-bearing assets and liabilities. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Groups' interest rate risk arises primarily from long-term external borrowings.

(i) Hedges of interest rate risk

The Groups' policy is to maintain a balanced combination of fixed and variable rate borrowings to reduce its interest rate risk exposure. The Groups also use cross currency swaps and interest rate swaps to manage the exposure in accordance with the Groups' treasury policy.

The Groups classify cross currency swaps and interest rate swaps as cash flow or fair value hedges and states them at fair value in accordance with the policy set out in note 3(q). Foreign currency basis spread of cross currency swaps are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve.

The Groups seek to hedge the benchmark interest rate component only and apply a hedge ratio of 1:1. The existence of an economic relationship between the cross currency swaps/interest rate swaps and the fixed and variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and/or receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the borrowings.

The hedge ineffectiveness in these hedging relationships can arise from:

- the effect of the counterparty and the Groups' own credit risk on the fair value of the swaps; and
- differences in repricing dates between the swaps and the borrowings.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(ii) Interest rate profile

The following table details the interest rate profile of the Groups' net interest-bearing assets and liabilities at the end of the reporting period, after taking into account the effect of cross currency swaps and interest rate swaps designated as cash flow or fair value hedging instruments (see (i) above).

	2025 \$ million	2024 \$ million
Net fixed rate liabilities		
Bank loans and other borrowings	(37,156)	(37,206)
Net variable rate assets/(liabilities)		
Cash at bank and in hand	28	30
Bank loans and other borrowings	(13,400)	(13,604)
Bank overdrafts – unsecured	–	(45)
Customers' deposits	(2,546)	(2,507)
	(15,918)	(16,126)

(iii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Groups' profit after taxation and revenue reserve by approximately \$128 million (2024: \$125 million). Other components of consolidated equity would have increased/decreased by approximately \$107 million (2024: \$188 million) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis has been performed on the same basis as for 2024.

(d) Currency risk

The Groups are exposed to currency risk primarily through purchases and borrowings that are denominated in a currency other than the functional currency of the Groups. The currencies giving rise to this risk are primarily United States dollars and Japanese Yen.

(i) Hedges of currency risk

The Groups' policy is to hedge 100% of their foreign currency borrowings and to hedge their estimated foreign currency exposures in respect of forecast purchases in accordance with their treasury policy. The Groups use forward foreign exchange contracts and cross currency swaps to manage currency risk and classify as cash flow or fair value hedges and states them at fair value in accordance with the policy set out in note 3(q). The Groups designate the spot element of forward foreign exchange contracts to hedge the Groups' currency risk. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Groups' policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Groups apply a hedge ratio of 1:1 and determine the existence of an economic relationship between the forward exchange contracts and the committed and forecast transactions/foreign currency borrowings based on their currency amounts and the timing of their respective cash flows.

The hedge ineffectiveness in these hedging relationships can arise from:

- the effect of the counterparty's and the Groups' own credit risk on the fair value of the forward foreign exchange contracts; and
- changes in the timing of the hedged transactions.

The Groups' borrowings are either hedged into Hong Kong dollars by ways of forward foreign exchange contracts and cross currency swaps or denominated in Hong Kong dollars. Given this, the management does not expect that there would be any significant currency risk associated with the Groups' borrowings.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk

The following table details the Groups' exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Groups.

	2025	
	USD	JPY
'million (expressed in original currencies)		
Trade and other payables and contract liabilities	(78)	(1,294)
Bank loans and other borrowings	(2,319)	–
Gross exposure arising from recognised assets and liabilities	(2,397)	(1,294)
Notional amounts of forward foreign exchange contracts designated as hedging instruments	1,369	–
Notional amounts of cross currency swaps designated as hedging instruments	950	–
Net exposure arising from recognised assets and liabilities	(78)	(1,294)

	2024	
	USD	JPY
'million (expressed in original currencies)		
Trade and other payables and contract liabilities	(67)	(1,236)
Bank loans and other borrowings	(2,295)	–
Gross exposure arising from recognised assets and liabilities	(2,362)	(1,236)
Notional amounts of forward foreign exchange contracts designated as hedging instruments	1,345	93
Notional amounts of cross currency swaps designated as hedging instruments	950	–
Net exposure arising from recognised assets and liabilities	(67)	(1,143)

(iii) Sensitivity analysis

The following table indicates that a 10 percent strengthening in the following currency against Hong Kong dollars at the end of the reporting period would have increased/(decreased) the Groups' profit after taxation (and revenue reserve) and other components of consolidated equity.

	2025		2024	
	Effect on profit after taxation and revenue reserve Increase/ (decrease)	Effect on other components of equity Increase/ (decrease)	Effect on profit after taxation and revenue reserve Increase/ (decrease)	Effect on other components of equity Increase/ (decrease)
\$ million				
Japanese Yen	(1)	–	(2)	–

A 10 percent weakening in the above currency against Hong Kong dollars at the end of the reporting period would have had an equal but opposite effect on the Groups' profit after taxation (and revenue reserve) and other components of consolidated equity.

This sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Groups which expose the Groups to currency risk at the end of the reporting period, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The analysis has been performed on the same basis as for 2024.

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(e) Hedge accounting

The following tables summarise the hedging instruments, hedged items and hedged risks of the Groups for the years ended 31 December 2025 and 2024.

(i) Cash flow hedges

2025										
Carrying amount of hedging instruments included in								Changes in fair value used for calculating hedge ineffectiveness		
		Weighted average fixed swap rates/contract rates	Notional amount of hedging instruments \$ million	Derivative financial instruments under non-current assets \$ million	Trade and other receivables \$ million	Derivative financial instruments under non-current liabilities \$ million	Trade and other payables and contract liabilities \$ million	Hedging instruments \$ million	Hedged items \$ million	Hedge ineffectiveness recognised in profit or loss \$ million
Hedging instruments	Maturity date	rates	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
(1) For hedging currency risk of foreign currency borrowings and interest rate risk of variable rate borrowings										
Cross currency swaps and interest rate swaps	Ranging from 2026 to 2035	2.09%	27,668	154	5	(72)	(1)	(167)	167	-
(2) For hedging currency risk of committed and forecast transactions										
Forward foreign exchange contracts	Ranging from 2026 to 2035	See note below	13,587	42	6	(105)	-	98	(98)	-
(3) For hedging currency risk of foreign currency borrowings										
Forward foreign exchange contracts	Ranging from 2027 to 2035	See note below	12,806	80	-	(70)	-	73	(73)	-

Carrying amount of hedging instruments included in								Changes in fair value used for calculating hedge ineffectiveness		
		Weighted average fixed swap rates/contract rates	Notional amount of hedging instruments \$ million	Derivative financial instruments under non-current assets \$ million	Trade and other receivables \$ million	Derivative financial instruments under non-current liabilities \$ million	Trade and other payables and contract liabilities \$ million	Hedging instruments \$ million	Hedged items \$ million	Hedge ineffectiveness recognised in profit or loss \$ million
Hedging instruments	Maturity date									
(1) For hedging currency risk of foreign currency borrowings and interest rate risk of variable rate borrowings										
Cross currency swaps and interest rate swaps	Ranging from 2026 to 2035	2.09%	27,668	483	–	(89)	–	189	(189)	–
(2) For hedging currency risk of committed and forecast transactions										
Forward foreign exchange contracts	Ranging from 2025 to 2034	See note below	11,339	40	2	(41)	(1)	(31)	31	–
(3) For hedging currency risk of foreign currency borrowings										
Forward foreign exchange contracts	Ranging from 2027 to 2034	See note below	10,546	93	–	(26)	–	(46)	46	–

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(e) Hedge accounting (continued)

(ii) Fair value hedges

2025										
Hedging instruments	Maturity date	Weighted average variable swap rates/contract rates	Notional amount \$ million	Carrying amount included in				Changes in fair value used for calculating hedge ineffectiveness		
				Derivative financial instruments under non-current assets	Trade and other receivables	Derivative financial instruments under non-current liabilities	Trade and other payables and contract liabilities	Hedging instruments	Hedged items	Hedge ineffectiveness recognised in profit or loss
				\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Forward foreign exchange contracts	2026	See note below	78	-	-	-	-	-	-	-

2025			
Hedged items	Carrying amount of hedged items (including accumulated fair value hedge adjustments) \$ million	Accumulated fair value hedge adjustments of hedged items \$ million	Line item in the consolidated statement of financial position in which the hedged items are included
Financial liabilities	(78)	-	Trade and other payables and contract liabilities

2024										
			Carrying amount included in					Changes in fair value used for calculating hedge ineffectiveness		
			Weighted average variable swap rates/contract rates	Notional amount \$ million	Derivative financial instruments under non-current assets \$ million	Trade and other receivables \$ million	Derivative financial instruments under non-current liabilities \$ million	Trade and other payables and contract liabilities \$ million	Hedging instruments \$ million	Hedged items \$ million
Hedging instruments	Maturity date									
Forward foreign exchange contracts	2025	See note below	5	-	-	-	-	-	-	-

2024			
	Carrying amount of hedged items (including accumulated fair value hedge adjustments) \$ million	Accumulated fair value hedge adjustments of hedged items \$ million	Line item in the consolidated statement of financial position in which the hedged items are included
Hedged items			
Financial liabilities	(5)	-	Trade and other payables and contract liabilities

Note: The following table provides information on the weighted average contract rates of outstanding forward foreign exchange contracts at the end of the reporting period:

	2025	2024
Weighted average contract rates		
USD : HKD	7.4313	7.4954
JPY : HKD	-	0.0510
JPY : USD	-	152.8640

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

31. Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement

The following table presents the fair value of the Groups' financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13: *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

(i) Recurring fair value measurements

		Level 2	
	Note	2025 \$ million	2024 \$ million
Financial assets			
Derivative financial instruments:			
– Cross currency swaps	31(a)	2	–
– Interest rate swaps	31(a)	157	483
– Forward foreign exchange contracts	31(a)	128	135
		287	618
Financial liabilities			
Derivative financial instruments:			
– Cross currency swaps	31(a)	66	88
– Interest rate swaps	31(a)	7	1
– Forward foreign exchange contracts	31(a)	175	68
		248	157

(ii) Fair values of financial assets and liabilities carried at other than fair value

Trade and other receivables, trade and other payables and contract liabilities, and also external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 31 December 2025 and 2024.

(iii) Valuation techniques and inputs in Level 2 fair value measurements

The fair values of forward foreign exchange contracts are determined using forward exchange market rates at the end of the reporting period. The fair values of cross currency swaps and interest rate swaps are determined by discounting the future cash flows of the contracts at the current market interest rates.

32. Commitments

- (a) The Groups' capital commitments outstanding at 31 December and not provided for in the financial statements were as follows:

	2025 \$ million	2024 \$ million
Contracted for:		
Capital expenditure for property, plant and equipment	8,935	7,437
Authorised but not contracted for:		
Capital expenditure for property, plant and equipment	16,583	17,967

- (b) At 31 December 2025, the Groups' share of capital commitments of a joint venture was \$5 million (2024: \$19 million).

At 31 December 2025, the Groups' share of the lease and other commitments of a joint venture approximated to \$494 million (2024: \$531 million).

33. Contingent liabilities

At 31 December 2025, the Groups had no guarantee or indemnity to external parties (2024: Nil).

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

34. Material related party transactions

The Groups had the following material transactions with related parties during the year:

(a) Holder of Share Stapled Units

Support service charge recovered from Power Assets group

Other operating costs included support service charge recovered from Power Assets group amounting to \$46 million (2024: \$46 million) for provision of the support services and office facilities to Power Assets group. The support service charge was based on the total costs incurred in the provision or procurement of the provision of the services and facilities and allocated to Power Assets group on a fair and equitable basis, taking into account the time spent by the relevant personnel when providing such services.

At 31 December 2025, the total outstanding balance receivable from Power Assets group was \$5 million (2024: \$5 million).

(b) Joint venture

- (i) The details of Shareholder Loan Facility provided to HKLTL by the Groups and the outstanding loan balance as at 31 December 2025 are disclosed in note 19.
- (ii) Amount due to HKLTL is unsecured, interest-free and has no fixed term of repayment.
- (iii) Interest income received/receivable from HKLTL in respect of the Shareholder Loan Facility amounted to \$38 million (2024: \$38 million).
- (iv) Under a Terminal Use Agreement entered into between HK Electric, CAPCO and HKLTL, Operational Service Charges and Facility Service Charges were recovered by HKLTL amounted to \$218 million (2024: \$222 million) and \$90 million (2024: \$88 million) respectively.
- (v) Under a Secondment Agreement and a Master Service Agreement entered into between HK Electric and HKLTL, HK Electric will provide certain corporate support services to HKLTL. In 2025, service fees of \$8 million (2024: \$7 million) were charged to HKLTL.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Groups, which comprises the Directors, are disclosed in note 12.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of note 34(a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, the transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

35. Statement of financial position of the Company

	Note	2025 \$ million	2024 \$ million
Non-current assets			
Investments in subsidiaries		60,338	60,637
Derivative financial instruments		34	177
		60,372	60,814
Current assets			
Trade and other receivables		40	49
Bank deposits and cash		1	1
		41	50
Current liabilities			
Trade and other payables		(63)	(77)
Current portion of bank loans		(8,698)	–
		(8,761)	(77)
Net current liabilities		(8,720)	(27)
Total assets less current liabilities		51,652	60,787
Non-current liabilities			
Bank loans		–	(8,690)
Derivative financial instruments		(2)	–
		(2)	(8,690)
Net assets		51,650	52,097
Capital and reserves	30(a)		
Share capital		8	8
Reserves		51,642	52,089
Total equity		51,650	52,097

Approved and authorised for issue by the Boards on 17 March 2026.

Cheng Cho Ying, Francis
Director

Chan Loi Shun
Director

Notes to the Financial Statements of the Trust and of the Company

(Expressed in Hong Kong dollars unless otherwise indicated)

36. Substantial holders of Share Stapled Units of the Trust Group

The Share Stapled Units of the Trust Group are listed on the Main Board of the Stock Exchange and are widely held by the public. Power Assets, State Grid Corporation of China and Qatar Investment Authority hold approximately 33.37%, 21.00% and 19.90% of the issued Share Stapled Units respectively as at 31 December 2025 and are considered substantial holders of Share Stapled Units of the Trust Group.

37. Critical accounting judgements and estimates

The methods, estimates and judgements the Directors used in applying the Groups' accounting policies have a significant impact on the Groups' financial position and operating results. Some of the accounting policies require the Groups to apply estimates and judgements on matters that are inherently uncertain. Certain critical accounting judgements in applying the Groups' accounting policies are described below.

(a) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account the estimated residual value. The Groups review annually the useful life of an asset and its residual value, if any. Interests in leasehold land are amortised on a straight-line basis over the shorter of the estimated useful lives of the leased assets and the unexpired lease term. Both the period and methods of amortisation are reviewed annually. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(b) Impairment

The Groups review at the end of each reporting period to identify any indication that the Groups' property, plant and equipment and interests in leasehold land may be impaired and test annually whether goodwill has suffered any impairment in accordance with the accounting policy (see note 3(h)(iii)).

In considering the impairment losses that may be required for the property, plant and equipment, interests in leasehold land and goodwill of the Groups, their recoverable amounts need to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate the fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets or CGU to which the goodwill has been allocated are discounted to their present value, which requires significant judgement. The Groups use all readily available information in determining an amount that is a reasonable approximation of the recoverable amount.

Any increase or decrease in impairment losses, recognised as set out above, would affect the net profit in future years.

See note 17 for key assumptions used in goodwill impairment test for the year ended 31 December 2025.

38. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Groups.

	Effective for accounting periods beginning on or after
• Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> – <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
• Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures</i> – <i>Contracts referencing nature-dependent electricity</i>	1 January 2026
• Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
• HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
• HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
• Amendments to HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Groups are in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of the above is unlikely to have a significant impact on the Groups' consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements*, introducing new requirements that aim to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for accounting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

These new requirements include: (i) all income and expenses in the consolidated statement of profit or loss are required to be classified into one of the five categories, namely operating, investing, financing, discontinued operations and income taxes; (ii) two newly defined subtotals, "operating profit" and "profit before financing and income taxes", are required to be presented in the consolidated statement of profit or loss; (iii) management-defined performance measures ("MPMs") are required to be disclosed in a single note in the consolidated financial statements; and (iv) operating profit subtotal is required to be used as the starting point for the consolidated cash flow statement when presenting operating cash flows under the indirect method, and each of interest income and interest expense should be classified under a single category.

The adoption of HKFRS 18 is unlikely to have a significant impact on the Groups' results of operations and financial positions. The Groups are still in the process of assessing the impact of HKFRS 18 on the Groups' consolidated financial statements, particularly with respect to the categorisation of income and expenses in the Groups' consolidated statement of profit or loss, the structure of the Groups' consolidated statement of profit or loss and consolidated cash flow statement, and the additional disclosure required for MPMs.



Independent Auditor's Report

To the Sole Member of HK Electric Investments Manager Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of HK Electric Investments Manager Limited (the "Company") set out on pages 170 to 178, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Directors of the Company (in its capacity as the trustee-manager of HK Electric Investments) and of HK Electric Investments Limited are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wai Shun, Wilson (practising certificate number: P04961).

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

17 March 2026

Statement of Profit or Loss and Other Comprehensive Income of HK Electric Investments Manager Limited

For the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$	2024 \$
Revenue		–	–
Administrative expenses		–	–
Profit before taxation	4	–	–
Income tax	5	–	–
Profit and total comprehensive income for the year		–	–

The notes on pages 174 to 178 form part of these financial statements.

Statement of Financial Position of HK Electric Investments Manager Limited

At 31 December 2025
(Expressed in Hong Kong dollars)

	Note	2025 \$	2024 \$
Current assets			
Amount due from immediate holding company	7	1	1
Net assets		1	1
Capital and reserves			
Share capital	8	1	1
Reserves		–	–
Total equity		1	1

Approved and authorised for issue by the Board of Directors on 17 March 2026.

Cheng Cho Ying, Francis
Director

Chan Loi Shun
Director

The notes on pages 174 to 178 form part of these financial statements.

Statement of Changes in Equity of HK Electric Investments Manager Limited

For the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Share capital	Reserves	Total
	\$	\$	\$
Balance at 1 January 2024	1	–	1
Changes in equity for 2024:			
Profit and total comprehensive income for the year	–	–	–
Balance at 31 December 2024 and 1 January 2025	1	–	1
Changes in equity for 2025:			
Profit and total comprehensive income for the year	–	–	–
Balance at 31 December 2025	1	–	1

The notes on pages 174 to 178 form part of these financial statements.

Cash Flow Statement of HK Electric Investments Manager Limited

For the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	2025 \$	2024 \$
Operating activities		
Net cash generated from operating activities	–	–
Investing activities		
Net cash used in investing activities	–	–
Financing activities		
Net cash used in financing activities	–	–
Net change in cash and cash equivalents	–	–
Cash and cash equivalents at 1 January	–	–
Cash and cash equivalents at 31 December	–	–

The notes on pages 174 to 178 form part of these financial statements.

Notes to the Financial Statements of HK Electric Investments Manager Limited

(Expressed in Hong Kong dollars unless otherwise indicated)

1. General information

HK Electric Investments Manager Limited (the "Company") was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 25 September 2013 and is an indirect wholly-owned subsidiary of Power Assets, which is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States. The address of the registered office and the principal place of business of the Company is Hongkong Electric Centre, 44 Kennedy Road, Hong Kong.

The principal activity of the Company is administering HK Electric Investments (the "Trust"), in its capacity as trustee-manager of the Trust. The Trust was constituted as a trust on 1 January 2014 by a Hong Kong law governed Trust Deed entered into between the Company, as the trustee-manager of the Trust, and HK Electric Investments Limited.

The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the registered holders of units of the Trust but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

2. Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation and presentation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trust Deed requires the Company (on behalf of the Trust) to distribute 100% of the dividends, distributions and other amounts received in respect of the ordinary shares from HK Electric Investments Limited, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

In accordance with the Trust Deed, a distributions statement shall be included in the financial statements of the Company. As the details of the distribution has already been presented in note 14 to the consolidated financial statements of the Trust and of HK Electric Investments Limited on page 120, no distributions statement is therefore presented in these financial statements.

(c) Cash flow statement

The Company did not have any cash flows during the current and prior years nor did it have any cash or cash equivalents at any point throughout the current and prior years.

Notes to the Financial Statements of HK Electric Investments Manager Limited

(Expressed in Hong Kong dollars unless otherwise indicated)

2. Material accounting policies (continued)

(d) Related parties

- (i) A person or a close member of that person's family is related to the Company if that person:
 - (1) has control or joint control over the Company;
 - (2) has significant influence over the Company; or
 - (3) is a member of the key management personnel of the Company or the Company's parent.
- (ii) An entity is related to the Company if any of the following conditions apply:
 - (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is a joint venture or an associate of the other entity (or a joint venture or an associate of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (6) The entity is controlled or jointly controlled by a person identified in note 2(d)(i).
 - (7) A person identified in note 2(d)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Changes in accounting policies

The HKICPA has issued an amendment to HKFRS Accounting Standards that is first effective for the current accounting period of the Company. The adoption of this amendment has no impact on the Company's financial statements.

The Company has not applied any new standard, amendment or interpretation that is not effective for the current accounting period.

4. Profit before taxation

Auditor's remuneration of \$40,000 (2024: \$63,000) and all other expenses of the Company which were incurred for the administering of the Trust of \$640,000 (2024: \$727,000) for the year have been borne by HK Electric Investments Limited, which has waived its right of recovery thereof.

Except for the above, the Company did not incur any administrative expenses during the current and prior years.

5. Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements for the current and prior years as the Company did not have any assessable profits.

6. Directors' emoluments

No directors' emoluments is disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, as no fees or other emoluments were paid to the Directors during the current and prior years.

7. Amount due from immediate holding company

Amount due from immediate holding company is unsecured, interest-free and repayable on demand.

8. Share capital

	2025		2024	
	Number of shares	\$	Number of shares	\$
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	1	1	1	1

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

Notes to the Financial Statements of HK Electric Investments Manager Limited

(Expressed in Hong Kong dollars unless otherwise indicated)

9. Capital management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the sole member and benefits for other stakeholders. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. The Company actively and regularly reviews and manages its capital structure to support its future capital requirements and operations. The Company has a specific and limited role to administer the Trust. All its capital requirements are fully supported by the ultimate holding company.

The Company was not subject to externally imposed capital requirements during the current and prior years.

10. Immediate and ultimate controlling parties

At 31 December 2025, the Directors consider the immediate and ultimate holding companies of the Company to be Sure Grade Limited and Power Assets which are incorporated in the British Virgin Islands and Hong Kong, respectively. Power Assets produces financial statements available for public use.

11. Financial risk management

The Company was not exposed to any significant credit, liquidity, interest rate and currency risks in the normal course of its business during the current and prior years.

12. Material related party transactions

Except for the transactions and balances disclosed elsewhere in the financial statements, the Company did not enter into material related party transactions.

13. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

Five-Year Financial Summary of the Groups

(Expressed in Hong Kong dollars)

Consolidated Statement of Profit or Loss

\$ million	2025	2024	2023	2022	2021
Revenue	12,125	12,057	11,406	10,793	11,344
Operating profit	5,048	5,488	4,976	4,509	4,845
Finance costs	(1,284)	(1,408)	(1,360)	(961)	(800)
Profit before taxation	3,764	4,080	3,616	3,548	4,045
Income tax	(686)	(741)	(646)	(629)	(735)
Profit after taxation	3,078	3,339	2,970	2,919	3,310
Scheme of Control transfers	71	(228)	186	35	(377)
Profit for the year attributable to the holders of Share Stapled Units/shares of the Company	3,149	3,111	3,156	2,954	2,933

Consolidated Statement of Financial Position

\$ million	2025	2024	2023	2022	2021
Property, plant and equipment and interests in leasehold land	80,114	79,950	79,824	78,960	76,740
Goodwill	33,623	33,623	33,623	33,623	33,623
Other non-current assets	2,404	2,556	2,600	3,125	2,118
Net current liabilities	(23,652)	(1,628)	(2,625)	(233)	(3,470)
Total assets less current liabilities	92,489	114,501	113,422	115,475	109,011
Non-current liabilities	(42,397)	(64,343)	(63,774)	(65,230)	(59,553)
Scheme of Control Fund and Reserve	(777)	(868)	(670)	(912)	(1,065)
Net assets	49,315	49,290	48,978	49,333	48,393
Share capital	8	8	8	8	8
Reserves	49,307	49,282	48,970	49,325	48,385
Total equity	49,315	49,290	48,978	49,333	48,393

The Hongkong Electric Company, Limited

Ten-Year Scheme of Control Statement

(a) Scheme of Control

The activities of HK Electric are subject to a Scheme of Control Agreement ("SoCA") agreed with the Government with a term of 15 years from 1 January 2019 to 31 December 2033.

The SoCA provides for HK Electric to earn a Permitted Return of 8% of average net fixed assets. The Permitted Return is determined after any excess capacity adjustment, in accordance with the Annex to the SoCA. No excess capacity adjustment was made in 2025 and 2024. Any excess or deficiency of the gross tariff revenue over the sum of total operating costs, Scheme of Control Net Return and Scheme of Control taxation charges is transferred to/(from) a Tariff Stabilisation Fund from/(to) the statement of profit or loss of HK Electric. When transfer from the Tariff Stabilisation Fund to the statement of profit or loss is required, the amount transferred shall not exceed the balance of the Tariff Stabilisation Fund. In calculating the Scheme of Control net revenue, interest relating to the acquisition of fixed assets (whether it has been charged to revenue or capitalised) up to 7% per annum, is added to, and a tax adjustment is made against, net revenue after taxation. In addition, each year a charge calculated by applying the average of one-month Hong Kong Interbank Offered Rate on the average balance of the Tariff Stabilisation Fund is transferred from the statement of profit or loss of HK Electric to a Rate Reduction Reserve.

(b) Ten-Year Scheme of Control Statement for the year ended 31 December

HK\$ million	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Sales of electricity	12,089	12,018	11,321	10,724	11,312	10,363	10,694	11,541	11,621	11,373
Transfer from Fuel Clause Recovery Account	3,281	4,184	5,401	6,922	3,122	1,823	2,051	2,696	1,904	1,206
Other Scheme of Control revenue	79	86	131	111	73	162	77	115	93	79
Gross tariff revenue	15,449	16,288	16,853	17,757	14,507	12,348	12,822	14,352	13,618	12,658
Fuel costs	(4,713)	(5,653)	(6,891)	(8,420)	(4,778)	(3,453)	(3,842)	(4,530)	(3,785)	(3,105)
Operating costs	(1,878)	(1,811)	(1,704)	(1,702)	(1,735)	(1,697)	(1,723)	(1,656)	(1,592)	(1,460)
Interest	(1,017)	(1,081)	(1,024)	(722)	(621)	(778)	(764)	(779)	(719)	(811)
Depreciation and amortisation	(2,876)	(2,764)	(2,497)	(2,543)	(2,530)	(2,414)	(2,342)	(2,355)	(2,210)	(2,127)
Net revenue before taxation	4,965	4,979	4,737	4,370	4,843	4,006	4,151	5,032	5,312	5,155
Scheme of Control taxation	(910)	(870)	(1,113)	(459)	(670)	(695)	(688)	(557)	(698)	(1,209)
Net revenue after taxation	4,055	4,109	3,624	3,911	4,173	3,311	3,463	4,475	4,614	3,946
Interest on borrowed capital	1,196	1,348	1,328	1,017	926	1,018	1,043	983	873	821
Interest on incremental customers' deposit	3	10	10	1	–	–	1	–	–	–
Scheme of Control net revenue	5,254	5,467	4,962	4,929	5,099	4,329	4,507	5,458	5,487	4,767
Transfer from/(to) Tariff Stabilisation Fund	137	(155)	255	80	(344)	164	(222)	(303)	(291)	181
Permitted Return	5,391	5,312	5,217	5,009	4,755	4,493	4,285	5,155	5,196	4,948
Interest on borrowed capital	(1,196)	(1,348)	(1,328)	(1,017)	(926)	(1,018)	(1,043)	(983)	(873)	(821)
Interest on incremental customers' deposit	(3)	(10)	(10)	(1)	–	–	(1)	–	–	–
Transfer to Smart Power Care Fund/ Smart Power Fund	(44)	(40)	(38)	(32)	(32)	(25)	(32)	–	(5)	(5)
Transfer to Rate Reduction Reserve	(22)	(32)	(31)	(13)	(1)	(8)	(14)	(6)	(1)	(1)
Net Return	4,126	3,882	3,810	3,946	3,796	3,442	3,195	4,166	4,317	4,121

The Hongkong Electric Company, Limited

Ten-Year Statement of Financial Position

At 31 December

HK\$ million	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Non-current assets										
Property, plant and equipment and interests in leasehold land	65,538	64,459	63,784	62,162	59,355	56,437	53,791	51,753	50,494	49,971
Interest in a joint venture	929	887	895	793	477	278	42	–	–	–
Employee retirement benefit scheme assets	1,199	1,053	968	882	1,045	887	809	593	648	454
Derivative financial instruments	242	439	496	1,042	596	616	641	539	784	1,034
	67,908	66,838	66,143	64,879	61,473	58,218	55,283	52,885	51,926	51,459
Current assets										
Coal, fuel oil and natural gas	587	673	692	1,158	620	430	522	675	671	624
Stores and materials	344	309	311	288	284	296	297	314	340	361
Trade and other receivables	1,311	1,309	1,407	1,571	1,147	931	1,056	1,024	1,065	1,218
Fuel Clause Recovery Account	–	–	–	1,892	252	–	–	–	–	–
Bank deposits and cash	27	29	20	324	33	51	297	33	1,658	310
	2,269	2,320	2,430	5,233	2,336	1,708	2,172	2,046	3,734	2,513
Current liabilities										
Bank loans and other borrowings	(13,779)	(727)	(715)	(557)	(1,233)	(1,486)	(6,010)	(440)	–	(335)
Fuel Clause Recovery Account	(626)	(215)	(53)	–	–	(796)	(647)	(855)	(2,771)	(4,088)
Trade and other payables and contract liabilities	(6,882)	(7,290)	(9,617)	(10,132)	(8,883)	(7,107)	(6,940)	(6,607)	(6,626)	(6,263)
Bank overdrafts – unsecured	–	(45)	(44)	–	–	–	(33)	–	–	–
Current taxation	(194)	(224)	(889)	(149)	(506)	(541)	(577)	(137)	(214)	(351)
	(21,481)	(8,501)	(11,318)	(10,838)	(10,622)	(9,930)	(14,207)	(8,039)	(9,611)	(11,037)
Net current liabilities	(19,212)	(6,181)	(8,888)	(5,605)	(8,286)	(8,222)	(12,035)	(5,993)	(5,877)	(8,524)
Total assets less current liabilities	48,696	60,657	57,255	59,274	53,187	49,996	43,248	46,892	46,049	42,935
Non-current liabilities										
Bank loans and other borrowings	(28,079)	(41,393)	(40,766)	(41,982)	(36,729)	(34,708)	(28,319)	(32,855)	(32,714)	(30,700)
Derivative financial instruments	(245)	(156)	(171)	(78)	(102)	(370)	(14)	(411)	(184)	(73)
Customers' deposits	(2,546)	(2,507)	(2,449)	(2,381)	(2,317)	(2,268)	(2,241)	(2,195)	(2,130)	(2,057)
Deferred tax liabilities	(7,641)	(7,584)	(7,478)	(7,723)	(7,113)	(6,628)	(6,467)	(6,168)	(5,848)	(5,595)
Employee retirement benefit scheme liabilities	(8)	(56)	(191)	(158)	(350)	(367)	(368)	(393)	(288)	(406)
Other non-current liabilities	(1,471)	(1,401)	(1,382)	(1,430)	(1,314)	(1,122)	(955)	(747)	(503)	–
	(39,990)	(53,097)	(52,437)	(53,752)	(47,925)	(45,463)	(38,364)	(42,769)	(41,667)	(38,831)
Tariff Stabilisation Fund (note 1)	(711)	(816)	(630)	(872)	(1,050)	(698)	(848)	(620)	(316)	(24)
Rate Reduction Reserve (note 2)	(22)	(32)	(31)	(13)	(1)	(8)	(14)	(6)	(1)	(1)
Smart Power Care Fund/Smart Power Fund (note 3)	(44)	(20)	(9)	(27)	(14)	(20)	(16)	(22)	(18)	(14)
Net assets	7,929	6,692	4,148	4,610	4,197	3,807	4,006	3,475	4,047	4,065
Capital and reserves										
Share capital	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411	2,411
Reserves	6,025	4,499	1,868	1,756	1,666	1,427	1,259	1,125	1,326	1,057
Hedging reserve	(507)	(218)	(131)	443	120	(31)	336	(61)	310	597
Total equity	7,929	6,692	4,148	4,610	4,197	3,807	4,006	3,475	4,047	4,065

Notes:

- The Tariff Stabilisation Fund is not part of shareholders' funds.
- Pursuant to Scheme of Control, the year-end balance of the reserve of a year has to be transferred to the Tariff Stabilisation Fund in the following year.
- Pursuant to 2013 mid-term review of 2009 – 2018 Scheme of Control Agreement ("SoCA"), a Smart Power Fund was established in June 2014 to support the carrying out of improvement works to upgrade the energy efficiency performance of building services installations for communal use of non-commercial buildings. Under current SoCA, a Smart Power Care Fund has to be established no later than 1 January 2019 with initial funding provided by the net closing balance of the Smart Power Fund to promote energy efficiency and conservation.

The Hongkong Electric Company, Limited

Ten-Year Operating Statistics

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Units sold (millions of kWh)										
Commercial	7,252	7,415	7,369	7,149	7,409	7,178	7,751	7,766	7,824	7,893
Residential	2,387	2,451	2,384	2,505	2,659	2,667	2,475	2,466	2,485	2,584
Industrial	277	284	287	287	293	289	293	305	306	315
Total (millions of kWh)	9,916	10,150	10,040	9,941	10,361	10,134	10,519	10,537	10,615	10,792
Annual (decrease)/increase (%)	(2.3)	1.1	1.0	(4.0)	2.2	(3.7)	(0.2)	(0.7)	(1.6)	(0.8)
Average Net Tariff per Tariff Review (HK cents per kWh)										
Basic Tariff	122.9	119.5	114.5	109.0	109.0	102.0	101.3	109.1	108.9	105.5
Special Rent & Rates Rebate	–	–	–	–	–	(0.4)	(2.3)	(4.0)	(4.0)	–
Special Rebate	–	–	–	(1.0)	–	–	–	–	–	–
Net Basic Tariff	122.9	119.5	114.5	108.0	109.0	101.6	99.0	105.1	104.9	105.5
Fuel Clause Charge	44.1	46.0	82.5	27.3	17.4	24.8	23.4	23.4	23.4	27.9
Special Fuel Rebate	–	–	–	–	–	–	(2.3)	(16.0)	(17.9)	–
Net Tariff (HK cents per kWh)	167.0	165.5	197.0	135.3	126.4	126.4	120.1	112.5	110.4	133.4
Number of customers (000's)										
599	593	589	586	584	583	581	579	577	575	
Installed capacity (MW)										
Gas turbines and standby units	555	555	555	555	555	555	555	555	555	555
Coal-fired units	1,050	1,050	1,750	1,750	2,000	2,000	2,000	2,000	2,250	2,500
Gas-fired combined-cycle units (note 1)	1,475	1,475	1,095	1,095	1,060	1,060	680	680	680	680
Wind turbine and solar power systems (note 2)	3	3	3	2	2	2	2	2	2	2
Total (MW)	3,083	3,083	3,403	3,402	3,617	3,617	3,237	3,237	3,487	3,737
System maximum demand (MW)										
2,190	2,255	2,269	2,384	2,384	2,336	2,395	2,376	2,513	2,428	
Annual (decrease)/increase (%)	(2.9)	(0.6)	(4.8)	–	2.1	(2.5)	0.8	(5.5)	3.5	0.0
Annual load factor (%)										
56.3	56.2	55.9	52.8	55.1	55.0	56.4	56.8	54.0	56.7	
Thermal efficiency (%)										
41.8	41.5	39.3	38.9	37.6	37.6	35.5	35.6	35.9	35.9	
Plant availability (%)										
83.8	84.8	89.4	86.6	89.0	89.5	90.9	90.7	87.1	85.6	
Number of switching stations										
24	24	24	24	24	24	24	24	24	24	
Number of zone substations										
27	27	27	27	27	27	27	27	27	27	
Number of customer substations										
4,070	4,038	4,012	3,977	3,962	3,944	3,920	3,912	3,889	3,848	
Number of employees										
1,635	1,649	1,657	1,690	1,699	1,713	1,770	1,763	1,776	1,790	
Capital expenditure (HK\$ million) (note 3)										
4,193	3,659	4,447	5,734	6,001	5,485	4,620	3,695	2,929	2,799	

Notes:

- To achieve Hong Kong's fuel mix target of around 50% gas generation from 2020, HK Electric built a new gas-fired unit L10 and deferred the retirement of an old gas-fired unit GT57 to 2022 when another new gas-fired unit L11 came into operation. This was an interim measure to achieve government objective. The installed capacity in 2020 and 2021 without GT57 would otherwise be 3,272 MW.
- The 800-kW wind turbine was commissioned in 2005. The 550-kW solar power system at Lamma Power Station was commissioned in 2010 and was expanded to 1.4 MW in 2023 and further to 1.5 MW in 2025. Together with other solar power systems installed at company's premises and substations, the total capacity reached 2.5 MW.
- These are capital expenditures solely for electricity-related property, plant and equipment. The capital expenditures exclude additions of right-of-use assets and include capital expenditures of the offshore LNG terminal developed by a joint venture.

Corporate Information

HK Electric Investments Manager Limited (港燈電力投資管理人有限公司)

(Incorporated in Hong Kong with limited liability, the trustee-manager of HK Electric Investments)

and

HK Electric Investments Limited (港燈電力投資有限公司)

(Incorporated in the Cayman Islands with limited liability)

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)
CHENG Cho Ying, Francis (*Chief Executive Officer*)
CHAN Loi Shun
CHOI Wai Man
WANG Yuanhang

Non-executive Directors

LI Tzar Kuoi, Victor (*Deputy Chairman*)
(Frank John SIXT as his alternate)
Fahad Hamad A H AL-MOHANNADI
Ronald Joseph ARCULLI
Deven Arvind KARNIK
WANG Zijian
ZHU Guangchao

Independent Non-executive Directors

FONG Chi Wai, Alex
KOH Poh Wah
KWAN Kai Cheong
LEE Lan Yee, Francis
George Colin MAGNUS
Donald Jeffrey ROBERTS

Trustee-Manager Audit Committee

Donald Jeffrey ROBERTS (*Chairman*)
Ronald Joseph ARCULLI
KOH Poh Wah
LEE Lan Yee, Francis

Company Audit Committee

Donald Jeffrey ROBERTS (*Chairman*)
Ronald Joseph ARCULLI
KOH Poh Wah
LEE Lan Yee, Francis

Remuneration Committee

Donald Jeffrey ROBERTS (*Chairman*)
FOK Kin Ning, Canning
FONG Chi Wai, Alex

Nomination Committee

LEE Lan Yee, Francis (*Chairman*)
KOH Poh Wah
KWAN Kai Cheong
LI Tzar Kuoi, Victor

Sustainability Committee

CHENG Cho Ying, Francis (*Chairman*)
CHOI Wai Man
FONG Chi Wai, Alex

Company Secretary

Alex NG

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
DBS Bank Limited
Mizuho Bank, Ltd.
MUFG Bank, Ltd.

Corporate Information

Auditor

KPMG

Company Website

www.hkei.hk

Trustee-Manager Registered Office

44 Kennedy Road, Hong Kong

Company Registered Office

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman, KY1-1111,
Cayman Islands

Company Head Office and Principal Place of Business in Hong Kong

44 Kennedy Road, Hong Kong
Telephone: (852) 2843 3111
Facsimile: (852) 2810 0506
Email: mail@hkei.hk

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman, KY1-1111,
Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

ADR (Level 1 Programme) Depositary

Deutsche Bank Trust Company Americas
1 Columbus Circle, New York, NY 10019
Website: www.adr.db.com
Email: adr@db.com

Investor Relations

For institutional investors, please contact:
CHAN Loi Shun (*Executive Director*),
WONG Kim Man (*Chief Financial Officer*) or
Vincent CHOW (*Group Treasurer*)

For other investors, please contact:
Alex NG (*Company Secretary*)

Email: mail@hkei.hk
Telephone: (852) 2843 3111
Facsimile: (852) 2810 0506
Postal Address: G.P.O. Box 915, Hong Kong
Address: 44 Kennedy Road, Hong Kong

Financial Calendar and Share Stapled Unit Information

Financial Calendar

Interim Results Announcement	12 August 2025
Annual Results Announcement	17 March 2026
Ex-distribution Date	8 April 2026
Record Date (for determination of Holders of Share Stapled Units who qualify for the Final Distribution)	9 April 2026
Distribution per Share Stapled Unit	
Interim : HK15.94 cents	8 September 2025
Final : HK16.09 cents	22 April 2026
Closure of Registers and Record Date (for determination of Holders of Share Stapled Units who are entitled to attend and vote at Annual General Meeting)	15 May 2026 to 20 May 2026 (both days inclusive, Record Date on 20 May 2026)
Annual General Meeting	20 May 2026

Share Stapled Unit Information

Board Lot	500 Share Stapled Units
Market Capitalisation as at 31 December 2025	HK\$55,668 million
Share Stapled Unit to American Depositary Share Ratio	10:1

Stock Codes

The Stock Exchange of Hong Kong Limited	2638
Bloomberg	2638 HK
Refinitiv	2638.HK
ADR Ticker Symbol	HKVTY
CUSIP Number	40422B101

Glossary

In this Annual Report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term(s)	Definition
"Annual General Meeting"	The annual general meeting of unitholders of the Trust and shareholders of the Company, as convened by the Trustee-Manager and the Company held on a combined basis as a single meeting characterised as the annual general meeting of Holders of Share Stapled Units
"Boards" or "Boards of Directors"	Trustee-Manager Board and Company Board
"CK Hutchison"	CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
"CKI"	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038) and on the Main Market of the London Stock Exchange plc (Ticker Symbol: CKI)
"Company"	HK Electric Investments Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2013
"Company Audit Committee"	Audit committee of the Company
"Company Board"	Board of directors of the Company
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Government"	HKSAR Government
"Group"	The Company and its subsidiaries
"HK Electric"	The Hongkong Electric Company, Limited, a company incorporated in Hong Kong with limited liability on 24 January 1889 and an indirect wholly-owned subsidiary of the Company
"HKASs"	Hong Kong Accounting Standards
"HKEI"	The Trust and the Company
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKFRS Accounting Standards"	A collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA

Term(s)	Definition
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Holder(s) of Share Stapled Units" or "SSU holder(s)"	Person(s) who holds Share Stapled Units issued by HKEI
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Power Assets"	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
"Registers"	The Share Stapled Units Register, the Units Register, the Principal and Hong Kong Branch Registers of Members and the Register of Beneficial Interests
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share Stapled Unit(s)" or "SSU(s)"	Share Stapled Unit(s) jointly issued by the Trust and the Company, with each Share Stapled Unit being the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of the Trust); and (c) a specifically identified preference share of the Company stapled to the unit
"Share Stapled Units Register"	The register of registered Holders of Share Stapled Units
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trust"	HK Electric Investments, as constituted pursuant to the Trust Deed under the Laws of Hong Kong
"Trust Deed"	The trust deed dated 1 January 2014 constituting the Trust, entered into between the Trustee-Manager and the Company and as amended by two deeds of amendment dated 13 May 2020 and 22 May 2024 respectively
"Trust Group"	The Trust and the Group

Glossary

Term(s)	Definition
"Trustee-Manager"	HK Electric Investments Manager Limited, a company incorporated in Hong Kong with limited liability on 25 September 2013 and an indirect wholly-owned subsidiary of Power Assets, in its capacity as trustee-manager of the Trust
"Trustee-Manager Audit Committee"	Audit committee of the Trustee-Manager
"Trustee-Manager Board"	Board of directors of the Trustee-Manager

This Annual Report has been published in both the English and Chinese languages on the Company's website at www.hkei.hk and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

If a Holder of Share Stapled Unit(s) wishes to receive corporate communications (including but not limited to this Annual Report) in printed form, or choose to change their choice as to the language of the printed form, please follow the relevant instructions set out in the "Arrangements For Dissemination Of Corporate Communications" under the "Investor Information" section of the Company's website, complete the relevant Reply Form and return the completed Reply Form to the Company at mail@hkei.hk or by post to the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Any such request from a Holder of Share Stapled Unit(s) shall be valid for one year starting from the date of receipt, or until the original request has been revoked in writing or superseded by a subsequent written request, whichever is earlier. A Holder of Share Stapled Unit(s) wishing to continue to receive corporate communications in printed form after expiry of the original request must submit a fresh Reply Form.

If a Holder of Share Stapled Unit(s) wishes to receive actionable corporate communications by email, please follow the relevant instructions set out in the "Arrangements For Dissemination Of Corporate Communications" under the "Investor Information" section of the Company's website, complete the relevant Reply Form and return the completed Reply Form to the Company at mail@hkei.hk or by post to the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, at the address above-mentioned.



港燈電力投資
HK Electric Investments

