香港電燈集團有限公司
Hongkong Electric Holdings Ltd.

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 6

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港燈
HK Electric

2009 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Results

The Group's audited consolidated net profit after tax for the year ended 31st December 2009 was HK$6,697 million (2008: HK$8,029 million), a decrease of 17%. Earnings from the Group's Hong Kong operations were HK$4,646 million (2008: HK$7,008 million). The lower Hong Kong earnings were primarily due to the lower Hongkong Electric (HEC) rate of permitted return and to lower cash deposit balances and deposit interest rates. Earnings from the Group's operations outside Hong Kong were HK$2,051 million (2008: HK$1,021 million). The higher earnings from operations outside Hong Kong were primarily due to the inclusion of earnings from the mainland China power station projects, the increased interest in Northern Gas Networks and higher revenue for the Australian businesses.

The Group reported strong operating results from its operations outside Hong Kong for 2009 with earnings more than double that recorded for 2008. In Hong Kong, the lower operating results for 2009 reflected the impact of a full year of HEC's lower rate of permitted return under the new Scheme of Control Agreement (SCA) which became effective 1st January 2009. It is pleasing to note that the proportion of the Group's total earnings arising from activities outside Hong Kong increased from approximately 13% in 2008 to over 30% in 2009 reflecting the steady progress in implementing the Group's strategy of growing its earnings base from activities outside Hong Kong. The increased earnings from activities outside Hong Kong were a substantial offset to the impact of the lower earnings from Hong Kong activities. Overall the Group's earnings were 17% lower in 2009 compared with those for 2008 notwithstanding the 34% drop in earnings from Hong Kong activities in 2009.

The year 2009 saw continued growth in the Group's operations outside Hong Kong with the acquisition of the interests in the mainland China power station projects in April and the increase in the Group's interest in Northern Gas Networks in November. The Group now has interests in 5,649 MW of generating capacity outside Hong Kong up from 2,752 MW at the end of 2008. In Hong Kong, 2009 was the first year in which HEC operated under the new SCA and I am pleased to be able to report that HEC was able to meet the operational and environmental requirements under the new SCA for the year. The new SCA provides for a rate of permitted return of 9.99% on average net fixed assets with an 11% rate of return on renewable energy assets.

Final Dividend

The Directors will recommend a final dividend of HK$1.49 per share, payable on 7th May 2010 to those persons registered as shareholders on 6th May 2010. This, together with the interim dividend of HK$0.62 per share, will give a total dividend of HK$2.11 per share for the year (2008: HK$2.11 per share).

Hong Kong Operations

HEC unit sales of electricity for 2009 were 0.5% higher than that recorded for 2008. The higher unit sales were primarily due to the impact of a warmer summer partially offset by various energy saving initiatives. The total number of customers showed a slight increase which came from both the domestic and commercial sectors with the industrial sector continuing its declining trend.

In 2009, Lamma Power Station's gas-fired units generated approximately 20% of the electricity sent out from the power station up from 17% in 2008 with the remainder of the electricity sent out being generated by the Lamma coal-fired units.

While the coal-fired units at Lamma remained the main generator of electricity, a reduction in emission levels was recorded in 2009. The lower emission levels were achieved through the commissioning of an additional flue gas desulphurisation (FGD) plant, the increased consumption of natural gas and efficient operation and maintenance activities. The emission reduction programme at the Lamma Power Station progressed satisfactorily in 2009 with the FGD plant and low nitrogen oxide burner for Unit 5 being commissioned and work on the FGD plants for Units 4 and 2 and the low nitrogen oxide burner for Unit 4 well underway. Completion of these emission reduction projects is scheduled for the first half of 2010. The focus of HEC over the last few years on emission reduction at the Lamma Power Station has resulted in a significant fall in emissions with the power station being able to consistently meet the increasingly tighter emission requirements set by the Government. The reduction in emissions would not have been possible without the required capital investment being made and the operational and maintenance improvements achieved.

The 800 kW wind turbine at Lamma operated satisfactorily in 2009 with an increased capacity factor. In early 2010, we proposed the development of a 100 MW offshore wind farm in the south west Lamma channel. An environmental impact assessment study has been completed and made available for public comment.

During 2009, supply reliability was maintained at over 99.999% which surpassed HEC's pledged service standard. This world class supply reliability has the enviable record of having been consistently maintained over the last decade. Supporting the high reliability standards were the improvement and maintenance works carried out on HEC's transmission and distribution network in 2009.

2009 saw continued participation in environmental and community activities. A new three-year Green Hong Kong Green programme was established to develop new eco-heritage trail routes on Hong Kong Island. The HK Electric Clean Energy Fund continued to promote renewable energy through sponsorship of projects undertaken at schools and tertiary institutions while the HK Electric Volunteers put in more than 4,100 hours of voluntary service.

In 2009, the Government released its Air Quality Objectives Review Study Report which contains 19 phase one control measures for public consultation. HEC supports the Government in its efforts to improve air quality. HEC will in 2010 increase the amount of electricity generated by gas-fired units at Lamma to 30% of the electricity sent out from the power station. This increase will be achieved through the upgrading of existing gas-fired units and through the importation of more gas.

Operations outside Hong Kong

I am pleased to report that all of the Group's operations outside Hong Kong performed satisfactorily in 2009 notwithstanding the uncertain business environment.

In mainland China, the power station interests acquired in April 2009 performed ahead of our expectations. The interests comprise 45% interests in the coal-fired 1,400 MW Zhuhai power plant and the 1,200 MW Jinwan power plant, both strategically located in Guangdong province adjacent to Hong Kong and the 200 MW Siping cogeneration power plant in Jilin province. The Zhuhai power plant operated with high reliability and efficiency in 2009 and with an excellent safety record. Jinwan delivered an outstanding performance benefiting from stable coal costs and increased plant efficiency. Both the Zhuhai and Jinwan power plants are equipped with FGD plant to improve their environmental performance. The Siping cogeneration power plant as well as generating electricity provides steam for heating in the Siping municipality. FGD installation work at the Siping cogeneration power plant is nearing completion.

The 48 MW wind project in Dali, Yunnan province and the 49.5 MW wind project in Leting, Hebei province in which we have 45% interests achieved commercial operation in January and October 2009 respectively and are operating satisfactorily.

In Thailand, the 25% owned Ratchaburi Power Company Limited which operates a 1,400 MW gas-fired power plant in Ratchaburi province achieved full commercial operation in June 2008 and is performing satisfactorily. The plant output is sold to the Electricity Generating Authority of Thailand under a 25-year power purchase agreement and gas is supplied to the power station under a long term supply contract.

In the United Kingdom, the 41% owned Northern Gas Networks (NGN) performed well in 2009 reporting increased revenue. NGN operates a 37,000 km gas distribution pipeline network in the north of England.

In Australia, ETSA Utilities (ETSA) in which the group has a 27.9% interest recorded a strong year with increased revenue. ETSA is the sole electricity distributor in South Australia. In November 2009, the Australian Energy Regulator issued its draft decision in response to ETSA's proposals for the 2010-2015 price reset period. A final decision is due in April 2010. CHEDHA in which the Group has a 27.9% interest reported higher distribution and unregulated revenue in 2009. CHEDHA comprises Powercor which operates an electricity distribution network in western Victoria and CitiPower which distributes electricity to the Melbourne central business district.

In Canada, the Group has a 50% interest in Stanley Power Inc. which holds 49.99% of TransAlta Cogen which has interests in one coal-fired power plant and five gas-fired power plants in Canada. Stanley Power performed satisfactorily in 2009 with the Canadian operations recording higher income for the year.

In New Zealand, the Group benefited from the first full year of operations of the 50% owned Wellington Electricity Lines Limited, which owns and operates a 4,592 km electricity distribution network which supplies electricity to more than 160,000 customers in the city of Wellington and in the Porirua and Hutt Valley regions of New Zealand. The business performed well in 2009 with higher distribution revenue due to colder weather.

Outlook

While there are signs that economic conditions in global markets have stabilised there remains uncertainty as to the strength of any economic recovery in 2010. However, with HEC operating in Hong Kong under the new SCA and with the conservative nature of the Group's businesses outside Hong Kong, the Group is expected to perform satisfactorily in 2010. With its strong balance sheet and low gearing, the Group has the capacity to take advantage of any investment opportunities that may arise.

In Hong Kong, the emission reduction programme at the Lamma Power Station which was commenced several years ago is expected to be completed in 2010 and the focus will move to reducing our reliance on coal-fired generation at the power station.

The success of our investments outside Hong Kong has been very encouraging and we are actively pursuing investment opportunities to further increase our earnings base from operations outside Hong Kong. Going forward we expect to see our investments outside Hong Kong becoming a much more significant part of our overall operations.

I would like to thank the board of directors and the management and staff for their hard work and contributions during the year.

Fok Kin Ning, Canning
Chairman
Hong Kong, 3rd March 2010

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the year amounted to HK$2,751 million (2008: HK$2,084 million), which was primarily funded by cash from operations. Total external borrowings outstanding at the year end were HK$12,247 million (31st December 2008: HK$10,667 million), comprising unsecured bank loans and debt securities in issue. In addition, the Group had undrawn committed bank facilities of HK$6,500 million (31st December 2008: HK$7,450 million) and bank deposits and cash of HK$5,093 million (31st December 2008: HK$8,962 million).

Treasury Policies, Financing Activities and Capital Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. The Group aims to ensure that adequate financial resources are available for refinancing and business growth.

The Group's financial profile remained strong during the year. In December 2009, Standard and Poor's affirmed the A+ long term credit ratings of Hongkong Electric Holdings Limited and The Hongkong Electric Company, Limited with a stable outlook. As at 31st December 2009, the net debt of the Group was HK$7,154 million (31st December 2008: HK$1,705 million) with a net debt-to-equity ratio of 14% (31st December 2008: 4%).

The profile of the Group's external borrowings, after taking into account interest rate swaps was as follows:-

(1) 66% was in Hong Kong dollars and 34% in Australian dollars;

(2) 75% was bank loans and 25% was capital market instruments;

(3) 0% was repayable within 1 year, 83% was repayable between 2 and 5 years and 17% was repayable beyond 5 years;

(4) 57% was at fixed interest rates and 43% was at floating interest rates.

Currency and interest rate risks are actively managed in accordance with the 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 credit risk exposure.

The Group's policy is to maintain a portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed or floating rate borrowings or by using interest rate derivatives. As at 31st December 2009, 57% of the Group's total borrowings were at fixed interest rates.

The Group's principal foreign currency exposures arise from its overseas investments and from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward contracts. As at 31st December 2009, over 85% of the Group's transaction exposure was either denominated in US dollars or hedged into Hong Kong or US dollars. Where considered appropriate, currency exposure arising from overseas investments is mitigated by financing those investments in local currency borrowings. Foreign currency fluctuations will affect the translated value of the net assets of overseas investments and the resultant translation difference is included in the Group's reserve account. Income received from the Group's overseas investment which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31st December 2009 amounted to HK$7,891 million (31st December 2008: HK$7,763 million).

Charges on Group Assets

At 31st December 2009, the Group's interests in an associate of HK$740 million (31st December 2008: HK$552 million) have been pledged as part of the security to secure bank borrowings granted to that associate.

At 31st December 2009, the Group's interests in a jointly controlled entity of HK$2,991 million (31st December 2008: Nil) have been pledged as part of the security to secure bank borrowings granted to that jointly controlled entity.

Contingent Liabilities

As at 31st December 2009, the Group had given guarantees and indemnities totalling HK$1,642 million (31st December 2008: HK$1,262 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK$4,212 million (2008: HK$3,217 million). Out of this amount, HK$4,202 million (2008: HK$3,207 million), while being a contingent liability of the Company, is reflected in the Consolidated Balance Sheet of the Group.

Employees

The Group continues its policy of pay for performance and market pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31st December 2009, excluding directors' emoluments, amounted to HK$798 million (2008: HK$877 million). As at 31st December 2009, the Group employed 1,879 permanent staff (2008: 1,864). No share option scheme is in operation.

The Group provides training for employees in management and functional skills, language skills, computer knowledge and technology relevant to the Group's industry by both classroom training and e-learning platforms. Training schemes for university graduates, trainee technicians and apprentices and other job-related programmes are also available for employees to develop and enhance their skills and abilities. In addition, talks are arranged to provide updates on company developments and wellness information.

HONGKONG ELECTRIC HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009
(Expressed in Hong Kong dollars)

	Note	**2009 $ million**	2008 $ million
Turnover	3	**10,395**	12,773
Direct costs		**(3,820)**	(3,782)
		6,575	8,991
Other revenue and other net income		**815**	1,020
Other operating costs		**(796)**	(941)
Operating profit		**6,594**	9,070
Finance costs		**(334)**	(463)
Share of profits less losses of associates		**898**	732
Share of profits less losses of jointly controlled entities		**632**	-
Profit before taxation	4	**7,790**	9,339
Income tax:	5		
Current		**(776)**	(946)
Deferred		**(143)**	(54)
		(919)	(1,000)
Profit after taxation		**6,871**	8,339
Scheme of Control transfers to:			
Tariff Stabilisation Fund		**(174)**	(297)
Rate Reduction Reserve		**-**	(13)
		(174)	(310)
Profit attributable to equity shareholders of the Company			
Hong Kong operations		**4,646**	7,008
Operations outside Hong Kong		**2,051**	1,021
Profit for the year		**6,697**	8,029
Earnings per share			
Basic and diluted	7	**$3.14**	$3.76

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 6.

HONGKONG ELECTRIC HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2009
(Expressed in Hong Kong dollars)

	2009 **$ million**	2008 $ million
Profit for the year	**6,697**	8,029
Other comprehensive income/(loss) for the year		
Exchange differences on translating foreign operations, including associates and jointly controlled entities	**1,163**	(1,264)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	**39**	(115)
Reclassification adjustments for amounts transferred to the income statement		
- finance costs	**5**	2
- other revenue and other net income	**-**	(5)
Amounts transferred to the initial carrying amount of hedged items	**4**	(3)
Net deferred tax (charged)/credited to other comprehensive income	**(9)**	30
	39	(91)
Defined benefit retirement schemes:		
Actuarial gains/(losses), net of nil tax	**1,002**	(2,087)
Share of other comprehensive income/(loss) of associates:		
Other comprehensive income/(loss)	**589**	(1,399)
Net deferred tax (charged)/credited to other comprehensive income	**(170)**	410
	419	(989)
	2,623	(4,431)
Total comprehensive income for the year attributable to equity shareholders of the Company	**9,320**	3,598

HONGKONG ELECTRIC HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2009
(Expressed in Hong Kong dollars)

	Note	**2009 $ million**	2008 $ million
Non-current assets			
Fixed assets			
- Property, plant and equipment		**42,715**	41,711
- Assets under construction		**2,540**	2,510
- Interests in leasehold land held for own use under operating leases		**2,209**	2,267
		47,464	46,488
Interest in associates		**13,472**	9,921
Interest in jointly controlled entities		**5,793**	159
Other non-current financial assets		**67**	66
Derivative financial instruments		**31**	29
Deferred tax assets		**2**	11
Employee retirement benefit assets		**486**	-
		67,315	56,674
Current assets			
Inventories		**930**	659
Trade and other receivables	8	**1,059**	1,147
Fuel Clause Recovery Account		**552**	998
Bank deposits and cash		**5,093**	8,962
		7,634	11,766
Current liabilities			
Trade and other payables	9	**(1,600)**	(1,173)
Current portion of bank loans and other borrowings		**-**	(1,687)
Current taxation		**(236)**	(188)
		(1,836)	(3,048)
Net current assets		**5,798**	8,718
Total assets less current liabilities		**73,113**	65,392
Non-current liabilities			
Interest-bearing borrowings		**(12,247)**	(8,980)
Derivative financial instruments		**(26)**	(110)
Customers' deposits		**(1,676)**	(1,634)
Deferred tax liabilities		**(5,622)**	(5,479)
Employee retirement benefit liabilities		**(899)**	(1,537)
		(20,470)	(17,740)
Rate Reduction Reserve		**(14)**	(14)
Tariff Stabilisation Fund		**(485)**	(311)
Net assets		**52,144**	47,327
Capital and reserves			
Share capital		**2,134**	2,134
Reserves		**50,010**	45,193
Total equity attributable to equity shareholders of the Company		**52,144**	47,327

Notes to Annual Results

(Expressed in Hong Kong dollars)

1. Review of annual results

The annual results have been reviewed by the Audit Committee.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2009 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued one new Hong Kong Financial Reporting Standards ("HKFRSs"), a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*

The "Improvements to HKFRSs (2008)" comprise a number of minor amendments to a range of HKFRSs. These, together with the amendments to HKAS 23 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the Group's financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1st January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Turnover and segment information

$ million	2009 Sales of electricity	Infrastructure investments	All other activities	Total
For the year ended 31st December				
Revenue				
Group turnover	**10,367**	**-**	**28**	**10,395**
Other revenue and net income	**23**	**22**	**14**	**59**
Reportable segment revenue	**10,390**	**22**	**42**	**10,454**
Result				
Segment earnings	**7,456**	**3**	**1**	**7,460**
Depreciation and amortisation	**(1,622)**	**-**	**-**	**(1,622)**
Interest income	**-**	**698**	**58**	**756**
Operating profit	**5,834**	**701**	**59**	**6,594**
Finance costs	**(92)**	**(242)**	**-**	**(334)**
Share of profits less losses of associates and jointly controlled entities	**-**	**1,529**	**1**	**1,530**
Profit before taxation	**5,742**	**1,988**	**60**	**7,790**
Income tax	**(952)**	**27**	**6**	**(919)**
Profit after taxation	**4,790**	**2,015**	**66**	**6,871**
Scheme of Control transfers	**(174)**	**-**	**-**	**(174)**
Reportable segment profit	**4,616**	**2,015**	**66**	**6,697**
At 31st December				
Assets				
Fixed assets	**47,463**	**-**	**1**	**47,464**
Other assets	**3,005**	**69**	**53**	**3,127**
Interest in associates and jointly controlled entities	**-**	**19,257**	**8**	**19,265**
Bank deposits and cash	**92**	**-**	**5,001**	**5,093**
Reportable segment assets	**50,560**	**19,326**	**5,063**	**74,949**
Liabilities				
Segment liabilities	**(3,900)**	**(56)**	**(245)**	**(4,201)**
Current and deferred taxation	**(5,858)**	**-**	**-**	**(5,858)**
Interest-bearing borrowings	**(8,047)**	**(4,200)**	**-**	**(12,247)**
Rate Reduction Reserve	**(14)**	**-**	**-**	**(14)**
Tariff Stabilisation Fund	**(485)**	**-**	**-**	**(485)**
Reportable segment liabilities	**(18,304)**	**(4,256)**	**(245)**	**(22,805)**
For the year ended 31st December				
Other information				
Capital expenditure	**2,751**	**-**	**-**	**2,751**

$ million	2008 Sales of electricity	Infrastructure investments	All other activities	Total
For the year ended 31st December				
Revenue				
Group turnover	12,731	-	42	12,773
Other revenue and net income	3	43	15	61
Reportable segment revenue	12,734	43	57	12,834
Result				
Segment earnings	9,654	42	(71)	9,625
Depreciation and amortisation	(1,514)	-	-	(1,514)
Interest income	-	603	356	959
Operating profit	8,140	645	285	9,070
Finance costs	(166)	(297)	-	(463)
Share of profits less losses of associates and jointly controlled entities	-	731	1	732
Profit before taxation	7,974	1,079	286	9,339
Income tax	(1,016)	17	(1)	(1,000)
Profit after taxation	6,958	1,096	285	8,339
Scheme of Control transfers	(310)	-	-	(310)
Reportable segment profit	6,648	1,096	285	8,029
At 31st December				
Assets				
Fixed assets	46,488	-	-	46,488
Other assets	2,788	77	45	2,910
Interest in associates and jointly controlled entities	-	10,071	9	10,080
Bank deposits and cash	-	-	8,962	8,962
Reportable segment assets	49,276	10,148	9,016	68,440
Liabilities				
Segment liabilities	(3,922)	(138)	(394)	(4,454)
Current and deferred taxation	(5,667)	9	(9)	(5,667)
Interest-bearing borrowings	(7,463)	(3,204)	-	(10,667)
Rate Reduction Reserve	(14)	-	-	(14)
Tariff Stabilisation Fund	(311)	-	-	(311)
Reportable segment liabilities	(17,377)	(3,333)	(403)	(21,113)
For the year ended 31st December				
Other information				
Capital expenditure	2,084	-	-	2,084

4. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2009 **$ million**	2008 $ million
Depreciation	**1,564**	1,456
Amortisation of leasehold land	**58**	58
Fixed assets written off	**35**	25
Net profit on sale of fixed assets	**(2)**	(1)
Dividend income from unlisted available-for-sale equity securities	**(22)**	(7)

5. Income tax

	2009 **$ million**	2008 $ million
Current tax - Hong Kong Profits Tax		
Provision for the year	**853**	963
Over-provision in respect of prior years	**(50)**	-
	803	963
Current tax - Overseas		
Provision for the year	**4**	2
Tax credit for the year	**(31)**	(19)
	(27)	(17)
	776	946
Deferred tax		
Origination and reversal of temporary differences	**143**	364
Effect on deferred tax balances at 1st January resulting from a change in tax rate	**-**	(310)
	143	54
	919	1,000

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

6. Dividends

	2009 **$ million**	2008 $ million
Interim dividend declared and paid of 62 cents per ordinary share (2008: 62 cents per ordinary share)	**1,323**	1,323
Final dividend proposed after the balance sheet date of $1.49 per ordinary share (2008: $1.49 per ordinary share)	**3,180**	3,180
	4,503	4,503

The final dividend proposed after the balance sheet date is based on 2,134,261,654 ordinary shares (2008: 2,134,261,654 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

7. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $6,697 million (2008: $8,029 million) and 2,134,261,654 ordinary shares (2008: 2,134,261,654 ordinary shares) in issue throughout the year.

There were no dilutive potential ordinary shares in existence during the years ended 31st December 2009 and 2008.

8. Trade and other receivables

	2009 **$ million**	2008 $ million
Trade debtors (see note (a) below)	**616**	670
Other receivables	**402**	444
	1,018	1,114
Derivative financial instruments		
- held as cash flow/fair value hedging instruments	**13**	2
Deposits and prepayments	**28**	31
	1,059	1,147

(a) Debtors' ageing is analysed as follows:

Current	**569**	625
1 to 3 months overdue	**35**	31
More than 3 months overdue but less than 12 months overdue	**12**	14
Total trade debtors (see note (b) below)	**616**	670

(b) Electricity bills issued to domestic, 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.

9. Trade and other payables

	2009	2008
	$ million	$ million
Creditors measured at amortised cost (see note below)	**1,597**	1,161
Derivative financial instruments		
- held as cash flow/fair value hedging instruments	**3**	12
	1,600	1,173
Creditors' ageing is analysed as follows:		
Due within 1 month or on demand	**709**	572
Due after 1 month but within 3 months	**325**	247
Due after 3 months but within 12 months	**563**	342
	1,597	1,161

OTHER INFORMATION

Purchase, Sale or Redemption of Shares

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

Code on Corporate Governance Practices

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices ("Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December 2009.

Closure of Register of Members

The register of members will be closed from Thursday, 29th April 2010 to Thursday, 6th May 2010, both days inclusive, during which no transfer of shares will be registered. To qualify for the final dividend and the right to attend and vote at the Annual General Meeting to be held on Thursday, 6th May 2010 (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 28th April 2010.

Proposed Amendment to the Articles of Association

It is proposed that an amendment to the Company's Articles of Association be made in line with Code A.4.2 of the Code which provides that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The notice convening the Annual General Meeting to be held on Thursday, 6th May 2010 will set out the proposed amendment for shareholders' approval at the said Meeting by way of a special resolution. The full text of the proposed amendment is as follows:-

"THAT the Articles of Association of the Company be altered by deleting the last sentence in Article 99 and substituting therefor the following sentence:

"Any Director so appointed shall hold office only until the next following General Meeting of the Company (in the case of filling a casual vacancy) or until the next following Annual General Meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the meeting.""

Particulars of the proposed amendment will also be set out in a circular to be dispatched to shareholders together with the 2009 annual report in due course.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon (formerly Harbour Plaza Hong Kong), 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 6th May 2010 at 12:00 noon. Notice of the Annual General Meeting will be published and sent to shareholders in the manner as required by the Listing Rules in due course.

Board Composition

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam (Mr. CHAN Loi Shun, Alternate Director to Mr. KAM Hing Lam), Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See.
Non-executive Directors:	Mr. Ronald Joseph ARCULLI, Mr. LEE Lan Yee, Francis and Mr. George Colin MAGNUS.
Independent Non-executive Directors:	Mr. Holger KLUGE, Mr. Ralph Raymond SHEA and Mr. WONG Chung Hin.