

Power Assets in Brief





Lamma Power Station, seen in the background behind the Lamma Community.

Headquartered in Hong Kong, Power Assets Holdings Limited (Power Assets) (formerly Hongkong Electric Holdings Limited), is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution, renewable energy and gas distribution. Power Assets has three principal subsidiaries - The Hongkong Electric Company, Limited (HK Electric), Power Assets Investments Limited (PAI) and Associated Technical Services Limited (ATS).

In February 2011, the Company's name was changed from Hongkong Electric Holdings Limited to Power Assets Holdings Limited to reflect our growing presence in foreign markets. We have lived up to the new company name, having benefitted from the increased focus of looking beyond Hong Kong to grow our business. Our earnings outside Hong Kong increased significantly in 2011 and provided the main thrust to the good growth in the Group's overall earnings.

Power Assets has been listed on The Stock Exchange of Hong Kong Limited since 1976. We are one of the constituents of the Hang Seng Index and the Hang Seng Corporate Sustainability Index in Hong Kong. As a listed company and major utility in Hong Kong, our commitment to the environment, social responsibility and corporate governance is of high relevance to public interest. In 2011, in overall acknowledgement of our sustainability performance we were given a higher

sustainability rating (from "A" to "A+") in a review of the companies in the Hang Seng Corporate Sustainability Index. We also published our first Sustainability Report in April 2011, fulfilling Global Reporting Initiative's (GRI) G3 Guidelines at the "A+" Application Level. This year we have further enhanced our reporting work by adopting the new GRI G3.1 Guidelines at the same highest Application Level.

HK Electric is the main operating company of Power Assets. Founded in 1889, HK Electric is responsible for the generation, transmission and distribution of power to Hong Kong Island and Lamma Island, serving 567,000 customers with a total installed capacity of 3,736 MW.

Targeting global investment opportunities for continued growth, PAI is the investment arm of Power Assets. To date, we have a strong global presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, Canada and Thailand. Wholly-owned by Power Assets, ATS is an engineering consultancy firm serving the electricity supply industry. For details on our global presence and on investment projects that Power Assets has an interest in, please refer to our [corporate website](#).

As of December 31, 2011, we have 2,014 dedicated employees working under our three subsidiary companies.

2011 Business Performance Highlights (as at 31 December 2011)

Net assets (HK\$ million)	57,873
Turnover (HK\$ million)	10,201
Profit for the year (HK\$ million)	9,075
Earnings per share (HK\$)	4.25
Dividends per share (HK\$)	2.32

For details of our economic performance, please refer to our Annual Report.

Power Assets Presence in Markets outside Hong Kong



Our Vision, Mission & Core Values



Our systems are closely monitored and controlled at the System Control Centre.

The Company has always achieved a world-class performance in the business of electricity generation, transmission and distribution in Hong Kong. We have maintained an electricity reliability rating of over 99.999% for 15 consecutive years since 1997. To support continuing growth in the future, we have developed an international investment strategy to

explore investment opportunities outside Hong Kong. In light of the global challenge of climate change, we have also formulated a strategy for low carbon electricity generation.

The following vision, mission and core values framework sets out our approach in order to achieve sustainable growth and improvement in our business.

● Our Vision

- To excel in the power business in Hong Kong and global markets

● Our Mission

- To enhance shareholders' value
- To deliver excellent customer services and supply reliability
- To nurture a harmonious, efficient and committed workforce
- To care for the communities that we serve
- To contribute to global efforts in combating climate change
- To care for the environment in all our activities

● Our Core Values

- Pursuit of Excellence
- Integrity
- Respect & Trust
- Caring

Our Strategy and Approach to Sustainability

In an ever-changing business environment, we face different challenges in undertaking our mission, including:

- More volatile fuel prices
- Global financial risks and local inflation
- More stringent emission reduction targets
- Growing user demand in new and existing markets
- Increasing stakeholder concerns locally and globally

Sustainability is therefore the way by which we as a company prepare to tackle these challenges. We enforce strong corporate governance with stringent risk assessment, and we actively engage our stakeholders to take their concerns into account when devising our business strategies.

Corporate Social Responsibility

We are fully committed to serving the community and protecting the environment in which we operate. In 2010, we established a Corporate Social Responsibility (CSR) Committee to oversee all CSR related issues, including CSR strategy and reporting, workplace quality, supply chain management, environmental protection, climate change, stakeholder engagement and community investment.

The Committee meets on a regular basis to steer and drive CSR policies at all levels and deliberates on more ways to further improve our CSR performance. The Committee has had a CSR masterplan since 2010 to coordinate policy and activities from different business units.

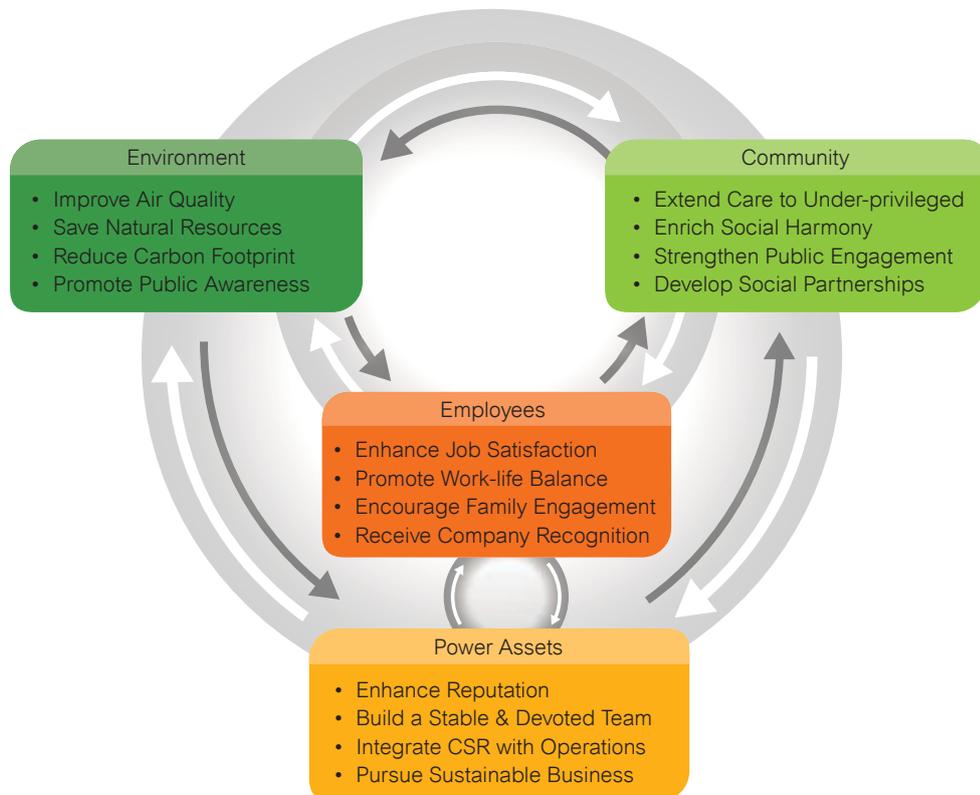
Our CSR and sustainability efforts and performance have been recognised in 2011 with major awards in corporate citizenship, community service and sustainable development (refer to the In Pursuit of Excellence chapter) and our CSR ratings have also been upgraded to reflect our improvement.



Chaired by the Group Managing Director, the Power Assets CSR Committee sees to the Company's work in integrating corporate social responsibility into its day-to-day operations.

Our Total Caring Circle

Our approach to corporate social responsibility is embodied in the Total Caring Circle, which highlights three key areas: Environment, Community and Employees. Our efforts in each of these three areas result in outcomes that provide a positive feedback loop to the other areas.



Corporate Governance

To attract investment, protect the rights of shareholders and stakeholders and enhance shareholder value, we recognise that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of our Company.

We ensure that a high level of corporate governance is achieved through compliance with the "Corporate Governance Code", as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Further details can be found in our Annual Report. We also have put in place an Enterprise Risk Management (ERM) framework to identify, assess, mitigate and monitor key business, financial, operational and compliance risks. As well as providing a proactive and systematic approach to identifying and managing

risks, this framework can be applied across the organisation to evaluate risk severity and likelihood of occurrence. In conjunction with risk workshops, the ERM Implementation Pack and the ERM System Manual are in place so that the framework and process are well understood throughout the Company.

For more details on the corporate governance of Power Assets, including the profiles of the Directors and senior managers, members of the Board Committees and terms of references for the Board Committees, please refer to our [corporate website](#). More information on Internal Control, Risk Management, Code of Conduct and Investor Relations is available in our Annual Report.