



## Powering New Frontiers Annual Results Highlights for 2013

**Power Assets in 2013 made key strategic moves in its business both in Hong Kong and abroad in order to enable the Group to focus on pursuing global opportunities for long-term growth in shareholder value.**

	2013		2012		Change
	HK\$	Million	HK\$	Million	
Earnings from operations outside Hong Kong	<b>6,386</b>	<b>(57%)</b>	5,108	(53%)	+25.0%
Earnings from operations in Hong Kong	<b>4,779</b>	<b>(43%)</b>	4,621	(47%)	+3.4%
Profit attributable to shareholders	<b>11,165</b>		9,729		+14.8%
Earnings per share	<b>\$5.23</b>		\$4.56		+14.8%
Dividends per share	<b>\$2.55</b>		\$2.45		+4.1%

Profits from operations outside Hong Kong increased 25%, primarily driven by a 40% growth in profit contribution from the UK, our largest international market. Hong Kong earnings were 3% above 2012.

We made our first foray both into continental Europe and into a new technology area for the Group by participating in the acquisition in August of the largest ‘energy-from-waste’ company, AVR-Afvalverwerking B.V., in the Netherlands which supplies sustainable energy through incineration of household and industrial waste.

The Group’s UK businesses delivered strong results in the year. In addition to higher revenues, earnings were bolstered by deferred tax credits arising from lowering of UK corporation tax rate from 23% for 2013 to 20% for 2015.

Overall earnings from the Australian operations were higher than 2012 but their contributions in Hong Kong dollar terms have reduced due to the weakening of the Australian dollar. Transmission Operations Australia commenced operation in November 2013 to transport electricity from a wind farm to the Victoria grid through a transmission link it built.

In Hong Kong, the mid-term review of the Scheme of Control Agreement which governs the operations of power companies was completed. At the same time, HK Electric’s 2014-2018 Development Plan was approved by the HKSAR government. The Development Plan will underpin HK Electric’s development activities and tariffs for the next five years and is based on prudent and pragmatic strategies.

Following the spin-off of the Group’s Hong Kong electricity business and its separate listing on the Main Board of the Hong Kong Stock Exchange in January 2014, the Group now holds 49.9% of HK Electric Investments. With the proceeds from the spin-off, the Group will look to expand into mature, stable markets that offer long-term potential in the energy sector, where the focus will be on high-quality investments of suitable scale and deliver stable income and steady growth.