

# THE HONGKONG ELECTRIC COMPANY, LIMITED

## TEN-YEAR STATEMENT OF FINANCIAL POSITION

At 31 December

| HK\$ million  | 2019            | 2018            | 2017            | 2016            | 2015            | 2014            | 2013            | 2012            | 2011            | 2010            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Non-current assets</b>                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Property, plant and equipment and interests in leasehold land | 53,791          | 51,753          | 50,494          | 49,971          | 49,482          | 49,198          | 49,137          | 49,345          | 48,848          | 47,976          |
| Interest in a joint venture                                   | 42              | –               | –               | –               | –               | –               | –               | –               | –               | –               |
| Employee retirement benefit scheme assets                     | 809             | 593             | 648             | 454             | 580             | 668             | 615             | 216             | 271             | 796             |
| Derivative financial instruments                              | 641             | 539             | 784             | 1,034           | 314             | 352             | 241             | 646             | 433             | 21              |
|   | <b>55,283</b>   | <b>52,885</b>   | <b>51,926</b>   | <b>51,459</b>   | <b>50,376</b>   | <b>50,218</b>   | <b>49,993</b>   | <b>50,207</b>   | <b>49,552</b>   | <b>48,793</b>   |
| <b>Current assets</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Coal, fuel oil and natural gas                                | 522             | 675             | 671             | 624             | 525             | 572             | 592             | 763             | 780             | 433             |
| Stores and materials  | 297             | 314             | 340             | 361             | 357             | 361             | 356             | 351             | 335             | 314             |
| Trade and other receivables                                   | 1,056           | 1,024           | 1,065           | 1,218           | 1,155           | 1,129           | 1,104           | 1,183           | 1,078           | 1,118           |
| Fuel Clause Recovery Account                                  | –               | –               | –               | –               | –               | –               | 1               | 820             | 1,035           | 569             |
| Bank deposits and cash  | 297             | 33              | 1,658           | 310             | 6,155           | 4,629           | 1,060           | 8               | 24              | 9               |
|   | <b>2,172</b>    | <b>2,046</b>    | <b>3,734</b>    | <b>2,513</b>    | <b>8,192</b>    | <b>6,691</b>    | <b>3,113</b>    | <b>3,125</b>    | <b>3,252</b>    | <b>2,443</b>    |
| <b>Current liabilities</b>                                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Bank loans and other borrowings                               | (6,010)         | (440)           | –               | (335)           | (900)           | (520)           | (503)           | (5,317)         | (617)           | (52)            |
| Fuel Clause Recovery Account                                  | (647)           | (855)           | (2,771)         | (4,088)         | (2,283)         | (631)           | –               | –               | –               | –               |
| Trade and other payables and contract liabilities             | (6,940)         | (6,607)         | (6,626)         | (6,263)         | (5,519)         | (4,740)         | (2,081)         | (2,305)         | (2,565)         | (1,577)         |
| Bank overdrafts – unsecured                                   | (33)            | –               | –               | –               | –               | –               | –               | –               | –               | –               |
| Current taxation  | (577)           | (137)           | (214)           | (351)           | (360)           | (219)           | (340)           | (330)           | (218)           | (157)           |
|   | <b>(14,207)</b> | <b>(8,039)</b>  | <b>(9,611)</b>  | <b>(11,037)</b> | <b>(9,062)</b>  | <b>(6,110)</b>  | <b>(2,924)</b>  | <b>(7,952)</b>  | <b>(3,400)</b>  | <b>(1,786)</b>  |
| <b>Net current assets/(liabilities)</b>                       | <b>(12,035)</b> | <b>(5,993)</b>  | <b>(5,877)</b>  | <b>(8,524)</b>  | <b>(870)</b>    | <b>581</b>      | <b>189</b>      | <b>(4,827)</b>  | <b>(148)</b>    | <b>657</b>      |
| <b>Total assets less current liabilities</b>                  | <b>43,248</b>   | <b>46,892</b>   | <b>46,049</b>   | <b>42,935</b>   | <b>49,506</b>   | <b>50,799</b>   | <b>50,182</b>   | <b>45,380</b>   | <b>49,404</b>   | <b>49,450</b>   |
| <b>Non-current liabilities</b>                                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Bank loans and other borrowings                               | (28,319)        | (32,855)        | (32,714)        | (30,700)        | (37,646)        | (38,703)        | (29,574)        | (21,893)        | (26,691)        | (25,727)        |
| Derivative financial instruments                              | (14)            | (411)           | (184)           | (73)            | (168)           | (63)            | –               | –               | (10)            | (132)           |
| Customers' deposits   | (2,241)         | (2,195)         | (2,130)         | (2,057)         | (2,001)         | (1,937)         | (1,900)         | (1,839)         | (1,801)         | (1,747)         |
| Deferred tax liabilities                                      | (6,467)         | (6,168)         | (5,848)         | (5,595)         | (5,698)         | (5,927)         | (5,955)         | (5,912)         | (5,883)         | (5,763)         |
| Employee retirement benefit scheme liabilities                | (368)           | (393)           | (288)           | (406)           | (587)           | (499)           | (443)           | (821)           | (827)           | (587)           |
| Other non-current liabilities                                 | (955)           | (747)           | (503)           | –               | –               | –               | –               | –               | –               | –               |
|   | <b>(38,364)</b> | <b>(42,769)</b> | <b>(41,667)</b> | <b>(38,831)</b> | <b>(46,100)</b> | <b>(47,129)</b> | <b>(37,872)</b> | <b>(30,465)</b> | <b>(35,212)</b> | <b>(33,956)</b> |
| <b>Tariff Stabilisation Fund</b> (note 1)                     | <b>(848)</b>    | <b>(620)</b>    | <b>(316)</b>    | <b>(24)</b>     | <b>(204)</b>    | <b>(288)</b>    | <b>(36)</b>     | <b>(425)</b>    | <b>(497)</b>    | <b>(543)</b>    |
| <b>Rate Reduction Reserve</b> (note 2)                        | <b>(14)</b>     | <b>(6)</b>      | <b>(1)</b>      | <b>(1)</b>      | <b>(1)</b>      | <b>–</b>        | <b>(3)</b>      | <b>(2)</b>      | <b>(1)</b>      | <b>(4)</b>      |
| <b>Smart Power Care Fund/Smart Power Fund</b> (note 3)        | <b>(16)</b>     | <b>(22)</b>     | <b>(18)</b>     | <b>(14)</b>     | <b>(10)</b>     | <b>(5)</b>      | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>        |
| <b>Net assets</b>   | <b>4,006</b>    | <b>3,475</b>    | <b>4,047</b>    | <b>4,065</b>    | <b>3,191</b>    | <b>3,377</b>    | <b>12,271</b>   | <b>14,488</b>   | <b>13,694</b>   | <b>14,947</b>   |
| <b>Capital and reserves</b>                                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Share capital   | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           | 2,411           |
| Reserves  | 1,259           | 1,125           | 1,326           | 1,057           | 921             | 1,002           | 1,000           | –               | 4               | –               |
| Hedging reserves  | 336             | (61)            | 310             | 597             | (141)           | (36)            | 15              | 3               | (4)             | 8               |
| Proposed dividend   | –               | –               | –               | –               | –               | –               | –               | 3,229           | 2,438           | 3,683           |
|   | <b>4,006</b>    | <b>3,475</b>    | <b>4,047</b>    | <b>4,065</b>    | <b>3,191</b>    | <b>3,377</b>    | <b>3,426</b>    | <b>5,643</b>    | <b>4,849</b>    | <b>6,102</b>    |
| Loan capital  | –               | –               | –               | –               | –               | –               | 8,845           | 8,845           | 8,845           | 8,845           |
| <b>Total equity</b>   | <b>4,006</b>    | <b>3,475</b>    | <b>4,047</b>    | <b>4,065</b>    | <b>3,191</b>    | <b>3,377</b>    | <b>12,271</b>   | <b>14,488</b>   | <b>13,694</b>   | <b>14,947</b>   |

## 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 starting from end 2013.
- 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 the new 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.