




2016 Tariff Review

Outperform Our Tariff Freeze Pledge

- HK Electric announced in end 2013 its commitment to freeze Net Tariff for 5 years from 2014 to 2018
- HK Electric's long-term strategy is to provide customers with stable and reasonable tariffs for effective budget planning
- Net Tariffs were already frozen in 2014 & 2015
- Net Tariff in 2016 will be reduced by 1.5¢ (1.1%)
- Compared with 2008, Net Tariff in 2016 has only been marginally increased by 6¢ (4.7%) over the past 8 years

Net Tariff Reduction in 2016

Components	2015 HK¢/unit	2016 HK¢/unit	Adjustment HK¢/unit
Basic Tariff	102.6	105.5	+2.9 (+2.8%)
Fuel Clause Charge	32.3	27.9	-4.4 (-13.6%)
Net Tariff	134.9	133.4	-1.5 (-1.1%)



- Due to rising operating costs, drop in electricity sales, etc., Basic Tariff will be increased by 2.9¢ per unit
- As fuel costs have gone down due to softening of fuel market prices, Fuel Clause Charge will be reduced by 4.4¢ per unit
- Overall, Net Tariff will be reduced by 1.5¢ per unit (1.1%)

Residential Customers Monthly Charge Reduction

Monthly Consumption (Units)	Cumulative Customers (%)	Charge in 2015 (HK\$)	Charge in 2016 (HK\$)	Change in Monthly Charge (HK\$)
100	10%	88.63*	87.21*	-1.4
150	19%	139.95	137.70	-2.3
350	55%	361.30	356.05	-5.3
500	71%	542.95	535.45	-7.5

* After 5% "Super Saver Discount"

Commercial Customers Monthly Charge Reduction

Monthly Consumption (Units)	Cumulative Customers (%)	Charge in 2015 (HK\$)	Charge in 2016 (HK\$)	Change in Monthly Charge (HK\$)
500	44%	658.0	650.5	-7.5
700	52%	929.2	918.7	-10.5
1,700	70%	2,307.4	2,281.9	-25.5

Concessionary Tariff for Needy Continued

Concessionary Tariff For Residential Customers

Elderly

Disabled

Single-parent families

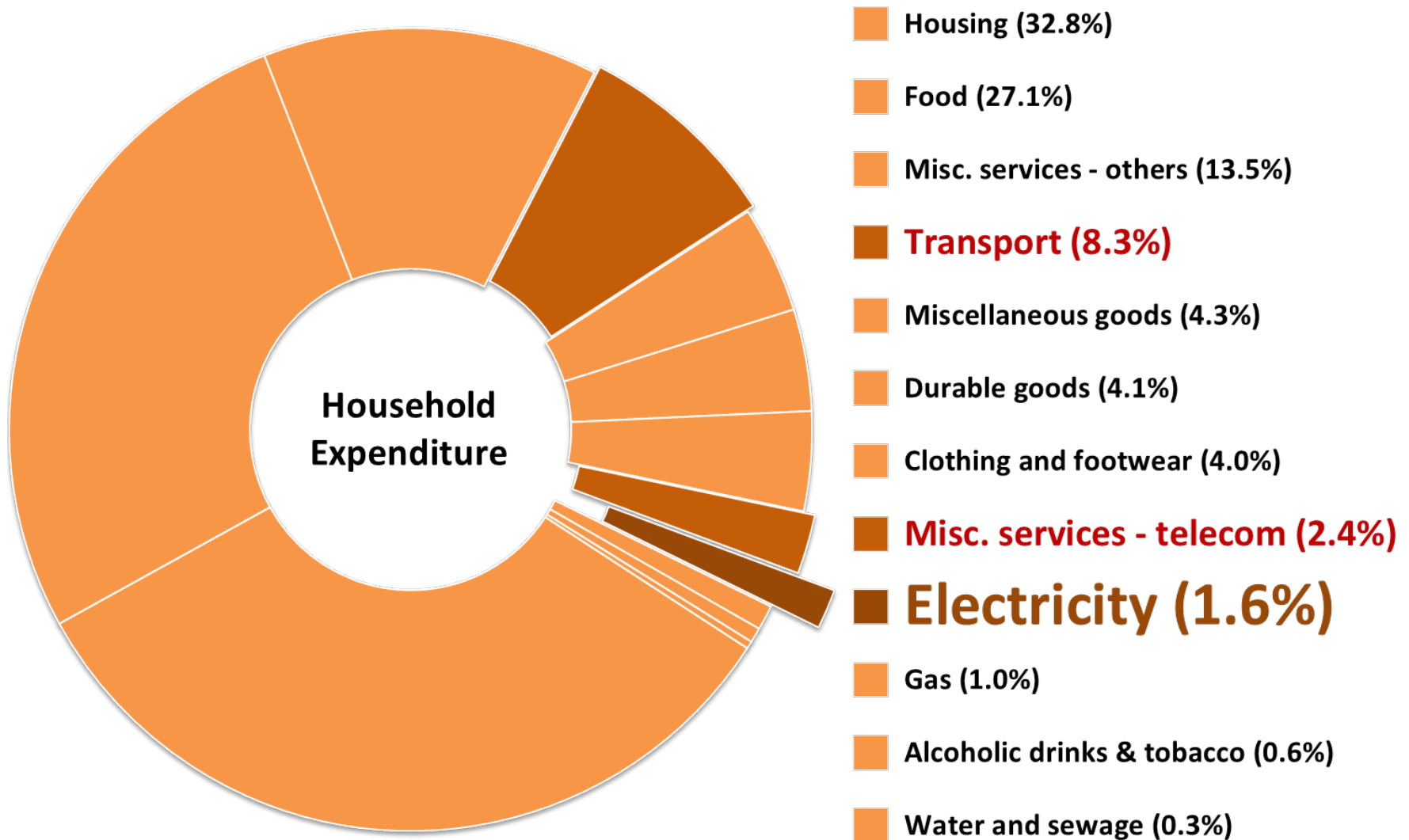
Unemployed

- 60% discount for the first 200 units each month
- Deposit waived
- No minimum charge
- Also eligible for “Super Saver Discount” for any month with consumption \leq 100 units

Monthly Consumption (Units)	Typical Residential Customers		Concessionary Tariff Customers	
	Monthly Charge (HK\$)	Average Tariff (HK¢/unit)	Monthly Charge (HK\$)	Average Tariff (HK¢/unit)
100	87.2*	87.2*	34.9*	34.9*
150	137.7	91.8	55.1	36.7
200	190.6	95.3	76.2	38.1

* After 5% “Super Saver Discount”

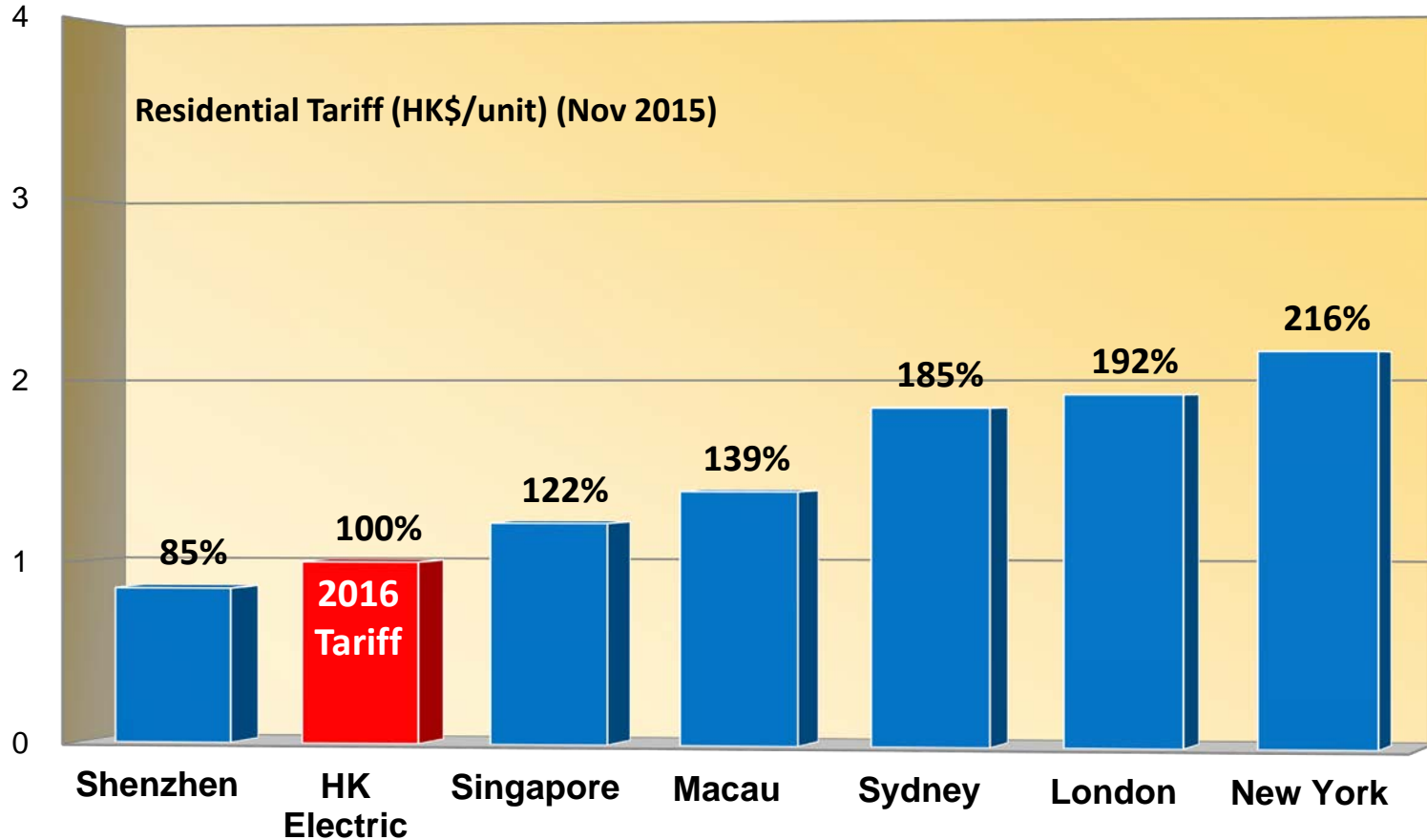
Electricity Expenses Only Account for 1.6% Household Expenditure



Source: 2009/10 Household Expenditure Survey, Census and Statistics Department

Remark: Household expenditure covers all households surveyed in the 2009/10 Household Expenditure Survey

Residential Tariff Lower Than Other Cities'



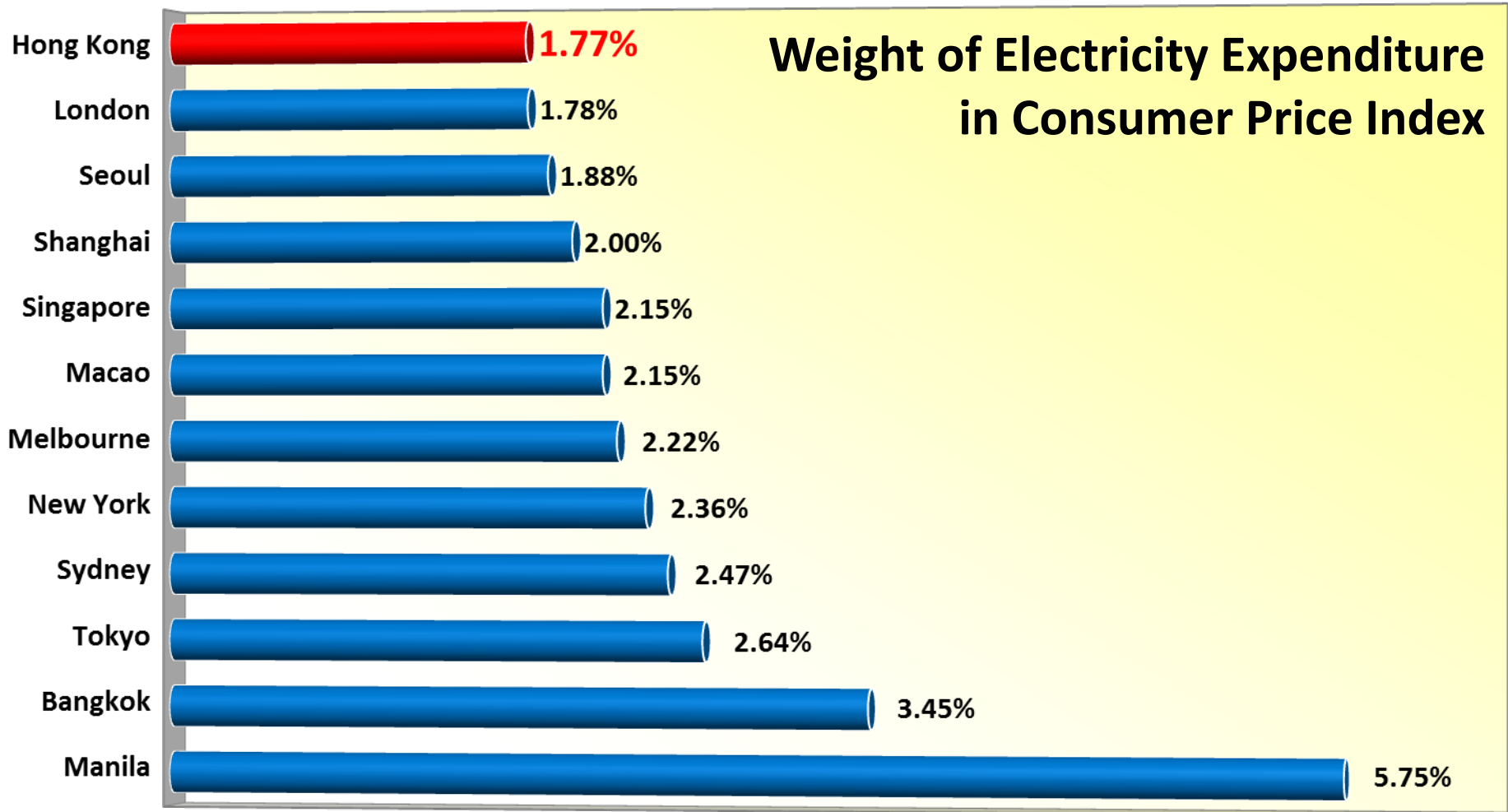
Remark: Comparison based on monthly residential customer consumption of 275 units (3,300 units p.a.), about 40% of HK Electric's residential customers; tariffs and exchange rates are as at Nov 2015

Sources:

1. Shenzhen: Shenzhen Power Supply Bureau
2. HK Electric: The Hongkong Electric Company, Ltd.
3. Singapore: SP Services Ltd.
4. Macau: Companhia de Electricidade de Macau

5. Sydney: EnergyAustralia
6. London: EDF Energy
7. New York: Consolidated Edison, Inc.

Electricity More Affordable Than Other Cities'



Source: The latest figures published by the statistics departments of the respective city governments

Remark: The HK Composite Consumer Price Index is based on the expenditure patterns derived from the 2009/10 Household Expenditure Survey, covering 90% of the households with average monthly household expenditure from \$4,500 to \$65,999 in 2009/10.

World Class Electricity Supply

- Supply reliability rating maintained **>99.999% for 18 consecutive years** since 1997
- Average duration of unplanned supply interruptions per customer per year: **< 1 minute** since 2009
- HK has been ranked **Top 3 in about 140 economies** regarding “Quality of Electricity Supply” by World Economic Forum in its “The Global Competitiveness Report” since 2012



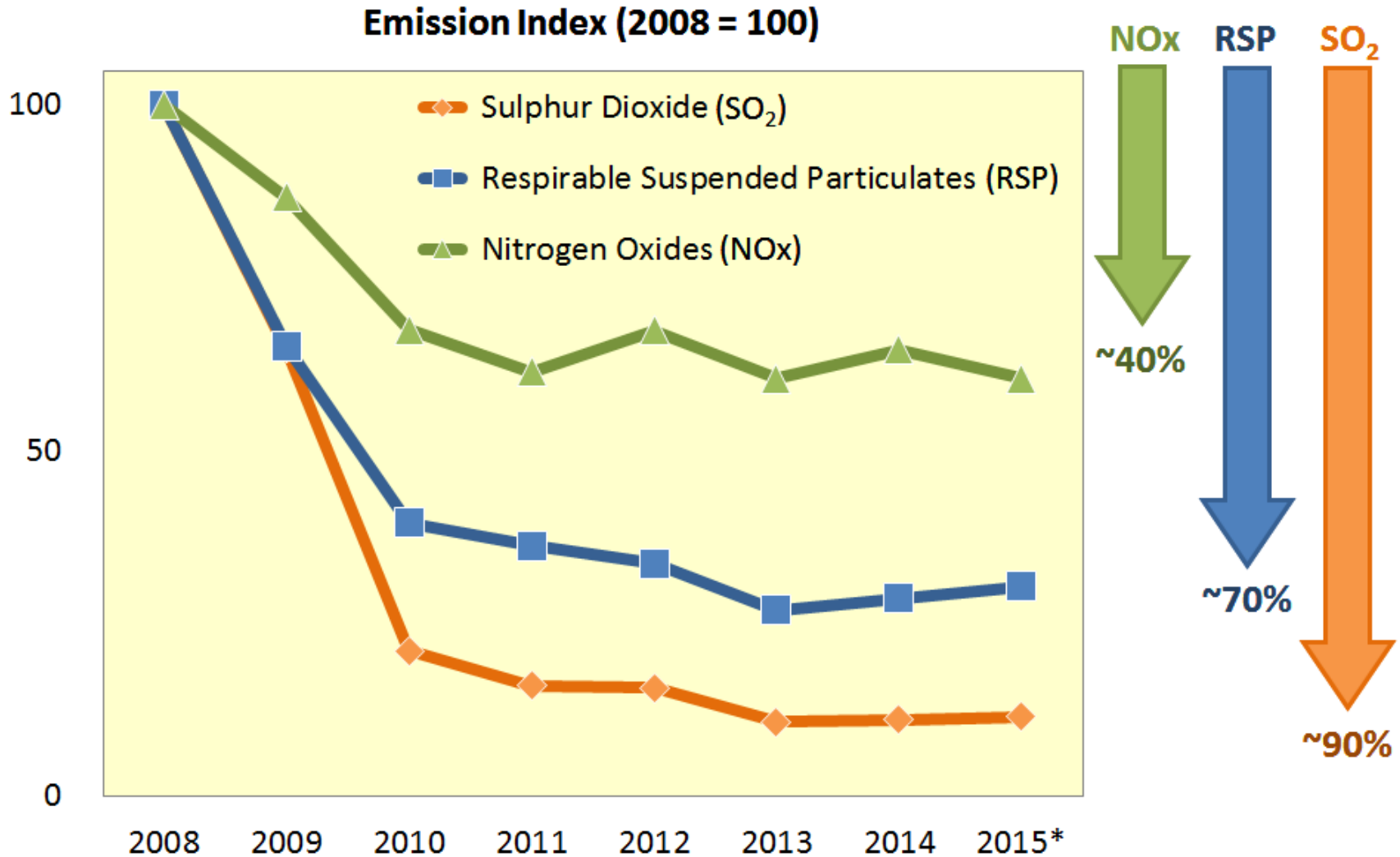
World Class Services

- Continuously improving services to achieve or even surpass 18 world class customer service standards

Services	Pledged Service Standards	2014 Actual Results
Reliability Rating of Electricity Supply	> 99.998%	> 99.999%
Average Waiting Time for Telephone Calls to Customers Emergency Services Centre	< 9 s	1.38s
Average Arrival Time at Scene in Urban Areas in Response to Emergency Calls	<28 min	19 min

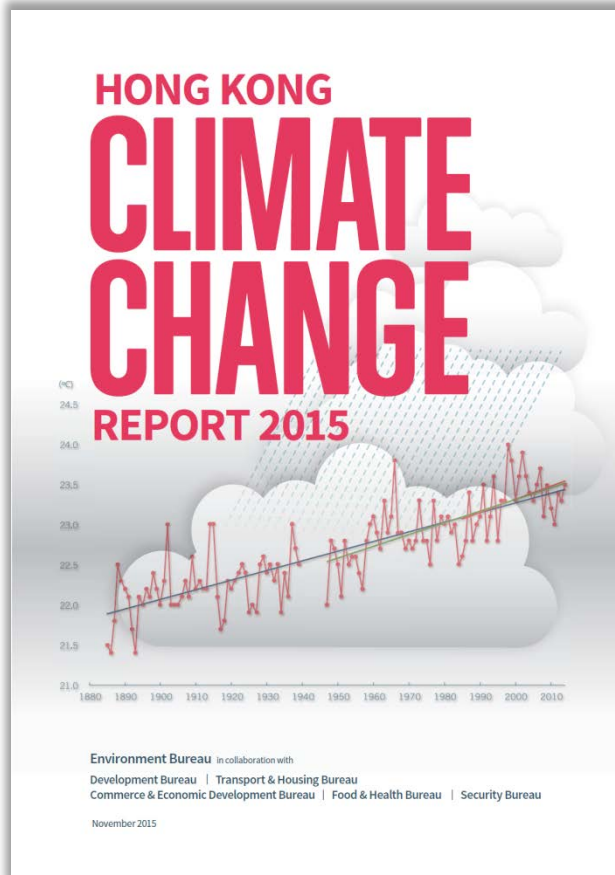


Significant Emissions Reduction



* Estimated year-end figures

Maintaining Long-term Stable & Reasonable Tariff



- 2016 Net Tariff will be lowered by 1.5¢ (1.1%)
- From 2008 to 2016, Net Tariff has only been marginally increased by 4.7%, far below HK's cumulative inflation of ~27% over the same period
- To combat climate change, and in line with the Government's policy of increasing local gas generation share to 50% by 2020, HK Electric has started building the L10 gas unit
- Increase of gas generation will bring pressure on fuel cost. HK Electric will strive to mitigate fuel cost fluctuations and to provide customers with a long-term stable and reasonable tariff



Thank You