

## PRICING SUPPLEMENT

Dated on 13 September 2017 but effective from 12 September 2017

### HONGKONG ELECTRIC FINANCE LIMITED

**Issue of U.S.\$400,000,000 Zero Coupon Callable Notes due 2047**

**Jointly and Severally Guaranteed by**

**THE HONGKONG ELECTRIC COMPANY, LIMITED**

香港電燈有限公司

and

**HK ELECTRIC INVESTMENTS LIMITED**

**under the U.S.\$5,000,000,000**

**Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “*Conditions*”) set forth in the Offering Circular dated 30 June 2017. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1. (i) Issuer: Hongkong Electric Finance Limited
- (ii) Existing Guarantor: The Hongkong Electric Company, Limited 香港電燈有限公司
- (iii) Additional Guarantor: HK Electric Investments Limited
2. (i) Series Number: 29
- (ii) Tranche Number: 1
- (iii) Date on which the Notes will be consolidated and form a single Series: Not Applicable
3. Specified Currency or Currencies: U.S. dollars (U.S.\$)
4. Aggregate Nominal Amount:
  - (i) Series: U.S.\$400,000,000
  - (ii) Tranche: U.S.\$400,000,000
5. (i) Issue Price: 100.0 per cent. of the Aggregate Nominal Amount
- (ii) Net proceeds (Required only for listed issues): Approximately U.S.\$399,349,700
6. (i) Specified Denominations: U.S.\$1,000,000

- (ii) Calculation Amount: U.S.\$1,000,000
7. Issue Date: 12 October 2017
8. Maturity Date: 12 October 2047
9. Interest Basis: Zero Coupon  
(further particulars specified below)
10. Redemption/Payment Basis: Redemption at U.S.\$3,613,222.07 per Calculation Amount
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Issuer Call  
(further particulars specified below and in Annexes attached hereto)
13. Listing: The Notes will be listed on the Taipei Exchange (the **TPEX**) in the Republic of China (Taiwan) (**ROC**) on or about 12 October 2017 pursuant to the applicable rules of the TPEX.
- Application will be made by the Issuer to the TPEX for the listing and trading of the Notes on the TPEX. TPEX is not responsible for the content of this document and the Offering Circular and any amendment and supplement thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Offering Circular and any amendment and supplement thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Offering Circular and any amendment and supplement thereto. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the Notes.
14. Method of distribution: Non-syndicated
15. Private Bank Rebate / Commission: Not Applicable
16. Use of Proceeds: As specified in the Offering Circular

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. Fixed Rate Note Provisions: Not Applicable
18. Floating Rate Note Provisions: Not Applicable
19. Zero Coupon Note Provisions: Applicable
- (i) Accrual Yield: 4.375 per cent. per annum
  - (ii) Reference Price: U.S.\$1,000,000
  - (iii) Any other formula/basis of determining amount payable: Not Applicable
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: Conditions 8(e)(iii) and (j) apply
20. Index Linked Interest Note Provisions: Not Applicable
21. Dual Currency Interest Note Provisions: Not Applicable

## PROVISIONS RELATING TO REDEMPTION

22. Issuer Call: Applicable
- (i) Optional Redemption Date(s): 12 October in each year commencing on 12 October 2022 up to and including 12 October 2046 (both dates inclusive)
  - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): Optional Redemption Amount per Calculation Amount as set out in Annexe attached hereto
  - (iii) If redeemable in part: Not Applicable
    - (a) Minimum Redemption Amount: Not Applicable
    - (b) Maximum Redemption Amount: Not Applicable
  - (iv) Notice period (if other than as set out in the Conditions): Condition 8(c)(i) shall be deemed to be deleted and replaced in its entirety with:

“not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15; and”

23. Investor Put: Not Applicable
24. Final Redemption Amount(s): U.S.\$3,613,222.07 per Calculation Amount
25. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8(e)): Condition 8(e) applies

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26. Form of Notes: Bearer Notes:  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Taipei and Hong Kong
28. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): Not Applicable
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
30. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
31. Redenomination applicable: Redenomination not applicable

32. Other terms or special conditions: Not Applicable

## DISTRIBUTION

33. (i) If syndicated, names of Managers: Not Applicable

- (ii) Stabilising Manager(s) (if any): Not Applicable

34. If non-syndicated, name of relevant Dealer: BNP Paribas, Taipei Branch  
71-72/F, Taipei 101 Tower  
7 Xin Yi Road, Sec. 5, Taipei 110, Taiwan  
(法商法國巴黎銀行台北分行)

35. U.S. Selling Restrictions Reg. S Category 2; TEFRA D

36. Additional selling restrictions: The Public Offer Selling Restriction under the Prospectus Directive selling restrictions set out in Paragraph 2 of Appendix B of the Programme Agreement shall be deemed to be deleted in their entirety and replaced by the following:

**“2. Prohibition of Sales to EEA Retail Investors**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes maybe made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a

“*Non-exempt Offer*”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the

same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.”

The section titled “Subscription and Sale and Transfer and Selling Restrictions - Taiwan” in the Offering Circular shall be deemed to be deleted and replaced in its entirety with the following:

*ROC Selling Restrictions:*

The Notes have not been offered, sold or re-sold, and will not be offered, sold or re-sold, directly or indirectly, to investors other than to "professional institutional investors" as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.

**OPERATIONAL INFORMATION**

- |     |   |                          |
|-----|---|--------------------------|
| 37. | Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s): | Not Applicable           |
| 38. | Delivery:   | Delivery against payment |
| 39. | In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:            | Luxembourg               |
| 40. | In the case of Bearer Notes, specify the location of the office of the Principal Paying Agent if other than London:     | Hong Kong                |
| 41. | Additional Paying Agent(s) (if any):  | Not Applicable           |

ISIN:	XS1684256602
Common Code:	168425660

## **Listing Application**

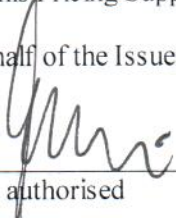
This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Programme of Hongkong Electric Finance Limited.



## Responsibility

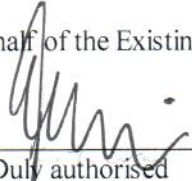
The Issuer, the Existing Guarantor and the Additional Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:  \_\_\_\_\_  
Duly authorised

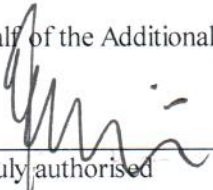
WAN CHI TIN

Signed on behalf of the Existing Guarantor:

By:  \_\_\_\_\_  
Duly authorised

WAN CHI TIN

Signed on behalf of the Additional Guarantor:

By:  \_\_\_\_\_  
Duly authorised


WAN CHI TIN

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8(b)), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trading on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

## Responsibility

The Issuer, the Existing Guarantor and the Additional Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:   
Duly authorised CHAN LOI SHUN

Signed on behalf of the Existing Guarantor:

By:   
Duly authorised CHAN LOI SHUN

Signed on behalf of the Additional Guarantor:

By:   
Duly authorised CHAN LOI SHUN

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8(b)), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trading on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be deemed to be incorporated in, and to form part of, the Offering Circular:

- (a) the audited consolidated annual financial statements of the Additional Guarantor for the year ended 31 December 2016 (with 2015 comparative information); and
- (b) the unaudited consolidated interim financial statements of the Additional Guarantor for the six months ended 30 June 2017 (with 2016 comparative information),

save that any statement contained in the Offering Circular or in a document which is deemed to be incorporated by reference in the Offering Circular shall be deemed to be modified or superseded for the purpose of the Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference in the Offering Circular modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Offering Circular.

The Issuer, the Existing Guarantor and the Additional Guarantor will provide, without charge, to each person to whom a copy of the Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated in the Offering Circular by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer, the Existing Guarantor or the Additional Guarantor at their respective offices as set out below.

### **THE ISSUER**

#### **Hongkong Electric Finance Limited**

Vistra Corporate Services Centre  
Wickhams Cay II  
Road Town, Tortola, VG1110  
British Virgin Islands

### **THE EXISTING GUARANTOR**

#### **The Hongkong Electric Company, Limited**

香港電燈有限公司

Hongkong Electric Centre  
44 Kennedy Road  
Hong Kong

### **THE ADDITIONAL GUARANTOR**

#### **HK Electric Investments Limited**

Hongkong Electric Centre  
44 Kennedy Road  
Hong Kong

## DESCRIPTION OF THE ADDITIONAL GUARANTOR

### HISTORY AND INTRODUCTION

HK Electric Investments Limited (the “*Additional Guarantor*”) was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 23 September 2013. Its registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Through its subsidiaries, the Additional Guarantor indirectly owns the entire share capital of the Issuer.

The Additional Guarantor is wholly owned by HK Electric Investments, a trust constituted by a trust deed under the laws of Hong Kong (the “*Trust*”). The Trust is the first fixed single investment trust in Hong Kong with a focus on the power industry and, together with the Additional Guarantor, are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “*HKEx*”) (Stock Code: 2638). Share stapled units jointly issued by the Trust and the Additional Guarantor (the “*Share Stapled Units*”) commenced trading on the Main Board of HKEx on 29 January 2014.

The objectives of the Trust and the Additional Guarantor are to focus principally on the payment of distributions to the holders of the Share Stapled Units with a clearly expressed intention as to their respective distribution policies as stated in the trust deed and the Additional Guarantor’s articles of association and to provide the holders of the Share Stapled Units with stable distributions with the potential for sustainable long-term growth of such distributions.

The principal operating subsidiary of the Trust is the Existing Guarantor. For further details of the Existing Guarantor, see “*Description of the Guarantor*” in the Offering Circular.

### MANAGEMENT

The Directors of the Additional Guarantor as at 30 June 2017 were:

	<u>Name</u>
<b>Executive Directors</b>	Fok Kin Ning, Canning ( <i>Chairman</i> ) (Chow Woo Mo Fong, Susan as his alternate) Wan Chi Tin ( <i>Chief Executive Officer</i> ) Chan Loi Shun Cheng Cho Ying, Francis Shan Shewu
<b>Non-executive Directors</b>	Li Tzar Kuoi, Victor ( <i>Deputy Chairman</i> ) (Frank John Sixt as his alternate) Fahad Hamad A H Al-Mohannadi Ronald Joseph Arculli Jiang Xiaojun Deven Arvind Karnik Zhu Guangchao
<b>Independent Non-executive Directors</b>	Fong Chi Wai, Alex Kwan Kai Cheong Lee Lan Yee, Francis George Colin Magnus Donald Jeffrey Roberts Ralph Raymond Shea

The business address of all the Executive Directors of the Additional Guarantor is at Hongkong Electric Centre, 44 Kennedy Road, Hong Kong.

The Secretary of the Additional Guarantor is Ng Wai Cheong, Alex. As at 30 June 2017, the Trust, the Additional Guarantor and its subsidiaries employed 1,772 permanent employees.

## TAXATION

### ROC TAXATION

*The following is a general description of the principal ROC tax consequences for investors receiving interest in respect of, or disposing of, the Notes and is of a general nature based on the Issuer's understanding of current law and practice. It does not purport to be comprehensive and does not constitute legal or tax advice.*

*This general description is based upon the law as in effect on the date hereof and that the Notes will be issued, offered, sold and re-sold to professional institutional investors as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act only. This description is subject to change potentially with retroactive effect. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding or selling the Notes.*

#### *Interest on the Notes*

As the Issuer of the Notes is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest to be paid by the Issuer on the Notes.

ROC corporate holders must include the interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 17 per cent. (unless the total taxable income for a fiscal year is under 120,000 New Taiwan Dollars), as they are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax (“AMT”) is not applicable.

#### *Sale of the Notes*

In general, the sale of corporate bonds or financial bonds is subject to 0.1 per cent. securities transaction tax (“STT”) on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, ROC corporate holders are not subject to income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act (also known as the AMT Act), the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of same category of income for the purposes of calculating their AMT.

Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to income tax on any capital gains generated from the sale of the Notes. However, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As for non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to income tax or AMT on any capital gains generated from the sale of the Notes.

## **ROC SETTLEMENT AND TRADING**

Investors with a securities book-entry account with an ROC securities broker and a foreign currency deposit account with an ROC bank, may request the approval of the Taiwan Depository & Clearing Corporation (the “TDCC”) for the settlement of the Notes through the account of TDCC with Euroclear or Clearstream, Luxembourg and if such approval is granted by the TDCC, the Notes may be so cleared and settled. Under such circumstances, TDCC will allocate the respective book-entry interest of such investor in the Notes to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEX as domestic bonds. Additionally, such investor may apply to the TDCC (by filing in a prescribed form) to transfer the Notes in its(/his/her) own account with Euroclear or Clearstream, Luxembourg to such TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets.

For the investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders will actually receive such distributions may vary depending upon the daily operations of the ROC banks with which the holder has the foreign currency deposit account.

## **CAYMAN ISLANDS TAXATION**

At the present time, there is no Cayman Islands income tax, corporation tax, capital gains tax or other taxes payable by the Additional Guarantor or its shareholders.

The Additional Guarantor is an exempted company under Cayman Islands law and as such has received an undertaking as to tax concessions pursuant to Section 6 of the Tax Concessions Law (2011 Revision). This undertaking provides that, for a period of 20 years from the date of issue of the undertaking, no law thereafter enacted in the Cayman Islands imposing any taxes to be levied on profits, income, gains or appreciation will apply to the Additional Guarantor or its operations.

No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Notes.

An annual registration fee will be payable by the Additional Guarantor to the Cayman Islands government which will be calculated by reference to the nominal amount of its authorised capital.

## ANNEXE

Optional Redemption Date	Optional Redemption Amount
12 October 2022	1,238,746.51
12 October 2023	1,292,941.67
12 October 2024	1,349,507.86
12 October 2025	1,408,548.83
12 October 2026	1,470,172.84
12 October 2027	1,534,492.91
12 October 2028	1,601,626.97
12 October 2029	1,671,698.15
12 October 2030	1,744,834.94
12 October 2031	1,821,171.47
12 October 2032	1,900,847.73
12 October 2033	1,984,009.81
12 October 2034	2,070,810.24
12 October 2035	2,161,408.19
12 October 2036	2,255,969.80
12 October 2037	2,354,668.48
12 October 2038	2,457,685.22
12 October 2039	2,565,208.95
12 October 2040	2,677,436.84
12 October 2041	2,794,574.71
12 October 2042	2,916,837.35
12 October 2043	3,044,448.98
12 October 2044	3,177,643.63
12 October 2045	3,316,665.53
12 October 2046	3,461,769.65