



Press Release  
10 November 2005

**Hongkong Electric to Sell 22.07% of Australian Businesses  
Substantial Gain to be Recorded in 2005**

Hongkong Electric Holdings Ltd. (HEH) announced today that it has entered into an agreement to dispose of 22.07% of its interest in three Australian electricity businesses to Cheung Kong Infrastructure Holdings Ltd. (CKI). The consideration will be determined on the same basis as CKI's recently announced disposal of 49% of its interest in these Australian businesses to a fund which will be listed on the Australian Stock Exchange.

When the transaction is completed, each of CKI and HEH will hold a 27.93% attributable interest in the Australian electricity businesses.

Mr. Tso Kai-sum, Group Managing Director of HEH, said, "The proposed listing of the fund will indirectly result in a valuation being placed on our interest in ETSA, Powercor or CitiPower which is significantly in excess of our purchase price. Selling 22.07% of our interest at such an attractive valuation allows HEH to realise a substantial gain and to benefit from the cash flow generated from the sale, while still retaining a significant interest in these businesses for the future."

HEH and CKI jointly acquired the three businesses between January 2000 and August 2002. Over the period of the Group's ownership the businesses have grown and operations have been streamlined. ETSA currently distributes electricity to 768,000 customers across South Australia while Powercor and CitiPower, jointly the largest electricity distributor in Victoria, deliver electricity to over 930,000 customers across Melbourne's central business district and inner suburbs, and Victoria's regional west.

As the consideration for this transaction is to be referenced to the price established by the listing process, the exact consideration will not be determined until a later date. Mr. Tso commented however that the consideration to be received by HEH is expected to be between A\$948 million (approximately HK\$5,432 million) and A\$1,039 million (approximately HK\$5,953 million).

Based on this estimated range of net proceeds from the transaction, Mr. Tso indicated that HEH's profit arising from the disposal will be between A\$273 million (approximately HK\$1,564 million) and A\$364 million (approximately HK\$2,086 million).

As CKI is a substantial shareholder of HEH with approximately 38.87% of HEH's issued share capital, and is regarded as a connected person of HEH under Hong Kong listing rules, completion of the transaction is subject to, amongst other things, approval by the HEH Independent Shareholders in an Extraordinary General Meeting to be held in December 2005.

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### **About Hongkong Electric**

Hongkong Electric Holdings Ltd. (HEH) is the listed vehicle of the Hongkong Electric Group of companies which includes The Hongkong Electric Company, Limited (HEC), Hongkong Electric International Limited (HEI) and other subsidiaries. HEC is an electricity utility established in 1889 and its principal activity is to generate and supply electricity to Hong Kong Island and Lamma Island. HEI is the international investment arm of HEH, pursuing investment opportunities outside Hong Kong.

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