



Press Release

9 August 2007

HK Electric Announces Interim Results for 2007 Results Highlights

Message from Chairman

“We have reiterated to the Government that the existing scheme of control and the permitted return under that scheme have ensured that the necessary long term investment has been made in the generation, transmission and distribution facilities to achieve the high degree of stability and reliability that Hong Kong enjoys today and which is not always available in other parts of the world. The post 2008 regulatory framework must recognize our shareholders’ continued substantial investment over many years in Hong Kong’s electricity infrastructure and our customers’ interests in the continued enjoyment of a secure and reliable electricity supply.”

- Mr. Canning Fok, 9 August 2007

Results and Dividend

- Group earnings for the first six months HK\$2,660 million (2006: HK\$2,479 million) – up 7.3%
- Interim dividend 58 cents per share (2006: 58 cents)

Hong Kong Operations

- Earnings from Hong Kong electricity business HK\$2,141 million compared with HK\$2,128 million in the first six months in 2006.
- Unit sales growth in electricity for the first six months was 1.5% - cooler and dryer weather in spring and energy saving initiatives combined to substantially offset impact of stronger Hong Kong economy.

- Maximum demand in the first six months was 2,455 MW compared with 2,434 MW for the same period in 2006.
- Emission reduction programme at Lamma Power Station continued with work on the flue gas desulphurisation and low nitrogen oxide burner retrofit works for Units 4 and 5.
- Unit 9 performed satisfactorily during the first half of 2007. It is anticipated that approximately 15% of electricity generated at Lamma Power Station in 2007 will be generated by natural gas.
- The potential of a 100MW offshore wind farm in Hong Kong waters is being evaluated. A site selection study is underway, and the next step would be an environmental assessment study.
- Investment in enhancing system reliability and stability continued with construction works on the Marsh Road 275/132kV Substation Building.
- Reliability in electricity supply maintained at 99.999% since 1997.
- Discussions have continued with the Government on the future regulatory framework for the electricity market in Hong Kong.

International Operations

- Earnings from international operations for the first six months HK\$286 million (2006: HK\$209 million) – up 36.8% due to higher operating revenue and higher exchange translation gains on Australian dollar denominated income.
- Australian electricity businesses recorded increased revenue; Northern Gas Networks in the U.K. performed in line with expectations; and construction of Thai power station is progressing well.

Outlook

- In Hong Kong, low level of growth in electricity sales expected to continue into the second half of the year. Higher coal and natural gas prices expected to continue to negatively impact fuel costs into 2008.
- Internationally, we will continue with strategy of investing outside Hong Kong so as to reduce the reliance on earnings from the local electricity operations.

- 0 - 0 - 0 -

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.

Media Enquiries:

Esme Lau
Public Affairs Manager (Media and Community)
Tel: 2843 3225