



Press Release
5 February 2009

CKI and HEH Reach Agreement on China Power Plants Transaction

Cheung Kong Infrastructure Holdings Ltd. (CKI) and Hongkong Electric Holdings Ltd. (HEH) announced today (5 February 2009) that they have entered into an agreement for HEH to purchase from CKI, the entire issued share capital of Outram Limited (Outram), a company formed by CKI to hold 45% equity interests in three joint ventures owning power plants in mainland China. The consideration for the transaction is HK\$5,680 million.

Through Outram, CKI holds 45% equity interests in three power plants, namely Zhuhai Power Plant in Zhuhai city, the neighbouring Jinwan Power Plant and Siping Cogen Power Plant in Jilin Province.

Group Managing Director of HEH, Mr. Tso Kai-sum said this is an excellent transaction for HEH, allowing HEH to take a strategic stake in the electricity generation business in the mainland.

“We have been looking for sometime for an opportunity to invest in the China power market and this transaction will allow us to acquire very high quality generating assets, most of which are strategically located in Guangdong Province adjacent to Hong Kong. I believe our shareholders will find this transaction highly attractive which should be positive for our share price,” Mr. Tso added.

Mr. Tso further stated that the acquisition of the interest in these power plants is being made at an attractive return and the investment will be accretive to 2009 earnings.

Outram’s unaudited net profits in 2007 and 2008 were HK\$677 million and HK\$1,127 million respectively.

The Zhuhai and Jinwan power plants are strategically located in the load centres in the western part of Pearl River Delta, an industrial centre that is in need of power supply and with growth opportunities. They accounted for about 7% of Guangdong Province’s thermal electricity output in 2007.

The generating capacity of the three power plants located at Zhuhai, Jinwan and Siping are 1,400MW, 1,200MW and 200MW respectively. Both Zhuhai and Jinwan power plants are equipped with flue gas desulfurization plants, while Siping is currently partially equipped and in the process of full upgrade. With this transaction, HEH will have interests in 8,457MW of total generating capacity.

Commenting on the transaction, Group Managing Director of CKI, Mr. H L Kam said: “CKI and HEH have worked together on a number of joint venture projects in the past and their previous experience of working together successfully made HEH the most suitable candidate to purchase the Sales Shares.”

“For CKI, the transaction will realize the value of our power assets in Mainland China and further improve our liquidity position. This will strengthen our financial capability and enhance our ability to pursue new and attractive acquisition opportunities. At the same time, we will still retain an indirect stake in the power assets through our shareholding in HEH,” Mr Kam further added.

As CKI is a substantial shareholder of HEH and is a connected person under Hong Kong listing rules, the transaction constitutes a connected transaction for HEH. Approval from independent shareholders of HEH will be required at an Extraordinary General Meeting scheduled for mid-March. Completion of the transaction will be conditional upon such approval by HEH shareholders and also consent from the lenders to the Zhuhai Power Plant.

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About CKI

CKI is the largest publicly listed infrastructure investment company in Hong Kong with diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure and Infrastructure Related Business. Operating in Hong Kong, Mainland China, Australia, New Zealand, the United Kingdom, Canada and the Philippines, it is a leading player in the global infrastructure arena.

About HEH

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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Photos of Zhuhai Power Plant

