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**CHEUNG KONG INFRASTRUCTURE
HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)
(Stock code: 1038)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 50% INTEREST
IN A SUBSIDIARY**



**HONGKONG ELECTRIC
HOLDINGS LIMITED**

(Incorporated in Hong Kong with limited liability)
(Stock code: 0006)

**CONNECTED TRANSACTION
ACQUISITION OF 50% INTEREST IN A
SUBSIDIARY OF CHEUNG KONG
INFRASTRUCTURE HOLDINGS LIMITED**

The boards of directors of CKI and HEH jointly announce that on 30th October, 2007 (after trading hours), CKI and HEH entered into the Agreement, pursuant to which CKI agreed to procure the sale and HEH agreed to purchase or cause its subsidiary to purchase 50% of the entire issued share capital of Canco, the holding vehicle for CKI in respect of the TransAlta Power Units, for a consideration equivalent to CAD\$1,000,000 (approximately HK\$8,120,000); plus 50% of the total costs to be incurred by Canco in effecting the Offer (excluding costs paid out of the initial capital of Canco); less 50% of the amount outstanding under the Bridge Facility on the completion date of the Agreement. HEH also agreed to assume on the completion date of the Agreement the guarantee in respect of the Bridge Facility to the extent of 50% of its amount on a several basis. Based on the offer price of CAD\$8.38 (approximately HK\$68.05) per TransAlta Power Unit for all the outstanding TransAlta Power Units, it is expected that the total consideration for the Transaction payable by HEH to CKI will not exceed CAD\$1,500,000 (approximately HK\$12,180,000).

The Transaction constitutes a discloseable transaction for CKI under Rule 14.06(2) of the Listing Rules. A circular containing further information of the Transaction required under Rule 14.38 of the Listing Rules will be despatched to the CKI Shareholders as soon as possible for information purpose.

CKI is currently holding approximately 38.87% of the issued share capital of HEH. By virtue of this shareholding interest, CKI is a controlling shareholder of HEH and is accordingly a connected person of HEH. The Transaction constitutes a connected transaction for HEH under the Listing Rules. The Transaction is conditional upon approval by the HEH Independent Shareholders at the HEH EGM. CKI and its associates will abstain from voting at the HEH EGM.

The HEH Independent Board Committee will be formed to advise the HEH Independent Shareholders in respect of the Transaction. HEH will appoint an independent financial adviser to advise the HEH Independent Board Committee in respect of the Transaction. A circular containing, amongst other things, further information on the Transaction will be despatched to the HEH Shareholders in accordance with the relevant requirements of the Listing Rules.

THE AGREEMENT

Date

30th October, 2007 (after trading hours)

Parties

(1) CKI

(2) HEH

CKI currently holds approximately 38.87% of the issued share capital of HEH. By virtue of this shareholding interest, CKI is a controlling shareholder of HEH and the Transaction constitutes a connected transaction for HEH under the Listing Rules. To the best of the knowledge, information and belief of the directors of CKI having made all reasonable enquiries, HEH is not a connected person of CKI.

Subject of the Transaction

Pursuant to the Agreement, CKI agreed to procure the sale and HEH agreed to purchase or cause its subsidiary to purchase 50% of the entire issued share capital of Canco as at the completion date of the Agreement.

As mentioned in the Announcement, CKI has agreed to, either by itself or through one or more direct or indirect wholly-owned subsidiaries of CKI, or any combination thereof, make an offer to purchase all of the outstanding TransAlta Power Units from the TransAlta Power Unitholders on the basis of CAD\$8.38 (approximately HK\$68.05) in cash per TransAlta Power Unit (the “Offer”). The Offer price is based on a premium of (i) 15.75% of the closing price of the TransAlta Power Unit for the last trading day; (ii) 16.00% of the average closing prices for last five trading days; and (iii) 15.00% of the average closing prices for the last ten trading days, before signing of the Support Agreement. CKI has decided to make the Offer through Canco.

Consideration

The consideration for the Transaction will be an amount equivalent to:

- (a) CAD\$1,000,000 (approximately HK\$8,120,000), being 50% of the initial capital in Canco prior to the completion of the Agreement;

Plus

- (b) 50% of the aggregate amount of (i) the amount paid by Canco for the purchase of the TransAlta Power Units deposited under the Offer and acquired by Canco under any Compulsory Acquisition, Subsequent Acquisition Transaction or other Second Step Transaction; (ii) the amount paid for the General Partner's interest in TransAlta Power; and (iii) the costs of the Offer, Subsequent Acquisition Transaction or other Second Step Transaction and any related transactions; but excluding (iv) any amount or costs as may be satisfied or paid with the said initial capital in Canco;

Less

- (c) 50% of the amount outstanding under the Bridge Facility on the completion date of the Agreement.

HEH also agreed to assume on the completion date of the Agreement the guarantee in respect of the Bridge Facility to the extent of 50% of its amount on a several basis, that is, not exceeding CAD\$350,000,000 (approximately HK\$2,842,000,000). The maximum number of all the outstanding TransAlta Power Units to be acquired under the Offer is 75,157,723. Based on the offer price of CAD\$8.38 (approximately HK\$68.05) per TransAlta Power Unit for all of the outstanding TransAlta Power Units, it is expected that the total consideration for the Transaction from HEH to CKI will not exceed CAD\$1,500,000 (approximately HK\$12,180,000) payable in cash. The consideration of the Transaction was determined after arm's length negotiations between the parties on normal commercial terms. The consideration of the Transaction will be funded by HEH's internal resources and external financings.

Conditions to the Transaction

Completion of the Transaction is conditional upon:

- (i) on or after 4th December, 2007 (Calgary time), completion of the acquisition under the Offer of such number of the TransAlta Power Units by Canco representing 66²/₃% or more of the issued and outstanding TransAlta Power Units; and
- (ii) the shareholders of HEH who are qualified to vote at the HEH EGM approving the Transaction and the related transactions and matters contemplated under the Agreement as required under the Listing Rules.

If the above conditions are not satisfied on or before 28th February, 2008 (or such later date as is agreed by the parties to the Agreement), the Agreement shall lapse and the Transaction will not proceed.

INFORMATION ON CANCO AND TRANSALTA POWER

Canco is a limited company established pursuant to the laws of the Province of British Columbia, Canada. Canco is currently a wholly-owned subsidiary of CKI and will be used as the holding vehicle for CKI in respect of the TransAlta Power Units.

TransAlta Power is a limited partnership established pursuant to the laws of the Province of Ontario, Canada. It holds investments which are directly or indirectly related to energy supply. TransAlta Power owns 49.99% partnership interest in TA Cogen.

TA Cogen is a limited partnership established pursuant to the laws of the Province of Ontario, Canada. TA Cogen owns interests in five gas-fired cogeneration facilities in Alberta, Ontario and Saskatchewan and in a coal-fired, mine-mouth generation facility in Alberta. The remaining 50.01% partnership interest in TA Cogen is currently held by a wholly-owned subsidiary of TransAlta Corporation, a third party independent of CKI and its connected persons.

Canco will cease to be a subsidiary of CKI after the Transaction. It is intended that CKI will equity account for the results of Canco as “interest in an associate” immediately after the Transaction. Pursuant to the Agreement, CKI and HEH will nominate an equal number of representatives to be appointed as directors of Canco after completion of the Transaction.

It is intended that HEH will account for the results of Canco as “interest in an associate” immediately after the Transaction. The results and assets of Canco will be equity accounted for in the HEH Group’s financial statements.

Based on the accounts of TransAlta Power, the total asset value of TransAlta Power as at 31st December, 2006 was approximately CAD\$515,000,000 (approximately HK\$4,181,800,000). The total asset value of TransAlta Power as at 30th June, 2007 was approximately CAD\$442,800,000 (approximately HK\$3,595,536,000). The audited net profits before taxation and extraordinary items of TransAlta Power for the two years ended 31st December, 2005 and 31st December, 2006 were approximately CAD\$36,300,000 (approximately HK\$294,756,000) and approximately CAD\$34,210,000 (approximately HK\$277,785,200) respectively. The audited net loss after taxation and extraordinary items of TransAlta Power for the year ended 31st December, 2005 was approximately CAD\$2,830,000 (approximately HK\$22,979,600) and the audited net profits after taxation and extraordinary items of TransAlta Power for the year ended 31st December, 2006 was approximately CAD\$34,210,000 (approximately HK\$277,785,200). The unaudited net profits before taxation and extraordinary items of TransAlta Power for the six months ended 30th June, 2007 was approximately CAD\$13,300,000 (approximately HK\$107,996,000) and the unaudited net loss after taxation and extraordinary items of TransAlta Power for the six months ended 30th June, 2007 was approximately CAD\$40,600,000 (approximately HK\$329,672,000). The above accounts were prepared under the Canadian GAAP.

INFORMATION ON THE CKI GROUP

The principal activities of the CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, the PRC, Australia and the United Kingdom.

REASONS FOR THE TRANSACTION TO CKI

CKI is a diversified infrastructure investment company with a focus in the development, investment and operation of infrastructure business currently in Hong Kong, the PRC, Australia and the United Kingdom.

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 entity to participate in the Offer through Canco. CKI therefore considers that the Transaction will allow CKI to retain a significant attributable interest in TransAlta Power and to benefit from the co-operation with HEH in this project.

It is expected that as a result of the Transaction, CKI's guarantee of the Bridge Facility will be reduced to 50% of the amounts owing thereunder. CKI does not expect there will be any significant net proceeds from the Transaction after taking into account the cost of the investment in TransAlta Power. The directors (including independent non-executive directors) of CKI consider the terms of the Agreement are on normal commercial terms and the Transaction is in the ordinary and usual course of its business and fair and reasonable and in the interests of CKI and the CKI Shareholders as a whole.

It is expected that the net position is that no gain or loss will accrue to CKI as the result of the Transaction, taking into account the acquisition of TransAlta Power by CKI.

INFORMATION ON THE HEH GROUP

The principal activity of the HEH Group is the generation of electricity and its transmission and distribution to Hong Kong and Lamma Islands. HEH is also a joint partner in several power-related businesses in Australia and a gas distribution network business in the United Kingdom with CKI.

REASONS FOR THE TRANSACTION TO HEH

The Transaction reflects HEH's strategy of investing in infrastructure projects outside Hong Kong.

The directors of HEH believe the terms of the Transaction are fair and reasonable and in the interests of the HEH Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Transaction constitutes a discloseable transaction for CKI under Rule 14.06(2) of the Listing Rules. A circular containing further details of the Agreement and the Transaction as required under Rule 14.38 of the Listing Rules will be despatched to the CKI Shareholders as soon as possible for information purpose.

CKI currently holds approximately 38.87% of the issued share capital of HEH. By virtue of this shareholding interest, CKI is a controlling shareholder of HEH and is accordingly a connected person of HEH. The Transaction constitutes a connected transaction for HEH under the Listing Rules. Completion will be subject to, amongst other things, approval by the HEH Independent Shareholders at the HEH EGM. CKI and its associates will abstain from voting at the HEH EGM.

There is no prior transaction between HEH and CKI and its ultimate beneficial owners that requires aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

The HEH Independent Board Committee will be formed to advise the HEH Independent Shareholders in respect of the Transaction. HEH will appoint an independent financial adviser to advise the HEH Independent Board Committee in respect of the Transaction.

A circular containing, amongst other things, further information on the Transaction will be despatched to the HEH Shareholders in accordance with the relevant requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Agreement”	the agreement dated 30th October, 2007 between CKI and HEH in relation to the Transaction
“Announcement”	an announcement issued by CKI dated 15th October, 2007 in relation to the Offer and the acquisition of TransAlta Power
“associate(s)”, “connected person(s)” and “controlling shareholder”	have the meanings ascribed to them in the Listing Rules
“Bridge Facility”	the bridge facility in the amount of CAD\$700,000,000 (approximately HK\$5,684,000,000) to be obtained by Canco
“CAD\$”	Canadian dollars, the lawful currency of Canada
“Canadian GAAP”	generally accepted accounting principles in Canada
“Canco”	Stanley Power Inc., a limited company incorporated in British Columbia, Canada
“CKI”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038) and including, where applicable, CKI’s subsidiary that makes the proposed Offer
“CKI Group”	CKI and its subsidiaries
“CKI Shareholder(s)”	shareholder(s) of CKI
“Compulsory Acquisition”	the compulsory acquisition pursuant to Section 3.20 of the Limited Partnership Agreement

“General Partner”	TransAlta Power Ltd., the general partner of TransAlta Power, a corporation incorporated under the Canada Business Corporation Act
“HEH”	Hongkong Electric Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0006)
“HEH EGM”	an extraordinary general meeting of HEH to be held for the purpose of approving the Transaction and the related transactions and matters contemplated under the Agreement
“HEH Group”	HEH and its subsidiaries
“HEH Independent Board Committee”	an independent committee of the board of directors of HEH to be formed to advise the HEH Independent Shareholders in respect of the Transaction
“HEH Independent Shareholders”	HEH Shareholders other than CKI and its associates
“HEH Shareholder(s)”	shareholder(s) of HEH
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Limited Partnership Agreement”	the limited partnership agreement of TransAlta Power dated as of 16th December, 1997, as amended and restated from time to time, most recently as of 26th January, 2004 and as may be further amended in accordance with the Offer
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	has the meaning as set out under the section entitled “Subject of the Transaction” in this announcement
“PRC”	The People’s Republic of China
“Second Step Transaction”	the acquisition by Canco of the balance of the TransAlta Power Units as soon as practicable and in any event within a period of 6 months following the date on which Canco first takes up and acquires TransAlta Power Units pursuant to the Offer by way of Compulsory Acquisition, Subsequent Acquisition Transaction, arrangement, reorganization, consolidation, recapitalization or other type of acquisition transaction or transactions.

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Acquisition Transaction”	the Compulsory Acquisition that may be completed if the Offer is accepted by TransAlta Unitholders holding 66 ² / ₃ % or more of the TransAlta Power Units within 90 days of the date of the Offer
“Support Agreement”	the support agreement dated 14th October, 2007 (Calgary time) entered into between CKI and TransAlta Power
“TA Cogen”	TransAlta Cogeneration, L.P., a limited partnership established pursuant to the laws of the Province of Ontario, Canada
“Transaction”	the sale and purchase of 50% of the entire issued share capital of Canco pursuant to the Agreement
“TransAlta Corporation”	TransAlta Corporation, a corporation existing under the laws of Canada
“TransAlta Power”	TransAlta Power, L.P., a limited partnership established pursuant to the laws of the Province of Ontario, Canada, the units of which are listed on the Toronto Stock Exchange
“TransAlta Power Unit(s)”	the limited partnership unit(s) of TransAlta Power
“TransAlta Power Unitholders”	the registered holders of TransAlta Power Units from time to time
“%”	per cent.

Note: The figures in CAD\$ are converted into HK\$ at the rate of CAD\$1:HK\$8.12 throughout this announcement for indication purposes only.

By Order of the Board
**CHEUNG KONG INFRASTRUCTURE
HOLDINGS LIMITED**
Eirene Yeung
Company Secretary

By Order of the Board
**HONGKONG ELECTRIC
HOLDINGS LIMITED**
Lillian Wong
Company Secretary

Hong Kong, 30th October, 2007

As at the date of this announcement, the Executive Directors of CKI are Mr. LI Tzar Kuoi, Victor (Chairman), Mr. KAM Hing Lam (Group Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. Andrew John HUNTER, Mrs. CHOW WOO Mo Fong, Susan (also alternate to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Frank John SIXT and Mr. TSO Kai Sum; and the Non-executive Directors are Mr. CHEONG Ying Chew, Henry (Independent Non-executive Director), Mrs. KWOK Eva Lee (Independent Non-executive Director), Mrs. SNG Sow-mei alias POON Sow Mei (Independent Non-executive Director), Mr. Colin Stevens RUSSEL (Independent Non-executive Director), Mr. LAN Hong Tsung, David (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina, Mr. Barrie COOK and Mr. George Colin MAGNUS.

As at the date of this announcement, the Executive Directors of HEH are Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also alternate to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam, Mr. LEE Lan Yee, Francis, Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT and Mr. WAN Chi Tin; and the Non-executive Directors are Mr. Ronald Joseph ARCULLI, Mr. Holger KLUGE (Independent Non-executive Director), Mr. George Colin MAGNUS, Mr. Ralph Raymond SHEA (Independent Non-executive Director), Mr. WONG Chung Hin (Independent Non-executive Director) and Mr. YEE Lup Yuen, Ewan.