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香港電燈集團有限公司
Hongkong Electric Holdings Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock code: 0006)

**PROPOSED GENERAL MANDATES
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES
AND DIRECTORS PROPOSED TO BE RE-ELECTED**

4th April 2007

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Hongkong Electric Holdings Ltd.

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 0006



Registered office: 44 Kennedy Road, Hong Kong

Executive Directors

FOK Kin-ning, Canning (*Chairman*)
TSO Kai-sum (*Group Managing Director*)
CHOW WOO Mo-fong, Susan*
Andrew John HUNTER
KAM Hing-lam
LEE Lan-yee, Francis
LI Tzar-kuoi, Victor
Neil Douglas MCGEE
Frank John SIXT
WAN Chi-tin

Non-Executive Directors

Ronald Joseph ARCULLI
George Colin MAGNUS
YEE Lup-yuen, Ewan

Independent Non-Executive Directors

Holger KLUGE
Ralph Raymond SHEA
WONG Chung-hin

* Also alternate director to FOK Kin-ning, Canning and Frank John SIXT

4th April 2007

To the Shareholders,

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES
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INTRODUCTION

The purpose of this circular is to provide you with information regarding the general mandates to issue shares and to repurchase shares which are proposed to be granted to the Directors, and the proposed re-election of the Directors who are due to retire. These resolutions will be proposed at the Annual General Meeting of the Company convened for 10th May 2007 (“AGM”).

PROPOSED GENERAL MANDATES FOR SHARE REPURCHASE AND ISSUE OF NEW SHARES

On 11th May 2006 a general mandate was given to the Directors to exercise the powers of the Company to repurchase shares of the Company. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval at the AGM of an ordinary resolution granting the Directors a general mandate to repurchase shares representing not more than 10 per cent. of the share capital of the Company in issue at the date of passing the resolution (the “Repurchase Mandate”). In accordance with the relevant rules set out in the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) regulating the repurchase by companies of their own securities on the Stock Exchange, the Company is required to send Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares. This explanatory statement is set out in **Appendix I** to this circular.

Ordinary resolutions will also be proposed at the AGM (i) to grant the Directors a general mandate to issue and otherwise deal with shares up to a limit equal to 20 per cent. of the issued shares of the Company at the date of passing of such resolution and (ii) to approve the addition of repurchased shares (up to a maximum of 10 per cent. of the issued shares of the Company at the date of passing of such resolution) to the 20 per cent. general mandate.

DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with Article 116 of the Company’s Articles of Association, Mr. Lee Lan-ye, Francis and Mr. Frank John Sixt will retire by rotation at the AGM, and being eligible, offer themselves for re-election. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in **Appendix II** to this circular.

ANNUAL GENERAL MEETING

The resolutions to be proposed at the AGM are set out in full in the Notice of Annual General Meeting included in the Annual Report. Your right to demand a poll on the resolutions at the Meeting is set out in **Appendix III** to this circular. Whether or not you intend to be present at the Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at the address stated above not less than 48 hours before the time fixed for holding the Meeting. The Directors believe that the resolutions set out in the notice of the Meeting are in the best interests of the Company and its Shareholders as a whole and recommend you to vote in favour of such resolutions at the Meeting.

Yours faithfully,
FOK Kin-ning, Canning
CHAIRMAN

APPENDIX I

The following is the Explanatory Statement required to be sent to Shareholders under the Listing Rules and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance.

SHARE CAPITAL

As at 28th March 2007 (the latest practicable date prior to the printing of this circular), the issued share capital of the Company comprised 2,134,261,654 shares of HK\$1 each (“Shares”).

Exercise in full of the Repurchase Mandate (10% of the issued share capital of the Company), on the basis that no further Shares are issued prior to the date of the AGM, could accordingly result in up to 213,426,165 Shares being repurchased by the Company during the course of the period ending on the earlier of the date of the Annual General Meeting in 2008, and the date upon which such authority is revoked or varied.

REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to purchase Shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share. The Directors are seeking a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

There could be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated accounts contained in the Annual Report for the year ended 31st December 2006) in the event that the Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the printing of this circular and during the period from 1st March 2007 to 28th March 2007 (the latest practicable date prior to the printing of this circular) were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2006	36.75	34.90
April 2006	38.60	36.35
May 2006	36.85	34.20
June 2006	35.35	33.95
July 2006	37.20	35.00
August 2006	37.85	36.40
September 2006	37.75	36.10
October 2006	37.05	35.65
November 2006	37.15	35.85
December 2006	38.15	35.90
January 2007	39.00	37.60
February 2007	40.65	38.55
1st March 2007 to 28th March 2007	40.30	37.75

DISCLOSURE OF INTERESTS

The Directors have given an undertaking to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make all repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved and exercised. No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved and exercised.

As at 28th March 2007 (the latest practicable date prior to the printing of this circular), Cheung Kong Infrastructure Holdings Limited (“CKI”) and its subsidiary Hyford Limited held through certain subsidiaries of Hyford Limited (including Monitor Equities S.A. and Univest Equity S.A.) a total of 829,599,612 Shares, representing 38.87% of the issued share capital of the Company. By virtue of their direct and/or indirect shareholdings in CKI, Hutchison

Whampoa Limited and its subsidiaries. Hutchison International Limited and Hutchison Infrastructure Holdings Limited, Cheung Kong (Holdings) Limited, Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, Messrs. LI Ka-shing and LI Tzar-kuoi, Victor (collectively the “Substantial Shareholders”) were each deemed to hold these same 829,599,612 Shares.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, then (if the present shareholdings otherwise remained the same) the shareholding of CKI in the Company would be increased to approximately 43.19% of the issued share capital of the Company and similarly, so would the deemed shareholdings of each of the Substantial Shareholders be increased. In the opinion of the Directors such increase may give rise to an obligation to make a mandatory offer under Rule 26.1 of the Code on Takeovers and Mergers.

SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

APPENDIX II

The following is the information required to be disclosed by the Listing Rules on the Directors proposed to be re-elected at the AGM.

1. **Mr. LEE Lan-ye, Francis**, aged 66, has been an Executive Director of the Company since September 1997 and is General Manager (Engineering) of the Hongkong Electric Group (the “Group”). He is also a Director of The Hongkong Electric Company, Limited (“HEC”), a wholly owned subsidiary of the Company, and a Director of certain other subsidiaries of the Company. Mr. Lee has served the Group for over 30 years in various capacities and is presently responsible for all the engineering activities of the Group, including the development and operation of power generation, transmission and distribution systems. He holds a Bachelor of Science degree and a Master of Science degree in Engineering. He is a Chartered Engineer and a Fellow of the Institute of Mechanical Engineers in Hong Kong and the United Kingdom. Mr. Lee does not have any relationship with any other director, senior management or substantial or controlling shareholders of the Company. He has a personal interest in 739 shares of the Company. Mr. Lee’s emoluments for the year ended 31st December 2006 including benefits specified in his service contract amounted to approximately HK\$8.33 million. The emoluments were determined with reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. He is also entitled to a Director’s fee per annum (2006: HK\$70,000). Mr. Lee does not have any information to disclose pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters of significance concerning Mr. Lee that need to be brought to the attention of shareholders.
2. **Mr. Frank John SIXT**, aged 55, has been an Executive Director of the Company since January 1998. He is also a Director of HEC and certain other subsidiaries of the Company. He is Group Finance Director of Hutchison Whampoa Limited (“Hutchison”), the Chairman of TOM Group Limited and TOM Online Inc. and an Executive Director of Cheung Kong Infrastructure Holdings Limited (“CKI”). Mr. Sixt is also a Director of Cheung Kong (Holdings) Limited (“Cheung Kong”), Hutchison Telecommunications (Australia) Limited, Hutchison Telecommunications International Limited, Husky Energy Inc., Partner Communications Company Ltd. and Hutchison Global Communications Holdings Limited (whose shares were previously listed on the Main Board of The Stock Exchange of Hong Kong Limited). He acts as a Director of the substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), namely Cheung Kong, Hutchison, CKI, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited, Li Ka-Shing Unity Trustee Corporation Limited, Hutchison International Limited and Hutchison Infrastructure Holdings Limited. Save as disclosed herein, he does not have any relationships with any other director or senior management or substantial or controlling shareholders of the Company. Mr. Sixt holds a Master’s degree in Arts and a Bachelor’s degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada. He does not have any interests in shares of the Company within the meaning of Part XV of the SFO. There is no service contract between the Company and Mr. Sixt. He is entitled to a Director’s fee per annum (2006: HK\$70,000). Mr. Sixt does not have any information to disclose pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters of significance concerning Mr. Sixt that need to be brought to the attention of shareholders.

APPENDIX III

Article 80 of the Company's Articles of Association sets out the procedure by which Shareholders may demand a poll:

At any General Meeting a Resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:—

- (a) by the Chairman; or
- (b) by at least five members present in person or by proxy; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the Chairman that a Resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such Resolution.